IPA III – Model of Operation Identification Sheet

1. **Title of the Operation:** Enhancing road 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 State Roads (PESR)

Intermediate Body for Financial Management (IBFM) - Central Financing and Contracting Department (CFCD)

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 2 – Road Transport

1. **Description of the Operation**

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

The operation is an integral component in realizing the strategic objectives of the OP Transport in the Republic of North Macedonia, focusing prominently on enhancing the national road network.

The purpose of the operation is to strengthen the transport sector's contribution to regional economic development, social cohesion, environmental sustainability, and climate resilience in the Republic of North Macedonia. This will be achieved by improving safety, efficiency, and sustainability of the Republic of North Macedonia's road transport infrastructure, while simultaneously building administrative and institutional capacity of road authorities to ensure long-term adherence to EU regulations and standards.

The operation's objectives are twofold: firstly, by enabling the rehabilitation of crucial state roads and achieving the readiness to construction of a new expressway, the operation aims to elevate road safety standards and stimulate economic development.

Secondly, one of the defining features of the operation is its focus on the quality in terms of management of national infrastructure together with capacity-building of staff within national authorities. By emphasising road safety, maintenance, and asset management together with climate change, which not only enhances immediate operational effectiveness but also ensures long-term sustainability and compliance with EU regulations. Environmental sustainability is interwoven throughout with every planning and execution phase prioritizing ecological balance, sustainable practices, and a minimized environmental footprint. Overall, this operation represents a holistic endeavour to significantly improve the quality, safety, and efficiency of the Republic of North Macedonia's road transport infrastructure, fully aligning with OP's overarching objectives.

5.2 **Overall Objective of the Operation:**

To improve safety, efficiency, climate resilience, and sustainable connectivity of road transport infrastructure on sections of TEN-T Corridors X, Xd, and VIII.

5.3 **Specific Objectives of the Operation:**

1. Selected road infrastructure projects of national and European strategic importance are mature and ready for investment by EU standards.
2. Enhanced capacities of road sector related national authorities accompanied by the integration of road safety, maintenance and road asset management policies and alignment with the EU regulations.

**5.4 Outputs**

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

**Output 1.1** Technical and tender documentation for the rehabilitation of "Skopje Triangle" motorways prepared together with supervision of works completed.

**Output 2.1** National legislation related to the road infrastructure, road safety and road transport aligned with the EU regulations.

**Output 2.2** Strengthened capacities in road asset management and road safety of the national authorities.

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 rehabilitation of Corridor X - VIII connection motorways A1, A2, and A4 in the area of "Skopje Triangle"* ***(related to Output 1.1)***

In line with the OP description, this activity encompasses a range of foundational, non-construction preparatory, planning, and supervisory activities that are vital to the improving the condition of motorways A1, section Miladinovci – Petrovec, A2, section Miladinovci – Hipodrom, A4, section Hipodrom-Petrovec in the Republic of North Macedonia.

Scope of activity:

* Review/gap-analysis of the existing design, originally prepared in 2020 by PROSTOR DOO Kumanovo and subsequently revised by the Faculty of Civil Engineering – in terms of adapting of technical solutions to current EU standards and norms, together with an assessment of its feasibility, preparing an updated detail design include road safety audit and traffic management plan,
* Support obtaining all necessary permits,
* Preparation of tender dossier according to PRAG rules and procedures with FIDIC contract,
* Support with technical expertise for preparation of works specifications and updating of Bills of Quantities (BoQ),
* Performing environmental mitigation measures, such as soil erosion control, and respective measures in order to mitigate the risks related impact of climate change on road infrastructure,
* Providing supervision of rehabilitation works.

*Activity 2 Alignment of national legislation and policies with EU Acquis for road infrastructure management together with capacity building.* ***(related to Outputs: 2.1, 2.2)***

Scope of activity:

* Conducting a thorough compliance assessment of the existing laws, regulations, and rulebooks to ensure alignment with EU road transport related 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,
* Elaboration of ten-year Strategic Asset Management Plan for state roads, as outlined in Article 13 of the Law on Public Roads,
* Strengthening the management capacities of road related institutions through EU member states expert advice, training programs and on the job support and study visits.

