Project Fiche – IPA Annual Action Programme 2007 for Bosnia and Herzegovina
Provision of technical assistance to railway authorities in Bosnia and Herzegovina in harmonising regulations for maintenance of railway infrastructure and rolling stock with the EU Directives

1. Basic information

1.1 CRIS Number:

1.2 Title: Provision of technical assistance to railway authorities in Bosnia and Herzegovina in harmonising regulations for maintenance of railway infrastructure and rolling stock with the EU Directives

1.3 ELARG Statistical Code: 03.14-Transport Policy

1.4 Location: Bosnia and Herzegovina

Implementing arrangements:

1.5 Contracting Authority (EC): Delegation of the European Commission to Bosnia and Herzegovina

1.6 Implementing Agency: Delegation of the European Commission to Bosnia and Herzegovina

1.7 Beneficiary (including details of project manager):

- Ministry of Communications and Transport of Bosnia and Herzegovina (MoCT), Project Preparation and Implementation Unit
  Kemal Karkin, Senior Programme Officer (SPO);
  Trg B&H 1, 71000 Sarajevo;
  tel: ++387 33 269 470;
  e-mail: k.karkin@mkt.gov.ba
- B&H Railways Regulatory Board and
- B&H Public Railways Cooperation

Financing:

1.8 Overall cost: 1,000,000 EUR

1.9 EU contribution: 1,000,000 EUR

1.10 Final date for contracting: N+2

1.11 Final date for execution of contracts: N+4

1.12 Final date for disbursements: N+5
2. **Overall Objective and Project Purpose**

**2.1 Overall Objective:**
That B&H meets the EU standards in railway sector.

**2.2 Project purpose:**
Implementation of the B&H Law on Railways, in particular the part concerning establishment and functioning of the Railway Regulatory Body, to assure full implementation of the Law in line with the Acquis and the EU principles, in particular concerning the application of the EU Directives on interoperability and safety: 2001/16/EC on the interoperability of Trans-European conventional rail system and 2004/49/EC on the safety on the Community's railways, Technical Specifications for Interoperability, and the Communication from the Commission to the Council and the European Parliament on Extension of the trans-European axes and neighbouring countries-Guidelines for transport in Europe and Neighbouring regions.

**2.3 Link with AP/NPAA / EP/ SAA:**
The project is directly related to the fulfilment of the priorities in the railway transport sector as set out in NPAA. The more efficient and standardized system of functioning railway infrastructure is high priority to further EU technical, environmental and social standards in this field.

The project is directly reflecting short-term priorities of the European Partnership, namely implementation of the B&H Law on Railways, which considers establishment of the B&H Railway Regulatory Board. Deliverables to result from this project are directly in support to establishing a functional railway regulatory body and licensing.

The project will ensure further transposition of the EU requirements into national legislation, by harmonising the respective railway regulations with the EU Directives 2004/49/EC on safety, Directive 2001/16/EC on interoperability of TE conventional rail systems, Technical Interoperability Specifications for railways (TISs) and Guidelines for transport in Europe and neighbouring countries.

**2.4 Link with MIPD**
European Standards – Transport (chapter 2.2.3.3. MIPD 2007-2009)

**2.5 Link with National Development Plan**
Enabling further development and fully operating of railway infrastructure in B&H there will be opened opportunity to contribute to employment and poverty reduction as it is emphasized in PRSP for next mid – term.

**2.6 Link with national/ sectoral investment plans**
BH has started comprehensive reconstruction of the country railway net using loan assistance of the international financial institutions. So far, 40Meur of the EBRD/EIB loan assistance has been implemented on reconstruction of the railway sections Banja Luka-Josavka and Bradina-Konjic. Additional 160 Meur of loan funds have been approved by then EBR/EIB and OPEC for reconstruction of the Sarajevo-Bradina, Konjic-Capljina, Josavka-Doboj and other priority sections, in particular on Pan-European Corridor V-c. In the long-term period, further list of priorities and construction of missing links on the national railway net shall be subject to interventions, based on the list of priorities adopted by the BH Railways Public Corporation.
Preparation of the Country Strategy is in progress, and expected to be completed and adopted by end of 2007.

3. Description of project

3.1 Background and justification:

The implementation of the B&H Law on Railways has been highly prioritised by the European Partnership as one of 2 short-term priorities for B&H (the second priority is the implementation of the ECAA). The B&H Law on Railways considers the separation of railway functions between the railway undertakings (operators) and infrastructure managers, and foresees the establishment of three important segments: the Railway Regulatory Board, infrastructure managers and railways undertakings (operators).

