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ANNEX 5

of the Commission Implementing Decision on the Annual Action Programme 2014 - Part 1 in favour of the ENI South countries

Action Document for “Support to air and land transport in the neighbouring southern countries”

1. IDENTIFICATION

Title/Number	Support to air and land transport CRIS number: ENI/2014/031-769		
Total cost	Total estimated cost: EUR 4.5 million Total amount of EU budget contribution: EUR 4 million Budget line: 21.03.01.02		
Aid method / Management mode and type of financing	Project Approach Direct management – grant – direct award Direct management – procurement of services		
DAC-code	21050 (Air Transport), 21020 (Road Transport), 21030 (Rail transport), 43030 (Urban Development)	Sector	Transport

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

This action aims at pursuing EU efforts in supporting the establishment of an adequate regulatory framework for all transport modes at large and more specifically in air and land transport for the benefit of the Southern Mediterranean Partner Countries. The actions foreseen in the present Action Document build on the lessons learned from the previous EuroMed transport projects and fully takes account of the results of the Union for the Mediterranean (UfM) Transport Ministerial Conference of 14 November 2013.

2.2. Context

In the Mediterranean region, a regular and intensive policy dialogue was established through the EuroMed Transport Forum and its working groups under the umbrella of the Barcelona process initiated in 1995 and then under the auspices of the Union for the Mediterranean (UfM) from 2009 onwards.

The strategy of the Forum for the development of an integrated Euro-Mediterranean transport system is detailed in the 2005 Blue Paper “Towards an Integrated Euro-Mediterranean Transport System”¹.

The recommendations of the Blue Paper and the report of the High Level Group (HLG) on the Extension of the Trans-European Transport axes to the Neighbouring Countries and Regions were endorsed by the first EuroMed Transport Ministerial Conference of Marrakech in December 2005. The Ministerial Conference invited the EuroMed Transport Forum to convert the recommendations of the HLG and of the Blue Paper into a Regional Transport Action Plan (RTAP) for the period 2007-2013 specifying the short and medium term priorities for each mode of transport. Since then, an intensive transport programme, covering all modes and composed of several technical assistance projects, has been put into motion in order to implement the RTAP 2007-2013.

The UfM Transport Ministerial of 14 November 2013 endorsed the Evaluation Report of the RTAP 2007-2013 for the Mediterranean Region, reaffirmed the need for a safe, secure, sustainable and efficient transport system based on harmonised transport standards as a condition for economic growth and integration in the Mediterranean region by facilitating trade and connecting people. It recommended the full involvement of relevant European Agencies in the implementation of the RTAP 2014-2020, in accordance with their founding regulations; endorsed the priority guidelines for the establishment of the new RTAP 2014-2020 by the EuroMed Transport Forum, stressing that the future regional action plan will be based on the principles of coherence and complementarity with national transport policies and on a coordinated mobilisation of all partners; underlined the importance of ensuring, within the UfM Secretariat, a permanent technical support the Forum; and called for the organisation during the second half of 2014 of a conference for the funding of priority infrastructure projects.

Currently, the RTAP 2014-2020 is being drafted in consultation with the partner countries.

The EU is supporting several projects in the various transport modes which will be closing between 2014 and 2016. Among these projects support to the harmonisation of land transport regulatory framework is key to the development of South-South connections. In addition, the EU awarded in 2013 a grant to the European Aviation Safety Agency (EASA) aiming at acquainting the Southern Mediterranean Partner Countries to the work of the Agency. This grant will permit assessing the needs of the various countries and should be seen in synergy with bilateral programmes of assistance. Air transport safety is an essential element which requires full attention.

In the light of the above, it appears appropriate to maintain technical assistance to the beneficiary countries of the Southern Neighbourhood in the field of air and land transport over the period 2015-2016 pending the full implementation of the results of the UfM Transport Ministerial of 14 November 2013.

