

## ANNEX

### to the Commission Implementing Decision amending Commission Implementing Decision C(2014) 9675 of 11.12.2014 adopting a multi-annual Action Programme for Turkey on Transport

#### Multi-annual Work Programme

This document constitutes the multi-annual work programme in the sense of Article 110(2) of the Financial Regulation (Regulation (EU, Euratom) 2018/1046)

#### 1 IDENTIFICATION

<b>Beneficiary</b>	Turkey
<b>Basic act:</b> <b>Total cost</b> <b>EU contribution</b>	Instrument for Pre-accession Assistance (IPA II) EUR 409 294 117 EUR 347 900 000, of which:
<b>CRIS/ABAC commitment references, EU Contribution and budget lines</b>	<b>2014</b> 2014/031-877 EUR 71 900 000 on 22.02 03 02  <b>2015</b> 2014/031-877 EUR 128 100 000 on 22.02 03 02  <b>2016</b> 2014/031-877 EUR 115 200 000 on 22.02 03 02  <b>2017</b> 2014/031-877 EUR 10 000 000 on 22.02 03 02  <b>2018</b> 2014/031-877 EUR 22 700 000 on 22.02 03 02
<b>Management Mode / Entrusted entities</b>	Indirect management with Turkey: The Operating Structure (OS) responsible for the execution of the actions, is: Ministry of Transport and Infrastructure (MoTI) Indirect management by the International Bank for Reconstruction and Development for the implementation of the following activities:

	<ul style="list-style-type: none"> <li>- “Technical assistance for promoting intermodality, modal shift and rail reform” (Action 1),</li> <li>- “Technical Assistance for Implementation of the National Strategy for Intelligent Transportation Systems” (Action 2)</li> <li>- “Technical Assistance for Sustainable and Accessible Urban Transport in Turkish cities” (Action 3)</li> </ul>
<p><b>Timetable for spending allocation of each budgetary commitment</b></p>	<p>Budgetary commitment 2014 must be spent by 31/12/2019  Budgetary commitment 2015 must be spent by 31/12/2020  Budgetary commitment 2016 must be spent by 31/12/2021  Budgetary commitment 2017 must be spent by 31/12/2022  Budgetary commitment 2018 must be spent by 31/12/2023</p>

## **2 DESCRIPTION OF THE ACTION PROGRAMME**

### **2.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME**

- Rationale for the selection of the specific sectors under this programme:

This Sector Operational Programme (SOP) is based on a thorough analysis of the socio-economic situation of Turkey, which, with a GDP of EUR 614 billion, is the 16<sup>th</sup> largest economy in the world. Turkey has made considerable advances in competitiveness over the past decade. The country recovered fast from the effects of the global economic crisis, and the growth of the economy is again on the rise. The medium-term challenge is still to increase employment and competitiveness.

Turkey and the EU have had a Customs Union relationship since 1996. The EU is the largest trade partner of Turkey with nearly 41% of Turkey's total trade in 2017 (while Turkey is the 5th most important trade partner of the EU). Therefore, improvement of transport connections between the EU and Turkey is a clear priority on both sides.

Turkey aims at a deeper integration of its economy into the EU Single Market, and full integration into the Single EU Transport Area. The strategic needs to further develop railway infrastructure in an integrated and competitive manner with other modes and to finalise the liberalisation process through secondary measures harmonised with the EU *acquis* are essential to maintain the global competitiveness of the Turkish economy and in particular of the Turkish transport sector.

Today, Turkey offers an excellent gateway to growing markets in the Middle East and the Caucasus. Nevertheless, growing transit is limited by incomplete and missing linking routes, which are neighbouring Turkey. As commercial and economic relations between the EU and the Asian countries improve and ongoing transport infrastructure investment projects in the countries are being completed, transit is bound to surge, thus further testing Turkish transport capacities.

The current low density transport infrastructure represents a major obstacle to social cohesion and economic development, as they impede competitiveness, the movement of goods and passengers, business settlements, investment decisions etc. The total length of railway lines operated (km) per 1,000 square km is 14.8, low as compared to that of EU States. The need to upgrade the transport system is widely acknowledged.

The transport sector in Turkey faces various problems, the most prominent one of which is the absence of a coherent inter-modal transport network development in the past. The time- and cost-efficient transportation services provided by the road sector surpass any other single mode of transport, and thus it dominates the domestic transport market both for passengers and for freight. Consequently, Turkey's transport sector is currently characterised by a strong dependence on road transport (nearly 90% of the domestic freight and passenger transport) and an insufficient role of the railway system. Modal shift can be encouraged with an investment and operation approach that ensures the effectiveness of transportation in corridors, where railway and maritime transportation can compete with highways. Modal shift can also be promoted by intelligent and intermodal solutions (i.e. freight and city logistics, rail and port connections and network optimization, urban transport).

