TRAFICOM
Finnish Transport and Communications Agency

Competitive tendering phases and experiences in Sweden and Norway

Executive Summary

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Foreword

The Finnish passenger rail transportation market is opening up for competition as specified in the government programme of prime minister Petteri Orpo. One part of opening up the market is tendering competitively all passenger rail services subsidised by the Finnish state. The competent authority to implement tendering will be Traficom.

The aim of the study was to clarify and analyse recent years tendering and contract arrangements for passenger rail services in Sweden and Norway. The study found the best experience-based practices and solutions for competitive tendering of passenger rail services in Finland.

In addition, the study helped Traficom to develop their expertise in tendering for passenger rail services. The study provides the starting points for further planning and implementation of tendering and contractual arrangements.

The members of the steering group were Anna Pätynen, Jani von Zansen, Teemu Laalo, Meeri Niinisalo, Päivi-Maria Virta and Elo Ruutu of Traficom. In addition, representatives of HSL and Ministry of Transport and Communications joined workshops with Traficom. The work included dozens of interviews in Sweden and Norway with different authorities and operating companies and their senior representatives.

The work was carried out by WSP and its partners, with Magnus Hedin (WSP Sweden), Richard Stuart (Vectura Advisory), Cathrine Elgin (CE Consulting), Florencia Bigatti (WSP Finland) and Henri Miettinen (WSP Finland), Stella Sirén (WSP Sweden), Björn Ivedal (WSP Sweden), Kåre Riseng (WSP Norway) and Margareta Berg (WSP Sweden) from May to October of 2025.

Helsinki in November 2025

The Finnish Transport and Communications Agency Traficom

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As Finland prepares to open its passenger rail market in the 2030s to promote increased competition, this project draws on experiences and lessons from competitive tendering processes in Sweden and Norway. In line with this decision, Traficom, who will be responsible for the future tender processes, is developing a comprehensive knowledge base to support this transition. For competition to thrive, the market must be attractive to railway operators. This is particularly important given Finland's geographic isolation from central Europe, the presence of other public service obligation (PSO) tendering for rail services across Europe starting at similar times, and the strong position of the national incumbent, VR, which is increasingly successful in Swedish tenders. A carefully structured market is therefore critical to encourage competition.

The project examines recent experiences with competitive tendering and contractual arrangements in Sweden and Norway to identify best practices and practical solutions that can guide Finland's approach. The analysis highlights effective strategies as well as potential risks associated with policy decisions, helping to anticipate challenges that may arise during the transition. The findings will form the basis for the procurement plan and supporting materials designed to ensure a fair, transparent, and sustainable market opening.

The study combines a thorough review of tender documents and contracts with interviews involving key stakeholders such as contracting authorities, railway operators, and service providers. Drawing on evidence and insights from a range of case studies and practical experiences in Norway and Sweden, as well as the expertise of the project team and close collaboration with Traficom, the project adapts international lessons to the Finnish context. This approach ensures that the recommendations account for Finland's national railway structures, policy framework, and implementation timeline, laying a strong recommendation for a successful market transition.

1.1 Scope of work

The project was structured around three main work packages. The first work package focused on in-depth case studies of seven Nordic examples—including Jernbanedirektoratet (Traffic Packages 1, 2, and 3) in Norway, and from Sweden, Mälartåg, Norrtåg, Region Stockholm (metro and commuter trains), Trafikverket, Västtrafik, and Öresundståg. Each case study examined an 8–15-year period, covering governance and role of different parties, service types and volumes, railway reforms, tender processes, financial and legal frameworks, implementation and transition phases, operational experiences, and related contracts such as rolling stock, ticketing

and infrastructure. This phase combined detailed desktop analysis of procurement and strategy documents with over 45 interviews involving key personnel from transport authorities, operators, ROSCOs, maintenance providers, suppliers, ministries, ticketing companies, and infrastructure managers.

The second work package translated lessons learned from these case studies into recommendations for tendered passenger rail services in Finland. These recommendations addressed different types of services that are operated —such as commercial, long-distance PSO, night trains, regional traffic, and railbuses—and covered all aspects of service delivery including operation, customer service and contractual requirements. This work included developing an optimal scenario based on the case studies best practices, then adapting these insights to the Finnish context, highlighting both opportunities and risks associated with transferring lessons to local conditions.

The third work package focused on the stages and timeline for the future procurement process and developing requirements for the core documentation needed for Finland's future tender process. This included structuring the overall procurement process, defining sequential implementation stages, and preparing key materials such as market dialogue frameworks, draft Invitation to Tender (ITT) structures, and draft contract templates.

1.2 Purpose and structure of the report

The purpose of this report is to provide a clear and concise overview of the project's key findings, insights, and recommendations for Finland's upcoming passenger rail market opening. This summary distils the results of an intensive six-month collaboration, which brought together leading experts with hands-on experience from rail procurements in Sweden and Norway — including members of the team that successfully secured the first traffic package in Norway as well as experience working on tendering projects across other European countries. By combining this international expertise with local knowledge, the project has produced actionable guidance tailored to Finland's unique context.

This Executive Summary is intended to inform decision-makers and stakeholders about the most important lessons learned, highlight the main risks and opportunities, and set the stage for the next steps in the procurement process. It serves as a practical reference for shaping policy, designing the procurement model, and ensuring a fair, transparent, and sustainable market opening.

The report is organised to guide the reader through a logical progression of findings and recommendations. The initial section highlights the key lessons

learned from the Nordic case studies, providing essential context for Finland's market opening. Sections 3 and 4 then present more detailed recommendations, structured by topic area, to support the creation of a sustainable passenger rail market. The insights and best practices identified in work packages 2 and 3 are integrated to ensure a coherent narrative flow. The recommendations cited in this report reflect the case study most relevant to the specific recommendation. Although insights were drawn from seven case studies overall, the executive summary highlights only the most illustrative examples to maintain focus and clarity. First, the report focuses on essential policy decisions and enabling measures, followed by a section dedicated to strategic actions and the recommended way forward for implementation.

1.3 Methodology of work and limitations

The project followed an iterative methodology in which each work package built upon the previous one, allowing for increasing levels of detail and refinement throughout the process. Data was gathered through a combination of detailed desktop analysis, including review of procurement and strategy documents, and over 45 interviews with key stakeholders. The project team brought together extensive experience from both contracting authority and operator perspectives and was further supported by a broader group of experts with specialised knowledge as needed.

Collaboration and openness were central to the project's approach. The core project team worked closely with the client's team, holding joint in-person working sessions to share perspectives and experiences, co-develop solutions, gather targeted input, and ensure alignment. Monthly steering group meetings provided ongoing oversight and direction. Broader stakeholder engagement was achieved through document sharing and five dedicated in-person workshops with the full project team, where main findings were presented and discussed. The in-person meetings proved valuable for fostering open dialogue, building trust, and facilitating effective knowledge sharing across all parties involved.

Flexibility and ownership were also key principles throughout the project. While a clear plan was established at the outset, the team remained responsive to changes in scope, timeline, and working methods, adapting as needed to ensure project success.

This study represents a starting point for understanding key issues related to the opening of Finland's passenger rail market. As with any complex topic, there are certain limitations — including the scope of analysis and time constraints. While the study highlights the main challenges, lessons, and strategic considerations, and deeper analysis on certain topics, the work identified areas where further consideration on the approach to be

adopted is necessary. Consequently, there is potential to go deeper and explore emerging themes in more detail. The findings should therefore be seen as a foundation for further work.

2 Key Insights from Nordic Case Studies

This section examines the practical experiences of Sweden and Norway in implementing competitive tendering and rail sector reforms. The case studies included seven Nordic examples—including Jernbanedirektoratet (Traffic Packages 1, 2, and 3) in Norway, and from Sweden, Mälartåg, Norrtåg, Region Stockholm (metro and commuter trains), Trafikverket, Västtrafik, and Öresundståg, combining deep desktop analysis with more the 45 interviews to key stakeholders.

While the case studies addressed a wide range of topics, here the focus is on the most relevant findings, particularly for Finland's context. By highlighting the key factors that contributed to both successful and challenging outcomes, this section brings the main lessons learned to guide future decisions.

2.1 Railway reform, structure and goals

Sweden has a long history of railway deregulation, characterised by a dual structure, with a national oversight and regional level Public Transport Authorities (PTA). On the national level, the Ministry of Infrastructure sets overall transport policy and the Infrastructure Management, Trafikverket (Swedish Transport Administration) manages railway infrastructure, capacity allocation, and long-distance passenger services. On the regional level, twenty PTAs, governed by regional or county councils, organise regional and commuter rail services (as well as all other forms of public transport). A key Feature of Sweden's model is the emphasis on regional autonomy and coordination, which differs significantly from Finland's current approach.

