IPA III – Model of Operation Identification Sheet

1. **Title of the Operation:** Enhancing rail infrastructure and operational capacity in the Republic of North Macedonia
2. **Managing Authority:** Ministry of Transport and Communications (MoTC)
3. **Intermediate bodies responsible for the Implementation of the Operation:**

Intermediate Body for Policy Management (IBPM) – Public Enterprise for Railway Infrastructure Railways of Republic of North Macedonia - Skopje (ZRSMI)

Intermediate Body for Financial Management (IBFM) - Central Financing and Contracting Department CFCD in Ministry of Finance

1. **Compatibility and coherence with the Operational Programme**

**4.1 Title of the programme:** Operational Programme on Transport in favour of the Republic of North Macedonia for 2024-2027 (OP Transport)

**4.2 Title of the relevant Area of support:** Area of Support 1 – Rail Transport

1. **Description of the Operation**

**5.1 Contribution to the achievement of the Operational Programme:**

The operation aligns with the objectives of OP Transport in the Republic of North Macedonia, emphasizing vital enhancements to the national railway system, particularly on Corridor X. The primary focus is to bolster rail infrastructure in areas of safety, efficiency, and climate resilience. These initiatives are expected to significantly contribute to regional economic development and improved social cohesion. Activity 1 of the operation is cantered around preparatory tasks rather than the direct reconstruction or rehabilitation of the infrastructure. This involves a comprehensive review of existing rail bridge documentation, structured testing under simulated loads, and the meticulous creation of project documentation in line with EU standards. Additionally, supervision is incorporated from this initial phase, even though actual reconstruction is slated for a later stage. This early supervision ensures continuous expert consultancy throughout the construction phase and guarantees rigorous oversight of the construction, ensuring that all facets adhere to technical, environmental, and quality standards. In essence, the operation lays a robust foundation, ensuring all activities align with EU standards from the outset.

Additionally, under Activity 2, the operation aligns the sector with EU standards, particularly the EU 4th Railway Package, making it more investment-friendly and integrated into the European rail network. A standout feature is the targeted capacity-building within national railway authorities. By harnessing EU expertise, the operation seeks to improve management capacities, align national railway regulations with EU, and embed a pervasive culture of safety throughout the sector. From strategic planning, such as the development of a five-year National Program, to grassroots efforts like public safety awareness campaigns, the operation ensures not only immediate operational gains but also long-term alignment with EU norms and standards. Environmental sustainability and climate resilience are integrated throughout, aligning with the OP's overarching goals. Overall, this operation is a holistic effort to elevate Macedonia's railway transport, tightly aligned with the OP Transport objectives.

**5.2 Overall Objective of the Operation:**

Strengthened railway infrastructure capacity, safety, efficiency, sustainability, and climate resilience by EU technical standards.

* 1. **Specific Objectives of the Operation:**

1. Railway network improved on specific sections of Corridor X, incorporating climate resilience measures.
2. Strengthened capacities within national railway authorities in effective implementation of rail policies and alignment with EU regulations.
   1. **Outputs**

This operation is designed to deliver the following key outputs in line with the OP:

**Output 1.1:** Preparatory works set for rail bridges reconstruction/rehabilitation on Corridor X, laying the foundation for climate resilience and adherence to EU standards through works supervision, resulting with reconstructed/rehabilitated bridges on the Railway Corridor X which is under operation.

**Output 2.1:** Improved harmonization and compliance with EU Railway Legislation.

**Output 2.2:** Rail Safety Measures and Management Capacities within National Railway Authorities is enhanced.

These outputs are designed to be measurable deliverables that not only satisfy the immediate needs of the operation but also have long-lasting impacts, thereby fulfilling the objectives of the OP Transport.

**5.5** **Indicative activities:**

Within the framework of this operation, the following activities will be carried out:

*Activity 1* *Preparatory works and supervision for major project on reconstruction/rehabilitation of the railway bridges on Railway Corridor X (related to Output 1.1)*

Scope of Activity:

* Review the existing documentation for bridge structures, ensuring alignment with EU standards, and check the current system of bridge monitoring,
* Preparation/updating of traffic study,
* Testing bridges under trial load, ensuring structural integrity with considerations for changing climate patterns,
* Preparation of comprehensive project documentation at the level of detailed design for railway bridges (including but not limited to feasibility study, preliminary design, CBA, ESIA, urban infrastructure project, detailed design, traffic management plan etc.),
* Preparation of the tender dossier for works according to PRAG, incorporating "green procurement" elements,
* Preparation of tender dossier for works supervision,
* Revision of detailed design and potential improvements during the construction phase,
* Support with technical expertise during the tender evaluation process,
* Providing designer consultancy services during construction phase,
* Supervise the construction works to ensure compliance with the technical specifications, environmental and quality standards.

