

TWINNING PROJECT FICHE

**Support to the Ministry of Infrastructure in establishing
conditions for application of the European Model of Rail
Transport Service Market in Ukraine**

Abbreviations

AA (Association Agreement)	EU – Ukraine Association Agreement signed on 27 June 2014
BC	Beneficiary Country
UZ	JSC “Ukrainian Railways” (Ukrzaliznytsia)
CMU	Cabinet of Ministers of Ukraine
EC	European Commission
EIB	European Investment Bank
ERA	European Railway Agency
EU	European Union
IFI	International Financial Institution
IT	Information Technologies
MIU	Ministry of Infrastructure of Ukraine
MS	EU Member State
NGO	Non-Governmental Organization
OSJD	Railway Cooperation Organization (CIS Railways)
COTIF	Convention concerning International Carriage by Rail
PAO	Programme Administrative Office
PCA	Partnership and Cooperation Agreement
PL	Project Leader
PSC	Project Steering Committee
RNA	Regulatory Need Analysis
RTA	Resident Twinning Advisor
STE	Short Term Experts
TNA	Training Needs Assessment
TP	Twinning Partner
UIC	International Union of Railways
WTO	World Trade Organization
Transport Strategy	Transport Strategy, approved by Cabinet of Ministers of Ukraine, Ordinance No 2174-r dated October 20th 2010 ‘On approving the Transport Strategy of Ukraine for the period of up to 2020’
Financing Agreement	Financing Agreement for ‘Support to the Implementation of Transport Strategy of Ukraine’ Programme (№ ENPI/2009/020-399)
SBS	Sector Budget Support programme
TRACECA	Transport corridor Europe – Caucasus - Asia

1. BASIC INFORMATION

1.1. Programme: Annual Action Programme 2013 Ukraine (24-446)

1.2. Twinning Number: UA/52

1.3. Title

Support to the Ministry of Infrastructure in Establishing Conditions for Application of the European Model of Rail Transport Service Market in Ukraine

1.4. Sector

Transport

1.5. Beneficiary Country

Ukraine

2. OBJECTIVES

2.1 Overall Objectives

The overall objective is to enhance efficiency of public administration in the environment of railway transport reforms and development of competition in line with the provisions of relevant EU acquis stipulated in the EU-Ukraine Association Agreement. The project is to contribute in strengthening the capacity of the Ministry of Infrastructure of Ukraine in the development of policies for creation of competitive railway market, establishment of safety requirements in the rail sector in line with the European norms and standards, integration of Ukrainian railway system into the Trans-European transport network.

2.2 Project Purpose

The purpose of the project is to strengthen the institutional capacity of the Ministry of Infrastructure of Ukraine (Department of State Policy in Rail Transport Sector and Transport Safety Department), State Service of Ukraine on Transport Safety and Security and JSC “Ukrzaliznytsia” in the framework of rail transport reform in line with relevant EU acquis and standards by providing best EU practices and assistance to contribute in:

- the work on implementation plans for EU acquis, legal drafting and setting up new regulatory and enforcement bodies in the rail transport sector;
- improvement of rail infrastructure management, operation, and development;
- evolution of rail service market access and introduction of competition among the rail service market actors in line with the EU requirements.

The project is also expected to bring benefits to the EU MSs, including potential market opportunities for EU rail industry and enhanced mobility.

2.3 Contribution to the EU-Ukraine Association Agreement and National Transport Strategy

The relations between Ukraine and the EU are based on the Partnership and Cooperation Agreement (PCA) signed in 1994 and in force since 1998, and the European Neighbourhood Policy EU-Ukraine Action Plan, which has been replaced by the Association Agenda in November 2009. Among others, under the transport section, the Association Agenda stipulates, that the Parties cooperate to support Ukraine in implementation of the comprehensive Transport Strategy of Ukraine for the period of up to 2020 (the Transport Strategy).

The Association Agreement between the European Union and the European Atomic Energy Community and their member states, of the one part, and Ukraine, of the other part, was negotiated and prepared during the period 2007 – 2013. The EU- Ukraine Association Agreement was signed in two phases: on 21 March 2014 – a political part (i.e. Preamble, Article 1, Title I ‘General Principles’, Title II ‘Political dialogue and reform, political association, cooperation and convergence in the field of foreign and security policy’, and Title VII ‘Institutional, general and final provisions’), and on 27 June 2014 – an economic part (Titles III ‘Justice, freedom and security’, IV ‘Trade and trade-related matters’, V ‘Economic and sector cooperation’, and VI ‘Financial cooperation, with anti-fraud provisions’). On 16 September 2014, the Parliament of Ukraine and the European Parliament ratified simultaneously the EU – Ukraine Association Agreement. Currently, the EU – Ukraine Association Agreement is being considered by the MS for its respective ratification.

Chapter 7 TRANSPORT of Association Agreement provides for cooperation between the Parties intended to facilitate the restructuring and modernization of Ukraine’s transport sector and gradual approximation towards operating standards and policies comparable to those in the EU, in particular including the

promotion of efficient and safe and secure transport operation. In addition, the cooperation between the Parties shall be aimed at restructuring and renewing the transport sector of Ukraine and the gradual harmonization of valid standards and policies with those existing in the EU, in particular implementing the measures set out in Annex XXXII to this Agreement, without prejudice to obligations stemming from specific transport agreements concluded between the Parties.

The cooperation between the Parties shall cover also various aspects including acceding the relevant international transport organizations and agreements, in particular procedures for ensuring strict implementation and effective enforcement of international transport agreements and conventions.

Annex XXXII, Chapter 7 Transport, Title V, Ukraine – EU Association Agreement, commits Ukraine to implement the provisions of the following railway transport EU acquis:

- Directive 91/440/EEC on the development of the Community's railways
- Directive 95/18/EC on the licensing of railways
- Directive 2001/14/EC on the levying of charges for use of railway infrastructure
- Regulation 913/2010 concerning a European rail network for competitive freight
- Directive 2004/49/EC on safety on the Community's railways
- Directive 2007/59/EC on the certification of train drivers operating locomotives and trains on the railway system in the Community
- Directive 2008/68/EC on the inland transport of dangerous goods
- Regulation 1192/69 on common rules for the normalization of the accounts of railway undertakings
- Directive 2008/57/EC on the interoperability of the rail system within the Community
- Directive 92/106/EEC on the establishing of common rules for certain types of combined transport of goods between Member States
- Regulation 1370/2007 on public passenger transport services by rail and by road
- Regulation 1371/2007 on rail passengers' rights and obligations.

At the time frame between the elaboration and negotiation of the EU – Ukraine Association Agreement and its formal signature and ratification, some of the EU Regulations and Directives fixed in the Agreement have been amended or repealed. One of very important railway legal acts adopted by the European Parliament and of the Council was Directive 2012/34/EU, establishing a single European railway area, merges previous directives (the first Railway Package) and their successive amendments into one act. Directive 2012/34/EU of 21 November 2012 guides establishing a single European railway area (recast), and the Fourth Railway Package (COM (2013) 25, 30 January 2013) is aimed at completing the Single European Railway Area to foster European competitiveness and growth. It also adds important substantive changes to tackle the lack of competition, poor regulation and low investment observed in the rail market. It applies to the rail freight and international passenger market segments and is also quite substantial for Ukrainian reform and TEN-T integration processes.

However, at this stage there is no full agreement, either within the Ukrainian administration or within the Commission and EEAS, concerning revision of the annexes of the Association Agreement. Furthermore the 4th railway package has been approved by the Commission but remains in the legislative process between the Council and the Parliament. At the same time Ukraine confirms its willingness for evolutionary and step-by-step implementation of the EU rail transport directives as it is stipulated in the Association Agreement.

