

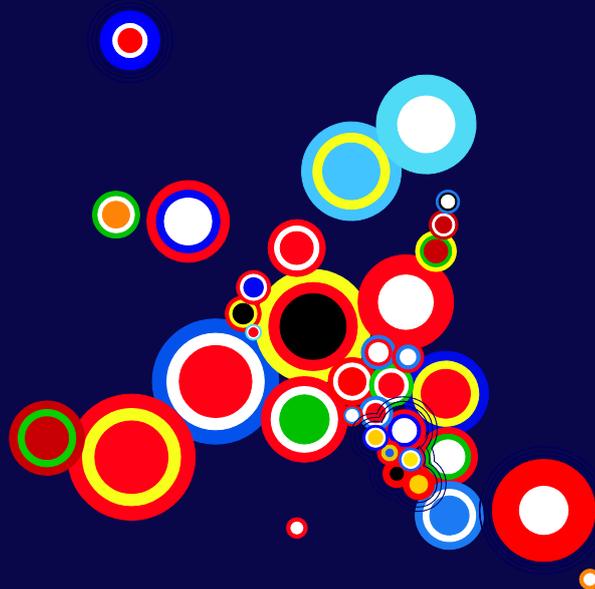


INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

IPA 2015

SERBIA

Development of Transport
Sector



Action Summary

The Action benefits to the railway, intermodal and road infrastructure modernization and construction. The Action especially is focusing on modernization of the railway section on Corridor X between Nis and Presevo (border with Former Yugoslav Republic of Macedonia), intermodal terminal construction, as a catalyst of the economic development in this part of the country and construction of the access roads on the Zezelj Bridge over Danube river in Novi Sad.

The Action takes into account the mature projects and real needs in the transport sector. The transport sector possesses the absorption capacity for the proposed assistance. The Action also clearly reflects so far achieved results from the previous EU assistance and intends to ensure sustainability of the positive trend in transport sector which should create economic effect and greater safety.

Action Identification	
Programme Title	Annual Action Programme for Serbia 2015
Action Title	Support to the development of the Transport sector
Action ID	IPA 2015/038-442 / Serbia-Development of transport sector
Sector Information	
IPA II Sector	<i>Transport</i>
DAC Sector	<i>21030</i>
Budget	
Total cost (VAT excluded) ¹	EUR 82,350,000
EU contribution	<i>EUR 64,810,000 million</i>
Management and Implementation	
Method of implementation	Direct implementation for the result 1 Indirect implementation for the results 2 and 3
<i>Direct management</i>	EU Delegation to the Republic of Serbia
<i>Indirect management:</i> Responsible Unit or National Authority/Implementing Agency	Central Finance and Contracting Unit (CFCU) - Ministry of Finance, Department for Contracting and Financing of EU Funded Projects
Implementation responsibilities	Ministry in charge of Transportation, Construction and Infrastructure
Location	
Zone benefiting from the action	Republic of Serbia
Specific implementation area(s)	<i>n/a</i>
Timeline	
Deadline for conclusion of the Financing Agreement	31 December 2016
Contracting deadline	3 years after the signature of the Financing Agreement
End of operational implementation period	6 years after the signature of the Financing Agreement

¹ The total action 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.

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

Serbia transport strategy is based on the principles of safety, inter-modality, application of new technologies, complementary use of different transport modes and rational use of available capacities and resources in Serbia. Serbia is investing efforts to modernize transport infrastructure and to introduce contemporary standards in all the segments of the transport system. That is complex and costly process, so necessity for the prioritisation and proper sequencing of the steps is required. In the last years Serbia's efforts are focused on the improvement of the road infrastructure, mainly through the substantial investment programmes financed through the loans from the International Financial Institutions (IFIs), bilateral creditors and national budget resources.

Modernization and construction of infrastructure in Serbia is triggered with the global trends, supply chain realities and consequently required intermodal policies were conveyed by European Intermodal Agency as 'criteria' for the new EU transport Commissioner. Multinationals, (potential) users of intermodal transport, by definition cross-border operating cargo owners, should boost the attractiveness of EU. Making more efficient use of existing infrastructure capacities; increasing rail investments in Eastern EU states; simplifying administrative processes, improving intermodal cooperation was discussed on several occasions at the EU level. Having this in mind, the Action document for transport sector demonstrates clear commitment of the Republic of Serbia to bring transport sector closer to the EU standards and norms. Concretely, comprehensive railway sector reform is accelerated with the strong push from the side of International Monetary Fund (IMF) and the support from the EU. Apart from the systemic reform, the **railway** sector requires investments in railway infrastructure in order to improve current performance level which is characterized by the fact that speed of trains exceeds 100 km/h on only 3.2% of the lines, while on approx. 50% of rail network, technical conditions of the lines allows maximum speed of up to 60 km/h. This goes in line with the Joint Statement adopted on the Western Balkan 6 meeting in Brussels, on 21 April, 2015, when the agreement on the core network for the Western Balkan region was reached and concrete ways which would help the improvement of the core transport network were discussed. In that context, one of the priorities for investment financing is railway Corridor X. Following the Single Project Pipeline, prepared on the basis of the Serbia Government's 'Methodology for Selection and Prioritization of the Infrastructure Projects', modernization of the railway line Nis-Presevo presents one of the priorities in the railway sector.

