

ANNEX**ACTION FICHE FOR THE 2007 ENPI-EAST REGIONAL ACTION PROGRAMME****1. IDENTIFICATION**

Title	<b>Transport dialogue and networks' interoperability between the EU and its neighbouring countries and Central Asian countries</b>		
Total cost	7 M€ ( <i>EC contribution</i> )		
Aid method / Management mode	Project approach – <i>centralised</i>		
DAC-code	21010	Sector	<i>Transport policy and administrative management</i>

**2. RATIONALE****2.1. Sector context**

The project is intended to improve the links of the EU Trans-European Networks with the neighbouring countries and the Central Asian countries thus contributing to transport and trade facilitation.

The importance of enhanced regional cooperation in the transport sector, as highlighted in the European Neighbourhood Policy (ENP), has been recognised for achieving sustainable economic and social development as well as contributing to stability and prosperity in the CIS and Black Sea regions. The TRACECA Member States as well as the Black Sea /Caspian littoral states and their neighbours have witnessed an increased demand for transport services, higher transport volumes and increased cross-border traffic for goods and passengers. Inter-regional and regional transport integration is a key for successfully meeting the new challenges faced by long-term trade and transport between the EU and partner countries.

Problem areas vary from country to country in the region's transport sector. However, some common obstacles and problem areas for intra-regional and inter-regional transport and transit have been identified. International traffic is still hampered by infrastructure impediments and non-technical barriers along the TRACECA corridor. In particular, most beneficiaries' Poverty Reduction Strategy Papers and National Transport Strategies underline the priorities related to the harmonisation of their transport legislation with the European standards, support to Private-Public Partnerships in infrastructural components, and the integration of their roads and network of railways into regional transport corridors.

This project is based on the priority action areas defined in the TRACECA Long-Term Strategy adopted by the Inter-Governmental Commission, which gathered Ministers of Transport of TRACECA countries in May 2006. This strategic framework comprises a number of sectors of action aimed at delivering by 2015 a sustainable, efficient and integrated multimodal transport system at both the EU-TRACECA and TRACECA-TRACECA levels. The strategy's implementation implies the development of efficient operational structures for the coordination of

TRACECA countries' activities. In this context, support to the TRACECA Permanent Secretariat's important role in promoting regional dialogue and coordinating regional projects remains crucial.

The project is also in line with the Ministerial Conclusions of the Second Ministerial Conference on Transport Cooperation between the EU, Black Sea and Caspian Sea littoral States and their Neighbours (Baku initiative), adopted in Sofia in May 2006 by Azerbaijan, Armenia, Belarus, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Romania, the Russian Federation (as an observer), Tajikistan, Turkey, Ukraine and Uzbekistan with representatives of the European Commission. The "Baku Initiative" Conference participants confirmed on the mutual interest for the progressive integration of their respective transport networks in accordance with international and EU legal and regulatory frameworks.

Finally this project is also in line with the related EC policy as identified in the Action Plans of the European Neighbourhood Policy (ENP) and aid effectiveness agenda: the project will focus on the implementation of priorities defined in the ENPI Eastern Regional Strategy paper, the Central Asian Strategy Paper 2007-2013 and their related Indicative Programmes.

The project is following-up the Communication of the Commission on "Guidelines for transport in Europe and neighbouring regions"<sup>1</sup>, in which it endorsed the recommendations on five major trans-national transport axes and on the so called horizontal measures<sup>2</sup>, as defined by the High Level Group on the extension of the major Trans-European Networks to neighbouring countries and regions in December 2005. The Commission also announced in its Guidelines that it will launch exploratory talks in order to enhance thematic cooperation with the ENP region.

## 2.2. Lessons learnt

This project builds upon past activities implemented and priorities identified in the framework of the TRACECA programme. Up to now, 62 technical assistance projects worth 105 million euros and 14 investment projects worth 52 million euros have been financed through TRACECA for a total amount of 157 million euros. The last evaluations of the TRACECA programme, held in 2003 and 2007, pointed out that the most useful feature of TRACECA is that the programme encourages exchange of views between the member countries and gives them the opportunity of learning about up-to-date ideas and practices in EU states. Moreover the evaluation report underlined that there is urgent need to tie this work in firmly with the International Financial Institutions, which welcome the input of external finance into the feasibility study phase of their projects. This project will follow-up on these recommendations in order to improve the concrete outputs of the TRACECA programme and to strengthen the coordination with IFIs.