Norway, on the other hand, has adopted a national model for railway competition that more closely resembles Finland's context. In Norway, the Department of Transport and Communication oversees political and overall management and owns the state railway company (Vy), while the Norwegian Railway Directorate has the responsibility of strategic management and planning, and acts as the contracting authority (PTA). This model is particularly relevant for countries undergoing railway reform. However, Norway's experience also highlights challenges, such as overlapping responsibilities, power struggles and poor collaboration due to a lack of shared understanding and purpose of the reform. The incumbent not

sharing data with the new operators further complicated the process, where legislative changes were required.

Lessons learned relevant to Finnish content include the following:

Competition is a means, not an end. Competitive tendering should be seen as a tool to achieve broader policy objectives, not as an end in itself. The experience in Norway demonstrates that focusing on outcomes—such as passenger satisfaction and increased ridership—can shape the revenue model and incentive structures in a way that drives real improvements. For railway reform to be successful, competition must serve the overarching goals of the railway system, which should be aligned with Finland's broader transportation strategy. Ultimately, **the customer must remain at the center** of all decisions, as they are the core reason for the passenger transport system's existence.

Unified vision. A clear, long-term policy and a shared vision among all stakeholders are essential for implementing reforms and gaining broad acceptance. Establishing a long-term vision, mission, and objectives for traffic services—supported by ongoing development plans—enables meaningful investment and sustained progress. Without this unified direction, reforms risk becoming fragmented or losing momentum.

Ownership of the process: A key lesson from international experience is the importance of clear ownership and strong governance throughout the railway reform process. The absence of the Railway Directorate in Norway being given a mandate to coordinate activities across all sector stakeholders proved to be a significant weakness. In addition, the stakeholders were not given a clear role description and understanding of their mission. This made it difficult for the Railway Directorate to take the role as the conductor of the sector. And when the whole sector also lacks a common understanding of the overall goal of the reform it becomes even more challenging. The lack of clear role and mandate for the Railway Directorate is a result of the lack of strong and proactive governance from the Ministry of Transport during the early stages and further on in the process. This affected both the contract mobilisation and start-up and also impacted the ongoing process negatively.

In contrast, cases where the Public Transport Authority (PTA) had strong ownership and coordination power—such as Västtrafik and Öresundstag—demonstrated much better outcomes.

For Finland, it is essential that Traficom, as the contracting authority, establishes a robust structure that is ready and has the room to take ownership. At the same time, the Ministry must also take ownership, support Traficom, and actively listen to experts to understand what works and what does not.

Cultural integration and clarity of roles. Both Sweden and Norway's experiences highlight the need for a governance structure where all government bodies share common goals and have clearly defined responsibilities. Ambiguity in roles can lead to power struggles, poor collaboration, and inefficiencies, as seen in Norway. Successful reform depends on cultural integration and clarity of roles across the sector.

Addressing market imbalances: Allowing incumbent (such as VY in Norway) to retain extensive market dominating capabilities, such as sales, led to market imbalances. Norway established Entur, a dedicated company for ticket sales, digital development, and customer service, which was planned to provide sector service in an impartial manner. Unfortunately, even though this was not the original plan, VY were able to retain their sales capabilities, including their web sales portal, and even reinforce them. This caused challenges for new entrants. Entur's appearance in the market has contributed to improved customer focus and technological advancement—though it is a costly solution, and Vy continues to dominate ticket sales. In Finland, the strong position of VR will pose similar challenges for new entrants. Effective governance measures will be needed to ensure fair competition. Initiatives like the establishment of a rolling stock company (ROSCO) is a good start, but considerations of where VR retains inbuilt structural advantages need further consideration. These include the future ticketing sales model and definitions around the responsibilities for the Entity in Charge of Maintenance (ECM).

2.2 Tendering and contracting process

In Sweden, the tendering process is highly structured and follows a consistent pattern across procurements. Operators benefit from this predictability, as familiarity with the process leads to better outcomes. Challenges have arisen when the process becomes overly controlling, with too many minimum requirements and limited cooperation between the contracting authority and operators. One example is the case of Stockholm, where the latest commuter train procurement had been cancelled. However, a shift toward partnership models—where collaboration and trust are prioritised—has proven highly beneficial as in the cases of Västtrafik and Öresundståg. Successful procurements often use evaluation models that balance price and quality, typically at a 60/40 or 70/30 ratio, ensuring both value and performance.

Norway's tendering process has been well planned, featuring clearly defined stages and timelines which generated the trust to operators to be interested and enter the market. However, significant challenges rose prior to the tendering phase, where there were periods of limited communication. Sometimes operators received little to no information. The evaluation

phase was lengthy and resource consuming, involving multiple tender submissions and several rounds of negotiations.

Lessons learned relevant to Finnish content include the following.

Preparation and credibility: Investing time in preliminary work, building credibility, and maintaining close communication with market players are essential for a successful procurement process. The preparation that Norway had before the start of tender was crucial for the success of the competition. Specific questions raised to the prequalified tenderers gave feedback needed for the Railway Directorate in creating the tender documents.

Prioritise collaboration over control: Both Swedish and Norwegian experiences show that collaboration between authorities and operators leads to better outcomes than rigid control. Creating a partnership model with continuous back and forth since the early market dialogue is of great benefit to the model. Clear expectations and open communication throughout the contract period are critical. Replacing detailed mandatory requirements with functional demands, focusing on "what" needs to be achieved rather than prescribing "how" it must be done in the ITT and contract documents. This has shown a great difference in operators' interest and tender submissions between the cases studied.

Staggered procurement package: Allowing sufficient time between tenders opens for lessons learned to be incorporated, and avoiding simultaneous launches of multiple packages leads to more tender submissions. For example, in the case of Norway, it was very difficult for the awarded winner of Traffic Package 1 to submit a bid for the second traffic package, as if they would succeed in both competitions, there were not enough resources to mobilise both operations at the same time. The packages in Norway were launched 6 months apart meaning they were overlapping with one another. A staggered procurement process for each Traffic Package increases the likelihood for operators to be involved in more than one tender process and additionally enables lessons learned to be applied to subsequent tenders.

Quality-Price balance: Evaluation models that assign significant weight to quality—typically at least 25% of the total score—enable the PTA to meaningfully assess bids on the submitted offer and deliverability. Monetary evaluation of quality criteria, such as using a 60/40 or 70/30 split between price and quality, has proven effective. It is also important to implement mechanisms to address abnormally low tenders. Additionally, shadow calculations are needed to verify price and understand the price models. In Sweden, for example, emergency contracts in the metro sector revealed that the awarded operator's offer price had been too low and more control mechanisms should had been used to identify bids that were priced unrealistically low.

2.3 Financial and legal framework

In Sweden, contracts are designed to balance risk between the public authority and operators. The transport authority (PTA) typically assumes ownership and risk related to rolling stock, ensuring that operators compete primarily on service quality and operational performance. Swedish contracts often include requirements for innovation and continuous improvement, with joint yearly business plans to align goals between the authority and operators. However, challenges have arisen when contracts become overly complex and rigid, with too many parameters and insufficient focus on a few key performance indicators (KPIs). Many early terminations and emergency contracts were put in place in the last years, bringing a need of more sustainable contract designs. Västtrafik, for example, has addressed this by structuring contracts in phases, with a limited set of KPIs, allowing operators to demonstrate performance across different operational areas.

Norway has adopted net contracts, incentivising operators to improve service delivery and pursue growth strategies. In Norway all passenger rail services have been designated as PSO. This approach enabled net contracts to be introduced and function effectively as passenger revenue represented a significant proportion of total income. Norwegian contracts also encourage innovation throughout the contract period. However, issues have emerged around cooperation and communication between the authority and operators, as well as the need for clear, simple KPIs and balanced incentives. The Norwegian experience highlights the importance of setting realistic incentives at the start and raising expectations over time, as well as the need for contracts that can adapt to changes in scope.

Lessons learned relevant to Finnish content include the following:

Balanced Risk Distribution: It is essential to recognise that risks are inherent in any contract and will ultimately have cost implications for the PTA. To ensure project success, risks should be allocated to the party best equipped to manage them. This means distributing responsibilities in a way that aligns with each party’s expertise and capacity.

For example, operators should focus on day-to-day operation. This includes responsibility for planning of rolling stock maintenance, but while the operator is responsible for handling the light maintenance, the ROSCO is responsible for handling the heavy maintenance Responsibilities needs to be clearly defined between the operator and the rolling stock owner, and risk sharing is split according to expertise.

Additionally, contracts should include mechanisms to share both potential gains and losses over the contract period. Approaches such as “roof/floor” solutions—where both upside and downside risks are shared—help create a more balanced and resilient partnership.

Balanced Incentives and encourage innovation: Design incentive schemes that reward strong performance while protecting operators from excessive financial risk. Penalties and bonuses should be set within reasonable limits (for example, around 15% of the contract value) to maintain motivation and financial stability throughout the contract period. Both the Norwegian and Swedish experiences show that including requirements for continuous improvement and innovation encourages operators to focus on long-term progress rather than just short-term cost savings. Joint yearly business plans, developed collaboratively between the client and the operator, help define shared goals and foster a partnership approach. Setting initial incentive thresholds at a lower level helps operators build confidence and achieve early successes. Gradually raising these thresholds over time encourages continuous improvement and supports higher levels of performance as the contract progresses. This phase approach to incentives has proven highly successful in Sweden, fostering both operator motivation and sustained service quality.

