Reform Agenda and Restructuring Plan for ZRSM Transport 2025-2027

This plan defines the strategic directions for the development and modernization of railway transport in the Republic of North Macedonia for the period 2025-2027. The plan is aligned with EU requirements, including the directives of the Fourth Rail Package and the objectives of the European Green Deal. This document also integrates the recommendations of the Governance Reform Agenda, Financial Stability and Strengthening Operational Capacities. In line with the latest legislative amendments, it is proposed to adapt the regulations on transparency, interoperability and financial responsibility of the railway operator.

Reform Agenda 4.1.5: Improving the Governance of State-Owned Enterprises

Reform of the management of state-owned enterprises, with a focus on **rail transport**.

Challenges

Currently, the management of state-owned companies (SOEs) and public enterprises (PEs) is regulated by a complex and fragmented legal framework, which includes:

- Companies Act
- Public Enterprises Act
- Other laws governing budget execution, financial control, privatization, competition, securities, and others.

This legal complexity:

- It makes it difficult to comply with regulations.
- It leads to insufficient financial efficiency and quality of services.
- It lacks uniform rules and clear guidelines, resulting in divergent practices and unclear state roles.
- It creates isolated oversight processes in different ministries.

Objective of the Reform

To strengthen the governance of state-owned enterprises, including the legal framework for PEs and JSCs, which will improve their financial efficiency, operational effectiveness and quality of services.

Users

- **State Rail Infrastructure and State Operator**.
- The Government of the Republic of North Macedonia and its Ministries.
- Legal persons and natural persons who have business relations with railway operators.

Results

- Sustainable and efficient management of **the railway operator**.
- Improved corporate management, financial efficiency, and operational effectiveness.
- Increased volume of freight and passenger traffic.

Indicators and Timeline of the Reform

Objectives:

- **Restructuring of the rail operator** to eliminate operating losses by fiscal year 2027.
- **Increase in freight and passenger traffic indicators.**

Basic State (2023):

- **Freight traffic:** 238,780 t/km
- **Passenger traffic:** 280,440 passengers/year

Targets (2027):

- **Freight traffic:** 274,597 t/km
- **Passenger traffic:** 322,506 passengers/year

Time Frame:

- **Adoption of Restructuring Plan:** January 2025
- **Implementation:** 2025–2027

Responsible Institutions:

- ŽRSM Transport AD - Skopje, Ministry of Transport, Ministry of Financewith the support of international financial institutions and EU funds.

Monitoring and Reporting

- ŽRSM Transport AD - Skopje
- **Ministry of Transport:** reforms of the management of public enterprises in the **railway sector**.
- **Ministry of Economy:** Legal Framework.
- **Regular updates and financial statements** published annually.

RESTRUCTURING PLAN (2025-2027)

1. Restructuring Plans and Timelines

A restructuring plan for the state-owned rail operator and rail infrastructure manager will be adopted by January 2025. The implementation will cover the fiscal years from 2025 to 2027, in order to avoid operating losses, starting in 2027, and achieve financial stability.
Key steps include:

- Selection of new Board members through open processes based on the merit system.
- Focus on increasing revenue, reducing inefficiencies, and optimizing processes.
- Regular monitoring by the Department of Transportation through a working group and quarterly reports.

2. Financial stabilization and investment needs

Efforts to stabilize finances include targeted investments in infrastructure and fleet.
The key elements are:

- Investing in the modernization and repair of existing locomotives and wagons.
- Procurement of new locomotives to solve the fleet's operating deficit, which requires around €24 million.
- Coordinate with ministries and international financial institutions to secure the necessary funding.
- Increased transparency through regular publication of financial and performance reports.
- Reprogramming arrears of debts to domestic suppliers and foreign partners.
- Assumption of debts to foreign railways, by the RSM Government, on the basis of ratified international treaties.
- Financing through: own funds, state budget, international financial institutions, green programs and grants.

