

Sector fiche – IPA National programmes / Component I

1. IDENTIFICATION

Title	8 - Transport Sector
MIPD Sector Code	4. Transport
ELARG Statistical code	14 – Transport policy
DAC Sector code	Measure 1: 21010, 21081 Measure 2: 21040
Total cost (VAT excluded) ¹	18,500,000 EUR
EU contribution	16,082,500 EUR
Management mode	Decentralised
<i>Decentralised mngmt:</i> Responsible Unit or National Authority/Implementing Agency(ies)	Central Finance and Contracting Unit (CFCU) - Ministry of Finance and Economy, Department for Contracting and Financing of EU Funded Projects Programme Authorising Officer (PAO) – Assistant Minister at the Ministry of Finance and Economy, Head of Department for Contracting and Financing of EU Funded Projects Mrs. Nataša Šimšić
Implementation management	Ministry of Transport Nominated SPO at the Ministry of Transport, Mrs. Zorica Đerić Stojičić, Assistant Minister, Department for European Integrations and International Cooperation
Implementing modality	Sector Based Approach
Zone benefiting from the action(s)	Republic of Serbia

2. RATIONALE

IPA 2013 Transport Sector fiche is strongly demand driven. Measures are identified having in mind their strategic importance and EU accession process, but also sustainability and sequencing of so far financed projects were very much taken into account. Approximation of Serbian legislation relevant for transport sector and introduction of EU practices in respective sector calls for capacity strengthening of the transport institutions led by the Ministry of Transport. Measure 2 is defined by following their potential impact on the transport in Serbia and broadly. Therefore, SF foresees measure improvement of navigation conditions through performing the hydro-technical and dredging works on critical sections on the Danube River. Preparation of the project documentation needed for implementation of this project has been financed 2010 programme.

2.1 LINKS WITH NATIONAL SECTOR OBJECTIVE(S) AND MIPD SECTOR OBJECTIVE(S)

¹ The total cost should be net of VAT and/or of other taxes. Should this not be the case, clearly indicate the amount of VAT and the reasons why it is considered eligible.

The **Transport sector** in Serbia includes road, rail, inland waterways and air modes, and intermodal transportation. The needs of the Transport sector, presented in **the document “Needs of the Republic of Serbia for International Assistance 2011-2013”** (NAD) reflect the most urgent issues and address priorities for plugging of gaps in relation with requirements of the *Strategy of the Railway, Road, Inland Waterway, Air and Intermodal Transport Development in the Republic of Serbia (2008-2015)* and the EU accession process. The document defines the following mid-term goals:

- Increase the effectiveness of all transport modes and the transport system as a whole;
- Increase the capacity and quality of transport infrastructure and services within the Pan-European Transport;
- Strengthen and gradually liberalise transport market.

Priorities defined in NAD comply with the transport sector objectives defined in the **Multi-Annual Indicative Planning Document 2011-2013** (MIPD) of the Republic of Serbia, which sets the following specific objectives for transport:

- To develop the capacities of the national administration to adopt and implement EU *acquis* in particular with regard to the restructuring and market opening of the rail transport sector
- To support the modernisation of the transport system within the Pan-European corridor X and improve the conditions for navigation on the Danube (Pan-European corridor VII),
- To prepare viable projects for investment
- To strengthen regional cooperation and implementing the commitments made in the framework of regional transport initiatives.

The IPA support responds to section 3.5.3 of the document – (Sector Objectives for EU support over next three years) “The main objective of EU support for the transport sector is to promote sustainable economic growth. Transport is a key element in the EU cooperation with its neighbouring countries to promote sustainable economic growth, trade and cultural exchange, employment, and improving living conditions” since it includes specific contribution to the development of capacities of the national administration to adopt and implement the EU *acquis*, in particular in the Ministry of Transport and in the set of governmental agencies. Apart from this, the support will contribute to this main objective by modernisation of the transport system within the Pan-European corridor X that is considered a driver for economic development, specifically by increasing the capacity for intermodal transportation within the Corridor and improving the conditions for navigation on the Danube (Pan-European Corridor VII), in line with the Gothenburg strategy ensuring the sustainable transport and the EU Strategy for the Danube Region.

National transport sector objectives are further elaborated in point (1), section 2.2, referring to the following documents: National Plan for Adoption of the Acquis (NPAA), Strategy of the Railway, Road, Inland Waterway, Air and Intermodal Transport Development in the Republic of Serbia (2008-2015), General Master Plan for Transport (GMPT), Master Plan and Feasibility Study: Inland Waterway Transport for Serbia.

The **Serbia 2012 Progress Report** of October 10, 2012 (SWD (2012) 333) calls for further strengthening of capacity, in particular for enforcement and inspection. It says that the new Law on Railways and the Railway Safety and Interoperability law need to be adopted. Attention needs to be paid to fair market access; further efforts need to be made in separation of infrastructure manager and railway operator, as well as a properly defined regulator. The

Report concludes that Serbia is moderately advanced in its alignment with the *acquis* in the area of transport policy.

The European partnership with Serbia of 18 February 2008 (2008/213/EC) emphasizes the importance of the implementation of the Memorandum of Understanding on the Development of the South East Europe Core Transport Network as a part of extended TEN-T network.

The **Stabilisation and Association Agreement** (Article 108 - section Cooperation policies, Transport) stipulates aiming of cooperation at restructuring and modernising the Serbian transport modes, improving the free movement of passengers and goods, enhancing the access to the transport market and facilities, including ports and airports.

The **European Commission White paper on transport** adopted in March 2011 sets out a visionary and challenging set of objectives for the transport sector that aims at creation a sustainable, resource efficient, and competitive Single Transport Area, with integrated transport systems of candidate countries. It is crucial for Serbia to link its actions to EU policy objectives, to introduce, in a middle term period, new technologies and logistics control systems, reduce congestion, break the dependence on oil, introduce new technologies and alternative forms of transport for freight over distances greater than 300km, find alternative propulsion systems for urban vehicles.

2.2 SECTOR ASSESSMENT – POLICIES AND CHALLENGES

Competitiveness of the economy and trade is deeply connected with the effectiveness of the transport system as a whole and with the efficiency of transport services provided. Setting up a proper transport system requires implementation of policy measures which should go hand in hand with modernization of transport infrastructure. Further reform steps calls for continuation of institutional reforms with the focus on strengthening of administrative capacities. Ministry of Transport as a main institution responsible for transport policy would have to tackle issues initiated with the approximation of the Serbian legislation with the EU *acquis*. Effects of Serbia's EU approximation process could be summarised as follows:

- Restructuring of the public enterprises working in the transport sector and introduction of result oriented management;
- Introduction of the cost-effective working methods such are performance based maintenance of the road network which should result in savings of budget expenditure, as well as introduction of railway infrastructure maintenance on the basis of the track condition analyses;
- Market opening, especially in the field of railway transportation;
- Simplification of the border crossing procedures aiming at reduction of travelling time;
- Implementation of the measures, which would improve intermodality features of Serbian transport system.

In addition to this, modernization of existing and construction of new transport infrastructure should be done based on the General Transport Master plan findings.

Implementation of the EC recommendations related to improvement and reinforcement of the administrative capacity dealing with the transport sector is followed by the Government through restructuring of transport enterprises, increasing the scope and quality of services, rationalisation of the network, increasing the share of intermodal transportation and the efficiency of the whole transport system. The process of integration of Serbia into the European Union brings very specific requirements for the gradual liberalisation of the

transport market. Some progress has been done in the previous period in the adoption of the *acquis communautaire*, and the process of harmonisation of the national legislation with the *acquis* continues, but in general, Serbia complies slowly with the obligations. Transposition of EU directives into Serbian legislation has resulted in structural and organizational modifications of institutions linked with the transport sector. Those changes require being followed by adequate capacities of the national administration, in particular the Ministry of Transport, but also other governmental institutions. Institutions dealing with the transport sector needs effectively to implement procedures in order to minimise possible insufficient effects caused by the lack of experience. Therefore, transfer of practical knowledge and expertise from the institutions, which are implementing EU standards and procedures, is essential for their adequate daily functioning. Following what has been said, Commission Opinion on Serbia's progress made in 2012 confirms that further alignment with road safety and dangerous goods *acquis* is still necessary and that the railway regulatory body and independent accident investigation body have to be set up. Attention needs to be paid to fair market access; separation of infrastructure manager and railway operator, as well as a properly defined regulator. The conclusion is that Serbia will have to make additional efforts to align with the EU *acquis* and to implement it effectively.

Apart from the alignment of the national legislation with the EU *Acquis* and strengthening the capacities of the institutions dealing with the transport sector, in the coming period support would be essential for preparing transport entities for EU accession.

Implemented activities related to introduction of EU standards resulted in transformation of the Serbian railways from the public utility company in the joint stock company, so far.. However, JSC Serbian Railways is still functioning as a historical railway company, meaning that Infrastructure manager functions are not separated from the Railway undertaking functions, which is a precondition for the compliance with the Railway packages adopted by the EC. In the light of those changes, new Law on Railways has been prepared but its adoption is still pending. The Railway law should provide the overall legal framework necessary for continuation of the institutional reforms in the railway field. Functional separation of the historical railway company in subsidiary companies is dependent on adoption of the founding acts of new subsidiary companies. Founding acts for new four limited companies, which Serbian Railways JSC adopted in July 2012, are withdrawn from the procedure because of harmonization of the Statutes of Serbian Railways JSC with Law on Public Companies, entered into force on December 25, 2012. Serbian Railways JSC is planning to adopt modification of Statute and after that, it has to be approved by the Government. In addition, it is planned, after adoption of the amendments to the Statute of Serbian Railways JSC, the adoption of new founding acts by Serbian Railways JSC and getting the approval from the Government in 2013. Because of this new precondition - harmonization of the Statute of Serbian Railways JSC with new Law on Public Companies, the adoption of these new founding acts can be postponed. Once founding acts are adopted, numerous activities related to setting up of subsidiary companies and its functions would have to be done. Those activities are related to preparation of the systematization acts of the subsidiary companies, separation of assets among the holding and subsidiary companies, definition of the work plans for the subsidiary companies, etc. Railway reform process is currently supported through IPA focusing only on selected issues. Having in mind that railway reform is long lasting process, further support would definitely be needed especially having in mind complexity of the activities which have to be done once Infrastructure manager is separated from Railway undertaking functions. Prior to providing additional support related to railway reform matters evaluation of effects of assistance so far provided would have to be done. On that basis, possible further support would be provided.

