

DCF members active in the sector in 2017	EBRD, EIB, The World Bank, EU, Croatia
Other key international organizations	Western Balkans Investment Framework; South East Europe Transport Observatory; Regional Cooperation Council; International Civil Aviation Organization; International Union of Railways; Japan International Cooperation System (JICS)
Key government partners	Ministry of Communications and Transport of BiH; Directorate for Civil Aviation of BiH; Air Navigation Services Agency of BiH; Railways Public Corporation in BiH; Federal Ministry of Transport and Communications; Public Enterprise Road Directorate of FBiH; Public Enterprise Motorways of FBiH; Ministry of Transport and Communications of RS; Public Enterprise Motorways of RS; Government of BD BiH; Public Enterprise Railroads of FBiH; Public Enterprise Railroads of RS.
Total allocation / disbursement to the sector in 2017 by DCF members	<p>Total allocated €89.30 million – out of which €0.27 million in a form of grants and €89.04 million in a form of loans.</p> <p>Total disbursed €68.16 million – out of which €4.19 million in a form of grants and €63.97 million in a form of loans.</p> <p>Out of total ODA in 2017, 21% was allocated and 16% was disbursed in the sector.</p>
Legal framework and sector strategies adopted in 2017	<p>The Law on Changes and Amendments to the Law on Basic Safety on Road Traffic in BiH (BiH Off. Gazette No. 8/17); The Law on Changes and Amendments to the Law on Basic Safety on Road Traffic in BiH (BiH Off. Gazette No. 89/17); The Law on Road Traffic in RS (RS Off. Gazette No. 47/17); The Law on the Railways of RS (RS Off. Gazette No. 19/17); The Law on Changes and Amendments to the Law on RS Railways (RS Off. Gazette No. 100/17); The Law on Termination of the Law on Traffic Safety on Roads in BD (BD BiH Off. Gazette No. 47/17).</p> <p>Transport Strategy of FBiH and conclusions which form integral part of the Transport Strategy of FBiH for the period 2016-2030 (FBiH Off. Gazette No. 22/17); Transport Strategy of Republika Srpska for the period 2016 -2030 (January 2017).</p> <p>Previously adopted legal framework and sector strategies are available on www.donormapping.ba</p>
Coordination with and among donors	<p>The EU Delegation coordinates all donors active in this sector. Currently there is no mechanism for coordination of donors in transport sector led by relevant BiH institutions. In the context of the Connectivity Agenda, National Investment Committee (NIC) was established in 2015, which also envisages the participation of relevant international financial institutions and bilateral donors.</p> <p>Donors active in the sector and BiH Institutions from all levels of government regularly attend Donor Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Planning of Financial Development and Coordination of International Economic Aid.</p>

Overview of activities in 2017

Transport sector presented in this Report is based on the sector-based reporting methodology defined in the IPA II regulation, for the period 2014 – 2020.

Transport sector consists of nine sub-sectors:

- Transport connectivity,
- Transport efficiency,
- Air transport,
- Inland waterways transport,
- Maritime transport,
- Rail transport,
- Road transport,
- Multimodal transport and
- Urban mobility.

Transport sector in BiH represents the cornerstone for its economic development and is one of the conditions related to the regional connectivity and the European integration process. Part of the BiH road network also has the international strategic importance, due to its inclusion in the South East Europe Transport Observatory (SEETO) which is integrated into the Trans-European Transport Networks in the Balkans (TEN-T), where most of the traffic of international importance is taking place.

In 2017, Bosnia and Herzegovina achieved some progress in the Transport sector, primarily through signing of the Treaty on establishing of the transport community between the countries of the Western Balkans and the EU (TCT), which sets out the conditions for the new dynamics of cooperation between the EU and the region.

Within the "Berlin Process", the fourth annual Summit of Western Balkans leaders was held in Trieste on July 12, 2017, which among other things, focused on realization of specific measures in the field of transport and energy with the aim to better link the regional infrastructure, economy and people. On this occasion, TCT Treaty was signed between the five Western Balkans countries and the EU. In September 2017, Bosnia and Herzegovina signed the SEE Transport Community Treaty with the European Union.

For Bosnia and Herzegovina, four important infrastructure projects were approved for financing (construction of the 5-C highway, section Ponirak-Vraca, i.e. Zenica -Tunel, section Zenica-Gracanica, section Johovac-Rudanka and Luka Brcko) in support to the phased harmonization of infrastructure with the standards of the European Union. Initial project implementation is conditioned with the signing of the TCT Treaty.

