

Technical Assistance for the
Development of the Port Baku

2nd **Project Progress Report**

30 November 1996

Project Progress Report No. 2 - Cover Page

Project Title :	Technical Assistance for the Development of the Port of Baku	
	<ul style="list-style-type: none">• Management Assistance and Training• Port Master Plan Study (Addendum)	
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Country:	Azerbaijan	
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Project Progress Report

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1. Project Synopsis

Project title:	Technical Assistance for the development of the Port of Baku Management Assistance and Training Port Master Plan Study
Project Number	TELREG 9304
Country:	Azerbaijan

Project objectives:

Support the management of the Baku Sea Port in the transition to the market economy by strengthening the management in introducing new policies and working methods to cope with the new challenges resulting from the market oriented environment. The project includes the implementation of modern financial management system to analyse all investments for short, medium and long term periods, advise on modern port operations, and management training. With the addendum for the Port Master Plan Study, a long term development plan will be elaborated for the Port, initial investments will be identified in order to enable the port to carry on operations and facilitate the port for future cargo handling requirements. A feasibility study based on a detailed traffic forecast shall be the base for international funding of the port rehabilitation, which is envisaged by the European Bank

Planned outputs:

- Establishment of private activities and involvement in investments in the Port of Baku
- Main investments for necessary infrastructure and the reconstruction of the Port and their financing are defined
- The management of the Port is able to work in market economic conditions
- A frame work for the establishment of a Freeport in Baku is developed
- An appropriate Management Information System is implemented at the Port
- The Port works to capacity, needs for changes of manpower, organisation and equipment of the Port is identified and recommended.
- A Port Master Plan including a feasibility study for the initial investment needs as well as necessary tender documents are elaborated

Project activities:

- Identify fields for private involvement in the Port
- Elaborate and implement a port infrastructure plan
- Conduct management training and develop a training scheme
- Prepare necessary framework for establishing a Freeport in Baku
- Introduce an appropriate Management Information System
- Elaborate a Port Master Plan Study
- Identify initial investment needs and carry out a feasibility study
- Prepare tender documents for the rehabilitation project

Project start: 28 January 1996

Project duration: 22 months

2. Summary of the Project Progress

The project period was characterised by the set up of the project addendum for the Port Master Plan Study which started with Phase 1 early September. The Phase 1 Report which has been finalised on 21 October and submitted according to schedule. Content of the Phase 1 has been:

- Definition of the principle traffic for which the port is to be developed and the range of volumes of such traffic
- Estimates of Unit Transport Costs the various foreign currency export commodities can be expected to sustain
- An outline review of the present port facilities and operations
- Preparation of a detailed outline for the Environmental Assessment based on the Scoping Exercise and preliminary data collection
- Writing and submission of the 1st phase report

The comments of the EBRD and the Baku Port to the 1st phase report are being considered and included in the ongoing works in Phase 2.

Further to the initial management assistance and training project, following project progress could be achieved:

Based on contacts and framework initiated by the experts, the commercial department was able to negotiate with a major forwarding company warehouse operation.

In the management training programme a study tour for 5 port managers to European ports has been carried out. Further one formal training has been held in bookkeeping and accounting, and another seminar has been held on financial management and cost accounting.

The activities for introduction of the Management Information System covered the structuring of the future commercial accounting and cost accounting system, combined with the implementation of the computer assisted accounting system. The basic framework therefore has been laid down in an Accounting Manual.

The implementation of the new organisation structure is currently in discussion within the Port management in order to gain understanding for the new future tasks and responsibilities.

3. Summary of the Project Planning for the Remainder of the Project

After completion of the first 9 months and the set-up of the Port Master Plan Study, some changes for both projects in the next period became necessary.

Due to additional need for training, and finalising of financial tasks, about one month has been shifted from the financial expert to the management training advisor position. Further in phase 3 and 4 of the Port Master Plan Study the team leading and project co-ordination will be combined with the management assistance and training project. This extends the initial project parallel with the Port Master Plan Study until end of June 1997. This has been welcomed by the port, because the transition process can be accompanied over a longer period in order to achieve a higher degree of sustainability.

After the completion of the ongoing 2nd phase of the addendum in December, 1996, there is a "break point" and a period during which the results of the phase will be reviewed by the Baku International Sea Port, Tacis and the EBRD.

A decision will be taken concerning the proceeding in phase 3 and 4 of the study. According to the TOR the 3rd phase will include

- Preliminary engineering designs and outline specifications for the principle components of the first step of the recommended development for the cargo handling facilities
- An assessment of the Baku International Sea Port's credit worthiness for a possible bank loan and of possible other project finance arrangements.

The activities of the final phase 4 will then include

- Detailed design and preparation of Tender Documents for construction and supply for the first step of development
- Assistance to Baku International Seaport in inviting contracts for the development, selecting contracts and placing contracts.

The frame work study for the Freeport will be finalised and part of the Phase 2 Report. Further it is planned to start with the new EDP-accounting system with real data in the accounting department and implement the new organisation structure.

The identified needs for the port's commercial policy will further be actively assisted by the experts. In the course of the Port Master Plan Study there will also be a second study tour to Hamburg and other European ports. It will include seminars and training concerning port planning and port maintenance as well as project management and financing. The conducted Manpower Audit and the elaborated management training needs for the Port will be submitted and results discussed. Additionally to the original tasks of project the installation and implementation of a computer based personnel data base for the personnel department is also part of planned project activities.

4. Project Progress

4.1 Establish Private Activities/Investment in the Port of Baku

In the course of the reporting period two activities of the port are ongoing in this range of activities.

Warehousing for local distribution and storage of transit goods had been identified as an additional business for the Port. In May and June a contact has been initiated between the Port and a major foreign forwarding company by the consultants for renting out warehouses. With regard to the mutual interest of both parties and the existing framework of the Port, a proposal for an agreement had been elaborated by the consultants and contract negotiations have been assisted. In particular a tariff for warehousing activities has been worked out with the Port and the commercial approach for partly private warehouse operation has been considered. Due to some reasons this particular business has not started. In the meantime the port's commercial department has picked up the contact to the forwarding company again and is at the moment finalising a similar agreement for warehouse operation in the Port. This is a new business activity in the port.

Further the Port applies with the Cabinet of Ministers the permission to lease Port facilities to private companies for commercial operation.

4.2 Elaborate and implement Port Infrastructure Investment Plan

With effect of 1 September 1996 the addendum of the current contract for the Port Master Plan for Baku International Sea Port has started. The addendum combines the already carried out work of the team and their experience gained already with the additional necessary expertise for the "Port Master Plan" for all Port facilities except the ferry terminal. According to the terms of reference, the work for the Port Master Plan Study is structured in 4 phases including a report on each phase.

The start of the Port Master Plan Study was closely accompanied by the European Bank's transport and environmental sections who conducted a mission to Baku and Turkmenistan during the second week of September. In particular an environmental scoping meeting for both projects, the ferry terminal and the general cargo terminal has been held together with the Port, the Bank, experts of Ramboll and concerned local institutions and authorities. This workshop had been prepared and moderated by the HPTI consultants (see also Scoping Meeting Protocol and Documentation, Annex1).

The experts commenced work according to schedule and the Phase 1 Report was finalised according to schedule on 18 October 1996 and has been presented to the EBRD in London on 21 October. The Russian translation has been handed over to the Port on 25 October 1996.

In particular the Port Master Plan Study has been carried out as follows:

In general, all planned results of the 1st phase period and up to now in the ongoing 2nd phase period could be achieved.

The 1st phase report was submitted in time and the 2nd phase of the study commenced without delay according to time schedule. However, some modifications and corrections to the traffic forecast are being done and will be included in 2nd phase report (draft). So far there were no deviations from the originally planned activities and results.

A topographical survey was considered to be necessary for compiling actual data for the Port planning in phase 2 of this project. An application for financing this survey by the contingency budget has been submitted to TRACECA Management Unit in Brussels. The results of the survey will be used as basic data for the ongoing Master Plan.

The relatively tough time scheduling (1st phase) could be kept also because some data needed as input had been collected already in the course of the initial contract.

A close co-operation between the two consultants engaged in the development of the International Seaport of Baku, i.e. Ramboll for the Ferry Terminal and HPTI for the Cargo Handling Terminals has been achieved.

In addition to the Port's traditional traffic specific attention was given to the potential for new trade. The historical data was supplemented by an analysis of economic activities in the area of influence of the Port and of the present and future transport systems serving it. Interviews have been undertaken with major existing and potential shippers.

An inventory of all existing Port infrastructure, cargo handling equipment and port craft was done as well as an engineering evaluation of the condition of the existing facilities, such as quays, pavements, buildings and equipment.

The problem of the rising water level in the Caspian Sea was assessed and considered for the design levels for the future construction works. A more detailed appraisal of the adequacy of the existing utilities on which the Port is dependent is being elaborated.

The past and present performance of cargo handling rates have been stated and are being analysed in respect of future performance levels which are a basic figure for the Port's future capacity.

A commentary on financial reporting procedures and controls etc. was already done in the main contract.

The Environmental Assessment Scoping Exercise was successfully carried out and was basic part of the preparation of a detailed outline.

4.3 Conduct Management Training and Develop a Training Scheme

In accordance with the terms of reference a study tour for Port managers to European ports has been conducted in order to acquaint the participants with commercially oriented organisational structures and efficient working procedures in Western ports. They had the opportunity to exchange opinions and information with Port managers. The aim was to improve the understanding of the requirements for a commercially working port in the new market oriented economic environment as well as the impact of the changes in their own port, which are proposed by the consultants. During the study tour the main emphasis was laid on demonstrating the different organisational set-ups and the organisation of the commercial and cargo handling work. The ports were chosen due to their size and/or their specialisation.

In order to assist the Port of Baku in establishing a new, commercially oriented organisation structure and to introduce a computerised accounting and bookkeeping system, training courses in the financial sector have taken place. One formal training has been held in bookkeeping and accounting, another seminar has been held on financial management and cost accounting. As a lecturer an expert from Germany, who is familiar as well with the accounting system in CIS and other former Socialist Countries as with advanced western accounting system has been invited. (Reports on all training events see Annex Training Reports)

Besides these formal training events permanent coaching from the consultants takes place, especially concerning the development of a new organisation structure and the understanding of the implications of this new structure. The proposal of the changed organisational set-up is currently discussed within the Port management. To assist this process a detailed description of responsibilities of the division heads has been elaborated by the consultants and submitted to the management. The Port management is very much involved in these discussions and partly very supportive and eager to introduce a new organisation. Partly the managers are sceptical about the sense of changes and doubt the realisation possibilities.

Another field of intensive coaching is the computerised bookkeeping system which is currently being implemented in the Port. In order to cope with the tasks concerning computerisation in the Port, the Port has employed an EDP specialist, who takes care of present and future questions in the EDP sector.

After analysing the forthcoming developments in the Port and the existing management system the consultants have developed a management training scheme defining the immediate and the regular training needs of the Port management as well as proposals for additional further qualification. Within the scheme a budget for human resources development is proposed. Also, the methodology of conducting the training is being defined in the training scheme. The concept has been submitted and is currently being discussed.

4.4 Establish a Freeport in Baku

The elaboration of the framework study for the Free Port has been delayed due to the set up of the Port Master Plan study. The study is now scheduled to be part of the Port Master Plan - Phase 2 Report, which is scheduled to be submitted by mid of December 1996. The Study will support the application of the Port for establishing a free port and setting up the legal framework.

4.5 Introduce an Appropriate Management Information System

Hereinafter the considerable results are mentioned according to the project activity plan:

Activity 5.2 "Review and improve assets management"

A new law referring to evaluation of the fixed assets forced the accountancy department to reevaluate all fixed assets from July 1996 onward. A new completed and revaluated list of the fixed assets has been submitted to the experts in November 1996. Only a revaluation has been made, but no changes towards commercial

standards such as economical span of life of fixed assets. Further In Azerbaijan there is by law only allowed the straight-line method of depreciation by the method of indirect depreciation. There is an urgent need to revise the rules and regulations for depreciation of fixed assets as soon as possible in order to receive a "true and fair" view of the values of the company. The revaluation of the existing equipment in the Port, which is to a large extent not in a working condition, increase the book value, but does not correspond with the real economical value.

