

ANNEX 6**to the Commission Implementing Decision on the financing of the annual action plan in favour of
Bosnia and Herzegovina for 2021****Action Document for “EU4 Transport”****1. SYNOPSIS****1.1. Action Summary Table**

Title	Action 06 - EU4 Transport Annual Action Plan in favour of Bosnia and Herzegovina for 2021			
CRIS number	043-667/6			
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)			
Team Europe Initiative	No			
Zone benefiting from the action	Bosnia and Herzegovina			
Programming document	IPA III Programming Framework			
PRIORITY AREAS AND SECTOR INFORMATION				
Window and thematic priority	Window 3: Green Agenda and Sustainable Connectivity Thematic Priority 2: Transport, digital economy and society, and energy			
Sustainable Development Goals (SDGs)	Developed transport is important for achievement of various sustainable development goals of the 2030 UN Agenda for Sustainable Development, with transport-related targets being included in eight out of the seventeen SDGs. The Action will contribute to reaching these goals, with provision of assistance in ensuring access to safe, affordable, accessible and sustainable transport systems for all, but also significantly improve cross-border cooperation of people and economies between Bosnia and Herzegovina and the Republic of Serbia and EU (Croatia) to EU (Bulgaria and Greece) links.			
DAC codes	21020 Road transport			
Main Delivery Channel¹	Bilateral			
Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

¹ <http://www.oecd.org/dac/stats/annex2.htm>.

	Gender equality and Women's and Girl's Empowerment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, Newborn and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal markers	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Social inclusion and human development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
Amounts concerned	Budget Line: 15.020201.02 Total estimated cost: EUR 10 000 000 Total amount of EU budget contribution: EUR 10 000 000			
MANAGEMENT AND IMPLEMENTATION				
Type of financing and method(s) of implementation	Project modality Direct Management through Procurement			
Relevant priorities and flagships from Economic and Investment Plan for the Western Balkans	Transport			
Final date for conclusion of Financing Agreement	At the latest by 31 December 2022			

Final date for concluding contribution / delegation agreements, procurement and grant contracts	3 years following the date of conclusion of the Financing Agreement, except for cases listed under Article 114(2) of the Financial Regulation
Indicative operational implementation period	6 years following the conclusion of the Financing Agreement
Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed)	12 years following the conclusion of the Financing Agreement

1.2. Summary of the Action

The important challenge for BiH transport sector key stakeholders in terms of infrastructural development, is achieving full maturity of the road projects as a key step for further development of transport infrastructure on the Indicative extension of the TEN-T networks and corridors. The EU4Transport will support the preparation of future investments through provision of technical documents (main designs, tender documents, studies etc.).

This action will build upon the results of the completed IPA funded intervention which has delivered the first phase technical documents for priority road sections on the Indicative extension of the TEN-T ~~Core~~ and Comprehensive network, namely Comprehensive Network Route 3, being the feasible conceptual design, studies required by the International Financial Institutions and legislative framework of Bosnia and Herzegovina, as well as inputs for compiling the tender dossier for forthcoming phases of implementation, needing structuring and criteria to be added by the Delegation. It will deliver technical documentation, namely preliminary and main design, studies and tender dossier for works, as a precondition for presenting the respective transport projects to the IFIs and attracting provision of financial support. The technical documentation shall include road safety documentation (Road Safety Audit) to ensure compliance with road safety requirements. Once the action delivers the needed documentation, the initiation of loan negotiations and application for substantial grant funds for co-financing investment projects in transport infrastructure is expected, with the allocation of significant financial resources soon, thanks to the high interest if IFIs to invest in BiH. So far, IFIs have never challenged their commitment to financing such interventions in BiH.

The proposed action, covering infrastructural development of the sector, provides a direct benefit for all key stakeholders and has the widest possible dissemination of benefits, in particular on regional population and economies.

Once the construction works have been carried out, the road sections will provide fast and efficient transit of international and local traffic, savings in travel time of passengers and goods, savings in operating costs of vehicles/trains, mitigation of environmental and social impact on the existing transport network, savings in maintenance costs of infrastructure, and improved safety issues through a reduced number of accidents, and attract investors in economies based on increased competitiveness gained by the proximity of efficient transport links.

All interventions are foreseen to be in line with the priority list agreed by relevant sector institutions, to prevent ineffective spending that could be used for addressing other priorities from the long list in BiH.

This action will support the most urgent needs the transport sector is facing in the EU accession process and regional integration process, where the Transport Community and Connectivity agenda contribute to setting these priorities.