Introduction of new practices and principles in the railway field should consequently result in national budget savings, while railway subsidiary companies would be able to tackle with the market economy issues. Also, maintenance of railway infrastructure would have to be based on the needs analyses principle following the results of the ongoing EU funded project which should set up such system within the Serbian Railways.

Apart from the legal and organizational aspects of the reform process in transport sector, reform agenda should also result in introduction of more cost-effective working methodologies. In that respect, World Bank supported pilot programme related to the reorganization of the road network maintenance practice, which resulted in savings at the level of approximately 40% in the area included in the pilot programme. According to the financial report of the Public Enterprise Roads of Serbia for 2011 for the maintenance of the 17,000 km of the road network, which is under the responsibility of the PE Roads of Serbia, approximately € 169 million is invested. New concept of road maintenance is established to increase efficiency and effectiveness in maintenance of roads. Appliance of this concept should provide that physical condition of road network subject to the contract is adequate for the needs of road users and in consistency with the invested funds at any moment during the contract duration. The required service quality level is stipulated through values of specific measurable performance indicators. The Contractor carries out the works in accordance with performance standards defined in the technical specifications and provides maintenance services to achieve and keep roads in condition, which provides the contracted service quality level. Having in mind results of the World Bank project, further introduction of the new maintenance principles could result in substantial savings on the budget expenditure side.

Transport network in Serbia is at the level of medium developed European countries; its capacity and quality is reduced due to insufficient investment and inadequate maintenance in the past; sector is facing with a lack of continuous financing and insufficient capacity for infrastructure project documentation development.

The **transport infrastructure** of the Republic of Serbia can be considered as a good basis for further development. It consists of 43,839 km of roads, 3,809 km of effective railway tracks, 1,680 km of inland waterways, two international airports, five secondary and 16 tertiary airports, and three partly developed intermodal terminals.

The **motorway density** of 4.8 km/1000 km²² is much lower than in Austria (19.9 km/1000km²) or the UK (14.85 km/1000km²), and is comparable with countries like Bulgaria (3 km/1000km²). The density of the total road network of 500.8 km/1000km² can be compared with FYROM or Montenegro, and is about a half of the density of this category road in Austria or the United Kingdom. The EU-27 average is 1,214.9 km/1000km². When it comes to investments in road transport infrastructure, in the previous period, the focus was on the construction of the Corridor X, which has been financed mainly by the IFIs and out of the national budget.

The **railways density** of 49.2 km/1000km² is comparable with the average of EU-27 (50.1 km/1000km³), and with France and Romania that have a density of 46 km/1000km³. In the Corridor X, which ought to be the best-maintained part of the network, the difference between design and actual speed varies between 15% and 40 %. The speed of trains exceeds 100 km/h on only 3.2% of the lines, and about 50% of rail network allows maximum speed of up to 60 km/h. Substantial investments are needed for the modernization of the railway infrastructure.

² Statistical Year Book 2011, Statistical Office of the Republic of Serbia

³ Revised Memorandum on the budget and economic and fiscal policy for 2011 with forecasts for 2012 and 2013

Preparation of the Investment plan related to railway infrastructure is initiated. Investment plan generally should be grounded on the GMPT findings with the focus on further elaboration of the findings.

Serbia has favourable economic and geographic features for cargo **inland waterway transport** (IWT). The total length of Serbian inland waterways, at the average water level, is about 1,680 km. The Danube River allows central Europe's connection to the Black Sea and through Danube-Rhine-Main canal, the North Sea. The most important ports on the Danube River are: Belgrade, Pančevo, Smederevo and Prahovo. Only ports of Belgrade and Pančevo have capacity for performing container transshipment but with many difficulties due to inadequate equipment and no opportunities for spatial expansion. Since the mentioned above, there has not been any transshipment of containers in recent period. All the listed ports are of private ownership. However, the EU **Danube Region Strategy** (DRS) as a macro-regional strategy considers development of transport system as one of important elements for the economic prosperity for the region. Advantages which the Danube River (Corridor VII) is offering in terms of economic and environmentally friendly transportation and its closeness with the main road and rail Pan-European corridors and routes should initiate further development of intermodal terminals along the Danube.

The navigation conditions on the Danube River in Serbia are influenced by the critical sections (bottlenecks) on the fairway, unexploded ordnances (UXOs) and sunken vessels dating from World War II. The maximum draft of the vessels plying the Danube is between 2.5 and 4.5 m; this requires a minimum water depth in the range of 3.2 to 6 metres. The Danube Commission requires a minimum water depth of 2.5 m. The majority of the bottlenecks occur on the stretch between km 1430 and 1250. On this stretch with a length of 180 km, 24 bottlenecks⁴ have been identified representing the **bottlenecks and restrictions for an efficient and safe navigation of standard convoys**, relates to sharp bends or narrow cross-sectional profiles.

There is particular need for greater multi-modality, better interconnection with other river basins modernizing and extending infrastructure in transport nodes such as inland. Implementation of competitive and environmentally friendly transport solutions has been efficiently combining transport modes by road, rail, IWW. Serbia intends to strengthen its capacities for intermodal transportation through construction of the Intermodal terminal in the vicinity of Belgrade. Strengthening of the intermodal transportation capacities does not depend solely on the construction of the intermodal centres but also on the effective combination of soft measures such is capacity building of the institutions responsible for managing intermodality issues through providing trainings to intermodal centre operators, better alignment of various transport modes.

There are only three partly developed **intermodal terminals** in Serbia: the ZIT (Railway Integral Transport, capacity of 10,000 TEU a year) nearby the central railway station in Belgrade, in the port of Belgrade (capacity of 12,000 TEU a year), and in the port of Pančevo (capacity of 5,000 TEU a year). These employ mostly multifunctional equipment and universal devices, which enable trans-shipment of containers and some hucke-pack transport units. Construction of the new road-rail intermodal terminal in the vicinity of Belgrade is planned. Preliminary design, Feasibility study and Environmental impact assessment are prepared through IPA 2008 national programme. Approval and financing of the respective project is pending due to the issues related to adoption of the General Regulatory plan for the City of Belgrade.

⁴ Data of May 2012

Concerning the **air transportation**, it is important to be emphasized that improvement of airspace structures is of regional importance since quality, reliability, performance and connectivity of air services is essential for development of South East Europe (SEE). That's why preparation of the regional study through the WBIF support has been initiated to explore the potential for further development of air services within the region⁵ and to explore the possibilities for the reorganisation of the airspace structure in accordance to recommendations for the reorganisation of the airspace and establishment of Functional Airspace Block(s) (FAB), which should enable the region to integrate into overall pan-European aviation system. One of the European Common Aviation Area (ECAA) Agreement's requirements, to which all of the ISIS Beneficiaries are signatories, is to start reorganisation of the airspace, which will lead into creation/establishment of a Functional Airspace Block.

Under the ISIS Programme⁶, the European Commission was asked to look at the airspace structure and capacity in order for the ISIS Beneficiaries to participate in the on-going defragmentation of the European Airspace in line with the Single European Sky (SES) and in order to increase capacity and flight efficiency of the region to improve the Key Performance Indicators as outlined by the Performance Review Body. Ministry of Transport supported this initiative, meaning that Serbia should be subject of this regional analysis.

In addition to this, institutional reforms in air transport are needed, mainly in respect to establishing of strategic partnership between JAT and some other air operator.

Four **airports** (Belgrade, Niš, Vršac and Bor), are used for commercial purposes. Belgrade Airport "Nikola Tesla" and Niš Airport "Konstantin Veliki", being a part of the Core Regional Transport Network, are used for international flights.

Finally, prioritisation and planning of transport sector development should be based on the main principles for integration of SEE transport market into the European Union transport market. Those principles could be summarized as constant *acquis* harmonization, *harmonization* of technical standards, interoperability, safety, security, traffic management social policy, public procurement and environment.

2.2.1. National sector policy, strategy and context

The national framework for transport policy consists of the following main strategy documents:

The main document, which is steering the process of approximation of the legal provisions with the EU Acquis, is the **National Plan for the Adoption of the Acquis (NPAA)** which was adopted in March 2013. The NPAA specifies obligations concerning the incorporation of the EU transport Acquis provisions into the domestic legal system and the tasks to fulfil criteria for accession. Mid-term priorities are defined for the areas of transport policy and transport networks; legal and institutional frameworks and include adoption and implementation of legislation and capacity building to meet the future requirements.

The **Needs of the Republic of Serbia for International Assistance 2011-2013 document** is reflecting objectives defined in the MIPD and introduces the following priorities for transport:

- Increase the effectiveness of all transport modes and the transport system as a whole

⁵ Regional Cooperation Council, Strategy and Work Programme 2011 – 2013, Infrastructure and Energy, Action 4

⁶ ISIS Programme (Implementation of the Single European Sky in the South East Europe) 2010 - 2012 is an initiative of the European Commission developed in the framework of the extension of the Trans-European networks to South East Europe and in support to the European Common Aviation Area (ECAA) Agreement.