Railway operations in B&H are currently performed by the Entity railway companies. Operations are regulated in legal terms by the State and Entity Laws, but also by the specific railway regulations which elaborate in detail each component of the railway transport system (i.e. track, signalling, traction, rolling stock, etc…). Unfortunately, current railway regulations have been inherited from past. Over the past 20 years which has seen tremendous progress in the EU railway sector, the recovering railway sector in B&H, operating at a low level of services and capacity, had to deal with many other priorities and therefore failed to address the issue of updating its existing regulations to bring them in line with the newly established EU railway standards. This has brought the railways in B&H from the formerly quite modern conventional railway system to an outdated and unreliable one, with high safety risks.

The outdated regulations cannot provide for an accurate basis for the Railway Regulatory Board for issuance of permits and licenses to the infrastructure manager(s) and railways undertakings (operators). Consequently, it would not be possible for the Railway Regulatory Board to perform inspections of application of the railway regulations conforming to EU requirements and the infrastructure manager(s) to be licensed by the Regulatory Board, would not have available technically accurate and EU compliant regulations concerning the requirements and criteria for maintenance, overhaul and construction of railway infrastructure in B&H.

The railway undertakings (operators) applying for licenses, however, would not have available requirements and regulations concerning the rolling stock, to assure provision of safe and efficient transport services and maintenance. This lack of EU compliant regulations concerning the rolling stock would prevent external applicants from requesting licenses, due to the obsolete content of the existing regulations in BiH.

To assist the country in addressing the short-term priorities of the EP, the Commission has recently completed twinning light assistance to the B&H Ministry of Communications and Transport in identifying the legal gaps concerning transposition of the Acquis in the sector. The Ministry is also benefiting from an ongoing twinning assistance provided by the EC concerning implementation of the B&H Law on Railways. However, due to the nature of twinning projects and limited scope of actions to be accommodated, this kind of assistance could not assure in-depth analyses of technical issues, and had to focus on institutional issues.

In order to accelerate the process of separating infrastructure managers from railway undertakings, establishment of the Regulatory Board, and preparations for the forthcoming
opening of the railway market in B&H for railway undertakings, the Ministry of Communications and Transport of B&H has requested assistance from the EC in identifying and rectifying the gaps in compliance between the current B&H railway regulations and those of the EU, in particular with Directives for railway interoperability and safety. The issue requires massive, labour intensive regulation drafting and compilation of the EU regulations. The draft regulations shall specifically address specifications, standards and maintenance procedures concerning:

- Railway infrastructure: track maintenance and construction, signalling maintenance and construction, traction facilities maintenance and construction, etc…
- Rolling stock: traction devices-locomotives, passenger carriages, freight carriages and maintenance facilities (depots).

Based on gaps with the EU standards determined in the initial phase of the assignment, the regulations should be re-drafted to be harmonised with the mandatory requirements, and approximated wherever not mandatory, to provide a clear regulatory basis for the regular maintenance activities to be performed by the infrastructure managers and railway undertakings. The updated regulations would have to reflect contemporary scientific achievements in the sector as well complying with EU technical regulations, in particular the EU Directives for interoperability (2001/16/EC), Technical Interoperability Specifications (TSI) and safety Directives (2004/49/EC) in railways. They also have to assure that safe, cost effective and functional actions shall be foreseen and imposed to the licensed RUs and IMs.

In particular this would enable the Railway Regulatory Body to issue licenses for the IMs and RUs, inspect of their compliance to the regulation and their operational performance, and to arbitrate in case of conflicting positions. In practical terms, the final product shall consider a vast volume of regulations concerning railway infrastructure and rolling stock.

The expected result would be an interoperable and safe railway transport environment in B&H, compliant to the EU requirements. Besides the RRB, the B&H Railways Public Corporation, being legally responsible for coordination of construction and upgrade of the railway infrastructure, shall also benefit from this project. The updated and harmonised railway regulations concerning the railway infrastructure shall provide the regulatory basis for the Corporation for implementation of design, upgrade and construction activities concerning the railway infrastructure in B&H. This would assure full application of the Technical Specifications for Interoperability and the EU Directives for safety and interoperability in the mid to long-term prospective in Bosnia and Herzegovina.

This radical update shall prevent application of the "legally correct", but substantially outdated standards for interventions on railway infrastructure and rolling stock, which can present a safety risk for railway operations in BiH. It is expected that the EU compliant railway regulations for infrastructure and rolling stock would encourage and justify application of sometimes more expensive, but safe, technically correct and interoperable infrastructure interventions to be implemented by the Corporation, the IMs and the RUs, and enable full integration of the B&H railways in the conventional Trans European Railway Network.