Based on the carried out survey of equipment, workshops and stores, it is recommended to write off and separate the unusable old equipment and release it for disposal (selling, scrapping). This action would reduce the number of equipment to the operational required level and maintenance and repair could concentrate only the ones where its worth doing it.

Activity 5.4 "Review and improve cash management"

The debts crisis in Azerbaijan caused by the non-payment of invoices, especially within the parastatals, affects the Port's financial situation seriously, e.g. the currently biggest customer Caspian Shipping Company is not paying for the services received. The constant lack of funds makes a systematic cash management impossible, currently the cash management takes place on an ad hoc base.

Activity 5.5 "Develop a budget management concept"

As mentioned in the Inception Report there had been made a medium term budget, which was required by government up to the year 2000 in Manat and US\$. Till the year 1995 there was made in April/May a short-term budget and a medium-term budget, which had been handed over to government and an entrepreneurial budget (only for the Port, and not handed over to government), which was normally made in November/December. In 1996 government did not demand a budget for 1997, but a Business Plan was required by the government. This has been compiled with the assistance of the experts,

The non existence of a cost accounting system makes a serious budget planning almost impossible. With the implementation of the cost accounting system this will improve.

Activity 5.6 "Review existing accounting system and advise on improved one"

A new activity "Implement a computer-based accounting system" has been added to the project activity plan. In connection with the development of a new commercial organisation structure, which aims at establishing cost centres the existing charts of accounts had to be reviewed in order to identify missing accounts. Also, the structure of Profit/Loss Accounts has been analysed and necessary changes have been recommended.

A first draft of the cost centre structure with divisions and departments had been elaborated as a deduction of the proposed new organisation chart of the Port of Baku. Since October 1996 the Port is discussing the implementation of the new organisation structure, as it has certain implication for the structuring and implementation of the cost accounting system.

For the implementation of the computer based accounting system a draft Accounting Manual has been compiled by the expert team and submitted for discussion and further development to all relevant departments

in October. This draft Accounting Manual consists of the following:

- New Organisation Structure of the Port
- Plan of Cost Centre Structure
- Chart of Accounts of Baku Port
- Dictionary for old and new Port Accounts
- New structure of the Profit and Loss Accounts
- Dictionary for old and new Revenue Accounts
- New Structure for Fixed Assets Accounts
- Proposal for Cost Centre Reporting
- Standard Chart of Accounts for Azerbaijan
- Standard Chart of Accounts for German Industry- IKR (as a Sample)

At present UN consultants are elaborating a new standard chart of accounts for Azerbaijan following Western accounting principles. It is still not known, which system (US-GAAP, IAS or a system of a European Community country) will be selected and at what time it will be implemented. As far as the Tacis consultants understood, it will be implemented at the earliest only in January 1998.

4.6 Adjust Manpower and Equipment to Workload

The new organisation structure has turned out as key issue. In the reporting period a discussion on all details has been initiated by the general director of the Port. For implementation of the new organisation, January 1997 has been envisaged. In this field of activities, together with the Economical Department, all departments of the Port have been allocated to the new divisions, including their staffing levels.

5. Project Planning for the next Period

5.1 General

After completion of the first 9 months and the set-up of the Port Master Plan Study as per the addendum no.1 to the contract, some minor changes for both projects in the next period became necessary.

Management Assistance and Training Project:

The assignment of the current financial expert will only carry on until end of December this year, because his work within the financial department has reached a certain milestone, by establishing a commercial basis and defining the principle structure for future financial and cost accounting. The further need in this sector for assistance in implementing cost accounting and budget planning depends on the implementation of the new organisation structure. This step is not finalised yet, but scheduled for early 1997, then a cost accounting specialist shall carry on with the technical assistance. Further in the course of the project it became obvious as mentioned before, that additional input by the Management Training Advisor is necessary. The remainder of 4,18 work months for the project of the Financial Expert will be utilised in the remaining project as follows:

- Financial Expert remaining period until end of December: 1,86 work months
- Management Training Advisor: 1,00 work month
- Cost Accounting Specialist in the first quarter in 1997: 1,32 work months

Total: 4,18 work months

These needs for changes in manpower deployment have been discussed with the Port and the solution meets the approval of the Management.

Port Master Plan Study:

In the third and fourth phase of the Port Master Plan Study the position "Port Master Planning and Team Leading" will be taken over by the Teamleader of the initial project. This has the implication for the Management Assistance and Training Project, that the assignment of the Teamleader will be extended by two month working parallel on both parts of the project:

- Assistant to the General Director/Team Leader remaining time initial Project: 4,81 work month
- Port Master Planning/ Team Leader Phase 3 and 4: 1,82 work month

Total: 6,63 work months

Assuming that the Port Master Plan Study will not be delayed and considering the scheduled leaves, both projects will be finalised by submission of the Port Master Plan - Phase 4 Report by end of June 1997. Due to the planned implementation of the new organisation structure a longer period of the Assistant to the General Director has been welcomed by Port. It will further the sustainability of the intended changes in the organisation structure.

5.2 Project Activities

5.2.1 Port development Plan

For the Port Master Plan the Phase 2 report will be submitted in December, 1996. It will include a concise description of the Master Plan and the recommended development together with recommendations for proceeding in phase 3 of the study.

The purpose of phase 3 of the project is to carry out preliminary design for the selected development to the level where all items of the project are fully identified with outline specifications and shown on key drawings. Cost estimates will be detailed more refined on the basis of the preliminary engineering design. The output of this work will be presented as a design report, together with general arrangement drawings and cost tables.

As the Port's credit worthiness might be inadequate, due to regulations in place today concerning depreciation, availability of foreign exchange earned etc., changes of these regulations will be proposed and their justification documented.

In the course of this work HPTI will review the tariff, fee and rental structure of the Port and make recommendations for changes. They will also propose methods for collecting and analysing statistical information on Port operations. An organisational restructuring plan together with any new personnel requirements and an appropriate training programme will be prepared and presented. Finally, in phase 4, which will be part of the next reporting period, the necessary tender documents will be prepared for international competitive bidding for the civil construction works and the equipment supply. Either for one or several contracts as may be recommended in the Design Report or agreed with the EBRD, Tacis and Baku International Sea Port.

The documents will be prepared in accordance with EBRD's Procurement Rules and Policies and the construction contracts for civil works will be based on FIDIC standard documents, unless otherwise agreed in discussions with the EBRD and Baku International Sea Port. Once the tender documents have been distributed among the interested contractors, HPTI will advise and assist Baku International Sea Port in inviting contracts for the development, selecting contractors and placing contracts.

5.2.2 Training and Manpower

Mid December a workshop on defining strategic objectives of the Port of Baku will be conducted. Participants of the workshop will be the top management of the Port. It was felt necessary to conduct this workshop,

because currently individual decisions in the Port are very often taken on a short term view of developments, not taking into consideration the medium and long term consequences or the general strategic objectives of the Port.

According to the terms of reference of the addendum to the project a study tour for Port managers on Port planning, engineering and rehabilitation is due to take place. This four weeks study tour with a study trip to different European ports and a training course in Hamburg is planned to be executed in April 1997. A preliminary programme of the study tour has been elaborated. This tour aims at supporting the elaboration of a Port Master Plan of the Port of Baku in making the participants acquainted with internationally applied investment and Port planning methods and procedures. Additionally, rehabilitation work currently being undertaken in Europe as well as maintenance and repair systems will be demonstrated to the participants.

The manpower audit of the employees of the Port of Baku has been evaluated and conclusions concerning human resources been drawn. The results of the manpower audit will be presented to the Port.

Due to the fact, that only part of the overall staff of the Port have been questioned in the manpower audit and that partly the quality of the answers is not sufficient, the results of the manpower audit can only partly be used for manpower development and management purposes. Thus, the consultants decided to set up a computerised personnel data bank in the Port in addition to the originally defined tasks of the manpower expert. Also, currently all the personnel administration is only done manually because of the lack of EDP systems and computers, therefore it was considered to be helpful to introduce a personnel data bank for administrative as well as management and planning purposes. Currently the necessary data for this data bank are being collected with the help of the Port's personnel department and the structure of the data bank is being developed. The personnel data bank will be set up in the beginning of the next year.

5.2.3 Free Port in Baku

Based on the frame work study for the Freeport it is planned to assist the Port in applying for the legal status, initiating the necessary changes of, or setting up new regulations for the Port, for the customs excise and the free port administration.

5.2.4 Management Information System

The implementation of the EDP based accounting and cost accounting system will create the basis for the future management information concerning financial performance of the business units, budget planning and actual cost development of the cost centres and financial management of the Port. The computer and the software application is in place, and the Port has selected a person for the position of an "EDP Support Manager". Main activities of the experts together with the EDP Support Manager in this field are still for the next period the adaptation of the software to the Ports needs. The currently slow growing acceptance throughout the management for the new organisation structure and necessary commercial changes has become a constraint for the initially scheduled EDP implementation. Due to the complexity of the commercial MIS structure, the new organisation, the EDP system, budget planning, reporting standards etc. cannot be treated isolated and independently from each other. In order to cope with this problem the experts will emphasise on convincing the management for the necessary changes in order to gain a high degree of

acceptance.

5.2.5 Adjust Manpower and Equipment to Work Load

In this field of project activities the following is ongoing or planned for the next period:

Implementation of the New Organisation Structure

The allocation of the existing departments to the future business units and administrative divisions made it obvious, that the current staffing level as well as the ration between "non productive" and "productive" number of staff is too high. The elaboration of a retrenchment program for the Port is therefore necessary and will be assisted by the experts. Among others, one activity will be the development of a computer assisted personnel database.

Develop a Commercial Policy

The traffic forecast of the Port Master Plan made it obvious, that Baku is a central point in the TRACECA Corridor. In order to secure business for the Port and develop the Port as a multi-modal cargo centre links to the Black Sea Ports and to Turkmenistan have to be established. For appraisal of this ,missions to Tbilisi, Poti and Batumi, as well as to Turkmenbashi and Ashkhabad are planned for the next period.

Further the coming containerisation of cargo transport and the establishment of a container block train from between Poti and Baku will support the development of multi modal traffic. The need for a sufficient multi modal container terminal in Baku will become more necessary with the growing traffic. Currently the Railway handles the container with their limited ability. For the future overall infrastructure concept for Baku, it is necessary to consider, where this container handling shall be carried out. From the point of view, that Railways is a carrier moving cargo on rails and the Port is a commercial cargo handling and storage place, the container handling should be established at the Port. A clear decision towards this concept, in conjunction with the Free Port, would concentrate efforts and save Azerbaijan high investments for initial container handling facilities in the near future, and establish an efficient cargo centre within the TRACECA corridor and for the benefit of the emerging trade and industry in Baku.

To accomplish this strategic objectives for the Port, the experts will assist and support the port in the political discussion. A decision concept became also necessary for the currently ongoing Port Master Planning.

