



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

MULTI-COUNTRY

EU contribution to the budget of the Transport Community

Action summary

The Transport Community Treaty (TCT) intends to develop the transport networks in the Western Balkans and the integration of their transport markets into the European Union (EU) transport market, based on the relevant EU *acquis*.

The Transport Community Permanent Secretariat will be the main tool to support the above referred to development and integration, as well as the implementation of the Transport Connectivity reforms measures aiming at improving the quality, safety and efficiency of the overall transport network in the Western Balkans.

According to the Annex V of the TCT, the contribution to the budget of the Transport Community is divided into two parts: 80% for the EU and 20% for the South East Europe (SEE) parties. The present action aims to meet the 2020 EU commitment as member of the Transport Community.

Action Identification			
Action Programme Title	IPA II Annual Multi-Country Action Programme 2019		
Action Title	EU contribution to the budget of the Transport Community		
Action ID	IPA 2019/NEAR>MOVE.04/MC/TCTS		
Sector Information			
IPA II Sector	9. Regional and territorial cooperation		
DAC Sector	21010 – Transport policy and administrative management		
Budget			
Total cost	EUR 3 000 000		
EU contribution	EUR 2 400 000		
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	Directorate-General for Mobility and Transport, Unit A.2 International Relations (co-delegated by the Directorate-General for Neighbourhood and Enlargement Negotiations)		
Implementation responsibilities	Directorate-General for Mobility and Transport, Unit A.2 International Relations		
Location			
Zone benefiting from the action	Western Balkans (Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, Serbia)		
Specific implementation area(s)	N/A		
Timeline			
Final date for contracting including the conclusion of delegation agreements	At the latest by 31 December 2020		
Indicative operational implementation period	72 months from the adoption of the Financing Decision		
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"/>
Gender equality (including Women In Development)	X	<input type="checkbox"/>	<input type="checkbox"/>
Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>

* This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo declaration of independence.

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

Connectivity is at the very heart of the European Commission's priority to reinforce the integration between the Western Balkans region and the European Union (EU). More specifically, connectivity means focusing investments that improve transport systems and their infrastructure, which in turn strengthens their competitiveness. This also contributes to building bridges in the region, developing good neighbourly relations and promoting peace and reconciliation.

The 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 aimed for co-operation on the development of the agreed regional transport network as well as for implementation of policies that would 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.

The SEETO ceased to exist on 31 December 2018 and has been replaced by the Transport Community Permanent Secretariat (TCPS), following the establishment of the Transport Community by the European Union and the South East Europe (SEE) parties, which was agreed at the Western Balkans Summit in Trieste on 12 July 2017.

The Transport Community Treaty (TCT) aims at the creation of a Transport Community in the field of road, rail, inland waterway and maritime transport as well as the development of the transport network between the European Union and the South East European parties. The Transport Community shall be based on the progressive integration of transport markets of the South East European parties into the European Union transport market on the basis of the relevant *acquis*, including in the areas of technical standards, interoperability, safety, security, traffic management, social policy, public procurement and environment, for all modes of transport excluding air transport.

The maps of the indicative trans-European transport network (TEN-T) extension of comprehensive and core networks to the Western Balkans are attached to the Treaty in Annex I. The Transport Community will support the development of the indicative TEN-T extension to the Western Balkans according to the Commission Delegated Regulation (EU) 2016/758. The Regional Steering Committee must report every year to the Ministerial Council on the implementation of the TEN-T in the Western Balkans. Technical committees will assist the Regional Steering Committee in drawing up the report.

According to Article 35 of the TCT, the Regional Steering Committee shall adopt the budget of the Transport Community every year. The budget shall cover the operational expenses of the Transport Community necessary for the functioning of its bodies. The expenditure of each body shall be set out in a different part of the budget. 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.

Based on Article 36 of the TCT, the Director of the Permanent Secretariat shall then implement the budget and 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.

The agreement on the headquarters of the Transport Community Permanent Secretariat in Belgrade was signed on 31.01.2019 and ratified by the Serbian Parliament on 14.02.2019.

