

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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FINAL REPORT

Date of Report : September 18th 1997

Reporting Period : September 19th 1996 to September 18th 1997

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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 conference, 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 Tbilisi 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 responsibilities of the Brussels and Field co-ordination centres have been as follows:

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. The principle demand has been for transmission of copies of reports between different projects.

A World Wide Web site has been created and maintained. This contains Traceca background information and project reports. It is interactive, multi-layered, and links with other EU sites. It functions as the programme newsletter.

Tashkent

Offices were refurbished and opened in the Tashkent Institute for Automobile Transport.

Staff comprising a local expert and a secretary were engaged for the Tashkent office. Local experts were appointed and working facilities arranged in Almaty, Bishkek, Dushanbe and Ashghabad.

Meetings are held on a regular basis with beneficiary state authorities to discuss and develop the many issues with which the team is concerned. The major centres are visited by the co-ordinator at least once per six weeks (Dushanbe excepted due to the conflict, and the geographic location).

Weekly meetings were inaugurated for all projects in Tashkent, when sufficient project missions are present. Regular contacts are maintained with all project missions operating in Central Asia.

Regular meetings are held with the Central Asian TRACECA monitor.

Tbilisi

Three offices have been opened, in Tbilisi - Ministry of Transport, Baku - Railways Department, Yerevan, Private Office.

A local expert has been appointed in each country, along with secretarial support.

In every country, informational and working meetings are held on a regular basis with, European Union delegation (Tbilisi), Co-ordination Units, member states embassies, beneficiary authorities, monitors and permanent representatives of the consultants.

General

A considerable extension of the emphasis of the programme has been managed during the contract period. In particular the procurement of equipment and works, in addition to the provision of traditional technical assistance has been arranged.

For the 1996 budget projects, TOR were completed, and assistance in tender evaluation provided for the three new projects in the road rail and maritime sectors. TOR and supply tender dossiers have been prepared for the equipment and infrastructure procurement contracts, as well as the necessary control functions which accompany such contracts.

A Projects Reports catalogue updated as appropriate, and other media, have been circulated to projects operating within the programme, to promote efficient cross project utilisation of information and data as it becomes available.

2.2 Programme Progress

Commentaries on the individual TRACECA projects are included in Section 4.4 of this report, and in Annex 7. Immediately hereafter we provide a general view of the impact of the TRACECA programme to date.

A high degree of consciousness of, and respect for, the TRACECA programme has been stimulated in the beneficiary states. Likewise, related third party organisations such as the international financial institutions (IFI), the UN and certain commercial operators have come to look to the TRACECA programme as a most serious partner to work with.

Clearly we have gained the interest and confidence of the beneficiary states authorities on a much wider basis than the Working Groups, which were initially our principle interfaces with the beneficiaries. 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, or collusion with, 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 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 IFI 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 therefore sought, on the one hand to establish 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 attracted.

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.

A highly significant evolution of the TACIS funding for TRACECA has been the acceptance by the Member States, and of course by the beneficiaries, of proposals for direct investment in infrastructure improvements and equipment having a linkage to cross border traffic. The actual investments proposed will serve to improve international freight traffic flows at the ports of Iliyechevsk, Poti, Baku, and Turkmenbashi, and at inland international container terminals in Uzbekistan and Kazakhstan.

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, to co-ordinate actions in the road and rail sectors.

An introductory meeting was held with the Islamic Development Bank (IDB) in Bishkek. Future project output will be provided to them, and they would consider future TRACECA infrastructure investment opportunities which might be of interest to them.

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.

Reform of transport legislation has been initiated in all of the TRACECA states. Actual progress differs in each state, as their nascent democratic institutions grapple with inappropriate FSU legal structures across all sectors of their societies. The openness of contacts with both administrative and legislative branches of government has been encouraging. Progress has been made in promoting adherence to international conventions.

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.

Overall progress on the TRACECA programme is thus encouraging, and the present reporting period has been one of continuing achievement. The programme has taken a major step by its extension into direct grant assistance for procurement of supplies and works.

TRACECA may be considered as one of the more successful components of the TACIS programme, in terms of coherence, impact and sustainability.

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.

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). Six new projects (one an extension) were launched using the 1996 TRACECA budget. Four new projects have been approved for the TRACECA 1997 budget, and are being launched at the time of writing. 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 principal 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.

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 was 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

- project experts
- beneficiary agencies
- local experts with the co-ordinating unit of every country

Twice monthly or monthly meetings:

- Heads of coordinating unit in every country
- Transport sector authorities.
- TACIS monitors
- between the Tashkent, Tbilisi, and Brussels co-ordinators

Quarterly meeting:

- Member states embassy officers
- European delegation, if existing
- 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 basic vectors for circulation within the team and to the Task manager, of information concerning projects progress, the changing institutional environment, and the activities of third parties including other donors.

Direct contacts between the Field Co-ordinators and the Task Manager have been ad-hoc, by telephone or by meeting, in Brussels or in the field, at a frequency depending on the importance of the matters in hand.

The Field Co-ordinators have returned to Brussels for concertation, at intervals on average of six weeks. They have arranged three field meetings between themselves, two in Ashghabd and one in Tbilisi.

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 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 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 their particular expertise is unique (international rail operators communications, and international financial settlement mechanisms). With the IRU we are now developing a proposition for a large training and transit facilitation project for the road transport sector. In general, it is of course of great value to both the beneficiary states and to long-established 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 has been established since (see Section 4.4.3).

It had been recognised as a weakness of TRACECA that we had not yet proposed actual transport links between the TRACECA states and the EU, such as the Trans-European Network (TEN) corridors. Hence there have 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 was accepted as a member of TRACECA.

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 Procurement of Consultancy Services

Four new projects were launched, financed by the 1996 budget:

- Rail Restructuring Central Asia
- Roads Maintenance
- New Terminal Facilities in Georgian Ports
- Renovation of Turkmenbashi International Port Facilities (extension of existing contract)

The co-ordination team wrote the TOR and assisted in the evaluation process for these projects. Particular emphasis was placed on the need for a thorough review of previous TRACECA consultancy reports, and these have been made available to them. Briefing meetings were held in the Consultants offices in Brussels. The full inventory of TRACECA reports was made available to Consultants and those of relevance were given to them. Copies were provided to the Consultants. The co-ordinators assisted the introduction of the new project teams to the region. Sometimes this involved organising quite high profile events such as the Links to Kashgar conference (see Section 4.3.4).

4.3.3 Procurement of Goods and Works

The TRACECA programme had from its inception until the present reporting period concentrated on the provision of technical assistance, which is the typical main activity of the TACIS programme. Some equipment had been provided within the prescribed limits of the provision of equipment by TACIS service contracts. The single works procurement contract undertaken was the Rehabilitation and Reconstruction of the Red Bridge border crossing (within the 1996 budget).

During the later half of the reporting period far more effort has been devoted to the preparation of supply and works tenders and contracts. These projects concern border crossing facilities (ports, and inland terminals for international freight within the vicinity of borders). They are entitled:

- Container Services between Baku and Turkmenbashi
- Computers and Communications (Poti/Ilychevsk)
- Maritime Connection Ukraine Georgia - Port of Ilychevsk
- Maritime Connection Ukraine Georgia - Port of Poti
- Equipment - mobile

To these procurement contracts must be attached specific control service contracts:

- Supervision Maritime Connection Ukraine Georgia
- Co-ordination Maritime Connection Ukraine Georgia
- Co-ordination and Supervision Container Services Baku-Turkmenbashi

The team has prepared TOR, tender and contract documentation for all of these projects. Open calls for tenders were published in the Official Journal in early August for reply by the end of September (since set back to early October for all except the Works contracts). Tender documentation was distributed to interested potential bidders by the team. This represented a very heavy workload during the final phase of the reporting period, particularly as open works tenders have not previously been launched by TACIS. Summaries of the contents of the projects may be found in Annex 7.

4.3.4 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 principal IFI.

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.

The team members attended and made presentations at a number of conferences of relevance to the TRACECA programme, organised throughout the period by other authorities, and themselves. Such events included:

- The UNDP/UNCTAD conference on a regional transit treaty held at Issy-Kul, in Kyrgyzstan, November 1996.
- The VERTIC conference held in Tbilisi in February 97 on the Eurasia transport corridor and its impact on local society.
- The Black Sea Economic Committee (BSEC) meeting in Tbilisi in March 97. This was a high-profile event and was attended by both field co-ordinators, the Task Manager and Head of Unit.
- The subsequent BSEC conference in Kiev
- The Tashkent UNDP conference on links with China (local expert and CU representative) in April 97
- The Transit 97 conference in Almaty in May 97. This was organised by the Kazakh Ministry of Transport and the major sponsor was TACIS.
- The ECO road transport treaty working group meeting in Almaty in May 97.
- The 25th OJCD Railway Ministers Meeting in Tashkent. The OJCD is the former Eastern block equivalent of the Union Internationale des Chemins de Fer (UIC).
- The Donors Meeting organised by the ADB for Uzbekistan railways in Tashkent in September 97.
- The Co-ordination meeting for the Links to Kashgar, China (module E of the Finnroad Roads Maintenance contract), Tashkent, September 1997.

The TRACECA state national delegates to the Helsinki conference on Trans European Networks, organised by DG7 in June, were briefed by the team before departure.

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.

Efforts are made to ensure that each project produces substantial output. Simply expressed, this involves communication about the projects:

- with the beneficiaries, to be sure that their various agencies at both policy and operational levels concerned by the project do in fact appreciate its significance, know of its activities and make available the appropriate counterparts
- with external potential investors, where, as is the case with most projects, funding of maintenance or improvement must be found

It is rarely possible to identify a viable project and associate with it a guaranteed investment follow-up. Hence the co-ordination team has worked persistently to maintain the visibility of both the present and future TRACECA projects, and to achieve a form and quality of output to attract and 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 high degree of security of return. IFI obtain this from their privileged supra-national status and sovereign guarantees. Such conditions are simply not available to the private sector.

4.4.1 Multi-Sector

Three TRACECA projects are grouped in this category *Transport Legal and Regulatory Framework*, *Traffic Forecasting Model*, and *Trade Facilitation, Customs Procedures, and Freight Forwarding*.

The *Transport Legal and Regulatory Framework* project is a major TRACECA initiative, scheduled to last for two years and now nearing completion. The co-ordination team has taken a close, and almost daily interest in the progress of this project. There are in effect two domains of application to the project, one being national legislation, and the other being international agreements.

In its initial phases the project worked with appointed « National Task Force Chairmen » within each state. With their assistance model draft legislation was developed, as was a model regional transit agreement. After a regional conference held in October 96 in Tbilisi the models were approved at the level of the Chairmen. However the implementation of legislation in any state is a complex matter, requiring a reasonable consensus within the administrative apparatus on the detailed options and then assistance through the parliamentary process. Thus actions within our project this year have been to respond to requests from the beneficiary states for expert consultation by the divers players involved in the processes, and lobbying to promote our concepts where the focus was deviating. Our actions have in general been successful because we have achieved working interfaces with the key administrative and legislative actors. The situation varies from country to country, but in general the main constraint on progress is parliamentary time, as during the present transition period national legislatures are charged with enormous burdens of instituting reforms to the FSU command economy legal systems that they have inherited.

The approval of the multi-lateral transit draft is at least as complex as the implementation of national legislation. Bi-lateral agreements have come into being. The ECO, of which all TRACECA states except Georgia and Armenia are members, is promoting a transit treaty which has not received the full benediction of legal experts from the TRACECA project. Within the region to date, no transit accord except the Sarakhs agreement has been approved

at the necessary level of government for implementation. The existing Sarakhs agreement would appear to be the most promising vector for extending formal regional accord on transit facilitation, given the active interest of at least one senior national figure.

Progress has been made in promoting the adherence of TRACECA states to the wider international transport conventions, such as the TIR.