Ukraine is one of the priority partners for the EU and it has been mutually agreed to move from cooperation towards gradual economic integration and deeper political association. The integration into the EU is surely to be one of the major priorities of the Ukrainian state policy. The Ukrainian transport system has not met the EU standards and requirements yet. The state bodies are aware of all gaps in terms of infrastructure, equipment and regulations. Having signed international conventions on harmonizing the

national standards and regulations with the common requirements of the European Union, Ukraine declared its readiness to take actions required for modernizing the national transport system.

In addition, “Transport Strategy of Ukraine for the period up to 2020”¹ was adopted and has been implemented in order to support the sustainable and efficient transport sector operation with a view to creating conditions for social and economic development of the country and to improve the competitiveness of the national economy and people’s wellbeing. More information is provided in Chapter 3.1 Background and justification.

3. DESCRIPTION OF THE TWINNING PROJECT

3.1 Background and Justification

Ukrainian rail transport is a leading player in the transportation system of Ukraine, with its 82% coverage of freight and almost 50% passenger transportation out of all transportation modes.

Ukraine’s railway network covers nearly 22 thousand kilometres with 45 % of those being electric. With its freight volumes transported, Ukraine is the 4th busiest railway on the Eurasian continent, outrun only by China, Russia and India.

The territory of Ukraine is crossed over by three Rail Transport Corridors No. 3, 5 and 9. Pan-European Transit Corridor No. 7 following the Danube River is linked to Ukraine through the Ukrainian ports of Ismail and Reni. At present, the length of national rail transit corridors of Ukraine is 3162 km. Mainly, these are hi tech double-track electrified ABS railways. Moreover, transportation along with the international transit TRACECA corridor ("Transport Corridor "Europe-Caucuses-Asia") continues to be developed.

With the enlargement the EU set new goals in terms of building new transport zones and development of international transport corridors. The new Trans European Transport Network is underway in Europe, covering all modes of transportation and a new wide scale development plan for Trans European Transport Network (TEN-T) is to be implemented by 2020. This plan envisages unification of transport networks of all new EU member-states due to the need to create a bigger, stronger Single European Market. In the Transport White Paper 2011, the guidance document for the development of transport in the EU, establishment of a Single European Railway Area with a network of rail corridors with multimodal connections is set as one of the major objectives. Railways will be one of the key elements of the TEN - T core network. Overall the Multiannual Financial Framework foresees that this EU TEN T core network will be (co)financed over the coming years through EU contributions of EUR 28 bn. This will effectively act as "seed capital" to stimulate further investment by Member States to complete difficult cross-border connections and links which might not otherwise get built. It is estimated that the cost of implementing the first financing phase for the core network for 2014–2020 will be €250 billion. According to the White Paper for Transport, by 2030 30% of road freight over 300 km should shift to other modes such as rail or waterborne transport, and more than 50 % by 2050.

Within the framework of the 4th meeting of Transport Panel of Eastern Partnership held on 30 April 2013 in Brussels, Ukraine reached a coordinated agreement with the European side concerning merging maps of road and railroad networks, sea trade ports and airport of the participating states. On 9 October 2013 Luxemburg hosted a transport ministerial meeting between the Eastern Partnership countries e and EU Member States, where the abovementioned networks were approved.

To guarantee the proper level of railway development there are a number of vital conditions to be in place, such as: ensuring greater competition on the railway market; improving state management of the industry

¹ Adopted by the Ordinance of the Cabinet of Ministers of Ukraine No 2174-r dated October 20th, 2010.

as well as of the organizational and financial management structure of JSC “Ukrzaliznytsia”; to ensure financial transparency and integration of the Ukrainian railways into the Community’s railways.

The main legal framework for the development of railway industry in Ukraine is **the Transport Strategy of Ukraine for the period up to 2020**² and **the State Target Programme for Railways Reform for 2010-2019**³. The National Transport Strategy of Ukraine till 2020 states quite clearly the development plan for the rail transport as it may remain one of the leading freight- and passenger carriers in Ukraine for the next decades. The rail transport development policy is mainly focused on the rail sector governance, including the infrastructure, provision of open access to the rail track national network, creation of competitive conditions for the freight carriers that are crucial factors for rail transport development.

The State Rail Transport Reforming Programme for the period 2010-2015 was approved by Resolution of Cabinet of Ministers of Ukraine No 1390 dated 16 December 2009 (amended by Resolution of Cabinet of Ministers of Ukraine No 1106 dated 26 October 2011). The date for implementation of the reform process has subsequently slipped to 2019⁴. The programme's purpose is to create a new institutional, legal, and economic model for rail transport management, to develop a competitive environment at the rail services market, to improve its operation performance, to meet the needs of national economy and the population in transport services. It foresees three phases:

- Phase I: the separation of the government's regulatory function from the operational function of Ukrzaliznytsia (UZ), the national state-owned railway company and transformation of UZ into a joint-stock company. The establishment of the State Joint Stock Rail Transport Company (corporatization of UZ), which had to be established based on the Law of Ukraine ‘On Peculiarities of Setting Up a Public Joint Stock Company for Public Rail Transport’ still in 2013, happened only in autumn 2015. The former administration of Railways (Ukrzaliznytsia), which managed six regional integrated railways entities from both corporate and state governance points of view, has become a Joint Stock Company “Ukrainian Railways”, allowing the separation between State and Corporate Governance. JSC “Ukrainian Railways” will be organized in vertical business units, which will be financially separated to allow the opening of the market for competition in the future.
- Phase II: the formation of a vertically integrated rail system, structured by business/ activity with automated accounting systems and controls; improving the tariff policy and providing a free pricing system in the competitive sectors of transport services market.
- Phase III: the elimination of cross-subsidy between freight and passenger services through the introduction of a financial support mechanism, the establishment of a long distance passenger service operator and an increase in passenger vehicles on private lease.

As far as separation of the infrastructure from operations and organisation of access to the network are concerned, JSC “Ukrainian Railways” started its operation on 1 December 2015. Six regional rail enterprises were amalgamated into one structure that would allow consecutive internal structural reforms inside the “Ukrainian Railways” through creation of branches based on the type of business/ activity. In future those business/ activity oriented branches will be transformed into separate units that will be merged again in JSC “Ukrainian Railways”, allowing the company functioning as a holding and having, for instance, in its structure manager of infrastructure, regional passenger companies, freight transport companies, etc. It is how the equal access to infrastructure and clear and transparent separation of businesses and its accounts of business are seen.

A new Law on “On Railway Transport” has been drafted, passed to the Cabinet of Ministers and expected to be voted in the Parliament in 2016. The Law foresees the opening of the freight market for

² <http://zakon2.rada.gov.ua/laws/show/2174-2010-%D1%80>

³ <http://zakon1.rada.gov.ua/laws/show/1390-2009-%D0%BF>

⁴ It should be noted that the implementation of the Programme is carried out with significant delay due to macro-economic and political changes in the country.

competition of Railway Undertakings, the creation of new state bodies for the governance of the sector according to EU acquis and a new pricing system based on infrastructure charges and Public Service Contracts for Public Service Obligations. Also the new draft Law “On Railway Transport” determines the basic principles of operation in railway sector and laying the grounds for market economy interrelations in line with the requirements of the EU acquis. The draft laws was registered in the Parliament on 14 December 2015 (ref. №3650) with its further submission to the parliamentary committees for consideration and comments.

In addition, after the signing of the EU – Ukraine Association Agreement the Ministry of Infrastructure of Ukraine during 2014-2015 has elaborated **the Implementation Plans for the transport sector EU Directives and Regulations fixed in the Agreement**, which were approved by the respective Resolutions of the Cabinet of Ministers of Ukraine⁵.