*Activity 2: Harmonization and Compliance with EU Railway Legislation (related to Output 2.1)*

Scope of Activity:

* Conducting a thorough compliance assessment of the existing laws, bylaws, regulations, and rulebooks to ensure alignment with EU railway legislation.
* Developing a detailed harmonization plan that outlines the necessary steps and timeline for complete alignment with EU requirements.
* Development of national laws with EU legislative acts related to the 4th EU Railway package.
* Revising and optimizing technical specifications for the construction, operation, and maintenance of railway infrastructure to match EU codes and standards, ensuring interoperability and safety.
* Reviewing and potentially harmonizing track access charges in anticipation of market opening and entry of a second operator.
* Conducting an economic impact assessment to understand the financial implications, benefits and potential challenges of aligning with EU standards, especially in anticipation of market liberalization, including detailed market analysis in preparation for the entry of a second operator, understanding market dynamics, potential competition scenarios, and user preferences.

*Activity 3: Enhancement of Safety Measures and Management Capacities within National Railway Authorities* *(related to Output 2.2)*

* Assisting in development of a five-year National Program and multi-annual maintenance plan, complete with budget allocations.
* Formulating a Multi-Annual Contract between the Infrastructure Manager and the Ministry of Transport and Communications.
* Developing emergency response plans and conduct drills to handle railway incidents effectively.
* Strengthening the management capacities of railway institutions through EU member states expert advice, training programs and on the job support.

**5.6 Indicators:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Type of indicator** | **Indicator** | **Baseline** | **Target** | **Source of verification** |
| **Overall objective** | Rail accidents per year | 97 (2018) | ≤ 23 (2030) | Makstat[[1]](#footnote-1) |
| Rail transport of goods by net tonne-k | 349,912 (2019) | ≥ 624 870 (2030) | Eurostat[[2]](#footnote-2) |
| **Specific objective** | Number of bridges reconstructed/ rehabilitated | 0 (2023) | ≥15 (2030) | ZRSMI Reports  Project implementation reports |
| Degree of preparedness in transport (Chapter 14), measured by advancements made within a specific reporting period | Moderately prepared (2022) | Fully prepared (2030) | EC Reports |
| **Output 1.1** | Number of technical documents/studies for railway bridges in compliance with EU standards, Disaster Risk Reduction (DRR), and climate resilience mitigation measures developed | 0 (2023) | 7[[3]](#footnote-3) (2028) | Project implementation reports |
| **Output 2.1** | Number of rail laws, regulations, and rulebooks revised/developed to further align with EU regulations as the result of the operation | 0 (2023) | < 5(2028) | EC Progress Reports  Project implementation reports |
| Number of technical specifications revised to align with EU codes and standards as the result of the operation | 0 (2023) | ≥ 10 (2028) | Project implementation reports |
| Number of track access charge policies reviewed as the result of the operation | 0 (2023) | ≥ 1  (2028) | Project implementation reports |
| **Output 2.2** | Five-year National Program and multi-annual maintenance plan available (Yes/No) | No (2023) | Yes (2028) | Project implementation reports |
| Multi-Annual Contract available (Yes/No) | No (2023) | Yes (2028) | Project implementation reports |
| Emergency response plan annual review status available (Yes/No) | No (2023) | Yes (2028) | Project implementation reports |
| Percentage of related staff from MoTC and rail national authorities proficient in applying EU standards concerning rail safety, licensing, and related railway transport issues as the result of the operation | 0 (2023) | ≥75% (2027) | Project implementation reports |

* 1. **Indicative location(s):** Republic of North Macedonia, Railway Corridor X

**5**.**8** **Duration:**

*Activity 1 Preparatory works and supervision for major project on reconstruction/rehabilitation of the railway bridges on Railway Corridor X*:48 months+24 months for damage liability period (DLP)

*Activity 2: Harmonization and Compliance with EU Railway Legislation*: 24 months

**5**.**9** **End recipients and target group(s):**

The end recipients are following institutions:

*Activity 1 Preparatory works and supervision for major project on reconstruction/rehabilitation of the railway bridges on Railway Corridor X*: ZRSMI

*Activity 2: Harmonization and Compliance with EU Railway Legislation:* MoTC

*Activity 3: Enhancement of Safety Measures, and Management Capacities within National Railway Authorities*: MoTC and ZRSMI

The target groups will include all stakeholders involved in or affected by Macedonian transport sector.

