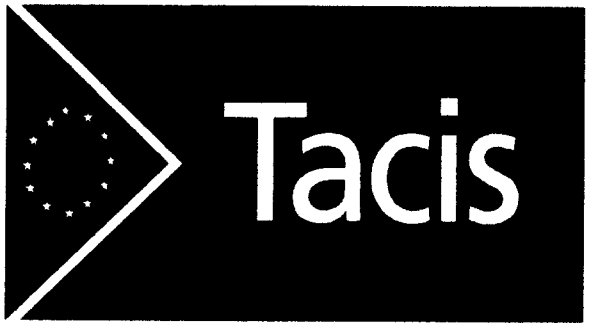

TRACECA Co-ordination Team
Final report
September 1998

FINAL REPORT

Project Title	:	**TRACECA CO-ORDINATION TEAM**	
Project Number	:	TNREG 97-0460	
Countries	:	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan	
		Local Operators	EC Consultant
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Date of Report : 18 September 1998

Reporting Period : 19 September 1997 to 18 September 1998

Author of Report : Ben BEDDEGENOOTS, Marc GRAILLE and Michael SIMS

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TACIS Bureau	:	Daniel STROOBANTS (name)	_____ (signature)	_____ (date)

CONTENTS

1. PROJECT SYNOPSIS

Project Title	: TRACECA CO-ORDINATION TEAM
Project Number	: TNREG 97-0460
Countries	: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan

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) project fiches for new project propositions, ii) terms of reference, iii) reviews of projects, dissemination materials, discussion documents, iv) agendas and support documents for working group conference, v) 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 (organised 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

- maintenance of existing 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 of exchange of information and data between contractors by means of libraries in Brussels, Tashkent and Tbilisi and on the Internet
    - 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 in May 1998 (Tbilisi, Georgia, 5-6 May 1998)
- 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 1997

Project Duration : One year

2. SUMMARY OF PROGRESS SINCE THE START OF THE PROJECT

2.1 Team Actions

As the contract for the TRACECA co-ordination had been awarded to the same company as precedingly, all EU team members were mobilised on the contract start date in the Brussels co-ordination office before departure to their respective field sites. The project start-up has obviously benefited greatly from the team members' previous TRACECA experience.

The project team continued to co-ordinate the TRACECA programme comprising at the opening of the present mission a portfolio of ongoing or completed projects comprising 22 Technical Assistance Studies (**TA**) and 1 Investment Project (**IP**). To these, a further 5 IP generated and approved under the previous co-ordination contract have been launched and are active (see Annex 2).

The activities of the Brussels and field co-ordination centres have been as follows:

The 5th Working Group Conference in Tbilisi was organised. Hotel and travel arrangements were negotiated at group rates and contracted. Assistance was provided to TACIS in the composition of the invitation list (35 beneficiary state participants, 2 observer state participants, 13 invitees from international organisations, and 7 from the co-ordination team and TACIS), and the procurement of visas for the Mongolian delegation. All logistic arrangements were made and carried out with success. Documentation packs comprising past, present and future project summaries were compiled.

A review of the TRACECA programme to date in terms of the Objectives, Key Issues and Achievements has been edited in brochure form, translated, printed and distributed. The Internet web site pages were reworked in order to improve the communication with all interested parties and make available the latest reports and background information on the programme.

Work continued on the dispatch of project documentation reference sets to the field offices, helping the contractors with many operational queries, as well as a complete revision of the physical (paper) Technical Library to make access easier and review all contents. The full library list is 23 pages of headings and the full library occupies over 25 metres of shelving (see Annex 3).

Further copies of reports were obtained on disk from Contractors and these were added to the Internet Library which has 7 pages of headings of the more substantial reports (see Annex 4). Since its creation in March 10, 1997, the web site has registered over 5,000 visitors. A simplified system for accessing the Internet web site was designed to make the information easier to find. It is hoped that since the new system was inaugurated on 12 December 1997 the routine distribution of all TRACECA project information will be much quicker, and more cost effective, for all interested parties. In addition, the Newsletter page has been updated and a new page generated to detail all the Freight Forwarding Associations established in the region, many as a result of the TRACECA projects. Five Newsletters have been published.

Following the 5th TRACECA Working Group Conference in Tbilisi, Georgia, on 5-6 May 1998, TOR were finalised for 4 TA projects and 2 IP projects. The latter were justified by feasibility studies prepared under various other projects and being collated by the team.

A technical feasibility study, technical specifications and TOR and were made for the Caucasus Railway Telecom project. A short term expert was mobilised by the team to this end. Moreover, expert input was given to a railway telecommunications study being carried out by the UIC.

Assistance was given to TACIS for the finalisation of a Multi-Lateral Agreement on International Transport, which was signed at the Presidential Summit in Baku on September 7-8, 1998 (See Annex 9). Over 30 countries were invited by the Azeri Government, including the 10 TRACECA Beneficiaries and Moldova. TOR for the practical organisation of that Summit were prepared by the team.

For project development and follow-up, the Brussels co-ordinator carried out missions to Turkmenistan, Azerbaijan, Georgia and Kyrghyzstan. He also attended the kick-off meeting of COSMAR/BCEOM's TRACECA works contract in Illiychevsk.

The field Co-ordinators accompanied the Task Manager on a visit to Mongolia to discuss TRACECA issues with authorities, and to assist in the preparation of projects related to the transport sector.

TOR were prepared for transport related national projects in Georgia (Poti Breakwater), Azerbaijan (Establishment of a Ministry of Transport), Kyrgyzstan (Road Feasibility Studies), and Mongolia (Rehabilitation of the Zamyn Uud Railway Transhipment Facilities).

Regular meetings are held with the TRACECA monitors, and good working relations maintained. Collaborative actions are taken to direct projects towards desired ends.

Considerable assistance both in Brussels and in the field was provided to the *'Evaluation of TACIS Interstate TRACECA Programme in Transcaucasus and Central Asia'*. This included assistance to the outside Evaluators who were appointed, and much follow-up work. The report has been analysed in order to reply to comments made by TACIS officers.

In the field offices of the Caucasus and Central Asia local staff were re-engaged and certain new local staff appointments made. A full cover by local experts of the TRACECA founder states is assured.

New equipment was purchased for offices, as equipment bought as reimbursables under the previous contract had to be relinquished to beneficiaries.

Meetings continued to be held on a regular basis with beneficiary state authorities to discuss and develop the many issues with which the team is concerned.

Information and working meetings are held on a regular basis with the European Commission Delegations in Almaty and Tbilisi, the TACIS Co-ordination Units, Member States Embassies, Governmental authorities, other Consultants' Team Leaders and experts in the field, and several other donor agencies (IFI).

Regular contacts are maintained with all project missions operating in the field or their head offices.

2.2 Programme Progress

Updated commentaries on the individual TRACECA projects are included in Annex 2 of this report.

The team has been active with the Monitors in trying to obtain satisfactory final project deliverables from the several TA projects which have now passed their completion dates, or nearly so.

Certain projects have been slow in delivering reports or software, especially Russian language versions.

Certain important components of projects ending are still considered to be missing by the team (delivery of software – e.g. Rosy PMS of Phoenix, and response to perceived deficiencies in written output – e.g. DE Consult).

Two TA projects which started in 1997 are still ongoing.

One of these, the Road Maintenance (Finnroad) project is a collection of related sub-projects (modules A to E). Final or Draft Final Reports have been presented for modules B, C and E. Module A is due to present its Final Report at any moment, whereas module D is delayed due to the procurement of road testing equipment (Falling Weight Deflectometers or FWD). After some modification, Module C (Azerbaijan Roads Sector Restructuring) was accepted by the EBRD for their loan negotiations, and the other module reports presented so far also appear acceptable. Internal project management issues were a concern during this project, arising probably from the presence of three separate consultants in the appointed consortium. The individual consultants involved are responsive to the co-ordination team. Problems arise Module D also due to the Rosy PMS. Module E (pre-feasibility studies for road and rail projects) has led to the definition of a feasibility study for the rehabilitation of a road corridor between Uzbekistan, Kyrgyzstan and China, to be funded by the TACIS National Programme for Kyrgyzstan.

The second ongoing TA project, Central Asian Railways Restructuring, being carried out in collaboration with the EBRD, has presented Draft Final Reports for four of five country Modules foreseen (that for Tadjikistan is still outstanding). The project has been granted a time extension to allow completion of a final Module under a sub-contract to the UIC concerning railway telecommunications. It has required effort on the part of the co-ordination team, the monitors, and the main contractor, to obtain substantial output from the UIC. In general such international organisations act as forums, and are not used to carrying out conclusive studies themselves. The output from the overall project has been accepted by the EBRD, and the beneficiaries, as a basis for loan negotiations. Actual progress with loans is now dependent on such issues as sovereign state guarantees, macro-economic issues, and overall portfolio balances of the EBRD in the states concerned. All of these issues fall outside of the normal domain of TRACECA. The project is influencing the restructuring being undertaken by railways themselves, in autonomous actions unrelated to external investment. TACIS and the EBRD are giving serious consideration to the Caucasus Railway Telecommunications fibre-optic cable, on the basis of the telecommunications Module.

Two new TA projects have started in the first half of 1998 : Restructuring of the Georgian and Azeri Railways (GIBB) and Intermodal Services (POLZUG). The Inception reports for the Intermodal Services project is awaited, and is in fact late. The strict time schedule for the railways restructuring project causes some concern. The Caucasus Railways Restructuring project has been developed with the EBRD, with the objectives of stimulating investment by

the EBRD in the concerned railways (Georgia and Azerbaijan), while studying the management reforms most needed to secure such external debt without imposing unacceptable debt burdens on the recipients. The Intermodal Services project is intended to promote adoption of intermodal commercial techniques and operating agreements, to accompany the several investment projects which deal with physical intermodal facilities. In the previous TRACECA Tarification and Timetables project beneficiaries endorsed the idea of an intermodal common operator such as Intercontainer in Europe. This may be a little premature for immediate incorporation, but the concept will be pursued in the Intermodal Services project.

Five new Investment Projects have started in 1998 :

- Container Services Baku-Turkmenbashi – GABEG, works are approximately 90% complete. The contract duration has been extended to allow more time for procurement activities. Works in Turkmenbashi were amended to better conform with the beneficiaries latest plans
- Design and Construction of Rail Ferry Facilities in Poti – Athena Hellenica, works have advanced well. The ferry ramp is awaiting Lloyds certification.
- Improvement of the Existing Rail Ferry at Illiychevsk – Cosmar, works are on the point of commencing
- Computer Ferry Management and Training - Computer Solutions. The management training is mostly complete. Final completion of the project awaits availability of the buildings to house the computer installation.
- Container Handling Equipment (17 items for which contracts were awarded to various manufacturers). The majority of equipment items have been delivered and handed over.

The co-ordination and technical supervision of the above were contracted to various companies : Athens Law (Caspian Sea), HPTI (Black Sea) and HPC (equipment). In fact the co-ordination team was closely involved in the administration of these contracts, particularly on the Caspian Sea.

Complete Terms of Reference (TOR) or supply contract tender dossiers were prepared for five new projects funded by the 1998 TRACECA budget of 10 million ECU (see Annex 6). Two of them are for Investment Projects (Intermodal/Terminal Equipment; Rail Tank Wagon Cleaning Boilers, Baku) totalling 3.0 million ECU. The remaining 7.0 million ECU budget is for three new Technical Assistance projects (Inter-Governmental Joint Commission for Implementation of a Multi-Lateral Agreement; International Road Transport Transit Facilitation; Traffic Forecasting, Caspian Sea and Chardzev Bridge); and the prolongation of the Co-ordination Team itself. For the IP's, feasibility studies have been assembled.

A railways telecommunication and signalling expert has prepared a technical viability study, technical specifications and complete TOR for the Caucasus Railway Telecommunications investment project, and has provided input for the economic feasibility study of the project to the UIC. This investment project now awaits only TACIS budget approval.

A major milestone was marked in the development of TRACECA when 12 countries adhered to the TRACECA Multi-Lateral Agreement (MLA, see Annex 9) at a Presidential level meeting held in Baku on 7th and 8th September 1998. Presidents or their delegates from 30 countries and senior representatives from international organisations attended. The MLA provides much needed impetus to efforts to reduce non-physical barriers to trade with the

region. The project Inter-Governmental Joint Commission for Implementation of a Multi-Lateral Agreement (**JC**) is intended to ensure that real progress for transit transport operators results from the MLA. This will be challenging task, and at least one, possibly several follow-up contracts or other actions will be necessary, until ideally the states concerned take their place in the WTO forums.

3. PROJECT PROGRESS TABLES

See tables in Annex 1.

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,
Azerbaijan,
Georgia,
Kazakhstan,
Kyrgyzstan,
Tadjikistan,
Turkmenistan,
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 Inter-State programme.

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.

Four Working Group Conferences were held under the previous management contracts (at Almaty, Vienna, Venice and Athens), and the present strategy and implementation programme for TRACECA were largely decided at those events. At the Athens Conference in October 1996, it was agreed that Ukraine and Mongolia would become Beneficiaries of TRACECA. At the Fifth Working Group Conference in Tbilisi in May 1998, it was decided to integrate Moldova into TRACECA.

4.2 Introduction

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

- Mr. B. Beddegenoots, Co-ordinator, Brussels (succeeded to Mr. L. Cheesman in February 1998)
- Mr. M. Graille, Co-ordinator, Tbilisi
- Mr. M. Sims, Co-ordinator Tashkent
- Ms. I. De Volder, Administrator, Brussels
- Ms. L. De Grave, Web site Administrator, Brussels
- Mr. S. Moretti, Railways Telecom Expert
- Mr. I. de Halleux (ports), Mr. Booker (legal) and Mr. Krämer (telecommunications) undertook short missions for the project.

As required in our Terms of Reference, permanent principal TRACECA offices are maintained 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 are fully equipped, including international telecommunication lines.

A network of local assistant co-ordinators has also been maintained in the TRACECA region.

The structure of the Co-ordination team is conform to the wishes of the Athens Working Group Conference, in which it was proposed that a local co-ordinator be appointed in each of the TRACECA states.

4.3 Programme Implementation Actions

4.3.1. Project Management Plan

It would have been easy for TRACECA to have developed into a collection of national projects in the transport sector, without a real unifying purpose either institutionally or physically. Within the region, there is a constant pressure to carry out feasibility study projects for bottleneck removal or modernisation of infrastructure on the TRACECA route and elsewhere, on the basis of perceived national priorities. As was noted in the Evaluation report, two factors must be considered when developing the projects which are the eventual vectors of TRACECA actions:

- The inter-dependency of the regions transport systems, particularly for the land-locked countries whose economies are dependent on bulk product exports, and imports of higher value added goods

- The transition process to free market principles which must accompany any project to obtain IFI financing, and which is necessary in the long run for our beneficiaries to become self-sufficient in the maintenance and development of their transport systems.

The co-ordination team is the entity which has maintained the regional cohesion of the programme, and the realism of its projects. Communications within and without of the team are excellent, and they are the key to its effectiveness. TACIS in Brussels, the beneficiaries, the IFI, the interested international organisations, and the TRACECA project consultants are the working interfaces of the co-ordination team.

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 TACIS national co-ordinating units

Twice monthly or monthly meetings :

- Heads of co-ordinating 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

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.

The Brussels co-ordinator and the Task Manager meet typically once a week. 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 several field meetings between themselves.

4.3.2 The Tbilisi Working Group Conference (WGC)

On May 5-6, 1998, a WGC was organised in Tbilisi, Georgia (see Final Declaration in Annex 8). The Conference was attended by Delegations of the ten TRACECA Beneficiary States, Moldova and China, by representatives of International Financial Institutions (EBRD, World Bank) and other international transport interest groups (BSEC, IRU, UIC, EN-ECE, UN-ESCAP, IRF, FIATA, SNCF, OECF) and others

The Delegates confirmed their objective of developing common transport policies that would give priority to the development of the TRACECA route, and welcomed a joint initiative of the Presidents of Azerbaijan and Georgia on signing a Multi-Lateral Agreement on such policies. Meetings to prepare that Agreement were held in Baku in April and July 1998, with assistance of the Team. The Delegates further supported this process by approving a project of TA to the Inter-Governmental Joint Commission to be set up under such an Agreement.

Co-operation between Beneficiaries and IFI's or private investors (IRF, FIATA, etc.) was enhanced.

A list of projects to be realised under the 1998 TRACECA budget was endorsed, and additional projects were proposed by the Delegations. Much interest was expressed in protection of the environment, road safety and training programmes. The project list is to be found in Annex 5. The total value of the projects proposed to be realised amounts to 20

MECU. This without counting additional proposals considered of merit and but not developed in detail and without budget estimates. In fact only 10 MECU is reasonably certain to be made available from the 1998 interstate budget for TRACECA projects. Hence a shorter list of projects for certain realisation was developed and comprises Annex 6. These projects were selected on the basis of their broad interest and balance in conformity with TRACECA objectives and the Evaluation report.

Moldova was unanimously invited to become a full Beneficiary of TRACECA.

4.3.3 Procurement of Consultancy Services

Two new TA projects were launched, financed by the 1997 budget:

- Restructuring of the Azeri and Georgian Railways;
- Intermodal Services.

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 Consultant's offices in Brussels. The full inventory of TRACECA reports was made available to Consultants and those reports of relevance were given to them. The co-ordinators assisted the introduction of the new project teams to the region.

Three new TA projects have been prepared for execution under the TRACECA 1998 budget:

Interstate Commission for Implementation of the TRACECA MLA. The TOR for this project are to be completed by an outside consultant engaged by the TACIS for this role, as well as to finalise the text of the MLA in discussion with the beneficiaries and DG7.

Road Transport Transit Facilitation. The TOR for this project have been prepared in collaboration with the International Roads Union (IRU)

Traffic Data Base and Forecasts. This project is composed of several modules attempting to satisfy various demands on the programme. The TACIS TRACECA Evaluation suggested that the objectives of the first TRACECA Data Base and Modelling project were meritous in aspiring to provide a broad overview of the network, its usage, commercial and strategic potential. This theme will be developed, but using tools which should be more comprehensible to beneficiaries. To this are annexed certain feasibility studies of particular interest to the Caspian Sea crossing as well as the Chardzev Bridge potential bottleneck. The Caspian Sea crossing with its' intermodal transfers is recognised as the present weakest link in TRACECA.

4.3.4 Procurement of Goods and Works

The TRACECA investment projects are presently of the highest visibility in the region. They link to output from TA projects, to the day-to-day usage of the corridor, and to IFI commitments (EBRD port projects) from which they were partially derived.

The TRACECA programme had from its inception until 1997 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 1997-1998 far more effort has been devoted to the preparation of supply and works tenders and contracts, and their subsequent follow-up. 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 (GABEG);
- Computers and Communications (Poti/Illiychevsk - Computer Solutions);
- Maritime Connection Ukraine Georgia - Port of Illiychevsk (COSMAR);
- Maritime Connection Ukraine Georgia - Port of Poti (ATHENA);
- Equipment - mobile (17 items - various suppliers and Recipients).

To these procurement contracts were attached specific control service contracts :

- Supervision of Maritime Connection Ukraine Georgia - Poti (HPTI);
- Co-ordination of Maritime Connection Ukraine Georgia - Illiychevsk (HPTI);
- Co-ordination and Supervision of Container Services Baku-Turkmenbashi (Athens Law).

During the previous contract period, the team has prepared TOR and tender and contract documentation for all of these projects. Open calls for tenders were published in the Official Journal in early August 1997 for reply by the end of September (then set back to early October for all except the Works contracts). Those contracts have been awarded in the first half of 1998.

Tender dossiers have been prepared by the co-ordination team for two new supply contracts tender and await release of the budget to be launched (see Annex 6).

The investment projects are procured under various forms of hybrid supply, works and service contracts. Works contracts are completely novel for TACIS (a DG8 form of contract was adopted). The supply contracts are relatively common, and the service components are standard for TACIS. In the context of contract management, on the one hand Works contractors are carrying out projects with service components with which they are completely unfamiliar, and TACIS is managing Works contracts for the first time. The beneficiaries are also exploring new ground and are unused to the rigours of western contract procedures.

This situation is not to be unexpected in a technical assistance programme working with transition economies, and indeed it demonstrates a certain maturity and confidence. There are separate small supervision and co-ordination service contracts for each individual investment lot, particularly for the technical control aspects, but the overall effort for these projects to be completed within time and budget, and to the satisfaction of the beneficiary, has fallen on the co-ordination team.

The team has played very close attention to the day by day progress of the investment projects. This has involved much travel to the sites, and liaison work with beneficiaries, contractors, and the supervision and co-ordination consultants.

There are inherent difficulties in works contracts because of the uncertain nature of site conditions beneath the surface, and the site specific nature of everything included. Under these circumstances works forms of contracts leave much discretion to the 'owners

representative' on site, but TACIS procurement procedures do not adapt well to this. Works contracts would be best avoided in the future.

4.3.5 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's.

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 :

- Caspian Infrastructure Exhibition, Baku, October 20-25, 1997 (stand and presentation of TRACECA);
- OFCE Conference (Office Français du Commerce Extérieur), Paris, December 9, 1997 (presentation of TRACECA);
- Conference at the French Ministry of Transport and Equipment , Paris, January 26, 1998 (presentation of TRACECA);
- participation in the presentation of the USAID privatisation process organised by the World Bank - on request of WB, February 20, 1998;
- First Working Group on the MLA, Baku, April 25-26, 1998 (expert advice and secretariat);
- Open Door days at the Port of Baku, Baku, May 23, 1998 (presentation of TRACECA);
- Open Door days at the TACIS CU in Azerbaijan, Baku, May 18-19, 1998 (presentation of TRACECA);
- APCO Conference, Tbilisi, June 22-23, 1998 (presentation of TRACECA - on request of the Tbilisi EC Delegation);
- Second Working Group on the MLA, Baku, July 23-25, 1998 (expert advice and secretariat).
- The Baku Presidential Meeting for signature of the MLA
- The TRANSEURASIA conference, May 1998, Almaty (presentation of TRACECA and support to the Almaty EC Delegation)
- Open Door days at the TACIS CU in Tashkent, February 1998 (stand and presentation of TRACECA)
- IRF Conference in Ashgabat April 1998.
- ECO Transport Working Group Meeting in Tashkent June 1998-09-05
- Tripartite Meeting China-Uzbekistan-Kyrghyzstan, Bishkek February 1998.
- Asian Development Bank sponsored Donors Meetings, Tashkent, January and June 1998.

4.3.6 IFI Investment

Collaboration with IFI is an on-going activity. IFI support for TRACECA has been so strong that in certain quarters a certain saturation point has been reached, such as when limits to sovereign guarantees are reached. In the railways sector in Central Asia beneficiaries are examining closely the proposals for restructuring by IFI (based on TRACECA projects). Inevitably restructuring implies severe social consequences which are naturally require long deliberation by beneficiaries to appraise the broader impacts.

The TOR for a new (1998 budget) TA project "Traffic and Feasibility Studies" includes several specific components deriving from IFI investment interest (Aktau ferry terminal and grain facilities, Turkmenbashi navigation channel, and the Chardzev Bridge).

Initiatives taken with several institutions include:

European Bank for Reconstruction and Development (EBRD)
TRACECA is on the point of completing the Central Asia Railways Restructuring project and about to commence the Caucasus Rail Restructuring project, both in collaboration with the EBRD. Loan negotiations for investments in track maintenance equipment, traction modernisation, telecommunications, and MIS, are progressing reasonably well in Kazakhstan, Azerbaijan, and Georgia. In Uzbekistan they are slow due possibly to factors which may lie outside of the transport domain. The co-ordination team is analysing the possible common ground between the EBRD and Turkmenistan to promote a commencement of loan negotiations there for the rail sector.
In the Caucasus there is complete complementarity and interdependence between most of TRACECA's investment projects, the EBRD loan, and restructuring plans. A large telecommunications investment project is under development, and an investment project for maintaining Caspian crude export flows by rail is being finalised.
A project in Aktau is under development. This is a feasibility study to reopen the Ferry Terminal there. This was a possible TACIS investment project, as obviously the ferry terminal is a key link in northern TRACECA. However, the uncertainty of the potential usage and revenues, and the indication from the EBRD that they would provide loan capital if the project was demonstrated as a net contributor to the financial well-being of the Port of Aktau, caused us to proceed only with a feasibility study at this time
Regular meetings are held with transport and country team representatives of the EBRD, in London and on site. This has led to a very close working relationship, concrete projects to negotiate financing, and to prepare procurement contract documentation. In certain cases the follow-up is undertaken using the TACIS-EBRD Bangkok Facility for national technical assistance allocations.
Resultant projects underway include:

- the ports of Poti and Batumi
- the Poti grain terminal
- the ports of Baku and Turkmenbashi
- the principal Central Asian Railways
- the railways of Georgia and Azerbaijan
- sections of the Ashgabat-Mary road
- sections of the Baku-Tbilisi road

The EBRD, unlike the other development banks, has firm internal rules concerning the proportion of private sector loans relative to public sector loans which it may hold in its portfolio in any country. It has a much stronger commitment to the private sector than other

development banks. Ideally, it would like to make public sector loans which could at some future time be sold to commercial banks. Furthermore, it appears to be more subject to influence by the IMF than other development banks. Given these factors and the situation in the transport sector in our beneficiary states, the EBRD is being highly selective in its choice of projects. This is not to lament prudence and the restructuring objectives which the EBRD adheres to, but to inform observers of the TRACECA programme of these subtle constraints. Good relations with a development bank cannot be codified into, for example, a long term business plan to finance the TRACECA corridor.

World Bank (WB)

Disbursal of loans mainly to the roads sector in Armenia and in Georgia continues. The first TRACECA PMS project finalised contributions to these projects (feasibility studies, maintenance contract documents, and technical advice, in late 1997. Input to the investment process is foreseen under the present Roads Maintenance project. This one is running somewhat late due to roads testing equipment procurement problems.

In Georgia the WB is providing a transport sector IDF loan which could be increased by funds from the Kuwait Fund. The feasibility study necessary to mobilise this increase was provided by TRACECA.

The WB has firm intentions to make a sizeable loan to Kazakhstan for the roads sector. As for the Caucasus detailed roads maintenance reports in feasibility study format are foreseen to assist in allocation of this loan. 20 MUSD remains unallocated.

The WB is actively courted to pay attention to the TRACECA routes. In Kazakhstan (and possibly in Uzbekistan), there is the possibility of WB rail investments, but this is more vague and dependent on the WB changing its present strategy from concentrating mostly on structural reform of the national economies.

The World Bank is a potential loan guarantor for private sector participation in the Chardzev Bridge project. It has reviewed and contributed to the TOR for that project.

Asian Development Bank

The ADB is committed to invest in roads projects in Kazakhstan and Kyrghyzstan. They have recently extended their future plans to cover the Almaty-Bishkek road, on the TRACECA route. The ADB is certainly the fastest of the IFI to develop a project from the stage of identification through to loan decision and tendering of works. The TACIS budget approval, tendering and contract award cycle for technical assistance, is too slow for TRACECA to undertake feasibility studies for the ADB. In fact we have had to divert resources away from the Almaty-Bishkek road because our work would be too late to be of influence. However, this is by no means to say that TRACECA and the ADB cannot carry out co-ordinated actions. Relations with the ADB are developing. We have current collaborative projects for modernisation of regional roads materials (TRACECA) and design and construction standards (ADB). Common workshops with beneficiaries have been held and co-ordinated deliverables are planned. The ADB is interested in promoting the removal of non-physical barriers to trade. Hence we are carefully co-ordinating projects involving the MLA and JC. In such "horizontal" project areas as these, the ADB is content that TRACECA is playing a lead role.

An ADB restructuring and investment identification project for Uzbekistan railways is presently underway, in co-ordination with our present activities with the EBRD. Input from the past TRACECA Traffic Forecasting and Rolling Stock Maintenance projects proved invaluable to the ADB team. An ADB roads infrastructure project has run into difficulties

concerning the highways department restructuring conditions which the ADB is attaching to any future loan, and which are not accepted by the Uzbek side.
This is an example of the complications involved in development banking in the TRACECA region, where the same investment organisation can have two different outcomes from loan negotiations dependent on restructuring, in the transport sector in the same country.
Other areas under discussion with ADB representatives are links between TRACECA and Kashgar in China, for which TRACECA is carrying out a pre-feasibility study, and winter roads maintenance for which we are producing country specific feasibility studies.
Tajikistan recently became a member of the ADB, and a mission has just visited that country to identify possible loan projects in the transport sector. The co-ordination team has provided the mission with output from our two rail sector projects concerning Tajikistan (Rolling Stock Maintenance and Central Asia Rail Restructuring). Some road sector work is also of relevance (never completed due to the security situation). These reports are the only detailed technical work done by outside consultants in Tajikistan.
Turkmenistan is close to becoming a member of the ADB. The co-ordination team is poised to propose projects for the rail sector and the Chardzev Bridge as soon as the membership procedures are complete.
We have and will continue to attempt to draw the attention of the ADB to investments of interest to TRACECA. However that organisation continues to receive ample untied TA grant facilities from certain of its richer member states, and is in a position where it can link its loan activities to TA which it manages itself.

Export credit agencies
These are generally represented by the diplomatic missions, particularly those of France, Germany and the United Kingdom. Regular contacts are maintained. On occasion, field visits and reports have been provided where they might facilitate the provision of credit for purchase of EU transport related equipment. In fact none are known to have occurred so far, as the transport sector is so cash poor and is looking above all to development banks for financing.

Japanese International Collaboration Agency (JICA).
JICA is undertaking a project for road rehabilitation in Western Kazakhstan around the port of Aktau and the Terghez oil-fields, squarely covering a future major economic centre on the TRACECA corridor. The OECF is the parallel Japanese bi-lateral investment arm. Financing is in hand for rail development at and to the Druzhba terminal, and possible for rolling stock maintenance facilities in Ashgabat, Tashkent and Almaty.
Meetings are held on occasion with missions to the region from these organisations. No concrete plans for projects have yet been made, and of course the co-ordinating team is well aware of its European origins. An interesting possibility for future collaboration resulted from a meeting with the Japanese Import-Export Bank (which will shortly merge with OECF). If this bank participates in a project such as the Chardzev Bridge (e.g. for the supply of Japanese steel), the financing available may be higher than the actual cost of the Japanese goods involved, and the excess amount is untied. Also, interest rates are relatively soft.

The Islamic Development Bank
The IDB recently opened a permanent representative office for its Central Asian operations, in Almaty. TRACECA members of the IDB are Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Azerbaijan. Uzbekistan is not yet a member. The maximum size of a

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single IDB loan is 10 MUSD. It prefers to work as a co-financer to the larger investment banks, as this economises the need to prepare and analyse feasibility studies, for relatively small projects.
The co-ordinating team has held meetings with the permanent representative and promote TRACECA projects to the IDB. Possibilities for financing include winter maintenance equipment and the Kyrgyzstan railways, once the final reports are available. As with any development bank, the official loan request for any country must be made by that countries bank board member.

4.3.7. Private European Investment

It is very difficult for TRACECA (or anybody) to find large private sector investors for the transport sector in the FSU.

Transport and trade require commercial partnerships to penetrate the region. In this respect, outside of the oil sector, EU firms have been slower to develop their presence than US, Korean and Australian firms, all of whom are making significant inroads.

While the TRACECA TA projects are intended to benefit the Regional partners there is no contradiction in them doing that, and at the same time acting as vectors for EU commercial interests (e.g. forwarding, backhaul, intermodal, JV and similar agreements, equipment supply contracts for the eventual IFI loan disbursements...). In all guidelines and reviews provided to project contracting Consultants, the projects will be encouraged to promote trading links. TRACECA has been 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). However, this is even more difficult than attracting IFI's. Private sector investors require a high degree of security of return. IFI's obtain this from their privileged supra-national status and sovereign guarantees. Such conditions are simply not available to the private sector.

TRACECA did provide considerable support to promote the development of road side services by the private sector (Dolphin project). Negotiations between the private investors and beneficiaries were serious, but eventually unsuccessful in creating a business venture.

The co-ordinating offices has welcomed any visiting EU firms operating in the transport sector to assist in introductions to local potential partners, and in general to catalyse any action which promotes the physical connection of trading links with the EU member states. In fact such contacts provide us with useful detailed operators and users knowledge of the system as it functions today. The new Newsletter page on the TRACECA web site, with details on all the Freight Forwarding Associations established in the region as a result of the TRACECA projects, is just one example of our assistance to private investors.

4.4 Approach for the Development of Projects

What follows is a summary overview of the technical approach, or rationale, which has been applied in the development of TRACECA projects. Strategic guidelines derive from the Brussels 1993 conference, and the five TRACECA WGC.

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 only 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's.

Regional Institutionalisation of TRACECA

The ultimate success of TRACECA will be its commercial usage, but clearly there must be a regulatory and management framework within which the transport systems can work. The FSU mechanisms are certainly not defunct but their commercial attitudes are only nascent, and there is a tendency to stifle competition. There are ECO and other initiatives to regulate regional transport, but clearly it is in EU interest that Europe maintains the guiding hand, using EU, UN-ECE and other established norms.

With this in view the TRACECA Multi-Lateral Agreement has been developed and the content was finalised, in collaboration with the lead beneficiary, TACIS and DG7. To ensure effectiveness of the agreement many legal and technical implementation problems will need to be resolved, on a regional multi-lateral basis. For this purpose an Inter-governmental Joint Commission is to be established by a foreseen TRACECA project.

The several terms of reference for these initiatives are being prepared by, or under the guidance, of the co-ordination team.

Institutional Transformation

This subject is of course fundamental to the reform process and the transition to market economies which is at the heart of TACIS.

Overall, the co-ordination effort has sought to encourage certain institutional fundamentals:

- the separation of operational transport activities from regulatory bodies
- the development of commercially viable entities; their nurturing and inoculation from the "old" system
- the emergence of Ministries of Transport in those countries which do not yet possess Centralised Ministries

TEN Links and Eastern Neighbours

The TRACECA-Black Sea PETRA-TEN links have been a priority for TRACECA since the Tbilisi TRACECA-BSEC joint conference in March 1997. At his time the engagements by beneficiaries to promote operations on the Trans PETRA links were made and have been proven since by the commencement of services linking Illiychevsk-Poti and Varna-Poti.

TRACECA is fulfilling very concretely its engagement to upgrade the infrastructure and management systems by the projects listed above.

It will remain of importance to ensure further integration of the countries where the TEN are established, into the mainstream of TRACECA.

On the opposite side of the TRACECA corridor, it is necessary to ensure that Mongolia benefits from TRACECA membership by involving projects in that state. It may be noted that the TRACECA co-ordination team has never adhered to the idea of TRACECA being a component of a land-bridge between the EU and the Far East. The recent DG7 study on "Comparative Links to the Far East" does not see through land routes as being competitive with sea routes, and we see no grounds whatsoever to disagree with that finding. Certain beneficiaries, and ESCAP, do eventually see TRACECA as part of a Transeurasian land link. In fact TRACECA can be complementary to links with the East as well as the West, and most usefully to interaction between intermediate economic centres. There is ample scope for collaboration with all because of this, without challenging very dearly held ambitions to compete with highly cost effective sea routes.

Intermodalism

Intermodalism has been a constant theme of TRACECA. The geography of the TRACECA block of countries imposes intermodalism, world trade has adopted the technique for solid commercial reasons, and EU policy favours it for social, economic and environmental reasons.

Both technical assistance and investment projects have been created to promote intermodal transport along the corridor.

The most recent TA project launched, "Intermodal Services", will be a particularly challenging assignment, but the rewards to the beneficiaries could be high if the project is a success. There are two basic components involving Training and Operational Assistance (a pilot block train), the latter being the more complex. The beneficiaries have endorsed this project, but they are most certainly expecting all project activities to be oriented towards clear and tangible benefits to them, in terms of increasing revenues and reducing operating costs. The TOR do emphasise this point, but it has been re-emphasised by the co-ordination team at the briefing meeting and during the first introductions of the project in the region. The co-ordinating team is at present ensuring that the beneficiaries are aware of the commencement of the project. Generally they are designating the railways Commercial Departments as the counter-parts. The consultant consortium appointed to carry out the project includes a pilot train operator who claims interest in setting up a commercial service, rather than producing a report.

The investment projects launched and planned concentrate on intermodal transport (exceptions are the Red Bridge and the Tank Wagon Cleaning facility).

Railway Telecommunications

Various past TRACECA projects have indicated that the antiquated railway telecommunications systems inherited from the FSU are a key bottleneck to more efficient railway operations. Communications are the most vital management tool. Moreover, good

telecommunications are vital to trade. In the Caucasus, war damage has aggravated the problem of the communications inadequacies.

Track and rolling stock most certainly require attention, but TRACECA cannot address all issues simultaneously. A major contribution to alleviate the telecommunications problem is planned, by providing an optical fibre cable backbone linking the three Caucasian TRACECA countries. The backbone will provide the basic infrastructure for modernisation of signalling as well as communications.

Institutional and IFI investment links to this proposition are strong. The cable will provide more capacity than the railways need, and a condition of TRACECA support will be that this capacity be made available to a private sector operator for commercial use. The EBRD will provide a loan to allow connections, by whatever user, to the backbone.

Use of EU origin material for this project will ensure that EU compatible equipment and technical standards are firmly implanted in the Caucasus telecommunications network in the future.

The co-ordination team has assured a liaison between the TRACECA, the IFI, and the beneficiary for this project. Also the team mobilised a telecommunications expert for technical preparative actions, though the full specifications for this project are beyond any possible extension of our scope.

5. CONCLUSIONS

5.1 The Programme in General

Since inception in May 1993 TRACECA has evolved into a technical assistance and small strategic investment programme, with very high visibility and impact in the beneficiary states. The influence of TRACECA activities in the region is tangible, by way of frequent organised regional activities, close interaction with the IFI programmes, the TRACECA direct investment projects, and growing use of the corridor by commercial shippers, particularly in the Caucasus. The TRACECA Co-ordination team was mostly field-based. Our beneficiary states appreciated this. Solicitation for TRACECA managed projects by the local counterparts is constant. Practically all TRACECA projects have been appreciated by beneficiaries and lead to requests for extension or development. There remain many open paths for programming future collaboration and assistance to our beneficiaries' transition process in the surface transport sector.
The dynamic of TRACECA today is stronger than ever, as a corridor and as a broad movement for transport integration. The East-West corridor from Central Asia through the Caucasus into the Black Sea PETRA, and their linking with the TEN and other world-wide destinations, is a physically functioning reality, carrying millions of tons of goods a year. The integration and harmonisation of the regions transport regulatory environment with European and international norms is an on-going process. TRACECA is the principal vector of the European - and indeed International agencies for the introduction of practices to reduce non-physical barriers to movement of goods. UN-ECE and UN-ESCAP are looking to the TRACECA projects to carry their message and introduce their working practices. TRACECA has provided the principal management / institutional restructuring consultancy for railways and highways department reorganisation.

Co-ordination with other donors is improved beyond recognition of any comparable action in other TACIS sectors. Investment interest by IFI's 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.

Strong links with the IFI should continue to be maintained. Little more can be done by the co-ordination team in this respect. Apart from the major investments in ports and railways already concluded or close to conclusion, there are at this moment possibilities of support to a World Bank loan in Kazakhstan, an Asian Development Bank loan in Tajikistan, and Islamic Development Bank adoption of roads maintenance output from TRACECA projects. EBRD support to the railways of Turkmenistan and Uzbekistan is another possibility to be promoted, by the co-ordination team. Following discussions with IFI, certain further works at Caspian ports are the subject of feasibility studies shortly to commence.

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.

5.2 The Co-ordination Function

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. The experience has much to recommend it.
The history, or institutional memory, of TRACECA is maintained by a co-ordination team. The TRACECA team has served to maintain possibility of access by any interested parties to the quite considerable wealth of reporting which has accumulated.

Continuity with beneficiaries is assured.

A higher degree of collaboration between project consultants within the programme has been achieved. The maintaining 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.

Output from past and currently active projects is a major source of input for programme development. All future projects should be connected with such output, and linked with the Inter-governmental Joint Commission once that body is functional.

The introduction of the projects into the region will be a pre-occupation of any co-ordination function in the future. The Joint-Commission will be a particular pre-occupation.

At the time of preparation of this report the co-ordination team activity entering suspension, pending release of budget. Assuming that the co-ordination role continues to exist, then given the organisational changes taking place within TACIS itself, in the future the co-ordination team will be less concerned with day to day project implementation. This will go some way to easing the workload of the co-ordination team. As the monitors correctly pointed out, this workload is at present far too high and too diluted to allow justified attention to many tasks (e.g. focus on the projects planned, ensuring utilisation of past project output, reading TRACECA reports, distribution and consultation with beneficiaries, maintaining a personal presence in the eleven countries which now comprise TRACECA). Additionally, a heavy workload comprises the analysis of reports submitted, the validation and diffusion of their contents. Usually the co-ordination team does not have time to read reports in full, and then only on aeroplanes, or when a concerted effort is made to withdraw from day to day events and to take time out. The co-ordination team is usually aware in advance of contentious issues. Regular contacts with the Monitors also help. It is however regrettable that the co-ordinators are not able to devote more time to review of reports.

The inclusion of Ukraine, Mongolia and now Moldova in the TRACECA domain augments a heavy burden of travel on our co-ordinators, and certain limitations of engagements of presence towards the more inaccessible areas within Traceca will be imposed.

Concerning the investment projects with Works components, generally the technical problems which arise can and should be solved on-site. However some require contractual intervention, and there is always a lack of familiarity by the Contractor, and the project Co-ordinator-Supervisor, with TACIS procedures. Moreover, TACIS procedures are established for internal correctness within a public service administration, and not primarily for rapid

field action on a construction project. Under the circumstances the Co-ordination team firmly maintains its recommendation to TACIS to avoid Works contracts. They are commonly litigious, anywhere in the World.

The time for preparation of complex projects is certainly not wasted time and the project launch should be a calm process involving ample consultation between the beneficiaries, the project technical consultant, the Co-ordination team, and TACIS.

The re-organisation taking place within TACIS itself should allow the co-ordination team to concentrate more on upstream programme activities. It does however leave open the question of how to assure the benefits of the co-ordination role to project implementation or execution phase.

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.

ANNEXES

ANNEX 1 Project Progress Tables

ANNEX 2 Past and Current TRACECA Projects

ANNEX 3 Overview of Technical Library

ANNEX 4 Overview of Internet Library

ANNEX 5 Full List of Projects Endorsed at the WGC in Tbilisi (5-6 May 1998)

ANNEX 6 List of Projects and Fiches Retained for TRACECA Budget 1998

ANNEX 7 Terms of Reference for Technical Assistance Projects (1998 budget)

ANNEX 8 Final Declarations of the Working Group Conferences

ANNEX 9 Baku Conference Documents
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- Baku Declaration

ANNEX 10 TRACECA Programme Reporting Summary

ANNEX 11 Anticipated Programme of TRACECA Activities 98/99

ANNEX 1

PROJECT PROGRESS TABLES

PROJECT PROGRESS REPORT

Project title: TRACECA Project -TRACECA Co-ordination Team	Project number: 97-0460.00	Country: Armenia, Azerbaijan, Georgia, Kazakhstan, Uzbekistan, Turkmenistan, Kyrghystan, Tadjikistan, Mongolia, Ukraine	Form 2.2, Page: 1
Planning period: 09/1997 - 09/1998	Prepared on: 09/1998	EC Consultant:TRACTEBEL Development, Brussels, Belgium	

Project objectives: To provide professional and operational support to the TRACECA Programme

No	ACTIVITIES IMPLEMENTED	TIME FRAME 1997-1998 (for the project period September 1997 to September 1998) QUARTER				INPUTS							
						PERSONNEL EC Consultant		PERSONNEL Counterpart		EQUIPMENT AND MATERIAL		OTHER	
		4	1	2	3	Planned	Utilised	Planned	Utilised	Planned	Utilised	Planned	Utilised
	Re-establishment of permanent TRACECA Co-ordinationg Offices in Caucasus and Central Asia; maintenance of the existing office in Brussels	XXXX								4 PC, 2 printers, 2 fax, 2 copiers	4 PC, 2 printers, 1 fax, 1 copiers,		
	Re-appointment and management of local co-ordinators in all TRACECA founder state capitals	XXXX											
	Meetings with Contractors, Partner Organisations, Co-ordinating Units, Delegations ; libraries in Brussels, Tashkent and Tbilisi ; facilitation of exchange of information between the Contractors ; review of reports issued by Contractors.	XXXX	XXXXX	XXXX	XXXX								
	Preparation of new project fiches and TOR	XXXX	XXXXX	XXXX	XXXX								
	Preparation of conferences	X	XXXX	XXXX	XX								
	Launching of projects,	X X	X	XX									
					TOTAL	32.5 mm	33.0 mm	44 mm	44 mm				

RESOURCE UTILISATION REPORT

Project title : TRACECA Project -TRACECA Co-ordination Team	Project number : 97-0460.00	Country : Armenia, Azerbaijan, Georgia, Kazakhstan, Uzbekistan, Turkmenistan, Kyrghystan, Tadjikistan	Form 2.3, Page : 1
Planning period : 09/1997 - 09/1998	Prepared on : 09/1998	EC Consultant : TRACTEBEL Development, Brussels, Belgium	
Project objectives : To provide professional and operational support to the TRACECA Programme			

RESOURCES/INPUTS	TOTAL PLANNED	PERIOD PLANNED	PERIOD REALISED	TOTAL REALISED	AVAILABLE FOR REMAINDER
PERSONNEL					
Cat I in EU	13.0 man months	13.0 man months	15.0 man months	15.0 man months	-2.0 man months
Cat I in NIS	19.5 man-months	19.5 man-months	18.0 man-months	18.0 man-months	1.5 man-months
Cat II in EU	5.0 man-months	5.0 man-months	5.0 man-months	5.0 man-months	0.0 man-months
Local expert	85.0 man months	85.0 man months	85.0 man months	85.0 man months	0.0 man months
Interpreters	21.0 man-months	21.0 man-months	21.0 man-months	21.0 man-months	0.0 man-months
Sub-total	143.5 man-months	143.5 man months	56.5 man months	56.5 man-months	-0.5 man months
EQUIPMENT AND MATERIAL					
Set office equipment (computers, faxes, copiers...)	1	1	1	1	1
OTHER INPUTS					
TOTAL					

OUTPUT PERFORMANCE REPORT

Project title : TRACECA Project -TRACECA Co-ordination Team	Project number: 97-0460.00	Country : Armenia, Azerbaijan, Georgia, Kazakhstan, Uzbekistan, Turkmenistan, Kyrghystan, Tadjikistan	Form 2.4, Page : 1
Prepared on: 09/1998		EC Consultant: TRACTEBEL Development, Brussels, Belgium	

Output results	Deviation original plan + or - %	Reason for deviation	Comment on constrains & assumptions
Local Offices re-established in Caucasus and Central Asia			
Working Group Conference organised			
Local Experts re-appointed in each TRACECA country			
Senior EU experts	+ 2 %	Extensive use of short term experts for telecommunications dossier preparation	
Junior EU experts		Little leave by long term experts	
TOR		Re-edition of Web site	
Newsletter/Web			
Investment/grant tender preparation	+100%	Request from TACIS	

PROJECT PLANNING REPORT

Project title: TRACECA Project -TRACECA Co-ordination Team	Project number: 97-0460.00	Country: Armenia, Azerbaijan, Georgia, Kazakhstan, Uzbekistan, Turkmenistan, Kyrghystan, Tadjikistan, Mongolia, Ukraine	Form 2.2, Page: 1
Planning period: 09/1997 - 09/1998	Prepared on: 09/1998	EC Consultant:TRACTEBEL Development, Brussels, Belgium	

Project objectives: To provide professional and operational support to the TRACECA Programme

No	ACTIVITIES IMPLEMENTED	TIME FRAME 1997-1998 (for the project period September 1997 to September 1998) QUARTER				INPUTS			
		4	1	2	3	PERSONNEL EC Consultant	PERSONNEL Counterpart	EQUIPMENT AND MATERIAL	OTHER
	Preparation of new project fiches and TOR	XXXX	XXXX	XXXX	XXXX				
	Preparation of conferences	X	XXXX	XXXX	XX				Conference budget
	Meetings with Contractors, Partner Organisations, Co-ordinating Units, Delegations ; libraries in Brussels, Tashkent and Tbilisi ; facilitation of exchange of information between the Contractors ; review of reports issued by Contractors.	XXXX	XXXX	XXXX	XXXX				
	Launching of projects,	X X	X	XX					
	Document and Web Site Management	XXXX	XXXX	XXXX	XXXX				
					TOTAL	32.5 m.m	44.0 m.m		

ANNEX 2

PAST AND CURRENT TRACECA PROJECTS

TRACECA - TECHNICAL ASSISTANCE (TA) PROJECTS

	PROJECTS	CONTRACTOR	SUB CONTRACTORS	STARTING DATE	DURATION (Months)	BUDGET (ECU)
1	"Dolphin" project, feasibility study for caravanserai	West-East GmbH	Henley Management College	August 1995	27	475,000
2	Transport Management Training	Nethconsult	GZB Trademco	December 1995	8	900,000
3	Transport Legal and Regulatory Framework	Scott Wilson	NEA	December 1995	24	1,500,000
4	Maritime Training in Baku Port	HPTI	Uniconsult Recon S.A.	December 1995	24	1,350,000
5	Regional Traffic Forecasting Model	WS Atkins	BCEOM Systra	January 1996	21	700,000
6	Road Transport Services (Caucasus)	DHV Consultants		January 1996	18	250,000
7	Intermodal Transport	BCEOM	DE-Consult Systra	January 1996	11	500,000
8	Railways Infrastructure Maintenance (Caucasus)	TEWET	DE Consult	January 1996	14	1,200,000
9	Implementation of Pavement Management Systems	Kocks Consult GmbH	TecnEcon Phϕnix	March 1996	21	2,000,000
10	Road Transport Services (Central Asia)	GIBB	FTA West - East GmbH	March 1996	19	700,000
11	Ferry Terminals : Baku § Turkmenbashi	RAMBOLL	Booz Allen & Hamilton, Probel	March 1996	23	1,550,000
12	Rolling Stock Maintenance	SYSTRA	CIE Consult Dan Rail Consult AS	March 1996	12	700,000
				SUB TOTAL		**11,825,000**

TRACECA - TECHNICAL ASSISTANCE (TA) PROJECTS

	PROJECTS	CONTRACTOR	SUB CONTRACTORS	STARTING DATE	DURATION (Months)	BUDGET (ECU)
13	TRACECA Trade Facilitation	Scott Wilson	BCEOM	March 1996	16	980,000
14	Railways Infrastructure Maintenance (Central Asia)	DE-Consult	Systra Austria Rail Eng.	March 1996	11	1,200,000
15	Joint Venture for the Trans-Caucasian Railways	TEWET	De - Consult, GTZ	July 1996	12	2,000,000
16	Railways Tariffs and Timetable	SISIE	Calberson, Systra-Axis	July 1996	18	1,500,000
17	TRACECA Co-ordination Team	Tractebel Development		September 1996	24	1,650,000
18	Central Asian Railways Restructuring and Telecommunications Studies	CIE	Systra DE-Consult, UIC	August 1997	11	2,000,000
19	Road Maintenance	FINNROAD	Parkman Roughton	August 1997	24	2,500,000
20	Feasibility Study of New Terminal Facilities in the Georgian Ports of Poti and Batumi	HPTI	Dornier System Rotterdam Maritime	August 1997	12	1,500,000
21	Restructuring of the Azeri and Georgian Railways.	GIBB	CIE Consult	July 1998	6	1,000,000
22	Intermodal Services	POLZUG Pole - Hamburg Transport	HPTI AXIS & Associes	July 1998	18	1,600,000
23	Co-ordination Maritime Connection Ukraine - Georgia	HPTI		September 1997	18	200,000
				GRAND TOTAL		**27,955,000**

1. "DOLPHIN" STUDY - A FEASIBILITY STUDY FOR CARAVANSERAI

Geographic Focus: Turkmenistan and Uzbekistan
Project Budget: **ECU 475,000**
Contractor: West-East GmbH
Implementation timetable: August 1995 through January 1998

Background

Even on the main TRACECA routes, fuel, lodging, breakdown services, repair shops, and even telecommunication facilities are of low quality and rare. It is not obvious that the new entrepreneurs are emerging fast enough to establish service industries to support the road freight business in the TRACECA region, and in particular road side support facilities such as are common in Europe. There appears to be a need for pilot operations to introduce and to prove service concepts which are common in Europe.

Objectives

- To assess the actual road side services available in the region
- To carry out a market survey and assess the potential business opportunities for road freight transport support services
- To identify service concepts and site locations with high development potential
- To promote the necessary investment by local and international entities.

Key Issues

Ideally EU operator-investors with appropriate specialist management skills should be involved in the realisation of the proposed facilities. A team of European, Turkmen and Uzbek experts was set as a Consultative Committee to match local with outside participants. Thus the project team worked with appointees of the Ministers of Automotive Transport of Turkmenistan and Uzbekistan.

Achievements

Over 1,100 truck operators were interviewed at 14 different locations, including customs points, ferry crossings and in transporters' facilities. The research confirmed that there are no comprehensive repair and maintenance facilities where transporters most need them along the TRACECA Route and that the existing traffic volume would support the needed cash flow for operating road side services, provided these offered added value at strategic locations, reliably and at affordable prices. It was seen that the concept of "caravanserai" for trucks was possible.

With the help of the Consultative Committee four sites were selected to build 'one-stop' road side service stations, each comprising many different business activities, including refuelling, motel, parts, repair, tyre service, food, telecommunications, secure parking and banking facilities.

Several reports and manuals have been issued comprising business studies for the caravanserai, and working manuals for the use of local entrepreneurs.

Local partner companies or Governments were not able to fund the investment for the caravanserai project at this time but over 45 European and International companies were made aware of the caravanserai project during two Transport Conferences in Tashkent and Ashgabat. This interest lead to the generation of specific plans for road side services, including business and financial plans and a suitable architectural concept.

A possible tyre re-treading venture identified by the project has also attracted commercial EU interest, for which business plans have been prepared.

An extension phase of the project has now started which is consolidating the interest of private EU consortia investors in establishing caravanserai as well as generating interest to establish motoring organisations and co-ordinating the interests of the transport authorities.

2. TRANSPORT MANAGEMENT TRAINING

Geographic Focus:	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrghyzstan, Tadjikistan, Turkmenistan, Uzbekistan
Project Budget:	**ECU 900,000**
Contractor:	Nethconsult
Implementation timetable:	December 1995 through October 1996

Background

Professional transport staff and management in the TRACECA region have had very little direct experience of international trade and transport practices. There needed to be an awareness of the European transport and trade legislation, methods, systems, and commercial practices to enable them to implement compatible systems in their Republics and work effectively with European counterparts.

Objectives

The overall objective was to ensure that as many operational staff as possible were acquainted with market oriented systems and administrative procedures suitable for adoption within the Region. This included training in marketing strategy, demand segmentation, business concepts and demand-led business development.

Key Issues

The primary requirement was 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 and selection of candidates.

