

Annex 8 - Action Fiche for ENPI Regional Action Programme part II

1. IDENTIFICATION

Title/Number	Transport Dialogue and Networks Interoperability II (CRIS: ENPI/2011/023-050)		
Total cost	EUR 4 million		
Aid method / Method of implementation	Direct centralised management		
DAC-code	21010	Sector	Transport

2. RATIONALE

2.1. Sector context

With the entering into force of the Lisbon Treaty the European Union has committed to develop a special relationship with the neighbouring countries, aiming at establishing an area of prosperity and good neighbourliness (Article 8 TEU). The Europe 2020 Strategy attaches a great deal of importance to developing external aspects of EU internal policies fostering economic growth. This reveals to be particularly true for transport policy as more efficient border crossings, shorter and faster connections and liberalisation of market ensure smooth flows of goods and people into the EU.

In parallel the European Commission has adopted a new White Paper (Transport 2050) defining the long-term strategy for the EU Transport Policy in the next decade. This will be conducted together with the review of the Trans-European Transport Policy. The new TEN-T guidelines will represent network planning and implementation tools as one package of policy measure.

The European Commission will seek to provide a vision for the EU's transport cooperation with its neighbours and neighbours of the neighbours. This is defined by the European Commission Communication on Transport Cooperation in the Neighbouring Countries. This communication provides a framework for the EU's transport cooperation with its neighbouring countries. It explores how the EU and European Neighbourhood Policy (ENP) participants could benefit from both closer market integration in the transport sector and better infrastructure connections. As proposed in the review of the European Neighbourhood policy to tailor policies to the needs of each European Neighbourhood Policy region, this Communication focuses on how to enhance cooperation - including both closer market integration and better infrastructure connections, - with the Eastern Partnership region, drawing on lessons learned from the South and the Western Balkans.

From the side of the beneficiary countries at regional level, one of the main priorities of the TRACECA Multilateral Agreement is the integration of the region into the international market by improving and enhancing trade and transport through:

- Assisting in the development of economic relations, trade and transport communications in Europe, Black Sea region and Asia;
- Ensuring access to the world market of road, rail transport and commercial navigation;
- Ensuring traffic security, cargo safety and environment protection;
- Harmonization of transport policy and legal structure in the field of transport;
- Creation of equal conditions of competition for transport operations.

Better integration of the neighbours to the EU's transport market should not be limited to the infrastructure connection only. Social, safety, security and environmental standards are a pre-condition for closer integration and regional development.

Support to an infrastructure network which would link partner countries to the Trans-European Networks (TEN-Ts) is identified as a priority in the Regional East Strategy Paper and Indicative Programme 2010-2013.

2.2. Lessons learnt

The previous TRACECA coordinating contract "Transport Dialogue and Networks Interoperability I" showed that the countries commitment to work in a regional framework was a crucial element in ensuring that countries worked together in seminars and training, jointly analysing and grading projects in line with the agreed prioritisation methodology, and endorsing their transport corridor dimension. The following lessons have been identified:

- **Identify and develop networks that connect with TEN-T** - In the EU transport has a vital role to play in helping to improve the functioning of the internal market, and also strengthening the links between peripheral and central regions, thereby contributing towards economic cohesion. In this perspective, within the framework of the regional transport cooperation beyond the EU borders the further identification and development of regional transport networks that connect with TEN-T is an important element of the ongoing transport cooperation. Transport network is already ongoing in the Western Balkans, Turkey and the EU's Southern Neighbourhood. Turkey is developing a transport network in the context of the accession negotiations. In the Southern neighbourhood this work is advancing and the adoption of the so-called Trans Mediterranean Transport Network is foreseen. The successful development and implementation of the Regional Action Plan in the South Neighbourhood has shown the importance of establishing a coordinating framework in the East. The European Commission will help the countries to define and implement transport policy actions that improve regional integration and integration to the EU's transport market.
- **Need for strengthening regional cooperation** – The European Commission will help the countries to define and implement transport policy actions that improve regional integration and integration to the EU's transport market.

- **Need for ensuring a better coordination between the Partner Countries – European Commission and IFIs in order to mobilising financing** - The lengthy process which has led to the organisation of a meaningful milestone such as the first TRACECA Investment Forum (October 2010) clearly highlighted the need of a constant dialogue not only between countries and IFIs but also between IFIs and the European Commission. The Partner Countries themselves have clearly expressed their attachment to these fora and their wish to see them continuing. Despite the successes of the TRACECA Investment Forum (October 2010) and the follow-up with the International Financing Institutions, the projects which were presented have not been selected on the basis of a clear regional transport network development approach (as is the case for the southern ENP). This follow-up project can help avoid time-wasting bottlenecks in this process, assisting the coordination and the successful organisation of the follow-up actions.