Successful reforms will require commitment of UZ management, the Parliament and Government, also of the freight clients (including main industrial groups). The operation performance of rail transport would also call for introduction of new approaches to the management of the sector. In short to medium term perspective, Ukraine will need:

- to improve state governance in rail transport field and define competences of the bodies of state governance system in the field of rail transport;
- to introduce efficient mechanisms for railway carriages market regulation in the context of competition development;
- to provide equal access to the railway infrastructure;
- to develop market model that would allow to implement reforms in tariff policy;
- to introduce certification system of railway undertakings’ and infrastructure managers’ safety management systems and to introduce risk assessment systems;
- to introduce technical specifications of interoperability (TSI) for each subsystem and subsystems’ constituents in order to comply with comprehensive requirements and provide interoperability of railway system.

To implement provisions of the Association Agreement between the EU and Ukraine and to follow the strategic targets of Ukraine on developing the rail transport and monitoring the EU standard compliance, it is planned to support, in the framework of the twinning project, the implementation of strategic trends established by the new draft Law “On Railway Transport”, CMU approved Association Agreement Implementation plans, Transport Strategy of Ukraine up to 2020 and the State Target Programme for Railways Reform for 2010-2019.

3.2 Linked Activities

Ukraine has been the recipient of a number of EU technical assistance projects aimed at supporting the Ministry of Infrastructure of Ukraine in transport sector reforms. The latest completed and ongoing projects’ reports and deliverables should be taken into consideration to follow up and enforce assistance in railway sector reform and Association Agreement implementation.

The technical assistance project "Support to the Implementation of the Transport Strategy of Ukraine" has been implemented since April 2012 and was finished in December 2015. The overall project purpose was to promote the national priorities in the transport sector, support in the implementation of the national transport strategy and EU funded transport sector budget support (SBS) programme as well as to enhance the cooperation between the EU and Ukraine, referring to the priorities of the EU-Ukraine Association Agenda, Association Agreement and other agreements between Ukraine and the EU in transport sector.

⁵ http://www.kmu.gov.ua/kmu/control/uk/publish/article?art_id=247981894&cat_id=247984327

A new technical assistance project in transport "Support to the Implementation of the Association Agreement and of the National Strategy in Transport Sector in Ukraine" started in January 2016. The overall objective of the project is to contribute to further development and modernisation of the transport sector in Ukraine. Activities are planned for the assistance in harmonisation of legislation in the transport area according to the priorities of the Association Agreement and for the assistance in updating, implementation and monitoring of the national transport strategy, while providing support to effective management of national policies and plans. The focus in the assistance related to harmonisation of legislation is made on the road and maritime transport due to the deadlines fixed in the Association Agreement for those transport modes. The assistance will be provided in the whole process of the implementation and enforcement of five priority directives and regulations (Regulation (EC) 1071/2009, Directive 2009/40/EC, Directive 2009/45/EC, Directive 2009/16/EC, Regulation (EC) 1370/2007). The Regulation (EC) No 1370/2007 of the European Parliament and of the Council of 23 October 2007 is for public passenger transport services by rail and by road.

There are a number of twinning projects for the Ukrainian authorities aimed at transport sector reforms in line with the European *acquis* and standards. One of them recently completed is the railway twinning project "Institutional Support to the Ministry for Infrastructure of Ukraine on Increasing the Operation Performance and the Competitiveness of Rail Transport in Ukraine" (May 2013 – December 2015). The project was dedicated to contribute to ensuring the efficient state regulation of rail transport operations in Ukraine in the framework of rail transport reform and to introducing European quality standards in transport services. Among the major project achievements based on which the project in question will need to be built are:

- The project was substantially involved in analysing and providing recommendations on all major conceptual issues of the draft Law "On Railway Transport" that is expected to be voted in 2016, after passing expertise in the parliamentary committees.
- The project was involved in assisting the Ministry of Infrastructure to analyse the institutional links that the Ministry has to establish with a newly established JSC "Ukrainian Railways".
- Recommendations on how to improve the current tariff system and migrate towards a system based in market prices for the final users and infrastructure charges for the railway undertakings has been drafted and extensively explained.
- A financial support procedure for passenger services has been proposed in the framework of the tariff changes. The procedure is based on the separation in business units within UZ and foresees a transition period to smooth the change of system.
- Training has been conducted covering the following issues: functioning of the Certification System in EU; creation, implementation, supervision and monitoring of the Safety Management System; implementation of technical standards to make the stations and rolling stock accessible for People with Reduced Mobility in EU.
- Contact with the coordination office of the Sixth TEN-T corridor has been established as a platform to improve the traffic between Ukraine and EU. In this sense, support to the feasibility study for installing automatic double gauge changeovers in the borders of EU has been provided.

Another initiated Twinning project "Support to Improving the Safety of Multimodal Dangerous Goods Transport in Ukraine" that is being contracted now and is expected to be launched in May 2016 will provide assistance and best EU practice in order to contribute to the improvement of multimodal dangerous goods transport system including road, rail, sea and river (IWW) as well as multimodal connections in line with the European rules and standards with main emphasis on transposition, implementation and enforcement of Directive 2008/68/EC requirements.

Taking into consideration the projects mentioned above and newly adopted approach of DG NEAR⁶ concerning the future regional cooperation in transport coordination efforts should be undertaken under

⁶ The future strategy for improving connectivity with the EU-neighbourhood East has been prepared by DG NEAR, with a view to identify the required actions from the European Union to strengthen transport connectivity in the

the guidance of DG NEAR and the EU Delegation to Ukraine in order to ensure efficient cooperation among the on-going and future projects and to avoid any duplication of actions.

Other donors may include the World Bank, the European Bank for Reconstruction and Development, the UN Development Programme, the USA and Canada, the EU Member States. The World Bank and the EBRD have been active in the infrastructure development sphere. The European Investment Bank (EIB) has been expanding its operations in Ukraine, too.

3.3 Results

Component A: Support to the Ministry of Infrastructure of Ukraine to develop the rail transport policy in the environment of implementing the relevant EU acquis and standards

Result: Laws, draft regulations, procedures and technical requirements of Ukraine in the rail transport sector have been reviewed to comply with EU acquis and standards. The state governance has been improved, the supervision has been strengthened, and cooperation of state bodies and business entities in the rail transport sector has been enhanced.

Component B. Infrastructure management and equal access to infrastructure

Result: The system of Ukrainian railway infrastructure management, operation, and development has been improved. The rail sector has received relevant recommendations and is ready to open the rail service market.

Component C. Access of rail enterprises to rail service market

Result: A system for rail service market access and competition evolution has been developed. The implementation of strategy for step-by-step introduction of competition among the rail service market actors, in line with the EU directive requirements, has been launched.

3.4 Activities

COMPONENT 0:

Activity 0.1: Kick Off Meeting. During the first month of the project a kick-off meeting will be organised to introduce the aims and activities agreed upon in the Work Plan with all relevant stakeholders. The public will be informed as well by organising a media conference announcing the project launch and its objectives.

Activity 0.2: Closing Conference. A conference will be organised during the final period of the project implementation phase. The main goal is to present the results of the project as well as lessons learnt and recommendations to the same audience that attended the kick-off meeting.

Eastern Neighbourhood region, and a better targeting of EU financial assistance under the European neighbourhood Instrument to support these objectives. Additional information can be provided once the strategy is adopted.

COMPONENT A. SUPPORT TO THE MINISTRY OF INFRASTRUCTURE OF UKRAINE TO DEVELOP THE RAIL TRANSPORT POLICY IN THE ENVIRONMENT OF IMPLEMENTING THE RELEVANT EU ACQUIS AND STANDARDS

Activity A1 Work on implementation plans for EU directives in the rail transport sector

– **To make GAP assessment of the Ukrainian laws and draft regulations on their compliance/compatibility with the general principles of EU acquis**, including the railway EU directives and regulations indicated in the EU – Ukraine Association Agreement. Attention should be focused on a new version of draft Law ‘On Railway Transport’, Programme for Rail Transport Reform for 2010 – 2019, Strategic Plan for Rail Transport Development up to 2020, Implementation Plans and road maps to implement railway EU directives and regulations.

