



Establishment of a Ferry Cargo  
Movement Computer System

**Monthly Progress**

**Report N° 3**

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Tacis Project No.: TNREG 97 - 52

Technical Assistance to the Ferry Terminal in Illychevsk

Monthly Report No. 3

for the period of

01<sup>st</sup> June - 30<sup>th</sup> June 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:

1.1) Pol made constant progress in preparing the ex-Blasco area, i.e. demolishing two sheds, clearing of rubbish and levelling of the surface.

Although works proceed slowly, because they dismantle the sheds rather carefully for later use elsewhere, it can be assumed that the area will be ready for the contractor whenever project 97-51 will commence construction works.

1.2) One of the two candidates presented for computer training in Holland was not accepted by CoSo because of high age and insufficient knowledge of English.

1.3) As during previous months, DMT still did not undertake any activities to assume their role of local project co-ordinator.

1.4) Discussions between Pol and the expert on the subject of setting up an IFTOU had commenced well in early June. However during the second part of the month the Pol executive in charge for the subject did not appear for the agreed meetings, with various excuses for being too busy with other matters, and also did not yet provide the agreed information on the organisational set-up of Pol.

1.5) The expert concludes that the main obstacle for an efficient operation of the ferry terminal in the future may not be insufficient organisation or engagement on the part of Pol but an increasingly cumbersome and expensive bureaucracy that needs to be negotiated by all customers passing through the ferry terminal.



## 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. Kostiuchenko) 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.**

3.1) About middle of May Pol commenced works to clear the ex-Blasco area. During the six weeks elapsed since then, until the end of this reporting period:

The roofs and sides of the 2 sheds to be removed from the area had been dismantled, with virtually only the main frames remaining. These works make rather slow progress because Pol does the dismantling carefully in order not to damage the parts since they intend to re-built and re-use the sheds elsewhere in port.

Approximately 90% of the rubbish and scrap that was laying about in big quantities has been transported away from the area.

About 15% of the large concrete slabs covering a large portion of the future truck parking and container storage area have been taken up. Pol intends to level the surface and thereafter replace the concrete slabs which will serve as foundation for the asphalt surfacing to be done by the contractor of project 97-51.

The expert was able to have a look inside the future administration building (also to be renovated by project 97-51) and received the impression that the building is in better condition and will require less renovation works than originally anticipated at the initial appraisal of the project.

Since the contract for 97-51 was only signed by the end of this month and the contractor will anyhow require a certain mobilisation period it can be assumed that Pol will have completed their preparatory works before the contractor requires the territory to commence with his works. Thus the delay in Pol's works (which initially should have been completed by end March) will most likely not delay the project.

3.2) After the subject of selecting two candidates for computer training in Holland had been dragging on for several months, mainly due to the inactivity of DMT, a proposal had finally been made at the end of May.  
( see previous monthly report )

However, by their fax dated 10.06.98 to DMT, CoSo rejected the candidate from Pol because he is considered too old (59 years) and his knowledge of English is insufficient to follow the course curricula.

By the end of this month DMT had not proposed an alternative candidate, and in fact it must be assumed that DMT had not undertaken any action at all in this matter.



Therefore the CoSo project manager intends to take up the subject with DMT, Pol, UKF during a visit to Kiev / Odessa / Illychevsk in the early days of July.

3.3) DMT's continuous inactivity as local project co-ordinator did not create any additional problems (to those mentioned in earlier reports) for the project, other than delaying the selection of suitable candidates for computer training. This is because so far their co-ordinating duties were partly compensated for by respective activities of the expert and partly by CoSo, UKF and Pol taking own initiative in matters concerning them directly.

However, DMT's complacency should not be tolerated much longer, because it becomes increasingly clear that the necessity for an active local project co-ordinator will become more pressing with the development of the project, e.g. the imminent start-up of the terminal rehabilitation works (project 97-51) as well as the (hopefully) increasing discussions on IFTOU would certainly benefit from efficient co-ordination between the various parties involved.

Therefore it is recommended that the Tacis project co-ordinator, on the occasion of the kick-off-meeting for project 97-51, expected to be held during middle of July, will bring up the matter with the responsible authority (MoT or DMT headoffice, Kiev) and request for an active local project co-ordinator.

3.4) With respect to the expert's original duties as per ToR, namely the organisation of an IFTOU, the following can be reported :

Open and interesting discussions were held during several meetings in the first half of June between Pol's designated „executive in charge of the project“ and the expert.

Although it was obvious that Pol's executive (as apparently all Pol's management) is not in favour of the installation of an IFTOU as intended by the project, he at least for a number of times appeared regularly and reliably for the agreed meetings and listened to the experts arguments supporting such organisation, i.e. a small, flexible, independent set-up, motivated and able for efficient, commercially oriented operation and services.

The expert hoped that this form of dialogue should develop into a regular working relation between the expert and Pol management, fulfilling what is described in the ToR as „... working side by side with the officials of the port, ...“. Eventually, the sensible ideas of the project could perhaps have helped to obtain a more open minded attitude from Pol.

After the technical director (who had however been withdrawn from the project in May) this was the second Pol executive who took the time to listen to the details of the project being explained.

Unfortunately, after the initially promising good start-up of that co-operation the Pol executive excused himself from further meetings with the expert as of middle of June, with various excuses about other duties; and no substitute was appointed.

This Pol executive is presently travelling and if after his return in early July the situation will not change for the better, the expert will probably have to contact higher authority for intervention.

3.5) When observing the actual operation at the terminal, ferry boats, yard, check points, etc. the expert made a disturbing observation (which can however not be substantiated by actual figures): It appears to him that the bureaucratic procedures on the ferry terminal which need to be passed by all trucks and cars departing from / arriving at the terminal are increasing considerably.

There appear to be new controls by new authorities (e.g. for ecological, road, veterinarian, agriculture, etc. checks) as well as more thorough, time consuming checks by customs.

All checks appear not only to be more time consuming than in former times but, according to various persons with whom the expert talked, also seem to require more / higher fees (official and unofficial) to be paid by the terminal's customers (car- and truck-drivers).

In the opinion of the expert this development is certainly detrimental to the project's efforts to improve the efficiency of the ferry terminal.

## OTHERS

The expert presently tries to arrange a meeting with the MoT in order to discuss a.m. subjects and, where necessary, to obtain support in solving respective problems.



## 4. Risks / Problems identified

The same problems as mentioned here in the last monthly report still apply, 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

It is recommended that the Tacis project co-ordinator, on the occasion of the kick-off-meeting for project 97-51, expected to be held during middle of July, will bring up the matter of DMT's inactivity as local project co-ordinator with the responsible authority (MoT or DMT headoffice, Kiev) and request for much more respective action from DMT in future or else for the appointment of another local project co-ordinator.

Other than this, no specific action is recommended at this point of time.