

EUROPEAN UNION - TACIS

Technical Assistance to the Southern Republics of the
CIS and Georgia - TRACECA

TRADE AND TRANSPORT SECTORS

Terme of Reference

for

**TECHNICAL ASSISTANCE FOR THE DEVELOPMENT OF
THE PORT OF BAKU**

MANAGEMENT ASSISTANCE AND TRAINING

Final Recipients :

TRACECA Region Ministries of Transport

TACIS - TRACECA PROGRAMME

TECHNICAL ASSISTANCE FOR THE DEVELOPMENT OF THE PORT OF BAKU

MANAGEMENT ASSISTANCE AND TRAINING

1. INTRODUCTION AND BACKGROUND

Since independence the Republic of Azerbaijan has recognised the importance of transport in the development of the country's economy. The government has therefore laid particular emphasis on the rehabilitation and modernisation of its transport infrastructure, including the Port of Baku.

The Port of Baku is the main sea-port of Azerbaijan. It occupies a key strategic commercial position on the Caspian Sea. The port has excellent sea, rail and road connections for passengers and cargo into and out of the countries of the Caucasus region, of the countries of Central Asia, of Russia, Iran and Turkey. It is a key element in the TRACECA corridor (Transport corridor Europe-Caucasus-Asia). The new political situation has led and will lead to major changes in the cargoes handled in the port and their origins and destinations. The port facilities and the associated transport systems will have to adapt accordingly and it will be necessary to introduce new technologies and operational techniques.

The majority of the cargo between the Caucasus region and Central Asia used and still uses today the ferry service between Baku (Azerbaijan) and Krasnovodsk (Turkmenistan). There is an ongoing shift from 100% rail transport to shared rail and road transport. The rail ferry takes trucks and wagons.

For yet unknown reasons the water level in the Caspian Sea is rising at an average annual rate of some 25 cm during the last years. This phenomenon commenced in 1975, be it at a less important rate of sea level rising. The alarming rise in the Caspian Sea level creates major difficulties in operating the ferry service. The ferry terminals in both ports will to be out of service within some 3 years if the sea level continues to rise.

Against this background the Governments of Azerbaijan and Turkmenistan obtained technical assistance from the European Commission under the TACIS - TRACECA programme for a survey of the Caspian Sea water level rise and its influence on the operating conditions of both ports. The project included a survey of infrastructure in both ports and an attempt to forecast the future traffic flows. This technical assistance was carried out by the group of consulting engineers Sofremer, HPC and Deti. The

final report is expected any time (May 1995). The study confirmed the urgent need to rebuild the ferry terminals in both ports.

The European Commission committed itself under the TACIS - TRACECA programme to prepare the redesign of the ferry terminals in both ports and to prepare the international tender documents for their reconstruction. Terms of reference for this study are under preparation.

Both projects deal with the immediate physical needs to keep the ports operational.

Since the dissolution of the Soviet Union, all ports of the New Independent States have to work in a new, free market oriented environment. The new environment has forced and still forces the Port to adapt new policies and work methods, and to think commercially. The Caspian Sea crossing and the TRACECA route have now to compete with other land traffic routes.

In this competitive environment a port must generate sufficient income from its business to cover its running costs and to keep its infrastructure and equipment in good working condition. Sufficient benefit should remain available to renew infrastructure and equipment and to safeguard future expansion. A financially independent and flourishing Port is a basic element in a country's economy, being no burden for the national budget.

The Port management has to tackle these new challenges. Exchange of ideas and experience between the management of the port of Baku and professionals in the port business from the European Communities can be beneficiary. This project insures this exchange of ideas and experience in the form of a training and management assistance programme.

2. OBJECTIVES

The general objective of this project is to support the Seaport Authority in transition to the market economy.

The specific objective of this project is to strengthen the Ports management in introducing new policies and working methods and to cope with the new challenges resulting from the new market oriented environment.

The areas of assistance and training focused by the project are:

- Development of strategic planning and marketing strategy
- Institution building
- Tariff structure and related cost covering of Port activities
- Port operation
- Costing and accounting system
- Human resources policy

Moreover, the programme includes the preparation of a legal framework to define the relations between Baku Seaport Authority, several specialised users and other interested parties. It includes the implementation of a modern financial management system to analyse all investments for short, medium and long term periods.

