

Project Title	: TRACECA CO-ORDINATION TEAM	
Project Number	: TNREG 9404	
Countries	: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tadjikistan, Turkmenistan, Uzbekistan	
	Local Operator	EC Consultant
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INTERIM REPORT

Date of Report : January 31st 1997

Reporting Period : September 19th 1996 to December 31st 1996

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1. PROJECT SYNOPSIS

Project Title	: TRACECA COORDINATION TEAM
Project Number	: TNREG 9404
Countries	: TRACECA founder states = Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tadjikistan, Turkmenistan, Uzbekistan New adherent states = Mongolia, Ukraine

Project Objectives

The project basis is in fact a programme, engendered by a Conference, organised by the European Union in May 1993, the objectives of which are:

- to stimulate co-operation among the participating Republics in all matters pertaining to the development and improvement of trade within the Region
- to promote the Central Asian - Trans Caucasian - European Transport Corridor
- to identify problems and deficiencies in the Region's trade and transport systems
- to define, in terms of contents and timing a Technical Assistance Programme to be financed by the European Union (EU).

Specific Project Objectives:

Co-ordination of the TRACECA programme, with a view to:

- increased coherence, efficiency, diffusion and sustainability of the existing projects
- identification and development of new projects fitting the TRACECA objectives

Planned Outputs

measures to increase cohesion between projects, especially the exchange of information and data between contractors

- maintain and develop cohesion between these existing project activities, and the TRACECA state beneficiaries
- measures to orientate the projects towards the overall TRACECA objectives
- documentary outputs of i) monthly newsletter, ii) reviews of project reports, iii) agendas and support documents for working group conferences, iv) bi-annual reports
- stimulation of financing of investment proposals (as identified by TRACECA) projects by international financial institutions and commercial partners
- identification and presentation for budget approval of new project concepts or extensions of existing projects
- launching of new projects including preparation of TOR, participation in tender evaluation (done by the TACIS procurement unit) and introduction of the contracted consultant into the TRACECA environment
- promote usage of the TRACECA corridor as a trading link between Central Asia, the Far East, and the EU
- promote linkage of the TRACECA corridor to the Trans European Networks

Project activities

- establishment of permanent TRACECA Co-ordinating Offices (TCO) in Tblisi and Tashkent, maintenance of the existing office in Brussels.
- appointment and management of local co-ordinators in all TRACECA founder state capitals.
- project management
 - regular meetings on site with contractors, Partner Organisations, Co-ordinating Units, Delegations and eventually representatives from international institutions/commercial partners
 - facilitation exchange of information and data between contractors, amongst other means by setting up libraries in Brussels, Tashkent and Tbilisi
 - consolidated calendar of project events and milestones
 - review and comment on all reports issued by the contractors
 - regular reporting to the Task Manager in Brussels
- organisation of a Working Group Meeting
- co-ordination of development of the TRACECA corridor, where possible, with the objectives of the EU's transport policy and in particular in the Trans European Networks

Project Starting Date : 19th September 1996

Project Duration : One year

2. SUMMARY OF PROJECT PROGRESS SINCE THE START OF THE PROJECT

2.1 Team Actions

The present team adopted the TRACECA programme co-ordination role at a moment when sixteen projects were active, one on the point of commencing, and seven new projects were nearing budget approval.

All EU team members were mobilised on the contract start date in the Brussels co-ordination office. After five to seven days of concertation the two field co-ordinators left for their respective stations. The date of the next Working Group Conference (WGC) was confirmed by TACIS as 17th and 18th October, and the location as Athens.

The project mobilisation has obviously benefited greatly from the team members previous TRACECA experience.

The immediate responsibilities of the Brussels and Field co-ordination centres were:

Brussels

Organisation of the first Working Group Conference in Athens. Hotel and travel arrangements were negotiated at group rates and contracted. Assistance was provided to TACIS in the composition of the invitation list (28 beneficiary state participants, 4 observer state participants, 10 invitees from international organisations, and 7 from the co-ordination team and TACIS), and the procurement of visas. All logistic arrangements were made and carried out with success. Documentation packs comprising past, present and future project summaries were compiled.

Dispatch of project documentation reference sets to the field offices, procurement and dispatch of office equipment.

Routine diffusion of all TRACECA projects information.

Tashkent

Offices were refurbished and opened in the Tashkent Institute for Automobile Transport. An international telephone line was installed, and a start-up set of equipment purchased locally (computer, printer, fax) pending the subsequent arrival of the main office equipment.

Staff comprising a local expert and a secretary were engaged.

A local expert was appointed in Almaty.

Meetings were held with beneficiary state authorities in Tashkent and Almaty, to introduce them to the new co-ordinating structure.

Weekly meetings were inaugurated for all projects present in Tashkent. Regular contacts were established with all projects operating in Central Asia.

Tbilisi

Three offices were opened in Tbilisi - Ministry of Transport, Baku - Railways Department, Yerevan, Private Office. In every office, an international telephone line, computer, printer and fax were installed.

A local expert was appointed in each country.

In every country, setting up of informational and working meetings: European Union delegation, Coordination Unit, member states, beneficiary authorities, monitors and permanent representatives of the consultants.

The Athens WGC resolved that more local experts should participate in the Co-ordinating Team. In accordance with this wish additional local experts have been appointed now in all TFS capitals. Likewise the schedule of visits to other sites from the two field offices has been intensified. This provides more visible assurance to all of the Beneficiary state authorities, that TRACECA is working for them.

2.2 Programme Progress

Summaries of the individual TRACECA projects are included in Section 4.4 of this report. Immediately hereafter we provide a general view of the impact of the TRACECA programme to date.

Clearly we hold the interest and confidence of the beneficiary states authorities. This is manifest in the general facility which we experience in all states in meeting and discussing transport issues with officials and managers at all appropriate levels. It does occur in some cases that decision making is slow, or that comprehension of our ultimate aims and possibilities is incomplete, but in no countries may it be said that we lack the access or interest which we need.

A word of caution should be sounded. Those aspects of our projects which promise eventual external investment are attractive to our beneficiaries. However, commercialisation and structural reform of the present transport systems are inevitable to satisfy conditions imposed by the International Financial Institutions (IFI) for loans, and indeed they are desirable ends in themselves. As we move towards more complex issues of institutional reform, for example, as we are doing in the Tariffication project and the multilateral agreement component of the Legal Reform project, then consensus between the EU and the TFS concerned will be more difficult to maintain.

The individual TRACECA project experts are often technocrats whose individual missions focus on somewhat narrow, though highly valid, scopes. Under these conditions there exists the risk that project influence is not widely diffused in the beneficiary hierarchies. In the co-ordination team we have therefor sought to establish, on the one hand regular contact with the project executive experts, and on the other hand to maintain contact with the beneficiary state authorities, who are not always well informed of what the individual counterparts are doing, or do not recognise the significance of a project action.

Discussions have been held with all IFI transport related missions known to have visited the TRACECA states, including those which are not directly related to a TRACECA project component. Contacts with the EBRD in particular, and also with the WB are frequent. They are thus kept aware of what we are doing, duplicatory actions are avoided, and investment is drawn in.

Successful collaboration with IFI antedates the present Co-ordination Team project, in encouraging financing of the Caspian Sea ports rehabilitation (Baku, Turkmenbashi, and indirectly Aktau), road projects in Georgia, Armenia, and Turkmenistan. While following up on the former projects we are now developing major rail projects in Turkmenistan, Uzbekistan, and Kazakhstan, which promise to initiate commercial restructuring accompanied by substantial EBRD financing. A major project is also planned with the EBRD for the Georgian Black Sea ports, which should provide the vital bridgehead between TRACECA and the EU networks. Ukraine, being at the same time a major Black Sea maritime nation and the terminal point for Trans-European Corridor Nine at Odessa, has been adhered to TRACECA, eventually to allow us to provide TA to consolidate a link through to the EU.

A new roads project has been developed with the EBRD in Azerbaijan.

Foreseen investment in the preceding projects amounts to several hundred million dollars. The final amounts will be determined by our project recommendations followed by negotiations between the IFI and TRACECA states. Hence substantial physical progress in the development of the TRACECA corridor, while not yet highly visible, is more or less certain.

The Asian Development Bank is a major investor in infrastructure in three TRACECA member countries (Kazakhstan, Uzbekistan, and Kyrgyzstan). Meetings have been held with their missions, most recently in Tashkent to collaborate on a future roads project concerning materials standards, and to avoid duplication in Legal Reform and Pavement Management System technical assistance, in which fields TRACECA is clearly in advance of other donors.

An introductory meeting was held with the Islamic Development Bank (IDB) in Bishkek. Future project output will be provided to them, and they would look with interest at future TRACECA infrastructure investment opportunities. We are trying to launch a small roads project for IDB financing in Tadjikistan.

In the Caucasus we have conducted information missions with EU member state representatives to promote bi-lateral aid to transport sector projects. The early indications are that these efforts will be fruitful.

The most useful transportation database ever attempted or established in the FSU is nearing commissioning as part of the Traffic Forecasting project. This has been a difficult project to execute but it appears that some concrete output is close at hand. TRACECA projects have up until the present laboured under a lack of consistent data sets on traffic flows and confusion even on the availability and location of data. We trust that this problem will shortly be solved, and that the data base itself will become a key co-ordination tool.

Overall progress on the TRACECA programme is thus encouraging, and the present reporting period has been one of continuing achievement. TOR for projects foreseen in the 1996 budget are complete and ready for TACIS approval and tendering.

3. PROJECT PROGRESS TABLES

See tables in Annex 9.

4. OVERALL PROJECT REPORT

4.1 Background

During May 1993 a conference was held in Brussels organised by the European Commission and attended by authorities of the eight Republics of the south of the former USSR:

Armenia,	Kyrgyzstan,
Azerbaijan,	Tadjikistan,
Georgia,	Turkmenistan,
Kazakhstan,	Uzbekistan.

They were the original Beneficiary States of the TRACECA programme (TRACECA Founder States or TFS).

The objectives of the conference were :

- to stimulate co-operation among the participating Republics in all matters pertaining to the development and improvement of trade within the Region
- to promote the Central Asian - Trans Caucasian - European Transport Corridor
- to identify problems and deficiencies in the Region's trade and transport systems
- to define, in terms of contents and timing a Technical Assistance Programme to be financed by the European Union (EU).

TRACECA (Transport Corridor Europe Caucasus Asia) was thence created as a component of the TACIS Interstate programme (see the Brussels Declaration in Annex 2).

Certain specific preliminary technical projects were launched by TACIS but in February 1995 a management contract was awarded to the present consultant firm ("TRACECA Trade and Transport Working Groups" - Tractebel Development) to launch the full programme as defined at the Brussels conference. The organisational structure of the programme was based on Regional sectoral Working Groups (trade, rail, road, maritime), composed of experts and officials from each TRACECA state, and the management team.

Three Working Group Conferences were held under the previous management contract (at Almaty, Vienna, and Venice), and the present strategy and implementation programme for TRACECA were largely decided at those events.

Sixteen Technical Assistance (TA) projects were designed, discussed with beneficiaries and launched (see Annex 7). Fifteen of them are still active. Certain have been granted quite substantial extensions. There are five other projects associated with TRACECA but listed separately, as the budget lines are not specifically TRACECA and the degree of involvement of the present co-ordination team varies. In the case of the Rail Tariffication project the involvement is high. For the Air Navigation System project the involvement is low.

4.2 Introduction

The Team appointed to carry out this present Co-ordination mission comprises:

- Ms.L.De Grave, Co-ordinator, Brussels
- Mr.M.Graille, Co-ordinator, Tbilisi
- Mr.I.de Halleux, Maritime expert
- Mr.M.Sims, Co-ordinator Tashkent
- Ms.L.Van Der Zwaan, Administrator, Brussels

All Team members work full time on the project, except Mr.I.de Halleux.

As required in our Terms of Reference permanent TRACECA offices were quickly established in Tashkent and in Tbilisi. These offices are located respectively in the Tashkent Institute of Automobiles and Roads, and in the Georgian Ministry of Transport. Both locations are conveniently close to many of our beneficiary interlocutors. Both offices have been rehabilitated, and equipped, including international telecommunication lines.

A network of local assistant co-ordinators has also been established in the TRACECA region (see Annex 10 Co-ordination Representatives).

At the outset of this contract, it was considered desirable for TACIS to introduce the new co-ordination team formally to the beneficiary Working Groups at the earliest possible opportunity. Hence a Working Group Conference was organised and held in Athens on 17th and 18th October 1996. The structure of the Co-ordination team has been adapted to meet the wishes of the Working Group Conference (see Annex 6, Minutes of the Athens Working Group Conference), in which it was proposed that a local co-ordinator be appointed in each of the TRACECA states. This requirement has been satisfied with some adjustment to the initial EU expert inputs. In effect more time has been allocated to local experts and lower cost EU staff, while reducing input from higher cost EU staff.

4.3 Programme Implementation Actions

4.3.1. Project Management Plan

Routine meetings typically are held as follows, depending on the itineraries of the co-ordinators and the interest of the other parties.

Daily contact between a local expert and co-ordinating unit of every country, project team leaders, project experts, beneficiary agencies.

Twice monthly meetings in every country:

- European delegation, if existing
- Head of coordinating unit.
- Transport sector authorities.

Monthly meeting:

- Monitors
- National co-ordinator of the TRACECA programme.

Quarterly meeting:

- Member states
- Co-ordination meeting per country with all beneficiaries

Structured routine weekly reports are exchanged by fax or email between the Brussels office and the field offices in Tbilisi and Tashkent. These are the essential vectors for transmission of information concerning projects progress, the programme institutional environment, and the activities of third parties including other donors. Only occasionally has it been necessary for telephone reporting. This is a positive indication both that the field offices are functioning with a workable degree of autonomy, and that routine reporting measures are adequate.

Reports are received from the local beneficiary state experts on a twice monthly basis or ad-hoc when particular events or investigations merit.

4.3.2 The Athens Working Group Conference (WGC)

This conference was organised rapidly as one of the first implementation actions of the new co-ordination team.

Assistance was provided to TACIS in the composition of the list of participants from beneficiary states and from international organisations. All visas, travel, and accommodation were arranged by the team. Block bookings with airlines and a hotel were negotiated. A team member met the beneficiary state participants in Moscow, ensured final visa issue, and accompanied them to Athens. After the conference delegates were accompanied back to Moscow to facilitate their return onward to their home states.

While an important objective of the WGC was to introduce and confirm the role of the new team, the conference also served:

- to review projects in progress
- to discuss and approve new projects
- to liaise with other bodies (IFI, and international transport organisations)
- to liaise with closely neighbouring states (Ukraine and Mongolia)

The progress of projects and the development of new projects is dealt with in detail section 4.4 Technical Aspects, hence we may gloss over these topics here.

The international financial institutions were represented by an official of the EBRD. Her presence, as for previous WGC, assisted much in the discussions. The presence and influence of an IFI representative serves to introduce realism into TA project criteria, without which it is more difficult to filter out over-ambitious projects, with little hope of attracting eventual investment. In fact the WGC are not the ideal forum for development of project investment financing, as they do not allow for the very detailed and prolonged discussions needed.

The International Roads Union (IRU, a body working under the UN/ECE concerned with international road transport regulation), the International Roads Federation (IRF, concerned with road construction), and the Union Internationale des Chemins de Fer (UIC, the international union of railway operators), all sent delegates to the WGC, for the first time. The

IRU has been involved by the intermediary of Member State national roads federations in TRACECA projects for the introduction of West European regulatory practices into TRACECA. The IRF has not yet been involved in TRACECA, but as this federation includes some of the worlds major toll route concessionaires and contractors they have on their own initiative been investigating business prospects in the TRACECA region, and we were able to provide an ideal forum for them to pursue that interest. The UIC has been a previous TRACECA contractor and we are in the process of developing a further project with them, in domains where there particular expertise is unique (international rail operators communications, and international financial settlement mechanisms). It is of course of great value to both the beneficiary states and to international organisations to meet and explain their vocations and ambitions both formally and informally at the WGC.

UNCTAD was represented by Mr. Carl Hans who is particularly concerned with a UNDP project for the implementation of a Transit Agreement between the Central and Southern Asian states. The co-ordinating team had for some time been aware of this UNDP initiative, but the main interest of the UN had been to attempt to obtain funding from TACIS for their own project, while not providing details of its content. This was due probably to some bureaucratic inertia which was overcome during the Athens conference. A full and open collaboration appears to have been established (see Section 4.4.3).

It has been recognised as a weakness of TRACECA that we have not yet proposed actual transport links between the TFS and the EU, such as the Trans-European Network (TEN) corridors. Hence there has for some time been discussions with Ukrainian transport authorities concerning the promotion of a link to the TEN Corridor Nine the southern end of which terminates at the port of Odessa. Ukraine was invited to send representatives of the port to the WGC, and for its part requested to become a member of TRACECA. This wish was granted, and a project including promotion of a link with TEN 9 at Odessa is under preparation.

Mongolia has sent observers to a previous WGC, and during the Athens conference requested admission to TRACECA. This request was granted, and Mongolia will be progressively included in components of the new projects.

Both Mongolia and Ukraine are full participants in the Air Traffic Control project which is closely aligned to TRACECA.

4.3.3 Other Actions

At all opportunities the team develops contacts with agencies and authorities who could reinforce the TRACECA states transport networks and in particular our east-west corridor. Frequent meetings and telecommunications contacts are maintained with the principle IFI, as well as other donors.

In the Caucasus visits with the member states ambassadors to railways infrastructures and railways network in Armenia were organised by the Caucasus co-ordinator, in view of bilateral investment. Meetings have been held preparatory to possible visits to the other Caucasus states.

Our Tbilisi co-ordinator participated in the VERTIC conference held in Tbilisi on the Eurasia transport corridor and its impact on local society. This intended to diffuse information to

investors in Europe. A regional conference will be organised in March 97 by the Black Sea Economic Committee (BSEC). The extent of our participation is being considered.

4.4 Technical Aspects

What follows is an overview of the technical approach, or rationale, adopted by the Team for the guidance of TRACECA projects in each sector. Strategic guidelines have been derived from the Brussels 1993 conference, and the four TRACECA WGC.

Fuller summaries of each of the TRACECA projects are to be found in Annex 7, including future and related projects.

Terms of Reference have been written by the team for three major new projects, respectively in the road, rail and maritime sectors. Background details to these projects are provided in the sectoral reviews hereafter.

Efforts are made to ensure that each project produces substantial output. This involves communication about the projects with investors, and orientation of project actions accordingly. The most important potential investors in the foreseeable future are the IFI. However, it is not always possible to identify a viable project and associate with it a guaranteed investment follow-up. Hence the co-ordination team is persistently working to maintain the visibility of both the present and future TRACECA projects, and to achieve a form and quality of output to satisfy IFI.

Projects have also been told to seek opportunities to introduce commercial partners into their activities. TRACECA is very conscious of the potential technical assistance and economic development gains to be derived from private sector EU companies entering into agreements with local entities (J.V., agencies...). This is even more difficult than attracting IFI. Private sector investors require a degree of security of return which IFI obtain from their privileged supra-national status.

4.4.1 Multi-Sector

Two TRACECA projects are grouped in this category *Traffic Forecasting Model* and *Management Training*

Under a rigorously scientific approach the *Traffic Forecasting Model* project would have been launched with a sufficient lead time (e.g.-12 months) to allow the use of its database and scenario simulation capacities by other projects. In fact many needs for transport sector Technical Assistance to the Region are glaringly obvious, and the delay in programme implementation would have been unacceptable from most points of view.