Single-track Nis – Presevo railway line represents a 151 km long (166.6 if calculated from station Trupale/Nis) part of the oldest railway line in Serbia and one of the most important parts of the European Corridor X route through Serbia, as it is a prime railway route connecting the FYRM and Greece with the rest of Europe. According to the European AGC Agreement, Belgrade – Nis line unifies railway lines E-75 and E-80 and generates major volume of transport operations on the network of Serbian Railways JSC. The track was built with the parameters for the maximum permitted speed up to 120 km/h, but due to the poor condition of the line the speeds on some sections are reduced. The last capital overhaul on particular line sections was performed more than 20 years ago, and on the longer part of the line, more than 30 years ago. Following the results of the recently completed update of the REBIS study, transport demands on the rail Corridor X are expected to be increased based on global transport demands projections. In addition, EU is promoting interconnectivity agenda, as one of the key principles for EU support. Following the interconnectivity agenda improvement of the rail infrastructure on the Corridor X is recognized as one of the key priorities. In that context, section between Nis and Presevo presents one of the backbone parts of the Serbian rail transport. Therefore, the Republic of Serbia started preparation of the documentation for the respective section using the EU support provided through the Project Preparation Facility 4 - PPF4. The Feasibility Study with Preliminary Design and Environmental Impact Assessment for Nis-Brestovac sub-section has been prepared for modernization and rehabilitation, while preparation of the documentation for the remaining part of the section, from Brestovac to Presevo will be subject of the support provided through the coming PPF's, while investment financing would be planned with the aim to ensure effectively blending of grant and other available sources of financing.

In that respect, the Action document focuses on **Nis-Brestovac section**, which is part of Corridor X (being the first section of the Nis-Presevo line and stretching over the length of 23.4 km or approx. 15% of the said line). The Action includes reconstruction and modernization of the track for the speeds of up to 120 km/h, as well as reconstruction and modernization of all the elements of the railway infrastructure. Through this project, the capacity, safety and reliability of the railway line will be enhanced, as well as the quality of transport service on the railway line Nis – Presevo. At the same time, travel times of passenger and freight trains along this part of the line will be reduced, thus contributing to the increase in transport volumes of overall passenger and goods service between South and Central (West) Europe.

In addition to the modernization of the railway section Nis-Brestovac, regional cooperation and economic stability should be improved through facilitation of intermodal transport. The development of the Intermodal transport in Serbia follows the trends in the EU which are related to implementation of the EU Directive for Combined Transport (the CT Directive). Namely, at the EU level is considered that the combined transport would have significant growth in the years ahead. The extent to which various CT stakeholders and actors can realize this growth is conditions with various factors, most of which are related to current challenges:

- Unreliable, unpredictable, inflexible, slow and expensive services
- Very slow liberalisation of the rail industry
- Inappropriate infrastructure for intermodality, with the capacities for interoperability, as well as lack of ICT infrastructure
- Policy which is relevant for the combined transport should be based on the quality data and inputs

Taking into account potential which exists for the CT directive, the Republic of Serbia started with the upgrading of this aspect of the transport system by the construction of the intermodal terminal in the vicinity of Belgrade. Namely, 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.

Therefore, the respective Action Document foresees the action of supporting multi-modality including both investment support for specific activities, in the first instance **construction of Belgrade intermodal terminal**, as well as capacity-building activities for responsible institutions and operators. Establishing of intermodal railway terminal/ logistic centre (later) on the Pan-European Transport Corridor X in Belgrade, is considered the base for further development of intermodal transport in the Republic of Serbia. Generally, the development of intermodal transport is supporting sustainable development and “green” more environmental friendly transport. In Serbia, where 95% of the goods travel on the road, the development of other transport alternatives is very important. Starting the intermodal concept with a small bi-modal terminal may give way to the development of other, tri-modal, centres, including later Danube and other inland waterways in the intermodal transport chain.

Also, the Action Document addresses the construction of access roads on both sides of the Danube River to the Žeželj Bridge which is under construction. Completion of the Žeželj Bridge and the construction of the access roads will improve the traffic flow over the bridge and around the access roads and will relieve pressure at this bottleneck. It will also increase traffic capacity along both the road and railway Corridor X, and improve navigability along Corridor VII, the Danube River.

RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES

In its Transport chapter, **Indicative Strategy Paper (ISP)** sets out the priorities for EU financial assistance for the period 2014-2020 to support Serbia on its path to accession. It translates the political priorities as defined in the enlargement strategy and the most recent annual Progress Reports into key areas where financial assistance is most useful to meet the accession criteria.

In part III of the ISP, Overall design of pre accession assistance to the country (page 11), and part IV EU assistance during the period 2014-2020, Chapter 4 Transport (page 26) stipulates that legal alignment has still to be done, that considerable infrastructure investments are needed in rail, road and waterways, that there is a need to combine transport modes to provide environmentally friendly solutions, that there is a particular need for greater multi-modality, that railway reform has to be strengthened. The ISP (Part IV, p. 27) defines six targets for the transport sector.

This Action will address targets/results as described below:

- Rail and road transport infrastructures on the SEETO comprehensive network improved, especially Corridor X and “Corridor XI”

This target will be addressed by activities to reach Result 1: Access roads to Žeželj Bridge constructed and Result 2: Railway line Niš-Brestovac modernized and operational.

- Intermodal transport and connectivity of transport modes is improved

This target will be addressed by activities to reach Result 3: Intermodal terminal constructed and operational.

Overall objective of the Action and the specific objective well match with and contribute to the requirements, obligations and priorities from the following documents: Europe 2020 Strategy, European Partnership (EP), EU Progress Report 2014, Stabilization and Association Agreement (SAA), National Plan for the Adoption of the *Acquis* (NPAA) and national transport strategies.

The direction of the **Europe 2020 strategy**, adopted by the EU’s European Council of Ministers, indicates that transport, environment and competitiveness will remain pivotal to ensuring Europe’s future prosperity and hence will play a guiding role in the governance of future EU funds. Serbia needs to be fully up-to-date in its strategic planning and put in place an active pipeline of potential projects for funding, which correspond with this agenda.