- Improve the capacity and quality of transport infrastructure and services within the Pan-European Transport Corridors and the South East Europe Core Regional Transport Network
- Strengthen and gradually liberalize transport market

The goals of transport policy of the Republic of Serbia were adopted in 2008 and provided in **the Strategy of the Railway, Road, Inland Waterway, Air and Intermodal Transport Development in the Republic of Serbia (2008-2015)** adopted by the Government. At the time when was prepared, Strategy was addressing principles of EU Transport Policy, the requirements of the Stabilisation and Association Agreement (SAA), the Community Strategy Guidelines on Cohesion, the National Plan for Integration with the EU(NPI) and the Multiannual Indicative Financial Framework (MIF) 2007-2013. The strategy is goal oriented and based on the vision for 2015, taking into account the social development, determination to accession to the European Union, sustainable development of the transport system and stable institutions and introduces the principal goal of reaching the necessary capacity, compatibility and interoperability of Serbian transport with the neighbouring and the EU's transport systems, while ensuring as low as possible adverse environmental impact. The main goals of Serbian transport have been introduced as follows:

1. Purposeful planning and transport flows management;
2. Reduction of harmful effects of transport on the environment;
3. Increase of traffic safety;
4. Increase of transport system efficiency;
5. Compensation of the consequences of market deregulation and liberalization in the transport sector.

The **General Master Plan for Transport (GMPT)** in Serbia provides a list of priorities, a comprehensive plan of future investment until 2027 and serves as a basis for planning of investments in transport infrastructure financed by national and international funds. Ongoing investments in the road Corridor X (please refer to section 3.5.) are in line with the provisions of the GMPT and Strategy for Transport. Comprehensive Investment plan related to railway transport infrastructure is under preparation, as well as revision of the railway component of the Strategy for Transport which should be grounded on the latest reforms/developments in railway field not just in Serbia, but also in surrounding countries and at the EU level.

The General Master Plan for Transport in Serbia provides overall picture of transport infrastructure in Serbia and rolling out infrastructure projects necessary for implementation in the period 2009 – 2027, including costs calculation and rating of individual projects within specific transport modes. The total costs of public investment required for transport infrastructure development have been calculated as € 22.183 million for investments and maintenance. GMPT should serve as a tool for prioritization of investments in transport infrastructure since includes possibility for updating of macro economical parameters which may affect prioritization.

The **Master Plan and Feasibility Study: Inland Waterway Transports** for Serbia (2006) which has not been formally adopted, was financed by the EC - CARDS 2003 programme. This Master Plan has a time frame up to 2025 and includes three Feasibility Studies: (1) for restoring unhindered navigation, (2) rehabilitating of the Serbian waterway transport network, (3) Port Development Plan. The Master Plan's objective is to set up an appropriate economic, institutional and legal framework that will enhance public and private investment in the sector through detailed economic and financial analyses. The Master plan for the IWT is incorporated in the GMPT.

As it is previously mentioned, revision and updating of the railway component of the Strategy for Rail, Road, Water, Air and Intermodal Transport in the Republic of Serbia (2008-2015) is ongoing. Revision should take into account latest reforms in the railway sector, activities in the surroundings counties and EU plans mentioned before, introduction standards, which should contribute to the interoperability of the Serbian railway transport network. Revised railway component should be part of the future overall transport strategy. Also, future development of the Serbian transport system should take into account the Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system (the EU White Paper of 2011). This shall allow more précised planning of transport modes and the whole sector development towards requirements of the EU membership. The underdeveloped railway transport mode and intermodal transportations, as well as a great potential for further development of inland waterways and shipping should be carefully accounted.

In addition to what has been mentioned, planning of investments in the transport infrastructure should also be based on the results of the **Regional Transport Study (REBIS)**. Knowing that REBIS was completed in 2003, Serbia was actively involved drafting and supporting the application for the Western Balkan Investment Framework (WBIF) through which results of REBIS study will be revised. Revision of REBIS study should be based on traffic surveys, investigation of the physical state of infrastructure and analyses of traffic forecasts for the different traffic modes. The study should prepare cost estimates for the rehabilitation and upgrading of the infrastructure.

Transport institutions should perform their activities in a way to ensure compliance between national plans and programmes with the regional initiatives. That will allow maximum effectiveness of available funds utilisation. Also, relevant Strategies includes gender mainstreaming elements.

2.2.2. Sector and donor coordination

The coordination and harmonisation of donor activities in Serbia, with a particular focus on country ownership over coordinating aid-funded activities, is ensured under the leadership of the Serbian European Integration Office (SEIO) – Sector for Planning, Programming, Monitoring and Reporting on EU funds and Development Assistance.

Coordination of programming at the highest policy level is the responsibility of the Commission for Programming and Management of EU Funds and Development Assistance. The Commission meets annually and is chaired by the NIPAC. The task of the Commission is to review draft documents that will be presented to donors, suggest priorities for use of resources of international development assistance, and consider and make proposals to the Government on other significant issues related to the use and management of EU funds and development assistance. As a monitoring tool, the EU Delegation and NIPAC have also created monthly “bottleneck meetings” between the DEU, NIPAC and line ministries to discuss the progress of IPA funded projects and to ensure their smooth implementation. In addition to bottleneck meetings, sector-monitoring exercise has been done for the IPA 2010 programme. Namely, Project Monitoring Reports for the transport projects, which are part of IPA 2010 programme were prepared by the Ministry of Transport. These documents served as a basis for the preparation of the Transport Sector Monitoring Report, which was developed by the SEIO (Department for Planning, Programming, Monitoring and Reporting on EU funds and Development Assistance) and approved by the Transport Sectoral Monitoring Sub-Committee members.

The NIPAC and NIPAC Technical Secretariat have eight Sector Working Groups (SWGs) that prepared the Needs Assessment Document (NAD) for international assistance in 2011-13, as the basis for identifying annual IPA I programmes, multi-annual IPA III-V programmes and bilateral donor projects. These SWGs comprise representatives from Line Ministries and other beneficiaries as the main actors in programming and project identification. The SWGs contribute to the identification and prioritisation of projects, ensuring sector and donor coordination, co-financing and analysis of project implementation. SWG for transport covers/corresponds to the MIPD transport sector.

Within the recently improved Aid Coordination Mechanism, informal donor coordination groups (previously mostly donor driven) have been rearranged and their work formalised based on increased national leadership. In the Transport national sector, the aid coordination group for transport is led by the Ministry of Transport with the EUD, EIB, EBRD, WB, Czech Republic, Netherlands, Sweden and Italy as participating donors, is active and operational. Other national organizations which are participating in the donor coordination group are Railways of Serbia, Roads of Serbia, Corridors of Serbia, Directorate for inland waterways, Civil Aviation Directorate of the Republic of Serbia, European integration office.

Aiming to include Serbian civil sector in development assistance planning in a substantial way, SEIO decided to establish a consultation mechanism with civil society organisations in the end of 2010. The so-called Sector Civil Society Organisation (SECO), where each SECO was to represent one sector, has been established in the following 7 sectors that corresponds to the NAD classification: Rule of Law, Public administration reform, Civil society, media and cultural rights, Human resources development, Agriculture and Rural Development, Environment and Energy and Competitiveness. During 2012 SECOs as representatives of their associated networks participated in development of SIFs by taking part in sectoral working group meetings composed of line ministries and other state bodies by providing inputs for identification of the needs and development of sector (gap) analysis. SECO for transport is not functional yet. The reasons for that lie in the fact that transport development is very closely linked with the environmental aspects and SECO for environment and energy is providing its contribution, while on the other side there are not so many Civil Society Organizations which are strictly following transport sector.

The action plan for programming and reporting on international assistance is prepared annually by the NIPAC Technical Secretariat to ensure synchronisation with national planning and budgeting processes and to consider IPA programming specific requirements. By defining activities, timeframes and roles and responsibilities of relevant institutions, it serves as a tool for coordination and an instrument for aligning donor activities. ISDACON, as both a website and database of development assistance and priority projects, serves as a programming, reporting and communication tool.

2.2.3. Sector budget and medium term perspective

With the aim of increasing predictability of public financing for the budget users, as well as of improving transparency of the planning process in general, the Budget system Law prescribes the obligation of presenting the medium term expenditure framework as the three-year expenditure limits for budget users. According to the adopted Fiscal Strategy 2013-2015, based on the medium-term macroeconomic projections and the targeted deficit for the

respective years, the following funds are planned to be allocated from the state budget to the state institutions associated with the Transport Sector⁷:

Budget expenditure limits for 2013-2015 (in EUR)*

Institution	2013	2014	2015
Ministry of Transport	206,117,918	214,362,634	222,937,140
Ministry of Construction and Urbanism	14,411,731	14,988,202	15,587,734
Demining Centre	154,958	161,162	167,609
Waterways Directorate	1,687,508	1,755,008	1,825,209
Directorate of Railway Transportation	558,645	580,995	604,231

* Exchange rate: 119.6 RSD: 1 EUR

The **strategic goal** of the Government economic policy on the medium-term 2013-2015 as outlined in the Draft Fiscal Strategy is the **acceleration of the European integration process** of the Republic of Serbia, by undertaking activities leading to the initiation of accession negotiations and by implementing systemic reforms leading to the fulfilment of the Copenhagen criteria. To this end, the adoption of the necessary systemic laws shall be accelerated, as well as the implementation of the adopted legislation with the aim of establishing market economy, macroeconomic stability and suppression of the corruption and the organized crime. The document further clarifies that in order to fulfil economic and political criteria for membership to the EU, the resources shall be provided for strengthening of the administrative capacities and for the stability of institutions guaranteeing democracy, the rule of law and the protection of minorities, for the development of market economy and of its potentials to respond to the competition and market pressures from the EU, as well as for creating the stable economic and monetary surrounding.

