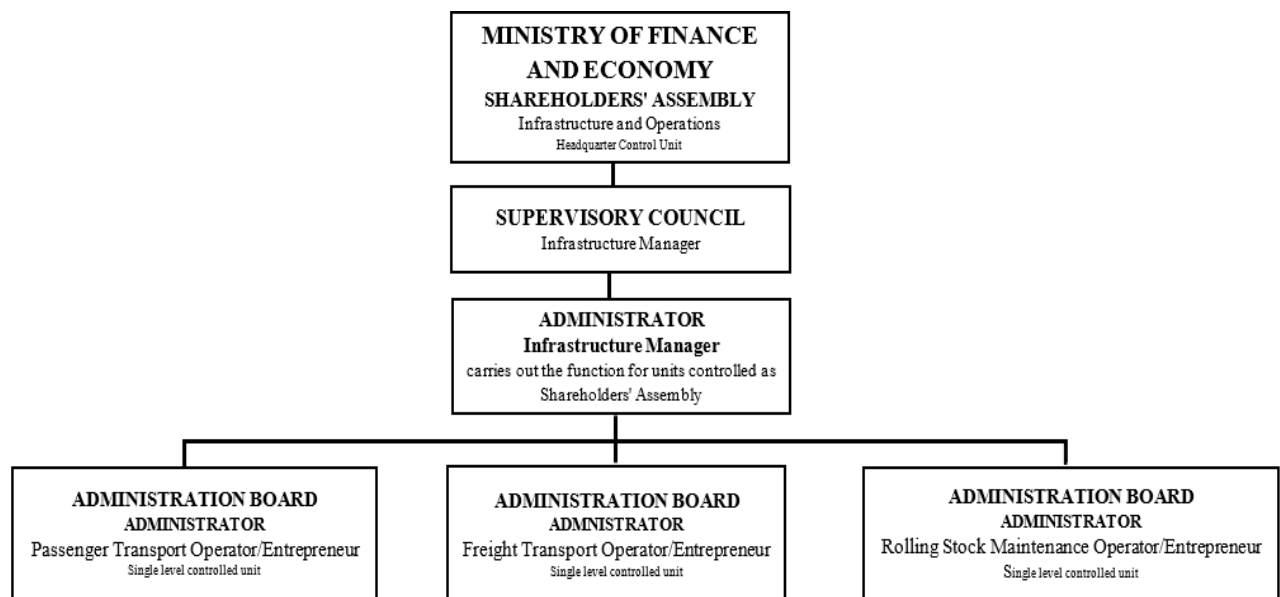


Tirana, March 23rd 2023

Legal Framework - Albanian Railways Management

In July 2021, Albania adopted the **Law on the Separation of the “Albanian Railways”** Company, S.A. (Nr. 90/2021). Article 1 of the Law defined separation into four companies - Infrastructure Manager, Passenger Transport Undertaking, Freight Transport Undertaking and Rolling Stock Maintenance Undertaking.