2. RATIONALE

2.1. Context Analysis

Transport is a major contributor to economic growth, facilitating the mobility of people and goods while enabling a balanced regional development. Bosnia and Herzegovina (BiH) aims to develop and promote transport policies that are efficient, safe, secure and sustainable, in order to create conditions for a competitive industry that generates jobs and prosperity. Integration of the transport system of Bosnia and Herzegovina in the regional transport system and in the European one is a priority over the long term, since sustainable and accessible infrastructure can further improve

the business environment, and since providing efficient transport capacities is important for the economic competitiveness. Bosnia and Herzegovina presents a transit EU to EU link in both directions: East – West (Bulgaria and Greece to Croatia) and North to South (Hungary and Croatia to Croatia and Italy).

The transport sector has a strong potential to contribute to competitiveness and trade. Competitive and environmentally friendly transport solutions will require efficiently combining transport modes, so greater multi-modality is needed. Transportation networks will have to be resilient to current and future disaster risks, particularly those aggravated by climate change. Besides the need for the transport infrastructure improvement, the EU requires the improvement of the regulatory framework, efficient and sustainable management of the physical assets, EU-compliant technical standards, simplifying border crossing procedures and transport market reforms, where Bosnia and Herzegovina has already achieved progress. The EU will promote forms of mobility that are sustainable, energy-efficient and respectful of the environment.

Public finance management in Bosnia and Herzegovina is decentralised and within the responsibility of each of the administration levels, except for the indirect taxes and the system of public procurements, which are being applied in the whole territory of BiH and are within the competency of the state-level institutions.

Bosnia and Herzegovina has no countrywide strategy for public finance management. The Medium Term Expenditure Framework (MTEF) with three-year general budget planning of institutions in BiH and general annual budget planning of institutions in BiH is in place. However, the MTEF for the transport sector in BiH has not been established. Ultimately, the budget will need to incorporate the priorities identified by the transport sector, linking budget expenditures in the mid-term period to the sector-wide programmatic goals.

The vision of the Transport sector, set under the **Transport Policy 2015-2030** is to achieve full effectiveness of the transport services for citizens and the economy of BiH through an efficient transport system, aligned with the EU rules and standards, by using the most appropriate transport modes and provide a level of quality of services. The Policy also stipulates the need for sustainable development of the transport system of Bosnia and Herzegovina to comply with EU regulations, to have safe transport with minimal possible negative environmental impact. **The Framework Transport Strategy of BiH 2016-2030** considers the four main pillars of transport: infrastructure, services, regulation and technology, and sets out the actions to be undertaken to meet the objectives. The Strategy sets specific objectives and the actions required to overcome the current bottlenecks and gaps in the transport system. The Action Plan, developed and adopted along with the Framework Transport Strategy, provides more details on the short-term, mid-term and long-term actions planned for the fulfilment of the objectives of the Strategy. Reaching the objectives of the Strategy and its Action plan requires numerous and large-scale costly interventions. The action of IPA 2021 will contribute to the addressing Transport sector needs and to the fulfilment of the objectives of the Framework Transport Policy, Strategy and the implementation of its Action Plan. It will contribute to the integration of BiH transport network into regional and EU networks, development of sustainability, accessibility of the infrastructure and its efficiency.

2.2. Problem analysis by areas of support

Short problem analysis

The transport sector in Bosnia and Herzegovina (BiH) has been challenged by high scale war damages, stalemate and absence of any progress (to the contrary) during the war, lack of adequate maintenance of the infrastructure, change of the institutional set-up, low funding resources available for substantial interventions, undeveloped economy to generate required financing, etc. as well as commitments deriving from the Stabilisation and Association Agreement (SAA) and the EU. Limited volumes of travels generated by the slow-growing economy make investments unattractive for the private sector. Enlargement Strategy could not be properly addressed under such conditions, but regional economies transiting their transport through Bosnia and Herzegovina are also slowly growing.

Since the loan negotiations for financing infrastructure projects would be possible only when the technical documentation is fully completed, the completion of the technical documentation is among the highest priorities in the sector. The EU has provided such assistance in the past and is assisting in preparation of conceptual designs and preliminary studies for specific sections on the indicative extension of the TEN-T Core and Comprehensive routes 2a, 2b, 3, and 9a, as well as on Corridor Vc, and was and is assisting in provision of final phases of design, studies and work tenders for Corridor Vc, Routes 9a, 2a, and 2b. To bring the projects for those sections to full maturity, the next phase of preparation of technical documentation would be necessary, including preliminary and main design, revision, Environmental and Social Impact Assessments, Feasibility studies and works tender documents.