Training was seen to be needed in competitive transport network planning, traffic forecasts, the dependency between demand and tariff levels, time of transport, as well as contractual, legal and regulatory aspects. Familiarisation with intermodal methods was also a key issue, to help foster regional and inter-operator co-operation within the transport and trade sectors.

It was decided to hold a series of seminars and training visits in Central Asia and Europe and to focus on two sets of skill levels: Senior Management, and Middle Management and Trainers.

Achievements

The senior management group of 86 people were trained for 12 days in Almaty then a selected group of 32 travelled to Germany, The Netherlands and Belgium for 14 days.

The middle managers and trainers group of 122 people were trained for 10 days in Almaty then a selected group of 35 travelled to Europe, where they visited transport companies, training institutions and authorities. During and after the programmes, evaluations were carried to assess the impact of the material used and although the evaluations were always positive some revisions of the programme were made.

After finalising the training programme and study tours, additional comments were sent by several participants on the programme on future training needs to further enhance any future training programme.

Apart from a good quality transfer of know-how the project generated a strong team spirit within the TRACECA state participants which should enable the interchange of information and ideas to continue between them.

The project has diffused a general awareness of many aspects of international trade and transport practice. This has prepared beneficiaries for discussion of complex legal reform and restructuring issues within their industries, for which they were sorely unprepared beforehand.

Further training will be required for several years into the future. Practically all TRACECA projects now include training and know-how transfer elements.

3. TRANSPORT LEGAL AND REGULATORY FRAMEWORK

Geographic Focus:	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrghyzstan, Tadjikistan, Turkmenistan and Uzbekistan
Project Budget:	**ECU 1,500,000**
Contractor:	Scott Wilson
Implementation timetable:	December 1995 through December 1997

Background

The Former Soviet Union (FSU) developed its own unique transport legal system which was recognised as being unable to adapt to a free market economy and to international transport operations.

Objectives

The overall objective of this project was to provide technical assistance and database support in the field of transport legislation and to create a Legal and Institutional environment conducive to establishing good management practice. The specific objectives were:

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

The foregoing were to produce results compatible with eventual restructuring of the assets and management practices of the regions transport systems.

Key Issues

This project in particular was required to work very closely with the organs of government of the newly independent TRACECA states. It was seen to be necessary to establish an International Task Force (ITF) complemented by individual National Task Forces (NTF) in each TRACECA State that include officials from the Transport, Justice Ministries and other concerned authorities. The NTF's were the pilot action groups for legislative changes in each TRACECA State and their role was to work closely with the ITF while drafting transport legislation, and then to promote legislative changes within their respective states.

Achievements

Model legal drafts have been published which include a General Transport Law, a Road and Railway Transport Law and Draft Multilateral Agreements on Road Transport and Commercial Maritime Navigation as well as a Model Regional Transit Agreement. The recommended Drafts have been well received and included in propositions for legislation. The project has worked with key administrative and legislative personnel. In general the main constraint on progress is the availability of parliamentary time. The project has also assisted in the promotion of adherence of TRACECA states to the wider international transport conventions, such as TIR. The recognition by FIATA in Zurich of the National Associations of Freight Forwarders in Georgia, Azerbaijan and Kazakhstan this year has been greatly helped by the work of this project in holding seminars and workshops, at the request of the participating states, to explain the benefits of such an Association. Further assistance is foreseen in the implementation of the TIR system including strong training components. Within the region, no transit accord except the Sarakhs agreement has been approved at the necessary level of government for implementation. Therefore this agreement would appear to be the most promising vehicle for the possible extension of formal regional accord on transit traffic. It has been recommended that a Joint Commission be set up, to regulate all questions concerning the implementation and application of further Agreements. This would require the establishment of permanent representative offices in each participating state, and a new TRACECA project is planned to provide the required technical assistance. Interest in promotion of the regional Transit Agreement has been found at Presidential level.

4. MARITIME TRAINING IN BAKU PORT

Geographic Focus:	Azerbaijan and states dependent on the Port of Baku
Project Budget :	**ECU 1,350,000**
Contractor :	HPTI
Implementation timetable:	December 1995 through November 1997

Background

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 for urgent action included the development of strategic planning and a marketing strategy, Institution building, Tariff structure and related cost management covering Port activities, Port operations management, costing and accounting systems and the development of a human resources policy.

At the start of this project the EBRD was attracted to the port as an area for investment, so the TRACECA technical assistance has been expanded to cover eventual rehabilitation and capital improvement work. The extension to this project was granted to enable investment to be planned for the Dry Cargo facilities, and eventually other port facilities which could merit further investment. The project was carried out in tandem with TA11 for the ferry terminals.

Objectives

- To provide management assistance by the secondment of EU experts to work alongside Port Authority counterparts including: *the General Manager* for advice on strategic planning, medium and long term planning etc., *the Financial Director* for advice on planning of financing investments at medium and long term, preparation of yearly budgets etc., *the Port Operations Director* for advice on daily port planning, control and maintenance, preparation of investment requirements in equipment and construction etc. and to the *Management Training Adviser* for setting up and implementing management training and developing management training schemes.
- To produce a Masterplan for the port that would include an analysis of present port facilities and equipment, conduct an environmental assessment. The development of feasibility studies corresponding to the EBRD investment approval system and the production of tender documents for new work to be done.

Achievements

The management training has been completed and a framework study on the establishment of Baku as a "Free Port" has been completed and is under review with the government.

A new MIS system has been designed which incorporated a complete restructuring of the accounting system and this has been adopted.

All operational procedures have been reviewed and a new organisational structure has been suggested that will be implemented shortly.

The traffic forecast and master plan have been produced and the results show the need for rehabilitation of the general cargo terminal and the redeployment of redundant capacity that now exists. The financial assessment shows that general cargo is profitable, but that the potential for container handling is even more so given the traffic forecast projections on the TRACECA route. The EBRD has decided to invest in the port and negotiations proceed. The project has developed detailed designs for the production of tender documents to the standard required by EBRD.

All objectives have been fully met and the port authorities recognise the quality of the training and the output that has been achieved.

5. REGIONAL TRAFFIC FORECASTING MODEL

Geographic Focus:	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrghyzstan, Tadjikistan, Turkmenistan, Uzbekistan
Project Budget:	**ECU 700,000**
Contractor:	WS Atkins
Implementation timetable:	December 1995 through October 1997

Background

Demand forecasting is essential to transport planning and investment, in a free-market economy. This project was designed to assemble the data elements and construct a software model required to forecast transport demand on all modes of transport throughout the Region.

Objectives

- To establish common regional databases, compatible with EUROSTAT and CETIR for the capture and dissemination of transport and trade flows, transport infrastructure characteristics and transport costs that would provide a multi-modal model for developing forecasts and analysing scenarios.
- To highlight the main commercial, institutional, organisational, physical and infrastructure bottlenecks, both present and anticipated and to identify and catalogue specific road/rail/maritime and multi-modal projects, which best address problems highlighted

Key Issues

Reliable data is extremely difficult to obtain throughout the region. Collection methods are manual rather than computer based, and much data is still regarded as secret.

This TRACECA project was required, firstly to assemble all relevant available existing data, then for general forecasting and to assist in developing a number of case studies for transport system development. It was therefore required to work closely with other projects.

Achievements

The project developed a data collection methodology based on existing dispersed data sources held by railways, roads departments, and international commodity flows obtained from Customs declarations. Ten categories of commodity flows were obtained from the national rail operators. Highway departments provided road traffic counts. Cost data was obtained from freight forwarders. An origin-destination matrix of trade flows based on customs data, and a data base of existing traffic on CD together with a user manual has been issued. This has been used extensively by other projects such as that for rail restructuring in Central Asia. Local partners were extensively involved in the project. Several seminars were held to demonstrate the technology utilised. Computer equipment and software was handed over to local beneficiaries. Valuable insights into numerical aspects of transport planning were transferred.

Case studies included: new infrastructure links to China from Kazakhstan and Uzbekistan through Kyrghyzstan, a new north-south rail link from Aktau through Turkmenistan into Iran, the re-opening of peripheral transport links in the Caucasus and the verification of transport demand scenarios developed in other TRACECA projects, including the TRACECA ports, and the Chardzhou Bridge.

6. ROAD TRANSPORT SERVICES (CAUCASUS)

Geographic Focus:	Armenia, Azerbaijan, Georgia
Project Budget:	**ECU 250,000**
Contractor:	DHV Consultants
Implementation timetable:	January 1996 through March 1997

Background

The Caucasus countries inherited from the FSU a freight transport system which favoured the rail sector. Entrepreneurial skills had not been encouraged, trucks were antiquated, and tertiary distribution systems weak. It was necessary to introduce new ideas and to improve the operating environment for road freight transport companies, as well as to provide technical assistance to the companies to assist in the development of their business.

Objectives

- To facilitate development of the domestic and international road transport industries and to assist viable private companies or state autonomous operators in gaining an equitable market share of international traffic.
- To develop a pilot business plan for common road cargo hauliers and for automotive support and service enterprises providing essential operational support to the road transport industry.
- To identify West European transport sector partners for joint ventures and to produce a manual for investment decisions in capital equipment.
- To provide advice on institutional restructuring of the road haulage sector.

Key Issues

The most useful approach to finance the procurement of vehicles, tyres and trailers was seen to be to create Joint Ventures between Caucasian and Western European operators, so a survey was conducted among road transport operators in the Caucasus and in the EU to track down candidates for Joint Ventures.

Achievements

Western European companies have been identified that plan to develop there business in the Caucasus. Discussions are underway on possible co-operation and a German company has already started a Joint Venture with Gate East, a road haulier and terminal operator in Azerbaijan.

Four business plans were generated for autonomous operators (not incorporated in Ministries) that were considered to be well positioned to develop new road transport related business in Azerbaijan and Georgia and some of these have started business and are progressing well. A manual of Transport Operating Costs was also produced and widely distributed.

In Armenia, technical assistance was given to the emerging Road Carriers Association and in consultation with the IRU advice was given to help restructure the Association as a problem was identified which would have prevented international recognition of the Association.

Suggestions on institutional restructuring of the road transport sector were presented to each participating state and although the starting situation for each state was very different, the recommendation of this project was to establish road transport departments within each of the Ministries of Transport, where they exist. This institutional reform was seen as a necessary first step that would need to be implemented before further training programmes were instituted.

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 IRU which is the international body guiding and regulating the road haulage sector.

7. INTERMODAL TRANSPORT

Geographic Focus:	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrghyzstan, Tadjikistan, Turkmenistan, Uzbekistan
Project Budget :	**ECU 500,000**
Contractor:	BCEOM
Implementation timetable:	January 1996 through January 1997

Background

Intermodal transport is a key element contributing largely to the success of world trade development and the integration of Western economies. The use of intermodal systems should provide competitive transport in the TRACECA region, which is characterised by road and rail links of long distances, and sea crossings. Considering the emerging links with international transportation networks the need for an effective and integrated intermodal system penetrating the TRACECA region is evident.

Objectives

- To provide recommendations addressing problems in the organisation of intermodal transport within the TRACECA area and improving linkages to international routes
- To transfer intermodal technology know-how, especially in the area of ISO container handling and new transport techniques.
- To provide recommendations to rail and intermodal transport organisations in the area to concentrate modern facilities where most needed, and to equip them appropriately, including indications of typical costs

Key Issues

Co-operation between modal operators in the region has not extended to the establishment of "seamless" fast services which international clients expect elsewhere in the world. There was a fundamental need to introduce such concepts to regional operators.

Achievements

An intermodal freight transport group, covering all TRACECA countries was established and taken on a study tour to the EU to examine the organisation and operation of multimodal terminals from a technical and commercial viewpoint. It included analysis of rail, road and maritime modes and many facets of multimodal transport associated logistics-related services in Germany and France.

In the workshop that followed, intermodal case studies were presented to generate interest in possible solutions to local issues and to train staff in the appropriate technology. The seminar also allowed organisations from all TRACECA 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.

To demonstrate the benefits of intermodal transport, case studies were produced providing focus for international traffic in TRACECA and to help train the staff involved in appropriate intermodal technology and commercialisation. The export of cotton was seen as a good potential traffic for intermodal operations using containers.

This project is seen as a first analysis of this vital transport technology. It is being followed by further TRACECA projects that will build on the experience gained. These include equipment supply, the Trans Caucasian Logistic Express, and Intermodal Services. In the subsequent Tariffications and timetables project, agreement has been reached to create a common regional intermodal operator, which is a very significant step towards institutional goals first established within this project.

8. RAILWAYS INFRASTRUCTURE MAINTENANCE (CAUCASUS)

Geographic Focus : Azerbaijan and Georgia
Project Budget : **ECU 1,200,000**
Contractor : TEWET
Implementation timetable: January 1996 through March 1997

Background

The economic and political situation in the Caucasus has had a detrimental effect on the financial viability and the technical condition of the rail networks which hampers fluent transport in the region. Therefore, a project was designed to foster co-operation, revive traffic and stimulate revenues in the Caucasus region railway networks, and thus to support their operational and financial situation.

Objectives

To carry out a pre-investment study for the rehabilitation of the main Transcaucasian rail route between Baku, Azerbaijan and Batumi / Poti, Georgia and to provide technical assistance to streamline commercial freight traffic on this route.

Key Issues

The **pre-investment study** was to cover the requirements for rehabilitation of the main rail route between Azerbaijan and Georgia, examine the Institutional and Organisational situation, establishing traffic volume potential and revenue forecasts, carrying out a detailed survey of the existing situation of infrastructure, rolling stock, repair and maintenance facilities. There was a need to define the most urgent required technical repair, upgrading and reconstruction work for likely traffic levels.

The **Pilot freight train** service was to 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 and to monitor the operation of this service during a period of three months.

Achievements

The pre-investment study has provided the EBRD with an inventory of the major elements in the rehabilitation of infrastructure within the rail network and their priority and costs broken down into the component parts, providing focus for investment in the short and medium term.

TRACECA is proceeding with grant assistance for urgent needs for telecommunications and signalling in both Georgia and Azerbaijan as a result of the findings from this study.

The pilot project for high speed dedicated freight trains started at a moment when container traffic between Poti and Baku was starting to grow, the service has proved successful and continues to run under local management. Fixed departure and arrival times have been respected, and security of merchandise is well assured. Realistic price levels were set, operational capacity was made available and terminal, transport and border crossing delays were minimised. Rail operators have been assisted to prove that they can provide services of international standard. The service has recently been extended to link the Georgian Ports with Yerevan in Armenia.

TRACECA is now considering extending the service into Central Asia to establish a high speed link for Intermodal traffic to and from the EU, that would enable all Participating States to benefit from this initiative. This plan is included in the objectives of the Intermodal Services project which will be active in 1998.

9. IMPLEMENTATION OF PAVEMENT MANAGEMENT SYSTEMS (PMS)

Geographic Focus:	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrghyzstan, Tadjikistan, Turkmenistan, Uzbekistan
Project Budget:	**ECU 2,000,000**
Contractor :	KOCKS CONSULT GmbH
Implementation timetable:	December 1995 through December 1997

Background

Limited funds are available for road maintenance in each of the participating states and it is important that they are directed towards works which yield maximum benefit.

Objectives

- To introduce Regional road maintenance authorities to the latest EU pavement management techniques.
- To promote a reduction in road maintenance backlogs, which have arisen during recent years by an examination of the problems of financing maintenance activities.
- To re-invigorate the activities of the regional road maintenance authorities and technical institutions and to contribute to their long term survival.
- To train local specialists in the techniques employed, this being a prime objective of the project.

Key Issues

The project contains a strong economic and financial analysis component which is most important, as the Participating States have never used rigorous economic principles to study the links between appropriate national expenditure and roads maintenance.

IFI require the implementation of PMS to accompany any investment by them in roads infrastructure, as sometime in the future the Participating States will have to fund the sector entirely from their own resources. This project provides a tools to enable them to plan this.

Achievements

The project provided the hardware, software and training to implement modern EU systems for road pavement and bridge maintenance management decision support.

It was implemented at a moment when IFI interest in the financing of roads infrastructure was nascent. Several synergy's with investment projects were developed in extensions and the expertise mobilised by the project was extremely timely. The negotiations and disbursement of IFI loans based on the project activities are proceeding well.

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 Participating States, but the pavement and bridge management computer systems have been established and are being further developed to adjust for the local operating conditions and training requirements.

The project extension provided for assistance to the Armenian Dept. of Highways to privatise roads maintenance contracts in conjunction with a World Bank loan to the roads sector and for the preparation of feasibility studies on road sections in Georgia to increase the resources of a present World Bank emergency support package to the transport sector.

The programme to prepare detailed design and contract documents for an EBRD loan to rehabilitate the Ashgabat-Mary road in Turkmenistan and additional training and equipment for the PMS is almost complete.

10. ROAD TRANSPORT SERVICES (CENTRAL ASIA)

Geographic Focus:	Kazakhstan, Kyrghyzstan, Tadjikistan, Turkmenistan, Uzbekistan
Project Budget:	**ECU 700,000**
Contractor:	Sir Alexander Gibb & Partners
Implementation timetable:	March 1996 through October 1997

Background

Central Asian countries inherited from the FSU a freight transport system which favoured the rail sector. Entrepreneurial skills had not been encouraged, trucks were antiquated, and tertiary distribution systems weak. It was necessary to introduce new ideas and to improve the operating environment for road freight transport companies, as well as to provide technical assistance to the companies to assist in the development of their business.

Objectives

- To carry out studies leading to determination of the present level of activity in the trucking industry including the truck fleet owned by the Partner States and the structure of that ownership.
- To evaluate the structure and capabilities of the automotive supplies industry
- To enter into close contact with selected enterprises and credible entrants to the industry and mount collaborative pilot projects.
- To formulate recommendations for operator licensing (carriers) and vehicle certification, based on EU standards and DG7 recommendations.
- To conduct seminars and an EU study tour:
- 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.

Key Issues

The existing truck fleets in the region date mostly from the FSU. They are old and technically obsolete. The capacity of the fleets, at least for small loads over modest distances is adequate or even excessive. For longer heavier hauls, foreign truckers with modern equipment dominate the market. Progressive rectification of these imbalances in the road haulage industry must involve regulatory, management and investment issues.

Achievements

There has been success in the regulatory aspect of the programme with the introduction of Certification of Professional Competence (CPC) training for transport operators. This is a considerable achievement as it starts to align the TRACECA states regulatory environment with that of the EU. In the commercial field much work has been done with local companies to introduce them to EU management concepts and to introduce them to potential EU commercial partners.

A comprehensive overview of the present state of equipment of the trucking industry in the region was presented. This covered numbers, model types, and age. It is an invaluable indicator of the potential market for new trucks.

Several initiatives were taken to introduce potential EU truck manufacturers to the region, and to assist potential local partners to develop the business skills to work with EU suppliers. Interest was shown by Volvo, Scania, and Iveco, and contacts were promoted.

Seminars were held on commercial and regulatory aspects, introducing EU industry representatives to local managers and authorities.

The project was extended to allow for the development of pilot projects which have been successful in one regional centre so far and are to be transferred to other centres. These will work in collaborate with the "Dolphin" project.

11. FERRY TERMINALS: BAKU and TURKMENBASHI

Geographic Focus: Azerbaijan and Turkmenistan
Project Budget : **ECU 1,550,000**
Contractor : Ramboll
Implementation timetable: March 1996 through February 1998

Background

The majority of rail 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 ferry ramps are in any case nearing technical obsolescence.

Objectives

The initial objective of the project was to produce a feasibility study to determine potential traffic, identify technical solutions and to assess appropriate levels of investment
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.
The project has to produce the design and the international tender documents, for the reconstruction of the ferry terminals in Baku and Turkmenbashi.

Key Issues

The ports are key points of transit along the TRACECA route. The present level of service provided is low, and this is a principal disincentive to usage of the route.

Achievements

Traffic forecasts, capital cost estimates, financial and economic analysis have been carried out to determine the most viable scale of investment appropriate. Technical drawings and specifications and tender documents to the required standards of the EBRD have been produced.
New terminals are being designed to a specific set of standards which include; the ability for two ferry boats to be able to berth at the same time, to be able to accept the existing ferries as well as similar boats of the same capacity, to be designed to accept both rail wagons and road trucks.
Negotiations between the EBRD and the Government of Turkmenistan and Azerbaijan are making progress. On the basis of this project it should be possible to start construction work in 1998.
A small additional investigation and pre-feasibility are being carried out at the Port of Aktau to examine the possibility of reopening the ferry terminal there.
The project is being carried out in close co-ordination with the TRACECA Baku Maritime Training project, and with separate consultancy projects financed independently by the EBRD.
The urgent need for container handling facilities was revealed during the study. Therefor TA components necessary to launch investment project IP3 were provided within this project.

12. ROLLING STOCK MAINTENANCE

Geographic Focus:	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrghyzstan, Tadjikistan, Turkmenistan, Uzbekistan
Project Budget:	**ECU 700,000**
Contractor :	SYSTRA
Implementation timetable:	April 1996 through July 1997

Background

The condition of rolling stock is reputed to have seriously deteriorated since the break-up of the FSU. Lack of maintenance was cited as a principal cause.

Objectives

- To provide recommendations to solve existing problems concerning rolling stock maintenance / replacement and manufacturing and supply of spare parts in the TRACECA region.
- To 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.
- To design a detailed reorganisation plan in co-operation with the national authorities.

Key Issues

A lack of detailed information led to the need to gather data regarding the existing and required fleet of rolling stock, maintenance strategy and organisation, and to determine the future overall requirements and in the field of spare parts supply and manufacturing.

A survey of facilities and enterprises in the region was needed with recommendations on the future size and structure of the sector and case studies, to demonstrate how to execute rolling stock maintenance and manufacturing services on a commercial and market-oriented basis.

Achievements

The project has provided a very comprehensive overview of the region's rolling stock, locomotive and maintenance facility assets. This information was previously dispersed or non-existent. Existing maintenance management and general operating procedures were very well reported. Later rail restructuring projects have made extensive use of the project output.

The present fleets of rolling stock are revealed as numerically sufficient, but there are imbalances in types of equipment available. Existing equipment is robust but aged, and inefficient from the point of view of fuel consumption and maintenance requirements. Consequent investment plans will be formulated taking into account the present organisational structures for rolling stock operation and maintenance, which do indeed require much attention to accompany physical modernisation.

Since the inception of the project, the EBRD has shown interest in funding improvement of rail maintenance facilities, and traction equipment.

Four case studies have been prepared including a rail tanker repair workshop in Azerbaijan which is the specific subject of discussion of an EBRD loan.

A two week study tour of Western Europe has been conducted for the participating team members.

13. TRACECA TRADE FACILITATION

Geographic Focus:	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrghyzstan, Tajikistan, Turkmenistan, Uzbekistan
Project Budget:	**ECU 980,000**
Contractor:	Scott Wilson
Implementation timetable:	March 1996 through September 1997

Background

Trade throughout the TRACECA region is in need of harmonised documents and simplified customs procedures. This requires changes to trade documentation and encouragement to all concerned (freight forwarders, customs authorities,...) to simplify systems for the best cost effective service.

Objectives

- To collate the currently used international trade documentation
- To propose a simplified system and to improve the co-operation between customs authorities, and freight forwarders throughout the region
- To investigate the introduction of electronic data interchange (EDI)
- To analyse the principle surface transport customs control points with influence on the TRACECA route and to analyse common problems as well as those specific to each location
- To provide assistance in the creation of trade and freight forwarding associations

Key Issues

The project was designed to investigate and recommend, as it was felt that implementation could be handled by the NTTF or other TRACECA and Euro-customs programmes. An extension was set up to provide assistance in the export of cotton from Uzbekistan through the Port of Poti in Georgia.

Achievements

This project worked in partnership with the Legal and Regulatory Framework project being conducted at the same time. The key issues were evaluated using an International Trade Task Force (ITTF) based in the UK and a National Trade Task Force (NTTF) based in each country, comprising local experts. An appraisal of the documentation systems resulted in the recommendation that a simplified system was introduced based on the EU **Single Administrative Document** (SAD). The Customs **computerisation review** identified the need for a computer based programme such as the UN ASYCUDA system. A full appraisal and report was produced on 73 road or rail **Border Posts**. A Familiarisation Tour for the NTTFs took place in the United Kingdom and two conferences were held, one in the UK and the other, at the end of the project, in Almaty, where the recommendations of the report were fully accepted. The **cotton project** generated an initial report that was well received and gave a comprehensive view of the total cotton market, the key issues and the problems to be overcome and the final report clarified the cost implications of the route options and the main issues to be resolved in both bulk and containerisation. This has resulted in a further TRACECA cotton investment project.

A programme of seminars on international forwarding and logistics were provided throughout the project which helped to establish **National Freight Forwarding Associations** in Georgia, Azerbaijan and Kazakhstan and achieve recognition by The International Federation of Freight Forwarders Associations (FIATA). It also provided advice on further development to the existing National Association in Uzbekistan. It helped over 10 companies, throughout TRACECA, achieve the status of Associate membership of FIATA. The work done in establishing National Freight Forwarding Associations was recognised by FIATA. This work done in co-operation with the Legal Framework Programme links to the need for the establishment of the Joint Commission and the development of **multilateral transport agreements**.

14. RAILWAYS INFRASTRUCTURE MAINTENANCE (CENTRAL ASIA)

Geographic Focus:	Kazakhstan, Kyrghyzstan, Tajikistan, Turkmenistan, Uzbekistan
Project Budget:	**ECU 1,200,000**
Contractor:	DE-Consult
Implementation timetable:	March 1996 through March 1997

Background

The rail infrastructure has been decaying through lack of maintenance. Some elements are of a strategic economic importance and their under performance can impose severe losses to regional economies. The general quality of service has to be improved to provide a level of service expected in a modern economy, and speed restrictions due to lack of maintenance need to be lifted.

Objectives

There were three main objectives:

- Feasibility study for the upgrading of Aktau - Bejneu rail line;
- Survey of infrastructure condition on the TRACECA main rail routes east of the Caspian Sea;
- Feasibility study for the development of a new crossing over the Amu Darya river, for road and rail traffic at Chardzhou.

Key Issues

Module A concerns the rail link to the Port of Aktau, which is the main port serving the fast developing Kazakh oil fields. **Module B** was a preliminary appraisal of the state of the rail infrastructure along the TRACECA route in Asia. **Module C** concerns a new rail and road bridge over the Amu Darya River which is of vital importance for the development of TRACECA. The bridge is over 2000m long.

Achievements

In **module A**, traffic forecasts were generated and an economic and technical feasibility study was carried out according to Western standards but based on governmental projections of freight. The inefficiency associated with the 18km of rail connection between Aktau and Mangyshlak not being owned by Kazakhstan railways was highlighted. The project detailed the considerable investment that is required, under all scenarios, to keep the line operational into the next century. The results are being carried over for possible implementation in a future Kazakhstan railways restructuring project. In **module B** operational, marketing and commercial issues were detailed including a breakdown of maintenance investment requirements and an estimate of the cost to modernise and rehabilitate the rail signalling and telecommunications equipment in the region. A study visit to EU countries demonstrated to participants the operations and commercial organisation needed and the performance expected by the customers of Western railways in international traffic. In **module C** the traffic forecasts for future road and rail traffic were made, and the short term measures needed to be taken to ensure the continued operation of the bridge, were identified. It established that the bridge should be replaced within 10 years. The existing road pontoon bridge is operating at full capacity, and is unsafe. The rail bridge is over 100 years old, and its useful life cannot be economically continued by intensive maintenance. The main recommendation is that there should be a combined road and rail bridge on the site of the pontoon bridge and that toll charges should be levied for the new bridge to cover the operating costs. Given the seriousness of the consequences of neglecting the recommendations of this project, and the high cost (probably exceeding ECU 80 million) it is planned to launch a small financial engineering project to identify potential future investors. International financial institutions have indicated preliminary interest.

15. JOINT VENTURE FOR THE TRANSCAUCASIAN RAILWAYS

Geographic Focus: Armenia, Azerbaijan and Georgia
Project Budget: **ECU 2,000,000**
Contractor: TEWET
Implementation timetable: July 1996 through July 1997

Background

During the visit of Commissioner van den Broek in October 1995 discussions were undertaken between the Governments of the Three Caucasian Republics and the Commission. The following was 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.
3. The object of the feasibility study will include an audit of the concerned railways and the ferry boat connection between Baku-Turkmenbashi as a complement to the existing Traceca projects.

Objectives

- 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
- To improve the efficiency of regional operations
- To consider the possibilities of a multi-modal service based on a restructured railway network and ferry-boat services

Key Issues

There was seen to be a need to 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; to
identify possible management and implementation strategies, involving local and outside participants and to evaluate economic and financial aspects of alternative recommended strategies and the basis of agreement for joint ventures.

Achievements

Proposals on a number of ideas for possible joint ventures have been generated and are now under active discussion.
These include:

- the management of the Pilot Train
- the establishment of a railway sleeper factory
- a rail locomotive repair workshop
- a telecommunication company

The EBRD have used details contained in the project reports to launch a potential new loan to the Azerbaijan Railways of $20 million.
The success of the pilot train in the Caucasus will be used as a basis for further evaluation in the new TRACECA Intermodal project now being launched.

16. RAILWAYS TARIFFS AND TIMETABLE STRUCTURE

Geographic focus:	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrghyzstan, Tadjikistan, Turkmenistan, Uzbekistan.
Project Budget:	**ECU 1,500,000**
Contractor:	SISIE
Implementation timetable:	July 1996 through February 1998

Background

Rail cost accounting systems inherited from the FSU are based on data, aggregation, and indexing which cannot serve as the tool which is needed to make sensible commercial decisions.

Objectives

- To encourage trade development through Tariff and Timetable Co-ordination between the various railways of the TRACECA Region. Specific 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 and to assist in the co-ordination of maritime tariffs and timetables, for traffic using the Ports of Baku, Turkmenbashi and Aktau.

Key Issues

Existing tariff setting mechanisms are institutionally and legally entrenched. They are based on the FSU MTT system for transit traffic while national governments set rates domestically. There is a need to progress out of this rigid system and to stimulate more competition particularly against the road sector for high value cargoes.

The project was given three themes; **the co-ordination of operations**; **tariffs,** costing and **marketing**. These include revenue sharing policy between the railways, a cost accounting policy and applications for cross-border and joint operations, developing a marketing plan and refining commercial attitudes. There is advantage seen in emulating and collaborating with the European Bureau Central de Compensation, a European rail payments clearing house.

Achievements

This is a fundamental project for rail commercialisation and restructuring to assist them to develop their businesses and compete against rival modes and alternative routes. The project is timely 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, being developed

Three steering committee meetings have been held, with differing reactions from the participating states. A proposal to establish a "Common Operator" for the TRACECA region including the Black Sea is gaining momentum and to date seven TRACECA participating states are evaluating the scheme which could be based on the European "Intercontainer" model, with the prospect of a future partnership and operational links. A series of seminars for a specialised railway cost management software called "SYSMANAGEMENT" were held, and well received. The same consultant who ran these seminars is the consultant for the MIS module in the Rail Restructuring project, so there is guaranteed continuity of approach.

The European Bureau Central de Compensation (BCC) of the European railway system is a subcontractor. The objectives of this project represent a radical advance on current local rail business practice, and could make a significant difference to improving profitability of the railways.

17. TRACECA COORDINATION TEAM

Geographic focus:	All 10 TRACECA participating states: Ukraine, Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrghyzstan, Tajikistan, Turkmenistan, Uzbekistan and Mongolia.
Project budget:	**ECU 1,650,000**
Contractor:	Tractebel Development
Implementation timetable:	September 1996 to August 1998

Background

The TRACECA programme for trade and transport technical assistance was launched in May 1993 and by February 1995 a programme management team comprising four sectoral experts was appointed, based in Brussels.

Objectives

- To stimulate co-operation among the participating Republics in all matters related to the development and improvement of trade within the Region and to promote the Central Asian - Trans Caucasian - European Transport Corridor.
- To identify problems and deficiencies in the Region's trade and transport systems and to define, in terms of contents and timing a Technical Assistance Programme
- To increased coherence, efficiency, diffusion and sustainability of existing projects by effective co-ordination and to identify and develop new projects fitting the TRACECA objectives

Key Issues

There is a need to increase cohesion between projects, especially the exchange of information and data between contractors and to develop cohesion between these existing project activities and TRACECA Participating States. There is also a requirement for the presentation for budget approval of new project concepts or extensions of existing projects, the launching of new projects including preparation of ToR and the introduction of the contracted consultant into the TRACECA environment. Ultimately projects must be used to stimulate the investment by international financial institutions and commercial partners.

Achievements

The focus of the co-ordination in each participating state has been greatly improved by the establishment of regional offices in Tashkent and Tbilisi and sub offices in Almaty, Bishkek, Dushanbe, Ashkhabat, Baku and Yerevan. These offices have provided strong links between Contractors and the participating states and between the Contractors working in country. A close working relationship between the project team and the participants of each state has helped them to appreciate that projects which promise external investment are only possible after commercialisation and structural reform of the present transport systems has taken place, so that loan conditions imposed by the International Financial Institutions (IFIs) can be met. Communication between all participants, and between the programme and the outside world, is of continuing concern and to facilitate this 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 also functions as the programme newsletter.

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 and with the WB are particularly frequent.

All IFIs are therefore kept aware of what TRACECA is doing through the Co-ordination Team and by this means, duplicated actions are avoided and investment is attracted.

18. CENTRAL ASIAN RAILWAYS RESTRUCTURING AND TELECOMMUNICATIONS STUDIES

Geographic Focus:	Kazakhstan, Kyrghyzstan, Tajikistan, Turkmenistan, Uzbekistan
Project budget:	**ECU 2,000,000**
Contractor:	CIE
Implementation timetable:	August 1997 to July 1998

Background

It has been recognised that fundamental adjustments are required in the railway sector. These 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 of this ongoing project is to help to develop an effective, financially self-sustaining industry. This will include assistance in the detailed design and implementation of a railway restructuring programme and a plan to define a priority programme of investments needed to support the restructuring as this would then provide the basis for the appraisal of loans from IFIs. The EBRD is a close collaborator in all phases of the project.

Objectives

- To develop restructuring strategies to transform the railway sector to a commercially driven, financially self-sustaining industry and elaborate detailed restructuring plans including the future relationship between Railway and Government
- To define investment packages suitable for financing by IFI
- To 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 both for urgent measures and overall requirements for the period 1998-2002.
- To provide commercial and financial orientation for future investment planning
- To assess environmental obligations and regulations within the 5-year restructuring plan.

Key Issues

This project is a final step in the facilitation of external funding for the rail companies concerned, particularly from the EBRD. As the actual financial conditions of the Railways, and associated debt servicing capacity, and cost structures become clearer, then it will be possible to disburse loans for improvement of priority facilities and equipment. To assure long term viability for both debtor and creditor, there is a need for a review of the management of the present rail operating companies and in particular the correct degree and modality of state direction of their operations. Just as in Europe this will involve the definition of a split between regulatory functions, protecting public interest, and the technical or commercial operations being run as a business. Within the operating structure there is a need for division of activities into discrete business or service centres with their costs and revenues identified. The project includes a module to be carried out by the Union International des Chemins de Fer (UIC), for the improvement of telecommunications links.

Achievements

It is already clear that the present management information systems could not provide the necessary information to enable the desired changes to be implemented, and this is an example of an area where outside investment is urgently needed. The project will seek to rehabilitate and preserve critical infrastructure and equipment and to identify selective, high-yielding new investments to substantially reduce costs of present operations, or to penetrate new markets. Domains such as telecommunications, track and rolling stock maintenance, and optimisation of traction by electrification or re-motoring of locomotives have been identified as apt for external financing. Negotiations for loans on the basis of this project are progressing in Kazakhstan, Uzbekistan, and Turkmenistan. It is anticipated that agreements will be reached early in 1998.

19. ROAD MAINTENANCE

Geographic Focus:	All participating TRACECA states
Project Budget :	**ECU 2,500,000**
Contractor:	FINNROAD
Implementation timetable:	October 1997 to October 1999

Background

This is a large project addressing several domains related to road infrastructure. The previous TRACECA project for implementation of Pavement Management Systems (PMS) was well received in the region, but highlighted a need for further equipment support, training and assistance in the use of the system for actual financial decisions. Several IFIs are planning major investments in roads so the project focus is to sustain existing programmes and to encourage further IFI interest. While pavement maintenance remains the central theme of the project, road materials, the winter maintenance of roads, and institutional issues all need to be addressed and are included within this project.

Objectives

- To investigate the current situation of the road construction supply industry, propose development strategies including investment recommendations, and modern standard and quality control procedures, particularly for road stone and bitumen suppliers
- To introduce Western concepts of Winter Maintenance Systems
- To provide support to the roads department of Azerbaijan for institutional reform to accompany an EBRD loan package
- To reinforce the introduction of PMS into the region, particularly in those countries where feasibility studies for investment bank loans have not been provided under previous assistance
- To carry out investigation at pre-feasibility level on the impact of new or much improved road or rail links which participating states propose in Tadjikistan, Kyrghyzstan and Uzbekistan, particularly for links to China.

Key Issues

TRACECA highway maintenance authorities have been impressed by the hardware and software provided to them under previous TRACECA projects so the aim of this project is to build on that success.

Focus will be given to the fact that many major road links are closed during winter, and long, costly detours result. The equipment available to maintenance departments will be reviewed and advice given to the selection, specification, procurement and management of mechanical equipment, on a commercial basis.

In some regions there is a need to consider restructuring of the highways maintenance department and for a client-supplier relationship to be established between authorities and contractors to replace the present unitary hierarchical system.

Achievements

A conference was arranged in Tashkent in September 1997 for senior officials and technical experts from Kyrghyzstan and Uzbekistan, as well as from the ADB, EBRD, UN and China to generate a close understanding between the project consultant, local authorities and eventual investors on the aims and objectives for the project module concerning links to China. All concerned states are highly interested in proceedings. A steering committee has been established to guide the quality standards and codes aspects of the project. Recommendations for the materials supply sector are to be formulated.

The consultant has contracted several TRACECA region design and research Institutes to work with him.

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

Geographic Focus:	Georgia and the hinterland economic centres
Project Budget:	**ECU 1,500,000**
Contractor :	HPTI
Implementation timetable:	August 97 to August 1998

Background

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 through these corridors to the Caucasus and beyond are overloading facilities at the ports of Poti and Batumi.

There is an urgent need for investment but firstly a feasibility study is needed that will point out the kind of terminals that should be installed in both ports and which kind of product related general cargo facilities are required.

Objectives

- To examine existing and potential traffic flows between Poti/Batumi and, in particular the TEN Black Sea port terminals, the Rhine-Main-Danube corridor and the ports on the Russian Black Sea, the Mediterranean and the North Sea.
- To provide recommendations for the cargo facilities of both Georgian ports and an overview of the traffic potential and in particular 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.
- To verify and adapt existing FSU designs for terminal developments and to prepare the documentation for justification of investment and the tender documents for the works eventually to be carried out.

Key Issues

During the opening phase of the project, it became apparent that there is traffic demand for the reopening of the Ilyichevsk-Poti rail and road Ro-Ro link. Consequently TRACECA made ECU 13,500,000 available to carry out the essential work and equipment procurement necessary to re-establish this link with the minimum of delay.

There still remains great need to attract more external investment to the ports, so 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 can be swiftly mobilised.

Achievements

The EBRD are now using the output from this project to consider:

- The feasibility of a new grain terminal at Poti that for a cost of $15 million and to be developed and operated in conjunction with EU private sector investors
- The development of the cotton storage facility in Poti
- The development of a new container handling facility

21. RESTRUCTURING OF THE AZERI AND GEORGIAN RAILWAYS

Geographic Focus:	Georgia and Azerbaijan
Project budget:	**ECU 1,000,000**
Contractor:	GIBB
Implementation timetable:	July 1998 for 6 months

Background

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 and railway finances have sharply deteriorated, despite strong restraint on expenditures. The downward trend of traffic levels has not yet stabilised and despite the expectation of economic recovery, it is unlikely that rail traffic volumes will ever again reach the levels of 1989. However, the EU Food Aid programme to the Caucasus guaranteed some volume traffic and the development of the Caspian oil fields is generating new traffic.

Now the fundamental changes in the market for railway services has led the Governments of 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.

Objectives

- To develop restructuring strategies to transform the railway sector to a commercially driven, financially self-sustaining industry and elaborate detailed restructuring plans including the future relationship between Railway and Government
- To define investment packages suitable for financing by IFI
- To 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 both for urgent measures and overall requirements for the period 1998-2002.
- To provide commercial and financial orientation for future investment planning
- To assess environmental obligations and regulations within the 5-year restructuring plan.

Key Issues

This project is a final step in the facilitation of external funding for the rail companies concerned. The EBRD is in the process of exploratory negotiations with the beneficiaries. However the final project output could be of use to the beneficiary in negotiating with any IFI. As the actual financial conditions of the Railways, and associated debt servicing capacity, and cost structures become clearer, then it will be possible to disburse loans for improvement of priority facilities and equipment.

To assure long term viability for both debtor and creditor, there is a need for a review of the management of the present rail operating companies and in particular the correct degree and modality of state direction of their operations. EU directives are enforcing restructuring of railways in Europe and analogous actions could be appropriate in the Caucasus for example to define a split between regulatory functions, protecting public interest, and the technical or commercial operations being run as a business. Within the operating structure there is a need for division of activities into discrete business or service centres with their costs and revenues identified.

In particular identification of true operating costs, profits, and the value of the existing equipment and infrastructure need to be made, before establishing a viable plan for the future.

22. TRACECA INTERMODAL SERVICES

Geographic Focus:	All the TRACECA States, including Ukraine and Mongolia
Project Budget:	**ECU 1,600,000**
Contractor:	Polzug Pole - Hamburg Transport
Implementation timetable:	July 1998 for 18 months

Background

Consumer goods, and industrial cargoes from world-wide origins are being imported into the region, often in ISO containers, but predominately by road with Turkish and Iranian truckers dominating the market. EU and local companies hold a relatively small market share and the adaptation and participation of the railways in new business, has been limited.

At present only a relatively small number of containers move across the Caspian Sea but the potential demand for intermodal freight operations exceeds 100,000 TEU per year. This 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.

Much work to introduce new operational practices has been done by previous projects (Intermodal transport analysis, the Trans Caucasian Logistic Express organised as part of the Caucasus Rail infrastructure project, and the Tariffs and Timetables project which has encouraged local operators to propose the creation of a jointly held intermodal operating company.

Objectives

- To promote the use of the full TRACECA corridor for intermodal transport by the refinement and implementation of a business strategy for provision of a modern intermodal service and the establishment of an agency or agencies for the marketing and operation of such services.
- To set up such an agency as a joint-venture or other effective agreement, preferably including an EU partner.
- To run a pilot service to test and refine the concepts, and to inject established EU intermodal practices at operational level.

Key Issues

There is a need to select origin-destinations and frequencies for pilot services, in conjunction with the national rail operating companies and their clients, and to negotiate with rail operating companies to establish the modus operandi of the pilot. The establishment of a marketing, financial and operational plan will be needed that will include the legal structure and ownership of such an entity. There will need to be close association with the Caspian Sea Shipping Company, ports, road hauliers, forwarders, and any other participants, to establish longer term arrangements with the rail companies and to provide assistance in the establishment of a permanent operating company,

The implementation of the pilot will be a particularly challenging assignment. A key activity will be the identification and generation of demand.

TRACECA - INVESTMENT PROJECTS for the rehabilitation of infrastructure

	PROJECTS	CONTRACTOR	SUB CONTRACTORS	STARTING DATE	DURATION (Months)	BUDGET (ECU)
1	Rehabilitation of the Red Bridge and Construction of the TRACECA bridge *Road bridges on the Georgian / Azerbaijan border*	Khidmsheni JSC		March 1997	12	2,500,000
2	Bukhara Cotton Export Distribution Centre *Container terminal in Uzbekistan*	Several contractors		February1998	12	2,000,000
3	Container Services Between the Caspian Ports of Baku and Turkmenbashi *Container Terminals in Azerbaijan and Turkmenistan*	GABEG and several other contractors		February1998	12	2,800,000
4	Design and construction of Rail Ferry Facilities in the Port of Poti, Georgia *works to link Poti to Ilyichevsk by Ro-Ro ferry*	Athena Hellenic Engineering and several other contractors		February1998	12	3,600,000
5	Improvement of the existing rail ferry terminal and construction of facilities at Ilyichevsk, Ukraine *workst to enhance the existing Ro-Ro facilities*	COSMAR / BCEOM and several other contractors		July 1998	12	7,300,000
6	Supply and Delivery of Cargo and Container Handling Equipment for the Cotton Export Logistics Centre near Bukhara (Uzbekistan) and for the Seaports of Baku (Azerbaijan), Turkmenbashi (Turkmenistan), Poti (Georgia) and Illiychevsk (Ukraine)	KALMAR, HYSTAR, COMINT, PLAN MARINE, HOLDTRADE, FERROSTAHL (17 items)		February 1998	12	7,200,000
7	Establishing of a ferry cargo movement computer system and supply and installation of the necessary computers and communication equipment for the ports of Illiychevsk (Ukraine) and Poti (Georgia)	Computer Solutions B.V.		January 1998	12	1,500,000
					TOTAL	**26,900,000**

1. REHABILITATION OF THE RED BRIDGE AND CONSTRUCTION OF THE TRACECA BRIDGE

Geographic Focus: Azerbaijan and Georgia
Project Budget: **ECU 2,500,000**
Contractor: Khidmsheni JSC
Implementation timetable: August 1997 for 12 months

Background

The Red Bridge is an existing masonry arch bridge which is on the border between Azerbaijan and Georgia. It is the principal road link between these two countries and is reputed to date partially from the 12th century. At the time of the dissolution of the FSU a new bridge was under construction. It is intended to finance completion of this new bridge, to carry out preservation works on the existing bridge, associated border crossing posts, access roads and rehabilitation work on the nearby Tauz rail bridge in Azerbaijan to re-establish double track rail operation at this bottleneck.

Objectives

- To inspect the old bridge and carry out renovations necessary to preserve it both functionally and as a historic monument
- To appraise the partially completed new TRACECA bridge and to complete construction of the bridge and its approach roads.
- To rehabilitate the Tauz rail bridge and the Azeri and Georgian border posts

Key Issues

The development of the petroleum industry in the Caspian Sea will require the movement by road of oversize loads which cannot be transported by rail. The condition of the existing road bridge is such that even normal traffic risks causing severe structural damage.

Achievements

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 and the contractor is undertaking the first construction work.
Progress to date includes:

- Site preparation
- Establishing the quality of the existing works, components and materials to hand
- Deciding on the exact nature of remedial works required, and initial implementation
- The construction of approach roads and drainage works
- The procurement of pre-cast units for the new bridge from the Ukraine

The rehabilitation of the Tauz bridge was completed on the 29th October 1997.
The full rehabilitation of the historic Red bridge is subject to the review of a proposal from an Azeri / Georgian Joint Stock company.

2. BUKHARA COTTON EXPORT DISTRIBUTION CENTRE

Geographic Focus:	Uzbekistan
Project Budget:	**ECU 2,000,000**
Contractor:	Several contractors
Implementation timetable:	February 1998 - February 1999

Background

Uzbekistan produces approximately 1.2 million tonnes of cotton per year, of which about 1 million tonnes are exported. This represents around 16% of total world exports. Cotton is the main source of export earnings for Uzbekistan, as well as being a major source of employment. Prior to independence practically all Uzbek cotton was traded through Moscow. Now Uzbekistan is attempting to diversify its export routes and a Government decree has imposed a minimum quota on export of cotton 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 with a plan for 100,000 ton in containers by the year 2000.

Objective

To assist in the creation of a logistics centre to support export shipments along the TRACECA route. Component parts include the provision of infrastructure and warehousing by the Uzbek enterprises concerned, while mobile equipment for handling bales and containers will be provided by this TRACECA project.

Key Issues

Cotton is presently exported in bulk to ports such as Riga and Poti, warehoused at the ports and shipped on as required by buyers. Ultimately it would be more advantageous to all concerned for the cotton to be stored in Uzbekistan until required and then shipped by container directly to the end user.

Bulk shipment of cotton results in unacceptable losses through bale breakage.

An existing warehouse facility is to be adapted to the cotton trade. The function of the centre will be to collect bales from gins, store them, allow inspection of cotton by international buyers, provide testing and grading facilities to international standards and condition and load for export. TRACECA will provide the mobile mechanical equipment for container stuffing and loading.

Container traffic into Central Asia is at present unbalanced, with the number of containers arriving exceeding those leaving. The centre will allow this imbalance to be corrected.

Achievements

Technical specifications have been developed in conjunction with the beneficiary and EU expertise drawn from ongoing TA projects. Model contracts were developed by the Co-ordination team, and an open tender organised. The evaluation having taken place the TACIS Procurement Unit is negotiating with tenderers, while discussions on development of the centre continue with the beneficiary.

3. CONTAINER SERVICES BETWEEN BAKU AND TURKMENBASHI

Geographic Focus: Azerbaijan and Turkmenistan
Project budget: **ECU 2,800,000**
Contractor: GABEG and several other contractors
Implementation timetable: February 1998 - February 1999

Background

The Ports of Turkmenbashi and Baku are the main sea ports of Turkmenistan and Azerbaijan and occupy key strategic positions on the transport links across the Caspian Sea. They are potential bottlenecks in the efficient development of container traffic along the TRACECA corridor. Studies show that most container traffic for Central Asia uses the more northerly Russian route and a high volume of freight suitable for containerisation is being transported by road through Iran.

Objectives

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

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

Key Issues

Only a few containers a year cross the Caspian Sea, while the potential demand is estimated to be 100,000 TEU/year (one 20 ft container is a TEU). The main reason for this disparity is given as the lack of adequate handling facilities at the two ports and the unsuitability of the vessels that serve them.

There are four main components to this project:

- Procurement actions
- Creation of the terminal management units to run these terminals such that the interests of all port users are equally taken into account.
- 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.
- Container barges. The possibility of adaptation of a barge to provide a specialised container service has been proposed. To achieve this spare parts and recommissioning works are to be provided.

Achievements

Technical specifications have been developed in conjunction with the beneficiary and EU expertise drawn from ongoing TA projects. Model contracts were developed by the Co-ordination team, and an open tender organised. The evaluation having taken place the TACIS Procurement Unit is negotiating with tenderers.

4. DESIGN AND CONSTRUCTION OF A RAIL FERRY FACILITY IN THE PORT OF POTI (GEORGIA)

Geographic Focus: Georgia
Project Budget: **ECU 3,600,000**
Contractor: Athena Hellenic Engineering and several other contractors
Implementation Timetable: February 1998 - February 1999

Background

In order to develop the TRACECA idea it is necessary to link the TRACECA route with the Trans-European Networks (TEN) and in particular TEN Nine. The broad aim of this project is to help Georgia and its hinterland countries to diversify and improve their access to international markets by supplying and improving multi-modal and container handling facilities for a recently established ferry service between the Ukrainian port of Ilyichevsk and the Georgian port of Poti. A computer system would support the efficiency and commercial attraction of such improvements.

Objective

The overall objective of this project is to promote the full use of the TRACECA corridor for rail and road transport and its interlinkage with the TEN-9. A parallel objective is to promote the activities and interests of the EBRD by financially supporting start-up operations that positively effect the loan projects under discussion or consideration.

Key Issues

TRACECA has decided to make grant funds available for the establishment of: a ferry cargo movement computer system, improvement to the infrastructure of the existing rail ferry terminal, the design and construction of additional facilities and the supply and delivery of cargo and containers handling equipment. It will also supply handling facilities in the port that allow the loading and discharging of rail wagons and other wheeled cargo from the Ilyichevsk ferry via a shore ramp to create a continuous rail link between Europe and Asia via the Caucasus. This will include a new rail line connection between the rail ferry ramp and the nearest marshalling yard.

Achievements

Technical specifications have been developed in conjunction with the beneficiary and EU expertise drawn from ongoing TA projects. Model contracts were developed by the Co-ordination team, and an open tender organised. The evaluation having taken place the TACIS Procurement Unit is negotiating with tenderers.

5. IMPROVEMENT OF THE EXISTING RAIL FERRY TERMINAL, AND DESIGN AND CONSTRUCTION OF ADDITIONAL FACILITIES FOR THE PORT OF ILYICHEVSK (UKRAINE)

Geographic Focus: Ukraine and Georgia
Project budget: **ECU 7,300,000**
Contractor: COSMAR / BCEOM and several other contractors
Implementation Timetable: July 1998 for 12 months

Background

After discussions between the Ukraine and Georgia, a rail ferry service between the port of Ilyichevsk near Odessa and the port of Poti was inaugurated at the end of last year. The service extends the existing service between Ilyichevsk and Varna. Two rail ferries are in service on the Poti - Ilyichevsk route. They have a capacity of 108 rail wagons as full complement, but can also carry trucks and cars if the full rail complement is not utilised.

As the provision of rail ferry facilities in Poti is the subject of a parallel project, it becomes imperative to improve the ferry terminal facilities as well as the rail interface in Ilyichevsk to avoid the Ukraine side becoming the new bottleneck.

Objective

The overall objective of this project is to promote the full use of the TRACECA corridor for rail and road transport and its interlinkage with the TEN-9. A parallel objective is to promote the activities and interests of the EBRD by financially supporting start-up operations that positively effect the loan projects under discussion or consideration.

Key Issues

TRACECA has decided to make grant funds available for the establishment of: a ferry cargo movement computer system, improvement to the infrastructure of the existing rail ferry terminal, the design and construction of additional facilities and the supply and delivery of cargo and containers handling equipment.

The project will improve the railway connection with the ferry berths, rehabilitate part of the ferry marshalling yard, rehabilitate the ferry ramp, provide a lorry park and improve office facilities.

The project will also assist the ferry company in upgrading their vessels' safety standards, allowing them to carry additional types of hazardous goods in anticipation of an increase in the traffic in liquid petrochemical products carried in rail tank wagons to Europe.

Achievements

Technical specifications have been developed in conjunction with the beneficiary and EU expertise drawn from ongoing TA projects. Model contracts were developed by the Co-ordination team, and an open tender organised. The evaluation having taken place the TACIS Procurement Unit is negotiating with tenderers.