The revised Indicative Strategy Paper for Turkey 2014-2020 stipulates that, following the strong focus on infrastructure and freight railway activities in the 2014-2017 period of IPA II funding, the EU support from 2018 onwards should focus more on soft

interventions and small scale infrastructure supporting Turkey's transport policy on decarbonisation, urban transport accessibility and further harmonisation of Turkish transport legislation towards EU acquis.

- Overview of past and on-going EU, other donors' and/or IPA II beneficiary's actions in the relevant sectors:

A multi-annual Operational Programme for Transport (TOP) was already introduced and implemented in 2007-2009. Following a mid-term evaluation, the TOP was then updated for 2010-2013, and the implementation ended by 31 December 2017. This SOP builds upon those programmes. The Department of EU Investments, the accredited structure for the management of EU funds already under the previous period, will serve as Contracting Authority (CA) also for IPA II SOP Transport.

In terms of infrastructure development, the priority of the country is to continue strengthening the connections of Turkish railway network with the Trans-European Transport Networks (TEN-T). Compared to the previous period, IPA II will finance fewer infrastructures, by adopting a “phasing-out” approach: in the first years (2014-2016) the focus will be on one selected freight railway project relevant for connecting Turkey with the TEN-T network, and then the assistance will focus on more soft interventions. In parallel, especially for rail infrastructure projects, it is expected that cooperation with International Financial Institutions (IFIs) will be further increased during the programming/implementing period. Blending IPA grants with IFI loans will make best use of EU funds and achieve stronger overall impact. In the transport sector, collaboration has been established with several donors including European Investment Bank (EIB), Council of Europe Development Bank (CEB), European Bank for Reconstruction and Development (EBRD), World Bank (WB), Islamic Development Bank, Japan Bank for International Cooperation (JBIC) and Japan International Cooperation Agency (JICA). Examples of key projects co-financed by external donors include the Marmaray Project and the Light Rail Transit Projects in Bursa and Antalya. In addition, WB and Islamic Development Bank also assumed financing of railways restructuring and railway tracks, 80 electric locomotives and 6 High Speed Train Sets Projects. In urban transportation, the French Development Agency (AFD) was involved in the financing of a project for Istanbul Metropolitan Municipality (with other donors).

Within the sector, the MoTI bears the responsibility for the coordination of national funds, IPA and other non-refundable donor funds. Access to refundable external financing is coordinated through the Under-secretariat of Treasury and via the Annual Investment Programmes managed by the Directorate of Strategy and Budget. Respecting that framework, there are also direct links between the MoTI and the IFIs, which are regularly invited as stakeholders to consultations related to the planning, programming and monitoring of transport sector investment programmes. The SOP specifically provides for the continuation and widening of that cooperation, inter alia through the use of refundable advisory services from the IFIs.

**List of Actions foreseen under the selected Sectors:**

Sector/Action	Indirect management	
	With entrusted entity	With IPA II beneficiary
<b>Transport</b>		
Action 1 – Sustainable and Safe Transport	EUR 450 000	EUR 295 750 000
Action 2 – Efficient Transport	EUR 450 000	EUR 5 400 000
Action 3 – Accessible and Inclusive Transport	EUR 900 000	EUR 21 950 000
Action 4 – Acquis Alignment and EU integration		EUR 15 000 000
Action 5 – Technical Assistance (TA)		EUR 8 000 000
<b>TOTAL</b>	<b>EUR 1 800 000</b>	<b>EUR 346 100 000</b>

**2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS**

The envisaged assistance to Multi-annual Action Programme for Turkey on Transport is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU<sup>1</sup>.

<b>Action 1</b>	<b>Sustainable and Safe Transport</b>	<b>296 200 000 EUR</b>
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**(1) Description of the action, objective, expected results and key performance indicators**

- Description of the action and objectives

The objective of the Action is to achieve a shift towards a safer, environmentally friendly transport system reflecting a more balanced modal split.

Activity 1.1 - Improving and Modernising Railway Infrastructure

Under this activity the railway infrastructure will be modernised, with specific emphasis on the TEN-T railway links between Turkey and the EU. Support will be offered to the preparation and implementation of new infrastructure investments.

The backbone is the reconstruction of the Halkalı-Kapıkule railway line, which directly connects Turkey to the TEN-T rail network through Bulgaria. It is part of the Kapıkule-

<sup>1</sup> [https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en)

Halkalı-Kars railway axis which is a “European Interest” project and among the priority projects listed in the “TEN-T Document”, agreed between Turkey and the EU as a benchmark for Chapter 21, which, on this basis, was provisionally closed.

Further interventions will be selected on the basis of the TEN-T Document, the 10th National Development Plan as well as Turkey’s Transport and Communication Strategy.

#### Activity 1.2 – Environmental and Climate Change-related Measures

IPA II will co-finance the identification, preparation and implementation of climate change-related mitigation and adaptation policies in the transport sector. These will include legal, administrative, technical, institutional and operational gaps/needs analyses on low-carbon sustainable transport, in line with Turkey’s National Climate Change Action Plan (NCCAP) and Environmental Effects Assessment Panel (EEAP).