A value added would be improvement of transparency and facilitated access of the stakeholders to the harmonised regulations. This is foreseen through making the regulations available to all interested parties by placing them on the Internet, on a separate Railway Regulatory Board's site linked to that of the B&H Ministry of Communications and Transport.
3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

This harmonisation of the railway regulations with the EU Directives and TSIs would have a strong effect on economic growth of the country by contributing to the provision of the more efficient and standardized system of the railway infrastructure and the rolling stock, higher quality of transport services, reduction of transport costs, improvement of competitiveness of B&H economy and interconnecting of the railway transport system into the interoperable regional and the EU systems and railway networks.

By complying with the EU requirements, the harmonised regulations to result from this assignment shall assure unified criteria for maintenance of railway net and the rolling stock in B&H with those in Balkan Region and the EU neighbouring countries. The direct benefit from harmonising the regulations with the EU requirements, aside for providing a potential for more intensive railway operations in the region, would be provision of a safer transport, reduced number of ecological and safety incidents, and therefore more cost effective and competitive railway operations. It is expected that this would provide for a strong impact in moderating negative impact of road transport growth, and encourage shift of the road transport operations to less polluting, more cost effective and more efficient transport media using a more efficient rolling stock.

3.3 Results and measurable indicators:

R 1. B&H Railway Regulatory Board enabled to regulate the sector in accordance with the Acquis.
(Railway regulations for infrastructure and rolling stock adopted and made available for public on Internet).

(Findings of mapping presented in the Interim Progress Report).

R 3. A gap-analysis of the outstanding regulations in railway sector that the sectoral authorities would have to harmonise with the EU requirements.
(Approved report on gap-analysis).

R 4. All regulations concerning the specific chapters of railway infrastructure and railway rolling stock drafted and harmonised in line with the EU Directives and requirements.
(Draft Regulations submitted to the Railway Regulatory Board for adoption).

3.4 Activities:

R 1:

A.1.1 Assistance to the RRB in conducting the process of adoption of the draft railway regulations.
A.1.2 Creation of a WEB site linked to the site of the Regulatory Board and the Ministry.
A.1.3 Linking of the electronic format of the updated and harmonised railway regulations to the site.
A.1.4 Enabling of the public access to the regulations linked to the site.

R 2:
A.2.1 Familiarisation with the existing railway regulations in B&H concerning infrastructure and rolling stock.
A.2.2 Comparison of the existing B&H railway regulations to the EU standards and requirements.
A.2.3 Structuring of the regulations in accordance with the new setup and identification of deficiencies.

R 3:
A.3.1 Systematisation of the identified gaps.
A.3.2 Compilation of the detailed gap-analysis report.

R 4:
A.4.1 Updating of the existing B&H railway regulations for particular chapters (infrastructure, rolling stock…) to harmonise it with the EU Directives and the TSIs.
A.4.2 Drafting of missing chapters of the BiH railway regulations, as identified in the gap analysis.

3.5 Conditionality and sequencing:
Draft regulations would require adoption by B&H Railway Regulatory Board and by the B&H Ministry of Communications and Transport.

3.6 Linked activities:
Twinning Assistance to Ministry of Communications and Transport in implementation of B&H Railways Law is in final phase of implementation, financed by CARDS 2006 funding. It is directly related to establishing of Regulatory Board as well as to creating basic conditions for its functioning.

3.7 Lessons learned:
Lessons learned are related to the twinning project «Assessment of Role of the Ministry of Communications and Transport in European Integration and Assistance in Alignment with the Transport Acquis» which is implemented within CARDS 2004. It is also related to twinning project concerning the assistance to the Ministry in implementation of the B&H Law on Railways.

A substantial interest has been expressed by the Regulatory Board in provision of the preconditions for its effective performance. However, regardless of the substantial input from the twinning assistance, it is not possible to accommodate such a massive and labour intensive input under the respective twinning assignment. It is also impossible for the newly created authority to develop a massive volume of documents and make them compliant to Acquis without benefiting from a proactive guidance of the external experts having sufficient expertise in the field. However, the willingness of the Board to progress rapidly seems to be worth supporting through the proposed assistance.
4. Indicative Budget (amounts in €)

| Activities                                                                 | TOTAL COST | EU CONTRIBUTION | NATIONAL PUBLIC CONTRIBUTION | PRIVATE |
|                                                                           |            | Total | % * | IB | INV | Total | % * | Central | Regional | IFIs | Total | % * |
| Provision of technical assistance to railway authorities in Bosnia and Herzegovina in harmonising regulations for maintenance of railway infrastructure and rolling stock with the EU Directives | 1,000,000   | 1,000,000 | 100 | 1mil       |        |       |      |         |         |     |       |     |
| Technical Assistance, Contract 1.1                                        | TOTAL       | 1,000,000 | 100 | 1mil       |        |       |      |         |         |     |       |     |