With the adoption of the Framework Transport Strategy of Bosnia and Herzegovina 2016-2030 in July 2016, window of opportunities was opened for financing of infrastructure projects from the EU and International Financial Institutions. This is of utmost importance if taken in consideration that in the previous period investments in the transport sector were reduced, both from domestic and external sources of financing. Since this sector is largely dependent on the EU assistance, particularly in the preparatory phases of certain projects, as well as in capacity development of competent institutions,

it is expected that, after signing of contracts financed from IPA 2017, more substantial recovery of this sector in BiH will be initiated in 2018.

Entity transport strategies were adopted at the beginning of 2017, i.e. the Transport Strategy of the Federation of BiH for the period 2016-2030 (Official Gazette of FBiH no. 22 / 17, dated March 24, 2017) and the Transport Strategy of the Republika Srpska for the period 2016-2030 (Official Gazette of RS, no. 20/17). Both entity strategies aim at improving and developing the transport infrastructure, financially sustainable and harmonized with EU standards and laws, in order to establish the sustainable transport system at the territory of the Federation of BiH and Republika Srpska.

Road transport is still the most common type of transport of goods and people in Bosnia and Herzegovina, and consequently plays an important role in its socio-economic development. In 2017, a set of legal acts were adopted in this area (Official Gazettes of BiH, no. 8/17 and 89/17) and by-laws in the domain of road safety in BiH, international and inter-entity road transport, in accordance with the provisions of the (EC) Regulation no. 1071/2009 (Official Gazettes of BiH, no. 15/17, 54/17, 59/17).

Also, strategic documents were prepared, IPA 2017 Action Document (IPA 2017 AD) and Sector Planning Document for IPA II 2018-2020 (SPD) for the Transport sector in Bosnia and Herzegovina.

In the reporting period, Bosnia and Herzegovina fully participated in the „Connectivity Agenda“ and continued to implement all short-term horizontal measures ("soft measures"), aimed at aligning with the regional policy and technical standards as well as establishing the competitive and efficient transport system in the country.

In the area of air transport, the Multilateral Agreement on Establishing of the European Common Aviation Area (ECAA), officially entered into force on December 1, 2017, after the European Union finalized its internal legal procedures. ECAA Agreement aims to create the European Common Aviation Area based on free access to the market, equal competition conditions and common rules, including areas of flight safety, aviation security, air traffic management and environmental protection.

By signing the ECAA Agreement, Bosnia and Herzegovina made the commitment to align its legislation with the EU regulations and take over the (EU) Regulation No. 996/2010 of the European Parliament and the Council from September 20, 2010, on investigations and prevention of incidents and accidents in civil aviation and suspension of Directive 94/56 / EC.

In 2017, activities were initiated on drafting legislation related to civil aviation security with the aim to regulate this area, thereby ensuring high degree of general security and enhancing public confidence in air traffic. In recent years, significant progress has been made in transposition of regulations and their implementation into BiH legislative framework, which was repeatedly confirmed by inspections of the European Commission representatives.

Preliminary draft was prepared of the Law on Security Investigations in Civil Aviation, which is currently set up for public consultations. The adoption of this law would ensure the swift implementation of effective and quality investigations and eliminate the deficiencies observed in the findings of the International Civil Aviation Organization (ICAO) and the European Aviation Safety Agency (EASA) during

their audits in BiH. Preliminary draft law stipulates the establishing of the Office for Security Investigations in Civil Aviation, which will by establishing of the proactive security procedures based on evidence, contribute to the security of air traffic in Bosnia and Herzegovina.

Also, activities were launched on preparation and drafting of the new Law on Civil Aviation. The law is in the phase of responding to the comments submitted by the BiH institutions and its adoption is expected by the end of 2018.

Due to the increasing volume of air traffic, the Federation of Bosnia and Herzegovina has initiated activities to reconstruct the runways and airport terminal buildings of international airports in Sarajevo, Tuzla and Mostar, which should ensure the increasing of their existing capacities and enable continuous growth, including attracting of the new airline companies and introducing new lines.