The successful and effective implementation of the proposals can only be achieved by high qualified experts, working side by side with officials of Seaport Authority and supported by a training programme.

The identified programme requests the following experts:

1. Assistant to General Manager of Seaport Authority
2. Assistant to Financial Director of Seaport Authority
3. Assistant to Port Operations Director
4. Management Training Adviser

3. SCOPE OF WORK.

1.1. ASSISTANT TO GENERAL MANAGER OF SEAPORT AUTHORITY

The Assistant to the General Manager will assist the General Manager of the Seaport authority as required, and in particular he will advise and assist on all matters concerning:

- Strategic Planning for the Port

This entails the preparation and follow-up of the long term strategic view for the port. The long term strategic view shall take into account the economic evaluation of the country and its natural (land borne and sea borne) hinterland, as well as the follow-up of changes in (i)shipping and its environment, (ii)new techniques of transport and (iii)new commercial attitudes in the world towards ports.

- Medium and Long Term Planning

A long term planning shall be derived from the strategic vision developed in the country. The long term planning section will encompass and guide the short term plans (foreseen within 3 to 5 years). In view of the fast changing economic environment these plans will be developed in easily adaptable form, will follow the lines set out by Government and will incorporate realistically possible developments.

- Structural Investments

The future major infrastructure investments, identified in the long term and medium term planning, will be set out and justified according to internationally recognised assessment methods.

- Institutional Changes

All relevant information for the port will be gathered in order to stimulate and attract private investment. This material will be made available as well to local investors as to internationally interested parties. Modifications to existing legislation and publication of information aiming to promote private investments will be suggested to the authorities concerned.

- Computerisation

Define a programme for the setting up of modern computer information and management systems for the different departments in the port and linking of the port to the international shipping information systems.

- Commercial and Marketing

Defining the commercial policies of the port and work out a strategy for land use, port handling and storage pricing. Prepare a marketing plan for the port in view of attracting new clients.

- Supervision of investments

Preparation of tenders, control of offers and follow-up and evaluation of budget control.

- Follow all accounting services (general and analytical) and see to the consistent relation between operations, accounts and cash in-outflow.

- Making in close collaboration with the Financial Department a detailed analysis of the tariff structure and propose such changes as might be found necessary to achieve sufficient margin and financial soundness of the Port's activity.

- Assist in the organisation and control of training programmes for personnel at all levels and of the setting of pay scales.

Profile

The Assistant to the General Manager will have experience in shipping and/or port for at least ten years at a level of manager, controller, or legal advisor. He will have a university degree in Economics, Engineering or Law, with additional training and/or practical experience in management. The Assistant to the General Manager is a high level posting in this difficult period of conversion of the economic environment. The personal assets required to function effectively will include good skills in human relational, an aptitude for communicational and firmness if necessary.

Duration

12 working months

A knowledge of Azerbaijani or Russian would be a major asset.

3.2. ASSISTANT TO FINANCIAL DIRECTOR OF SEAPORT AUTHORITY AND PAYMENT SCHEME ADVISER

The expert will have two areas to cover

1) As Assistant to the Financial Director he will assist the Financial Director as required- Specific tasks will include:

- Preparation of the financial sections of all investments' plans at medium and long term.
- Preparation of capital and operational budgets and their consistent follow-up during the year.
- Preparation of all financial documentation required for negotiations with all parties involved in lending operations (banks, bilateral or multilateral organisations) and private enterprises interested in direct investments (local or foreign).
The financial documentation for the renewed ferry terminal shall be prepared in close co-operation with the designers.
- Preparation of balance sheets at the required intervals.
- Daily treasury management in local and foreign currencies.
- Making in close collaboration with the General Management of the Port a detailed analysis of the tariff structure and propose such changes as might be found necessary to achieve sufficient margin and financial soundness of the Port's activity.
- Preparation and control of training schemes for financial officers

2) Part of his job will be to advise on new payment schemes

It appears that the present incentive schemes are failing to achieve the desired level of port performance. Norms are increasingly difficult to define for different product handling and the introduction of containers and of Ro-Ro traffic make practical implementation nearly impossible. The present scheme discourages initiative and thus the development and use of improved cargo handling methods

The task of the Payment Scheme Adviser will be to advise the Manager of the Port on:

- Designing and implementing a workable flat pay system or equivalent system that is acceptable by dock labour whilst at the same time permitting normal profit levels for the stevedore and encouraging change and innovation to improve port performance.