The project has up until now been a disappointment. Published output so far is negligible. It contains for the most part data from preceding work which has been channelled to the forecasting project by the co-ordination team. The project has persistently sought to obtain data from other projects, rather than to take the lead in data collection. Its own data collection exercise has been painfully slow. In view of this several meetings have been held with the project's management since mid-96 and increasingly strong directives have been issued by TACIS to incite the project to produce substantial output. We are at present at a key juncture

as the first calibrated data on existing traffic flows are promised by mid-January. These will immediately be made available to the other TRACECA projects.

This present co-ordinating team report is not a monitoring report, so we analyse the situation from the point of view of users of the eventual project output, rather than auditors of project actions.

Data collection in the FSU is not an easy task. The project's data collection methodology is appropriate to the formats of existing data sources. Raw data on commodity flows is obtained from Customs declarations. Actual transport flows are obtained from the national rail operators and highway department road traffic counts. The project is presently conducting a pilot survey of transport customers in Kazakhstan to obtain cost of transport data. The project is not conducting itself any surveys of actual traffic flows, even simple point check surveys. If there are gross incompatibilities between the reported traffic and other data, then the project will try to calibrate them by mathematical balancing. The output would then be of dubious value. This point has been discussed with the project on several occasions, without any agreement having been reached. Let us hope that we of the co-ordination team are over-pessimistic and that there are no gross incompatibilities.

The project has been requested to carry out several small case studies, as foreseen within its terms of reference, for new links to the south-east towards China and the Indian Ocean. These follow persistent requests for feasibility studies from TRACECA states directly interested by such links. Initial case studies by this project would be extremely useful in deciding the eventual merit of devoting TRACECA resources to full feasibility studies, and illustrate the potential value of the Traffic Forecasting project to TRACECA.

The project has had a varied reception by the TRACECA states. Misperceptions of the project were that it was academic, that it was prying, or that the data required simply did not exist. This is symptomatic of the history of the region, where data tended to be hidden, and where infrastructure development decisions were often taken according to geo-political criteria, while economic analysis based on demand was secondary.

In spite of its difficult evolution, under the right circumstances the project should be kept alive beyond its current foreseen duration. Certain of the TRACECA state counterparts are very receptive to the project.

The TRACECA *Management Training* project was a set of multi-modal courses and study tours emphasising market forces in the organisation of transport activities. It was a pure training project. About two hundred participants took part in the courses and sixty participants in the study tours to Europe. It was considered by all to have been successful. Apart from the transfer of know-how it generated much goodwill, between TRACECA state participants and EU contacts.

A sustained benefit of the project is the confidence engendered in participants by the EU "product". Our transport systems are demonstrably advanced and worthy of emulation, both technically and institutionally. This has rendered the home institutions of participants more amenable to outside influence, now manifested by the close attention paid to our legal framework project, and to the restructuring projects we are now proposing for rail and highway institutions.

We do not have any more pure training projects planned, as our present projects activities integrate know-how transfer with the implementations (eg. Tariffication, Roads Maintenance,...).

4.4.2. Trade and Legal

The *Transport Legal and Regulatory Framework* project is a major TRACECA project, scheduled to last for two years and which is now at the mid-way point. The co-ordination team is taking a close, and in effect daily interest in the progress of this project. The last project milestone was a conference held in Tbilisi during October, which was attended by our Tbilisi co-ordinator. The conference considered draft legislation for national transport laws covering freight transport on the road, rail and maritime modes, and a multi-lateral road transit agreement. It was attended by National Task Force Chairmen, who are the national project representatives from each of the TRACECA states.

The project has now entered its complex legislative implementation phase during which assistance will be provided to refine for each state the common drafts provided, and to assist each state to enact new transport law. The task appears gargantuan, but in fact most states are highly receptive to the project, and are collaborating fully at the required levels with the project implementation process.

The agreement of the multi-lateral transit draft is at least as complex as the implementation of national legislation. Our Tashkent co-ordination team member, along with an expert from the Legal project team attended a UNDP regional conference in Kyrghyzstan concerned with the agreement of the UNCTAD proposed transit agreement. Much promotion by attendance at such forums, and preparatory discussion will be necessary to find consensus for the proposed transit agreement, and its eventual ratification.

The *Trade Facilitation, Customs Procedures, and Freight Forwarding* project is more investigative and preliminary than the foregoing Legal Framework project. The project is nearing its close, with a final conference to be held in Almaty during early February. The project has prepared comprehensive reports on physical border crossings, transit documentation, and (computerised) systems. Assistance has been provided to the nascent national Freight Forwarders Associations.

During the final Almaty conference consideration will be given to the projects recommended actions, which are in principle for implementation by a Trade Facilitation Task Force with an appointed chairman for each state. The project does have common expert staff links both to the Legal Framework and to the large ongoing Eurocustoms project, so that some implementation actions may be taken on by them. However, project reports make it clear that considerable administrative delays are caused at border crossings, to the sizeable detriment and increased cost of international trade. Under these circumstances there is a need for more action. The difficulty is that implementation actions led by external consultants have little chance of success unless there is a real will for change within the beneficiary states. The project consultant has been requested to investigate and to demonstrate the existence and extent of such pre-conditions for considering a follow-up to this project, beyond those measures already in place. A co-ordination team representative will of course attend the Almaty conference.

4.4.3. Roads

Both road infrastructure and road transport operations have been addressed, and the following projects are under way or nearing completion.

The *Pavement Management Systems* (PMS) project is providing the hardware, software and training to implement modern West European systems for road pavement and bridge maintenance management decision support. It contains a strong economic and financial analysis component. This second component is most important, as the Beneficiary States have in the past never confronted the links between appropriate national expenditure on roads maintenance, benefits and disbenefits to users, and the levels of cost-recovery or taxation justifiable.

IFI require the implementation of PMS to accompany any investment by them in roads infrastructure. Eventually Beneficiary States will have to fund the sector from their own resources. The project furnishes the precursors to autonomy.

The project has been granted an extension which in fact doubles the budget. The extension comprises the following components:

- assistance to the Armenian Dept. of Highways to privatise roads maintenance contracts in conjunction with a World Bank loan to the roads sector
- preparation of feasibility studies on road sections in Georgia to enable the Kuwait Fund to increase the resources of a present World Bank emergency support package to the transport sector. Complementary feasibility studies under a PCP TACIS/France project are awaited to accompany this action, and apparently delayed by administrative or contractual problems.
- preparation of detailed design and contract documents for an EBRD loan to rehabilitate the Ashghabad-Mary road in Turkmenistan.
- additional training and equipment for the PMS.

The Athens conference and our contacts with IFI both fully endorse our efforts to date to introduce PMS into the TRACECA region, and encourage us to develop future roads projects on this basis. Following the Athens conference we have therefor designed a substantial Roads Maintenance project for the 1996 budget and for launch early in 1997. The project modules are as follows:

- Materials, plant and standards; will investigate the current situation of the road construction supply industry, propose development strategies including investment recommendations, and modern normative standards and quality control procedures. The WB has examined and commented on these TOR. The ADB plans a complementary design standards project, and our TOR are presently being studied by them to eliminate potential overlaps or omissions.
- Winter Maintenance; will provide an initial investigation of practice and needs in the beneficiary states. No work by western consultants has yet been done in this domain in the region, and the potential for follow-up work both in TA and investment could be large.
- PMS/BMS; will build on our previous work and carry out case feasibility studies using the PMS/BMS. Additional equipment will be supplied.
- Assistance for institutional restructuring of the roads sector in Azerbaijan to enable an EBRD loan which is conditional upon such reform.
- Investigation at prefeasibility level of the impact of several new or much improved links which beneficiary states propose in the south-east of our region (Tadjikistan, Kyrghyzstan,

and Uzbekistan), including a new rail link, as the studies at this preliminary level are best considered on a multi-modal basis.

A meeting between a co-ordination team member and a regional mission of the Islamic Development Bank was held. Tadjikistan has just become a member of the IDB, and it has been particularly difficult to attract IFI investment for the transport sector in this country. We have as a consequence proposed a small roads sector emergency support project to the Tadjis, for them to approve and to make a specific loan request to the IDB. We would support them in this process.

In the road transport operations sector, two projects have been granted extensions but combining the activities of two consultants in one contractual extension.

The *Dolphin* project has achieved high recognition in the beneficiary states of Uzbekistan and Turkmenistan. The project addresses for those two States the need for improved road side services, and the commercial potential of ventures to create such services. Interest has been shown by several major EU companies in participating in the development of four sites for "caravanserai", or multi-service centres. A possible tyre retreading venture identified by the project has also attracted EU commercial interest. The project is at present preparing detailed business plans. It is possible that future support to the project will be provided by TRACECA, but on the basis of signed commitment by the local and EU partners. This could be the subject of protracted negotiations and we cannot at present predict the outcome and timing. The tyre retreading venture will be proposed for participation in the EU JOPP programme which provides equity financing for Joint-Ventures, and is presently being extended geographically from Eastern Europe into our zone of action

Improvement of Road Transport Services comprises two similar projects, one for Central Asia and the other for the Caucasus. While TOR for both projects are similar, the Central Asia project has a regulatory assistance component which is omitted from the Caucasus. This reflects the lack of interest in the Caucasus in such a component, at the time of developing the TOR with the beneficiaries. The success of the two projects, run by different consultants, has been markedly different. In Central Asia the consultant established a structured approach to the TOR tasks, which were flexible, and mobilised a qualified sub-contracting organisation (the Freight Transporters Association of the UK) along with his own staff. He has scored marks for his efforts, both in the regulatory (introduction of Certification of Professional Competence for transport operators) and the commercial fields (working with local companies and introducing them to potential EU partners. He has collaborated well with the other TRACECA projects. His beneficiaries are requesting continuation of the project.

In the Caucasus the consultant has never come to grips with project technical content, or made any favourable impression on beneficiaries. Much acrimonious correspondence has been exchanged between the consultant and the previous TRACECA management team, meetings with TACIS held, and project personnel have been changed. A recent mission by a fresh member of the consultants team has reportedly achieved some progress. In mitigation it might be said that the present situation of the road transport operations sector is more conducive to external TA in Central Asia than in the Caucasus. In the former the restructuring process is being controlled at least nominally by the beneficiary state authorities, whereas in the latter, despite the laudable efforts of authorities, a certain anarchy is diffused into the sector from the territorial disputes.

The future prosperity of the international roads transport sector within TRACECA will be to a notable extent dependent on efficient transit arrangements, and then upon investment in

infrastructure including roads maintenance and the Caspian Sea ports. We are at present concentrating upon these aspects.

4.4.4. Rail

Rail is the major freight transport mode within TRACECA. It is also the most traumatically affected by the economic transition period. Two of the three Kazak rail companies are bankrupt and operate under receivership. The survival of the Caucasian railways owes much to the EU food aid operation which is now drawing to a close. Those rail companies which are cash-flow positive would probably be operating at a loss if western accounting rules on depreciation were applied.

In spite of all of this there is room for optimism for the future. There is declared willingness on the part of the TRACECA states to encourage usage of the TRACECA rail route, to improve the efficiency of that route and to hold down tariffs. Georgia, Azerbaijan, Turkmenistan and Uzbekistan are signatories to an agreement to this effect. The agreement is being applied. Furthermore real freight transport demand is increasing. Oil field developers in the Caspian are starting to move considerable tonnage of equipment in the west-east direction, and early oil is being exported the other way. Cotton from Uzbekistan is being shipped to Poti, to the extent that present handling and storage facilities allow. Cereals from Poti to Tashkent and coal from Kazakhstan to Tbilisi are other real or potential cargos which forwarders are proposing.

Against this background, until recently TRACECA was the only TA programme to be carrying out any projects in the rail sector in our region. We have since been joined by the EBRD and ADB who promise to invest in the sector. We are encouraging and collaborating with both. At present four existing TRACECA projects are nearing completion.

The *Inter-modal Transport* project has provided consultancy advice in order to solve existing problems in the development of inter-modal transport on the indicated Traceca routes, to transfer inter-modal technology know-how, to provide assistance to rail and inter-modal organisations in the area to design and operate commercially oriented intermodal services, to develop proposals for improvement. Apart from a survey of the existing situation, recommendations, and a study visit, the project comprises an intermodal transport case study aimed at a specific intermodal traffic corridor. In fact much of the project focus has been on cotton shipments from Uzbekistan to Poti. Upon the request of Uzbek Railway authorities a Task Force (CTF) was set up to assist in this, and particularly to promote the containerisation of such shipments. The Daewoo auto plant in Uzbekistan was accumulating vast numbers of containers from shipments in, without any natural cargo out to provide equilibrium of container movements. As it happens, the Daewoo company itself bought cotton and is in the process of shipping it to S.E. Asia through Druzbha, thus removing one initial *raison d'être* of the project. However, cotton or high-value cotton products remain as one of the most important potential international cargos in the region, and an investigation is being carried out of the technical and commercial merits of adopting systematic containerisation of such cargos. It is of vital importance to include the commercial particularities of this traffic (grading, marketing procedures, intermediary handling...), because such aspects do appear to dominate the technical constraints. The CTF is transmitting its first report at present. The Intermodal project is to hold a final seminar in Tashkent in January.

The *Rolling Stock Maintenance* project's aims are to

- Provide consultancy recommendations to solve existing rolling stock maintenance / replacement and manufacturing and supply of spare parts problems in the TRACECA region.
- Provide guidance to rail organisations in the region for the establishment of commercially viable rolling stock maintenance and manufacturing, within the framework of a market-oriented railway system.
- Design a detailed reorganisation plan in the selected area in co-operation with the national authorities.

The project is timely because of the EBRD and ADB interest in maintenance investments. A progress report has been presented and the final report is due in March. The co-ordination team is ensuring that project output is provided to the EBRD and ADB. The restructuring recommendations have been developed in collaboration with beneficiary state maintenance facility managers. The co-ordination team will ensure that recommendations are also discussed at the senior management level.

The *Rail Infrastructure Maintenance* project (Caucasus) main components are :

- (A) Carry out pre-investment study for the rehabilitation of the main Transcaucasian rail route (Baku - Tbilisi - Batumi - Poti) between Azerbaijan and Georgia
- (B) Provide technical assistance to streamline commercial freight traffic on the main Transcaucasian rail route

The economic and political situation in the Caucasus has had a detrimental effect on the viability and the overall condition of the rail networks in the area. This in turn hampers fluent transport in the region.

Output from Module A should bring the most precise and clear analysis of the current state of both railways. The recommendations are expected to define a programme for investment in this axis.

Module B has resulted in setting up a pilot container train between Baku and Poti. This service attracted commercial interest. The pilot train should run as a regular service from the first quarter of 1997. The possibility of extending the service to the Poti-Yerevan route is being considered.

Joint venture of the Trans-Caucasian Railways

Within this study, an analysis on the structure and infrastructure of the three Trans-Caucasian railways will be made by the consultant. From this analysis, the consultants will assess the possibility of developing a joint venture between the three railways and an eventual European partner. However, the current political situation, it is not possible to consider close collaborative work between Armenia and Azerbaijan.

The Rail Infrastructure Maintenance project (Central Asia)

The rail infrastructure has been decaying by lack of maintenance. Some elements are of a strategic economic importance, and require attention to be upgraded. Also quality of service has to be improved and present or potential bottlenecks removed.

This project will address multiple objectives :

- (A) Carry out feasibility study for the upgrading of AKTAU - BEYNEU rail line
- (B) Survey, training and recommendations to investigate and improve the overall rail traffic service quality on the Traceca main rail routes east of the Caspian Sea
- (C) Feasibility study for the development of the Amudarya road and rail crossing at CHARDZHEV

Output from Module A will be carried over for implementation in the future Kazakhstan rail ways restructuring project. Output from Module B will be incorporated into both the Tariffication project and the future restructuring projects. Output from Module C presently lacks a future investment sponsor. This latter module concerns a major new road bridge and eventually a new rail bridge. The investment sums involved are enormous, as is the importance of these bridges to the whole of the Central Asian transport network. The co-ordination team in collaboration with Turkmen authorities are in the process of determining what will be the options for mobilisation of the investment needed.

The *RailTracker Freight Monitoring* is a project to install a computerised system in Uzbekistan and Turkmenistan, with remote terminals in Almaty and Tblisi. The contractor is the UNDP who is also the developer and licensee of the system. The project has started with much delay (12 months delay in a 24 month schedule). Technically it is being overshadowed by updates to the existing Russian ASU system, which has similar though not identical functional characteristics. The Uzbek beneficiary is not happy with the prospect of running two systems. The Turkmen beneficiary is presently moving its physical rail operations centre from Cardzev to Ashghabad, where the system would be best installed. The future of the project is under discussion.

Most recently, a project for *Railways, Inter-state Tariff and Timetable Structure* has commenced. Again, this project is highly timely and strikes at the core of rail commercialisation and restructuring within the region. It aims to assist the national railway operating companies to align their tariffs and levels of service with the best international practice, based on sound market and cost analysis. Furthermore, regional co-operation between the companies is to be encouraged. It is being presented to beneficiaries as assistance to develop their businesses and compete against rival modes and alternative routes. The project is so timely, both for the fact that it is urgent for the local railway companies to develop viable business strategies for survival, and also because it is a precursor to restructuring themes which are at the core of the EBRD and ADB investment programmes, at present under formulation. The next project milestone is a regional seminar in Tashkent concerning the SYSMANAGEMENT cost management software which will eventually be provided to all beneficiaries. The co-ordination team has collaborated with the project team in arranging this seminar, which is to be held under the invitation of the Uzbek Railways and intends to attract senior rail management from all TRACECA states.

The Bureau des Comptes et de Compensation (BCC) of the European railway system has been drawn in to the project as a subcontractor. The implementation objectives of this project represent a radical advance on current local rail business practice, and hence pose a challenge. Success would be a considerable achievement for TRACECA.

A future Central Asian *Rail Restructuring Project* has been developed for the 1996 TRACECA budget in collaboration with the EBRD. The attraction of the project is that investment follow-up of possibly 200 MUSD is promised for the rail companies of Turkmenistan, Uzbekistan, and Kazakstan. The co-ordination team is developing the project

to eventually involve Tadjikistan and Kyrghystan. There is some uncertainty at present over our involvement with Uzbekistan, as the ADB is interested in Uzbekistan railways and the two banks have failed to agree on who should lead the investment component there. In any case, external assistance to the TRACECA network in the three major Central Asian countries appears to be assured.

4.4.5. Maritime

The TRACECA ports are key transit points for traffic along the TRACECA corridor. Much success has been achieved in focusing TA on these points, and in attracting the necessary follow-up investment. This has been done in close collaboration with the EBRD.

The Technical Assistance For The Development of The Port of Baku, Management Assistance and Training project aims to strengthen the Port's management in introducing policies and working methods to cope with the challenges that are enforced upon it by the new market oriented environment. The areas of attention for the project are the development of a strategic planning and marketing strategy, institution building, the relation between the management and the government, tariff structure and related cost recovery of port activities, including the needs for investments, port operations, costing and accounting system and the human resources policy.

The Port Network Plan and Improvement Programme / Ferry Terminals of Baku and Krasnovodsk project aims to produce the design and the necessary tender documentation for the renovation of the ferry terminals of Baku and Krasnovodsk.

Both of the preceding port projects have attracted the attention of the EBRD. They have therefor been extended to cover the general cargo facilities (including containers) and to extend the TA for full detailed design and tender documentation.

A future major project developed in collaboration with the EBRD and included in the 1996 TRACECA budget will study the commercialisation and investment needs of the Black Sea ports of Poti and Batoumi. In particular links to the TEN Corridor 9 terminating in Odessa will be promoted. Other links with Romanian, Bulgarian, and Mediterranean ports will also be considered. As has been revealed by the current small Cotton Task Force sub-project the future destiny of the Georgian Black Sea ports is linked to their eventual ability to act as storage and commodity trading centres, as well as simple land/sea transshipment points.

Our interest in the Black Sea Economic Committee conference, mentioned earlier, is linked primarily to the possibility of promoting links westward from TRACECA. The conference will provide a forum for discussions on development and common strategy for all of the Black Sea countries.