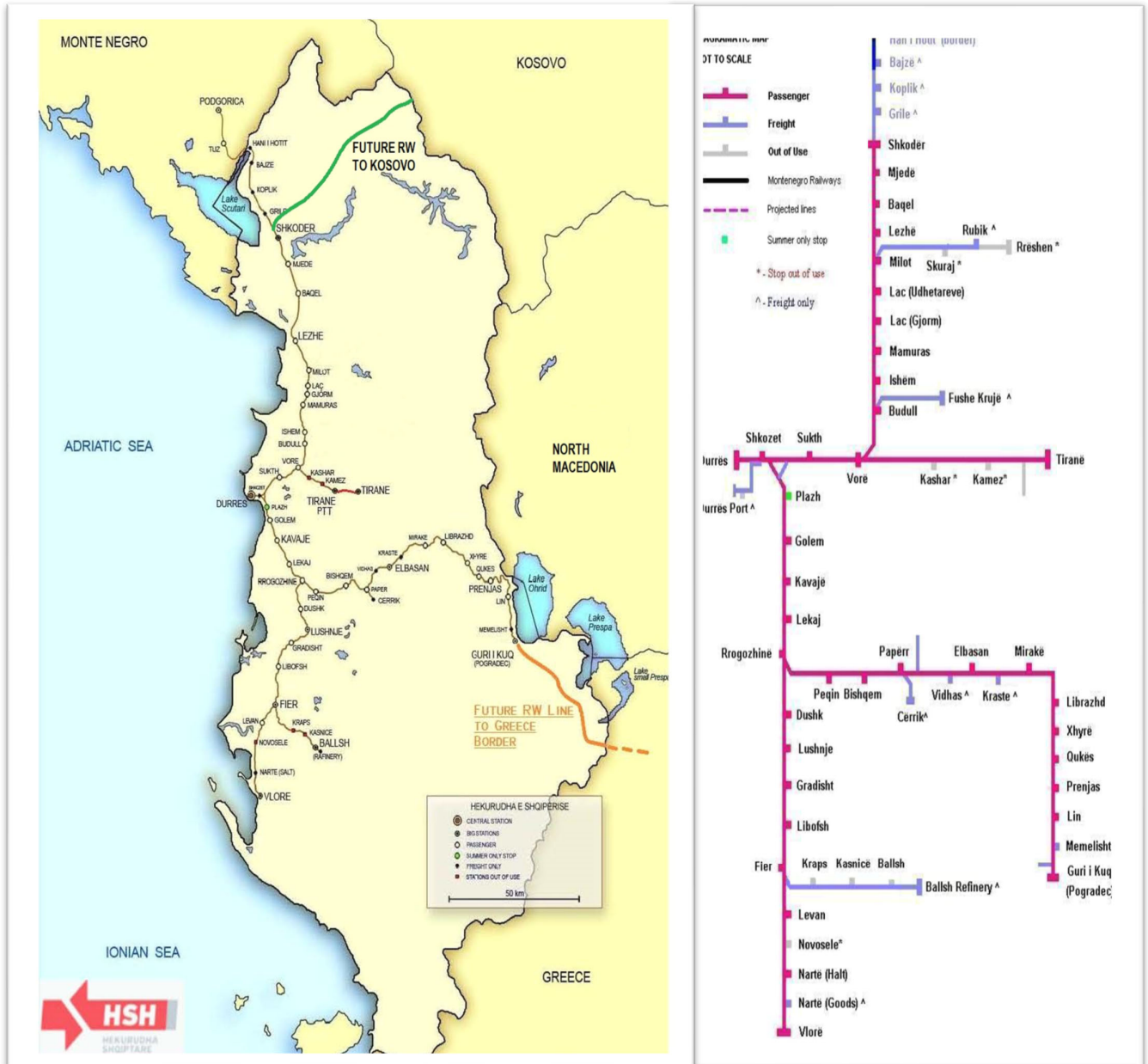
Comments:

- The Infrastructure Manager, a two-level Joint-Stock Company, owned 100% by the Ministry responsible for the Economy;
- The Infrastructure Manager will have a Supervisory Council, with a minimum of three members and the Administrator, a person different from the members of the Supervisory Council;
- Operator/Entrepreneurs, three one level Joint-Stock Companies, owned 100 % by the Infrastructure Manager;
- The Administrator of the Infrastructure Manager, carries out the function of the Assembly for each of the Operator/Entrepreneurs;
- Operator/Entrepreneur will have a Board of Directors/Administration Board, with a minimum of three members, one of whom is head of the Board.

The unbundling of the Albanian Railways companies will be finalized within Q2 2023.

Current status regarding the railway infrastructure in Albania:

❖ Overall national railway infrastructure Map:

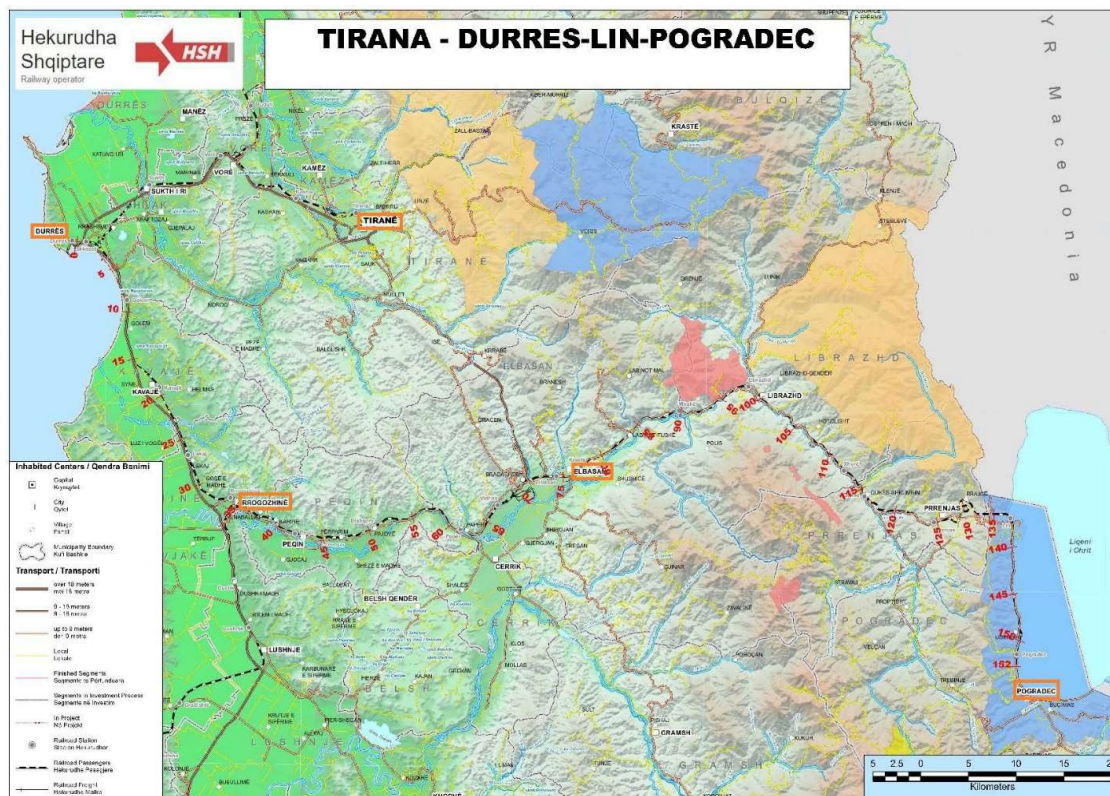


RAILWAY LINES OF CORRIDOR VIII IN THE REPUBLIC OF ALBANIA:

We would like to start the introduction of our presentation, by ranking the HSH railway segments, which are part of the corridor VIII, considering the high importance of this corridor and the fact that **it was lately included in the TEN-T Core Network**.

Actually, the Railway Corridor VIII in Albania crosses on the track of the railway line in these main cities:

Tirana - Durres - Rrogozhine - Elbasan – Lin/Pogradec (border with North Macedonia), with an overall total length of 171 km.



1. Tirana – Durres – Rinas International Airport (under implementation)

The first segment of the Corridor VIII, starting from Tirana – Durres (including railway link to Tirana International Airport), has started the Construction of Works on March 2021 within a Design & Built Yellow FIDIC Contract and will be finished within March 2024, where the line will be ready for the operation. This investment has been realized through WBIF Grant (35.4 Mil Euro) and EBRD Loan (36.87 Mil Euro).

Completion Percentage: **43%** (rails, turnouts, sleepers under production)

- Price Adjustment applied for this contract (Yellow FIDIC, article 13.8)
- Station Buildings to be included as new Red FIDIC contract (additional EBRD loan)
- 4 km Segment Extension to Tirana New Boulevard Detailed Design & ESIA to be finalized in March '23
- Electrification Detailed Design – under preparation by CONNECTA



2. Durres – Rrogozhine (*Detailed Design Finalized – ready for investment*)

- **Feasibility Study:** 720,000 Euro/EIB – COWI/IPF 4 – Completed on October 9, 2018.

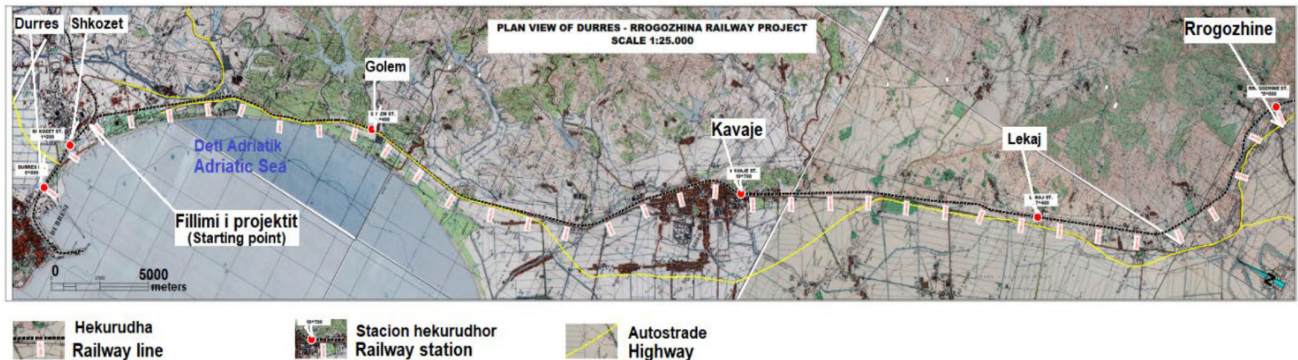
With the fund of 720,000 euros, funded by the EIB, within the WBIF, through COWI / IPF 4 Consultancy, a first study was conducted entitled *"Feasibility study for the rehabilitation of the line Durres - Rrogozhine - Elbasan - Pogradec (Lin) railway line, and the construction of the missing line 2.8 km which connects the Albanian railway network with the railway network of Northern Macedonia."* This study has been completed and submitted on October 9, 2018.