OUTLINE OF IPA II ASSISTANCE

The action aims to meet the 2020 EU commitment as member of the Transport Community. According to the Annex V of the TCT, the contribution to the budget of the Transport Community is divided into two parts: 80% for the EU and 20% for the South East Europe (SEE) parties.

The indicative duration of the EU contribution will be 12 months.

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

The revised Multi-country Indicative Strategy Paper 2014-2020¹ underlines the priority of the transport sector in the Western Balkans. In particular, it identifies SEETO/TCPS 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.

The Enlargement Strategy and the Annual Progress Reports set important targets for the implementation of the MoU and strengthening cooperation with SEETO/TC's Permanent Secretariat. 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.

The EU commitment for the year 2018 as member of the Transport Community has been covered through the IPA II Annual Multi-Country Action Programme 2017 (EUR 1 million), and for the year 2019 through IPA II Annual Multi-Country Action Programme 2018 (EUR 2 million). The funds from the IPA II Annual Multi-Country Action Programme 2017 had to be de-committed because as of 31 December 2018 the Permanent Secretariat had not yet been established. For the year 2019, the Regional Steering Committee

¹ C(2018) 3442, 31.05.2018.

approved a budget for a total amount of EUR 1.48 million, i.e. the EU contribution amounting to EUR 1.304 million.

TAIEX may be used to identify existing gaps as regards the alignment of the relevant legislations with the EU transport legislation and related capacity strengthening needs, if necessary.

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	
To enhance and further develop the regional cooperation in the Transport sector in the Western Balkans.	% of integration of the transport markets in the South East European parties into the European Union transport market 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 indicative extension of the Trans-European Transport Network (TEN-T) to the Western Balkans.	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
To meet the EU contribution to the 2020 budget of the Transport Community (i.e. 80%), thus supporting the achievement of the objectives set out in the Transport Community Treaty through the functioning of a Permanent Secretariat.	% of 2020 TC budget spent	According to Article 35 of the TCT, 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.	Permanent Secretariat officially established
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
Result 1: The Transport legal frameworks in the South East European parties are aligned with the relevant EU <i>acquis</i> .	Number of relevant EU regulations, directives and decisions fully transposed in the South East European parties.	Annual report of the Permanent Secretariat	Permanent Secretariat officially established
Result 2: The Transport priority projects of regional interest on the indicative TEN-T extension of the comprehensive and core networks to the Western Balkans are identified in line with best Union practice.	Number of Transport priority projects of regional interest identified.	Five-year (rolling) TC work plan Annual report of the Regional Steering Committee on the implementation of the TEN-T in the Western Balkans Annual report of the Permanent Secretariat	
Result 3: The Transport Connectivity reforms measures are timely and effectively implemented in the South East European parties.	% of Transport Connectivity reforms measures fully implemented	Annual report of the Permanent Secretariat	

DESCRIPTION OF ACTIVITIES

According to the TCT, the Permanent Secretariat, which is based in Belgrade, shall, among other:

- provide administrative support to the Ministerial Council, the Regional Steering Committee, the Technical Committees and the Social Forum;
- 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;
- support the implementation of the Western Balkans Connectivity Agenda aiming to improve links within the Western Balkans as well as between the region and the EU;
- put in place information system to be used by decision makers in monitoring and reviewing the condition and performance of the indicative TEN-T extension of the comprehensive and core networks to the Western Balkans;
- prepare annual reports about, among other, the implementation of infrastructure projects on the indicative TEN-T extension of the comprehensive and core networks to the Western Balkans, the implementation of Transport Connectivity reform measures and the transposition of relevant EU regulations, directives and decisions;

The Permanent Secretariat may have recourse to external services for specific activities, such as communication, organisation of events, studies, trainings or audits.

RISKS

Potential challenges of different nature that could affect the proper implementation of the action are:

- Problems of political nature affecting the relations between two/several South East European parties or between one/several South East European parties and the EU;
- Incapacity or unwillingness of one or several relevant IPA II beneficiaries to contribute to the budget of the Transport Community;
- Decision of one or more relevant IPA II beneficiaries to leave the Transport Community.