The *Trade Facilitation, Customs Procedures, and Freight Forwarding* project has been more investigative and preliminary than the foregoing Legal Framework project, which had an implementational component. The project is nearing its close. A final project conference was held in Almaty during early February, which approved the project recommendations. The project has presented comprehensive reports on physical border crossings, transit documentation, and (computerised) systems. The beneficiary states were invited by the co-ordination team member in attendance to present their own outline national programmes, and related technical assistance needs, to the co-ordination team. In fact more external stimulus is needed and future IFI loan covenants may contain clauses which seek to impose greater administrative efficiency at border crossings.

There has been interest expressed in follow-up actions by the ADB, and the co-ordination team is assuring dialogue and document distribution to further the project long term impact.

Assistance has been provided to help set up national Freight Forwarders Associations, and to affiliate them with the International professional body FIATA.

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. As a consequence 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 finally achieving some useful output. An origin-destination matrix of trade flows based on customs data, has been issued and a data base of existing traffic on CD together with a user manual has been issued. These have been distributed to other projects, including for example the ADB rail project in Uzbekistan, which is not financed by TRACECA.

This present co-ordinating team report is not a monitoring report, so we analyse the Traffic Forecasting project 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 was 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 has obtained cost data from freight forwarders. The project has not conducted 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 is trying to calibrate them by mathematical balancing.

The project has been requested to carry out several small case studies, as foreseen within its terms of reference, including:

- new links to the south-east towards Kashgar in China.
- a new north-south rail link in Turkmenistan on the East shore of the Caspian Sea
- a road tunnel in Tadjikistan

This follows 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 co-ordinating team has worked very closely with the consultant to refine the output from these case studies. The project has also been provided with and asked to review the latest relevant traffic projections from all other projects.

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.

Certain of the project local sub-contractors are very receptive to the project. Seminars on the data base and model were held during July-August. No clear institutional structure has emerged or been proposed to allow confidence that the project activities could locally at some time in the future sustain themselves without outside support. Hence, though the project still has the potential to provide substantially useful output, no case can be made for extending it further resources. The co-ordinating team field offices use local experts to report traffic flows on key links, so this will at least enable the evolution of overall flows to be gauged in the future, and compared to the eventual forecasts due from this project.

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 used free market economic principles to study the links between appropriate national expenditure on roads maintenance, benefits and dis-benefits to users, and the levels of cost-recovery or taxation justifiable. In fact, Transport Economics according to Western practice is almost totally unknown in the region. The co-ordination team has devoted considerable time to this project, and controlling the output, much of which is of a very highly specialised nature.

The project is not an isolated technical assistance effort. 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 introduces them to tools to enable them to plan this.

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 accompany this action.
- 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.

Most project components were expected to be completed by September 1997. The principle component ongoing until full project completion at the end of November 1997 is that concerning Armenia.

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 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.
- 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 pre-feasibility level of the impact of several new or much improved links which beneficiary states propose in the south-east of our region (Tadjikistan, Kyrgyzstan, and Uzbekistan), including a new rail link, as the studies at this preliminary level are best considered on a multi-modal basis.

The last of these components is of high interest to the governments of Kyrgyzstan and Uzbekistan. In fact the origin of the project is to be found in a communication from President Akaev of Kyrgyzstan to Mr.J.Santer, requesting assistance. To be sure that the TACIS support to the concept has the recognition that it merits, the co-ordination team worked with Uzbekistan railways to organise during September 1997 a high level conference in Tashkent for senior officials and technical experts from Kyrgyzstan and Uzbekistan, as well as from the ADB, EBRD, and UN. Thus the project consultant was introduced to local authorities in a highly visible setting, and the projects interfaces with local authorities were formalised. The conference achieved its aims and was considered to be a success by all participants. Uzbekistan Railways are to be particularly thanked for co-sponsoring the event.

In the road transport operations sector, two projects have been granted extensions by 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 has prepared detailed business plans. Ongoing support has been provided by TRACECA, to stimulate and negotiate equity participation by specialist EU companies. Quite considerable and exhaustive investigation of the possibilities for loan funding of these ventures has been carried out. The conclusion must be that under present circumstances loan capital is not readily available to the road transport operations sub-sector. This is in fact a considerable handicap to raising equity finance, as private investors feel more secure in the TRACECA region if their investment is accompanied by a development bank loan.

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 had a regulatory assistance component which was in the first instance omitted from the Caucasus. This reflects the lack of interest in the Caucasus in such a component, at the time of developing the TOR. The success of the two projects, 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, affiliated with the IRU) along with his own staff. He has scored marks for his efforts, 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). It may however be said that for the introduction of commercial partners, it is difficult to gauge the influence of the project as distinct from the commercial partners intentions without the project.

In the Caucasus the consultant has never come to grips with project technical content, or made much favourable impression on beneficiaries. Acrimonious correspondence has been exchanged between the consultant and the previous TRACECA management team, meetings with TACIS held, and project personnel have been changed. Final missions by a new member of the consultants team 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 lack of confidence has been 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.

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.

The ADB has proposed to us in a very preliminary discussion to co-finance technical assistance for infrastructure development projects to the value of 140 MUS\$ in Kazakhstan and in Kyrgyzstan. This obviously is of great interest to generate a future TRACECA project.

We have received a proposition from the International Roads Union (IRU) for a new project to establish regional training centres for candidate international road transport operators. At a preliminary meeting with an IRU representative it was decided to explore the possibility of expanding the proposal to cover International Road Transit Facilitation with a very firm implementational component, following up on our Trade Facilitation project recommendations.

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 were recently bankrupt and operating under receivership. The survival of the Caucasian railways owed much to the EU food aid operation. 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 cargoes 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.

In the rail sector two TRACECA projects have recently been completed, one is near the mid-way point, and one has just mobilised.

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 studies 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 cargoes in the region, and an investigation is being carried out of the technical and commercial merits of adopting systematic containerisation of such cargoes. 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 project recommendations highlight the need for the acquisition of better equipment and facilities for handling large containers, and for active national intervention to rapidly establish the organisational structures such as have contributed to the rapid growth of inter-modal transport in the western economies. Realistically, authoritative state structures capable of such active intervention no longer exist, and active acquiescence is more appropriate. Present actions decided or proposed by TRACECA are direct investment in container handling equipment, and a pilot project including a strong marketing and training familiarisation component, to promote marine container transport by block trains between the major ports and inland road terminals, and across the Caspian and Black Seas.

The *Rolling Stock Maintenance* project's aims were to:

- Provide consultancy recommendations to ease 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. The draft final report was the subject of heated discussion between the project team leader and the co-ordination team. A final report has now been submitted but at the time of writing had not yet been reviewed by the co-ordination team. Presentations of the draft final were made by the project team leader and by the co-ordination team to local counterparts.

Very commendably, the project has presented large quantities of information on operating practices, maintenance facilities and data on rolling stock fleets which were previously in-existent in report form. However, the analysis of future needs was not presented concisely or convincingly, particular as the implication of the findings was that need for new investment was not urgent, and this runs contrary to claims by other authoritative voices, including the beneficiaries.

Many of the factual findings of the project were picked up by the ADB team working on that institutions investment plan for Uzbekistan railways.

The main components of the *Rail Infrastructure Maintenance project (Caucasus)* were:

- (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 provides a fairly concise projection of the commercial potential of the Caucasian railways, and their technical needs to meet that potential. Projections are made at pre-feasibility level. It is obvious that signalling and telecommunications are the highest priority, from the point of view of both safety and capacity. In Georgia equipment has been stolen from entire sections, and the signalling is inoperative. Urgent needs are also identified for bridging, track repair, rolling stock maintenance and renewal. The total capital needs through until the year 2015 are estimated at 4,7 BUSD, for Azerbaijan and Georgia combined. The EBRD is entering into discussions with these states to prepare a restructuring project under TRACECA such as is being carried out in Central Asia at present, to accompany investment packages. Discussions are most advanced in Georgia.

Module B has resulted in setting up a pilot container train between Baku and Poti, the Trans-Caucasian Logistics Express. This service was fortunately launched at a time of rising freight demand and attracted commercial interest. The pilot train still runs as a regular service. It could form the nucleus of a service which would extend from Iliyechevsk to Central Asia. The intention is to follow-up the success of the TCLE in the Intermodal Services project which should mobilise in early 1998.

Joint venture of the Trans-Caucasian Railways. Within this study, an analysis of the infrastructure and operations of the three Trans-Caucasian railways is being made by the consultant, with an emphasis on the identification of areas in which JVs could and should take over. From this analysis, the consultants are assessing the real possibility of developing joint ventures between the railways and an eventual European partner. Such areas cover sleeper production, and specialised maintenance activities. However, in 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 strategic economic importance, and require attention to avoid inestimable loss to regional economies. Also in general quality of service has to be improved to provide a level of service expected in a modern economy. In particular speed restrictions due to lack of infrastructure maintenance need to be lifted.

This project covered three themes:

- (A) A 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 is being carried over for implementation in the future Kazakhstan rail ways restructuring project. Module B was somewhat duplicated by the Tariffications project and so a greater emphasis was requested of the contractor on purely infrastructure issues, to complement the Tariffications project and the Central Asian Railways restructuring projects. Module C concerns a major new rail and road bridge over the Amu-Darya River.

Module C has emerged to be of particularly vital importance for TRACECA. The investment sums involved are large (>80MUSD), as is the importance of these bridges to the whole of the Central Asian transport network. The co-ordination team has developed preliminary terms of reference for a relatively small but crucial project, to carry out the financial engineering for mobilisation of the investment needed. One IFI has shown some interest in piloting the next phase, but given the prominence of the project within TRACECA the question will need careful consideration with the Task Manager. This action will probably be launched as a module of another related but larger project.

A project for *Railways, Inter-state Tariff and Timetable Structure* was mobilised in October of last year. 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. Two "steering committee" meetings for the project have been held, with differing reactions from the beneficiaries, as have a series of seminars for a so-called SYSMANAGEMENT cost management software. This latter was very well received by beneficiaries. As the same consultant who ran the seminars is also the consultant for the MIS module in the Rail Restructuring project there is guaranteed continuity and we are optimistic that this part of the project at least will achieve sustained impact. Written deliverables from the project have been presented somewhat late, and the co-ordination team has not yet had the time to examine their value.

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 *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 Kazakhstan. The co-ordination team extended the project to eventually involve Tadjikistan and Kyrgyzstan. There was some uncertainty over our involvement with Uzbekistan, as the ADB is interested in Uzbekistan railways and the two banks were failing to agree on who should lead the investment component there. As it happens, we have drawn closer to the ADB during our contacts on this issue and collaboration is developing with this powerful Institution. We were invited to the donors meeting organised by the ADB in

Tashkent in September, and their team attended our conference for the Kashgar pre-feasibility study (see Roads sector report preceding)

The rail restructuring team was introduced to the key beneficiary decision makers by the co-ordination team and the EBRD task officers in Uzbekistan and Kazakhstan respectively. The Turkmenistan team was introduced by our local co-ordinator there. The Kazakh team has just presented its Inception Report and all appears to be well.

The *RailTracker Freight Monitoring* was a project to install a computerised system in Uzbekistan and Turkmenistan, with remote terminals in Almaty and Tbilisi. The contractor was the UNDP who is also the developer and licensee of the system. The project started with much delay (12 months delay in a 24 month schedule). Technically it required duplication of effort on the part of the beneficiary to run the existing system, ASOUP, which has similar though not identical functional characteristics, and to introduce the new system. On-line transfer of data between the two systems had not been foreseen. For these reasons the project was stopped by mutual agreement between TACIS and the UNDP. However the problem of freight traffic monitoring remains throughout our region and is most certainly a legitimate subject for TRACECA to address. The present Central Asian Rail Restructuring project has within its scope the proposal of development of a management information system (MIS). We hope that the results of this project will enable a concise definition of the very complex problems to be overcome, and the technical options available for their solution. Thus the project includes the freight monitoring component but is much broader, and will probably recommend a considerable capital investment in this domain. In fact MIS may evolve to be a core theme for future external assistance to the TRACECA railway companies. It encompasses support to the commercial services, operational management, and maintenance management. These are domains which are most certainly in need of support to assure the profitability of operations and the ability of the railway companies to negotiate with investors. Thence it should be possible to define, if appropriate, future assistance from TRACECA, on a regional basis, and probably in conjunction with a development bank.

