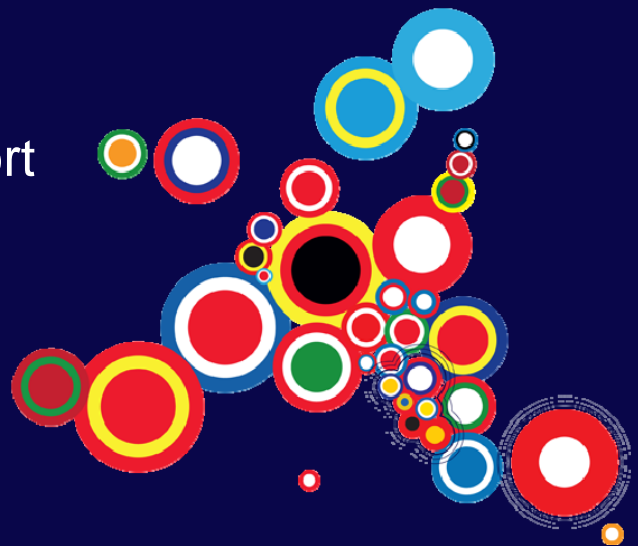




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

MULTI-COUNTRY

EU support to the Transport Community Treaty Secretariat



Action summary

The Transport Community Treaty (TCT) with South East European parties is a key instrument that supports – through the establishment of a Secretariat – the accession process (*acquis* implementation), the Western Balkans Six (WB6) initiative, as well as the infrastructure (Trans-European Transport Network -TEN-T) implementation in the Western Balkans.

The TCT represents for the Western Balkans a "game changer" and the Secretariat the main tool to support the implementation of the connectivity reforms measures aiming at improving the efficiency of the overall Western Balkans transport system.

According to the Transport Community Treaty (Annex V), the Secretariat is financed by both the EU and the regional partners. The share of the EU amounts to 80% of the total budget of the Transport Community. The present action aims to meet the 2017 EU commitment as member of the Transport Community. mentioned above.

Action Identification			
Action Programme Title	IPA II Annual Multi-Country Action Programme 2017		
Action Title	EU support to the Transport Community Treaty Secretariat		
Action ID	IPA 2017/040-405.16/MC/Transport Community		
Sector Information			
IPA II Sector	9. Regional and territorial cooperation		
DAC Sector	21010 - Transport policy and administrative management		
Budget			
Total cost	EUR 1 250 000		
EU contribution	EUR 1 000 000		
Budget line(s)	22.020401 – Multi-country programmes, regional integration and territorial cooperation		
Management and Implementation			
Management mode	Direct management		
<i>Direct management:</i> European Commission	DG MOVE A2 (in cross-sub delegation)		
Implementation responsibilities	DG MOVE A2		
Location			
Zone benefiting from the action	Western Balkans : Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo*, Montenegro, and Serbia		
Specific implementation area(s)	N/A		
Timeline			
Final date for contracting including the conclusion of delegation agreements	31 December 2018		
Final date for operational implementation	31 December 2021		
Policy objectives / Markers (DAC form)			
General policy objective	Not targeted	Significant objective	Main objective
Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo Declaration of Independence

Gender equality (including Women In Development)	X	<input type="checkbox"/>	<input type="checkbox"/>
Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
RIO Convention markers	Not targeted	Significant objective	Main objective
Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	<input type="checkbox"/>	X	<input type="checkbox"/>
Climate change adaptation	<input type="checkbox"/>	X	<input type="checkbox"/>

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

The current regional transport organization, South-east Europe Transport Observatory (SEETO) was established by the Memorandum of Understanding (MoU) for development of the SEETO Comprehensive Network, signed in 2004 by the Western Balkans Regional Participants and the European Commission. SEETO aims for co-operation on the development of the agreed regional transport network as well as for implementation of policies that facilitate such development. The SEETO Comprehensive Network, which is included in the TEN-T Guidelines, was defined as the TEN-T Comprehensive Network for South East Europe. This aims at both infrastructure investment and soft measures, including administrative and regulatory procedures.

With the action proposed in this document, the European Commission is planning to enhance and further evolve the regional cooperation in transport, by establishing the Transport Community Treaty and its Secretariat.