ANNEX 3

OVERVIEW OF TECHNICAL LIBRARY

TRACECA TECHNICAL LIBRARY
11/09/98

CONSULT & PROJECT TITLE	DOCUMENT	DATE OF DOCUMENT	COPIES	Remarks/ For internal use only (*)
	(Codes: EB = English bound copy, RB = Russian bound copy, EL= English loose-leaf copy, RL= Russian loose-leaf copy, ED = English copy on floppy disk, RD = Russian copy on floppy disk)			
ATHENA Helleniki Technodomiki A.E.	**Procurement of Supplies/ Design and Construction of Rail Ferry Facilities for the port of Poti**	**(9753)**		
	Inception Report	March 98	2EB, 3EL, 2RB, 3RL	
	Environmental Impact Assessment report	April 98	2EB, 3EL, 3RB, 2RL	
	Monthly Project Progress Report	April 98	2EB, 3EL, 2RB, 3RL	
	Monthly Project Progress Report	May 98	3EB, 2EL,3RB, 2RL	
	Monthly Project Progress Report	June 98	2EB, 3EL,3RB, 1RL	
ATHENS LAW FIRM	**Co-ordination Maritime Connection Ukraine-Georgia/Coordination and Supervision Container Services Baku - Turkmenbashi**	**(9754)**		
	Technical Proposal	Aug 97	1EB	
	Inception Report	March 98	1ED,5EB,1EL, 10RB, 1RD	
ATKINS	**Regional Traffic Database & Forecasting Model**	**(9303)**		
	Technical Proposal	Sept 95	1EB	
	Technical Appendices	Sept 95	1EB	
	Inception Report	April 96	3EB,2EL,1RB 1ED,1RD	
	Progress Report Phase 1A	Sept 96	1ED	
	Progress Report Phase 1A - REVISED	Dec 96	4EB, 2EL	
	Dossier of Basic Data about the Model as at Jan 97	Jan 97	8EB,1EL1ED	
	Progress Report II Study Phase 1B:	March 97	2EB,2EL,ED	
	Progress Report II Appendices	March 97	3EB	
	Draft Database	March 97		
	SATURN (Simulation & Assignment of Traffic to Urban Road Networks)	April 97	2EB,1ED	
	Database Manual	May 97	2EB	
	Data Collection Report	May 97		
	Appendices: Data Received From			
	D1 Armenia		1EB	
	D2 Azerbaijan		1EB	
	D3 Georgia		1EB	
	D4 Kazakhstan		1EB	
	D5 Kyrghyzstan		1EB	
	D6 Tadjikistan		1EB	
	D7 Turkmenistan		1EB	

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	D8 Uzbekistan		1EB	
	Progress Report III: Phase 2	June 97	1EB,1RB,1RL	
	Traffic Model Development	Aug 97	2EB,1EL	
	Draft Final Report	Sept 97	2EB,1EL,3ED, 1RB,1RL,1RD	
	Project Completion report	Aug 98	1EB	
	Final 'Technical Report'	Aug 98	1EB	
BCEOM	**Intermodal Transport**	**(9201)**		
	Technical Proposal	Nov 95	1EB	
	Inception report	June 96	2EB,1ED	
	Progress Report	Sept 96	1EB,1RB,1ED	
	Draft Final Report	Feb 97	1EB,2ED,1RB	
	Final Report	May 97	3EB,1ED	
	Synopsis	May 97	2EB	
CIE CONSULT	**Central Asian Railways Restructuring**	**(9602)**		
	Technical Proposal, Part 1: Annexes A & B Part 2: Annexes C	April 97	3EB	
	Inception Report: - Module A: Kazakhstan Railways	Sept 97	4EB,1EL,2RB,1 RL,1ED,1RD	
	Inception report: - Module B: Uzbekistan RW Restructuring Study	Sept 97	2EB,1EL, 1RB, 1RL,1(E+R)D	
	Inception Report: - Module C: Turkmenistan RW	Sept 97	1EB,1EL,2RB, 1RL,1(E+R)D	
	Inception Report: - Module E: Telecommunications	Jan 98	1E/RD,6EB, 6EL,2RB,1RL	
	Draft Final Report - Module A: Kazakh RW.	Dec 97	5EB,2EL	
	Draft Final Report - Module C: Turkmenistan RW	Jan 98	5EB,1EL,	
	Inception Report: Module D: Kyrgyzstan and Tajikistan RW Restructuring Study	March 98	4EB, 2EL	
	Draft Final Report - Module B: Uzbekistan RW	Feb 98	5EB, 1EL	
	Mod. E: Telecommunications: Progress Report	May 98	1EL	**Confidential**
	Draft Final Report - Module D: Part 1: Kyrgyzstan RW	June 98	5EB, 1EL	
	Final Report - Module C: Turkmenistan RW	July 98	4EB, 1EL, 1D	
	Final Report and Annexes: Mod. A: Kazakhstan RW	Aug 98	4EB,1EL	
COMPUTER SOLUTIONS	**Ferry Terminal Operating Computer System for the port of Ilychevsk and Poti**	**(9752)**		
	Technical Proposal	Sept 97	1EB	
	Inception Report	March 98	1EB, 3EL, 2RB, 3RL	
	Monthly Progress Report Nr 1	April 98	2EB, 2EL	
	Monthly Progress Report Nr 2	May 98	1EB, 2EL	
	Detailed Functional Design	May 98	3EB, 4RB	
	Monthly Progress Report Nr 3	June 98	2EB, 3EL	
COSMAR	**Ferry Terminal Rehabilitation: Illiychovsk**	**(9751)**		
	Technical and Financial Proposal	Aug 97	1EB	
DECON	**Rail Maintenance Central Asia: Infrastructure Maintenance 2**	**(9310)**		
	Technical Proposal	Nov 95	1EB	

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	Inception Report	June 96	2EB,1RB,1ED, 1RD	
	Progress Report	Nov 96	2EB,1EL,1RB, 1RL,1ED,RD	
	Draft Final Report ■ Module A ■ Module C	Feb 97	 2EB 1EB	
	Draft Final Report: Module A: Aktau- Mangyshlak - Bejneu Line Module B: Improvement of Freight & Passenger Traffic Module C: Feasibility Study for Chardzev Bridge Module C Annexes	July 97	 1EB,1EL,1ED,2 RB 2EB,1EL,1ED,1 RB,1RL 1EB,1EL,1ED,1 RB,1RL	
	Revised Draft Final Report: Module C: Chardzev Bridge	Nov 97	2EL, 1ED, 2RL(ch5.2+5.3)	
	Project Completion Report	March 98	4EB, 1EL, 1RB, 1RL	
DHV	**Road Transport Services (Caucasus)**	**(9407)**		
	Technical Proposal	Sept 95	1EB	
	Financial Proposal	Sept 95	1EB	
	Draft Inception Report	Feb 96	1EB	
	Final Inception Report	June 96	2EB,1ED	
	Final Inception Annexes	June 96	4EB,1ED	
	Action Plan: Business Visit for Western-European JV Partners	June 96	1EL	
	Administrative Progress Report	Aug 96	2EB,1ED	
	Annex to Progress report	Aug 96	2EB	
	Study Tour: Business Opportunities for Road Haulage Enterprises	Oct 96	1EB,1ED	
	Business Plans: - Tbilautoservice - Georgian International Transporters (GIT) - SovTransavtoBaku, - Makro Transport Group	Nov 96	 1EB,2RB 1EB,2RB 1EB,2RB 1EB,2RB	
	TRACECA - ITRS Project Update -Administrative Report	Jan 97	1EB,1ED	**obsolete**
	(Final Report IRTS Caucasus)	Feb 97	(2EB,1ED)	**obsolete**
	Project Completion Report (Administrative Report)	March 97	1EB,1ED,2RB,1 RD	
	Final Technical Report (version 2)	April 97	1EB,1ED,1RB,1 RD	
	(New) business plans (one volume: Tbilautoservice Georgian International Transporters (GIT), SovTransavtoBaku, Makro Transport Group)	May 97	1EB	
	External versions of the new business plans - Tbilautoservice - Georgian International Transporters (GIT) - SovTransavtoBaku, - Makro Transport Group	May 97	1RB	
FINNROAD	**Road Maintenance**	**(9601)**		
	Technical Proposal, Vol. 1 & 2	April 97	1EB	
	Inception Report for Field Management Module	Sept 97	6EB,1EL	

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Inception Report		
- Module A: Materials, Plant, Standards	Sept 97	6EB,1EL
- Module B: Winter Maintenance	Sept 97	6EB,1EL,1RB
- Module C: Azerbaijan, Road Sector Restructuring	Sept 97	6EB,1EL,2RB,1 RL,1RD,1ED
- Module D: Road, Pavement and Bridge Testing	Sept 97	6EB,1EL
- Module E: Pre-Feasibility Studies	Sept 97	6EB,1EL,1ED
Progress Report 1 for Field Management Module	Nov 97	4B,1EL,3RB,1 RL
Progress Report		
- Module A: Materials, Plant, Standards	Nov 97	1ED,3EB,1EL, 2RB,1RL
- Module B: Winter Maintenance	Nov 97	1ED,3EB,1EL, 2RB,1RL
- Module C: Azerbaijan: Road Sector Restructuring	Dec 97	1ED,3EB,1EL, 2RB,1RL
- Module D: Road, Pavement & Bridge Testing	Dec 97	3EB,1EL,1ED, 2RB,1RL
- Module E: Pre-feasibility Studies	Dec 97	3EB,1EL,1ED, 1RB
Supplementary Progress Report		
- Module E: Pre-feasibility Studies	Feb 98	3EB,1EL,1RL,1 D
Minutes Steering Committee Meeting TRACECA Roads Maintenance Project Mod A and B, Almaty 16+17/02/98		6EB, 2RB
User's Manual for RoSy BASE 7		2EB
Progress Report Nr 2		
- Module A: Materials, Plant, Standards	March 98	4EB,1EL, 1RB, 1RL
- Module B: Winter Maintenance	March 98	4EB, 1RB, 1RL
- Module D: Road, Pavement & Bridge Testing	March 98	6EB, 1EL, 1ED,1RB, 1RL
- Field Management Module	March 98	4EB, 1RB, 1RL
Draft Final Report		
- Module C: Azerbaijan: Road Sector Restructuring	Dec 97	1ED,2EB,1EL, 1RB
Investors Conference Almaty May 98	May 98	6EL,1RB
Final Report:		
- Module C: Azerbaijan Road Sector Restructuring	March 98	2ED,3EB,1EL, 1RB
Progress Report		
- Module A: Materials, Plant, Standards	March 98	5EB,1RB, 1RL
Draft Final Report		
- Module C: Azerbaijan: Road Sector Restructuring	April 98	1RB
Progress Report		
- Module E: Pre-feasibility Studies	April 98	6EB, 1EL, 1ED1RB, 1RL
Winter Maintenance System (WMS) Proposal for	May 98	
■ Azerbaijan: Mod. B: Winter Maint. (Draft)		4EB, 3RB
■ Armenia: Mod. B: Winter Maint. (Draft)		4EB, 3RB
■ Georgia: Mod. B: Winter Maint. (Draft)		4EB, 3RB
■ Mongolia: Mod. B: Winter Maint. (Draft)		4EB, 3RB
■ Uzbekistan: Mod. B: Winter Maint. (Draft)		5EB, 3RB
■ Kazakhstan: Mod. B: Winter Maint. (Draft)		5EB, 3RB
		5EB, 3RB

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	■ Turkmenistan: Mod. B: Winter Maint. (Draft		5EB, 3RB
	■ Kyrghyzstan: Mod. B: Winter Maint. (Draft)		5EB, 3RB
	■ Tadjikistan: Mod. B: Winter Maint. (Draft)		5EB, 3RB
	Tender dossier: Module D	?	1EB
GABEG	**Procurement of Supplies/Containers Services between Baku and Turkmenbashi**	**(9754)**	
	Inception Report	March 98	2EL
	Tender documents for Supply Tenders for the Port of Baku/ Spare Parts for Ferry Boats	April 98	2EB
GIBB /I/	**Road Transport Services (Central Asia)**	**(9402)**	
	Technical Report	Nov 95	1EB
	Inception report.	April 96	4EB, 1EL,1ED
	Inception report: Financial Annex	April 96	3EB, 2EL
	Almaty Seminar	June 96	1EB,1RB
	Progress Report	July 96	1EB,1ED
	Road operators management manual		2EB,1RB
	Draft Final Report, Vol. 1 & 2	July 97	1EB
	Draft Final Report: Addendum	Sept 97	1EB
	Final Report	Dec 97	
	■ Volume 1		3EB, 1EL, 1RB, 1RL
	■ Volume 2		3EB, 1EL, 1RB, 1RL
	Final Report Addendum II	March 98	3EB, 1EL, 1RB, 1RL
GIBB /II/	**Restructuring of the Azeri and Georgian RW**	**(9701)**	
	Technical Proposal	March 98	1EB
	Inception Report	July 98	1EB, 1EL
HPTI	**TA for the Development of Port Baku: Management Assistance &Training**	**(9304)**	
	Technical Proposal	Sept 95	1EB
	Inception Report	March 96	4EB
	Project Progress Report 1 (28/01/96-31/07/96)	15 Aug 96	1EB
	Project Progress Report 2 (01/08/96-30/06/97)	30 Nov 96	3EB
	Equipment Survey	Jan 97	1EB
	Project Progress Report 3 (30/03/97-30/06/97)	July 97	2EB,1ED
	Project Completion Report	Dec 97	1ED,2EB,1RB
	Addendum: Development of the Port of Baku: Port Master Plan	**(9304)**	
	Proposed Addendum to Project	July 96	2EB
	Phase I - Report	Oct 96	2EB
	Annex to Phase 1 Report	Oct 96	3EB
	Phase II Report.	Dec 96	
	Vol. 1: Executive Summary		2EB
	Vol. 2: Traffic Forecast & Econ. Assessment		2EB
	Vol. 3: Port Development Plan		2EB
	Vol. 4: Civil Engineering Assessment		2EB
	Vol. 5: Environmental Assessment		2EB
	Vol. 6: Financial and Economic Impact Analysis		2EB

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	Phase III Report.	March 97	
	Vol. 1: Executive Summary		3EB
	Vol. 2: Traffic Forecast & Econ. Assessment		5EB
	Vol. 3: Port Development Plan		3EB
	Vol. 4: Civil Engineering Assessment		3EB
	Vol. 5: Environmental Assessment		3EB
	Vol. 6: Financial and Economic Impact Analysis		3EB
	Phase III: Final Report.	Nov 97	1E/RD
	Vol. 1: Executive Summary		1B,1RB
	Vol. 2: Traffic Forecast & Econ. Assessment		1B,1RB
	Vol. 3: Port Development Plan		1B,1RB
	Vol. 4: Civil Engineering Assessment		1B,1RB
	Vol. 5: Environmental Assessment		1B,1RB
	Vol. 6: Financial and Economic Impact Analysis		1B,1RB
	(Draft) Tender Documents	Nov 97	
	■ Civil Works		2EB,1RB
	■ Civil Works - Drawings		1EB
	■ Equipment - Lot 1		2EB,1RB
	■ Equipment - Lot 2		2EB,1RB
	■ Equipment - Lot 3 & 4		2EB,1RB
HPTI	**Feasibility Study of New Terminal Facilities in the Georgian Ports**	**(9603)**	
	Technical Proposal, Vol. 1 & 2	April 97	2EB
	Study on Traffic Potential for the Rail Ferry Service Poti - Ilyichevsk- Potentiality Investigation	Aug 97	1EB, 1EL
	Inception Report	Oct 97	6EB, 1EL, 2RB, 1RL, 2(ED+RD)
	Phase 1	Oct 97	1E/RD
	Phase 1 Report, Vol. 1		4EB,1EL,2RB, 1RL
	Phase 1 Report :annexes (= vol2)		5EB,1EL, 2RB, 1RL
	Phase 1 Report: annex 7: Assessment of Poti Cranes		2EB
	Phase 1 Report: annex 7: Assessment of Poti Wheeled Equipment		2EB
	Phase 1 Report: annex 8: Facilities - Mechanical Engineering Aspects		2EB
	Phase 1 Report: annex 9: Survey of the RW Installations in the port of Poti		6EB,1EL, 2RB, 1RL
	Phase 1 Report: annex 10 Survey of the RW Installations in the port of Batumi		6EB,1EL, 1RB, 1RL
	Port Facilities - Poti & Batumi Mechanical Engineering	Oct 97	1ED
	Project Progress Report	Jan 98	1E/RD,5EB, 1EL,2RB,1RL
	Phase 2	Feb 98	
	Phase 2 - Vol. 1: - Executive Summary		6EB,1EL,2RB,1 RL
	Phase 2 - Vol. 2 - Traffic Forecast		6EB,1EL,2RB,1 RL
	Phase 2 - Vol. 3 - Port Master Plan		6EB,1EL,2RB,1 RL
	Phase 2 - Vol. 4 - Civil Engineering Assessment		6EB,1EL,2RB,1 RL

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	Phase 2 - Vol.5 - Environmental Assessment		6EB,1EL,2RB,1 RL	
	Phase 2 - annex		6EB,1EL,2RB,1 RL	
	Phase 2 - Vol 6: Financial & Econ. Impact Analysis	Feb 98	6EB,1EL	
	Phase 2 - Annexes to Vol. 6		6EB,1EL	
	Manpower Audit	May 98		
	Port of Batumi		4EB,1EL,1RB, 1RL	
	Port of Poti		4EB,1EL,1RB, 1RL	
	Phase 3	May 98		**no changes in Vol 2 and 5 since Phase 2 report**
	Phase 3: Vol. 1: Executive Summary		4EB,1EL,1RB, 1RL	
	Phase 3: Vol. III: Port Handling Equipment			
	■ Port of Poti		4EB,1EL,1RB, 1RL	
	■ Port of Batumi		4EB,1EL,1RB, 1RL	
	Phase 3: Vol. IV: Civil Engineering Aspects		4EB,1EL,1RB, 1RL	
	Phase 3: Vol. VI: Financial and Economic Impact Analysis		4EB,1EL,1RB, 1RL	
	Phase 3: Annexes to Vol. VI		4EB,1EL,1RB, 1RL	
	Project Progress Report Nr 2	June 98	4EB, 1EL	
	Executive Summary and Privatization Concept	July 98	5EB,1EL,1RB,1 RL	
	Privatization Concept - Attachments	July 98	5EB,1EL,1RB,1 RL	
	Extension of Container Facilities in the Port of Poti			
	Draft Tender Documents	Aug 98	6EB,1EL,1RB, 1RL	
	Multi-Purpose Terminal/ Port of Batumi			
	Draft Tender Documents	Aug98	6EB,1EL,1RB, 1RL	
HPTI	**TRACECA: Coordination Maritime Connection Ukraine - Georgia**	**(97.0474)**		
	Inception Report	April 98	2EB, 2EL, 2RB, 2RL	
KOCKS	**Implementation of Pavement Management System**	**(9305)**		
	Technical Proposal	Sept 95	1EB	
	Inception Report	Feb 96	1EB,1EL,1ED	
	Progress Report Nr 1	July 96	1EB,1EL,1ED, 1RB,1RL	
	Performance Report	Oct 96	2EB	
	Progress report No 2	Oct 96	3EB,1EL,1RB,1 RL,1D	
	Study Tour to Europe	Nov 96	3EB,1EL,1RB,1 RL	
	Draft Final Report: Study of the Cost and Financing of Road Usage:	Dec 96		

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Volume 1: main report		1EB,1EL,1RB,2 RL
Volume 2: annex		1EB,1EL,1RB,2 RL
Review of Road Design Standards	Jan 97	1EB,1EL,1RB,1 RL
Progress report 3 (October 96- Dec 96)	Jan 97	1EB,1EL,1RB, 1RL,1RD
Progress Report 4 (Jan-March 97)	April 97	2EB,1EL,1RB,1 RL
Final report: Study of the Cost and Financing of Road Usage	June 97	2EB,1EL,2RB,1 RL
Add. 1:Road Improvement	**(9305)**	
1st version:	July 96	
■ Technical proposal for Feasibility Study for Road Rehabilitation in G, Az, Ar, purchase of equipment and Training		4EB
■ Financial Proposal		1EB
-Technical proposal for Feasibility Study for Road Rehabilitation in G, Az, Technical Assistance for Armenia, Purchase of Equipment and Training	July 96	1EB
- Financial Proposal		1EL(fax)
Technical Proposal for Preparation of a Road Improvemen Project in Ashgabat to Mary Road (Turkmenistan): Section Tedjen to Mary	July 96	3EB
Draft Addendum Nr 1	Aug 96	1EB
Component 1: Feasibility Study for Road Rehabilitation of Transit Roads		
Module A: Transit Roads in Az &Georgia		
Azerbaijan:		
Inception Report	March 97	1EB,1EL,1RB,1 RL
Draft Final Report	Oct 97	2(E+R)D
■ Volume 1		3EB,1EL
■ Volume 2		2EB,1EL,1RB,1 RL
■ Volume 3		2EB,1EL, 1RB,1RL
Final Report	Dec 97	1E/RD
■ Volume 1		3EB,1EL,1RB,1 RL
■ Volume 2		3EB,1EL,1RB,1 RL
■ Volume 3		3EB,1EL,1RB,1 RL
Georgia		
Inception Report	March 97	1EL,1RB,1RL
Draft Final Report	Sept 97	2(E+R)D
■ Volume 1		2EB,1EL,
■ Volume 2		1EB,1EL,
Final Report	Dec 97	1E/RD
■ Volume 1		3EB,1EL,1RB,1 RL

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■ Volume 2		3EB,1EL,1RB,1 RL
Module B: Technical Assistance to the Armenian Road Directorate		
Inception Report	Oct 97	4EB,1EL,1RB,1 RL,1(E+R)D
Development of a Routine Maintenance Contract System: Project Completion Report	Dec 97	1ED,1RD
■ Volume 1		1EB,1EL,1RB,1 RL
■ Volume 2		1EB,1EL,1RB,1 RL
Component 2: Turkmenistan: Tedjen-Mary Road Improvement		
Progress Report Nr 1	Jan 97	1EB
Environmental Assessment	March 97	1EB
Engineering Report	Nov 97	1ED
■ Vol. 1: Engineering & Implementation Proposals		2EB
■ Vol. 2: Drawings		1EB
■ Vol. 3: Traffic and Economic Evaluation Report; Environmental Assessment		1EB
■ Vol.4: Dynamic Penetration Test Results; Falling Weight Deflectometer Results and Evaluation		1EB
Tender Document (The Tender, The Contract, The Works)	Aug 97	1EB
Tender Document (The Tender, The Contract, The Works)	Nov 97	1EB
Project Completion Report: ■ Implementation of PMS ■ Transit Roads Arm, Az. and Georgia ■ PMS, Purchase of Equipment and Training ■ Preparation of a Road Improvement Project Ashgabat - Mary Turkmenistan	Dec 97	E/RD, 4EB, 1EL, 1RB, 1RL

NEA (Nethconsult)	**Immediate Training Action**	**(9302)**	
	Technical Report	Sept 95	1EB
	Inception report	March 96	2EB
	Draft Course Material in Progress	March 96	1EB
	First Progress Report	May 96	11EB, 1EL
	Second Progress Report	June 96	10EB,1EL
	Almaty A-Senior Management Level: - Vol 1, Vol 2	April 96	1EB
	Draft Final Report	19 Aug 96	2EB,1EL,1RB
	Final report	30 Sept 96	1EL,1ED,1RB,1 RL

POLZUG	**Intermodal Services**	**(9702)**	
	Technical Proposal	Feb 98	2EB

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RAMBOLL	**Ferry Terminals Baku & Turkmenbashi**	**(9403)**		
	Technical Proposal	Nov 95	1EB	
	Inception Proposal	May 96	2EB	
	Phase 1, Report (Draft) Design Parameters	July 96	1EB	
	Phase 1, Final Report, Design Basis	Jan 97	3EB,1RB,1ED,1 RD	
	Phase 2, Pre-Design & Feasibility Note			
	■ Baku	Dec 96	2EB	
	■ Turkmenbashi	Dec 96	2EB	
	Phase 2, Detailed Design Report - Turkmenbashi	March 97		
	- Vol. I, Main Text		1EB,1RB	
	- Vol. II, Technical Drawings		1EB,1RB	
	Phase 2, Detailed Design Report - Baku	March 97		
	- Vol. I, Main Text		2EB,1RB	
	- Vol. II, Technical Drawings		1EB,1RB	
	Phase 3: Econ. & Fin. Evaluation Report	March 97		
	■ Turkmenbashi		1EB,1EL	
	■ Baku		1EB,1EL	
	Phase 3, Econ &Fin. Evaluation Report -Turkm-shi	April 97	2B	
	Phase 3, Econ &Fin. Evaluation Report-Baku	April 97	2B	
	Add. Phase 3: Econ. & Fin. Evaluation Report--Baku	Nov 97	3EB	
	Project Completion Report	June 98	3EB	

RAMBOLL-Add.	**Supplementary Consultancy Services for Rehabilitation of Ferry Terminals B&T & Dry Cargo Terminal**			
	Technical & Financial Proposal	Dec 96	1EB	
	Proposal Document-	July 96	2EB	
	(draft)Tender Docs- Civil Works at the Ferry Container Terminal at Turkmenbashi	July 97	1EB	**INTERNAL**
	■ The Tender			
	■ The Contract			
	■ The Works			
	Environmental Analysis Report - Baku	Sept 97	5EB,1RB	
	Environmental Analysis Report - Turkmenbashi	Sept 97	4EB,1RB	
	Tender Documents Ferry terminal **Baku** (draft):			
	Vol 3.1: The Works, Bill of quantities	Oct 97	4EB, 1RB	
	Vol 3.2: The Works, Specifications	Sept 97	4EB, 1RB	
	Vol 3.3.: The Works, Drawings	Oct 97	3EB, 1RB	
	Tender Docs Ferry terminal **Turkm-shi** (draft)			
	Vol 3.1: The Works, Bill of quantities	Oct 97	4EB,1RB	
	Vol 3.2: The Works, Specifications	Sept 97	3EB,1RB	
	Vol 3.3.: The Works, Drawings	Oct 97	4EB,1RB	
	Pre-qualification Documents - **Baku**			
	■ Vol. 1: Application and Forms	Jan 98	2EB,1RB	
	■ Vol. 2: Description of Project	Jan 98	2EB,1RB	
	Pre-qualification Documents - **Turkmenbashi**			
	■ Vol. 1: Application and Forms	Jan 98	3EB,1RB	
	■ Vol. 2: Description of Project	Jan 98	3EB,1RB	
	(Draft) Tender Documents			
	■ vol 1: The Works, The tender	Feb 98	3EB	
	■ Vol. 2: The Works, The Contract	Feb 98	3EB	
	Local hearing of Baku tender project	June 98	1EL	

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	Renovation of the Ferry Terminal in Aktau Port			
	Initial Appraisal Report	Nov 97	1EB, 1RB	
SISIE	**Railways Tariffs & Timetable Structure**	**(9501)**		
	Technical Proposal: Annexes A&B Annex C	April 96	2EB 1EB	
	Inception Report	30 Oct 96	2EB, 3EL,1ED	
	Progress Report 1	March 97	1EB,1ED	
	Progress Report 2	July 97	1EL,1ED,3RB,2 RL	
	Draft Cost Analysis, Customs Analysis, Infrastr.	No date		
	Infrastructure -1	Aug 97	2EB,1EL,3RB,2 RL	
	Customs Analysis	Aug 97	2EB,1EL,3RB,2 RL	
	Assessment of TRACECA Routes Competitiveness Part 1: Comparison of Alternative Routes and Modes	Aug 97	7EB,1EL4RB,2R L	
	Assessment of TRACECA Routes Competitiveness Part 2: Review of TRACECA states operators	Aug	7EB,1EL,4RB,2 RL	
	Cost Analysis	Aug 97	3EB,1EL	
	Cost Analysis - Annexes 8-1 to 8-4	Aug 97	3EB,1EL,3RB,2 RL	
	Cost Analysis - Annexes 8-5 to 8-8	Aug 97	4EB,3RB,2RL	
	Progress Report 3	Oct 97	2EB,1EL,4RB,3 RL	
	Financial Addendum Report: Conversion of TRACECA Currencies - Creation of Regional Clearing Centers	Dec 97	3EB, 1 EL, 1RB, 1RL	
	Draft Freight Marketing Strategy - Launch of a new rail service on TRACECA Corridor	Dec 97	3EB, 1EL, 1RB, 1RL	
	Project Completion Report	Feb 98	3EB, 1EL, 1RB, 1RL	
	Legal Matters	Feb 98	3EB, 1EL, 1RB, 1RL	
SWK Law	**Transport Legal and Regulatory Framework**	**(9306)**		
	Technical Proposal (Annexes A,B,&C)	Oct95	2EB	
	Inception report.	March 96	4EL,2EB,1RD	
	Progress Report.	July 96	2EB, 3EL,2ED	
	Regional Conference No. 1, Almaty	May 96	1RB	
	Progress Report	Jan 97	2EB,1EL	
	Recommended Draft Legislation	March 97	1E/RB	
	Comparative Conventions Vol. 1/4, 2/4, 3/4 ,4/4	March 97	2E/RB per vol	
	Multilateral Agreement on International Transport in the TRACECA Region	July 97	1EB,1EL,1ED	**INTERNAL**
	Progress Report No 3	July 97	3EB,1EL,1ED	
	Completion Report	Dec 97		
	App 1		1E/RB	
	app 2		1E/RB	
	app 3 (4 parts)		1E/RB	
	app4		1E/RB	
	app 5&6		1E/RB	
	Completion Report + app 1	Feb 98	3EB,1EL,1RL 4E/RB	

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app 2 (part1+part2)		4E/RB(each)
app 3: - part 2		1E/RB
- part 3		1E/RB
- part 4		4E/RB
app 4, 5&6		4E/RB

SWK Trade	**Trade Facilitation, Customs Procedures & Freight Forwarding Project**	**(9308)**	
	Technical Proposal	Nov 95	1EB
	Inception Report	April 96	1EB,1EL
	Progress Report.(April-June 96)	July 96	1EB,1RD
	Progress Report (July to October 96)	October 96	1EB,1EL
	Trade & Customs procedures-Report: vol. 1, 2, 3, appendix 1	October 96	3EB,1EL per vol.
	Computer System Report (8 countries)	Nov 96	5EB,1EL
	Customs Border Post :Report: Volume 1 +App 1	October 96	5EB,1EL,4D
	Trade Facilitation Institutions	Feb 97	4EB,1EL,1D
	Project Completion Report	March 97	1EB,1EL
	Overview of the Freight Forwarding Industry	April 97	4EB,1EL

SWK Trade-Addendum	**Cotton Task Force**	**(9308)**	
	Transportation of Uzb. Cotton - a profile	Dec 96	1EB
	Progress Report 3 : Uzbekistan - Cotton extension	May 97	1EB
	Completion Report	July 97	3EB,2EL,1ED 1RB
	Final Report ■ Part 1 - Market Profile (revised) ■ Part 2 - Logistics Development	Sept 97	1EB,1RB

SYSTRA	**Rolling Stock Maintenance s**	**(9309)**	
	Technical Proposal	October 95	
	■ Annexes A&B		1EB
	■ Annex C		1EB
	Inception report.	May 96	1EB,3EL,1RB,1 RL, 1ED
	Progress Report	October 96	4EB,1EL,1RB,1 RL,1D
	(draft) Completion Report	April 97	1EB
	(Draft)Completion Report, Part 1-4 1	May 97	2EB
	Draft final report : parts 1, 2, 3, 4 - draft 1	May 97	1EB
	Completion Report	July 97	
	Part1/4 Project Summary		3EB,1EL,1RB,1 RL,1D
	Part2/4 Overall Features and Recommendations		3EB,1EL,1RB,1 RL,1D
	Part3/4 Country profiles		3EB,1EL,1RB,1 RL,1D
	Part 4/4 Case Studies		3EB,1EL,1RB,1 RL,1D

TechnEcon	**Evaluation of TACIS Interstate TRACECA**

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	Programme in Transcaucasus and Central Asia		
	Proposal	Oct 97	1EB
	Draft Final Report	April 98	2EB

TEWET	**Infrastructure Maintenance.1 - Railways Pre-Investment Study & Pilot train Baku-Tbilisi - Batumi.- Poti.(Caucasus)**	**(9307)**	
	Technical Proposal	Nov 95	1
	Inception report	April 96	1EB,1ED
	Progress Report 1 (3 volumes))	Sept 96	
	- Executive Summary		1EB,1El,1RB,1RL
	- Annexes 1-4		1EB,1El,1RB,1RL
	- Annex 5 (3 volumes)		1EB,1El,1RB,1RL
	Technical pre-feasibility of Track & Constructional Works of Az. State RW and the Georgian RW	Aug 96	2EB,1EL
	Draft Final Report	May 97	
	Modul A		
	Vol. I		2EB,1EL,1RB,1RL
	Vol. II(annexes)		2EB,1EL,1RB,1RL
	Modul B		2EB,1EL,1RB,1RL
	Project Completion Report	Aug 97	5EB,1RB,1RL
	Final Report		1E/RD
	Module A: Vol. 1	Oct 97	5EB,1EL,1RB,1RL
	Financing Memorandum		
	■ Georgian RW	Oct 97	5EB,1EL1RB,1RL
	■ Azerbaijan State RW	Oct 97	5EB,1EL1RB,1RL
	Module A: Vol. 2:Annexes	Oct 97	5EB,1EL1RB,1RL
	Module B	Sept 97	5EB,1EL1RB,1RL

TEWET	**Joint Venture(s) Trans-Caucasian Railways**	**(939401)**	
	Technical Proposal	Feb 96	2EB
	Inception Report	Sept 96	2EB,2EL,5RB
	Transcaucasian Logistic Express	Sept 96	2EB,2EL
	Interim Report	April 97	
	■ Executive Summary		1EB,1EL,2RB
	■ Vol. 1		1EB,1EL,2RB
	■ Vol. 2 Annexes		1EB,1EL,2RB
	Project Completion Report	Sept 97	4EB,1RB
	Draft Final Report	Oct 97	1E/RD
	■ Executive Summary		2EB,1RB
	■ Volume 1		2EB,1RB

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	■ Volume 1: Annexes		2EB,1RB	
	■ Volume 2		3EB,1RB	
	■ Volume 3		2EB,1RB	
	■ Volume 4		2EB,1RB	
	■ Volume 4: Annexes		3EB,1RB	
	■ Volume 5		3EB,1RB	
	Final Report	March 98	1E/RD	
	■ Executive Summary		4EB,2RB	
	■ Volume 1		1EB,2RB	
	■ Volume 1a: Annexes		8EB,2RB	
	■ Volume 2		5EB,2RB	
	■ Volume 3		9EB,2RB	
	■ Volume 4		9EB,2RB	
	■ Volume 4: Annexes		9EB,2RB	
	■ Volume 5		9EB,2RB	
TRACTEBEL	**Trade & Transport - Working Group TRACECA**	**(9302)**		
	Amended Technical and Financial Proposal	Jan 95	1EB	
	Final Completion Reports	Jan 96	2EB	
	Final Completion Report Updated for Project Extension	Aug 96	2EB, 1EL	
	TRACECA- Co-ordination Team	**(9404)**		
	TRACECA Working Documents: Projects 1994-1995		5EB,5RB	**DEFUNCT**
	Technical Proposal	June 96	8EB	
	Interim Report	Jan 97	3EB,1EL	
	Final Report	Sept 97	2EB,1EL,1RB,1 RL	
	TRACECA Co-ordination Team	**(9604)**		
	Technical Proposal	July 97	2EB	
	Interim Report	Jan 98	1EL,3EB,1RB,1 RL	
	TRACECA Brochure	Feb 98	3EL	
UNCTAD	**Rail Freight Traffic Management & Information System**	**(7305/0501 /B006)**		
	Inception Report	July 96		
WEST - EAST	**The Dolphin Project: Feasibility Study for Caravansary**	**(9503)**		
	Technical Proposal: Master Copy	June 95	1EL	
	Pre-projects Copies			
	■ 06/06/95		1EB	
	■ 14/06/95		1EB	
	Draft Inception Report	Nov 95	2EL	
	Inception Report	Dec 95	1EB,2RB	
	Progress Report	May 96	1EL	
	Prospectus	May 96	1EB,1EL	
	Tashkent Symposium	May 96	1EB	
	Visit: Ashgabat Tyre Repair & Retreading Plant ARS-1:Technical Assessment, Preparation, Feasibility Study, Business plan	June 96	1EB+ VCR	
	Divers			
	Visit to Tashkent Tyre Retreading Plant N°9	Aug 96	1EB	

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Transport & Distribution Management An Executive's Guide	March 97	1EB,1RB	
Project Completion Report	March 97	1EB	
Caravansary Project and Business Plan - Turkmenistan	March 97	1RB	
Caravansary Project and Business Plan - Uzbekistan	March 97	1RB	
Dolphin Proj. Abbreviated Report	April 97		
■ Turkmenistan + Annexes		1EB,1ED	
■ Uzbekistan +Annexes		1EB,1ED	
Road Side Services & Communication Hubs on TRACECA Route	**(97-0209)**		
- Inception Report	July 97	printed from e-mail + 1 EB	INTERNAL
- Progress Report	Nov 97	1EL	STRICTLY CONFIDENTI
- Project Completion Report	March 98	1E/RL	STRICTLY CONFIDENTI

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ANNEX 4

OVERVIEW OF INTERNET LIBRARY

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1. WEST- EAST Dolphin Project, Feasibility Study for Caravanserai

•Turkmenistan Report, April 97
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2. NEA Transport Management Training

•Final report, September 96
MS Word 6.0 document "training.doc" (233 kB)

3. SCOTT WILSON Transport Legal and Regulatory Framework

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•Completion Report and appendices, February 98
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4. HPTI Maritime Training

•Port Master Plan (Executive Summary), March 97
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5. ATKINS Regional Traffic Forecasting Model

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6. DHV Road Transport Services Caucasus

•Project Completion Report, March 97
MS Word 6.0 document "completi.doc" (99 kB)

•Final Technical Report, April 97
MS Word 6.0 document "dhvfinal.doc" (624 kB)

7. BCEOM Intermodal Transport

•Progress Report, September 96
MS Word 6.0 document "prbceom.doc" (353 kB), the MS Excel file "bceoman2.xls" (Annex 2, 56 kB), and the MS Power Point files "bceo4442.ppt" (Figure on Rail and Road infrastructure, 50 kB) and "bceo4444.ppt" (Figure on Railcontainer terminal network and handling equipment, 121 kB)

•Final Report, May 97
MS Word 6.0 document "frmay97.doc" (762 kB)

8. TEWET Railways Infrastructure Maintenance (Caucasus)

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•Completion Report, August 97
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•Final Report, October 97
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9. KOCKS Implementation of Pavement Management System

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•Tedjen - Mary Road Environmental Assessment, July 97
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•T.A. to the Armenian Road Directorate, Inception Report, October 97
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•Tedjen - Mary Road Improvement - Engineering Report, November 97
MS Word 6.0 document "tmengin.doc" (232 kB)

•Transit Roads in Azerbaijan, Final Report, December 97
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•Transit Roads in Georgia, Final Report December 97
MS Word 6.0 document "ge-fr.doc" (949 kB)

•T. A. to the Armenian Road Directorate, Project Completion Report, Volume 1 and Volume 2, December 97
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•Project Completion Report, December 97
MS Word 6.0 document "pcrdec97.doc" (376 kB)

10. GIBB Road Transport Services (Central Asia)

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MS Word 6.0 document "gibbpr1.doc" (1144kB)

11. RAMBOLL Ferry Terminals Baku & Turkmenbashi

•Final Report, Design Basis, January 97
MS Word 6.0 document "rambfin1.doc" (1295kB)

•Detailed Design Report - Turkmenbashi, March 97
MS Word 6.0 document "turkm2.doc" (112 kB)

•Detailed Design Report - Baku, March 97
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•Evaluation Report - Turkmenbashi, April 97
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•Evaluation Report Addendum - Baku, November 97
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•Environmental Analysis Reports, September 97
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12. SYSTRA Rolling Stock Maintenance

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•Completion Report, July 97
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13. SCOTT WILSON TRACECA Trade Facilitation

•Progress Report I, July 96
MS Word 6.0 document "tradepr1.doc" (77 kB)

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•Computer System Report, November 96
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•Customs Border Post Report, October 96
MS Word 6.0 document "control.doc" (277 kB)

•Transportation of Uzbek Cotton - a profile, December 96
MS Word 6.0 document "prof1296.doc" (136 kB)

•Trade Facilitation Institutions, February 97
MS Word 6.0 document "institut.doc" (154 kB)

•Project Completion Report, March 97
MS Word 6.0 document "tradecr.doc" (88 kB)

•Overview of the Freight Forwarding Industry, April 97
MS Word 6.0 document "ffindust.doc" (123 kB)

•Progress Report III : Uzbekistan Cotton, May 97
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•Completion Report, July 97
MS Word 6.0 document "crjuly97.doc" (70 kB)

•Final Report, Cotton Task Force, September 97
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14. DE-CONSULT Railways Infrastructure Maintenance (Central Asia)

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MS Word 6.0 documents "deconpr1.doc" (89 kB), "deconan1.doc" (Annex 1, 13 kB), "deconan3".doc" (Annex 3, 40 kB), "deconan4.doc" (Annex 4, 86 kB).

15. TEWET Joint Venture for Trans-Caucasian Railways

•Interim Report, April 97
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•Final Report, March 98
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16. SISIE Railways Tariffs & Timetable

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MS Word 6.0 documents "sisiepr1.doc" (82 kB), "sisiean1.doc" (82 kB) and "sisiean2.doc" (292 kB)

•Progress Report 2, July 97
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•Customs Analysis, August 97
MS Word 6.0 document "customs.doc" (125 kB)

•Assessment of TRACECA Routes part 1 & 2, August 97
MS Word 6.0 documents "assessm.doc" (Comparison of Alternative Routes and Modes, 180 kB) and "mktstudy.doc" (review of TRACECA States Operators, 89 kB)

•Progress Report 3, October 97
MS Word 6.0 document "proct97.doc" (99 kB)

•Project Completion Report, February 98
MS Word 6.0 document "pcrfeb98.doc" (119 kB)

•Financial Addendum Report: Conversion of TRACECA Currencies - Creation of Regional Clearing Centres, December 97
MS Word 6.0 document "fardec97.doc" (107 kB)

•Draft Freight Marketing Strategy - Launch of a new rail service on TRACECA Corridor, December 97
MS Word 6.0 document "fmsdec97.doc" (397 kB)

•Legal Matters, February 98
MS Word 6.0 document "lmfeb98.doc" (106 kB)

Co-ordination Team 17. TRACTEBEL TRACECA-

•Interim Report, January 97
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•Final Report, September 97
MS Word 6.0 document "frsep97.doc" (93 kB)

•Interim Report, January 98
MS Word 6.0 document "irjan98.doc" (344 kB)

18. CIE Central Asian Railways Restructuring and Telecommunications Studies

•Inception Report, Kazakhstan Railways, September 97
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•Inception Report, Turkmenistan Railways, September 97
MS Word 6.0 document "ircturk.doc" (76 kB)

•Inception Report, Uzbekistan Railways, September 97
MS Word 6.0 document "irbuzb.doc" (88 kB)

•Inception Report, Telecommunications, January 98
MS Word 6.0 document "iretelec.doc" (153 kB)

19. FINNROAD Road Maintenance

•Inception Report, September 97 :
- Module A: Materials, Plant, Standards September 97
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- Module B: Winter Maintenance September 97
MS Word 6.0 documents "irbsept97.doc" (174 kB)
- Module C: Azerbaijan, Road Sector September 97
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- Module D: Road, Pavement and Bridge Testing September 97
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- Module E: Pre-Feasibility Studies September 97
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•Progress Report, November 97 :
- Module A, Progress Report, November 97
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- Module B, Progress Report, November 97
MS Word 6.0 document "prbnov97.doc" (158 kB)
- Module D, Progress Report, December 97
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- Module E, Progress Report, December 97
MS Word 6.0 document "predec97.doc" (94 kB)
- Module E, Supplementary Progress Report, February 98
MS Word 6.0 document "spefeb98.doc" (196 kB)

•Progress Report 2, March 98 :
- Module A, Progress Report 2, March 98
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- Module B, Progress Report 2, March 98
MS Word 6.0 document "pr2bma98.doc" (44 kB)
- Module C, Final Report, March 98
MS Word 6.0 document "frcmar98.doc" (594 kB)
- Module D, Progress Report 2, March 98
MS Word 6.0 document "pr2dma98.doc" (194 kB)
- Module E, Progress Report, April 98
MS Word 6.0 document "pr2eap98.doc" (140 kB)
- Field Management Module, Progress Report, March 98
MS Word 6.0 document "pr2fma98.doc" (51 kB)

20. HPTI Feasibility Study of New Terminal Facilities in the Georgian Ports

•Inception Report, October 97
MS Word 6.0 document "iroct97.doc" (459 kB)

•Phase I Report, October 97
MS Word 6.0 document "P1oct97.doc" (459 kB)

•Progress Report, January 98
MS Word 6.0 document "prjan98.doc" (391 kB)

Other files are available from the TRACECA Co-ordination Team in Brussels as hard copy in Russian and English and on disk.

Latest updated version June 1998

ANNEX 5

FULL LIST OF PROJECTS ENDORSED AT THE WGC IN TBILISI (5 - 6 MAY 1998)

FULL LIST OF PROJECTS ENDORSED AT THE WGC IN TBILISI (5-6 MAY)

	Project name & description	Duration in months	Budget in ECU
1	Joint TRACECA Commission for Implementation of a Multi-Lateral Agreement - *Provide implementation support to the signatories to the TRACECA multilateral agreement which will include the convening of periodic meetings of the Joint Commission, the establishment of a permanent secretariat, the appointment and support of local experts and the intervention of foreign specialists.*	14	1 100 000
2	International Road Transport Transit Facilitation - (a) Operator Training and International Road Transport Transit Facilitation – *The principle transit facilitation mechanism, at least for Road customs procedures is the TIR system which is being adopted in the region. Actions are needed for assistance in extension of the TIR, its application (with computerisation of clearance procedures for SAFETIR) and operator proficiency training.* (b) Supply of Computer Equipment for SAFETIR operation - *To be carried out with the co-operation of IRU.*	18	2 500 000 500 000
3	Caspian Sea Traffic, and Ports (a) New Caspian Sea Shipping Line(s). *Kazakhstan is on the point of issuing a Ministerial decree on the establishment of a line. Other states have expressed interest in such ventures. A feasibility study on the possible options and commercial prospects for establishing such a company or companies would be of general interest. The possibilities for partial external financing of a company should be investigated, as should the advantages or not of a multi-national JV.* (b) Rehabilitation of the Ferry Terminal for Services to Baku - *A feasibility study emphasising usage and financial issues, to make projections of demand, revenues and operating costs. This will complement the technical report which has already been prepared.* (c) Rehabilitation of Oil Berths 4 & 5 - *A feasibility study covering technical options, economic and financial attraction of carrying out works. Analysis will determine short and long term future of the berths considering oil traffic projections and plans for pipelines* (d) Navigation Channel for Turkmenbashi Port – *Access into the port is via a natural navigation channel, which is reportedly of insufficient depth, and poorly marked, for safe operation of vessels. This project would investigate the technical condition of the access channel, and specify essential works for ensuring uninterrupted operation of the port..* (e) Traffic Forecasting - *The previous TRACECA Forecasting project developed a transport data base and forecasting model, and set up a version in each of the eight original TRACECA states.. This project would reanimate and sustain the effort, particularly within the context of the modules (a), (b), and (c) preceding*	6 6 6 4 18	200 000 250 000 250 000 100 000 700 000 (1 500 000 tot.)
4	Intermodal/Terminal Equipment Bishkek, Kyrgyzstan – *the supply of container handling equipment for main rail/road intermodal terminal* Karmir Belur, Armenia – *ditto* Chimkent/Aktau, Kazakhstan – *ditto* *An investment action to promote intermodal container transport along the TRACECA route(relating to from completed studies, a completed pilot train project, a planned pilot train project, and supply of equipment to other terminals & transhipment points along the route.*	9	 500 000 1 000 000 1 000 000 (2 500 000tot.)
5	Rail Tank Wagon Cleaning Boilers, Baku – *Increasing volumes of Caspian Sea oil are being transported by Azeri railways, and this trend will continue. Existing equipment to clean tank wagons is inadequate and the railways, in spite of having made some investment themselves are not in a position to upgrade their installations and assure the traffic flow without additional gas / diesel powered boilers.*	6	500 000

	Project name & description	Duration in months	Budget in ECU
6	Chardzev Bridge - *A feasibility study has been prepared by TRACECA and recommended that a major new bridge should be constructed at the crucial crossing of the southern TRACECA route over the Amu Darya River (estimated cost 80 MECU). This project is necessary to exhaustively explore the possibilities for financing the construction of the bridge and to assist in preparatory institutional issues.*	12	500 000
7	Traceca Co-ordination Team - *Co-ordination of other TRACECA projects from three offices, in Brussels, Tashkent and Tbilisi. Periodic organisation of Working Group conferences.*	12	900 000
8	Central Asian Rail Development - Procurement & Business Plan - *A region-wide pool of assistance to formulate detailed procurement packages for investments by IFIs in the rail sector, preparation of technical specifications, auditing and reporting. Particular attention to the development of the Uzbekistan Railways EBRD loan project, emerging from the TRACECA Central Asian Rail Restructuring project now nearing completion, and the development of a rolling business plan for this*	18	1 100 000
9	Transportation Equipment Leasing Company, and Regionalised Facilities – *Assist in the establishment of regional rail leasing company for traction and rolling stock. As a preliminary step the legal basis for leasing operations must be investigated and improved. The project would focus on initial interest in rail equipment leasing, but should also allow development of the potential for leasing operations in other transportation modes. This leads into the issue of regional efficiency in the use of fixed transport sector support facilities and their restructuring.*	18	800 000
10	Investment in Aktau Port - *Preparation of design and tender documents, and a capital grant for equipment supply, dependent on the findings of studies in the project Caspian Sea Traffic, Aktau Port, Modules (b) Ferry Terminal & Module (c) Oil Berths...eventually, a tug boat as requested by Port*	12	2 000 000
11	Roads Maintenance (a) Training Centres - *Assist in the re-establishment of road maintenance training centres, design training programmes and curricula, for modern western practical organisation of roads maintenance, including provision of three Falling Weight Deflectometers FWD.* (b) Roads Maintenance Planning - *Develop working roads maintenance plans, rewrite operators manuals, specify suitable mobile and fixed equipment for procurement...project to act as support to investment, or co-financing or substitution for IFI loan aid*	18	2 000 000 500 000
12	FIATA Freight Forwarders Training Centres – *Following the TRACECA Trade Facilitation project several countries have formed national forwarders association and affiliated with FIATA, the international body representing Freight Forwarders. FIATA acts to normalise documentation connected with international transport operations and ensure the correct usage of such documents. Beneficiary states request assistance with familiarisation and training.*	18	2 000 000
13	Ports Management Support and Training - *The Ports of Poti, Baku, Turkmenbashi, and Aktau have been the subject of feasibility studies and loan negotiations for redevelopment, and the realisation of the physical modernisation of these ports is at various stages of realisation. Likewise some institutional support has been provided. The re-adaptation of the ports to their new commercial roles and obligations to pay off eventual loans requires continued management support, particularly with finance, operations, and maintenance planning.*	18	1 000 000
14	Feasibility Study of Links Between TRACECA and China - *A present TRACECA project is carrying out a pre-feasibility study of links between Uzbekistan, Kyrghyzstan, and China. A multilateral agreement on road transport was recently signed in Tashkent between those three countries. Kyrgyzstan has made an official request to the Asian Development Bank for the construction of a North-South rail route. There are quite firm plans to further improve the road link commencing in 1999. This project would provide material assistance to the realisation of these projects.*	12	600 000
		TOTAL:	**20 000 000 ECU**

ANNEX 6

LIST OF PROJECTS AND FICHES RETAINED FOR TRACECA BUDGET 1998

	Project name & description	Duration in months	Budget in ECU
1	Inter-Governmental Joint Commission for Implementation of a Multi-Lateral Agreement - *Provide implementation support to the signatories to the TRACECA multilateral agreement which will include the convening of periodic meetings of the Joint Commission, the establishment of a permanent secretariat, the appointment and support of local experts and the intervention of foreign specialists.*	14	1 100 000
2	International Road Transport Transit Facilitation - (a) Operator Training and International Road Transport Transit Facilitation – *The principle transit facilitation mechanism, at least for Road customs procedures is the TIR system which is being adopted in the region. Actions are needed for assistance in extension of the TIR, its application (with computerisation of clearance procedures for SAFETIR) and operator proficiency training.* (b) Supply of Computer Equipment for SAFETIR operation - *To be carried out with the co-operation of IRU.*	18	(3 000 000 tot.) 2 500 000 500 000
3	Traffic Forecasting, Caspian Sea and Chardzev Bridge (a) Traffic Forecasting - *The previous TRACECA Forecasting project developed a transport data base and forecasting model, and set up a version in each of the eight original TRACECA states. This project would reanimate and sustain the effort, particularly within the context of modules (b, and (c) below.* (b) - New Caspian Sea Shipping Line(s). *Kazakstan is on the point of issuing a Ministerial decree on the establishment of a line. Other states have expressed interest in such ventures. A feasibility study on the possible options and commercial prospects for establishing such a company or companies would be of general interest. The possibilities for partial external financing of a company should be investigated, as should the advantages or not of a multi-national JV.* - Rehabilitation of the Ferry Terminal for Services to Baku. *A feasibility study emphasising usage and financial issues, to make projections of demand, revenues and operating costs. This will complement the technical report which has already been prepared.* - Navigation Channel for Turkmenbashi Port – *Access into the port is via a natural navigation channel, which is reportedly of insufficient depth, and poorly marked, for safe operation of vessels. This project would investigate the technical condition of the access channel, and specify essential works for ensuring uninterrupted operation of the port.* (c) Chardzev Bridge - *A feasibility study has been prepared by TRACECA and recommended that a major new bridge should be constructed at the crucial crossing of the southern TRACECA route over the Amu Darya River (estimated cost 80 MECU). This project is necessary to exhaustively explore the possibilities for financing the construction of the bridge and to assist in preparatory institutional issues*	18 6 6 4 12	(2 000 000 tot.) 1 000 000 200 000 200 000 100 000 500 000
4	Intermodal/Terminal Equipment Bishkek, Kyrgyzstan – *the supply of container handling equipment for main rail/road intermodal terminal* Karmir Belur, Armenia – *ditto* Chimkent/Aktau, Kazakhstan – *ditto* *An investment action to promote intermodal container transport along the TRACECA route(relating to from completed studies, a completed pilot train project, a planned pilot train project, and supply of equipment to other terminals & transhipment points along the route.*	9	(2 500 000 tot.) 500 000 1 000 000 1 000 000
5	Rail Tank Wagon Cleaning Boilers, Baku – *Increasing volumes of Caspian Sea oil are being transported by Azeri railways, and this trend will continue. Existing equipment to clean tank wagons is inadequate and the railways, in spite of having made some investment themselves are not in a position to upgrade their installations and assure the traffic flow without additional gas / diesel powered boilers.*	6	500 000
6	Traceca Co-ordination Team - *Co-ordination of other TRACECA projects from three offices, in Brussels, Tashkent and Tbilisi. Periodic organisation of Working Group conferences.*	12	900 000
		TOTAL	**10 000 000**

INTER-GOVERNMENTAL JOINT COMMISSION FOR IMPLEMENTATION OF A MULTI-LATERAL AGREEMENT

Final Recipients: Signatory states to the TRACECA Multi-Lateral Agreement (MLA)

Justification and Objectives:

Since the break-up of the Soviet Union TRACECA states have entered into a series of agreements to regulate transit traffic between and across their territories. These may be summarised as:

- bi-lateral agreements, which are the most prolific, and somewhat difficult to catalogue and administer
- multi-lateral, such as the so-called Sarakhs agreement of May 1996 which is working proof of the regional will to facilitate and to regulate transit traffic on a broad basis. Other agreements exist within the framework of the OCJD for rail transport.
- international conventions, such as the TIR. Most states are in the process of adhering to the main conventions sponsored by such bodies as UN-ECE.