European Partnership (EP) - Through the Council decision of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Serbia and repealing Decision 2006/56/EC, EU partnership, in its Annex 2, defines the transport priorities for Serbia as follows:

- Continue implementation of the Memorandum of Understanding on the Development of the South East Europe Core Regional Transport Network strengthen cooperation with the South East Europe Transport Observatory Also, Serbia participates in South East Europe Transport Observatory programme for road safety.

This priority will be addressed by activities to reach Result 1: Access roads to Žeželj Bridge constructed; Result 2: Railway line Niš-Brestovac modernized and operational, and activities to reach Result 3: Intermodal terminal constructed and operational.

EU Progress Report (2014) - In point 4.14, chapter 14 Transport Policy, the conclusion focuses on the further strengthening of administrative capacity, in particular for enforcement and inspection.

In point 4.21, chapter 21 Transport Policy of the EU progress report, the conclusion is that even Serbia has made some progress in the area of trans-European networks, preparations in the area of Trans-European networks are moderately advanced.

This statement will be addressed by activities to reach Result 1: Access roads to Žeželj Bridge constructed and Result 2: Railway line Niš -Brestovac modernized and operational.

Stabilisation and Association Agreement (SAA) - In Title VIII, Cooperation Policies, article 108 Transport, of the SAA describes the main issues of this transport cooperation policy which aims to modernise and to restructure the Serbian transport modes.

The NPAA 2014 – 2018, adopted in July 2014, 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. NPAA, in its chapter 3.14 Transport policy, fix the

actions and activities planned for 2015/2017 in terms of harmonisation of legislation and administrative capacities.

National Strategies

In the **Strategy of development of rail, road, water, air and intermodal transport in the Republic of Serbia for 2008-2015**, in Chapter VI, recommendations are as follows:

Chapter VI Development of transport system - Road Transport vision for 2015 (page 25)

- In the context of setting priorities for improvement of the existing public roads and the construction of the new ones, modern and rational approaches for increasing roads capacities should be systematically used, bearing in mind the available resources, the needs and the network as a whole, which implies the possibility of phased construction.

This aim will be addressed by activities to reach Result 1: Access roads to Žeželj Bridge constructed

Chapter VI Development of transport system - Railway Transport vision for 2015 (page 35)

- The aim is to facilitate and develop international railway transport by means of a coordinated plan for reconstruction, construction and modernisation of equipment for railways in line with the future international transport needs according to the European Agreement on Main International Railway Lines.

This aim will be addressed by activities to reach Result 2: Railway line Niš -Brestovac modernized and operational.

Chapter VI Development of transport system - Intermodal transport vision for 2015 (page 45)

- Balance shifting among the transport modes in favour of environmentally friendly, safer transport, traffic reducing on roads, defines the following objectives for implementation of mid-term strategy for intermodal transport development.

This aim will be addressed by activities to reach Result 3: Intermodal terminal constructed and operational.

In the **General Master Plan for Transport (GMPT)** (2009-2027) is a comprehensive plan for future investments in transport infrastructure, providing an overall picture of transport infrastructure in Serbia and rolling out infrastructure projects necessary for implementation in the period 2009 – 2027; GMPT priorities are as follows:

Chapter 3 Existing transport system, Railway network (page 10)

- The performances of rail network infrastructure, the quality of rail rolling stock, have to be at a much higher level to meet the actual needs of modern transportation market.

This priority will be addressed by activities to reach Result 2: Railway line Nis-Brestovac modernized and operational.

Chapter 3 Future development of Serbian transport system, Intermodal transport (page 26)

- This relates to terminals, increasing their capacities and actual size of transport and the share of this transport in total transport volume, as well as to developing of legislation and other regulative, standards, state transport policy in this area and state incentive measures for development.

This priority will be addressed by activities to reach Result 3: Intermodal terminal constructed and operational.

SECTOR APPROACH ASSESSMENT

Transport sector is including rail, road, inland waterways, civil aviation and intermodal transport modes. There are priorities defined to improve functioning of the transport system as a generator for the economic and social development. Needs are underlined from the national strategic and planning documents as well as from EU accession requirements.

The transport policy of Serbia is driven with the aim of economic and social development, following the EU Transport policy provisions. The strategic framework is defined by the **Strategy of development of rail, road, water, air and intermodal transport in the Republic of Serbia for 2008-2015**. This strategy is promoting principles of safety, intermodality, application of new technologies, complementary use of different transport modes and rational use of available capacities and resources in Serbia. All this should contribute to sustainable development of the transport system and stable institutions. Strategy envisages implementation of the measures which should lead to the institutional capacity strengthening and implementation of the infrastructure priority projects. The currently valid transport sector strategy will be revised through the ongoing twinning project which recently started. However, main directions of the transport sector development would remain on its path, while the new strategy would focus on the operationalization of the defined goals and targets.

In addition, the **General Master Plan for Transport (GMPT) (2009-2027)** is a comprehensive plan of future investments in transport infrastructure. GMPT 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. Due to the complexity of the railway subsector caused by high investment and maintenance costs, JSC Serbian Railways initiated preparation of the detailed Investment plan in railway infrastructure for the period 2012-2021. **The Strategy for Railway Institutional and Infrastructure Development in Serbia 2012-2021 and Action Plan (Railway Master Plan for years 2012-2021)** is prepared but still not adopted. Also, the **National Road safety strategy and action plan for the period 2015-2020** is prepared and adopted by the Government Road Safety Coordination Body (7 ministries) and the Government in July 2015. One of the goals of National Road safety strategy is decrease of number of fatalities and serious injuries by 50% in 2020 compared to year of 2011. Also, the goal is 0 of killed children in road accidents as of 2020.