Having in mind the above strategic goal of the country, the focus of the economic policy in the medium-term perspective shall be on the economic recovery of the country and on the creation of conditions for the sustainable and balanced economic growth based on the increase of investments and export, and leading towards the increase in employment and of the living standard. Transport is seen as one of the key policies in the Fiscal Strategy 2013-2015, particularly with the view of ensuring balanced infrastructural development by finalization of the highway section in Serbia (Corridor X), highway from Pojate to Preljine, by connecting Kragujevac with Corridor X, connecting Zajecar and Bor with Corridor X, connecting Loznica and Sabac to Corridor X, and by tunnel via Ruma through Fruska Gora to Novi Sad, etc.

2.2.4. Sector monitoring system

Sector performance should be monitored by sector outputs and consequent impacts that will be continuously monitored based on the existing strategies and action plans. Sector monitoring is currently under development. For the time being sector monitoring for Transport Sector is based on two key mechanisms: system of performance indicators which have been developed to accompany the document "Needs of the Republic of Serbia for International Assistance 2011-2013" and on periodical review of the implementation of strategies and action plans relevant for the sector.

Result-based system of indicators accompanying document "Needs of the Republic of Serbia for International Assistance" defines baseline and target values (benchmarks) for a four-year period and will be revised annually. Indicators are linked with the relevant sector priorities

⁷ The data presented herewith originate from the Fiscal Strategy adopted by the Government of Serbia in November 2012

and measures defined in the document, and are, to the extent possible, taken from sector performance frameworks described in the first paragraph. It is intended that this system of indicators is used in planning and monitoring of EU funds and development assistance and integrated in the relevant planning/ programming documents (including sector/project fiches).

The monitoring system under decentralised management of IPA (DIS) is defined in detail in relevant Manuals of Procedures. System is based on a set of monitoring committees examining relevant monitoring reports - IPA Monitoring Committee, Sectoral Monitoring Committees (TAIB MC being one of them) and Sectoral Monitoring Sub-Committees (SMSCs). SMSCs will be examining IPA monitoring reports on activities funded through first IPA component per sector (it is envisaged that 8 SMSCs will be functional in the following sectors: rule of law; public administration reform; civil society, media and culture; **transport**; energy and environment; competitiveness; human resource development and agriculture and rural development). Progress in achieving the target values per indicator set in the relevant sector / project fiches will be included in the relevant monitoring report and examined at the SMSC and TAIB MC meetings.

The Logframe (Annex 1) for the transport sector support indicates the contribution this support makes to achieving MIPD transport sector objectives and national sector objectives.

2.2.5. Institutional setting

According to the Law on Ministries⁸, the transport reform strategies and policies are predominantly addressed by the following institutions: the recently established Ministry of Transport (with the same competencies in the transport sector as the former Ministry of Infrastructure and Energy had), and its constituent parts: the Authority for Determination of Seaworthiness, the Authority for Transportation of Dangerous Goods and the Directorate for Inland Waterways (within the Ministry since Dec. 2012)⁹.

Institutions which are not within the Ministry of Transport, are the following public agencies: the Road Traffic Safety Agency, Civil Aviation Directorate, Port Governance Agency, and a separate organization: the Directorate for Railways, and public enterprises/companies: Serbian Railways JSC, the Corridors of Serbia, the Roads of Serbia, JAT Airways and the Belgrade Nikola Tesla Airport that fit to institutional setting under this sector based on specific laws and/or bylaws.

Transposition of EU transport acquis into Serbian transport legislation implied specific consequences regarding structural and institutional organization of then Ministry of Infrastructure and Energy and now the Ministry of Transport and some functions performed by the Ministry have been transferred to institutions already set up or to be newly created. Following this reorganisation, the need to strengthen the capacity of these institutions has been analysed by already implemented IPA assistance, to fully implement adopted legislation and execute full range of their responsibility. As a priority, the newly established institutions should benefit from support and provided good practice and expertise for improvement of their business, the areas of enforcement of the law and of inspections.

The Ministry of Transport has the most important role in addressing these issues in the transport policy that should be updated to reflect all challenges related with introduction of

⁸ Law on Ministries, Official Gazette of RS no. 72/2012 from 26 July 2012

⁹ Amendments to the Law on Navigation and Ports on Inland Waterways (Official Gazette of RS, no. 121/12 from 24 December 2012)

the EU standards and parameters in the Serbian transport system. A strong political and professional support to the Ministry for considering and implementing these goals is required.

The main actors in the consultation mechanism with CSOs are Sector Civil Society Organisations (SECOs). SECO is a group of CSOs of maximum three partners, where one is clearly defined as a lead partner.

2.2.6. Macro-economic context and Public Financial Management

According to the Draft Fiscal Strategy and the macro-economic indicators presented therein, it is obvious that at the end of the year 2012 Serbian economy is in the recession. In general, the negative tendencies started with the second wave of economic crisis in the second half of 2011, and continued throughout 2012 (the evident slow-down of the economic activities and of export and import of goods, the increase of fiscal and current account imbalances, growth of inflation, decrease of employment, dinar deterioration, decrease of foreign exchange reserves and of crediting activities in the banking sector, the increase of the share of the non-performing loans in the debt portfolio, etc.). The stagnation of economic activities at the EU Member states, the recession in the countries of EURO-zone, and particularly in the countries of the region, strongly affected Serbian economy being heavily dependent exactly on those trade partners. This shall continue to represent major external risk for the national economy, but the comparative anticipations are such that the recession shall decelerate during 2013, while modest growth in economic activities and employment can only be foreseen in the horizon of year 2014. The Draft Fiscal Strategy forecasts a macroeconomic scenario with real GDP growth at average rate of 3.2% per year over the period 2013-2015.

The prospects of economic recovery and growth are based on the projections and expectations of the increase of export, of savings in public sector, of productivity and of competition, as well as on the anticipation of the economic recovery of the markets of EURO-zone. As presented in the Draft Fiscal Strategy, the macro-economic stability is the key pre-condition for fulfilling the outlined **priorities of economic growth and the increase of employment and of the living standard** in the Republic of Serbia. In that sense, a strict coordination of fiscal and monetary policy in the following three years is of crucial importance for macro-economic stability and for the decrease of macro-economic imbalances (inflation, fiscal deficit, current account deficit). The prevailing orientation is therefore towards undertaking rational economic policies and on the acceleration of structural reforms. Fiscal policy shall focus on the decrease of fiscal deficit by introducing changes in tax policy and mostly through fiscal adjustments on the expenditure side in line with the rules of fiscal responsibility. Monetary policy shall aim at attaining targeted inflation and on carrying out the floating exchange rate regime. In parallel, structural policy shall promote reforms leading to increasing productivity and export capacities, improving the business environment and attracting potential foreign investors, as well as reforms in the public sector. With this regards, a particular challenge for the economic policy shall be to ensure the financial incentives for the most effective programs, particularly in agriculture, energy sector and in infrastructure. By strengthening the rule of law, suppressing the systemic corruption and with mitigation of the rigidity on the labour market, a better investment climate is to be created. Complementary special economic policies to be emphasized in the medium-term perspective are: policy of protection of competition, active population policy increasing birth-rates, balanced regional development policy, social policy (guaranteeing social rights and inclusiveness); Key sector policies towards which more substantial financial resources are going to be allocated, are again closely interlinked with the aims of economic growth and employment and presented as follows: agricultural policy, mining and energy, transport, telecommunications, tourism, health policy, education and science.

Envisaged structural reforms of the public sector are of great influence to the efficient **management of public finances**. The principal legal bases for the public financial management in the Republic of Serbia are set out with the Budget System Law which is assessed rather positively in terms that it “provides for many of the essential components of a sound budget system¹⁰”. In the recent years (2010/2011), important new institutes such as medium-term expenditure framework and fiscal responsibility rules, have been introduced to streamline the management system. However, the implementation of those new concepts has not been fully exercised, largely because of the challenges the state faced with the financial crisis, and due to incremental approach in introducing the changes in practice. In addition to this, a significant reform potential is to be seen in the recent amendments of the Budget System Law (BSL)¹¹. One of the major changes concerns the broadening of the definition of public finances, which previously referred exclusively to budget (local and central level) funds and did not encompass the totality of revenues/incomes (for example, the so-called own, or proper revenues of some public sector institutions were left out of the system of managing the public finances and of the treasury single account). The system and the Law as amended in September 2012 now provide for a more comprehensive approach in planning, spending and reporting on public funds and as such create conditions for a better control of spending in the public sector. Likewise, the amended BSL has incorporated system changes concerning the approach in establishing and charging of various taxes, levies and duties affecting particularly the private sector. Namely, the assessments carried out with this regards, revealed that much of the fiscal duties were being introduced in opaque and unpredictable manner. The amended BSL establishes fairly transparent principles in introducing such financial charges and obliges for the subsequent adjustment of other pieces of legislation not aligned with the outlined principles; Further on, in line with the recommendations of the EC DG BUDGET, the definition of the managerial accountability has been adjusted, while in anticipation of the conferral of management powers for decentralized management of EU Funds, a new budget reserve has been introduced in order for Serbia to cope with the requirements of accreditation criteria.

Notwithstanding those improvements in the budget system, the public expenditure management still remains short of a consolidated plan for reforming the public expenditure management, which would focus exactly on implementing reforms that have already been agreed and launched. In 2010 Public Financial Management in the Republic of Serbia has been reassessed in accordance with the Public Expenditure and Financial Accountability (PEFA) methodology¹². A basis is therefore now available for information and monitoring of PFM, for planning of the reform strategy and capacity development programme. Assessment of the PFM institutions, processes and systems, has been carried out in several important areas: budget credibility; transparency and comprehensiveness; policy-based budgeting; predictability and control in budget execution; accounting, recording and reporting; external scrutiny and audit; and donor practices. A standardised scoring system is applied in the structure (sub-elements) of each of the topics, so that weaker scoring directly signals the necessity to concentrate efforts on improvements in a medium-term perspective. The PEFA Report recognises the dependency between PFM reforms and the EU accession agenda and recommends a more systematic approach and stronger specific leadership to ensure consistency of future PFM reforms.