Tables

Form 2.3

Form 2.4

Form 1.6

Form 2.3: Resource Utilisation Report

Technical Assistance for the Development of Baku Port, Management Assistance and Training Port Master Planning (Addendum)		Project number : TELREG 9304	Country : Azerbaijan	Page: 17 2.3 / 2	
Planning Period : 8/1996 - 10/1996		Prepared on: 6 November 1996	EC Consultant: HPTI Hamburg Port Training Institute GmbH		
Support the Management of the Baku Port in the transition to the market economy, by strengthening the management in introducing new policies and working methods to cope with the new challenges resulting from the new market oriented environment					
RESOURCES/INPUTS	TOTAL PLANNED	PERIOD PLANNED	PERIOD REALISED	TOTAL REALISED	AVAILABLE FOR REMAINDER
LOCAL PERSONNEL					
Team Secretary	13 work months	3,0 work months	3,0 work months	9,0 work months	4,0 work months
Interpreter for Ass. to the Financial Director	12 work months	3,0 work months	3,0 work months	8,18 work months	3,82 work months
Interpreter for Ass. to the Port Operations Director	6 work months	-	-	6,0 work months	-
Driver 1	12 work months	3,0 work months	3,0 work months	9,0 work months	3,0 work months
Driver 2	12 work months	3,0 work months	3,0 work months	9,0 work months	3,0 work months
Lecturers Local Experts	0,41 work months	-	-	0,41 work months	-
Total	55,41 work months	12,0 work months	12,0 work months	41,22 work months	13,82 work months
EXPENSES					
Visa for Experts	13	-	-	8	5
Telecommunication	770	138	135	582	188
Office Consumable	16	3	3	11	5
Hire Meeting Room	1	-	-	1	-
Study Tour to European Ports					
Training Expert	1,09 work months	1,09 work months	1,09 work months	1,09 work months	-
Visa for Trainees	5	5	5	5	-
Air Tickets for Trainees	5	5	5	5	-

Form 2.3: Resource Utilisation Report (Addendum)

Technical Assistance for the Development of Baku Port, Management Assistance and Training Port Master Planning (Addendum)		Project number : TELREG 9304	Country : Azerbaijan	Page: 18 2.3 / 3	
Planning Period : 8/1996 - 10/1996		Prepared on: 6 November 1996	EC Consultant: HPTI Hamburg Port Training Institute GmbH	FORM23p5.WPD	
Support the Management of the Baku Port in the transition to the market economy, by strengthening the management in introducing new policies and working methods to cope with the new challenges resulting from the new market oriented environment					
RESOURCES/INPUTS	TOTAL PLANNED	PERIOD PLANNED	PERIOD REALISED	TOTAL REALISED	AVAILABLE FOR REMAINDER
PERSONNEL					
Port Planner	100 work days	30 work days	30 work days	30 work days	70 work days
Port and Shipping Economist	45 work days	25 work days	25 work days	25 work days	20 work days
Transport Economist	30 work days	20 work days	20 work days	20 work days	10 work days
Operations Expert	30 work days	10 work days	12 work days	12 work days	18 work days
Equipment Expert	60 work days	15 work days	14 work days	14 work days	46 work days
Environmental Expert	50 work days	15 work days	20 work days	20 work days	30 work days
Financial Expert	40 work days	-	-	-	40 work days
Project Finance Expert	20 work days	-	-	-	20 work days
Utilities Engineer	30 work days	-	-	-	30 work days
Port Design Engineer	220 work days	15 work days	15 work days	15 work days	205 work days
Team Management, Backstopping and Reporting	155 work days	30 work days	20 work days	20 work days	135 work days
Interpreters	625 work days	112 work days	112 work days	112 work days	513 work days
Secretary	220 work days	55 work days	55 work days	55 work days	165 work days
Drivers	220 work days	55 work days	55 work days	55 work days	165 work days
Total	1845 work days	382 work days	378 work days	378 work days	1467 work days

Form 2.3: Resource Utilisation Report

Technical Assistance for the Development of Baku Port, Management Assistance and Training Port Master Planning (Addendum)		Project number : TELREG 9304	Country : Azerbaijan	Page: 19 2.3/4	
Planning Period : 8/1996 - 10/1996		Prepared on: 6 November 1996	EC Consultant: HPTI Hamburg Port Training Institute GmbH	FORM23P6.WPD	
Support the Management of the Baku Port in the transition to the market economy, by strengthening the management in introducing new policies and working methods to cope with the new challenges resulting from the new market oriented environment					
RESOURCES/INPUTS	TOTAL PLANNED	PERIOD PLANNED	PERIOD REALISED	TOTAL REALISED	AVAILABLE FOR REMAINDER
EXPENSES					
Visa for Experts	10	7		7	3
Communication	345	136		136	209
Office Consumable	11	1,5		1,5	9,5
Study Tour to European Ports					
Training Expert	1,5 work months	1,5 work months		0 work months	1,5 work months
Visa for Trainees	8	8		0	8
Air Tickets fore Trainees	8	8		0	8

Form 2.4 : Output Performance Report

Technical Assistance for the Development of Baku Port, Management Assistance and Training		Project number : TELREG 9304	Country : Azerbaijan	Page: 20
Prepared on: 15 November 1996			EC Consultant: HPTI Hamburg Port Training Institute GmbH	
Output Results	Deviation original plan + or - %	Reasons for deviation	Comments on constraints & assumptions	
1. Establish private activities / In vestment in the Port of Baku	-50 %	Privatisation is at this stage not a premier interest of the Port and Authorities. The Port is part of the Privatisation Programme of Azerbaijan, but decisions towards this have not been taken yet.	Activities have been stopped until further decision of Azerbaijan's authorities for carrying on with Privatisation	
2.1 Elaborate and implement port infrastructure investment plan	0 %	no deviation	The port Master Plan Study is under elaboration mutually with the Ferry Terminal Project and the operational and technical port management	
2.2 Port Master Plan Study	0 %	no deviation	The port Master Plan Study is under elaboration mutually with the Ferry Terminal Project and the operational and technical port management	
3. Conduct management training and develop a training scheme	0 %	no deviation	Originally planned training and additional training units will be carried out by schedule up to the end of the year.	
4. Establish a free port in Baku	- 10 %	the framework study is delayed because of the set up of the Port Master Plan Study	the Free Port Frame work study will be part of the Phase 2 Report	
5. Introduce an appropriate Management information system	- 10 %	The discussion on the new organisation structure has not been finalised, which creates the basis for the cost accounting	after acceptance of the final structure the implementation can be carried out	
6. Adjust manpower and equipment to workload	0 %	no deviation	The Port is considering ways how to adjust the manpower to the operational needs	

Form 1.6: Plan of Operations for the next Period

Technical Assistance for the Development of Baku Port, Management Assistance and Training		Project number : TELREG 9304		Country : Azerbaijan		Page: 21					
Planning Period : 1/1996 - 04/1997		Prepared on: 15 November 1996		EC Consultant: HPTI Hamburg Port Training Institute GmbH							
Support the Management of the Baku Port in the transition to the market economy, by strengthening the management in introducing new policies and working methods to cope with the new challenges resulting from the new market oriented environment											
No.	ACTIVITIES	TIME FRAME						INPUTS			
		1997						PERSONNEL	EQUIPMENT	OTHERS	
		1996	1997	1997	1997	1997	1997	EC-Consultant	Counterpart		
		Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	Jun.		
1.	Establish private activities/ Investment in the Port of Baku	X	XX	XX	XX	XX	X	X	XX		
2.1	Elaborate and implement Port infrastructure investment plan	XXXX	XX	XX	XXXX	X	XXX	XXXX	XXX	4 weeks	
2.2	Port Master Plan Study									293 weeks	
3.	Conduct management training and develop a training scheme	XX	XXX							8 weeks	
4.	Establish a Free Port in Baku	XX	XX		X		XX			5 weeks	
5.	Introduce an appropriate Management Information System	XXXX	XX	XX	XX		X	XXXX		16 weeks	
6.	Adjust Manpower and equipment to Workload	XXX	X	XX	X		XX	XXX		10 weeks	
7.	Report preparation							X	XX		
Total										338 Weeks	