As the safety of road infrastructure in BiH is insufficient, causing a much higher number of accidents and fatalities than the average in the EU, in particular in road traffic, action considering support is urgently needed for safety improvement, through improving technical road elements in accordance with the findings of the Road Safety Audit.

A radical rearrangement and re-categorisation of networks in line with the post-war setup would have to take place with no delay, to make the investments more targeted, effective and feasible. The capacity of institutions responsible for maintaining road networks in Bosnia and Herzegovina would have to be increased to provide support for addressing these issues, in particular through improvement of the respective regulatory framework.

Complementarity with national strategies

Bosnia and Herzegovina has addressed its considerable needs for investments in the transport sector, based on the BiH Framework Transport Strategy, the SEETO / WB Transport Community Treaty work plans and the Connectivity Agenda, through the priority list of projects (Single Project Pipeline-SPP) endorsed by the National Investment Committee (NIC) of Bosnia and Herzegovina in August 2020. The SPP is subject to continuous update, with the part of the SPP related to transport projects being updated taking into account development of the transport network in BiH, and limited available fiscal space to address growing needs for maintenance, reconstruction and construction. SSPP Transport, which served as the basis for updating the SPP, has been updated in December 2018 with the participation of all relevant institutions in the transport sector.

Description of main stakeholders

Taking into consideration the institutional setup in the BiH transport sector, competencies are divided between institutions at the state and entity level and Brčko District of BiH. The Ministry of Communications and Transport of BiH is responsible for international and inter-entity transport and infrastructure, preparation and development of strategic and planning documents under its competences, activities regarding control of unimpeded transport in international transport, civil aviation and civil air transport control, coordination in the implementation of major road projects (e.g. Motorway in Corridor Vc). On the entity level, Ministries of Transport and Communications are responsible for transport and infrastructure in the territory of respective entities, preparation and development of entity strategic and planning documents under their competences, coordination in the implementation of infrastructure projects within the entities. Cantons of FBiH have their Governments whose competences cover regional roads, local transport services within the Canton territory and urban transport. Department of Public Affairs of the Brčko District of BiH has competences for different transport issues among which inland navigation has particular relevance.

Direct responsibility for construction and reconstruction of the road network is attributed to the respective public enterprises: Public Enterprise (PE) Motorways of Federation of BiH and Public Enterprise (PE) Motorways of Republika Srpska for motorways infrastructure in the Entities, and PE Roads of FBiH and PE of Republika Srpska for road infrastructure, respectively. As the road link on Route 3 is foreseen in expressway profile in both Entities, the key beneficiaries would be the two motorway public enterprises, while the road public enterprises would remain responsible for road connections to the expressway. Improving transport infrastructure would address one of the key issues indicated in the countrywide Framework Transport Policy and Framework Transport Strategy of BiH (2016-2030). This key issue is the integration of transport infrastructure into European and regional transport corridors.

2.3. Relevance and complementarity with strategies supported by key national stakeholders

The Framework Transport Policy of Bosnia and Herzegovina 2016-2030 stipulates the need for sustainable development of the transport system of Bosnia and Herzegovina to comply with EU regulations and to have safe transport with minimal possible environmental impact. This action will contribute to addressing these needs, through preparation of technical documentation for safety improvement of overall road infrastructure as one of the most important transport sector issues.

The action of IPA 2021 will directly contribute to the implementation of the Action Plan developed and adopted along with the **Framework Transport Strategy of BiH 2016-2030**. The Report on the implementation of the Framework Strategy 2016-2030 and accompanying Action Plan, submitted to the Council of Ministers annually. Governments of the Entities and Brčko District of BiH Government submit their respective reports and MoCT BiH prepares a consolidated report. **Framework Transport Strategy** is focused on the development of the sustainable transport sector in BiH for the period 2015-2030 and sets out the actions and programmes to be undertaken in a future period. FTS has been developed considering the institutional competence and including all relevant stakeholders in BiH in the sector of transport. The FTS incorporates the transport Strategies of the Republika Srpska, the Federation of Bosnia and Herzegovina and Brčko District of BiH.

Cooperation and coordination between different government levels in the transport sector exists but is not on a satisfactory level and not in a systematic manner. Further strengthening of cooperation within the country and liaising

with the entities is of great importance for successful coordination in all modes of the transport sector. The capacities of the state level and entity ministries for strategic planning exist but need to be further improved, as well as the roles of the MoCT BiH, MoTC of FBiH, MoTC of RS, and other relevant stakeholders that participate in the sector and donor coordination, and regional coordination with the EU member states.