- **Detailed Design:** 1.7M Euro/ WBIF-EIB – COWI/IPF 8 – Completed on December 2021.

In the framework of the further implementation of the Project for the Eighth Corridor in the Albanian territory, in February 2020, the drafting of the Detailed Design for the implementation of the Reconstruction of the railway line Durres - Rrogozhine (34 km) together with the building stations along this line started. This project was funded by WBIF-EIB and implemented by COWI Consultant through IPF 8 instrument (*WBIF Technical Assistance Grant of 1.7 Mil Euro*). This Detailed Design project is today completed (December 2021).

- **WBIF Investment Grants Round:** Applied

Albanian Government already applied on February 2023 for WBIF investment grant with the goal to obtain the financial support for the Construction of Works (*approx. 75 Mil Euro*) of this second segment of corridor VIII.



3. Rrogozhine – Pogradec (120 km) (*Feasibility Study & Conceptual Design: Ongoing*)

- **Feasibility Study & Conceptual Design:** 1.7M Euro/EIB – SAFEGE/ARDANUY – Ongoing

EIB has recently finalized with Albanian Railways and Ministry of Infrastructure and Energy, a cooperation agreement for the drafting of the Preliminary Design of the last (third) section of corridor VIII, “*Preliminary Design for the Rehabilitation of the Corridor VIII Rrogozhina - Pogradec Section*”. The Technical Assistance has started on February 2023 with a duration of 18 months, through EIB Grant of 1.7 million Euro.

- Inception Report: 10.04.2023
- Completion Date: **10.08.2024**

The strategy of HSH is to prepare a very detailed Preliminary Design in order to start the negotiation with IFI/WBIF for direct investment with a Design & Built Contract. This approach is to run fast on the investment, by skipping the Detailed Design Stage and incorporating it in the Contractor of Works Contract (*under FIDIC Yellow Book Rules and Conditions*) as HSH is currently implementing the first segment of corridor VIII, the Tirana – Tirana International Airport – Durres railway line.

- **Connection with North Macedonia – to be solved!**

The connection of the HSH network with the part of the Corridor VIII of the Republic of Northern Macedonia is still missing since the idea of connection from the Lin railway station (*originally fixed to cross through the missing railway link of 2.8 km*) is not valid due to UNESCO’s decision on Ohrid Lake.



4. Vora – Shkoder – Han i Hotit (*Border with Montenegro*) – *Approved Investment International Railway Route 2 in Albania Territory*

- The line is part of the indicative extension of the TEN-T Core Network in the Western Balkans, which will link Albania to the regional and European railway networks through the pan European Corridor X. The line forms the Rail Route 2 Podgorica (Montenegro) – Vorë (Albania) with a total length of 144 km which links the capitals of Tirana and Podgorica and extended to the port of Durres is a key project for the region. This connection will establish an international railway connection between capitals including between Tirana and Podgorica, Belgrade and Zagreb, Ljubljana and Budapest, and further significantly increase freight traffic entering into/going out of Albania via this indicative extension of TEN-T core network, arriving at port of Durres or going out from Bajza to Tuzi and beyond.
- The rehabilitation project of the Vorë – Han i Hotit rail line which ensures the connection with Montenegro has been endorsed for 2022 Western Balkans Investment Framework (WBIF), part of European Commission Economic and Investment Plan.
- The EUR 267 million project covers the rehabilitation of 120 km rail line and 12 building stations