* expressed in % of the Total Cost

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

<table>
<thead>
<tr>
<th>Contracts</th>
<th>Start of Tendering</th>
<th>Signature of contract</th>
<th>Project Completion</th>
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</thead>
<tbody>
<tr>
<td>Contract 1.1</td>
<td>Q1 2008</td>
<td>Q2 2008</td>
<td>Q2 2009</td>
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</table>

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

6. Cross cutting issues

6.1 Equal Opportunity

Equal opportunity principles and practices in ensuring equitable gender participation in the project will be guarantied. Male and female participation in the project will be based on EU standards and assured by official announcements published to recruit the necessary staff for the project. The main criteria for recruitment will be qualifications and experience in similar projects, not sex, religion or age. Both men and woman will have equal opportunities and salaries.

6.2 Environment

Regulations harmonised to Acquis requirements are expected to ensure lower accident risk, reduced pollution, reduced wear and tear, more efficient traction and reduced transport time. Therefore a reduced number of ecological and safety incidents, in addition to the reduced emission of pollutants, should have a strong effect by reducing negative impact of transport on environment.

Improved efficiency of railway transport shall also reduce negative impact of road transport growth in this region through decreasing of exhaust gases and fuel/oil pollutants.

6.3 Minorities

The project will follow the laws and practices in place in BiH related to all opportunities.
ANNEXES

1- Log frame in Standard Format

2- Amounts contracted and Disbursed per Quarter over the full duration of Programme

3 - Reference to laws, regulations and strategic documents:
   - Reference to AP / NPAA / EP / SAA
   - Reference to MIPD
   - Reference to National Development Plan
   - Reference to national / sectoral investment plans

4- Details per EU funded contract (*) where applicable:
   - For **TA contracts**: account of tasks expected from the contractor
   - For **twinning covenants**: account of tasks expected from the team leader, resident twinning advisor and short term experts
   - For **grants schemes**: account of components of the schemes
   - For **investment contracts**: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (**)
   - For **works contracts**: reference list of feasibility study for the constructing works part of the contract as well as a section on investment criteria (**); account of services to be carried out for the service part of the contract

(*) non standard aspects (in case of derogation to PRAG) also to be specified

(**) section on investment criteria (applicable to all infrastructure contracts and constructing works):
   - Rate of return
   - Co financing
   - Compliance with state aids provisions
   - Ownership of assets (current and after project completion)
ANNEX 1: Logical framework matrix in standard format

<table>
<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX FOR Project Fiche</th>
<th>Provision of technical assistance to railway authorities in Bosnia and Herzegovina in harmonising regulations for maintenance of railway infrastructure and rolling stock with the EU Directives</th>
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<tbody>
<tr>
<td>Contracting period expires</td>
<td>Disbursement period expires</td>
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<tr>
<td>Total budget : 1,000,000 EUR</td>
<td>IPA budget: 1,000,000 EUR</td>
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<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation of the B&amp;H Law on Railways</td>
<td>Increasing of security and efficiency in railway transport</td>
<td>EC country report</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
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<tbody>
<tr>
<td>Implementation of the B&amp;H Law on Railways, in particular the part concerning establishment and functioning of the Railway Regulatory Body, to assure full implementation of the Law in line with the Acquis and the EU principles, in particular concerning the application of the EU Directives on interoperability and safety: 2001/16/EC on the interoperability of Trans-European conventional rail system and 2004/49/EC on the safety on the Community’s railways, Technical Specifications for Interoperability, and the Communication from the Commission to the Council and the European Parliament on Extension of the trans-European axes and neighbouring countries-Guidelines for transport in Europe and Neighbouring regions.</td>
<td>Railway regulations adopted.</td>
<td>Project Progress Reports</td>
<td>No delays Regulations with Regulatory Board and by Ministry concerning the adoption</td>
</tr>
<tr>
<td>Results</td>
<td>Objectively verifiable indicators</td>
<td>Sources of Verification</td>
<td>Assumptions</td>
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</table>
| R 1. B&H Railway Regulatory Board enabled to regulate the sector in accordance with the Acquis. (Railway regulations for infrastructure and rolling stock adopted and made available for public on Internet) | • Regulations adopted.  
• Internet page with regulations accessible. | • Quarterly and Final Progress Reports. |  |
| R 3. A gap-analysis of the outstanding regulations in railway sector that the sectoral authorities would have to harmonise with the EU requirements. (Approved report on gap-analysis) | • Gap list in place. | |  |
| R 4. All regulations concerning the specific chapters of railway infrastructure and railway rolling stock drafted and harmonised in line with the EU Directives and requirements. (Draft Regulations submitted to the Railway Regulatory Board for adoption). | • Draft update of existing regulations completed.  
• Missing chapters completed. | |  |
<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Costs</th>
<th>Assumptions</th>
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<tr>
<td><strong>R 1:</strong></td>
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<tr>
<td>A.1.1 Assistance to the RRB in conducting the process of adoption of the draft railway regulations.</td>
<td>Technical assistance - assigned experts</td>
<td>1.000.000 EURO</td>
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<td>A.1.2 Creation of a WEB site linked to the site of the Regulatory Board and the Ministry</td>
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<td><strong>R 2:</strong></td>
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<td>A.2.1 Familiarisation with the existing railway regulations in B&amp;H concerning infrastructure and rolling stock</td>
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<td><strong>R 3:</strong></td>
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<td>A.3.1 Systematisation of identified gaps.</td>
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<td>A.3.2 Compilation of the detailed gap-analysis report.</td>
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<td><strong>R 4:</strong></td>
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<td>A.4.1 Updating of the existing B&amp;H railway regulations for particular chapters (infrastructure, rolling stock…) to harmonise it with the EU Directives and the TSIs</td>
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<td>A.4.2 Drafting of missing chapters of the BiH railway regulations, as</td>
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ANNEX II: amounts (in €) Contracted and disbursed by quarter for the project