The sector-wide approach in the Transport sector would require the documents are thoroughly reviewed and improved accordingly, in particular, to provide for a single prioritised and valued list of projects, and the matching plan for the provision of funds necessary for the implementation of the strategy, as well as a performance monitoring framework.

In the context of the Connectivity Agenda, the EU required for the establishment of the institutional framework for prioritisation of infrastructure projects in Western Balkan countries. In 2015 BiH has established the National Investment Committee (NIC) as a platform for prioritisation of the infrastructure projects in BiH. In December 2015 NIC has adopted Single Project Pipeline (SPP), and in February 2019 adopted the revised SPP, containing the list of prioritised projects in transport infrastructure in BiH, based on the methodology for selection and prioritisation of infrastructure projects in BiH. The interventions planned under this action are on the **Single Project Pipeline-SPP** of Bosnia and Herzegovina.

Besides the Single Sector Project Pipeline, Strategic planning and public expenditure monitoring in BiH is performed through the elaboration of the Public Investment Program (PIP), as an instrument for identification, formulation and monitoring of projects funded from or with the participation of public funds - budget, credits and donations. The relevant ministries of finance in BiH prepare PIPs for different levels of government. However, budgetary planning practice needs to be further enhanced, which requires close cooperation between the competent ministries of communications and transport at all levels in BiH and the corresponding ministries of finance in the near future. The decision on the procedure of mid-term planning, monitoring and reporting in institutions of Bosnia and Herzegovina (Official journal No. 62/14) defines the procedure of mid-term planning, monitoring and reporting in institutions of Bosnia and Herzegovina, linking it with the budgeting process. In FBiH, Decree on the planning of work and reporting on work of the Government of FBiH, Federal ministries and institutions (Official Gazette of FBiH 89/14 and 107/14) defines the methodology of planning and reporting on work of the Government of the FBiH. The Government of the Republika Srpska has adopted the Decision on the procedure of planning, monitoring and reporting implementation of the adopted strategies and plans of the Government of the Republika Srpska and the Republika Srpska governance bodies (Official Gazette of the Republika Srpska No. 50/16).

The Ministry of Finance and Treasury of BiH is the main sovereign borrower in the sector and sub-contract resources to the entities for implementation. Entities finance the in-country infrastructure while the cross-border infrastructure is also financed by the State level. The current legislation defines how subsidiary contracts are concluded for the implementation of the international loan arrangements, transferring the obligations to the relevant entity ministries.

In terms of donor coordination, funds for transport infrastructure development are provided primarily in the form of the EU grants, and loans from IFIs such as the EIB, the EBRD, the World Bank, and also from the bilateral donors. The EU, however, remains, the only strategic grant provider in the sector, in particular for the preparation of high-scale investment projects. Donors active in the Transport sector meet with representatives of BiH authorities more or less regularly, to coordinate donor activities and discuss progress in the implementation of reforms, differently in each of the sub-sectors within the sector. However, a formal sector-wide donor coordination mechanism in this Sector still does not exist, since the meetings with donors are ad hoc, project-based and mostly bilateral. Donors active in the Transport Infrastructure sector regularly attended the Donor Coordination Forum (DCF) meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MOFT/SCIA).

2.4. Relevance and complementarity with EU policy and EU and other donors' assistance

IPA III aims to promote smart, sustainable, inclusive, safe transport and to remove bottlenecks in key network infrastructures. The EU will support sustainable connectivity and focus primarily on the extension of the Trans-European Networks to the beneficiaries to contribute to successful economic integration with the EU. The action will, through increasing maturity of important sections of road infrastructure and development of technical documentation for intermodal projects, contribute to the increased connectivity of Bosnia and Herzegovina with neighbouring countries.

The Economic and Investment Plan for the Western Balkans (EIP)² sets out an investment package for the whole WB6 region proposes mobilisation of IPA III funding to support economic convergence with the EU primarily

² COM(2020) 641 final

through investments and support to competitiveness and inclusive growth, sustainable connectivity, and the green and digital transition. Flagship projects defined in its Annex are priority projects which should be financed in the next five years. Implementation of these projects will create fast and efficient transport links and improve the transport infrastructure. This will drive investment, facilitate regional trade and deliver sustainable economic growth. The Economic and Investment Plan calls for intensified work with the Transport Community to contribute to the establishment of an integrated regional transport market, speed up the implementation of connectivity reform measures and implementation of technical standards. This action will increase the maturity of priority infrastructure projects which are part of the Indicative extension of the TEN-T network, but which are still under development, so they can be considered for inclusion under the EIP Flagships in the future updates of the document.