The problem is that in the absence of a broad multi-lateral framework agreement a somewhat chaotic situation exists at the operator level, particularly in road transport. Transporters are confronted by a confusing, fluid regulatory environment, and transit fee structure, sometimes administered at both national and oblast level.

Past and current TRACECA projects have analysed the present situation of the 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. The projects of most relevance include :

- A project to provide assistance in the establishment of Transport Legal Framework in each TRACECA state. The project worked with local experts to propose and assist in the implementation of national legislation for the transport sector, a draft MLA which is the subject of this present project, and adherence to the most useful international conventions

- A project entitled Trade Facilitation has carried out a detailed survey of current trade documentation usage, border crossing conditions and recommended streamlined procedures, which are being partially implemented in the region.

The MLA calls for the establishment of a Joint Commission to administer and promote the agreement and its technical annexes. The creation of such a Joint Commission should be conditional on the signing of the MLA by sufficient states to give it realistic chances of success. This project fiche presupposes the signature of the TRACECA MLA by sufficient states to merit its implementation.

While the principal role of the Joint Commission will be to administer the MLA it should also serve as a regional consultative body for trade and transport issues. The opportunity should be taken to create parallel National Facilitation Commissions (referred to below as "National Commissions") in each of the participating states to reinforce the work of the Joint Commission at a local level and to facilitate local consultation.

The Joint Commission will require an administrative secretariat with representation in each participating state at a high level in government. The Joint Commission will comprise the Main Committee and specialised Working Groups for the technical annexes on road, rail, maritime and customs issues.

The objective of the consultancy mission defined in this fiche is to establish and to support the activities of such a Joint Commission for one year.

Main components

In accordance with the MLA the Joint Commission will:

- regulate all questions concerning implementation and application of the framework agreement and its technical annexes;
- regulate the conditions of access to the transport market for each mode of transport except air transport with particular emphasis on user charges;
- regulate conditions for carrying out specific categories of traffic such as dangerous goods and perishable goods movement;
- develop a data bank of information on national and international transport legislation and transport policy and management and make this information available to participating states;
- develop effective links with other international organisations such as the UN, ECE, European Union, IRU, FIATA etc.;
- promote the development of multimodal transport infrastructure links and services in the region;
- promote the development of modern freight forwarding and transport insurance services in the region;
- attempt to implement common Customs and documentation procedures in the region;
- attempt to co-ordinate the development of transport policy in the region;
- attempt to develop a common transport policy towards third countries not participating in the agreement;
- attempt to develop a common legislative framework for trade, Customs and transport in the region;
- attempt to co-ordinate the enforcement of laws in the region;
- attempt to co-ordinate the ratification of international trade, Customs and transport conventions and agreements in the region;
- provide a focus for regional consultation between government officials and Trade Association representatives of carriers, forwarders, transport insurers, banks and other relevant representatives

The role of the consultant for this project will be to provide the initial organisational support to establish the Joint Commission, and to provide expert professional assistance in the domain.

Project Budget	1 100 000 ecu
Implementation timetable	14 months (12 months complete implementation plus 2 months overlap to allow a further 12 months follow-up, to be proposed and financed eventually from a subsequent TRACECA budget)

INTERNATIONAL ROAD TRANSPORT TRANSIT FACILITATION

Final Recipients:
The Ministries of Transport and Customs Authorities of the TRACECA States, including Ukraine and Mongolia, and duly acknowledged associates of international road transport operators.

Justification and Objectives:
The break up of the FSU left the NIS to establish new customs authorities and border crossing procedures for international road transport. Also several bi-lateral agreements have been negotiated to regulate access to the market for cross-border trucking, mainly on the basis of quota systems. The situation is promoting inefficiency.

Two previous parallel TRACECA projects have addressed these issues. The Trade Facilitation project proposed simplified transit documentation based on the SAD (Single Administrative Document). The Legal Reform project, among many other things, promoted adherence by the TRACECA states to the Customs Convention on the International Transport of Goods by Road under the cover of TIR carnets, or TIR Convention (governed by a TIR Administrative Committee within the UN/ECE, where representatives of the national customs authorities are sitting), which provides a mechanism for simplifying customs procedures for goods transiting by road. Eight out of ten TRACECA countries are currently contracting parties to the TIR convention. Five TRACECA country associations are now authorised by the International Roads Union or IRU (the official administrator of the system) to issue TIR carnets.

The Legal Reform project also proposed a blanket Multi-Lateral Transit agreement in collaboration with a forum of beneficiary experts and authorities. Action is now underway to have this agreement approved at the necessary high level for implementation. Whether or not approval of the agreement is reached, the problems will still have to be addressed at operational level for improvement to be brought about.

The project should also address the adherence of the TRACECA countries to the European Agreement on the Transport of Dangerous Goods by Road (ADR), as well as the related training of drivers and managers, the latter within the training part of the project.

Furthermore, in the EU it is necessary for a road transport operator to possess an operator's licence issued on the basis of his good repute, professional competence and financial capacity to be allowed to offer services on the market. The Certificate for Professional Competence (CPC) represents the proof for the operator's professional competence. For beneficiary state operators to provide carriage to Europe the equivalent licence shall be obtained (issued by their competent bodies) and a previous TRACECA project (Road Transport Services Central Asia) addressed this issue by setting up training courses with the collaboration of the IRU.

Given the background, their previous and present involvement in the region, the IRU has proposed this project. Requests for assistance to follow-up on the Trade Facilitation project have been made by the beneficiaries.

Clearly, to boost trade, reduce delays at border crossings, avoid customs fraud, and improve the international competitive position of our beneficiary state operators a considerable effort is required, co-ordinated with competent international bodies, the customs authorities, the Ministries of Transport and the operators' professional organisations, through training agencies. Such are the objectives of this project.

Main Components

1. Review of the existing national legislation, adherence to existing international conventions, the legal status of present training and licensing schemes, existing bi-lateral agreements. Particular attention to the present status of TRACECA proposed legislative and multilateral proposals. Assistance with the enactments and decrees necessary for the promotion of project objectives.

2. Training for professional operators:

   Identification of training institutional infrastructure, and partner training agencies for the project.
   Negotiation of national agreements between the parties involved.
   Market survey of the training needs and supply.
   Design of curricula
   Training actions, including provision of physical equipment.
   Training of trainers and management of centres.
   Follow-up support.

3. Adherence to the TIR and ADR by those countries which have not completed formalities:

   Assist in the introduction of relevant documents.
   Provide advice and model agreements, establishing contractual arrangements between customs and national guaranteeing associations.

4. Pilot computerisation of the system to implement SAFETIR at the inland terminals:

   Technical and expert assistance in launching the SAFETIR system (in co-operation with the IRU)
   Identification and confirmation of centres for installation of the system
   Design of systems architecture and interfaces with existing functional procedures
   Training of the relevant customs and associations staff with regard to SAFETIR.

5. Procurement of the equipment necessary for the preceding:

   Writing of detailed specifications
   Launching and evaluation of tenders for supply of equipment according to TACIS rules
   Co-ordination and supervision of supply and installation of the equipment
   Commissioning of the system

Project Budget	3 000 000 ecu
Equipment for training centres	410 000 (within technical assistance)
Computer and telecomms equipment	500 000 (border crossings)
Sub-total	*910 000*
Project management, supervision	100 000
Components 1 and 2	1 300 000
Component 3	300 000
Component 4	390 000
Sub-total	*2 090 000*

Implementation timetable 18 months

TRAFFIC FORECASTING, CASPIAN SEA AND CHARDZEV BRIDGE

Final Recipient:

- the Ministries of Transport, or their equivalent Ministries for Road and Rail Transport;
- Turkmenistan, and the states dependent on transit traffic across the Chardzev Bridge.

Justifications and Objectives:

This project regroups themes developed from problems and opportunities identified by the TRACECA Working Groups and by the TRACECA projects carried out previously.

It is divided into five modules as follows :

- Module(a) TRACECA Traffic Database and Forecasts (± 50% of budget);
- Module (b) - *New Caspian Shipping Line* *(± 10% of budget),*
  - *Rehabilitation of the Ferry Terminal for Services to Baku* *(± 10% of budget),*
  - *Navigation Channel for Turkmenbashi Port* *(± 5% of budget);*
- Module (c) Chardzev Bridge (± 25% of budget).

* Note : - there is a certain variation possible in the scope of these Modules;
- Module A is the common Module to providing input to the others.

(a) Traffic Forecasting

A previous TRACECA project developed a transport data base and forecasting model, and set up a version in each of the original eight TRACECA states. The project was useful to other TRACECA projects at that time, and appreciated by the beneficiaries. However the project was not of sufficient duration to institutionalise the concept of centralised multi-modal data collection, nor to convincingly teach the complex principles of traffic modelling and its utility. The objectives of this project component would be to reanimate and sustain the previous effort, particularly within the context of the modules (b) and (c) below, while at the same time collecting broader transport data sets and updating the data base. The end objective would be to establish an autonomous TRACECA data collection centre(s). This module should be linked to the TRACECA Inter-Governmental Joint Commission project. The components below all require sound forecasts of future traffic to permit valid investment decisions.

(b) New Caspian Shipping Line / Rehabilitation of the Ferry Terminal for Services to Baku / Navigation Channel for Turkmenbashi Port

New Caspian Shipping Line

The Caspian Sea region is rich in natural resources and is expected to become one of the worlds most dynamic economic growth areas. The Sea itself should become a major transport interface between Europe and Asia. At present much remains to be done to realise this potential.

There is a general interest in the establishment of new shipping lines. Kazakhstan is entirely dependent on foreign shipping lines for its export-import trade to the west through Caspian Sea ports (principally Azeri and Iranian vessels calling at Aktau). In fact the viability of a line would be largely dependent on such factors as demand, tariffs, charter rates and running costs. These are very similar, whatever the ownership of a line (national, private or state, JV with or without a foreign partner). The ownership and place of registration would impact such factors as taxation. Therefore a feasibility study or business plan for the establishment of such a line would reveal the general opportunity and be of wide interest.

The objectives of this component of the project would be to prepare a business plan for the establishment of a new Caspian Sea shipping line. This should include marketing studies, a draft financial plan (including the terms under which external loans or equity participation might be attracted), an outline schedule with

milestones, and the regional interest. Legal and taxation issues should be reported.
Within the context of this project some assistance with familiarisation of international regulations would be provided to the mariners associations of the TRACECA Caspian Sea border states, preparatory to there adopting a wider role in world shipping.

Rehabilitation of the Ferry Terminal for Services to Baku
The northern branch of the TRACECA corridor passes through the Port of Aktau. It is the preferred routing by Kazakhs for their traffic, as obviously it increases revenues to the Kazak railways and the port of Aktau, relative to the more southerly route passing through other states.
The Port of Aktau is recovering from a decline in traffic, thanks to its ideal position for servicing the Tenghiz oilfields, and an increase in general cargo between other origins and destinations.
Between 1986 and 1992 the Port operated a ro-ro ferry service between other ports, principally Baku. Due to the conflict in the Caucasus this service was halted. The condition of the ferry ramp in Aktau has deteriorated due to age and lack of attention, so that today it is not operable. A technical mission has made a brief inspection of the facilities and reported on the requirements to re-commission the ramp and associated facilities.
The Port of Aktau has negotiated a loan of approximately 60 MUSD from the EBRD for rehabilitation of the general Port facilities. This loan does not cover the ferry ramp.
However, preliminary indications are that there is a demand for this service and it could be a profitable for the port to offer it. There is also a strategic utility of the ramp, in providing an alternative Caspian sea crossing in competition to the southern TRACECA route, and eventually relieving it of overloading, particularly by road traffic.
The Department of Maritime Affairs has advertised to find a private developer and operator of the ferry terminal. This is an excellent initiative, but no serious propositions have been received. Furthermore, given the high potential of future oil field development related cargoes the terms of a private concession might lead to initial under-valuation of the enterprise.
The objective of component (b) of this project is to carry out a feasibility study of the economic and financial potential of the ferry terminal, for either road, or both road and rail.
Note that resources are sufficient in components (b) and (c) of this project to prepare detailed designs and tender documents. Resources may be reallocated between the components after priorities for investment priorities are indicated by the feasibility studies.

Navigation Channel for Turkmenbashi Port
Access to the port is via an excavated navigation, which is reportedly of insufficient depth, and poorly marked for the safe operation of vessels. The deepest draft vessels which use the channel at present are the Caspian Sea Shipping Company ferries. Occasionally tankers of deeper draft use the channel, and access by this type of vessel may increase in the future. The port is equipped to carry out its own dredging maintenance. According to reports this equipment is not ideal but adequate.

The objectives of project component (d) is to carry out field investigations and to report on the siltation regime of the channel, and to propose a maintenance plan to assure the security of navigation to the port. An investment plan is to be proposed if additional resources are vital to assure the ports operations.

(c) Chardzev Bridge
This project concerns a proposed new rail and road bridge over the Amu Darya River at Chardzev. The crossing is a most vital strategic transport link for the whole Central Asian region. It's importance to the economies of the region cannot be over-emphasised.
A feasibility study has been carried out by TRACECA and has recommended the construction of a new bridge costing of the order of 80 MUSD. It concluded that:
The existing bridge is in a very poor condition and cannot remain in full service for much longer. Some

urgent maintenance actions are required, but the recommendation is that the bridge be replaced.
The pontoon crossing for road traffic is operating at capacity, and provides an excessively low level of service. The recommendation is that a road bridge be constructed at the same time as a new rail bridge is built.
It remains now to organise the financing for the reconstruction under the most favourable conditions for Turkmenistan and the region.
An economic and financial analysis of the implications of these findings is available in the above mentioned feasibility study.
The objectives of the present project are to advance the planning for the construction of the new combined road/rail bridge and in particular to develop for the bridge, in step:

- a financing package for the construction
- an agreement for its ownership and operation

The expected final result of the module should be the creation of an investment package and all associated agreements relating to construction, operating, and ownership of the proposed new bridge. This is to include identification of the most interested investment partners, and assistance in negotiations to the Government of the Republic of Turkmenistan.
TACIS has made known the possibility of eventual partial grant financing of the construction, one major IFI has expressed interest in the project as in investor, and another as a loan guarantor.

Main Components

(a) Traffic Forecasting

- Collate data from, or as part of. the preceding project components.
- Establish systematic multi-modal data collection from the original TRACECA states in the format of the existing TRACECA database (road, rail and maritime).
- Carry out any additional site surveys to fill in or verify the data sets.
- Establish a centralised or dispersed permanent database with systematic linkage and access the region, on a sustainable basis.
- Support data collection throughout project duration.
- Carry out traffic modelling studies as required by the TRACECA programme, in particular for components (b) and (c) below.
- Carry out a structured programme of training in transport database design and management throughout the project.

A maximum of regional collaboration and delegation of work to local institutions is to be encouraged.

(b) New Caspian Shipping Line / Rehabilitation of the Ferry Terminal for Services to Baku

New Caspian Shipping Line

- Carry out detailed surveys (origin-destination, tariffs,...) of all present Caspian Sea traffic. Seasonal and other exceptional variations should be taken into account. The investigation should cover non-TRACECA O/D such as transit through the Volga-Don and Iranian ports. The major shippers such as oil companies should be interviewed
- Carry out a detailed investigation of the technical conditions for navigation on the Caspian and Volga-Don (ports, vessels, waterways,...). Use existing sources such as previous TRACECA work, TACIS Russian Inland Waterways project, and augment as necessary with site investigation. Investigate the position of all present operators on the sea. Investigate the regulatory environment, state cargo quotas, tariff regulations, charter rates, and other local parameters of bearing.
- Past TRACECA projects, and journals specialising in the Caspian Sea development should be consulted (e.g. Economist Intelligence, Petroleum journals,...).
- Investigate the intentions, and possibilities, of existing companies and new operators who might be

attracted to the market (TRACECA state, private, EU,...).

- Develop the most feasible options for the establishment of new lines. Report in detail a proposed business plan, indicating the most potentially profitable programme to establish any such line (market segments to be served, procurement of fleet, staffing, registration, financing,..).
- Discuss in detail the development of the business plan with local interested operators, such that they might adopt the plan if appropriate. Likewise, discuss in detail the plan with interested development banks who might wish invest in the sector.

Rehabilitation of the Ferry Terminal for Services to Baku

Investigate and report on:

- the demand for the service including detailed origin-destination studies of existing traffic across the Caspian;
- the probable investment costs, operating costs and revenues;
- the availability and willingness of ferry operators to serve the port.

Recommend:

- the preferred technical alternative to reopen the terminal;
- the institutional structure for ownership and operation of the terminal;

Navigation Channel for Turkmenbashi Port

Investigate and report on :

- the existing depths of the channel;
- the historic records of channel depths, local operators and consultants reports;
- past and current dredging practice;
- the current equipment for dredging at the disposal of the port;
- channel marking issues (buoys, lighting,...).

Recommend :

- a channel maintenance plan, using as far as possible the existing resources at the disposal of the port
- an investment plan or schedule for items not at the disposal of the port and essential to continued operations.

The recommendations should take into account fluctuations of the Caspian Sea and offer a similar factor of security for future operations, as has been the basis of the port reconstruction currently planned

(c) Chardzev Bridge

The Consultant will be required to liaise and assist the Turkmen authorities, acting as their confident and advisor, so that the project is given the maximum possibility of realisation on terms most favourable to Turkmenistan and to the economic development of the region. Phases of activity may be foreseen as follows :

1. Review and refinement of the previous study - A critical review of the feasibility study will be carried out, verifying the basic variables determining the investment attraction of the bridge. It is to be expected that potential investors will pose additional questions concerning the economic returns to be expected, and therefor refinements to the report will need to be prepared.
2. Diffusion of Information and Solicitation of Investor Interest - On the basis of the review and additions or adaptations to the overall case for construction of a new bridge, the consultant will create a preliminary information pack and diffuse it to potential financing agencies, equity or operational participants, world-wide. He will follow-up by discussing the project with any credible and interested parties.
3. Conceptual Design of Management and Financing Options - In close collaboration with the beneficiary and any lead financial institutions which emerge the consultant will determine the most viable and acceptable options for financing of construction and maintenance of the bridge. He will propose options for ownership, management and user fees.
4. Draft Agreements, Legislation and Tender Documents - The consultant will draft detailed agreements as

may be required, and assist in the preparation of tender documents

5. Donors Meeting and Follow-up – It is anticipated that a donors meeting should be organised in Ashghabad or possibly elsewhere during the course of the project, at the most opportune moment. After draft documents are prepared and agreed with the beneficiary and his financers, then the consultant will be required to provide follow-up consultancy as may be required to facilitate the consolidation of financing and operations agreements.

Project Budget	2 000 000 ecu
Component (a) Traffic Forecasting	1 000 000
Component (b)	
New Caspian Shipping Line	200 000
Rehabilitation of the Ferry Terminal for Services to Baku	200 000
Navigation Channel for Turkmenbashi Port	100 000
Component (c) Chardzev Bridge	500 000
TOTAL	**2 000 000**

Implementation Timetable	**24 months**
Component (a) Traffic Forecasting	18 months
Component (b)	
New Caspian Shipping Line	6 months
Rehabilitation of the Ferry Terminal for Services to Baku	6 months
Navigation Channel for Turkmenbashi Port	4 months
Component (c) Chardzev Bridge	12 months

INTERMODAL/TERMINAL EQUIPMENT

Final Recipient:

The Department of Rail Transport of the Ministry of Transport of Kyrghystan

The Department of Rail Transport of the Ministry of Transport of Armenia

The Departments of Rail Transport and Ports of the Ministry of Transport of Kazakhstan

Justifications and Objectives:

This project consists of the supply of intermodal/terminal equipment to platforms in three countries :

- Bishkek (Kyrhgyzstan);
- Karmir Belur (Armenia);
- Chimkent/Aktau (Kazakhstan).

** Note on the terminal at Karmir Belur*

- *the container traffic in Armenia increased by more than 40% (15 000 TEU) in the last year;*
- *the railway container terminal at Karmir Belur is the only operational one near Yerevan;*
- *the terminal at Karmir Belur is vital for the supply of containers to Armenia;*
- *to date, the terminal of Karmir Belur has no facilities to deal with 40 ft containers;*
- *a pilot train Tbilisi-Yerevan, serving Karmir Belur, was launched in the TRACECA project 'Joint Venture for the Trans-Caucasian Railways' and will be consolidated in the TRACECA project 'Intermodal Services' (started in June 1998).*

Container traffic in the FSU comprised mainly small non-world standard metal box units. As a consequence ports and rail terminals in the TRACECA region are ill-equipped for handling 20 ft ISO containers (which are the standard "TEU" for volume statistics) and find the more modern and efficient ISO 40 ft container near impossible to transit or receive.

Given the distances between the EU and the TRACECA region multimodal transport most certainly has a great future. Since independence general traffic with the EU has been growing and now represents 27% of Caucasus international trade and 21% of that of Central Asia (excepting Kazakhstan) and 8% in Kazakhstan (the largest volume exporter). The potential for container traffic that could use the TRACECA itineraries is estimated at 80 000 TEU per year or more.

Present container traffic is much lower. Certain problems are institutional but also the handling equipment throughout the region is very inadequate. Principal physical deficiencies are the inability to transfer 40ft containers between rail wagons, road trucks, and storage areas. Certain bottlenecks are already being opened up by current TRACECA actions and planned investments in ports by the EBRD.

Through traffic at the port of Aktau is delayed by the need to call up a shunting locomotive from outside sources to move wagons serving the port. Hire charges also bear on the Ports financial viability.

Previous and current TRACECA projects which addressed these issues are the Intermodal Transport technical assistance, the projects for feasibility studies and technical designs at the main ports, the Tariffs and Timetables technical assistance, Trans Caucasus Express pilot train, and a current proposed extension of this service into Central Asia. Equipment is being supplied specifically for handling container traffic across the Caspian, and the containerisation of cotton in Uzbekistan.

The object of this present project is to further facilitate the development of containerised transport by the provision of heavy equipment for container handling.

Follow-up actions are foreseen within the Intermodal Services project to address issues of the organisation of rail operations to best attract and handle container freight.

Main Components

The project is essentially one of equipment supply. As mentioned above institutional and commercial aspects are largely covered in other TRACECA projects.

Discussions with beneficiaries are to be concluded for the final definition of the functional requirements of the equipment, the basic training in usage and maintenance, and delivery of a preliminary stock of spare parts. Demand for such equipment by beneficiaries is high, and the final schedules of equipment selected are to be matched to most pressing needs and to the budget.

Thereafter will follow the preparation of technical specifications, and procurement activities including the organisation of tenders, the control, co-ordination and supervision of the supplies.

Given the background work already carried out the project would supply machines of 40 tonne capacity with telescopic spreaders, and associated equipment for handling 40ft ISO containers. These would constitute the core of the delivery and the major budget items. Complementary equipment would be supplied according to the circumstances of each terminal concerned, typically :

Bishkek: (to be confirmed with beneficiary)

1no. Reach stacker

4no. Skeletal trailer chassis for 40ft containers

2no. PC for terminal management

Karmir Belur: (to be confirmed with beneficiary)

2 no. Reach stacker

4 no. Forklift trucks for container and wagon stuffing

4 no. Skeletal trailer chassis for 40ft containers

2 no. PC for terminal management

Chimkent/Aktau: (to be confirmed with beneficiary)

1 no. Reach stacker

4 no. Forklift trucks for container and wagon stuffing

6 no. Skeletal trailer chassis for 40ft containers

1 no. terminal tractor

2 no. PC for terminal management

1 no. Shunting Locomotive

Training in the operation and maintenance of the equipment would be provided, as would a reserve of spare parts.

Project budget	**2 500 000 ecu**
Bishkek	500 000
Armenia	1 000 000
Chimkent/Aktau	1 000 000

Implementation timetable 9 months

RAIL TANK WAGON CLEANING BOILERS, BAKU

Final Recipient:
The Railways of Azerbaijan

Justification and Objectives:
There is only one steam cleaning station for rail tank wagons in the Transcaucasian area, at Baladjar, in the neighbourhood of Baku (10 km north of the centre of the city).
Operating since 1938, this unit, which is essential for the efficient movement of crude and refined oil transport by rail tank wagon has been in operation since August 1996 with a makeshift (1954 vintage) steam boiler producing only 2 tons of steam per hour.
An additional five boilers capable of producing the necessary steam stopped functioning due to furring-up and lack of maintenance in 1995. There were also supply difficulties in obtaining spare parts between 1990 and 1995 due to a combination of war, embargoes and the suspension of Russian contracts.
The replacement of these boilers is an absolute priority in order to guarantee the increasing transportation of oil products. In the year 2000, it is forecast that 100 000 tank wagons a year will need cleaning.
In annex a Technical Data note shows the development of the railway traffic for oil products, and other technical parameters.
In 1996, the Azerbaijan Railways purchased 2 Canadian boilers of 8 tons steam per hour each. They are in the process of being installed but will not be sufficient to meet the increasing needs as described above.
As the Azerbaijan Railways do not have funds available to complete the equipment a further 3 gas/diesel boilers of similar capacity should be purchased.
The Azerbaijan Railways invoice oil companies 100,000 Manats (24 USD) for each tank wagon cleaned. This revenue will allow the Azerbaijan Railways to benefit from the income generated by the transit of Kazakh oil. These investments on the railway will finance on the short term the transportation of Azerbaijan oil products. At the moment, there is no income from Azeri oil .
The objectives of the project are:

- Purchase of 3 gas/diesel boilers of 8 to 10 tons steam/hour each.
- Transportation and installation of these boilers at the Baladjar site
- Training of Baladjar railway staff for operations and maintenance

Main Components:
Supply and installation of 3 boilers of 8 tons steam/hour each
Gas or diesel power required.
Training for operation and maintenance of boilers to be provided by the supplier
Foreseen within the budget also are procurement activities including the organisation of tenders, the control, co-ordination and supervision of the supplies.
This project is linked to other TACIS Inter-State actions, notably:
- Caucasus Rail Restructuring, which is intended to facilitate EBRD investment in the rail sector in Georgia and Azerbaijan, and to establish a programme for the long term development of these railways, both physically and institutionally.
- Railways Infrastructure Maintenance

Project budget	500 000 ecu
Boilers + transport	470 000
Installation + training maintenance	30 000
TOTAL	**500 000**

Implementation timetable 6 months

Technical data:

Steam necessary to clean tank wagons:
0.250 tons of steam

Development of tank wagon cleaning needs:
Today: 60 000 wagons/year
Within 2 years: 100 000 wagons/year

Boiler needs:
To absorb the present amount of work and the exceeding amount of work to come:
It is essential to add 3 boilers to the 2 Canadian boilers being installed. They should run on gas and diesel.

Space available:
The measurements of the concrete pad on which are placed the boilers is: 8.2 m x 19.3 m
A distance of 1.5 m between every boiler is needed for safety and by security rules. Both Canadian boilers being installed have the following measurements: 6 m x 2.4 m.

Required power:
The Canadian boilers will produce a capacity of 8 tons steam/hour.
In order to keep the installation well-balanced, the capacity of supplementary boilers should be of 8 to 10 tons steam/hour.

Installation/Maintenance:
It is considered to be essential to include into the budget an installation team from the manufacturer who would also provide the necessary maintenance training.

TRACECA COORDINATION TEAM

Final Recipient:

The Ministries of Transport of the ten 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, to which has been added Mongolia and the Ukraine

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, 22 TRACECA technical assistance and five investment projects, as well as several related interstate projects were launched. Four 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.

Therefore a co-ordination team has now established two TRACECA Regional co-ordination offices, one in Tbilisi for the Caucasus, and a Central Asian office in Tashkent. A further office is maintained in Brussels. The objective of this present project is to support this co-ordination activity for a further year.

Main Components:

- maintenance of existing TRACECA Co-ordinating Offices in Tbilisi, Tashkent and Brussels.
- management of local co-ordinators in all TRACECA founder state capitals.
- project management :
    - detailed preparation and launching of projects;
    - 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 by means of libraries in Brussels, Tashkent and Tbilisi and on the Internet.;
    - 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;
- planning for a Working Group Meeting in April 1999.
- co-ordination of development of the TRACECA corridor with the objectives of the EU's transport policy and in particular with the Trans European Networks.

Project Budget : 900 000 ecu

Implementation Timetable: 12 months

ANNEX 7

TERMS OF REFERENCE
FOR TECHNICAL ASSISTANCE PROJECTS
(BUDGET 1998)

ANNEX 7A

INTERNATIONAL ROAD TRANSPORT TRANSIT FACILITATION

EUROPEAN UNION - TACIS

Technical Assistance to the Southern Republics of the CIS including Ukraine and Mongolia - TRACECA

TRADE AND TRANSPORT SECTORS

Terms of Reference

for

INTERNATIONAL ROAD TRANSPORT TRANSIT FACILITATION

Final Beneficiaries:
TRACECA Region Ministries of Transport, Customs authorities and duly acknowledged professional associations of international road transport operators in the TRACECA countries

CONTENTS

ALL MODULES

1. Background

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

Armenia,	Kyrgyzstan
Azerbaijan	Tadjikistan
Georgia	Turkmenistan
Kazakhstan	Uzbekistan

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-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)

TRACECA (Transport Corridor Europe Caucasus Asia) was thence created as a component of the TACIS interstate programme. The states above are refereed to as the TRACECA founder states (TFS).

Regional sectoral Working Groups (trade, rail, road, maritime), composed of experts and officials from each TRACECA state and European Union (EU), have been established as part of the TRACECA programme. They meet periodically. They have inaugurated specific projects including this present one, and will monitor results. Members are drawn from Ministers of Transport and Trade, who form the recipient partners of this project.

At the last WG conferences held in Athens, and in Tbilisi, Mongolia, Ukraine and Moldavia were admitted to the TRACECA programme, and become beneficiaries of this project as well as the eight original TRACECA states.

A TRACECA Co-ordinating Team has been set up, with permanent offices in Brussels, Central Asia and the Caucasus.

1.1 Needs of Beneficiaries

The break up of the FSU left the NIS almost completely unprepared for the regulation of both national and international road freight transport in an emerging free-market environment. The situation differs from state to state.

It has been necessary to establish national customs authorities, transit documentation and border crossing procedures for international road transport. Likewise the NIS are progressively considering which international conventions are of most relevance to their situations and establishing national institutions to enforce those conventions of most immediate need. Since independence several bilateral agreements have been negotiated to regulate international trucking, mainly on the basis of quota systems, with fees which provide, in theory, a revenue flow towards funds for road maintenance. The situation is not at all clear and there seems to be no overall structure or policy within each participating state and with its neighbour.

Regulation of the internal road transport market is lacking cohesion although some mechanisms are being established for operator licensing (CPC) similar to that applied in the EU.

Even without having precise statistics on the volumes of hazardous goods carried by Traceca hauliers, one can argue that this kind of transport, covered by the UN/ECE European Agreement on the Transport of Dangerous Goods by Road (ADR) of 30 September 1957 is of particular importance for

the region due to the fact that most of the countries are, or will be, producers and exporters of petrol and petrol products. The average figures for market economies show that hazardous goods transport constitutes around 15% of the whole amount of goods transported by road. Indeed, dangerous goods transport by road is much more demanding in terms of safety and quality. Given that ADR is part of the community *acquits*, as well as the fact that almost all Central European countries are currently Contracting Parties to the ADR, and that they are applying it for both national and international transport, it is compulsory for the countries in the region to join ADR if they want to be allowed to operate such transport and to reach European markets by road.

At present, no country in the region is a Contracting Party to the ADR.

The TIR Convention of 1975 (as well as the first one from 1949) is a particularly important international accord for facilitating the movement of goods by road cross frontiers. For many years this convention has been the backbone and one of the main driving forces of trade exchange in Europe. The TIR Convention is part of the UN-ECE main legal body. It is governed by a TIR Administrative Committee, where representatives of the competent authorities of all Contracting Parties are sitting, while the working administration is handled by the International Road Transport Union (IRU), which is the world umbrella organisation of road transport business. An important role in the TIR system is played by the national guaranteeing associations – trade organisations of international road hauliers – which are issuing and guaranteeing the TIR carnets on their national territories.

The current state of adherence of the ten beneficiary countries to the TIR Convention is summarised as follows:

Position of the 10 TRACECA countries as at January 25, 1998

Country	**G'teeing Association**	**Issue carnets since**	**Cont. Party to the TIR since**	**Int. G'tee System in operation since**
Ukraine	AIRCU	April 95	Sept. 91	April 95
Georgia	GIRCA	Nov. 95	Sept. 94	Nov. 95
Azerbaijan	ABADA	Nov. 97	Dec. 96	Nov. 97
Armenia	not yet	no	June 94	no
Turkmenistan	THADA	no	March. 97	no
Uzbekistan	AIRCUZ	Dec. 96	March. 96	Dec. 96
Kazakhstan	KAZATO	March. 96	Jan. 96	March.96 (temporarily suspended)
Kyrghyzstan	Kyrgyz AIA	no	no	no
Tadjikistan	ABBAT	no	March. 97	no
Mongolia	not yet	no	no	no
Moldavia	AITA	March. 94	Nov. 93	

According to the provisions of the TIR Convention, the latter enters into force for new Contracting Parties (and goods can transit) 6 months after the date of the deposit of their instrument of ratification/accession.

Another important precondition is that with no guarantee system in place (provided by national guaranteeing associations of road hauliers affiliated to the IRU) the system cannot function, and goods cannot be legally discharged in the country.

Five TRACECA associations from five countries are now authorised by the International Road Transport Union (IRU) [*the operational administrator of the system; while the TIR Administrative Committee within the UN/ECE is the highest decision making body*] to use the TIR system (Azerbaijan, Georgia, Kazakhstan – this latter association is temporarily suspended from the TIR regime but it is expected to join the system within months -, Uzbekistan and Ukraine). Eight out of the ten TRACECA states have national road freight transport associations affiliated to the IRU, the exceptions being Mongolia and Armenia. The participating states with associations but which are not yet issuing TIR carnets are in various stages of progress towards application of the system. Practically all customs officials are familiar with the TIR system, and some know it in considerable detail.

1.2 Problems to be Addressed

This project regroups three themes as follows:

		Approximate percentage budget
Module A	Creation of a network of training centres (including 15% of total project budget for training centre equipment)	**ECU 2 125 000**
Module B	Adherence to the TIR Convention of 1975 and SAFETIR implementation	**ECU 375 000**
Module C	Procurement of equipment for SAFETIR Border Crossings	**separate budget**

The budget available for Module C SAFETIR Border Crossings is an additional **ECU 500 000**

1.2.1 Module A - Creation of a network of permanent vocational training centres

Road transport has a vital role to play in the economic revival of the countries in the region, through facilitated and increased trade exchange with Europe. Experience in Central and Eastern Europe shows that failing to provide proper national legal framework, adherence to the main body of the international transport and customs legislation, as well as training facilities at an early stage of the transition period, combined with appropriate examination and certification, can result in the exclusion of non-trained / examined hauliers from certain markets and slow down of vital trade exchange with other countries.

It is equally vital to have drivers trained according to ADR requirements. In fact, ADR requires that all drivers of transport units with a permissible maximum weight exceeding 3.5 tons are holders of a certificate stating that they have participated in a training course and have passed an examination on the particular requirements which have to be met during carriage of dangerous goods. Without such a certificate, no local driver will be allowed to enter an ADR Contracting Party's territory, which means practically the whole European territory.

1.2.2 Module B - Adherence to the ADR Agreement, the TIR Convention of 1975 and SAFETIR implementation

To facilitate trade exchange and reduce delays at border crossings, avoid customs fraud and improve the international competitive position of the participating operators and the quality of their services, a considerable effort is required in co-ordination between competent international bodies, customs authorities, Ministries of Transport, operators and training agencies.

Bearing in mind the important amounts of hazardous goods transported or to be transported in the future by road in the region, adherence to the UN/ECE ADR Agreement is vital to the region for safety, quality and market access reasons.

In 1995, following a Recommendation adopted by the TIR Convention Administrative Committee on October 20, 1995, the IRU developed the SAFETIR system for tighter control of TIR procedures (namely, the final discharge of the TIR carnets). SAFETIR utilises direct electronic data exchange between customs offices of destination, national customs authorities, national guaranteeing associations and IRU headquarters in Geneva. At national level, this would usually be managed and co-ordinated through the National Customs Administration and National Association offices in each country by receiving data from each authorised discharge office.

1.2.3 Module C - Procurement of equipment for the customs offices of discharge (SAFETIR)

SAFETIR is a computerised system requiring hardware, software, and communication links to function. In general, data on the validity of the discharge of the TIR carnets should be entered in a computer at the customs office of discharge/destination, sent out to the Central Customs Office, then to the national associations and the IRU in Geneva, all that within hours, for final check. Suitable equipment is not at present available in the beneficiary states to the Customs Authorities who are responsible for administering the system.

1.3 Relation to past and present TACIS projects

Three previous parallel TRACECA projects have addressed related issues. The Transport Legal Reform project recommended adherence by the TRACECA states to the Customs Convention on the International Transport of Goods under cover of TIR Carnet (TIR Convention) which provides a mechanism for simplifying customs procedures for goods transiting by road. This project also proposed a national transport legal Codex including operator licensing provisions. The project Road Transport Services Central Asia provided CPC licensing support for Uzbekistan and Kazakhstan. The Trade Facilitation project proposed simplified transit documentation based on the Single Administrative Document (SAD).

1.4 Co-ordination with Other Donors

Given the background and their previous and present involvement in the region, the IRU has proposed the present project. The IRU has declared itself available to offer advice and assistance to the consultant during the implementation phase of the project, especially in fields where harmonised high-level implementation, in accordance with UN/ECE and EU requirements, is vital in order to ensure the success of the project. Requests for assistance to follow-up on the Trade Facilitation project, and to assist further in CPC issues have been made and/or supported by competent transport, customs authorities and international road haulage associations of the vast majority of the Traceca countries.

MODULE A – Creation of a network of permanent vocational training centres

2. Rationale and Objectives

2.1 Overall Objectives

The general aim of the module is to assist the TRACECA Region States to create the most favourable conditions for road transport in terms of economic operations in line with current UN/ECE and EU standards, by setting up and equipping a regional network of road transport training centres as well as to train their future trainers.

There have already been several transport related training activities carried out in countries of the region within the framework of Tacis and Traceca, including courses for professional competence certificates. There has not yet been any effort made, however, to set up a permanent training structure *(such as the one which has been created with the support of Tacis within the Russian road haulage association, ASMAP, member of the IRU)* which remains in the region even after the departure of foreign consultants.

2.2 Project Purpose

This project Module is intended to promote the overall objectives by:

2.2.1. Assessing the existing relevant national legislation in each Traceca State with regard to transport operator licensing criteria and to establish implementation priorities.

2.2.2. To identify relevant trade association (and/or transport training providers) who have the capability of delivering training to identified quality standards and to set up sustainable long term agreements between government institutions and the parties.

2.2.3. To equip the training centres identified as necessary, to train trainers in the relevant skill areas and to assist the selected providers in developing a business plan for the establishment of the centres to meet the market demand for training.

2.2.4. To establish robust regulatory and compliance regimes with the appropriate authorities to guarantee the future, on-going integrity of the training to EU standards.

2.3 Results

It is expected from this project module to establish the core of a well-equipped permanent training structure for the road transport industry in all ten Traceca partner countries. Trainers to staff this network will also be selected and trained.

As for training, the priority area to be covered by the project is training for the certificate for professional competence (CPC) for both goods and passenger transport operators. The training of drivers transporting dangerous goods will also be covered. In the medium and long term, the self-supporting training centres will be able to extend their activities to skills as well as general management training which would include short and long courses. Depending on local circumstances, activities shall cover other transport company staff in the long run (e.g. drivers, warehouse staff, etc.)

3. Risks and Assumptions

3.1 Assumptions

The principal assumption is that local competent authorities (in most cases Transport and Education Ministries), while keeping the right to approve and monitor the contents of the curricula and the exams, will be willing to delegate the right to carry out courses to road transport associations. To ensure the sustainability of the results, local training providers should be involved in broader schemes of

exchanging experience on vocational training, such as the IRU Group of experts on vocational training and other similar structures.

3.2 Risks

Risks derive from the following difficulties, among others:

- the presumed lack of sufficient clear legal basis on education and training;
- the relatively low share of private road transport undertakings;
- the lack of experience of the competent state authorities in these countries to share/authorise non-governmental organisations to operate and offer educational services;
- the insufficient market and legal incentives for transport operators in emerging market economies to engage in training (experience from certain Central European countries shows that without clear legal or administrative incentives, transport operators from emerging market economies prefer to concentrate on their immediate core transport activities, thus neglecting the benefits they can get from improved training);
- the overall fragility of administration and institutions in newly independent countries which can negatively affect the long term viability of the achievements.

4. Main Components

4.1 Tasks

4.1.1 Legal framework operation and co-ordination

This task, which will be carried out in close co-operation with each Ministry of (Road) Transport includes the following:

- To assess existing legislation having impact on road transport operations and to outline redundancies, omissions, and any contradictions.
- To assess the current methodology for granting operator licences in each Traceca country including the educational/training requirements for access to the profession of a road haulier or passenger transport operator.
- To assess the level of enforcement operating in respect of the legal provisions applicable in each State and to recommend changes as appropriate.
- To prepare a blueprint for an operator licensing regime in each country modelled on the experience of the EU.

It may be noted that present legislation and decrees are not always easy to obtain and clear in intent, particularly after translation. The consultant should allow for the necessary rapid mobilisation at the beginning of his programme to collect, translate, and analyse relevant official documents from the beneficiary states.

4.1.2 Establishment of Training Centres

This task will be carried out in close co-operation with the relevant road transport associations in each country, together with the Ministry of (Road) Transport representatives. The key elements will be:

- To assess the ability of trade associations (and/or other potential transport training providers) to deliver training courses to EU standards. Defined criteria in terms of facilities and geographic location will be set. The legal credentials of the associations are to be established relative to the framework defined as a result of section 4.1.1.
- To establish agreements by negotiation between government, trade associations and, where appropriate, other parties to form workable relationships through either partnerships, joint ventures or sub-contract arrangements to provide the necessary infrastructure for establishing a training centre.
- To create an organisational framework for each centre covering such issues as structure, course registration systems, payment systems, accounting procedures, examination regimes, issue of certificates and establishment staffing matters.
- To define the qualities of the trainers and to select suitable staff to fulfil the role and to receive

training to the specified quality level. This will include the development of a staff specification covering such items as age, experience in transport, qualifications, ability to teach, disposition, health and appearance and previous employment history.

- To establish a library of transport and management literature and for UN/ECE and EC standards and regulations for each centre. International conventions, such as TIR, CMR, ATP and ADR will also be included. All should be translated into Russian.
- To determine the number of transport companies operating in each Traceca country by sector and to conduct market research in respect of training needs/market size for training courses in areas such as professional competence, TIR, ADR (Dangerous Goods Transport) training, international transport etc.
- To develop a business plan for each centre taking account of expected demand, pricing policy, sales and marketing activity, costs of training delivery, fixed and variable costs and depreciation.

4.1.3 Equipping the Centres

This task is conveniently subdivided into three areas.

Area one is the provision of equipment for setting up 11 centres. It would be a requirement of the tendering consultant to determine the precise needs. An indicative list would include:

- Photocopier
- Fax machine
- Video Player
- Television Set
- Overhead Projector
- Screen
- White board/Flip chart
- PC's x 2
- Printer and connection box
- Software packages
- Office/classroom furniture
- Repainting, small repairs and adaptations (e.g. electrical sockets,...)
- Accessory materials, e.g. videotapes, overhead transparencies, flip chart paper, floppy discs

As for equipment, some attention should be paid by the consultant to allow possible short training courses away from the main training centre, in other big cities, or in-house training for big operators, according to the demand.

It cannot be overemphasised that consultants should commence procurement procedures early in the contract, be fully familiar with the TACIS Guidelines for procurement, and be prepared to respect them in all details. The Inception Report must give a detailed procurement time schedule.

Area two is the training of trainers. The key elements of this task are:

- Identify and agree the range of courses to be offered which should include Certificate of Professional Competence for Road Haulage, both national and international and for Passenger Transport. ADR training (as part of the CPC course as well as specific course(s) for drivers), training in customs documentation and procedures embracing the TIR Carnet systems should also be featured as a minimum.
- Select 12 trainers per country to undergo in-depth training and provide a detailed training programme for each course. Each course is to be run in the home country of the trainers in the Russian language and the CPC course will typically cover:

SOCIAL REGULATIONS

- relating to drivers hours under AETR Agreement (and basic notions of EC regulations)
- relating to keeping of records for drivers hours and work
- tachograph requirements

CONTROL OF ROAD HAULAGE OPERATIONS

- Operator licensing requirements

- Bilateral agreements
- Multilateral quota systems
- Cabotage
- Permits
- Vehicle, load and driver documentation

PRACTICE AND FORMALITIES CONNECTED WITH INTERNATIONAL MOVEMENTS

- Procedures for exporting/importing goods
- Import/Export of fuel in tanks
- Taxation of Road Vehicles
- Fiscal charges in various countries
- Purpose and application of EDI
- TIR Convention + SAFETIR system
- Procedures for obtaining carnets
- Drivers responsibilities in respect of carnets
- CMR Convention
- Conditions of Carriage
- CMR Consignment notes
- Insurances

OPERATIONS, TECHNICAL STANDARDS AND ROAD SAFETY

- National vehicle weight limits and dimensions
- Traffic regulations, signs and signals
- Restrictions on movement and speed of vehicle
- Accident procedures
- Medical requirements
- Use of multi-modal transport systems
- Requirements for VAT
- ATP Agreement (Perishable Foodstuffs)
- ADR Agreement (Carriage of Dangerous Goods)
- Construction and Use of vehicles
- Driving Licences
- Vehicle Condition, Fitness and Maintenance
- Loading of Vehicles and Transit of Goods

ROAD HAULAGE BUSINESS AND FINANCIAL MANAGEMENT

- Marketing, market segmentation and techniques
- Trading, Profit and Loss Accounts and Balance Sheets
- Key financial indices
- Sources and types of funds
- Budgeting and costing
- Cash flow implications
- Commercial transactions
- Commercial conduct of business

SPECIALISED ADR TRAINING FOR DRIVERS

- general information
- main types of hazards
- environmental protection
- waste transport
- what to do in the case of an accident
- labelling and marketing
- technical equipment in the vehicle
- vehicle behaviour
- loading and unloading
- handling and storage
- civil liability

- multi-modal operations
- practical training.

General and specialised (e.g. tank transport) courses should also be envisaged.

- To select, appoint and train staff who will have direct responsibility for managing the training centres. This is likely to involve at least two people from each Traceca country, probably the chief executive officer and the commercial/administrative officer. Typically the training should cover the following key areas:

- Sales and Marketing of Training
- Identification of Training needs
- Course design
- Accountancy, budgeting and cash flow requirements
- Administration needs covering course bookings, instructor materials, trainee and trainer notes, examination procedures, certification of training
- Developing training brochures and publicity
- Sourcing speakers for courses
- Maintenance of buildings and equipment
- Payroll procedures
- Updating of training

This training will be of one week duration and it is recommended that it is conducted in a reputable transport training centre in Western Europe (an additional possibility is offered by the Tacis funded transport training centre of the Russian road haulage association, ASMAP), where current practices can be observed and replicated.

Area three - is the provision of training course materials which have already been developed in the West (or in Russia) and are transposable after translation to each of the training providers. These "soft" programmes should include the instructional materials and visual aids covering a minimum of:

- CPC - Road Freight Operations
- CPC – Passenger Transport Operations
- ADR - Driver Training
- TIR Convention and Customs Procedures

Additionally this area should provide for the establishment of examination regimes which ensure the on-going integrity of the qualifications in line with EU standards with mutual recognition between TRACECA states and the countries of the European Union, to establish a recognised hallmark of quality and simplify the movement of goods and passengers between the countries of the region.

All documentary materials are to be provided in the Russian language.

4.2 Implementation Procedures

The project should be essentially field based. A strong core team should be resident in the region, including the Team Leader who should have full control over the project, including budget and sub-contract management. Preparation of reports, training materials etc. should all be carried out in the region, working shoulder to shoulder with beneficiary staff. The ratio of working time spent in the region relative to working time spent in the home office should be clearly visible in the consultant's technical proposition.

Study tours to the EU or Russia and any assemblies of counterparts or local experts within the NIS are to be arranged entirely at the expense of the consultant, including travel and accommodation of participants. Likewise office space, interpretation, secretarial services, and all other inputs required for the purposes of the management of the work are to be provided by the consultant.

The consultant must establish local contacts for the logistics of travel of his staff through the region (flight reservations, accommodations, cars, interpreters,...).

The consultant will be required to attend regular Co-ordination meetings in the region, to collaborate fully with the TRACECA co-ordination structure, the IRU, other projects, and to attend occasional co-ordination meetings in Brussels or other EU locations.

Whether or not the consultant is to organise a kick-off seminar for this module, and at what level (technical at local level or promotional at regional level) is left to his discretion. In case a kick-off seminar is organised, the consultant should present it in some detail in the inception report.

Staff assigned to the project should be suitably qualified, having at least 5 years experience in their respective field, i.e. management of a transport training centre, delivery of training courses such as CPC, ADR in both road freight and passenger contexts.

Staff assigned to the TIR aspects should have firsthand recent knowledge of the system, be computer literate and ideally have run similar training courses previously. People with previous experience in setting up training centres in the former Soviet Union would be advantageous, and if included in the team, then tenderers Methodologies should display their experience.

4.3 Rough timetable

The consultant shall provide an Inception report within 2.5 months of the start of the project. This should show the detailed content of each component of the project, the proposed deployment of each of the individual experts and a detailed timetable for all aspects of the project.

Interim reports and other documentation shall be provided as follows:

Report on legal framework operation and co-ordination	-end of 4th month (target)
Report on kick-off seminar (if any)	-end of 4th month
First Progress Report	-end of 6th month
Interim Progress Report	-end of 10th month
Draft Final Report	-end of 16th month
Final Report	-end of 18th month

The Final Report shall provide a critical assessment of the project as a whole in terms of meeting its initial objectives and will provide recommendations and conclusions for further work, if required.

4.4 Global budget

Approximately ECU 2 125 000 (85% of the total budget) shall be allocated to this module. Out of the budget available for this module 15% (ECU 320 000) should be allocated to refurbish and equip the 10 training centres.

The budget will cover:

- Project staff, including local research staff
- Software and equipment
- Travel, accommodation, subsistence and insurance costs
- Travel, accommodation, subsistence and insurance costs for the training centre management course in Western Europe (or in the Russian Federation where a Tacis-funded training centre is already in use)
- Translation and Interpretation
- Promotion campaign
- Reports

Beneficiaries are expected to provide:

- Counterpart staff in the Ministries of Transport, Customs and in trade associations, (for discussion, not for research and project execution)
- Space for the training centre
- Relevant information available to the recipient

The consultant will allow for a salary for trainers and foreseen permanent support staff during the execution of the project, at reasonable rates according to local circumstances.

Tacis procurement rules governing provisions of services and supplies must be respected.

MODULE B – Adherence to ADR and TIR Conventions and organisational aspects of the SAFETIR system implementation

2. Rationale and objectives

2.1 Overall objectives

The general aim of this particular module is to set up the basic elements ensuring the adherence to the ADR Agreement for the countries of the region and the TIR Convention of 1975 of the remaining 5 Traceca countries, namely Armenia, Turkmenistan, Kyrghyzstan, Tadjikistan and Mongolia.

Another important aim will be to promote proper enforcement of the TIR Convention throughout the region by establishing the necessary minimum framework for an on-line control of the discharge of the TIR carnets in compliance with the Recommendation of the UN/ECE TIR Convention Administrative Committee of October 20, 1995.

In fact, in June 1997, the Administrative Committee of the TIR Convention officially legalised the IRU SAFETIR system, providing on-line control of the TIR transport operations, and lend its support for further development of the present system in close co-operation with the IRU.

2.2 Project purpose

This project Module is intended to promote the overall objectives by:

2.2.1. Assessing in detail the current situation in the Traceca countries, which are still not Contracting parties to the ADR Agreement and TIR Convention, as to the level of their readiness to initiate or enhance the legal steps necessary to adhere to these international legal instruments.

2.2.2. Assessing the availability and the readiness of the branch professional organisations to assume their responsibilities as IRU-approved guaranteeing associations on the territory of their respective countries for the TIR system.

2.2.3. Assisting both competent authorities and branch associations in these countries to meet the requirements and complete the necessary legal and contractual steps to make the TIR system operational on their national territories.

2.2.4. Training the staff of both customs authorities and branch associations of all Traceca countries to launch and properly operate the SAFETIR system.

2.3 Results

After having completed this project module, it is expected that both ADR provisions and the TIR system will be operational in the vast majority of the Traceca countries as well as, for the TIR regime, in the headquarters of the customs administrations. Those countries which would not be able to join either ADR or TIR within the time-limit of the project should be sufficiently prepared to do so in a foreseeable future.

As to the SAFETIR system, it is expected to cover the most important customs offices of discharge responsible for the majority of the TIR traffic in each Contracting Party.

3. Risks and Assumptions

3.1 Assumptions

The main assumption is that local competent authorities are willing to join ADR and the TIR Convention (clearly expressed in a Recommendation adopted on October 17 1996 by the UN/ECE Workshop on Transit Facilitation attended by the countries of the region) and to deploy the necessary staff and efforts to do it efficiently.

The IRU should assist both in establishing new associations and launching the SAFETIR system.

Sufficient level of understanding should be reached and contracts signed between the protagonists – customs authorities and guaranteeing associations – to allow proper functioning of the TIR system and SAFETIR.

Adopting the Russian language as the working language of the project will considerably facilitate the documentation work as all main regulatory texts for both ADR and TIR exist in Russian (official language of the UN). Translating the whole ADR text into a particular national language is in itself a demanding task, which could hardly be done without allocating additional resources.

The recommendations of the IRU as to the SAFETIR system shall be adhered as close as possible to allow proper and harmonised implementation of the system throughout all TIR Contracting Parties.

3.2. Risks

The main risks derive from the fact that proper and efficient functioning of the ADR Agreement, the TIR Convention and of the SAFETIR control system can be achieved if local public administration and business community can rely on a minimum national regulatory framework.

Customs in particular should be adequately structured, staffed, motivated and trained, which is not always the case in most of the newly independent states. They should be allowed to operate in a clear legal and administrative framework.

Managing the risk, which the operation of the TIR system involves for both customs and guaranteeing associations within the fast changing regulatory environment in the newly independent countries seems to be the main challenge which they both will have to face.

A particular problem will arise if national parliaments request a translation into their own national language of the TIR Convention and in particular of the ADR Agreement to ratify the adhesion.