- Preparing for the changes in advance by explaining and persuading management, supervisors and the dock workers the purpose and benefits of changes.
- Designing and implementing training programmes for supervisors and dock workers in preparation for a new pay system.

The task will therefore consist of an in depth study of the existing system so as to be able to suggest possible economic alternatives on the one hand whilst keeping social peace on the other.

The suggestions made will have to possess sufficient vision as to take account of the possibility that different parties other than the public port authority will make use of dock labour.

Profile

The candidate Assistant to the Financial Director and Payment Scheme Adviser will have a university degree in Finance and/or Economics with the preferable major in international finance. He will have at least five year of experience at financial management level of a medium sized company, involved in shipping or ports matters as well as a large number of years of experience in Port Pay systems either as Stevedore Manager or other senior role. He should have extensive negotiation skills between labour unions and management and be capable of making economically viable suggestions to all parties. He should have first-hand experience of training schemes for supervisors and workers, and will be required to liaison closely with the Management Training Adviser. Knowledge of financial negotiations at bilateral or multilateral level will be an asset.

The Assistant to the Financial Director and Payment Scheme Advisor requires to posses a good ability of training skills.

Duration

12 working months

A knowledge of Azerbaijani or Russian would be a major asset.

3.3. ASSISTANT TO PORT OPERATIONS DIRECTOR

The Assistant to the Port Operations Director will assist the Port Operations Director as required. His particular objectives will be to analyse port performance and to advise on and implement ways of improving performance, including schemes for improving co-ordination with rail and road transport. His involvement will include:

- All daily port operations planning, i.e.:
 - Ship berth allocation.
 - Gang (dock labour, tally) and equipment allocations.
 - Warehouse and storage area follow-up.
 - Contacts with ship's agents and forwarders and contacts with land transport organisations (rail, road) for removing import or bringing export-cargo.
- Productivity of all entities in the port.
- Control of all maintenance, storage areas, warehouses and equipment.
- Preparation of investment requirements in equipment and construction.
- Preparation and control of operational budgets and making suggestions for capital budget requirements
- Preparation of commercial handling contracts with shipping companies and shippers.
- Together with the Finance Department, preparing and controlling the follow-up of contracts to insure their profitability.
- Preparation and control of training scheme for the staff of the Operation Department.

Profile

The Assistant to the Port Operations Director should have at least five years of previous experience in port operations at management level. The ideal candidate would be a former stevedore company manager who is familiar with Ro-Ro and ferry services and who acquired more detailed management skills later.

Duration

6 working months

A knowledge of Azerbaijani or Russian would be a major asset.

3.4. MANAGEMENT TRAINING ADVISER

The Management training Adviser will assist and advise the Port Manager on all aspects of management training.

Management training is required to ensure a smooth transition from the very centralised form of control and management to more delegation of authority and acceptance of responsibility through all levels of management. These new responsibilities require the development of new skills at all management levels:

- Communication
- Delegation of authority
- Acceptance of responsibility and accountability
- Personnel instruction
- Leadership qualities

His tasks will be:

- To undertake the assessment of training needs for management.
- To arrange and assist in setting up training programmes inside the Port and in recognised training centres elsewhere in Baku and possibly abroad.
This task includes:
 - Engage trainers (Azerbaijani and foreigners as may be needed or suitable).
 - Arrange the training locations and related logistics and facilities.
 - Lead and supervise the training sessions.
 - Measure the effect of implemented training programmes, conclude and fine tune future programmes.
- To identify those personnel who could themselves become trainers in the long term and prepare (train) these trainers for their future task.
- To prepare a programme of permanent training and formation of the Port's personnel, including the set up of a proper structure inside the Human Resources Department of the Port.
- To start implementing the programme of permanent training and formation of the Port's Personnel.