The Green Agenda for the Western Balkans³ promotes greener and more sustainable transport network, and implementation of the road safety action plan. This action will provide assistance which will, after the construction is finished, improve the road infrastructure and increase road safety. The improved road infrastructure will bring environmental benefits. The fuel consumption will decrease, the noise will be reduced, so, besides the benefits in the increased trade and increased economic development, the action will contribute to the reduction of environment pollution.

Regional initiatives resulted in agreements on an extension of the Trans-European Transport (TEN-T) Core and Comprehensive Network to the Western Balkans region and with WB6. The signing of the **Transport Community Treaty** in 2017 encourages better planning of transport investments and procedural streamlining. The Transport Community will continue supporting further development of the indicative TEN-T extension to the Western Balkans. The Transport Community Secretariat (TCS) is based in Belgrade and replaces SEETO.

The Western Balkans Strategy (2018)⁴ stresses that successful economic integration within the region and with the EU will only be possible with enhanced connectivity, which represents a strategic interest in the Western Balkans since it is surrounded geographically by the EU Member States. So, it is a political priority to connect infrastructure between the EU and the Western Balkans aiming to accelerate the development of interconnected trans-European networks in the fields of transport. Increasing transport connections will allow for increased competitiveness, economic growth and security of supply, and is at the same time an important prerequisite for economic integration within the Western Balkans.

The 2019 Analytical report⁵ requests that Bosnia and Herzegovina proceeds with the development of the core transport networks and accelerates the implementation of connectivity reform measures.

The Commission Bosnia and Herzegovina 2021 Report⁶ states that the country needs to further strengthen its administrative capacity, in particular as regards road safety as well as enforcement, inspection and investigation bodies for road transport, railways, inland waterways and aviation. It should pay particular attention to implement the measures agreed in the Transport Community (TC) road safety action plan to develop a climate resilient, intelligent and resource-efficient TEN-T road network. Implementation of road safety legislation remains a concern, although there was a slight decrease in the still too high number of accidents and fatalities. Bosnia and Herzegovina is preparing a 2021-2025 framework road safety strategy and action plans. It started setting up a section on traffic safety coordination at the Ministry of Communications and Transport, which would need to be developed towards a lead road safety agency as requested in the TC road safety action plan. Bosnia and Herzegovina urgently needs to establish a countrywide system for the continuous collection of road crash data. Further efforts are needed regarding the adoption of the multiannual maintenance plans for the entire road and rail core network, including an efficient strategy on funding sustainability. The report states that Bosnia and Herzegovina should continue with the development of the indicative extension of the TEN-T core networks in line with the priorities identified in the Economic and Investment Plan for the Western Balkan and in the Green Agenda.

The Western Balkans Transport Community Treaty, signed by Bosnia and Herzegovina in 2017, aims at the integration of the transport market of its Parties with the European Union based on the relevant EU *acquis*, and

³ SWD(2020) 223 final

⁴ COM(2018) 65 final

⁵ SWD(2019) 222 final

⁶ SWD(2021) 291 final /2

enhancement of connectivity within the region and with the European Union. The signing of the Transport Community Treaty encourages better planning of transport investments and procedural streamlining. The new Transport Community Secretariat (TCS) is based in Belgrade and replaces SEETO. Implementation of this action, together with cooperation within the Transport Community, will contribute to increased connectivity and economic integration.

Four Action Plans of the Transport Community Permanent Secretariat (**The Road Action Plan, Transport Facilitation Action Plan, The Rail Action Plan, Road Safety Action Plan**), endorsed by all Western Balkans countries, are providing guidelines to achieve common political priorities of Western Balkans regional partners, as well as political objectives of the Transport Community Treaty. This action will contribute to the implementation of actions planned under these Action Plans.

Two macro-regional strategies (**EUSDR, EUSAIR**) in which Bosnia and Herzegovina participates have connectivity (transport, energy, digital networks) as a common priority.

The Economic Reform Programme BiH 2021-2023 includes energy, transport and telecoms markets as significant priorities. Regarding the transport sector, the ERP 2021-2023 puts underdeveloped transport infrastructure, inadequate maintenance and low level of road safety as the main obstacles to the transport market reform in Bosnia and Herzegovina.