2.2.1. Regional context

2.2.1.1. Economic and social situation and poverty analysis

The recent deterioration of the macro-economic situation in the region was caused by the economic crisis, soaring food and energy products prices and political and social instability related to the Arab Spring. The countries of the region are characterized by (i) growth rates

¹ http://ec.europa.eu/dgs/energy_transport/international/regional/euromed/transport/doc/2005-12-15/2005_11_bluepaper_fr.pdf

relatively lower compared to other developing and emerging regions, with a growth rate of Gross Domestic Product (GDP) per capita which has never exceeded 2.7% on ten-year average, (ii) very high unemployment rates and a low level of participation (about 48% for all countries in the region), particularly for women and (iii) a large informal sector, estimated in some countries at 40% of GDP.

Living conditions have improved considerably over the last 30 years. Life expectancy, for the entire region, increased from 62.6 years in 1980 to 74.4 years in 2011. Similarly, the infant mortality rate has decreased significantly (from 65.6 (per 1000 births) in 1980 to 15.7 in 2011 for the whole region). In the field of education, the increasing enrollment rates in both the primary school (in average, almost all children in the region are now in school), high school education (where enrollment increased from 56.5% in the years 80-85 to 87.5% on average from 2000 to 2012) and post-graduate (from 16% to 40.5% on the same periods) and increased literacy rates, which rose from 56.3% in the mid 80s to 81% on average over the years 2000-2012, illustrate the efforts and progress made in this area. However, literacy rates of all Mediterranean countries are still lower in comparison to other regions.

Another important achievement of Mediterranean countries is related to the reduction of the level of poverty. Among the developing and emerging countries, Mediterranean countries have, on average, the lowest percentages of the population below the international poverty line poverty. Only 1.8% of people live with less than USD 1.25 per day. Similarly, the Gini index, which gives a measure of the level of income inequality shows that Mediterranean societies are relatively more egalitarian than those other regions of the southern hemisphere. However, a significant proportion of the population (10%) is in a vulnerable situation (i.e. living with less than USD 2 per day).

2.2.1.2. Regional development policy

Three years after the Arab upheavals, the situation in the region remains very complex with increased fragmentation. Despite the unquestioned democratic gains (elections, more vocal civil society), the heated debates about the form of new social contracts and the role of religion are strongly polarising Arab societies. The economic situation remains worrisome and social demands still focus on political dignity (freedom, human rights) and improvement in social and economic conditions. The ongoing conflict in Syria with its international repercussions, overshadows the whole situation.

The EU's strategic response to the Arab Spring came on 8 March 2011, with the Joint Communication proposing “A partnership for democracy and shared prosperity with the Southern Mediterranean”²). This was followed by the Joint Communication on 25 May 2011 which initiated the launch of “A new response to a changing Neighbourhood”³.

In implementing the above, the EU has intensified dialogue and co-operation with regional actors. The EU as co-president together with Jordan, gave a new impetus to the UfM, a unique forum for dialogue among 43⁴ EuroMed partners that shares and builds upon the goals of the

² COM(2011)200 of 8 March 2011

³ COM(2011)303 of 25 May 2011

⁴ Austria, Albania, Algeria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, The Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Israel, Jordan, Latvia, Lebanon, Lithuania, Luxemburg, Malta, Mauritania, Monaco, Montenegro, Morocco, The Netherlands, Palestine (this designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.), Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Syria, Sweden, Tunisia, Turkey, The United Kingdom and Libya as an observer. The participation of Syria is currently suspended.

Barcelona Declaration and complements bilateral relations between the EU and its southern neighbours.

There has been also renewed impetus for co-operation with the League of Arab States (LAS) which is a key forum for finding political and security solutions to conflicts affecting the region.

The EU is also developing contacts with the Organisation of Islamic Co-operation (OIC) and supports the sub-regional co-operation, i.e. in Maghreb with the 5+5 Dialogue.

The first UfM Ministerial meeting was successfully held on the role of Women (September 2013), and then a few other ministerial meetings were held on Transport (November), Energy (December), Industry (February 2014) and Environment/climate change (May 2014). Other meetings are in preparation.

The return to regular Ministerial Meetings is a positive sign expressing a shared objective in establishing deeper regional integration.

2.2.2. Sector context: policies and challenges

The Communication “The EU and its neighbouring regions: A renewed approach to transport co-operation”⁵ of 7 July 2011 foresees closer integration between the markets of the EU and those of the enlargement and Southern Mediterranean Partner Countries, making connections faster, cheaper and more efficient to the advantages of citizens and businesses. It also outlined the importance of regulatory convergence in areas like safety, security, environmental protection, worker health and safety.