In conclusion for the rail sector, TRACECA is almost the only technical assistance programme supporting the national rail operating companies. Our actions address the core problems, and by implication the projects are difficult to carry out. This is how it should be. We should not choose to carry out peripheral projects of doubtful influence.

4.4.5. Maritime and Multimodal

The maritime and multimodal sectors are considered together as in effect all multimodal traffic along the TRACECA route includes a maritime leg.

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 has strengthened the Port's management in introducing policies and working methods to cope with the challenges that enforced upon it by the new market oriented environment. The areas of attention for the project were 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. Negotiations between the EBRD and the ports have not always run perfectly smoothly during the reporting period, past they are now well advanced. There is reason to hope that works tenders prepared by TRACECA for the bank will be launched in 1998.

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. A small so-called TRACECA-related project (not from the TRACECA budget) for the privatised development (private concessionaire-Government of Georgia-EBRD) of the grain terminals at Poti is nearing completion. The EBRD has been suggesting that their further participation as an investor at Poti will be conditional on interest by the private sector.

TA for the port of Aktau is being handled by the EBRD as a separate Bangkok facility project. The EBRD signed a loan agreement with Kazakhstan during the reporting period and a works contract has been awarded already. However the scope of work envisaged at the port does not include the re-opening of the ferry terminal which was in operation until 1992. This could be a future project for TRACECA and therefor the consultant for the Baku-Turkmenbashi ferry terminals has been asked to carry out a short technical mission to Aktau to report on the condition of the old ferry ramps.

It is clear from the preceding that there will be investment capital forthcoming for the ports, but the timing is somewhat uncertain as is the scope of the works to be included. TRACECA consultants and their reports have made clear that one of the most urgent (possibly the most urgent) need for investment along the corridor is the modernisation of container handling facilities. This concerns the ports, but also inland terminals for cross-border multimodal transport. Moreover, at the Black Sea Economic Committee conference, mentioned earlier, there was great emphasis on the need to promote links westward from TRACECA. In light of this it was decided to devote part of TACIS funds from the 97 TRACECA budget, and other supplementary funds from the TACIS Interstate budget, to urgent physical improvements of the modal transfer points for cross-border trade. The selected improvements are:

- The ro-ro ferry ramps and related facilities at the ports of Ilychevsk and Poti
- Container handling facilities at the ports of Baku and Turkmenbashi
- Telecommunications between Illychevsk and Poti
- Cotton containerisation handling at Bukhara
- Container handling equipment at the inland terminal of Almaty
- Urgently required spare parts for the Baku-Turkmenbashi ferries

Technical input and assistance was extracted from the three current ports projects (Poti, Baku, and Baku-Turkmenbashi) and the report from the past TRACECA Intermodal project. Tender dossiers were compiled by the team and distributed to interested tenderers. A Works contract dossier was developed by the team based on a DG8 model and approved by the TACIS legal advisors. TACIS has not previously procured Works. Three Terms of Reference for Supervision and Co-ordination teams for the above contracts were written by the team.

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 has been 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).

There is room for improvement in respect of co-ordination of our consultancy actions. In particular and in spite of the fact that contractors are invited to long technical briefing meetings and provided with copies of previous reports relevant to them, it is still too common for individual experts to arrive on missions ignorant of previous work done in their field. This is aggravating for the beneficiaries and for the Co-ordinating team.

Now that the Co-ordinating team structure and implantation has been 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. At the time of writing the team is mostly occupied with the launch of the five new supplies and works contracts, while three new technical assistance projects are mobilising in the field, and important reports are being received for previous projects. This does mean that our resources are stretched very thinly for the work load we are handling.

The greater use of local consultants is frequently requested by our beneficiaries, and the use of local consultants by the Co-ordination team itself has been cited as exemplary by beneficiaries. However, it must be said that this is partly due to our relatively long presence in the region. The TOR which we prepare impose 10% of budget for local experts. This could possibly be increased, especially as we now know most of the local organisations able to contribute to the programme, and indeed a greater contribution from them would be constructive.

The very fundamental lack of appreciation of free market principles in the region is a hindrance to development of competition in the transport sector, and to external investment. This will not be solved by one project quickly, but we can make progress by constantly introducing into all of our projects combinations of investment incentives or justification, technology transfer, and cross-border trade facilitation.

Overall the technical Co-ordination structure which has been established for TRACECA is unique in TACIS. We believe that results of TRACECA as summarised in this report demonstrate the value of the Co-ordination structure, that the experience has much to recommend it.

EPILOGUE

The Co-ordination Team expresses its most sincere thanks to the authorities of TRACECA Beneficiary States who have hosted and assisted our activities over the past year, and contributed so much themselves to the success of the TRACECA programme.

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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.

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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 accomodation 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. Namely:

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

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. p.p. G. [Signature])
AZERBAIJAN	Name / Date / Place	<i>[Signature]</i> (Zidarov) [Signature]
GEORGIA	Name / Date / Place	<i>[Signature]</i> (G. Navaidze) ex. p.p.
KAZAKHSTAN	Name / Date / Place	<i>[Signature]</i> [Signature]
KYRGHYZTAN	Name / Date / Place	<i>[Signature]</i> [Signature]
TADJIKISTAN	Name / Date / Place	<i>[Signature]</i> (L. [Signature])
TURKMENISTAN	Name / Date / Place	<i>[Signature]</i> [Signature]
UZBEKISTAN	Name / Date / Place	<i>[Signature]</i> B. [Signature]

Заявление об Одобрении

Проекты ТРАСЕКА, Горизонтальный

Название Проекта : Координационная группа ТРАСЕКИ.

Учреждение -получатель : *координирующая группа стран Членов*
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. (в дальнейшем описание ТЗПы), приложенных к настоящему Заявлению об одобрении в качестве Приложений;
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 и в будущем другое одобрение не будет необходимым для начала внедрения проекта (например тендер. подготовка контрактов и т.д.)
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 согласно описанию ТЗПы, были отобраны в соответствии с процедурами Комиссии Европейских Сообществ;
6. обязуемся приложить максимум усилий к тому, чтобы сделать возможным оказание нам технического содействия этим экспертам и полностью сотрудничать с ними. В частности, мы обязуемся, по мере ~~необходимости~~ *необходимости*,^{необходимости} бесплатно предоставлять в распоряжение экспертов наши оборудование и персонал;
7. обязуемся бесплатно приобрести право собственности на закупленное для осуществления этих Проектов оборудование, если и когда передача права собственности на это оборудование предусмотрено ТЗП и /или контрактом, заключённым между Комиссией Европейских Сообществ и экспертами, и предоставить вышеупомянутым экспертам официальный отдельно представленный документ, удостоверяющий получение этого оборудования;
8. будем разрешать, по получении мотивированного извещения, независимым инспекторам, назначенным Комиссией Европейских Сообществ, и/или Счётной палате Европейских Сообществ, контролировать ход выполнения работ по этому Проекту и обязуемся оказывать вышеупомянутым инспекторам и/или Счётной палате необходимое содействие;

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

А.А. Юсупов (без и.п. в.п.)
А.А. Юсупов с и.п. в.п.
А.А. Юсупов (г. Наманган)
 24.11.96
А.А. Юсупов (с. зам.)
А.А. Юсупов
В.А. Юсупов

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 :




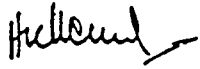
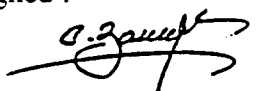
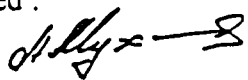



- (i) the provision of all European Community's available documentation, translated into Russian and of Technical Assistance for the introduction of legal and commercial frameworks necessary for the development of transport and international trade.
- (ii) the introduction of a common system for foreign 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 AZERBAÏDJAN :	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

PROCEEDINGS 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 ARMEVIT. SHANNAZAR

Head of delegation of the Azerbaijan Republic,

Seidat Cavadov U.M.

Head of the delegation of the Republic of Georgia,

Shariy Turykayev P.I.

Head of the delegation of the Republic of Kazakhstan,

Genel Myxanovskov

Head of the delegation of the Kyrgyz Republic,

J. mangysayev

Head of the delegation of the Republic of Tadjikistan,

Bobrov - V. Boltoiv

Head of the delegation of Turkmenistan,

Yagberdiev

Head of the delegation of the Republic of Uzbekistan,

B. Ibratov

Head of the delegation of the European Commission.

TRACECA (Case Manager, 36-54/c)

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

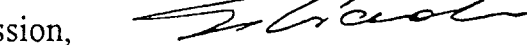
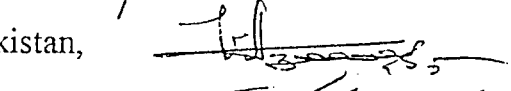
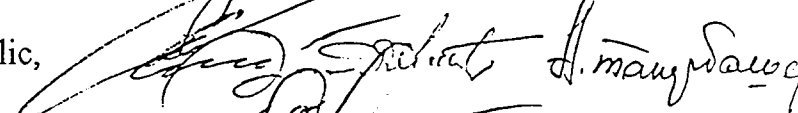
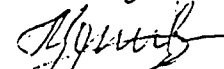
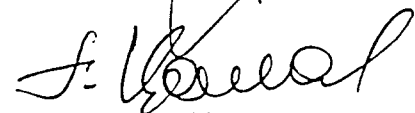
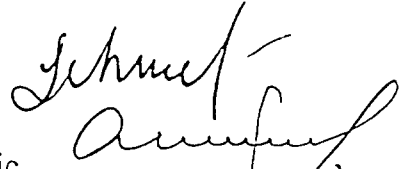
Head of delegation of the Kyrgyz Republic,

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

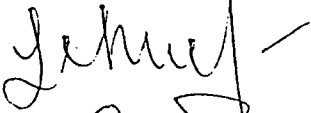
8. The parties reconfirmed the support of their Governments for the implementation of the project "Silk Road 2000".


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, 

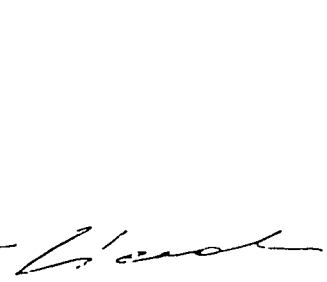
Kazakhstan, 

Kyrgyzstan, 

Tajikistan, 

Turkmenistan,

Uzbekistan,

The Commission of the European Union, 

Annex

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:

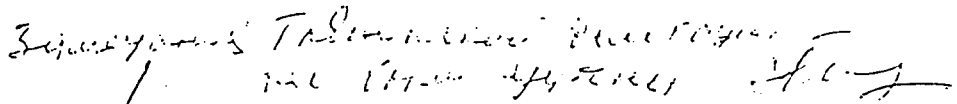
Armenia, 


Azerbaijan, 

Georgia, 

Kazakhstan, 

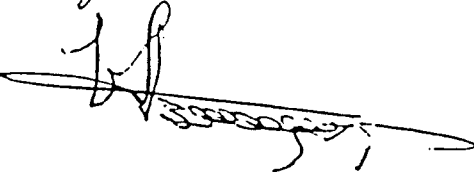
Kyrgyzstan, 

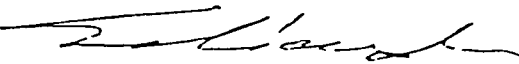
Tadjikistan, 

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

Project Summaries

<i>Fact Finding Projects</i>	Transfer - Legal Framework Information Systems : East-West & West-East Rising Level Caspian Sea Human Resources : Railways Training Trade and Transport Working Groups
<i>Completed Projects</i>	RailTracker Freight Monitoring System Road Transport Services (Caucasus) Human Resources : Transport Management Training Intermodal Transport Rolling Stock Maintenance Railways Infrastructure Maintenance (Caucasus) Traceca Trade Facilitation Railways Infrastructure Maintenance (Central Asia)
<i>Contracted Projects</i>	Road Vehicle Spare Parts Transport Legal and Regulatory Framework Implementation of Pavement Management Systems Human Resources : Maritime Training Regional Traffic Forecasting Model Road Transport Services (Central Asia) Ferry Terminals : Baku and Turkmenbashi Traceca co-ordination team Rehabilitation of the Red Bridge & Construction of a New Bridge Feasibility study of new terminals in Georgian ports Road Maintenance Central Asian Railways Restructuring & Communications
<i>Related projects</i>	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 Timetables Joint Venture for Trans Caucasian Airlines
<i>Future projects</i>	Container Services Between Baku and Turkmenbashi Bukhara Cotton Export Containerisation Centre Traceca Intermodal Services Restructuring of the Azeri and Georgian Railways.