The draft Law ‘On Railway Transport’ is the first fundamental element for the entire reforming process (the second fundamental part of the reform is transformation of JSC “Ukrzaliznytsia”). The Law foresees the opening of the freight market for competition of railway undertakings, the creation of new state bodies for the governance of the sector according to EU acquis and a new pricing system based on infrastructure charges and Public Service Contracts for Public Service Obligations. Its adoption will become a basis for further legislative reform, including development of the extensive secondary legislation.

– **To develop a brief report and recommendations on relationship** between the State and the JSC “Ukrzaliznytsia” in the framework of improving the state governance functions; **on development and implementation of an efficient procedure of interaction** and cooperation between the Ministry of Infrastructure of Ukraine and JSC “Ukrzaliznytsia” in order to establish a systemic approach for elaborating a long-term sector development policy, carrying out a multicriteria market condition assessment, drafting and implementing primary and secondary legislation, procedures and standards, attracting budget and out-of-budget investments, improving the cooperation with the private sector, enforcing the legislation and monitoring the operation safety according to the European practices.

Activity A2 Legal support to the market access and rail transport market opening on the basis of EU acquis

- **To assist in drafting regulatory acts and procedures and to deliver the best European experience** following the Ukrainian rail transport reforming phases and implementation of EU railway acquis, based on the provisions of **Directive 2012/34/EC**. Additional dedicated assistance will be needed for recommendation on how to proceed with GAP removal in order to implement new requirements to licence rail transport services according to **Directive 2012/34/EC** provisions, covering good repute, financial standing, staff professional competence, traction rolling stock availability.

Activity A3 Practices of introducing the state supervision and safety monitoring in the rail transport sector on the EU acquis basis

– **To provide technical and regulative support** on improving the procedures and methods of state supervision and safety monitoring in the rail transport sector **according to Directive 2004/49/EC, taking into account provisions of Directive 2012/34/EC**, including support to set up a national safety body, to develop procedures and a framework for introducing a safety management system certification at the rail transport enterprises and infrastructure managers, to establish general safety indicators, to introduce a risk assessment system, to set up a technical investigation body and to develop the relevant rules.

Activity A4– Study tours

– **To organize a study tour** (study tours) to EU Member State Partner(s) in order to illustrate best practices of law and standard compliance, interaction between state bodies, non-governmental organisations and business entities. Overall a study tour (study tours) will be aimed at contributing to improve operating capacity of the respective state bodies operating in the rail transport sector in Ukraine, taking into consideration the spheres of their responsibility and operation.

Activity A5– Workshops

– To conduct **regional workshops to consult the Ukrainian public (professional stakeholders) regarding regulatory documents on rail transport sector reforming**, with involvement of relevant structural units of the MIU, JSC “Ukrzaliznytsia”, other ministries and departments, and NGOs.

COMPONENT B. INFRASTRUCTURE MANAGEMENT AND EQUAL ACCESS TO INFRASTRUCTURE

Activity B1 – Infrastructure management

– **To develop proposals and recommendations on improving the infrastructure management**, taking into account the valid laws of Ukraine and applying the relevant experience of the EU Member States.

– **To make recommendations on how to introduce the concept of the infrastructure manager authorization** (to assist to develop a procedure for authorizing the infrastructure managers and issuing authorization certificates). This will include providing support in the development of the first network statement for JSC “Ukrzaliznytsia” as Infrastructure Manager and development of recommendations on introducing TSI and efficient interconnection into the TEN-T.

Activity B2 – Review of infrastructure costs and pricing system in view of making the charging system common for all operators

– **To review the costs of infrastructure manager** and to develop methodology for calculating a rail infrastructure use fee.

– **To provide recommendations** on introducing **new tariffing principles** at rail transport based on the outputs of the previous twinning project⁷, including a possible set-up of independent monitoring bodies.

– **To provide recommendations and to develop clear extra service calculations** to be provided by the infrastructure operator, when granting an infrastructure access (annex 2 to Directive 2001/14/EC).

This activity will be based on the results of the previous twinning project, which prepared recommendations on how to improve the current tariff system and migrate towards a system based in market prices for the final users and infrastructure charges for the railway undertakings. No costs analysis for infrastructure has been made, including also because of the fact that JSC “Ukrzaliznytsia” started its operation at the very end of the project and no required information for such analysis was available.

Activity B3 – Railway regulator

– To contribute to **identifying procedures, functions, commitments and competencies of the railway regulator** (to assist in development of Rules and Procedure for an equal access to the public rail infrastructure, Procedure for making a regulatory (network) contract with an infrastructure operator).

– To deliver the **best European practices on managing and monitoring the equal access to the public infrastructure** based on the currently effective functions, objectives, and responsibility (for maintenance and funding) of JSC “Ukrzaliznytsia”. Proposals on creating an equal access system in

⁷ Twinning project ‘Institutional Support to the Ministry for Infrastructure of Ukraine on Increasing the Operation Performance and the Competitiveness of Rail Transport in Ukraine’ finished in December 2015; final report is to be available in February 2016.

Ukraine in terms of infrastructure and legal tools for opening the rail service market are expected to be made.

Activity B4 – Study tours

– **To organize a study tour** (study tours) to EU Member State Partner(s) in order to illustrate the best practices of **railway infrastructure management, operation, and development**, transparency of infrastructure access provision, tariffing and competition introduction and evolution.

Activity B5 – Workshops

– To conduct **regional workshops to consult the Ukrainian public (professional stakeholders) regarding the recommendations provided** based on the carried reviews and assessment, and the experience learnt during a study tour (study tours) on improvement of the railway infrastructure management, operation, and development as mentioned above, with involvement of relevant structural units of the MIU, JSC “Ukrzaliznytsia”, other ministries and departments, and NGOs.

COMPONENT C. ACCESS OF RAIL ENTERPRISES TO RAIL SERVICE MARKET

Activity C1 – Regulation of relations among the rail service market actors

– **To make proposals and to establish approaches for creating a system to regulate relations among rail service market actors.** Information on the best European practices on creating and managing a system of rail service market actor relationship is to be provided. Drafting the Rail Transport Statute and assessment of its compliance with the European legal rules are to be supported. Safety management at railways should be also brought to a focus, due to introduction of new operators (legal and regulative documents on licensing, certifying, licensing condition enforcement).

– **To develop an action plan for stage-by-stage establishment of market relation system for rail service market actors, including improvement of institutional capacity of the state bodies involved** as well as perfection of specialized training/ capacity development system for professionals of both state bodies and transport service entities (development and implementation of a training plan).

Activity C2 – Conditions for rail undertakings to access the market

– **To make a comprehensive assessment of the institutional capacity of bodies implementing and enforcing new requirements to rail undertakings according to the EU standards** (SWOT analysis including potential scenario of institutional transformations) in order to introduce laws, technical requirements and procedure issues. The assessment should cover such approaches as legal framework introduction, functionalities of state bodies, institutional system, organizational structure (external strength to perform the tasks imposed and flexibility for internal reform), the public communication (operation transparency), training and education of staff, capacity building for state body officers, logistics available and required, etc.

– **To develop recommendations on improving the management and distributing the functions, authorities and interaction of bodies** in order to introduce new requirements to licensing the rail transport services.

Action plan in Activity C1 and recommendations in Activity C2 should include designing procedures by which new potential investors or operators can enter the market in practice. This practical measures will be essential in a market where the Government has limited financial means available to attract entrants.

Activity C3 – Certification of train drivers

– **To review the national laws on compliance with Directive 2007/59/EC on train driver certification provisions** and to make recommendations concerning development of secondary legislation necessary to implement Directive 2007/59/EC provisions.

– **To develop a new system for train driver certification** according to Directive 2007/59/EC, taking into account a need to maintain the traffic safety. Development of secondary legislation necessary to implement Directive 2007/59/EC provisions is to be supported. Non-discriminative conditions for train driver professional training market (set-up of training centres independent from the JSC “Ukrzaliznytsia”) should be paid attention to.