4. Main Components

4.1. Tasks

4.1.1 Current situation with regard to ADR and the TIR Convention adherence at the level of the relevant competent authorities (non-Contracting Parties)

This task, which will be carried out in close co-operation with the relevant competent authorities, includes:

- To assess the stage of readiness of each non-Contracting Party as to the accession to the ADR Agreement and the TIR Convention.

- To study the legal ways and procedures at both national and international level as to the preparation and the deposition of the instrument of accession/ratification.

- To supply the competent authorities with the necessary supporting materials and texts.

4.1.2. Current situation as to the readiness of the guaranteeing associations to assume their responsibilities within the TIR system guaranteeing scheme (non-Contracting Parties to the TIR Convention)

This task, which will be carried out in close co-operation with local national road hauliers associations, Transport Ministries, the General Customs Administration and the IRU, includes:

- To identify the existence/readiness of potential national guaranteeing associations to assume

their responsibilities within the TIR regime.

- In countries, where such associations do not exist, to provide advice and basic documentation to existing local hauliers organisations/companies/Governments, and lay down the foundations of a lasting organisation of international road hauliers, capable to assume its future responsibilities as a guaranteeing association.

- To supply the newly established branch associations with relevant documentation in the Russian language and organise an introductory workshop on the main aspects concerning the structure, functioning, role and tasks proper for a national trade association of international road hauliers, with a particular emphasis on its tasks within the TIR regime.

- To assist both competent authorities and branch association in establishing structured contacts.

4.1.3 Joining the TIR system (non-Contracting Parties)

This task, which will be carried out in close co-operation with local competent authorities, road haulage association and the IRU, includes:

- To assist local competent authorities with the preparation of the basic documentation required for accession/ratification of the TIR Convention.

- To assist local road haulage associations to prepare themselves and complete the relevant documentation in order to comply with existing IRU requirements concerning national guaranteeing associations.

- To assist local road haulage associations in order for them to obtain facilities to export and import hard currencies as well as to have hard currency accounts in their books in order to facilitate payment of TIR carnets and/or to facilitate the deposit of the minimum guarantees which road hauliers associations and hauliers must provide.

- To assist both competent authorities and national guaranteeing associations to negotiate and establish contractual relations between them.

- To carry out, in close collaboration with the IRU, an introductory training workshop for the main staff of the National Customs Administration and the association on their obligations and the functioning of the TIR system.

4.1.4 Launching SAFETIR (for all Contracting Parties)

This task will be carried out together with the National Customs Administration, in close co-operation with the IRU and local guaranteeing associations. It includes:

- Identification of the most important customs offices of discharge,
- Technical and expert assistance in launching the SAFETIR system,
- Training of the relevant customs and associations staff with regard to SAFETIR

Training of the operators of SAFETIR

Training: Basic Windows NT, Backup, Remote Access Service (modem)

IRU applications

(Users Guide in English): CUTE Framework containing: CUTE, CUTELITE, CUTEWISE

Translation: Users Guides are in English (foresee translation)

- Establishing a lasting mechanism of co-operation in information exchange on TIR carnets flow

and discharge between customs and guaranteeing associations.

Hardware equipment for all Traceca TIR Contracting Parties, necessary for the functioning of the SAFETIR system, is provisionally identified and dealt with under a separate procurement Module C.

The finalisation of dispositions for supply of equipment are to be considered as forming part of this module. The training to be supplied under this Module is not to commence until all equipment has been installed.

4.2. Implementation procedures

The substantial technical steps required for project implementation have been integrated into the tasks preceding.

The consultant will work closely with the national competent authorities (Transport Ministries, Customs Administrations – central and local, etc.), trade associations of international road transport operators, IRU, and, if need be, with other relevant national and international institutions and organisations.

Whether or not the consultant is to organise (a) kick-off seminar(s), and at what level (technical at local level or promotional at regional level) is left to his discretion. In case (a) kick-off seminar(s) is/are organised, the consultant should present it/them in some detail in the inception report.

Local counterparts will not be requested to provide routine data collection. Local or other external experts (such as SAFETIR experts), seconded employees, or Institutions must be engaged as staff by the consultant for such tasks. Time allocated to this staff (as distinct from Counterparts) must be clearly shown in the proposal. There should be a balance between inputs from experts in the different TRACECA states.

Counterparts will be expected to provide freely time for discussion, existing feasibility studies, documentation etc. Employees may need to be seconded to the contractor from operating companies to ensure the necessary level of management authority and employee motivation, for key tasks and trouble-shooting.

EU consultants must spend a maximum of working time in the beneficiary region. A strong core team should be resident in the region. The ratio of working time spent in the region relative to working time spent in the home office should be clearly visible in the consultants technical proposition.

Study tours to the EU and any assemblies of counterparts or local experts within the NIS are to be arranged entirely at the expense of the consultant, including travel and accommodation of participants. Likewise office space, interpretation, secretarial services, and all other inputs required for the purposes of the work are to be provided by the consultant.

The consultant will be required to attend regular Co-ordination meetings in the region, to collaborate fully with the TRACECA co-ordination structure, and to attend occasional co-ordination meetings in Brussels or other EU locations.

4.3 Rough timetable

The consultant shall provide an Inception report within 2 months of the start of the project. This should show the detailed content of each component of the project, the proposed deployment of each of the individual experts and a detailed timetable for all aspects of the project.

Interim reports and other documentation shall be provided as follows:

Report on the current situation as to TIR Convention adherence in non Contracting Traceca Parties	-end of 3rd month

Report on kick-off seminar(s) (if any)	-end of 4th month
First Progress Report	-end of 6th month
Interim Progress Report	-end of 10th month
Draft Final Report	-end of 16th month
Final Report	-end of 18th month

The Final Report shall provide a critical assessment of the project as a whole in terms of meeting its initial objectives and will provide recommendations and conclusions for further work, if required.

4.4 Global budget

Approximately ECU 375 000 (15% of the total budget) shall be allocated to this module.

The budget will cover:

- Project staff
- Travel, accommodation, subsistence and insurance costs
- Travel, accommodation, subsistence and insurance costs for travels relating to adherence to ADR and TIR Convention for local officials and association representatives
- Translation and Interpretation
- Information and training workshops
- Reports

Beneficiaries are expected to provide:

- Counterpart staff in the Ministries of Transport, Customs and in trade associations
- Statistics on traffic flows and other elements necessary to identify the most convenient places for the SAFETIR offices
- Office space within the recipients premises
- Relevant information already available to the recipient.

IRU is expected to provide:

- Expert assistance as to ADR, TIR and SAFETIR matters (travel, accommodation, and subsistence costs of the IRU staff, if any, will be covered by the project budget). All tenderers will allow in their financial propositions a sum of 5,000 ECU for travel costs, and 5,000 ECU for per diem costs, for IRU staff.
- Free of charge supply of the SAFETIR software and other relevant supporting paper materials.

The Tacis procurement rules governing any provisions must be respected.

MODULE C – Procurement of equipment for the customs offices of discharge to allow the functioning of the TIR and the SAFETIR systems

2. Rationale and Objectives

2.1 Overall Objectives

This module is a support provision particularly to part of Module B. The overall objectives are similar, in that it is intended to promote efficient operation and proper enforcement of the TIR system.

2.2 Project Purpose

This module will provide hardware, software and communications accessories to support SAFETIR implementation on a pilot basis as foreseen in Module B.

2.3 Results

The expected result is the creation of working pilot systems for SAFETIR in those countries sufficiently advanced in their integration into the TIR system.

3. Risks and Assumptions

3.1 Assumptions

The main assumption is that national competent authorities, trade associations and the IRU will co-operate with the project.

3.2 Risks

The main risk with regard to the SAFETIR equipment seems to be a possible non-compliance with the IRU recommendations as to the specifications of the equipment to be provided and the procedures to be followed in operating SAFETIR.

4. Main Components

4.1 Tasks

4.1.1 Provisional Locations for Installations

Provisional list of the most important internal customs offices of destination to be equipped within module C

UKRAINE: Kiev, Odessa, Donetsk, Kharkov, Lvov + others (to be specified during the first stage) 5+8
ARMENIA: Yerevan, Gümri, Kirovakan, Dilizan, Kafan – 5
AZERBAIJAN: Baku, Dzulfa, Astara, Hachmaz, Bilyasuvar, Tovuz - 6
KYRGHYZSTAN: Bishkek, Kara Balta, Osh – 3
TADJIKISTAN: Dushanbe, Hudzand, Kurgan-T'ube – 3
TURKMENISTAN: Ashgabat, Mary, Lebap, Dashhovuzskaya customs office (most probably the city of Tasquz; needs further investigations), Balkanskaya customs office (needs further investigations) - 5
KAZAKHSTAN Almaty and Almatyanskay oblast in Almaty, Severo-Kazakhstanskay oblast in Petropavlovsk, Kostanaiskaya oblast in Kostanai, Yuzhno-Kazakhstanskay oblast in Chimkent, Zhambylskaya oblast in Taraz, Pavlodarskaya oblast in Pavlodar - 6
GEORGIA: Tbilisi Regional Customs, Poti Regional Customs, Batumi Regional Customs, Kutaisi Regional Customs - 4
UZBEKISTAN: Nukus, Fergana, Andijan, Samarkand, Termez, Bukhara, Tashkent - 7
MONGOLIA - n.a. (Mongolia is not a Contracting Party to the TIR Convention, and there is no haulage association either)
MOLDAVIA Chisinau, Balti, Cagul, Basarabeasca, Ocrita, Causeri

Current situation (January 25, 1998)

The programme for *implementation* of SAFETIR will not apply to all. There is a need to implement where we can to encourage the others by example. There is no point to install SAFETIR if they do not issue or discharge TIR carnets and have little prospect of doing so in the foreseeable future.

This implies the following two lists:

Country	Preferred list	Minimum need
Azerbaijan	6	6
Georgia	4	4
Armenia	5	-
Turkmenistan	5	-
Uzbekistan	7	7
Tadjikistan	3	-
Kyrghyzstan	3	-
Kazakhstan	6	6
Ukraine	8	8
Mongolia	3	-
Moldavia	6	6
Total	**50 + 5**	**31 + 5**

IRU recommends to allow **$12,000 per computer**, which includes a printer and modem (UPS is advisable, but might be over budget). This does not include the basic software, e.g. Window NT, SQL Server. The SAFETIR software is free for the Customs Authorities and the TIR issuing associations. The first delivered computer in a country should be a server.

In addition, **one central more powerful computer per country** is needed (situated in the Central Customs Administration premises) to centralise the information coming from the customs offices of discharge and exchanging the information with Geneva.

For extra locations within a country equipped with SAFETIR, fax connection to the regional centre would be adequate.

"Spare capacity" could also allow for other countries, not included in the first round, that develop a later interest. This way there would be enough computers for their main locations and for training.

The above dispositions are to be verified, agreed or modified and finalised for definitive proposals to be included in the first Progress Report. Given the need to encourage by example, there may be a reserve allowance for equipment supply for those countries showing proof of good progress in their efforts to qualify for TIR Carnet issue and SAFETIR implementation.

4.1.2 Tender Documentation and Procurement

The consultant will develop technical specifications for the equipment required on the basis of the IRU recommendations.

Training and commissioning services for the equipment to be supplied are to be foreseen.

Preliminary specifications according to IRU recommendations are as follows (definitive specs are to be approved by the IRU and presented in the inception report) :

Hardware: For Regional or *Central* systems

CPU :	Pentium
For ***larger servers***:	DEC ALPHA 1000A or bi-processors Pentium
Memory:	64 MB
Disks:	2 GB, expandable to 4 GB or more, preferable SCSI disks
For ***larger servers***:	1 GB (system) + 4 GB (data) or more
Floppy drive:	3.5" floppy
Network card:	Ethernet, or Thin-wire, 10 MBit/s at least
Backup:	Preferable SCSI, for DAT cassettes (90 meters for 2 GB / 4GB with Hardware compression or 120m. / 4GB / 8GB)
Analogue Modem:	Heavy duty for bad telephone lines, 19.2 KBit/s, or above
Power unit:	Uninterruptable power supply to hold 5 hours
Printer:	Matrix or Laser with good Windows NT drivers
Dust free cabinet:	Recommended for PC and accessories

Software: For Regional or *Central* systems

Operating system:	Windows NT 4.0, or later
Database motor:	SQL Server 6.5. or later
Access to database:	ODBC
Network:	NETBEUI and /or TCP/IP
Modem:	RAS (Remote Access Service) for automated connection
Customs application:	From IRU: **CUTE Framework: CUTE** (needs SQL Server) and **CUTEWISE**

Other provision:

Installation:	Hardware and Software prime installation
Maintenance:	Hardware maintenance on-site after end of on-site guarantee period (response time within 2 or 4 hours whenever possible) including modem. We recommend also the Servers' Software maintenance (Operating System, Service packs, etc.).
Update:	Hardware or software upgrade are also requesting visits of technical people

IRU applications for Customs :

CUTE:	Application to **Enter, Verify and Transmit** hand-written or faxed Customs data. CUTE is working with a complete

database running with SQL Server and ODBC. The database can be very large.

CUTELITE: Application to **Enter, Verify and Transmit** hand-written or faxed Customs data. CUTELITE is working with files as database and does not need SQL Server and ODBC. The database is less important than the one from CUTE.

CUTEWISE: Application to read the current information and status of TIR Carnets directly from an image of the IRU Carneting database

The consultant will prepare the full documentation required for tendering of the components to be procured, according to TACIS rules. It is recommended that he employs a specialist procurement agent for this purpose. It is further recommended that he prepares all procurement documentation at the earliest opportunity, even before the final definition of numbers of each item of equipment are known. This is because the TACIS procurement procedures are quite strict, and previous projects have encountered difficulties, when consultants feel that they will be able to gain exemptions from tendering procedures or be able to employ short cuts.

4.2 Implementation Procedures

The services to be provided by the consultant will include:

- Publication of the tender
- Composition of tender documents
- Distribution of tender documents
- Evaluation of tenders
- Contracting of Supplies and any Services
- Control of Supplies and any Services
- Commissioning of the Supplies and any Services
- Final Acceptance of the Supplies and any Services
- Payment to Supply Contractors

All activities will be carried out and managed in full conformity with applicable TACIS Guidelines for Procurement. The tenderer for this project is obliged to demonstrate knowledge of these rules in his Technical Proposition.

4.3 Rough Timetable

– Report on publication, distribution and evaluation of the tender	end of ***7th*** month
– Report on contracting, and final acceptance and payment of supplies and any services	end of ***9th*** month
– Report on Training Workshop(s)	end of ***11th*** month
– Report on Launching and Pilot running	end of ***11th*** month
– Draft Final Report	end of ***16th*** month
– Final Report	end of ***18th*** month

4.4 Global Budget

ECU 500 000

Annex: SAFETIR presentation (slides)

ALL MODULES

5. Reporting

All reports are to be delivered in the numbers, languages and locations as follows:

	Bound		Loose-leaf		Diskette
	English	Russian	English	Russian	(Eng.+Rus)
TACIS Brussels	2	1	0	0	0
TRACECA CU Brussels	5	1	1	1	1
TRACECA CU Tashkent	3	5	1	1	1
TRACECA CU Tbilisi	3	5	1	1	1
TACIS National CU (see * below)	1	8	1	1	0
Each TACIS Monitoring Team, Europe, Caucasus, and Central Asia	2	1	1	1	0
IRU, Geneva and Brussels	1	1	1	1	1

* Provide reports to the various beneficiaries as noted in the Main Components for the different Modules. Lists of addressees for each issue of the reports are to be provided to the TACIS CU. At least one copy of each report should be delivered directly to the key project participant in each country.

Copies of the Delivery Notes to all recipients are to be provided by fax to the three TRACECA co-ordination team offices.

The word processing programme to be used will be agreed with TACIS.

The importance of high quality Russian texts, delivered on time, cannot be overemphasised. The reporting dates in this TOR are for the delivery of the Russian language text and the English language text is to be provided at the same time.

Any software to be provided as a Deliverable should be in Russian, as should the manuals.

Reporting is to be in accordance with standard TACIS Guidelines. These foresee:

Project inception report

An Inception Report shall be issued within 2.5 months of the start of the project (see note on languages above). It shall summarise initial findings and propose any modifications to the methodology and work plan. In particular it will adapt the work plan to the needs of each individual TRACECA state taking into account the parallel activities of other Technical Assistance programmes, avoiding duplication of effort, and addressing unfilled needs.

It will also confirm or modify institutes/organisations/consulting bodies to be directly involved in the implementation.

The report distribution lists will be included.

Deliverables

The tenderer is to compose and provide in his Technical Proposal a schedule of separate Deliverables appropriate to specific components of the project. Formal Draft versions are not required, but the contractor should carefully discuss the proposed contents with, and provide draft extracts upon request to the TRACECA co-ordination team, before issuing Deliverables.

Project progress reports

These reports will be submitted at the end of month 6, and month 10. They will cover progress to date.

Final Report

The Draft Final Report will be submitted at month 16 and the Final Report at the end of Month 18.

The Draft Final Report must be carefully presented to, and discussed, with the beneficiary state authorities and guaranteeing associations in each country. This should be done at a conference. The event should be used to propose sustainable consolidation of project achievements, and in particularly to reinforce working links with other European Governmental and non-governmental organisations.

All Reports must include an Executive Summary.

Moreover, the following reports have to be issued for Modules A to C :

Module A :	
Report on kick-off seminars	end of month 4
Report on legal framework operation and co-ordination	end of month 4 (target)
Module B :	
Report on the current situation as to TIR Convention adherence in non-Contracting Traceca Parties	end of month 3
Report on kick-off seminars	end of month 4
Module C :	
Report on publication, distribution and evaluation of the tender	end of month 7
Report on contracting, and final acceptance and payment of supplies and any services	end of month 9
Report on Training Workshop(s)	end of month 11
Report on Launching and Pilot running	end of month 11

6. Factors Ensuring Sustainability

6.1 Institutional Appraisal

The principal local actors in this project will be Transport ministries, international road haulage associations, members of the IRU, and customs authorities.

The IRU as well as its member associations, especially those from the EU, have acquired sufficient experience in tackling transport-related, ADR-related, TIR-related and vocational training issues both on national and international level. The participation of the newly created road haulage associations from Central Asia and the Caucasian region in the work of the IRU bodies, commissions and working groups will allow them to benefit from the experience available within the IRU network and find suitable sustainable financial and organisational solutions.

The permanent structure of the IRU would allow the setting up of a sustainable structure of training institutions, which after the initial funding should be capable of maintaining activities from its own revenue. It would ensure that training programmes and curricula could be kept up-dated and the level and quality of training delivered corresponds to the international standards.

Furthermore, the whole concept would fit perfectly into the IRU Academy project, which, if successfully realised, could continuously provide high level training modules for future training centres.

The IRU itself could play a co-ordinating, advising and supervising role in the project on the international level. Implementing agencies would obviously be selected according to the usual Tacis rules.

6.2 Economic and Financial Appraisal

Certain of the beneficiary countries have already created national road transport operators' associations who are the key organisations for the implementation and long term financial viability of the project, particularly for Module A. At least one beneficiary has set up a training institute on the EU model. Such an institute has been established with TACIS support in Russia, within the IRU Russian member association, ASMAP, and individuals from the beneficiary states have attended courses there. These are indications that the local road transport industry recognise the need for the project and can support the financial costs of training under regional conditions, at least in the larger and more economically robust beneficiary states.

6.3 Political Environment

There are no political implications to the project, except those implied by the adherence of the beneficiary states to routine international conventions for transport and trade facilitation.

7. Environmental Impact

One component of the project deals with the transport of hazardous goods. The intention is to improve environmental security for this activity, by aligning the relevant local regulatory framework with the international norms.

8. Monitoring and Evaluation

Key indicators:

- *Definition of the present legal framework*
- *identification of viable training organisations*
- *provision of support documents*
- *provision of organisational support*
- *provision of business plans to each centre*
- *provision of equipment to each training centre*
- *provision of SAFETIR equipment under Module C*
- *running of pilot operations*
- *institutional support*

Annex: Presentation of the SAFETIR system

ANNEX

Presentation of the SAFETIR System

TIR

GENERAL PRESENTATION OF SAFETIR

INDEX

Page

Attachment : The Recommendation of October 20, 1995

1. Objective of the SAFETIR Control system

▪ Implementation of the Recommendation of 20.10.95

Main objective of the SAFETIR control system developed by the IRU:

⇒ TO ENABLE ISSUING ASSOCIATIONS TO

- CROSS-CHECK THE INFORMATION GIVEN ON THE TIR CARNET AND BE CERTAIN THAT THIS INFORMATION IS ACCURATE.

In accordance with both the Recommendation adopted on 20.10.1995, (see attachment 1) by the TIR Convention Administrative Committee and Resolution 49 of 03.03.1995, the IRU has introduced a **computerized data interchange system in order to strengthen the control of the TIR System.**

First, the SAFETIR control system developed by the IRU makes it possible to rapidly identify irregularities pertaining to TIR Carnet discharge.

The overall principle is to enable TIR Carnets Issuing Associations to cross-check the discharge (stamp) affixed on the TIR Carnet with the information that Customs Authorities have put themselves in order to provide the Associations with all TIR Carnet discharge operations recorded on their territory.

A comparison between these two elements from two different sources enables Issuing Associations, prior to issuing a new Carnet, to **ascertain that a particular TIR Carnet checked was used in compliance with applicable provisions** (of the TIR Convention, IRU regulations, etc...)

Secondly, it provides the Customs Administration with the certainty that the Guarantee system is controllable and controlled. At the same

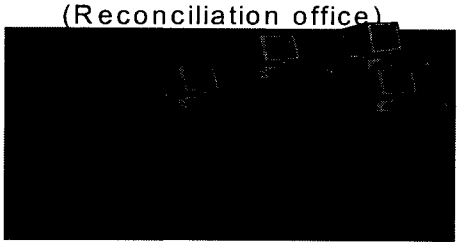
time, it provides the **Customs Administration with a direct access to the Database of the IRU** where all discharged information is recorded.

2. SAFETIR system components

A. CUTE and ATIRS software, computer network

▪Brief reminder of the context

- The SAFETIR system includes:
  - Software: CUTE, ATIRS, CUTE WISE
  - A computer network
  - A database
  - A dedicated department at the IRU: BRIRU (Reconciliation office)



Transmit discharge information virtually in real time

SAFETIR is the name given by the IRU to the computer system composed of several softwares, of a centralized database, of several decentralized databases, and of a computer network linking all Contracting Parties to the TIR Convention with the IRU. The Softwares are regularly "updated"

⇒ *For transmission of TIR Carnet discharge information:*

CUTE (Customs Utility for Transit Entry) :
Software developed by the IRU for use by Customs Authorities or Guaranteeing Associations for capturing discharge data and converting it into a computer format as defined by the IRU.
N.B.: Countries transmiting the information directly in computerized format do not use CUTE but a BLACK BOX. This BLACK BOX converts the electronic data into the format recognized by the IRU.
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COMPUTER NETWORK:
Discharge information is transmitted(1) to the IRU via a computer network. Each information is fed into a dispatch program that attributes to each Issuing Association the relevant TIR Carnets (issued by it). This information is returned by the IRU to the Association via the computer network.

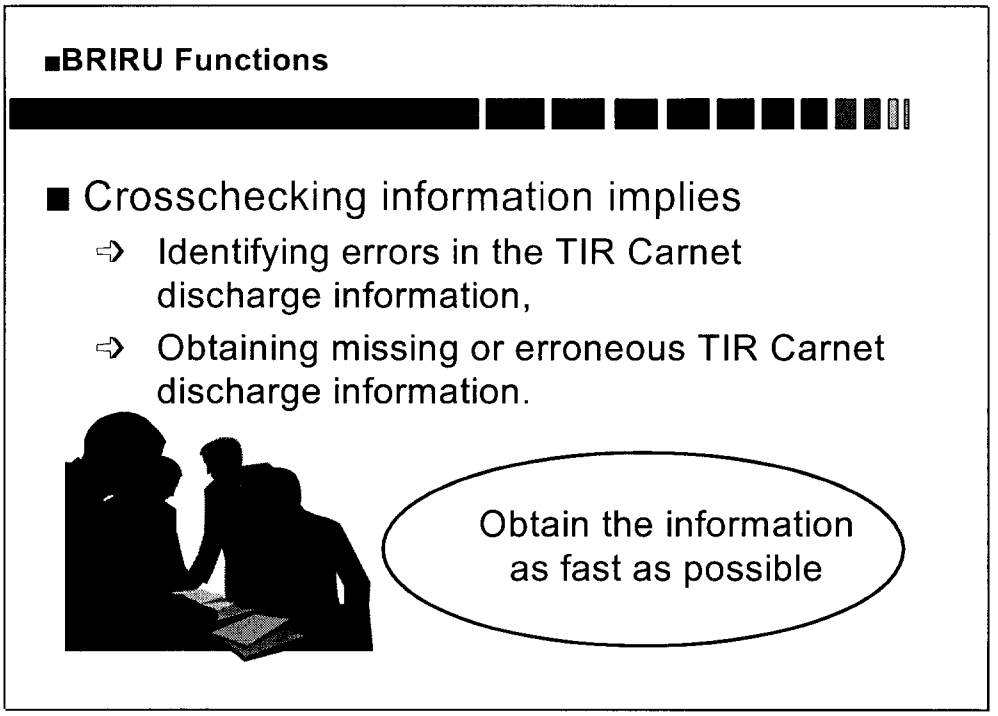
⇒ *For viewing the TIR Carnet discharge information:*

ATIRS (Association TIR Software):
Software developed by the IRU for use by Issuing Associations in order to check the discharge information pertaining to TIR Carnets issued by it. With this application, Issuing Associations can access

the discharge information previously transmitted to the IRU by the country where the TIR operation ended.
CUTE WISE (Worldwide Information System for Enquiry)
Software developed by the IRU to provide Customs Administration with an access to the IRU Database.

(1) Directly by Customs Authorities or via the country's Guaranteeing Association

B. A dedicated department : BRIRU (Reconciliation office)



BRIRU (IRU Reconciliation Office)
BRIRU is a unit specifically dedicated to the SAFETIR system, under the IRU TIR Department in Geneva, and in charge of managing daily problems arising from the introduction of the new system.

The three missions of BRIRU

1. To identify errors in the discharge information transmitted:
Some of the discharge information transmitted directly by Customs Authorities or via the Guaranteeing Associations will include errors. These errors will be mainly detected

1. by the Issuing Associations when comparing the set of data with the stamped vouchers,
2. by the IRU such as duplicate information, un existing TIR carnets etc, when receiving the files.

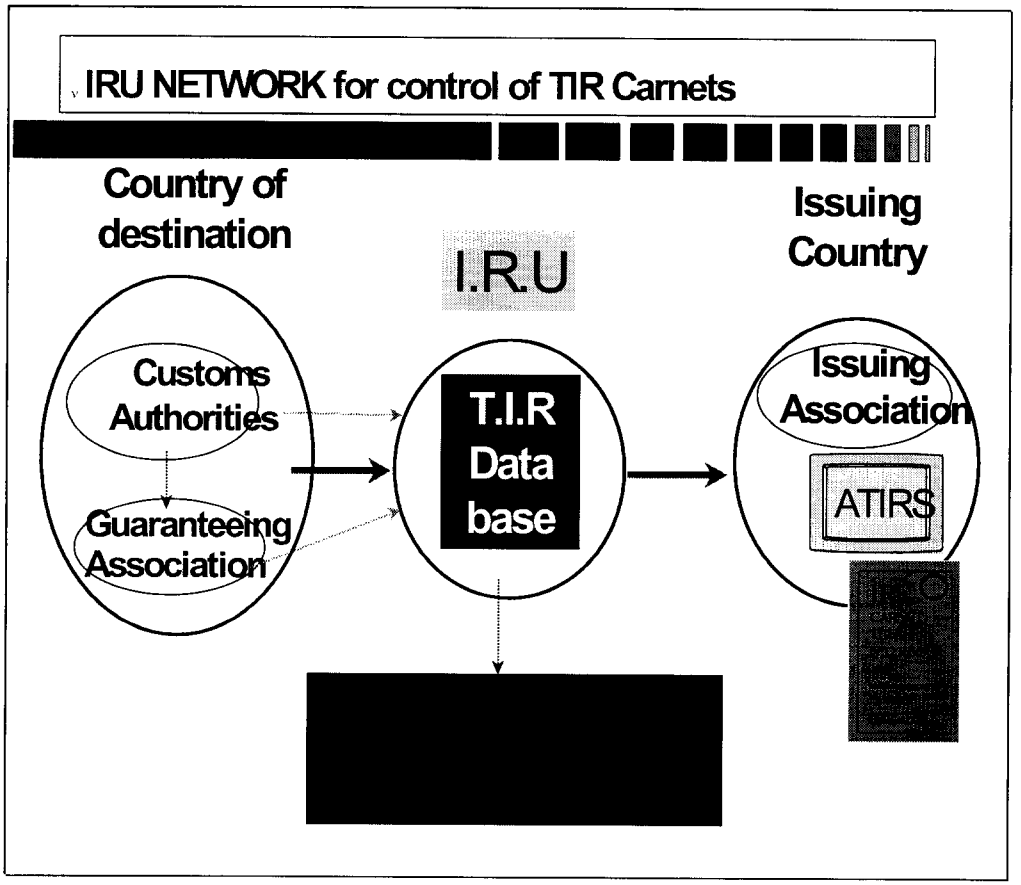
BRIRU's task is to request the Customs Authorities concerned to rectify such erroneous information.

2. Obtain discharge information from the Customs Authorities[1] of the country of destination at the request of the Issuing Association when discharge information is missing from the Carnet consulted in the ATIRS application, or when such information differs from that contained on the TIR Carnet souches.

3. Obtain discharge information at the request of Customs Authorities.

In case of poor circulation of voucher n°2, BRIRU will be able to indicate to those Customs Authorities that request it, in accordance with Resolution 49 of 3 March 1995, whether a Carnet has been discharged in compliance with the provisions of the TIR Convention.

3. Description of the functioning of the SAFETIR system



PRINCIPLES

1. In each contracting party, the Customs offices forward to a central point the information concerning all TIR Carnets discharged on their territory, irrespective of the TIR Carnet's country of origin.
If the information is transmitted in paper form (fax), the CUTE software (Customs Utility for Transit Entry) developed by the IRU is used to capture the data in the IRU's computerized format.
If the customs information is transmitted electronically, the Customs administration or Guaranteeing association should set up a "BLACK BOX" to convert the data into a format recognized by the IRU's computer system, as attached to this document. (attachment 2)
2. **This information is forwarded to the IRU** via the computer **network.**
3. **The IRU** attributes the information to the respective issuing associations, using the DISPATCH format, and forwards the related information to the Issuing Association concerned via the computer network.
4. **Upon return of the used TIR** Carnet used by the transport operator, the Issuing **Association will be able** to compare the indications mentioned on the stamped TIR Carnet souches with the information it receives from the IRU via the computer NETWORK.

5. As from January 1, 1998, the Customs Administration of each contracting party to the TIR Convention will be able to access the information pertaining to TIR Carnets discharged on its territory, by means of a Software named CUTEWISE, through RAS lines on the Internet

ANNEX 7B

INTERGOVERNMENTAL COMMISSION FOR IMPLEMENTATION OF A MULTILATERAL AGREEMENT

EUROPEAN UNION - TACIS

Technical Assistance to the Southern Republics of the CIS - TRACECA

TRADE AND TRANSPORT SECTORS

Terms of Reference

for

INTERGOVERNMENTAL COMMISSION FOR IMPLEMENTATION OF A MULTI-LATERAL AGREEMENT

Final Recipients:
TRACECA Region Cabinets of Ministers

CONTENTS

1.Background

1.1 Needs of Beneficiaries

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

Armenia,	Kyrgyzstan
Azerbaijan	Tadjikistan
Georgia	Turkmenistan
Kazakhstan	Uzbekistan

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-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).

TRACECA (Transport Corridor Europe Caucasus Asia) was thence created as a component of the TACIS interstate programme.

Regional sectoral Working Groups (trade, rail, road, maritime), composed of experts and officials from each TRACECA state and the European Union (EU), have been established as part of the TRACECA programme. They meet periodically. They have inaugurated specific projects including this present one, and will monitor results. Members are drawn from appropriate sectors, usually Ministers of Transport and Trade, who form the recipient partners of this project.

At a conference held in Athens in October 1996 Mongolia and Ukraine were admitted to the TRACECA programme.

A TRACECA Coordinating Team has been set up, with permanent offices in both Central Asia and the Caucasus.

The TRACECA Working Groups are forums and contact points for the development and management of projects. They do not have the high-level mandates necessary to engage the TRACECA states in multi-lateral agreements or to implement them. For such functions there is a need for a more authoritative and narrowly mandated body.

1.2 Problems to be Addressed.

Since the break-up of the Soviet Union TRACECA states have entered into a series of agreements to regulate transit traffic between and across their territories. These may be summarised as:
- bi-lateral agreements, which are the most prolific, and somewhat difficult to catalogue and administer.
- multi-lateral agreements, such as the so-called Sarakhs agreement of May 1996 which is a rare example but working proof of the regional will to regulate transit traffic on a broad basis. Other agreements exist within the framework of the OCJD for rail transport, and mention may also be made of the Customs Union which links, at least nominally, certain of the TRACECA states with Russia.
- International conventions, such as the TIR. Most states are in the process of adhering to the main conventions sponsored by such bodies as UN-ECE.

The problem is that in the absence of a broad multi-lateral framework agreement a somewhat chaotic situation exists at the operator level, particularly in road transport. Carriers are confronted by a confusing, fluid regulatory environment, and transit fee structure, sometimes administered at both national and oblast level.

1.3 Relation to past and present TACIS projects

Past and current TRACECA projects have analysed the present situation of the 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. The projects of most relevance include:

- A project to provide assistance in the establishment of a Transport Legal Framework in each TRACECA state. The project worked with local experts to propose and assist in the implementation of a national legislation for the transport sector, a draft multi-lateral agreement, and adherence to the most useful international conventions.
- A project entitled Trade Facilitation which carried out a detailed survey of current trade documentation usage, border crossing conditions and recommended streamlined procedures, which are being partially implemented in the region.
- A project to set up a database and forecasting model of freight movements within the region (Traffic Forecasting).
- The Central Asian Rail restructuring project which considered the reorganisation of the concerned operating companies to become more commercially oriented, and determined investment packages of interest to IFI to support their evolution.
- Two projects which assisted Road Transport operators and support service providers and also addressed regulatory issues in the sub-sector.
- Training and familiarisation in international transport practices has been included in the content of most TRACECA projects

Reports such as are available may be consulted at length by tenderers in the TRACECA co-ordination offices in Brussels, Tblisi or Tashkent if sufficient prior notice is given (ideally one week). Reports will not be provided by mail or to take away from the co-ordination offices. Because of the risk of inequitable treatment, the co-ordination team cannot discuss the preparation of technical propositions with tenderers.

The Transport Legal Framework project has been of prime importance in preparing for this present assistance project.

Much encouragement has been provided by TACIS to heads of government to adopt the Multi-Lateral Agreement (BASIC MULTILATERAL AGREEMENT) developed during 1997/8 as an initiative of the government of Azerbaijan.

The BASIC MULTILATERAL AGREEMENT was signed at a conference in Baku, Azerbaijan, on 8th September 1998 and **the principles of** these present Terms of Reference were **previously** approved for implementation actions. The following states were signatories to the agreement which now has to follow the internal procedures for ratification within each state before it will formally come into effect:

Azerbaijan
Armenia
Bulgaria
Georgia
Kazakhstan
Kyrghyzstan
Moldova
Romania
Tadjikistan
Turkey
Ukraine
Uzbekistan

The approval of the present Terms of Reference by the conference gives the first mandate:

- for the Intergovernmental Commission to act within the framework of the Multi-Lateral Agreement itself.
- for the reference instructions for the assisting consultant to be appointed by TACIS according to TACIS tendering.
- for the Permanent Secretariat to be established in **Baku.** The host state for the Permanent Secretariat undertakes to make available free of charge appropriate office space for the Secretariat.

2. Rationale and Objectives

2.1 Overall Objectives

The multilateral framework agreement, calls for the establishment of an Intergovernmental Commission and secretariat to administer and promote the agreement and its technical annexes. The permanent establishment of the secretariat should be conditional on the ratification of the agreement by sufficient states to give it realistic chances of success.

While the principal role of the Intergovernmental Commission will be to administer the agreement it should also serve as a regional consultative body for trade and transport issues. The opportunity should be taken to create parallel National Facilitation Commissions (referred to below as "National Commissions") in each of the participating states to reinforce the work of the Intergovernmental Commission at a local level and to facilitate local consultation.

The Intergovernmental Commission will require an administrative secretariat and also representation in each participating state at a high level in government. The Intergovernmental Commission will comprise the Main Committee and specialised Working Groups for the technical annexes on road, rail, maritime and customs issues.

The objective of the consultancy mission defined in these Terms of Reference is to establish and to support the activities of such an Intergovernmental Commission and secretariat for one year.

2.2 Project Purpose

In accordance with the BASIC MULTILATERAL AGREEMENT the Intergovernmental Commission will:

- regulate all questions concerning implementation and application of the framework agreement and its technical annexes;
- facilitate access to the transport market for each mode of transport;
- ensure traffic safety, security of goods and environmental protection in the region;
- develop a data bank of information on national and international transport legislation, transport policy, management and economic statistics and make this information available to participating states;
- develop effective links with other international organisations such as the UN, ECE, European Union, IRU, FIATA etc.;
- promote the development of multimodal transport infrastructure links and services in the region;
- promote the development of modern freight forwarding and transport insurance services in the region;
- attempt to develop and implement common Customs and documentation procedures in the region;
- attempt to co-ordinate the development of transport policy in the region;
- attempt to develop a harmonised transport policy;
- attempt to harmonise the legislative framework for trade, Customs and transport in the region;
- attempt to co-ordinate the enforcement of laws in the region;
- attempt to co-ordinate the ratification of international trade, Customs and transport conventions and agreements in the region;
- provide a focus for regional consultation between government officials and Trade Association representatives of carriers, forwarders, transport insurers, banks and other relevant representatives

Composition of the Intergovernmental Commission

The Intergovernmental Commission will draw its authority directly from the Presidents of the participating states but the **Presidents** will not normally be involved in the running of the Commission. It is suggested that the normal composition of National Delegations to the annual formal meetings of the Intergovernmental Commission could be as follows:

Officials
Deputy Foreign Minister
Transport Representative from the President's Apparatus
Transport Representative from the Cabinet of Ministers
Minister responsible for Transport
National Secretary of the National Commission (normally the National Chairman will be one of the officials already mentioned above)

Observers from international organisations and experts (by invitation of the official delegates or the Chairman of the Intergovernmental Commission)

Secretaries of relevant Trade Associations
Representatives of international organisations

In addition the Secretary-General of the Intergovernmental Commission will attend all meetings which will be chaired in rotation by the head of each National Delegation.

2.3 Results

The expected final result of the project will be the permanent establishment of the Intergovernmental Commission as the principal authoritative working body for the facilitation of trade and transport along the TRACECA route, and among any other states who may care to accede to the BASIC MULTILATERAL AGREEMENT.
If the Intergovernmental Commission is seen to have had sufficient positive impact on real conditions for transport after the initial period of one year then the consultancy support provided by TACIS may be renewed for an additional period of one year.

3. Risks and Assumptions

The principal assumption is that the signature of the BASIC MULTILATERAL AGREEMENT, and approval of these terms of reference provides a sufficient mandate for the Intergovernmental Commission to be established, to obtain the necessary high level of participation and to impose its authority in the resolution of the many issues with which it will be faced.

Risks are several:
- That the Intergovernmental Commission (IGC) is sidelined and that decisions contrary to the BASIC MULTILATERAL AGREEMENT are taken by national authorities.
- That the IGC is used as a nominal talking forum by the National Delegations, without members taking any decisive positions on key issues.
- That the legal basis for the BASIC MULTILATERAL AGREEMENT in the signatory states is ambiguous within the framework of national constitutions and laws, or that the process of ratification of the agreement is unduly delayed.
- That oblast or national agencies are not informed of, or do not respect the engagements of the BASIC MULTILATERAL AGREEMENT.
- That no sustainable basis for the financing of the IGC can be found when TRACECA support ends.

4. Main Components

4.1. Tasks

The following tasks are foreseen as the operating framework of the IGC. The TRACECA consultant's role will be to set up this framework and to provide professional and logistical support over a period of one year.

4.1.1 Meetings

The IGC will meet at least once a year, each participating state taking it in turns to act as host for the annual meeting.

The IGC will have to devise rules of procedure for the conduct of meetings. Such rules should also set out the circumstances in which additional meetings could be called between the normal annual meetings if there is a special issue in need of urgent discussion, maybe at the request of 25% or more of the participating states.

The consultant will draft procedures for meetings such as the following:

- Opening Plenary Session
- Working Group meetings for:
  - road transport
  - rail transport
  - maritime transport
  - Customs affairs
- Closing Plenary Session

- Officials from the National Delegations would have an automatic right to attend all meetings. Observers **from international organisations and experts** invited by National Delegations should be able to attend Working Group meetings and Plenary meetings unless the Chairman of the meeting, after consulting assembled Official Delegates, objects. It will be important to encourage attendance of Working Group meetings by representatives of commercial interests as well as officials. In this respect contact should be established at an early stage between the consultant and the representatives of the Trade Associations for international road transport and freight forwarding which were established in most of the participating states as the outcome of previous TRACECA projects.

- The consultant must work with the beneficiaries to establish the formal procedures governing the decision making of the Plenary Session and Working Groups. As a priority, the authority of the IGC must be established by mutual accord to make recommendations to participating states on specific policies which would be considered binding by those states. The implementation of policies will remain the responsibility of individual states. It would therefore be helpful if the IGC developed its recommendations in the form of "Directives" which would state the common objective to be achieved in each state while the exact procedure for implementation would remain dependent on the legislative procedures of individual states.

The first IGC meeting should be organised **after the coming in to force of the BASIC MULTILATERAL AGREEMENT and** no later than three months after the commencement of the contract, to inaugurate its proceedings and approve dispositions for the further tasks to be undertaken. Exceptionally, a second IGC Meeting should be convened four months later (five months before the end of the contract) to decide on the effectiveness of actions taken to date, any modifications to proceedings, and whether to request TACIS to renew the consultant's mission for a further year. Normally thereafter IGC meetings will take place on an annual basis, although Working Groups will probably need to meet more frequently.

4.1.2 Regional Secretariat

The day to day running of the Intergovernmental Commission will need to be delegated to a full time Secretary-General, supported by such other staff as the IGC may from time to time agree to employ.

The precise functions of the Secretary-General will be defined by the IGC, but should include:

- preparation of the agenda, conference room facilities, invitations and minutes for the annual meetings and any exceptional meetings;
- collection of views from National Commissions and preparation of discussion papers and commentaries for submission to the IGC, or to other organisation, on behalf of the IGC;
- day to day responsibility for the running of the IGC office.

The Secretary-General of the Intergovernmental Commission should be a senior figure, able to command respect at the highest level throughout the region and able to motivate and engender enthusiasm for practical outcomes. The person should previously have worked in a position of responsibility in an international organisation, should preferably have spent time working in a western country, and should be fluent in at least English or French as well as Russian. It will be helpful if the person is familiar with the national and international law making process without necessarily having any qualification as a lawyer. The salary fixed for this position will need to be high enough to guarantee that it will be attractive to exceptional candidates on a potentially long term basis. This full time position will have to be the only occupation of the successful applicant as it will be constantly demanding, involving travel inside and outside the region.

The Secretary-General will be a key appointment and the requirement for other staff and the nature of equipment and office space needed by the secretariat should be discussed and agreed with this person once appointed. Senior permanently resident staff in the Permanent Secretariat should be drawn from several TRACECA states.

As these positions may to a large degree be nominations not entirely within the remit of the consultant, to avoid lengthy discussion of the level of salary for the Secretary General, it is suggested in these TOR that the consultant allocate an amount of ECU 1500 per working month (for a period of 12 working months) to the position. The state of origin of the Secretary General is at liberty to pay a salary or allowances in addition to this amount. Senior staff (provisionally one per signatory state plus an additional senior staff member in the IGC office) should be paid at the rate of ECU 800 per working month by the project.
Junior staff including interpreters and secretaries may be engaged locally at market rates by the consultant.

A priority role of the consultant will be formally to confirm in office and engage any candidate provisionally selected at the Baku conference and otherwise to assist in having undertaken an the urgent search for a suitable Secretary-General. *Candidates for **all** other posts may be proposed in Technical Propositions.*

The consultant will propose:
- a working schedule for the Permanent Secretariat
- an outline equipment list to be procured from the project budget (furnishings, information technology, photocopiers, legal library,....)

4.1.3 Finance

It will be necessary to establish a quasi-business plan for the first two years of operation of the Commission. It is quite clear from previous discussions held throughout the region that while most of the states which will participate in the project would welcome the creation of an Intergovernmental Commission as outlined above, they are not presently in a position to finance it.

The participants should, however, from the beginning seek ways to make the IGC self-financing in the medium term by a mixture of grants from state budgets and other initiatives. The potential benefits flowing from trade facilitation justify the subsidising of the IGC during its first 2 years of operation. For example, the co-ordination by the Commission of introduction of UN aligned documentation systems could lead to reductions of up to 70% of the cost of producing export documentation, which itself can account for up to 10% of the value of goods being exported.

The consultant will discuss these issues with beneficiaries and propose solutions on the assumption that all support from TACIS will cease after two years.

4.1.4 Organisation at National level

The IGC is unlikely to succeed if it operates in a vacuum without organised local support. It is therefore suggested that preparation of material for presentation by National Delegations at the annual meetings of the IGC should be entrusted to locally established National Commissions having similar terms of reference to those of the IGC. These National Commissions would have the particular task of:

- disseminating information received from the IGC as widely as possible outside Ministry circles;
- assisting the IGC to implement its decisions and recommendations at a local level;
- preparing the lobbying efforts of National Delegations, both within the IGC and at meetings of other international governmental and non-governmental organisations, to achieve changes which would reduce barriers to the efficient movement of goods;
- consulting a representative range of relevant local opinion on legal and regulatory issues of local and international concern in relation to trade, transport and Customs matters.

In establishing National Commissions the individual states should take account of Recommendation No 4 adopted by the UN working party on the facilitation of international trade procedures, which met at Geneva in September 1974, on creation of such consultative institutions.

The National Commissions, consisting of up to 24 persons, should meet every 3-4 months and take important policy decisions. The day to day work of preparing and considering discussion papers and comments on draft proposals of the IGC and on local draft laws and regulations (normative acts) would be delegated to a much smaller Permanent Committee of experts meeting every 4 weeks who might in the long term occasionally seek the assistance of outside consultants, and will, during the period of the contract, expect to consult the EU appointed consultant on technical matters.

The National Commissions would not require any formal legal structure and could exist as ad hoc advisory groups set up by government, making recommendations to and being consulted on an informal basis by relevant government departments. However, it may be felt that National Commissions would enjoy more prestige and authority if they were constituted on a formal legal basis by Presidential Decree with clear Terms of Reference and authority.

Membership of the National Commissions in the early years could be by invitation of the relevant President, ensuring representation from each of the following interest groups:

- Ministries e.g. Trade, Economy, Foreign Affairs, Justice, Transport, Finance
- Customs Authorities
- Banks
- Insurance companies
- Trade Association and direct Representatives of manufacturing companies
- Trade Association and direct Representatives of the freight forwarding and transport industries

It will be important that only dynamic individuals with specialist experience and motivated by the ambition to serve their country should be nominated for membership of these offices for which only travelling and subsistence expenses should be paid.

It is also important that the first Chairmen of National Commissions should be persons who are energetic, widely respected and with proven experience in motivating and implementing reforms within their states. It will probably be appropriate for the person who attends the Intergovernmental Commission as representative of the Presidential Apparatus or Cabinet of Ministers to be appointed Chairman of the National Commission (NC). By reason of this person's office as National Chairman this person will also normally be the head of country delegation at meetings of the Intergovernmental Commission.

In order for the work of the NC to be carried out efficiently it will be necessary for the NC to have a full time National Secretary with permanent offices in the Presidential Apparatus or Cabinet of Ministers, equipped with computer, E-mail, photocopier etc. and a full time typist/secretary.

The National Secretary should have adequate seniority and experience to command respect among

members of the Commission and officials and trade representatives generally and could be found by secondment of a suitably qualified Deputy-Minister or ex-Minister to the position on renewable 1 year appointments. The National Secretary will be crucial to the success or failure of the National Commission, and therefore indirectly to the success or failure of the Intergovernmental Commission, as the writing of discussion papers and commentaries and assembling of the views of participants at meetings will primarily be carried out by this person.

In Azerbaijan, Georgia and Uzbekistan the nucleus already exists for creation of a National Commission as outlined above. It will be another priority task of the consultant to establish and finance the initial period of operation of the National Commissions. From the beginning, consideration should, however, be given to developing a system of permanent self-financing. This could consist of a percentage levy on each institution having permanent representation on the NC and a 50% contribution from the state budget.

In the medium term the National Commissions may be expected to develop as wholly separate national organisations but during the project stage, in order to make best use of limited financial and human resources and ensure maximum co-ordination of efforts, it will probably be appropriate for the office of National Secretary and local representative of the IGC to be held by the same individual and for the IGC and NC to share the same office and equipment.

4.1.6 Functional Tasks

The organisational tasks preceding are extremely important but must not distract from the specific policy and practical recommendations to be made and promoted by the consultant, in conjunction with the beneficiaries. These should include but by no means be limited to:

- Cataloguing the present bi-lateral and multi-lateral agreements of relevance, translating them, analysing their impact with reference to the BASIC MULTILATERAL AGREEMENT and taking appropriate action to repeal or modify them where they are in conflict with the BASIC MULTILATERAL AGREEMENT.
- Drafting any necessary additional technical annexes to the BASIC MULTILATERAL AGREEMENT.
- Investigating the legislative and administrative structures in place in each state, in order better to ensure the implementation of the BASIC MULTILATERAL AGREEMENT and other relevant agreements and entering into discussion with the various implementing agencies in each state to facilitate the application of the BASIC MULTILATERAL AGREEMENT.
- Generally diffusing the content and import of the BASIC MULTILATERAL AGREEMENT to all parties concerned.
- Assisting at national level in the implementation of the BASIC MULTILATERAL AGREEMENT.
- Promotion of administrative efficiencies advocated by the TRACECA Trade Facilitation project. As a particular priority the possibility of introducing a system of common transit procedures adapted from the Convention on a Common Transit Procedure of 20.5.87 should be actively investigated.
- Promotion of development of a UN aligned and harmonised system of import and export documentation taking full account of latest developments in Europe.
- Generally promoting harmonious evolution of the trade and transport systems, for example by advising on existing relevant international conventions identified by the TRACECA Legal and Regulatory reform project and helping the beneficiaries to accede to those of most benefit to them.
- Ensuring that any reform of freight rates presently set by state authorities moves these significantly towards market-driven systems based on the seeking of efficiencies and cost reduction.

4.2 Implementation Procedures

The consultant will allow for a Team Leader to be permanently seconded to the Secretariat. The Team leader should be a well qualified and mature professional possessing the stature and character necessary to command respect in the region. He or she should be assisted by a team of specialists on longer or medium term assignments, **probably persons having previous experience of working within an international organisation**. Given the necessity for the consultant to discuss all details of the mission very closely with beneficiary authorities, and to gain their confidence, the assignment of experts to the project should foresee extended missions by experts taking in more than one country at

a time as well as extended missions to the headquarters of the new Secretariat. Such experts will need to have multi-facetted experience and not narrow specialisms and should have particular abilities as facilitators. Practically all expert time should be allocated to field work, with some allowances for liaison with TACIS in Europe and with home offices.
Extensive travel through the region should be budgeted for by the EU team and the Secretary General. Some travel must be allowed for by the Senior Experts of the Permanent Secretariat. The consultant should set up local interpretation/secretarial/logistical assistance in each state to ensure smooth and efficient communications and travel by project participants.
All meetings convened in connection with the IGC and National Commissions should be supported by the project budget. Material and technical support for the Permanent Secretariat should be fully allowed for (telecommunications, courier services etc).

4.3 Rough Timetable

The module is to be substantially completed within twelve months. The contract period is to be fourteen months to allow for any loose ends and overlap with follow-up work.

4.4 Global Budget

A maximum budget of 1,100 000 ECU is foreseen.

5. Reporting

All reports are to be delivered in the numbers, languages and locations as follows:

	Bound		Loose-leaf		Diskette
	English	Russian	English	Russian	(Eng.+Rus)
TACIS Brussels	2	1	0	0	0
TRACECA CU Brussels	5	1	1	1	1
TRACECA CU Tashkent	2	2	1	1	1
TRACECA CU Tbilisi	2	2	1	1	1
TACIS National CU in all signatory states	2	8	1	1	1

The consultant is to provide reports directly to key beneficiaries, which may substitute for some of the reports to be distributed according to the table above. Lists of addressees for each issue of the reports are to be provided to the TACIS and TRACECA CU. Copies of the Delivery Notes to all recipients are to be provided by fax to the TRACECA CU offices in Brussels, Tashkent and Tblisi.

The word processing programme to be used will be agreed with TACIS.

Files on diskettes must be complete and orderly. The reports will be placed on the World Wide Web except where confidential.

The importance of high quality Russian texts, delivered on time, cannot be overemphasised. The reporting dates in this TOR are for the delivery of the Russian language text. *The English language text should be provided two weeks earlier.*

Reporting is to be in accordance with standard TACIS Guidelines. These foresee:

Project inception report

An Inception Report shall be issued within 2 month of the start of the project (see note on languages above). It shall summarise initial findings and propose any modifications to the methodology and work plan.

It will also confirm or modify institutes/organisations/consulting bodies to be directly involved in the implementation.

The report distribution lists will be included.

Deliverables

Working Papers on the many issues covered by the project should be issued regularly and discussed with the beneficiaries.
The tenderer is to compose and provide in his Technical Proposal a schedule of separate Deliverables appropriate to specific technical and commercial components of the project Formal Draft versions are not required, but the contractor should carefully discuss the proposed contents with, and provide draft extracts upon request to the TRACECA co-ordination team, before issuing Deliverables.

Project progress reports

These reports will be submitted at the end of month 6, and month 10. The second progress report will be the draft Final.

Final Report

The Final Report will be submitted at month 12.

All Reports must include an Executive Summary.

6. Factors Ensuring Sustainability

6.1 Institutional Appraisal

The project poses a considerable institutional challenge, both at the national and regional level. The harmonious evolution of the present situation is at the core of the project. The signature of the BASIC MULTILATERAL AGREEMENT indicates that the beneficiaries are themselves placing the highest priority on achieving concrete results, which TRACECA wishes to support by this project.

6.2 Economic and Financial Appraisal

The longer term financial sustainability of the IGC is the subject of Section 4.1.3.

6.3 Political Environment

See Section 6.1; the signature of the BASIC MULTILATERAL AGREEMENT indicates a positive political environment with the highest level support.

7. Environmental Impact

None.