TRACECA - LIST OF FACT FINDING PROJECTS (19/09/97)

PROJECTS	CONTRACTOR	SUB CONTRACTORS	STARTING DATE	DURATION (Months)	BUDGET (ECU)
1	Kingston Consult		January '94	12	300 000
2	Information Systems - East West & West East Data Flows	Euriware/ Eutelis	February '94	11	600 000
3	Rising Level of the Caspian Sea	Softremer	July '94	12	250 000
4	Human Resources : Railways Training	UJC	January '95	12	250 000
5	Trade and Transport Working Groups	Tractebel	February '95	19	1 300 000
				TOTAL	2700 000

1. 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 principal 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 succesfull locally. Notably, a new Rail codex has been drafted, and insurance legislation was influenced to avoid a national monopoly.

Project Budget : 300 000 ECU

Contract awarded to: Kingston Consultants

Implementation timetable: January 1994 through December 1994

Status: Completed

2. 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 objectives 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, so an incremental approach has been adopted.

TRACECA will provide hardware and software to each State within the Traffic Forecasting project. Data bases will be set up, 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, that a market-based system would be commercially viable and that data provided would be more comprehensive than that on the Internet.

The TRACECA Co-ordination Team inaugurated a TRACECA Web Site in February 1997.

Project Budget : 600 000 ECU

Contract awarded to: Euriware and Eutelis

Implementation timetable: February 1994 through December 1994

Status: Completed

3. RISING LEVEL OF THE 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 of wagons and trucks between the Caucasus region and Central Asia, are seriously threatened by flooding.

The phenomenon of the rising sea level has been recorded and studied by the competent research institutes in the region. However assistance from outside will most certainly be necessary. This project was launched in response to the imminent threat which the rising water levels pose to Caspian Sea Ports operations, and the need to mobilise support from international agencies.

The objective of this project was to determine the ports' actual danger from the rising water level and to propose appropriate technical and economic alternatives for phased re-construction programmes. These should secure the ports' continuous operations.

Main Components :

1. An assessment of the prevailing situation in the ports that would in particular include the ferry terminals in Baku and Krasnovodsk, 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 well documented 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 traffic forecast for the ports
4. An 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

Status : Completed

4. HUMAN RESOURCES : RAILWAYS TRAINING

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

Rationale and Objectives :

The break up of the FSU has imposed radical changes on the TRACECA nations' railway systems. There has been a drastic decline in the demand for freight transport. Railway managers were never trained in commercial attitudes. They have only a weak grasp of the concept of demand-led service provision.

The objectives of the project are therefore to:

- Familiarise senior staff from railway organisations and Ministries of Transport of the TRACECA region with the commercial and operations practices of EU railways
- Stimulate the co-operation 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

Status: Completed

5. TRADE AND TRANSPORT CO-OPERATION WORKING GROUPS (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 and 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 Sectoral 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

Status: Completed

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TRACECA - LIST OF COMPLETED PROJECTS (19/09/97)

PROJECTS	CONTRACTOR	SUB CONTRACTORS	STARTING DATE	DURATION (Months)	BUDGET (ECU)
1 Rail tracker Freight Monitoring System	UNCTAD		October 1995	24	850 000
2 Road Transport Services (Caucasus)	DHV Consultants		January 1996	18	250 000
3 Human Resources : Transport Management Training	Nethconsult	GZB Trademco	December 1995	8	900 000
4 Intermodal Transport	BCEOM	DE-Consult Systra	January 1996	11	500 000
5 Rolling Stock Maintenance	SYSTRA	CIE Consult Dan Rail Consult AS	March 1996	12	700 000
6 Railways Infrastructure Maintenance (Caucasus)	TEWET		January 1996	14	1 200 000
7 Traceca Trade Facilitation	Scott Wilson Kirkpatrick		March 1996	16	980 000
8 Railways Infrastructure Maintenance (Central Asia)	DE-Consult	Systra Austria Rail Eng.	March 1996	11	1 200 000
				TOTAL	6580 000

1. RAIL TRACKER FREIGHT MONITORING SYSTEM

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

Rationale and Objectives :

During the initial Traceca Working Group meeting in 1995, the 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 was proposed to be set up in two pilot states.

The system chosen was intended to monitor 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 which would ensure the creation of an integrated logistics chain for railway and ferry traffic.

The project was intended to 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

In fact the project ran into several difficulties soon after field activities commenced:

- the consultant was slow in mobilising
- the existing FSU computerised monitoring system known as ASOUP has recently become available in an updated and, reportedly, more powerful version
- the Rail Tracker system requires a different parallel data collection system to function, which the beneficiary states found onerous to set up and run at the same time as ASOUP.
- the Turkmen Railways' headquarters is being moved from Chardzev to Ashghabad, which renders the introduction of a new and complex operating system inopportune at this time

For these reasons the project was terminated after the Inception Report phase.

Project Budget : 850 000 ECU

Contract awarded to: UNCTAD

Implementation timetable: October 1995 through October 1997; project terminated in January 1997.

2. 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, 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 sought to improve the operating environment for road freight transport enterprises, as well as to provide technical assistance to the enterprises themselves.

Objectives emphasised at the Inception Report stage were:

- To facilitate development of the domestic and international road transport industries within the Recipient States (Armenia, Azerbaijan and Georgia).
- To assist viable private, to be privatized or state autonomous operators in gaining an equitable market share of international traffic.

An additional objective introduced in October 1996 was to provide advice on institutional restructuring of the road haulage sector.

The planned outputs were:

- Pilot or demonstration business plans for common road cargo hauliers and, possibly, for automotive support and service enterprises providing essential operational support to the road transport industry.
- Identification of foreign (West European) transport sector partners for joint ventures.
- Manual for investment decisions in capital (commercial vehicle operations related) equipment.

Main components:

Project activities foreseen were to:

1. Liaise with recipient agencies/enterprises
2. Inception report(s)
3. Advice on improvement of maintenance and breakdown repair
4. Activities to support and facilitate JV creation
5. Development of Business Plans for selected autonomous operators
6. Institutional Strengthening in Armenia, Azerbaijan and Georgia
7. Final Technical Report
8. Project Completion Report

The counterparts were:

- Road Transport Departments in Ministries of Transport (or equivalent authorities).
- International road transport enterprises and private enterprises interested in providing essential operational support to the road transport industry.

Project Summary :

Stage 1: Inception phase

Stage 1 started in January 1996 and was initially planned to be 6 weeks, but it was extended until June 1996. In June 1996, the inception report with 7 technical annexes was approved. The general conclusion made in the inception report was that the most useful approach to finance the procurement of equipment (vehicles, tyres and trailers) was to create Joint Ventures between Caucasian and Western European operators. The first team leader was replaced by the TACIS task manager with a new team leader.

In the inception report it was proposed to make a comparative analysis of the advantages of TRACECA road corridor through the Southern Caucasian Republics. However, this proposal was not approved by the task manager and TRACECA co-ordinator.

Stage 2: Attempt to create Joint Ventures between Caucasian and Western European operators

Following the conclusion in the inception report, in July 1996, a mission was carried out to do a survey among road transport operators in the Caucasus to track down candidates for Joint Ventures. Several companies were evaluated suitable for this purpose. However, at this stage, there was hardly any interest from the Western European side for Joint Ventures with road transport operators in the Caucasus. At present, this situation has changed; it is very likely that two Western European forwarders/operators will come to the Caucasus to discuss possible co-operation, whereas a third firm has already started the preparations for a Joint Venture with Gate East in Azerbaijan. Another company that intends to visit the Caucasus is Volvo Action Services. This company is investigating possibilities for expanding their servicing network with Georgia and Azerbaijan.

Revision of Terms of Reference

Since the attempt to create Joint Ventures was not successful, or at least pre-mature, it was agreed with the recipients and TACIS to revise the Terms of Reference and to focus TRACECA RTS on institutional strengthening of the road transport sector. In October 1996 the revised Terms of Reference were approved by TACIS and the recipients.

Stage 3: Development of Business Plans

In October/November 1996 Consultants developed 4 business plans with operators in Azerbaijan and Georgia. Selection criteria for candidates for business plan development were that they were autonomous operators (not incorporated in Ministries) and that they were evaluated viable by the operations experts. Based on these two criteria, 4 operators were selected, Makro Trans and SovAvtoBaku in Azerbaijan and GIT and Tbilautoservice in Georgia. Makro Trans is the only true private operator of these four, the other three are autonomous operators and partly privatised (GIT and Tbilautoservice) or soon to be privatised (SovAvtoBaku).

In order to refine expertise on the calculation of operating costs for road transport enterprises a manual on cost calculation for the sector was prepared. This manual was annexed to the business plans.

Stage 4: Assistance for Road Carriers Association in Armenia

In Armenia, brief technical assistance was given to the Road Carriers Association of Armenia. Their initial organisation structure did not comply with IRU regulations and therefore their application for membership would not be approved by IRU, if they would continue with this structure. After consultation with the IRU, advice was given on the restructuring of the Association and a revised ownership structure. In January 1997 the IRU sent a Carnet TIR specialist to Armenia to explain the details.

Stage 5: Institutional Strengthening

Recommendations on institutional restructuring of the road transport sector were presented to (future) Ministries of Transport in each of the three recipient republics. Although the starting situation for each republic was very different, the final aim of advice on institutional strengthening was to establish road transport departments in each of the Ministries of Transport which facilitate and support the development of road transport. Country reports were made for each republic separately.

Stage 6: Presentation of Conclusions and Recommendations and Project Completion

In March 1997 the Team Leader and the Institutional Expert visited the Caucasus to present their recommendations and conclusions to the recipients in the Caucasus. Recommendations were given to follow up the project with further training in commercial road transport operations. This is likely to be pursued in a future TRACECA project, in collaboration with the international authorities for regulation of the road haulage sector.

Project Budget: 250 000 ECU

Contract awarded to: DHV Consultants

Implementation timetable: January 1996 through March 1997.

3. 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 courses. 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-Caucus-Asia Transport Corridor.
6. The programme also intends to foster regional co-operation within the transport and trade sectors. The spirit of the document "The Future Development of the Common Transport Policy" published by the Commission serves 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 Summary :

The Project management was in the hands of Nethconsult/NEA, based in The Netherlands, which supplied the Team Leader and a number of (training) experts. They were assisted by NIIAT, the Road Research Institute in Almaty, which was responsible for all local and regional activities and supply of regional expert input in the project. Additional experts were supplied by the German Company GZB and the Greek firm TRADEMCO.

From mid December 1995 till mid March 1995, preparatory work has been carried out, meaning the identification of training needs, the drafting of the course material, buying and transporting training equipment, practical arrangements in the training locations, organising transport and accommodation for participants and selection of candidates.

The training of Group A, Senior Management Level, was conducted in Almaty from 1 April 1996 till 12 April 1996. On 14 April, a selected group has travelled to Europe (Germany, The Netherlands and Belgium) and has returned on 28 April.

