

<b>DCF members active in the sector in 2021</b>	EBRD, EIB, EU, Japan, The World Bank
<b>Other key international organizations</b>	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), EU Agency for Railways (ERA)
<b>Key government partners</b>	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.
<b>Total allocation / disbursement to the sector in 2021 by DCF members</b>	Total allocated €134.62 million – out of which € 2.42 million in a form of grants and € 132.19 million in a form of loans. Total disbursed € 217.50 million – out of which € 0.83 million in a form of grants and € 216.67 million in a form of loans. Out of total ODA in 2021, 24% was allocated and 33% was disbursed in the sector.
<b>Legal framework and sector strategies adopted in 2021</b>	The Law on Changes to the Law on Compulsory Traffic Insurance (FBiH Off. Gazette No. 103 /21);The Law on Changes and Amendments to the Law on Traffic Safety on Roads in the RS (RS Off. Gazette No. 111/21).  Previously adopted legal framework and sector strategies are available on <a href="http://www.donormapping.ba">www.donormapping.ba</a>
<b>Coordination with and among development partners</b>	<p><b>The EU Delegation coordinates all development partners active in this sector.</b> Currently there is no mechanism for coordination of development partners in the Transport sector led by relevant BiH institutions. In the context of the Connectivity Agenda, <b>National Investment Committee (NIC) was established in 2015, which also envisages the participation of relevant international financial institutions and bilateral development partners.</b></p> <p><b>Development partners active in the sector and BiH Institutions from all levels of government regularly attend Development Partners 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.</b></p> <p>Due to the outbreak of the COVID-19 pandemic and accompanying epidemiological measures, DCF meetings were not held in 2021.</p>

## Overview of activities in 2021

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. The Ministry of Finance and Treasury of BiH has retained the IPA II classification in the Development Partners Mapping Report 2021, and in the next period the project is planned to upgrade the database that will enable the use of IPA III classification for the period 2021-2027.

### 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 is one of the major sectors of Bosnia and Herzegovina's economy and creating conditions for higher quality, more efficient and safer transport system is one of the obligations of institutions at all levels of the government in Bosnia and Herzegovina. Developed transport infrastructure represents the basis for the development of the economy, increasing the competitiveness and creating new jobs.

During 2021, certain progress was achieved in the Transport sector in Bosnia and Herzegovina, primarily through implementation of activities defined by the BiH Framework Transport Strategy for the period until 2030. Council of Ministers of Bosnia and Herzegovina, at its 30<sup>th</sup> session held on March 17<sup>th</sup>, 2021, adopted the first Report on implementation of the BiH Framework Transport Strategy for the reporting period 2016-2020. In the upcoming period, it is necessary to continue the activities on harmonization of the legislation with the *acquis* and its effective implementation in all areas of transport, in line with the action plans of the Transport Community.

As part of the "Berlin Process" for the Western Balkans, in October 2021 the Summit was held of the Western Balkans and the European Union countries, where it was pointed out that sustainable transport is the cornerstone of the economic and social integration of the Western Balkans countries into the European Union. Further development of transport connectivity, within the region and with the European Union, is an important factor in improving the efficiency and safety of transport services as well as achieving the goals of sustainable mobility, particularly in terms of the railway connectivity and connectivity by inland waterways.

In October 2021, high-level Conference was held on transport of the Central European Initiative and the Western Balkans countries, where it was emphasized that the primary focus of the Transport sector in the region is cutting back the procedures and facilitating the crossing of the border crossing points, as well as strengthening of the regional transport networks and their integration with the transport network of the European Union.

In the domain of *air transport*, during 2021, BiH Directorate for Civil Aviation continued activities on establishing of the regulatory framework as well as the certification and supervision of aviation entities in Bosnia and Herzegovina. Considering that Bosnia and Herzegovina is the signatory to the Multilateral Agreement on Establishing of the European Common Aviation Area (ECAA Agreement), it has committed itself to harmonize its legislation with the European Union regulations in the field of civil aviation. In 2021, Directorate for Civil Aviation adopted several by-law acts in the field of civil aviation, primarily the Rulebook on acceptance and deviation from the standards and procedures of the International Civil Aviation Organization (Official Gazette of BiH, no. 66/21) and the Rulebook on establishing the requirements and of administrative procedures with regard to the airports (Official Gazette of BiH, no. 17/21).