As a principal output, “Turkey’s Low-Carbon Transport Strategy and Action Plan” will be drafted. Soft measures will be implemented to help reduce Greenhouse Gas (GHG) emissions.

Activities will be implemented to reduce the effects of noise pollution and to prevent marine pollution caused by maritime transport.

#### Activity 1.3 – Improving Transport Safety

Support will be provided to the implementation of activities of the Road Traffic Strategy and Action Plan.

The focus will be on the enforcement of road traffic rules, and activities targeting transport operators, municipalities, the education system, infrastructures’ design requirements, citizens, and Non-Governmental Organizations (NGOs). Support will also concentrate on capacity building at the MoTI, the Turkish National Police (EGM) and the General Command of Gendarmerie, and the procurement of equipment needed.

In selected cases, small-scale infrastructure investments might be co-financed in order to eliminate black spots (as reference projects for similar investments under national schemes).

#### Activity 1.4 – Promoting Inter-modality and Modal Shift

This activity will contribute to the implementation of the “Turkish Combined Transport Strategy”, developed under an IPA financed twinning project, which covers, among others, activities related to intermodality, Transport and Logistics Master Plan and the legislative framework.

Soft measures of the strategy (such as, among others, the master plans for the improvement of logistic capacity and intermodality and the establishment of a permanent combined transport platform) will be financed.

A direct grant will be awarded to the World Bank, which will support the Ministry of Transport and Infrastructure in the implementation of the logistics master plans, as well as for identification and preparation of new intermodal terminals.

Concerning the infrastructure investments, within the time frame of this programme, necessary preparatory studies (technical documents such as Cost-Benefit Analysis (CBA), feasibility study, Environmental Impact Assessment (EIA), tender dossier, etc.) might be conducted. "

- Expected results and key performance indicators

At the level of the Action 1, four results are to be achieved:

- R1 – TEN-T rail network connections to the EU strengthened (Activity 1.1);
- R2 – Soft operations serving environmental sustainability and climate change-related mitigation and adaptation measures are implemented (Activity 1.2);
- R3 – Improved Safety in Transport (Activity 1.3);
- R4 – Intermodal transport solutions and supporting technologies promoted (Activity 1.4).

**Key indicators of action 1:**

- Changes in the modal split (freight-ton) transport in the corridor(s) / regions invested in
- Travelling time in cargo transport by corridor in hours (rail freight transport between Turkey and Europe namely Halkalı - Kapıkule)
- Number of road accidents with death and in injury
- Increase in Turkey's capacity for road safety audit
- km of railway track rehabilitated / built
- Turkey's Low-Carbon Transport Strategy and Action Plan drafted
- Transport GHG emissions database established
- Traffic safety enforcement methods, procedures and training of Turkish National Police updated
- Preliminary studies prepared for strengthening of multi-modal transport in Turkey

**(2) Assumptions and conditions**

- Co-financing from the national budget available (including eventual IFI / donor funds needed for investments)
- All beneficiaries ready and able to co-operate in the implementation of the SOPT
- Technical and economic preparatory studies as well as environmental and building permits necessary for investments available on time and in good quality.
- Outputs from related assistance projects– as inputs to this project – materialise on time and in good quality
- Good co-operation among stakeholders involved
- Sustainability of institutions receiving IB support ensured
- Sustainability of staff trained, further training of incoming new staff (and replacements) ensured
- Costs of operation for new institutions, infrastructure and equipment ensured on a continuous basis.
- Stable political and economic environment conducive to the economic and political integration of Turkey with the EU
- Both Turkey and the EU remain committed to Turkey's integration agenda

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

### **(3) Implementation modalities:**

#### **(3)(a) Indirect management**

Part of this action will be implemented under indirect management by Turkey, which shall be responsible for carrying out all the tasks relating to the implementation of the action.

The Operating Structure responsible for the execution of the action, is the Ministry of Transport and Infrastructure.

In particular, the beneficiary country shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

Part of this action will be implemented under indirect management by the World Bank.

The European Commission and the World Bank share a common objective of building competitive and sustainable economies and reducing poverty and social exclusion – goals of the Europe 2020 Agenda, which are built on three pillars of smart, sustainable and inclusive growth.

The European Commission and the World Bank concur that direct interaction is beneficial to both institutions and through them to the beneficiary countries. This applies particularly to the provision of analytical, advisory and knowledge services and technical assistance. The European Commission has expressed an interest in ensuring that the World Bank continues to provide technical assistance in the framework of the Trust Fund in furtherance of the common objective set forth above.

This implementation entails (i) timely comments and recommendations from the Bank during the implementation, as well as for identification and preparation of new intermodal terminals for implementation; (ii) benchmarking with the performance of similar/neighbouring countries' logistic systems, identifying best practices and preparing forward looking action plans and institutional/regulatory reform recommendations.