100 participants have been invited to attend the programme, originating from the eight Central Asian and Caucasian countries. 86 actually took part. On request, eight additional participants from Kazakhstan were accepted, since not all persons invited had actually come to Almaty. In the study tour 32 persons took part, 35 were planned.

The B-Group, consisting of Middle Management Level and Trainers, followed the training programme in Almaty from 6 May 1996 till 16 May 1996. Directly after this training programme, a group travelled to Europe, where they visited transport companies, training institutions and authorities. They returned to their home countries on 2 June 1996.

For the B-programme, 150 persons were invited and 122 actually took part. As planned, 35 experts took part in the study tour.

During and after the programmes, evaluations were carried out and resulting from this some revisions during execution of the programme were made. In general all evaluations were very positive.

After finalising the training programme and study tours, additional comments have been sent by several participants on the programme and on future training needs. The project has been finalised in a last mission focused at the identification of further training needs and evaluation.

Project Budget: 900 000 ECU

Contract awarded to: Nethconsult

Implementation timetable: December 1995 through October 1996.

4. 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 were to:

- 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 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 the 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 Summary :

The Technical Assistance programme was commissioned in December 1995. The project was started in January 1996.

Phase 1: Identification of the existing problems and recommendations to organise the multi-modal transport:

The work programme consisted of a survey of the existing technology through a specific questionnaire and a series of on-the-spot visits to each of the eight TRACECA countries in February, in May and from July to August 1996. These two activities were designed to provide a comprehensive view of the nature of multimodal sector problems and design appropriate strategies and investment projects to develop freight movements by container. These activities allowed the team of experts to produce the assessment of the existing system.

Additionally, the multimodal Project Team conducted a specific survey of the cotton market in Uzbekistan to examine the potential for using multi-modal techniques in the export of cotton from Uzbekistan. This enabled the project to examine the buyers' attitudes towards the use of multi-modal transport technology.

Phase 2: Transfer of intermodal technologies to a TRACECA intermodal freight transport working group .

In May 1996, a multimodal Transport Group was set up and in June 1996 this Group participated in a Study Tour in E.U. countries in order to examine intermodal technologies and organisations. The technical programme was designed to ensure a real exposure of TRACECA multi-modal groups to the European Unions' practices through a series of on-site visits to selected multi-modal sites and organisations. It included the different means of transport (rail; road and maritime) and facets of multimodal transport as well as technologies and associated logistics-related services in two European countries (Germany and France). Among others, it included meetings and visits to multimodal companies belonging to INTERCONTAINER and the IURR' (the two competing European groups) as well as the EUROPEAN INTERMODAL ASSOCIATION. It also included a visit to multimodal operators: Maritime operators' facilities (The Hamburger Hafen und Lagerhaus-Aktiengesellschaft) and Road companies (Calberson-GE and TAB).

Phase 3: Proposals for future investment to promote and develop commercially attractive and competitive intermodal services from both the economic and technical point of view

The third and final phase included a set of case studies prepared to facilitate the development of multimodal transport. The practical workshop which followed (Tashkent on the 15, 16 and 17 January 1997) allowed the team of experts to present the case studies and discuss the proposed strategy with local counterparts. Intermodal case studies were prepared to provide short-term solutions to facilitate container traffic and to train staff in appropriate technology and medium-term solutions for advanced systems. The different topics were addressed during a practical three-day seminar held in ^{stb} ~~mining~~ X. The seminar also allowed organisations from different countries and from different transport modes to be brought together around the same table to discuss the Multimodal Transport Strategy proposed by the European team of experts.

Project Budget : 500 000 ECU

Contract awarded to: BCEOM

Implementation timetable: January 1996 through January 1997

5. 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 were to:

- Provide recommendations to solve existing problems concerning rolling stock maintenance / replacement and manufacturing and supply of spare parts 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.

Since the 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

The project has provided a very comprehensive overview of the region's rolling stock, locomotive and maintenance facility assets. Additionally, the maintenance management and general operating procedures were reported. The study thus threw light on needs, both soft and hard. The output of the study is used by the EBRD and related TRACECA restructuring studies, as well as the ADB "PADECO" study in Uzbekistan, for investment package design.

Project Budget : 700 000 ECU

Contract awarded to : SYSTRA

Implementation timetable: April 1996 through July 1997

6. 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 were to:

- (A) Carry out a 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 was to cover the requirements for rehabilitation of the main Transcaucasian rail route (Baku - Tbilisi - Batumi - Poti) between Azerbaijan and Georgia by

- Examine the Institutional and Organisational situation
- 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.
- Define the required technical repair, upgrading and reconstruction work for various traffic volume hypothesis.
- Examine economic and financial feasibility, including financing options

As a result of this module, the EBRD has been provided with an inventory of needs, their priority and costs in the short and medium term. TACIS has considered grant assistance for extremely urgent needs for telecommunications and signalling in both Georgia and Azerbaijan.

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 was paid to :

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

The pilot trains started at a moment when container traffic between Poti and Baku was starting to grow, and the service has proved successful. It continues to run under local management. TRACECA has seriously considered extending the service into Central Asia.

Project Budget : 1 200 000 ECU

Contract awarded to : TEWET

Implementation timetable: January 1996 through March 1997

7. 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 designed, developed and provided the following elements for the Region:

- 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) was established by the consultants to carry out the project. This Task Force covered three specific domains of expertise :

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

The ITTF was complemented by individual National Trade and Transport Facilitation Task Forces (NTTF) in each TACIS state, which consisted 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 and, by parallel EU assistance programmes (eg. TACIS and Euro-customs).

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

Project Summary :

The Project Strategy was to divide the International Trade Task Force (ITTF) into two Action Teams for the first part of the programme in response to the identified logistical problems of attempting to undertake work in all eight countries simultaneously and to ensure maximum contact with the recipients. The documentation and Customs procedures were selected for study in the first part of the project because the recipients considered that these issues should be prioritised.

The detailed appraisal of the trade and Customs documentation systems and procedures was undertaken by the ITTF specialists, assisted by the respective NTTF experts. The Caucasus region was evaluated in April-June and Central Asia in July-September. The Documentation and Customs Procedures Report was compiled in September-October and published October-November 1996.

The appraisal of the Customs computerisation was undertaken in parallel with the documentation and procedures study. This ensured that the recommendations were harmonised and that the proposals met future, as well as existing needs. The report was compiled in October and published November-December 1996.

The inspection of the Border Posts was undertaken commencing in the Caucasus in March and completing in Central Asia in September. A total of 73 borders were assessed by the ITTF with the NTTF experts. The analysis of the results and compilation of the report was completed with publication in November 1996.

The NTTF teams were established during the Inception Phase. These experts were mainly nominated by the respective recipients. There were significant changes in the initial stages, but this later stabilised.

Due to the complexity of the Deliverables in the form of the three large reports and the implications of the recommendations, the ITTF team visited the recipients in November 1996 to January 1997 to discuss the contents prior to the 2nd Regional Conference. This was to fully explain the contents and to identify potential problems in future implementation.

A Familiarisation Tour took place in the United Kingdom in June 1996 and was followed by the 1st Regional Conference in early July. The 2nd Regional Conference took place in February 1997 in Almaty. This followed a similar format to that of the first conference using a presentation/workshop methodology to ensure the active participation of the NTTF teams and incorporating feed-back from their sponsor organisations. The recommendations in the deliverables were accepted, with only minor modifications.

The extension to assist the Government of Uzbekistan in the movement of cotton along the TRACECA corridor commenced in November 1996 with market research in both Europe and Uzbekistan. A Cotton Commission has been formed and an Interim Report was issued in January 1997. This identified a number of key issues which need to be addressed by the technical assistance programme. The Report also indicated problems in containerisation of cotton with the current methods of sale.

A programme of seminars on international forwarding and logistics were provided throughout the project and will continue over the period of the Cotton Extension.

The project has been active in the promotion of Freight Forwarding Associations.

Project Budget: 980 000 ECU

Contract awarded to: Scott Wilson Kirkpatrick

Implementation timetable: March 1996 through July 1997.

8. 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 therefore addressed multiple objectives :

- (A) Carry out a 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 were being generated, and an economic and technical feasibility study was carried out according to Western standards.

MODULE B :

It was intended that proposals and training would be provided 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.

As this was super-ceded by a much larger effort to these ends by the "Tariffication" project, the emphasis of this module was shifted to infrastructure conditions.

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

The output is taken up by the EBRD investment considerations including the Rail Restructuring.

MODULE C : Feasibility study for the development of the Amudarya road and rail crossing at Chardzhev. The following tasks were executed:

- 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

TRACECA - LIST OF CONTRACTED PROJECTS (19/09/97)

PROJECTS	CONTRACTOR	SUB CONTRACTORS	STARTING DATE	DURATION (Months)	BUDGET (ECU)
1	Road Vehicle Spare Parts	West-East GmbH	August 1995	18+9	300 000
2	Transport Legal and Regulatory Framework	Scott Wilson Kirkpatrick	December 1995	24	+ 174 500
2	Implementation of Pavement Management Systems	Kocks Consult GmbH	March 1996	21	2 000 000
4	Human Resources : Maritime Training	HPTI	December 1995	24	1 500 000
5	Regional Traffic Forecasting Model	WS Atkins	January 1996	21	700 000
6	Road Transport Services (Central Asia)	GIBB	March 1996	16	700 000
7	Ferry Terminals : Baku § Turkmenbashi	RAMBOLL	March 1996	+3	+ 150 000
8	TRACECA Co-ordination Team	Booz Allen & Hamilton Acquatecno / Probel	September 1996	12	800 000
9	Central Asian Railways Restructuring and Telecommunications Studies	TRACTEBEL Development	September 1996	+12	+ 900 000
10	Road Maintenance	CIE	August 1997	11	2 000 000
11	Rehabilitation of the Red Bridge and Construction of a New Bridge	FINNROAD	August 1997	24	2 500 000
12	Feasibility Study of New Terminal Facilities in the Georgian Ports of Poti and Batumi, and their Links to the Trans European Networks.	J.S. COMPANY KHIDMESHENI HPTI	March 1997	12	2 500 000
		Dornier System Consult Rotterdam Maritime Group	August 1997	12	1 500 000
				TOTAL	18 724 500

1. 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, 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 are developing such services quickly without outside assistance.

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

Project Summary :

The project has come to be known as the Dolphin Project, and work commenced on September 15, 1995, with a team of European, Turkmen and Uzbek experts. A Consultative Committee was nominated to provide guidance to the project's working team consisting of the Ministers of Automotive Transport of Turkmenistan and Uzbekistan.

The Dolphin offices are located within the Ministries of Road Transport in Ashgabad and Tashkent. During the first nine months of the project, stock taking took place, i.e. the actual situation on road side services, parts & tyre availability, causes of break - down for commercial vehicles and various other related data were assessed.

1176 truck operators were interviewed at 14 different locations on the TRACECA Route but also at customs points, ferry crossings and in transporters' facilities. The market research confirmed that in general there are no 'one-stop-shopping' repair & maintenance facilities with comprehensive road side services where transporters most need it - along the TRACECA Routes.

Certainly, this situation cannot be accepted by the national economies in Central Asia since the lack of quality road side services causes frequent interruptions in haulage operations. It increases the cost of operating trucks, which ultimately is reflected in the landed costs of imported goods and also makes exports from Central Asia more expensive. The research also indicated that the existing traffic flows would support the needed „cash - flows“ for operating road side services, provided these offer added value at strategic locations, reliably and at affordable prices.

At this stage in the project work it was realised that the present situation had to be improved with concrete business operations: the Dolphin caravanserai concept was borne.

The business purpose for the caravanserais is to help transporters to protect their heavy investment, to reduce their cost of operation and the risk of being stranded without assistance for days or even weeks, and their loads exposed to deterioration or loss.

The main objective of a caravanserai is to increase the *production time* available to transporters and to reduce *time lost* through unforeseen events. There is no economy without a functioning transport sector.