The **sector lead institution (SLI)** for the transport sector (TRA) is **the Ministry in charge of transport – the Ministry of Construction, Transport and Infrastructure (the Ministry)**. It has the main responsibility of leading the relevant sector institutions (as listed below) in the process of elaborating, implementing, monitoring /reporting on sector policies.

The **SLI** guides and manages activities within the sector and **has the power to make decisions, plan and control resources and coordinate all participating institutions** in providing inputs to achieve planned positive medium to long term impacts within the sector. The Ministry is in charge of EU negotiation preparations in Chapter 14 (Transport) and Chapter 21 (Trans-European Networks), and it coordinates activities of all relevant institutions within the sector regarding preparation, implementation and supervision of sector planning document implementation for the TRA sector. In relation to international assistance (including EU funds), the Ministry takes overall management responsibility for the planning, programming, implementation and monitoring of assistance funded sector priorities and measures and for coordinating the inputs of sector institutions in this regard. The Ministry has a wide scope of competences, which are managed through its internal organization sectors and which are covering following transport modes: rail and intermodal transport, road, inland waterways and civil aviation.

The **workload of SLI** in coordinating the activities of TRA sector institutions will be extensive. This also applies to management and implementation of IPA 2015 funds and furthermore coordination and management of number of institutions involved in sector (see below) that will represent the “end recipients” or direct beneficiaries of IPA II sector programme. Currently, programming and implementation of EU funded projects is the responsibility of the Division for Management of EU Funded Projects in the Department for Strategic Planning and Management of EU Funded Projects within the Ministry. The Division consists of two Groups: (i) Group for Preparation of EU Funded Projects and (ii) Group for Implementation and Monitoring of EU Funded Projects; taken together these two Groups constitute the IPA Unit which has a total of 6 available staff. However, the WLA²

² Carried out by CA - CFCU

for IPA 2013 programme indicates following requirements in terms of total number of IPA Unit staff (programming and implementation): for year 2014 – 5 staff, for year 2015 – 4 staff, for year 2016 – 4 staff. It is expected the full accreditation for Decentralized/Indirect Management System for management of IPA 2015 assistance is to commence by end-2015. In addition, IPA Unit is not engaged in implementation and management of IPA 2012 funds since the Ministry in charge of transport did not receive any funding under IPA 2012 Programme, but will have responsibilities for implementation and management of IPA 2013 and IPA 2014.

All this implies that, due to the complexity and the coverage of the actions and institutions involved in sector programme implementation, coordination of sector institutions and having in mind the workloads associated with the implementation of IPA 2013 assistance, the Ministry in charge of transport will need to operate at extremely high staff utilization ratio (IPA Unit) over the 2015-17 period. This will require careful planning of actions and their sequencing.

Sector budget and medium term perspective

There is as yet no mid-term, sector-based, budgetary planning process in Serbia that could be used to develop mid-term expenditure frameworks across a whole sector. A major reform of the Serbian budgetary process takes place with the introduction of programme-based budgets (PBBs) for all direct budget beneficiaries from 2015 onwards. However, this reform aims to introduce strategic budget planning at the individual institutional level rather than at sectoral level. It will take several years yet before the PBB methodology can be used to develop mid-term sector budget planning. At present it is only possible to estimate sector budgets on the basis of individual annual budgets for the sector institutions and to gain a mid-term perspective by using the forward projections of these budgets made by government in the most recent Fiscal Strategy (*'Fiscal Strategy 2014 with projections for 2015-16'*).

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

The total allocation of IPA assistance to transport sector for period 2007-2013 is around € 150 million³. 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 contracts with regard to the *Acquis Communautaire*.

The Ministry 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.

The Action is identified having in mind its strategic importance but also sustainability and sequencing of already provided EU financial support:

- Facilitating Intermodal Transport in Serbia, IPA 2008 support; full documentation for construction and setting up of the intermodal terminal based on European standards has been developed (Preliminary Design, Feasibility Study, CBA, EIA, Tender dossier, etc.), proposing the respective equipment and technology and transferring of expertise associated to developing working procedures, awareness raising regarding intermodal transport and the respective training delivery;
- Preparation of Feasibility Study with Preliminary Design and Environmental Impact Assessment for the Project of Modernization and rehabilitation of railways section Nis-Brestovac, PPF4, IPA 2010.

Sustainability of the two mentioned interventions is ensured by the Action which includes further steps towards modernization of the railway section Nis - Brestovac and construction of the intermodal terminal in the vicinity of Belgrade (Batajnica); both above mentioned projects are listed on the Single Project Pipeline.

³ ISP for Serbia (2014-2020), page 26

Since the Action also provides support to road traffic safety, the involvement of the ministry in charge of finances and internal affairs, transport institutions, City of Belgrade is of crucial importance and the cooperation should be even better.

Several evaluations were performed, aiming 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.

Concerning efficiency of resources used for rehabilitating the road and railways networks, this efficiency is quite low due to the weak technical project identification and timely project preparation. On the basis of these findings, it has been recommended that more strategic vision in programming is necessary, as well as more synchronisation between the projects during the selection using the new implemented Methodology for selection and prioritisation of infrastructure projects.