In terms of *transport by inland waterways*, additional efforts should be made to develop the institutional, legal and regulatory framework in Bosnia and Herzegovina and to ensure the safety of navigation by inland waterways. In June 2021, reconstruction works were initiated of the Brcko port, which represents the most important port of Bosnia and Herzegovina for the regional and the European water transport.

*Railway transport* in Bosnia and Herzegovina is not sufficiently developed, and it is necessary to create prerequisites for its improvement, which primarily refers to the reconstruction, maintenance and construction of the railway infrastructure as well as the process of restructuring of the railway companies in Bosnia and Herzegovina. Alignment of legislation in this area with the European Union directives is one of Bosnia and Herzegovina's obligations under the Treaty on Establishing of the Transport Community, and the inclusion of Bosnia and Herzegovina in the railway network of the region and the European Union is the key prerequisite for future economic development.

During 2021, the BiH Railways Regulatory Board undertook activities on drafting of the by-law acts, whose implementation will improve the safety control process of the railway traffic, and will create conditions for opening of the railway market and its integration into the regional railway network.

In the field of the *road transport*, activities were undertaken in 2021 on drafting the Framework Strategy for Road Traffic Safety in Bosnia and Herzegovina and the Action Plan 2021-2025, as well as the on implementation of the infrastructure projects that will improve the quality of the transport network in Bosnia and Herzegovina.

In the reporting period, construction works were continued on several sections at the international Pan-European Corridor V-c through Bosnia and Herzegovina. In July 2021, the ring road around Zenica was opened for traffic, and in September 2021, the international bridge over the Sava River in Svilaj was officially inaugurated for traffic, which enabled better connectivity between Bosnia and Herzegovina and Croatia, as well as the integration of Bosnia and Herzegovina into the Trans-European Transport Network (TEN-T). Also, construction works are underway of the interstate bridge between Bosnia and Herzegovina and Croatia in Gradiska.

### Investments of DCF members in 2021

DCF members active in the Transport sector in 2021 are EBRD, EIB, EU, Japan and The World Bank.

Total allocations of DCF members to the Sector in 2021 amounted to € 134.62 million, out of which € 2.42 million in the form of grants and € 132.19 million in the form of loans.

Total disbursements of DCF members to the Sector in 2021 amounted to € 217.50 million, out of which € 0.83 million in the form of grants and € 216.67 million in the form of loans.

Figure 4.1. compares allocated and disbursed grants by development partners in line with the amount of investment. Out of total allocated and disbursed grant funds in the Transport sector, EU allocated 96.7% (€ 2.3 million) and disbursed 90.4% (€ 0.7 million).