Since the local partner companies or Governments do not find it easy to fund the investment for the caravanserai project, European and international companies were made aware of the caravanserai project.

During two International Automotive Transport Symposiums

- 30.04. - 02.05. 1996 in Tashkent and
- 20.11. - 22.11. 1996 in Ashgabad

ca. 46 international companies were appraised of the project and its potentials. The next phase saw the development of the blue prints for road side services i.e. caravanserais, including the preparation of business and financial plans and an architectural concept, the hexadom.

Together with the Governments four caravanserai sites were selected to build comprehensive 'one-stop' road side service stations, each comprising ten different business activities, from refuelling to motel, to parts, repair, tyre service, food, telecommunications, secure parking and banking facilities.

This first investigatory phase of the project described above has now been completed. Several reports and manuals have been issued including business studies for the caravanserai, and working manuals for the use of local entrepreneurs such as « A Transport & Distribution Management Manual - An Executive's Guide ».

An extension phase of the project has now been commenced, which will consolidate external private EU investment engagements for the realisation of the caravanserai by consortium or other arrangement, and facilitate integration with the authorities.

Project Budget: 300 000 + 174 500 ECU

Contract awarded to: West-East Gmbh

Implementation timetable: August 1995 through January 1998

2. 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 NTF's 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.

Draft model laws from the project have been accepted for parliamentary debate by several TRACECA states. Transit agreements are being promoted at Presidential level.

Project Budget: 1 500 000 ECU

Contract awarded to: Scott Wilson Kirkpatrick

Implementation timetable: December 1995 through December 1997.

3. 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 aimed 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 was 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

The negotiations for and disbursement of IFI loans based on the project activities are proceeding. The technology transfer involved in the project is complex, as it depends on notions of transport economics and planning, as well as computer skills, which are rare in the beneficiary states. If the contrary were the case then they would not need our assistance. Hence a follow-up module has been included in a subsequent project "Roads Maintenance".

Project Budget: 2 000 000 ECU

Contract awarded to: KOCKS CONSULT GmbH

Implementation timetable: December 1995 through December 1997.

4. 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, development of a commercial organisation structure, marketing, supervision of investments, follow up of accounting services, analysis of the tariff structure

Assistance to the Financial Director for advice on planning of financing investments at medium and long term, preparation of yearly budgets, of documents needed for loan agreements for investments and 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, of operational budgets and of commercial handling contracts with shipping companies.

Management Training Adviser for setting up and implementing management training and developing management training schemes.

- Production of a Master-plan for the port
Analysis of present port facilities and equipment
Conduction of an environmental assessment
Elaboration of feasibility studies corresponding to the EBRD investment approval cycle of Clearance Memorandum, Initial Review Memorandum, Final Review Memorandum
Production of tender documents for modernisation works

Project Budget : 1 500 000 ECU

Contract awarded to : HPTI

Implementation timetable: December 1995 through November 1997

5. 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 is assembling 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 are being established:
 - common regional database(s), compatible with EUROSTAT and CETIR for :
 - ◊ transport and trade flows,
 - ◊ transport infrastructure, comprising links and nodes on rail, road, and maritime, on a pre-defined network
 - ◊ 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, both 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

A number of case studies are being undertaken which concern:

- new infrastructure links to China from Kazakhstan and Uzbekistan through Kyrgyzstan
- a new north-south rail link from Aktau through Turkmenistan into Iran
- re-opening of peripheral transport links in the Caucasus, currently blocked due to the conflicts there
- verification of transport demand scenarios developed in other TRACECA projects, including the TRACECA ports, and the Charzev Bridge.

3. Know-how Transfer

The transfer of know-how in transport database design and modelling is a prime objective of this project. Seminars have been held to instruct beneficiary technicians in the operation of the model. The consultant is also working with beneficiary agencies or counterparts to determine a viable organisational agreement for collaboration on data collection and sharing in the future, after the project ends.

Project Budget: 700 000 ECU

Contract awarded to: WS Atkins

Implementation timetable: December 1995 through October 1997.

6. 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, 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 for national and international road transportation.

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 EU 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 + 150 000 ECU

Contract awarded to: Sir Alexander Gibb & Partners

Implementation timetable: March 1996 through October 1997.

7. FERRY TERMINALS : BAKU and TURKMENBASHI

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 initial objective of the project was to determine the level of investment which could 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 and container handling facilities.

Main Components:

The project is being executed in four phases:

- Definition of design parameters.
- Design Documents for the new works 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 are being designed according to the following standards:

- Two ferry boats should be able to berth (as is the present situation)
- During the construction of the new facilities at least one vessel should be allowed to berth
- 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 require 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 TRACECA Baku Maritime Training project, and with separate consultancy projects financed independently by the EBRD. Loan negotiations are proceeding between Turkmen authorities and the EBRD.

Project Budget : 800.000 + 750 000 ECU

Contract awarded to : Ramboll

Implementation timetable: March 1996 through February 1998

8. TRACECA COORDINATION TEAM

Final Recipient:

The Ministries of Transport of the eight TRACECA States, or the equivalent authorities designated by Councils of Ministers and responsible for transport matters. The TRACECA states are: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan.

Justifications 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 a 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 on-going projects. The partner states have asked that the technical co-ordination 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 co-ordination team and to establish two TRACECA Regional co-ordination 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 co-ordination 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 co-ordination of all contractors, EU delegations, other donor missions, EU commercial operators, and all other interested parties.

Organise conferences and working group meetings, in the region and in Europe.

Project budget :750 000 + 900 000 ECU

Implementation timetable: 12 months

9. CENTRAL ASIAN RAILWAYS RESTRUCTURING AND TELECOMMUNICATIONS STUDIES

Final Recipient:

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

Justification and Objectives:

The breaking up of the FSU and the creation of new independent railways in the Republics in 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 investment, 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.

Consultants commenced work in Kazakhstan in August 1997, and are to commence in Turkmenistan and Uzbekistan in September.

Project budget : 2 000 000 ECU

Contract awarded to : CIE

Implementation timetable : August 1997 to July 1998

10. ROAD 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.

The project is presently at Inception Report stage (Autumn 97)

Project Budget : 2 500 000 ECU

Contract awarded to : FINNROAD

Implementation timetable : 24 months

11. 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 the border between Azerbaijan and Georgia. It serves the principal road link between these two countries, which itself is a key component of the TRACECA route. It is reputed to date partially 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. It is intended to finance completion of the new bridge, preservation works on the existing bridge, and associated border crossing infrastructures. Some rehabilitation works on the nearby Tazul rail bridge in Azerbaijan are also included. Thus a major 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. The only secure means 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 objectives foreseen in this project are to:

- inspect the old bridge and carry out renovations necessary to preserve it both functionally and as a historic monument
- inspect the partially completed new bridge and carry out any necessary remedial works
- complete construction of the new bridge and its approach roads

Main components

The work comprises:

- appointment of a local contractor by competitive tender
- arrangement of the necessary bank guarantees and advance payments
- site preparation and establishment
- detailed appraisal of the existing works, components and materials to hand
- remedial works, and procurement of additional required components and materials
- completion of construction of the bridge
- construction of the approach roads
- remedial works on the existing bridge

Site supervision to assure the quality of works and disbursements to the works contractor is foreseen under a small ancillary consultancy contract.

The works tender and contract formalities have been completed (eg. bank guarantees) and the contractor is undertaking the first construction works (Autumn 97).

Project Budget : 2 500 000 ECU

Contract awarded to : Khidmsheni JSC

Implementation timetable : 12 months

12. 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 Batumi, 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, The Netherlands, Germany and Denmark) and the Russian Black Sea ports.

Thereafter a feasibility study will 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/Batumi 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.

During the opening phase of the project, it quickly became apparent that operators and traffic demand are present for the reopening of the Illyochevsk-Poti rail and road ro-ro link. Hence the EU TACIS has made funds available (13,5 MECU) to carry out the essential work and equipment procurement necessary to re-establish this link with minimum delay. The consultant has therefore worked with the TRACECA Co-ordination Team to prepare the necessary tenders. Contracts for procurement of equipment and works should be signed before the end of October 1997.

Project Budget : 1 500 000 ECU

Contract awarded to : HPTI

Implementation timetable : 12 months

TRACECA - LIST OF RELATED PROJECTS (19/09/97)

PROJECTS		CONTRACTOR	SUB CONTRACTORS	STARTING DATE	DURATION (Months)	BUDGET (ECU)
1	Rehabilitation of Caucasian Railways	Procurement by partner states from CIS sources		October 1995	12	5 000 000
2	Legal Advice Poti Grain Terminal	EBRD	Athens Law	1/2/96	18	250 000
3	Technical Assistance for Aktau Port	APEC	Scott Wilson Kirkpatrick	1/6/96	24	1 500 000
4	Joint Venture for the Trans-Caucasian Railways	TEWET		July 1996	12	2 000 000
5	Air Traffic Control	Lufthansa Consulting		July 1996	12	5 000 000
6	Railway Tariffs and Timetables	SISIE	Calberson Systra-Sofretu-Sofrerail	August 1996	18	1 500 000
7	Joint Venture for Trans-Caucasian Airlines	Lufthansa Consulting		July 1997	8	600 000
					TOTAL	15 850 000

1. 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 1994 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

Status : Completed

2. 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 the aid comprises grains which are shipped to Georgian ports, and there off-loaded directly onto rail wagons. The port of Poti has potential for the commercial transit of cereals. 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 had first to be designed, to allow private and EBRD funds to be released.

The specific project objectives are to:

- assess the Georgian legal environment within the context of the restructuring and set up 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 form part of the project:

- legal analysis
- drafting of the Concession Agreement, and all other necessary legal documentation
- assisting the Georgian Government in necessary legislative changes
- 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

These components are substantially complete, having required careful negotiation with the Georgian government and the EBRD.

Private participation in the terminal is now on the point of being sought by international tender (as of Autumn 1997), and the Concession Agreement will constitute part of the tender documents.

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

Project Budget : 250 000 ECU

Implementation timetable : February 1996 - on-going in accordance with the pace of Georgian legislative changes

Status : As noted in text

3. 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

Status : In progress

4. JOINT-VENTURE FOR THE TRANSCAUCASIAN RAILWAYS

Geographic Focus: Armenia, Azerbaijan and Georgia

Rationale and Objectives:

During the visit of Mr. Vandebroek 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 to:

- 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 are 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

Status: In progress

5. AIR TRAFFIC CONTROL

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

Rationale and Objectives :

Reconstruction of the transport sector is of great importance for economic linkages in the CIS countries and Mongolia. Tacis is assisting in the reconstruction 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 former Soviet Union are insufficiently equipped compared to typical western conditions. The staff have limited experience of dealing with international traffic. For example, the former Soviet Union controllers have sometimes very little basic knowledge in English, what could make it difficult to understand the international airline pilots. Airway routing is not optimised yet, and operating economics can be realised only with assistance.

The major project objectives are therefore to:

- improve the aviation English of air traffic controllers
- assist in improvement of the air-space structure of the beneficiaries and confirming their ATS operating procedures with ICAO criteria
- increase the ATS training capability of the counterparts
- assist in planning and establishment of new air routes
- improve the accounting procedures for air traffic charges
- specify new equipment needs and assist with procurement of modern ATS technology

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 are two phases commencing by Phase I in each of the partner states, concentrating on language training. Nine aviation English training kits (one per country) have been delivered. After the training the material kits have been handed over to the recipient in the partner states.

The participants continue their training in Germany in sixteen courses in ATC procedures, each lasting seven weeks including one week English crash course. ATC-Simulator training during two weeks is provided. Approximately 160 trainees have participated.

Module B addresses to the technical and institutional issues.

Technical assistance is provided by one senior consultant in each of the recipient countries during half a year, backed-up by a team of specialists in Germany.

ATC consultants work together with counterparts on planning and implementation of new air routes, determination of ATC equipment needs, working out the new ATS-specifications and assist with procurement (e.g. international tender) procedures. Recommendations are made on the organisational structure of ATS on a state as well as on a regional basis.