Even though noticeable progress has been made in the development of the SEETO Comprehensive Network, the following objectives defined under the MoU remain inspiring until the present day and still constitute the basics for further integrated regional development:

- Developing the main and ancillary infrastructure on the multimodal SEETO Comprehensive Network and improving the connections with the TEN-T Network Developing;
- Implementation of a multi-annual rolling action plan (MAP) in order to provide a platform for most efficient use of funds and know-how provided by public and private sources;
- Fostering the most efficient and environmentally friendly transport modes at regional level;
- Harmonising and standardising, wherever feasible, technical standards and regulatory or administrative provisions affecting the flow of transport in and across the region, in accordance with EU standards and directives;
- Supporting reforms in transport in the region and enhancing local capacities for the implementation of investment programmes, management and data collection and analysis in Regional Participants.

The South East Europe Transport Observatory (SEETO), with headquarters in Belgrade, works in a complex political, economic and operating environment. SEETO has however shown some limits (skilled staff – available budget – capacity to follow the "connectivity reforms" implementation. The current action will replace on a long (more than 10 years) transport cooperation history between the EU and the Western Balkans partners. The perspective of the enlargement – which is a key objective for all partners and current negotiation process require a strengthening of this cooperation. It also aims at developing new capacities through the setting up of a Secretariat of the Transport Community Treaty (TCT Secretariat).

The activities of the TCT permanent Secretariat which will be supported by the present action are clearly identified in Article 28 of the TCT. The secretariat shall:

- (a) provide administrative support to the Ministerial Council, the Regional Steering Committee, the Technical Committees and the Social Forum;
- (b) act as a Transport Observatory to monitor the performance of the Comprehensive and Core Networks indicative extension of the Trans-European Transport Network (TEN-T) to the Western Balkans;
- (c) support the implementation of the Western Balkans Six (WB6) Connectivity Agenda aiming to improve links within the Western Balkans as well as between the region and the EU.

In a nutshell, the current action will help the Permanent Secretariat staff to focus on the Connectivity Agenda and on support to the activities related to the implementation of the TEN-T Network projects for South East Europe. *Inter alia*, assistance will further help the implementation of the Core Network (including Action Plan on Border Crossings Procedures), Multi-Annual Plan (MAP), and other important activities that require full attention of the Secretariat staff.

The 2004 SEETO MoU provided the basis for regional cooperation on transport and, in addition to outlining the SEETO Comprehensive Network (CN), it identifies a series of policy issues to be dealt with by SEETO. While some progress has been made in transposing transport related EU *acquis* and adopting relevant international transport agreements, in general and in line with other sectors, the overall pace of policy reform in the Regional Participants is rather slow and varies to some extent between them. Transport policy in the region is still infrastructure focused, while important policy and regulatory improvements are not tackled sufficiently.

The pace of reform impedes the Regional Participants' capacity to maximise the benefits of investments in the extended TEN-T network. Typical examples are delays at border crossings because institutional interregional cooperation is missing; monopolistic rail markets due to the reluctance to push for substantial reforms and system transformations; or poor road safety records because road safety regulations are not properly enforced.

SEETO and especially the Secretariat have increased their efforts to follow more closely developments in European transport policy and assisting the IPA II beneficiaries in transforming their regulatory and institutional framework and modernising their transport system in line with the EU regulations and international best practices.

However, in order to improve the policy and regulatory environment, there is a need to set up a more efficient / independent / skilled structure which could support the implementation of the Transport Community in order to reap the benefits of this new cooperation mechanism.

The TCT is seen by all parties as a way to better coordinate transport policy and infrastructure development in the Western Balkans in line with the EU accession process.

The TCT – once ratified - will replace the SEETO MoU and will provide a legal basis for intervention and follow-up on the development of a joint transport market and therefore fully justifies the need to support the new permanent Secretariat.

OUTLINE OF IPA II ASSISTANCE

The action is aiming to contribute – with a share of 80% – to the budget of the Transport Community, and not only to finance the Secretariat of the Transport Community Treaty which is the unique direct beneficiary of the action. All parties involved will be bound by the provisions contained in the Treaty, including the provisions laid down in Annex V indicating the share of support for each partner.

The activities of the Permanent Secretariat which will be supported by the present action are clearly identified in Article 28 of the TCT. The secretariat shall:

- (a) provide administrative support to the Ministerial Council, the Regional Steering Committee, the Technical Committees and the Social Forum;
- (b) act as a Transport Observatory to monitor the performance of the Comprehensive and Core Networks indicative extension of the Trans-European Transport Network (TEN-T) to the Western Balkans;
- (c) support the implementation of the Western Balkans Six (WB6) Connectivity Agenda aiming to improve links within the Western Balkans as well as between the region and the EU.