This project will also ensure a follow-up of previous EC-funded projects, implemented in the framework of the TACIS Regional and National Action Plans,

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<sup>1</sup> COM (2007) 32 final, 31.1.2007.

<sup>2</sup> "Horizontal measures" aim to remove physical and administrative bottlenecks along the main transport axes identified and to facilitate cooperation and communication between authorities in the different countries. These include among others strengthening of regional co-operation, ensuring technical and administrative interoperability, implementation of new technologies like traffic management systems, as well as measures to improve safety and security. In the absence of such measures, bottlenecks would occur especially at border crossings even if infrastructure works were completed.

taking into account advisory remarks from progress reports and monitoring reports of the past projects.

### **2.3. Complementary actions**

In the field of external aid, from 2007 onwards assistance provided through the European Neighbourhood and Partnership Instrument (ENPI) will include support for Financial Institutions lending in the priority sectors identified in the context of the ENP and its action plans through a proposed “Neighbourhood Investment Fund”. This project will help the beneficiary countries to prepare for investments by supporting related horizontal measures, studies on the definition of master plans, feasibility of projects and on public-private partnerships.

In addition, the EC proposal for the new European Investment Bank external lending mandates for 2007-13 foresees a considerable increase in the lending ceilings for the neighbouring countries. A specific Memorandum of Understanding has been signed between the Commission, the EIB and the EBRD to facilitate co-operation in Russia, Eastern Europe, Southern Caucasus and Central Asia.

### **2.4. Donor coordination**

The coordination process with the beneficiary countries was included in the framework of TRACECA and Baku initiative working groups meetings held in 2006. Regular meetings of representatives of the beneficiary Ministries of Transport were held in order to discuss the 2007-2010 programming priorities in the field of transport. In particular, the programming priority of Transport regional dialogue and coordination with IFIs was discussed and approved by all representatives of the beneficiary Ministries of Transport (TRACECA National Secretaries) during the TRACECA working group meeting held in Chisinau in December 2006.

Since this project will develop potential synergies with IFIs and other donors, strong coordination with other transport programmes and initiatives in the region will be essential. During the identification and formulation phases, coordination meetings were organised with international organisations dealing with regional cooperation in the field of transport such as the UN Economic Commission for Europe (UNECE), the UN Special Programme for the Economies of Central Asia (SPECA); Central Asian Regional Economic Cooperation (CAREC), the EIB, EBRD, ADB and World Bank. In particular, EC technical assistance to sectors where the IFIs have identified needs for further reform and institutional strengthening would be considered.

Regarding coordination with the Organization of Black Sea Economic Cooperation (BSEC), the European Commission pointed out in its Communication of December 2006 on “Strengthening the European Neighbourhood Policy” the potential benefits of deepening the regional cooperation in the Black Sea region, notably in the areas of energy, transport and trade. The Commission looks at the possibility of closer links with BSEC and will soon issue a Communication on a Black Sea Regional Policy Approach.

### **3. DESCRIPTION**

#### **3.1. Objectives**

The overall objective is to improve the links of the EU Trans-European Networks with the neighbouring countries and the Central Asian countries thus contributing to transport and trade facilitation.

The project's purpose is to enhance regional transport dialogue and transport intermodality between the EU and the countries belonging to the ENPI East Region and Central Asia region, in the context of supporting the further development of the transport system in the region and its interconnection to the major trans-European transport axes. Particular emphasis on improving coordination with IFIs and participation of the private sector in transport projects will be included.

#### **3.2. Expected results and main activities**

The project will provide technical and capacity-building assistance to the beneficiary countries in the priority sectors of regional transport dialogue and transport forecasts, identification of investment needs and promotion of Private-Public Partnerships for the improvement of links with the EU Trans-European Networks.