On this basis, the UfM Transport Ministerial Conference of 14 November 2013 notably endorsed the priority policy guidelines relevant to each mode of transport for the preparation of the Regional Transport Action Plan for the period 2014-2020.

In particular, the priorities for land transport (road, rail and urban) focus on:

- i) Pursuing the process of liberalisation of land transport;
- ii) Support the harmonization of the international road haulage;
- iii) Strengthening road safety, urban transport, as well as safety and interoperability in the railway sector.

Regarding air transport, the Commission adopted in September 2012 a Communication on "The EU's external aviation policy – addressing future challenges"⁶ which reconfirmed the importance of creating a Common Aviation Area through comprehensive air transport agreements with neighboring countries.

Taking into account this policy objective, the following priorities have been identified:

- i) Support the creation of the Euro-Mediterranean Common Aviation Area through, in particular, air transport agreements;

⁵ COM(2011)415 of 7 July 2011.

⁶ COM(2012)556 final.

- ii) Implement a homogeneous regulatory framework for the operation of air transport services.

The challenge for the transport co-operation is mainly related to maintaining the commitment of the Southern Mediterranean Partner Countries to update regularly their legislation and to ensure a convergent regional framework for the strengthening of exchanges between the EU and the Southern Mediterranean Partners (SPM) and among SPMs themselves.

2.3. Lessons learnt

Past and on-going EU assistance in the field of transport points to evidence that the regional initiatives contributed significantly to promoting, establishing and enforcing regulatory convergence, transferring know-how, notably leading to launching or preparing the grounds for several national twinning programmes in land and air transport in Morocco, Egypt, Jordan, Algeria.

In addition, returns from the representatives of the Southern Neighbourhood Partner Countries participating to the EuroMed Transport Forum are positive and given there is a need to maintain a high level of commitment towards the implementation of the EU regulations in the field of land and air transport at large, the continuation of activities in the field of land and air transport beyond the termination of the on-going actions appears justified.

2.4. Complementary actions

The UfM Ministers stressed in the policy guidelines paving the way of the Regional Transport Action Plan for the period 2014-2020 the need for consistency and complementarity between the national and regional transport policies. Moreover, for both components, co-ordination with the African Programme for Infrastructure Development (PIDA) will be ensured.

For the air component

The EU air safety standards are defined exclusively by EASA in consultation with the EU Member States. EASA has therefore a key role in implementing technical assistance towards third countries to facilitate the alignment with those EU standards.

Under the Instrument contributing to Stability and Peace, the European Commission is preparing an action focusing on the improvement of aviation security in Africa and the Arabian Peninsula. The action (EUR 7 million, 4 years) will focus on cargo security and airport infrastructure protection. The action will be implemented in close co-operation with the African Civil Aviation Commission (AFCAC) and Arab Civil Aviation Commission (ACAC), covering i.a. selected countries of the Southern Neighbourhood.

For the land component

Each national strategy for transport encompasses a land component which sets targeted actions. The foreseen programme will liaise with the national authorities through the appropriate Working Group of the EuroMed Transport Forum fostering synergies and efficiency. As mentioned above, the foreseen regional intervention will develop synergies with on-going and future bilateral EU instruments (twinning, Technical Assistance and Information Exchange - TAEIX - and Technical assistance projects) in the area.

2.5. Donor co-ordination

Both foreseen actions in land and air transport will develop, where relevant, synergies with other donors (including the European Investment Bank, the World Bank, Kreditanstalt für Wiederaufbau, Agence Française de Development). Specific co-ordination will also be set in place to maximize synergies with on-going and future relevant national twinings. Close co-ordination with the Secretariat of the Union for the Mediterranean will be promoted.

3. DETAILED DESCRIPTION

3.1. Objectives

The overall objective of the regional transport co-operation in the Mediterranean is focused on improving transport efficiency and effectiveness which would lead to economic and financial benefits for everybody. At the same time transport should become more sustainable. This does not only mean that the environmental and climate change impacts need to be reduced, it also means that transport operations in all sectors need to be safer which would concretely lead to less and less severe transport accidents and casualties. As such the programme should support the partner countries in the implementation of the relevant actions of the future RTAP.