The consultants promote the states to accept the changes, on ministerial level as necessary.

Project Budget : 5 000 000 ECU

Contract awarded to : ILB / Lufthansa Consulting

Implementation Timetable : June 1996 through June 1997

Status : completed

6. 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 includes 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

Project Budget : 1 500 000 ECU

Contract awarded to : SISIE

Implementation timetable : September 1996 through February 1998

Status : In progress

7. JOINT VENTURE FOR TRANS-CAUCASIAN AIRLINES

Geographic focus: Armenia, Azerbaijan, Georgia

Rationale and objectives

The project is an addendum to the „ Air Traffic Control Training and Development of Air Routes in the Southern Ring project“.

As the main project, it generally aims to foster the development of air traffic between CIS countries and especially a closer regional co-operation between neighbouring states.

The three national and a great number of other airlines in the Caucasus region emerged from the former centrally controlled regional civil aviation / Aeroflot administrations.

In the course of a partially uncontrolled privatisation process the assets were distributed between a unusually high, in some cases excessive number of state or privately owned airlines which started to compete against each other in a relatively limited and economically unstable market environment.

Since it appeared not to be feasible to operate on domestic and intraregional routes, where socially low tariffs far below cost-prices were fixed by some of the governments, the newly established carriers preferred to serve international destinations in Europe and the Middle/Near East.

The regional network deteriorated further and today it does not offer any reliable connections between domestic, regional and international flights on the main hubs concerned.

With the market entry of western airlines and continuing internal competition, the financial performance of some of the airlines concerned changed to the worse.

Therefore there is a dramatic requirement for the consolidation of the airline industry in the countries concerned.

This goal can only be achieved through a closer co-ordination and co-operation in all major areas of airline operations.

One important prerequisite for such co-operation is the improvement of each individual beneficiary airline.

The major project objectives are therefore to:

- Improve the operational, financial and marketing performance
- Evaluate the options for co-operation between the airlines

Main components

The concept of project execution is based on two main elements:

- first to achieve major improvements of each individual airline and then
- to address potential partners and /or investors based on the increased competitiveness

In detail the project consists of five phases:

- Inception phase
- Organisational/Operational assessment
- Airline-specific Implementation
- Proposals for co-operation, Partnerships, Investments
- Implementation of agreed proposals

Project Budget : 600 000 ECU

Contract awarded to : ILB / Lufthansa Consulting

Implementation timetable : July 1997 through April 1998

Status : In progress

TRACECA - FUTURE PROJECTS 1998 (19/09/97)

PROJECTS		DURATION (in months)	BUDGET (ECU)
1	Container Services Between Baku and Turkmenbashi	12	5 000 000
2	Bukhara Cotton Export Containerisation Centre	12	2 000 000
3	Traceca Intermodal Services	15	2 000 000
4	Restructuring of the Azeri and Georgian Railways.	6	1 000 000
		TOTAL	10 000 000

1. CONTAINER SERVICES BETWEEN BAKU AND TURKMENBASHI

Final Recipient:

The Cabinet of Ministers of Azerbaijan
The Cabinet of Ministers of Turkmenistan
Port Authority of Turkmenbashi
Port Authority of Baku
Caspian Shipping Company

Justification and Objectives:

The Ports of Turkmenbashi and Baku are the main sea ports of Turkmenistan and Azerbaijan. They occupy key strategic positions on the transport links across the Caspian Sea. The Port of Turkmenbashi is the terminal of the most southern rail and road connections into Central Asia. The port of Baku is situated at the most easterly terminal of the Caucasus rail and road network.

In particular the two ports are imposed transit points for the efficient development of container traffic along the TRACECA corridor. At present container traffic flows reasonably freely, with support of TRACECA technical assistance, from Poti to Baku and in the return direction. However, our studies to date show that most container traffic for Central Asia at present uses the more northerly Russian network. Also, much freight susceptible to containerisation, such as manufactured goods, industrial equipment, semi-finished components, cotton and non-ferrous metals, is being transported, relatively inefficiently, by road transport through Iran. Only about 400 containers a year cross the Caspian at present, while the potential demand is of the order of 100 000 TEU/year. Principal physical bottlenecks explaining this disparity are the lack of adequate container handling facilities at the two Caspian Sea ports in question, and the ineptness for container traffic of the vessels that serve them.

The objectives of the project are:

- To improve container handling facilities at Baku and Turkmenbashi
- To maintain and improve vessels linking the two ports
- To assist in restructuring the managements of the respective ports and shipping lines.

This investment project is a precursor to actions of the EBRD which is offering investment in the ports of Baku and Turkmenbashi.

Main Components:

A) Container terminals at the Ports of Baku and Turkmenbashi.

At each port, matching facilities should be provided, to allow a through capacity of at least 10 000 TEU movements/year/direction. The minimum physical requirements to achieve this are:

- Improvement of hard-standings for storage of containers and circulation of heavy handling equipment
 - asphalt surfacings, rehabilitation and extension
 - leveling of rail crossings for ease of circulation of pneumatic tired equipment
 - yard lighting
- Administrative buildings
- Improvement of the access to the container terminal by road, and rail.
 - internal road resurfacing
 - re-grading of rail links
- Provision of essential equipment for container handling (loading, unloading, storage)
 - forklifts
 - stackers
 - tugmasters
 - trailers
- Rehabilitation of existing heavy crange

B) Creation of the terminal management units

Autonomous management entities are to be created to run these terminals. They should be established and regulated in a way such that the interests of all port users (road, rail, maritime) are equitably taken into account. Technical assistance will be provided in the domains of legal and financial structuring, and operational management.

C) Repair of ferries

Certain critical parts will be supplied to allow the recommissioning of ferries presently inoperable, and the adequate maintenance of vessels currently in use. These are required to ensure the continuity and improve the regularity, of the Trans-Caspian service.

- Ro-Ro ramp activation gear
- engine replacement parts
- pneumatic systems parts
- electric control parts
- pumps
- crew and passenger facilities repair

D) Alternative : Container Barge

The possibility of adaptation of one barge to provide a specialised Trans-Caspian container service has been proposed. To achieve this certain spare parts and recommissioning works are to be provided for.

This project is closely linked to several other Tacis Inter-State actions, notably:

1. Rehabilitation of the port of Aktau (Kazakhstan). Financing through the Tacis Bangkok Facility involving technical assistance (ECU 1,5 million) for the reconstruction of the port to be financed by an EBRD loan of 75 million dollars.
2. Traceca project: Renovation of Turkmenbashi International Sea Port (ECU 750 000). Design of the new general cargo and container facilities, including the preparation of tender documents for the project and the general equipment of the port, in support of EBRD investment.
3. Traceca project : Renovation of Baku International Sea Port (ECU 600 000). Design of the new general cargo and container facilities, including the preparation of tender documents for the project and the general equipment of the port, in support of EBRD investment.
4. Traceca project : Ferry terminals (Baku and Turkmenbashi - ECU 800 000) - feasibility studies, final designs, and tender documents will be provided to support EBRD investment
5. Traceca project : Intermodal Transport (Traceca countries - ECU 500 000). A study of the opportunities for the development of intermodal transport, now nearing completion.
6. Traceca project : Railways Infrastructure Maintenance (Georgia and Azerbaijan - ECU 1 200 000) A major component of the project comprises the organisation of a pilot block container train service between Baku and Poti, operational since November 96
7. Traceca project : Railway Tariffs and Timetables (All Traceca countries - ECU 1 500 000) Encouragement of collaboration on tariff levels and revenue sharing for through freight transport operations.
8. Future Traceca project : Intermodal Services . Operational assistance in the implementation of recommendations for intermodal transport development.
9. Future Traceca project : Construction of a Cotton Export Logistics Centre Near Bukhara, which will act as the final expedition point for cotton leaving Uzbekistan.
10. TACIS national project: Caspian Sea Shipping company management support by Uniconsult.

Project budget	ECU
Container terminal Baku Port	2 000 000
Container terminal Turkmenbashi Port	2 000 000
Legal advice for management units	300 000
Supply of equipment for Transit of Caspian Sea	700 000
TOTAL	5 000 000

Implementation timetable 12 months

2. BUKHARA COTTON EXPORT CONTAINERISATION CENTRE

Final Recipient

Uzbekistan Railways, and their operating agency Shosh-Trans.

Justification and Objectives

This project is being developed jointly by the TRACECA programme and the competent Uzbek authorities.

Uzbekistan produces approximately 1 200 000 tonnes of cotton per year, of which about 1 000 000 tonnes are exported. This represents around 16% of total world exports. The other TRACECA Central Asian states also produce significant, though lesser, quantities.

Cotton is presently the main source of export earnings for Uzbekistan, as well as being a major source of employment.

Prior to the dissolution of the FSU practically all Uzbek cotton was traded through Moscow. Now Uzbekistan is attempting to diversify its export routes. To this end a Government decree has imposed a minimum quota on export of cotton for expedition along the TRACECA route to the port of Poti on the Black Sea. For 1997 the quota is 100 000 tonnes, of which 30 000 tonnes should be containerised. However in practice the logistical chain has not been physically or institutionally adequate to handle all of the volume of cotton which Uzbekistan would like to send this way.

The present trading practice is for international buyers to visit Uzbekistan to purchase cotton FOB, typically at Riga. This implies that the cotton is initially quality-graded in Uzbekistan, shipped to the port (eg. Riga or Poti) at sellers expense, and then re-graded at the port or at another intermediate break point, for settlement of the account. It would be advantageous to all concerned in most transactions, if the initial grading in Uzbekistan was definitive, and if the cotton was then shipped direct to end-users. Such a process would be more compatible both with containerisation of the cotton from a collection point in Uzbekistan (no need to re-examine en route), and with sale ex-works rather than FOB, implying more flexibility in the negotiation of the terms of transport.

An addendum to a current TRACECA project ("Cotton Task Force", an extension to the Trade Facilitation Project) is analysing the world-wide market for Uzbek cotton, and identifying the specific institutional and physical hindrances to greater use of the TRACECA corridor for export of cotton. The proposed Bukhara facility is the frontier point for such exports leaving Uzbekistan, and is intended to overcome the diversity of problems which are being revealed, at the point of dispatch.

The objective of the present project is to assist in the creation of such a centre. Component sub-objectives will include:

- construction of infrastructure and buildings by the Uzbek enterprises concerned
- provision of mobile equipment for handling bales and containers by the present TRACECA project
- institutional assistance in the form of technical training and management support

The site favoured by the authorities is located on the road Bukhara-Alat and is already equipped with three rail sidings. It has partial asphalt surfacing, telecommunications lines, electric power supplies in proximity, as well as other existing infrastructure such as sewerage and district heating.

There are five cotton gins within a 45km radius of the site. The closest, at "Bukhara 102" typically loads 34 wagons per month (equivalent to about 200 TEU).

Main Components

The project will be carried out jointly by TRACECA and the Uzbek operators and authorities concerned.

The function of the centre will be to:

- collect bales from gins
- store bales under fire-safe conditions
- allow inspection of cotton by international buyers
- provide testing and grading facilities to international standards
- condition and load for export

TRACECA will provide mechanical equipment typically as follows:

- Reach stacker or stackers for handling 40ft containers
- Electric forklifts for handling bales
- Variable height load platforms for accessing containers
- Communications and data processing equipment
- Weighing equipment
- A reserve of spare parts for the preceding
- Commissioning, operating and maintenance technical assistance

The Uzbek authorities will realise from their own resources the appropriate fixed buildings and infrastructure comprising the centre:

- covered storage with fire prevention dispositions
- open hard-standings and improvements to access by road and rail
- offices
- internal power and communications circuits

Construction of the first phase of the fixed installations comprising a minimum of 2 500 m² storage will be commenced in 1997. The intention is for the centre to be operational in the spring of 1998.