1. **Implementation arrangements**

**6.1** **Institutional framework:**

The Ministry of Transport and Communications (MoTC) of the Republic of North Macedonia has been designated as the OP's Managing Authority and holds the responsibility for the efficient management and implementation of the programme.

*Activity 1 Preparatory works and supervision for major project on reconstruction/rehabilitation of the railway bridges on Railway Corridor X*

ZRSMI will be IBPM and the end beneficiary of the service contracts as stated in Activity 1. ZRSMI will regularly liaise with MoTC for the contract management and will be responsible for approving and monitoring contract outputs and technical aspects, ensuring alignment with contract provisions, overseeing timely project implementation, assessing the contractors' performance and deliverables, and conducting first-level control with the MoTC, etc.

The Steering Committee for this contract, to be established by the MoTC and comprised of representatives from the ZRSMI, MoTC, CFCD (Contracting Authority), and Contractors, will ensure the coordination of activities outlined in the respective contracts, monitor their technical progress, and make technical decisions. Furthermore, the Steering Committee will oversee contract implementation, assess progress, and formulate comments and recommendations. The NIPAC Office and the European Union Delegation to the Republic of North Macedonia (EUD) will be represented on the Steering Committee. Also, IFIs may participate with the observer status.

*Activity 2: Harmonization and Compliance with EU Railway Legislation and Activity 3: Enhancement of Safety Measures and Management Capacities within National Railway Authorities*

MoTC will be the Twinning Contract's end beneficiary. As per Twinning Contract that encompasses Activity 2 and Activity 3 the MoTC in cooperation with ZRSMI will organize the procedure and select a Twinning Partner. While the MoTC will lead the selection process, other beneficiaries will participate in the selection committee. Upon selection of a Twinning Partner, the MoTC will also coordinate its implementation.

The MoTC will appoint key personnel, including the BC Project Leader (PL), and the BC Resident Twinning Advisor (RTA) counterpart. Component leaders will be appointed from ZRSMI, MoTC, and possibly also from Directorate for Safety in the Rail System and Agency for Regulating the Railway Sector (RB).

To steer the Twinning Contract, a Steering Committee will be established by MoTC. The Steering Committee's role will be to provide strategic, and technical guidance to the project, as well as to monitor progress and assist in overcoming any obstacles to progress in any aspect of the contract. Members of the Steering Committee will include relevant stakeholders (as appropriate), such as the MoTC, ZRSMI, Twinning Partner, CFCD (CA), and other relevant stakeholders, such as the NIPAC Office and DEU.

The DEU may conduct risk-based ex-ante and ex-post controls over the selection procedure and contract management procedures and will be kept fully informed on the progress by means of regular briefings during the course of intervention.

**6.2** **Proposed monitoring structure and methodology:**

As the designated OP Transport Managing Authority, the Ministry of Transport and Communications (MoTC) will be the primary authority in charge of monitoring the operation. MoTC receives support from the programme's IBs, namely ZRSMI (as IBPM) and CFCD (as IBFM). The monitoring activities shall be done in accordance with the IPA III Decree, applicable Manuals od Procedures and signed Inter-institutional Agreement and include the following monitoring tools – meetings, checks of the progress reports, on the spot checks, among others. Data for each indicator will be collected and verified by designated authorities in the transportation sector. The MoTC will work with ZRSMI to assess the collected data.

The operation will be monitored by:

* MoTC and ZRSMI on regular basis through the meetings to be organised with Technical Assistance Team and Twinning Partner
* The Steering Committees, through regular Steering Committees meetings, which is critical in reviewing and assessing implementation of contracts based on reports from the Technical Assistance Team and Twinning Partner.
* The Sector Monitoring Committee to be organized six months post the signing of the OP's Financing Agreement, by the MoTC as the designated MA. This committee ensures inclusive representation from different stakeholders.

Based on the reports provided by the MoTC, the SMC will review and assess the implementation of the OP and related operation. Additional monitoring visits by the European Commission's own staff or independent consultants are possible.

1. **Maturity**
   1. **Required procedures and contracts for the implementation of the operation and their sequencing:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Activity** | **Type of contract** | **Type of procedure** | **Launch of the procedure** | **Contracted/**  **Contract start** | **Duration of the contract** |
| ***Activity 1*** *Preparatory works and supervision for major project on reconstruction/rehabilitation of the railway bridges on Railway Corridor X* | Service | *International restricted* | N+1 | N+2 | 72 months |
| ***Activity 2*** *Harmonization and Compliance with EU Railway Legislation*  ***Activity 3***  *Enhancement of Safety Measures and Management Capacities within National Railway Authorities* | Twinning | *Twinning procedure* | N+1 | N+2 | 24 months |

Timelines has been planned to allow sufficient time for the preparation of necessary documents, the tendering process, and the evaluation of bids and twinning proposals, ensuring a thorough and transparent process. Durations of contracts per each activity are considered adequate to achieve the operation's objectives and ensure its sustainability.