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	
Supporting the transport infrastructure development.	EU Progress Report		
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
Enhancement of road ,railway and intermodal infrastructure.	<ul style="list-style-type: none"> Degree functionality of the access roads to Žeželj Bridge over Danube River in Novi Sad ensuring connectivity with the rest of transport road network. Running speed of trains on the railway section Nis-Brestovac Increase of no. of TEU being transhipped 	<ul style="list-style-type: none"> Reports of the City of Novi Sad concerning the transport functioning. Timetable provided by the Railways of Serbia Statistical Office of the RS, Annual records of intermodal terminal operators 	Availability/processing of data by the Statistical Office of the Republic of Serbia
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
Result 1: Access Roads to Žeželj Bridge over Danube River constructed	<ul style="list-style-type: none"> Degree of functioning of road transport over the Žeželj Bridge in Novi Sad over the Danube River 	Official information provided by the, Roads of Serbia, Official information provided by the City of Novi Sad	All stakeholders involved in the construction of the Access roads and Žeželj Bridge are well coordinated and are cooperative

<p>Result 2: Railway section Nis-Brestovac modernized and operational.</p>	<ul style="list-style-type: none"> Degree of speed of the railway section Nis-Brestovac 	<p>Official information provided by the Railways of Serbia</p>	
<p>Result 3: Intermodal terminal constructed and operational</p>	<ul style="list-style-type: none"> Capacity for operation of the Intermodal terminal in Belgrade 	<p>Annual report of the terminal operator</p>	
ACTIVITIES	MEANS	OVERALL COST	ASSUMPTIONS
<p>Activities to achieve Result 1: 1.1 Execution of construction works on the Access roads</p> <p>Activities to achieve Result 2: 2.1 Execution of modernization and reconstruction works 2.2 Supervision of the works</p> <p>Activities to achieve Result 3: 3.1 Execution of the construction works 3.2 Supervision of construction works 3.3 Technical assistance to terminal operator to manage and operate terminal 3.4 Purchasing of equipment needed for effective functioning of the Intermodal terminal</p>	<p>Service, works and supplies</p>	<p>Total cost EUR 82,350,000 EU Contribution EUR 64,810,000</p>	<p>Established Terminal Operator for the Intermodal terminal.Cooperation between infrastructure owner and intermodal terminal operator/manager established and effective; Decisions for expropriation are made for each land owner.</p> <p>Institutions responsible to provide conditions/parameters as necessary inputs for preparation of the technical documentation for the construction of Intermodal terminal (Main/Detailed Design) are timely performing their duties.</p> <p>Construction permits obtained.</p>

Preconditions for the realization of the stated activities of the following results:

Result 2:

- Technical documentation for modernization of the Nis – Brestovac railway section approved by relevant authorities;

Result 3:

- Technical documentation for construction of Intermodal terminal approved by relevant authorities;

- Public Interest announcement is in place for the construction of Intermodal terminal;

ADDITIONAL DESCRIPTION

The Result 1 is related to construction of the access roads to Žeželj Bridge over Danube River in Novi Sad. Namely, the railway-road bridge over the river Danube in Novi Sad has a pivot role in the Serbian' transport network; it is on Corridor X Trans-European transport network and passing over Corridor VII. The rail-road bridge over the Danube in Novi Sad is on the primary railway line from Belgrade to the border with Hungarian (Belgrade-Stara Pazova-Novı Sad-Subotica-Hungarian border).

The construction of the new Žeželj bridge is ongoing through the IPA 2009 National Programme and the resources provided by the City of Novi Sad and the Province of Vojvodina. The construction of the access roads on both bridge sides will complete and fully integrate this important piece of infrastructure within the international transport Corridor X.

The construction of Access roads to Žeželj Bridge concerns connection with the existing road infrastructure on both side of the Danube River and the connection with the Žeželj Bridge which is under construction, including:

- The Surveying and setting out and marking of route and structure
- Pulling down of road surface
- Pulling down of curbs
- Preparation of working connections for the continuation of asphalt works
- Removal of traffic signs
- Excavation of top soil with pushing away
- Excavation with wide removal of earth material
- Compression of subsoil
- Sand filling
- Planning and rolling of bedding
- Resoiling of flat and inclined surfaces and shoulders
- Excavation of stepping under the embankment
- Road base execution of mechanically compacted granular enrockment
- Execution of upper bituminous road base (BNS)
- Execution of topping - asphalt concrete (HS)
- Execution of pavement
- Setting of concrete curbs
- Execution of traffic signalization

Expected project results are enhanced quality of transport service on a part of the Serbian transport network, through achievement of the following targets:

- Capacity of the Corridor Xb road & rail crossing over the Danube at Novi Sad increased;
- Reduction in the number of incidents / accidents associated with the temporary bridge over the Danube (Corridor VII) at Novi Sad
- Improved traffic flows along Corridor Xb road & rail crossing of the Danube at Novi Sad

The Result 2 is devoted to the modernization and rehabilitation of the railway section Nis- Brestovac, as part of the section Nis – Presevo on the rail Corridor X.

In that sense, proactive finalization of all technical and administrative procedures related to documentation needed for implementation of the project is in the final stage. Spartial planning documents: The existing spartial planning documentation for the City of Nis and the Municipality Doljevac was taken into account during the preparation of technical documentation. In addition, modernization of the line Nis-Brestovac does not require expropriation since modernization will be done within the boundaries of the existing rail corridor.

Technical documents: Preliminary design, Feasibility study and EIA are prepared and submitted by the Railways of Serbia JSC to the Republic Revision Commission (Ministry of Construction, Transport and Infrastructure) for revision. Following the report which Republic Revision Commission (RRC) will issue, the Design for construction permit will be prepared within the project-Yellow FIDIC contract.

- *The first activity* will be devoted to the **modernization and rehabilitation works** (the FIDIC Yellow Book is considered for works contracting).

Project concerns reconstruction and modernization of the track for the speeds of up to 120 km/h, as well as reconstruction and modernization of all the elements of the railway infrastructure, including:

- Reconstruction and modernization of tracks including enhancement of route elements for traffic at speeds of up to 120 km/h and permissible axle loads of 225 KN (80KN/m - category D4), with the installation of rails type UIC 60, concrete mono-block sleepers
- Reconstruction, rehabilitation and replacement of bridges and culverts
- Reconstruction and rehabilitation of tunnels
- Provision of UIC-C clearance
- Securing of level-crossings
- Revitalization of the existing signaling and safety devices, as well as OCL & catenary
- Digitalization of telecommunications.