The envisaged entity has been selected as well placed to formulate state of the art technical, institutional and organizational recommendations, catalysing successful experiences and best practices on modal shift including intermodal solutions and railways reform from various countries and regions. Also WB has particular experience in the new EU Member States in making recommendations on rail reform and logistics performance. Through its own staff or consultants, the Bank is well positioned to secure higher quality outputs, involving innovative institutional arrangements and technical assistance for transport and logistics master plans, associating private sector participations, promoting green growth, managing social and environmental safeguards, throughout effective procurement processes.



#### **(4) 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 origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

<b>Action 2</b>	<b>Efficient Transport</b>	<b>EUR 5 850 000</b>
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#### **(1) Description of the action, objective, expected results and key performance indicators**

- Description of the action and objectives

The objective of the Action is to promote smart and innovative, resource, time and cost-efficient solutions across all transport modes.

##### Activity 2.1 – Supporting the ITS strategy and other ITS measures

The activity will support the implementation of the ITS Strategy and Action Plan as well as connected national investments. Thanks to the support of the World Bank in the form of a direct grant, the activity will contribute to develop an implementation plan based on the National Strategy for ITS, by identifying high priority measures and developing a national architecture. Particular emphasis will be placed on environmental sustainability, resource efficiency, and high-quality of service to passengers through the extensive use of modern IT and communication methods.

Turkey's gradual integration into the Galileo/European Geostationary Navigation Overlay Service (EGNOS) system and the Single European Sky (SES) initiative will also be supported taking relevant clauses in National Programmes for the Adoption of the Acquis (NPAA) 2008 into account. In the rail sector, the spread of European Rail Traffic Management System (ERTMS) – on lines not covered by Action 1 – is also eligible.

##### Activity 2.2 – Supporting Research and Innovation in Transport

Under activity 2.2., transport-related research and innovation activities will be supported. The first priority thereby is institution building to support the Department of MoTI Research Centre.

IPA will finance organisational development, staff capacity building and the elaboration of national policies and strategies for transport research, as well as incentives to promote transport research in all sub-sectors.

The SOPT shall facilitate the creation of partnerships between Turkish and EU cities as well as transport research institutes to create a network of expertise that is able to support informed policy making by gathering data, and delivering analyses and recommendations to the government and municipalities.

Concrete transport research projects will be supported. These may be extended directly to universities and research institutions (e.g. in the case of basic research) or to partnerships between commercial companies and research institutions (e.g. in the case of promoting practical application of research results in commercial operations).

- Expected results and key performance indicators

At the level of the Action 2, two results are to be achieved:

- R1 – Implementation of the Intelligent Transport System (ITS) strategy and the spread of ITS in the transport sector (Activity 2.1);
- R2 – Research and development in the Transport Sector promoted (Activity 2.2).

**Key indicators of action 2:**

- Volume of research spending in transport sector
- Number of ITS applications
- Number of research projects co-ordinated by MoTI
- ITS solutions deployed
- MoTI Research Centre strengthened

**(2) Assumptions and conditions**

- Co-financing from the national budget available (including eventual IFI / donor funds needed for investments)
- All beneficiaries ready and able to co-operate in the implementation of the SOPT
- Technical and economic preparatory studies as well as environmental and building permits necessary for investments available on time and in good quality.
- Outputs from related assistance projects– as inputs to this project – materialise on time and in good quality
- Good co-operation among stakeholders involved
- Sustainability of institutions receiving IB support ensured
- Sustainability of staff trained, further training of incoming new staff (and replacements) ensured
- Costs of operation for new institutions, infrastructure and equipment ensured on a continuous basis.
- Stable political and economic environment conducive to the economic and political integration of Turkey with the EU
- Both Turkey and the EU remain committed to Turkey’s integration agenda

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

**(3) Implementation modalities:**

**(3)(a) Indirect management**

This action will be implemented under indirect management by Turkey, which shall be responsible for carrying out all the tasks relating to the implementation of the action.

The Operating Structure responsible for the execution of the action is the Ministry of Transport and Infrastructure.

In particular, the beneficiary country shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

### **(3)(b) Direct management**

#### **Grants:**

##### *a) Purpose of the grants:*

The European Commission and the Bank share a common objective of building competitive and sustainable economies and reducing poverty and social exclusion – goals of the Europe 2020 Agenda, which are built on three pillars of smart, sustainable and inclusive growth.

The European Commission and the Bank concur that direct interaction is beneficial to both institutions and through them to the beneficiary countries. This applies particularly to the provision of analytical, advisory and knowledge services and technical assistance. The European Commission has expressed an interest in ensuring that the Bank continues to provide technical assistance in the framework of the Trust Fund in furtherance of the common objective set forth above.

##### *b) Direct grant award:*

Under the responsibility of the Commission's authorising officer responsible, the grant for implementation of the part of this action (Activity 1.4) may be awarded without a call for proposals to the World Bank.