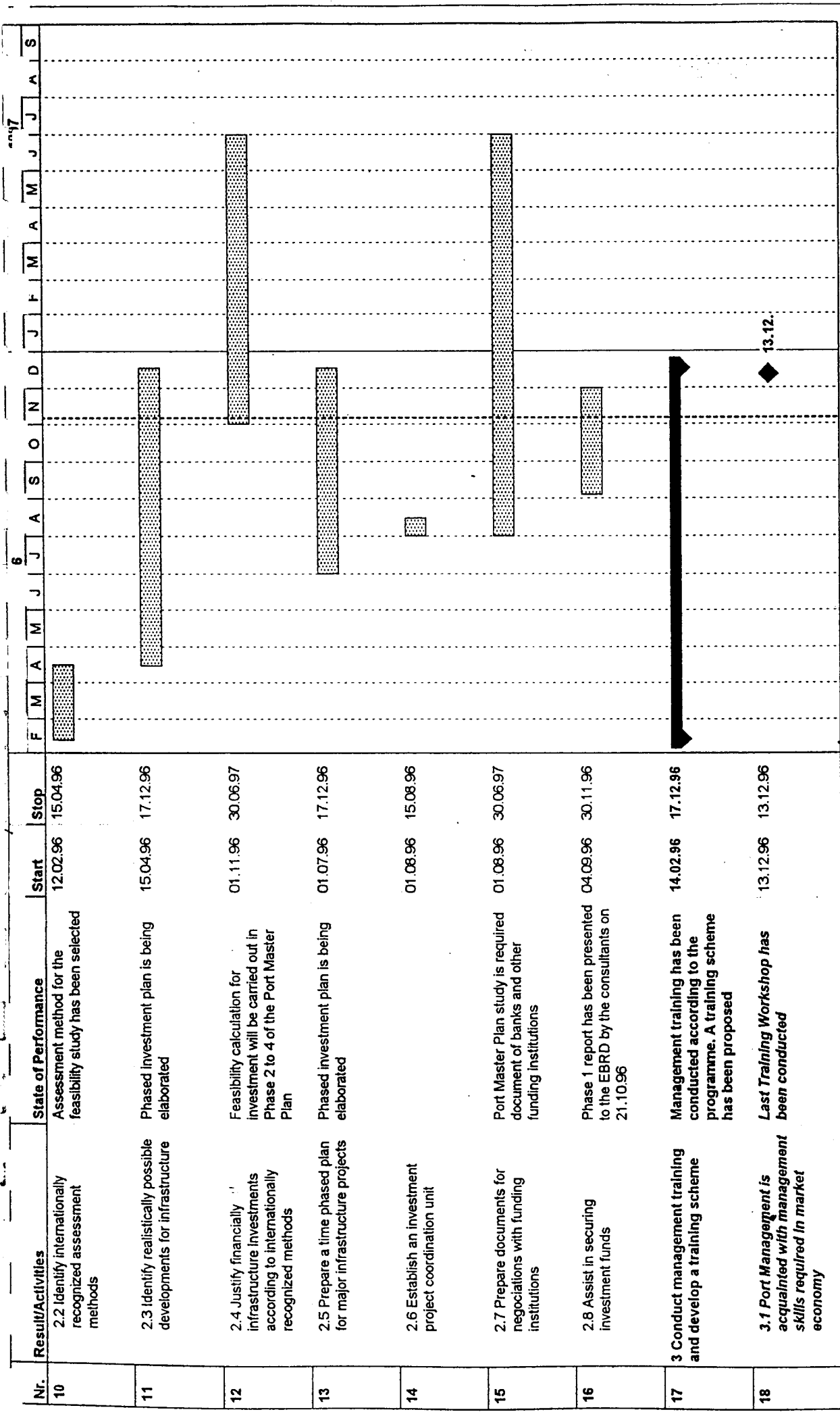
Annexes

Project Activity Plan

Seminar Reports

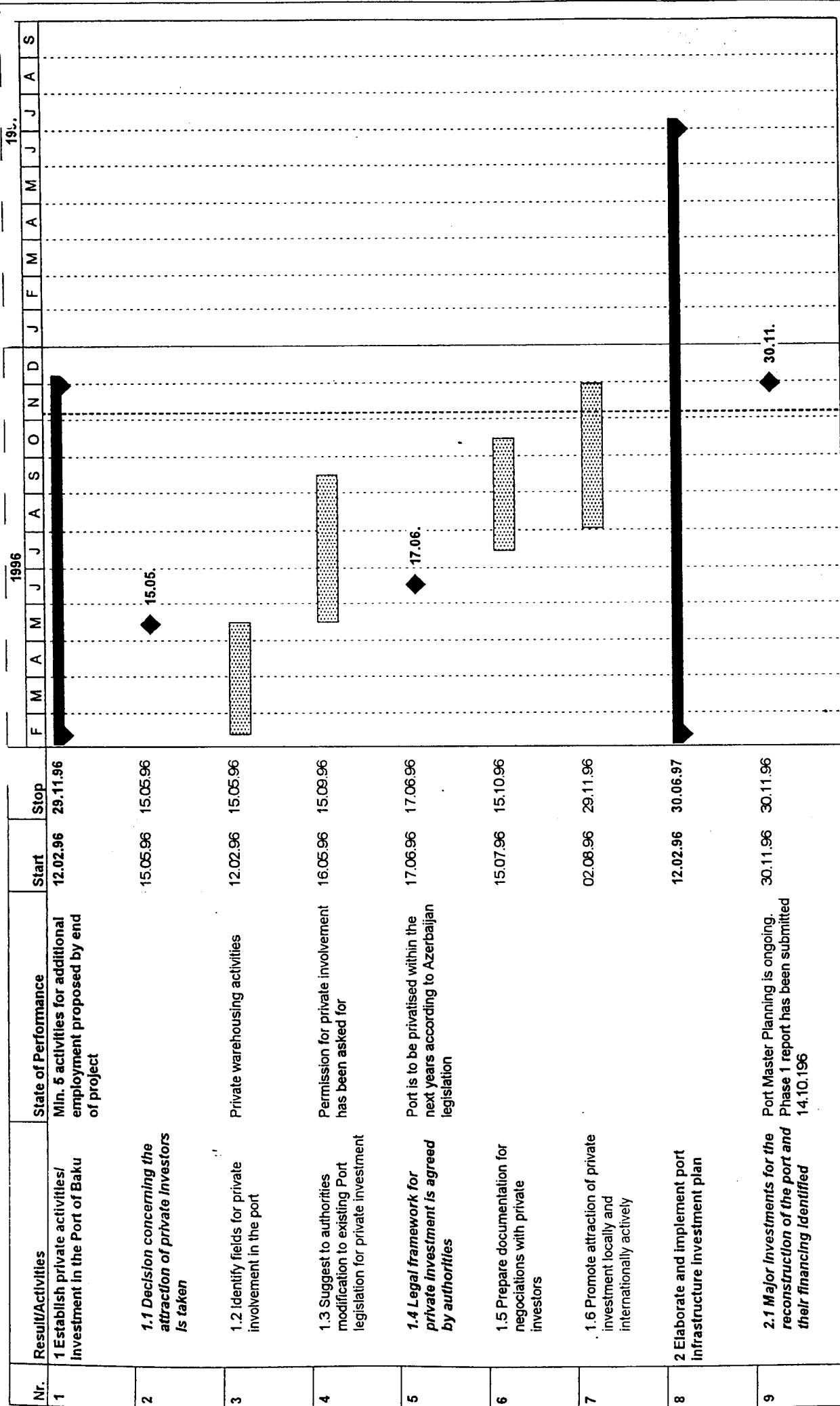
Protocol of Environmental Scoping Meeting

Project Activity Plan

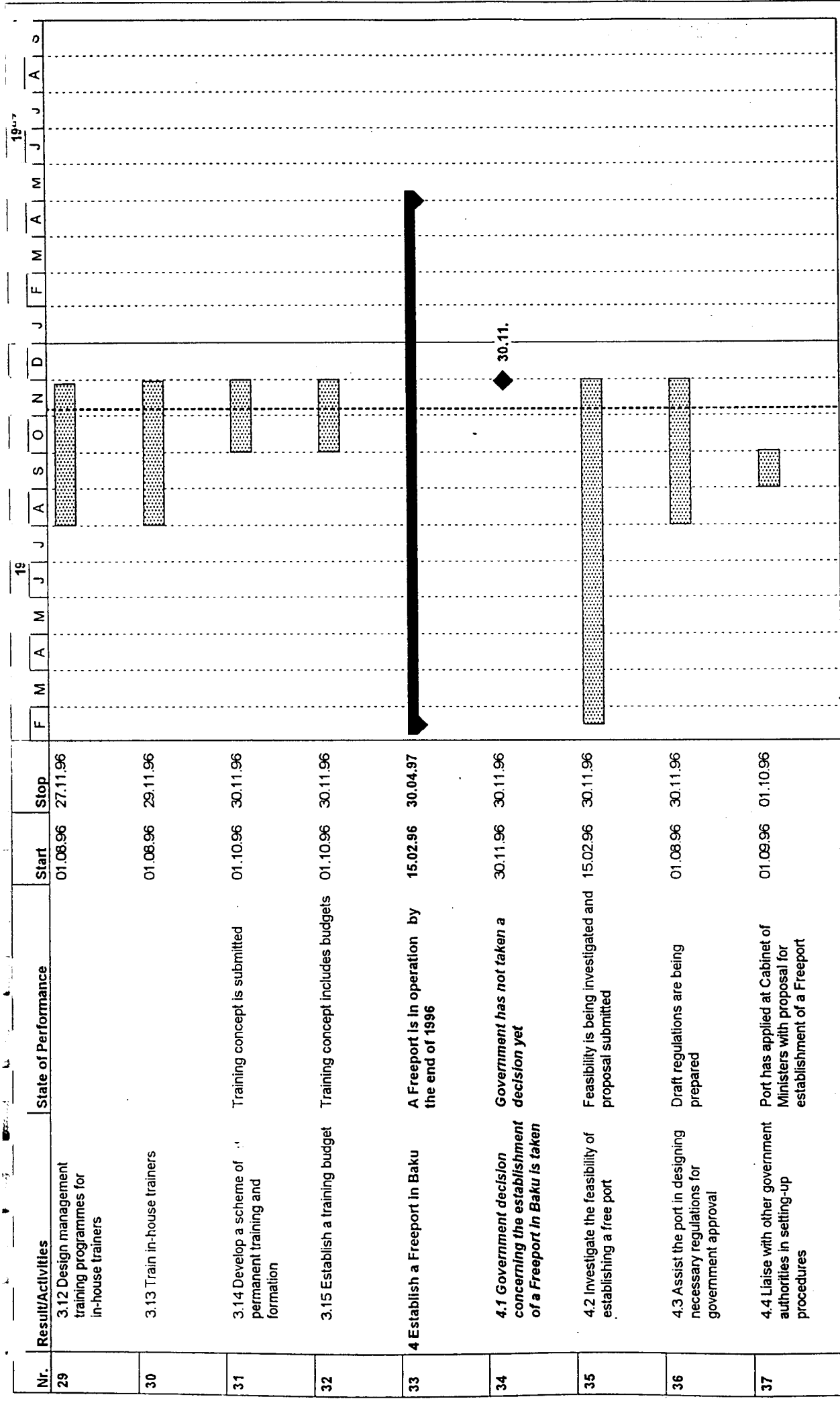


Form 2.3: Resource Utilisation Report

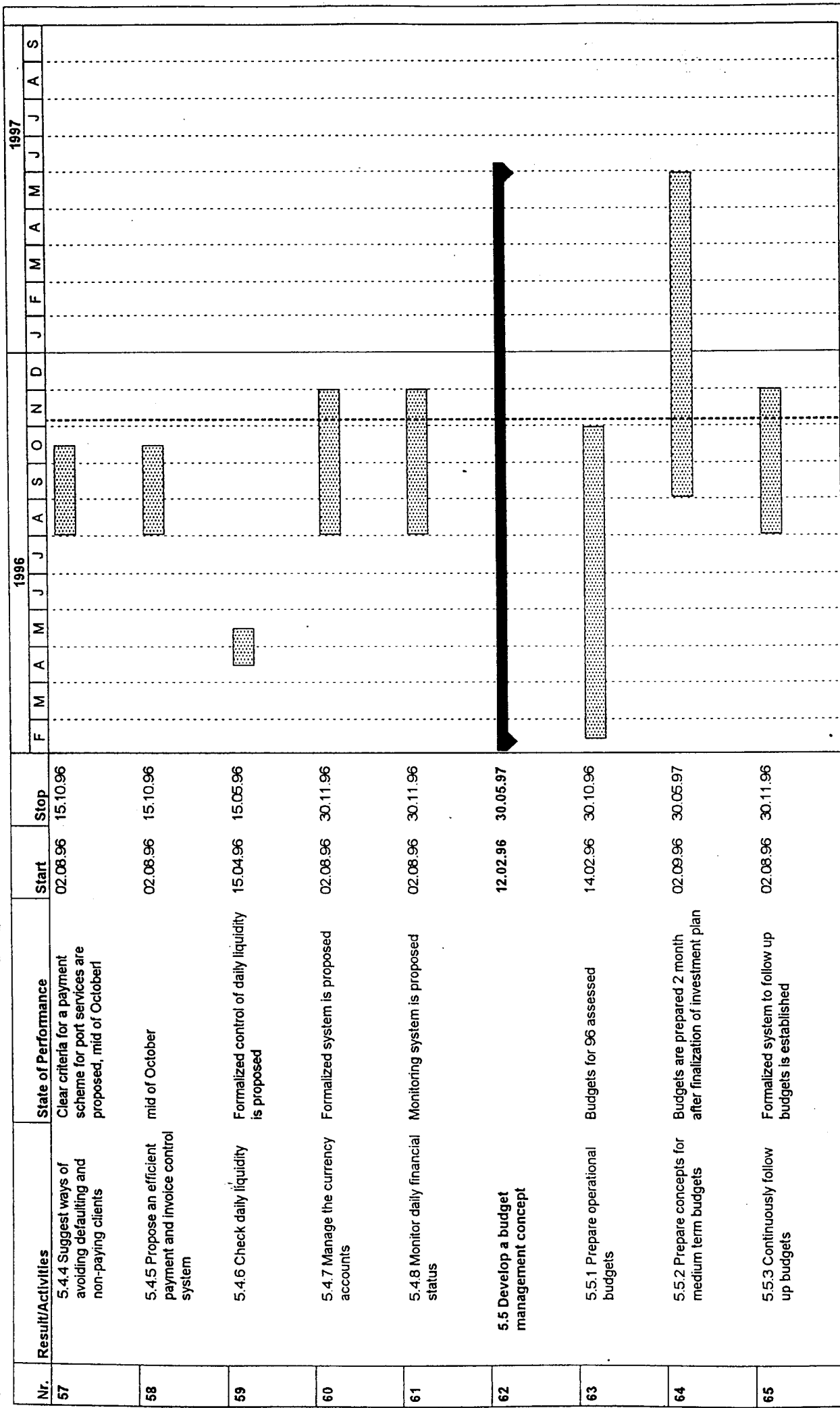
Technical Assistance for the Development of Baku Port, Management Assistance and Training Port Master Planning (Addendum)		Project number : TELREG 9304	Country : Azerbaijan	Page: 16 2.3/4	
Planning Period : 8/1996 - 10/1996		Prepared on: 6 November 1996	EC Consultant: HPTI Hamburg Port Training Institute GmbH		
Support the Management of the Baku Port in the transition to the market economy, by strengthening the management in introducing new policies and working methods to cope with the new challenges resulting from the new market oriented environment					
RESOURCES/INPUTS	TOTAL PLANNED	PERIOD PLANNED	PERIOD REALISED	TOTAL REALISED	AVAILABLE FOR REMAINDER
PERSONNEL					
Assistant to the General Director	12 work months	2,54 work months	2,54 work months	7,19 work months	4,81 work months
Assistant to the Financial Director	11 work months	3,0 work months	2,77 work months	7,82 work months	3,18 work months
Assistant to the Port Operations Director	6 work months	-	-	6,0 work months	-
Management Training Advisor	6 work months	0,73 work months	0,82 work months	5,09 work months	0,91 work months
Project Director (Baku)	1 work months	-	-	0,68 work months	0,32 work months
Project Director (Homeoffice)	2 work months	0,23 work months	0,23 work months	1,27 work months	0,73 work months
Workshop Moderator	0,23 work months	-	-	0,23 work months	-
Training Lecturers (Foreign Experts)	0,91 work months	-	-	0,69 work months	0,22 work months
Total	39,14 work months	6,5 work months	6,36 work months	28,97 work months	10,17 work months
EQUIPMENT AND MATERIAL					
Personnel Computers	3	0	0	3	-
Printer	2	0	0	2	-
Overhead Projector	1	0	0	1	-
Flip Chart	1	0	0	1	-
Workshop Boards	6	0	0	6	-
Workshop Material	1 set	0	0	1 set	-
Copying-machine	1	0	0	1	-



