

TRACECA Reform Concept

Introduction

The purpose of this document is to initiate a discussion on how to improve the efficiency and effectiveness of the activities of the TRACECA Permanent Secretariat (hereinafter – the PS) and Intergovernmental Commission (hereinafter – the IGC) on the basis of the initiative and proposals of the Republic of Türkiye and, if necessary, to link it to a reform plan.

Justification

The post-pandemic challenges in global supply chains, exacerbated by wars, the blockage of the Suez Canal, and increasing security concerns, have underscored the pressing need for unconventional transportation connectivity solutions, requiring TRACECA, which unites countries from Central Asia, the Caucasus, and Eastern Europe, to transcend its current capacity and adapt to these evolving demands. To address these challenges and embrace innovative solutions, TRACECA must transform its operations to ensure it keeps pace with the evolving landscape of international connectivity. This transformation begins with strengthening the regulatory framework of TRACECA to enhance its functionality and address existing gaps.

Therefore, the scope of this initiative at reforming TRACECA arises from existing loopholes, ambiguities and resulted practical difficulties of implementation of legal and regulatory framework of TRACECA. Further, several provisions do not meet the needs of today and requirements to go beyond the existing capabilities of TRACECA. Although the previous attempts for reforming and improving TRACECA has resulted in some regulatory improvement, more work is needed to fill in the gaps, review mechanisms and create additional ones, if needed. To give an example to the difficulties:

1. Failure of the timely Annual Meeting of IGC TRACECA has led to uncertainties and irregularities in taking important decisions such as the approval of budget, election of the Secretary General, etc. as well as the lack of direction in the legal framework resulted in an inability of the next Chairman party to take on the role.
2. The annual contributions have remained unchanged since the Agreement on Joint Financing of the PS came into force, despite almost a 50% decrease in the Euro's purchasing power from 2006 to 2023 while the exchange rate of the Euro to the US Dollar changed from 1.18 to between 1.05-1.10. This situation has negatively impacted the PS's budget reserves, impacting implementation of projects and hindering transfer of knowledge from higher-income MLA countries due to unattractive salaries.
3. Another issue on the financial side is the absence of a mechanism to encourage and/or facilitate the timely contributions of MLA Parties that hampers budget consistency and predictability of spending. The separate ratification of MLA and the Agreement on Joint Financing also impacts the income of the budget.
4. The candidacy provisions for the post of Secretary General are insufficient and impact the fair and appropriate conduct of elections. This issue is further exacerbated by the fact that elections are held every two years.

Proposed Roadmap

№	Activity	Year
1	Adoption of the Concept at 18 th Annual Meeting of the IGC	2026
2	Conduct of a feasibility study on the structural reform of TRACECA by an independent consultant	2026-2027
3	Discussion and review of key areas on the Concept and preparation of a report between 18 th and 19 th Annual Meetings of the IGC	2026-2027
4	Submission of the report to the 19 th Annual Meeting of the IGC	2027
5	Drafting of amendment proposals on the areas decided by the IGC between 19 th and 20 th Annual Meetings of the IGC	2027-2028
6	Adoption of amendments at the 20 th Annual Meeting of the IGC	2028

Areas requiring improvement within TRACECA reform:

- a. Review of TRACECA Legal Documents
(Establishment of the Working Group to review the regulatory and legal framework of TRACECA Activity, to prepare the Terms of Reference for the said Working Group, and preparation of a review containing key recommendations for improving the regulatory and legal framework of TRACECA)
- b. Scheduling of the IGC TRACECA meetings
(Creation of preliminary schedule of the PS and IGC meetings for the upcoming year)
- c. Procedures of transferring the Chairmanship in the IGC and holding the meetings of the PS and IGC
- d. Term of office and candidacy rules of the Secretary General
- e. Financial contributions of members and budget
(Conducting a strategic review of the annual contributions of the participating states with a focus on the analysis of TRACECA's current financial capabilities and its operational priorities)
- f. Further development of TRACECA website
(Further developing the existing TRACECA website to include an archive of all meeting documents, reports and minutes for the access of the PS TRACECA and the National Secretariats, in order to preserve the institutional memory)
- g. Relations with stakeholders
(Developing a structured approach to TRACECA stakeholder engagement aimed at project development and additional fund attraction. This approach would identify key partner categories (member states, international financial institutions, the private sector, and others) and appropriate interaction mechanisms, including consultative platforms, working groups, and

partnership formats, and would also consider strengthening the role of the TRACECA Business Council. The PS could coordinate this work within its mandate)

- h. Introduction of a Permanent Personnel Scheme and Career Options
(Improvement of the personnel system of the PS, meeting TRACECA's new strategic goals and ensuring institutional memory, including the possible introduction of elements of permanent employment and the development of career opportunities for staff, taking into account a phased approach, an assessment of the organizational structure and functional needs, legal basis, international experience and financial aspects, as well as the application of a differentiated approach to different categories of positions)
- i. Elaborating a legal framework for labour relations, obligations and privileges for the National Secretaries, as well as coordination between the PS and National Secretaries
- j. International status of TRACECA
(Considering the international status of TRACECA at a subsequent stage of institutional development, after the formation of sustainable operational, financial and legal mechanisms that ensure the practical implementation of the initiative's expanded mandate)

Financial Resource for Reform Discussion

The reform work will be carried out without additional costs, relying on the active involvement of National Secretaries and experts from the relevant governmental bodies of the member countries; therefore, there is no need to allocate any financial resources.

Conclusion

The implementation of this Concept will strengthen the international standing of TRACECA, enhance its institutional efficiency, and improve its financial sustainability. The coordinated efforts of the member countries will ensure the successful completion of the study for reforms by 2028.

The National Secretaries with the coordination of the Secretary General will convene as often as needed to prepare a report of the conclusions based on discussions and comments of these meetings and submit to the next session of Annual Meeting of the IGC TRACECA.