Rail transport in Bosnia and Herzegovina is facing particular challenges due to outdated infrastructure, fragmentation of services between entities and uneven regulatory framework. In 2017, positive steps were made in the volume of railway transport of passengers and goods in the Federation of BiH, which enabled the launching of activities for further improvement of the railway infrastructure. In Republika Srpska, the Law on Railways has been adopted, which also regulates the combined transport and types of combined transport as well as the management, construction, reconstruction and maintenance of the railway infrastructure.

It is expected that the implementation of the abovementioned activities will improve the integration and connectivity in the Transport sector both in the country and between Bosnia and Herzegovina and the European Union, thus contributing to creating the dynamics for economic and social development, strengthening financial and institutional capacities, and creating conditions for the construction and reconstruction of the transport infrastructure that lies on the Trans-European and Regional Core Network.

Investments of DCF members in 2017

DCF members active in the Transport sector in 2017 are EBRD, EIB, the World Bank, EU and Croatia.

Total allocations of DCF members to the sector in 2017 amounted to €89.30 million, out of which €0.27 million in the form of grants and € 89.04 in the form of loans.

Total disbursements of DCF members to the sector in 2017 amounted to €68.16 million, out of which €4.19 million in the form of grants and €63.97 in the form of loans.

Figure 4.1. compares allocated and disbursed grants by donors in line with amount of investment.

Figure 4.1. Total allocated and disbursed grants per donors in 2017

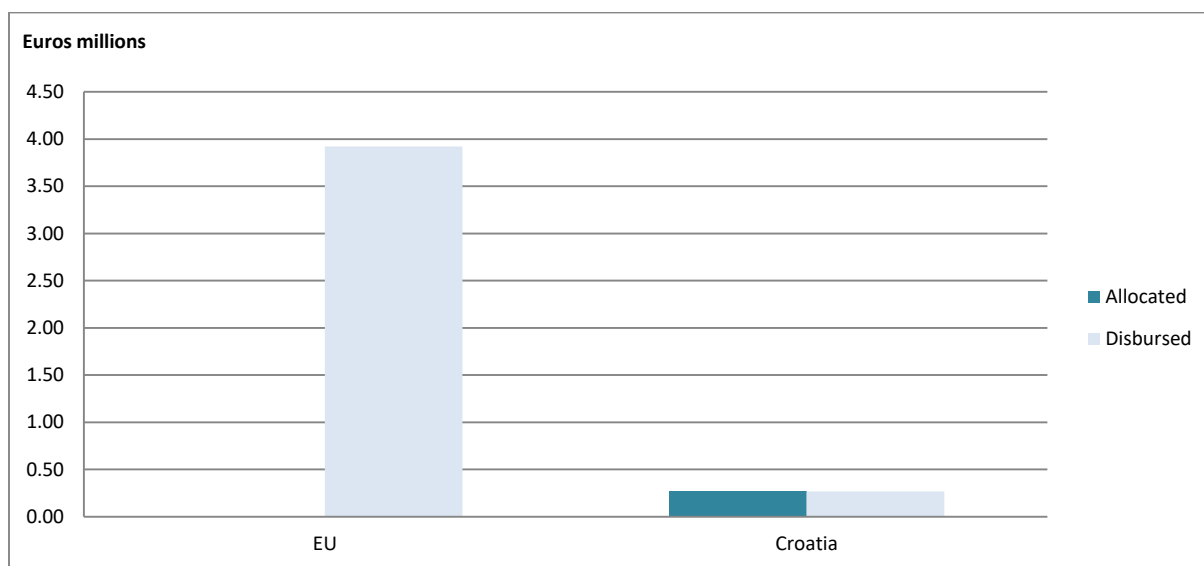
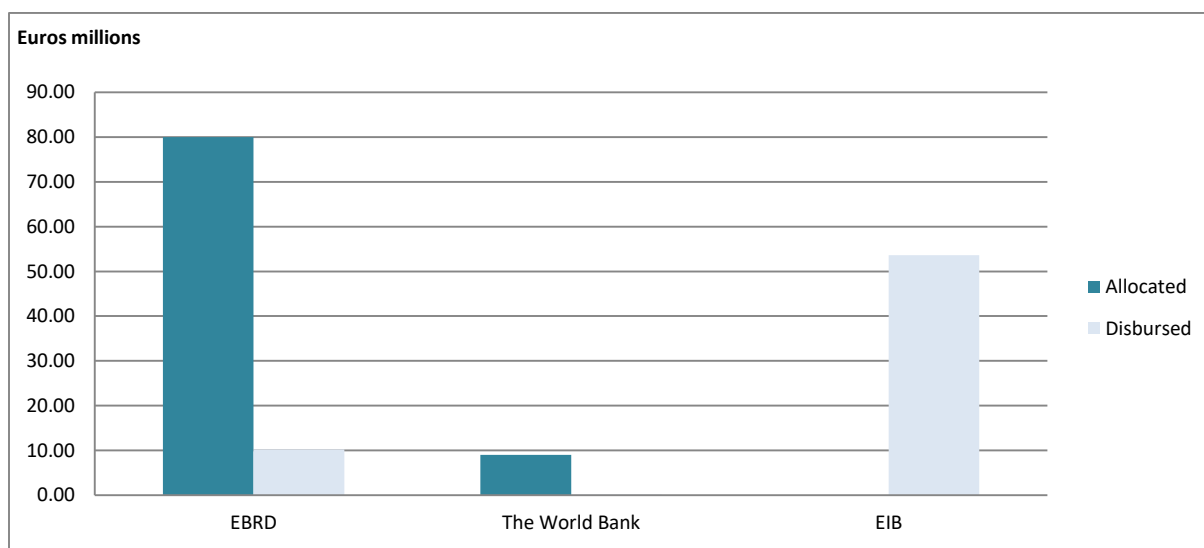