**5.6 Indicators:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Type of indicators** | **Indicator**  | **Baseline**  | **Target**  | **Source of verification**  |
| **Overall objective** | Road fatalities56 (number of road fatalities over population, 1,000,000)57   | 74.69 (2018)  | ≤38 (2030)  | Makstat58  |
| **Specific objective 1** | Number of project documentation packages completed. (Including road safety and green procurement elements) | 0 (2023) | 1 (2028) | Project implementation reports |
| **Specific objective 2** | Degree of preparedness in road transport (Chapter 14), measured by advancements made within a specific reporting period | Moderately prepared (2022) |  Fully prepared (2030) | Commission Reports |
| **Output 1.1** | Tender launched for Skopje triangle works contract | No (2023)  | Yes (2028)  | CFCU procurement plan and publication  |
| **Output 2.1** | Number of road related laws, regulations, and rulebooks aligned with EU regulations  |  0(2023)  | >4 (2028)  | National Programme for Adoption of the Acquis (NPAA)  |
| **Output 2.2** | Strategic Asset Management Plan for state roads available | No (2023)  | Yes (2028)  | PESR Annual Report  |
| Percentage of relevant staff in MOTC Road Department, PESR and Public Enterprise for Maintenance and Protection of National and Regional Roads benefited from the training programs  |  0 (2023) | ≥75% (gender desegregated) (2028) | Project implementation reports |

* 1. **Indicative location(s):** Republic of North Macedonia
	2. **Duration:**

*Activity 1**Preparatory works and supervision for major project on rehabilitation of Corridor X - VIII connection motorways A1, A2, and A4 in the area of "Skopje Triangle":* **36 months+12 months for damage liability period (DLP)**

*Activity 2 Alignment of national legislation and policies with EU Acquis for road infrastructure management together with capacity building:* **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 rehabilitation of Corridor X - VIII connection motorways A1, A2, and A4 in the area of "Skopje Triangle":* PESR

*Activity 2 Alignment of national legislation and policies with EU Acquis for road infrastructure management together with capacity building:* MoTC and PESR

The target groups will include all stakeholders involved in or affected by Macedonian transport sector including Public Enterprise for Maintenance and Protection of National and Regional Roads.

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 rehabilitation of Corridor X - VIII connection motorways A1, A2, and A4 in the area of "Skopje Triangle"*

PESR will be IBPM and end the beneficiary of the service contracts as stated in Activity 1. PESR 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 .The Steering Committee for this contract, to be established by the MoTC and comprised of representatives from the PESR, MoTC, CFCD (Contracting Authority), and Contractors, will ensure the coordination of activities outlined in the respective contract, 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 North Macedonia (EUD) will be represented on the Steering Committees. The relevant IFIs may also participate with observer status.

*Activity 2 Alignment of national legislation and policies with EU Acquis for road infrastructure management together with capacity building*

MoTC will be the Twinning Contract's end beneficiary. As per Twinning Contract, MoTC 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 MoTC and PESR. 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, PESR, Twinning Partner, CFCD (CA), and other relevant stakeholders, such as the NIPAC Office and EUD. The EUD may conduct risk-based ex-ante, and ex-post controls over the tendering 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 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 PESR (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 Interinstitutional 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 transport sector. The MoTC will work with IBPM (PESR) to assess the collected data.

The operation will be monitored by:

* MoTC and PESR on regular basis through the meetings to be organised with Technical Assistance Team and Twinning Partner
* The Steering Committee through regular Steering Committees meetings, which is critical in reviewing and assessing implementation based on reports from the Technical Assistance Teams 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 Sectoral Monitoring Committee will review and assess the implementation of the Operational Programme and related operation. Additional monitoring visits by the European Commission's own staff or independent consultants are possible. The relevant IFIs may also participate in with observer status.

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 rehabilitation of Corridor X - VIII connection motorways A1, A2, and A4 in the area of "Skopje Triangle"* | Service | *International restricted*  | N+1 | N+2 | 36 months+12 DLP |
| ***Activity 2*** *Alignment of national legislation and policies with EU Acquis for road infrastructure management together with capacity building* | 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 listed in Chapter 5.6 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 rehabilitation of Corridor X - VIII connection motorways A1, A2, and A4 in the area of "Skopje Triangle"* the Terms of Reference(ToR) will be prepared by PESR 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. Red FIDIC book will be applicable for this Activity. Ongoing contracts will be used for Ad hoc external assistance for the elaboration of ToR is considered to be provide for PESR within the framework of current ongoing projects.

For *Activity 2 Alignment of national legislation and policies with EU Acquis for road infrastructure management together with capacity building*  (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 provide 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. Ad hoc external assistance for the elaboration of the twinning fiche is considered to be provide for MoTC within the framework of current ongoing projects.

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:

1. 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.
2. Ineffective coordination among the various stakeholders involved in the OP implementation could lead to delays, inefficiencies, and conflicts.
3. Resistance to changes in procedures and implementation modalities from the staff of the Managing Authority, Intermediate Bodies/end beneficiaries, which could hinder the operation's success.
4. The capacity of the Managing Authority, Intermediate Bodies, and end beneficiaries may be insufficient to manage and implement the SOPT projects effectively, despite the capacity-building activities.
5. Delays in the procurement process, including tendering, evaluation of bids, and contracting, could lead to delays in the start of the SOPT projects and its implementation.
6. Lack of information and delays in ensuring data necessary for implementation of the operation.
7. Unforeseen technical challenges during the design or implementation stages, which could lead to increased costs or delays.