RELEVANCE WITH THE IPA II MULTI-COUNTRY STRATEGY PAPER AND OTHER KEY REFERENCES

The Multi-country Indicative Strategy Paper 2014-2020¹ underlines the priority of the transport sector in the Western Balkans. In particular, it identifies SEETO as the regional transport co-operation platform, coordinating further development of the infrastructure network and improvement and harmonisation of regional transport policies and technical standards. As mentioned "until the Transport Community Treaty is signed, SEETO will continue to function in this respect. However, the overall goal is the signature of the Treaty that would allow a deeper integration of the Western Balkan transport market into the EU on the basis of the relevant EU transport policies and legislation."

The Enlargement Strategy and the Annual Progress Reports set important targets for the implementation of the MoU and strengthening cooperation with SEETO (now to be replaced by the TCT). They clearly identify the need to enhance the transport policy framework and alignment with the *acquis*, especially in the railway sector, road safety and maintenance, transport management system, transport operations facilitation, as well as delivery of sound analysis for the transport system.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

Regional cooperation in the transport sector and donors' support have been reinforced over the last years through a number of initiatives in order to address more efficiently the transport challenges in the region. Marking a clear starting point of institutionalised regional cooperation in the transport field, the SEETO Secretariat was first entirely financed under the CARDS Regional Programme and after 2006 partly cofinanced by the Participants.

In addition, under the 2006 Regional CARDS Programme the EU also financed the implementation of soft measures of the South East Europe Core Regional Transport Network for the road and road safety sectors with the specific objective to contribute to the reform of the transport sector across the region and support the implementation of the SEETO Multi-Annual Plan 2007-2011. Under the same programme, the EU has also assisted the IPA II beneficiaries in integrating them fully into the European Common Aviation Area and adopting the Single European Sky requirements by 2010 through the implementation of the ECAA *acquis*. The International Financial Institutions (IFIs) and other bilateral and multilateral donors are extensively supporting the transport sector in the Western Balkans while cooperation between the European Commission and the IFIs increased through the creation of a number of mechanisms to better coordinate investments such as the Infrastructure Project Facilities (IPF) and the Western Balkans Investment Framework (WBIF).

The SEETO Secretariat also benefited from TA assistance provided under the Strategic Work Programme 2015-2017.

Since 2012, the Secretariat has published various thematic reports covering specific transport related issues (Comprehensive Network Investment Report, Border-crossing Facilitation report, Rail Reform progress report, Road Safety Audit Implementation report etc.), but the capacity of the SEETO Secretariat has shown some limits and the timely implementation of the TCT can help – through the establishment of a new secretariat structure to improve the situation in terms – inter alia – of the quality of the deliverables.

¹ C(2014) 4293, 30.06.2014.

2. Intervention logic

Logical framework matrix

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	
To contribute to the Transport Community	Integration of the transport market of the Contracting Parties on the basis of the relevant <i>acquis</i>	Performance monitoring indexes (% of the relevant <i>acquis</i> transposed) will be set up for road, rail, inland waterway and maritime transport, as well as the development of the extended trans-European transport network.	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
To meet 2017 EU commitment as member of the Transport Community.	Amount of funding spent during the time frame of the action.	According to Article 35 of the Transport Community Treaty, the Regional Steering Committee shall adopt a decision specifying the procedure for the implementation of the budget, for presenting and auditing accounts and for inspection. Performance monitoring indexes will be set in place to follow the activities of the Secretariat.	NA in this context
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
Result 1: Implementation of the EU <i>acquis</i> in transport.	Nr of Regulations/Directive properly transposed by the regional partners % of the legislative acts fully transposed (where applicable)	Annual Report	NA in this context
Result 2 Identification and monitoring of infrastructure project priorities.	Nr of projects being supported through the various financing instrument available, with a special attention paid to WBIF funding Nr of projects completed during the period % of amount spent with respect to the total amount of <u>funding committed</u>	Annual Report WBIF Annual Report	
Result 3 : Implementation of Connectivity Reforms Measures.	Nr of actions fully implemented by the regional partners Results achieved (for instance % of reduction of road fatalities after the implementation of the measures with respect to the current situation)	Annual Report	

DESCRIPTION OF ACTIVITIES

The objective of the action is to meet 2017 EU commitment as member of the Transport Community. Other costs than strictly related to the Secretariat are covered by the Budget. This cost might be incurred even before the Secretariat will be active (such as running cost Ministerial Council, the Regional Steering Committee, the Technical Committees and the Social Forum, etc.). These actions should follow the financial rules of the TCT.