The recourse to an award of a grant without a call for proposals is justified because the envisaged entity has been selected as it has a group of dedicated specialists with extensive experience on ITS. It has developed an ITS Toolkit that combines global experience and know-how, capturing latest trends and disseminated widely for all client countries that plan to introduce ITS in a systematic and economically feasible manner. Structured in four parts, it supports clients in overall guidance, transport functions, ITS applications, ITS technologies and builds upon specific case studies, including one in Izmir, Turkey. Combining this global knowledge with customized training programs, real-time visits to field locations and side-by-side collaboration with Turkish technical specialists at MoTI, the World Bank is well placed to support and deepen the SOP activities under the ITS component.

This implementation entails (i) an implementation plan/road map for the ITS strategy prepared, including high priority ITS projects; (ii) National ITS architecture developed and disseminated to stakeholders in academia, industry and provincial/municipal authorities.

The **global** budgetary envelope reserved for grants: EUR 450 000

### **(4) 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 origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

<b>Action 3</b>	<b>Accessible and Inclusive Transport</b>	<b>EUR 22 850 000</b>
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**(1) Description of the Action, objective, expected results and key performance indicators**

- Description of the action and objectives

The objective of the Action is to improve the accessibility of transport services for all, increase capacity and effectiveness of urban public transport, reduce congestion and emissions created by transport in urban areas.

Activity 3.1 – Accessible Transport

This activity covers support to policy development, capacity building and the preparation and implementation of concrete accessible transport investments. A needs assessment study will be financed, which will help to assess the current situation of accessibility of national and local transport networks and to select cities where an IPA-financed accessible urban transport project could be prepared and implemented. The activity will focus on two specific areas:

- The promotion of the cooperation of the government, local authorities and transport sector stakeholders in order to develop a partnership-based model for the further planning and development of accessible public transport services.
- The preparation and implementation of specific investments in compliance with the EU requirements regarding the access of people with reduced mobility to public transport.

Activity 3.2 – Urban Transport

The activity will support the preparation of Sustainable Urban Mobility Plans and finance the implementation of investments in cities. Investments will cover public transport services as well as promoting the use of bicycles, developing pedestrian areas, promotion of car-pooling, construction of light rail links in cities, etc. In 2014-2016, necessary preparatory studies (technical documents such as CBA, feasibility study, EIA, tender dossier, etc.) for these activities will be completed and implementation will start in the second part of IPA II. The implementation of the activity will count on the cooperation of the World Bank, in the form of a direct grant. The World Bank will support the MoTI and the municipalities in the review of policies and institutional arrangements concerning the urban transport systems in selected Turkish cities, to improve the sustainability and accessibility of urban transport. A needs assessment of

the investments will be carried out. The Bank will also assist one Turkish city in developing a Sustainable Urban Mobility Plan.

The proposed Transport Master Plan Project, which will be financed under the ongoing IPA Transport OP (2007-2013), is expected to provide input for a Sustainable Urban Transport Guideline for cities.

Investments will include the remodelling of existing infrastructures, or the construction of new facilities.

- Expected results and key performance indicators

At the level of the Action 3, two results are to be achieved:

- R1 – Accessibility of public transport further developed at urban and national level (Activity 3.1);
- R2 – Progress towards sustainable urban mobility plans and public transport (Activity 3.2).

**Key indicators of action 3:**

- Share of users of public transport in the population (in selected metropolitan/urban areas)
- Number of Sustainable Urban Mobility Plans developed in cities (minimum 6)
- Number of preliminary studies and tender dossier prepared for public transport infrastructure projects

**(2) Assumptions and conditions**

- Co-financing from the national budget available (including eventual IFI / donor funds needed for investments)
- All beneficiaries ready and able to co-operate in the implementation of the SOPT
- Technical and economic preparatory studies as well as environmental and building permits necessary for investments available on time and in good quality.
- Outputs from related assistance projects– as inputs to this project – materialise on time and in good quality
- Good co-operation among stakeholders involved
- Sustainability of institutions receiving IB support ensured
- Sustainability of staff trained, further training of incoming new staff (and replacements) ensured
- Costs of operation for new institutions, infrastructure and equipment ensured on a continuous basis.
- Stable political and economic environment conducive to the economic and political integration of Turkey with the EU
- Both Turkey and the EU remain committed to Turkey’s integration agenda

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

### **(3) Implementation modalities:**

#### **(3)(a) Indirect management**

This action will be implemented under indirect management by Turkey, which shall be responsible for carrying out all the tasks relating to the implementation of the action.

The Operating Structure responsible for the execution of the actions is the Ministry of Transport and Infrastructure.

In particular, the beneficiary country shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

#### **(3)(b) Direct management**

##### **Grants:**

##### **a) Purpose of the grants:**

The European Commission and the World Bank share a common objective of building competitive and sustainable economies and reducing poverty and social exclusion – goals of the Europe 2020 Agenda, which are built on three pillars of smart, sustainable and inclusive growth.