**Figure 4.1. Total allocated and disbursed grants per development partners in 2021**

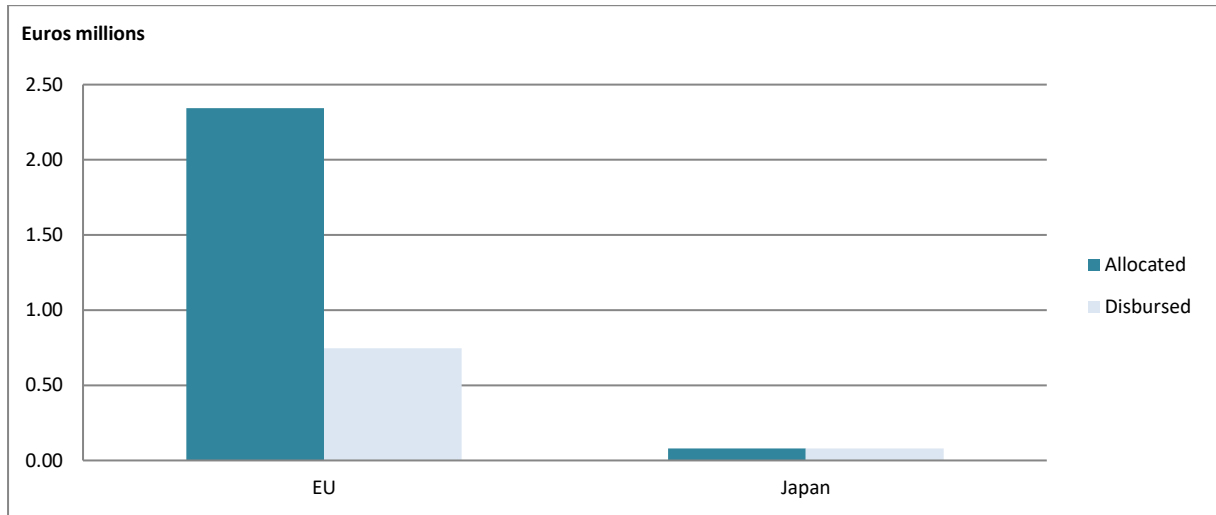
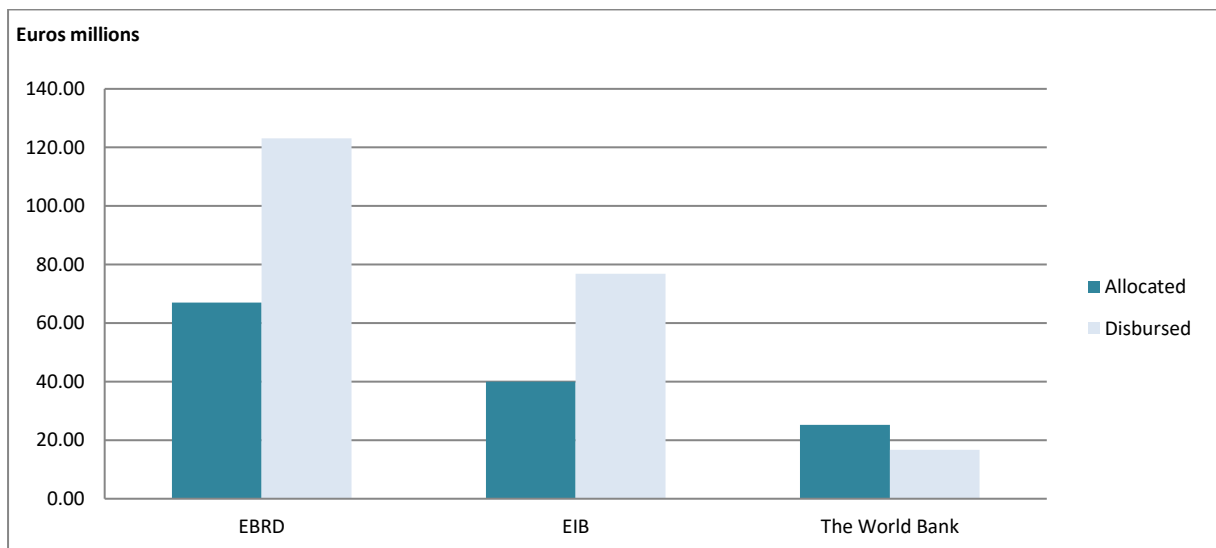


Figure 4.2. presents total allocated and disbursed loans in 2021.

Out of total allocated loans, 50.7% of funds were allocated by EBRD (€ 67.00 million), while the remaining 49.3 % loans were allocated by EIB (€ 40.00 million) and The World Bank (€ 25.19 million).

Out of total disbursed loans, 56.8% of funds were disbursed by EBRD (€ 123.11 million), 35.5% EIB (€ 76.85 million) and 7.7% The World Bank (€ 16.71 million).

**Figure 4.2. Allocated and disbursed loans per development partners in 2021**



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 2021, 62.2% was allocated in the sub-sector Road transport, 30.1% Urban mobility, while the remaining 7.7 % of funds was allocated in sub-sectors: Rail transport and Transport efficiency. Sub-sectors that did not have funding are not presented in the chart.