* 1. **Supporting documents**

For *Activity 1 Preparatory works and supervision for major project on reconstruction/rehabilitation of the railway bridges on Railway Corridor X*, the Terms of Reference (ToR) will be prepared by ZRSMI in close coordination with MoTC, using the standard ToR template as provided in the Practical Guide to Contract Procedures for EU External Actions (PRAG). The ToR will outline the scope of work, responsibilities, qualifications required, technical specifications, and other crucial details necessary for the bidders. Moreover, the initial draft of TOR for this Activity has been already elaborated. Ad hoc external assistance for the elaboration of ToR is considered to be provided to the ZRSMI within the framework of current ongoing projects.

For *Activity 2: Harmonization and Compliance with EU Railway Legislation and Activity 3: Enhancement of Safety Measures and Management Capacities within National Railway Authorities* (Twinning), the respective Twinning Fiche will be prepared by MoTC. using the standard Twinning Fiche template. An ad hoc assistance for the elaboration of twinning fiche is considered to be provided within the framework of current ongoing projects. Twinning selection procedure will be guided by respected twinning contracting authority designing in IPA financing agreement. All actions and will be taken based on EC Twinning Manual.

Other supporting documents such as environmental impact assessments, cost-benefit analyses, design studies, etc., are not applicable for this operation.

1. **Risks and assumptions**

**Risks:**

* Political instability in the Republic of North Macedonia could lead to changes in policies, priorities, and key personnel involved in the operation, which could delay implementation and achievement of objectives.
* Ineffective coordination among the various stakeholders involved in the OP implementation could lead to delays and inefficiencies.
* Resistance to change in procedures and implementation modalities from the staff of the Managing Authority, Intermediate Bodies/end beneficiaries, which could hinder the operation's success.
* The capacity of the Managing Authority, Intermediate Bodies, and end beneficiaries may be insufficient to manage and implement the OP projects effectively, despite the capacity-building activities.
* Delays in the procurement process, including tendering, evaluation of bids, and contracting, could lead to delays in the start of the OP projects and its implementation.
* Lack of information and delays in ensuring data necessary for implementation of the operation
* Unforeseen technical challenges during the design stages, which could lead to increased costs or delays.

**Assumptions:**

* Political environment in the Republic of North Macedonia will remain stable throughout the operation's duration, ensuring consistent support and commitment from the government.
* Stakeholders, especially the MoTC and the Public Enterprise for Railway Infrastructure, will remain committed and cooperative throughout the operation's duration.
* There is a commitment to change and adapt to new procedures and implementation modalities from the staff of the Managing Authority, Intermediate Bodies/end beneficiaries.
* Procurement process, including tendering, evaluation of bids, and contracting, is completed in a timely manner, allowing the OP projects to start as planned.
* Timely provision of necessary data for implementation of the operation.
* Good communication and cooperation between all involved relevant stakeholders and counterparts; particularly the MoTC and the Public Enterprise for Railway Infrastructure.

1. **Sustainability:**

The operation's activities, including the preparatory works for reconstruction/rehabilitation of the railway bridges on Railway Corridor X - major project, along with capacity building for capacities within national railway authorities, coupled with the effective implementation of rail policies and harmonization with EU regulations, involve a multi-layered approach. Key sustainability factors include:

* Stakeholder Involvement and Collective Ownership: The preparatory works in Activity 1, which encompass in-depth reviews of existing rail bridge documentation, trial load testing, and the crafting of a detailed project blueprint, underscore the significance of stakeholder involvement. By aligning bridge structures with EU standards, updating traffic studies, and continuously involving public consultations throughout, the operation guarantees stakeholder inclusivity from government agencies to local communities. This broad-based participation ensures a shared sense of ownership and direction.
* Strengthened Institutional Capacities: Activities 2 and 3 is notably geared towards fortifying the administrative abilities of Macedonian's railway sector. By harnessing EU member states' expertise, delivering tailored training programs, and focusing on both strategic endeavours (like the five-year National Program) and grassroots movements (like safety awareness drives), the operation bolsters the capacities of key entities like the Ministry of Transport and Communication and ZRSMI. The enhanced proficiencies gained ensure that these bodies can sustainably manage and benefit from the projects long after their execution.
* Resource Dedication and Long-term Vision: The exhaustive scope of Activity 1, covering aspects from "green procurement" in tender dossier preparation to the vigilant supervision of construction works, exemplifies a profound commitment to resource allocation. Furthermore, Activities 2 and 3 emphases on aligning with the 4th EU Railway Package, harmonizing track access charges, and transposing EU's Technical Specifications into national law underlines the foresight for sustainable results. This combination of meticulous planning, resource dedication, and alignment with EU benchmarks ensures the operation's enduring impact on Macedonian's railway landscape.