The project's *expected results* include the following priority issues:

An effective political dialogue, coordination mechanism is developed and convergence of transport policies improved in the framework of the TRACECA and Baku Initiative;

Further progress in eliminating technical and non-technical barriers to regional trade and transport and in harmonisation of regional regulatory frameworks with European standards is achieved;

The beneficiary countries' transport administrations and TRACECA structures are strengthened and their capacities reinforced for the implementation of the TRACECA IGC Long-Term Strategy and its related Action Plan;

Relevant regional actions plans are defined; Analysis of financial and technical feasibility of projects is provided and Public-Private partnerships are promoted;

Interoperability with the European transport networks is reinforced in the thematic areas defined by the 'Baku initiative', such as civil aviation, transport infrastructure, security in all modes of transport, road and rail transport and dangerous goods, maritime transport;

Coordination with International Financial Institutions and follow-up of regional investment appraisals in the field of transport is reinforced.

In the field of *regional transport dialogue*, the project's main activities will include:

- Training and capacity-building activities in order to provide institutional and strategic support to the TRACECA and Baku Initiative coordination mechanisms, for the establishment of an effective political dialogue mechanism between the EC and beneficiary countries transport administrations, projects' stakeholders and IFIs;
- Technical expertise and support for the implementation of the TRACECA IGC Long-Term Strategy and its related Action Plan, through capacity-building and training activities in the priority sectors defined by the 'Baku initiative';
- Regional working groups meetings in the framework of TRACECA and the 'Baku initiative' aiming at improving regional transport dialogue in the respective fields of civil aviation, transport infrastructure, security in all modes of transport, road and rail transport and dangerous goods, maritime transport;
- Support to the identification of sustainable transport projects and initiatives for enhanced regional co-operation, in particular in priority sectors identified in the action plans and in line with the 'Baku initiative' and EC transport policies, including the extension of Trans-European Networks to neighbouring countries;
- Assessment of technical and non-technical barriers to regional trade and transport; technical and institutional support for the definition of regional regulatory frameworks and the harmonisation of legal procedures with European standards;
- Regional ministerial conferences are organised (follow-up of regional policy dialogue under TRACECA and the Baku initiative) in order to improve the convergence of transport policies at high level, to support the implementation of the TRACECA long-term strategy and the Baku initiative recommendations.
- In the field of transport forecasts, identification of investment needs and promotion of Private-Public Partnerships for the TRACECA corridor, the project's main activities will include:
  - Support to exchange of information and data collection, as well as development of traffic forecasts for the TRACECA corridor: the project will help identifying bottlenecks and priority investment needs, and will undertake technical assistance measures with the aim to improve the corridor's capacity and to promote interoperability with Trans-European Networks;
  - Technical assistance to the identification, preparation and implementation of sustainable transport projects and initiatives for enhanced regional co-operation, with specific attention to links with key Pan European transport axis and to selected Central Asian countries, and to traffic flows between the Black Sea/Caspian Littoral States and neighbouring countries;
  - Support to regional coordination and promotion of Private-Public Partnerships for the identification and implementation of sustainable transport projects: the project will help the beneficiary countries to prepare for investments by supporting studies on the definition of master plans, analysis of financial and technical feasibility of projects and promotion of public-private partnerships.

- Support to coordination with International Financial Institutions and follow-up of investment appraisals, in particular through the proposed “Neighbourhood Investment Facility”.

### **3.3. Stakeholders**

The beneficiary countries are the countries belonging to the ENPI East region and Central Asia region, including all TRACECA countries (Armenia, Azerbaijan, Georgia, Bulgaria, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey, Ukraine, Uzbekistan) as well as the Baku initiative countries. The project's main stakeholders are the Ministries of Transport and institutions responsible for the sustainable development of transport policies and transport infrastructures.

The institutional capacity of the beneficiary countries has been assessed in the framework of the TRACECA coordination mechanisms established since 1993. In particular, representatives of the beneficiary Transport administrations have been appointed (TRACECA National Secretaries) to participate in coordination and working group meetings. The Permanent Secretariat of TRACECA based in Baku will be closely associated to the coordination of the project and should be able to play an important role in the regional transport dialogue.

The ENPI Regional Strategy and Indicative Programme indicate that "To ensure continuity with the Regional Cooperation Programme 2000-2006, and the associated assistance under the Tacis Regional Programme, the five Central Asian Republics of Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan may also benefit from funding through the ENPI Eastern Regional Programme, provided that there is clear added value of having the continued active participation by Central Asia countries in the activities of the project in terms of building on existing linkages, activities or structures, or on increasing cooperation between the regions", in accordance with article 27 of the ENPI Regulation (EC n°1638/2006 of 24 October 2006).

