



Establishment of a Ferry Cargo
Movement Computer System

Monthly Progress

Report N° 2

31 May 1998

Tacis Project No.: TNREG 97 - 52

Technical Assistance to the Ferry Terminal in Illychevsk

Monthly Report No. 2

for the period of

01st May - 31st May 1998

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Abbreviations used

Blasco	Black Sea Shipping Company, Odessa
CoSo	Messrs. Computer Solutions B.V., Breda (contractors of TNREG 97-52)
DMT	State department of Maritime & Inland Water Transport, Odessa (a division of the Ministry of Transport of Ukraine)
FDM	First Deputy Minister of Transport (at times acting Minister of Transport)
IFTOU terminal)	Independent Ferry terminal Operating Unit (for the Illychevsk ferry terminal)
MoT	Ministry of Transport of Ukraine, Kiev
Pol	Port of Illychevsk (Management of Port of Illychevsk)
RoRo	roll-on-roll-off (trucks, wagons, etc. to load / roll onto ship on own wheels)
RAO	Railway Authority for Odessa Region
TA	Technical Assistance

ToR Terms of Reference (for the Port Management Advisor)

UKF Messrs. UKRFerry, Odessa (operator of the Illychevsk-Poti ferry)

1. Executive Summary

As part of TRACECA the EC project no. 97-52 calls for the establishment of a computer system to monitor cargo movements on the ferry terminals in the ports of Illychevsk / Ukraine and Poti / Georgia.

Included with that contract is a TA component for one port operations expert to assist the MoT, as well as other involved organisations (primarily the Port of Illychevsk), with the setting up of an „independent ferry terminal operating unit“ (IFTOU).

An additional duty for the expert, as was instructed by the project co-ordinator, is to constantly follow-up with and support / press local beneficiaries to fulfil their part of the project agreement.

This report deals with the TA activities. It is assumed that the reader is familiar with the project and took notice of the previous monthly reports.

The major events during this month were:

a) Because the author had reported to the FDM that the Ukrainian partners in the project (in particular DMT, the local project co-ordinator and Pol, the main beneficiary) did not fulfil their obligations, which jeopardised the entire project, all parties concerned (except RAO) were called for a meeting in MoT in Kiev.

After each party had explained its position, the FDM decided

- that the project shall be executed as stipulated by the respective contracts and
- that Pol shall follow suit and co-operate accordingly.

b) As a result of that meeting / the FDM's decision, work has been commenced by Pol for clearing of the ex-Blasco area, including dismantling of the two sheds. Since the contract for project 97-51 was not signed by the end of the month, it can be expected that the delay in clearing the Blasco area did not cause a delay in the completion of the project because by the time the contractor will commence activities on site, the area should be cleared.

c) DMT, UKF and Pol have finally presented two persons for computer training in Holland, although the two candidates can not be considered as ideal choices, for various reasons.

Another important aspect has been that the relations between the responsible persons in the Pol and UKF on the one side and the expert on the other side have become closer, with discussions gradually tending more to organisational matters (the expert's primary duty) which will hopefully lead to closer co-operation on the task of designing an independent ferry terminal operations unit.

Relations between DMT and the expert are still very few and basic because the person in charge does not make any attempts whatsoever to take up his responsibility as local project co-ordinator.

2. Project Objective

2.1 Background

In the context of TRACECA it has been agreed between EC and the governments of Ukraine (Ministry of Transport) and Georgia that a ferry ship connection for rail wagons and trucks should be established between the ports of Poti and Illychevsk.

For this purpose on the Ukrainian side the existing railway ferry complex in the Port of Illychevsk should be developed into an efficient, commercially oriented multi-modal ferry terminal through three individual projects, i.e.:

project no. TNREG 97-50 :

delivery of new cargo handling equipment to the ferry terminal

project no. TNREG 97-51 :

- a) refurbishment of the existing terminal facilities, e.g. ramp, truck & container storage, access road, dangerous goods area, administration building, etc.
- b) technical improvement of one of the existing ferry boats of UKF
- c) technical improvement of railway facilities

project no. TNREG 97-52 :

- a) design, supply and installation of a ferry cargo movement computer system for the ports of Illychevsk and Poti
- b) training and technical assistance in the conceptualisation and creation of an independent ferry terminal operating unit in the Port of Illychevsk

During project appraisal it became apparent that for improved efficiency of the terminal not only its physical condition needed upgrading but also the terminal's organisation should be modernised.

Thus the following ToR were drafted for the TA component of project 97-52:

2.2 ToR / Project Details

2.2.1 The Terms of Reference for this TA component of contract 97-52 stipulate (see contract 97-52; A3., *Technical Specifications, Annex A, Point 4.5 Training and Technical Assistance in the Conceptualisation and Creation of an Independent ferry Terminal Operating Unit*) :

Quote

In order to offer efficient, fast and commercially sound ferry cargo handling it is planned to create an independent ferry terminal operating unit. The objective of the training and the technical assistance under this sub-project is to assist the Ukraine Ministry of Transport and the concerned entities in this task.