TA for the port of Aktau is being handled by the EBRD as a separate Bangkok facility project.

A potential problem for the future development of the TRACECA route is the Caspian Sea Shipping Company, which holds a monopoly on the Baku-Turkmenbashi ferry connection. A past TACIS national project has studied and made recommendations on the restructuring of this company but its findings have not been well received by the beneficiary state.

5. CONCLUSIONS

The TRACECA programme is highly visible and appreciated in the region. Several projects have been extended at the specific request of the beneficiary states, which is a firm indicator of esteem. The Legal Framework project is involved in the complex intricacies of legislation in the beneficiary states, which is again a positive indicator of those countries confidence in us.

Co-ordination with other donors is improved beyond recognition of any comparable action in other TACIS sectors. In fact outside of the TRACECA domain there is an undercurrent of competition rather than collaboration between "other donors". Investment interest by IFI in the region is growing, and we may claim credit for attracting part of this. The TRACECA programme is run in close collaboration with other donors. We are constantly seeking to add value to the programme by collaboration with others.

A higher degree of collaboration between project consultants within the programme has been achieved. The establishment of the regional co-ordination offices has extended co-ordination actions into the field. Previously co-ordination was very much a matter of briefings and requirements in TOR, but while the intentions in Europe were good, the effects in the region were negligible. Internal sectoral continuity between different projects is vastly improved, if not perfected (the co-ordination team has on occasion assisted in internal co-ordination of projects).

The technical Co-ordination structure which has been established for TRACECA is unique in TACIS, and the experience has much to recommend it:

Now that the Co-ordinating team structure and implantation has been mostly established, it would be desirable for actions to become routine rather than punctual. This will allow time and attention to be devoted to the considerable and unavoidable challenges which the programme poses (assisting in the assurance of multi-state collaboration, ensuring sustainable value from the existing projects,...).

In particular it will be necessary to ensure that the tenderers for the future projects, expected to be launched imminently, are correctly introduced to the appropriate beneficiary state authorities. There is a distinct risk that visiting tenderers will be confused with experts working on present projects. Later, it will be necessary to assist the new appointed consultants in identifying the most appropriate working partners within the beneficiary organisations.

Efforts should be devoted to achieving maximum value added for the regional transport system through the presently foreseen seminar and conference agenda, and the ground work needed to make such events successful. (particularly those foreseen by the Legal Framework and Tariffication projects, but also the Tbilisi and Almaty national sponsored events).

The rapid growth of the World-Wide-Web (WWW) provides an excellent medium for the dissemination of information concerning TRACECA. We therefor propose to set up a "web-site" for TRACECA in the immediate future. The technical difficulties are being appraised, and the format of the site will be developed accordingly.

The initial concept of the 1997 TRACECA programme has been proposed by TACIS management. The emphasis is on physical facilities related to border crossings. The team will

now look for projects which could be adapted to the concept, by site inspection, and by examination of qualifying components of existing projects. Also the IFI are being sounded for themes which can act as vectors of concrete action on their part.

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ANNEXES

- ANNEX 1 Terms Of Reference - TRACECA Co-ordination Team
 TNREG 9404**
- ANNEX 2 The Brussels Declaration**
- ANNEX 3 The Almaty Conference Participants and Closing Documents**
- ANNEX 4 The Vienna Conference Participants and Closing Documents**
- ANNEX 5 The Venice Conference Participants and Closing Documents**
- ANNEX 6 The Athens Conference Participants and Closing Documents**
- ANNEX 7 Project Summaries**
- ANNEX 8 Contracted Project Reports Status Summary**
- ANNEX 9 Project Progress Tables**

ANNEX 1

Terms Of Reference - TRACECA Co-ordination Team TNREG 9404

Terms of Reference

TRACECA CO-ORDINATION TEAM

1. Background

The states of the NIS have inherited a system of transport infrastructure and management designed for trade and economic relations centered on and directed from Moscow. The needs of a free market system, and new possibilities for trade and cooperation with new partners internationally, require a different approach. There are pressing requirements for new systems of management, at a national level and in coordination between states for training of transport managers and for preparation for the major investments required to bring transport infrastructure up to current international standards. An effective transport system, oriented towards actual and potential markets in Europe and other countries outside the NIS, is of fundamental importance to the development of healthy trading relationships.

This is particularly true for the countries in the Caucasus and Central Asia where the need to foster trade both within the region and between the region and the EU and third countries is acutely felt. For this reason a TRACECA conference was organised by the European Union in May 1993 bringing together representatives of the 8 participating Caucasian and Central Asian states and European experts with extensive transport expertise. The objectives of this conference were:

- to stimulate cooperation among the participating Republics in all matters pertaining to the development of trade and transport within the region.
- to promote the Transport Corridor Europe Caucasus Asia
- to identify problems and deficiencies in the region's trade and transport systems
- to define a Technical Assistance programme to be financed by the EC

During this conference in Brussels a number of project proposals were made for the Traceca programme. Since the time of the conference the programme has been developed by way of four sectoral working groups (trade facilitation, rail, road and maritime) consisting of representatives from all participating states. These working groups were serviced by a team of four sectoral specialists based in Brussels who are responsible for the organisation of the working groups, project identification missions and drawing up of Terms of Reference.

15.

Three such Working Group meetings have taken place and 17 projects are under implementation in April 1996. During the last meeting in Venice on 28-29 March 1996 a strong call was made by the participating states to provide additional technical assistance and to install resident coordination of the projects within the TRACECA programme.

In particular the following demand was put forward by the participating republics: "*To establish working parties on site for each Traceca project which will monitor the progress of each project. The working party shall consist of representatives of each republic concerned by the project and the regional experts of the coordination team.*

These working parties shall meet at regular intervals and shall insure the permanent flow of information, reporting and coordination of the project in question. The resident regional experts shall report on progress of other Traceca projects with a view to ensure coordination between projects, make full use of synergies, and avoid duplication".

The team of sectoral experts based in Brussels will be replaced on the demand of the participating republics by a team of resident regional experts: "The Traceca Coordination Team".

2. Structure

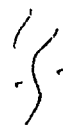
The TRACECA Coordination Team will have three members:

- a Team Leader based in Brussels
- a Coordinator for Central Asia based in Tashkent
- a Coordinator for the Caucasus based in Tbilisi

The three team members must as a group provide the technical expertise to develop and execute the projects in the rail, road, maritime and horizontal sector. To this end they are required to have the engineering, economic and operational skills in order to implement and to coordinate the projects identified as priority actions by the sectoral working groups.

The coordinators will organise the working parties for ongoing projects in their region and will report to the Team Leader in Brussels. The Team Leader will ensure overall coordination and will organise the working group meetings (2 per annum in Europe), he will report on a daily basis to the Task Manager.

The budget will cover all office accommodation and all operational costs.



3. Tasks of the Team Leader

A. To provide a central level of coordination of all projects and programme activities linked to Traceca. Nameiy:

A.1 Define, in operational terms, the specific objectives and the overall strategy of the activities through the work of the sectoral working groups and the regional working parties.

A.2 Oversee the operational use of resources: human (team members, short term experts etc), financial (travel expenses incurred by working groups and working parties etc).

A.3 Draw up Terms of Reference for various projects and activities in line with the project guidelines and overall objectives established at the Traceca working group meetings.

A.4 Assist in tender evaluation meetings in Brussels in cooperation with Tacis Procurement Unit.

A.5 Ensure follow-up of ongoing projects through analysis of project outputs, evaluation of time-tables, definition of future project priorities.

A.6 Coordinate closely with other donors and investors involved in Traceca activities. In particular, close contact will need to be maintained with EBRD, World Bank, International Union of Railways, International Road Union.

A.7 Liaise directly with all relevant recipient country institutions to maximise the implementation of the projects and to preserve the regional character and coherence of the project.

A.8 Set up a library of all available technical assistance projects' reports dealing with issues related to the Traceca programme.

A.9 Distribute project information to other donors and investors involved in the Traceca programme and inform the participants in the Traceca programme by a monthly newsletter on the progress of ongoing projects.

B. Coordinate the development of the Traceca corridor, where possible, with the objectives of EU's transport policy and in particular in the Trans European Networks.

C. Report directly to Tacis in Brussels on all aspects of the projects including coordinating team member activities in the participating republics.

4. Tasks of the Co-ordinators

- A. To provide a regional level of coordination of all projects and programme activities linked to Traceca. Namely:
- A.1 Organise working parties meetings on site for all ongoing Traceca projects with concerned and related contractors, with representatives of participating republics and eventually with representatives from international institutions or commercial partners. The delegation will be involved in all meetings involving international institutions and local ministries.
 - A.2 Act as a secretary to the sectoral working group meetings in order to coordinate all ongoing and new planned projects within one particular transport mode (rail, road, maritime transport).
 - A.3 Establish regional offices (Tbilisi/Tashkent) in order to ensure on site coordination between contractors. The task co-ordinator will remain in close contact with EC Delegation and authorities of participating states including the Coordination Unit.
 - A.4 Ensure coordination and reporting of programme activity for each project and any activity linked to the Traceca project.
 - A.5 Provide assistance and active involvement for the encouragement of regional trade and transport flows through the development of the Traceca route.
 - A.6 Assist the teamleader in the drawing up of Terms of Reference for new projects.
 - A.7 Assist the teamleader in the definition of future regional transport priorities
 - A.8 Liaise with the other regional coordinator for projects which cover both regions.
 - A.9 Review and comment on all reports issued by the contractors
 - A.10 Report directly to the teamleader in Brussels.
 - A.11 In Countries where a Delegation is established, the task co-ordinator will report to the Delegation on a bi-monthly basis.

5. Task Sharing

None of the aboved mentioned tasks necessarily reflect individual roles. The number of tasks imply that the members of the team will need to be responsible for more than one task.

6. Reporting

Bi-annual reports will be prepared which will account for progress so far in each region. They will also include an account by the teamleader assessing the overall progress of Traceca, accounting for weaknesses and strenghts, suggesting future improvements and setting out future work programmes.

Copies of report will be sent to

- the recipient organisations
- EC Delegation
- States Coordination Units
- EC Headquarters

7. Logistics

It is the responsibility of the contractor to make arrangements for office space in Brussels, Tibilisi and Tashkent. The cost will be paid from the contract budget. All travel and accomodation costs, including travel by national experts of participating states, will also be borne by the contract budget.

8. Conflict of interest.

Any company or party responding to an invitation to tender must do so on the understanding that any companies or parties which have active links with any members of the proposed team will automatically be excluded from bidding for any subsequent specific project work within the Traceca programme.

9. Duration

The contract will run for a period of 12 months.

10. List of ongoing projects annexed.

13-

1.Freight Traffic Managment Information System	850.000 ECU
2.Regional Traffic Forecasting Model	700.000 ECU
3.Human Resources: Managment Training	900.000 ECU
4.Legal and Regulatory Framework	1.500.000 EC
5.Trade Facilitation, Customs Procedures and Freight Forwarding	800.000 ECU
6.Intermodal Transport Systems	500.000 ECU
7.Railways: Infrastructure Maintenance Central Asia	1.200.000 EC
8.Railways: Infrastructure Maintenance Caucasus	1.200.000 EC
9.Railways: Rolling Stock	700.000 ECU
10.Improvement Road Services Caucasus	250.000 ECU
11.Improvement Road Services Central Asia	600.000 ECU
12.Spare Parts Procurement	300.000 ECU
13.Pavement Managment Systems	1.000.000 EC
14.Human Resources: Maritime Training	700.000 ECU
15.Port Network Plan	800.000 ECU
16.Joint Venture Caucasian Railways	2.000.000 EC
17.Tariffs and Time-tables	1.500.000 EC

15.

STATEMENT OF ENDORSEMENT

TRACECA projects, Horizontal

Project Title: TRACECA COORDINATION TEAM

Recipient Institution: Ministries of Trade and Transport of the Republics of:
Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tadjikistan, Turkmenistan, Uzbekistan

We the undersigned with principal seat at, hereby declare that we,

1. have carefully read the outline Terms of Reference of the Projects (hereinafter outline TORs), which are attached to the present Statement of Endorsement as Annexes

2. agree that the outline TORs appended hereto will serve as the basis for the development of the full terms of reference

3. accept that this Statement of Endorsement is also applicable to the full Terms of Reference, and that no further endorsement will be necessary for project implementation (e.g. launch of tenders, preparation of contracts etc.) to commence.

4. approve the TOR and are prepared to accept the technical assistance therein described;

5. accept that the experts in charge of rendering the technical assistance according to the outline TOR be selected according to the procedures of the Commission of the European Communities;

6. undertake to exert all our best efforts in order to make the rendering of the experts' technical assistance possible and to extend said experts our fullest co-operation. In particular, we undertake to put at the experts' disposal, free of charges, our facilities and staff, as they may be necessary;

7. undertake to acquire, free of charges, the ownership of the equipment purchased for the implementation of the Projects, if and when the transfer of property of said equipment is provided for under the outline TORs and/or the contract between the Commission of the European Communities and the experts, and to provide said experts with separate official statements certifying the receipt of the equipment;

8. shall allow, upon reasonable notice, independent inspectors, appointed by the Commission of the European Communities, and/or the Court of Auditors of the European Communities, to monitor the development of the Project and undertake to give said inspectors and/or the Court of Auditors the necessary assistance

For and on behalf of:

ARMENIA	Name / Date / Place	<i>[Signature]</i> (ex pp. 6.1)
AZERBAIJAN	Name / Date / Place	<i>[Signature]</i> (T. Javadov) 11.05.96
GEORGIA	Name / Date / Place	<i>[Signature]</i> (G. Navaidze) 04.05.96
KAZAKHSTAN	Name / Date / Place	<i>[Signature]</i> 20.05.96
KYRGHYZTAN	Name / Date / Place	<i>[Signature]</i> 11.05.96
TADJIKISTAN	Name / Date / Place	<i>[Signature]</i> (S. Jamolov) 11.05.96
TURKMENISTAN	Name / Date / Place	<i>[Signature]</i>
UZBEKISTAN	Name / Date / Place	<i>[Signature]</i> B. Arsenov 11.05.96

Заявление об Одобрении

Проекты ТРАСЕКА, Горизонтальный

Название Проекта : Координационная группа ТРАСЕКИ.

Учреждение -получатель : Министерства Торговли и Транспорта республик: Армения, Азербайджан, Грузия, Казахстан, Кыргызстан, Таджикистан, Туркменистан, Узбекистан

Мы, нижеподписавшиеся, имея основное местопробывание в....., настоящим заявляем, что мы:

- 1. тщательно изучили описание Технического задания на Проекты...
2. согласны с тем, что описания ТЗПы, приложенные к ним, будут служить основанием для развития Технического задания;
3. согласны с тем, что это Заявление об Одобрении является также полным Техническим Заданием...
4. одобряем эти описания ТЗПы и готовы принять описанное в нем техническое содействие;
5. согласны с тем, чтобы эксперты, которым поручается оказывать это техническое содействие...
6. обязуемся приложить максимум усилий к тому, чтобы сделать возможным оказание нам технического содействия...
7. обязуемся бесплатно приобрести право собственности на закупленное для осуществления этих Проектов оборудование...
8. будем разрешать, по получении мотивированного извещения, независимым инспекторам...

От имени и по поручению :

АРМЕНИЯ Имя/Дата /Место
АЗЕРБАЙДЖАН Имя/Дата /Место
ГРУЗИЯ Имя/Дата/ Место
КАЗАХСТАН Имя/ Дата /Место
КЫРГЫЗСТАН Имя/Дата/ Место
ТАДЖИКИСТАН Имя /Дата/Место
ТУРКМЕНИСТАН Имя /Дата/Место
УЗБЕКИСТАН Имя /Дата/Место

Handwritten signatures and names of representatives from various countries, including 'A. D. ... (с.з.м.)', 'S. ... (с.з.м.)', and 'B. ...'.

ANNEX 2

The Brussels Declaration

BRUSSELS DECLARATION

Representatives of Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and of the Commission of the European Communities met in Brussels from May 3rd to May 7th 1993 for a joint working session on the co-ordination and development of the Transport Corridor : Europe-Caucasia-Asia (TRACECA) and the transport Corridor Europe-Asia.

The major objectives of the meeting were as follows :

- (i) to enable the representatives of the Participant States to state their policies regarding international transport and trade.
- (ii) to examine ways to promote their international trade.
- (iii) to stimulate interest in developing major transport corridors between Asia and Europe, including TRACECA.
- (iv) to define the content of Technical Assistance within the framework of the TACIS programme.

During the meeting the Representatives of the Participant States submitted their proposals and reports and expressed their wish to cooperate more closely in the area of transport and trade. At the same time, the Representatives of the Commission expressed their interest to extend co-operation in the field of transport policy, beyond the scope of the Pan-European Transport Conference, held in Prague on October 31st 1991, to the States represented at the present Conference.

As a conclusion of the working session, the Representatives of the Participant States confirmed their interest to improve transport performance in order to develop trade.

The Representatives of the Participant States :

Agree that matters concerning international transport, trade and related regulations require to be dealt with in a co-ordinated manner.

Concur that decisions regarding such matters should be compatible with conventions and regulations in widespread international use.

Confirm a common interest to develop their international trade.

Recognise the urgency to implement relevant legal and trade reforms which constitute an essential preliminary to the development of international trade.

Declare their interest to develop the potential for transit traffic by virtue of their geographic location.

Appreciate the fact that commercial criteria are of major importance to transport services in market economies.

Note the requirement to develop fast, reliable transport routes, taking account of transiting cargo of neighbouring countries.

Appreciate the contribution made by observers to the meeting, including international financial institutions and neighbouring countries.

Welcome the Technical Assistance for the Regional programme provided by the European Communities under the TACIS programme.

The Representatives of the Participant States DECLARE :

- their intention to intensify co-operation in the development of transport systems and related commercial services on a regional basis.
- their aim to co-ordinate actions, plans and measures regarding international trade and transport on a regional basis through appropriate mutual co-operation, including the European Community.
- their willingness to exchange know-how and experience related to regional transport and trade issues.
- the intention to examine the adoption of major international conventions and legal agreements covering trade and transport.
- their willingness to ensure the compatibility of their regulations, documents and procedures as far as trade and international transit as well as technical norms and standards are concerned.

The Representatives of the Participant States URGE the European Community to include in their Technical Assistance Programmes, for transport and trade, the following as a matter of priority :




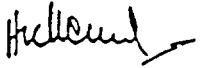
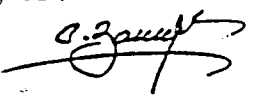
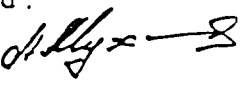


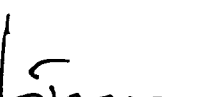
- (i) the provision of all European Community's available documentation, translated into Russian and of Technical Assistance for the introduction of legal and commercial frameworks necessary for the development of transport and international trade.
- (ii) the introduction of a common system for foreign trade statistics, for the accounting of transport companies, and for an exchange of information on trade and transport movements.
- (iii) the implementation of comprehensive training programmes with particular attention to management, commercial and marketing techniques, including the training of trainers and the creation of training centres in their States.
- (iv) provision, within the framework of the existing Co-ordination Units as appropriate, of transports experts working to enhance regional co-operation.
- (v) traffic, cost analysis and feasibility studies for the main transport arteries for international and inter-regional trade.
- (vi) studies and assistance necessary for the implementation of a common air traffic control system across the States, as well as personnel training and assistance in the development of associated electronic and ground equipment and of airports.
- (vii) the development of telecommunication systems related to transport, such as, for example, a freight traffic information system.

They agree that the elements and projects attached to this Declaration are the outputs of the different technical workshops. Moreover, they request the Commission to take into account these elements and projects which are of a common interest to the States, when defining its Technical Assistance Programme.