8. Monitoring and Evaluation

Key indicators:

- Appointment of a Secretary-General, support staff and National Secretaries/Local IGC Representatives.
- Establishment and equipping of offices of the Permanent Secretariat.
- **Ratification of the BASIC MULTILATERAL AGREEMENT by as many signatories as possible.**
- Holding of IGC meetings and meetings of Working Groups.
- Holding of National Commission meetings.
- Delivery of working papers, or other evidence of progress, on analytical preparations for the functional tasks, and the involvement of a spectrum of beneficiary counterparts and staff.
- Implementation of more efficient transit procedures on the ground (reductions and simplification in transit documentation, agreement on transit permits and fees,...)
- Confirmation of project benefits at the second meeting foreseen for the IGC.
- Preparation of a draft scheme for common transit procedures.
- Preparation of a draft scheme for harmonised import and export documentation.
- Preparation of a sustainability plan for the future operation of the IGC and Permanent Secretariat.

ANNEX 7C

TRAFFIC AND FEASIBILITY STUDIES

EUROPEAN UNION - TACIS

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

TRADE AND TRANSPORT SECTORS

Terms of Reference

for

TRAFFIC AND FEASIBILITY STUDIES

Final Recipients:
TRACECA Region Ministries of Transport

CONTENTS

ALL MODULES

1. Background

1.1 Needs of Beneficiaries

During May 1993 a conference was held in Brussels organised by the Commission and attended by authorities of the eight Republics of the south of the Former Soviet Union (FSU).

Armenia,	Kyrgyzstan
Azerbaijan	Tadjikistan
Georgia	Turkmenistan
Kazakhstan	Uzbekistan

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-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

TRACECA (Transport Corridor Europe Caucasus Asia) was thence created as a component of the TACIS interstate programme. The states above are refereed to as the TRACECA founder states (TFS).
Regional sectoral Working Groups (trade, rail, road, maritime), composed of experts and officials from each TRACECA state and European Union (EU), have been established as part of the TRACECA programme. They meet periodically. They have inaugurated specific projects including this present one, and will monitor results. Members are drawn from Ministers of Transport and Trade, who form the recipient partners of this project.
Mongolia, Ukraine and Moldavia have subsequently been admitted to the TRACECA program.
A TRACECA Co-ordinating Team has been set up, with permanent offices in both Central Asia and the Caucasus.
Beneficiaries of this project are:
- the Ministries of Transport (where existent) and Departments responsible for transport in the Cabinet of Ministers, of the eleven TRACECA countries
- national rail transport operating companies
- national Port authorities

Ministers of Economy and Departments of Statistics may be involved as counterparts, as appropriate in each country.
The beneficiaries are more specifically stated in the tasks for each module.
This project regroups themes developed from problems and opportunities identified by the TRACECA Working Groups and by TRACECA projects carried out previously. It is divided into five modules as follows:

		Approx. percentage budget	
Module A	TRACECA Traffic Data Base and Forecasts	50	%
Module B	Caspian Sea Shipping Services	10	%
Module C	Rehabilitation of the Aktau Port Ferry Terminal	10	%
Module D	Navigation Channel for Turkmenbashi Port	5	%
Module E	Chardzev Bridge	25	%

* Note: there is a certain variation possible in the scope of this Module (see Module related Objectives and Tasks)

The maximum total project budget available is ECU 2 000 000
Project duration 24 months

Module A is the common Module to providing input to the others.

1.2 Problems to be Addressed

1.2.1 Module A - TRACECA Traffic Data Base and Forecasts

A considerable amount of traffic, network characteristics and tariffs data has been accumulated by previous TRACECA projects. These have included:
- TRACECA Traffic Forecasting
- Central Asian Railways Infrastructure Maintenance Module C - Chardzev Bridge Feasibility Study

- Caucasian Railways Infrastructure
- Pavement Management Systems
- Roads Maintenance (Modules D & E)
- Ferry Terminals Baku and Turkmenbashi
- Management Training Baku Port
- Poti Port feasibility study
- Railways Tariffs and Timetables
- Central Asian Railway Restructuring
- Caucasian Railways Restructuring
- Trade Facilitation (Border crossings survey)

In particular the first mentioned of the above projects developed a comprehensive data base, a freight traffic forecasting application based on the Saturn model, and installed this in the eight TFS. Recommendations on the institutionalisation of the data base and forecasting capability were made by the project and some training was provided.

Many problems were revealed and persist. They are summarised as follows:

- There is a fundamental lack of knowledge in the TRACECA region of the principles of traffic forecasting, and indeed of transport economics in general
- There is a general shortage of professional staff with basic computer skills
- The modelling methodology adopted in the Traffic Forecasting project was too sophisticated for the circumstances. The variables used and presentation of output was opaque. Saturn was not well adapted to freight modelling. Software translation into Russian is extremely complicated. Previous TRACECA projects which have attempted to introduce specialist software have had limited success and sustainability (eg. Saturn, Rosy PMS, ...)
- There was not and is not systematised collection of transport data in the region. Existing data collection systems are paper based, inconsistent, and inaccurate
- To varying degrees in each country, traffic and customs data are considered commercial, or even state, secrets
- There is regional sensitivity on sharing of traffic data, while there is competition between states to manage a regional data base
- Decision making for transport system development in the region is traditionally based on political rather than economic criteria, which sidelines the ultimate economic utility and importance of quality transport data
- Within the parallel projects listed above, the various consultants' staff found difficulty in collaborating on their traffic forecasts. Data was sometimes shared by consultants only with extreme reluctance.
- Very little traffic survey work has been carried out by TRACECA or other projects, so that inconsistencies in data provided from counterpart sources cannot be corrected with confidence, and practically no data has been rigorously validated
- While tariffs can be determined, the underlying costs of production are not well known, even by the operators, so that the sustainability of present tariffs is questionable
- The economies of the region are in transition from centrally planned to free market forms, and consequently the characteristics of demand are not determined uniquely by one or the other. The rate of transition is likewise uncertain. The relationship between such inputs and outputs as population, gdp, and traffic, is immature and fickle.
- A major proportion of rail and maritime traffic is of petroleum products including crude. Several pipelines will be commissioned in the foreseeable future, which could much effect the demand for rail transport
- A second major source of traffic is agricultural products, such as cotton for export, soy for import, and wheat both ways. These vary from year to year according to harvest yields, contracts for supply, and other factors, which are difficult to model.
- Certain zones in the region, particularly parts of the Caucasus, are politically volatile and traffic fluctuates according to non-economic and non-technical variables
- Non-physical barriers to trade are emerging as a key determinant issue of future transport flows into, out of, and through the TRACECA region

The preceding problems render traffic forecasting in the region difficult to model, but the need for good quality traffic data and forecasts remains very high. Several of the region's states are potentially wealthy and highly creditworthy. If sound traffic data could be made available, the development banks would be more prepared to advance credits for transport projects

TRACECA reports generated to date contain the most comprehensive data base existing, and have been extensively used by other donors for investment decisions. The categories of data available from counterpart sources are believed to be fully known. Likewise the network characteristics are already quite well catalogued.

1.2.2 Co-ordination with Other Donors

Projects by other donors include the following:

World Bank
- Armenia roads sector
- Georgian transport sector (mostly roads)
- Kazakhstan roads sector

EBRD
- Georgian rail sector
- Azerbaijan rail sector
- Azerbaijan roads sector
- Ports of Poti, Azerbaijan, Turkmenbashi, Aktau
- Kazakhstan, Uzbekistan, Turkmenistan Rail sector loans (under negotiation)
- Turkmenistan roads sector

Asian Development Bank
- Kazakhstan roads sector
- Kyrgyzstan roads sector
- Uzbekistan rail sector

OECF
- Rail and road sector projects in Kazakhstan
- Intermodal terminal and gauge change projects in Central Asia

Islamic Development Bank
- Road sector projects in Azerbaijan, Kyrghystan, Tajikistan and Kazakhstan

In all of these projects TRACECA has been involved to various degrees, particularly as far as concerns the first three of the above mentioned institutions.

This project is intended to stimulate investment in the transport sector within the TRACECA states, so that the consultant carrying out this project will be expected to co-operate with other donors to the fullest degree possible. This will involve meetings with Consultants appointed by other donors, provision and exchange of data on a systematic or on-demand basis. Common reporting with Consultants from other donor programmes is in general quite permissible.
At the TRACECA Working Group Conference held in Tbilisi in May 1998 the organisation ESCAP presented a project entitled 'Trade Facilitation Transport Corridor Europe-Asia'. TRACECA has furnished reports from previous projects of interest to the ESCAP initiative. The present project will be particularly attentive to complementary actions, collaboration, exchanges of information and cross referencing in reports, with the ESCAP initiative.
A report entitled A Comparative Analysis of Routes to the Far East has been prepared by DG7. Its' content should be taken into account by this Module. Likewise, several reports have been published by ESCAP and should be considered.

1.2.3 Module B - New Caspian Sea Shipping Services

The Caspian Sea region is rich in natural resources and is expected to become one of the worlds most dynamic economic growth areas. The Sea itself should become a major transport interface between Europe and Asia. At present much remains to be done to realise this potential.
There is a general interest in the establishment of new shipping services and lines. Kazakhstan is entirely dependent on foreign shipping lines for its export-import trade to the west through Caspian Sea ports (principally Azeri and Iranian vessels calling at Aktau). In fact the viability of a new line or service would be largely dependent on such factors as:
- demand
- tariffs
- charter rates, running costs
- availability of qualified crews
- availability of quality management
- availability of maintenance facilities
- the legal, regulatory and political environment of:
  - the Caspian
  - the Volga-Don
  - the Black Sea
- the physical condition of the Volga-Don canal

These factors are similar, whatever the ownership of a line (national, private or state, JV with or without a foreign partner). The ownership and place of registration would impact such factors as taxation.
Local authorities claim that there is a sufficiency of qualified mariners in the region. Certainly TRACECA state-owned vessels operate in the Mediterranean, on the Baltic and Black Seas. However, they report that local mariners possess limited familiarity with international standards and practices.

1.2.4 Co-ordination with Other Donors

No other donors or external assistance agencies are known to have shown interest in the issue of shipping on the Caspian Sea. One other donors have cited clarification of legal issues and regulations as a first priority to allow external investment.
TACIS is undertaking a study of Inland Water Transport in Russia, including the Volga-Don. A previous Tacis project entitled Development of the Caspian Shipping Company IS ALSO OF RELEVANCE. The results of these studies should be utilised and not duplicated by the present Module.
Investment opportunities would be of obvious interest to the private sector, and to the investment bank agencies which specialise in private sector development.
Private sector maritime investors have declared (very preliminary) interest in the Caspian and the consultant would be expected to collaborate with such investors.
A TACIS national project in Azerbaijan will probably run concurrently with this project and will deal with the creation of an Azeri MOT, the creation of an Azeri Maritime authority, and the restructuring of the Caspian Sea Shipping Company.
The consultants involved must hold an early co-ordination meeting, exchange information freely, avoid duplication and generally collaborate.

1.2.5 Module C - Rehabilitation of the Aktau Port Ferry Terminal

The northern branch of the TRACECA corridor passes through the Port of Aktau. It is the preferred routing by Kazakhs for their traffic, as obviously it increases revenues to the Kazak railways and the port of Aktau, relative to the more southerly route passing through other states.
The Port of Aktau is recovering from a decline in traffic, thanks to its ideal position for servicing the Tenghiz oilfields, and an increase in general cargo between other origins and destinations. There are however questions concerning its cash-flow and loan repayments. Oil is the major port revenue earner at present.
Between 1986 and 1992 the Port operated a ro-ro ferry service between other ports, principally Baku. According to reports the rail ro-ro facilities were never used. Due to the economic dislocation in the Caucasus, the ro-ro service was halted. The condition of the ferry ramp in Aktau has deteriorated due to age and lack of attention, so that today it is not operable. A technical mission has made a brief inspection of the facilities and reported on the requirements to re-commission the ramp and associated facilities.
The Port of Aktau has negotiated a loan of approximately 60MUSD from the EBRD for rehabilitation of the general Port facilities. This loan does not cover the ferry ramp.
The Ministry of Transport and Communications of Kazakhstan has called for tenders (firstly in 1997, lastly in early 1998) to propose re-development and operation of the ferry ramp on a concession basis. So far there were no serious proposals. Oil companies are rumoured to be interested in opening the ferry terminal.
The port management is considering a quick and cheap adaptation of the existing quay side to permit ro-ro operations for road transport. This is an interesting idea, and would test demand. Expert observers have raised questions about the safety of such an initiative.
There are unresolved issues concerning the layout of access roads, holding areas, and facilities for customs and immigration procedures. These require attention in this project, for the ferry service to be fast, and for the unloading-loading procedures to be well organised.
The present sole operator of ferries on the Caspian is the Caspian Sea Shipping Company. They have not expressed great interest in serving Aktau.
A new ferry service was recently inaugurated between Astrakhan and Turkmenbashi.

1.2.6 Co-ordination With Other Donors

As the major creditor of the Port of Aktau the EBRD is interested in the outcome of this study and has declared willingness to consider financing the rehabilitation of the ferry terminal. The key issue for this Module is the potential contribution of the ferry service to the financial viability of the port. For this to be established, reliable robust traffic forecasts must be developed.
Other financing agencies might well be interested.
The consultant must collaborate fully with potential investors, and may have to adapt his planned work programme to satisfy questions which they raise.

1.2.7 Module D - Navigation Channel for Turkmenbashi Port

The main access channel to the port is via an excavated navigation channel, which is reportedly of insufficient depth, and poorly marked for the safe operation of vessels. The deepest draft vessels which regularly use the channel at present are the Caspian Sea Shipping Company ferries (4 to 4,5 metres). Occasionally tankers of deeper draft use the channel, and access

by this type of vessel may increase in the future (reportedly 7 metres). The port is equipped to carry out its own dredging maintenance. According to reports this equipment is not ideal, but adequate.
The problem of draught, if it is in fact serious, could be compounded by a lowering of the level of the Caspian Sea. Considerable variations in the sea level are a historic fact. In recent years the continuation of operation of the ports has been jeopardised by rising water levels, but in the past year a contrary tendency has been manifest. No deterministic methodology for the prediction of future sea levels has been discovered. For the design of port improvement works currently planned, a stochastic method was applied.
The EBRD is already committed to invest substantially in the port, which will impose a financial burden on the port as long as the loan remains outstanding. There is no desire to invest in further works or equipment unless it is fully justified. However, the navigation channel is vital to the survival of the port.
Preliminary technical commentaries on this problem have been prepared by consultants. A clear indication of the risks, technical solutions, and costs of assuring uninterrupted future port operations is now required.

1.2.8 Co-ordination With Other Donors

The EBRD is interested in the results of this Module.

1.2.9 Module E – Chardzev Bridge Financing And Operations Design

This Module concerns a proposed new rail and road bridge over the Amu Darya River at Chardzev. The crossing is a most vital strategic transport link for the whole Central Asian region. It's importance to the economies of the region cannot be over-emphasised.
A feasibility study has been carried out by TRACECA and has recommended the construction of a new bridge costing of the order of 80MUSD. It concluded that:

- The existing bridge is in a very poor condition and cannot remain in full service for much longer. Some urgent maintenance actions are required, but the full rehabilitation of the bridge is not feasible at present. The recommendation is that the bridge be replaced.
- The pontoon crossing for road traffic is operating at capacity, and provides an excessively low level of service. The recommendation is that a road bridge be constructed at the same time as a new rail bridge is built.
- An economic and financial analysis of the implications of these findings is available in the above mentioned feasibility study, but they are not sufficiently rigorous for the scale of the undertaking. There is however little doubt that a new bridge is technically necessary and economically justified.

A simple financial analysis of the implications of these findings is available in the above mentioned feasibility study, but they are insufficiently rigorous, and there is no economic analysis. This project must develop more depth and complete it. The traffic forecasts and financial projections sheets for the bridge need review, revision, and improvement, to fully display the economic benefits of a new bridge.
Likewise, the technical solutions are insufficiently detailed, in all respects (superstructure, sub-structure, approach works, specifications,....)

1.2.10 Co-ordination With Other Donors

It remains to organise the financing for the construction of the bridge under the most favourable conditions for Turkmenistan and the region. Hence co-ordination with other donors, and indeed playing a central role in the co-ordination of a financial plan, is the very essence of this Module.
All of the major development banks have been informed of this project and expressed interest in participation (WB, EBRD, IDB, JICA, ADB if Turkmenistan joins,...). The EC is itself a possible contributor of grant financing for part of the construction cost.
The International Road Federation has been informed about the project and has expressed interest on behalf of its members.

MODULE A TRACECA Traffic Data Base and Forecasts

2. Rationale and Objectives

2.1 Overall Objectives

End objectives of this Module are:

- to establish an autonomous TRACECA data collection centre(s) and forecasting capability, with established interfaces across the region. This should be linked to the TRACECA Joint Commission project as the Joint Commission could be an ideal institution for managing maintenance and exploitation of the data-base and forecasts.
- to provide accurate traffic and other data sets to the accompanying modules

2.2 Project Purpose

This project module will:

- design, develop and institutionalise data collection methodologies and a management system appropriate to the region
- design, develop and apply traffic forecasting methodologies appropriate to the region
- identify and train local personnel to a level necessary to fully comprehend the methodologies and to be able to apply them autonomously. This is a prime requirement of the project, and tenderers should take full account of this in their technical propositions.

There is an intended large overlap between this project module and the others accompanying it. These other modules contain very real and major investment feasibility studies which will be thoroughly and rigorously scrutinised by the interested investors, particularly for the cash flows dependent on traffic forecasts. Hence a prime purpose of this module is to develop transparently logical traffic forecasting methods and apply them using unquestionably accurate base data.

2.3 Results

The sought after results are:

- the establishment and maintenance during the project of a comprehensive and accurate TRACECA statistical transport data-base, in a single physical centre, or as a virtual centre having links with each country.
- the sustained institutionalisation of the data base on a regional basis
- that the beneficiaries become adept in the subtleties of traffic forecasting (a cadre of individuals in each beneficiary state)
- the production of rigorously accurate traffic forecasts for the feasibility studies of the accompanying modules
- the production of displays and synoptics of traffic flows in TRACECA (and on the neighbouring networks in so far as they may be necessary for the comprehension and appreciation of TRACECA traffic)
- assistance to other donors in provision of traffic data.

3. Risks and Assumptions

A number of onerous problems to be addressed were listed in a previous section. Failure to overcome such difficulties jeopardises the achievement of project objectives.
The project is a challenging assignment, intellectually, but above all in project field management. Consultants should consider carefully their ability to perform in the field environment before assuming the responsibilities of the project.
Three particular dangers are to be countered by the Consultant's management plan during the execution of this Module:

- The production of traffic forecasts by over-automated processes, producing numbers which common sense and a knowledge of the region's transport systems indicate to be unsound
- The isolation of the projects activities from local authorities and experts, by an over-emphasis on the technical as against the institutional and relational results expected of the module.
- Sufficient quality and quantity of local partners

4. Main Components

4.1 Tasks

The following basic tasks should be developed in the Technical Proposition. They are not limitative.
Passenger transport is not a direct concern of this module but should be taken into account in so far as it uses the same infrastructure and equipment as freight. Also, for the feasibility studies in other modules passenger traffic is definitely an important source of future revenues, so there is a certain need to include that consideration in the project.

4.1.1 Geographic Focus

The states concerned for Module activities are:

Armenia,
Azerbaijan
Georgia
Kazakhstan
Mongolia
Moldavia
Kyrgyzstan
Tadjikistan
Turkmenistan
Uzbekistan
Ukraine

The contiguous states in the Caucasus and Central Asia will form the core of the project. The traffic database is to be comprehensive for links in these states.

For the other states (Ukraine, Moldavia and Mongolia) traffic connecting with the contiguous TRACECA region is to be the principal concern. This might include:

- TEN routings from the EU through Ukraine and the Black Sea PETRA to the Caucasus and Central Asia
- The potential traffic between Kazakhstan and Mongolia through China (these two states have expressed particular interest in opening trade in petroleum products)

The Volga-Don canal link as well as all maritime links on the Caspian, are most certainly to be taken fully into consideration by the module. Traffic south of the Caspian through Iran is likewise of interest. Visits to non-TRACECA Caspian countries may be necessary.
See also the task following concerning an overview beyond the borders of TRACECA countries.
National as well as international traffic is to be considered.
All states will be treated equally from the point of view of training and equipment supply.

4.1.2 Analysis and Inception Report Phase

Considerable previous Consulting work must be assimilated. Copies of relevant reports and the existing data base files must be borrowed from the co-ordination team in Brussels at the time of mobilisation, copied, and a comprehensive library or libraries with a structured document management system must be quickly established and maintained in the field offices.
The Team Leader should be responsible for ensuring that all team experts are fully versed in the previous relevant work done by TRACECA and others before they commence their missions.
Key counter-parts are to be identified and interviewed during the Inception Phase.
The results of this first analysis are to be included in the Inception Report.

4.1.3 Local Network for Data Collection

The consultant will appoint staff and establish a correspondent office in each beneficiary state.
This will form the basis of a network of correspondents for data collection.
Local staff and beneficiaries may not be expected to work for low or no cost to collect data for the consultant. The consultant must foresee the employment of local experts or sub-consultancy agreements with existing institutions.
The network should evolve during the course of the project into a sustainable "virtual institution" for future maintenance of the data base, with at least one node in each state capable of providing national and regional forecasts.
E-mail is available in all states and must be used. The Internet is accessible from all states but is not yet with sufficient robustness of connection.
Links should be formed with the TRACECA Intergovernmental Joint-Commission for Implementation of the Multi-Lateral Agreement.
Beneficiaries have in general agreed that a centralised TRACECA data base would be desirable but there is no agreement on where it should be based. A compromise solution may be the "virtual institution", or the establishment of a management link to the Joint Commission, or possibly another format may emerge. The question of long term financing of the data base maintenance activities should also be addressed within the project.
See also Training Section

4.1.4 Training and Regionalisation

It is extremely important that the local personnel involved in the project be brought together regularly for workshops throughout the project. These gatherings will serve as forums for:

- Development of the institutional aspects of the data base on an integrated, sustainable, regional basis
- Technical development of the data base and forecasting methodology by interaction with local experts so that it is created in a form which the local participants feel that they can adopt comfortably and use with ease
- Training

Training themes should include:
- The role of the data base and traffic forecasting as a management tool, with reference to regional realities (e.g. of local motives for utilisation of different transit routes), and not to Western European parallels which are too dissimilar
- Investment decision methodology
- Basic computer and data management skills
- The standard approaches to forecasting (eg. O/D matrices, econometric algorithms, step models,...)
- Survey techniques

Trainers should preferably be the project experts rather than training specialists, be seasoned practitioners, experienced in the region, or prepared very well by reading reports from previous TRACECA projects. All training materials such as slides should be in the Russian language. A local relevance should be evident for all the material. Dry presentations of theoretical aspects are to be avoided. The TRACECA co-ordination theme should be consulted when preparing training sessions

This Task is one of the key activities for the success of the project and tenderers are invited to explain in detail proven methods or innovations which they would apply, in their Technical Propositions.

4.1.5 Equipment Supply

The Consultant will propose and supply equipment packages to the beneficiary states sufficient to achieve the project objectives. At a minimum this should comprise, per state:
- One computer with printer, modems, etc.
- Standard office software (word processing, spreadsheet, database, e-mail,...)
- Mass data storage devices (zip storage or CD writers, to match the Consultants technical proposition for transferring data around the region.
- Photocopier

The consultant may or may not propose to supply traffic counting equipment. Sophisticated specialist equipment and software is best avoided.
Software provided should be the Russian language versions.
Equipment should be procured in strict accordance with TACIS guidelines. Tenderers should display knowledge of these guidelines in their Technical Propositions, or include in their team a specialist procurement agent with experience of TACIS.

4.1.6 Data base design, population and maintenance

4.1.6.1 The Data Base

The consultant will develop a data base which should be at least as comprehensive as that established by the previous Traffic Forecasting project. This involved:
- A global zoning system
- Macro-economic variables
- Commodity categorisations compatible with the OSJD categories, and national customs declarations
- Surface mode network characteristics
- Tariffs (very insufficiently in the previous project)
- Traffic, by commodity

The database for this project may be based on an extended version of the existing data base from the previous project, or be completely reworked, as the consultant sees fit.
Relevant non-numeric factors affecting traffic should also be compiled and incorporated in the data base. Journals specialising in the national economic development, Caspian Sea development, should be subscribed to and exploited (eg. Economist Intelligence, Petroleum journals, IMF publications,...). The data base should in general be fully comprehensive and the definitive repository of traffic movements in the region.
The consultant should issue a CD of the data base at maximum three monthly intervals.

4.1.6.2 Data Collection and Surveys

Data collection is to take place throughout the project and not be a one-off campaign. The institutionalisation of the data base maintenance is a principal expected result of the module.
It is not possible to design the database using fresh survey data only, and existent beneficiary sources must be fully exploited, but not exclusively so. No survey work was performed in the previous project and this was a serious omission. It is essential that field surveys be carried out for tariffs, for spot checks or limited screen line surveys validating traffic data supplied, origin-destination surveys, and spot comportmental surveys, to identify any systematic variables and elasticities which are determining network usage.
Specifically, origin-destination surveys for Baku-Turkmenbashi ferry traffic, Aktau general cargo traffic, and for the Chardzev Bridge traffic are unavoidable. Dependent on availability of module resources it would be extremely useful to:

- survey Black Sea traffic into TRACECA (eg. through forwarders at Poti)
- survey new links such as the just opened Astrakhan-Turkmenbashi ferry
- discover the declared reasons why quite considerable quantities of goods arrive by road, when rail would appear to offer a so much cheaper alternative
- discover why some shippers prefer the southern and northern alternatives to TRACECA when apparently TRACECA is cheaper

Several routes compete with TRACECA, such as the Turkey-Iran-Turkmenistan link for road traffic, the Sarakhs-Bandar Abbas link, Baltic ports against Poti for cotton and other traffic. Existing reports do shed some light on this, but much is anecdotal and insufficient is known about volumes, determinant variables, or motives. The seasonal nature of traffic should also be investigated.
Previous experience of TRACECA projects indicates a limited utility for questionnaires, and consultants have offended beneficiaries in the past by leaving behind long questionnaires on whistle-stop tours, for collection later. Questionnaires should only be used in an interview session.
Tenderers are to explain their practical proposals for data collection in their Technical Propositions.
Pipelines are the subject of the TACIS INNOGATE programme, and development of pipelines are of particular relevance in the region, as the major category of product presently transported by rail (and possibly by sea) is petroleum products, at least of terms of tonnage. The question of the impact of future pipeline developments on rail and maritime traffic and revenues is to be specifically addressed by the Module.

4.1.7 Design Forecasting Methodology

Several technical and practical problems relating to the forecasting of traffic in the region have been cited in previous sections. If the forecasting methodology to be adopted for this Module is called for convenience a model, one should not then fall into the trap of designing a "black box", which may be workable in the West, but cannot cope with the discontinuities of variables and non-technical influences encountered in the TRACECA region.
The model should:

- preferably be developed and run on a standard spread-sheet
- from inception be bi-lingual English/Russian, and maintained as such throughout the project
- be developed during shoulder-to-shoulder interaction with local experts
- be transparent in functionality to local experts
- foresee operator/expert intervention and judgement at frequent points
- interface simply with the database
- be sensitive to the problems outlined in the Background section of these TOR
- produce simple comprehensible output reports, with neat (geo)graphics

For high quality graphics rather than other considerations, tenderers may propose the inclusion of a GIS in the data base/model, if such a package exists already in the Russian language, off-the-shelf, for the TRACECA region. Otherwise GIS is to be avoided, and may in any case distract from achievement of the expected results of the project.
The tenderer should include in his technical proposition:

- an outline conceptual and functional analysis of the methodology, including decision points and algorithms, which he proposes to adopt for the traffic forecasts
- simulated output reports including graphics

The tenderer's Technical Proposal should above all demonstrate sensitivity to the local situation.

4.1.8 Documentation of Database and Forecasting Methodology

The sustained adoption of the module by local authorities as well as experts is dependent on their appreciation of the technical utility and viability of the methodology. For this a comprehensive two part or bi-functional paper Manual must be developed in parallel with the data base and model.

Part 1 is to concisely explain the role of the data base and model as a management tool with regional relevance to the highest authorities concerned with transport (Vice-Prime Ministers, Ministers, and CEO of operating entities).
Part 2 is to be the detailed operators manual
The Manual must be developed at the same time as the Model, in Russian. The English version is of lesser importance than the Russian.
The consultant should test the comprehensibility of the Manual by local authorities and experts.

4.1.9 Specific Traffic Forecasts

This Module is to be adapted particularly, and applied, to produce whatever traffic forecasts are necessary for the feasibility studies comprising the other modules. The timing of the production of the forecasts to permit the feasibility studies to proceed, is quite sensitive. Hence the consultant in his technical proposition should provide a schedule indicating that he has allowed sufficient progress in the early phases.
It is important, for know-how transfer and sustainability purposes, that local staff carry out the forecasts, under the direction of the EU experts, using the methodology adopted above. During the course of the project, upon demand by local authorities, TACIS monitors, the TRACECA co-ordination team, or TACIS CU, local staff should be able to independently present and justify the forecasts.
Additionally, the consultant should allow resources to produce two further traffic forecasting case studies of a similar scope to the forecasts for the feasibility studies in the other Modules.
Provisionally, one case study will be to produce forecasts for the export of grain from the port of Aktau, for eventual inclusion in a feasibility study by others for the construction of a grain terminal at the port. Clarity of presentation of results, and adaptation of the model to the study, so that others may develop on it, are obviously mandatory.

4.1.10 Synoptics and Communications, Brochures, Conferences

The Consultant is to allow resources in this Module to produce synoptics and displays:
- To provide overviews of TRACECA traffic and its evolution in Progress reports
- Overhead projector transparencies, for presentation at Conferences by the Consultant or by other TRACECA Consultants, or TACIS officers, etc.
- For inclusion in brochures, folders, exhibition displays, etc.
- To place on the Web site (see on)

A folder of a format to be agreed with the co-ordination team is to be prepared by the module (A3 glossy colour, graphics, Russian and English text, 1000 examples)

4.1.11 Overview of Links to Europe and the TRACECA Neighbouring States

An overview is to be produced of traffic flows, times and costs between far eastern economic centres, the TRACECA countries, and the EU. This should include TEN routings through the Balkans, and links through Turkey, TEN links through Russia from the Baltic and Eastern Europe. Bottlenecks, physical or non-physical, should be identified.
The input for this overview should be the content of the detailed work in the preceding tasks, past available studies such as DG7 and ESCAP reports on the Trans Asian Land Bridge, and other readily accessible statistical sources. Liaison with other organisations should be foreseen. Cross-reference to other past or ongoing studies or multi-national organisation initiatives should be included, so that the overview is both a technically informative section and a co-ordination interface with non-TRACECA bodies.
The format of the overview presented should be both graphic and tabular.

4.1.12 Free Data Filling Station....Web Site

The consultant will organise his field offices to provide data base access and output upon request (eg. CD, and users manual) to other TACIS and TRACECA projects, and to other donors projects. The guidance of the Co-ordination Team should be sought before releasing data, but in general TRACECA sees nothing but advantage to beneficiary and EU interests, in full collaboration with, for example, consultants preparing feasibility studies in the TRACECA region for development banks.
At the Transeurasia conference held in May 1998 in Almaty the need for co-ordination between ESCAP, ECO and TRACECA was included in the final declaration. This project Module will be the particular vector for technical/statistical aspects of such co-ordination. The project will pay particular attention to making a full and illustrative presentation of its results at the Transeurasia conferences scheduled for May 1999 and May 2000. Other conferences are held periodically in the region and the project should allow for presentations, or support to presentations.
To a similar end, data will be made available on the TRACECA Web site (TRACECA.ORG) by the Co-ordination Team, and must be prepared accordingly. This applies to the Module data base or components, but resources allowing, a special

overview site will be prepared by the consultant with synoptics of the region in an attractive form, and information of interest to shippers (eg. published tariffs, times of shipment, particular localised problems or opportunities...). These could in fact be similar to the conference presentations mentioned above.
The C-ordination team will communicate the technical characteristics of the files destined for the Web site.

4.2 Implementation Procedures

The substantial technical steps required for project implementation have been integrated into the tasks preceding.
The project will thoroughly integrate with beneficiaries, counter-parts and local staff in the region and will be purely regionally based. All project technical activities and project management will take place in the region. No home-office activities are to be foreseen except mobilisation, procurement (if in EU), and logistics. All reports are to be written on site. No off-site Project Director is to be included in the team. It is crucial to the success of the project that there be a strong Project Director or Team Leader permanently on site with a full mandate to run the project, including its sub-contracts and consortia participants. There is to be a permanent project office in both the Caucasus and in Central Asia, from three months after commencement of the project, until its end. Some in-EU time for senior staff liaison with Brussels and the IFI may be foreseen.
It is particularly important that the execution of the Modules comprising this project be carried out in an integrated and orderly manner.
Local counterparts will not be expected to provide routine data collection or logistic support services. Local experts, seconded employees, or Institutions must be engaged as staff by the consultant for such tasks. Time allocated to local staff (as distinct from Counterpart staff) must be clearly shown in the proposal. There should be a balance between inputs from experts in the different TRACECA states.
The ratio of working time spent in the region relative to working time spent in the home office should be clearly visible in the consultants Technical Proposition, as should time allocated to local experts, which should be maximised.
Any assemblies of counterparts or local experts within the NIS are to be arranged entirely at the expense of the consultant, including travel and accommodation of participants. Likewise office space, interpretation, secretarial services, and all other inputs required for the purposes of the work are to be provided by the consultant.
The consultant will be required to attend regular Co-ordination meetings in the region, to collaborate fully with the TRACECA co-ordination structure, and the Monitoring Team, to collaborate with and possibly integrate operations with the proposed Inter-Governmental Joint-Commission, and to attend occasional co-ordination meetings in Brussels or other EU locations.

4.3 Rough Timetable

The mobilisation and analytical aspects of this module must be concentrated in the first three months of the project. This exceptionally long time is to take account of the dispersed location of the Module, and to allow for correct planning of the output from this Module, which is crucial to the feasibility studies in the other Modules.
Data collection and the development of the forecasting methodology are to be carefully scheduled and intensive after the mobilisation phase, to avoid any risk of delay.
Support to the data-base should be continuous throughout the project, as should the institutionalisation of the Module.
The preferred timetable implied in the preceding is for the activities of this Module to be carried out as an integrated programme, and to feed output to the other modules. An alternative is for the data collection for the other Modules to be carried out independently, then to assemble their output into a data base, and to add on whatever may be missing to make it fully regional. This alternative risks losing the synergies and economies of scale in collecting broad sets of data and designing surveys for a regional data base.
A pragmatic approach is probably the best, and hence the need for strong team leadership on site to maintain the integrity of the project.

4.4 Global Budget

Approximately 50% of the total project budget may be allocated to this module (module A).
Attention of tenderers is drawn to the high input required from local experts in the tasks, and this should be reflected in the budget.

MODULE B - New Caspian Sea Shipping Services

2. Rationale and Objectives

2.1 Overall Objectives

The overall objectives of this module are to define the conditions under which new shipping services or lines could be inaugurated on the Caspian Sea.

2.2 Project Purpose

The module should create a feasibility study or business plan for the establishment of new shipping services. It should detail the potential for such a venture, with reference very much to the present and probable future operating environment within the Caspian. The operating environment shall include the legal framework.
The module will provide in addition some support to local maritime professionals based in the TRACECA Caspian coastal states:

- Identify the professional mariners organisations and training institutions, and determine the new economic circumstances, and familiarity with international practices
- Design in collaboration with them a training or familiarisation programme, preferably for them to carry out autonomously (as follow-up to this module is not presently foreseen in the TRACECA programme)
- Provide basic documentation for such a program, and possibly some material support (eg. Computers, printers, photocopiers)

2.3 Results

The sought after result is that the beneficiaries decide on a well informed basis whether or not it is advantageous for them to pursue the idea of establishing new Caspian Sea shipping services.
Furthermore, the module output will clarify the opportunities for EU operators to enter the Caspian Sea, and be useful as a document for negotiating development bank support, if the basic economic circumstances are favourable.
The training component should satisfy beneficiaries request for some support from TRACECA to the mariners associations.
A legal and regulatory Annex to the report should point out specific actions required in the field of legislation, adhesion to and application of international norms and standards.

3. Risks and Assumptions

The establishment of a new shipping services on the Caspian is an ambitious idea, which should be carefully investigated before any operator, be it private or state owned, EU or local, invests in such an enterprise. It is unlikely that private EU operators would risk the effort necessary to undertake such investigation, so it appears appropriate for TRACECA to take this first step. This is to be an objective study and there is no predisposition to assume that there is a case to be made for the establishment of new services.
There is some risk to the clarity of the module output, in that the legal environment in the region is known to be confusing. Even so, the project would be worthwhile if it highlighted the details of such difficulties, so that corrective action could commence.

4. Main Components

4.1.1 Geographic Focus

The full beneficiaries of this module are:

Azerbaijan Kazakhstan
Turkmenistan

In so far as concerns the training module then the states of Georgia and the Ukraine should be added.
In particular Kazakhstan has requested this Module as it does not at present operate any vessels on the Caspian.

4.1.2 Traffic Forecasts – Demand Analysis

Maritime traffic forecasts necessary to identify the potential demand for shipping should be prepared within module A. They should be comprehensive and cover all categories of cargo transported on the Caspian, or out of it via the Volga-Don, or eventually up to the Baltic or Russian inland destinations, if their volume is sufficient to justify interest. The TACIS Russian IWT study should clarify this, but it may be necessary to carry out further investigative work.
State cargo quotas and long term contracts should be reported and taken into account.
Representatives of the major oil companies should be interviewed and intentions determined.
Tariffs should also be available from the data base.
The various alternative routes for all cargoes, the tariffs, times, facilities and inconveniences likely to determine demand should all be analysed.
The eventual split in demand due to the refurbishment and opening of new pipelines should be taken fully into account.

4.1.3 Availability and Operating Costs of Vessels

Investigations should cover:
- the availability of vessels appropriate to the foreseen demand, on charter or to purchase.
- the total operating costs of the vessels, including harbour dues, Volga-Don fees, registration fees etc.

4.1.4 Technical Constraints on Navigation and Operating Shipping Services

Certain technical limitations exist and should be analysed, including:
- limitations on the use of the Volga-Don as an access channel for vessels to work on the Caspian, and to navigate into and out of the Caspian
- maintenance facilities for vessels
- navigation aids and possible unsafe operating conditions
- draught and tonnage limitations due to whatever factors

4.1.5 Personnel, Training

The question of the availability of human resources (crews), and training for mariners who might work or be re-employed on the Caspian Sea is to be investigated, and the present facilities for training such staff, is to be investigated. There are mariners associations whose institutional objectives apparently border on, or extend into, training, and advising Ministries on maritime questions. It may be opportune for the consultant to mobilise resources from such an association(s) to assist in the study.
In the course of the investigation the consultant is to pay attention, beyond the needs of the shipping services business plan, to training needs of local mariners. The consultant should recommend for the beneficiary states concerned their most advantageous strategy for providing future training needs:
- creation or support for national institutions, or usage of which regional institution
- probable numbers of personnel who should be trained annually in each necessary category of qualification
- the present reserve or lack of qualified staff, and opportunities for redeployment
- alignment of training practice and curricula content with international norms (e.g. International Convention on Standards of Training Certification and Watch Keeping for Seafarers)

Beyond recommendations, the consultant should provide some basic documentation to, and hold a regional seminar for, local institutions or organisations, in Russian, to familiarise them with international practice, and revise their training regimes to meet the challenges of the future.

4.1.6 Establishment of a Management Structure

To start new shipping services not just a business plan and financial backing would be necessary but also, just as essentially, a management structure would need to be set up or imported.
The consultant should investigate the position and intentions of all present operators on the sea, and of any who express interest on operating there, particularly EU operators.
The consultant should propose options and recommend on this aspect.

4.1.7 Legal, Regulatory and Political Environment

The consultant should fully investigate and report on the legal and regulatory environment affecting shipping on and into the Caspian via Volga-Don.

The TACIS Azerbaijan national project "Reorganisation of the Transport Sector Administration In Azerbaijan" contains a Module dealing with the establishment of a Maritime Authority for Azerbaijan. The output from this is to include the legal environment and should be provide some input adaptable to the broader regional interest of this present project. Likewise the TACIS project "Inland Waterway Transport in Russia" should provide insights into the legal environment.
The consultant should point out the restraints and opportunities that this environment presents for the venture under study in this module. Five countries border the Caspian and it is quite possible that trade restrictive regulations and practices are applied by each to the net disadvantage of all (registration, technical standards, qualification of seamen, customs and immigration procedures, tariff rules,....).
Where the regulatory environment is hampering economic development of Caspian Sea traffic the consultant should make recommendations on changes needed. It is likely that he should discuss such issues with the proposed TRACECA Intergovernmental Joint Commission.
There is a protracted disagreement on the status of the Caspian at least in so far as the exploitation of oil fields is concerned. This study should disassociate its work as far as possible from such non-transport sector fields.
Within this section mention is also made of the need to analyse factors such as:

- the national fiscal regimes (no other TACIS projects are believed to deal in any way with this question)
- company and vessel registration,
- IMO membership, adhesion to and application of International Conventions in general.

4.1.8 Business Plan

The consultant should assemble all of the preceding analysis and discuss options for a possible new or extended shipping services with interested beneficiaries, development bank representatives and EU private operators.
He should formulate a full business plan including:

- The market segments or lines of business of most interest, why they are of interest and with what certitude
- A full financial analysis in sufficient detail and rigour to allow negotiations with possible financial backers
- A step by step development plan indicating the most potentially profitable programme to establish any such line (procurement of fleet, staffing, registration, sources of financing,..).
- The non-financial risks and opportunities presented by the venture

A separate annex should detail any legal and regulatory, or non-technical restraints affecting Caspian Sea traffic and to be resolved, and recommend to the TRACECA state governments, preferably through the Inter- Governmental Joint Commission, how to proceed (e.g. accession to and application of international conventions, model national regulations, simplified operating or control practices within present rules...)

4.2 Implementation Procedures

See Section 4.2 Module A

4.3 Rough Timetable

The study is to be substantially completed within 21 months, which is intended to allow time for orderly data collection and forecasting within Module A to feed into this Module, and for input from the Azeri national project.

4.4 Global Budget

Approximately 10 % of the total project budget may be allocated to this module.
Ample provision should be foreseen for local staff.

MODULE C – Aktau Ferry Terminal Redevelopment

2. Rationale and Objectives

2.1 Overall Objectives

The overall objectives of this module are firstly to reveal the investment merits of the redevelopment of the Aktau Ferry Terminal for road and rail traffic on the northern branch of the TRACECA route.
If there is shown to be investment merit, and the Ministry of Transport of Kazakhstan and the EBRD commence negotiations for the financing of the project, then documentation for tendering the works will be prepared.

2.2 Project Purpose

The module should:

- Refine, verify and complete previous technical investigations which have defined three options and related costs for opening the ferry terminal
- Develop financial projections for redeveloping and operating a ferry terminal
- Prepare and present a feasibility study based on the foregoing
- In the event of necessity, prepare working drawings and specifications for tendering the works, based on the feasibility study and previous tender documents prepared by TRACECA for the EBRD for the ferry terminal at the ports of Turkmenbashi and Baku.

2.3 Results

The sought after result is that the Ministry of Transport and Telecommunications of Kazakhstan, and the Port Authorities of Aktau, be provided with a feasibility study allowing them decide on a well informed basis whether or not it is advantageous for them to redevelop the ferry terminal.
The EBRD having expressed interest in any project which improves the financial position of its client, the Port of Aktau, it is quite possible that serious loan negotiations for the redevelopment commence. In this case tender documents will be made available by the module.

3. Risks and Assumptions

The risks for the successful completion of the feasibility study are quite minimal. Previous similar studies have been completed successfully by TRACECA projects for the ports of Baku and Turkmenbashi.
The potentially most uncertain issue for the study is the traffic forecasts, and Module A of this project provides consultancy resources for the forecasts to be made with fully as much confidence as the state of the art and the local circumstances permit.
There is a decision point foreseen in the project Components below concerning the preparation of tender documents for the project. Some confusion may result if there is not a clear signal from the EBRD, or from the Kazak decision makers, on whether the project will be financed or not.

4. Main Components

4.1.1 Geographic Focus

The beneficiary of this module is the Ministry of Transport and Communications of Kazakhstan, represented by the Maritime Section of the Ministry and the management of the Port of Aktau.

4.1.2 Refine, Verify and Complete Previous Technical Investigations

The previous investigation carried out by TRACECA comprised a mission report which identified three options for re-opening the ferry. Further engineering work is necessary, in particular to verify the condition of mechanical-electrical installations, the ramp structure, the civil works, and whatever architectural facilities may be necessary. The design of the access and holding areas for the ferry ramp land approaches needs to be finalised with the counter-parts.
Drawings prepared for similar works at Baku and Aktau will be made available to the consultant. At these other ports the ferry ramps are for double berths rather than a single berth as at Aktau.

4.1.3 Traffic Forecasts – Demand Analysis

Traffic forecasts necessary to identify potential demand for the ferry terminal should be prepared within module A. They should be comprehensive and cover all categories of cargo which might be transported.
The principal correspondent port for the ferry service is Baku but others might be considered.
In a previous TRACECA study considerable road traffic was observed using the Baku-Turkmenbashi ferry and driving north through Aktau to connect with Russian destinations north of the Caspian. This high traffic was apparently temporary and due to the closure of a border during the Chechen civil war. This is an illustration of the need for great care in the preparation of the traffic forecasts.

4.1.4 Cost estimates

Cost estimates for redevelopment works should be prepared on the basis of the tenders for similar works underway or foreseen at the ports of Turkmenbashi and Aktau (and Baku, if available).

4.1.5 Financial Projections

Financial projections should be made to allow appraisal of the ferry terminal redevelopment according to standard development bank criteria, and in particular those of the EBRD.
The demand projections, tariffs, and their presentation should be discussed during the course of the project with the EBRD, to ensure satisfaction of that institution's criteria.

4.1.6 Environmental Due Diligence

An environmental due diligence study should be prepared according to EBRD criteria.

4.1.7 Recommendations for Redevelopment

The consultant is to present to the Ministry of Transport, to the Port authority, and to the EBRD, a feasibility study containing his recommendations and justifications.
He is to respond to any questions raised on the study, but according to the Implementation Procedures for this project very close collaboration with the beneficiary is required throughout the work, so that questions should be minimal.

4.1.8 Tender Documents

Dependent on the declared intentions, after appraising the study, of the Ministry of Transport and the EBRD, the consultant may be required to produce working drawings, specifications, and contract conditions for the redevelopment works.
It may be assumed that the specifications and contract conditions prepared by previous TRACECA projects for redevelopment of the ferry terminals at Turkmenbashi and Baku, are adaptable to the present project. The working drawings for the approach and support services facilities, and for the ramp will have to be newly detailed.

4.2 Implementation Procedures

See Section 4.2 Module A
Much of the work connected with this module should be carried out at the Port of Aktau.

4.3 Rough Timetable

The feasibility study is to be substantially completed in draught form within twelve months, which is intended to allow time for orderly data collection and forecasting within Module A to feed into this Module. The follow up works should be completed eight months later, allowing say four months time for assimilation of the feasibility study, inclusion of any comments, and a decision on consequent actions for Tender Documents to be prepared.

4.4 Global Budget

Approximately 10 % of the total project budget may be allocated to this module, inclusive of preparation of tender documents.
Adequate provision should be foreseen for local staff.
The relative allocation of project resources to this module may be decreased, if the EBRD does not express firm interest in investing in the ferry terminal based on the findings of the feasibility study.
The consultant is to make clear in his Technical and Financial Propositions, the proportion of project resources which would be liberated if the tender documents are not prepared. He may also propose in his technical proposition alternative

uses of resources in such an event (e.g. diversion to another module in the project, or to a need a the Port of Aktau which is not covered in these terms of reference, such as development of the grain terminal). The intention would be to re-deploy these resources without amending the contract, which implies maintaining the same budget lines. The eventual reallocation of any slack resources should be discussed with the co-ordination team and authorised by the Task Manager.

MODULE D – Navigation Channel for Turkmenbashi Port

2. Rationale and Objectives

2.1 Overall Objectives

The overall objectives of this module are to ensure the continued accessibility of navigation to the Port of Turkmenbashi.

2.2 Project Purpose

The module should:
- carry out field investigations and report on the siltation regime of the port access channel
- propose a maintenance plan to assure the security of navigation to the port.

An investment plan is to be proposed if additional capital works or equipment is vital to assure the ports operations.

2.3 Results

The project should deliver a detailed annual or periodic maintenance plan using as far as possible equipment owned by the port, or to be contracted, under a reasonable maintenance budget given the ports traffic and revenues.
The plan should assure that maritime traffic calling on Turkmenbashi is subject to no unreasonable delay or danger due to the condition of the access channel.
The results of the study should indicate clearly:
- the security of future revenues to the port from risks posed by any perceived present or future inadequacies of the navigation channels
- the costs of and dispositions for routine maintenance of the channel
- investment recommendations, or explanation why no investment is required

The module should deliver an investment plan, if capital works are necessary to assure the overall objectives, or if the maintenance equipment available to the port is largely sub-optimal.

3. Risks and Assumptions

Several uncertainties are included in the background to this project. Different versions of consultants' and operators' commentaries exist, of the degree of severity of the problem of siltation, and navigational marking, for the access channel to Turkmenbashi port, and of the need or not for a sophisticated computer based study and maintenance plan to be developed. Given the difficult experience of previous TRACECA projects with sophisticated specialist software, these TOR choose to avoid such methodology altogether, whatever their technical merits. Previous consultants' commentaries do not make it clear whether the port will be able to carry out channel maintenance under their own maintenance budget or not.
There would appear little risk that this project cannot clarify the matter, but beneficiaries could disagree of the findings, with vessel operators calling for higher factors of safety, and port authorities claiming that the channel is adequate.

4. Main Components

4.1 Task

4.1.1 Geographic Focus

The beneficiary of this module is the Cabinet of Ministers of Turkmenistan, represented by the Vice-Prime Minister for transport and the management of the Port of Turkmenbashi.
Vessels of the Caspian Sea Shipping Company are the most frequent callers at the port, and their involvement in the project is also necessary.

4.1.2 Determination of the Existing Situation and Environment

- Review of previous consultants' reports and mission notes.
- Collection of existing charts and maps to describe the geography of the bay and channel system.
- Collection of existing data to determine natural conditions (hydraulic, meteorological, geophysical)
- Spot checks and surveys to confirm and augment the preceding
- Survey of channel markings
- Interviews with vessel operators

- Identification of current operational guidelines and practices, for vessel operations and for channel maintenance
- Identification of port services and equipment for assisting vessels during passage of the channels (pilot service, pilot vessels, radio equipment,...)
- Appraisal of past and present dredging practice, available equipment, staff, contractual arrangements, management practice, budget, suitability of locations for disposal of dredged materials,...)
- Identification of alternatives options for carry out dredging operations.
- Past, present and forecast traffic and revenues for the port (from Module A)
- Analysis of the possible impact of fluctuating water levels for the Caspian Sea
- Comparison between actual situation and international norms
- Relevance of international standards in so far as concerns Turkmenbashi port access, including draught parameters, lighting requirements etc.

4.1.3 Maintenance and Improvement Recommendations

- Review of the adequacy of the channel system, including layout, navigational aids, buoys, etc.
- Review of operational practices for channel navigation, including the ports services and equipment
- Recommend and justify possible operational improvement measures with respect to safety and continuity of operations, costs, benefits, environmental aspects
- Review the ports capacity to correctly maintain and dredge the access channel
- Recommend and justify a maintenance policy and working maintenance plan, with justifications for any changes from the present situation. Provide budget estimates for such a plan and relate it to expected port revenues and expenditures
- Recommend and justify any capital works or equipment procurement, if required, including costs, benefits, safety and environmental considerations
- Provide outline specifications for any equipment procurement, if equipment is required

4.2 Implementation Procedures

See Section 4.2 Module A

4.3 Rough Timetable

The module is to be substantially completed within twelve months, which is intended to allow time for orderly data collection and forecasting within Module A to feed into this Module, collection of existing technical data, arrangements of contacts with the port management, then a completion of this module within about four months.

4.4 Global Budget

Approximately 5 % of the total project budget may be allocated to this module.

Adequate provision should be foreseen for local staff.

MODULE E - Chardzev Bridge Feasibility Study, Tender Documents, Financing and Operations Design

2. Rationale and Objectives

2.1 Overall Objectives

The overall objective of the project is to assure the security well into the future of the southern TRACECA corridor passing through Turkmenbashi, Chardzev, and Farads.

2.2 Project Purpose

The objectives of the present Module are to advance the planning for the construction of the new combined road/rail bridge and in particular to develop for the bridge:

- a feasibility study
- tender documents
- a financing package for the construction
- an agreement for its ownership and operation

2.3 Results

The expected final result of the module should be the creation of an investment package and all associated agreements relating to construction, operating, and ownership of the proposed new bridge. This is to include identification of the most interested investment partners, and assistance in negotiations to the Government of the Republic of Turkmenistan.
Documentation should be prepared for agreements between the owner and investment partners to the bridge development, and for launch of a design and build tender.

3. Risks and Assumptions

The principal assumption is that broad conditions for participation in financing the project, mutually satisfactory to both the investors and the Government of the Republic of Turkmenistan can be found. The corresponding risk is that such a basis for negotiation cannot be found.
One major IFI has expressed interest in the project, and has previous experience of investing in Turkmenistan.
No external private sector investors have yet, as far as is known, chosen to invest in major transportation infrastructure in Central Asia.

4. Main Components

4.1. Tasks

The beneficiary of this module is the Cabinet of Ministers of Turkmenistan, represented by the Vice-Prime Minister for transport and the Committee for External Investment . The Turkmen Railway and Turkmenavtoyollari are also to be involved.
The Consultant will be required to liaise and assist the Turkmen authorities, acting as their confident and advisor, so that the project is given the maximum possibility of realisation on terms most favourable to Turkmenistan and to the economic development of the region.

4.1.1 Review and Refinement

4.1.1.1 Feasibility Study

The previous TRACECA feasibility study adopted technical options from an FSU study which preceded it. Several options for the crossings were considered.
A critical review of the feasibility study will be carried out, verifying in particular:

- traffic projections (extremely thorough and integrated with Module A)
- economic costs and benefits
- cash flow projections
- social cost and benefits
- technical solution proposed

- environmental due diligence to satisfy IFI and national rules

A revised feasibility study will be issued. This document should be comprehensive, requiring no cross referencing to the previous study or to any other document. Retained extracts from the previous reports should be bound in to present one coherent report.