Activity C4 – Study tours

– **To organize a study tour** (study tours) to EU Member State Partner(s) in order to illustrate the best practices of requirements and procedures for rail undertakings to access the market, including the introduction of a rail service market access system and development of the competition.

Activity C5 – Workshops

– To conduct **regional workshops (round tables)** for explanatory and preparatory work with potential actors of rail transport service market (major freight wagon operators), clients, railway people, etc. as well as for discussion of a strategy of stage-by-stage introduction of competition among the Ukrainian rail transport service market actors, according to the EU directive provisions.

3.5 Means/ Input from the MS Partner Administration

This twinning project provides for exchanging the experience and advanced methods with the administration (administrations) of EU Member States for 21 months (the project's implementation period). Standard twinning procedures are to be used. RTA and STEs mobilised under this contract must have working knowledge of English, have excellent communication and analytical skills, be proficient in report drafting and have excellent team working abilities.

3.5.1. Profile and Tasks of the Project Leader

The successful implementation of a Twinning project requires the commitment of two Project Leaders, appointed in the MS and the BC administrations respectively. In case of a consortium, the Junior partner(s) will designate their Junior MS project leader(s) who shall report to the lead MS PL according to the provisions of the consortium mandate. The Project Leader (PL) from the EU Member State (MS) will be responsible for high level collaboration with the beneficiary country (BC) and for the overall steering and coordination of the project, ensuring good cooperation and information exchange between the MS he/she represents and Ukrainian side.

The PL will be expected to devote a minimum of 3 days per month to the project in his/ her home administration. In addition, he/she will come to Ukraine at least every three months (e.g. at Project Steering Committee (PSC)) to supervise and coordinate the overall flow of the project, from the Member State side.

The PL shall:

- Be a high ranking civil servant from the public authority responsible for transport sector with necessary railway transport experience;
- Have education and/or experience in the field of railway transport management, institutional and regulatory approximation/implementation/enforcement issues;
- Have experience in international co-operation issues as an asset;
- Have good organizational, communication and information submission/ presentation skills;
- Have a good command of written and spoken English.

The main tasks of the PL are to ensure:

- overall coordination of the project;
- the leading of activities of the project;
- the achievement of the mandatory result.

MS PL will be co-chair Project Steering Committee meetings together with BC PL. The PL signs the project progress reports prepared with support of the RTA and provides legal and technical guidance and analytical support in course of the project implementation.

3.5.2 Profile and tasks for the Resident Twinning Advisor (RTA)

The relevant institution of MS will appoint a long-term Resident Twinning Advisor (RTA).

The RTA should have the following profile:

- Education at least up to University degree (where university degree has been awarded on completion after three/ four years study in an internationally recognized university or equivalent institution) in law, public administration, transport economics or equivalent;
- Minimum 7 years of general professional experience in public administration, project managing, monitoring or coordination in public institutions context, and minimum 5 years of experience in rail transport sector;
- Experience in training and mentoring in the fields relevant to the project;
- Be fully conversant with the relevant EU legislation and best practices in the area of rail transport reform;
- Have strong written, verbal and inter-personal communication skills in English.

The RTA will be based in the premises of the Ministry of Infrastructure of Ukraine (Kyiv) and will direct the project in coordination with the Ukrainian partner from the Ministry for Infrastructure of Ukraine (Department of state policy in railway transport), as a key partner of the project. The Ministry of Infrastructure (Department of state policy in railway transport sector) will ensure the coordination of the project activities with JSC “Ukrzaliznytsia”.

The RTA will be responsible for the daily management of the project in Ukraine. The RTA shall:

- coordinate and supervise the activities of all experts;
- establish and maintain links with all the beneficiaries, and all the players involved in the implementation of the project, and with other related projects (ensuring the avoidance of overlapping), in close co-ordination with the Project Leader;
- ensure overall co-ordination of works within the project;
- organize the project implementation, especially steering the assignments of the experts, training measures, conferences, internships, etc.;
- ensure timely and effective implementation of the project in accordance with the time schedule including the timely mobilization of short-term experts.

In addition to the above, an assistant and a full time translator-interpreter shall be appointed to assist the RTA. Allowance for this must be made within the project budget. Furthermore, the assistant and translator will facilitate the training activities. Where necessary (for example during training activities, translation of project documents/reports and materials, organizational activities) the project will hire an additional translator with costs covered by the project.

3.5.3. Profile and tasks of short term experts (STEs)

To achieve the mandatory results and to carry out of the activities as per section 3.4 (activities) the assistance of **indicatively** 420 working days of short-term experts of the following 10 (indicatively) profiles would be needed.

The STEs, coming from MS administrations or mandated bodies, will have the following profile:

- At least University degree education (where university degree has been awarded on completion of three / four years study in an internationally recognized university) in law, public administration, transport economics or equivalent field, or at least 7 years of general professional experience referred to the below;
- Minimum of 4, preferably 6 years of professional experience in the fields of railway management or drafting of legislation, harmonization of external legislation with EU transport acquis in a public institutional context;
- Experience in training and mentoring in the fields relevant to the project;
- Preferably a comparative knowledge of other Member States and candidate countries' systems of rail transport networks and relevant legislation;
- Strong written, verbal and inter-personal communication skills in English.

Short term experts	Assignment	Profile	<u>Indicative resources</u>
STEs 1: Experts in rail transport issues with legal background and experience to deal with regulation drafting	Analysis of legal and regulative documents (including elaborated drafts) in rail transport sector on their compliance with the general principles of EU acquis, recommendations and legal drafting – primary and secondary legislation (to be done in collaboration with other STEs); conducting seminars and training	Experts in rail transport issues with legal background and legal practices, including significant experience in developing proposals and drafting legislation, rules and procedures within the EU acquis in railway transport sector	70 days
STEs 2: Institutional and transport policy experts	Recommendations on improvement of state governance functions, institutional strengthening, elaboration of sector development policy and plans according to the European practices, setting up national bodies, elaboration of rules and procedures (in collaboration with other STEs)	Experts on institutional strengthening, policy and action plans development Experts with economic background covering strategy drafting and network configuration/ intermodality	40 days
STEs 3: Experts on licensing issues	Recommendations on introduction of new requirements to licence rail transport services	Experts with legal background and significant legal experience in developing proposals within the respective EU acquis	20 days

STEs 4: Railway safety experts	Improvement of procedures and methods of state supervision and safety monitoring in the rail transport sector; setting up independent national bodies; carrying out seminars and training	Experts on railway safety issues, including experience of setting up national bodies/agencies	60 days
STEs 5: Experts on infrastructure management	Improvement of infrastructure management	Experts with significant experience on infrastructure managers authorization	60 days
STEs 6: Experts on tariffs	Development of the methodology for calculating a rail infrastructure use fee, introducing new tariff principles, development extra service calculations	Experts on tariffs with substantial competence in tariff policies of the EU, OSZhD and CIS	70 days
STE 7	Recommendations on managing and monitoring the equal access to the public infrastructure	Experts with working experience in railway regulatory body, in designing a system workable for potential market entrants, with relevant experience in the rail commercial sector and advise on removal of market entry potential barriers	35 days
STEs 8	Development an action plan for stage-by-stage establishment of market relation system for rail service market actors	Experts with international experience and knowledge in introducing competition “models” at railway transport, in designing a system workable for potential market entrants, with relevant experience in the rail commercial sector and advise on removal of market entry potential barriers	35 days
STEs 9	Development system for train driver certification	Experts on railway transport safety with international experience	20 days
STEs 10: Experts on interoperability	Introduction of interoperability at JSC “Ukrzaliznytsia”	Expert on interoperability of railways familiar with ERA activities	10 days

Total indicatively: 420 days

STEs will provide specialized know-how for the individual tasks in this project; therefore, the team of experts should have expertise in their specific rail transport management areas. As a general approach, the STEs will take the responsibility for the implementation of the project and the achievement of the results, each for his/her individual mission tasks. They will also prepare the required reports and the output described. They can provide long-standing experience in all relevant fields.