IN CONCLUSION :

The Representatives of the Participant states urge the Commission of the European Communities to commence the implementation of the above orientations as a matter of urgency. In this context, the Commission should associate closely international financing institutions such as the World Bank, EBRD, ADB and the Islamic Bank.

Finally, the Representatives of the Participant States express their gratitude for the holding of the TRACECA Conference and for the goodwill and spirit of co-operation between themselves and with European Community

For ARMENIA :	Mr. M. SHISMANIAN First Deputy Minister of Economy	Signed : 
For AZERBAIDJAN :	Mr. Z. SAMED-ZADE National Co-ordinator	Signed : 
For GEORGIA :	Mr. Z. KERVALISHVILI Deputy Prime Minister	Signed : 
For KAZAKHSTAN:	Mr. N. ISINGARINE Minister of Transports	Signed : 
For KYRGYZSTAN :	Mr. S. ZAKIROV Referent, Transport Department of the President's Office	Signed : 
For TAJIKISTAN :	Mr. A.E. MOUKHTASHOV Vice-Prime Minister	Signed : 
For TURKMENISTAN	Mr. S. RAKHMANOV Head of Transport & Communications Division, Cabinet of Ministers	Signed : 
For UZBEKISTAN :	Mr. A. ABDOURAKHMANOV Deputy Minister External Economies	Signed : 
For THE COMMISSION OF THE EUROPEAN COMMUNITIES	Mr. R. TIMANS Head of Division, Directorate General of External Relations	Signed : 

ANNEX 3

The Almaty Conference Participants and Closing Documents

**PARTICIPANTS AT THE FIRST TRACECA WORKING GROUP
CONFERENCE IN ALMATY**

19th and 20th of May 1995

ARMENIA	SHAKHNAZARIAN	Ashot
AZERBAIJAN	SADIKOV RASULOV GAZANOV EFENDIEV FATALIEV	Ikram Fuat Shakhin Islam Gamza
GEORGIA	TATUNISHVILI IMNIASHVILI LOMADZE	Guran Valerian Levan
KAZAKHSTAN	MUHAMEDZHANOV IDRISOVA KURCHENKOV TARANENKO	Kanat Aigun Aleksey Arkady
KYRGHIZSTAN	RAZMATULLIN TAKYRBASHEV ZHUMBAYEV	Renat Aba Erkim
TURKMENISTAN	YAZBERDYEV VOLODIN	Meret Vladim
TADJIKISTAN	BOLTOV MIRZOYEV	Victor Timur
UZBEKISTAN	DJURAEV PULATOV GUBACHEV AGZAMOV	Erkin Akbar Vladim V.
EUROPEAN COMMISSION	CLEGG CENDROWICZ	Nicholas TACIS Task Manager Nicholas DG VII International Relations
TRACECA PROJECT Management Team	BATTERSBY SIMS VAN DE PERRE VAN EERDENBRUGH	Robert Michael Christiaan Christian

Protocol of the first meeting of the TRACECA Working Group

The representatives of the Republics of Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tadjikistan, Turkmenistan, and Uzbekistan, and of the European Commission, have come together in Almaty on May 19th and 20th 1995 for the first meeting of the TRACECA Working Group.

At this meeting, the Road, Rail, Maritime and Trade Sectoral Working Groups examined outline proposals for the immediate project priorities for the TRACECA programme.

The constructive and friendly atmosphere in which this meeting took place was favourable to finding an agreement on a large number of the projects which were included in the original list adopted at the TRACECA Conference in May 1993. As a result, project n° 1, 3, 6, 7, 8, 10, 11, 12, 13, 14, 15, 17, 19, 20, 21 and 22 will be able to be implemented by the Commission in the forthcoming months.

A consensus was reached on the importance of pursuing work on other sub-sectoral projects as adopted at the TRACECA Conference in order to find an agreement on these project outlines. This work shall be continued at the next TRACECA Working Group Meeting, due to be held in Autumn 1995.

During this meeting, a particular emphasis was placed on the need to make rapid progress on the implementation of the objectives of the "Brussels Declaration" in the light of the delays which the TRACECA programme has so far incurred. It is the belief of all that quickly launching as many of the remaining projects as possible is the correct way forward, and that the agreement reached over the last two days on the outlines of the majority of the projects still to be launched is therefore a significant first step in the implementation of the objectives of the Brussels Declaration.

Signed, on May 20th 1995 in Almaty,

Head of the delegation of Armenia,

H. Buef ARMEENI H. SHANNAZAR

Head of delegation of the Azerbaijan Republic,

Saidad Cadevob U.M.

Head of the delegation of the Republic of Georgia,

Shariq Turykashvili

Head of the delegation of the Republic of Kazakhstan,

Genel Myrmanov

Head of the delegation of the Kyrgyz Republic,

J. Mamyrbayev

Head of the delegation of the Republic of Tadjikistan,

Boboyev V. Boltov

Head of the delegation of Turkmenistan,

Yagberdiev

Head of the delegation of the Republic of Uzbekistan,

B. Hekmatov

Head of the delegation of the European Commission,

TRACECA (Road, Rail, Maritime, Trade)

ANNEX 4

The Vienna Conference Participants and Closing Documents

**PARTICIPANTS AT THE SECOND TRACECA WORKING GROUP
CONFERENCE IN VIENNA**

26th and 27th of October 1995

ARMENIA	SHAKHNAZARIAN	A.
	TCHSHMARITIAN	K.
	KRMONIAN	R.
	MOVSESIAN	V.
AZERBAIJAN	SADIKOV	I.
	MANSUROV	T.
	NADIRLE	V.
	SHARIFOV	A.
GEORGIA	MDIVNISHVILI	T.
	TSOMAIA	G.
	VEKUA	S.
KAZAKHSTAN	MUHAMEDZHANOV	K.
	LARICHEV	S.
	KURCHENKOV	A.
	SAGIMBAEV	S.
KYRGYZSTAN	RAKHMATULLIN	R.
	ILYIN	V.
	TAKYRBASHEV	A.
TURKMENISTAN	YAZBERDYEV	M.
	VOLODIN	V.
	BYASHIMOV	B.
TADJIKISTAN	BOLTOV	V.
	MIRZOYEV	T.
	OYMAKHMADOV	M.
	HABIBOV	H.
UZBEKISTAN	DJURAEV	E.
	NADJIMIDINOV	K.
	ERKINOV	N.
	AGZAMOV	V.
EUROPEAN COMMISSION	FOTIADIS	F.
	STROOBANTS	D.
	PEETERS	J-P.
	GRAILLE	M.
	HAHN	O.
	ROTHACHER	A.
TRACECA PROJECT Management Team	BATTERSBY	R.
	SIMS	M.
	VAN DE PERRE	C.
	VAN EERDENBRUGH	C.
EBRD	OUSEY	C.
	DELIA	M.
WORLD BANK	BONDE	A.

	SMITH	G.
UN	HARITOS	C.
	HUNTER	C.
	CHARLIER	P.
CONTRACTING CONSULT'S	BROERSMA	K.
	SCHUBERT	W.
	SOUTHERN	A.
	WIELER	W.
	ARLT	W.
	VISSER	
	TITE	A.
	RINGWALD	P-M.

TRACECA Second Working Group meeting :

Vienna 26 - 27 October 1995

AGREED MINUTES

The second working group meeting of the Traceca programme was held in Vienna on 26 -27 October 1995. Delegations of the 8 participating Newly Independant States and the European Commission decided on the following :

1. The area of transport represents an appropriate tool for fostering trade flows and thus enhance sustainable development. It is in this spirit that the objective of the Traceca programme shall be the development of the rail, maritime and road routes linking the Georgian Black Sea ports with the Caspian ports and further through the Central Asian Republics. The identified route is attached in annex 1.

2. In order to achieve this objective, the Traceca programme shall focus on 4 areas of action :

- (a) Trade facilitation
- (b) Maintenance and Operations
- (c) Rehabilitation
- (d) Modernisation

Each delegation made recommendations for areas which require action in the areas abovementioned.

These proposals are shown in annex 2.

3. It was agreed that the above constitutes the strategy and the means for the future Traceca work plan.

Any future Traceca project must meet this approach and must be endorsed in common agreement by all participating States and the European Commission.

4. The above objectives shall be implemented through the following steps :

(a) The participating States shall communicate to the services of the European Union (Mr. Fotiadis - Mr. Stroobants : Tel 00-32-2-295 86 80, Fax 00-32-2-296 39 12) by the latest on November 15th the following information :

-detailed description of the proposals contained in annex 2, as proposed by each delegation

-the order of priority of each proposal, indicating in particular the urgency of certain projects

-a comprehensive list of International Financial Institutions and other donors already involved in the areas mentioned in annex 2, and details on the status of their commitments

-suggestions regarding the management structure which should be set up for the optimal implementation of the projects

Information received after November 15th shall not be taken into account for Traceca actions

(b) The commission shall send out a team on a field trip which will travel along the route indicated in annex 1, starting in the beginning of December from Georgia. The objective of this mission shall be in particular the assessment of problems and priorities which need to be addressed to make the route operational in the short term. The recommendations from this mission will be communicated to the Traceca members.

(c) The Commission shall, on the basis of the informations provided by the recipient States (see a above), the annex 2, and the factfinding mission mentioned above, elaborate of new Traceca projects. These project proposals will be submitted to the Traceca States in February 1996 for consideration. The Commission shall also make proposals regarding to the management structure of the Traceca programme.

(d) In February 1996, the Commission shall call an international donors meeting in Brussels in order to present and co-ordinate the new project proposals in view to ensure optimal allocation of resources.

(e) A third Traceca Working Group meeting shall be organised in March 1996 with as objective to achieve comprehensive agreement on the entire list of projects, the timing of their implementation and the appropriate management structure.

(f) The Commission shall subsequently explore the possibility to provide financial resources for the implementation of all or part of the endorsed projects. Providing that the necessary funds can be allocated, implementation will start in the second half of 1996.

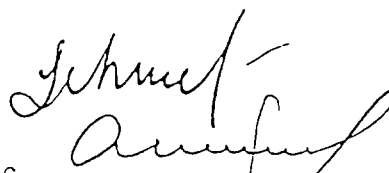
5. It was agreed that, in view of their urgency, that a trade facilitation project (tariffs, timetables) shall be launched without delay through the existing Traceca budget allocation, which will complement the ongoing project on customs facilitation.

6. Representatives of International Financial Institutions attended the Working Group activities.

7. The parties consider that the outcome of the Working Group marks a decisive cornerstone in the development of the Traceca programme, as it provided a clear strategic objective, and the means for its accomplishment. It is recognised that both the strategic conception and the means to implement it are the result of an open dialogue among the participants and are based on full concensus. The Commission is extremely satisfied with this outcome.

Done in Vienna on October 27th 1995

Head of delegation of Armenia,



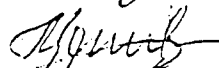
Head of delegation of the Azerbaijan Republic,



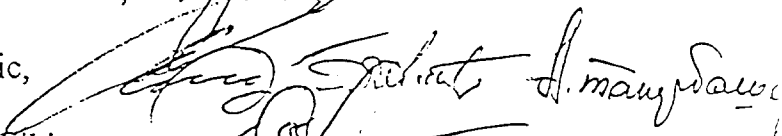
Head of delegation of the Republic of Georgia,



Head of delegation of the Republic of Kazakhstan,



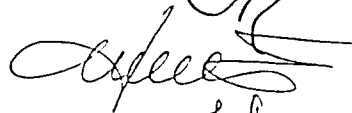
Head of delegation of the Kyrgyz Republic,



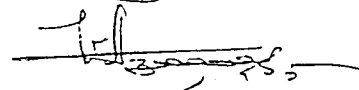
Head of delegation of the Republic of Tadjikistan,



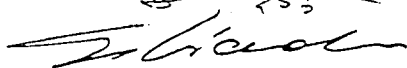
Head of delegation of Turkmenistan,



Head of delegation of the Republic of Uzbekistan,



Head of delegation of the European Commission,



ANNEX 5

The Venice Conference Participants and Closing Documents

**PARTICIPANTS AT THE THIRD TRACECA WORKING GROUP
CONFERENCE IN VENICE**

28th and 29th of March 1996

ARMENIA	SHAKHNAZARIAN	Ashot
	TCHSHMARITIAN	Karen
	OGANESSIAN	Ararat
	MOVSESIAN	Vardan
AZERBAIJAN	MAMEDOV	Aydin
	BASHIROV	Aydin
	NADIRLE	Vakhyd
	SHARIFOV	Abid
	KASSIMOV	Farkhad
	HEIBATOV	Oktai
GEORGIA	CHK Aidze	Akaki
	NAKAIDZE	Guram
	GEGIDZE	Valeriy
	ZALDASTANASHVILI	Konstantin
KAZAKHSTAN	MUHAMEDZHANOV	Kanat
	LARICHEV	Sergey
	KURCHENKOV	Aleksey
	IDRISOVA	Aigul
	TARANENKO	Arkadiy
KYRGYZSTAN	RAKHMATULLIN	Rinat
	ILYIN	Victor
	ZAKIROV	Sulaiman
TURKMENISTAN	YAZBERDYEV	Meret
	VOLODIN	Vladimir
	BERDYEV	Moukhamedberddy
TADJIKISTAN	BOLTOV	Victor
	MIRZOYEV	Timur
	HABIBOV	Mukhammad
UZBEKISTAN	DJURAEV	Erkin
	NADJIMIDINOV	Khurshit
	ERKINOV	Navruz
	AGZAMOV	Vokhid
EUROPEAN COMMISSION	FOTIADIS	Fokion
	STROOBANTS	Daniel
TRACECA PROJECT Management Team	BATTERSBY	Robert
	SIMS	Mike
	VAN DE PERRE	Christian
	VAN EERDENBRUGH	Christian
	VAN DER ZWAAN	Ludmilla
EBRD	OUSEY	Chris
	PHILIPPS	Mark
	ALBRECHTS	Steen

TRACECA THIRD WORKING GROUP CONFERENCE: VENICE 27-28 March 1996

Agreed Minutes.

1. The Working Group reviewed the recent developments in relation to the growing traffic volumes along the TRACECA route (eg. Transport agreements concerning cotton, petroleum equipment and other products). These developments were considered of paramount importance, as they will make a major contribution to the economic viability and sustainability of the TRACECA route. In view of these growing volumes it was considered essential to step up co-ordination, co-operation, and communication among the relevant authorities of the Republics involved in the TRACECA route.

2. The Working Group recommended that the TRACECA programme should be opened to other interested Republics which are beneficiaries of the TACIS programme (in particular to Ukraine), and if possible countries which are beneficiaries of the PHARE programme. Synergies between the TRACECA route and other routes in the Region should be encouraged.

3. Ongoing projects were reviewed in detail by the Sectoral Working Groups and suggestions were put forward by delegations on certain aspects to be taken into account in the Inception Phase of these projects. The Commission undertook to transmit these recommendations to the contracted consultants, and will ensure their consideration subject to rules and procedures of TACIS projects.

4. It was recognised that there is an urgent need for co-ordination of ongoing projects on site. The Commission informed delegates that a team of European resident regional experts would be made available from July 1996 onwards, which would be exclusively entrusted with the co-ordination of all TRACECA projects.

It was agreed that for each TRACECA project a working party shall be established on site, which will monitor the progress of each project. The working party shall consist of representatives of each Republic concerned by the project, the contracted consultant of the project and the resident regional experts mentioned above. These working parties shall meet at regular intervals and shall insure the permanent flow of information, reporting, and co-ordination of the project in question. The resident regional experts shall report on progress of other TRACECA projects with a view to ensure co-ordination between projects, make full use of synergies, and avoid duplication.

5. Delegations recommended that local expertise should be mobilised in projects to the maximum extent possible. The Commission endorsed this view. It considered that participation by local experts is already foreseen in the ongoing projects and undertook to promote still further their involvement.

6. The Working Group strongly recommended that a follow-up to the existing TRACECA programme is urgently needed in order to achieve the sustainability of the programme, and ensure its success. In this respect suggestions which were put forward by delegations during the Vienna Working Group were translated into a number of possible follow-up projects, which were discussed in details and were endorsed by all participants. In addition delegations put forward a number of new proposals for follow-up projects. The list of all follow-up projects is annexed.

It was agreed that follow-up projects should concentrate to the maximum extent possible on projects with bankable feasibility studies in order to attract private and commercial investments as well as financial support by the IFI.

7. All delegations made a strong call upon the Commission to provide the financial means necessary for the proposed follow-up projects from the TACIS inter-state programme for the years 1996 and 1997. They consider that the follow-up for the TRACECA programme should form a priority of the TACIS interstate programme. They announced their intention to support this position in the course of the forthcoming discussions of the interstate programming in 1996.

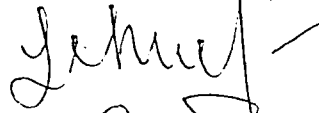
8. The parties reconfirmed the support of their Governments for the implementation of the project "Silk Road 2000".

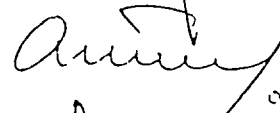
9. The Kazakh delegation announced their intention to organise a conference-exhibition on international transit in Almaty during May 1997.


10. The Mongolian delegation which attended as an observer expressed its interest in studying the inclusion of Mongolia in the TRACECA programme on the basis of mutual benefit, and will continue consultations with the Commission on this issue.


11. The next meeting of the Working Group shall take place in September 1996 after the decision on the budgetary allocations of the 1996 interstate programme.


Done in Venice on 29 March 1996, for the delegations of,

Armenia, 

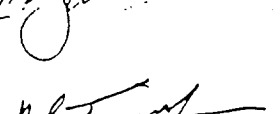
Azerbaijan, 

Georgia, 

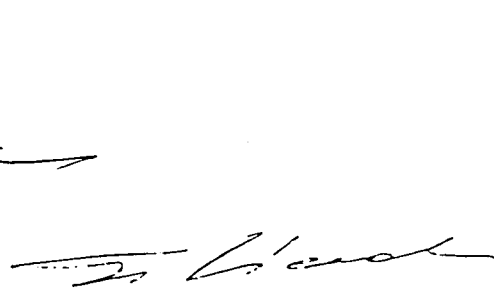
Kazakhstan, 

Kyrgyzstan, 

Tadjikistan, 

Turkmenistan, 

Uzbekistan, 

The Commission of the European Union, 

ANNEX

List of Projects Endorsed at the TRACECA Working Group Conference - Venice

1. Railway Electrification Study - Caucasus, including Georgian electric locomotive plant
2. Railway Electrification Study - Central Asia
3. Development of Intermodal Transport Systems
4. Railway Rolling Stock Maintenance
5. Transit Route Study - Armenia and Georgia
6. Transit Route Study - Kazakhstan and Kyrgyzstan
7. Transit Route Study - Tadjikistan and Uzbekistan
8. Road Improvement Plan - Turkmenistan
9. Roads - Winter Maintenance/Lanslides
10. Roads - Materials, Plant, Standards.
11. Intercity Passenger Road Transport
12. Road Infrastructure - Rehabilitation and completion of the Red Bridge.
13. General Cargo and Container Study Baku.
14. General Cargo and Container Study Turkmenbashi
15. Development of the Baku Ship Yard
16. Railway Ferry Terminal in Poti for a link with Ukraine, Bulgaria, and Roumania.