3. Operational improvements

Operational efficiency will be improved by:

- Renewed focus on freight operations along Corridor 10 to meet increased demand.
- Revamping passenger services with improved conditions of transportation, such as improved hygiene and comfort.
- Strategic fleet upgrades to ensure safety and efficiency in transportation.
- Reduction of border congestion at key crossings, Tabanovce and Gevgelija.

Freight transport:

No.	Description	2024	Plan 2025	Plan 2026	Plan 2027
1.	**Transported tons in**	**808.250**	**933.528**	**1.073.557**	**1.234.590**
	Local	571	659	795	914
	International transport	**807.679**	932.869	1.072.799	1.233.719
	Import	390.028	450.483	518.055	595.763
	Export	78.528	90.700	104.305	119.951
	Transit	339.123	391.686	450.439	518.005
2.	**NTCM**	**144.998.082**	**167.472.784**	**192.593.702**	**221.482.757**
	Local	100.354	115.909	133.295	153.289
	International transport	**144.897.728**	**167.356.876**	**192.460.407**	**221.329.468**
	Import	43.627.911	50.390.238	57.948.774	66.641.090
	Export	17.167.099	19.827.999	22.802.199	26.222.529
	Transit	84.102.718	97.138.639	101.995.571	117.294.907

Passenger transport:

No.	Description	2024	Plan 2025	Plan 2026	Plan 2027
1.	**Passengers transported in**	**170.601**	**250.215**	**285.760**	**313.760**
	Local transport	170.601	250.215	275.760	302.760
	International transport	0	0	10.000	11.000
2.	**PCM in**	**18.796.166**	**25.061.554**	**285.237**	**313.760**
	Local transport	18.796.166	25.061.554	275.237	302.760
	International transport	0	0	10.000	11.000

Strengthening operational capacities

Addressing the challenges associated with strengthening operational capacity is essential for operational success. Key initiatives include:

- Hiring young and qualified engineers to fill technical positions.
- Programs to attract new staff through cooperation with universities and technical faculties.
- Training programs for machinists and maintenance personnel to improve the capabilities of the transportation and fleet maintenance workforce.
- Proactive planning to address potential workforce shortages, ensuring qualified staff.

4. Monitoring and transparency

The Reform Agenda prioritizes transparency and accountability by:

- Quarterly reviews by the Railway Reform Working Group chaired by the Department for Transport.
- Public availability of financial and operating reports on the company's website.
- Clear allocation of responsibilities for each stage of the restructuring and reform process.

5. Energy Efficiency Plan

This plan is a strategy for rationalization of electricity consumption and introduction of energy efficiency (EE) measures in the Railways of RSM – Transport AD – Skopje. The plan focuses on reducing operating costs through the application of renewable energy sources, improving heating and lighting systems, and optimizing existing infrastructure capacity.

- Reduce electricity consumption by 15% by 2027.
- Increasing the use of renewable energy sources (photovoltaics, etc.).
- Reducing heating costs through the transition to urban central heating.
- Modernization of lighting systems and introduction of smart energy control systems.

This plan represents a significant step towards reducing operating costs and increasing the energy independence of RSM Railways – Transport AD – Skopje. Through these measures, the company will contribute to the achievement of national and European energy efficiency and environmental targets.

6. Digitization

The project for digitization and upgrade of the IT infrastructure is a key step in the modernization of "ZRSM TransportAD - Skopje". This project is part of the overall reform plan for the period 2025-2027 and aims to increase the efficiency, safety and competitiveness of rail services through process automation, introduction of an ERP system and cyber security solutions.

- Modernization of an obsolete IT network – installation of new servers, routers, and network equipment.
- Implementation of an ERP system for integrated management of resources and business processes.
- Automate administrative and logistical processes to reduce document processing time.
- Increased cybersecurity – introduction of firewalls, VPNs, and data protection systems.

- Training and development of employees in the direction of using new systems and technologies.

This project will increase the efficiency of rail services, contribute to significant savings and prepare the company for modern challenges.

The Reform Agenda is a comprehensive approach to the revitalisation of rail transport. With sustained efforts in restructuring, financial stabilization, operational improvements, and workforce development, the company aims to achieve long-term sustainability and significantly improve the quality of services.

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Dejan Koshutikj

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