Nr.	Result/Activities	State of Performance	Start	Stop	1996												1997																										
					F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S																			
19	3.2 Conduct a manpower audit	Manpower audit is evaluated	19.02.96	20.06.96																																							
20	3.3 Identify new skills to fulfill the future demands on management	New skills especially in the field of general management and international trade have been identified	14.02.96	31.05.96																																							
21	3.4 Design management training programmes	Training programmes have been conducted.	18.03.96	17.12.96																																							
22	3.5 Arrange training locations and related logistic facilities	Training room of port safety department is available and appropriate for training	15.03.96	15.05.96																																							
23	3.6 Engage management trainers	Different trainers have been employed for conducting management training	15.03.96	30.05.96																																							
24	3.7 Conduct and supervise management training sessions	Supervision continuously done	15.03.96	31.05.96																																							
25	3.8 Conduct and supervise management training sessions	Supervision continuously done	07.10.96	17.12.96																																							
26	3.9 Conclude and fine tune future management training programmes	Demand for future training is defined	16.04.96	15.10.96																																							
27	3.10 Monitor the effect of implementing management training programmes	Practical application of knowledge gained in training courses is monitored and coached	15.03.96	13.12.96																																							
28	3.11 Identify personnel with skills to become management trainers	Fields for internal training programmes have been defined	01.04.96	30.08.96																																							



Nr.	Result/Activities	State of Performance		7													
		Start	Stop	F	M	A	M	A	M	J	J	J	D	O	S	A	J
48	5.3 Develop a concept for computer based MIS	15.04.96	13.12.96														
49	5.3.1 Identify information needs of top management	15.04.96	01.07.96														
50	5.3.2 Identify information needs of the different departments	15.04.96	01.07.96														
51	5.3.3 Identify computer needs in the individual departments	15.04.96	13.12.96														
52	5.3.4 Design modern computer based MIS	01.07.96	30.08.96														
53	5.4 Review and improve cash management	12.02.96	30.11.96														
54	5.4.1 Review the cash conditions and the formulars used	12.02.96	29.04.96														
55	5.4.2 List up all creditors	19.02.96	29.04.96														
56	5.4.3 List of debtors	19.02.96	29.04.96														



Nr.	Result/Activities	State of Performance	Start	Stop	1997																																					
					F	M	A	M	J	J	A	M	A	M	A	M	J	J	A	M																						
66	5.5.4 Get an overview on tax system	Tax system has been reviewed	12.02.96	15.03.96																																						
67	5.6 Review existing accounting system and advise on improved one		12.02.96	31.01.97																																						
68	5.6.1 Review chart of accounts	Chart of account has been reviewed and discussed	12.02.96	14.06.96																																						
69	5.6.2 Split up costs in fixed and variable costs		01.08.96	27.09.96																																						
70	5.6.3 Implement a computer based accounting system	System for control of costs and revenues is proposed and implemented by mid of december	01.09.96	13.12.96																																						
71	5.6.4 Establish required forms for balance sheets and propose improved one	Balance sheets have been reviewed and found to be in accordance with Azerbaijan law	01.05.96	28.06.96																																						
72	5.6.5 Assist in preparation of balance sheets for 1996	Balance sheets in accordance with modern bookkeeping are proposed by end of april	19.02.96	30.04.96																																						
73	5.6.6 Assist in compiling three-quarterly balances for tax purposes	Assistance is continuously being given	01.04.96	13.12.96																																						
74	5.6.7 Assist in preparation of balance sheets for 1996	Balance sheets in accordance with modern bookkeeping are proposed by end of January 1997	15.01.97	31.01.97																																						

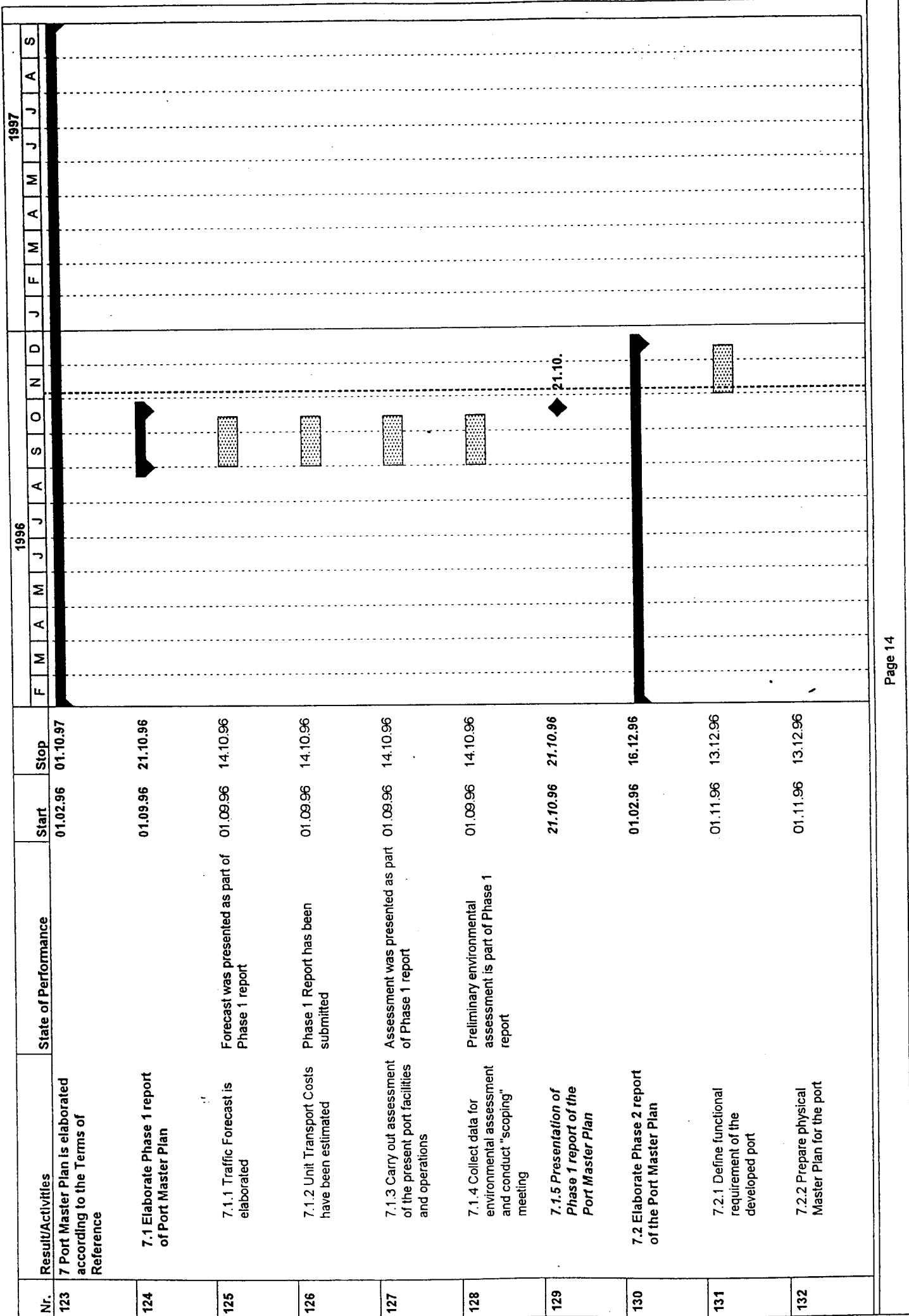
Nr.	Result/Activities	State of Performance	Start	Stop	1996												1997											
					F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S				
75	5.7 Review existing Payment Scheme and advise on Introduction of Improved scheme		12.02.96	28.02.97																								
76	5.7.1 Control the payroll list	is controlled and updated by every middle of month, 4 weeks	14.02.96	30.11.96																								
77	5.7.2 Obtain information on government policy regarding payment schemes	Info on government policy is obtained by end of march	12.02.96	29.03.96																								
78	5.7.3 Analyse the existing payment schemes in depth	analyses till end of march	13.02.96	29.03.96																								
79	5.7.4 Compare payment system to other payment systems in the transport industry	payment systems compared till end of July	13.02.96	30.07.96																								
80	5.7.5 Examine job classification and job groups	Job classifications and groups are being examined	01.05.96	30.07.96																								
81	5.7.6 Assess jobs to ascertain their relative worth	Jobs are being assessed	01.05.96	31.07.96																								
82	5.7.7 Elaborate and advise a new payment scheme	Proposal submitted by mid of december	31.07.96	13.12.96																								
83	5.7.8 Prepare written information on new scheme	Written info material is prepared by December	31.07.96	13.12.96																								

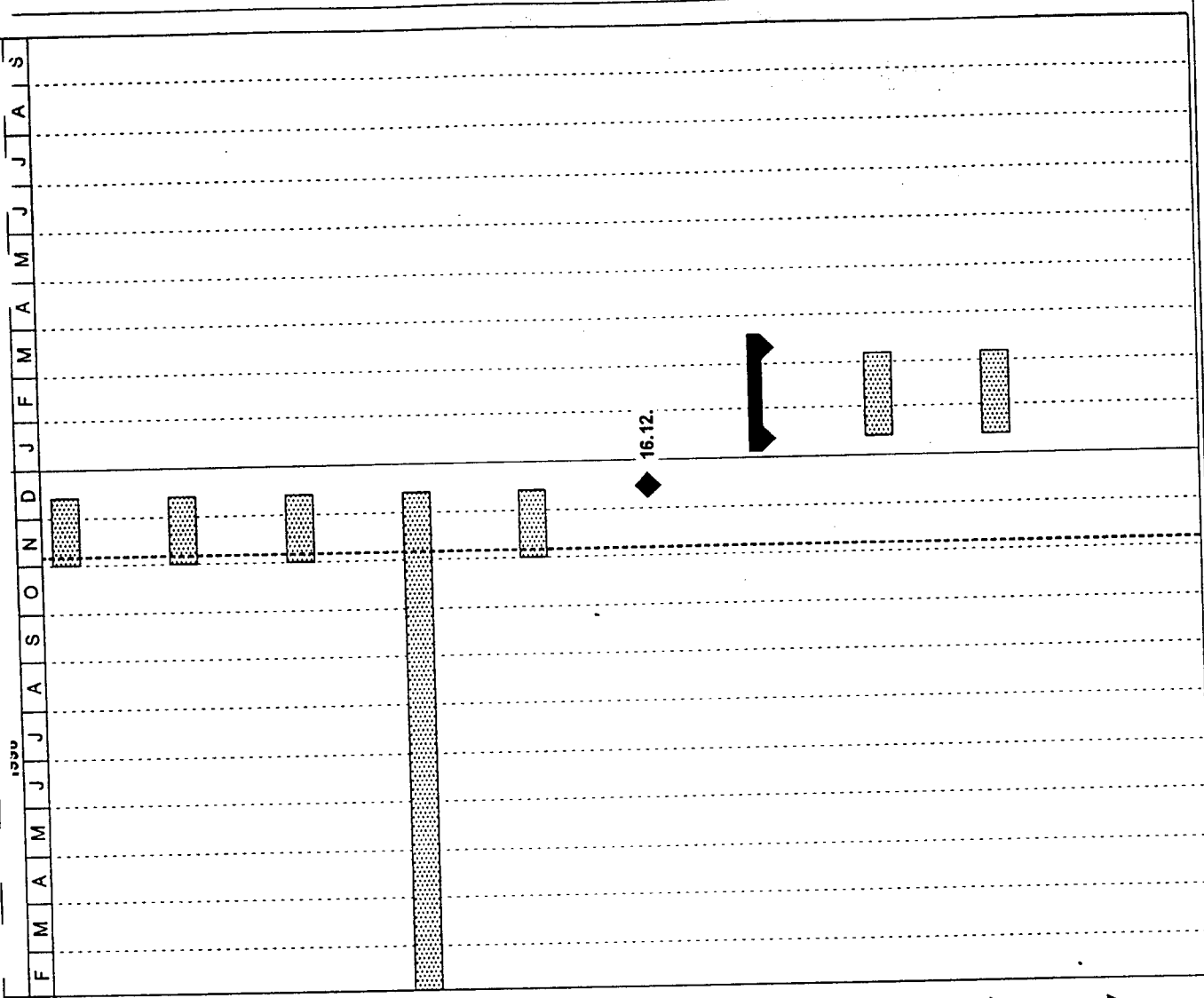
Nr.	Result/Activities	State of Performance	Start	Stop
94	6.2.5 Analyse present port performance	Port performance is continuously being analysed	01.04.96	30.05.96
95	6.2.6 Develop performance indicators	Existing norms have been reviewed	26.02.96	30.04.96
96	6.2.7 Suggest a flexible gang structure	Proposal submitted	01.05.96	01.08.96
97	6.2.8 Suggest a modern work organisation	Proposal submitted	01.05.96	01.08.96
98	6.2.9 Increase efficiency of storage area utilisation	Cargo allocation system proposed by mid December, 60 d./	01.07.96	13.12.96
99	6.3 Review external influence factors on operations procedures		01.05.96	30.09.96
100	6.3.1 Discuss simplification of customs procedures	Procedures to be reviewed and discussed	15.07.96	15.09.96
101	6.3.2 Establish a cargo information procedure with transport operators	Current procedures are sufficient for current cargo operations	01.05.96	30.09.96
102	6.3.3 Prepare cargo documentation in advance	Current procedures are sufficient for current cargo operations	01.05.96	30.08.96
103	6.4 Develop a commercial policy		12.02.96	28.02.97