Regarding other donors active in the transport sector, funds for transport infrastructure development are provided primarily in the form of loans from the IFIs such as the EIB, the EBRD, the World Bank, co-financed with the EU grant funds (under the Connectivity Agenda) and smaller grants of the IFIs. Other bilateral donors, such as JICA, Czech Republic, Sweden, Croatia and the United Kingdom, are providing grant funds in the transport sector, but the EU remains the main strategic grant provider in the sector, in particular for the preparation of high-scale investment projects.

2.5. Lessons learned and links with previous financial assistance

In the transport sector, previous programmes under IPA I and IPA II focused on supporting the preparation of studies for priority rail and road sections on the Indicative extension of the TEN-T Core and Comprehensive networks as well institutional development and capacity building activities. As of 2012, the absence of a countrywide transport sector strategy prevented Bosnia and Herzegovina from benefiting from further IPA funds. The adoption of the Framework Transport Strategy of Bosnia and Herzegovina 2016–2030 enabled IPA support under IPA 2017 Action Programme for further institutional and infrastructure development with the close involvement of the different levels of government. Proposed support to the sector under IPA 2021 programme represents a continuation of these interventions.

In the context of the Connectivity agenda, the Western Balkan Investment Framework (WBIF) represents the main supporting mechanism, to complement the EU assistance with financial support provided by International Financing Institutions. So far, through the WBIF over 230 million EUR of grant funds have been approved for BiH for co-financing investments in the transport sector.

Lessons learned indicates that basic pillars that will enable a higher level of effectiveness of the funds to be invested in the sector relate to the appropriate selection of infrastructure projects with strategic significance linked with the reform processes, together with its maturity/readiness for implementation, as well as institutional capacities. Cooperation and competence of the BiH key stakeholders' representatives are important for all quality aspects, both in the programming and implementation phase. BiH has a division of competencies between different levels of government and respecting each level of competence during the implementation of the intervention is of crucial importance.

The evidence gained in BiH and the region (through JASPERS studies), proved that preparation of project and technical documentation does not take into account the necessity of putting in place requirements and preconditions in terms of projects maturity. Very often this is the blocking factor that slows down the project preparation process. The delays in implementing preparatory activities on some of the infrastructure projects sometimes caused a loss of secured financial resources. Only systematic analyses and assessment of technical, institutional, financial, economic and environmental aspects would provide sufficient and objective data for the definition of the management approach for the concerned infrastructure project preparation and further implementation.

3. DESCRIPTION OF THE ACTION

3.1. Planned Results and intervention logic (describing causal links between impact, outcome(s) and output(s) and including assumptions)

There is adequate capacity of the relevant public enterprises for implementation of projects of this type. If the maturity of selected priority projects in BiH is increased through delivering outputs of this action, and assumptions (that approved IPA projects are implemented by planned schedule and that a functional sector coordination mechanism is in place) hold true, it will lead to strengthened capacity of Bosnia and Herzegovina to implement priority transport projects. Increased capacity of Bosnia and Herzegovina to implement priority transport projects will (with assumptions that borrowing capacity of BiH institutions allows contracting loans for future investment, that BiH receives WBIF grant funds and that it progresses well in the implementation of the Connectivity Reform Measures) contribute to the promotion of sustainable, safe and environmentally friendly transport.

3.2. Indicative type of activities

The following activities will be carried out to reach the Output of the action “Increased maturity of selected priority transport projects in BiH”:

Activity 1. Development of technical documentation for road projects:

1. Prepare project documentation (Main design, Feasibility Study, Environmental and Social Impact Assessment, Road Safety Audit and other related studies (in accordance with requirements of the IFIs and the respective legal framework), in line with the findings of the conceptual design and preliminary studies that were completed within the IPA 2012 programme, for sections of the Route 3 in Bosnia and Herzegovina: Section 1) Istočno Sarajevo – Sarajevo – Pale – Hrenovica, Section 2) Ustiprača – Vardište, and, depending on the availability of funds, Section 3) Hrenovica-Ustiprača.

All the activities will be implemented as Technical assistance. All activities will be carried out concerning the constitutional setup of BiH, distribution of competences and provisions of the relevant current legislation.