¹⁰ SIGMA Assessment for Serbia published in March 2012.

¹¹ The Law on Amendments to the Budget System Law was adopted by the Parliament on September 25th and published in the Official Gazette No. 93/12, September 28th, 2012.

¹² The Republic of Serbia PEFA Assessment and PFM Performance Report 2010 has been published in November 2010

2.2.7. Sector assessment

The Government of Serbia is firmly committed to ensure development of the transport infrastructure and to create effective and interoperable transport system in pursuit of its national policy objectives and reform agenda, and the path to European integration and accession to the EU. Priorities which are identified for the IPA 2013 are results of the comprehensive analyses performed in the identification phase. Starting point for the analyses was a situation analysis which has been previously elaborated in the section 2.2 (Sector assessment – policies and challenges). Transport Sector Fiche is strongly cost-benefit driven, focusing on the outcomes of previous EU funded projects with the intention to maximise effects of IPA 2013 Sector fiche for transport. Consultations with relevant national institutions were held within the Transport sector working group composed of Ministry of Transport, SEIO, DEU and civil society organizations (CSOs) representatives. The consultation process was based on a number of sector-specific meetings, in order to present draft documents and discuss recommendations and input provided by CSOs, donor community representatives and local self government. Recommendations provided were taken into consideration and are reflected in the text of the Sector Fiche.

A strategic (or gap) analysis has been conducted to identify priority areas relevant for the IPA 2013 programme through a range of actions including analysis of the correlation between the NAD 2011-2013, the MIPD 2011-2013, the EC Progress Report on Serbia for 2012. In parallel to the analysis, completed and ongoing projects in the transport sector were taken into account. On the basis of this cross-checking strategic analysis, SWG during the consultation process has identified a number of IPA I 2013 priority areas for the transport sector (also commented by the EUD and DG Enlargement) which have been used as a basis for development of the SIF.

Having in mind that in the previous IPA programmes, transport institutions were proposing and benefiting from the projects related to setting up of transport system compliant with the EU transport acquis and also projects through which documentation was developed for infrastructure projects, sustainability and sequencing was taken very much into account in defining the above priorities for IPA 2013. Namely, through IPA 2010 necessary project documentation for implementation of the hydro-technical and dredging works on critical sections on the Danube River is completed. Measures selected to be part of IPA 2013 SF for transport are related to EU approximation process, capacity building and improvement of navigation on the Corridor VII.

Following this logic the Working Group for Transport has agreed that two priority areas should be subject of IPA 2013 assistance:

- Strengthening the administrative and performance capacity of the Ministry of Transport, including transport institutions for effective implementation of the legislation adopted based on the EU transport acquis;

The assistance provided to the Ministry under a twinning project SR/08/IB/TR/01 was fully dedicated to the harmonization with EU transport acquis and was not at all related to the establishment of requested institutions and/or to the development or improving of the performance of the existing ones that should result in the increase of the efficiency and effectiveness of Serbian transport performance. Obviously, by the time IPA 2013 support commences more Serbian legislation will be fully transposed and a legislative review will be necessary to identify which laws will be a priority for future drafting and adoption.

The analysis undertaken under the twinning project confirmed that though there is some progress in acquis adoption and implementation, the respective know-how and European best

practice should be introduced and implemented in Serbian transport institutions to improve their performance, taking into account the organisational, managerial, technical and other issues relevant to the sector performance.

The needs and challenges facing Serbia in strengthening and improving its competitiveness, together with the adoption and implementation of legislation required for integration with the European Union, strongly influence the transport sector. Not only newly established but also existing structures fight with the lack of administrative capacity and of necessary skills in implementation of transport legislation into daily practice. Details referring to the issues are listed in Chapter 3.4 Measures/Operations to achieve results, Measure 1.

- To improve the conditions for navigation and safety on the Danube River in accordance with the Danube Commission standards.

Further improvement of inland waterway transport is fully in line with the DRS since it is considered as of regional importance. Serbia is trajectory of the Danube River which is a major TEN-T Corridor (Corridor VII). However, it is used way below its full capacity. Freight transported on the Danube is only 10%-20% of that on the Rhine. As inland waterway transport has important environmental and efficiency benefits, its potential must be sustainably exploited. Cornerstone for the inland waterway transport development is improvement of navigation conditions on the Corridor VII. The most urgent six bottlenecks (of both banks on the Serbian territory) are: Susek, Futog, Arankina Ada, Cortanovci, Beska and Preliv, where the Danube is very dynamic causing changes in river bed, its depth and width, most critical for navigation. Improvement of navigation conditions includes not just infrastructure measures such as dredging works and hydro-technical works but also implementation of adequate technical solutions. With regards to technical improvements, so far River information services (RIS) are installed on the Danube River in Serbia, while implementation of RIS is ongoing on the Sava River. Next step should be related to installation of electronic marking system. The assistance to remaining 18 bottlenecks will be an issue of further programming (IPA II) and availability of funds.

- 3 Referring to the two above priorities, the annual programming takes into account the project maturity as main criteria for project approval. Sector Fiche for IPA 2013 also clearly reflects so far achieved results from the previously EU financed projects and intends to ensure sustainability of the positive trend in transport sector which is characterized by attracting investments which should create positive economic effect. The transport sector possesses the absorption capacity for the proposed assistance.**DESCRIPTION**

3.1 OVERALL OBJECTIVE OF THE IPA SECTOR SUPPORT

Overall objective: To contribute to creation of competitive transport system of Serbia by improving administrative capacity of national institutions dealing with transport issues and improvement of navigation conditions on the Danube river in accordance with the national policy and strategy provisions and with the respect of EU transport system development plans in order to ensure fast, safe, reliable and environmentally friendly transportation, smooth flow of freight and mobility of people.

This overall objective is compliant with the MIPD 2011-2013 transport sector objectives which are emphasising necessity for administrative capacity development aiming at implementation of the EU acquis. Implementation of the infrastructure projects is dependent from the quality and readiness of documentation. Generally, modernization of the transport

infrastructure and improvement of conditions needed for effective transport system are considered important for development of Serbia.

3.2 SPECIFIC OBJECTIVE(S) OF THE IPA SECTOR SUPPORT

Specific objectives are:

- To develop the capacities of the national administration to adopt and implement the EU acquis giving due considerations to the equal opportunities for men and women;

Achievement of the specific objective will be measured through the following indicator:

- *Ratio between implemented and the planned NPI/NPAA activities/measures for Chapters 14 and 21 on the annual basis.*
- To improve the navigation conditions on the Danube (Pan-European Corridor VII), in line with the Danube Commission standards.

Achievement of the specific objective will be measured through the following indicators:

- *Increased cargo transshipment flows in Serbia*
- *Increased number of vessels/ships passing through Serbia along Danube*

3.3 RESULTS

Result 1: Organizational system adjusted to the EU acquis and performance capacity strengthened within the Ministry of Transport and the transport institutions.

Achievement of the specific objective will be measured through the following indicators:

- *Number of trainings performed and data disaggregated giving due considerations to the equal opportunities to men and women*
- *Safety Management System (SMS) operational*
- *Strategic documents for further transport development in Serbia –under implementation*

Result 2: Improved navigation on the Corridor VII (Danube River) by performing training works and dredging on six critical sections and instalment of navigation monitoring system.

Achievement of the specific objective will be measured through the following indicators:

- *Decreased number of critical sections on the Danube River in accordance with the recommendations of the Danube Commission, are fulfilled*
- *Number of AtONs installed*
- *Reducing the time for deficiency detection in the system of marking the Danube waterways*
- *Reducing the time for deficiency removal in the system of marking the Danube waterways*

3.4 MEASURES/OPERATIONS¹³ TO ACHIEVE RESULTS

¹³ As defined in Article 6(2) of the IPA Implementing Regulation No 718/2006. IPA Component I programmes are subdivided into sectors (priorities), each of which define a global objective to attain and which shall be implemented through measures, which may be subdivided into operations, or directly through operations. Operations shall comprise a project or a group of projects (implemented by the Commission or the beneficiary country).

Measure 1: Strengthening the administrative and performance capacity of the Ministry of Transport and transport institutions.

As elaborated in the Chapter 2.2 Sector Assessment, point (7), this measure would be used as an essential tool in order to improve and meet the EU standards and good practice in management of transport sector.

The Ministry performs the tasks of public administration in the area of railway, road, water, air traffic and transportation of dangerous goods, pertaining to the organisation and establishment of the traffic system; realisation of the infrastructure investment projects; inner and international transport and intermodal transport; organisation of financial and technical control; international affairs in the area of traffic; incentive measures for research and development in the area of traffic, as well as other affairs specified by the law.

Transposition of EU transport acquis into Serbian transport legislation implies specific consequences regarding structural and institutional organization of the Ministry of Transport, the Authority for Transportation of Dangerous Goods, Directorate for Inland Waterways, Directorate for Railways, Road Traffic Safety Agency and the Authority for Determination of Seaworthiness. Some functions so far performed by the Ministry will be transferred to the institutions that have already been set up.

In the context of the railway reform process it is important to mention the role of the **Directorate for Railways** which should have the role of the Regulatory Body and railway National Safety Authority. Strengthening of safety organization of the Serbian railway sector – establishment of fully functional Safety Management System (SMS) in railways will be ensured in Directorate for Railways and Serbian Railways JSC (freight and passenger railway operators / Infrastructure Manager) with capacity building, i.e. training and mentoring, development of guidelines and manuals. The main role and missions are devoted to the National Safety Authority - Directorate for Railways that has to supervise and monitor the safety organisation of the railway sector. It is the competent authority for evaluating the SMS provided by the Infrastructure Manager and the railway operators for freight and passengers. The measure will contribute to creation of the safety management system based on the Railway Safety Directive (2004/49/EC and 2008/110/EC) that is one of the highest priorities in Serbian railways safety management as well as ensuring the compatibility and interoperability of Serbian railway transport with the neighbouring and the EU transport systems.