2.3. Complementary actions

The project is contributing to the development and implementation of regional transport policy actions. The 2011 Communication indicates the importance of defining strategic transport networks in the Eastern Partnership region and ensure their connectivity to revised TEN-T preparing a potential pipeline of transport projects of European interest in the Eastern Neighbourhood countries prioritising projects that connect the partner countries with the EU. Beneficiary countries national transport plans will contribute to the development of regional actions for the TRACECA Corridor. The plans for the ENPI countries will be in line with the future European Commission Communication on Transport Cooperation in the Neighbouring Countries. The ones which tackle particular issues for the Central Asian countries will follow the TRACECA cooperation methodology.

These activities will need to be jointly organised within TRACECA for a close connection with the Transport Panel of the Eastern Partnership countries. This will allow the ENPI countries to be closer associate to the work in the EU and make more effective the regulatory approximation process.

This Transport Dialogue and Networks Interoperability II (2012-2015) will coordinate between the other EU funded Technical Assistance TRACECA Projects.

2.4. Donor coordination

In terms of financing the EU is the key actor in the transport sector in the region, thanks to its continuous support to the regional transport programme in the last years (EUR 160 million since 1993). The technical assistance provided (mainly through TRACECA programme) has helped attracting large investments from the IFIs.

In the years to come all the relevant financing sources, public and private as well as national and international ones, will have to be pooled together. Public budgets will remain important but the role of international financing institutions in responding to the challenge of improving transport systems in the EU's neighbourhood will be essential. This is the reason why the European Commission supports this First TRACECA Investment Forum.

The European Commission wishes to build on the existing cooperation with the international financial institutions in order to create effective synergies within the donor community. This project might support the cooperation that Commission undertakes with the IFIs.

The Neighborhood Investment Facility (NIF) and the Investment Facility for Central Asia (IFCA) are innovative financial mechanisms aimed at mobilising additional funding to cover the investment needs of the Neighbouring region and Central Asian for infrastructures in sectors such as Transport. The European Commission will work together with the IFIs to prepare and enhance transport projects submission to the NIF. This will be very important to leverage additional funding to support the implementation of the infrastructure priority projects in the corridor.

3. DESCRIPTION

3.1. Objectives

The **overall objective** is to provide technical support to the beneficiary countries to improve the connection between the Trans-European Transport Network and EU's Eastern neighbours and Central Asian countries. This project will contribute to the achievement of the policy objectives defined in the Commission Communication on transport relations with the European Neighbourhood Policy countries. Particular emphasis is to be put on improving coordination with IFIs and participation of the private sector in transport projects.

3.2. Expected results and main activities

In general the overall activities of this project will be organised following a dual track:

- The project activities for the Eastern Partnership region (Moldova, Ukraine, Azerbaijan, Armenia and Georgia) need to take account of the The EU and its neighbouring regions: A renewed approach to transport (COM(2011) 415 final)
- The activities for the Central Asian beneficiary countries (Kazakhstan, Tajikistan, Turkmenistan, Uzbekistan and Kyrgyzstan) and indirect beneficiary countries (Bulgaria, Romania and Turkey) will follow the TRACECA approach/structure. This structure will allow the European Commission and the beneficiary countries to work together implementing a flexible approach ensuring the coordination and dialogue between the relevant actors and stakeholders.

The main expected **results** for the five project components are:

- Update the already defined (under the Transport Dialogue and Networks Interoperability I) project transport networks in the Eastern Partnership region and ensure their connectivity to revised TEN-T;
- Prepare a potential pipeline of transport projects of European interest in the Eastern Neighbourhood countries prioritising projects that connect the partner countries with the EU.

- Approximation to the EU acquis in transport sector. The project can help to implement actions that help partner countries to approximate their legislation.
- Improved regional cooperation. The project will support the European Commission in its work under the Eastern Partnership transport panel that might be established for policy cooperation.
- Strengthen cooperation between the Commission and IFIs. Project activities can support Commission-IFI-partner country cooperation.
- Strengthen capacity building and training in the TRACECA countries,
- Better information available regarding traffic flows in the beneficiary countries through the managing of the GIS database and model;
- Higher visibility for the EU's contribution in improving transport connections with the neighbouring and Central Asian countries.

All the components will need to be dealt with in a single Technical Assistance Project to ensure the coherence of the European Commission actions. The expected activities and budget allocation will be listed as follows:

Component 1: Ensuring Dialogue and Coordination (indicative budget EUR 0.6 million)

Based upon the activities under the "TRACECA Regional Project Transport Dialogue and Networks Interoperability I" this follow-up project will provide institutional and strategic support for the establishment of an effective political dialogue and coordination mechanism between the beneficiary countries transport administrations, TRACECA National Secretaries and the EU.

