

The latest activities which progressed are:

The National Infrastructure Programme 2014-2016 was adopted by the Assembly and published in the Official Gazette No.29/14. In 2013 from the State budget were allocated almost EUR 5.12 million for railway maintenance and procurement of spare parts and goods needed to be replaced. Regarding the current year, 2014, almost EUR 6 million are secured for the same intention in the state budget.

The rehabilitation and upgrading of the railway main station in Skopje in order to fulfill the Regulation (EC) No. 1371/2007 on passenger's rights and obligations, is ongoing and finance by IPA funds (EUR 2.6 million). Referring to the Regulation, disabled persons and persons with reduced mobility should have the opportunity for rail travel comparable to those of other citizens, so the station in order to provide such services will be equipped concerning the accessibility of rail services.

Pursuant to Article 134 of the Law on railway system, the Government adopted a Decision on determination of public service obligation in railway passenger transport. Namely, the passenger transport is performed by the MRT-national operator. The PSO agreement is signed between the two current railway entities for a period of three years 2014-2016. An annual budget has been defined in the national state budget for this service an amount of EUR 3,5 million.

A Border crossing agreement between the Macedonian Government and the Serbian Government on the rail transport border dispatching is ongoing and it is planned to be signed after the elections are over in the two countries. Even though such an agreement between the Macedonian Government and the Government of Kosovo\*<sup>1</sup> was signed in 2011 the protocols related to customs, sanitarian, border police and others, mentioned in the agreement are not set out yet.

Amendments to the current laws are approved by the Parliament and are published as well, only to be in line with other national laws which govern the duties related to the checking procedures of the inspectors and their certifications for their duties.

Furthermore, an institutional strengthening assistance is funded by the technical cooperation funds mobilized by the EBRD to assist the Project Implementation Unit to prepare the Business Segmentation Strategy and the Fleet Management Plan for the Borrower in total amount EUR 450.000.

-The Business Segmentation Strategy is for the separation of the freight and passenger operations, in order to establish new separate legal entities which would be able to operate independently and on the self sustainable financial grounds. This separation is to provide

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<sup>1</sup> \* "This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence"

sufficient information for the provision and monitoring of PSO payments, i.e. the framework chosen must allow further breakdowns of passenger costs and revenues, in particular, by service group to a level of detail which is satisfactory to the Ministry of transport and communications and the Ministry of finance.

-The Fleet Management Plan is planned to contain a strategy in the identification and implementation of the most cost efficient procedures to be applied by for the operation and maintenance of the railway vehicles which plan shall be in form and substance satisfactory to the EBRD. First of all, is planned to audit the railway vehicles assets and asset management practices, including maintenance and preparation of the dedicated fleet management plans for the passenger railway vehicles, freight wagons and traction units as applicable to improve their efficiency and availability.

-In the same manner, the Safety Management System is planned to be funded from the technical cooperation funds, to manage health and safety of workers and third parties in line with good international practice, in order to set measures and actions to be developed and adopted.

- As a result of available grant funds in an amount of € 220.000 provided by the European Bank for Reconstruction and Development, a consultant is selected to deliver a methodology for the evaluation of the elements for decision making on the level of fees charged for the use of rail infrastructure. The contract is signed with a German company Railistics and within a period of 6 months, it should check, improve and calculate the methodology structure, and afterwards shall prepare specifications for procurement of appropriate software to calculate infrastructure usage charges and assist the infrastructure manager in procurement of such software in an amount of € 80.000 which again are grant funds provided by EBRD.

The railway passenger transport has recorded a decrease in 2013 compared to 2012 of 16%. Focusing on the share between national and international transport, national transport is always predominant, representing around 90% or more of the total transport. Regarding the freight transport, a decrease in the transport of goods is recorded in 2013 compared to 2012 of 11%, and the international transport share is 98%. The transport is still affected by the economic crises and by increased ticket price of 50% for the passenger transport.

The Committee has not been established yet. Having regarded to the law it will be fully implemented this year in order to achieve this issue.

Further alignment with the railway acquis will continue in the future as well.