The **Road Traffic Safety Agency (RTSA)** has the role of Developmental, Technical and Regulatory Body and National Institution for the safety of road traffic. The strengthening of the organization of the Serbian road traffic safety sector - contribution to the establishment of a fully functional Road Safety Management System will be provided by the Road Traffic Safety Agency of the Republic of Serbia (Certified trainers in the system of licensing of professional drivers / licensed professional drivers for freight and passenger road transport) with the capacity building, i.e. training and mentoring, development of guidelines and manuals, certification of involved actors in the area of road transport of passengers and goods. The main role and missions are devoted to the Road Traffic Safety Agency, which has to oversee and monitor the organization of road traffic safety sector in the field of licensing of professional drivers. It is a competent authority for the establishment and evaluation of the system of licensing of professional drivers for road transport of freight and passengers. The measure will contribute to creation of the safety management system of road transport in accordance with the Directive on certification of professional drivers (2003/59/EC) that is one of the priorities in the management of road transport safety in Serbia, as well as ensuring compatibility and interoperability of Serbian road transport with the systems in neighbouring countries and in the EU.

The IPA 2008 twinning project (SR/08/IB/TR/01) conducted the analysis about certification systems of professional drivers in EU Member States and drafts of the rulebooks that should regulate this area are prepared accordingly. Amendments to the Law on Road Traffic Safety are proposed to the legal provision relating to certification of professional drivers, with the aim to create full compatibility with the above EU Directive (2003/59/EC). After harmonization of the law expected in the middle of 2013, the adoption of the mentioned rulebooks which will regulate in details this area in Serbia is expected before the end of 2013.

The support will be needed to the Port Governance Agency¹⁴ which has been functional since beginning of March 2013, and the institution expected to be created - the Notified body if it is established by the time the support commences.

In addition to this, Serbian alignment with the EU requirements calls for establishment of body/bodies for investigation of accidents. Accident Investigating Body/bodies (AIB) would have to be responsible for the investigation of incidents in aviation, rail and inland waterways in order to determine their circumstances and causes and issue safety recommendations, or draw up any other relevant conclusions aiming at improving transport safety. According to the current practice in EU countries, investigation of incidents in the road transport is under the jurisdiction of the police. Due to this reason Accident investigation body/bodies are not going to be responsible for investigation of road incidents. AIB(s) must operate independently from the Ministry. The establishment of the body for investigation of accidents is regulated in all laws for all transport modes, and is one of the most important recommendations of the EU. However, most suitable modality of Accident investigation mechanism in Serbia would be defined on the basis of the assessment of EU best practices in this field. Assessment would be done through the Twinning light project which the Ministry of Transport initiated in cooperation with the Delegation of the EU to Serbia, and launched at the beginning of March 2013. According to the initial plan, the twinning light should commence at the second quarter of 2013 and should provide recommendations based on which Accident Investigation structure in Serbia will be set up. Once established, AIB(s) would get support from the IPA 2013 measure that should ensure transfer of knowledge and practical expertise to newly established institutions.

The IPA 2008 (completed on 28 February, 2013) twinning project (SR/08/IB/TR/01), was helping to create pre-conditions for the establishment of the management model relevant to the sector and individual transport modes by harmonising legislation with relevant EU transport acquis. Support so far provided to the Ministry through twinning assistance was solely related to harmonization with the transport acquis, while further actions and next steps require providing support related to the capacity building and performance improvement. Within the above mentioned project, eight laws and 44 bylaws were drafted. Obviously, by the time this project commences more Serbian legislation will be fully transposed and a legislative review will be necessary to identify which laws/bylaws will be priority for future drafting. The measure will also support Serbian transport organizations in further adoption and/or implementation of the EU regulations developed after 2010, which could not be considered and adopted with the recently completed IPA 2008 twinning project.

The respective know-how and European best practice should be introduced and implemented in Serbian transport institutions to improve their performance, taking into account the organisational, managerial, technical and other issues relevant to the sector performance. The foreseen twinning project within the measure 1 will lead and help with preparing the entities for EU negotiation and accession procedures.

¹⁴ Decision on establishment of Port Governance Agency (Official Gazette of RS no. 70/2011 from 23 September, 2011)

IPA 2013 twinning project should concretely support the Ministry of Transport and respective transport institutions in revision of the national **Strategy of Railway, Road, Inland Waterway, Air and Intermodal Transport Development in the Republic of Serbia**, 2008–2015, as an umbrella document, representing the basis for preparation and enactment of strategic documents which refer to certain transport modes, i.e. individual segments of the transport system. The revised document should present updated conditions in the transport sector, concepts of further development of infrastructure and transport, goals and objectives of transport system development and Action Plan for their implementation in the period from **2015 up to 2025**, bearing in mind a need for a sustainable development of the transport in the Republic of Serbia.

The twinning project shall also support the Ministry in drafting the following documents:

- **Air Transport Development Strategy until 2020**, which would give a vision on the basis of the adopted legislation in line with the acquis and the obligations of the ECAA agreement, of further development of air transport in the Republic of Serbia in overcoming existing problems. The air transport has already received specific support under the recently finished project “Technical assistance for the implementation of the European Common Aviation Area Agreement (ECAA) in the Republic of Serbia”.
- **Guidelines for actions of all relevant services in cases of road accidents**, which would go in step with the development of ITS in road transport, and applicable on the Corridor X. The document implies different procedures and actions on highways (especially in tunnels) in different situations; organization of work of different stakeholders (Road manager, police, first aid, fire brigades, road assistance) referring to spatial distribution, then number of persons, trainings and certificates needed. It means that the Guidelines also constitute obligations of the PE Roads of Serbia, Road Safety Agency, Ministry of Internal Affairs and Ministry of Health.
- **Strategy on Inland Waterway Transport Development**: its adoption is regulated in Article 8 of the Law on navigation and ports in inland waterways¹⁵. The Strategy will be a base for adoption of special "short-term, medium-term and long-term plans of construction and development of waterways, ports and harbors, as well as the projected expenses and proposed ways of funding the construction development plans of the waterways and ports accessible to public traffic," and in other words master plans and feasibility studies for waterways and ports. The Strategy should identify and respond to a series of legal, economic and technical issues, analyzing economic trends, and the entire area in the hinterland of ports and waterways, structure of foreign trade of Serbia, and other things. Existing Master Plan and Feasibility Study Inland Waterway Transports for Serbia (hierarchically lower document than a Strategy) that portrayed the situation and capacity of waterway transport in Serbia in 2006, now can only be partially used.

International Financing Institution (IFIs), other donor assistance and national budget were also reviewed, in order to avoid overlap and ensure complementarities.

The demand for IPA support can be carried out through twinning assistance related to introduction and implementation of good practice in sector management and capacity building, short-term advisory assistance, study visits to EU Member States aiming at gaining practical knowledge, attendance to accession related conferences and meetings/workshops.

¹⁵ RS Official Gazette No. 73/10

The measure will contribute to creating a competitive and resource-efficient transport management system that will satisfy all criteria for an efficient and effective management of transport sector and individual transport modes, based on the requirements of already established legislation adopted in line with the EU transport acquis. The road, railway, inland waterway and air transport modes will benefit from IPA contribution.

Twinning contract is considered the most efficient for implementation of expected activities by selecting EU Member State/s public administration/s in a competitive procedure that will allow providing a high-level multidisciplinary expert team with required qualification and expertise.

The measure will be implemented through one operation:

Operation 1.1: One **twinning** contract will deal with assistance to the MT and transport institutions.

Measure 2: River training works and dredging of the riverbed on selected critical sections and development and instalment of the navigation monitoring system on the Danube River.

Sub-measure 2.1: River training works and dredging of the riverbed on selected critical sections on the Danube River

Sub-measure 2.2: Development and installation of the navigation monitoring system on the Danube River

The **sub-measure 2.1** shall contribute to the improvement of conditions for navigation and safety on the Danube River through the river training works and dredging the riverbed on the main critical sections of the Danube River in Serbia. The critical sections have been introduced in the General Master Plan for Transport in Serbia and the most critical are expected for undertaking of the respective works with IPA support. The Danube Commission parameters for safety navigation on the Danube shall be applied. Implementation of activities will be done based on the project documentation which is under preparation by the EU funded ongoing project IPA 2010. For the time being, in October 2012, consultants submitted the draft version of the Feasibility Study together with the conceptual designs for all 24 critical sectors identified in the first phase of the project. Critical sectors are those stretches of the river on which fairway parameters (depth and width) for safe navigation, determined by the Danube Commission Recommendations, are not established. In November 2012, Directorate for Inland Waterways submitted technical comments on the draft Feasibility Study to consultants. Consultants have deadline until 18th of January 2013 to adjust the Feasibility Study according to comments submitted by the Directorate for Inland Waterways.

In parallel with the process of adjustment of the Feasibility Study, the third phase of the project started in October 2012. In the third phase of the project, main designs and tender documentation for selected 6 critical sectors (Susek, Futog, Arankina Ada, Cortanovci, Beska and Preliv) is being prepared. In the draft Feasibility Study, proposed river training works on these 6 critical sectors are estimated at EUR 16 million (referring to the cost, please see Annex 6: Needs Assessment for the Works Contract of the Sector Fiche For Measure 2). However, after the additional analyses based on the morphological surveys estimated amount for the investment is around € 12 million.

The sub-measure 2.1 **River training works and dredging of the riverbed on selected critical sections on the Danube River** shall be implemented through two operations:

Operation 2.1.1: Works contract will cover river training works and dredging (6 lots expected)

Operation 2.1.2: Technical assistance contract for supervision of the works and environmental monitoring (service contract).