1996
 F M A M J J A S O N D J J J A M A M J J A S

Nr.	Result/Activities	State of Performance	Start	Stop	1996																							
					F	M	A	M	M	A	M	J	J	D	N	O	S	A	S									
104	6.4.1 Identify relevant traffic for the port	Traffic forecast for the port submitted	12.02.96	14.10.96																								
105	6.4.2 Develop marketing strategy	Business Field Analysis is is concluded. Strategy workshop based on traffic forecast scheduled mid December	12.02.96	28.02.97																								
106	6.4.3 Identify the port's customers	Business field analysis concluded by mid of May	12.02.96	15.05.96																								
107	6.4.4 Identify needs of the port's customers	Business field analysis concluded by mid of May	12.02.96	15.05.96																								
108	6.4.5 Review of tariff and pricing policy	New tariff and guidelines for pricing proposed	01.04.96	31.07.96																								
109	6.4.6 Develop long-+ medium term plan	Concept for medium and long term plan submitted	01.05.96	15.01.97																								
110	6.4.7 Define financial sections requirements for long- and medium term investment plans	Concept for medium and long term plan submitted	16.05.96	28.02.97																								
111	6.4.8 Incorporate government's planning guidelines into long- + short term plans	Concept for medium and long term plan submitted	01.05.96	28.02.97																								
112	6.4.9 Establish good communication with outside world	Ongoing process	14.02.96	28.02.97																								

Nr.	Result/Activities	State of Performance	Start	Stop	1996																	
					F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J
113	6.4.10 Contact freight forwarding companies	Regular meetings	19.02.96	30.11.96	█																	
114	6.4.11 Ask the railway for cargo	Cooperation with railways has been assessed	01.03.96	30.06.96			█															
115	6.4.12 Negotiate with shippers/ consignees and advertise port of Baku	New contracts with cargo owners are concluded	03.04.96	30.11.96			█															
116	6.4.13 Suggest cargo owners the best transport routes	First promotion campaign carried out	01.05.96	01.08.96			█															
117	6.5 Assist in developing a modern organisational structure of the port of Baku	New organisation scheme for Port of Baku elaborated and proposed	19.02.96	13.12.96	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
118	6.5.1 Get a list of all departments for defining cost centres	List is compiled	19.02.96	15.03.96			█															
119	6.5.2 Review existing organisational charts of departments	Available material reviewed	01.03.96	30.04.96			█															
120	6.5.3 Develop a commercial organisational structure for the port of Baku	Organisation chart submitted	01.05.96	30.06.96					█													
121	6.5.4 Establish budget guidelines for human resources development	Training concepts includes budgets	01.10.96	30.11.96																	█	█
122	6.5.5 Design a proper organisational structure for a human resources department	New organisation scheme for the department elaborated and proposed	01.10.96	13.12.96																		





Seminar Reports



Technical Assistance for the Development of the Port of Baku
Management Assistance and Training

Seminar Report

Title: Workgroup in Port Operations and Cargo Documentation

Date: 30.04., 02.05., 07.05., 14.05., 03.06.
Time: 14.00 - 17.00

Venue: industrial labour safety cabinet

Lecturer: Mr. Roland Pechmann

Participants:
Musa Mamedov
Shirindil Aliev
Vahid Amiraslanov
Rasim Aliev
Shamshaddin Abbasov
Bairam Namazov
Aziz Guseinov
Ali Gasanov
Haladin Yusifov

Subjects:

- International Cargo Documentation in use
- Documents used in Baku compared with international documents
- Documentation flow and responsibilities
- Storage of Cargo in sheds and stacking areas: import, export, transit
- Storage of cargo on contract
- Service to customers and liabilities

Comments:

During the work group relevant topics have been discussed and demonstrated according to procedures used in the port of Hamburg. Further problems of daily operations in Baku have also been discussed and possible solutions mutually elaborated.



Technical Assistance for the Development of the Port of Baku
Management Assistance and Training

Seminar Report

Title: Accounting and Basic Business Administration

Date: 25. - 29. 03.1996

Venue: Industrial and Labour Safety Training Room, Port of Baku

Lecturer: Ms. Aiten Huseinova
Professor Gayanfar Abbasov
Professor Dr. Teymur Veliyev

Participants: Raya Kasimova
Fikret Pashaev
Adil Geidarov
Nigar Akhmed-zade

Subjects:

- Introduction of accounting instruments in commercial administration
- Cost categories
- Cost centres
- Cost accounting, Profit/ Result centre structure
- Computer assisted accounting

Comments:

A training course on accounting and finance was held in order to support the project activities in the field of establishing a modern finance and accounting system in the port of Baku.

One aim of the seminar was to make the port financial experts acquainted with basic knowledge of commercially oriented economic work, another target was to cover local rules and regulations for corporate accounting and taxation including the newly established legislation in Azerbaijan.

In the course of the seminar a considerable lack of understanding of the requirements of modern, commercial financial management and accounting became obvious. In this sector more training and especially awareness building has to take place.



Technical Assistance for the Development of the Port of Baku
Management Assistance and Training

Seminar Report

Title: Port Marketing and Sales

Date: 09 - 13 April 1996

Venue: Industrial and Labour Safety Training Room, Port of Baku

Lecturer: Mr. Klaus H. Plate

Participants:

- Firdosi Askerov, Head of Cargo and Commercial Department
- Raza Kasimova, Head of Economic Department
- Aliabas Badalov, Accountant Inspector
- Fikret Pashaev, Engineer of Accounting Department
- Adil Geidarov, Accountant
- Makhmud Mutallibov, Engineer
- Bairam Namazov, Head of Navigation Department
- Shirindil Aliev, Dep. Head of Ferry Terminal
- Rasim Aliev, Dep. Head of Apsheron Terminal
- Vahid Amirasanov, Port Labour Safety Inspector
- Shamsaddin Abbasov, Dep. Head of Timber Terminal
- Aziuz Guseinov, Engineer of Passenger Terminal
- Soltan Kasimov, Chief Engineer
- Mail Djafarov, Head of Personnel Department

Subjects:

- Introduction to the idea of marketing
- Marketing Information
- The Marketing Mix
- Analysis of the current marketing position of the Port of Baku
- Development of marketing concepts

Comments:

The seminar was conducted in order to support the project activities in the fields of development of a new organisational structure of the port and identification of new business fields. The objective of the seminar was to familiarise the participants with the ideas and ways of thinking of marketing and client oriented port business.

The participants were selected because they are working in prominent position in the port management with responsibility for marketing matters and with direct contact to customers.

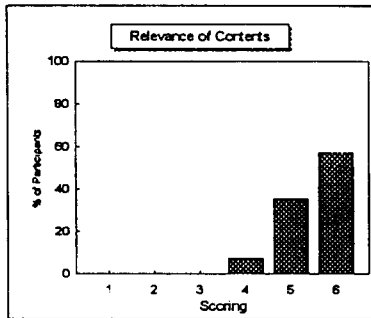
The seminar evaluation shows that the participants considered the seminar to be very successfully conducted. They received a lot of valuable and applicable information on the subject.

Evaluation of the Seminar on Port Marketing and Sales

09 - 13 April 1996

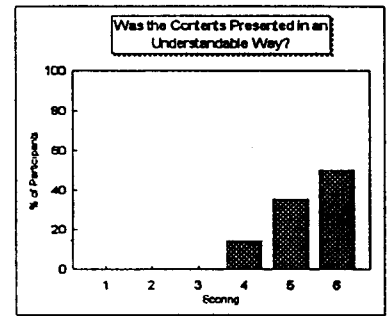
1. Rating:

1 = not relevant at all
6 = very relevant



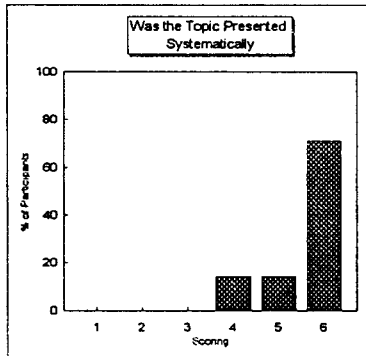
2. Rating:

1 = not understandable
6 = very understandable



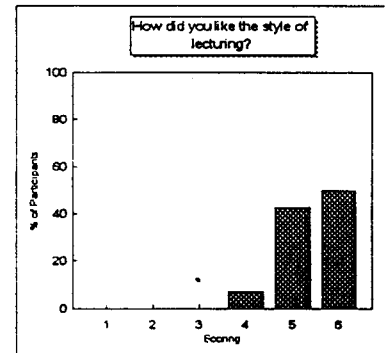
3. Rating:

1 = very unsystematically
6 = very systematically



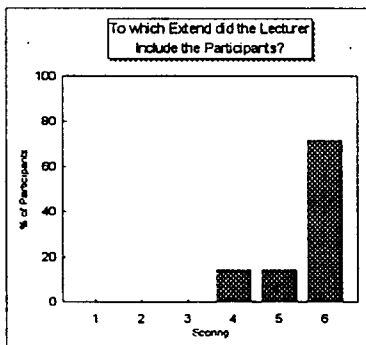
4. Rating:

1 = boring
6 = very interesting style



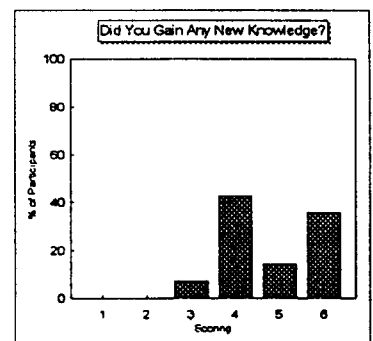
5. Rating:

1 = he insufficiently included participants
6 = very well included participants



6. Rating:

1 = not at all
6 = very much





Technical Assistance for the Development of the Port of Baku
Management Assistance and Training

Seminar Report

Title: Management Techniques and Organisation

Date: 14 - 21 May 1996

Venue: Industrial and Labour Safety Training Room, Port of Baku

Lecturer: Mr. Wolfhard H. Art

Participants:

Firdousi Askerov
Raya Kasimova
Ismail Guseinov
Bairam Namasov
Shirindil Aliev
Rasim Aliev
Vahid Amiraslanov
Shamsaddin Abbasov
Z.O. Orucov

Subjects:

- Organisational Structure of Companies/ Ports
- Management Techniques
- Competence, Responsibilities and Accountability of Managers
- Styles of Leadership

Comments:

Objective of the seminar was to make the participants realise the differences between the requirements of the old centrally planned system and commercially oriented business in market economy. In addition, the participants should get acquainted with different possible organisational set-ups of companies and understand their implications and objectives as well as the function of management in an organisation.