„For this purpose an experienced port operations expert shall be deployed on site for the duration of the project, working side by side with the officials of the port (Port of Illychevsk; Pol), the railways and the ferry company (UKRFerry, UKF). The areas of assistance and training focused by the project are:

- institution building and organisational development
- business planning towards commercialisation
- development of strategic planning
- computerisation
- ferry terminal operations
- human resources development

unquote

2.2.2 In addition, the EC Project Co-ordinator instructed that, apart from the ToR, the expert's main duties and highest priorities would be to constantly follow-up with the Ukrainian partners to fulfil their commitments under the Ukrainian / EC agreement, in order to ensure smooth and timely execution of the projects.

2.2.3 Furthermore the expert was instructed that his official counterpart in the Ukraine shall be the First Deputy Minister of Transport (Mr. L. M. Kostiuhenko) who should however only be contacted when serious problems developed on the Ukrainian side which would require intervention from high authority.

2.2.4 The expert was also told to keep the project co-ordinator well informed on the progress of the entire ferry terminal project, i.e. of all aspects of the three projects 97-50, 97-51, 97-52.

3. TA Activities / Progress

This report refers specifically to the second part of contract 97-52, namely the TA for the establishment of an independent ferry terminal operating unit.

Because a number of serious problems had developed by the end of the last reporting period, i.e.

- Pol did not undertake any activities with respect to clearing the ex-Blasco area from scrap, rubbish, materials and 2 sheds, as was agreed during project appraisal, design and negotiations,
- DMT was quite inactive as local co-ordinator
- no decision was taken to select two candidates for training
- the experts attempts to commence discussions on the subject of setting up an independent ferry terminal operations unit were blocked

the expert requested for a meeting with the Deputy Minister of Transport and had informed HPTI (the Tacis project co-ordinator) accordingly.
(see previous monthly report).

That meeting took place on 05th May at 13:40 hours in the MoT in Kiev. Apart from the FDM (Mr. Leonid M Kostiuchenko) and the expert a number of officials from MoT (e.g. Mr. V. Sevrukov, Deputy Minister and Head of DMT Kiev/Odessa.; Mrs. Lena Yevgrafova, MoT expert for the project) as well as the head of the national Tacis Co-ordinating Unit (Mrs. Natalija Ryabtseva) participated.

The expert explained the problems (as mentioned above and more detailed in Monthly Rpt. # 1) and stated that it appears to be a matter of attitude with Pol. They do not welcome the change / interference from others. The expert explained the consequences of not clearing Blasco area. „Rumours“, that the 2 sheds were handed over to customs did not seem to surprise the participants, but no comments were given. The FDM requested detailed explanations why the sheds should be removed; he said „that the 2 sheds should be knocked down is new to him“.

Contrary to the expert's opinion, he considered the organisation problems in connection with IFTOU not so severe and stated: „this can be solved with clear instructions“.

The FDM mentioned several times that he very much appreciates the open information and that it was forwarded at a quite early stage when the problems can still be solved. He emphasised that the Ukraine considers this a very important project;

As a result of the meeting the FDM said that he will obtain more information from other sources and that a meeting shall be held again with all parties concerned on Friday 08th May, for which he wanted the expert to fax to him a very short briefing paper.

That briefing paper was faxed to the FDM on 07th May and copies were forwarded to DMT, Pol, UKF, RAO to ensure everyone was informed of the experts activities and his reporting of the problems to the FDM.

A copy of that paper was also forwarded to the Tacis project co-ordinator in Hamburg, with the request to come to Kiev and participate at that meeting.

Apparently as a direct consequence of the meeting with the FDM, the DMT called the expert for a meeting (without prior notice or information) with high officials from DMT and Pol (people who in the past had often been too busy to see the expert). They wanted to know details of what was reported to the FDM and they explained that it was not necessary in future to report to the MoT but any problems can be discussed and solved with them. Furthermore they stated a lot of criticism about the project (e.g. that they had not been sufficiently consulted about the details, that they have better ideas of how to spend the money more efficiently and how to design the project to fit better into the Pol plans for future port development). Basically they forwarded again the same arguments that had been given during the past couple of weeks.

The expert answered that the design stage has passed and that it is now the duty of everybody involved to fulfil his respective work as stipulated by the official agreements for the benefit of the project.

On 08th May at 11:00 hours the meeting took place in MoT, chaired by the FDM and with representatives from all parties concerned, e.g. MoT, DMT, Pol, UKF as well as the Tacis project co-ordinator and the representative of the national Tacis co-ordinating unit, however, without RAO because there had been no activities or problems about their involvement in the project.