It will support the organisation of regional transport working group meetings and coordination meetings in the framework of the TRACECA. The project can help to design and implement actions to implement the policy objectives identified in the Commission 2011 Communication on transport cooperation with the neighbouring countries. Implementation can be carried out in coordination with a possible Eastern Partnership Transport Panel and TRACECA secretariat/Intergovernmental Commission.

Component 2: Infrastructure and network planning (indicative budget EUR 1.4 million)

The added value of a transport network is limited when the infrastructures are in a bad shape or even missing. The Commission Communication on transport relations with the EU's neighbouring countries highlights the importance of defining a strategic transport network of the neighbouring regions. Work in this direction has started within the previous project "Transport Dialogue and Networks Interoperability I". A comprehensive list of transport priorities projects for the beneficiary countries has been defined and submitted to the first TRACECA Investment Forum in October 2010. A second event of that kind will be organised in February/March 2012.

Within this contract this prioritisation exercise will need to be re-launched following the established methodology (regional meetings, ranking process, etc.).

The European Commission will help the partner countries in ENPI region to define a regional transport network that connects with TEN-T. The TRACECA corridor that ensures connections between ENPI East and Central Asia will be further developed. This project will update and maintain the GIS database and model already developed in the previous contract for prioritization exercise. This project will need to update and maintain both the database and the model.

Component 3: Attracting funds (indicative budget EUR 0.7 million)

Finding financing for projects that have a considerable relevance for regional integration should be prioritised. Transport infrastructure financing needs are much higher than funds available from partner countries and the EU. To alleviate the funding gap, cooperation with IFIs and private sector is necessary.

Priority projects need to be selected on the basis of a clear regional transport network development approach (as is the case for the southern ENP).

Priority infrastructure projects considered mature by the Commission and the international financial institutions could be submitted for financing to NIF. This will allow NIF to better focus on key interconnection projects. The Commission will also seek a wider involvement of international financial institutions in the work of NIF.

In practical terms the contract will be covering the drafting of pre-feasibility studies, traffic demand studies, master plans, but can also support the countries with the drafting of a full set of tender documents. The exact number of pre-feasibility studies will be at least 2. Depending on the maturity of the projects in the priority list other actions can be foreseen as well to leverage the funding.

Component 4: Training and Capacity Building (indicative budget EUR 0.9 million)

Training and capacity building in the beneficiary countries should remain an important component of the project. Activities under this component will need to match the priorities under the various means of transport defined in the Commission Communication on transport relations with the EU's neighbouring countries.

Training will be tailor-made according to the countries' needs. Moreover this project will act as a point of coordination on training activities between the European Commission and the other TRACECA projects. As for instance given that two Maritime Projects (Maritime Safety and Security I and II and Logistics Processes and Motorways of the Seas II) will cover already maritime transport, this project will not duplicate existing actions. The same is true for the aviation and road sector where TRACECA EU funded projects are already tackling training needs.

Follow-up on the training modules organised in both projects these can be organised following these draft subjects (that will be reviewed and assessed in the course of the project):

- Transport demand;

- GIS (Ground Information System) database and project data; All actions on traffic data that will be carried out within the project will support the objective of including data from the Eastern Partnership countries to the Commission TENtec system.
- Projects Investment Appraisal;
- Border-Crossing issues;
- Regional approach to network planning development

Component 5: Visibility and Communication (indicative budget EUR 0.4 million)

A share of the budget of the project should be dedicated to communication, visibility and information activities in order to ensure that the results of the projects activities are further disseminated. The project should develop an adequate communication plan containing information and communication activities (towards local and/or international media, stakeholders, final beneficiaries) and ensure the visibility of the project in all materials produced (website, newsletter, booklet, training material, etc.), in line with the Communication and Visibility Manual for EU external Actions.

3.3. Risks and assumptions

The key **assumptions** underlying the programme intervention can be summarised as follows:

- The high level of commitment of the Government to develop/support/accompany regional transport actions in the Eastern Partnership and Central Asian countries.
- Partner governments and authorities ready to cooperate where necessary in the priority areas, taking the measures required in terms of legal, technical and institutional reforms in the framework of the European Commission Communication on transport relations between the EU and European Neighbourhood Policy countries" and its Eastern Partnership Transport Panel specifically for the ENPI countries.
- Long-term regional stability in the region is a prerequisite for the project's sustainability.
- Main stakeholders will make available sufficient managerial, human and physical resources necessary to ensure a smooth implementation of the Programme.
- Sub-regional cooperation and confidence building is maintained.