The Permanent Secretariat shall, amongst other:

- (a) provide administrative support to the Ministerial Council, the Regional Steering Committee, the Technical Committees and the Social Forum;
- (b) act as a Transport Observatory to monitor the performance of the Comprehensive and Core Networks indicative extension of the TEN-T to the Western Balkans;
- (c) support the implementation of the WB6 Connectivity Agenda aiming to improve links within the Western Balkans as well as between the region and the EU.
- (d) collect data on traffic and network for further assessment, as well as set up a database updated on a regular basis;
- (e) produce every year an annual report of implementation of the infrastructure and reforms accompanied by regularly updated maps of the extended TEN-T network to the Western Balkans.

In line with the overall mission and the responsibilities of the Secretariat, the work of Secretariat will be guided by the following objectives:

- Enhanced provision of timely, thorough and up-to-date information and analysis to support the development of the extended TEN-T Network as well as link to the EU TEN-T corridors;
- Demonstrable progress in specific priority areas of transport policy, with a specific reference to the WB6 Connectivity Reform Measures;
- Demonstrable progress in project implementation (all modes);
- Increased profile of Western Balkans Network;
- Smooth functioning of the Transport Community as a whole.

The Secretariat will therefore be structured (number of staff / skills / supporting tools) in a way to respond to these needs and ensure that they could be delivered.

RISKS

Potential challenges of different nature could affect the proper implementation of the action.

- a. problems of political nature affecting the relations between some of the Western Balkans partners and the EU: this would have an impact on the successful execution of the action.
- b. incapacity of one or several partners to contribute to the action: this could have a negative impact.
- c. decision of one or more IPA II beneficiaries to leave the Transport Community: this could have a negative impact on the action.

The Commission intends to take all necessary measures to prevent occurrence of points a) to c). DG MOVE and DG NEAR will closely monitor the establishment of the Secretariat to ensure smooth start of operations.

The action is given high-level political support in the European Commission as well as beneficiaries, to ensure full commitment on the side of the beneficiaries i.e. signatories of the Treaty. Overall political relations between the beneficiaries are under constant and close monitoring of the European Commission and the EEAS.

Furthermore, regarding a potential under-performance of the Permanent Secretariat: the Regional Steering Committee (Article 30 of the Transport Community Treaty) lays down rules of the Permanent Secretariat which also include the setting up of performance monitoring indexes. In this context, the performance of the Secretariat will be monitored and actions to prevent / correct potential under-performing activities can therefore be taken in the framework of the Regional Steering Committees (Article 24 of the Transport Community Treaty).

CONDITIONS FOR IMPLEMENTATION

The action will be implemented when the TCT enters into force pursuant to its Article 41.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

The TCT will be governed according to the following structure:

A MINISTERIAL COUNCIL (Article 21) which main objective is ensure that the objectives set out in this Treaty are attained.

A REGIONAL STEERING COMMITTEE (Article 24) which is established with the responsibility for the administration of the Treaty and shall ensure its proper implementation. Article 26 also sets up "technical committees" working under the responsibility of the Regional Steering Committee.

In this context, the Secretariat will have the responsibility to organise and support:

- (1) the Working Groups (WG) could be set up (or the existing ones could be extended to cover specific needs in key areas of interests
- (2) the regional steering committee meetings.
- (3) The Annual Meeting of Ministers (*if still applicable*)

Furthermore, the DIRECTOR of the Secretariat will have the responsibility to ensure that this action is properly executed. In particular, according to Article 36 of the Treaty, the Director of the Permanent Secretariat shall implement the budget and shall report annually to the Regional Steering Committee on the execution of the budget. The Regional Steering Committee may decide, if appropriate, to entrust independent auditors with verifying the proper execution of the budget.

Regarding the European Commission, DG MOVE, with the support of DG NEAR will carefully monitor the results of the activities of the Secretariat according to the monitoring instruments set in place and described at point 2.

IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING

EU contribution to the budget of the Transport Community for the year 2017 :

In accordance with Article 121(2)(d) of the Financial Regulation (FR), the Union may subscribe to bodies of which it is a member in the form of contributions which do not constitute a grant with the meaning of the FR. Therefore, the Union may finance the Transport Community on the basis of an EU annual contribution to its budget under the double conditionality of the Treaty having entered into force and the Union being a member of the TC.