Assumptions:

1. Political environment in the Republic of North Macedonia will remain stable throughout the operation's duration, ensuring consistent support and commitment from the government.
2. Stakeholders, especially the MoTC and the Public Enterprise for State Roads, will remain committed and cooperative throughout the operation's duration.
3. 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.
4. Procurement process, including tendering, evaluation of bids, and contracting, is completed in a timely manner, allowing the SOPT projects to start as planned.
5. Timely provision of necessary data for implementation of the operation.
6. Good communication and cooperation between all involved relevant stakeholders and counterparts; particularly the MoTC and the Public Enterprise for State Roads.
7. **Sustainability:**

The operation's activities, including the preparatory work for the rehabilitation of key motorways in the "Skopje Triangle" ~~and the feasibility studies for the development of the Corridor VIII and X sections,~~ along with capacity building for road safety, regulatory alignment and asset management, involve a multi-layered approach. Key sustainability factors include:

* Beneficiary Ownership: This is evident in the reviewing and assessing the current design's feasibility, to ensure the projects meet the specific needs of the rehabilitation works.
* Institutional Management Capacities: Capacity-building activities are designed to bolster the capabilities of key institutions such as the Ministry of Transport and Communication and the Public Enterprise of State Roads. This upskilling in asset management and alignment with EU regulations ensures these organizations can effectively maintain the gains made by the project long-term.
* Resource Commitment: The operation activities, particularly those related to reviewing the design and feasibility study, demonstrate a commitment to securing the necessary resources. This is seen in the provision for detailed design documentation, BoQ updates, environmental mitigation measures, and even aspects like obtaining necessary permits. Additionally, the alignment with EU regulations and the creation of strategic plans emphasizes the long-term planning and resource allocation for the sustainability of the operation’s outcomes.
* Durability of Rehabilitated Infrastructure: The rehabilitated motorways will be more robust, designed to meet higher safety and durability standards. This makes the infrastructure more resilient and thereby contributes to the sustainability of the operation's outcomes.

#### Maintenance Standards and Plans: The operation includes the improvements of maintenance standards and long-term plans, ensuring that the rehabilitated infrastructure is kept in optimal condition. This ongoing maintenance will play a pivotal role in sustaining the results achieved.

As the designated MA and IBPM for OP, MoTC and PESR, 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, 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 PESR 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):**

The operation's design and implementation strive to foster an environment of gender equality and empowerment. Infrastructure projects, particularly in the road transport sector, provide numerous opportunities for gender mainstreaming. For example, in the phases of designing and conducting feasibility studies, there's emphasis on ensuring that infrastructure is safe and accessible for all, taking into account the unique needs of women and girls. Moreover, in the capacity-building component, efforts are made to ensure that training and mentorship programs are open to and inclusive of women, thereby fostering their leadership and technical skills within the sector.

The project is gender-sensitive, ensuring that all its activities, from the planning stages to implementation and monitoring, take into account the different needs, preferences, and constraints of both men and women. This approach ensures that neither gender is marginalized or put at a disadvantage due to the activities of the project.

No formal gender impact analysis was conducted during the operation’s planning. However, the intrinsic design of the operation, with its emphasis on inclusivity, stakeholder consultation, and capacity building, inherently incorporates elements of gender awareness.

The primary stakeholders affected by the issues addressed in this action include the MoTC and PESR, PE for Maintenance and Protection of National and Regional Roads - Skopje and local businesses and communities along the Corridor routes. Their roles vary from oversight and management to direct benefit from improved infrastructure. Institutional and organizational challenges, such as capacity limitations and the need for further alignment with EU regulations, are addressed through the action's capacity-building component.

Attention is directed towards vulnerable groups like the Roma, minorities, and other marginalized communities. Infrastructure developments can inadvertently impact such groups, possibly displacing them or changing their traditional routes of commute. By engaging in public consultations and direct communications, the operation ensures that the needs and concerns of these groups are taken into account, mitigating any negative impact. Risks of potential harm, especially in sensitive areas or settings, will be thoroughly evaluated, with mitigation measures put in place to avoid or minimize any adverse effects.

**11) Requested financing from the European Commission**: 3 300 000 EUR

**12) Co-financing:** 1 000 000 EUR National co-financing

13) **Budget breakdown:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **EU contribution (EUR)** | **EU contribution percentage** | **National co-financing (EUR)** | **National co-financing percentage** | **Total expenditure (EUR)** |
| **Activity 1**Service ContractInternational Restricted tender procedure | 1 000 000 | 50% | 1 000 000 | 50% | **2 000 000** |
| **Activity 2** Twinning procedure | 1 300 000 | 100% | 0 | 0% | **1 300 000** |
| **Total** | **2 300 000** | **69,7%** | **1 000 000** | **30,3%** | **3 300 000** |

**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 four 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.