He will be required to liaise closely with the other experts and especially with the Payment Schemes Adviser.

Profile

The Management Training Adviser will have at least five years experience in management training in a port or port related industry. He will have a university degree or equivalent educational achievement.

Duration

5 working months

A knowledge of Azerbaijani or Russian would be a major asset.

3.5. ORGANISATION OF TRAINING PROGRAMMES

The Consultant is responsible for the organisation of the training programmes identified and detailed as mentioned above.

The Contractor assigns and remunerates those trainers that cannot be found inside the Port's organisation. These trainers can be Azery or foreign specialist as may be suitable.

He must provide interpreters according to needs.

Three types of training programmes shall be worked out and organised:

1. Training programmes for lower management levels and for the Port's personnel

Familiarisation of new management attitudes, new working methods, on job training, familiarisation with the new payment schemes, etc. will be organised inside the Port or nearby in Baku town as may be suitable. The Contractor is to provide the necessary equipment and organisation, trainers and interpreters, etc..

2. Training programmes for middle management levels and for future trainers:

These training sessions should transfer to the participants sufficient background, information and enthusiasm for the proposed new management attitudes and working methods. The participants will be the future advocates for assuring continuity in the implementation period. These seminars are to be organised outside the port environment at a suitable location in Baku town. The Contractor provides the necessary equipment, accommodation, organisation, trainers and interpreters, etc..

3. Study trip to the EU for the senior management:

The study trip should last about ten days and cover about five participants. Arrangements including payment for accommodation and travel to and inside the EU by participants are to be made by the Contractor. The aim of this trip is to allow the senior port managers to meet their counterparts of European harbours and other high level professionals. In depth discussions should be organised about the following topics:

- Strategic port planning and related management policies
- Medium and long term planning
- Long term investment planning and related financial justification and planning
- Institution building aspects

- Commercial and marketing attitudes in ports
 - Relations between a port authority and private firms operating inside the port
 - Cost and cost control - tariff strategy
 - Human resources aspects in ports
 - Etc.
3. The Contractor shall allow for sufficient high qualified interpreters to make individual meetings and discussions of the participants with EU professionals possible.

4. EXPERTS, DURATION, TIME TABLE OF THE PROJECT AND REPORTING

The Consultant will present the following information for the four key experts:

- The names and job-titles of staff to be made available as well as their position within the firm, with a detailed CV and description of their experience, including recent experience in countries of the Former Soviet Union.
- A work programme covering the periods of time during which each expert will be allocated to the project.

The duration of the project should not exceed 16 months. The total input of key experts for the project is 35 man/months. The Consultant can propose to shift some tasks from the scope of work of one (several) expert(s) to that of an (several) other expert(s), according to the background of the experts. He can propose to reduce the time one (several) expert(s) is (are) made available and increase the availability of one (several) expert(s) accordingly. In all cases the experts must work together as one team. The total time experts are made available should not be reduced.

The Consultant will present in his offer a work plan and a bar chart covering the input, methodology and expected results for the proposed four positions.

The Consultant will produce the following reports:

- An Inception report after one month
- Interim reports after 6 and 9 months
- A Final Report

The report will give an overview of tasks performed by each expert and of the results achieved. For each report an executive summary will be made.

All reports will be submitted for approval of the Ministry of Transport, and the TACIS - TRACECA staff at the Commission of the European Communities. English is the language of the contract governing the Consultants work and all reports shall be issued in English and Azery or Russian. Total number of reports should be 10 in English and 10 in Azery or Russian.

5. EQUIPMENT

The Consultant should allow for the provision of office equipment, including computers, computer software and equipment for communication and for the training sessions, necessary to carry out the assignment. Details should be included in his proposal.

At the end of the project, this equipment will be transferred to the Port Authority for further use.

6. LOCAL STAFF

The selected company should make arrangements with local bodies, organisations or consultants' firms, individual interpreters and trainers to set up suitable local staff and facilities for the training sessions. Provision should also be included for translation cost. The budget (reimbursable) for the sub-contracting of local expertise should be included in the offer.