The Directorate-General for Mobility and Transport and the Directorate-General for Neighbourhood and Enlargement Negotiations will closely monitor the establishment and the inception of operations of the Permanent Secretariat to ensure a smooth start. The action is given high-level political support in both the European Union and the South East European parties.

Furthermore, Article 37 of the TCT defines the procedure to follow to settle disputes between Contracting parties.

CONDITIONS FOR IMPLEMENTATION

The Transport Community's Permanent Secretariat must be officially established. This is the case, since the agreement on the headquarters of the Transport Community Permanent Secretariat in Belgrade was signed on 31.01.2019 and ratified by the Serbian Parliament on 14.02.2019.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

The TCT will be governed according to the following structure:

A Ministerial Council (Article 21 of the TCT), whose main task is to ensure that the objectives set out in the TCT are attained.

A Regional Steering Committee (Article 24) responsible for the administration and proper implementation of the TCT and entitled to establish technical committees to support its work (Article 25).

A Social Forum (Article 26) to address social matters.

A Permanent Secretariat (Article 28), whose Director will be appointed by and whose rule of procedures will be laid down by the Regional Steering Committee.

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

The Directorate-General for Neighbourhood and Enlargement Negotiations will co-delegate the implementation of the action to the Directorate-General for Mobility and Transport. The EU contribution to the budget of the Transport Community for the year 2020 will indicatively amount to EUR 2.4 million.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

Performance monitoring indexes will be set in place by the Directorate-General for Mobility and Transport as soon as practicable, to follow the activities of the TC's Permanent Secretariat, which is supported by 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 Directorate-General for Neighbourhood and Enlargement Negotiations 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 2018	Target 2020	Final Target 2022	Source of information
1.) Number of relevant EU regulations, directives and decisions fully transposed in the South East European parties.	0	20	50	<ul style="list-style-type: none"> • Annual report of the Permanent Secretariat
2.) Number of priority projects of regional interest identified.	0	30	45	<ul style="list-style-type: none"> • Five-year (rolling) TC work plan • Annual report of the Regional Steering Committee on the implementation of the TEN-T in the Western Balkans • Annual report of the Permanent Secretariat
3.) % of Transport Connectivity reforms measures fully implemented.	0	50%	100%	<ul style="list-style-type: none"> • Annual report of the Permanent Secretariat

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 citizens coming from all Contracting Parties to the Transport Community Treaty, without any kind of exception.

MINORITIES AND VULNERABLE GROUPS

N/A

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

When feasible, the Permanent Secretariat will in its work and relevant bodies include the representatives of the civil society organizations (CSOs) dealing with or interested in transport in the Western Balkans. Among others, for example, the Permanent Secretariat can consider involvement of the CSOs in relevant research activities, database on regional transport, monitoring of the implementation of the connectivity reform measures, and similar.

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

The implementation of EU transport policies in the Western Balkans region – supported by the TCT Secretariat – will contribute to reduce CO₂ emission by fostering the modal shift to the most environmentally friendly modes, in particular rail and inland waterways.

Climate action relevant budget allocation: cannot be quantified

6. SUSTAINABILITY

The EU's financial support derives from the European Union's obligations as a Signatory Party to the Transport Community Treaty, hence ensuring its sustainability.

The 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 ceases to be in force [...] one year after the date of notification.

(2) all parties have joined the EU.

In both cases, support for the functioning of the Permanent 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 EU communication and visibility requirements in force. All stakeholders and

implementing partners shall ensure the visibility of EU Financial assistance provided through IPA II throughout all phases of the programme cycle.

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.

Visibility and communication aspects shall be complementary to the activities implemented by the Directorate-General for Mobility and Transport, the Directorate-General for Neighbourhood and Enlargement Negotiations and the EU Delegations in the Western Balkans. The European Commission and the EU Delegations shall be fully informed of the planning and implementation of the specific visibility and communication activities.