The **sub-measure 2.2** shall also contribute to the development of the control and reaction system relevant to constant monitoring of the status and integrity of marking system on the Danube River by purchasing and instalment of relevant system. The main activity of implementation is the integration of hardware and software components, but also up to certain extent software development in order to integrate some components and sub-systems into fully operational Remote AtoNs monitoring and reaction system on the Serbian Danube. The main tasks of the supervision of integration are to coordinate the deliveries of supplied system components (Supply contract) and overtaking the delivered components by the system integrator and integration process of the overtaken components into a functional and fully operational Remote AtoNs monitoring and reaction system on the Serbian Danube by checking and testing functionalities, performance, stability and reliability of parts of the integrated system as well as the overall integrated Remote AtoNs monitoring and reaction system on the Serbian Danube.

The sub-measure 2.2 **Development and instalment of the navigation monitoring system on the Danube River** will be implemented through three operations:

Operation 2.2.1: Supply and installation of equipment (supply contract).

Operation 2.2.2 Project preparation, procurement assistance, management, monitoring and supervision of integration (service contract).

Operation 2.2.3 Service contract for system integration

Complementary information concerning the indicative budget and implementation schedule are provided in tables 4.1 and 4.2 respectively.

3.5 OVERVIEW OF PAST OR ONGOING ASSISTANCE, LESSONS LEARNED, MECHANISMS FOR DONOR COORDINATION/SECTOR WORKING GROUP AND/OR POLICY DIALOGUE

According to ISDACON database the total disbursement (CARDS, IPA, bilateral donors and soft loans) in transport and storage sector reached in the period of 2007-2012 an amount of € 1179 million.

The total allocation of IPA assistance to transport sector for period 2007-2011 is around € 87 million¹⁶. The EU has increased support for capacity building activities including harmonization process through projects such as Implementation of the European Common Aviation Area Agreement in air transport and twinning with regard to the *acquis communautaire*. Substantial funds were allocated to improvement of the navigation conditions on the Danube, to the railway track condition analysis, the development of technical documentation for intermodal terminal establishment, preparation of documentation for railway infrastructure modernisation, as well as support to project management and supervision of construction works on the road corridors, including the construction of Žeželj bridge on the Danube River in Novi Sad, co-financed by the national funds.

Ongoing assistance is provided to Serbian Railways JSC in restructuring of selected fields (IPA 2008) as well as well as to the Railway Directorate (EBRD, 2011) and the PIU within JSC Railways of Serbia (EBRD/WBIF, 2011). Also, through Western Balkan Investment Framework (WBIF) EIB is providing support to the Ministry of Transport and Serbian

¹⁶ SEIO - ISDACON

Railways JSC aiming at definition of the Investment plan in railway infrastructure and revision of the railway component of the Railway strategy.

The Ministry of Transport is making huge efforts to improve the quality of transport infrastructure, in order to integrate transport network of Serbia in the Trans-European transport network with efficient use of the benefits of all transport modes.

In the last three years, the Ministry has provided 1.2 billion euro for the construction of road Corridor X; 180 km were built, and tender procedure and works are ongoing for another 140 km. Also, 300 million euro was provided for the construction of 40 km of the section Ljig-Preljina, through a loan with Azerbaijan (details provided later in the Chapter); works on 12.5 km section Ub-Lajkovac are ongoing, 55 million euro provided from RS budget). In the final negotiating phase is a credit arrangement, which will include construction, rehabilitation and modernization of about 500 km of railway network, in the total amount of about one billion euro, as well as projects of procurement of the rolling stock in the amount of about 200 million euro. Realization of the mentioned projects will make the conditions for the national operator to be ready for the competition once the market is open.

Significant investment and construction works are currently going on completion of roads within the Corridor X, the road sections Belgrade-Novi Sad-Horgos-Hungarian border and Niš-Dimitrovgrad, the bypass in Belgrade and the Žeželj bridge in Novi Sad, as well as the railway line reconstruction and modernization works for completion of the Corridor X, specifically in the sections between (Belgrade)-Batajnica-Golubinci, and Niš-Dimitrovgrad – Bulgarian border. Studies and projects documentation are in development for railway section Nis-Brestovac (WBIF) which is a part of the line Niš-Presevo-Macedonia, Novi Sad-Subotica–Hungarian Border (IPA 2011), the railway bypass around Nis (IPA 2011) and section Stalac-Djunis (WBIF).

A maintenance backlog of the inland waterways and related infrastructure started in 1990. The River Information Services (RIS) establishment on the Serbian part of the Danube River (IPA 2007), as well as documentation development for the Danube River dredging and training works and removal of UXOs from the Danube are going on and will be completed in 2013 under IPA 2010 and the Improvement of the effectiveness of navigation on the Danube under the IPA-NEVADA Framework. The RIS for the Sava River is also under implementation as well as the Preparation of the detailed design and TD documents for the training and dredging works of the Sava River (regional project funded by the World Bank).

Above mentioned, ongoing IPA 2010 project titled “Preparation of documentation for river training and dredging works on selected locations along the Danube River“ started in May 2011. The project aim is the development of specific documentation required for the infrastructure project, mainly the river training works and dredging, with a deadline for completion by April 2013. The project will identify and verify locations of build-up of silt (desk study and field surveys / investigations to determine exact locations and extent of sand bars, river hydrology, morphology, flow and sediment transport) for designing of operations and conducting hydraulic surveys, according to international agreed standards, leading to EIA, operational permits and work plan as well as prepare necessary documentation for the river training works and dredging works on the selected critical navigational sections of the Danube River identified in IWW Transport Master Plan and the project itself. The Feasibility study, including the CBA, the Environmental Impact Assessment study as well as relevant project designs, all in accordance with the national and EU regulations, will be also available by completing the IPA 2010 project (section 3.4, Measure 3).

Further support is provided under IPA assistance to facilitate intermodal transport in Serbia (IPA 2008) by development o project documentation required for establishment of new

intermodal terminal in the Belgrade area (Batajnica). The recent research made by IPA project titled “Facilitating Intermodal Transport in Serbia” (08SER01/21/11) and the recently completed project “Intermodal Transport in Serbia” (NEA, Dutch Government financing) has shown that the limitations to rail transport were as much linked to the operational procedures as to the condition of the infrastructure. Improving operational procedures could be one side benefit from implementation of the intermodal shuttle trains concept suggested for the terminal.

Substantial support has been ensured for rehabilitation of railway lines (EBRD loan € 35 million for Project of rehabilitation of 111 km of railways on Corridor X, EBRD loan € 95 million for reconstruction railway Beograd-Rakovica-Resnik and modernization 131 km railway line on Corridor X from Beograd to Nis, World Bank loan worth € 80 million and “Loan for the Railway Reconstruction’ of € 80 million from EIB).

Bilateral donor assistance was provided through following commitments:

- **Law on Confirmation of Agreement on Cooperation between the Government of the Republic of Serbia and the Government of United Arab Emirates**, to promote the bilateral relations building them in all fields of common interest, *inter alia* in cooperation in the field of transportation, logistics and related infrastructure (Official Gazette of the Republic of Serbia – International Contracts no. 3/13, dated 15 March, 2013).
- According to the Law on Confirmation of Contract of Guarantee between the Republic of Serbia and Kuwait Fund for Arab Economic Development (Project Railway Station Belgrade Cente – Phase 1) KWD 10 million is dedicated for the construction of the railway station (Official Gazette of the Republic of Serbia – International Contracts no. 3/13, dated 15 March, 2013).
- Law on Confirmation of Agreement between the Government of the Republic of Serbia and Russian Federation on Approval of State Export Loan to the Government of the Republic of Serbia which stipulates that the Russian side will grant the Serbian side the state export credit of up to USD 800 million in order to finance 85 percent of the value of each contract for delivery of goods, performance of works and provision of services in the field of railways in the territory of the Republic of Serbia between Serbian and Russian authorized companies (Official Gazette of the Republic of Serbia – International Contracts no. 3/13, dated 15 March, 2013).
- **Loan Agreement between the Government of the Republic of Serbia and the Government of the Republic of Azerbaijan for the Financing of Construction of the Section Ljig-Boljkovci, Boljkovci-Takovo and Takovo-Preljina of E-763 Highway in the Republic of Serbia** stipulates that Koridori Srbije d.o.o. Beograd shall sign a contract for the purchase of the goods and services for the construction of the sections in an amount of up to € 300,000,000 (Official Gazette of the Republic of Serbia – International Contracts no. 1/12, dated 29 February, 2012).

- According to **Preferential Buyer Credit Loan Agreement on the Zemun-Borca Bridge and the Accompanying Roads Project** (a loan facility of up to USD 217,400,000) the Government of the Republic of Serbia (Ministry for National Investment Plan of the Republic of Serbia) and the Export-Import Bank of China (China Road and Bridge Corporation) have entered into the Contract for Design and Execution of Works of the Construction of the Zemun-Borca Bridge with the Accompanying Roads for the purpose of the implementation of the Project (Official Gazette of the Republic of Serbia – International Contracts no. 11/10, dated 30 November, 2010).

Other donors supporting transport sector are Norway, the Netherlands, Italy, Switzerland, the Czech Republic and Canada. On the initiative of SEIO, then Ministry of Infrastructure and Energy developed a formal mechanism to ensure the most effective coordination of active donors. At present the Donor Coordination Group for Transport is represented by the Ministry of Transport, institutions dealing with various issues in the transport sector, SEIO and main donors.

For the donor coordination mechanism and the system of SWGs, please refer to point (2) section 2.2. Implementation of projects in the transport sector calls for strong coordination of various institutions responsible for different project elements. Timely implementation of transport infrastructure projects depends on the adequately prepared technical documentation and resolved legal property rights. So far experience is demonstrating that supervision service projects supported through IPA should not be financed if tenders for the execution of works are not ready for launching. Also, projects related to preparation of technical documentation according to good engineering practice requires for timely provision of necessary input data from the project beneficiaries and other relevant institutions. In this respect, it has to be mentioned that projects related to documentation preparation should take into account legal provisions relevant in Serbia, which require possession of engineering licences and in some cases (stipulated by the Law) so called company licences. Also, adoption of institutional set up needed for implementation of EU transport acquis provisions in Serbia is essential for successful implementation of the technical assistance projects aimed at capacity building and knowledge transfer. However, on the case by case basis, preconditions necessary for commencement of project implementation should be analysed in the detailed manner in the programming phase.