The MS should consider their possibilities to mobilize short-term experts from different EU Member States with relevant experience.

3.5.4 Reporting and monitoring

The Delegation of the European Union to Ukraine will manage the procurement, tendering, quality control, reporting and coordination with other donors, the financial and technical cooperation related to the actions described in this project fiche, taking remedial actions if and when needed.

Primary responsibility of the MS Project Leader shall be to ensure that the project produces the required outputs, to the required standards of quality and within the specified constraints of time and cost. PL and other project staff will also address cross-cutting issues. A detailed description of the works and duties of RTAs and other experts will be elaborated in the twinning contract (work programme), in line with this twinning project fiche. The relevant reports will be issued by the MS Project Leader and BC Project Leader on a quarterly basis.

The Delegation of the European Union to Ukraine together with the Twinning Programme Administration Office (PAO) will control the quality of all twinning documentation, check that the good financial management of the twinning project is in compliance with EC rules, receive and examine all twinning project reports, support all twinning stakeholders, including beneficiary administration and Member States.

Project's Steering Committee (PSC) will be responsible for the overall direction of the project and comprise of the representatives from the Beneficiary Administration, MS Administration, EU Delegation and PAO. At quarterly intervals the Project Leaders, the PSC will assess the project progress, verify the achievements of the outputs and mandatory results and define any actions required.

Monitoring will be performed by the EU Delegation to Ukraine. The project may be subject to the audit of the Accounts Chamber according to the standard procedures of the EU Representative Office to Ukraine. The official language of the project will be English. All formal communication regarding the project, including all reports will be produced in English.

4. INSTITUTIONAL FRAMEWORK

Three institutions will be involved in the project: the Ministry for Infrastructure of Ukraine, the beneficiary, in partnership with the State Service of Ukraine on Transport Safety and Security (UkrTransBezpeka) and JSC "Ukrzaliznytsia".

The Ministry for Infrastructure of Ukraine (a legal successor of the former Ministry for Transport and Communication), which incorporates the Department of State Policy in Railway Transport Sector and the Department of Safety and Security on Transport involved in the twinning project in question, is responsible for the development and implementation of the state transport sector policy, transport safety and security, acts within the structure approved for 2015 (Annex 2).

In February 2015 the Government⁸ established the State Service of Ukraine on Transport Safety and Security (UkrTransBezpeka). This was done through consolidation of State Inspectorate of Ukraine for Land Transport Safety and Security (UkrTransInspektisia) and State Inspectorate of Ukraine for Sea and

⁸ CMU Resolution no 103 of 11 February 2015 'On approving the Regulation on State Service for Transport Safety and Security'.

River Transport Safety and Security (UkrMorRichInspektsia). UkrTransBezpeka implements the state policy of safety and security in the areas of public road, urban electrical, rail, maritime and river transport (except the sea shipping safety and security of the fishing fleet ships).

Public joint stock company "Ukrainian railway" (JSC "Ukrzaliznytsia") (former State Administration for Railway Transport of Ukraine) is a legal entity formed under the Law of Ukraine "On Peculiarities of the Creation of a Public Railway company" and Resolution of the Cabinet of Ministers of Ukraine on June 25, 2014 № 200 "On Establishment of Joint Stock Company" Ukrainian Railway". JSC "Ukrzaliznytsia" with 100 percent of the shares fixed in state ownership was created on the basis of State Administration for Railway Transport of Ukraine and enterprises, institutions and organizations of railway public transport officially starts its activity on the 1st of December 2015.

5. BUDGET

The maximum budget foreseen for the project implementation will be EUR 1,600,000.

6. IMPLEMENTATION ARRANGEMENTS

A Project Steering Committee (PSC) will be established for the control and supervision of production of the mandatory results and implementation of the activities. The Steering Committee will meet at regular intervals and will submit by the end of each meeting (as recorded in the minutes of meeting) an acceptance / non acceptance of the Project reports. Official minutes of the PSC meetings will be kept in English and Ukrainian and distributed to all parties within 15 days after the PSC meeting. The Steering Committee should be held every three months. The first Project report should be issued at month 4 and the following ones should follow at the same months as Steering Committee meetings. Project closure by the Delegation should be foreseen for the 24th month, after the approval of the Project's Final Report".

6.1 Implementing Agency

The Implementing Agency responsible for tendering, contracting and accounting is the European Commission represented by the Delegation of the European Union to Ukraine. The person in charge of this project at the Delegation of the European Union to Ukraine is:

Ms Svitlana Didkivska

Project Manager

Delegation of the European Union to Ukraine

101 Volodymyrska Street, Kyiv, 01033, Ukraine

Tel.:+380 (44) 390 80 10

E-mail Svitlana.Didkivska@eeas.europa.eu

The Twinning Programme Administration Office (PAO) under the National Agency of Ukraine on Civil Service is responsible for coordination of the preparation of Twinning projects in Ukraine and support for their implementation, provision of advisory and methodological support to public authorities in preparing and implementation of Twinning projects.

The person in charge at PAO in Ukraine is:

Ms Maryna Kanavets

Director of Twinning Programme Administration Office in Ukraine

National Agency of Ukraine on Civil Service

15, Prorizna str., Kyiv, 01601, Ukraine

Tel/fax: +380 (44) 278 36 44
E-mail: pao@center.gov.ua

Responsible person:

Ms Viktoriia Nazarenko

Twinning Programme Administration Office in Ukraine
National Agency of Ukraine on Civil Service
15, Prorizna str., Kyiv, 01601, Ukraine
Tel.: +380 (44) 278 36 44

6.2 Counterparts in the Beneficiary Country (BC)

The main counterpart in Ukraine will be the Department of State Policy in Railway Transport Sector in cooperation with the Department of Safety and Security on Transport of the Ministry of Infrastructure of Ukraine. The coordination would be imposed on the International Cooperation Department of the Ministry for Infrastructure of Ukraine.

6.2.1. Contact Persons

Ms Svitlana Zabolotska

Chief Expert, Department of State Policy in Railway Transport Sector, Ministry for Infrastructure of Ukraine
Peremogy Ave., 14
Kyiv – 135, 01135 Ukraine
Tel: +380 44 351 49 98
E-mail: zabolotska@mtu.gov.ua

6.2.2. Project Leader

Mr Mykola Snitko

Deputy Minister of Infrastructure of Ukraine
Peremogy Ave., 14
Kyiv – 135, 01135 Ukraine
tel +38044 351 40 09
fax +38044 351 40 14
e-mail: dzt@mtu.gov.ua

Ms Oksana Reiter

Deputy Minister of Infrastructure of Ukraine for European Integration
Peremogy Ave., 14
Kyiv – 135, 01135 Ukraine
tel +38044 351 40 10
fax +38044 351 40 11
e-mail: reiter@mtu.gov.ua

6.2.3. RTA Counterpart

Mr Oleksandr Fedorenko

Director, Department of State Policy in Railway Transport Sector, Ministry for Infrastructure of Ukraine:
Peremogy Ave., 14
Kyiv – 135, 01135 Ukraine
Tel: +380 44 351 4877
e-mail: fedorenko@mtu.gov.ua

6.3 Contracts

Only one twinning contract is foreseen for this project.