New TRACECA Project Themes Proposed by Delegations for Consideration

1. Improvement of Border Crossing Facilities
2. Harmonisation of National Trade Regulation Systems with international standards
3. Interstate Tariff Structures for Road Transport
4. Training of Railway Specialists
5. Information Systems for TRACECA Ports (Batoumi, Poti, Baku, Turkmenbashi, Aktau)
6. Container Terminal Study for Poti
7. Training Programme for Road Specialists
8. Pavement Management Study
9. Study of Urban Congestion on TRACECA through routes.
10. Joint Ventures for Roadside Service Facility Developments
11. Road Link to Mongolia.
13. International transit symposium-exhibition in Almaty, May 1997.
14. Feasibility study for the Railway Line Kurgan-Tube-Kulov.
15. Transit Routes - Azerbaijan-Georgia.
16. Reconstruction of the Main Railway Track on the Route Bekabad-Kanibadam, length 60km.
17. Repair and Upgrading of Railway Maintenance at Almaty.

ANNEX 6

The Athens Conference Participants and Closing Documents

**PARTICIPANTS AT THE FOURTH TRACECA WORKING GROUP
CONFERENCE IN ATHENS**

17th and 18th of October 1996

ARMENIA	SHAKHNAZARIAN TCHSHMARITIAN MOVSESIAN	Ashot Karen V.ardan
AZERBAIJAN	HEIBATOV MAMEDOV SADIKHOV AKHMEDDOV PANAKHOV TALIBOV	Oktay Zyia. Vakhid Aidyn Musa
GEORGIA	ADEISHVILI SALARIDZE TSISKARISHVILI VARSHANIDZE	Merab Boris Soso Bichiko
KAZAKHSTAN	MUHAMEDZHANOV LARICHEV KURCHENKOV IDRISOVA	Kanat Sergey Anatoliy Aigul
KYRGYZSTAN	ZAKIROV ILYIN RAIMKULOV	Sulaiman Victor Kydyk
TURKMENISTAN	YAZBERDYEV VOLODIN BERDYEV	Meret Vladimir Moukhammedberdy
TADJIKISTAN	BOLTOV MIRZOYEV MIRZOALIMOV	Victor Timur Chodimad
UZBEKISTAN	DJURAEV ERKINOV AGZAMOV	Erkin Navruz Vakhid
UKRAINE	ZUBKO SERIK	Arlikin Aleksey
MONGOLIA	ENKH-AMGALAN HANIBAL	Ulziisauhan J.
EUROPEAN COMMISSION	FOTIADIS STROOBANTS	Fokion Daniel
TRACECA PROJECT Management Team	GRAILLE SIMS DE GRAVE DE HALLEUX VAN DER ZWAAN	Mark Mike Laurence Ignace Ludmilla
EBRD	O'GRADY	Lin

UNCTAD	CARL	Hans
IRF	WARREN PEARCE	Benjamin Anthony
IRU	KRAUSZ	Peter
IUR	LEBRUN KACZMAREK	Daniel Tadeusz
SWK	BOOKER	Mark
GREEK MINISTRY OF NATIONAL ECONOMY	ZAOUSSIS	M.
GREEK FOREIGN MINISTRY	MARCANTONATOS	George
TACIS MONITORING TEAM	Pantelias	Sarantis

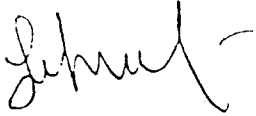
**TRACECA FOURTH WORKING GROUP MEETING
ATHENS 17-18 OCTOBER 1996**

AGREED MINUTES

1. The Working Group reviewed the recent developments which have contributed to boosting traffic flows on the TRACECA route; in particular the quadripartite agreement between Uzbekistan, Turkmenistan, Azerbaijan, and Georgia for transit of goods on the TRACECA route (cotton, cereals, etc.). Kazakhstan will consider joining this agreement.
2. The Working Group has made an evaluation of all ongoing projects within the TRACECA programme. The projects were evaluated on their content and objectives, on the quality of performance by contracted consultants and on the integration of local experts and beneficiaries in the projects.
3. In general, the Working Group concluded that the ongoing projects are implemented to the full satisfaction of the beneficiaries. Some recommendations for these projects were discussed in detail by the 8 participating Republics. The Commission shall transmit these recommendations to the concerned contractors and will ensure that they are implemented.
4. The Commission informed participating states on the decision of the EC to allocate an additional 10 million ECU for the follow-up of the TRACECA programme. Project proposals were presented which took into account requests for TRACECA follow-up actions made by the participating republics during the Vienna and Venice Meetings. These projects reflect the areas of immediate priority. They were discussed in full during the sectoral Working Groups.


As a result, the Working Group agreed that the annexed projects should be financed by the 10 MECU additional allocation.
5. For the above projects, TOR will be finalised by the Commission in close collaboration with beneficiaries in the coming two months, so that projects can be launched in the beginning of 1997.
6. The Working Group acknowledged the need to link the TRACECA route with the Trans European Networks, arriving at the Black Sea as well as with Southern European ports. In this perspective, it was agreed that Ukraine, and also Mongolia, shall be as of now full beneficiaries of the TRACECA programme. During the coming year, Mongolian authorities will study with the Commission the possibilities of linking Mongolia to the TRACECA programme.
7. The EBRD confirmed its commitment to finance economically viable projects on the TRACECA route. Ongoing feasibility studies by the TRACECA programme will allow financing of port rehabilitation in Poti, Batoumi, Baku, Aktau, and Turkmenbashi, of road reconstruction in Armenia, Azerbaijan and Turkmenistan. In the future TRACECA programme railway studies will allow financing of rail infrastructure and rolling stock in Turkmenistan, Uzbekistan, and Kazakhstan.
8. The Commission informed that it intends to hold a high level meeting with the World Bank in order to secure the commitment of the World Bank to the TRACECA project.
9. The representatives of international organisations in the rail and road sector, UIC, IRU, IRF, expressed their full support to the project and put forward some ideas on future projects.
10. The members of the newly installed TRACECA coordination team were presented to the Working Group. Their TOR were discussed in detail. It was agreed that a permanent representation of the team be assured in each capital of the TRACECA countries.

Done in Athens on 18th October 1996, for the delegations of:

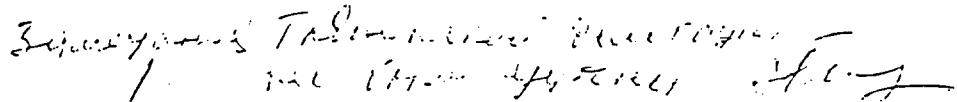
Armenia, 


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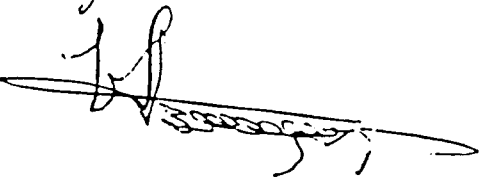
Kyrgyzstan, 

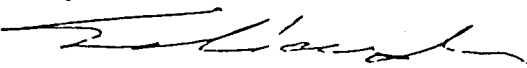
Tadjikistan, 

Mongolia, 

Turkmenistan, 

Ukraine, 

Uzbekistan, 

For the Commission of the EU. 

TRACECA - FUTURE PROJECTS

	Project name & description	Duration in months	Budget in ECU
1	Rehabilitation of the Red Bridge and construction of a new bridge - the existing historic bridge will be preserved and a new bridge, which is already partially constructed, will be finished.	12	2 500 000
2	Feasibility study of new terminal facilities in Georgian Ports - a traffic study of links with the EU will be followed by preparation of the detailed designs and tender documents.	12	2 000 000
3	Road Maintenance - technical assistance will be provided in the fields of winter maintenance, provision of road and bridge testing equipment linked to pavement management systems, preparation of internationally acceptable technical standards for works, and feasibility studies	24	3 000 000
4	Traceca co-ordination team - the partner states have requested that programme/project coordination be carried out from continually staffed bases in the region. Offices Tblisis and Tashkent are being established. They must be supported from mid-1997	12	750 000
5	Renovation of cargo facilities Turkmenbashi - economic analysis of the full scope of works to be undertaken will be followed by detailed design, tender documents and works contractor evaluation.	12	850 000
6	Rail restructuring and communication studies in Central Asia - technical assistance will be provided to promote, to enable and to accompany external investment bank loans, notably by the EBRD, to national railway corporations.	12	900 000
	TOTAL		10 000 000

ANNEX 7

Project Summaries

Preliminary projects

Transfer - Legal Framework
Information Systems : East-West & West-East
Rising Level Caspian Sea
Human Resources : Railways Training
Trade and Transport Working Group

Present contracted projects

Road Vehicle Spare Parts
RailTracker Freight Monitoring System
Road Transport Services (Caucasus)
Human Resources : Transport Management Training
Transport Legal and Regulatory Framework
Implementation of Pavement Management Systems
Human Resources : Maritime Training
Intermodal Transport
Rolling Stock Maintenance
Regional Traffic Forecasting Model
Railways Infrastructure Maintenance (Caucasus)
Traceca Trade Facilitation
Road Transport Services (Central Asia)
Railways Infrastructure Maintenance (Central Asia)
Ferry Terminals : Baku and Krasnovodsk
Traceca Co-ordination Team

Related projects

Rehabilitation of Caucasian Railways
Legal Advice Poti Grain Terminal
Technical Assistance for Aktau Port
Joint Venture for the Trans Caucasian Railways
Air Traffic Control
Railway Tariffs and Timetable

Future projects

Rehabilitation and reconstruction of the Red Bridge
Feasibility study of new terminals in Georgian ports
Roads Maintenance
Renovation of cargo facilities Turkmenbashi (see Ferry
Terminals: Baku and Krasnovodsk above)
Rail restructuring and communication studies

TRANSFER - LEGAL FRAMEWORK

Geographic Focus: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

Rationale and Objectives :

The new political order which prevails in the Former Soviet Union is far more open than previously to a diversity of trade and transport relationships with the wider World. The past introspection has been abandoned, but the Region's established legislation and regulation dealing with trade and transport does not blend well with international conventions, modern technical practice and free-market operations. While these problems were perceived by all concerned at the TRACECA 1993 Brussels conference, there existed no description of the extent of the divergence between the FSU transport legislation and international practice. Thus the objectives of this project were to make an inventory of the problems and to define future technical assistance needs, State by State.

Main Components:

Questionnaires were completed for each State covering:

- transport contractual documentation for road, rail, and maritime modes
- legislative and judicial systems
- geo-economic situation
- current practice in international trade, and transport

Models of all existing documents utilised were sought.

Results:

A comprehensive diagnostic overview of the current state of affairs in each State was created.

Two lines of action were called for:

- implementation of a transport legal framework
- familiarisation of professional operators with new systems

Our principle follow-up to these recommendations is the Legal and Regulatory Framework project, which addresses legislative and regulatory issues. Also, several TRACECA Human Resources projects address familiarisation issues, for professional operators..

A national project in Kazakhstan has been successful locally. Notably, a new Rail codex has been drafted.

Project Budget : 300.000 ecu

Contract awarded to: Kingston Consultants

Implementation timetable: January 1994 through December 1994

INFORMATION SYSTEMS DATA FLOWS EAST-WEST AND WEST-EAST

Geographic Focus: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

Rationale and Objectives :

In the former Soviet Union information on most subjects of interest to the trade and transport sectors was centralised in Moscow and distributed by the Ministries. At the Brussels TRACECA conference in 1993 participants declared the need of new structures for diffusion of information.

Two projects were conceived to investigate the possibility of using modern information technology to transmit data, respectively, in the East to West direction, and in the West to East direction.

The objective of the projects were to produce feasibility studies and functional analysis covering:

- identification of the required range, scope, and categories of information
- definition and description of potential systems
- evaluation of the market and possible customers for this information system

Main Components:

The concept developed was the the integration of existing sources of information into a commonly accessible database for users:

- multimedia data sources were identified
- an information retrieval system known as TAIGA was proposed for the system software
- model data files were produced
- a model Newsletter was produced

Results:

The cost of establishing even a pilot TAIGA-based system was found to be extremely high relative to the probable willingness of eventual users to pay for the system. Furthermore the Internet may overtake any dedicated system within the near future.

TRACECA will provide hardware and software to each State within the Traffic Forecasting project. Data bases will be set up (off-line), and the hardware to be supplied would support an on-line data retrieval system such as TAIGA. However it remains to be proven that the Regional telecommunications infrastructure is capable of supporting such a system, and that a market-based system would be commercially viable.

TRACECA will provide Legal Databases under the Transport Legal and Regulatory Framework project.

Project Budget : 600.000 ecu

Contracts awarded to: Euriware and Eutelis

Implementation timetable: February 1994 through December 1994

RISING LEVEL CASPIAN SEA

Geographic Focus : Turkmenistan, Azerbaijan and Kazakhstan

Rationale and Objectives :

Since 1977 the level of the Caspian Sea is rising. The ferry terminals in Baku and Krasnovodsk, essential for the short sea link for wagons and trucks between the Caucasus region and Central Asia, are seriously threatened by rising water levels.

The phenomenon of the rising sea level has been recorded and studied by the competent research institutes in the region. However these efforts have not resulted in action in the ports as yet. In order to respond to the urgent demand, this project was launched.

The objective of the project is to determine the ports' current operating position, and then to develop appropriate alternatives for phased re-construction programmes to secure the ports' operations with special emphasis on the terminals.

Main Components :

1. An assessment of the prevailing situation in the ports that would in particular include the ferry terminals in Baku and Krasnovodsk and all dry cargo and oil handling facilities, and a description of the immediate and long term consequences for these ports in case the water level would continue to rise.
2. The development of urgent measures to be undertaken concerning these port facilities with particular regard to the ferry terminals.
3. An estimation of costs for each alternative solution identified, together with a clear preference for the most appropriate method of action to safeguard operations.
4. The evolution of an outline technical port development programme comprising : (i) a comprehensive review of all recorded and other historical data and information available, (ii) the definition of a set of likely scenarios under alternative forecasts regarding the rise of the water level.

Results :

1. A survey of the ports' infrastructure, its present state and its fitness to operate
2. A good insight in the evolution of the level of the Caspian Sea in the past and a tentative forecast for the future
3. A first approach of the ports' traffic forecast
4. Action plan for the short, medium and long term to keep the harbours operational, taking into account the forecasts of the evolution of the sea level and traffic flow

Contractor : Sofremer

Project Budget : 250.000 ECU

Implementation Timetable : July 1994 through July 1995

HUMAN RESOURCES : RAILWAYS TRAINING

Geographic Focus: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

Rationale and Objectives :

There was and indeed still is little concept in the region about the required adjustment of the railways to their functioning in a market-oriented economy. Traditional training of railway personnel is not at all adapted to such notions.

The objectives of the project are therefore to :

- Familiarise senior staff from all railway organisations and Ministries of Transport of the TRACECA region with the commercial and operations practices of EU railways
- Stimulate the cooperation of railway organisations in the region between themselves and with EU railways
- Assist the railways in the region to provide a reliable and competitive transport service in their new economic environment

Main Components :

- A start-up seminar was held in Paris 27 February - 03 March 1995 attended by all railway top managers and Ministerial responsables (Tadjikistan excepted)
- 3 training sessions, aimed at senior management, were defined to cover the following subjects :
 1. Commercial management, marketing, sales organisation and information exchange with the customers; legal aspects and adhesion of EU railway companies to various international organisations (Almaty, 23 - 27 October 1995)
 2. Economic and financial management of EU railways, accounting systems, sectoral and activity based costing, use of accounting systems in strategic management, methods used in international transport (Tashkent, 21 - 23 November 1995)
 3. Technical subjects related to rolling stock, operations, information systems (Ashgabad, 4 - 8 December)

These training sessions comprise formal course parts and case studies. In the latter, the participants are asked to give their feedback regarding the applicability of the subjects covered in the local environment.

- A closing seminar was held in Ashgabad 11 - 13 December 1995, to present the conclusions and to propose future actions

Project Budget : 250.000 ecu

Contract awarded to: Union Internationale des Chemins de fer

Implementation timetable: January through December 1995

TRADE AND TRANSPORT CO-OPERATION WORKING GROUP (TRACECA)

Geographic Focus: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

Rationale and Objectives :

The project was in fact a programme, engendered by a Conference, organised by the European Union in May 1993, the objectives of which were to:

- to stimulate co-operation among the participating Republics in all matters pertaining to the development and improvement of trade within the Region
- to promote the Central Asian - Trans Caucasian - Europe Transport Corridor
- to identify problems and deficiencies in the Region's trade and transport systems
- to define, in terms of contents and timing a Technical Assistance Programme to be financed by the European Union (EU).

Main Components :

- Extensive missions, for field observation visits, and discussions, with a broad range of officials and enterprise managers within the Beneficiary States.
- Regular meetings with the TACIS Task Manager, and assistance in the launch of projects, in Brussels
- Regular contacts with the International Financial Institutions (WB, EBRD, ADB,...)and missions to the EBRD.
- Organisation of Working Group meetings, in Almaty and in Vienna
- Research for, and writing of TOR

Results :

- The establishment of four Working Groups, one for each of the following sectors; Trade, Road, Rail, and Maritime Transport. The Working Groups were each to comprise one sectorial representative, or Interlocutor, from each of the eight Recipient States and a Secretary. The latter was to be an EU Sectorial Expert, and Team Member, based in Brussels.
- The development of Technical Assistance projects to support the programme Objectives.
- The organisation of three Working Group meetings which were to promote programme Objectives in general, and notably to discuss and approve specific project definitions.
- Terms of Reference for technical assistance projects, to be carried out by others.

Project Budget : 1.300.000 ecu

Contract awarded to: Tractebel Development

Implementation timetable: February 1995 through August 1996

ROAD VEHICLE SPARE PARTS

Geographic Focus: Turkmenistan, Uzbekistan

Rationale and Objectives :

It must be recognised that the road freight transport industry in the European Union is efficient, specialised, very highly competitive and exclusively in private ownership. The service industries which support it are likewise highly developed. The achievement of a similar situation in the TRACECA region depends, on the emergence of entrepreneurial skills. Three projects including this one attempt in different ways to nurture such skills.

The procurement of spare parts, tyres and general roadside services is particularly difficult in the TRACECA region. It is an open question whether local entrepreneurs will develop such services quickly and without outside assistance.

The project will determine the market for road freight transport support services, identify service concepts and site locations with high development potential. It will promote the necessary investment by local and international entities.

Main Components:

Three activity modules are foreseen:

Module A - Transport Services, Operations & Logistics:

Assessment of the actual situation in recipient countries (Turkmenistan, Uzbekistan).

Surveying of user needs, analysis and identification of market niches.

Formulating the problem areas, generating proposals for action and forecasting consequences of proposed solutions, and evaluating them conceptually.

Module B - Operational Concept

Devising an organisational and operational concept for the transport service companies. Discussions with state, local private and international potential operators.

Module C - Business development activities, financial engineering, brokering of agreements between interested parties. This module has been given great emphasis.

The most viable operational concepts with evident private investor interest, concern tyre re-treading plants, and "caravanserai", which are multi-service road transport centres, to be located on high traffic locations on TRACECA transit routes. An extended work plan for the project is being carried out in conjunction with the project Road Transport Services Central Asia.

In addition the project is organising seminars and symposiums for know-how transfer in subjects of interest to the regional trucking enterprises, and providing opportunities for European road transport related companies to meet with local enterprises.

Project Budget: 300 000 ecu

Contract awarded to: West-East GmbH

Implementation timetable: August 1995 through February 1997

RAILTRACKER FREIGHT MONITORING SYSTEM

Geographic Focus: Turkmenistan, Uzbekistan, Kazakhstan, Azerbaijan, Georgia

Rationale and Objectives :

During the Traceca conference, the Regional Representatives suggested that, while substantial resources were spent on studies, also the actual installation of modern management systems would be of high value. Hence a Rail Traffic Management and Information system is being set up in two pilot states.

The system chosen monitors rolling stock and freight movements in near real-time, thus giving both an efficient tool for managing freight wagon operations and a powerful information system for the railways' customers on the exact position of their consignments. Managing wagon operations and providing cargo location information are both highly important factors in enabling a railway to become more efficient and to improve quality of service to customers.