The European Commission and the World Bank concur that direct interaction is beneficial to both institutions and through them to the beneficiary countries. This applies particularly to the provision of analytical, advisory and knowledge services and technical assistance. The European Commission has expressed an interest in ensuring that the World Bank continues to provide technical assistance in the framework of the Trust Fund in furtherance of the common objective set forth above.

##### **b) Direct grant award:**

Under the responsibility of the Commission's authorising officer responsible, the grant for implementation of the part of this action (Activity 1.4) may be awarded without a call for proposals to the World Bank.

The recourse to an award of a grant without a call for proposals is justified because The envisaged entity, the World Bank is well placed to formulate state of the art technical, institutional and organizational recommendations, catalysing best practices from various countries and regions. The World Bank has gained a solid global experience in designing and implementing a variety of diverse small and large scale urban projects all around the World. Through its own staff or consultants, the Bank is well positioned to secure higher quality outputs, involving innovative institutional arrangements, associating private sector participations, promoting green growth, managing social and environmental safeguards, throughout effective procurement processes.

This implementation entails: (i) in the legal framework and institutional arrangement, bottlenecks to development of sustainable and accessible urban transport are identified and proposals to eliminate the bottlenecks are prepared, (ii) Funding needs in support of sustainable and accessible urban transport are estimated at the national scale and a long-term scheme to meet the funding needs are developed, including the institutional

collaboration across different levels of government, (iii) sustainable Urban Mobility Plan developed and high-priority investments identified for one Turkish city, and the planning process and results are widely shared with other cities as demonstration.

The **global** budgetary envelope reserved for grants: EUR 900 000

**(4) 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 origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

<b>Action 4</b>	<b>Acquis Alignment and EU integration</b>	<b>15 000 000 EUR</b>
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**(1) Description of the action, objective, expected results and key performance indicators**

- Description of the action and objectives

The objective of the Action is to strengthen Turkey’s integration to the EU in the field Transport, through a progressive alignment with the EU acquis.

Activity 4.1. Legislative alignment & capacity building to implement the Acquis

As a first priority, IPA support will concentrate on acquis alignment, especially on the basis of gap analysis to be developed under the SOPT as well.

The activity will provide support to establish institutional capacity for assuming the obligations of membership under Chapters 14 and 21. Eligible activities will include the full range of twinning, TA, services, supplies, and – where justified – also small-scale works directly necessary for the implementation of legislation related to market regulation and supervision, market access, safety rules, requirements to operators, consumer rights, interoperability and other aspects of the EU transport legislation. Through legislative alignment and improvement of related institutional capacity, integration to (South East Transport Axis) SETA will be facilitated.

Activity 4.2 – Supporting Policy dialogue and technical cooperation

The activity will strengthen TR-EU policy dialogue in the field of transport, specifically, under the Positive Agenda process and support relations with EU bodies especially relevant transport agencies. Assistance will be provided to support policy development, the exchange of experience, and the creation of networks of professionals that are able to further Turkey’s integration and accession process. For this, mainly soft measures focussed on the transfer of knowledge and training are envisaged.

- Expected results and key performance indicators

At the level of the Action 4, two results are to be achieved:

- R1 – Transport legislation further harmonised with the EU acquis Chapters 14 and 21 and institutional and administrative capacity needed to assume the obligations of membership under acquis further strengthened (Activity 4.1);
- R2 – Strengthened policy dialogue & technical cooperation with relevant EU bodies (Activity 4.2).

**Key indicators of action 4:**

- Degree of alignment of directives and regulations with the EU acquis
- Status of the implementation of the National Programme for the Adoption of the Acquis.

**(2) Assumptions and conditions**

- Co-financing from the national budget available (including eventual IFI / donor funds needed for investments)
- All beneficiaries ready and able to co-operate in the implementation of the SOPT
- Technical and economic preparatory studies as well as environmental and building permits necessary for investments available on time and in good quality.
- Outputs from related assistance projects– as inputs to this project – materialise on time and in good quality
- Good co-operation among stakeholders involved
- Sustainability of institutions receiving IB support ensured
- Sustainability of staff trained, further training of incoming new staff (and replacements) ensured
- Costs of operation for new institutions, infrastructure and equipment ensured on a continuous basis.
- Stable political and economic environment conducive to the economic and political integration of Turkey with the EU
- Both Turkey and the EU remain committed to Turkey’s integration agenda

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

**(3) Implementation modalities:**

**(3)(a) Indirect management**

This action will be implemented under indirect management by Turkey, which shall be responsible for carrying out all the tasks relating to the implementation of the action.

The Operating Structure responsible for the execution of the action is the Ministry of Transport and Infrastructure.

In particular, the beneficiary country shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound



financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

#### **(4) 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 origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

<b>Action 5</b>	<b>Technical Assistance</b>	<b>8 000 000 EUR</b>
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#### **(1) Description of the action, objective, expected results and key performance indicators**

- Description of the action and objectives

The objective of the Action is to support MoTI to manage the SOPT in order to ensure that EU, national and donor development funding in Turkey's transport sector are used to best effect.