**Figure 4.3. Total allocated funds per sub-sectors in 2021**

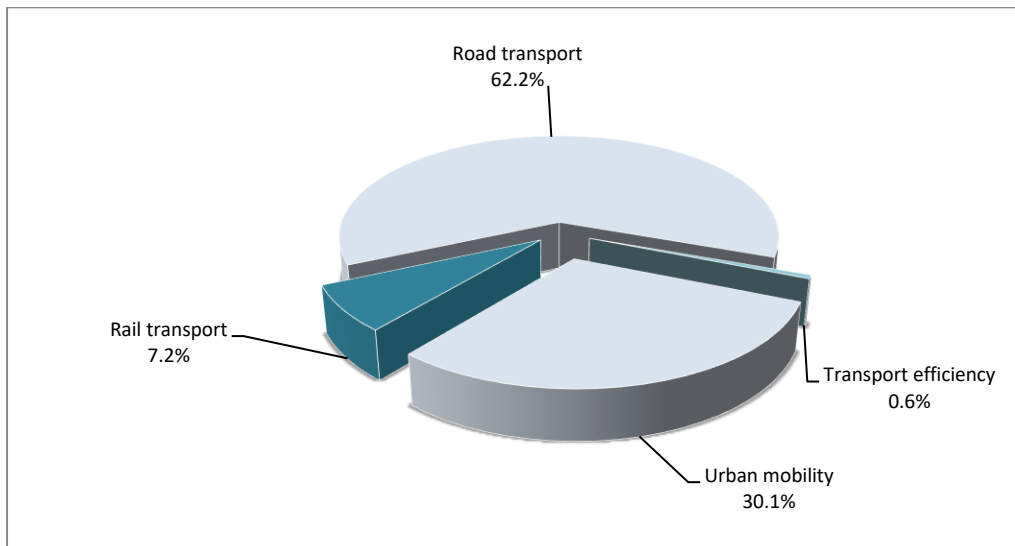
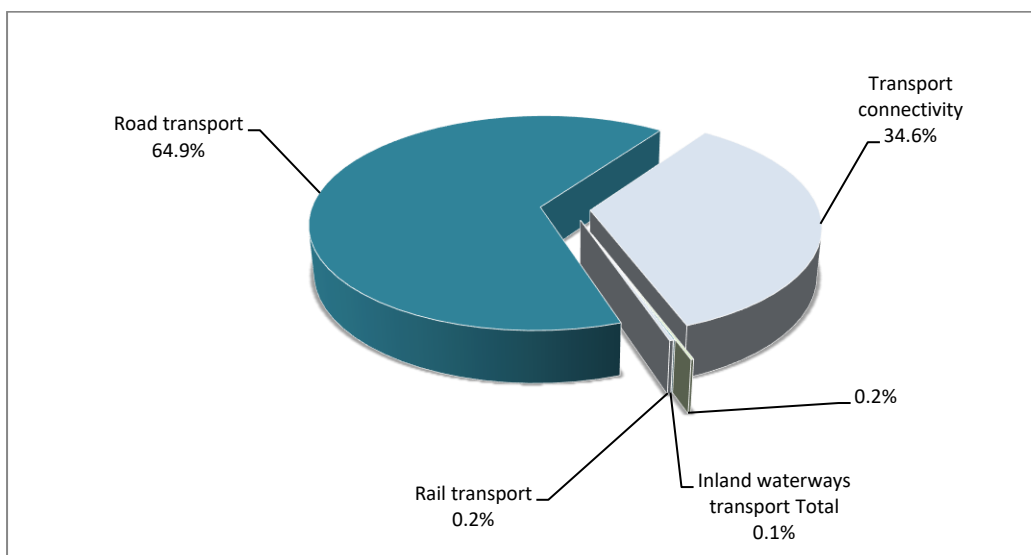


Figure 4.4. presents the structure of total disbursed funds in 2021 per sub-sectors.

Out of total disbursed funds in 2021, 99.5% was disbursed in the sub-sector Road transport (64.9%) and Transport connectivity (34.6 %), while the remaining 0.5% was disbursed in sub-sectors: Rail transport, Transport connectivity and Inland waterways transport. Sub-sectors that did not have funding are not presented in the chart.

**Figure 4.4. Total disbursed funds per sub-sectors in 2021**



Ten major projects in the sector that allocated or disbursed funds in 2021, are listed below:

PROJECT TITLE	Development partner	Total project value (EUR mil)
CORRIDOR VC CENTRE	EIB	588.00
Corridor Vc - Dobož Bypass	EBRD	210.00
SARAJEVO URBAN TRANSPORT PROJECT	EIB	185.00
Corridor VC in FBH - Part 3	EBRD	120.00
CORRIDOR VC POCITELJ - BIJACA	EIB	100.00
CORRIDOR VC ZENICA NORTH	EIB	100.00
BH Corridor Vc2	EBRD	80.00
Corridor Vc in Republika Srpska - Part 1	EBRD	70.00
Floods - FBiH Roads Repair and Upgrade	EBRD	65.00
Corridor Vc in FBiH - Part 3	EBRD	60.00

All projects are available in the Development Partners 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 the movement of goods and passengers, which implies:

- continuing activities on harmonization of legislation with the EU legislation in the field of transport;
- implementing the activities anticipated by the BiH Framework Transport Strategy for the period until 2030;
- implementing the reconstruction project of Brcko port;
- adopting the Framework Strategy on Road Traffic Safety in Bosnia and Herzegovina and the Action plan 2021-2025;
- continuing with the construction of the highway sections on the Corridor 5-C through Bosnia and Herzegovina;
- continuing investing in the airports infrastructure in BiH.