The key **risks** underlying the programme intervention can be summarised as follows:

- The level of regional and/or national instability increases significantly.
- Change of ministers may change political efforts

- There is a lack of inter-ministerial co-ordination as well as coordination between ministries in the beneficiary countries.
- Little funds available to implement necessary projects;

Risk mitigation will be as follows:

- The framework of the European Commission Communication on transport relations between the EU and European Neighbourhood Policy countries will facilitate the understanding and the dialogue between the European Commission and the countries.
- Thanks to their participation in the TRACECA Multilateral Agreement the countries will continue to be political commitment to regional cooperation and support from the partner institutions and beneficiary countries is a necessary condition for the effective implementation of the project.
- The role of the TRACECA Permanent Secretariat will facilitate the dialogue and coordination between the partners' countries.

3.4. Crosscutting Issues

- The project will improve overall governance and capacity building in the beneficiary countries.
- The application of Commission rules and standards will also have a positive side effect on the environment.
- Gender policy principles will be applied in the selection procedures for the staff to be trained
- Synergies and spill over effects are to happen concerning the increased attractiveness for financial institutions other than the EU;

3.5. Stakeholders

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

Following the TRACECA structure the beneficiary countries have appointed representatives of their Transport administrations (TRACECA National Secretaries) to participate in the TRACECA coordination and working group meetings. The Permanent Secretariat of TRACECA based in Baku will be closely associated to the coordination of the project.

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

Finally, the indirect target groups are the business community and the consumers of transported goods profiting of cheaper and faster access to markets in the relevant areas. The project will improve local employment opportunities and will participate in poverty reduction and sustainable development processes.

4. IMPLEMENTATION ISSUES

4.1 Method of implementation

Direct centralised management *through service contracts*.

4.2 Procurement and grant award procedures

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

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the ENPI Regulation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in Article 21(7) of the ENPI Regulation.

4.3 Budget and calendar

The total budget for the proposed project is EUR 4 million and the indicative implementation period is 36 months after the signature of the contracts.

The indicative budget breakdown could be as follows (all amounts in EUR):

TRACECA Transport Dialogue and Networks Interoperability II	ENPI Countries	Central Asia	Total (countries related + joint activities)
Objectives/Activities (Total)	2,900,000	1,100,000	4,000,000
<u>Component 1 : Ensuring Dialogue and Coordination</u>	400,000	200,000	600,000
<u>Component 2: Infrastructure Network planning</u>	1,000,000	400,000	1,400,000
<u>Component 3: Attracting funds</u>	500,000	200,000	700,000

<u>Component 4: Training and Capacity building</u>	700,000	200,000	900,000
<u>Component 5: Visibility and Communication</u>	300,000	100,000	400,000

4.4 Performance monitoring

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

Monitoring will focus on collecting and analysing information on:

- Physical progress (input provision, activities undertaken and results delivered) and the quality of process (i.e. stakeholder participation and local capacity building);
- Financial progress (budget and expenditure)
- The preliminary response by target groups to project activities (i.e. use of services or facilities and changes in knowledge, attitudes or practices)
- Reasons for any unexpected or adverse response by target groups, and what remedial action can be taken.
- Level of cross-border cooperation and traffic-flows analysis through TRACECA GIS database and model.
- Analysis of the level of approximation of the ENPI countries with the EU regulations (actions and goals specified in the European Commission Communication on transport relations with the EU's neighbouring countries;

The Commission and the project coordinator will pay a particular attention at the recommendations expressed by the external experts. Of course, the bilateral country progress reports within the scope of the overall European Neighbourhood Policy play an important role as well.

4.5 Evaluation and audit

Mid term and final evaluations of the results achieved may be carried out by independent consultants, as well as external audits (which may be carried out if necessary).

Evaluations and audits will be funded from other sources than the project budget.

4.6 Communication and visibility

A share of the budget of the project should be dedicated to the communication, visibility and information activities in order to ensure that the results of the projects activities are further disseminated. The project should develop an adequate

communication plan containing information and communication activities (towards local and/or international media, stakeholders, final beneficiaries) and ensuring visibility of the project in all material produced (website, newsletter, booklet, training material, etc.), in line with the Communication and Visibility Manual for EU external Actions. Implementation of the communication plan in the partner countries will be also carried out in collaboration with the EU Delegation, when appropriate. For the communication through the HQ channels, constant communication should be kept with EuropeAid East Regional Programmes Unit and with the ENPI Info centre web portal (www.enpi-info.eu). The project will furthermore assure close cooperation with the Transport Dialogue and Networks Interoperability TRACECA main project and coordination as regards the uploading of information on the general TRACECA transport.org website.