Based on Article 173 of the Rules of Application, subscriptions shall be paid in accordance with the budgetary decisions and the conditions of payment established by the body concerned. Therefore, there is no need to justify the retroactive coverage of costs/expenditure incurred before the implementation of the Treaty. The European Commission's subscription will cover the agreed budget without further conditions, as long as these costs are budgeted for by the TCT Secretariat.

This cost might be incurred even before the Secretariat will be active (such as running cost Ministerial Council, the Regional Steering Committee, the Technical Committees and the Social Forum, etc.). These actions should follow the financial rules of the TCT.

DG NEAR will cross sub-delegate implementation of the action to DG MOVE.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

Performance monitoring indexes will be set in place to follow the activities of the secretariat which is supported by the present action.

In addition, according to Article 36, the Director of the Permanent Secretariat shall implement the budget and shall report annually to the Regional Steering Committee on the execution of the budget. The Regional Steering Committee may decide, if appropriate, to entrust independent auditors with verifying the proper execution of the budget which is the subject of the present action.

The European Commission may carry out a mid-term, a final or an ex-post evaluation for this action or its components via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the European 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. The evaluations will be carried out as prescribed by the DG NEAR guidelines on linking planning/programming, monitoring and evaluation. In addition, the action might be subject to external monitoring in line with the European Commission rules and procedures.

INDICATOR MEASUREMENT

Indicator	Baseline (2017)	Target 2020	Final Target (2022)	Source of information
Degree of progress in integrating South East Europe into the European Transport market (reform and <i>acquis</i> implementation)	Minor	Significant	Significant	Annual Report
Number of Directives/Regulation fully transposed and implemented	N/A	15% of the overall <i>acquis</i>	50% of the overall <i>acquis</i>	Annual Report
Number of Connectivity Reform Measures implemented	50% of the total	75%	100%	Annual Report
Enhancing the overall performance of the transport and infrastructure system	Minor	<p>25 % of reduction of road fatalities (with respect to baseline)</p> <p>Border proceeding time (for trucks) reduced by 25% with respect to baseline</p> <p>At least 75% of the foreseen border agreements signed</p> <p>Rebalancing modal shift : use of IWW and rail share should be increased by 10% for WB6-EU traffic</p>	<p>Road Fatalities reduced by 40% with respect to the baseline</p> <p>Border proceeding time (for trucks) reduced by 75%</p> <p>100% of border agreements signed</p> <p>Rebalancing modal shift : use of IWW and rail share should be increased by 20% for WB6-EU traffic</p>	Annual Report
Number of new projects implemented	N/A	20% of the identified TEN-T core priorities	40% of the identified TEN-T core priorities	WBIF Annual Report

5. CROSS-CUTTING ISSUES

GENDER MAINSTREAMING

The staff appointment will follow a policy promoting gender balance.

EQUAL OPPORTUNITIES

The staff appointment will follow a policy promoting equal opportunities for people coming from all WB6 without any kind of exception.

MINORITIES AND VULNERABLE GROUPS

N/A

ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)

N/A

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

The implementation of EU transport policies in the region – supported by the Transport Secretariat – should help the reduction of CO2 emission, and increase the modal shift to the most environmentally friendly modes in particular rail and inland waterways (IWW)

Climate action relevant budget allocation: cannot be estimated quantifiably.
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6. SUSTAINABILITY

Similarly as for the Energy Community Treaty and its Secretariat, the financial support for the Transport Community Treaty Secretariat derives from the European Commission's obligations as signatory of the Treaty, hence ensuring the Secretariat's sustainable financing. Commission's support shall be renewed and increased (if necessary and so decided) unless:

(1) according to Art. 43 – the Treaty is denounced by any South East European Party and cease to be in force [...] one year after the date of notification.

(2) all parties have joined the EU.

In both cases, support for the Secretariat would cease.

7. COMMUNICATION AND VISIBILITY

Communication and visibility will be given high importance during the implementation of the action. The implementation of the communication activities shall be funded from the amounts allocated to the action.

All necessary measures will be taken to publicise the fact that the action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions. Additional Visibility Guidelines developed by the European Commission (DG NEAR) will have to be followed.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process, as well as the benefits of the action for the general public. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions and will promote transparency and accountability on the use of funds.