Main Components :

The proposed system, called RailTracker, is the rail module of the ACIS software (Advanced Cargo Information System), which was developed by UNCTAD and already introduced and evaluated by the EU. Extension is possible with the module PortTracker (not included in the present project) which would ensure the creation of an integrated logistics chain for railway and ferry traffic.

The project will comprise:

- Installation of the full basic version of RailTracker on the Turkmenistan and Uzbekistan section of the Traceca route
- Installation of consultation terminals in the headquarters of the railways of Georgia, Azerbaijan and Kazakhstan

The project will be executed over a two year period in four phases :

1. Project Start-up
2. Production of the local version of the RailTracker software in Russian language and its functional integration with existing systems
3. Installation of RailTracker in Turkmenistan and Uzbekistan
4. Interlinkage of the two systems of Turkmenistan and Uzbekistan, and installation of remote access to these systems in Kazakhstan, Georgia, Azerbaijan and in the port of Krasnovodsk

Computer equipment will comprise in each of the railways of Turkmenistan and Uzbekistan a local area network, workstations, modems and printers. For each of the other sites one PC with modem and printer will be set up

For each of the other sites: one PC with modem and printer

Project Budget : 850.000 ecu

Contract awarded to: UNCTAD

Implementation timetable: October 1995 through October 1997

ROAD TRANSPORT SERVICES (CAUCASUS)

Geographic Focus: Armenia, Azerbaijan, Georgia

Rationale and Objectives :

It must be recognised that the road freight transport industry in the European Union is efficient, specialised, very highly competitive and exclusively in private ownership. The achievement of a similar situation in the TRACECA region depends, above all, on the emergence of entrepreneurial skills. Three TRACECA projects of which this is one, attempt in different ways to nurture such skills.

The project seeks to improve the operating environment for road freight transport enterprises, as well as to provide technical assistance to the enterprises themselves.

Supporting objectives are as follows:

- Regional road freight transport market analysis
- advise and assist in procurement of trucks
- promote adherence to all relevant international conventions on road transport (UN/ECE; TIR, temporary importations, hazardous goods,...) and advise on usage
- identify and propose remedies for legislation, price controls, monopoly situations, restrictive transit agreements or other regulatory handicaps which hinder the development of the industry
- advise on restructuring and re-deployment of assets belonging to former state-owned enterprises

Main components :

The Consultant will:

- carry out studies leading to determination of:
 - ◊ the present level of activity in the trucking industry
 - ◊ the truck fleet owned by the recipient states, and the structure of that ownership
 - ◊ the structure and capabilities of the automotive services and supplies industry
- based on the foregoing:
 - ◊ enter into close contact with operators and credible entrants to the industry, and mount collaborative pilot projects
 - ◊ identify opportunities for investment, of interest to International Financial Institutions (IFI) through their Small and Medium Enterprise (SME) agencies or otherwise, as well as to private enterprises, local and foreign
 - ◊ prepare business plans, and actively promote negotiations for business development
- conduct seminars, to ensure a full transfer of technical know-how, and familiarisation with European commercial practice, to the local industry

Project Budget: 250 000 ecu

Contract awarded to: DHV Consultants

Implementation timetable: November 1995 through January 1997.

HUMAN RESOURCES : TRANSPORT MANAGEMENT TRAINING

Geographic Focus: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

Rationale and Objectives :

1. To support regional managements and work forces directing and contributing to the reform process through specific training measures. The Region's Republics wish for free traffic flow in line with market demand and future economic growth. Therefore, all staff must be acquainted with market oriented systems and administrative procedures suitable for adoption within the Region.
2. To familiarise participants with the multiplicity of European transport and trade, including methods, systems, and commercial practices. This is to enable them to implement such systems in their Republics and work effectively with European counterparts.
3. Training in marketing strategy, demand segmentation, line of business concepts, and demand-led business development.
4. Training in competitive transport network planning. This would include traffic forecasts based on industrial, agricultural, and transit potential, as well as intercity passenger traffic. The dependency between demand and tariff levels, time, and other factors is emphasised.
5. Familiarisation with intermodal methods (as practised in Western Europe) is also important, given that the ports and inland terminals will be essential components of the Europe-Caucasia-Asia Transport Corridor.
6. The programme also intends to foster regional cooperation within the transport and trade sectors. The spirit of the document "The Future Development of the Common Transport Policy" published by the Commission could serve as a useful guideline in this respect. The advantages of open borders are to be emphasised.

Main components:

Seminars have been conducted both in the TRACECA states and in Europe. Given the size of the workforces involved, only a limited number of staff may benefit directly from training by Western experts. A maximum leverage is sought from this programme, by orientating it to two particular sub-groups:

A-Senior Level Management

B-Trainers and Middle to Lower Level Management

Project Budget: 900 000 ecu

Contract awarded to: Nethconsult

Implementation timetable: December 1995 through October 1996.

TRANSPORT LEGAL AND REGULATORY FRAMEWORK

Geographic Focus: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

Rationale and Objectives :

The former Soviet Union developed its own unique transport legal system. This system is ill-adapted to free markets, and to international transport operations.

The overall objectives of this project are to provide technical assistance and database support in the field of transport legislation. This is to promote:

- optimum utilisation of the existing transport systems in an environment of competitive service provision
- the creation a Legal/Institutional environment conducive to establishing good management practice in the movement of goods
- efficient use of the equipment, facilities and terminals
- a reduction in commercial risk and cross-frontier delays
- contacts with the international agencies for transport regulation and normalisation

Specific objectives are to:

- draft reformed internationally harmonised transport legislation for the movement of freight by road, rail or sea
- assist the government in each state, in the enactment of such legislation
- introduce administrative processes for transport sector regulation compatible with the EU
- promote membership of international transport groupings (eg. IRU)
- develop and encourage implementation of transit agreements

Main Components:

An International Task Force (ITF) reporting to TACIS has been established. This Task Force consists of a Project Manager and Transport Legal Experts.

The International Task Force is complemented by individual National Task Forces (NTF) in each TRACECA State which comprise officials from the Transport, Justice Ministries and other concerned authorities. Each NTF is assisted by a permanent local secretary/documentalist and by local well qualified short term experts.

The NTFs are the pilot action groups for legislative changes in each TRACECA State. Their role is to concert with the ITF while drafting transport legislation, and then to promote legislative changes within their respective states.

Regional conferences are held at which draft legislation and transit agreements are subjected to rigorous debate. The ITF maintains extensive contacts with a wide range of government officials in each state.

Project Budget: 1 500 000 ecu

Contract awarded to: Scott Wilson Kirkpatrick

Implementation timetable: December 1995 through December 1997.

IMPLEMENTATION OF PAVEMENT MANAGEMENT SYSTEMS

Geographic Focus: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

Rationale and Objectives :

Very limited funds are available for road maintenance. They must be directed towards works which yield maximum benefits. The implementation of PMS is a firm requirement of International Financial Institutions when negotiating loans.

The project aims to introduce Regional roads maintenance authorities to the latest Western pavement management techniques. It is to promote a reduction in road maintenance backlogs, which have arisen in certain states during the past three years. To do so, it must examine problems of financing maintenance activities. While the road maintenance problem is generalised, the focus of this project will be on international transit routes.

Furthermore, by making extensive use of local Research Institutes, the appointed Consultant should re-invigorate their activities, and contribute to their long term survival. Local persons are to be fully trained in the techniques employed throughout the project. Know-how transfer is a prime objective of the project.

Main components :

Two distinct but mutually complementary domains of action are foreseen:

Technical

- Establish databases of:
 - road and bridge conditions, including roughness and pavement strength
 - traffic intensity, including axle-loadings, forecasts of future traffic (scenarios)
- Formulate, test and refine technical pavement maintenance strategies (using a computerised deterioration model). Establish Pavement Management Systems in each Regional state
- Implement a Bridge Maintenance System
- Familiarise local authorities with Western, road and bridge maintenance techniques and specifications, road safety standards
- Review roads design standards

Economic

Expand the resources available for road maintenance by:

- demonstrating the real costs of road utilisation, by users who at present pay little, and thus reinforce arguments for recurrent collections of revenue by charges (taxes) on users
- list and describe road maintenance projects and programmes susceptible to attract IFI interest, including presentation of their economic justification

A substantial project extension has been granted to:

- facilitate World Bank funding of roads maintenance in Armenia
- enable Kuwait Fund financing of roads maintenance in Georgia
- facilitate EBRD funding of road rehabilitation in Turkmenistan
- provide additional training and equipment for the base project, which is much appreciated by the TRACECA roads maintenance authorities

Project Budget: 2 000 000 ecu

Contract awarded to: KOCKS CONSULT GmbH

Implementation timetable: December 1995 through December August 1997.

HUMAN RESOURCES : MARITIME TRAINING

Geographic Focus: Azerbaijan and states dependent on the Port of Baku.

Rationale and Objectives:

The management of the Port of Baku is facing challenges for which new policies and working methods must be devised and implemented.

The areas of assistance targeted by the project initially were:

- 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

During early implementation the EBRD was attracted to the port as an investment project and the Traceca technical assistance has been much expanded to enable eventual rehabilitation and capital improvement. A study concerning the ferry terminals in both Turkmenbashi and Baku was already contracted to Ramboll. An extension to this institutional development project was granted to enable investment additionally in the Dry Cargo facilities, and eventual other port facilities which could merit physical development.

Main Components:

- Management assistance by the secondment of EU experts to work alongside Port Authority counterparts.

Assistance to the General Manager for advice on strategic planning, medium and long term planning, structural investment programming, institutional changes, computerisation, commercial and marketing, supervision of investments, follow up of accounting services, analysis of the tariff structure, assistance in setting up training programmes.

Assistance to the Financial Director for advice on planning of financing investments at medium and long term, preparation of yearly budgets, preparation of documents needed for loan agreements for investments, preparation of balance sheets, daily treasury management, assistance in setting up training programmes, preparation and introduction of new payment schemes.

Assistance to the Port Operations Director for advice on daily port planning, control and maintenance, preparation of investment requirements in equipment and construction, preparation of operational budgets, preparation of commercial handling contracts with shipping companies, preparation of training schemes

- Management Training advice for setting up and implementing the training schemes.
- Production of a Masterplan for the port
- Produce feasibility studies corresponding to the EBRD investment approval cycle of Clearance Memorandum, Initial Review Memorandum, Final Review Memorandum
- Produce tender documents for modernisation works

Project Budget : 700.000 ecu

Contract awarded to : HPTI

Implementation timetable: December 1995 through July 1997

INTERMODAL TRANSPORT

Geographic Focus: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

Rationale and Objectives :

Intermodal transport is a key element of all Western economies. The techniques should also be useful in the region with their large distances, and in their new relationship with international transportation networks.

The objectives of the project are:

- Provide consultancy advice in order to solve existing problems in the organisation of intermodal transport within the TRACECA area and in connection with East-West and North-South international routes
- Transfer of intermodal technology know-how, especially in the area of ISO container handling and new transport techniques
- Provide assistance to rail and intermodal transport organisations in the area to design and operate commercially oriented intermodal services.
- Develop proposals to improve intermodal services in the region, including the necessary technical and financial measures to be taken

Main Components :

- Survey of the existing technology, multi-modal terminals and transport system on the indicated routes.
- Technical and economic assessment of the feasibility of establishing a well functioning and efficient intermodal transport network in the area.
- Set up an intermodal freight transport group, covering all TRACECA countries, and carry out with this group a study visit to EU to examine the organisation and operation of multi-modal terminals from a technical and commercial viewpoint.
- Set up an intermodal transport case study, the aims of which are :
 - to provide short-term solutions to facilitate international intermodal traffic in the selected corridor
 - to work together with the local organisations to design intermodal services in the selected corridor and train the staff involved in appropriate intermodal technology and commercialisation
 - to gather information regarding medium term solutions to set up advanced systems for intermodal transport in line with the latest international practice.

Upon the request of Uzbek railway management, this case study has concentrated on the shipment of cotton from Tashkent to Poti and beyond to the EU users of such materials. Project activities are being extended in conjunction with the Trade Facilitation project.

- Promotion of adherence to international accords and use of standard documentation

Project Budget : 500.000 ecu

Contract awarded to: BCEOM

Implementation timetable: January 1996 through January 1997

Status: In progress

ROLLING STOCK MAINTENANCE

Geographic Focus: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

Rationale and Objectives :

The condition of rolling stock is reputed to have seriously deteriorated since the break-up of the FSU. One reason was that most of the large maintenance facilities were located outside the region. The resolution of this problem on a national basis for each country could lead to uneconomic duplication of facilities.

The project objectives are :

- Provide recommendations to solve existing rolling stock maintenance / replacement and manufacturing and supply of spare parts problems in the TRACECA region.
- Provide guidance to rail organisations in the region for the establishment of commercially viable rolling stock maintenance and manufacturing, within the framework of a market-oriented railway system.
- Design a detailed reorganisation plan in the selected area in cooperation with the national authorities.

A major result of this project should be to emphasise the need to foster co-operation between the different railways in the region and bring about a greater sharing of facilities between themselves for the maintenance, repair and manufacturing of rolling stock.

Since inception of the project, the EBRD has shown interest in funding improvement of rail maintenance facilities, and the output of the project is being directed to facilitate such action.

Main components :

- Gather data regarding the existing and required fleet of rolling stock and its maintenance strategy and organisation
- Determine the future overall rolling stock maintenance and replacement requirements, and the requirements in the field of spare parts supply and manufacturing
- Survey of facilities and enterprises in the region, and prepare recommendations regarding the future size and structure of the sector
- Case study, to provide assistance to rail organisations in the region to execute rolling stock maintenance and manufacturing services on a commercial and market-oriented basis.
- Study visit to EU countries

Project Budget : 700.000 ecu

Contract awarded to : SYSTRA

Implementation timetable: April 1996 through July 1997

REGIONAL TRAFFIC FORECASTING MODEL

Geographic Focus: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

Rationale and Objectives :

Demand forecasting is recognised by the TRACECA States as essential to transport planning and investment, in a free-market demand-led environment. It is furthermore a concept which was lacking in the previous centrally planned system.

The project will assemble the data elements and model required to forecast transport demand on all modes, across the Region. The model will be applicable to long term transport planning studies, notably investments in infrastructure. It must be sensitive to disaggregate input and a wide range of scenarios.

Main Components :

1. The following constituent elements must be established:
 - common regional database(s), compatible with EUROSTAT and CETIR for :
 - ◊ transport and trade flows,
 - ◊ transport infrastructure, comprising of links and nodes on rail, road, and maritime, on a pre-defined network (GIS based)
 - ◊ transport costs
 - ◊ a software based multi-modal model for analysing scenarios, developing forecasts, and sensitive to variables such as time, multi-product demand, congestion, network reinforcement, socio-economic changes
 - the database and model are to be permanently accessible at one or more regional centres for use on research and feasibility studies
 - an extensive data collection exercise is being carried out, the first in the region
2. Applications:
 - create comprehensive multi-modal (road/rail/maritime) synoptics of existing transport flows, and of forecasts of future flows based on scenarios
 - highlight the main commercial, institutional, organisational, physical and infrastructure bottlenecks, present and anticipated
 - identify the best positioned centres for development of multi-modal transfer nodes
 - identify and catalogue specific road/rail/maritime and multi-modal projects, which best address problems highlighted, for detailed feasibility studies

3. Know-how Transfer

The transfer of know-how in transport database design and modelling is a prime objective of this project. Furthermore this project will be a key pilot exercise, to assist in the formulation of ongoing technical assistance for TRACECA regional co-operation in these domains.

Project Budget: 700 000 ecu

Contract awarded to: WS Atkins

Implementation timetable: December 1995 through July 1997.

RAILWAYS INFRASTRUCTURE MAINTENANCE (CAUCASUS)

Geographic Focus : Azerbaijan and Georgia

Rationale and Objectives :

The economic and political situation in the Caucasus has had a detrimental effect on the viability and the overall condition of the rail networks in the area. This in turn hampers fluent transport in the region. Therefore, a project has been devised, by which the EU intends to play a catalyst role to :

- foster cooperation and revive the economic situation in the Caucasus region
- support the operational and financial situation of both railway networks.

The two main objectives are :

- (A) Carry out pre-investment study for the rehabilitation of the main Transcaucasian rail route (Baku - Tbilisi - Batumi - Poti) between Azerbaijan and Georgia
- (B) Provide technical assistance to streamline commercial freight traffic on the main Transcaucasian rail route

Main components :

MODULE A : Pre-investment study

The pre-investment study is to cover the requirements for rehabilitation of the main Transcaucasian rail route (Baku - Tbilisi - Batumi - Poti) between Azerbaijan and Georgia

- Examine Institutional and Organisational pre-feasibility
- Establish Traffic volume potential and revenue forecasts
- Carry out a detailed survey of the existing situation of infrastructure (track, signalling, telecommunication, buildings, etc.) and rolling stock situation, repair and maintenance facilities, etc.
- Definition of the required technical repair, upgrading and reconstruction work for various traffic volume hypothesis.
- Economic and financial feasibility, including financing options

MODULE B : Pilot freight train service

Provide technical assistance to Azeri and Georgian railways in preparing and putting into operation a high-quality international freight train service on the main Transcaucasian rail route; monitor the operation of this service during a period of three months.

Particular attention will be paid to:

- Improvements reliability and commercial attractiveness of the freight train service
- Recommend and implement realistic price levels
- Making available sufficient operational capacity
- Reduction of terminal, transport and border crossing delays, and of product losses

Project Budget : 1 200.000 ecu **Contract awarded to :** TEWET

Implementation timetable: January 1996 through March 1997

TRACECA TRADE FACILITATION

Geographic Focus: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

Rationale and Objectives :

In order to facilitate trade throughout the TRACECA region, harmonised customs procedures and trade documentation need to be set up. Furthermore private operators, or freight forwarders are to be encouraged, to assist merchants with their documentation, and to negotiate with carriers and insurers for best service, price, and multi-modal efficiency.

This project will design, develop or provide for the Region the following elements:

- harmonised customs documentation (in co-ordination with Project N°1, Legal Framework)
- essential international documents (e.g.conventions and model contracts) in Russian
- co-operation between customs authorities, and freight forwarders throughout the region
- customs services with modern control, telecommunications and data processing equipment, and staff trained in their use
- a study to identify the principle surface transport customs control points within and around the Region and to analyse common problems as well as those specific to each
- the introduction of EDI (electronic data interchange)
- computerised systems for the collection of statistics
- assistance in the creation of trade and freight forwarding associations in the TRACECA region and the encouragement of links between the national associations

Main Components:

An International Trade Task Force (ITTF) has been established by the consultants to carry out the project. This Task Force would cover three specific domains of expertise:

- trade facilitation (Systems Analysis)
- customs procedures
- freight forwarding

The ITTF is complemented by individual National Trade and Transport Facilitation Task Forces (NTTF) in each TACIS state, which consists of officials from the Ministry of Trade, the Customs Service, Chambers of Commerce, Freight Forwarding and Customs Agents, Insurers, Transport Operators, and similar interested bodies. The project is principally oriented towards investigation and recommendations, as the actual situation is confused and fluid. Implementational aspects may be handled by the NTTF, by parallel EU assistance programmes (eg.TACIS and Eurocustoms), and possibly by an extension of this project.

The ITTF and NTTFs are to promote the development of National and Regional Professional Councils and Associations.

An extension to the project has been granted following a request by Uzbek railway management for assistance in the shiipping of cotton from Uzbekistan to Poti. Work is carried out in conjunction with experts from the Traceca Intermodal project.

Project Budget: 900 000 ecu

Contract awarded to: Scott Wilson Kirkpatrick

Implementation timetable: March 1996 through July 1997.