- *The second activity* will consist of the **Supervision of the construction works**.

Expected project results are enhanced quality of transport service on a part of the Serbian Railways network, through achievement of the following targets:

- Increased reliability of civil engineering and electrical & technical infrastructure
- Increased traffic safety
- Increased line capacity
- Introduction of new services in passenger and freight traffic, and thereby, satisfying of current customers, as well as attracting new transport service customers
- Creating conditions for development and implementation of intermodal transport systems

The Result 3 is devoted to the construction of an intermodal terminal in the vicinity of Belgrade, in the location in Batajnica. The aim of this action will be a greater multi-modality and better interconnections with other transport modes and the implementation of competitive and environmentally-friendly transport solutions, which will efficiently combine transport modes by road and rail. In the course of Pre-Feasibility Study, General Design, Feasibility Study and Preliminary Design preparation analysed several options related to the selection of the future location and proposed location in Batajnica was selected.

Republic Revision Commission (RRC) issued a preliminary opinion on the Preliminary Design and the revision of the Design on the basis of the opinion started (IPA framework contract); the contract is suspended since final opinion is waited for. Final revision of the Preliminary Design will be made in continuation of the contract when RRC issues the final opinion on the basis of DRP which will be added to the Preliminary Design.

Proposed location is in line with the existing General Urban Plan. However, in order to speed up the procedure Ministry of Construction, Transport and Infrastructure and the City of Belgrade decided to apply pragmatic approach and to prepare and adopt Detailed Regulation Plan (DRP) for the location of the future terminal. Draft Detailed Regulation Plan is adopted by the Planning Commission of the City of Belgrade on 28th of May 2015. The City Assembly adopted DRP on 23 June 2015. On the basis of DRP, Proclamation on Public Interest (PPI) will be issued (planned for August 2015) and land expropriation will start. The land expropriation will be financed by the City of Belgrade. From technical point of view, the project is well defined and cost estimates seem to be reasonable. That is the conclusion of the GAP assessment performed within the context of the Methodology for selection and prioritisation of infrastructure projects.

The investor for the Intermodal terminal project will be the Ministry of Construction, Transport and Infrastructure and the City of Belgrade (Belgrade Land Development Agency -Beoland). The Protocol of Cooperation for construction of intermodal terminal as a part of logistics centre was signed in March 2012 among then Ministry of Infrastructure and Energy (in charge of transport), City of Belgrade and Belgrade Land Development Agency – Beoland. Signing of the new Protocol (approved by the Government of RS, 05 no. 351-4938/2015-01 dated 14 May 2015) among the Ministry of Construction, Transport and Infrastructure (MCTI), City of Belgrade and Beoland is ongoing. The final beneficiary of a service contract will be a new public entity that will be established (terminal operator) by the Government of Serbia/MCTI together with the City of Belgrade, as the Investor and will be the owner of the intermodal terminal and the terminal operator. Following the establishment of the terminal operator, the rights and obligations of the Belgrade Land Development Agency will be transferred to the future terminal operator.

The Land Development Agency- Beoland consists of the Management Board, Supervisory Board and nine departments including Project Implementation Unit that is in charge of project implementation and traffic research. Taking into account its institutional experience in major transport sector projects (road, rail, bridges) Belgrade Land Development Agency demonstrates the capacity to implement the intermodal terminal project.

The main activities will be related to the construction of terminal (through a works contract) which will be followed by the necessary supervision of the construction works (through a service contract). In order to ensure effective functioning of the Intermodal terminal, the operator will receive support related to capacity building in strengthening their management and operational capacities (through a service contract) and the purchase and the instalment of the necessary equipment and technology (through a supply contract).

- *The first activity* related to Result 3 will be devoted to the **construction works** (the FIDIC Yellow Book is considered for works contracting) including the construction of the following segments of the Intermodal terminal: rail accesses, road accesses, surface area for storage of intermodal transport units (ITU), buildings for the terminal operator and customs authority and the parking places for road freight vehicles..

- *The second activity* will consist of the **Supervision of the construction works** which will be implemented through:

- Supervising the works by conducting on-site inspection as considered necessary to check the timely and satisfactory performance of the Contractor;
- Conducting inspections periodically after completion of the works and to assist in administrative matters related to the completion of the Contract.

- *The third activity* will consist of a **technical assistance** to the terminal operator in managing and operating the terminal:

- Creating of business plan of the terminal operator;
- Providing legal advices to the operator in establishing contractual relations with the main logistics players operating in Serbia;
- Providing advice to the terminal operator in logistic planning and to prepare manual for operator staff based on the best EU practice in this field;
- Conducting marketing campaign in order to promote services terminal is offering.

- *The fourth activity* will be dedicated to the **purchase of the equipment needed for the effective functioning of the Intermodal terminal**:

- reach stacker (mobile crane) and shunting locomotive;
- necessary technical equipment (Terminal Management Software, etc) for effective functioning of the Intermodal terminal.

The main results will be an operational intermodal terminal functioning in the vicinity of Belgrade, providing a better coherence and coordination between the different transport modes used in Serbia, a reduction of the pollution in the capital city and a better safety for the users.

The following issues have been identified as relevant assumptions:

- Cooperation between infrastructure owner and terminal operator/manager established and effective;
- Institutions responsible to provide conditions/parameters as necessary inputs for preparation of the technical documentation for the construction of Intermodal terminal (Main/Detailed Design) are timely performing their duties.