For the air component, the objectives are:

- support the implementation of the Euro-Mediterranean Aviation Agreements in the countries which have concluded such Agreements;
- prepare the ground for Euro-Mediterranean Aviation Agreements in the countries which engage into negotiations on such Agreements;
- pave the way towards the Common Euro Mediterranean Aviation Area;
- ensure the development of common safety standards and procedures within the Euro Mediterranean region based upon the EU aviation safety rules;
- develop the national mechanisms for establishing permanent co-operation with EASA;
- reinforce the co-operation between Mediterranean Partners themselves.

The programme will build on and be a follow-up of the two on-going co-operation initiatives Euromed Aviation II and Mediterranean Aviation Safety Cell projects.

For the land component, the objectives are:

- develop a level-playing-field as regards market and technical operational conditions to facilitate cross-border road and rail haulage on this Trans-Mediterranean Network – Transport (TMN-T)
- making land transport more sustainable in the long-term, based on climate change and environment considerations including climate-proofing of infrastructure, as well as safer and more efficient for people and goods.

3.2. Expected results and main activities

For the air component:

Expected results:

- Transfer of expertise from EASA and EU Member States to beneficiary countries;
- Increased level of convergence to EU safety standards;

- Generalised use of EU and EASA tools to support sustained adherence to EU safety standards;
- Closer relations at the working level between EASA experts and the partner countries;
- Increased exchange of expertise and support to air safety.

For the land component:

Expected results:

- Enhanced implementation of the RTAP actions in the partner countries in the field of road, rail and urban transport;
- Increased regional dialogue and co-operation on terrestrial transport modes;
- Enhanced interoperability on the future Trans-Mediterranean Network - Transport network by supporting similar operational conditions and regulatory framework;
- Enhanced safety, efficiency and liberalization of the transport sectors.

Activities at regional and sub-regional level will encompass the organisation of workshops, conferences, short-term technical assistance, relevant studies and surveys, training, information and results dissemination activities and supply of technical material.

3.3. Risks and assumptions

Continued strong political commitment to regional co-operation and support from the partner institutions is a necessary condition for the effective implementation of the project. Partner governments and authorities should be ready to take the measures required in terms of legal, technical and institutional reforms and adequate resource allocation. Long-term regional stability in the region is a prerequisite for the project's sustainability. In particular, inter-state tensions in the Middle Eastern region, but also in the Maghreb, may create difficulties in terms of regional co-ordination of transport flows, cross-border co-operation and trade facilitation.

Participating countries must to a certain extent recognise international conventions and/or European law and/or relevant international standards in the field of aviation, road and rail and should be ready to actively work towards the implementation of first of all international standards, and, if relevant, European standards. These risks are minimised by the use of already functioning mechanisms for co-operation between the transport key stakeholders of the neighbouring states and with the EU. Furthermore, the action proposed is a continuation of successful projects.

3.4. Cross-cutting issues

In terms of good governance, the project will promote institutional restructuring, including in particular the separation of the governmental regulatory functions from the operational and commercial activities, strengthening the independence of the authorities and of their administrative capacity. The promotion of the adoption of EU rules and standards will also have a positive side effect on the environment, mainly concerning noise and emissions. Gender policy principles will be applied in the selection procedures for the staff to be trained.

3.5. Stakeholders

For the air component:

The main stakeholders in the project are Civil Aviation Authorities, air carriers, Airport Authorities, Airlines and ATM service providers / controllers and the aeronautical industry. Passengers and freight operating companies are final beneficiaries. The interest of all of these stakeholders is to enhance their knowledge and capacity to implement and operate under international and EU aviation standards with a view on future integration into the EU Common Aviation Area. Furthermore regional organisations active in the EuroMed region such as International Civil Aviation Organisation (ICAO) Cairo, ACAC, Eurocontrol will be associated to the implementation of the project.