The consultant is to calculate benefits and costs including Vehicle Operating Costs and Train Operating Costs for the with and without project scenario. Several sub-scenarios may be needed as the traffic on the bridge could be influenced by developments a considerable distance away.
Among other factors, he is to take into account the on-going maintenance costs of the new bridge, the pontoon bridge and the existing rail bridge. Passenger and driver time costs are to be estimated.
The pontoon bridge is presently tolled, and it is to be expected that the new bridge can and should be tolled, possibly at a higher rate than the pontoon bridge to take into account the higher level of service. A comprehensive cost-benefit analysis will be performed, including NPV, and IRR. The financial calculations for the capital cost, debt servicing, maintenance charges, tolls etc. are to be distinctly separate from the economic analysis which will consider all of the benefits and costs, whether or not they lead to an accounting entry for the bridge operators.
Much relevant data (e.g. VOC, TOC) is to be found in previous TRACECA work. The scenario to be taken into account are by the nature of this bridge quite complex. The previous project developed a strong case for one option, and for the level of tolls. Economic analysis, given the variety of users and the diversity of their benefits requires some more work.
The recommendation of the previous report, that a new bridge should be built rather than the old one repaired, appears quite sound, but could be challenged, and this module should express a second independent opinion on the question. An earlier report by a Russian Institute also found that the old bridge was irrecoverable.
There is a Turkmen project to build a new line from Chardzev to Kerkichi, and a new crossing of the Amu Daria there. The impact of this line, if ever completed, should be demonstrated.

4.1.1.2. Chardzev By-pass road

There is a rather unsubstantiated recommendation in the previous report that a 13 km by-pass road should be constructed to avoid road traffic to the new bridge passing through the urban areas of Chardzev. As far as is known no detailed work has been carried out and the new road is only shown on plans at a scale of 1:100 000.
This present Module is to include a separate Pre-investment Study on the By-pass road.
Land acquisition aspects must be investigated, and resolved in collaboration with Turkmen Authorities.

4.1.1.3 Tender Documents

A full tender dossier must be presented using FIDIC Standard Conditions for a design and build contract.
The technical solution for the bridge must be developed and detailed sufficiently for this including engineering drawings and specifications (structural, civil, mechanical, architectural...) sufficient for international competitive bidding purposes.
Approach roads and rail links are to be included, though not necessarily the By-pass.
The tender documents should be developed early in the project in outline form to verify cost estimates and uncover any so-far-unforeseen technical problems, but the format may be subject to some change depending on the financing package developed. Thus finalisation should be left to the end of the Module.
The previous project proposed that it was not optimal to spend any significant sums on maintenance of the old bridge, but rather to build a new bridge as quickly as possible. Previously, FSU engineers had come to similar conclusions. However this present Module will re-inspect the bridge and confirm or otherwise comment on the possibility for significantly extending the life of the new bridge.
A small package of Works for assurance of a minimum level of safety of operation of the old bridge, pending construction of the new one, is to be developed. This small package should include sufficient detail for tendering purposes. The form of contract may be FIDIC or DG8 - Works, or WB small works or another, to be decided in consultation with the Co-ordinating Team and Task Manager.

4.1.2 Solicitation for Investment

On the basis of the review and additions or adaptations to the overall case for construction of a new bridge, the consultant will create an Information Pack and diffuse it to potential financing agencies, equity or operational participants, world-wide. He will most actively solicit investment interest in the project by investors from the IFI and private sector.
After the initial consultations foreseen in Section 4.1.3 he may circulate further packs containing the options which lead investors feel open to them.

The Consultant should produce a Working Paper principally for the benefit of Turkmen Authorities, to outline the various and rather complex financial and economic opportunities and burdens, presented by the bridge project. Innovative financial solutions, involving for example development banks, exim banks, private participants and loan guarantors, may need to be worked out.

4.1.3 Conceptual Design of Management and Financing Options

In close collaboration with the beneficiary and any lead financial institutions which emerge the consultant will determine the most viable and acceptable options for:

- financing of works and maintenance
- management framework, ownership structure and operation plans, in the broadest sense and in detail...allocation of risks and responsibilities between participants...outline conditions for operation as a concession
- terms of usage for
  - road
  - rail
- revenue distribution, regulation of tariffs
- arrangements for adjustment in case of over or under usage
- limits to discriminatory or preferential tariffs
- level of government contribution required to make the project "bankable"
- guarantees for loan repayment
- guarantees for level of service provision
- fiscal regime
- legal framework

Particular attention must be paid to the latter to cover such issues as:

- property rights
- right-of-way procurement issues
- rights to levy and disburse of tolls
- environmental approvals
- building permits
- working permits
- transferability and pledge of concessions
- import duties
- hard currency lending and exchange

This phase of the project should commence with informal consultations with potential investors to learn their views and the constraints under which they would be operating. This should lead into more detailed discussions with the interested investors. The consultant is to act as a catalyst to consolidate interest and facilitate negotiations between the investors and the Republic of Turkmenistan.
The presence and interest of TACIS as a major contributor of grant assistance in a co-financing package must be developed by the consultant.

4.1.4 Draft Agreements, Legislation and Tender Documents

The consultant will draft detailed agreements as may be required and probably including but not limited to:

- Financing, ownership and operation of the bridge
- Modifications to legislation in Turkmenistan
- Interstate agreements

The consultant will likewise assist in the preparation of tender packages:

- for an operating concession
- for maintenance of the existing bridge during a transition period
- for construction of a new bridge (design and build).

4.1.5 Donors Meeting

It is to be anticipated that the evolution of the module will be much advanced by a donors meeting to be held in Ashghabad. The exact timing of this relative to the other project tasks is left open, so that it may be held at the most opportune moment.
The consultant is to convene such a meeting and make all necessary arrangements for it including, logistic arrangement for invitees (e.g. hotel reservations,...), a suitable venue, interpreters, catering, preparation translation and distribution of

documentation etc. Costs excluding air-fares and hotels for foreign participants should be foreseen as a reimbursable item within the project budget.

4.1.6 Follow-up

The preceding tasks are to be substantially completed within a period of six months. It is to be foreseen that there will be a need for follow-up consultancy over a further six month period (making the duration of the module twelve months in all). Activities to be foreseen during this period would include assistance to the Government of the Republic of Turkmenistan in the passing of legislation, in the composition of the documentation needed for tenders, and launching and evaluation of tenders.

4.2 Implementation Procedures

See Section 4.2 Module A
The consultant should foresee that one professional expert acts as module leader, and pilots most of the tasks foreseen in this module. The expert should be a banker, a transport economist, lawyer, or civil engineer with extensive experience of financing major transport infrastructure projects by international financial institutions. Other short term experts should include:
Senior bridge engineer(s)
Tender and contract documentation specialist

Local professional assistance should be engaged.

The consultant should foresee extensive presence on site in negotiations with Turkmen authorities in Ashgabat and Chardzev. He should also foresee liaison meetings with the co-ordination team in Brussels and in Central Asia. Travel to locations of financing institutions should also be foreseen.

4.3 Rough Timetable

The module is to be substantially completed within eighteen months, which is intended to allow time for orderly data collection and forecasting within Module A to feed into this Module. After this period follow-up support to the government in its dealings with investors should be foreseen until the end of the project.

4.4 Global Budget

Approximately 25% of the total project budget may be allocated to this module.

ALL MODULES

5. Reporting

All Inception Reports, Progress Reports for the whole project, and Deliverables for Module A (Manuals, CDs, case studies, etc.) , are to be delivered in the numbers, languages and locations as follows:

	Bound English	Russian	Loose-leaf English	Russian	Diskette (Eng.+Rus)
TACIS Brussels	2	1	0	0	0
TRACECA CU Brussels	5	1	1	1	1
TRACECA CU Tashkent	3	3	1	1	1
TRACECA CU Tbilisi	3	3	1	1	1
TACIS National CU (all 11 TRACECA states)	1	5	1	1	0
TACIS Monitoring Team, Caucasus, Central Asia, Europe	3 (1 to each location)				
Counter-parts	As necessary	As necessary	As necessary	As necessary	As necessary
Development banks and others	3		3		

A CD with the data-base and the forecasting methodology should be issued at three month intervals commencing in month six.

Technical Deliverables for Module B (New Shipping Services) are to be provided as above, except as follows:

	Bound English	Russian	Loose-leaf English	Russian	Diskette (Eng.+Rus)
TACIS National CUs (Azerbaijan Kazakhstan Georgia Turkmenistan Ukraine)	1	5	1	1	0

Technical Deliverables for Module C (Aktau Ferry Terminal) are to be provided as follows:

	Bound English	Russian	Loose-leaf English	Russian	Diskette (Eng.+Rus)
TACIS National CUs (Azerbaijan Kazakhstan Georgia Turkmenistan Ukraine)	1	5	1	1	0

Technical Deliverables for Module D and E (Turkmenbashi Navigation Channel, and Chardzev Bridge) are to be provided as follows:

	Bound English	Russian	Loose-leaf English	Russian	Diskette (Eng.+Rus)
TACIS National CU in Turkmenistan	1	5	1	1	0

Lists of addressees for each issue of the reports are to be provided to the TACIS CU. At least one copy of each report should be delivered directly to the key project counter-part in each country.
Copies of the Delivery Notes to all recipients are to be provided by fax to the three TRACECA co-ordination team offices.
The word processing programme to be used will be agreed with TACIS.
The importance of high quality Russian texts, delivered on time, cannot be overemphasised. The reporting dates in this TOR are for the delivery of the Russian language text and the English language text to be provided at the same time.
Any software to be provided as a Deliverable should be in Russian, as should the manuals.
Reporting is to be in accordance with standard TACIS Guidelines. These foresee:

Project inception report
An Inception Report shall be issued within 3 months of the start of the project (see note on languages above). It shall summarise initial findings and propose any modifications to the methodology and work plan. In particular it will adapt the work plan to the needs of each individual TRACECA state taking into account the parallel activities of other Technical Assistance programmes, avoiding duplication of effort, and addressing unfilled needs.
It will also confirm or modify institutes/organisations/consulting bodies to be directly involved in the implementation.
The report distribution lists will be included.

Project progress reports
These reports will be submitted at the end of month 6, and month 12, and 18. They will cover progress to date.

Final Report
The Draft Final Report will be submitted at month 21 for comments and the Final Report at the end of Month 24.

Separate Technical Deliverables will be required to convey output foreseen in the Modules.
The tenderer is to compose and provide in his Technical Proposal a schedule of separate Deliverables appropriate to specific Components of the Modules. Formal Draft versions are not required, but the contractor should carefully discuss the proposed contents with, and provide draft extracts upon request to the TRACECA co-ordination team, before issuing Deliverables.
All Reports must include an Executive Summary.
It would be incorrect to assume that changes to project scope which require changes to the contract can be effected by a Report.

6. Factors Ensuring Sustainability

6.1 Institutional Appraisal

Institutional aspects concern principally Module A – Traffic Forecasting, Module B – New Shipping Services, and Module E - Chardzev Bridge
Module A – The need for the regional institutional establishment of the data base is woven into the tasks, and should be a principal occupation of the Consultant carrying out this project.
Module B – Institutional aspects of the creation of new services or a new line, and the changes necessary in the regulatory environment are emphasised. There could in the future be a need for follow up assistance to implement regulatory changes, but such needed changes should first be defined, and the scale of the problem identified.
Module E - A large investment project is foreseen. Development banks will examine in detail the institutional structure of the borrowing entity for this bridge. The composition of such an entity is a principal task of this module.

6.2 Economic and Financial Appraisal

This feasibility studies included in this project are linked to investment prospects for the TRACECA corridor, mostly by development banks.
The financial sustainability of the data base is an open question to be addressed by the project.

6.3 Political Environment

No particular factors appear to be present and threatening to the sustainability of the project other than those common to all TACIS activities in the TRACECA region.

7. Environmental Impact

Environmental impacts are an issue for the feasibility studies and will be addressed in the project.

8. Monitoring and Evaluation

Key indicators:

Module A

- Institutional acceptance of a sustainable regional data base
- Local experts being able to present and justify traffic forecasts using the module methodology
- Creation and maintenance of a data base
- Provision of useful output to the other modules

Module B

Provision of:

- a clear overview of the maritime potential of the Caspian (supply/demand) in physical and economic terms
- a business plan(s) for new services or a new line
- a clear overview of the legal and regulatory framework for maritime operations in the Caspian

Module C

- Provision of a feasibility study acceptable to support decision making by IFI
- Provision of tender documents

Module D

Clear indication of actions which need to be taken to assure continuity of service of the approach channel

Module E

- provision of a revised and completed feasibility study
- provision and distribution of an information pack
- provision of working papers on management, ownership, financing
- discussion with beneficiaries, mutual understanding and agreement
- generation of investment interest
- design of a co-financing package for real investors
- provision of legal and tender documentation
- assistance in the conclusion of serious negotiations for the financing of the Chardzev Bridge

ANNEX 7D

FEASIBILITY STUDY AND INVESTMENT COMPONENT FOR THE ZAMYN UUD TRANSHIPMENT FACILITY

EUROPEAN UNION – TACIS
Technical Assistance to the CIS Countries

TRANSPORT SECTOR

Terms of Reference

for

FEASIBILITY STUDY AND INVESTMENT COMPONENT FOR THE ZAMYN UUD TRANSHIPMENT FACILITIY

Final Recipient:
Ministry of Infrastructure Development of Mongolia

CONTENTS

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1. Background

1.1 Needs of Beneficiaries

Infrastructure development is seen as a necessary precondition to support private sector led economic growth. The government of Mongolia places a high priority on the development of more efficient, cost effective, and reliable energy supplies. A prime responsibility for the achievement of this aim is placed on the Ministry of Infrastructure Development (MID). It is responsible for, among other agencies and enterprises, the Mongolian Railways.

The Mongolian Railways (MR) are responsible for the transport and transhipment activities related to the import of oil products and the export of crude oil.
So far Mongolia has imported petroleum products mainly from Russia. With the disruption which has occurred in the FSU and the orientation of Russia towards a market economy, the supply conditions of the past are drastically changing. Whereas, up until 1990, supplies from the USSR were planned in five year terms and based on barter deals, the supply conditions have been progressively changed to conform to the general international trade conditions. In effect, Mongolia has to pay now in hard currency for petroleum projects from Russia. Therefore, the Government of Mongolia considers one of its priorities to be the diversification of its sources of petroleum products supply, so as to allow more flexibility in negotiations.
Consequently, the set-up of the Transhipment Facility of the Zamyn Uud railway station at the Chinese border is a keypoint within the diversification strategy.

Nefti Import Company (NIC) is a state owned company responsible for the import and distribution of oil products at a national level. In order to allow NIC to focus its efforts on strategic activities such as supply and reserve storage, and to enter into the transition to a market economy, some private economic activities in the oil sector are being promoted and in particular those dealing with oil transport and retailing. On policy issues, NIC reports to the Ministry of Trade and Industry ; on logistic issues, it reports to the Ministry of Infrastructure Development and for issues concerning the management of assets, it reports to the State Committee for Property. In the framework of the diversification strategy, NIC is directly involved in the development of the Zamyn Uud transhipment station.
The Zamyn Uud transhipment station will resort under the Mongolian Ministry of Infrastructure Development. NIC will lease the facilities from the Ministry and manage them with their own staff.

1.2 Problems to be Addressed

One main underlying idea of this project is to assess the diversification of sources of petroleum products supply and give assistance to the implementation. The availability of products from Russia should not - at least in the short term - be a major problem due to the proximity of the Angarsk refinery with a very large capacity. However, the diversification policy of supply sources proves to be necessary in terms of commercial and political strategy. Mongolia could benefit from the development of other supply sources, namely the south, from or through the People's Republic of China, to maintain competition between various potential suppliers.

Developing such supply alternatives requires the construction of products reception and transhipment facilities at Zamyn Uud (Mongolian Railways Station at the Chinese border). Such facilities are made necessary by the gauge change between China (standard western gauge) and Mongolia (Russian gauge). Without such facilities, the diversification of supply

sources is made very difficult. Hence the Zamyn Uud station and the transhipment facilities are a necessary step in the diversification process.

1.3 Relation to past and present TACIS projects

No other TACIS projects have been carried out in this sector.

1.4 Co-ordination with Other Donors

A "Petroleum products logistic study" was carried out in 1993 for the World Bank. It recommended the development of a transhipment facility for four refined products at Zamyn Uud (gasoline A76, gasoline A93, gas oil and jet oil), as well as lubricants in drums. In fact the situation determining such recommendations has been somewhat modified, by the evolution of the economy and by the reported commencement of exploitation of Mongolia's own crude oil reserves, for export to China. Thus the initial study performed in 1993 requires review and update.

The Mongolian Railways (MR) have been the beneficiary of extensive consultancy provided by the World Bank. This has included the preparation of a Business Plan for the long term evolution and development of the railways.

The World Bank has been contacted concerning this project. The Bank did express the wish to be informed of project progress.

Other donors, like Kuwait Fund and Asian Development Bank are informed on this project and they have already expressed their interest.

2. Rationale and Objectives

2.1 Overall Objectives

The objective of the development of the Zamyn Uud petroleum transhipment facilities would be to allow the country to :

- diversify its sources of petroleum products supply.
- benefit from competitive pricing opportunities offered by Chinese refiners or external traders
- avoid the possible technical supply difficulties related to traditional sources and routings of supply.
- export to China of future Mongolian crude oil production

2.2 Project Purpose

Within the context of the overall problem of diversification of supplies, this project will :

- Carry out a review and update of the 1993 World Bank report concerning Zamyn Uud.
- Provide a Feasibility Study and Design of the Zamyn Uud transhipment station including Environmental Assessment.
- Identify and define in detail a package for direct investment support by TACIS, within this contract, for Zamyn Uud station
- Provide tender documents and organise the tender according TACIS rules
- Solicit investors' interest and provide documentation for analysis for necessary external support and financing.
- Produce technical documentation on related facilities to be provided by any possible other donors.

2.3 Results

The expected final result of the project is to provide additional diversified technical capability to import and export petroleum products.

3. Risks and Assumptions

At the request of the European Commission, some aspects of the project have been examined before launch :

- Compatibility with projects undertaken under the INOGATE and the TRACECA programmes.
- Assessment of the general conditions of the project by the European Commission particularly as regards to the :

- Supply Contracts (Petrol Products and Crude Oil)
- Statutes of the Operators
- Development forecasts
- Bilateral agreements between China and Mongolia

On behalf of the Government of Mongolia, the Ministry of Infrastructure Development has satisfied the preliminary issues raised by the European Commission.

4. Main Components

4.1 Tasks

4.1.1 Review of the Petroleum Products Logistics Study (1993)

The consultant is to carry out a thorough review of the study on the supply and demand of petroleum products within Mongolia and include it in an Update Report. The review will also include an update of the local production of crude oil, the present and potential sources of refined products and the national pattern of consumption. The review should outline the present investment opportunities based on those identified in the 1993 Report.

This supply and demand analysis is considered as a key component of the study project. The consultant should create a robust model to be used as a basis for the other project components.

Projections will be made for longer term trends, over say 10 years, or such other period as may be appropriate to examine the merits of proposed investments. Alternative scenarios should be developed.

Visits to Russian and Chinese sites of relevance to the project should be foreseen.

This review must be available on the fourth month of the study and should include the feasibility study of the Zamyn Uud transhipment facilities set-up.

A copy of the study is attached to the ToR: " Mongolia - Petroleum Products Logistics Study - Final Report, March 1993"

4.1.2 Feasibility study and design of the Zamyn Uud transhipment station

In addition to the update of the 1993 Study, the consultant must produce a complete feasibility study on the Zamyn Uud transhipment station project.

The feasibility study should be in a 'bankable' format, acceptable to international investors and international landing institutions, including full economic, financial, institutional and environmental analysis.

In the framework of the feasibility study, the consultant will develop engineering designs and specifications for the transhipment station or linked facilities selected and agreed for development, in sufficient detail for procurement by international competitive bidding. The scope of design works to be foreseen is to cover the full facility as envisaged in the 1993 report. Modules of the design for the full facility which will not be procured by TACIS will be made available to other donors for their procurement.

To perform this study, the consultant will work in close collaboration with :
- The Railways of Mongolia
- The railway authorities of the Zamyn Uud station
- NIC

The consultant should show his knowledge in organising the railways and oil products transhipment activities.

4.1.3 Environmental Assessment

The Assessment of the Environmental Impact of the Zamyn Uud project is essential to the implementation of the Zamyn Uud transhipment station.

It will be performed according to international standards and in close collaboration with the Ministry of Environment of Mongolia.

The contractors have to involve the local experts or institutes accredited by the Ministry for this purpose.

4.1.4 Tender Documentation and Procurement

At the completion of the feasibility study, the contractor must draw, in agreement with the beneficiary, the list of basic equipment required for initial construction of transhipment facilities.

The contractor will be in charge of the tender organisation for the procurement of this equipment according to TACIS rules.

To that purpose, the services to be provided by the consultant will include :

- Identification of equipment
- Elaboration of the tender documents
- Publication of the tender
- Distribution of tender documents
- Evaluation of tenders
- Monitoring the delivery of the equipment
- Final Acceptance of the Supplies.

All activities will be carried out and managed in full conformity with applicable TACIS rules. The tenderer for this project is obliged to demonstrate knowledge of these rules.

Training and commissioning services for the equipment to be supplied are to be clearly foreseen.

Of the global budget, at least ECU 1 100 000 is to be allocated to the purchase of equipment. This equipment needs to be provided before the completion date of the contract.

4.1.5 Investigation of Donors' investments

The consultant is to make a formal presentation of this Update Report to the beneficiary, to TACIS and to other donors should there be any. The recommendations resulting from the feasibility study should have been developed and discussed with the beneficiary during the execution of the project, so that in fact the presentation will be the occasion of the formal approval of the TACIS investment components for the project.

The report should clearly indicate the economic, financial and strategic advantages of the recommendations made, showing IRR, NPV, cash-flow charts and other conventional indicators. Recommendations on tariffs for use of the project facilities should be included.

The consultant should keep informed other potential donors (World Bank, Kuwait Fund, Asian Development Bank, private investors, ...) and assist the beneficiary in preparing requests for additional support for the full investment project of Zamyn Uud transhipment station.

Although this is not principally an institutional project, the consultant should make recommendations on institutional evolution which he feels would reinforce the attraction of the project as a vector for economic transition and expansion of free market conditions in Mongolia.

The consultant must have a clear vision of his strategy in order to attract potential investments for the completion of the Zamyn Uud project.

4.2 Outline Implementation Procedure

The substantial technical steps required for project implementation have been integrated into the work packages.

The Consultant will carry out the assignment in close co-operation with the Ministry of Infrastructure Development, the Ministry of Environment, the Mongolian Railways and Nefti Import Concern.

The consultant will present the following information in his offer :

- The name and job-titles of staff to be made available as well as their position within the firm, with a detailed CV and description of their experience.
- A work programme covering the periods of time during which expert will be allocated to the project.
- A work plan and a bar chart covering the input of experts, his methodology and expected results of the project.
- Local participation particularly concerning Environmental Assessment (see 4.1.3)

4.3 Rough Timetable

The project will be completed within 12 months.

In the first 4 months of the project, the consultant must perform :

- The update of the 1993 Study;
- The feasibility study and design of the Zamyn Uud station;
- The environmental impact assessment of the project;
- The equipment list corresponding to the direct investment made in the framework of the project;
- A roundtable of possible investors for the complementary financing of the Zamyn Uud project.

During the following 8 months, the consultant must perform :

- The full organisation of the tender for the equipment supply;
- Finalise and give concrete expression to contacts with potential investors;
- Assist the beneficiary with the financing request towards potential investors.

4.4 Global Budget

The global amount for this project will be ECU 1 600 000.
Of the global amount, ECU 1 100 000 is allocated to the equipment.
An amount of ECU 500 000 is allocated to the Technical Assistance.

The tenderer should make clear in his offer his allocation of resources to the various components foreseen, e.g. :

- Analysis, Investigations and Recommendations
- Engineering
- Environmental Assessment
- Procurement Services

5. Reporting

All reports are to be delivered in the numbers, languages and locations as follows:

	Bound		Loose-leaf		Diskette
	English	Russian	English	Russian	(Eng.+Rus.)
TACIS Brussels	2	1	1	1	1
TACIS National CU (see * below)	1	1	1	1	1

* Provide reports to the various key beneficiary managers as agreed with the beneficiary and the TACIS CU. Lists of addressees for each issue of the reports are to be provided to the TACIS CU.

The word processing programme to be used will be agreed with TACIS.

The importance of high quality Russian texts, delivered on time, cannot be overemphasised. The reporting dates in this ToR are for the delivery of the Russian language text and the English language text to be provided at the same time.

Any software to be provided as a Deliverable should be in Russian, as should the manuals.

Reporting is to be in accordance with standard TACIS Guidelines. These foresee:

Project inception report

An Inception Report shall be issued within 1 month of the start of the project (see note on languages above). It shall summarise initial findings and propose any modifications to the methodology and work plan. In particular it will adapt the work plan to the needs taking into account the parallel activities of other Technical Assistance programmes, avoiding duplication of effort, and addressing unsatisfied needs.

It will also confirm or modify institutes/organisations/consulting bodies to be directly involved in the implementation.

The report distribution lists will be included.

Deliverables

The tenderer is to compose and provide in his Technical Proposal a schedule of separate Deliverables appropriate to specific technical and commercial components of the project (including operational and marketing plans based on the description of Tasks in the different project Modules). Formal Draft versions are not required, but the contractor should carefully discuss the proposed contents with, and provide draft extracts upon request to TACIS co-ordination team, before issuing Deliverables.

Project progress report

This report will be submitted at the end of month 4. It will cover progress to date. It will also include the review on the 1993 Study, the Feasibility Study, the Environmental Assessment and the Design of the Zamyn Uud transhipment station.

Final Report

The Draft Final Report will be submitted at Month 11 and the Final Report at the end of Month 12.

All Reports must include an Executive Summary.

6. Factors Ensuring Sustainability

6.1 Institutional Appraisal

The institutional actors are identified in Section 1.1 of these ToR.

6.2 Economic and Financial Appraisal

The economic merits of the project are the subject of the initial investigative and analytical reviews.

6.3 Political Environment

The national political environment of this project is not believed to be subject to any controversy. There are regional political implications, in that the project is designed to assist with commercial diversification of petroleum products trading, with possible negative impacts for traditional suppliers.

7. Environmental Impact

Environmental Impact is part of the main components.

8. Monitoring and Evaluation

Key indicators :

- Production of the Update Report
- Production of the Feasibility Study
- Production of the Design
- Environmental Assessment
- Procurement of equipment
- Identification of agreed investment package
- Mobilisation of other donors
- Commissioning and taking over of equipment
- Implementation of equipment

ANNEX 7E

REORGANISATION OF THE TRANSPORT SECTOR ADMINISTRATION IN AZERBAIJAN

EUROPEAN UNION - TACIS

Technical Assistance to the Southern Republics
of the CIS and Georgia

TRADE AND TRANSPORT SECTORS

Terms of Reference

for

REORGANISATION OF
THE TRANSPORT SECTOR ADMINISTRATION
IN AZERBAIJAN

Final Recipient:

Cabinet of Ministers of Azerbaijan

CONTENTS

1. Background

1.1 Needs of Beneficiary

All former Soviet Union republics inherited transport systems which displayed gross incompatibilities with free market operations and development. The sheer size of the transport systems concerned, the present drop in traffic from the high tonnages once transported, the importance of human and physical resources assigned to the sector, all now strongly challenge TACIS beneficiaries. They are struggling to re-orientate their whole economies to the new realities of world commercial competition. Azerbaijan is no exception to the need to restructure its transport sector, but it is in the relatively fortunate position of possessing considerable economic development potential due, among other attributes, to its considerable reserves of petroleum. To develop these reserves, and to profit from the other socio-economic advantages which Azerbaijan can exploit, the government has recognised the importance of aligning its transport sector with western administrative and technical practices. To this end it has become a lead participant in the TACIS inter-state TRACECA programme, and it has requested this present consultancy mission to be financed from the TACIS national budget for Azerbaijan.

Azerbaijan has a particularly diverse and strategically important transport sector, including:

- the Transcaucasus road and rail links
- the Port of Baku
- the Caspian Sea Shipping Company which itself possesses vessels operating on the Caspian and other European Seas, ship building and maintenance facilities on the Caspian
- air lines
- pipelines

1.2 Problems to be Addressed

These are several, typical of the transport sector in the FSU, and broadly include:

- the combination of regulatory, operational and commercial responsibilities under the same authority
- the lack of a transport legal and regulatory framework compatible with transition to a market economy
- management structures which are designed to operate in a centrally planned economy
- the intermingling of state budgets with investment and operational costs
- high social infrastructure and operational charges carried by transport enterprises
- the lack of accounting and operational experience in a competitive environment

The present Azeri governmental role in transport is carried out by a management structure which is typical of the FSU. A Vice-Prime Minister is responsible for the transport sector. He has a small Cabinet Office staff to assist him. Separate "Ministries" under the authority of the Vice-Prime Minister for Transport, are responsible for each of the transport modes. The authority of the Ministries includes both regulatory and operational responsibilities.

Transport policy tends to be uni-modal, emanating from the separate Ministries, with the Vice Prime Ministers office being too small to formulate and impose a broader approach.

Certain other Government Ministries and agencies are involved, including the Ministry of the Interior (policing), and departments with control over some tariffication issues (anti-monopoly, and price control).

Azerbaijan vessels are not allowed by Russian authorities to use the Volga-Don canal, apparently because of political reasons not related to transport. This is a problem to be taken into account, but not to be addressed by the project.

1.3 Relations to Past and Present TACIS Projects

Several past TACIS and TRACECA projects have direct relevance for this project:

- Transport Legal Framework (TRACECA, ended 1997)
- Restructuring of the Caspian Sea Shipping Company (TACIS National, ended 1997)
- Restructuring of the Highways Department (TRACECA with EBRD, ended 1998)
- Restructuring of the Caucasian Railways (TRACECA with EBRD, started 1998)
- Joint Venture Caucasian Railways (TRACECA, ended 1998)
- Baku Port Management Training (TRACECA with EBRD, ended 1998)

- Ferry Terminals Baku and Turkmenbashi (TRACECA with EBRD, ended 1998)

The output from completed projects must be taken fully into account. Collaboration with consultants on active projects is mandatory. Common meetings with other consultants and the beneficiary, and coherence of written output, are imposed on the consultant carrying out this project.

1.4 Co-ordination With Other Donors

The most active other donor in Azerbaijan at present is the EBRD. The EBRD is interested in the recommendations of this project and has contributed to these terms of reference. Co-ordination in the form of consultation with the EBRD is imposed on the consultant carrying out this project. However in such contacts the consultant should be aware of his role as a representative of, and advisor to, the beneficiary.

2. Rationale and Objectives

2.1 Overall Objectives

The overall objective of the project is to assist the Government of Azerbaijan in planning the establishment of a Ministry of Transport, and thereafter in planning the restructuring the Maritime Sector.
The plans formulated should be seen as part of the process of transition of the Azerbaijan economy to free market guiding principles, from the centralised planning model which the country inherited upon independence.

2.2 Project Purpose

The project will prepare coherent plans to establish a Ministry of Transport, and to restructure the maritime sector. These plans will as their starting point take fully into account the present role of government in the transport sector, and the structures of the state and para-statal entities which fulfil this role. They will analyse the problems to be addressed, and propose a realistic step-by-step approach to implement change. They will explain the advantages to be gained by implementation, and how any present inefficiencies or dis-functionments will be overcome.
The general intention of the project is to fully inform and discuss all issues with concerned beneficiaries, to obtain consensus on the changes which are opportune, and to prepare for the changes to be fully implemented, with supporting documentation, manuals, and introductory seminars, carried out by the consultant.
Many of the issues raised by the project content will call for difficult decisions to be taken by government authorities. The project will constructively engage in debate of such issues with decision-makers.
If the beneficiary should choose to implement changes during the course of the project, the consultant will assist.

2.3 Results

The expected final result of the project is to be a well detailed plan of action to set up the new Ministry, and to restructure the maritime sector. The final proposals must be agreed as realistic and acceptable for implementation by the Government of Azerbaijan.

3. Risks and Assumptions

The Government of Azerbaijan has requested this project and it is to be assumed that the government counter-parts will collaborate fully to assist with the project tasks. The project recommendations will have far reaching impacts, and there is a risk that a clear broad-based consensus within the government may not emerge.

4. Main Components

4.1.1 MODULE A - Study for the Establishment of a Ministry of Transport

4.1.1.1 Identification of the present status of transport administration and state operating enterprises

The consultant should provide a comprehensive analysis of the administration and operations of the transport sector in Azerbaijan. For each sub-sector:

- road
- rail
- air
- maritime
- pipeline
- freight forwarding, customs agents and other auxiliary activities

Identify and describe in detail:

- the full Azeri legal and regulatory framework, governing transport activities and those who exercise them
- the execution of administrative functions and the distribution of responsibilities
- the operational and commercial functions currently exercised by state bodies
- bodies representing professional or commercial groupings linked closely to transport
- apparent omissions or anomalies in the administrative system
- any duplications of responsibilities, within and without of the system
- apparent conflicts of interest, where for example operators regulate their own activities without any restraints
- contrasts between international conventions, or widely accepted practices, and the Azeri transport sector
- constraints on commercial and technical development imposed by the present system

All forms of transport should be taken into account, including inter-urban, urban, and international.
The consultant should scrutinise available documents and data, review information, and conduct interviews with a broad spectrum of authorities and other actors in the sector. His own local consultants should include staff of sufficiently high level background to inform and research on the complex issues above.
The Azeri Government has not asked that the Telecommunications Sector be grouped with the Ministry of Transport, in this study. At the Inception Report stage (or first Progress Report) the consultant should comment on the advantages or dis-advantages to Azerbaijan of eventually expanding the Ministry of Transport to include Telecommunications

4.1.1.2 Functional Design of a Proposed Ministry of Transport

The consultant shall formulate a detailed design for an Azeri Ministry of Transport. In doing so he must take fully into account the present situation, and a realistic appraisal of the possibilities for evolution. His design should, in breadth and detail:

- Describe the responsibilities of the Ministry
- Describe the new Ministry's relationships with other administrative units, both national and regional
  - In particular, he will propose the structure for relationships with the Ministry of Finance or other agencies, for managing the government's financial interventions in the transport sector (eg. a Road Fund, Public Service Obligations, the position of the MOF and IMF on these issues should be considered)
- Describe the new Ministry's international relations
- Prepare a clear Mission Statement for the new Ministry, preferably to be included in its constitutive documents (see below)
- Develop an organisational structure
  - Describe administrative units
  - Advise on staffing requirements
- Describe the reporting, control and auditing procedures
- Describe in detail the necessary separation of commercial activities, regulatory activities, and public sector financial interventions, for all transport sub-sectors.

4.1.1.3 Transport Law

A previous TACIS project in the TRACECA programme has proposed for Azerbaijan a model transport law, comprising sections for general transport and for the surface modes. The consultant will review the existing laws of Azerbaijan which govern the operation of the transport sector, review the TRACECA models, and advise changes for the transport legal framework in Azerbaijan.

4.1.1.4 Transition Programme

The consultant will prepare a draught decree, or act, or other constitutive documents (depending on the foreseen procedures of the Azeri legal system) for the establishment of the Ministry, developed with Azeri lawyers, approved by the Vice Prime Minister for Transport, establishing the new Ministry and defining its legal responsibilities. He will provide advice and clarifications to the relevant Parliamentary Committee(s) and Presidential Apparatus, as may be required by them.
The consultant will design in collaboration with the present authorities and operational mangers a step-by-step programme, based on the present structures:

- to develop the Ministry of Transport with the required functional capabilities
- to divest ongoing operational activities, for eventual privatisation or continued public ownership
- to divest redundant assets

4.1.1.5 Preparation of a financial proposal on the set up of the future Ministry of Transport .

The consultant will estimate the financial implications of the establishment of the new Ministry of Transport. He will prepare financial plans including:

- the future running costs of the Ministry
- the costs of the transition
- the sources of financing

4.1.1.6 Privatisation Processes

This module is not directly concerned with detailed privatisation processes. However, there will be cases where government departments, or other entities falling under the authority of the Vice-Prime Minister for Transport, are involved at present in the transport sector, and the consultant finds that such involvement is not appropriate for the future Ministry of Transport. In such cases the issue of their future status, under public or private ownership is unavoidable, at least in the period immediately following the establishment of the new Ministry of Transport.
The module will therefor make specific recommendations on the future status of such entities, and the general mechanisms by which they should be divested. The ownership of such entities after the formation of the Ministry of Transport should be recommended (eg. ownership by an agency of the Ministry, ownership by a separate government trusteeship, a holding company structure,...), as should the responsibility for appointment of the Board of Directors. The Azeri State agencies for privatisation should be systematically consulted and fully involved in this.

4.1.2 Module B : Restructuring of the Maritime Sector in Azerbaijan

4.1.2.1 Define the Role of the Maritime Sub-sector in the Economic Development of Azerbaijan

The maritime sub-sector is Azerbaijan is to be the subject of specific detailed analysis. Module A has dealt with the separation of state and commercial functions right across the transport sector. It has considered the future role of the public sector, to be exercised by a new Ministry of Transport. Likewise it has dealt with the divestiture of commercial operations, in a general way.

The Azeri maritime sub-sector possesses particular characteristics (shared only with the air transport sub-sector), in that it must forcibly interface with world normative standards, and commercial operations must survive against international competition. In carrying out this Module, the consultant will work closely with Azeri staff and counter-parts, to develop with them solutions which will be workable in Azerbaijan, and to familiarise them with relevant conditions in other states.

He will prepare a working paper on the future realistic role of the maritime sector in Azerbaijan, which will serve as a guideline to Modules B & C

4.1.2.3 Proposal for an organisational framework for a new maritime authority

The consultant will make a detailed proposal for a new maritime authority, to be a constituent part of the Ministry of Transport, or to have a clearly defined subservient link to it, for national transport policy matters. It should be modelled on maritime authorities in EU member states with international shipping interests, and adaptable to the future evolution of the maritime sub-sector in Azerbaijan, and its integration into world shipping. The proposal should include at a minimum:

- A draught decree or act (depending on need according to the Azeri legal system) for the establishment of the authority, developed with Azeri lawyers, approved by the Vice Prime Minister for Transport, establishing and defining the authorities legal responsibilities
- A full explanatory description of the range of responsibilities of the maritime authority, describing areas where it should, and should not, be involved
- A description of the authority's relationships with other administrative units, and with operators of ports and shipping activities
- A description of the authority's international relations, and the International conventions of relevance to it
- Development of an organisational structure at all levels
  - Description of administrative units
  - Advise on staffing requirements
- A description of the financing mechanisms for the authority, defining and estimating revenues which it may collect, and subsidies which it should receive from the central state finances
- A description of the reporting, control and auditing procedures

4.1.2.4 Proposal for an organisational framework for the ports sub-sector

The ports are presently fully state-owned and run according to regulations dating from Soviet Union times. The consultant should:

- Review regulations for port operations and recommend revisions where necessary (for safety, environmental protection, economy,...), explaining fully the advantages and disadvantages. The legal framework for regulation should be considered and draught regulations, decrees or acts, as appropriate, should be proposed. Revisions to operations manuals should be drafted.
- Develop clear, reasoned, guidelines for private-sector involvement in port operations
- Advise on options for the long-term ownership ports, and for the progressive involvement of private sector operators in the ports sector
- Develop a framework for a national port policy
- Advise on the future status of Baku International Trade Port

It should be noted that the EBRD is negotiating with the government to make loans to the port of Baku. The consultant must liaise closely with the EBRD on issues which might affect the restructuring conditions which the EBRD is seeking to apply. Also, be it noted that as certain port operating regulations are common across the FSU, some co-ordination with other port authorities should be foreseen (eg,Turkmenbashi, Aktau, Astrakhan), and the legal status of the regulations may be subject to inter-CIS agreements.

4.1.2.5 Proposal for an organisational framework for the shipping sector

The consultant should:

- Review regulations for shipping operations and recommend changes where necessary. The legal framework for regulation should be considered and draught regulations, decrees or acts, as appropriate, should be proposed. Revisions to operations manuals and similar documents should be drafted.
- Develop clear, reasoned, guidelines for private-sector involvement in shipping operations. These should be acceptable as policy guidelines for the Maritime Administration
- Advise on the administrative treatment of offshore operations

4.1.2.6 Training in General Maritime Administration Matters

The consultant is to propose a structured training programme to prepare the present maritime professional staff for their new roles after restructuring. Components are to include:

- A high-level training seminars in maritime administration matters, division of work-load between different organisations, co-operation, co-ordination and delimitation of duties and responsibilities for participants from the Ministry of Transport, the Maritime Administration, the Ports, and the Caspian Sea Shipping Company
- Organise and execute a European Study Tour to different ports, administrations, ministries, and the IMO
- Conduct staff training courses in general maritime administration procedures
- Conduct specialised maritime administration training courses for experts from the Ministry of Transport
- Conduct overseas training courses in ship inspection according to flag state and port state control requirements for PSC surveyors and inspectors
- Conduct training and study tours in pollution prevention, contingency planning, spill preparedness, and response techniques, as well as on port environmental protection issues

It should be noted that high-level seminars call for fairly prolonged attendance of key managers with day-to-day administrative and operational responsibilities. The seminar programme should therefor be flexible, to allow for this. This may involve a certain amount of duplication of the consultant's work. Particular attention should be paid to well prepared seminar support materials, in the Azeri or Russian language according to the consensus wish of the beneficiary, which can maximise the impact of shorter seminar sessions.

4.1.3 Module C : Restructuring of the Caspian Shipping Company

The Caspian Sea Shipping Company is at present fully state owned and run according to practices dating from Soviet Union times. It owns the largest ship building and maintenance facilities on the Caspian. It has been the subject of a previous TACIS restructuring study, much of which probably remains valid.

4.1.3.1 Identification of the company's activities and operating record

The consultant should thoroughly analyse the present situation of the Company

- Describe all the company's organisational units and business activities
- Describe the companies physical assets, and human resources pool
- Analyse the companies accounts
- Analyse the companies accounting systems, and Management Information System, as existent
- Review traffic growth or decline over recent years for key traffics by commodity type (for instance ferry services, dry bulks, liquid bulks, containerised general cargo, non-containerised general cargo, temperature controlled) and passenger in the company's trading areas.
- Forecast traffic for future years for certain key market sectors of the company
- Identify functions executed by the company which should be carried out by the Maritime Administration
- Distinguish between maritime and non-maritime activities, and identify any operations which would not normally be considered appropriate for a shipping company.

4.1.3.2 Identification of the business potential of the company

The consultant should define and recommend the options for the future development of the Company:

- Assess the company's past business performance by activity and business activity
- Report balance sheet and profit and loss statements for the past three years, as reported by the company, and reworked to simulate similar reports prepared to typical western accounting standards
- Analyse the current level and structure of costs for the most important traffic, compare with the level and structure of tariffs
- Analyse the current level and structure of costs for shipbuilding and maintenance operations
- Analyse charter rates and compare with internal costs

- Examine of the shipping companies debt and arrears situation as well as any barter payments and the advantages or disadvantages of such situations
- Assess facilities, equipment and vessels (taking account of current condition) relative to expected future requirements, identify surplus assets
- Advise on the commercial viability of all units and activities and on their contribution to profit
- Identify the future earning potentials of all activities and their contributions to sustainability
- Advise on tariff policy and recommend revisions
- Identify all asset movements over the past three years

4.1.3.3 Restructuring of the Caspian Shipping Company

The consultant is to propose a comprehensive restructuring plan for the company. This plan is to define the final most desirable structure of the present operating units, regrouped around core operations, split up, or divested, as the consultant deems most beneficial to the general economic interests of the nation.

- Prepare detailed design of the proposed internal CSC organisation and management structures (including reporting and decision hierarchies, information systems, corporate and individual incentives structures);
- Define to functional level an MIS (operations, finance, accounting, billing, marketing, corporate planning, project evaluation and capital budgeting, personnel and administration) for the core business operations of the company. Specify an investment and training/implementation package for the MIS, to the level of detail necessary for tendering. Note that previous TACIS projects have found that over-sophisticated computer systems have not always been practical to implement, and should be avoided.
- Prepare plans for the discontinuation of unprofitable or non commercially-oriented activities
- Recommend on the means of divestiture of non-core businesses
- Advise on the corporatisation or privatisation of business units
- Prepare the legal framework and company charter for a "new" Caspian Shipping Company (or Companies, if core business units are to be split up).
- Advise on the possibilities of joint ventures or joint operations
- Define a programme for management or disposition of surplus assets
- Recommend future levels of staffing, and a plan for adjustment of staffing levels by attrition, retraining, retirement of surplus staff, or whatever other means
- Assess the present and prospective future financial condition (profit and loss, assets and liabilities, cash flows) of the "new" Shipping Company and associated debt servicing capacity under optimistic and pessimistic scenarios. Compare with the do-nothing situation
- Identify investment possibilities for the company, and prepare a plan of immediate priority capital requirements, from development banks, or from internal resources, as the consultant judges most advantageous probable to commence serious negotiations. Calculate and report the standard ratios and rates of return for such investments.
- Prepare five year business plans for the "new Caspian Shipping Company (or Companies), under two or more scenarios based on decisions or external variables. This should be a rigorous, "bankable" document.

4.1.3.4 Training in international shipping line management

The consultant will provide management training (all levels) during the project according to a schedule which he will design. This may be a phased programme, to correspond with the evolution of the design and approval of the restructuring plan. It may be partially combined with training for the Maritime Authority (see notes at end of that section concerning preparation of training events). One may presently foresee the need for training in the following domains, or along the following lines:

- High-level training seminars in shipping line management, fleet operations, business development, marketing and company restructuring for senior decision makers
- A seminar on the business plan, and instruction for mangers on how they may revise it themselves as future operating environment, investment possibilities, and the results of restructuring become clearer
- Organise and execute a European Study Tour to different shipping lines' headquarters, maritime administrations, transport or shipping ministries and to the IMO

- Conduct staff training courses in different practical subjects concerning shipping line management, and international regulatory practices
- Instruct accounting staff in international accounting standards
- Instruct legal staff in international maritime law (combined possibly with other modules)

Note that training materials should be carefully prepared in advance in collaboration with Azeri staff, and translated into Azeri or Russian, whichever the beneficiaries prefer.

4.2 Outline of Implementation Procedures

4.2.1 Integration with Beneficiaries

The substantial technical steps required for project implementation have been integrated into the work packages.
The consultant will organise a high-level kick-off workshop to introduce his project to a broad range of beneficiary authorities and other actors (such as IFI representatives), and to appoint a Steering Committee. The Steering Committee should meet at key milestone points in the project, to be proposed by the consultant in his tender.
The consultant will organise a monthly review of activities, progress and findings with the Vice-Prime Minister or his designees.
Counter-parts will in general be responsible people with high work-loads, exercised under trying circumstances. Local experts and/or Institutions must be engaged as staff by the consultant to provide him with policy advice, background information, to research the present administrative environment, and to assist him with routine tasks and logistic support. The evaluation of tenderers proposals will be based in part on the ampleness and credibility of their dispositions to work with local entities. Time allocated to local staff (as distinct from Counterparts) must be clearly shown in the proposal.

4.2.2 In-Country Project Management

The project is to be essentially based in Azerbaijan, reports prepared and issued in that country. A permanent office in Baku should be established two months after project commencement. This is a necessary condition for the execution of the project in close collaboration with beneficiaries. Collection of documents and research relevant to the project will not be easy. Continual creative dialogue with beneficiaries is essential. The appointed consultant should not therefor propose to carry out the project by a sequence of missions with deliberation in the home office. Consultants proposals will be considered more realistic, if a limited number of experts, compatible with the professional skills required, are mobilised. This will allow the beneficiaries to develop confidence in the consultant's team.
The Team Leader should be based in Baku from the time of establishment of the permanent office. He or she should be fully authorised to manage the project according to the terms of reference and contract, without reference to an external project management.
Office space, interpretation, secretarial services, and all other inputs required for the purposes of the work are to be provided by the consultant.

4.2.3 Seminars, Study Tours and Accessory Services to Beneficiaries

Any assemblies of counterparts or local experts are to be arranged entirely at the expense of the consultant, including travel and accommodation of participants. In such projects as this, there is commonly a wish by beneficiaries to be provided with translations (into Azeri or Russian) of international conventions, or model relevant texts of any origin. This would allow beneficiaries to participate more fully in the creative processes of the project, and should be taken into account by the Consultant. A documentary library of key standard texts should be translated and maintained in Baku throughout the project and be available to beneficiaries. Tenderers should propose a list of such works in their technical proposition.

4.2.4 Foreign Expertise

The Consultant is free to compose his expatriate Team for this project as he sees fit . The following domain of expertise should be clearly visible in his proposed staff list :

Transport legal framework
Process of restructuring
Establishment and organisation of Ministry of Transport
Training in international shipping line management
Restructuring in maritime restructuring

4.3 Timetable

The Consultant will mobilise its team in Baku within 1 month after award of the contract. Total duration of the assignment will be two years.
The Consultant should aim to agree all recommendations and implementation plans with the Vice-Prime Minister of Transport by the end of month 18, to allow 6 months of assistance with implementation, training, clarifications to other Ministries, Parliament etc...

4.4 Global budget

The global total budget for this project is **2.5 MECU**. About 20% of the total budget shall be allocated to training. No hard and fast division of the budget into the three project Modules is prescribed, as they are overlapping. In general it would appear appropriate to foresee about half of the budget for Module A.

5. Reporting

An Inception Report will be issued two months after the start of the contract.
A first Progress Report will be issued six months after the start of the project, and thereafter two more (months 12 and 18).
Technical deliverables (working papers, draught acts, training materials, reference documentation,...) will be produced and issued as required to carry out the Main Components of the project. The consultant should provide in his technical proposition a schedule of deliverables which he intends to produce.
The Draft Final Report shall be issued two months before the end of the contract, and the Final Report at the end of the contract.
All reports are to be delivered in the numbers, languages and locations as follows:

	Bound		Loose-leaf		Diskette
	English	Russian	English	Russian	(Eng.+Rus)
TACIS Brussels	1	1	0	0	0
TACIS CU Baku	5	5	1	1	1
TRACECA Co-ordinating Team, Brussels	2	2	0	0	0
TRACECA Co-ordinating Team, Baku	2	2	0	0	0
Beneficiaries	1	10	1	1	0
IFI and other donors	5	1	1	0	0

The importance of high quality Russian (or Azeri) texts, delivered on time, cannot be overemphasised. The reporting dates in this TOR are for the delivery of the Russian and the English language texts at the same time at the beneficiaries head office and the TACIS national CU.

6. Factors Ensuring Sustainability

The sustainability of the project depends on:

- establishing close working relations with the beneficiary and all interested Azeri entities
- identifying clear advantages to the beneficiary in establishing a Ministry of Transport, and restructuring the Maritime Sector, as against persisting with the present system
- seeking a consensus position among the authorities concerned and impacted by any changes
- designing a realistic practical implementation plan for the changes proposed

7. Environmental Impact

There are no strong environmental implications for the project. The regulatory aspects concerning the ports and shipping sub-sectors will provide the opportunity to align Azeri regulations with best international practice.

8. Monitoring and Evaluation

The key indicators of success will be:

- engagement in open and constructive dialogue with the present transport sector authorities
- clear reporting of the present situation
- identification of plans for change
- acceptance by the beneficiaries (VPM for transport, of key draughts)
- implementation by beneficiaries of the project recommendations, during project duration

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ANNEX 7F

FEASIBILITY STUDY FOR THE REHABILITAITON OF 1/ THE ROAD OSH - SARY TAS - ERKECH - TAM 2/THE ROAD OSH - KYZYL KYYA - ISFANA

EUROPEAN UNION - TACIS

NATIONAL PROGRAMME
KYRGYZSTAN

TRADE AND TRANSPORT SECTORS

Terms of Reference

for

FEASIBILITY STUDY FOR THE REHABILITATION OF

A) THE ROAD OSH - SARY-TAS - ERKECH-TAM

B) THE ROAD OSH - KYZYL-KYYA - ISFANA

Final Recipient:

Ministry of Transport and Communications

CONTENTS

1. BACKGROUND

1.1. Needs of Beneficiary

Kyrgyzstan is a small (area : 198,500 square km), sparsely populated (population in 1997: 4,5 million), poor (GDP per capita in 1996 : $ 1,290), mountainous Former Soviet-Union (**FSU**) country in Central Asia, west of China, with a predominantly agricultural economy (35% of GDP). In 1996, Kyrgyzstan had a trade deficit of $ 384 million. In the period 1992-1996, the Kyrgyz Republic has received an estimated total of $ 680 million of external supppport. The country has had great difficulty attracting private foreign investment, except for the mineral extraction sector. Besides the mineral sector, significant investment opportunities exist in agricultural processing, light manufacturing and tourism industries. Given the location of the Kyrgyz Republic, far from the markets of the industrialised world, regional trade will continue to be of primary importance. Kazakhstan, Kyrgyzstan and Uzbekistan have taken concrete steps to facilitate regional trade and co-operation.

Since the break-up of the FSU in 1991, economic activities have declined and customary trading patterns have been disrupted, resulting in a dramatic fall in demand for transport. The volume of freight (in ton.km) in 1995 was less than 20% of that in 1990, while passenger movements fell by more than 50% over the same period. However, in 1996 the economy showed strong signs that recovery was underway (GDP real growth rate: 5.6%).

The condition of the transport sector decreases the countries potential for growth and this needs to be reversed by resolving the funding constraints for rehabilitation and maintenance of existing assets, and by overcoming the operational, institutional, and policy constraints the sector is facing because of the sudden change from a centrally planned system to a market-oriented system.

Road transport is the principal mode of transportation in this mountainous country (over 80% of total freight traffic in ton.km). The country has 18,560 km of highways, 16,890 of which are paved or gravelled. There has been significant privatisation in the sector. In 1995, the Ministry of Transport carried only 27.1% of the total freight (in ton.km), with most goods transported by privatised joint-stock companies. However, most formally independent companies are majority state owned. There is a lack of real competition between these enterprises although the informal sector is increasingly offering competitive, if relatively small scale service alternatives.

1.2. Problems to be Addressed

The transport and communications infrastructure in the Central Asian Republics was developed as part of the large, inward looking Soviet transport system. From the standpoint of Central Asia, the system was designed to facilitate relations and domestic trade with the northern and European part of the FSU. As a result, the infrastructure of the Kyrgyz Republic has close network linkages with its neighbouring countries. Optimally, infrastructure programs and planning should continue to be undertaken on a regional or cross-border basis. The technical standards of the FSU continue to be used in the Kyrgyz Republic and there is continued reliance on the Russian Federation and other countries of the FSU for materials, spare parts, equipment and maintenance services.

The existing transport infrastructure would be adequate to support a moderate recovery in economic activity if maintenance and rehabilitation activities were undertaken. However, the lack of funds for maintenance is responsible for a severe deterioration in the system to the point where major rehabilitation is required. More than 60% of the national roads are in poor condition, while the figure for a typical industrialised country would be about 5%.

In the '*Public Investment Programme 1996-1998*' (PIP) of the Kyrgyz Republic, there is an emphasis on investment projects, including :

a) opening additional air transport routes served by new aircraft;
b) increasing the bus and truck fleet and accelerating privatisation of transport enterprises;
c) rehabilitating the roads network, especially the Bishkek-Osh national highway.