When designing incentive schemes, prioritise collaboration by focusing on positive reinforcement rather than punitive measures. For example, instead of traditional penalties, consider using terms like "quality deductions" to address underperformance, while emphasising rewards for achieving or exceeding targets. It is essential to limit the number of KPIs to those that are truly meaningful and straightforward to monitor. This approach simplifies contract management and follow-up and has proven to be a key differentiator between successful and unsuccessful operations in Sweden.

Contract Length and Adaptability: In geographically complex contexts like was the case of Norway and is for Finland, longer contract durations—typically around 10 years (8+1+1) —are recommended to support investment and provide operational stability. Including optional extension years can further motivate operators, create a sense of ownership and encouraging long-term commitment to quality and improvement. Contracts should also be designed to anticipate changes in scope, with mechanisms such as pre-priced variations to allow for smooth adjustments when needed. Experience has shown that rigid contracts, which do not allow for flexibility, have led to early terminations and missed opportunities for continuous improvement.

Clarification over negotiation: During the evaluation phase, it is preferable to focus on clarifications rather than negotiations. By requiring binding offers and limiting interactions to a clarification round, the process ensures that submitted offers are final and represent each bidder's best proposal. The clarification round(s) can be used to address issues related to assumptions, delivery plans, or other aspects requiring further explanation.

2.4 Implementation and transit period

In Sweden, the transition between operators is governed by contractual obligations, including the controlled transfer of staff under Swedish law, but the process has been complicated by maintenance backlogs and insufficient documentation for rolling stock. The quality of rolling stock has often fallen short of expectations, with operators facing significant challenges related to aging vehicles. Staff retention issues have also risen, with dominant incumbents like SJ able to retain their preferred employees, leaving new entrants such as MTR with less experienced teams, as well as staff resigning. The Swedish experience has shown that continuous training and long mobilisation periods are essential to ensure operators are prepared to deliver quality service from day one. Additionally, IT system and the architecture play an increasingly central part in mobilisations and operational operations, for example a total of 112 IT systems in the E49 procurement, means that specific competence needs to be added on the PTA and client side along the mobilisation process.

Norway's rail sector faced major challenges during mobilisation, largely due to an immature market and obstruction from the incumbent. The short preparation period threatened project success, with operators struggling to access necessary data, documentation, and spare parts for a diverse and aging fleet. Maintenance suppliers have posed challenges. The Norwegian experience highlights the importance of clear requirements for incumbents regarding handover obligations, as well as the need for a cohesive organisation with cross-functional forums and effective communication channels. Additionally, a key learning was that insufficient time was provided for mobilisation. With hindsight the first traffic package should have had an 18-month mobilisation period and with 12 months for the consequent ones.

Lessons learned relevant to Finnish content include the following:

Mobilisation period: Both Sweden and Norway demonstrate that long mobilisation periods—18 months for the first traffic package and 12 months for subsequent ones—are crucial to ensure a successful contract start up, and for incorporating lessons learned and ensuring adequate time to address emerging challenges.

Transfer from the incumbent: Clear requirements must be set for the incumbent in all areas necessary for transfer, including personnel, equipment, materials, documentation, historical data, etc.

Rolling Stock and maintenance documentation: Addressing maintenance debt and ensuring access to spare parts and documentation are essential for operational stability. Special attention is needed when multiple types of rolling stock are involved.

Staffing and organisational structure: Staff retention and training must be prioritised, with fair transfer processes and continuous development to fill capacity gaps. Understanding potential staffing issues and preparing targeted training during mobilisation, are key to success.

Mobilisation incentives: Incentive schemes, such as initial payments or milestone-based rewards, have been effective in both Sweden and Norway for supporting successful mobilisations and encouraging operators to meet key objectives.

3 Recommendations: Essential policy decisions and enablers

Experiences from Sweden and Norway highlight the necessity of establishing a sustainable market environment, supported by clear policy decisions, robust governance, and effective stakeholder engagement. These enablers must be in place to facilitate progress and ensure that subsequent steps are built on a solid foundation. Building on the lessons learned throughout the project, this section focuses on defining the essential policy decisions and enablers required to support the implementation of the future tendered services model.

While the broader project work explored a wide range of policy areas and potential approaches, this section concentrates specifically on the most critical decisions that, if not taken clearly at this stage, could pose significant risks to the overall success of the process, noting that this summary is not exhaustive. Accordingly, decisions on these enablers, and their implementation, need to be put in place in advance of commencing the tendering process, and the future arrangements need to be defined prior to commencing market engagement.

These reflect the changes that are necessary to the industry model, the implementation of a new structure. These are critical to evidencing the implementation of the new arrangements i.e. both time critical activities and achieving a viable market.

During the analysis, the different topic areas were examined across various service types, including Commercial, Long Distance PSO, Night Trains, Regional, and Railbus services. In this section, distinctions between service types are made only where they are particularly relevant.

Each recommendation is considered within the Finnish context, supported by reference to Nordic experience. For each key policy area, the section also highlights the potential risks associated with alternative approaches and outlines the implications for funding, the Public Transport Authority customers, and railway undertakings and competition. Where relevant, the

text also notes instances where the Finnish context presents unique or uncommon situations not directly where special attention should be drawn.

3.1 Service specification for PSO services and relationship with commercial services

Finland's approach to rail service provision is based on the principle that passenger rail services should be operated on a commercial basis wherever viable, with Public Service Obligation (PSO) designations reserved for routes or service levels that cannot be sustained without public funding. This policy seeks to maintain current service levels while ensuring that public support is targeted only where the market cannot deliver. In some cases, commercial and PSO services may operate in parallel, requiring careful coordination.

Drawing from Nordic experience, Finland's model is positioned between the Norwegian and Swedish approaches. In Norway, all passenger rail services are classified as PSO and tendered leaving no scope for commercial operation. In contrast, Sweden treats long-distance services as commercial, outside the Public Transport Authority's (PTA) remit. Finland's chosen path is closer to the Swedish model, requiring clear definitions of what constitutes a commercial service and transparent criteria for PSO designation, especially as current revenue is not disaggregated by route in information reports.

A key risk of this approach is that profits from individual commercial services cannot be used to cross-subsidise PSO operations, making it likely the need of increasing the public subsidy requirement. In effect the commercial service operator is "cherry-picking" which services to operate, without consideration of the overall network impact, and the additional taxpayer cost of this approach. To manage this, Traficom must maintain a detailed understanding of the cost and revenue structures of the rail industry—identifying where commercial profits are generated and where public support remains necessary—to ensure sustainable funding and fair resource allocation while making the definition between commercial and PSO services. Services need to be considered on a route basis, not just by individual service.

For Traficom, there is also a service continuity risk. If a commercial operator withdraws from an unprofitable route, Traficom may need to rapidly add these services to PSO contracts, either through contract amendments or emergency measures. This risk has been seen in Sweden where a PTA had to step in when commercial services were withdrawn. Therefore, routes should only be excluded from PSO designation when their commercial viability has been robustly demonstrated.

From the customer perspective, this model aims to preserve service continuity and accessibility. However, there remains a risk of reduced connectivity for smaller communities, as commercial operators may focus on high-demand routes with fewer stops. Connections into railbus services or smooth travel through Oulu and Kuopio may not be guaranteed. In corridors where both PSO and commercial services operate, effective coordination, pricing alignment, and demand management will be essential to avoid market distortion and ensure a balanced, customer-oriented outcome. Given Traficom are unable to specify requirements for commercial services, this represents a key risk for network integration.

For railway undertakings, the evolving model introduces the need for close cooperation with Traficom and other operators, particularly as Finland transitions to a more open, multi-operator rail environment.

Finland's model should place particular emphasis on special cases, such as night trains and railbuses, which may require tailored PSO arrangements or funding solutions due to their unique operational characteristics and significance for regional connectivity.

3.2 Revenue risk, revenue line and collection

Finland has chosen a gross contract model for its PSO rail services, where the operator is responsible for ticket collection, but the revenue risk ultimately lies with Traficom. This means that if fare revenues fall short of expectations, Traficom must cover the gap, making long-term financial planning and robust revenue management essential for the authority.

In contrast, Norway uses a net contract model, where the operator bears the revenue risk and ticketing is managed centrally by Entur, while Sweden mostly relies on gross contracts with significant incentive components, which vary by service type (often ~20%, higher for night train operations), with ticketing mostly handled through PTA-managed multi-modal systems.

From the PTA perspective, owning the revenue risk also means owning the responsibility for passenger growth in addition to fare policy, ticket pricing, and overall brand management. Without this, there is a risk of fragmented branding and inconsistent pricing strategies if multiple operator brands coexist.