3.3. Risks and assumptions

Risks	Risk level (H/M/L)	Mitigating measures
Risk 1 No progress in fulfilling SAA requirements	L	Established and operational coordinating mechanism in BiH, policy dialogue through the relevant SAA sub-committee
Risk 2 Slow progress in the implementation of the Connectivity Reform Measures (CRMs) in BiH	M	Regular meetings of the Working groups established for the implementation of CRMs in BiH Active cooperation and engagement of Working groups in activities related to supporting to CRMs implemented by TCT Secretariat, Connecta, EBRD
Risk 3 Slow implementation of the approved WBIF projects in BiH	L	Improved coordination between relevant stakeholders in BiH and regular exchange of information with the European Commission
Risk 4 Late implementation of approved IPA projects	L	Active engagement of all relevant stakeholders in addressing issues raised during implementation

Assumptions (to be reflected in the Logical Framework Matrix above) – grouped by outputs and outcomes

The assumptions at the outcome level are that there is substantial progress in the implementation of the Connectivity Reform Measures in BiH, and that the approved WBIF projects for BiH are successfully implemented. The assumptions at the output level are that approved IPA projects in BiH are implemented following a planned schedule, and that a functional sector coordination mechanism, including all relevant stakeholders, is in place to ensure complementarity of activities and to avoid overlapping or double financing.

3.4. Mainstreaming

How does this Action contribute to Gender Equality and Women’s and Girls’ Empowerment (in line with the EU gender equality strategy 2020-2025)?

The impact of the action is considered to be beneficial for both men and women. Gender mainstreaming will be ensured in all aspects whenever possible, e.g. the composition of various implementing, administrative or supervising bodies,

gender-sensitive language etc. All collected data in the studies and analyses within the action– where applicable – will be sex-disaggregated.

How does this Action address Environment and Climate change?

The action will contribute to environmental protection, as the Environmental Impact Assessments and Studies will be part of the main project documentation which will be drafted throughout this action. Improvement of road elements would significantly contribute to reduction of travelling time and fuel consumption, in particular for freight vehicles and busses and therefore contribute to the reduction of GHG emission.

Climate change action is an increasingly important area for the Western Balkans regarding the countries obligations under the accession process and the increasing importance attached to climate change issues by the European Union (EU) and the International Financial Institutions (IFIs). Construction of a modern infrastructure (decrease longitudinal slope, increase of curve radius, construction accompanying contents ...) enable access to hybrid vehicles.

How does this Action address the Rights-Based Approach?

How does this Action promote systematic engagement with Civil Society?

Civil society will be involved in the implementation of projects planned within this action. Civil society is expected to be actively involved in the consultation process during the development of project documentation (particularly in Environmental Impact Assessments) and related public hearings, according to applicable law. To the extent possible, the action will also support the involvement of the civil society in monitoring the implementation of the current strategy.

Others (such as Resilience and Conflict Sensitivity, Roma, people with disabilities and other vulnerable groups)

3.5. Conditions for implementation

No specific conditions for the implementation of the action.

3.6. Logical Framework

Results	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baselines (year)	Targets (year)	Sources of data (1 per indicator)	Assumptions
Impact	To promote sustainable, safe and environmentally friendly transport	WB transport logistics performance index	2.81 (2021)	3.05 (2026)	Commission BiH Reports World Bank Logistics Performance Index Report	<i>Not applicable</i>
Outcome 1	Capacity of BiH to implement priority transport projects strengthened	Percentage of transport priority projects covered by this action where negotiations for investments have been initiated;	0 % (2021)	30 % (2026)	Annual and final reports on implementation of the action	Substantial progress in the implementation of the Connectivity Reform Measures in BiH Implementation of the approved WBIF projects in BiH BiH institutions' borrowing capacity allows contracting loans for future investment
Output 1	Increased maturity of selected priority transport projects in BiH	Number of tender dossiers completed and ready for launching of works procurement for Route 3 in BiH	0 sets of technical documentation, including 0 tender dossiers (2021)	Technical documentation, including tender dossiers for five (5) sub-sections of the Route, namely lot 1: East Sarajevo – Inter Entity Boundary Line (IEBL), IEBL - Canton Sarajevo - IEBL, IEBL - Pale interchange; and lot 2: Pale interchange – IEBL, and IEBL - Prača – Hrenovica,	Annual and final reports on implementation of the action Tender dossiers	Approved IPA projects will be implemented in accordance with planned schedule A functional sector coordination mechanism, including all relevant stakeholders, in place, to ensure

				foreseen as priority 1 in the action are completed		complementarity of activities and to avoid overlapping or double financing.
--	--	--	--	--	--	---

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing agreement

To implement this action, it is foreseen to conclude a financing agreement with Bosnia and Herzegovina

4.2. Implementation modalities

4.2.1. Direct Management (Procurement)

Activity 1, on the development of technical documentation for road projects for the sections indicated will be implemented as service contract(s)