The selected participants represent the key upper level management of the Port of Baku and they will in future be in charge of introducing and supporting organisational changes of the company.

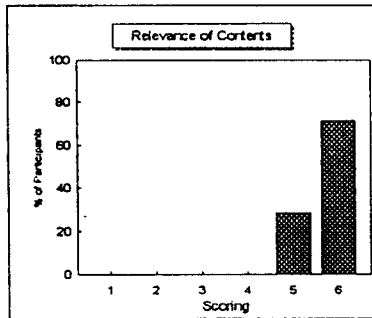
The evaluation shows that the participants considered the seminar to be conducted very successfully and received a lot of valuable and applicable information on the subject.

Evaluation of the Seminar on Management Techniques and Organisation

14 - 21 May 1996

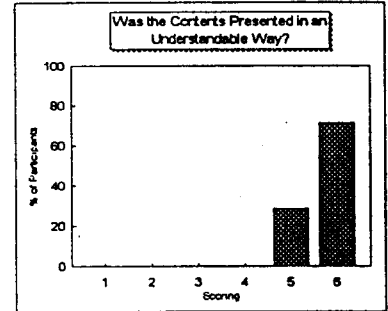
1. Rating:

1 = not relevant at all
6 = very relevant



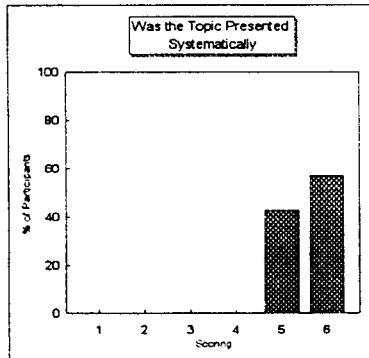
2. Rating:

1 = not understandable
6 = very understandable



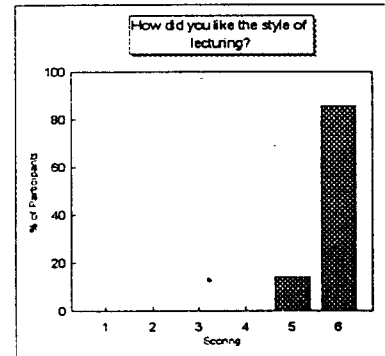
3. Rating:

1 = very unsystematically
6 = very systematically



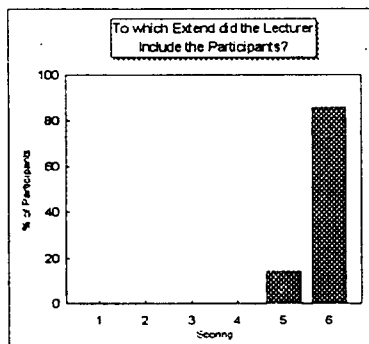
4. Rating:

1 = boring
6 = very interesting style



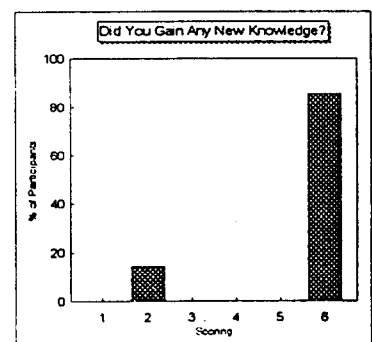
5. Rating:

1 = he insufficiently included participants
6 = very well included participants



6. Rating:

1 = not at all
6 = very much





Technical Assistance for the Development of the Port of Baku
Management Assistance and Training

Seminar Report

Title: Seminar on Accounting and Bookkeeping

Date: 01. - 04.11.1996

Venue: Industrial and Labour Safety Training Room, Port of Baku

Lecturer: Dr. Angela Dogge

Participants:

Raya Kazymova
Ismail Guseinov
Vera Vasilchenko
Tarana Bakhishova
Salbi Dzabailova
Eldar Kerimov
Leyla Alieva
Natalya Fokina
Lumukhanium Samodova
Parvana Umudova
Olga Shishkanova
Elena Lomova
Makhmut Mutallibov
Fikret Pashaev
Nigar Akhmed-zade

Subjects:

- Structure of Accounting Systems
- Functions of Bookkeeping in Comparison to Cost Accounting
- The German Accounting System explained with the Help of a Practical Example
- Balance Sheet and Profit and Loss Account
- Definition of Terms
- Calculation of Kinds of Costs, incl. imputed costs
- Cost Centre Calculation and Cost Control
- Calculation of Costs and Prices based on Actual Cost Systems
- Calculation of Rentability

Comments:

Due to the fact that the port of Baku is at the moment introducing a new computer based accounting system a need to conduct training in this field was felt. The objective of the seminar was to familiarise the participants, mostly employees of the accounting department of the Port of Baku, with a modern, market oriented accounting system.

The training was also successful in developing the understanding that a commercially working cost accounting is essential and useful for a market oriented working enterprise.

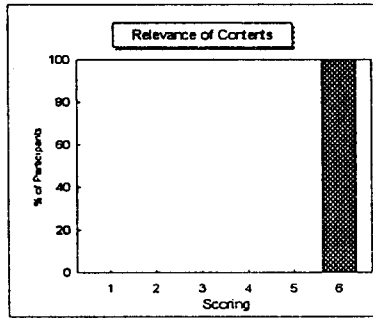
The evaluation of the seminar shows that the participants appreciated the chosen approach of the training and received valuable new knowledge.

Evaluation of the Seminar on Accounting and Bookkeeping

01 - 04 November 1996

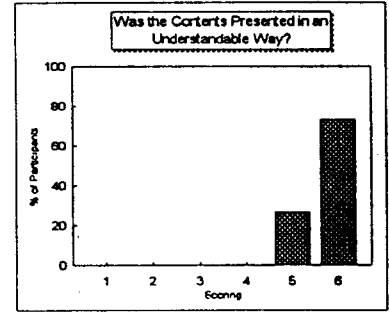
1. Rating:

1 = not relevant at all
6 = very relevant



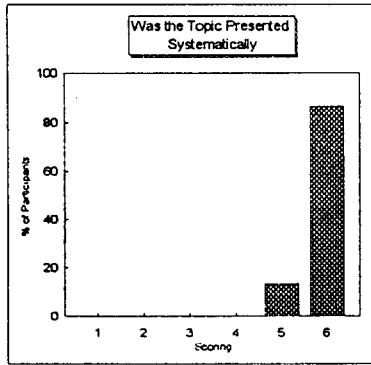
2. Rating:

1 = not understandable
6 = very understandable



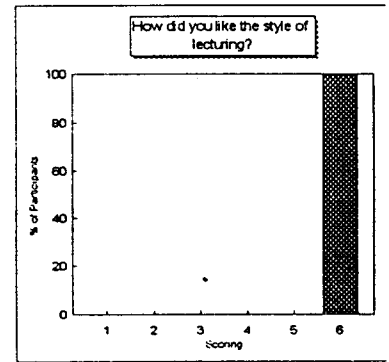
3. Rating:

1 = very unsystematically
6 = very systematically



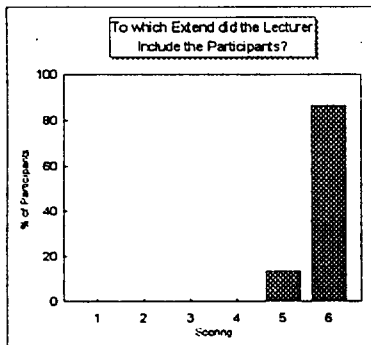
4. Rating:

1 = boring
6 = very interesting style



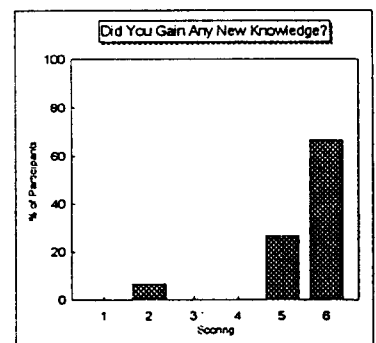
5. Rating:

1 = he insufficiently included participants
6 = very well included participants



6. Rating:

1 = not at all
6 = very much





Technical Assistance for the Development of the Port of Baku
Management Assistance and Training

Seminar Report

Title: Seminar on Cost Accounting and Financial Management

Date: 05. - 07.11.1996

Venue: Industrial and Labour Safety Training Room, Port of Baku

Lecturer: Dr. Angela Dogge

Participants:

Raya Kazymova
Ismail Guseinov
Soltan Kazymov
Shamshaddin Abbasov
Shirindil Aliev
Bairam Namazov
Aliabbas Badalov
Ali Narimanov
Olga Shishkanova
Elena Lomova
Nigar Akhmed-zade

Subjects:

- Structure of Accounting Systems
- Functions of Bookkeeping in Comparison to Cost Accounting
- Balance Sheet and Profit and Loss Account
- Definition of Terms
- Calculation of Kinds of Costs, incl. imputed costs
- Cost Centre Calculation and Cost Control
- Calculation of Costs and Prices based on Actual Costs Systems
- Distinction between Fixed and Variable Costs, explained with a practical example
- Calculation of Contribution Margin and Break-even-point as Marketing and Management Instruments
- Legal Forms of Companies

Comments:

Currently the organisational structure of the port of Baku is being revised and restructured according to the demands of a commercially working enterprise. Thus, new fields of responsibility occur for the managers of the different divisions and departments. Therefore this seminar aimed at explaining the need for efficient cost accounting systems and adequate financial management structures. The participants were familiarized with existing cost accounting systems in western Europe and with the main instruments of financial management.

The training was also successful in developing the understanding that a commercially working cost accounting is essential and useful for a commercially and market oriented working enterprise.

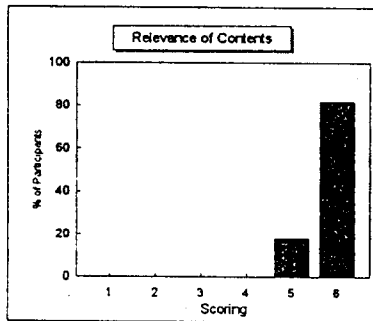
The evaluation of the seminar shows that the participants appreciated the chosen approach of the training and received valuable new knowledge.

Evaluation of the Seminar on Cost Accounting and Financial Management

05 - 07 November 1996

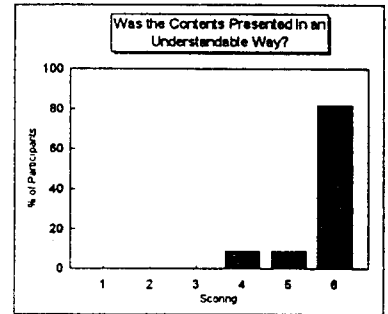
1. Rating:

1 = not relevant at all
6 = very relevant



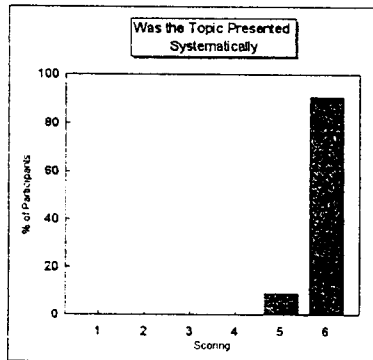
2. Rating:

1 = not understandable
6 = very understandable



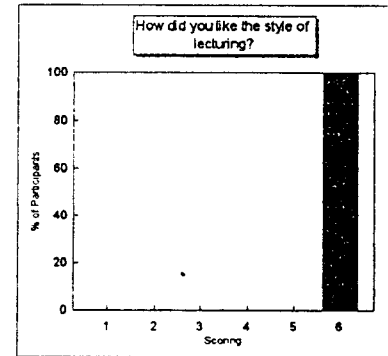
3. Rating:

1 = very unsystematically
6 = very systematically



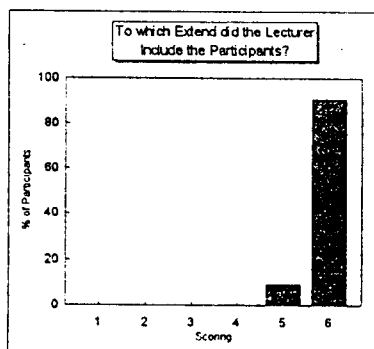
4. Rating:

1 = boring
6 = very interesting style



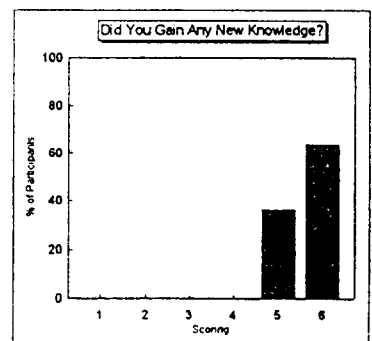
5. Rating:

1 = he insufficiently included participants
6 = very well included participants



6. Rating:

1 = not at all
6 = very much





Technical Assistance for the Development of the Port of Baku
Management Assistance and Training

Seminar Report

Title:	European Ports Study Tour	
Date:	03 - 12 September 1996	
Venue:	Europe (Germany, Netherlands, Belgium)	
Lecturer:	Ms. Helga Wagner/ Port Managers of Different European Ports	
Participants:	Musa Mamedov:	Head of the Operations Department (Head of the Delegation)
	Firdousi Askerov:	Head of the Commercial Department
	Raya Kasimova:	Head of the Economic Department
	Ismail Guseinov:	Chief Accountant
	Shirindil Aliev:	Head of the Ferry Terminal

Subjects:

Visit to the ports of Hamburg, Delfzijl, Amsterdam, Antwerp

- Possible organisational set-ups of ports
- Relationship between port administrations and private port operating companies
- Port planning and development
- Port layout
- Visit to and explanation of specialised terminals
- Privatisation of a formerly state-owned port

Comments:

The study tour was conducted in order to acquaint the participants with commercially oriented organisation structures and efficient working procedures. And thus, to improve the understanding of the requirements for a commercially working port in the new market oriented economic environment.

The seminar evaluation showed, that the participants highly appreciated the opportunity to familiarize themselves personally with port management and operations of commercially working ports. They especially considered it very valuable to have the possibility to discuss problems and questions with managers in charge in the different ports and see the working procedures with their own eyes.

The participants regretted the shortness of the stay in Europe, because they felt, they could have received much more applicable information in a longer seminar.

Since for most of the participants it has been the first time that they had the opportunity to visit ports abroad, this seminar has helped considerably to find a "common language" between the consultants, working in the port of Baku and the port management.

Evaluation
 1st of Baku
 4.10.96

Was the topic
 presented in an
 understandable
 way?

Понятно ли
 представник
 предмет?

Was the topic
 relevant for your
 work?

Была ли лекция
 интересна для
 Вашей работы?

Did you gain any
 new knowledge?

Получили ли
 Вы новое
 знание?

1st of HH: Harbour Cruise
 (Wagner)

1-я Гапбургская экскурсия по
 порту

Introduction to the Port of HH
 9.76 (ArH)

Введение в гапбургский порт

Port of Delfzijl
 10.96 (Pot)

Порт Делфзюлл

Port of Amsterdam
 5.96 (Heister, Sykora)

Порт Амстердам

Port of Antwerp
 6.9.96 (Brentjens)

Порт Антверпен

Port of Rostock
 1.96 (Bischoff)

Порт Росток

company HHLA + Container
 Terminal Burchardkai (Köhler)
 10.9.96

компания ННЛА + контейнерной
 терминал

Handling of Paper Products
 9.96 (Pechmann)

работа бумажных продуктов

Accounting in Port Companies
 8.9.96 (Reumann)

Бухгалтерия + финансы в порту

Was the topic presented in an understandable way?						Was the topic relevant for your work?						Did you gain any new knowledge?					
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1. совсем не
 понятно
 not understandable at all
 6. очень понятно
 very understandable

1. совсем не
 интересно
 not at all
 6. очень
 very

1. совсем не
 получили
 not at all
 6. очень много
 very much

3)

Evaluation
Port of Baku
11.10.96

Ур Бам особенно понравилась?
What did you like best?

Организация
лекции

Метод преподавания
лекции
teaching method

Красивый город
beautiful city

Communication
with Mr. Plate

Общение с социологом
Плате на прогулке

Organisation
Hilga

Методы преподавания

Excursion by
yacht and talking
to Mr. Plate

Общение с социологом
Плате на прогулке

Лекция организационного
типа

Methods of
teaching

прогулка на
яхте и общение
с социологом Плате.

Organization
of leisure time

precise organization
of the training tour

наглядность
и метод преподавания
visual method of
teaching

Прогулка на яхте
с социологом Плате

Прогулка с социологом

Психология Волфа
the leading of
Wolf

Работа паромной
терминала

Excursion with
the yacht of
Mr. Plate

Музыка
& искусство

Эффективная
организация семинара

Operations at
ferry terminal

Место проживания

Active life
in Amsterdam

Эффективная
организация семинара

Организация
работы паромной
терминала

Accommodation

Музыка

precise organization
of seminars

Organisation of
the work of the
ferry terminal

Boat trip
in Amsterdam

Musical 'Cats'

Хороший состав
преподавателей

Успешная организация
прогулки на яхте с
социологом

Музыка

Восприимчивость и
эффективность лекции

A good composition
of teachers

Accessibility &
meaningfulness
of lectures

of diverse organizational
teaching methods

Тематический
выбор портов

обслуживание
транспортной службы

and TRANSPORT
SERVICE

Topical choice
of ports

Прогнозируемые для курсов в будущем
Proposals for future Courses

Evaluation
Part of Bonn
11.03.96 (4)

ситуации вокруг
по району.
использование карт
(карта)

Branch of economy
around Hamburg
Historical places of city

Применение прак-
тических занятий

Application of
practical studies

Практическая
работа с доку-
ментами
(Транспорт, договоры)

Practical work
with documents
(tariffs, contracts)

Extension of terms
of training

Эффективные сроки
обучения

Программы курса
обучения

Программы курса
обучения

Срок обучения
землеу.

Исследование торговых
центров
(магазины)

Study of market
(shops)



Technical Assistance for the Development of the Port of Baku
Management Assistance and Training

Seminar Report

Titel: Project Planning Workshop

Date: 05. - 09.02.1996

Venue: Conference Room at the Agency Inflat

Lecturer: Dr. Michael Rüdener

Participants:

Askerov Fidrousi
Kasimova, Raya
Guseinov, Ismail
Mamedov, Musa
Namazov, Bairam
Aliev, Shirindil
Aliev, Rasim:
Abbasov, Shamsaddin
Kyazymov, Soltan
Djafarov, Mair:

Subjects:

- Introduction to the project planning method Logical Framework
- Visualisation techniques
- Planning of the project "TA for the Development of the Port of Baku"

Comments:

The main objective of the LogFrame workshop was to structure and to plan the Technical Assistance project for the Port of Baku and to define the work of the experts together with the beneficiary, thus creating a mutual understanding of the objectives and results of the a.m. project.

At the same time the participants of the workshop were introduced to a very efficient planning methodology. This LogFrame method can be applied in any project which is to be planned and the visualisation technique used will be helpful in any presentation.

The participants from the port side very actively participated in the workshop and welcomed the opportunity to get some more insight into the project.



Technical Assistance for the Development of the Port of Baku
Management Assistance and Training

Seminar Report

Titel: Workshop on Finance and Accounting

Date: 15.03., 02.04., 05.04., 16.04., 19.04., 26.04., 30.04., 03.05., 07.05.
Time: 14.00 - 16.30

Venue: Industrial and Labour Safety Training Room, Port of Baku

Lecturer: Mr. Bernd Huebner

Participants:

Raya Kazimova
Fikret Pashaev
Aliabbas Badalov
Makhmut Mutalibov
Adil Geidarov
(Ismail Guseinov)
(Vera Vasilchenko)

Subjects:

- Introduction to balance sheet and profit and loss account
- Accounting and Basic Business Administration in a market system
- Explanation of different standard charts of accounts and charts of accounts
- Explanation of fixed assets and current assets in the balance with demonstration examples
- Explanation of low value items
- Explanation of different depreciation methods
- Explanation of Value Added Tax and Prepaid Value Added Tax and their entries in bookkeeping
- Cost centres, business units and result centres
- Contribution margin

Comments:

The workshop has achieved its most important goals which were to develop a chart of accounts and to set the basis for developing a new organisation chart.

At the beginning a lot of time had to be spent in order to clarify definitions and terminology in the field of finance and accounting.

The distribution of revenues to the different existing result centres could be made for 1995 outside the official workshop by working closely together with the managers of the economic and financial departments.

Another objective of the workshop was to distribute the costs to the different result centres. This aim could not be achieved due to the following two facts:

- There is no possibility to make a correct cost distribution for 1995 according to the old structure, because the costs had not always been correctly attached to the different departments
- The new structure is still not finally decided

Annex 1

Scoping Meeting

- Protocol -

+

- Documentation -

Annex 1

Protocol of the "Scoping"-Meeting

1. General

In order to identify the key issues which need to be addressed by the Environmental Impact Assessment, a "scoping"-meeting has been held on September 18, 1996 in the office building of the EBRD in Baku.

The meeting was conducted according to the "Metaplan" Method, which facilitates the aim-orientated discussion and ensures that all ideas and experiences contributed by the participants during the discussion are considered since they are given in a written form.

2. Participants

The representatives of the following authorities and relevant agencies have participated:

Name	Institution, Position
- Mamedov Ramiz	Institute of Geography, Deputy Director of Science
- Seidov Mirabbas	Water Farm, Head of Hydro-Technical Equipment Laboratory
- Agadjanli Akif	Railway, Chief Ecologist
- Seiran Veliev	Green Movement of Azerbaijan
- Muradov Rauf	Ecological Expertise Administration State Committee of Ecology, Head of Department
- Tagiev Babek	Deputy Chief Engineer Head of Ecological Department, Port of Baku
- Shakhbuddin Albushev	State Inspection of Caspian Sea Protection
- Maustafayev Farmaz	Caspian Marine Scientific Research Institute
- Lars Raunholt	Rambøll, TACIS Port Project, Port/Marine Engineer
- Wolfhard Art	HPTI, TACIS Port Project, Project Director
- Tatiana Eggert	HPTI, TACIS Port Project, Environmental Expert
- William V. Kennedy	EBRD, Senior Environmental Specialist

3. Discussion and Results

The scoping meeting started with an introduction of the two projects - the rehabilitation of the ferry terminal and the rehabilitation of the multi purpose terminal - to all participants, given by Dr. Kennedy, EBRD.

The "Metaplan"- Method, i.e. the visualisation technique of the discussion, has been explained by Mr. Art, HPTI.

During the scoping meeting a list of major concerns has been provided which should be incorporated

into the guidelines for the preparation of the Environmental Impact Assessment. The key impacts to be considered were the following:

3.1 Aquatic Impacts

The main ecological concerns associated with the project were related to possible negative aquatic impacts that are likely to occur during dredging operations. The highly contaminated sea floor was considered to be the main source of water pollution within the construction period. It was discussed that the sediments have to be analysed first, appropriate dredging technologies are to be identified and environmentally sound means to dispose and/or re-cycle the dredged spoil have to be found.

3.2 Waste Management

Furthermore, a discussion took place on how to handle the port's waste. The management of waste (bilge water, sewage and garbage) generated by ships and during port operation is a problem which has not been solved for the time being.

3.3 Location of the Port

Alternatives to the present location of the port have been considered. Arguments were expressed and discussion took place whether the plan to reconstruct the two terminals should be substituted by building a complete new port outside the town of Baku. Since such a plan is not realistic for the time being, due to financial reasons and also due to the fact that the present port area is sufficient to cope with expected future ships traffic, it was agreed that during construction and operational phase special attention should be drawn the close vicinity of the town.

4. **Concluding Remarks**

- The participants of the meeting confirmed a co-operation in the project.
- It was agreed that similar meetings should be held in the future to discuss the progress of the project.

Hamburg, October 1996
Tatiana Eggert