In the Finnish model, where revenue risk remains with Traficom, any shortfall in ticket revenue must be covered from the public budget. This places a direct financial risk on the authority and underscores the need for strong financial forecasting and long-term budgeting. Traficom will need comprehensive insight into industry-wide revenue flows, including the factors that

influence demand, pricing, and passenger growth, and represents new responsibilities for Traficom.

From the customer's perspective, multiple ticketing platforms could create confusion and poor passenger experience. A unified, user-friendly system is therefore critical to ensure seamless travel and customer satisfaction.

For railway undertakings, this model shields them from direct revenue risk, focusing their efforts on service delivery and contractual KPIs, but it also means they must ensure transparent and accurate revenue flows to Traficom. Operators must have clear tools and systems for reconciliation and reporting. However, maintaining separate operator-managed ticketing systems could be costly to develop and maintain, and may disadvantage smaller operators, reinforcing the dominant position of incumbent operator, VR.

Notably, Finland's model—where the operator collects fares but the authority bears the revenue risk—has not been directly implemented in Sweden or Norway, making it a rare case in the Nordic context. Given the unique challenges this creates, it is recommended that Finland explores solutions that strike a balance between full centralisation and operator-led systems. For example, tendering the provision and operation of the ticketing platform to a third party—rather than placing this responsibility solely on Traficom or the operators—could be a potential solution. A third-party solution would also support more transparent revenue reconciliation and reduce the risk of reinforcing the incumbent's market position. Additionally, this approach would allow Traficom to focus on its core responsibilities.

3.3 Revenue allocation system

As noted in the previous section, it is recommended that an alternative solution be explored for the ticketing system. Regardless of the principles applied under PSO and commercial definitions, and irrespective of the interface that sells tickets to passengers, a robust and well-governed back office system is essential to ensure interoperability between systems, especially for journeys that combine PSO and commercial segments. Currently, there is no clear or unified definition of the back office function in ticketing systems, which is essential for the multi-operators environment.

In Norway, Entur acts as a centralised ticketing and data platform, with fares set by operators but integrated into Entur's system. In Sweden, an independent third party (Samtrafiken) manages common ticketing infrastructure, allowing fares to be set by PTAs and commercial operators, and enabling point-to-point ticketing that combines separate fares into a single customer transaction. These systems also manage revenue allocation and

yield management, ensuring transparency and fairness across operators and service types.

For Finland, while responsibility for ticket retailing could remain with the operators, there must be a common back-office system with functions as a central fares database and provides common access to all operators. The system must support PSO and commercial services, enable end-to-end ticketing, and include clear criteria for revenue allocation between operators and service groups. Traficom will remain responsible for fare structure and pricing for PSO services, and the back-office systems will need to evolve to accommodate technological advances, multi-modal integration, and future market needs. This requirement could be met by establishing a Finnish back-office ticketing system, or through a commercial contract with VR, but in all cases, fares data, revenue, and journey information must be centrally managed.

3.4 Rolling stock ownership and asset management

Finland has already established a national Rolling Stock Company (ROSCO), Suomen Ostoliikennekalusto Oy, which is responsible for owning and managing rolling stock for PSO services. This move is a significant step in preparing for competitive tendering and aligns with best practices seen in the Nordic region, the models of Norske Tog in Norway and Transitio in Sweden. The current plan is so that the ROSCO leases the rolling stock to Traficom, who then will make it available to the operators through a contract agreement, with operator obligations reflecting the terms of the lease agreement. The Finnish ROSCO is expected to be designed as a lean organisation, focusing on asset management of the rolling stock and the procurement of overhauls, while maintenance activities are outsourced to third parties. The operator is expected to be responsible for the planning and delivery of routine (light) maintenance, with overhauls contracted to third parties. A clear definition of roles and responsibilities between Traficom, the ROSCO, and the operators is essential.

First, Traficom needs to act as the specifier, determining the quantity and type of rolling stock required and when it is needed. Based on this, ROSCO ensures the necessary rolling stock is available to meet Traficom’s requirements and plans any future procurements.

Secondly, Traficom needs to work in coordination with the ROSCO and ensure all necessary data on asset condition and maintenance schedules for the existing fleet is transferred to the ROSCO and is made available to bidders and future railway undertakings. This is critical for competitive bids to be received and to ensure seamless mobilisation. The ROSCO needs to take full ownership of the data since the fleet transfer process, ensuring all relevant data is acquired and that, by the time the Invitation to Tender (ITT) is

issued, all necessary information is available for bidders. Data provision is a critical part of this process.

From a maintenance perspective, responsibilities should be clearly defined according to ECM (Entity in Charge of Maintenance) levels, as recommended by Nordic case studies. ECM 1 and ECM 2—covering overall coordination and documentation management—should be handled by ROSCO. ECM 3, the planning of maintenance, should be the responsibility of the operator. ECM 4, which covers the actual performance of maintenance, should be split between maintenance suppliers, distinguishing between heavy and light maintenance. The division between heavy and light maintenance must be clearly defined in lease and contract agreements. We recommend a schedule in the lease agreement for each type of rolling stock which sets out the split of responsibility for each maintenance activity and needs to be tailored to the specific type of rolling stock.

It is important to note that this new structure, while crucial for creating a competitive tendering environment, may lead to less network optimisation and require more rolling stock than before if the current split between commercial and PSO services is maintained. Therefore, careful planning is needed to address capacity gaps, including considering options for additional procurement.

Operators should be responsible for light, day-to-day maintenance activities, as these are closely linked to operations. However, these responsibilities must be adjusted according to the type and condition of the rolling stock to avoid creating barriers to competition—particularly for older rolling stock, such as the DM12 units.

Finally, Traficom will need to develop sufficient capabilities to understand the financial and operational implications of these arrangements, ensuring that maintenance responsibilities are appropriately allocated and that contracts balance cost efficiency with risk management.

3.5 Service facilities' ownership, access, management and operation

Service facilities for maintenance play an important role in the operation of the railway sector. In Finland, the Ilmala depot represents a key asset within the national rail system, with all electric rolling stock circulated through Ilmala for maintenance. It is also a complex and constrained site. Its future operational arrangements will require careful consideration as the market transitions toward a multi-operator environment. In addition, the uncertain future of Ilmala needs to be addressed and possible alternative locations for new facilities need to be identified. Under the new structure of

geographical traffic packages, rolling stock will be allocated to a specific traffic package.

Accordingly, it will be essential to assess the network from a service facility perspective. This includes determining whether the existing Ilmala depot can adequately meet future needs or whether additional facilities may be necessary in other regions, such as northern Finland for operational efficiency or to provide additional maintenance capacity. In addition to the ongoing and future maintenance of rolling stock, it is also essential to establish clear management and organisational frameworks governing the operation of the facility.

First, regarding the ownership of the service facility, it is recommended that all property assets be held separately from the operating businesses. This separation should apply not only to Ilmala but also to other service facilities, stations, and operational properties. To ensure neutrality and consistency in asset management, the ownership of the Ilmala facility—including land, buildings, and related infrastructure—should be transferred to a separate property company distinct from the operators responsible for maintenance and service delivery, as is the case of Norway.

Second, the management and coordination of train operations within and around the Ilmala facility must be clearly defined. Given the complexity of the site, a structured framework is required to oversee the planning and signalling of train movements, ensuring they are coordinated in an agreed, transparent, and impartial manner. These responsibilities are distinct from maintenance activities and should be carried out either by a main operator under regulation or by an independent entity. Experience from comparable facilities shows that, without a clear and transparent framework, disputes can easily arise concerning prioritisation and access. Therefore, these arrangements must include independent oversight to resolve any conflicts that may emerge.

Third, the management and allocation of access to critical shared facilities—such as train wash plants and wheel lathes—must be established on a fair and regulated basis. In a multi-user environment, these facilities will serve multiple operators, making impartial coordination essential. Access arrangements should be managed either by a designated operator or by an independent third party, but again in all cases they must be regulated, transparent, and subject to independent review to ensure equal treatment of all users.

Fourth, clear lease arrangements for the maintenance sheds are required to give operators confidence and continuity in conducting maintenance activities on their rolling stock. Operators must have guaranteed access to the necessary facilities, whether they perform maintenance directly or through contractors. It is therefore recommended that the owner of the service

facility enter into formal lease agreements with operators for the use of maintenance buildings, following the model currently applied by HSL for its commuter rail maintenance hall.

Finally, there must be a separation between access management and the undertaking of maintenance activities. This separation is vital to ensure that operators maintain freedom of choice regarding how maintenance is performed—whether continuing with existing providers, bringing services in-house, or engaging alternative contractors. Such structural independence supports fair competition, operational flexibility, and efficiency within the broader Finnish rail system.