Figure 4.2. presents total allocated and disbursed loans in 2017. EBRD allocated € 80.00 million, while EIB disbursed total amount of € 53.60 million.

Figure 4.2. Allocated and disbursed loans per donors in 2017



Transport sector consists of 9 sub-sectors. Figure 4.3. presents the structure of total allocated funds per sub-sectors.

Out of total allocated funds in 2017, 90% was allocated in the sub-sector Road transport. Sub-sectors that did not have funding are not presented in the chart.

Figure 4.3. Total allocated funds per sub-sectors in 2017

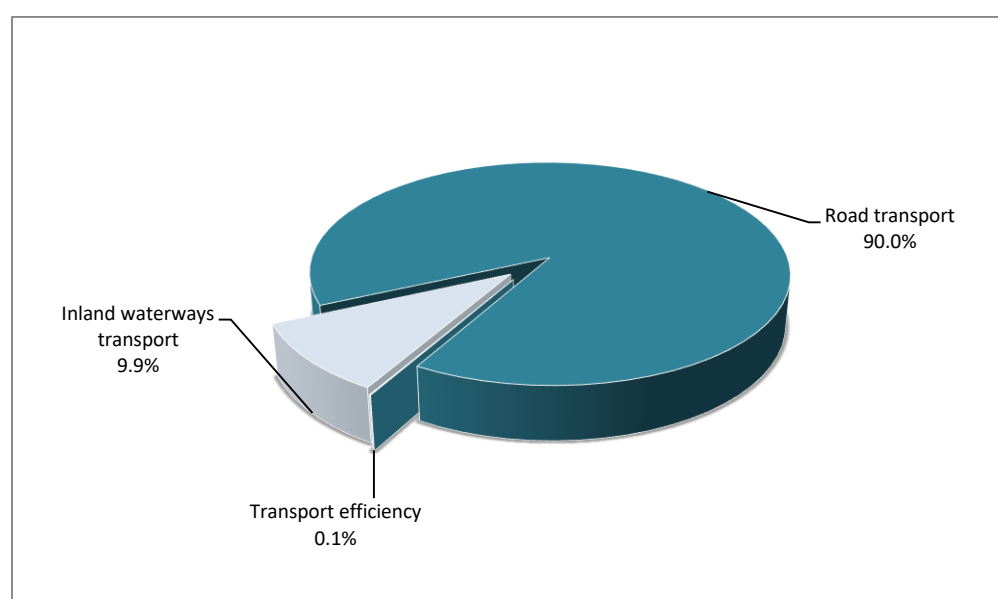
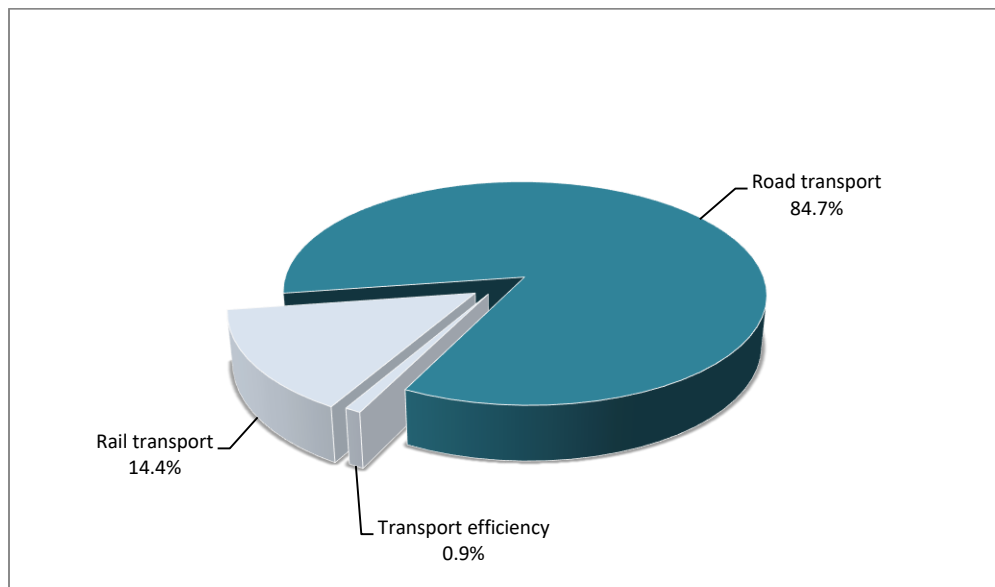