ROAD TRANSPORT SERVICES (CENTRAL ASIA)

Geographic Focus: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

Rationale and Objectives :

It must be recognised that the road freight transport industry in the European Union is efficient, specialised, very highly competitive and exclusively in private ownership. The achievement of a similar situation in the TRACECA region depends, above all, on the emergence of entrepreneurial skills. Three projects of which this is one, attempt in different ways to nurture such skills.

The overall objective of the project is to facilitate development of the domestic and international road transport industries within the Partner States.

The supporting objectives to the preceding project 'Improvement of Road Transport Services (Caucasus)' are shared. Regulatory objectives, eventually of wider interest, are added.

The end scenario desired is the establishment of a broadly based industry composed of viable private autonomous operators, both carriers and common support service providers, matched to the foreseen demand.

Main components :

The Consultant will:

- carry out studies leading to determination of the:
 - ◊ present level of activity in the trucking industry
 - ◊ truck fleet owned by the Partner States and the structure of that ownership.
 - ◊ structure and capabilities of the automotive supplies industry
- enter into close contact with selected enterprises and credible entrants to the industry, and mount collaborative pilot projects.
- formulate recommendations for operator licensing (carriers) and vehicle certification, based on EU standards and DG7 recommendations. A pilot training scheme for Certificate of Professional Competence qualifications has been carried out in the region
- conduct seminars and an EU study tour:
 - ◊ for know-how transfer
 - ◊ to bring together enterprise managers and officials from across the Region and within the EUI in the interests of harmonisation and establishment of contacts for business development

The project has recently been extended to allow pilot projects which have been successful in one regional centre, to be transferred to other centres, and to collaborate with the Road Vehicle Spare Parts project.

Project Budget: 700 000 ecu

Contract awarded to: Gibb & Partners

Implementation timetable: March 1996 through July 1997.

RAILWAYS INFRASTRUCTURE MAINTENANCE (CENTRAL ASIA)

Geographic Focus: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

Rationale and Objectives :

The rail infrastructure has been deteriorating through lack of maintenance. Some links are of a strategic economic importance, and require urgent attention to be preserved. Also quality of service has to be improved and present or potential bottlenecks removed.

This project will therefore address multiple objectives :

- (A) Carry out feasibility study for the upgrading of AKTAU-BEJNEU rail line
- (B) Survey, training and recommendations to investigate and improve the overall rail traffic service quality on the Traceca and Europe-Asia main rail route east of the Caspian Sea
- (C) Feasibility study for the development of the Amudarya road and rail crossing at CHARDZHEV

Main components :

MODULE A : Feasibility study for AKTAU-BEJNEU rail line

Traffic forecasts are being generated, and an economic and technical feasibility study is being carried out according to Western standards.

MODULE B : Proposals and training to improve freight and passenger traffic on Traceca and Europe - Asia main rail routes East of the Caspian Sea (Turkmenbashi - Dushanbe - Bishkek - Druzhba) from an operational and commercial point of view.

A survey of the existing situation (current train capacity, transit times, tariffs, border crossing delays, operational and commercial organisation) will be followed by recommendations, regarding adjustments to improve the overall transport quality and transit times on the route considered.

A study visit to EU countries will demonstrate to participants the operations and commercial organisation and performance of Western railways in international traffic.

MODULE C : Feasibility study for the development of the Amudarya road and rail crossing at Chardzhev

- Establish traffic forecasts for future road and rail traffic
- Inspection of the existing rail bridge. Determine urgent repair work, if any. Determine the future useful life span of the bridge and the cost of future maintenance requirements.
- Feasibility study for the future road and rail crossing, based upon the results of the inspection and the requirements. Review of the existing feasibility study and evaluation of other crossing options.
- Recommendations and conceptual design documents.

Training aids, hardware and software form a small but significant part of the project.

Project Budget : 1.200.000 ecu **Contract awarded to:** DE-Consult

Implementation timetable: March 1996 through March 1997

FERRY TERMINALS :BAKU and KRASNOVODSK

Geographic Focus: Azerbaijan and Turkmenistan

Rationale and Objectives :

The majority of cargo traffic between the Caucasus region and Central Asia uses the ferry service between Baku (Azerbaijan) and Turkmenbashi (Turkmenistan). The alarming rise of the Caspian sea level since 1977 creates major difficulties in operating the service.

If persistent, the present rate of rise of the water level would cause both ferry terminals to stop activities within some 3 years.

The objective of the project is to determine the level of investment which can be justified, and to produce the design and the international tender documents for the reconstruction of the ferry terminals both in Baku and Turkmenbashi.

The EBRD has shown serious interest in following this project with investment and so it has been extended to provide feasibility study documentation matching the EBRD project approval cycle, and to cover also the general cargo facilities.

Main Components:

The project will be executed in four phases:

- Definition of design parameters.
- Design Documents for the ferry terminals and the approaching rail and road routes.
- Economic and financial evaluation of the new terminals and production of supporting documents for international financial institutions.
- Tender Documents, according to the standards of supporting financing organisation.

The new terminals must be designed according to the following standards:

- Two ferry boats should be able to berth (as is the present situation)
- Allow operations during reconstruction
- The new facilities should be able to accept the existing ferries as well as similar boats of the same capacity.
- The terminal shall be designed to accept both rail wagons and trucks.
- The design should take into consideration that working at the minimum sea level might need substantial deepening of the sea bottom.
- An extra meter of deepening by propeller scouring should be taken into account
- The approach rail and road should be designed at least 1.7m above the maximum sea level as defined above.

The project is carried out in close co-ordination with the Baku Maritime Training project.

Project Budget : 800.000 ecu

Contract awarded to : Ramboll

Implementation timetable: March 1996 through March 1997

TRACECA COORDINATION TEAM

Geographic Focus:

Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tadjikistan, Turkmenistan, Uzbekistan.

Rationale and Objectives:

The TRACECA programme for trade and transport technical assistance was launched in May 1993. Certain preliminary projects were launched by TACIS during the following two years. In February 1995, as the stage of a concerted effort to move ahead with the substantial number of projects foreseen, a programme management team comprising four sectoral experts was appointed, and an office in Brussels was established. Since then, fifteen separate TRACECA projects and several related interstate projects were launched. Three TRACECA conferences have been held, bringing together sectoral experts or authorities from the eight states, EC and IFI officials, and EU consultants.

There is now considerable activity in the TRACECA Region due to the ongoing projects. The partner states have asked that the technical coordination be carried out locally, rather than from Brussels. Stage 1 may be considered to continue until August 97, and then Stage 2 will cover the year thereafter.

The objective of this project is therefore to appoint a coordination team and to establish two TRACECA Regional coordination offices, one in Tblisi for the Caucasus, and a Central Asian office in Tashkent. A further office is established in Brussels.

Main Components:

Establish the three coordination offices, two in the region and a third in Brussels. Provide one EU expert for each office, as well as necessary local managers and aids.

Assist the Commission in the coordination of all contractors, EU delegations, other donor missions, EU commercial operators, and all other interested parties.

Organise conference or working group meeting, in the region or in Europe.

Project budget : 750 000 ecu

Contract awarded to : TRACTEBEL Development

Implementation timetable : September 1996 through September 1997

REHABILITATION OF THE CAUCASIAN RAILWAYS

Geographic Focus: Armenia, Azerbaijan and Georgia

Rationale and Objectives:

The intense use of the Caucasian railways under the 204 MECU Food-operation has led to deterioration of rolling stock and rail track. (Nearly 800,000 t of food supplies were delivered between December and May 1995, representing 92% of the goods supplied by the railways over this period). There was an urgent need to restore rail track and to repair/maintain rolling stock.

This project:

- ensured that food aid will be distributed as efficiently as possible, with minimum losses.
- complemented existing TRACECA projects in the area of transport (Infrastructure / Rolling Stock-Maintenance Railways).
- promoted regional trade in the Transcaucasus by rehabilitating an essential part of the regional transport network.

Main Components:

The project supported the rehabilitation of the Caucasian railway system by:

- repairing rail track. This consisted of repairs and essential maintenance, including the purchase of a large quantity of sleepers, and assistance with their installation.
- repair/maintenance of rolling stock involved in transportation of goods, and in particular of the Food Aid.
- the rehabilitation of the bridge of Poile (Azerbaijan).
- the repair of a part of the section Airum-Yerevan.
- the rehabilitation of 7.5 km of track in Georgia.
- the rehabilitation of the rail-access to the ports Poti-Batumi.

Project Budget: 5.000.000 ecu

Procurement by Partner States from CIS sources.

Implementation Timetable: October 1995 through February 1996

LEGAL ADVICE POTI GRAIN TERMINAL

Geographic Focus: Georgia

Rationale and Objectives:

The EU is committed to provide large quantities of food aid to the Caucasus. Much of this aid comprises grains which are shipped to Georgian ports, and there off-loaded directly onto rail wagons. No storage facilities exist at present, scheduling of trains and ships is complicated, losses are high, and the operation is costly. Consequently the grain terminal at the Port of Poti is to be improved, including the construction of a silo. EBRD and private funding for this and other works can be mobilised, but only within the context of overall restructuring and privatisation of the port. The restructuring is a complex process and a strong legal framework must first be designed, to allow private and EBRD funds to be released.

The specific project objectives are:

- assess the Georgian legal environment within the context of the restructuring and institute a Concession Agreement which would be granted to a Joint Venture (JV).
- provide a recommendation for the structuring of the Concession
- provide a JV agreement and the Charter of the company which will provide a basis for negotiations with the eventual JV partner.

Main Components:

The following activities would form part of the project:

- legal analysis
- drafting of the Concession Agreement, and all other necessary legal documentation
- determination of the process for instituting the Concession
- assist and advise the Georgian Government on:
 - ◊ the Concession Agreement and the project financing package
 - ◊ the encouragement of private investors, and negotiations with them

Private participation in the terminal will be sought by tender, and the Concession Agreement will constitute part of the tender documents.

The Consultant will undertake a substantial part of the work in the field, and work in close collaboration with port authorities and other interested institutions.

Project Budget : **250.000 ecu**

EBRD

Implementation timetable: February 1996 through September 1996

Status: Completed

TECHNICAL ASSISTANCE FOR AKTAU PORT

Geographic Focus : Kazakhstan, corresponding ports and navigation on the Caspian Sea

Rationale and Objectives :

The project is co-financed by EBRD and TACIS-TRACECA.

Aktau Port is now threatened by both the recent rise in the Caspian Sea and a deterioration of its cargo-handling equipment and operational capabilities. Following the Government's request, EBRD prepared a master plan. Its short term phase consists of : (i) construction of 400m of quay wall, (ii) equipment rehabilitation, (iii) land acquisition and (iv) technical assistance to the Port Management. Parts (i), (ii) and (iii) will be the subject of an EBRD loan. Component (iv) will be TACIS - TRACECA technical assistance.

The objectives of the technical assistance are: (i) to support the project implementation, (ii) to enhance the Port's commercial management, (iii) to help planning future investment, (iv) to help develop a privatisation strategy, (v) management training, (vi) to advise on the Port's future organisational structure and (vii) to initiate implementation of financial control and monitoring systems.

Main Components :

Package A, policy, regulation and privatisation

1. Review of existing corporate structures and statutes.
2. Financial and commercial policies.
3. Board structures and procedures: privatisation strategy and regulatory framework.

Package B, operational support

1. Operational planning during construction.
2. Training in cargo handling and port maintenance procedures.
3. Manpower planning.
4. Documentation and trade facilitation procedures.

Package C, accounting systems and business planning

1. Accounting and financial control systems.
2. Business plan and marketing strategy.
3. Training in financial planning and control systems.

Package D, procurement (minor items)

Package E, management training

Package F, privatisation

1. Identification of private sector participants.
2. Financial restructuring.
3. Tender invitation to the private sector.
4. Preparation of contract documents and assistance during negotiations.

Project Budget : 1.500.000 ECU

Contract awarded to : APEC

Implementation Timetable : June 1996 till June 1998

JOINT-VENTURE FOR THE TRANSCAUCASIAN RAILWAYS

Geographic Focus: Armenia, Azerbaijan and Georgia

Rationale and Objectives:

During the visit of Mr. Vandebroeck of October 1995 discussions were undertaken between the Governments of the 3 Caucasian Republics and the Commission. The following has been agreed:

1. The Governments of the Caucasian Republics are in favour of implementing regional collaboration.
2. The agreement proposes a feasibility study which will be financed by the Commission through the Tacis Programme. This feasibility study will provide all necessary technical details to make European investment possible in this project.
3. The object of the feasibility study will include an audit of the concerned railways and the ferry boat connection between Baku-Krasnovodsk as a complement to the existing Traceca projects.

The specific project objectives are:

- promote mutual co-operation between the republics of the region and the use of the Traceca rail corridor by the establishment of a Joint Venture involving the three Republics
- improve the efficiency of regional operations
- consider the possibilities of a multi-modal service based on a restructured railway network and ferry-boat services

Main Components:

The following activities will be included in the project:

- examine potential trade and the framework for development under different political and social scenarios, with traffic potential and forecast, inventory of present assets, identification of investments required, legal and institutional considerations
- identify possible management and implementation strategies, involving local and outside participants
- evaluate economic and financial aspects of alternatives
- recommend strategies and the basis of agreement for a Joint Venture

Project Budget: 2.000.000 ecu

Contract awarded to : TEWET

Implementation timetable: July 1996 through July 1997

AIR TRAFFIC CONTROL

Geographic Focus : Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Turkmenistan, Uzbekistan.

Rationale and Objectives :

Reconstruction of the Transport sector is of critical importance for economic linkages in the CIS and Mongolia. Tacis is assisting in the restructuring of transport networks to meet the needs of the emerging market economies. Specifically in the air transport sub-sector, Tacis aims to foster the development of air traffic in the Southern Ring.

The air traffic control systems inherited from the FSU are poorly equipped compared to typical western conditions. The staff have limited experience of handling international traffic. In particular, FSU controllers have only a weak, or at best routine, grasp of English, which is the accepted international airline language. In the event of exceptional operational circumstances, communications with international airline pilots would be difficult. Furthermore, airway routing is not optimised, and with assistance, operating economies could be realised.

The project objectives are therefore to:

- improve the standard of aviation English of air traffic controllers
- bring ATC operating procedures in line with ICAO standards
- give the concerned countries a better ATC training capability
- introduce new air routes
- improve accounting procedures for air traffic charges
- specifying new equipment needs, and assisting with procurement

Main Components :

The project consists of two modules.

Module A involves the training of selected groups of air traffic controllers in aviation English and ATC procedures. There will be two phases commencing by Phase I in each of the partner states, concentrating on language training. There after the participants will continue their training in the EU, and the course syllabus will become more technical. Simulator training will be provided. Approximately 160 trainees will participate. Training kits will be left with the partner states.

Module B addresses the technical and institutional issues. Experts will be assigned to the partner states and will work with counterparts to design and implement new air routes, determine ATC equipment needs, write specifications, and assist with procurement (eg. international tender) procedures. Senior experts will encourage the states to accept changes, at ministerial level if necessary.

Project Budget : 4.500.000 ECU

Contract awarded to : ILB / Lufthansa Consulting

Implementation Timetable : June 1996 through June 1997

RAILWAY TARIFF AND TIMETABLE STRUCTURE

Geographic focus: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tadjikistan, Turkmenistan, Uzbekistan.

Rationale and objectives

With the break up of the FSU, long distance traffic in the region has attained a new "international" dimension with the creation of additional national boundaries, and separate rail operating companies in each state.

Rail cost accounting systems inherited from the FSU are based on data, aggregation, and indexing which may not reflect any approximation of real costs. It cannot serve as the tool which is needed to make sensible commercial decisions.

The general objective of the project is the encouragement of trade, through Tariff and Timetable Co-ordination between the various railways of the TRACECA Region. Supporting objectives are:

- to encourage commercial, competitive attitudes to rail business development
- to encourage the development of rail tariff co-ordination
- to establish common mechanisms for the collection and transfer of transit traffic revenues
- to eliminate tariff discrimination throughout the region.
- the co-ordination of maritime tariffs and timetables, for traffic using the Ports of Baku, Krasnovodsk, and Aktau.

Main components

The scope of work will include three main aspects:

- co-ordination of operations, including timetables, after identification of market requirements (with an emphasis on freight traffic).
- tariffs, costing and marketing:
 - set out guidelines for a tariff policy between the railways
 - formulate cost accounting policy and practice, with particular reference to cross-border and joint operations
 - formulate a marketing plan, coherent with the other components of the project.
 - provide training for the railway management on a demand led approach service provision
- collaborate with the European Bureau Central de Compensation, a rail payments clearing house
- one or more feasibility studies for the establishment of a free trade zone in ports or other recommended locations

Project Budget : 1.500.000 ecu

Contract awarded to : SISIE

Implementation timetable : September 1996 through September 1997

REHABILITATION OF THE RED BRIDGE AND CONSTRUCTION OF A NEW BRIDGE

Final Recipient:

The Azeri Council of Ministers, The Transport Co-ordination Council, Georgia, and local Institutions designated by these authorities.

Justification and Objectives:

The Red Bridge is an existing masonry arch bridge which is on or very close to the border between Azerbaijan and Georgia. It serves the principal road link between these two countries, which is also a key component of the TRACECA route. It is reputed to date from the 12th century and is an historic monument which must be preserved.

At the time of the dissolution of the FSU a new bridge was under construction. Five concrete piers are complete and two remain to be completed. Certain precast prestressed units for the spans lie on site. No work has been undertaken for several years. Earthworks for the approach roads have commenced. The new bridge is entirely within Georgia. Certain technical details follow:

- total span 238m
- maximum single span 33m
- designed width of deck 15m

Under the new TACIS regulations, TACIS is able to provide limited, small-scale direct investment in border crossing infrastructure, as well as to provide technical assistance. Subject to the availability of funds, it is intended to finance completion of the new bridge, preservation works on the existing bridge, and associated border crossing infrastructures. Thus a significant part of the budget for this project is to be devoted to construction work rather than consultancy services.

In any case, the apparent neglect of the existing bridge demands expert inspection and essential maintenance. The development of the oil industry in Azerbaijan will stimulate an increase of traffic from the Black Sea ports to Baku. While much of this traffic will move by rail, exceptional loads may have to travel by road.

It is of vital regional interest to maintain the road link between Georgia and Azerbaijan in a fully viable condition. It would be most expeditious to complete construction of the new bridge, and to ensure the preservation of the existing bridge for its historic interest and symbolism to local peoples.

The initial objectives foreseen in this project will be to:

- visually inspect the old bridge and recommend renovations necessary to preserve it both functionally and as a historic monument
- visually inspect the partially completed new bridge and recommend any remedial works, or additional surveys
- review existing designs for a new bridge, and approach roads

- review plans for border crossing facilities (customs and immigration posts) and make recommendations on their development
- recommend adaptations to the designs if and as necessary to conform with international standards, and to allow construction of all works within budget
- devise the most appropriate construction package to carry out the works, according to TACIS procurement procedures, compile the necessary tender (if necessary) and contract documents, including provision for inspection and reception of works
- control interim payments and reception of the completed works

Main components

The Consultant will provide expertise for design reviews, develop agreements, and carry out on-site inspections as required by the objectives.

He will make recommendations for any re-design or additional works required. Georgian counterparts will carry out such redesign and any additional survey works according to the recommendations of the European Consultant.

The Consultant will verify the adequacy of the documents produced. He will provide guidelines to Georgian counterparts for the preparation of a detailed estimate of the cost of completion of the new bridge, remedial works on the existing bridge, and ancilliary border crossing facilities. Given the total budget and the lack of established recent unit rates for similar works, there may need to be considerable adaptation of the actual design (eg. simplified access works,...).