The following issues have been identified as relevant preconditions:

- Technical documentation for construction of Intermodal terminal approved by relevant authorities;
- Public Interest announcement is in place;
- Established Terminal Operator for the Intermodal terminal.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

Ministry in charge of transport, Ministry of Construction, Transport and Infrastructure is the Sector Lead Institution (SLI) and bears full responsibility for overall management and implementation of this Action, thus it will be responsible institution for collecting data and reporting to SEIO (NIPAC TS). In this respect, the SLI shall also act as monitoring data provider responsible to provide validated and accurate data for the indicators as determined by the indicator tables presented in the section 4 INDICATOR MEASUREMENT. Monitoring data sent by SLI to the SEIO will be analysed and stored in the SEIO database (ISDA CON) and used to compile regular SEIO reports on the use and performance of international assistance.

Result 1

Lead institution: Ministry of Construction, Transport and Infrastructure

Other Institutions: Roads of Serbia, , City of Novi Sad, Autonomous province of Vojvodina

Result 2

Lead institution: Ministry of Construction, Transport and Infrastructure

Other Institution: Serbian Railways JSC

Result 3

Lead institution: Ministry of Construction, Transport and Infrastructure

Other Institution: Serbian Railways JSC, PE Roads of Serbia, City of Belgrade, future terminal operator.

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

The institutional arrangements for implementation of the Action under indirect management includes following institutions:

- Sector Lead Institution (SLI) – The Ministry of Construction, Transport and Infrastructure
- Contracting Authority (CA - CFCU) - within the Ministry of Finance
- NIPAC/NIPACT TS – Serbian EU Integration Office (SEIO)
- National Fund (NF) - within the Ministry of Finance
- Audit Authority (AA)

Implementation arrangements

All Sector programmes under IPA II will be implemented and managed by the single Operating Structure, which shall be established as a group of bodies responsible for preparation, implementation, monitoring and evaluation of each particular sector programme. In regard to the transport sector, the Ministry of Construction, Transport and Infrastructure and Contracting Authority constitute part of the single Operating Structure related to transport sector. Other institutions, such as NIPAC (NIPAC TS),

NF, AA, have specific roles in the implementation process as defined in Decentralized Management Decree.

Sector Lead Institution has the overall responsibility for managing the implementation of the Action and delivering of transport sector objectives, by securing that all institutions involved in implementation and monitoring are structured in a way to fulfil their tasks and responsibilities in meeting the pre-defined sector targets. In addition, the Ministry also represents the only body responsible for the implementation of the transport sector programme measures. Furthermore, the Ministry is responsible for preparation of all necessary documentation in order to secure timely implementation of actions and its submission to the Contracting Authority.

In addition, SLI is coordinating the work of all sector relevant institutions that will represent **the beneficiaries of IPA 2015 support** and these are following institutions:

For Result 1 – Roads of Serbia, , City of Novi Sad, Autonomous province of Vojvodina **For Result 2** - Serbian Railways JSC

For Result 3 – future terminal operator, City of Belgrade, Serbian Railways JSC, PE Roads of Serbia
Number and types of tenders/contracts are indicated for activities in the LFM, section 2.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

Monitoring arrangements

Monitoring of the progress in sector support implementation will be done in accordance with the rules and procedures for monitoring under Decentralized Management (DM), as specified in the DM Decree and DM Manuals of Procedures for IPA II. Manuals of procedures include detailed procedure for monitoring on different levels with clear responsibilities and deadlines in the monitoring process.

IPA II monitoring process is organized and lead by the NIPAC/NIPAC TS. **National IPA Coordinator (NIPAC)**⁴ is the main interlocutor between the Serbian Government and the EC regarding strategic planning, co-ordination of programming, monitoring of implementation, evaluation and reporting of the overall IPA assistance and is responsible for ensuring the linkage of IPA assistance to the EU accession process. NIPAC monitors the process of programming, preparation and implementation as well as the sustainability and effects of SPs aiming to improve these processes, timely identification, remedying and alleviation of potential issues in the process of programming and implementation of SPs.

Inter-institutional coordination in the Action implementation and monitoring will be ensured through the following structures:

Steering Committee (SC) will be organised in line with detailed provisions of the respective procedures under DM of IPA II. SC is responsible to ensure smooth implementation through regular review of sector plan progress.

Sector Working Group (SWG) for transport sector is established to further strengthen inter-institutional cooperation and is responsible to ensure efficient coordination of activities related to programming and monitoring of EU funds, to propose relevant measures and activities in transport sector.

Evaluation and audit of sector support will be done in accordance with the Decentralized Management rules and procedures, which envisage responsibility of the national authorities to provide for the IPA Interim evaluation, while other types of evaluation (ex ante, ex post, thematic, etc.) may be

⁴ Minister without portfolio responsible for EU Integration.

initiated by national institutions on ad hoc basis and per need. With regards to the audit, procedures on internal controls under decentralized management regulate in detail various types of audit to be performed (internal and external), audit planning, carrying out of audits, following up on audit recommendations and reporting on follow up activities.

Direct Management:

The Commission may carry out a mid-term, a final or an ex-post evaluation for this Action or its results via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the DG NEAR guidelines for evaluations. In addition, the Action might be subject to external monitoring in line with the EC rules and procedures set in the Financing Agreement. The evaluation shall include gender analysis as well.

Project monitoring will be conducted through direct participation in the project approval committee as well as regular reporting provided by the implementing agency. The action further foresees monitoring from the EU Results Oriented Monitoring (ROM) team.

The implementing authority will provide regular reporting on the implementation of the project, and on ensuring the beneficiary's needs and concerns are met and addressed. The implementing authority will ensure the flexibility of accommodating the needs within the framework of the project's mandate. The assessment will be used to provide suggestions for the future implementation of similar programming and draw out lessons learned from the current phase.

The project may be evaluated at the interim or ex-post stages under the supervision of the Commission's Evaluation Unit. The project may be audited by the Court of Auditors – in line with the standard European Commission procedures.