3.6 Staffing – arrangements for transfer

Staffing arrangements, particularly the transfer and future training requirements of train drivers and other operational personnel, are a critical consideration in the transition to competitive tendering for passenger rail services in Finland. Under the future model, existing synergies between passenger PSO, commercial, and freight operations will no longer persist, requiring a comprehensive reassessment of staffing structures. The collective agreement governing staff transfers stipulates that current terms and conditions apply when employees move between employers; however, the implications of a more unionised rail environment and the potential for operators to negotiate new terms must be carefully evaluated. To date, discussions have primarily focused on train drivers, with legislative requirements followed in their transfer, but broader consideration is needed for all staff categories, including conductors, maintenance personnel, cleaning personnel and management. Also, it should be noted, that while all trains in Sweden and Norway have onboard conductors, most Finnish commuter trains and railbuses are operated with only limited conductor circulation.

Case studies from Sweden and Norway highlight several risks and best practices. In Sweden, dominant incumbents have retained their preferred employees, leaving new entrants with less experienced teams and resulting in staff resignations after transfer. Continuous training has proven essential to ensure operators are prepared to deliver quality service from day one. Norwegian experience emphasises the importance of providing clarity about staff well in advance, supporting a smooth transition and minimising uncertainty.

For Finland, Traficom must first assess the capacity gap for drivers and other staff under the new operational and network design around the different geographical areas, and define the required staffing levels for each service type. Effective staff transfer processes should be established either prior to the tender process—through early engagement with the incumbent operator—or during the mobilisation phase. It is essential to provide

bidders with detailed profiles of drivers and other staff, including training requirements and competencies, to enable meaningful market dialogue. The service specification should address the role of collective agreements, negotiation mechanisms, and regulatory requirements for all relevant staff categories.

To mitigate risks associated with staff transfer, the Traficom should assess the anticipated requirements for drivers and other key operational staff for each traffic package. Attention should be given to the location and allocation of drivers, particularly for geographically distinct services such as intercity routes, railbuses, and night trains, as these present additional challenges. It may be necessary to develop training programmes in advance of the new contracts commencing if staffing gaps are identified, as well as ensuring future operators set out clearly their staffing and training plans. By adopting these measures, Finland can support in creating a more competitive environment.

4 Recommendations: Strategic way forward and implementation

This section builds on the previous chapter by outlining the strategic approach and practical steps required to establish a sustainable market environment for competitive tendering in Finland. It first highlights the importance of developing a shared vision and aligned objectives across the railway sector, supported by clear governance structures and well-defined responsibilities. It also examines the capabilities that Traficom must strengthen in order to lead the procurement process, as well as describes a procurement process and the approach for attractive, well-structured traffic packages. In addition, a high-level risk assessment is presented to provide a foundation for ongoing risk management.

4.1 Vision and Objectives

A shared long-term vision for Finland’s national railway system is essential to the success of the reform. Competitive tendering should be understood as a means to achieve broader policy objectives, not as an end in itself. This principle lies at the core of the reform and should guide all major decisions.

While many good practices exist, it is vital to adapt these approaches to Finland’s specific context and strategic priorities. The vision should clearly define what the reform seeks to accomplish, influencing high-level decisions, as well as detailed planning, long-term budgetary planning, and the long-term investment needs for operations and infrastructure development.

Establishing this strategic foundation early ensures that subsequent decisions remain consistent and sustainable.

The Västtrafik case in Sweden provides a useful reference: their structured framework links an overarching vision with concrete objectives and subgoals, aligning stakeholders and guiding decision-making.

Figure 1. Västtrafik vision and goals

For Finland, a similar model adapted to Finnish context should be developed, ensuring that reform goals are well-defined, prioritised, and effectively communicated across the sector. Strong cooperation between the Ministry, Traficom, and sector stakeholders will help ensure that the reform is guided by collective expertise and experience, and that the process remains inclusive and constructive. Early and transparent communication of expectations and required preparations for each stakeholder is essential for building alignment and readiness. Success will depend on cross-sectoral cooperation, with all parties working together according to the shared strategy and towards common objectives.

For a successful railway reform, it is essential to have a clear structure with well-defined responsibilities across the sector. Both strategic leadership and operational delivery responsibilities must be clearly defined and effectively owned to ensure the reform achieves its objectives. The broader sector structure is also critical, with defined roles and responsibilities—including those around the ROSCO, railway undertakings, maintenance providers, infrastructure manager, and other key actors.

The Ministry must be responsible for providing high-level strategic direction, setting the long-term vision, mission, and framework for the sector, with active involvement, while avoiding micromanagement.

At the same time, there must be a dedicated organisation responsible for driving the implementation of these plans, acting as an orchestrator, taking ownership, acting with confidence, and advancing the reform. This is the role of Traficom, which must operate with sufficient independence to manage day-to-day execution, while receiving support and guidance from the Ministry and having the assurance that critical issues or potential obstacles will be addressed promptly at the sector level.

To be effective, Traficom must have a clear mandate to coordinate and manage the reform, supported by the Ministry and stakeholders through the Programme Steering Group and broader engagement. This proposed four-layer structure ensures accountability and alignment, while enabling Traficom to make day-to-day operational decisions efficiently, as described and illustrated below.

Table 1. Project Governance and Stakeholder Engagement recommended structure

Group	Members	Role/Responsibility
Project Team	**Core team:** Traficom team and long term advisors. Supported by external expertise through framework agreement for call off arrangement scheme of experts. Contract package managers will join as needed.	Execute the project, day-day decisions and cover the core project areas: project management, finance, railway operations, legal and procurement and customer experience.
Traficom Steering Group	About 5 members, including: Project director, CEO and senior members: financial, communications, safety and operation	Provide direction, ensure alignment with Traficom goals, reviews and sign offs policy and decisions
Program Steering Group	Governance body between Traficom and Ministry. Also involving Rosco and HSL where required	Strategic oversight and governance, ensure stakeholder needs are met
Engagement with broader stakeholders	Structured engagement with key industry parties either in common forum or via bi-lateral meetings to inform project e.g. Infrastructure Manager, VR (in capacity as incumbent operator)	Advisory forum only

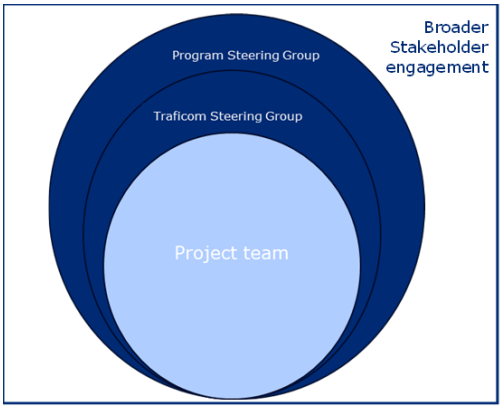

Figure 2. Project Governance and Stakeholder Engagement recommended structure

Beyond formal structures, attention should be given to collaboration, trust, and mutual understanding. Developing a shared culture and clarity of roles prevents power struggles and enables effective cooperation. Leadership should focus on guiding the process and fostering this culture.

4.2 Traficom's Capabilities as a Competent Authority

To act as the driver of the rail industry reform process and generate market interest, Traficom must evolve into a Competent Authority that generates credibility around the sector, taking on new and additional roles and responsibilities to match the new industry structure. It is crucial for railway undertakings to be interested in the Finnish market that Traficom establishes its role as the Competent Authority. This includes leadership, specification, procurement, contract management, and financial oversight. The key responsibilities that were identified during the project includes:

- **Process ownership and leadership**
  Traficom must act as the main facilitator of the PSO tendering process, ensuring that all stages operate smoothly and remain aligned with the Ministry of Transport's national railway objectives. This requires establishing dedicated project teams that takes full ownership of the process, drives timely action, and builds strong relationships with railway undertakings. Equally important is fostering collaboration with other sector stakeholders to ensure cohesive industry coordination.

- **Financial Oversight and Revenue Management**
  A major shift in the industry's funding model will see Traficom take on new responsibilities, including the transfer of revenue risk from operators. To manage this effectively, Traficom must develop a comprehensive understanding of the sector's revenue streams, the funding requirements for PSO contracts, and the long-term financial implications of these agreements. This will require a long-term financial plan covering the full contract lifecycle, with appropriate contingencies built in, rather than relying on year-to-year budgeting.

- **Specifier of the procured rail services**
  Traficom will define the services to be procured under PSO contracts, aligned to available funding, including the expected levels of performance and service quality. This includes clarifying contract areas, identifying which services are designated as PSO, and ensuring alignment with commercial operations. Traficom will also develop the supporting KPIs, bonus/malus mechanisms, and other contractual metrics to underpin the agreements. This represents a completely new responsibility, and it will be critical to build expertise gradually, as

the level of detail and complexity increases through each phase of the process.

- **Tender process management**
  Traficom will need to continue designing and implement the procurement process, ensuring it is robust, transparent, and aligned with political objectives. The process must integrate feedback from market dialogue at all stages, promote fair competition, and deliver a model that ensures value for money. This capability emphasises both technical procurement expertise and strategic oversight of how the tender process interacts with wider policy goals.