##### Activity 5.1 – Supporting the Operating Structure

The activity will be dedicated to the support of the Operating Structure including the relevant units of MoTI, the Monitoring Committee, other national agencies with responsibilities related to the implementation of the SOPT and the Monitoring Committee.

Capacity building actions will be extended to cover the final beneficiaries and the bodies working together with the Ministry on the preparation and monitoring of the SOP;

Direct costs related to the implementation of the SOP will be covered, such as expenses of SMC meetings and on-site monitoring visits, visibility events, production of promotional material, supporting management functions of the OS, and, where needed, providing TA to the final beneficiaries.

##### Activity 5.2 – Project Pipeline Development

At the strategic level, IPA support will be used to support the preparation and regular update of sector and sub-sector strategies, investment strategies and a project pipeline for the effective use of EU investment funding – as well as national funding and IFI support – aimed at promoting the country's integration in the Single European Transport Area.

- Expected results and key performance indicators

At the level of the Action 5, two results are to be achieved:

- R1 – The Operating Structure has the human capacity and financial resources at its disposal needed to implement its tasks (Activity 5.1);
- R2 – Investment strategies and project studies for a pipeline of projects prepared, funding modalities for transport developments elaborated (Activity 5.2).

**Key indicators of action 5:**

- Degree of implementation of the SOPT
- Number of projects prepared to full maturity

**(2) Assumptions and conditions**

- Co-financing from the national budget available (including eventual IFI / donor funds needed for investments)
- All beneficiaries ready and able to co-operate in the implementation of the SOPT
- Technical and economic preparatory studies as well as environmental and building permits necessary for investments available on time and in good quality.
- Outputs from related assistance projects– as inputs to this project – materialise on time and in good quality
- Good co-operation among stakeholders involved
- Sustainability of institutions receiving IB support ensured
- Sustainability of staff trained, further training of incoming new staff (and replacements) ensured
- Costs of operation for new institutions, infrastructure and equipment ensured on a continuous basis.
- Stable political and economic environment conducive to the economic and political integration of Turkey with the EU
- Both Turkey and the EU remain committed to Turkey’s integration agenda

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

**(3) Implementation modalities:**

**(3)(a) Indirect management**

This action will be implemented under indirect management by Turkey, which shall be responsible for carrying out all the tasks relating to the implementation of the action.

The Operating Structure responsible for the execution of the action is the Ministry of Transport and Infrastructure.

In particular, the beneficiary country shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

#### **(4) 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 origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

#### **2.3 PROVISIONS APPLICABLE TO ALL ACTIONS:**

Authorisation for the use of simplified cost options for grants exceeding EUR 60.000,00 per grant beneficiary for specific grants to be awarded by the entrusted entity (Turkey) under indirect management:

##### a) Forms of grant and categories of costs covered:

The grants for the actions under this programme shall take either of the following forms:

(a) lump sums and reimbursement on the basis of unit costs and flat-rate financing calculated in accordance with the beneficiaries' historical data or usual cost accounting practices for the categories of eligible costs specified below;

(b) the reimbursement of eligible costs actually incurred for the all other categories of eligible costs

Other categories of eligible costs shall be reimbursed on the basis of eligible costs actually incurred.

The amounts of the lump sums, unit costs and flat rate financing to be used shall be calculated in accordance with the method set out in point c. The amounts of the lump sums, unit costs and flat rate financing to be declared by the beneficiaries shall be calculated in accordance with the method set out in point c.

##### b) Justification:

Given the nature of the supported activities, and in order to simplify the management of the grants expected under this programme, some costs may be identified in each grant's action budget per unit, global price or as a percentage of other eligible direct costs.

When grants or parts of grants are based on simplified cost options, these amounts shall be established in such a way as to exclude fraud and profit *a priori*. The costs shown in the contract should not be challenged by ex post controls, i.e. through comparison with the actual costs they cover.

Verifications/audits may be performed to check whether the formulas used by the beneficiary to determine unit costs, lump sums or flat-rates are compliant with the contractual conditions or the generating events have occurred at all. Any undue payment made to the final beneficiaries, may be recovered by the contracting authority up to the amount of the simplified cost options.

##### c) Method to determine and update the amounts:

Amounts will be determined by reference to statistical data, factual information or similar objective means, and/or to the historical data of each beneficiary.

d) No-profit and co-financing principles and absence of double financing:

Grant applicants will need to explain the methods proposed to calculate the amounts of unit costs, lump sums and/or flat-rates, to which costs they refer, and clearly explain all formulas for calculation of the final eligible amount.