The Consultant will devise the most expeditious plan to complete the works, taking into account:

- Georgian willingness to finance a portion of the works from their own resources
- TACIS procurement procedures for co-financing the remaining portion of the works (which may or may not be the major part of the eventual cost estimate)
- the responsibility for the soundness of present partially completed works

Construction may be foreseen by purely local, mixed or international contractors. The Consultant will prepare contract documents for the construction phase, including both works and supervision. This is to include remedial works on the existing bridge.

In the event of inadequacy of the budget to cover completion of the new bridge, then the Consultant will concentrate on the remedial works and ancilliary border crossing facilities.

Project Budget : 2 500 000 ecu

Implementation timetable

12 months

FEASIBILITY STUDY OF NEW TERMINAL FACILITIES IN THE GEORGIAN PORTS OF POTI AND BATOUMI, AND THEIR LINKS TO THE TRANS EUROPEAN NETWORKS.

Final Recipient

Ministry of Transport of Georgia, and hinterland economic centres

Justification and Objectives

Three corridors of the Trans European Networks (TEN or the "Crete Corridors") have outlets at the Black Sea ports of Odessa, Varna and Constanza. The increasing amount of traffic flows from Europe to the Caucasus result in an urgent need for an investment programme for the Georgian ports of Poti and Batoumi, especially for the upgrading and construction of ferry terminals which ensure the connections with other Black Sea ports and of general cargo facilities which handle cargo from other maritime links.

In order to have a general picture of the maritime trade flows from Europe to the Caucasus all important maritime links have to be examined, and their viability established. These would include links with: Mediterranean ports (Greece, France, Italy, and Spain), North Sea ports (France, Belgium, Holland, Germany and Denmark) and the Russian Black Sea ports.

Thereafter a feasibility study should point out which kind of terminals should be installed in both ports and which kind of general cargo facilities are required (product related). The study should indicate the viability of the Black Sea connections with Odessa, Constanza and Varna.

The objectives are therefore:

- 1) To examine existing and potential traffic flows between Poti/Batoumi and, in particular:
 - the TEN Black Sea port terminals,
 - the Rhine-Main-Danube corridor
 - the Ukrainian ports (Sebastopol, Ilyichevsk,...)
 - the Russian Black Sea ports (Rostok and Novorossilisk,...)
 - the Mediterranean ports (Thessalonika; Brindisi, Ancona, Venice, Genoa, Marseille, Toulon, Barcelona,...)
 - North Sea ports (Le Havre, Antwerp, Rotterdam, Hamburg, Copenhagen,...)

This will provide recommendations for the cargo facilities of both Georgian ports. It will provide an overview of the traffic potential.

- 2) To carry out a feasibility study for a rail ferry service between Odessa and Poti, which could be an extension of the existing service between Varna and Ilyichevsk

3) To carry out a feasibility study for truck and container ferry boat connections between the Georgian ports, Varna, Constanza and Odessa in order to make recommendations on the modernisation /extension of both Georgian ports.

4) To verify and adapt existing Russian design studies for terminal developments. To prepare the documentation for justification of investment and to prepare the tender documents for the works involved

Main Components

The emphasis of the later detailed stages of the project will be placed on developments favoured by the traffic flows, most appropriate technology (Ro-Ro, containerised,...), existing infrastructure in Georgia and its correspondent ports, and commercial relationships.

The output of the project will be phased, to correspond with typical IFI requirements for project development, decision and review milestones. It will culminate with preparation of tender documents and assistance with works tender evaluation, for the recommended and approved developments so that support from financing institutions is swiftly mobilised.

The Consultant must recommend and promote any institutional restructuring and human resources development for the eventual terminal owner and operator.

Project Budget : 1 500 000 ecu

Implementation timetable

12 months

ROADS MAINTENANCE

Final Recipient:

The Ministries of Transport of the TRACECA States, or the equivalent authorities designated by Councils of Ministers for National Highways Maintenance.

Justification and Objectives:

Since independence from the SU, national economies have declined and road maintenance has been neglected. Extensive roads rehabilitation and improvement programmes are required right across the region. Several International Financial Institutions (IFI) are planning major investments in roads works. TRACECA previously has provided technical systems and economic analysis to facilitate the mobilisation of external investment. Against this background the project aims to sustain existing programmes and to encourage IFI interest in further support.

Provision of technical assistance in the re-organisation of highway maintenance departments is to be foreseen. Additional training and equipment is to be provided to allow development of the pavement management systems implemented in a previous project.

Winter maintenance is an onerous burden on TRACECA highways departments. Road transport operations are severely restricted, with periodic road closures and convoy operations being imposed. Good winter maintenance systems (WMS) can lead to extremely high returns on investment in Western-type economic environments. This project is the first exploration of such possibilities in the Caucasus and Central Asian countries. There has been positive experience reported on introducing WMS in Russia and Eastern Europe.

Strategic transport sector overviews, and the roads feasibility studies prepared to date in TRACECA countries, are unanimous in their condemnation of the quality of roadstone and bitumen used in road construction and maintenance. Also, pavement design codes have drawn critical comment. A fundamental appraisal of the origins of these deficiencies must be sought and remedies found. As well as the technical aspects, opportunities for restructuring the present supply sources and channelling external investment towards them are to be identified.

There are several strategic road links in the region which were never fully developed and exploited in FSU times. These are potentially interesting commercial feeders onto the TRACECA route and the feasibility of their improvement is to be studied.

Main components

Assistance will be provided to Azerbaijan in the restructuring of that countries highways maintenance department. This restructuring is a condition of EBRD support to the roads sector in Azerbaijan. Client-supplier relations between authorities and contractors are to replace the present unitary hierarchical system inherited from the FSU.

TRACECA highway maintenance authorities have been deeply impressed by hardware and software provided to them under a previous TRACECA project, particularly pavement testing equipment. Further implementation development will be provided.

Certain major road links in the Region are closed during winter, and long detours are imposed (eg. Tashkent-Dushanbe,...). Certain notorious winter black-spots exist. The project will give individual attention to these. The equipment available to maintenance departments is to be reviewed. Advice must be given on the selection, specification and procurement of mechanical equipment, accompanied by the development of management systems for the operation of specialist equipment on a commercial basis.

Local managers are to be offered a winter study tour to Europe to witness the operation of a maintenance depot with a similar function and under similar circumstances to their own (maintenance of intercity highways).

The project is to assist in the editing and adoption of realistic new technical standards for road construction and maintenance works. The scope of work is to cover standards for materials supply, for pavement layers (stone and bituminous binders), necessary testing procedures, and pavement layer design. Such standards can only be of value if they relate to available raw materials and equipment. Wide ranging field investigations and interviews with local managers will be necessary to determine the potential of established sources of basic materials (quarries, refineries,...) required for the extensive roads rehabilitation programmes now being developed. A steering committee or similar body must be established to guide the standards and codes aspects of the project. Recommendations for the materials supply sector are to be formulated. These are to be co-ordinated with IFI intentions for major investments in road projects. Also, active steps must be taken to encourage European commercial interests to invest in the sector.

The economic development of the south-eastern section of the TRACECA region is particularly sensitive to trade links provided by highways (but also by rail in the longer term). Access, for example to Kashgar from the Ferghana valley would provide a vital strategic alternative route for commercial traffic, and extend the zone of influence of the TRACECA corridor. Pre-feasibility studies of such opportunities are to be carried out.

Project Budget	2 500 000 ecu
Implementation timetable	24 months

RENOVATION OF TURKMENBASHI INTERNATIONAL SEA PORT THE GENERAL CARGO AND CONTAINER FACILITIES.

Final Recipient:

Port Authority of Turkmenbashi, Maritime Transport Ministry of Turkmenistan, correspondent Caspian Ports, and Central Asian hinterland economic centres.

Justification and Objectives:

The Port of Turkmenbashi is the main sea-port of Turkmenistan. It occupies a key strategic commercial position on the Caspian Sea. The port is situated at the terminal of the most southern rail and road connection system of Central Asia. It is a key element in the TRACECA corridor (Transport corridor Europe-Caucasus-Asia).

The rising Caspian Sea level, observed from 1975 creates major difficulties in operating the ferry service between Turkmenbashi and Baku and requires, as an absolute priority, the redesign of both ferry terminals. This is already taken into account in a Stage 1 Tacis-Traceca project.

The objective of the present Stage 2 project is to prepare the design of the new general cargo and container facilities of the port of Turkmenbashi, replacing the existing main complex, both for the short term needs (i.e. the needs up to 2007) and also for future extensions. The project includes the preparation of tender documents for the general equipment of the port.

The project is being conducted in close collaboration with the EBRD, who are committed to provide 50MUSD of investment for the port. It matches actions by the EBRD and TRACECA in the ports of Aktau and Baku.

Main Components:

The project comprises:

First phase: Definition of the design parameters

During this phase, the consultant must define the design parameters covering the amount of cargo for each commodity, general layout of the future port, aspects of port operation during construction and after the works, geotechnical aspects, seismic activity, capacity of the new terminals. Sea levels must to be taken into account, as well as type of ships, capacity of handling equipment, access roads and tracks, the need for open and closed storage capacity, electricity and water supply, use of standards and codes of practice, etc.

Second phase: Design of the general cargo and container facilities

In this phase, the consultant must prepare designs and discuss them in detail with the owner, Tacis and the EBRD. This phase ends with the production of a detailed bill of quantities and of a budget for the works to be carried out.

Third phase: Economic and financial evaluation

In this phase, the consultant's design is to be tested on its economic merits in the macro economic environment. A financial analysis will be made controlling the return on investment for the port and the possibility of repayment of the loans from the benefits the investment will generate.

This evaluation may oblige adaptations to preferred designs and/or postpone the realisation of parts of the envisaged works in order to identify and pursue the most attractive economic alternatives.

Fourth phase: Preparation of international tender documents

In this phase, the Consultant will prepare the international tender documents according to the standards of the supporting financing organisations.

Project budget : 750 000 ecu

Implementation timetable : 12 months

CENTRAL ASIAN RAILWAYS RESTRUCTURING AND TELECOMMUNICATIONS STUDIES

Final Recipient:

Ministries of Transport and rail operating companies of Kazakhstan, Kyrgystan, Tajikistan, Turkmenistan, Uzbekistan

Justification and Objectives:

The breaking up of the FSU and the creation of new independent railways in the Republics in the Central Asia has resulted in disruption to operations and revenues of these railways. Freight traffic demand has typically been reduced by two-thirds. Tariffs have increased much more slowly than the rapid general price inflation in the country. Huge accumulated arrears aggravate the financial situation. Therefore railway finances have sharply deteriorated, despite strong restraint on expenditures, including routine maintenance as well as on capital replacements and new investments.

The downward trend of traffic levels appears not yet to have stabilised. Despite the expectation of economic recovery, it is unlikely that rail traffic volumes will ever again reach the levels of 1989. Large scale adjustments in the economic structure of the TRACECA states will restrain long-distance haulage of quantities of low value bulk materials

The fundamental changes in the market for railway services has led the Governments of the Central Asian TRACECA states to the conclusion that equally fundamental adjustments are required in the railway sector. These adjustments include the railway's relationship to the Government, its institutional and management structure, its physical assets and labour force, its operating and maintenance practices and its tariffs and debt collection abilities. The intention is to develop an effective, financially self-sustaining industry.

The Government has requested technical and financial support from TRACECA and from the European Bank for Reconstruction and Development ('EBRD') to assist in the detailed design and implementation of the railway restructuring programme. Plans must be laid both for the comprehensive restructuring itself, and to define a priority programme of investments needed to support implementation of the restructuring. This would then provide the basis for appraisal of loans from EBRD and other financing institutions.

Objectives will be to:

- develop restructuring strategies to transform the railway sector to a commercially driven, financially self-sustaining industry
- elaborate detailed restructuring plans including the future relationship between Railway and Government
- establish a plan for a project implementation unit and its co-operation with the existing railways as well as the required planning and implementation instruments
- identify emergency measures and overall requirements for the period 1998-2002.
- provide commercial and financial orientation for future investment planning
- promote international freight traffic harmonisation with neighbouring railways in the field of operation, traffic, tariff and customs procedures
- assess environmental obligations and regulations - any major environmental deficiencies in railway operations or maintenance should be identified and addressed in the 5-year restructuring plan.

Main Components

Tasks will comprise:

- a brief overall review of all major facets of the Railway's present and anticipated future traffic, operations, facilities, equipment, finances, organisation, management, human resources, environmental impacts, and legal situation;
- examination of the legal framework and status of the Railway, its respective powers, obligations, and responsibilities, and its relationships to the Ministry of Transport and Communications and other Governmental agencies, including price control and anti-monopoly authorities;
- examination of present and proposed internal Railway organisation and management structures (including reporting and decision hierarchies, information systems, corporate and individual incentives structures);
- assessment of the present management information systems (operations, finance, accounting, billing, marketing, corporate planning, project evaluation and capital budgeting, personnel and administration) relative to the needs of a modern commercial organisation, and identification of future development requirements;
- analysis of present traffic patterns and recent trends for key traffics by commodity type
- analysis of current level and structure of railway costs for the most important traffics, comparison with the level and structure of tariffs, and recommendations concerning any changes in tariffs
- identification of any traffics which may not be financially profitable
- assessment of the present and prospective future financial condition (profit and loss, assets and liabilities, cash flows) of the Railway and associated debt servicing capacity
- assessment of facilities and equipment of network infrastructure, identification of surplus assets, and definition of a programme for management or disposition of surplus assets;
- assessment of maintenance and repair management, procedures, facilities and locations;
- comparative assessment of present and future human resource requirements
- survey of the environmental impacts of Railway construction, maintenance, and operations
- identification and preliminary assessment of immediate priority capital requirements:
 - to support the restructuring programme, e.g. development of legislation, management information systems (systems assessment, selection and implementation, including computers and software), training, planning and implementation of optimal dis-investment/ standby assets preservation programme for infrastructure and equipment, labour adjustment programmes;
 - to rehabilitate and preserve critical infrastructure and equipment (including inventories of spare parts, rehabilitation of locomotives, wagons, and track) or protect the environment; and
 - selective, high-yielding new investments to meet new market opportunities (e.g. Trans-Asia-Europe corridor) or substantially reduce costs of present operations.
- organise a regional conference to discuss the regional aspects of the restructuring plan

The project will include a relatively small sub-project to be carried out by the Union International des Chemins de Fer (UIC), for the improvement of telecommunications links between the concerned railway operating companies.

Project budget : 2 500 000 ecu

Implementation timetable : 12 months

ANNEX 8

Summary of the Status of Contracted Project Reports

TRACECA

PROJECT	YEAR & MONTH																														
	95						96						97						98												
	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2
Road Vehicle Spare Parts WEAST																															
RailTracker Freight Monitoring System UNCTAD																															
Road Transport Services (Caucasus) DHV																															
Transport Management Training NETHCONSULT																															
Transport Legal and Regulatory Framework SWK																															
Implementation of PMS KOCKS																															
Maritime Training Baku & Port Master Plan HPTI																															
Intermodal Transport BCEOM																															
Rolling Stock Maintenance SYSTRA																															
Regional Traffic Forecasting Model ATKINS																															
Railways Infrastructure Maintenance (Caucasus) TEWET																															
Traceca Trade Facilitation SWK																															
Road Transport Services (Central Asia) GIBB																															
Ferry Terminals: Baku & Krasnovodsk RAMBOLL																															
Railways Infrastructure Maintenance (Central Asia) DE-CONSULT																															
JV for the Trans-Caucasian Railways TEWET																															
Railway Tariffs and Timetables SISIE																															
KEY																															
Report:Inception/Progress/Final Seminar																															

ANNEX 9

Project Progress Tables

PROJECT PROGRESS REPORT

Project title: TRACECA Project - TRACECA Co-ordination Team		Project number: 96-5259		Country: Armenia, Azerbaijan, Georgia, Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan, Tadjikistan		Form 2.2, Page: 1													
Planning period: 09/1996 - 01/1997		Prepared on: 01/1997		EC Consultant: TRACTEBEL Development, Brussels, Belgium															
Project objectives: To provide professional and operational support to the TRACECA Programme																			
No	ACTIVITIES IMPLEMENTED	TIME FRAME 1996-1997 (for the project period September 1996 to January 1997)												INPUTS					
		Months												PERSONNEL EC Consultant		PERSONNEL Counterpart		EQUIPMENT AND MATERIAL	
		September	October	November	December	January	Planned	Utilised	Planned	Utilised	Planned	Utilised	Planned	Utilised	Planned	Utilised			
	<p>Establishment of permanent TRACECA Co-ordinating Offices in Caucasus and Central Asia; maintenance of the existing office in Brussels</p> <p>Organisation of the Working Group Conference in Athens</p> <p>Appointment and management of local co-ordinators in all TRACECA founder state capitals</p> <p>Launching of new projects including preparation of TOR and participation in tender evaluation</p> <p>Meetings with Contractors, Partner Organisations, Co-ordinating Units, Delegations ; libraries in Brussels, Tashkent and Tbilisi ; facilitation of exchange of information between the Contractors ; consolidated calendar of projects events and milestones ; review of reports issued by Contractors.</p>	X X X X	X X X X	X X X X	X X X X	X X X X							4 PC, 2 printers, 2 fax, 2 copiers	4 PC, 2 printers, 2 fax, 2 copiers					
				X X X X	X X X X	X X X X													
		X X X X	X X X X	X X X X	X X X X	X X X X													
							15.28 mm	15.28 mm	31.32 mm	31.32 mm									
	TOTAL						15.28 mm	15.28 mm	31.32 mm	31.32 mm									

RESOURCE UTILISATION REPORT

Project title : TRACECA Project - TRACECA Co-ordination Team	Project number : 96-5259	Country : Armenia, Azerbaijan, Georgia, Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan, Tadjikistan			
Planning period : 09/1996 - 01/1997	Prepared on : 01/1997	EC Consultant : TRACTEBEL Development, Brussels, Belgium			
Project objectives : To provide professional and operational support to the TRACECA Programme					
RESOURCES/INPUTS	TOTAL PLANNED	PERIOD PLANNED	PERIOD REALISED	TOTAL REALISED	AVAILABLE FOR REMAINDER
PERSONNEL					
EU expert technical senior	23.5 man months	8.82 man months	8.82 man months	8.82 man months	14.68 man months
EU expert junior	10.5 man-months	3.23 man-months	3.23 man-months	3.23 man-months	7.27 man-months
EU secretarial support	10.5 man-months	3.23 man-months	3.23 man-months	3.23 man-months	7.27 man-months
Local expert long term	86 man months	29.53 man months	29.53 man months	29.53 man months	56.47 man months
Local expert short term	209 man-days	71.76 man-days	71.76 man-days	71.76 man-days	137.24 man-days
Sub-total	130.5 man months and 209 man-days	44.81 man months and 71.76 man-days	44.81 man months and 71.76 man-days	44.81 man months and 71.76 man-days	85.69 man months and 137.24 man-days
EQUIPMENT AND MATERIAL					
4 pc, 2 printers, 2 copiers, 2 fax, 2 sets of software	2	2	2	2	0
Sub-total	2	2	2	2	0
OTHER INPUTS					
Air tickets Europe	12	4	6.5	6.5	5.5
Air tickets Inter NIS	50	16.5	10.25	10.25	39.75
Sub-total	62	20.5	16.75	16.75	45.25
TOTAL					

OUTPUT PERFORMANCE REPORT

Project title : TRACECA Project -TRACECA Co-ordination Team	Project number: 96-5259	Country : Armenia, Azerbaijan, Georgia, Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan, Tadjikistan	Form 2.4, Page : 1
Prepared on: 01/1997			
Output results	Deviation original plan + or - %	Reason for deviation	Comment on constrains & assumptions
Local Offices established in Caucasus and Central Asia Working Group Conference organised in Athens Local Experts contracted in each TRACECA country TOR	long term experts : + 0.15 % and short term experts : - 0.58 %	Beneficiary request agreed by TACIS	