Currently, there is ongoing a number of evaluations aimed at providing information on effectiveness of IPA and development assistance in relevant sectors in the past period and drawing conclusions and recommendations for the future planning of assistance. They include: EC funded evaluations of assistance implemented and financed by IPA programs and other donors in the Republic of Serbia per sector; IPA Interim Evaluations and meta-evaluation of IPA assistance, funded by the EC; and Evaluation of Effectiveness and Efficiency of Development Assistance to the Republic of Serbia per sector in the period 2007-2011, initiated by SEIO and implemented with the Sida support. Also, EC has initiated a project “Monitoring and Evaluation Capacity Building in Western Balkans and Turkey”, implemented by the World Bank, in order to assist the beneficiary countries in strengthening capacities in monitoring and evaluation, with a focus on defining the performance indicators on the sector level.

3.6 SUSTAINABILITY

The outputs generated by the measures and operations will be immediately or in a short term period implemented, depending on the respective action plans adopted and maintained by the

respective institutions. As the outputs will be established taking into account EU transport acquis, it is relevant that the sustainability of these is ensured. The improvement of transport management and transport sector performance, as well as the increase of the capacity of transport infrastructure and quality of transport services to European standards will improve the effectiveness and efficiency of transportation of passengers and freight, the interoperability and safety and decrease negative impact of transport to environment. This will increase transport and economy competitiveness and ensure sustainability. In addition, sustainability will be ensured by reducing pollution and the sources of pollution, and increase safety and security.

All transport institutions included in implementation of these measures are public entities established by the law or by the decision of the Government, having its own budget line within the State Budget, or within the budget of the Ministry of Transport. Therefore, all maintenance costs will be ensured by national institutions. However, financial partnerships between the public and private sector will also be promoted.

3.7 ASSUMPTIONS AND PRECONDITIONS¹⁷

The following have been identified as assumptions relevant to the sector support that is proposed:

General Secretariat of the Government, Ministry of Finance and Economy and Serbian European Integration Office are willing to actively cooperate with the Ministry of Transport and other transport institutions during the preparation of the revised Strategy for transport development.

The preconditions that have been identified relevant to the sector support are the following:

- Technical documentation for performing the hydro-technical works and dredging on the critical sections on Danube approved by relevant authorities with the full respect of technical and environmental aspects;
- Dedicated additional budget funds for the Directorate for Inland Waterways for maintenance and operation of RIS (River Information Services) and AtoNs (Aids to Navigation)
- Established body/bodies for investigation of accidents for all transport modes
- Establishment of the Notified body

4 IMPLEMENTATION ISSUES

The measures proposed will be implemented under the Decentralised Management with ex-ante control by the Delegation of the European Union to the Republic of Serbia.

Partners in the implementation of all the envisaged measures/operations will be the Ministry of Transport and the governmental agencies.

¹⁷ Assumptions are external factors that have the potential to influence (or even determine) the success of a project but lie outside the control of the implementation managers. Such factors are sometimes referred to as risks or assumptions but the Commission requires that all risks shall be expressed as assumptions. Pre-conditions are requirements that must be met before the sector support can start.

It is advised that gender equality principles are encouraged throughout implementation process, including drafting of tender documentation, guidelines, detailed description of actions.

4.1 INDICATIVE BUDGET

Indicative budget (amounts in EUR) (for decentralised management)

SECTOR TITLE <i>Transport Sector</i>			SOURCES OF FUNDING										
			TOTAL EXPENDITURE	TOTAL PUBLIC EXPENDITURE	IPA CONTRIBUTION		NATIONAL PUBLIC CONTRIBUTION					PRIVATE CONTRIBUTION	
	IB (1)	INV (1)	EUR (a)=(b)+(e)	EUR (b)=(c)+(d)	EUR (c)	% (2)	Total EUR (d)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (e)	% (3)
Measure 1:			1,750,000	1,750,000	1,662,500	95	87,500	5					
Operation 1.1. – Twinning contract	X		1.750.000	1,750,000	1,662,500	95	87,500	5					
Measure 2:			16,750,000	16,750,000	14,420,000	86	2,330,000	14	0	0	0	0	-
Sub-measure 2.1:			14,100,000	14,100,000	12,085,000	85,7	2,015,000	14,3	0	0	0	0	-
Operation 2.1.1 - Works contract (6 lots expected)		X	12,100,000	12,100,000	10,285,000	85	1,815,000	15	0	0	0	0	-
Operation 2.1.2- Service contract - (supervision of works)	X		2,000,000	2,000,000	1,800,000	90	200,000	10	0	0	0	0	-
Sub-measure 2.2:			2,650,000	2,650,000	2,335,000	88	315,000	12	0	0	0	0	-
Operation 2.2.1-		X	1,000,000	1,000,000	850,000	85	150,000	15	0	0	0	0	-

Supply contract													
Operation 2.2.2- Service contract (supervision of integration)	X		750,000	750,000	675,000	90	75,000	10	0	0	0	0	-
Operation 2.2.3 - Service contract (system integration)	X		900,000	900,000	810,000	90	90,000	10	0	0	0	0	-
TOTAL IB			5,400,000	5,400,000	4,947,500	92	452,500	8	0	0	0	0	-
TOTAL INV			13,100,000	13,100,000	11,135,000	85	1,965,000	15	0	0	0	0	-
TOTAL SECTOR SUPPORT			18,500,000	18,500,000	16,082,500	87	2,417,500	13	0	0	0	0	-

NOTE: DO NOT MIX IB AND INV IN THE SAME OPERATION ROW. USE SEPARATE ROWS

Amounts net of VAT

- (1) In the Operation row, use "X" to identify whether IB or INV
- (2) Expressed in % of the **Public** Expenditure (column (b))
- (3) Expressed in % of the **Total** Expenditure (column (a))

4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN PER QUARTER)

Operations	Start of Tendering/ Call(s) for proposals	Signature of contract(s)	Activity Completion
Operation 1.1 - Twinning contract	T+1Q	T+3Q	T+11Q
Operation 2. 1 - Works contract (river training works and dredging - 6 lots expected)	T+1Q	T+3Q	T+15Q
Operation 2.2 - Service contract (supervision of the works and environmental monitoring).	T+1Q	T+3Q	T+15Q
Operation 3.1- Supply contract (purchasing of equipment and the installation)	T+4Q	T+7Q	T+15Q
Operation 3.2 – Service contract (preparation, procurement assistance, management, monitoring and supervision of integration)	T+2Q	T+5Q	T+15Q
Operation 3.3 - Service contract (system integration)	T+6Q	T+9Q	T+15Q

4.3 CROSS CUTTING ISSUES

4.3.1 *Equal Opportunities and non-discrimination*

Based on the fundamental principles of promoting equality and combating discrimination, participation in the operations will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. All contractors shall be requested to provide monitoring data recording the participation of men and women in terms of expert inputs (in days), as a proof of equal participation of man and woman during the implementation phase.

4.3.2 *Environment and climate change*

The transport sector management system and specifically the Safety Management System for railways expected for development under Measure 1 shall need to consider the environmental aspects of transport services and operations and implement measures for mitigating possible damages that transport can cause on environment, i.e. railway accidents can cause damages on surrounding environment.

The operation related to improvement of navigation on Danube River by performing hydro-technical and dredging works is directly contributes to environmental protection and strengthening environmental protection aspects at the national level.

4.3.3 *Minorities and vulnerable groups*

Considering the fact that this is SF for transport and will deal with transport issues targeting a general improvement of the management and infrastructure capacity, its outcomes will be beneficial to all citizens. Further improvements in transport will assist in poverty reduction, and increase the potential for economic activity.

4.3.4 *Civil Society/Stakeholders involvement*

Although the preparation team could not find the opportunity to work on the sector fiche together with the representative of the civil society, transport development is a subject where support and assistance of socio-economic partners is of great help, in the organisation of campaigns, actions on the collection as well as dissemination of information and implementation of sector objectives. Representatives of the civil society may be consulted. It is

worth mentioning that their support and assistance can contribute to the project especially in the implementation phase.

4.4 SECTOR MONITORING, EVALUATION AND AUDIT

Internal monitoring of IPA under decentralised management involves, among other partners/stakeholders, Senior Programme Officer (SPO) of the Ministry of Transport, IPA Units responsible for programming, monitoring and implementation of IPA funded projects, and the respective Monitoring Committee – TAIB Committee. Representatives of the European Commission/EU Delegation to the Republic of Serbia are members of monitoring committees and as such, they are directly involved in the monitoring processes.

The Ministry of Transport provides input for TAIB Annual Report on Implementation, which should be submitted by 30 June (submission to NIPAC / NAO / Commission).

Detailed monitoring plan table will be submitted in a later stage of the programming process.

For planned **evaluations**, SPO and IPA Units of the Ministry of Transport will provide any support required (including access to staff, premises, information, documents) for the implementation of the evaluation missions. They will attend meetings organised in relation to evaluations and handle the recommendations deriving from recommendations and that are applicable to their institutions (follow-up of the recommendations). SMSC will review as relevant evaluation reports and follow-up the recommendations and draw conclusions in relation to corrective measures and if needed, modification of programmes / projects.

In the Ministry of Transport an **internal audit** function has been systematized, which provides independent, objective assurance and consulting services designed to add value and improve the operations of the Ministry. The Internal Audit service shall have risk-based annual audit work plan, forming part of a multi-annual strategic plan coordinated with the Central Harmonizing Unit (CHU).