## **2.4 MAJOR PROJECTS**

### **(1) DEFINITION AND THRESHOLD**

A Major Project comprises a series of works, activities or services and is intended, in itself, to accomplish a definite and indivisible task of a precise economic or technical nature, which has clearly identified goals and whose total cost exceeds EUR 30 million as defined in the Framework Agreement for IPA II between the Commission and the Government of Turkey.

The calculation of this threshold is based on an assessment of the overall allocations (three years) to a given sector of the IPA II beneficiary.

### **(2) INDICATIVE LIST OF MAJOR PROJECTS**

<b>Main list</b>	<b>Reserve list</b>
<b>Action 1</b>	
Halkali – Kapikule Railway Line Project (TR2017 TSOP MJ A3 01)	<ol style="list-style-type: none"><li>1. Modernisation of Alayunt-Afyon-Konya Railway Line Project</li><li>2. Modernisation of Malatya-Narlı Railway Line Project</li></ol>

## **3 BUDGET**

**INDICATIVE BUDGET TABLE - MULTI-ANNUAL ACTION PROGRAMME FOR TURKEY ON TRANSPORT**

	2014			2015			2016			2017			2018			Total Financing Decision	
	EU Contribution	IPA II Beneficiary co-financing	Total expenditure	EU Contribution	IPA II Beneficiary co-financing	Total expenditure	EU Contribution	IPA II Beneficiary co-financing	Total expenditure	EU Contribution	IPA II Beneficiary co-financing	Total expenditure	EU Contribution	IPA II Beneficiary co-financing	Total expenditure	Indirect Management with the OS	Direct Management
<b>Action 1 Sustainable and Safe Transport</b>	65,900,000	11,629,412	77,529,412	120,400,000	21,247,059	141,647,059	101,700,000	17,947,059	119,647,059	0	0	0	8,200,000	1,447,059	9,647,059	295 750 000	450,000
<b>Action 2 Efficient Transport</b>	0	0	0	500,000	88,235	588,235	2,500,000	441,176	2,941,176	2,350,000	414,706	2,764,706	500,000	88,235	588,235	5 400 000	450,000
<b>Action 3 Accessible and Inclusive Transport</b>	500,000	88,235	588,235	4,000,000	705,882	4,705,882	6,000,000	1,058,824	7,058,824	6,350,000	1,120,588	7,470,588	6,000,000	1,058,824	7,058,824	21 950 000	900,000
<b>Action 4 Acquis Alignment and EU Integration</b>	4,000,000	705,882	4,705,882	900,000	158,824	1,058,824	2,800,000	494,118	3,294,118	300,000	52,941	352,941	7,000,000	1,235,294	8,235,294	15,000,000	
<b>Action 5 Technical Assistance</b>	1,500,000	264,706	1,764,706	2,300,000	405,882	2,705,882	2,200,000	388,235	2,588,235	1,000,000	176,471	1,176,471	1,000,000	176,471	1,176,471	8,000,000	
<b>Totals</b>	<b>71,900,000</b>	<b>12,688,235</b>	<b>84,588,235</b>	<b>128,100,000</b>	<b>22,605,882</b>	<b>150,705,882</b>	<b>115,200,000</b>	<b>20,329,412</b>	<b>135,529,412</b>	<b>10,000,000</b>	<b>1,764,706</b>	<b>11,764,706</b>	<b>22,700,000</b>	<b>4,005,882</b>	<b>26,705,882</b>	<b>346,100,000</b>	<b>1,800,000</b>

<b>Total EU Contribution</b>	<b>347,900,000</b>
<b>Total IPA II beneficiary co-financing</b>	<b>61,394,117</b>
<b>Total programme</b>	<b>409,294,117</b>

#### **4 PERFORMANCE MONITORING ARRANGEMENTS**

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the Indicative Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, National IPA Coordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by the European Commission (DG NEAR) and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectoral Monitoring committees, which will ensure a monitoring process at sector level.

#### **5 EVALUATION**

Having regard to the importance of the action, a final or ex-post evaluations will be carried out for this action or its components via independent consultants.

In accordance with Article 57 of the Framework Agreement (FWA) between Turkey and the European Commission on the arrangements for implementation of Union financial assistance to Turkey under IPA II, an IPA II beneficiary which has been entrusted budget implementation tasks shall be responsible for conducting evaluations of the programmes it manages. The IPA II beneficiary shall also draw up an evaluation plan presenting the evaluation activities which it intends to carry out in the different phases of implementation.

Under the Action 3 - Technical Assistance Action, an evaluation will be carried in accordance with Art 57 of the FWA.

The main objective of the evaluation(s) is to collect and provide available evidences that enable as assessment of how well the Sectoral Operational Programme is implemented, considering the intervention logic, and whether the activities and outputs triggered by the Programme are on course to achieve its objectives.

The evaluation reports shall be shared with the Commission and other key stakeholders. The IPA II beneficiary and the Commission shall analyse the conclusions and recommendations of

the evaluations and, where appropriate, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The Commission may undertake additional evaluations, if deemed necessary, in accordance with its rules and procedures under a separate budget envelope.