The International Financial Institutions, especially the European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), World Bank (WB) and Asian Development Bank (ADB) will be associated to the project, as the main investors in the transport sector.

Transport operators in the region, e.g. the railways, civil aviation, maritime companies, but also freight forwarders' associations will benefit from enhanced regional dialogue and know-how transfer.

### **3.4. Risks and assumptions**

Continued strong political commitment to regional cooperation and support from the partner institutions and beneficiary countries is a necessary condition for the effective implementation of the project. Partner governments and authorities should be ready to cooperate where necessary in the priority areas, take the measures required in terms of legal, technical and institutional reforms and adequate resource allocation. Long-term regional stability in the region is a prerequisite for the project's sustainability. In particular, inter-state tensions in the Caucasus region as well as in Central Asia might create difficulties in terms of regional coordination of transport flows, cross-border cooperation and trade facilitation. These risks are to be

minimised by the use of already functioning mechanisms for cooperation between the transport key stakeholders of the neighbouring states and with the EU.

### **3.5. Crosscutting Issues**

The project will improve good governance, through institutional building and restructuring. The application of EC rules and standards will also have a positive side effect on the environment. Gender policy principles will be applied in the selection procedures for the staff to be trained.

## **4. IMPLEMENTATION ISSUES**

### **4.1. Implementation method**

Implementation will be carried out by the European Commission through centralised management.

### **4.2. Procurement and grant award procedures**

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

### **4.3. Budget and calendar**

The total budget is of 7M€ to be granted in the form of, indicatively, one or two service contracts. This is primarily a technical assistance project. It is planned that the budget would be indicatively spread among the following components: a *first component* on regional coordination and institutional support to TRACECA and the Baku Initiative (€2,5M), as well as transport forecast analyses, training and capacity-building measures (€2M) in the priority sectors identified by the TRACECA long-term Strategy and Baku initiative recommendations; a *second component* focusing on for the identification of priority investment projects for the extension of the Trans-European Networks to neighbouring countries, identification of pre-feasibility studies, coordination process with IFIs and promotion of Private-Public Partnerships (€2,5M).

The contribution of the beneficiaries will be in the form of provision of counterpart staff, data and information. The project is expected to last 36 months.

### **4.4. Performance monitoring**

The project will be monitored by the Tacis/ENPI monitoring office and closely followed-up by the EU Delegations in the region. The TRACECA Permanent Secretariat will also be in charge of following-up the project's activities and reporting to the TRACECA National Secretaries.

Key indicators will be incorporated in the project's design for periodic assessment of the progress of the project components. This mechanism shall be specified in the project plan and performance shall be described in the periodic progress reports.

Monitoring will focus on collecting and analysing information on physical progress (input provision, activities undertaken and results delivered) and the quality of

process (i.e. stakeholder participation and local capacity building); financial progress (budget and expenditure); preliminary response by target groups to project activities (i.e. use of services or facilities and changes in knowledge, attitudes or practices); reasons for any unexpected or adverse response by target groups, and what remedial action can be taken.

#### **4.5 Evaluation and audit**

Expenditure incurred will have to be certified, as part of the obligations of the contracted parties in the framework of the implementation of this project. Mid term and final evaluations of the results will be entrusted to independent consultants.

A multi-annual evaluation exercise covering all TRACECA projects implemented during the period 2006-2008, including this one, should be planned.

Audit missions will be undertaken by EC headquarters or entrusted to specialised consultants where necessary.

#### **4.6 Communication and visibility**

As part of this project, specific activities will be dedicated to communication and visibility. In particular, visibility actions will be undertaken and tools will be used (leaflets, maps) for the organisation of working groups meetings and ministerial conferences. The TRACECA website ([www.traceca-org.org](http://www.traceca-org.org)) will be further developed. One of the priorities will focus on promoting the TRACECA corridor and programme towards the International Financial Institutions and private investors in order to increase their financial participation to trade facilitation and transport investment projects along the corridor.

In all activities, the latest visibility guidelines concerning acknowledgement of EC financing of the project should be observed.