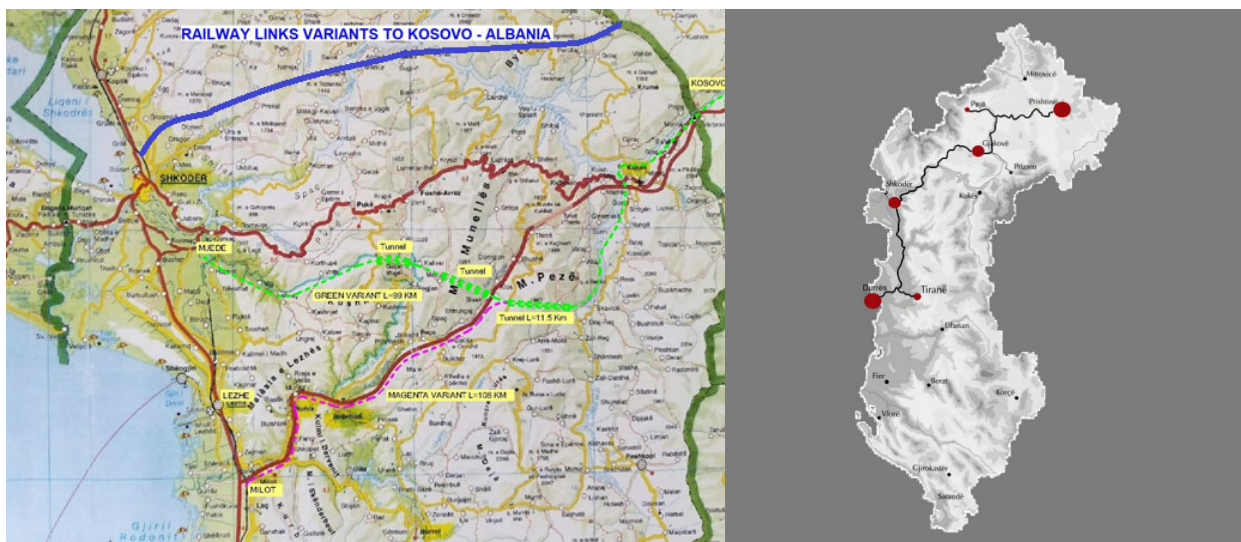
including the installation of new signaling and telecom systems and safety improvements.

- The project has received a EUR 133.4 million WBIF grant, with EUR 4.5 million previous EU grants, while the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) are contributing with a total investment of EUR 125.8 million with EUR 62.9 million loan each. Albania covers the project's funding with a EUR 3.3 million is the national contribution such the expropriation task, plus the VAT.
- The project builds on previous WBIF TA (Technical Assistance) with a WBIF grant approved in December 2016 for the preparation of the detailed design and tender documents for the rehabilitation works. The international consultancy team of SUEZ-IPF6, has started this assignment on 2019 and finished on November 2021. The consortium Suez - IPF6 has prepared the detailed design, the Environmental Impact Assessment study and the Tender Documents for the rehabilitation of the Vorë – Han i Hotit rail line. The design provides also for the concepts of the future rail links to the Shengjin Port and Kosovo. The connection to Shengjin is planned at Lezhe 2 freight station, while Kosovo link at Mjete station as an initial alternative.
- EBRD has officially sent the “Summary Term Sheets” with the updated project budget taking into consideration the inflation adjustment (~14%). Albanian Government, through Ministry of Finance and Economy and Ministry of Infrastructure and Energy, is establishing the negotiating groups for finalizing the project budget.
- **The project has a significant cross-border and therefore regional impact as is ensuring domestic rail transport connecting Albania’s national network to the regional and European railway networks through Corridor X.**

NEW RAILWAY LINK CONNECTION BETWEEN ALBANIA AND KOSOVO (Length ~100 km)

THE PREPARATION OF FEASIBILITY STUDY & CONCEPTUAL DESIGN

5. Durres - Prishtine



- A common initiative between Government of Albania and Kosovo has been established during 2021, to start the pre-feasibility study for the connection with a new railway line with two countries. Both countries signed a MoU in June 2022, sharing the cost of the study (*Albania: €1 M; Kosovo: €980k*). The target is to accomplish at the earliest the study and run through the next steps of the design, up to the final investment of this new railway corridor.
- The construction of the railway line (Durrës – Prishtina) is of special importance for Albania and Kosovo because this will be a line which will enable a rapid development of railway passengers and freight transport, first for the needs of Albania and Kosovo and secondly for the needs of the countries of the Western Balkans and beyond, including Montenegro, North Macedonia, Serbia, Romania, Bulgaria and other countries which are also connected to the Railway Corridor X (Ten) and Railway Corridor IV (Four).
- **Feasibility Study & Conceptual Design** – 1.98M Euro – Under Procurement Process

I take the opportunity to thank everyone for this event and wishing to all of our six countries good luck to the further projects on our infrastructure railway corridors.

THANK YOU FOR YOUR ATTENTION.

GENTIAN LIKO

ALBANIAN RAILWAYS CEO