- **Contract counterparty and management**
  Traficom will act as the primary counterparty for contracts with operators, as well as leases for rolling stock, depots, and stations where applicable. This includes ongoing monitoring of contract performance, managing changes effectively, and resolving disputes. Developing this capability will allow Traficom to ensure operational stability, enforce contractual obligations, and maintain confidence among sector stakeholders.

Traficom will need to develop new capabilities to undertake roles it has not previously held. These responsibilities will evolve over time, allowing capabilities to be built incrementally within a structured framework. It is recommended it approaches capability building in three phases:

- Short term (0–18 months): Oversee the design of the new industry structure, develop contract specifications, and establish the tender process, including initial market engagement.

- Medium term (1–3 years): Lead tendering and procurement, provide industry coordination and leadership, and develop a long-term strategic vision.

- Long term (3+ years): Serve as the contract counterparty, manage revenue lines, oversee industry funding and strategy, and provide leadership for the new operational model.

4.3 Procurement process and key phases

As a part of creating a sustainable market, a clear structure of the tender process has to be developed. During the work, a tender process has been developed based on the case studies lessons learned our expert knowledge and work in collaboration with Traficom.

The process timeline has been developed taking into account the commencement of operation of the first traffic package in January 2031, and

the necessary phases to establish the tender requirements and subsequent procurement stages, including key milestones, time requirements to deliver each phase and objectives and deliverables for each phase. It also considers the project team structure, broader steering group and stakeholder engagement needs.

The procurement process consists of eight phases, including a continuous phase for policy decisions and enabling measures. This phase begins early to establish key frameworks and runs in parallel with all other stages, adapting based on market feedback and enablers that need to be taken in different staged of the process.

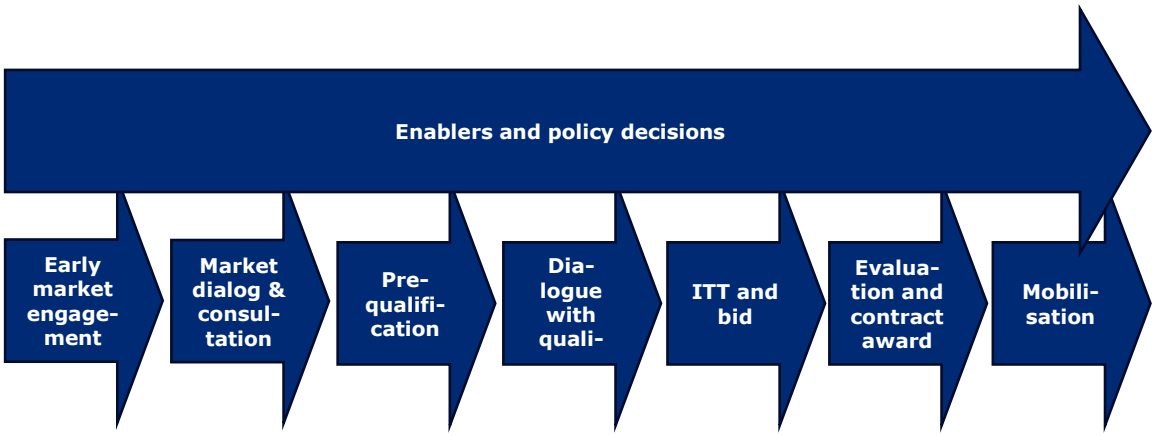

Figure 3. Tendering process and phases

The process starts with early market engagement and the development of enablers and policy decisions. This ensures that Finland's tender process and framework are shaped by industry input. During this stage, the procurement approach and core documentation—such as the draft contract and prequalification requirements—are prepared.

Next, a structured market dialogue phase begins, launched by an introductory event. Holding this in person will add value to the introduction and discussion. Operators should engage through written questions, interactive sessions, and feedback rounds to validate assumptions and refine requirements and prequalification materials.

The formal procurement process then begins with the notification of procurement, published in the Official Journal of the European Union (OJEU) and possible other official channels, and this is when the prequalification phase begins. Operators will need to demonstrate technical, financial, and legal capacity, with the goal of securing at least three qualified bidders per traffic package.

A six-month structured dialogue follows with qualified bidders to refine the ITT and contract drafts through detailed feedback, Q&A, and site visits. This collaborative approach ensures documents are realistic and market-aligned.

Once finalised, the ITT and bid phase is launched, supported by structured Q&A and clarification sessions to ensure transparency and reduce ambiguity. The objective is to secure strong, competitive bids—ideally at least three per package.

Evaluation and contract award form a short but critical phase. The evaluation team reviews bids, holds clarification meetings, and finalises decisions before contract signing and any appeal process.

Following contract signature, an 18-month mobilisation phase is recommended for the first traffic package to ensure readiness of depots, rolling stock, staffing, and systems. Service commencement will follow a staggered schedule, with the first traffic package launching in January 2031. Each phase builds on the last, requiring early planning to sustain momentum.

Close coordination with HSL is also recommended to create an integrated tender programme for Finland rail services that aligns timelines, procurement strategies, and long-term objectives of traffic packages. Without this alignment, the Finnish market risks appearing fragmented, discouraging investment and duplicating effort.

The timeline and procurement process for the first and subsequent traffic packages are illustrated in the following Figure 4.

It is also important to note that it is acceptable for the Invitation to Tender (ITT) and bidding of a traffic package to take place only after the evaluation and award of the previous package. This sequencing avoids dependencies and ensures that the submission of bids can take into account the outcomes of earlier traffic packages, as presented in Figure 5.