7. IMPLEMENTATION SCHEDULE (INDICATIVE)

7.1 Launching of the Call for Proposals (date)

January 2016

7.2 Start of Project Activities (date)

July 2016

7.3 Project Completion (date)

June 2018

7.4 Duration of the Execution Period (number of months)

24 months

Duration of the implementation period: 21 months

8. SUSTAINABILITY

The twinning partners will undertake to provide the basic infrastructure necessary for the sustainability of their joint twinning achievements. The sustainability of the results is likely to be achieved if the twinning partners commit themselves to the following:

1. Absorb efficiently the contents and understanding of the training materials by the Beneficiary personnel being measured and monitored after each training session that is provided by simple tests.
2. Make maximum use of the skills and abilities of the beneficiary country administration personnel previously trained by [other] Member States; apply “train the trainers approach” for sustainable capacity building of the beneficiary administration;
3. Allow for confirmation of the effect of the twinning project for the beneficiary administration by organising a final seminar that presents achieved results of the twinning activities at the end of the twinning project;
4. Provide assurance that manuals and procedures developed within the twinning project will be used by the beneficiary beyond the primary contract period.

The success of the project will be based on achieving practical results and the sustainability of the results will be an important measure of success.

The twinning partners will also seek additional and alternative ways in which the project can be seen to be sustainable.

When considering the importance of the transport sector in any country, there are two dominant aspects: (1) quality of life and (2) overall economic development. Transport has a direct influence on people's life, in the sense of individual mobility and the accessibility of closer and distant areas, but also, with its significant influence on the rational use of time, it concerns the quality of life in a wider sense. Transport has strong effects on quality of life and economy (import, export, tourism), for individuals as well as for the global sustainable organization society as a whole. The increase in transport demand closely follows economic development, and on the other hand good transport services stimulate economic growth.

9. CROSSCUTTING ISSUES

Each twinning partner is required to comply with the equal opportunities requirements of the EU. Whilst environmental requirements are not immediately applicable to the implementation of the project, if any such situation does arise both partners are required to comply with the environmental requirements of the EU.

9.1 Equal Opportunity (gender mainstreaming)

Participation in the project is open on equal terms to all natural and legal persons of the Member States. Gender balance will be promoted.

The project will promote participation of women in beneficiary organisations and will identify the effects/impacts/opportunities on and for women. The team of experts involved in the project must possess relevant skills to ensure effective mainstreaming of gender equality and minorities inclusion /participation.

9.2 Environment

The project is beneficial to the environment since the development of a modern efficient balanced, environment-friendly, sustainable rail transport system in Ukraine has an impact on many issues of key importance to the environment. An improvement in the efficiency of the transport network may be expected to have significant positive environmental impact, as Ukraine currently suffers from heavy pollution as a result of outdated policies and legislation.

9.3 Minorities

With the improvement of transport organisation in Ukraine, public transport will be better and accessible to all passengers, minority and vulnerable groups. Since the poor are disproportionately large users of public transport, they will benefit accordingly.

As minorities and vulnerable groups are usually the most affected by environmental degradation, improvements resulting from this project will also be of particular benefit to them. This also applies to greater transport efficiency, whose resulting cost-reductions will especially favour the poor in society.

10. CONDINALITY AND SEQUENCING

The underlying assumption for this project is the Ukrainian political will to create efficient balanced, environment-friendly and open access to the rail transport system in the country that will facilitate its integration with that of the European Union to enhance regional trade and to coordinate actions globally. So far there has been no reason to doubt this assumption.

Projects to be implemented through Twinning require the full commitment and participation of the senior management of the beneficiary institution. In addition to providing the Twinning partner with adequate resources to operate effectively, the senior management must be fully involved in the development and implementation of the policies required to deliver the desirable results.

ANNEXES TO PROJECT FICHE:

1. Logical framework matrix in standard format
2. Structure of Ministry of Infrastructure of Ukraine for 2015

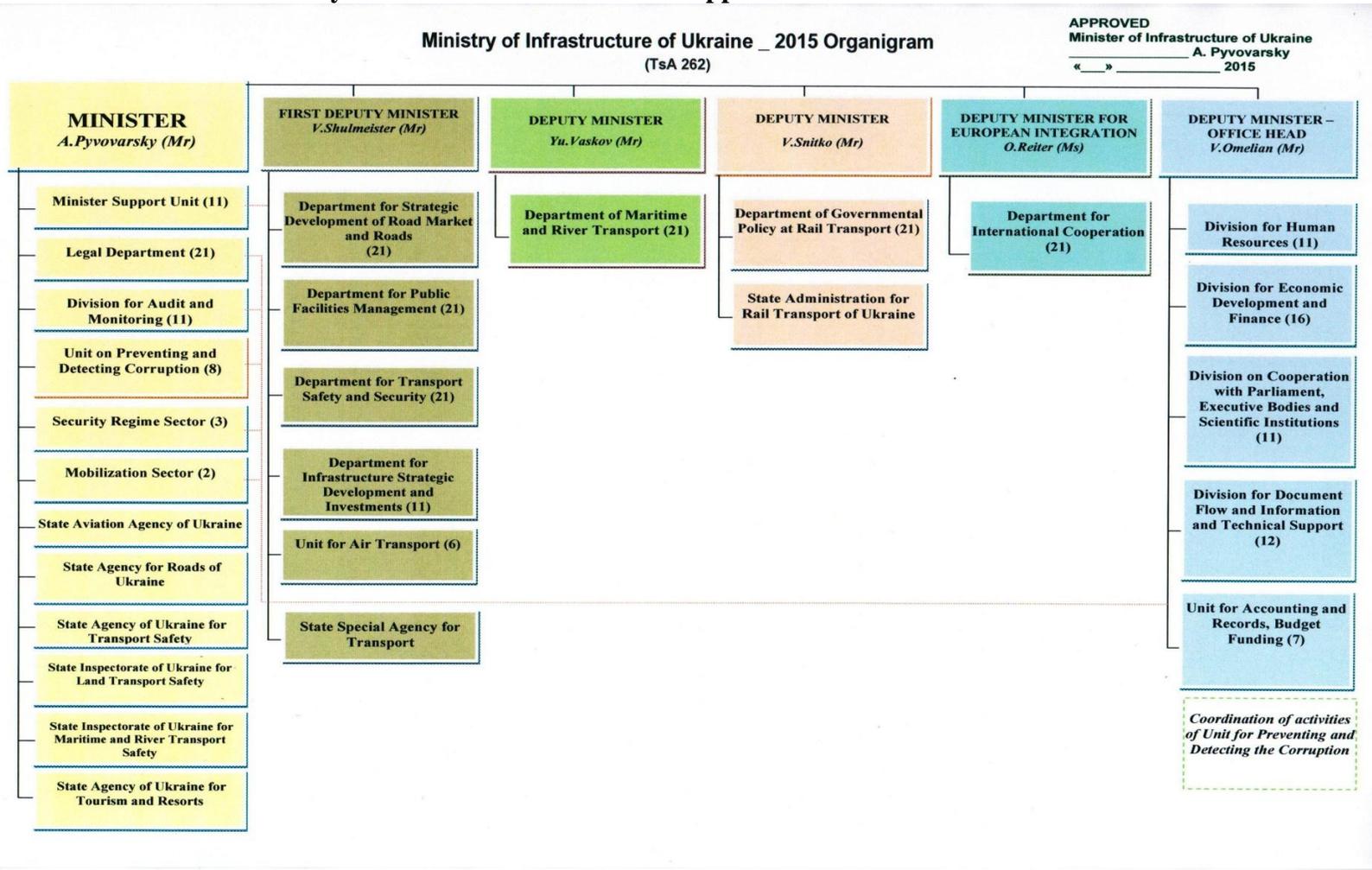
ANNEX I: Logical Framework Matrix

Project Description	Objectively verifiable indicators	Sources of Verification	Assumptions
Overall Objective			
<p>The overall objective is to enhance efficiency of public administration in the environment of railway transport reforms and development of competition in line with the provisions of relevant EU Acquis stipulated in the EU-Ukraine Association Agreement. Strengthening the capacity of the Ministry of Infrastructure of Ukraine in the development of policies for creation of competitive railway market, establishment of safety requirements in the rail sector in line with European norms and standards, integration of Ukrainian railway system into the Trans-European transport network.</p>	No	No	
Purpose			
<p>The purpose of the project is to strengthen the institutional capacity of the Ministry of Infrastructure of Ukraine (Department of State Policy in Rail Transport Sector and Transport Safety Department), State Service of Ukraine on Transport Safety and Security and JSC “Ukrzaliznytsia” in the framework of rail transport reform in line with relevant EU acquis and standards by provision best EU practices and assistance in:</p> <ul style="list-style-type: none"> - Work on implementation plans for EU Acquis, legal drafting and setting up new regulatory and enforcement bodies in the rail transport sector; - Improvement of rail infrastructure management, operation, and development; - Evolution of rail service market access and introduction of competition among the rail service market actors in line with the EU requirements. 	<ul style="list-style-type: none"> - To analyze the legal and regulative documents (including elaborated drafts) and to prepare recommendations, drafts of legislation, rules and procedures based on EU Acquis and standards; - To strengthen the institutional capacity of the Departments of the Ministry of Infrastructure of Ukraine and subordinated agencies, inspections, companies, including assistance in setting up of national bodies foreseen by EU Acquis; - To deliver know-how and best EU practices. 	<ul style="list-style-type: none"> - Project reports with relevant analysis and recommendations; - Drafts of primary/secondary legislation, rules and procedures, 	<ul style="list-style-type: none"> - Continued political stability in Ukraine and the regions; - Continued support of the Ukrainian Government for the development and modernization of the transport sector; - Sufficient political support from high ranking officials in the sector for conducting reforms; - Efficient implementation of rail sector reforms.

Results			
<p>Component A: Support to the Ministry of Infrastructure of Ukraine to develop the rail transport policy in the environment of implementing the relevant EU acquis and standards</p> <p><i>Result:</i> Laws, draft regulations, procedures and technical requirements of Ukraine in the rail transport sector comply with EU acquis and standards. The state governance has been improved, the supervision has been strengthened, and cooperation of state bodies and business entities in the rail transport sector has been enhanced.</p>	<ul style="list-style-type: none"> - To provide assistance in implementation of plans for EU directives in the rail transport sector; - To provide legal support to the market access and rail transport market opening on the basis of EU acquis; - To provide recommendations on improving the procedures and methods of state supervision and safety monitoring in the rail transport sector; - To organise study tours and regional workshops. 	<ul style="list-style-type: none"> - Project reports with relevant analysis and recommendations; - Drafts of primary/secondary legislation, rules and procedures ; - Training or workshops materials. 	<ul style="list-style-type: none"> - Sufficient political support from high ranking officials in the sector for conducting reforms; - Sustainable implementation of the rail sector reform - Responsible and competent staff has been made available for joint work with the twinning project; - MIU and Ukrzaliznytsia are ready to assign the staff for the training and guarantee their further employment in the relevant units
<p>Component B. Infrastructure management and equal access to infrastructure</p> <p><i>Result</i> The system of Ukrainian railway infrastructure management, operation, and development has been improved. The rail sector has received relevant recommendations and is ready to open the rail service market.</p>	<ul style="list-style-type: none"> - To develop methodology for calculating a rail infrastructure use fee, recommendations on introducing new tariffing principles at rail transport clear extra service calculations; - To develop legal tools for opening the rail service market and Rules and Procedure for an equal access To the public rail infrastructure, Procedure for making a regulatory (network) contract with infrastructure operator; - To organise study tours and regional workshops. 	<ul style="list-style-type: none"> - Project reports with relevant analysis, methodology, recommendations - Drafts of primary/secondary legislation, rules and procedures - Training or workshops materials. 	<ul style="list-style-type: none"> - All works are performed by high level experts in coordination with the Beneficiary representatives.
<p>Component C. Access of rail enterprises to rail service market</p> <p><i>Result:</i> A system for rail service market access and competition evolution has been developed. The implementation of strategy for step-by-step introduction of competition among the rail service market actors, in line with the EU directive requirements, has been launched.</p>	<ul style="list-style-type: none"> - To make proposals for creating a system to regulate relations among rail service market actors and to develop an action plan for stage-by-stage establishment of market relation system for rail service market actors, including improvement of institutional capacity of the state bodies involved; - To make assessment of the institutional capacity of bodies implementing and enforcing new requirements to rail undertakings according to the EU standards and develop recommendations on improving the management and distributing the functions; - To develop recommendations for new system for train driver certification; - To organise study tours and regional workshops. 	<ul style="list-style-type: none"> - Project reports with relevant analysis, assessment, recommendations and draft Action Plan - Drafts of primary/secondary legislation, rules and procedures - Training or workshops materials. 	

Activities	Means	Costs	Assumptions
COMPONENT A. SUPPORT TO THE MINISTRY OF INFRASTRUCTURE OF UKRAINE TO DEVELOP THE RAIL TRANSPORT POLICY IN THE ENVIRONMENT OF IMPLEMENTING THE RELEVANT EU ACQUIS AND STANDARDS			
<p><u>Activity A1</u>: to work on <i>implementation plans for EU directives</i> in the rail transport sector</p> <p><u>Activity A2</u>: to provide <i>legal support to the market access and rail transport market opening</i> on the basis of EU acquis</p> <p><u>Activity A3</u>: to provide technical and regulative support on improving the procedures and methods of <i>state supervision and safety monitoring</i> in the rail transport sector</p> <p><u>Activity A4</u>: to organize a study tour (study tours)</p> <p><u>Activity A5</u>: to conduct regional workshops</p>	<ul style="list-style-type: none"> - Project Leader (PL) - Resident Twinning Advisor (RTA) - Short Term Experts (STEs) - Beneficiary representatives 	-	
COMPONENT B. INFRASTRUCTURE MANAGEMENT AND EQUAL ACCESS TO INFRASTRUCTURE			
<p><u>Activity B1</u>: to develop proposals and recommendations on improving <i>the infrastructure management</i> and make recommendations introducing the infrastructure manager authorization</p> <p><u>Activity B2</u>: to develop methodology for calculating a <i>rail infrastructure use fee</i>, to provide recommendations on introducing <i>new tariffing principles at rail transport</i> and to provide recommendations and to develop clear extra service calculations</p> <p><u>Activity B3</u>: to develop proposals on creating an <i>equal access system in Ukraine in terms of infrastructure</i>, and legal tools for opening the rail service market as well as to contribute to the development of rules and procedure for an equal access to the public rail infrastructure and procedure for making a regulatory (network) contract with infrastructure operator</p> <p><u>Activity B4</u>: to organize a study tour (study tours)</p> <p><u>Activity B5</u>: to conduct regional workshops</p>	<ul style="list-style-type: none"> - Project Leader (PL) - Resident Twinning Advisor (RTA) - Short Term Experts (STEs) - Beneficiary representatives 	-	-
COMPONENT C. ACCESS OF RAIL ENTERPRISES TO RAIL SERVICE MARKET			
<p><u>Activity C1</u>: to make proposals and to establish <i>approaches for creating a system to regulate relations among rail service market actors</i> and to develop an action plan for stage-by-stage establishment of market relation system for rail service market actors, including improvement of institutional capacity of the state bodies involved</p> <p><u>Activity C2</u>: to make a comprehensive assessment of the institutional capacity of bodies implementing and enforcing <i>new requirements to rail undertakings</i> according to the EU standards and develop recommendations on improving the management and distributing the functions, authorities and interaction of bodies in order to introduce new requirements to licensing the rail transport services</p> <p><u>Activity C3</u>: to develop a new system for <i>train driver certification</i></p> <p><u>Activity C4</u>: to organize a study tour (study tours)</p> <p><u>Activity C5</u>: to conduct regional workshops</p>	<ul style="list-style-type: none"> - Project Leader (PL) - Resident Twinning Advisor (RTA) - Short Term Experts (STEs) - Beneficiary representatives 	-	-

ANNEX II: Structure of Ministry of Infrastructure of Ukraine approved 2015*



* taking into account the on-going restructuring, more information to the date could be found at <http://new.mtu>