Figure 4.4. presents the structure of total disbursed funds in 2017 per sub-sectors.

Out of total disbursed funds in 2017, largest amounts were disbursed in the sub-sector Road transport 84.7%, followed by the sub-sector Rail transport 14.4%. Sub-sectors that did not have funding are not presented in the chart.

Figure 4.4. Total disbursed funds per sub-sectors in 2017



Ten major projects in the sector that allocated or disbursed funds in 2017, are listed below:

PROJECT TITLE	Donor/Creditor	Total Project Value (Euros millions)
BANJA LUKA - DOBOJ MOTORWAY	EIB	160.00
ROAD MODERNIZATION, FEDERATION BIH	EIB	103.00
BIH RAILWAYS II	EIB	86.00
Bosnia and Herzegovina Regional Railway Project	EBRD	70.00
Corridor Vc in Republika Srpska – Part 1	EBRD	70.00
Federation Road Sector Modernization Project	The World Bank	58.00
Brcko Bypass	EBRD	28.50
Sava Waterway Rehabilitation Project	The World Bank	25.24
Sarajevo Urban Roads Development Project	EBRD	22.50
Banja Luka to Doboj Motorway - loan increase	EBRD	10.00

All projects are available in the Donor Coordination Forum Database, via the following link:

<http://dmd.donormapping.ba/dmd/faces/dmdPublicStart>

Future activities

Future activities in the Transport sector should be focused to further harmonization of domestic legislation with the EU regulation as well as creating the conditions for the construction and reconstruction of the transport infrastructure that lies on the Trans-European and Regional Core Network, as well as the promotion of multimodal and sustainable transport solutions and addressing remaining non-physical barriers for movement of goods and passengers, which implies:

- continue activities on harmonization of legislation with the EU legislation/directives;
- continue activities on strengthening a single or harmonized legal and regulatory framework in BiH;
- draft regulations and align them with EU regulations and ICAO standards, apply ECAA Agreement and carry out activities from Phase I of II Protocol V of the Agreement;
- pass the Law on international and inter-entity road transport and changes and amendments to the existing legal framework in the area of transport safety;
- implement BiH Framework Transport Strategy for the period 2016-2030;
- continue activities on implementation of „soft measures“;
- adopt Traffic Safety Strategy and the Action plan;
- continue activities on development of the transport infrastructure and services network, necessary for the safe and efficient transport;
- draft updated Single list of projects for the Transport sector in Bosnia and Herzegovina;
- continue institutional strengthening and strengthening of regulatory framework with the aim to improve institutional capacities for development and implementation of the EU harmonized transport policies at all levels of government in BiH;
- implement the project „Development of database on traffic accidents in the BiH Ministry of Communications and Transport“;
- improving and upgrading the software for recording and controlling the use of issued licenses for international transport of passengers and goods;
- rehabilitation of the Sava waterway and demining of the of the Sava River right bank.