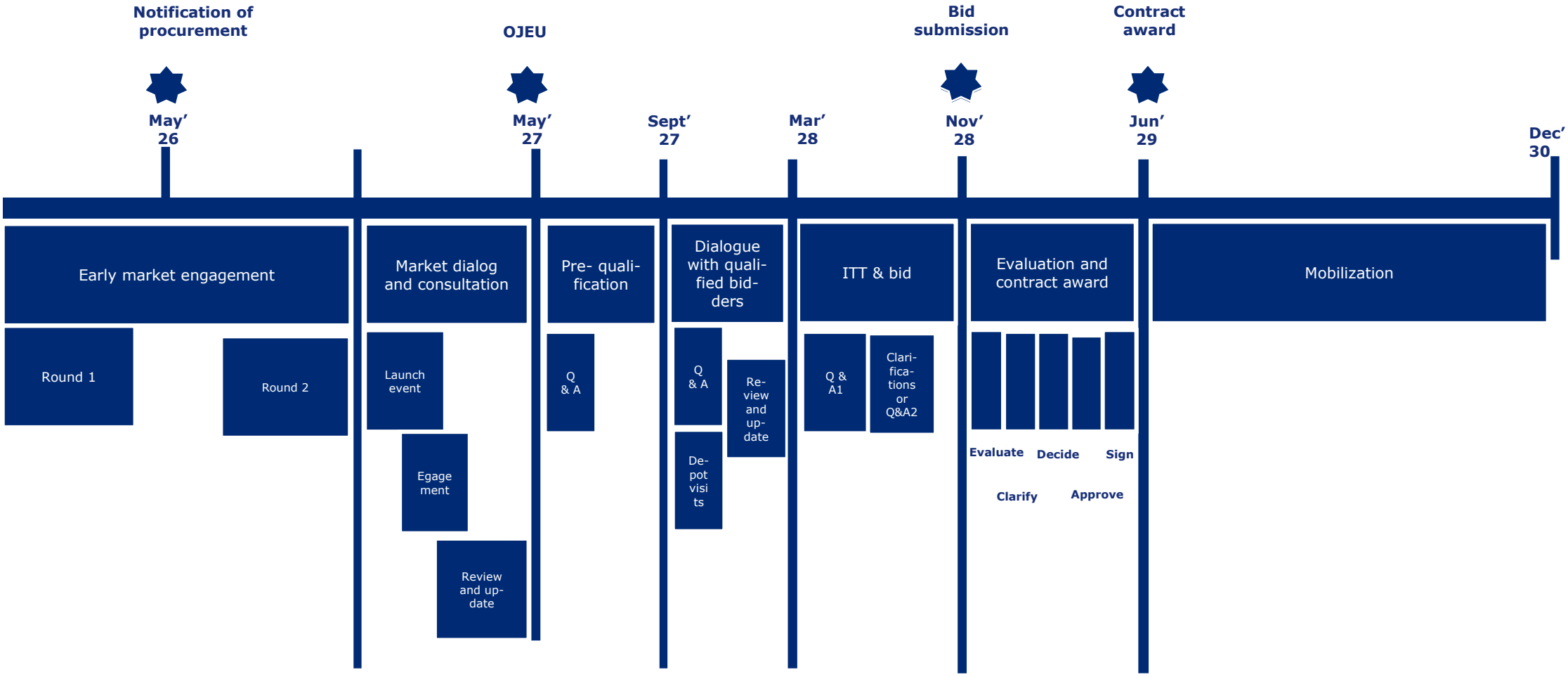

Figure 4. Process timeline

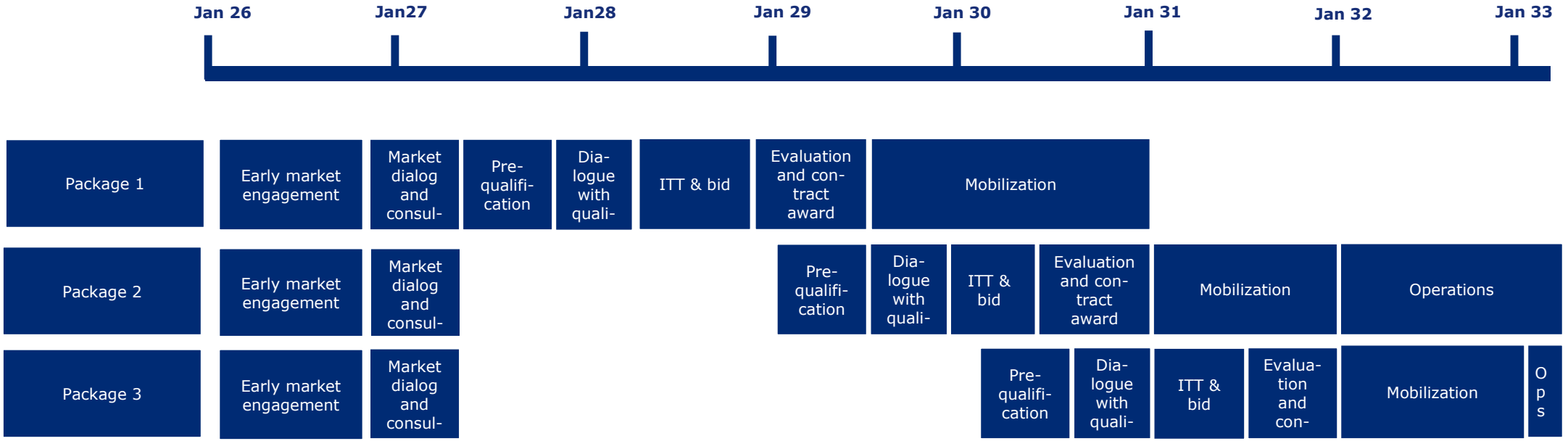

Figure 5. Staggered process for multiple traffic packages

4.3.1 Supporting documentation

The final component of Work Package 3 focused on developing supporting documentation to serve as a foundation for further detailed development which is an important part of the tendering process. The structure, key ideas, and overarching strategies were established, covering areas such as market dialogue topics and questions, pre-qualification criteria, tender evaluation, and the Invitation to Tender (ITT) and contract structure.

The adopted approach for the ITT and contract structure includes:

- An ITT focused primarily on the requirements for bid submissions.
- A Service Contract issued alongside the ITT, with the contract schedules clearly defining the commitments bidders must adhere to as part of their proposals.
- The Service Contract is structured around a concise core contract supported by detailed appendices which set out the operator's obligations.
- This approach minimises duplication between the ITT and the Service Contract, as the two documents are designed to be read in conjunction.

4.4 Traffic packages size and number

Defining the size and number of traffic packages is also key in creating a sustainable market for competitive tendering in Finland. Drawing on lessons from Nordic case studies, the recommendations focus on establishing a viable market structure, ensuring contracts are of adequate scale, and maintaining a visible pipeline of opportunities for new entrants.

A viable market is best supported by dividing services into lots, with limitations in place to prevent a single operator from securing all packages. Further analysis is recommended to find out the optimal strategy that integrates lot limitation and staggered packages, as lot limitation requires simultaneous tendering of similar packages.

Each contract should be standalone and sufficiently large—ideally at least 5 million train-kilometres, and preferably 10 million train-kilometres—to justify entry costs for operators. Ideally Traficom would tender rail services in three lots. Additionally, coordinated tendering schedules across train, metro, and light rail services is recommended to provide a wider overall market and market engagement.

Currently, the number of train-kilometres for PSO services in Finland limits procurement to only two packages, which may not be sufficiently attractive to potential operators. Designating some of the currently defined commercial services as PSO would enhance market appeal through additional train tender km, as well as establishing operationally coherent traffic packages, thereby also enabling the creation of a third package. Additionally, it is important to highlight the broader market potential, including opportunities within the Helsinki Regional Transport Authority (HSL), during market dialogue. Furthermore, regional authorities may wish to fund additional services, which could support the viability of additional packages and align with local objectives.

It is recommended that further work be undertaken to develop at least three operationally coherent traffic packages of viable size. This may require designating additional services as PSO and ensuring packages are structured to support competition and long-term market sustainability.

4.5 Risk Management and mitigation actions

Throughout the project, key risks have been identified and analysed in relation to the proposed competitive tendering process. A risk table is presented in Annex 1 which summarises the most essential risks at this stage.

Risk management is an ongoing exercise that must continue throughout the project, with regular identification, assessment of impact, and implementation of mitigation actions. It is important to recognise that risks are inherent in any contractual arrangement and may have cost implications for the Public Transport Authority (PTA). To ensure project success, risks should be allocated to the parties best equipped to manage them.

5 Conclusions

The project has undertaken an in-depth analysis of competitive tendering experiences in Norway and Sweden, with the aim of establishing guidelines to develop sustainable market for passenger rail services in Finland. Achieving this goal requires policy decisions as well as strategic decisions, particularly over the next six months.

Finland has made significant start, notably through the creation of a national rolling stock company (ROSCO). However, further attention is needed to essential policy areas such as the overall purpose of the reform, establishment of common vision and strategy, the definition of PSO and commercial services, management of revenue risk and ticketing systems, rolling stock maintenance, service facilities, and staffing arrangements. Recommendations based on Nordic case studies should be carefully considered

and adapted to the Finnish context. Success will depend on a strategic approach, characterised by a clear vision and objectives across the rail sector, robust governance structures, and well-defined roles and responsibilities.

Traficom must continue to build its capabilities as a competent authority, supported by a transparent and flexible procurement process that incorporates feedback from market participants and fosters strong partnerships. Traffic packages should be of sufficient size and number to attract operator interest, and ongoing risk management must be integrated throughout the process. It is important to acknowledge that even though all efforts are put in place, external factors may influence the success of the competitive tendering process. Despite measures to address market imbalances, the incumbent operator VR remains a strong competitor, both domestically and increasingly in the Swedish market. Additionally, there will be tendering of PSO contracts across the EU at the same time as Traficom is tendering services in Finland, creating competition for potential operators. This is expected to intensify by 2030 as more markets undergo railway reforms.

Furthermore, the planned separation between commercial and PSO services, and the resulting end of cross-subsidies and shared resources, may increase the direct subsidy requirement for PSO services.

Overall, the recommendations and strategic actions outlined in this report provide a foundation for a sustainable market opening in Finland. Continued collaboration, adaptability, and long-term planning will be essential to ensure long-term benefits for Finland’s passenger rail sector.

Appendix 1 – Risk Table

Table 2. Identified risks

Risk	Description	Impact	Mitigation
Timeline to conclude procurement process	The timeline for the procurement process has very little contingency. The current contract expires in December 2030, and the OJEU will need to be issued no later than May 2027 to complete the process in time. The commercial model, procurement process design and supporting enablers must be completed within the next 18 months.	A new contract is necessary to secure continuation of rail services. Extension of the current Direct Award is not permitted under EU regulations, without explicit approval from EU Commission.	Development of comprehensive project plan and supporting resources Governance process to enable timely decision making Criticality of timeline, and accompanying decision points, to be understood by all parties
Launching all tenders at the same time	Initiating multiple tender processes simultaneously restricts market participants and limit their ability to prepare competitive bids for each package due to a limitation in the resources.	Reduced market interest, fewer bids per package. Not enough time to incorporate lessons learned from one package to next, missing out of important pieces of information to be transferred.	Stagger the launch of tenders, allowing sufficient time between packages for lessons learned to be incorporated and for operators to allocate resources effectively. Negotiate with VR the staggered end of operations.
Too short mobilisation phase for the first tender	Insufficient time allocated for mobilisation may hinder operators' ability to recruit and train staff, prepare rolling stock, and establish operational readiness.	Delays in service commencement, compromised service quality, and increased risk of operational disruptions.	Ensure an adequate mobilisation period (e.g., 18 months for the first package), with clear milestones and support for operator preparations.
Lack of overall structure, ownership, goals, collaboration among stakeholders	Absence of a unified vision, clear governance, and coordinated stakeholder engagement can lead to fragmented decision-making and misaligned objectives.	Inefficient implementation, stakeholder conflicts, and reduced effectiveness of the competitive tendering process.	Establish robust governance structures, define roles and responsibilities, and promote ongoing collaboration and communication among all parties.
Key policy decisions remain undecided	Key policy decisions need to be taken in a timely manner to avoid any delay to the procurement process There remains a lack of long-term vision and objectives for the procurement	Delays in making key policy decisions will impact on overall procurement timeline, and cause delay to the process Policy decisions are taken in isolation, without consideration of overall optimal outcome for passenger rail services Meaningful market engagement needs to test planned approach, outstanding areas of policy will impact on this stage of the procurement process Lead times for parallel workstreams will be delayed if dependent on policy decisions	Governance process to make outstanding policy decisions to be agreed. Establish overall strategy. Timescales for decisions to be understood by all parties Policy review process to be built into overall programme in event market engagement suggests policy changes needed
Resources and capabilities to deliver project	Traficom need to build the necessary resources and capability to deliver the programme, including tender model and policy, implementation of industry changes, and the procurement process. This will require both experienced internal resources and external advisors.	Delay to project Suboptimal decisions causing cost and/or commercial proposition risk	Development of resource plan, budget. Timely implementation of resource plan. Securing experienced expertise with experience of rail tendering and railway operations
Accountabilities and responsibilities	The roles and responsibilities of the Ministry, Traficom and other parties need to be defined. Traficom needs remit and authority to undertake procurement as the competent authority.	Delays in making key decisions Policy decisions made without understanding of consequences	Defined governance process and decision-making process Accountability if policy decisions result in suboptimal outcomes Process to decide trade-offs in policy decisions