The present site available extends to 12 000 m². It is owned by Uzbek Railways but operated by their autonomous subsidiary JV "Shosh Trans". The final ownership and operational plan would be based on the present arrangement. Assistance will be provided to ensure an adequate level of technical staff training and an efficient management structure.

The beneficiary will provide necessary detailed plans and tender documents for construction and local procurement, at no cost to the project. On-going TRACECA projects will also provide procurement specifications for mechanical equipment.

Project Budget : 2 000 000 ECU

Implementation timetable : 12 months

3. TRACECA INTERMODAL SERVICES

Final Recipients:

The Ministries of Transport of the TRACECA States, including Ukraine and Mongolia, or the equivalent authorities designated by Councils of Ministers for rail, road and maritime intermodal transport operations.

Justification and Objectives:

The abrupt demise of centralised planning in the FSU has left the beneficiary state railway operating companies without the high load demand which their managements were accustomed to satisfy. Inter-FSU rail traffic has fallen dramatically.

The nature of transport demand has also evolved. Consumer goods, and industrial project cargoes from world-wide origins are being imported into the region, often in ISO containers, but predominately by road. Turkish and Iranian truckers dominate the market. EU and local companies hold a relatively small market share.

The adaptation and participation of the rail mode in new business has been limited.

There is at present very little movement of containers across the Caspian Sea (possibly as little as 400 TEU/year by intermodal, excluding unimodal use of containers). The present rail container traffic to Central Asia passes through Moscow. Rail operating companies are monolithic and national. The organisational links between the separate companies appear to be weakening, to the detriment of regional service provision. Within railway companies notions of logistics, marketing, quality assurance to clients, etc. are very weak.

Past and current TRACECA projects have analysed the present situation of the rail transport sector, encouraged and facilitated investment by the International Financial Institutions (IFI), provided training activities for management at various levels, and provided active assistance in the development of new operating and management structures. These projects have included the organisation of a pilot unit container train service in the Caucasus ("The Trans-Caucasian Logistic Express", from Poti to Baku), and are supporting the creation of a JV between the concerned national railway companies. A specific project for multi-modal transport and freight forwarding has identified a high potential demand for intermodal freight operations (possibly exceeding 100 000 TEU/year, by progressive unitisation of present traffic, as well as new demand patterns), recommended the principal terminal network from Poti to Druzbha serving each important origin/destination zone en-route, and the organisational evolution necessary to promote inter-modalism. Another TRACECA project is providing technical assistance in the domains of rail transport marketing, including cost accounting and inter-company payment mechanisms. This latter project is also encouraging rail operating companies to awaken to the need for customer relations and eventually to develop marketing plans.

These projects serve as precursors, and the present project is an effort to extend the operational assistance provided by TRACECA, eastwards across the Caspian, basing actions on the analysis and recommendations now to hand. Also, successful local initiatives have not been absent. Notably in Uzbekistan the national railway company has created a specialised JV ("Shosh-trans") for intermodal forwarding and inland terminal operations. This company is quite well equipped and focused on combined transport. However most of its traffic passes through Moscow.

The overall objective of the project is to promote the use of the full TRACECA corridor for intermodal transport. In this sense the corridor originates in the west in the Ukraine, traverses the Black Sea, crosses the Caucasus, the Caspian Sea, and continues through Central Asia to Mongolia.

Several sub-objectives are implied:

- production of a business strategy for provision of a modern intermodal service, by state and by region
- establishment of, and support to national and regional multi-modal agencies for the marketing and provision of intermodal transport services
- identification of the framework for establishing such an agency or agencies as a joint-venture, preferably including an EU partner
- provision of a pilot service to test and refine the concepts, and to inject established EU intermodal practices at operational level

The International Financial Institutions (IFI) are promising investment support to several of the TRACECA railway companies, linked to restructuring of these companies. In fact the traditional overall organisational structures of the companies may only change slowly, and this project is not to be considered as an overall restructuring study. Likewise the project is not a feasibility study or similar exercise in identification of investment needs (though such may be a by-product). It is to be a business operations pilot, to test and familiarise the railway companies with a new regional operating practice overlaying the traditional. At the same time as the pilot runs, the companies may be expected to continue to carry on operating their traditional lines of business much in the way that they have always done.

Main components

These may be summarised as:

- assimilate the results of previous TRACECA projects, and the status of IFI investment plans
- select origin-destinations and frequencies for pilot services, in conjunction with the national rail operating companies, and based on demand scenarios from previous projects (see below).
- negotiate with rail operating companies to establish the modus operandi of the pilot
 - marketing plan
 - operating plan, including through block trains, staff responsibilities and motivation
 - financial plan
 - options for the eventual structure of a TRACECA regional intermodal operating company, including the legal structure and ownership of such an entity
 - duration of the pilot and the conditions for its eventual perpetuation
- negotiate with the Caspian Sea shipping company, ports, road hauliers, forwarders, and any other eventual participants
- establish longer term institutional options as for the rail companies
- implementation of the pilot
- assistance in the establishment of the permanent operating company, or, decommissioning of the operation
- reporting

The implementation of the pilot will be a particularly challenging assignment. The start and end point(s) of the proposed through block train, or at least of an intermodal product with a distinct level of service guarantee, must be determined on the basis of realistic commercial and operational possibilities. The operational responsibility for service provision should extend across the whole route, including Ukraine and Mongolia. The marketing activities must extend to wherever freight demand exists.

Project Budget : 2 000 000 ECU

Implementation timetable : 15 months

4. RESTRUCTURING OF THE AZERI AND GEORGIAN RAILWAYS

Final Recipient:

The Ministry of Transport of Georgia and the Cabinet of Ministers of Azerbaijan, or their designees.

Justifications and Objectives:

The breaking up of the FSU and the creation of new independent railways in the Caucasus 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 capital replacements and new investments.

The downward trend of general 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.

There are some palliatives. The EU Food Aid programme to the Caucasus guaranteed some considerable traffic and revenues to the Georgian railway. While that programme is now winding down, the development of the Caspian oil fields is stimulating trans-Caucasian traffic. TRACECA has been much present in supporting the rail companies with technical assistance during the difficult period that they are passing through.

Now the fundamental changes in the market for railway services has led the Governments of the Azerbaijan and Georgia 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 Governments have 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:

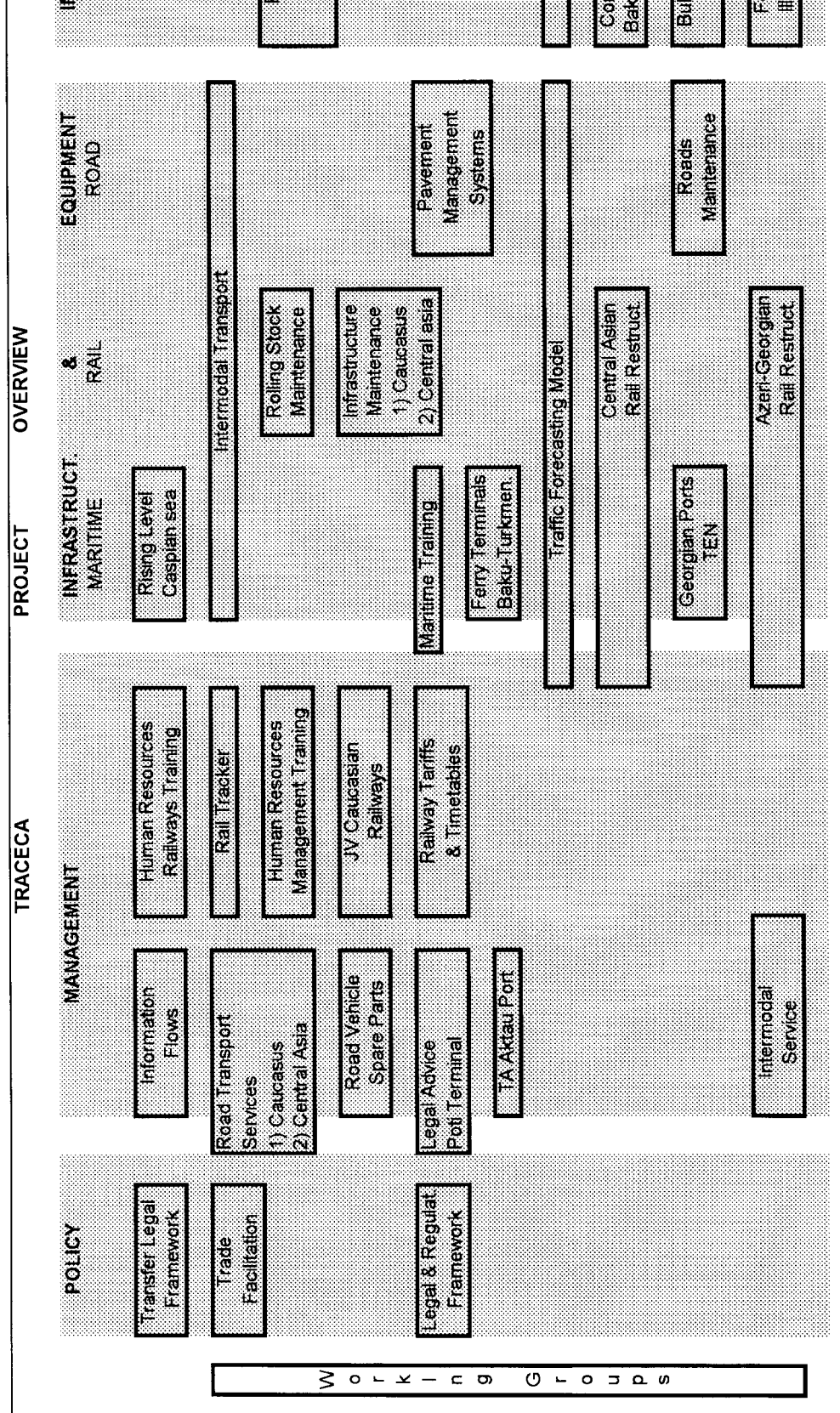
- a thorough review of TRACECA studies carried out to date, which already provide much detailed coverage of the scope of this project, to be carried out at the TRACECA co-ordinating office in Tblisi.
- a brief overall review of all major facets of the Railway's present and anticipated future traffic, 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, the Cabinet of Ministers, and to 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 investment, 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-Caucasus-Europe corridor) or substantially reduce costs of present operations.
- organise a regional conference to discuss the regional aspects of the restructuring plan

Project budget : 1 000 000 ECU

Implementation timetable : 6 months

ANNEX 8

TRACECA Project Overview and Reporting Summary



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 EC Consultant: TRACTEBEL Development, Brussels, Belgium		Form 2.2, Page: 1					
Planning period: 09/1996 - 01/1997	Prepared on: 01/1997								
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 September 1997)			INPUTS				
		QUARTER			PERSONNEL EC Consultant	PERSONNEL Counterpart	EQUIPMENT AND MATERIAL	OTHER	
		4	1	2	3	Planned	Utilised	Planned	Utilised
	Establishment of permanent TRACECA Co-ordinating Offices in Caucasus and Central Asia; maintenance of the existing office in Brussels Organisation of the Working Group Conference in Athens Appointment and management of local co-ordinators in all TRACECA founder state capitals Launching of new projects including preparation of TOR and participation in tender evaluation 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. Launching of grant investment projects, preparation of TOR, tender dossiers.	XXXXXX XXXX XXXXXX X XXXXXXXX XXXXXXXX XXXXXXXX XXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXX XXXXXXXX				4 PC, 2 printers, 2 fax, 2 copiers Software, UPS	4 PC, 2 printers, 2 fax, 2 copiers Software, UPS		
	TOTAL	23.5 mm	24.5 mm	95.5 mm	95.5 mm				

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: 09/1997			
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 Senior EU experts Junior EU experts TOR Newsletter/Web TOR Investment/grant tender preparation	long term experts : + 0.15 % - 25% + 100% 0 0 0 +100%	Beneficiary request agreed by TACIS Arrangements to accommodate preceding Arrangements to accommodate preceding Request from TACIS	