Furthermore, as the designated MA and IBPM for the OP, MoTC and ZRSMI, must ensure that operation is executed in alignment with the defined objectives, and the results are measured using the applicable indicators as specified in the relevant documents, such as this OIS, the OP and ToR/Twinning Fiche. This is crucial to ensure the continuity of the results generated by operation after the implementation period has concluded. Upon approval of the final outputs, MoTC and ZRSMI must affirm their commitment to respecting the objectives and utilizing them for the intended purpose, thereby ensuring the sustainability of the operation results after the implementation period has ended.

1. **Gender equality and empowerment of women and girls, equal opportunity, Roma, minorities and vulnerable groups (where relevant):**

Acknowledging the fundamental role of gender equality, the operation integrates gender considerations throughout, especially within its studies such as ESIA, and capacity-building activities. The latter, in particular, will be gender-disaggregated to ensure that both men and women benefit equally from the training, knowledge sharing, and expertise enhancement initiatives. Although the project primarily revolves around infrastructure development, efforts have been made to ensure it is gender sensitive. The integrated approach within the studies provides insights into potential gender-related implications, confirming alignment with EU's commitment to gender equality.

Principal stakeholders include the national railway authorities, Ministry of Transport and Communications, ZRSMI and local communities along Railway Corridor X. Their roles span planning, implementation, and eventual utilisation of the rehabilitated infrastructure. The operation will take into account vulnerable groups, including the Roma community, ensuring they are not inadvertently marginalized. By engaging with these stakeholders, especially those representing vulnerable groups, the project seeks a comprehensive understanding of the societal landscape and potential impacts, ensuring no group faces undue disadvantages.

11) **Requested financing from the European Commission:** 3 675 000 EUR

12) **Co-financing:** 2 375 000 EUR National co-financing

13) **Budget breakdown:**

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| --- | --- | --- | --- | --- | --- |
|  | **EU contribution (EUR)** | **EU contribution percentage** | **National co-financing (EUR)** | **National co-financing percentage** | **Total expenditure (EUR)** |
| **Activity 1**  Service Contract *International Restricted procedure* | 2 375 000 | 50% | 2 375 000 | 50% | **4 750 000** |
| **Activity 2 and Activity 3**  Twinning contract Twinning *partner selection procedure* | 1 300 000 | 100% | 0 | 0% | **1 300 000** |
| **Total** | **3 675 000** | **60,74%** | **2 375 000** | **39,26%** | **6 050 000** |

**Only for operations including infrastructure projects -**

14) **Financial Analysis and Economic Appraisal** *Not applicable\**

1. **Environmental Impact Assessment** *Not applicable\**
2. **Climate-resilience and climate mitigation** Not *applicable\**

\* The operations defined above in the form of two activities are of necessity directed towards the final delivery of the infrastructure projects. However, the supporting documents and analyses listed in the following chapter will be the focus and de facto final deliverables of this operation. For the above reasons they are not attached to this OIS.

1. Source: http://makstat.stat.gov.mk/PXWeb/pxweb/en/MakStat/MakStat\_\_Transport\_\_SoobrakajniNesreki/125\_Trans\_Mk\_ZelSN\_ang.px/?rxid=6263d405-f656-4350-a635-777e57b54850 [↑](#footnote-ref-1)
2. Source: https://ec.europa.eu/eurostat/data/database?node\_code=ttr00006 (Select// Tables by themes /Transport/Railway transport /Goods transport by rail, Select/ Million tons kilometres) [↑](#footnote-ref-2)
3. Including, but not limited to: Documentation review for bridge structures aligned with EU standards.

   Traffic study (either a new one or an updated version).

   Bridge trial load testing report.

   Comprehensive project documentation for railway bridges: Feasibility study, Preliminary design, Cost-Benefit Analysis (CBA), Environmental Impact and Social Assessment (EISA), Urban infrastructure project, Detailed design

   Tender dossier for works (with "green procurement" elements).

   Tender dossier for works supervision.

   Revised detailed design document (incorporating improvements during construction). [↑](#footnote-ref-3)