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ANNEX III: reference to laws, regulations and strategic documents:

Reference list of relevant laws and regulations:

- EU Directives on interoperability:
  - EC Directive 96/48 (High – speed system interoperability)
  - EC Directive 2001/16 (Conventional rail system interoperability)
- Technical Specifications for Interoperability
  - EU Directives on safety:
- B&H Law on Railways
- Technical Regulations concerning track, signalling, traction, rolling stock… maintenance applicable in B&H/Entities.

Reference to AP /NPAA / EP / SAA

- European Partnership
- REBIS
- NPAA

Reference to MIPD

- European Standards

Reference to National Development Plan

- PRSP

Reference to national / sectoral investment plans

- B&H Law on Railways
- Rehabilitation and Development of Railway Infrastructure in B&H, B&H RPC, August 2002
- Draft Transport Sector Strategy for BiH (in preparation)
ANNEX IV: Details per EU funded contract (*):

- For TA contracts: account of tasks expected from the contractor
  The contractor shall elaborate the existing, outdated regulations for maintenance of the railway infrastructure, rolling stock maintenance, and construction/reconstruction of the railway infrastructure at present in force in Bosnia and Herzegovina.

  The Consultant shall draft an update of the regulations to incorporate requirements of the EU Directives to be transposed and applied on the course of future accession process, but also to enable interoperability with the railway systems of the neighbouring countries in the short-term, and the EU in the long-term. The new regulation shall be made available to the public by placing it on Internet. In principle, it shall present a relevant basis for licensing of the Infrastructure Manager(s) and Railway Undertakings, overseeing their performance concerning the required maintenance, and for assuring the required safety level.

  Compliance to the Regulations would be assessed by the Regulatory Body as a quality indicator for inspection of the performance of the stakeholders. The Study shall also challenge maintenance issues and problems indicated in the countries of the region, which need to be addressed through application of the recent scientific studies due to their negative financial and safety impact on railway operations.

  The assignment would require at least 60 man-months of the key experts' assignment + additional contribution of non-key experts, in total amount of approximately 1 MEUR.

- For twinning covenants: account of tasks expected from the team leader, resident twinning advisor and short term experts

- For grants schemes: account of components of the schemes

- For investment contracts: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (**)

- For works contracts: reference list of feasibility study for the constructing works part of the contract as well as a section on investment criteria (**); account of services to be carried out for the service part of the contract

(*) non standard aspects (in case of derogation to PRAG) also to be specified

(**) section on investment criteria (applicable to all infrastructure contracts and constructing works):

- Rate of return
  Not applicable
- Co financing
  For IPA 2007 assistance to Bosnia and Herzegovina co-financing by BiH has not been required.
- Compliance with state aids provisions
  Not applicable.
- Ownership of assets (current and after project completion)
  The railway infrastructure to be subject to interventions foreseen by the envisaged design activities is entirely owned by the respective Entities.