For the land component:

The main stakeholders in the project will be the various Ministries of Transport, Road Agencies, Railway Agencies, where applicable network operators, as well as local municipalities where relevant for urban transport. The UfM Secretariat will be associated to the implementation of the action. Passengers and freight companies are final beneficiaries. The interest of all of these stakeholders is to enhance their knowledge and capacity to implement and operate under international and EU standards with a view on further structural adaptation at the national level which needs to be complemented at the regional level so as to encourage and facilitate the unimpeded flow of goods and people in the Mediterranean region. In that way some level playing field can be created by reducing competitive (dis)advantages between countries. Especially for the rail sector a separation between the network managers and the service operators is a difficult process which requires the set-up of new and independent administrations. Training of the staff of such administrations seems essential. The same counts for the possible establishment of independent road and rail safety agencies.

At the time of writing this action document, EU co-operation with Syrian governmental authorities is still suspended. In case this decision is reversed, the Commission will assess the opportunity to involve Syrian authorities in the implementation. The political instability and/or security situation in Syria will be assessed prior to that in order to confirm the feasibility/opportunity to: a) engage the stakeholders and b) implement the activities.

4. IMPLEMENTATION ISSUES

4.1. Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with a partner country, referred to in Budget Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

4.2. Indicative operational implementation period

The indicative operational implementation period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is 24 months for both components, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements. The European Parliament and the relevant Committee shall be informed of the extension of the operational implementation period within one month of that extension being granted.

4.3. Implementation components and modules

4.3.1. Grant: direct award (direct management)

- (a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The grant to EASA is to fully carry out the implementation of the air transport component of this action document. The objectives and the expected results are described under sections 3.1 and 3.2.

- (b) Justification of a direct grant

Under the responsibility of the authorising officer by delegation, the recourse to an award of a grant without a call for proposals is justified because EASA has a ‘de jure or de facto’ monopoly. Indeed, EASA is by its founding regulation and subsequent amendment the only authorised agency able to develop implementing rules and carry out inspections in EU Member States. Also for non EU countries, which are far advanced in implementing the EU safety ‘acquis’, this ‘de facto’ monopoly is imminent.

- (c) Eligibility conditions

Not applicable.

- (d) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of EASA.

The essential award criteria are the relevance of the proposed action; design effectiveness, feasibility, sustainability and cost-effectiveness of the action.

- (e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 80% of the eligible costs of the action.

The maximum possible rate of co-financing may be up to 100 % in accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out. The essentiality of full funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

- (f) Indicative trimester to contact the potential direct grant beneficiary

Last trimester 2014.

4.3.2. Procurement (direct management)

	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Land Transport component	Services	1	Q4 2014

The relevant Working Groups of the Transport Forum (e.g; Aviation and Land and Network) will give guidance with a view of ensuring an effective monitoring and co-ordination of national activities within the regional dimension of both components.

4.4. Scope of geographical eligibility for procurement and grants

Subject to the following, 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 shall apply.

The responsible authorising officer may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

4.5. Indicative budget

Module	Amount in EUR thousands	Third party contribution
Air Transport: -4.3.1 – Direct grant (direct management)	2 000	500
Land Transport: 4.3.2 – Procurement (direct management)	2 000	N.A.
Totals	4 000	500

4.6. Performance monitoring

The objectively verifiable indicators (qualitative and quantitative) will be part of the methodologies included in the future contracts.

Besides the regular follow-up by the EU delegations in the region and the Commission Headquarters, monitoring missions will ensure an external follow-up. The European Commission and the project team leaders will pay particular attention to the recommendations expressed by the external experts.

4.7. Evaluation and audit

For the contracts expenditure incurred will have to be certified, as part of the obligations of the contracted parties in the framework of the implementation of this project. Mid-term and final evaluations of the results achieved, if applicable, will be entrusted to independent consultants, as well as external audits (which will be carried out if necessary).

Evaluations and audits will be funded from other sources than the project budget, since no commitment will be possible once the validity of this Decision has expired ("N+1" rule will apply).

4.8. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated before the start of implementation and supported with the budget indicated in section 4.5 above.

The measures shall be implemented either (a) by the Commission, and/or (b) by the partner country, contractors, grant beneficiaries and entrusted entities. Appropriate contractual obligations shall be included in, respectively, financing agreements, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.