Risk	Description	Impact	Mitigation
Lack of market interest due to programme and opportunity	Without a credible programme, including opportunities of appropriate size and fair competition, there will not be market interest in the programme.	Limited or no competition to VR, and consequential higher anticipated financial offer.	Defined traffic packages of sufficient size and operational efficiency Integrated pipeline of tender opportunities across Finland, including light rail Conditions for fair competition i.e. VR incumbent advantage sufficiently mitigated
Lack of market interest due to commercial proposition	If enablers and recommendations are not followed with an action, there is a likelihood of the competition not to succeed and no operators to place a bid. The traffic packages are balanced for risk and reward between Traficom and the operator commensurate with commercial proposition, including incentive regimes and guarantees	Limited or no competition to VR, and consequential higher anticipated financial offer.	Clear allocation of responsibilities between Traficom and operator Balanced incentive regimes Financial guarantees relative to contract size and risk
Lack of market interest due to risk in mobilisation and operation of contract	Risk in mobilisation and operation of traffic packages, including transfer of operational staff, availability and condition of rolling stock, insufficient information, access to service facilities	Limited or no competition to VR, and consequentially higher anticipated financial offer. Non-viable contracts and/or risk to service continuity	Defined process and agreement for staff transfer Complete data room for bidders Defined rolling stock condition and maintenance responsibilities Defined future access to service facilities
Interdependencies with parallel workstreams	There are a number of enablers to deliver the future tender model, these need to be put in place alongside the procurement process. These include the new rolling stock company, access to service facilities, ticketing arrangements, traffic package definition and transfer arrangements for staff to new businesses	Tendering process cannot commence without agreed approach. Market interest and competitive bids dependent on certainty of implementation of enablers. Operating contracts dependent on enablers being in place	Policy decision on approach, alongside implementation plan
Affordability	The cost of providing passenger services under the tendered model will increase and be higher than the cost to Traficom under the current contract. Excluding all currently defined commercial services may lead to loss of operational synergies, and future costs to Traficom if commercial services are withdrawn in the future.	Reduced passenger services if no additional budget is available Additional costs to Traficom is commercial services are withdrawn in future	Competitive tendering of rail services should drive cost efficiencies Design of traffic packages around efficient operational units Assessment of definition of commercial and PSO services
Inability to ensure services on commercial routes	The government programme specifies that no public aid will be allocated to market-based routes. These routes and their level of service will develop through time and along the planned reform. Nordic experiences show that incumbent operators are eager to remove stops in smaller stations or cut services in routes with lower profitability.	If there are drastic changes in the level of service of these routes, Traficom is not able to act and ensure connectivity in the passenger rail network. Alternatively, Traficom might have to organise supplementary services hastily with extra costs.	Reassessment of definition of commercial and PSO services. Development of new regulatory mechanisms, by which Traficom could take over market based services if their level of service drops beyond a specified level.
Co-operation with the incumbent operator	The incumbent operator holds key data and information which are needed for possible new market entrants to make their offers to any tendering process. Nordic experiences show that incumbent operators are ready to delay and prevent the sharing of necessary information to decrease competition.	Traficom might not gain necessary data and information to provide to possible new market entrants, which decreases market interest and leads to limited or no competition to VR, and consequential higher anticipated financial offer.	Clear instructions and regulations for the incumbent. Communications, engagement group and agreements.

Appendix 2 – Case Studies

Table 3. Summary table Case studies 1 & 2

Case Study	Norway			Stockholm			
Contract	Traffic Package 1	Traffic Package 2	Traffic Package 3	Metro	Commuter trains	Roslagsbanan	Local lines
Summary	The first procurement in Norway, attracting ten international participants to the prequalification stage. Today runs about 7 M km a year.	Took place simultaneously with the mobilisation of Package 1, attracting three bidders, with only two making it to the final stage	The bidding process was highly competitive, with four prequalified bidders.	With the biggest development in 50 years ongoing, Stockholm metro is the largest contact in vehicle size (366) and 13.5 M km a year. Big international players have been interested.	Conducting close to 13 M km a year, the commuter trains are running with an ongoing emergency contract and last procurement was cancelled.	Conducting close to 3.3 M km a year. E34 was awarded in 2021 for a period of 12 years. Big international players such as Arriva, Transdev, MTR and Stagecoach submitted offers.	Conducting close to 4.2 M km a year. In 2023, thecontract was awarded for a period of 10 years with. international players like submitted tenders for this.
Type	Net contract			Gross – contract with incentives.			
PTA	Norwegian Railway Directorate			Trafikförvaltningen			
PTO	Go- Ahead Nordic	SJ Norge	Vy Vest	Connecting Stockholm (Nov' 25)	SJ Stockholmståg	Transdev	Stockholms Spårvägar

Table 4. Summary table Case studies 3,4,5,6 & 7

Contract	Mälartåg	Norrtåg	Night trains Norrland	Night trains Jämtland	Västtrafik	Öresundståg
Summary	Regional traffic system that runs around 14 M km annually through regional area of Mälardalen, providing the possibility of commuting between the cities. Emergency contract is currently ongoing.	Regional train that runs through Northern Sweden, about 5 M km annually.	Runs from Stockholm to the north of Sweden and ends in Norwegian Narvik. Currently emergency contract.	Line that goes from Stockholm to Jämtland,	Regional and commuter traffic system running about 5.5 M km annually.	Binational regional and intercity rail system connecting southern Sweden with Denmark.
Type of contract	Gross contract, with incentives.	Gross contracts, no incentives but malus	Open book	Service concession	Gross contract with variable price for type of km and quality deductions	Gross contract with incentices
PTA	Mälardalstrafik AB is a company owned mutually by the regional authorities (the PTA: s) in Mälardalen.	Norrtåg AB	Trafikverket		Västtrafik AB	Öresundståg AB, is a company owned mutually by the regional authorities (the PTA: s) in southern Sweden
PTO	Transdev since 2024 on an emergency contract. VR upcoming.	Vy → VR (dic 2025)	SJ	SJ	SJ	Transdev on emergency contract. VR from 2025.

Appendix 3 - Interviews

The following table presents the list of organisations and stakeholder roles that participated in the interview process for this study. Over the course of the project, more than 45 interviews were conducted, involving multiple individuals and roles within each organisation. These interviews provided valuable insights into a wide range of topics. In some cases, interviews were focused on specific contracts, while in others, discussions covered several contracts and broader organisational experiences.

The project team wishes to express appreciation to all participants for their openness and expertise, which greatly contributed to the depth and quality of the analysis. The diverse perspectives gathered through these interviews have been instrumental in shaping the recommendations and findings presented in the broader project documentation and in this report.

Table 5. Companies and stakeholder type involved in the interviews

Company	Stakeholder
Alstom	Rolling stock supplier and maintenance
Bane Nor	Depot owner/manager
Comfort Delgro & Go-Ahead	PTO
Entur	Payment system
Euromaint	Rolling stock maintanance
Go-Ahead	PTO
Go-Ahead Maintenace	
Jernbanedirektoratet	PTA
Mantena	Rolling stock maintanance
Samferdselsdepartementet	PTA
Mälardalstrafik	PTA
Norrtåg AB	PTA
Norske tog	Rolling Stock owner/manager
Samtrafiken	Ticketing back office
SJ	PTO
Spårväg city (Stockholms spårvägar)	PTO
Stadler	Rolling stock supplier and maintenance
Svensk kollektivtrafik	PTA
Trafikförvaltningen Stockholm	PTA
Trafikverket	PTS (Night trains)
Trainpoint	Rolling stock maintanance
Transdev	PTO
VR	PTO
VY	PTO
Västtrafik	PTA
Öresundståg AB	PTA

Finnish Transport and Communictions Agency Traficom
PO Box 320, FI-00059 TRAFICOM, Finland
Tel. +358 295 345 000

traficom.fi

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