Subject	Indicative type (works, supplies, services)	Indicative trimester of launch of the procedure
Activity 1	services	Q3 2022

4.3. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of the origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

4.4. Indicative budget

Implementation modalities	EU contribution (amount in EUR)	Indicative third party contribution, in EUR
Outcome 1: Capacity of BiH to implement priority transport projects strengthened		
Output 1 Increased maturity of selected priority transport projects in BiH, composed of	10 000 000	N.A.
Direct Management (Procurement) – cf. section 4.3.3.	N.A.	N.A.
Procurement – total envelope under section 4.3.3	10 000 000	N.A.
Evaluation, (cf. section 5.3)	will be covered by another decision	N.A.
Audit/Expenditure verification(cf. section 6)	will be covered by another decision	N.A.
Communication and visibility (cf. section 7)	N.A.	N.A.
Contingencies	N.A.	N.A.
Total	10 000 000	0

4.5. Organisational set-up and responsibilities

THE KEY STAKEHOLDERS (DESCRIBED IN SECTION 2.2) ARE EXPECTED TO BE ACTIVELY ENGAGED IN THE WHOLE PROCESS OF THE ACTION IMPLEMENTATION. THE STEERING COMMITTEES, CONSISTING OF ALL RELEVANT STAKEHOLDERS INVOLVED IN A SPECIFIC ACTION, WILL BE ESTABLISHED AT THE BEGINNING OF THE ACTION IMPLEMENTATION.

5. PERFORMANCE/RESULTS MONITORING AND REPORTING

5.1. Internal monitoring

THIS ACTION WILL BE REGULARLY MONITORED BY EU DELEGATION TO BOSNIA AND HERZEGOVINA. INTERNAL MONITORING WILL BE IMPLEMENTED THROUGH STEERING COMMITTEE'S MEETINGS, EU DELEGATION QUARTERLY IMPLEMENTATION REVIEWS, ON-THE-SPOT CHECKS, MEETINGS WITH BENEFICIARIES AND AUTHORITIES CONCERNED, AND CONSULTANT COMPANIES/CONTRACTORS.

5.2. Roles & responsibilities for data collection, analysis & reporting

Regular reporting to the Contracting Authority shall be provided by the contractor. A Sector Steering Committee will be established (or adhered to ongoing Steering Committee monitoring) to monitor implementation of the Action and will be composed of the main beneficiaries and relevant institutions at all levels of government in BiH. The Action will be regularly monitored by the EU Delegation to BiH

Besides, the Action might be subject to external monitoring in line with the European Commission rules and procedures set in the Financing Agreement.

5.3. Evaluation

Having regard to the nature of the action, a mid-term and/or final evaluation will not be carried out for this action or its components.

In case an evaluation is not foreseen for some action's components, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

Evaluation services may be contracted under a framework contract.

The financing of the evaluation shall be covered by another measure constituting a financing Decision

6. AUDIT

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, based on a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

7. COMMUNICATION AND VISIBILITY

Visibility of EU funding and communication about objectives and impact of Actions is a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force.

In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

- providing a statement highlighting the support visibly received from the EU on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and
- promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the national administrations (for instance, concerning the reforms linked to EU budget support), entrusted entities, contractors and grant beneficiaries.

Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement contracts.

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, inter alia, a communication narrative and master messages for the Action, customised for the various target audiences (stakeholders, civil society, the general public, etc.)

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegation. The European Commission and the EU Delegation should be fully informed of the planning and implementation of the specific visibility and communication activities, notably for the communication narrative and master messages.

If the Action includes Union programmes, visibility and communication measures shall be implemented in accordance with the EU communication and visibility requirements in force and the specific rules of each Union programme. The relevant programme managing entity shall be responsible for monitoring the visibility and communication activities. The European Commission and the EU Delegation should be fully informed of the planning and implementation of the specific visibility and communication activities.

8. SUSTAINABILITY

After the technical documentation is completed the relevant Public Companies will provide all necessary permits, approvals including urban planning and environmental permits, and finally the construction permits. They are also responsible for the preparation of parcellation plans. In this way, all the preconditions for obtaining domestic and/or international funding and the beginning of construction works will be in place. Once the institutional building part of this action is implemented, all the institutions involved will continue using the methodology and approach developed by the consultants engaged in the action implementation and adopted by relevant authorities in Bosnia and Herzegovina at all relevant levels of government. All relevant stakeholders, including civil society, shall be enabled to participate in the process.