The monitoring of the action will be based on the four clusters of indicators as set below:

- Resource Indicators (indicators which provide information on the financial and human resources allocated by the experts' team to reach the results as described in the log frame
- Output Indicators (indicators which represent the product/output of the each implemented activity);
- Impact Indicators (indicators, which represent the consequences of each implemented activity such as backlog reduction or number of court case decisions enforced

INDICATOR MEASUREMENT

Indicator	Baseline (year) (2)	Milestone 2017(3)	Target 2020 (4)	Final Target (year) (5)	Source of information
Overall Objective Logistics Performance Indicator – score (World Bank)	2,62 (2012)	3,00	Upward trend		World Bank database http://data.worldbank.org/indicator/LP.LPI.INFR.XO
Result indicators					
Result 1 • Degree of functioning of road transport over the Žeželj Bridge in Novi Sad over the Danube River	Road transport is not functioning	Established functional traffic flow over the Danube River in Novi Sad	Increased transport flows over the Danube River in Novi Sad or 30%		Roads of Serbia;MCTI, City of Novi Sad
Result 2 Running speed of trains on the railway section in question has been increased to 120 km/h	50-80 km/h	Works ongoing	up to 120 km/h		Timetable provided by the Railways of Serbia
Result 3 Increase of no. of TEU being transhipped ⁵	0	Increase	Increase		Statistical Office of the RS ; Annual records of intermodal terminal operators

⁵ The Statistical Office of the Republic of Serbia plans to introduce intermodal transport in the regular statistical production in 2017. Source: NPAA 2014-2018, p.406

Supposing that the commencement of all the proposed actions start at the end of 2016 or beginning of 2017, it would not be justified to monitor the progress of the action through the indicators specifying indicators only for the year 2017 (since it will be the first year of the realization of the action contracts) and in that way will not present a valid base for mid-term evaluation that will be conducted in 2017.

5. CROSS-CUTTING ISSUES

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

Climate change action is an increasingly important area for the Western Balkans regarding the region to climate change, the countries obligations under the accession process and the increasing importance attached to climate change issues by the European Union (EU) and the International Financial Institutions (IFIs). Climate objectives should contribute to building a low carbon, resource efficient and climate resilient economy. The EC proposes to increase the share of climate related expenditures in the MFF to at least 20% of all expenditures and that all relevant instruments should track climate related expenditure and have specific targets. Tracking climate finance is to be based on the so-called Rio Markers methodology. Following the Rio Markers methodology, transport infrastructure projects will take this sensitive issue into account.

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

In order to enable more inclusive and transparent dialogue, consultation and communication with all relevant stakeholders in the respective sectors, SEIO established a consultation mechanism with the civil society organization (CSOs)⁶. This mechanism is based on the consultative process with Sectorial Civil Society Organizations (SECOs) and serves as a platform that enables exchange of information and contribution of CSOs in relation to planning development assistance, particularly programming and monitoring of the Instrument for Pre-Accession Assistance (IPA).

Members of SECO are participating at the SWG meetings based on the needs and requirements of each SWG meeting and takes part in consultation processes for analyzing sector priority goals, measures and operations for financing from EU funds and international assistance. Other relevant stakeholders (agencies, private, academic sector, CSOs, etc.) can participate at the SWG meetings based on the topic, needs and requirements of the Sector Working Group for Transport.

Under the Rules of Procedure for Sector Working Groups, SEIO⁷ is responsible for coordination and ensuring the efficient functioning of all activities of the Sector Working Group. Coordination and leadership of the SWG is supported by a Task force made up of representatives from the Sector Lead Institution (Ministry in charge of transport), Lead donor and SEIO. SWG is also acting as Sectorial Monitoring Subcommittee for IPA.

EQUAL OPPORTUNITIES AND GENDER MAINSTREAMING

Based on the fundamental principles of promoting equality and combating discrimination, the Action is defined based on the 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, as a proof of equal participation of men and women in the different phase.

MINORITIES AND VULNERABLE GROUPS

⁶ Introduced in 2011

⁷ Sector for Planning, Programming, Monitoring and Reporting on EU Funds and Development Assistance

The Action will promote balanced regional development by providing inputs needed for improvement of social and economic conditions across all parts of Serbia.

6. SUSTAINABILITY

The outputs generated by the Action will be immediately or in a short term period implemented, depending on the respective action programs prepared, 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 infrastructure and quality of transport services to European standards, will improve the effectiveness and efficiency of transportation of passengers and freight, the interoperability 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 their own budget lined within the State Budget, or within the budget of the Ministry of Construction, Transport and Infrastructure. Therefore, for maintenance costs, respective national institutions would be responsible. Aiming at sustainable transport infrastructure actions, financial partnerships between the public and private sector investors will also be promoted in terms of construction and later utilization and maintenance of infrastructure.

7. COMMUNICATION AND VISIBILITY

The visibility activities will be organised to promote exchange of experiences, constraints and best practices achieved on the related Action.

The main aims of the publicity / visibility requirements are to increase the public awareness and transparency over the action activities and to inform potential beneficiaries about the action results. Publicity must be ensured in accordance with the applicable rules on the visibility of external action laid down and published in the “Communication and Visibility Manual on EU External Actions” available on:

https://ec.europa.eu/europeaid/communication-and-visibility-manual-eu-external-actions_en

The standard formats will be used in briefings, newsletters, press conferences, presentations, invitations, and signs, to highlight EU participation. The key tools of information and communication are:

- Media – press releases, press events, interviews, background papers, site visits;
- Events – forums, information days, workshops, professional debates, seminars, conferences, action presentations, other regional events;
- Publications – newsletters, brochures, leaflets, project information sheets, reports, studies, programme presentation summaries;
- Publications Internet pages;

Others: billboards, plaques, stickers, flags, maps, posters and tableaux.