The two representatives from Pol (who were different persons than those who had discussed the project with the expert during the past weeks) repeated Pol's previous statements that they have different ideas about the development of the ferry terminal (rather confusing statements about a „multi-modal-container-terminal“).

The representative of Illychevsk customs was concerned that they will not have sufficient facilities for thorough checking.

The Tacis co-ordinator and the expert pleaded for a project execution as planned and argued that in other countries ferry terminals work more efficiently, provided the involved organisations and authorities co-operate closely and give high priority to service for customers and efficient, fast movement of cargo, despite the fact that bureaucratic and official requirements must be fulfilled.

Representatives from UKF and national Tacis office strongly supported the project.

After listening to everybody's arguments the FDM decided that the project shall be executed as planned and instructed all parties, to do their respective tasks, in particular Pol to clear the Blasco area within two months, in preparation for project 97-51.

Unfortunately during this meeting the subject of setting-up an IFTOU was not discussed.

Thereafter several meetings were held on the subject of clearing the Blasco area between the technical director of Pol and the expert and approximately 15th May Pol commenced actual activities to clear the Blasco area.

On the subject of selecting / proposing to CoSo two candidates for computer training, CoSo forwarded several reminders to DMT / Pol / UKF and the expert pressed DMT several times for a decision.

The fact that each of the three parties involved (Pol, UKF, RAO) acted separately, i.e. DMT did nothing to co-ordinate the local parties, prevented a clear decision and progress. This wasted a couple of weeks time for this matter.

Eventually the expert succeeded in convincing the deputy of the person in charge in DMT to organise a joint meeting between DMT, Pol, UKF on the matter. This meeting was held on 20th May in DMT's office and after long discussions (which mainly dealt with the computer program instead of with the trainees) two candidates, one each from Pol and UKF were selected.

The selection was made despite the expert's reservations that the candidate from Pol does not speak sufficient English and the candidate from UKF will probably not work in the ferry terminal for a long time after his training.

With respect to the experts original duties as per ToR, namely the organisation of an IFTOU some progress could be made, i.e.

The technical director of Pol gradually became more open for the expert's proposals to discuss the subject of IFTOU, i.e. to start discussions on re-organisation and to work closely together. Apparently he had discussed the subject internally with other members of the management.

However, towards the end of the reporting period the expert had to discuss the subject with another person (the ex technical director of Pol and ex general manager of Illychevsk ship repair yard), who was recently appointed to be in charge of the project on behalf of Pol. The expert was thus put into the position of having to repeat the previous discussions and arguments in this respect.

Despite this setback it can be hoped that a reasonably open and regular approach to the subject will gradually be established during the next months.

On 21st May a representative of the MoT visited Pol on order from the FDM, to inspect the progress made in clearing the Blasco area and to discuss details of the project with persons from Pol, UKF, RAO. The expert was present during some of the discussions with Pol where she emphasised the importance of the project for the Ukraine.

During a short private discussion with the expert she stated that the MoT had big problems with Pol (and others in Odessa) to support the project because many people considered this as an interference from the MoT into their authority. Therefore one should expect that most probably the organising of an IFTOU will still face major objection, particularly from the management of Pol.

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Complying with required bureaucratic and/or administrative procedures, i.e. registration with immigration police, issuance of a local driving licence, registration of car, etc. as well as follow-up the establishment of a project office in the terminal consumed a considerable amount of time.

During his two visits to Kiev the expert tried to contact the EU representative in Kiev for informing him about the project. However, apart from talking to the secretary a number of times, no contact could be made.

4. Risks / Problems identified

After the immediate major problem, i.e. clearing of the Blasco area for preparation of project 97-51 appears to have been resolved, the remaining problems stipulated under this heading in the last monthly report will have to be focused on despite a certain improvement in the general attitude towards the project, namely:

4.1 There are still problems of insufficient attitude, dedication and activity, i.e.:

4.1.1 Pol does not yet see the necessity of organising an independent, commercially oriented terminal operating unit.

4.1.2 Too many persons are involved with the subject and passing of information is insufficient.

4.1.3 Pol and DMT need to understand that it is „their project“ and the EU experts are to assist / advise / support them in „their efforts“ to make this project (of setting up an efficient ferry terminal) a success. Consequently more dedication and effort is required from their side.

4.1.4 Some people appear not to be dedicated to the joint project but to have their individual interests.

4.2 No improvement can be noticed so far in the attitude of DMT. There is still no noticeable effort to take up it's designated role as co-ordinator of the Ukrainian partners.

5. Conclusions / Recommendations / Action to be taken

As recommended before, the DMT should take up it's role as local co-ordinator and specifically should set-up a suitable, efficient work group.

Apart from this, no specific action is recommended at this point of time.

Regular work on the design of the IFTOU is needed.