The implementation of the PIP depends heavily on external support.

1.3. Co-ordination with Other Donors

The Ministry of Transport and Communications (**MOTC**) of the Kyrgyz Republic presently gets support from :

a) the ADB, which has granted a loan for rehabilitation of the 620 km Bishkek-Osh highway (in collaboration with the OECF and the Kyrgyz Republic);
b) the EBRD, with focus on private sector investment projects;

c) the USA, through technical assistance programs.

*Asian Development Bank (***ADB***)*

The ADB financed an 'Institutional Strengthening of the Road Sector' project in 1996-1997, which led to a grouping of all Kyrgyz roads under the Ministry of Transport and Communications.

As far as its future policy in the region Kazakstan-Kyrgyzstan-Uzbekistan is concerned, the ADB intends to focus on projects which concern road arteries similar to Bishkek-Osh, such as Bishkek-Jambyl (opening the Talas province, in the Northwest of Kyrgyzstan) and Bishkek-Naryn-Torugart-Kashgar (China). Particularly projects of cross-border and regional interest enjoy their interest.

The Kazakh Government has made a request to the ADB for financing the rehabilitation of the road Almaty-Bishkek, to which the ADB responded positively and a feasibility study is being carried out.

Islamic Development Bank **(IDB***)*

The Islamic Development Bank made a feasibility study for the rehabilitation of the 579 km road Bishkek-Naryn-Torugart in 1996. So far, that study has not resulted in any firm commitment by the IDB.

TACIS

The TACIS Inter-State programme 'TRACECA' has involved the Kyrgyz Republic in a number of technical assistance projects since 1995. The country has benefited from various horizontal projects, covering all eight original TRACECA beneficiary countries, as well as from a 'Railways Restructuring' project (CIE Consult) and a 'Road Maintenance' project in 1997-1998, the latter consisting of five modules. The modules relevant for the present project are B 'Winter Maintenance', D 'Road, Pavement and Bridge Testing' and E 'Pre-feasibility Studies'. Another project funded by TRACECA, 'Regional Traffic Forecasting Model', in 1996-1997 resulted in a comprehensive transport database covering, amongst other countries, Kyrgyzstan and Uzbekistan.

As far as the Kyrgyz Republic is concerned, the TACIS Interstate Programme 'INOGATE' has provided institutional and management support, and has attempted to rehabilitate, modernise and rationalise the Central Asian Gas Transmission System.

The TACIS National Programme for the Kyrgyz Republic was so far focused on privatisation, institutional strengthening, social support, nuclear safety and environment, as well as on the agricultural, energy and financial sectors. A 1.7 million ECU support project to the Ministry of Transport and Communication is ongoing (development of the Post Office, Department of Air Policy and the National Air Company).

The TACIS National programme for Kyrgyzstan has funded a project in the agricultural sector in the region of Osh, in the Southwest of Kyrgyzstan.

2. RATIONALE AND OBJECTIVES

2.1. Overall Objectives

This project is intended to prepare a complete feasibility study for the rehabilitation of :
a) the road Osh-Sary Tas-Erkech Tam;
b) the road Osh-Kyzyl Kyya-Isfana;
in order for the Government of the Kyrgyz Republic to negotiate funding by International Financial Institutions (**IFI**'s - ADB, IDB, OECF, EBRD, WB/IDA).

The construction and maintenance works and the passage of traffic on the roads would have a positive economic impact on the region.

Together with the ongoing rehabilitation of the road Bishkek-Osh, a 620 km link between Kyrgyzstan's northern and south-western regions, jointly funded by ADB, OECF and the Kyrgyz Government, this project would promote the town of Osh (already an Economic Free Zone) as a regional centre.

2.2. Project Purpose

a) Road Osh-Sary Tas-Erkech Tam

The road Osh-Sary Tas-Erkech Tam runs from Kyrgyzstan's south-western town Osh (at 2,200 m above sea level), along the Taldyk and Gulcho rivers, over the tough Taldyk pass (at 3,615 m above sea level) and the high mountain plateau around Sary Tas down to the border post of Erkech Tam, over a total distance of 262 km.

The opening of a road transport corridor Tashkent-Andizan-Osh-Sary Tas-Erkech Tam-Kashgar, from Uzbekistan through Kyrgyzstan to China's north-western Xingjiang province (population : 16.6 million), would materialise the Agreement on International Road Traffic between the Governments of the Republic of Uzbekistan, the Kyrgyz Republic and the People's Republic of China, signed in Tashkent on February 19, 1998. The Republic of Uzbekistan allocated 30 million USD for the rehabilitation of the road section Tashkent-Andizan-Osh. Work on improvement of this road is well advanced. The People's Republic of China is now reconstructing the road section Erkech Tam-Kashgar, which will reportedly be open for traffic on October 1st, 1998.

A pre-feasibility study made as part of the TRACECA project 'Road Maintenance' (Module E 'Pre-feasibility Studies'), estimated the cost of rehabilitating the road Osh-Sary Tas-Erkech Tam at 350 million USD, concluded that the project is economically justified (IRR marginally above the commonly used 12% threshold), and recommends that a complete feasibility study be undertaken. It recommended furthermore that the road should be constructed to higher design standards (cat. III - width of sub-grade 12 m, allowed axle load 10 tons/axle; suitable for traffic densities of 2,000 to 6,000 pcu/day).

b) Road Osh-Kyzyl Kyya-Isfana

The road Osh-Kyzyl Kyya-Isfana runs from the town of Osh (population : 250,000) westwards over Kyzyl Kyya, the countries richest coal reserve, over Khaydarkan and the district centre Batken, through two enclaves of Uzbek territory to the district centre Isfana over a distance of 360 km, and on to Suluktu, another rich Kyrgyz coal area on the Uzbek border. West of Batken, the road is in poor shape and a small mountain pass is crossed.

The road connects a densely populated agricultural region (population : ca. 0.5 million, agricultural output : ca. 830,000 tons) to the regional centre of Osh. Present traffic densities on the road are of the order of 3,000 pcu/day. By constructing bypass roads around both Uzbek enclaves (70 km of new road), paying of tolls could be avoided.

No pre-investment study has been done yet for the rehabilitation of this road, although various IFI's have contributed to the development of the Kyrgyz agricultural sector.

2.3. Results

The project will result in a bankable feasibility study for the rehabilitation, and upgrading to cat. III or equivalent design standards, of :
a) the road Osh-Sary Tas-Erkech Tam;
b) the road Osh-Kyzyl Kyya-Isfana.
This should enable the Government of the Kyrgyz Republic to negotiate funding from IFI's, without need for further studies.

The MOTC and the Kyrgyz Design Institute 'Kyrgyzdortransprojekt' will be involved in the project, which will enhance transfer of know-how from the EU to Kyrgyzstan.

The project will make a synthesis of the available studies, designs, surveys and plans, as well as update, consolidate and complete them.

The project will build on the TRACECA project 'Road Maintenance', thus increasing its impact.

For both roads, a detailed plan for regular and periodic maintenance will be made, including winter maintenance - for the road Osh-Sary Tas-Erkech Tam in particular.

In order to attract traffic on the road corridor Uzbekistan-Kyrgyzstan-China, to increase its effect on regional economy and employment and to create opportunities for private investment, a business plan for road service centres along the road Osh-Sary Tas-Erkech Tam will be developed. Such road service centres were the subject of the Dolphin project ('Feasibility Study of Caravanserai') funded under TRACECA in 1995-1997.

The road maintenance centre at Sary Tas is vital to keep the road corridor open all year round. It is in charge of the road section from the Taldyk pass to Erkech Tam at the Chinese border. As its equipment badly needs capital repairs, 15% of the project budget will be reserved for supplying spare parts to the centre (equipment list to be agreed with the Beneficiary).

For both roads, alternative alignments will be examined, which will give the MOTC a clear idea of the associated costs and technical difficulties.

3. RISKS AND ASSUMPTIONS

Various difficulties will be encountered :
a) the existing data (MOTC, Kyrgyzdortransprojekt) are outdated;
b) the existing designs were made to FSU standards;
c) the existing information is partial only and fragmented, and must be supplemented by much field work;
d) the field work is challenging, and accommodation during project execution will be basic;
e) inspection of roads, geo-technical and topographical surveys, traffic surveys, need to be done in a timely manner.
The MOT- the Beneficiary - and Kyrgyzdortransprojekt, the Kyrgyz Design Institute, may be expected to fully collaborate.

The staff of the MOTC, the regional Motor Roads Departments and Kyrgyzdortransprojekt are competent, very experienced and motivated.

Kyrgyzdortransprojekt has an unrivalled data base on Kyrgyz roads, and is said to be the only design institute of its kind in Kyrgyzstan.

4. MAIN COMPONENTS

4.1. Tasks

4.1.1 Review of Previous Studies

These include but would not be limited to:

Plans of the Ministry of Transport (believed to comprise 1:100,000, some more refined); a project for a by-pass around Osh has been developed to some extent in the past.

TRACECA 'Road Maintenance' project: Module A Standards, Module B Winter Maintenance System, Module D PMS, Module D Pre-feasibility study (see the technical library on the TRACECA website : **Error! Bookmark not defined.**

'Implementation of Pavement Management System in Kyrgyzstan' by Kyrgyzdortransprojekt – based largely on a TRACECA project.

Asian Development Bank projects including Geometric Design Standards (which are to be applied in this project), feasibility studies for the Bishkek-Osh road, Institutional Strengthening, and others.

TRACECA Regional Traffic Database and Forecasting Model. There will be a further TRACECA Database project with which this project will be expected to collaborate on a mutual help basis, but there is no interdependence, and all responsibility for obtaining traffic data for the purposes of this project remains with the consultant appointed to carry it out.

The Team Leader will be responsible for ensuring that all experts engaged on the project are fully aware of the relevant ground work from preceding TACIS projects and other sources.

4.1.2 Feasibility Studies

The Feasibility Studies for both the road Osh-Sary Tas-Erkech Tam and the road Osh-Kyzyl Kyya-Isfana will include the components hereafter. These are based on criteria supplied by the Asian Development Bank, this Bank having been the most active in the Kyrgyzstan road sector to date.

Integration of the Project with Kyrgyz Institutions

Local staff and ministry officials should be involved in all phases of the work. Local staff should be given full instruction in the use of:

- international standards and new proposed local standards based on international practice
- HDM3

Key extracts from international design manuals, codes of practice, HDM3 processes, bridge capacity analysis, etc. should be translated into Russian and left with local staff and officials. Upon completion of the feasibility stage, at least (say) four local staff and/or MOTC officials should be able to fully explain the project reports and autonomously demonstrate the procedures used, to TACIS Monitors. In addition to fully involving local staff in day to day work, the consultant should plan whatever basic and advanced training seminars or tutorials may be required, to arrive at that end.

The consultant should plan two high level conferences, one at the opening of the project, and one at presentation of the draft feasibility report, to present the project to senior government officials. As wide an audience as possible should be sought for these events (e.g. Ministers of Transport, Trade, Agriculture, Interior, senior customs officers, concerned Oblast officials to be brought to Bishkek and accommodated at the expense of the project, representatives of other donor agencies, media). Appropriate conference rooms, simultaneous translation, well-prepared project summary documents etc., should be foreseen.

The Team Leader will take positive steps during the course of the project to keep the project's activities, and EU-TACIS sponsorship, clearly and positively in view, to the local population and to authorities.

While carrying out the feasibility study, the consultant is to provide documentary output, and respond to requests for reasonable additional information or clarifications, from international financial institutions which might be interested in funding construction of elements of the project which emerge as viable.

General Tasks

Assess past and expected future economic developments in the road influence areas taking into account the ongoing shift to a market-oriented economy, and geo-political factors.

Visit the road link in China from Erkech Tam to Kashgar, appraise the progress of works on that section, and determine the intentions of Chinese authorities to develop the infrastructure on their side.

Report on border crossing procedures at Erkech Tam, and recommend in detail any procedural changes necessary to facilitate trade and thus improve the attraction of the rehabilitation project for investment purposes (see output from TRACECA project "Trade Facilitation"). Recommend any border crossing infrastructure elements, control equipment, and training programmes, which could be included in the project, to assure that the border crossing facilities can match the level of service which is proposed for the road. Chinese authorities should be invited and encouraged to become involved in this activity.

Report on the border crossings on the Osh-Kyzyl Kyya-Isfana road, as for the preceding Erkech Tam. Uzbek authorities should be invited and encouraged to become involved in this activity.

Preliminary Engineering

Conduct topographical surveys, aerial photo surveys, satellite imagery (if necessary), hydrological/hydraulic studies, sub-surface soil explorations, material surveys, centreline and cross sectional levels and all other field and laboratory investigations required for the various scenario under study. Carry out preliminary designs. These shall comprise inter-alia:

- Surveys of weather data, topography, geology and land use, including cross section plans, and profiles for the proposed alignments.
- Material testing and soil investigation, to identify and test appropriate materials for construction of the road and the crossing structures (Atterberg limits, grading, compaction, bearing, stabilisation, etc.)
- Hydrological and hydraulic studies
- Systematic detailed survey and load capacity appraisals of existing bridges and other structures, and determine their suitability for incorporation in the improved road. Determine reinforcement, repair or replacement measures. Prepare preliminary designs for new bridges.

- Prepare preliminary designs for such ancillary works as avalanche galleries, slope protection and retaining works, runoff protection works, etc
- Allow fully for widening of the road for traffic and swept snow, sometimes in rock, and take fully into account the particular engineering problems thus presented
- Include within the project feeder roads into adjacent population or economic activity centres, to realise the full functionality of the road as an intra-regional transport corridor as well as a transit route (see SIA activites)

Draw up a comprehensive technical report proposing and assessing appropriate improvement requirements for the forecast traffic.

The most suitable standards and specifications should be used, after consideration of different project alternatives and the newly proposed national standards for Geometric Design developed with support from the ADB. FSU standards have been much criticised by international consultants, but there may be reluctance by local engineers to abandon them. The consultant for this project will have to undertake some comparative designs using both standards, to demonstrate the validity of the new. CBR testing (introduced by the TRACECA Roads Maintenance project), and pavement design, would likewise be innovative. A preliminary pavement design shall be arrived at using at least two international and local standards.

Specific alternatives and improvements are to be considered including:

a) Osh-Gulcho - realignment in the dry Kurshab river bed, avoiding flooding (ca. 15 km);
b) Gulcho-Sary Tas - tunnel at the tough Taldyk pass (3,615 m above sea level);
c) Sary Tas-Erkech Tam - a 14 km realignment on the mountain plateau, avoiding snow drifts.

Alternative alignments to study for the road Osh-Kyzyl Kyya-Isfana include bypasses for both Uzbek enclaves, avoiding tolls (ca. 70 km of new mountainous road).

Preliminary Drawings

The Consultant shall prepare preliminary design drawings for the main variant and the alternatives. The drawings shall comprise inter-alia:

- Location plans, scale 1/50 000
- Vertical profile and horizontal alignment of the project centre line, scale H=1:5 000, V=1:500
- Ditto at scale H=1:2 000, V=1:200 for difficult sections such as the Taldyk Pass
- Bridges, overpasses with spans of 10m or greater, and comparable other structures: drawings at scale H=1:500, V=1:50 showing reference to all engineering structures and drainage
- Typical cross sections
- Typical culvert and drain details
- Typical detail plans for ancilliary works, junctions, road signage etc
- Any border crossing construction works considered necessary

Cost Estimates

Cost estimates shall be prepared, indicating foreign exchange costs, both direct and indirect, and local currency costs. Clearly indicate as a separate line item the amount of local taxes, value-added taxes, and import duties as appropriate;

Cost estimates should be accurate to within +/- 20%

Separate estimates shall be presented for:

- each alternative proposal
- each section of road for categorisaton of priorities
- each main structure
- maintenance costs
- any border crossing facilities needed
- other exogenous costs such as environment mitigation costs, road safety costs, training programmes (eg. maintenance, border crossing administration, etc.)

Traffic Forecasts

The consultant shall prepare traffic forecasts, including:

- carry out reconnaissance, field investigations and data collection at several locations and times, including traffic counts, origin-destination and commodity surveys, traffic composition and vehicle occupancy, to develop sufficiently detailed information on the present pattern of movement of goods and people, and of traffic by various modes in the project area; seasonal factors must certainly be considered.
- based upon the traffic counts and origin-destination survey, obtain any additional necessary information on the present pattern of traffic by vehicle type and mode in the zones of influence of the roads, relate it to the economy of the area, and to regional economic activity for transit traffic;
- forecast future movements of goods and people, and transport demand based on the expected level of economic activity, sector by sector;
- analyze the interaction between road and rail to come to a conclusion as to the future influence of railways, if any; this applies particularly to the links which one of the study roads will provide between railheads at Osh and Kashgar, and the alternative rail link between Central Asia and China via Druzbha;
- assess the possibility of passenger and goods traffic diversion from other transport modes along the road, taking into account transport costs and other relevant factors;
- assess the capacity of roads and assess effects of any congestion on vehicle operating costs (VOCs);
- prepare traffic forecasts in vehicle per day by representative vehicle types, related to the sectoral forecasts; estimate possible generated traffic, if any, arising from improved road transport and diverted traffic from the existing roads;

Economic Costs

User and agency cost evaluations should include:
- transit fees that might be levied, and the economic value of any expenditures that are made during transit;
- border crossing and/or institutional development improvement costs
- Vehicle Operating Cost; review available VOCs by vehicle type, calculate VOCs for the existing and proposed road sections, and quantify the benefits divided into VOCs savings for normal, generated, and diverted traffic, including savings that would result from the congestion and travel distance, road maintenance cost savings, and other benefits such as reduction in road accident costs (if these can be quantified);
- time savings;

Some indirect costs and social benefits are intangible or difficult to quantify accurately. The consultant shall undertake detailed qualitative analysis of such benefits.

Economic Evaluation

The consultant shall undertake the evaluation of the project for the next twenty years following the completion of the road betterment. In that perspective the economic costs of construction to the proposed standards shall be compared with the economic benefits derived for different alternatives of design, and the residual value. For the purposes of the evaluation the project is to be much disaggregated into discrete but co-ordinated alternative betterment options, to determine the priority investment actions displaying the highest socio-economic interest.
- estimate the economic benefits of improving each road segment or sub-project with and without improvement, assessing vehicle operating costs for various types of vehicles using the World Bank's HDM-III Model and undertake a seminar to teach the local counterpart staff to use HDM-III;
- estimate the economic internal rate of return based on a traffic assignment for the existing roads and rehabilitated roads according to the ADB's *Guidelines for Economic Analysis of Projects;*
- undertake sensitivity analysis to test the project result against possible and likely changes in key variables, that may include the growth rate for forecast traffic, design parameters, project capital costs, traffic diversion, implementation delays, and VOCs;

Environmental Impact Study

The consultants will:

(i) prepare an IEE report and a summary IEE report in accordance with the Bank's *Environmental Assessment Requirements and Environmental Review Procedures of the Asian Development Bank (*See also Asian Development Bank 1986, *Environmental Guidelines for Selected Infrastructure Projects*, on Highways and Roads, pp. 29-41. Attachment B). The review of environmental impacts associated with the Project should include, among other things, temporary and permanent damage to the environment, particularly (a) forests, (b) wild life habitats, (c) areas with known archeological value along with the proposed alignment, (d) potential risks from toxic and hazardous

chemicals, and (e) indirect environmental impacts such as induced industrial development along the alignment. The IEE report will identify and briefly describe the environmental impacts related to the road sections identified for rehabilitation, and furnish background data for making the decision on whether or not a full EIA is needed. Such an EIA would be carried out by others.

(ii) recommend an appropriate environmental management and monitoring plan;

(iii) determine the incremental costs for mitigating and minimizing the adverse environmental impacts;

(iv) appraise the level of costs against expected environmental benefits, where possible, in a quantifiable manner;

(v) assist the highway engineers to incorporate appropriate mitigating measures into the project design.

Social Impact Assessment

The consultants will:

(i) prepare a comprehensive baseline socio-economic profile for the population living in the Project influence area in accordance with the Bank's *Guidelines for Social Analysis for Development Projects*; and develop a monitoring system that will facilitate the measurement of the impact on poverty reduction during Project implementation and completion;

(ii) undertake an initial social assessment (ISA) in accordance with the Bank's *Guidelines for Incorporation of Social Dimensions in Bank Operations,* including (a) identification of affected population: the potential beneficiaries and those likely to be affected adversely by the Project; (b) assessing the stage of development of each sub-population, including preparing present and future socio-economic profiles, based on such indicators as income, employment status, ownership of assets, and access to basic social services; (c) assessing the affected population's needs and demand for the Project; (d) assessing the affected population's absorptive capacity for the project and the likelihood of the affected population participating in the design and implementation of the Project; (e) identifying institutions that could be involved in the design and implementation of the Project; (f) identifying the need, if any, for feeder roads connecting wayside towns or villages. The ISA should help determine the appropriateness of Project goals and design in meeting the priority needs and demands of the target population, both men and women. It should also determine the willingness of the target population to accept and participate in the proposed Project, and propose changes to the Project design/implementation arrangements, as required, to incorporate social dimensions. Assess in both quantitative (using socio-economic indicators) and qualitative terms the possible socio-economic impact of the proposed Project on the clearly identified target groups in terms of poverty reduction in the Project influence area. Suggest appropriate mitigative strategies, if required, and define the scope for the SIA. The SIA report should be discussed with the MOTC, other Government agencies, and the Bank;

(iii) prepare a time-bound land acquisition and resettlement plan (if required), which is consistent with the guidelines set out in the Bank's policy paper on involuntary resettlement (November 1995) and reflects the views of the authorities, communities, non-government associations, and the Bank. The plan will depict, inter alia, time-bound arrangements, public consultation, relocation, compensation for affected inhabitants along the alignment, and demolition of the existing facilities. Costs related to relocation, compensation, and demolition will need to be included in the plan. The final version of this plan, as agreed upon by the Government and the bank, should be formally submitted to the Bank by the Government;

(iv) solicit comments on the draft SIA from the Bank, the MOTC, Authorities responsible for the Protection of the Environment, and various National Government and local government agencies concerned as well as communities in the Project area; and

(v) based on the SIA of the Project, recommend social issues to be addressed in preparing, designing, and implementing the Project. Also recommend appropriate socio-economic monitoring and management plans, which will be implemented by the Executing Agency and other relevant offices and will form part of the benefit monitoring and evaluation system.

Feasibility Report

Based on the foregoing the consultant is to propose a phased project suitable for external assistance that is technically sound and economically viable.

The Consultant will recommend priority sections for development of a first construction Lot. He will liaise with development banks who may be interested in financing project components, to orientate the final feasibility report, and to assist the Kyrgyzstan government, to present a soundly based request for project financing.

4.1.3 Road Maintenance

4.1.3.1 Planning

The Consultant will develop realistic and detailed Road Maintenance plans for regular and periodic interventions for both of the road sections covered by the feasibility studies. These will assume both the "with", and "without" rehabilitation project cases, and such other scenarios as the consultant may determine to be most possible.

The roads maintenance plans will take full account of previous consultancy work, such as:

- Institutional development and restructuring plans and intentions developed from the ADB projects
- The TRACECA Winter Maintenance System
- The TRACECA Pavement Management System

The plans are to include:

- Location of fixed installations
- Equipment inventory, fixed and mobile, maintenance of equipment, salt storage facilities etc
- Manning
- Management methods
- Annual budget

4.1.3.2 Spare Parts for the Sary Tas Road Maintenance Centre

In collaboration with the local management of the Sary Tas road maintenance depot and MOTC authorities the consultant is to agree a list of spare parts, or new equipment items, for procurement within the project (see Section 4.4 Global Budget). The consultant will then act as a procurement agent for TACIS, prepare an Official Journal announcement, tender documents including specifications, and carry out all other actions necessary to procure the equipment and arrange its delivery and commissioning in Sary Tas.

The procurement procedures will take full account of the TACIS Guidelines and Standard Documents on Purchase of Supplies Financed from TACIS Funds. The appointed Consultant should be very sure to programme the procurement activities early in the project schedule to fully allow the time necessary for compliance with all procedures (eg.Task Manager approval and open tendering). The consultant should not mis-interpret the TACIS Guidelines and should not assume that derogations or short cuts will be allowed.

The Consultant will actively assist the beneficiary with customs clearance procedures, and assist him to benefit from the TACIS convention with the Government concerning exoneration of TACIS grant assistance from customs duty.

4.1.4 Roadside Services

The consultant will develop a basic model business plan for road service centre(s) along the road. These should be tailored to expected traffic and essential needs (first aid, fuel, emergency repairs, lodging and sanitation, telecommunications, etc). The absence of roadside services is frequently cited as a disincentive to trade and transport in regions such as those traversed by the road sections under study.

The consultant should recommend the support services which might be appropriately provided by the public sector, given the present remoteness of sections of the road, and the social impacts analysed precedingly. He should likewise recommend measures for the creation of a regulatory regime conducive to the development of vital support, and travel facilitation services by private initiatives.

4.2. Implementation Procedures

The Consultant should foresee expertise in the following domains:

- road rehabilitation project management;
- geo-technical, hydrological and topographical surveys;
- road inspection and design;

- bridge inspection, design and maintenance;
- road maintenance operations and equipment;
- management of (TACIS) supply contracts;
- economic analysis;
- social and environmental analysis
- customs, trade facilitation, border crossings
- business development.

The key experts should be familiar with work overseas, preferably in the CIS.

The Consultant should collaborate as much as possible with the Beneficiary (MOTC, Motor Roads Department) and Kyrgyzdortransprojekt, the Kyrgyz design institute.

The Consultant should spend a maximum of time in Kyrgyzstan (MOTC in Bishkek, Motor Roads Department in Osh, field work) to involve the Beneficiary, address his needs and transfer know-how. To this end all project activities, excepting initial project mobilisation and procurement of road maintenance equipment, should be carried out in Kyrgyzstan. Reports should be written and translated only in Kyrgyzstan.

A major part of the project needs to be done in the field (surveys, road inspections, supplies) under trying conditions (high altitude, bad roads, remote areas, basic accommodation). The road connection between Bishkek and the roads to be studied is long and closed during winter. The consultant should take such known factors fully into account when planning work.

4.3. Rough Timetable

The total duration of the project will be 12 months.

The project's milestones are :

- Inception Report end of month 2;
- Progress Report end of month 6;
- Draft Feasibility Report end of month 10;
- Final Feasibility Report end of month 12;

The supply of spare parts for capital repairs of equipment to the roads maintenance centre of Sary Tas should be concluded before the onset of the winter of 1999.

4.4. Global Budget

The global budget is 1,500,000 ECU, broken down as follows :

Feasibility studies and consultancy activities	1 275 000 ECU
Supply of spare parts	225 000 ECU
Total	1 500 000 ECU

5. REPORTING

The Inception Report, Progress Reports and (Draft) Final Report for the project are to be delivered in the numbers, languages and locations as follows :

	Bound		Loose-leaf		Diskette
	English	Russian	English	Russian	(Eng. + Rus.)
TACIS Brussels	2	1	0	0	0
TACIS National CU	1	6	1	1	1
TACIS Monitoring Team (Central Asia – Europe)	2	1	0	0	0
TRACECA Brussels	6	1	1	1	1
TRACECA Tashkent	4	4	1	1	1
Counter-parts	As necessary	As necessary	As necessary	As necessary	As necessary
Development Banks etc.	3	0	3	0	0

List of addressees for each report are to be provided to the TACIS CU.

At least one copy of each report should be delivered directly to the key project counter-part.

Copies of the Delivery Notes to the recipient(s) are to be provided by fax to both above-mentioned TRACECA co-ordination team offices.

The word processing programme to be used will be agreed with TACIS.

The importance of high quality Russian texts, delivered on time, cannot be overemphasised. The reporting dates in these TOR are for the delivery of the Russian language text and the English language text to be provided at the same time.

Reporting is to be in accordance with TACIS Guidelines. These foresee :

Project Inception Report

An Inception Report shall be issued within 2 months of the start of the project. It shall summarise initial findings and propose any modifications to the methodology and work plan. In particular it will adapt the work plan to the needs of the Beneficiary taking into account the activities of other Technical Assistance programmes, avoiding duplication of effort and addressing unfilled needs.

It will also confirm or modify institutes/organisations/consulting bodies to be directly involved in the implementation.

The report distribution lists will be included.

Project Progress Report

This reports will be submitted at the end of months 6. It will cover progress to date.

(Draft) Final Report

The Draft Final Report will be submitted at the end of month 10 and the Final Report at the end of month 12.

All reports must include an Executive Summary.

It would be incorrect to assume that changes to project scope which require changes to the contract can be effected by a Report.

6. FACTORS ENSURING SUSTAINABILITY

6.1. Institutional Appraisal

Large transport investment projects are already being undertaken by development banks. They are examining in detail the institutional structure of the Beneficiary. These TOR require the consultant to take institutional initiatives by other donors, as well as previous TACIS TRACECA projects.

6.2. Economic and Financial Appraisal

The feasibility studies included in this project are linked to investment prospects for the Uzbekistan-Kyrgyzstan-China road corridor respectively for the Osh oblast, mostly by development banks.

Private investors interested in road service centres will scrutinise the corresponding business plan.

6.3. Political Environment

The Agreement on International Road Traffic signed by the Governments of the Republic of Uzbekistan, the Kyrgyz Republic and the People's Republic of China on February 19, 1998 focuses on the development of the road corridor Tashkent-Andizan-Osh-Sary Tas-Erkech Tam-Kashgar. The Republic of Uzbekistan has already allocated 30 million USD for the rehabilitation of the road section Tashkent-Andizan-Osh, and the People's Republic of China will finish the reconstruction of the road section Erkech Tam-Kashgar before the winter of 1998. The Kyrgyz Republic wishes to develop the road corridor, but depends on external funding.

No particular factors appear to be present and threatening to the sustainability of the project other than those common to all TACIS activities in the region.

However, the bypasses of the Uzbek enclaves on the road Osh-Kyzyl Kyya-Isfana may be a sensitive issue in the relations between the Republic of Uzbekistan and the Kyrgyz Republic.

7. ENVIRONMENTAL IMPACT

Environmental impacts are an issue for the feasibility studies and will be addressed in the project.

The direct environmental impact of the project is expected to be negligible. However, the safer road traffic conditions resulting from the rehabilitation and upgrading of both roads are likely to reduce the number of accidents.

8. MONITORING AND EVALUATION

Key indicators :

a) for both roads and for alternative alignments on them, provision of a complete feasibility study acceptable to support decision making by IFI's;

b) for both roads, provision of a detailed maintenance plan;

c) for the road Osh-Sary Tas-Erkech Tam, provision of a business plan for road service centres;

d) for the road Osh-Sary Tas-Erkech Tam, supply of spare parts for capital repairs to the maintenance equipment of the road maintenance centre in Sary Tas, before the onset of the winter of 1999.

e) integration of project execution with local design institutes and the MOTC

ANNEX 8

FINAL DECLARATIONS OF THE WORKING GROUP CONFERENCES

A/ Almaty, May 1995

B/ Vienna, October 1995

C/ Venice, March 1996

D/ Athens, October 1996

E/ Tbilisi, May 1998

ANNEX 8 A

FINAL DECLARATION OF THE WORKING GROUP CONFERENCE IN ALMATY, MAY 1995

Protocol of the first meeting of the TRACECA Working Group

The representetives 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,

Head of delegation of the Azerbaijan Republic,

Head of the delegation of the Republic of Georgia

Head of the delegation of the Republic of Kazakhstan,

Head of the delegation of the Kyrgyz Republic,

Head of the delegation of the Republic of Tadjikistan, V. Boltoi

Head of the delegation of Turkmenistan,

Head of the delegation of the Republic of Uzbekistan,

Head of the delegation of the European Commission.

ANNEX 8 B

FINAL DECLARATION OF THE WORKING GROUP CONFERENCE IN VIENNA, OCTOBER 1995

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 appropiate 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 attented 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 27the 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 8 C

FINAL DECLARATION OF THE WORKING GROUP CONFERENCE IN VENICE, MARCH 1996

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 benficiaries if the PHARE programme. Synergies between the TRACECA route and other routes in the Region should be encouraged.

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

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

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

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

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

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

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

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

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

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

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

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

Armenia,

Azerbaijan,

Georgia,

Kazakhstan,

Kyrgyzstan,

Tadjikistan

Turkmenistan,

Uzbekistan,

The Commission of the European Union.

Annex

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 8 D

FINAL DECLARATION OF THE WORKING GROUP CONFERENCE IN ATHENS, OCTOBER 1996

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,

Kyrghystan,

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 maintence,provision of road and bridge testing equipment linked to pavement mangement 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 8 E

FINAL DECLARATION OF THE WORKING GROUP CONFERENCE IN TBILISI, MAY 1998

TRACECA - FIFTH WORKING GROUP CONFERENCE - TBILISI, 5th & 6th MAY, 1998

FINAL DECLARATION

Under the sponsorhip of the European Commission, the Fifth TRACECA Working Group was hosted by the Ministry of Transport of Georgia. His Excellency, President Shevardnadze, of Georgia opened the conference.

TRACECA aims at developing the transit route linking Europe to Central Asia through the Caucasus. Working Groups gathering delegates of the beneficiary States regularly meet to identify joint projects which will be financed by the European Commission. The conference was attended by delegates comprising Vice-Prime Ministers, Ministers, authorities and experts of the ten undersigned TRACECA beneficiary states. Participants in the conference proceedings also included, representatives of international financial institutions (EBRD, World Bank), other international transport interest groups and donors (BSEC, IRU, UIC, UN-ECE, UN-ESCAP, IRF, FIATA, SNCF, OECF), observers from the Peoples Republic of China, the Republic of Moldova, and others.

The delegates confirmed their objective of developing common transport policies that would give priority to the development of the TRACECA route. They welcomed the joint initiatives of the Presidents of Azerbaidjan and Georgia on signing a multi-lateral agreement on such policies. Such agreement would mark a true milestone in the maturity of TRACECA, and is to be considered as a priority for the further development of the programme. They noted an expert preparatory meeting for such multilateral agreement held in Baku on 26th and 27th April 1998 made important progress in this respect. The present TRACECA Working Group Meeting has further supported this process by approving a project of technical assistance to the intergovernmental joint commission to be created under such multi-lateral agreement.

The Delegates expressed their satisfaction with the progress realised under the TRACECA programme so far and called for International Financial Institutions to continue developing investment projects in co-operation with the programme. The representatives of the International Financial Institutions expressed their willingness to further finance such projects, provided adequate market mechanisms be put in place to ensure competition and cost recovery. Delegates also underlined the necessity to assess the environmental impact of projects.

The programme will develop on the progress made to date and channel future actions towards achievable objectives. A list of projects and summary terms of reference was discussed, formally endorsed, and forms Annex A to this declaration. Further themes to be taken into account in the development of TRACECA projects were proposed and form Annex B to this declaration.

The delegates of TRACECA Member States unanimously expressed their positive opinion on the full participation of Moldavia in TRACECA. They invited the Moldovan government to accept this invitation to fully participate in TRACECA.

Declared by the undersigned in Tbilisi on the 6th May 1998, at the conclusion of the fifth TRACECA Working Group Conference:

ARMENIA .....

AZERBAIJAN .....

GEORGIA .....

KAZAKHSTAN .....

KYRGHYZTAN .....

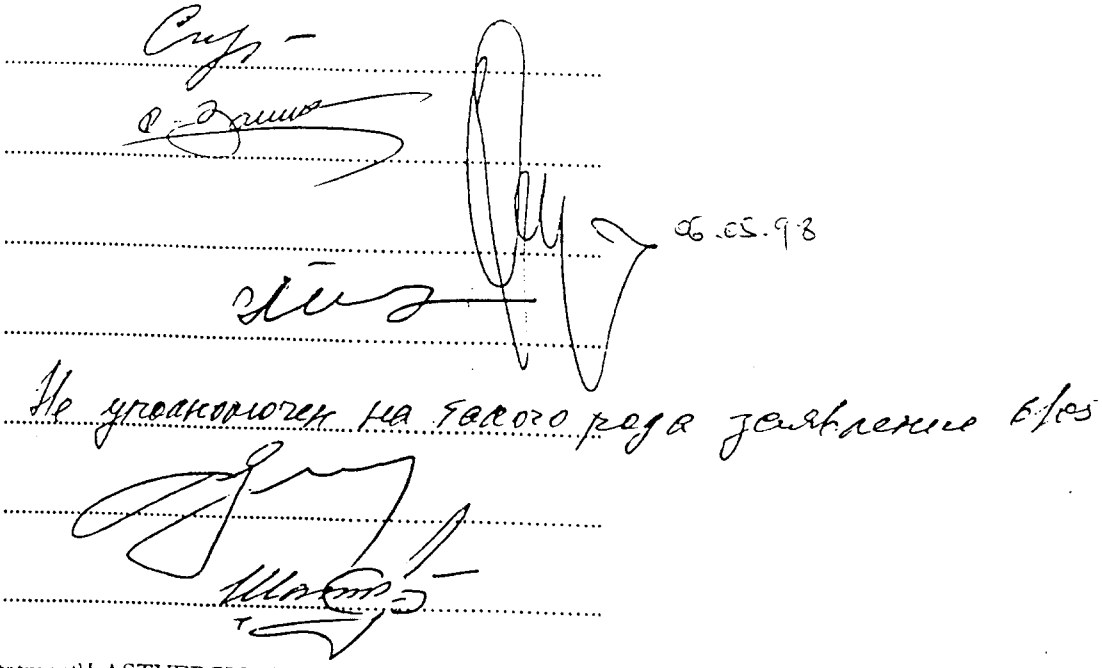
MONGOLIA .....

TADJIKISTAN .....

TURKMENISTAN .....

UKRAINE .....

UZBEKISTAN .....



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	Project name & description	Duration in months	Budget in ECU
1	Joint TRACECA Commission for Implementation of a Multi-Lateral Agreement - *Provide implementation support to the signatories to the TRACECA multilateral agreement which will include the convening of periodic meetings of the Joint Commission, the establishment of a permanent secretariat, the appointment and support of local experts and the intervention of foreign specialists.*	14	1 100 000
2	International Road Transport Transit Facilitation - (a) Operator Training and International Road Transport Transit Facilitation – *The principle transit facilitation mechanism, at least for Road customs procedures is the TIR system which is being adopted in the region. Actions are needed for assistance in extension of the TIR, its application (with computerisation of clearance procedures for SAFETIR) and operator proficiency training.* (b) Supply of Computer Equipment for SAFETIR operation - *To be carried out with the co-operation of IRU.*	18	2 500 000 500 000
3	Caspian Sea Traffic, and Ports (a) New Caspian Sea Shipping Line(s). *Kazakhstan is on the point of issuing a Ministerial decree on the establishment of a line. Other states have expressed interest in such ventures. A feasibility study on the possible options and commercial prospects for establishing such a company or companies would be of general interest. The possibilities for partial external financing of a company should be investigated, as should the advantages or not of a multi-national JV.* (b) Rehabilitation of the Ferry Terminal for Services to Baku - *A feasibility study emphasising usage and financial issues, to make projections of demand, revenues and operating costs. This will complement the technical report which has already been prepared.* ©Rehabilitation of Oil Berths 4 & 5 - *A feasibility study covering technical options, economic and financial attraction of carrying out works. Analysis will determine short and long term future of the berths considering oil traffic projections and plans for pipelines* (d) Navigation Channel for Turkmenbashi Port – *Access into the port is via a natural navigation channel, which is reportedly of insufficient depth, and poorly marked, for safe operation of vessels. This project would investigate the technical condition of the access channel, and specify essential works for ensuring uninterrupted operation of the port..* (e) Traffic Forecasting - *The previous TRACECA Forecasting project developed a transport data base and forecasting model, and set up a version in each of the eight original TRACECA states.. This project would reanimate and sustain the effort, particularly within the context of the modules (a), (b), and © preceding.*	6 6 6 4 18	200 000 250 000 250 000 100 000 700 000 (1 500 000 tot.)
4	Intermodal/Terminal Equipment Bishkek, Kyrgyzstan – *the supply of container handling equipment for main rail/road intermodal terminal* Karmir Belur, Armenia – *ditto* Chimkent/Aktau, Kazakhstan – *ditto* *An investment action to promote intermodal container transport along the TRACECA route(relating to from completed studies, a completed pilot train project, a planned pilot train project, and supply of equipment to other terminals & transhipment points along the route.*	9	500 000 1 000 000 1 000 000 (2 500 000tot.)
5	Rail Tank Wagon Cleaning Boilers, Baku – *Increasing volumes of Caspian Sea oil are being transported by Azeri railways, and this trend will continue. Existing equipment to clean tank wagons is inadequate and the railways, in spite of having made some investment themselves are not in a position to upgrade their installations and assure the traffic flow without additional gas / diesel powered boilers.*	6	500 000
6	Chardzev Bridge - *A feasibility study has been prepared by TRACECA and recommended that a major new bridge should be constructed at the crucial crossing of the southern TRACECA route over the Amu Darya River (estimated cost 80 MECU). This project is necessary to exhaustively explore the possibilities for financing the construction of the bridge and to assist in preparatory institutional issues.*	12	500 000
7	Traceca Co-ordination Team - *Co-ordination of other TRACECA projects from three offices, in Brussels, Tashkent and Tbilisi. Periodic organisation of Working Group conferences.*	12	900 000

8	Central Asian Rail Development - Procurement & Business Plan - *A region-wide pool of assistance to formulate detailed procurement packages for investments by IFIs in the rail sector, preparation of technical specifications, auditing and reporting. Particular attention to the development of the Uzbekistan Railways EBRD loan project, emerging from the TRACECA Central Asian Rail Restructuring project now nearing completion, and the development of a rolling business plan for this*	18	1 100 000
9	Transportation Equipment Leasing Company, and Regionalised Facilities – *Assist in the establishment of regional rail leasing company for traction and rolling stock. As a preliminary step the legal basis for leasing operations must be investigated and improved. The project would focus on initial interest in rail equipment leasing, but should also allow development of the potential for leasing operations in other transportation modes. This leads into the issue of regional efficiency in the use of fixed transport sector support facilities and their restructuring.*	18	800 000
10	Investment in Aktau Port - *Preparation of design and tender documents, and a capital grant for equipment supply, dependent on the findings of studies in the project Caspian Sea Traffic, Aktau Port, Modules (b) Ferry Terminal & Module (c) Oil Berths...eventually, a tug boat as requested by Port*	12	2 000 000
11	Roads Maintenance (a) Training Centres - *Assist in the re-establishment of road maintenance training centres, design training programmes and curricula, for modern western practical organisation of roads maintenance, including provision of three Falling Weight Deflectometers FWD.* (b) Roads Maintenance Planning - *Develop working roads maintenance plans, rewrite operators manuals, specify suitable mobile and fixed equipment for procurement...project to act as support to investment, or co-financing or substitution for IFI loan aid*	18	2 000 000 500 000
12	FIATA Freight Forwarders Training Centres – *Following the TRACECA Trade Facilitation project several countries have formed national forwarders association and affiliated with FIATA, the international body representing Freight Forwarders. FIATA acts to normalise documentation connected with international transport operations and ensure the correct usage of such documents. Beneficiary states request assistance with familiarisation and training.*	18	2 000 000
13	Ports Management Support and Training - *The Ports of Poti, Baku, Turkmenbashi, and Aktau have been the subject of feasibility studies and loan negotiations for redevelopment, and the realisation of the physical modernisation of these ports is at various stages of realisation. Likewise some institutional support has been provided. The re-adaptation of the ports to their new commercial roles and obligations to pay off eventual loans requires continued management support, particularly with finance, operations, and maintenance planning.*	18	1 000 000
14	Feasibility Study of Links Between TRACECA and China - *A present TRACECA project is carrying out a pre-feasibility study of links between Uzbekistan, Kyrghyzstan, and China. A multilateral agreement on road transport was recently signed in Tashkent between those three countries. Kyrgyzstan has made an official request to the Asian Development Bank for the construction of a North-South rail route. There are quite firm plans to further improve the road link commencing in 1999. This project would provide material assistance to the realisation of these projects.*	12	600 000

ANNEX B

Technical Assistance Projects

Transport Normative and Regulatory Basis
Support to Arrangements for Signature of the TRACECA Multi-Lateral Agreement
Maintenance Facilities for Sips on the Caspian Sea
By-pass Road for the City of Baku and other Urban Agglomerations
Narikhichevan Autonomous Republic – Transport Rehabilitation of the TRACECA Route
Navigation on the Black Sea – Normative Acts and Training
Regional Road Yerevan-Giumi-Batoumi Feasibility Study -
Regional Training Centres – Georgia (Multi-sector) – Kazakhstan (Maritime)
Transport in Abkhasia Transport Rehabilitation
Ports of Bautina and Aterau Feasibility Studies for Oil Traffic
Feasibility Study of the Remaining Section of TRACECA Road in Kyrghyzstan (not included in present projects)
General concerns:
Encourage collaboration with ESCAP
Training centres are the prerogative of Transport Ministries

INVESTMENT PROJECTS

Intermodal Equipment

- RWS Terminal of Kychly (Azerbaijan)
- RWS Terminal of Tbilisi (Georgia)
- RWS Terminals of Doushanbe and Leninabad (Tadjikistan)
- RWS Terminals of Aghabat and Mayaskaia
- Terminal Containers of Batumi Port.

Road Bridges /

- Construction of 2 bridges (Tvivi & Algeti) and 1 by-pass (Tbilisi-Red Bridge) - Georgia.
- Construction of 2 bridges (Yevlakh & Shersou) – Azerbaijan

Rail Bridges /

- Construction of the second bridge of Poylu (Azerbaijan).

Maritime Investments /

- Equipment for oil terminal (Djunbendi) – Azerbaijan
- Equipment for the railway sea ferries – Azerbaijan
- Maritime Safety Equipment – Ukraine

Railways Investment /

- Rehabilitation of the locomotive depot of Gumry (Armenia).
- Supply boilers for the Rail tank wagon washing station of Turkmenbashi.

Road Equipment /

- Supply of deflectometers (Armenia – Georgia)
- Equipment for Meteorological Survey (Armenia)

Border crossing /

- Rehabilitation and Computerisation of Customs Border Post. (All countries). (Poti, Baku, Turkmenbashi)

ANNEX 9

BAKU CONFERENCE DOCUMENTS

- **List of Participants**
- **Closing Declaration**
- **Multi - Lateral Agreement**
- **Baku declaration**

ANNEX 9

BAKU CONFERENCE DOCUMENTS
List of Participants

List of the Participants at the International Conference on the Restoration of the Historic Silk Route Baku, 7-8 September 1998

1. THE EUROPEAN COMMISSION

1. Mr. Francois Lamoureux - Head of Delegation, Deputy Director General of the General Directorate DG-IA.
2. Mr. Cees Wittebrood - Head of division C-4 of the General Directorate DG-IA
3. Mr. Daniel Stroobants - Responsible for Transport and Communications in DG-IA C-4
4. Mr. Marc Graille - Coordinator TRACECA Caucasus
5. Mr. Mark Booker - Legal Expert
6. Mr. Chris Luyckx - Legal Expert
7. Mr. Chris Leblanc - TACIS Coordinator in Azerbaijan
8. Mr. Dominique Feldheim - TRACECA Field Expert
9. Mr. Michael Sims - Coordinator TRACECA Central Asia
10. Mr. Ben Beddegenoots - Coordinator TRACECA Brussels

2. THE REPUBLIC OF ARMENIA

1. Mr. Armen Darbinyan - Head of Delegation, Prime Minister
2. Mr. Ervand Zakharyan - Minister of Transport
3. Mr. Ashot Manukyan - Head of Administration of the Prime Minister
4. Mr. Vasiliy Kazaryan - Head of External Relations Department, Administration of the Government
5. Mr. Zograb Mnatsakanyan - Head of European countries, Department, Ministry of Foreign Affairs

3. THE REPUBLIC OF AUSTRIA / PRESIDENCY OF THE EUROPEAN UNION

1. Mr. Martin Sajdik - Head of Delegation, Minister Plenipotentiary, Federal Ministry for Foreign Affairs,
2. Mr. Christian Steiner - Desk Officer, Federal Ministry for Foreign Affairs

4. THE REPUBLIC OF AZERBAIJAN

1. Mr. Heydar Aliyev - Head of Delegation, President of the Republic of Azerbaijan
2. Mr. Murtuz Alaskarov, Chairman of Milli Majlis
3. Mr. Artur Rasi-zade, Prime Minister
4. Mr. Tofik Zulfugarov, Minister of Foreign Affairs
5. Mr. Abid Sharifov, Vice Prime Minister

5. THE KINGDOM OF BELGIUM

1. Mr. Robert Urbain - Head of Delegation, State Minister
2. Mr. Marc Franck - Ambassador of Belgium to Azerbaijan

6. THE REPUBLIC OF BULGARIA

1. Mr. Petr Stoyanov - Head of Delegation, President of the Republic of Bulgaria
2. Mr. Wilhelm Kraus - Minister of Transport
3. Mr. Rumen Khristov - Head of President's Administration
4. Mr. Vladimir Philipov - President's Secretary for Foreign Policy
5. Mr. Constatntin Dimitrov - Deputy Minister of Foreign Affairs

7. THE PEOPLE'S REPUBLIC OF CHINA

1. Mr. Chjan Gotsziyan - Head of Delegation, Ambassador of China to Azerbaijan
2. Mr. Yan Laidi - Second Secretary, Embassy of China to Azerbaijan

8. THE REPUBLIC OF FINLAND

Mr.Bjorn Ekblom - Head of Delegation, Ambassador of Finland to Azerbaijan

9. THE FRENCH REPUBLIC

1. Mr. Jean-Pierre Guinhut - Head of Delegation, Ambassador of France Azerbaijan
2. Mr. Robin Sebille - Responsible for Eastern Europe and Central Asia, Ministry of Transport
3. Ms. Silvie Bachlot - First Counsellor, Embassy of France to Azerbaijan
4. Ms. Elisabeth Michaud - Counsellor on Economic and Trade Matters, Embassy of France to Azerbaijan

10. GEORGIA

1. Mr. Eduard Shevardnadze - Head of Delegation, President of Georgia
2. Mr. Irakliy Menagarishvili - Minister of Foreign Affairs
3. Mr. Merab Adeishvili - Minister of Transport
4. Mr. Zurab Gumberidze - Ambassador of Georgia to Azerbaijan
5. Mr. Gela Charkviani - Chief of International Relations Service of State Office

11. THE FEDERAL REPUBLIC OF GERMANY

1. Mr. Walter Kittel - Head of Delegation, Plenipotentiary Representative of Federal Government
2. Dr. Christian Siebeck - Ambassador of Germany to Azerbaijan
3. Dr. Frank Lambach - Ambassador, Representative of Germany in Minsk Group

4. Mr. Jakob Ritter von Wagner - Referent in the Ministry of Foreign Affairs
5. Mr. Peter Hartig - Referent in the Federal Ministry of Economy
6. Dr. Jasper Wieck - Permanent representative of the Ambassador of Germany to Azerbaijan

12. THE HELLENIC REPUBLIC

Mr. Zois Georgios - Head of Delegation, Ambassador of Greece to Azerbaijan

13. THE REPUBLIC OF HUNGARY

1. Mr. Gabor Bagi - Head of Delegation, Deputy State Secretary of the Ministry of Foreign Affairs
2. Mr. Gaspar Biro - Special Advisor to the Prime Minister
3. Mr. Miklos Jaczkovits - Deputy Director of Department of CIS, Ministry of Foreign Affairs
4. Mr. Gabor Nagy - Trade Secretary, Representative of the Ministry of Economy
5. Ms. Eva Sipos - Third Secretary, Embassy of Hungary

14. THE ISLAMIC REPUBLIC OF IRAN

1. Dr. Rahman Dadman - Head of Delegation, Executive Director of Railways
2. Mr. Abbasali Gurbanalibey - Senior Director of Railways Research Centre
3. Mr. Muhammedismail Alikhani - Senior Director of Foreign Investments Department
4. Mr. Said Kharrazi - Deputy Ambassador of Iran to Azerbaijan
5. Mr. Moshteba Damirchilu - Expert on Economic Matters, Embassy of Iran to Azerbaijan

15. THE ITALIAN REPUBLIC

Mr. Alessandro Fallavollita - Head of Delegation, Ambassador of Italy to Azerbaijan

16. JAPAN

1. Mr. Tatsuhito Arima - Head of Delegation, Ambassador, Special Envoy of the Government of Japan
2. Mr. Yuichi Kusumoto - Deputy Director-General of the European and Oceanian Affairs Bureau, Ministry of Foreign Affairs
3. Mr. Kunihiko Asamura - Official of the New Independent States Division, Ministry of Foreign Affairs
4. Ms. Yukiko Kawagishi - Attache, Embassy of Japan

17. THE REPUBLIC OF KAZAKHSTAN

1. Mr. Erkin Kaliyev - Head of Delegation, Minister of Transport and Communications
2. Mr. Altay Tleuberdin - Head of Prime Minister's Office

3. Mr. Bakhyt Arystan - Charge d'Affaires of Kazakhstan to Azerbaijan
4. Ms. Aygul Idrisova - Deputy Head of External Relations Department, Ministry of Transport and Communications
5. Mr. Erlan Upushev - Vice-President "KazTransOil" Company

18. THE KYRGYZ REPUBLIC

1. Mr. Askar Akayev - Head of delegation, President of the Republic of Kyrgyzstan
2. Mr. A. Ch. Aitmatov - Advisor to the President
3. Mr. Muratbek Imanaliyev - Minister of Foreign Affairs
4. Mr. Zhantoro Satybaldiyev - Minister of Transport and Communications
5. Mr. Aktambek Nanayev - Ambassador of Kyrgyzstan to Russia

19. THE REPUBLIC OF MOLDOVA

1. Mr. Petru Luchinsky - Head of Delegation, President of the Republic of Moldova
2. Mr. Nikolae Tebekaru - Minister of Foreign Affairs
3. Mr. Tudor Lanke - Minister of Transport and Communications
4. Mr. Yurie Pynzaru - Adviser of President
5. Mr. Anatoli Gonchar - General Director of Energy Department

20. MONGOLIA

1. Mr. Tserendash Tsolmon - Head of delegation, Ambassador of Mongolia to Russia
2. Mr. Sod Ochirbat - Head of Highways Department, Ministry for Development of Infrastructure
3. Mr. Gavaa Bathuu - Head of Highways and Transport Department, Ministry for Development of Infrastructure

21. THE KINGDOM OF THE NETHERLANDS

1. Mr. Eric Bos - Head of delegation, Ambassador for Transport Matters

22. THE KINGDOM OF NORWAY

1. Mr. Olav Berstad - Head of delegation, Ambassador of Norway to Azerbaijan
2. Mr. Leidulv Atle Namtvedt - Deputy Director General
3. Mr. Rune Aasshem - Adviser of OSCE Division, Ministry of Foreign Affairs

23. THE REPUBLIC OF POLAND

1. Mr. Kjishtof Tkhujevski - Head of Delegation, Stats-Secretary, Ministry of Transport
2. Mr. Bogdan Sherbinski - Deputy Director of the European Integration and Foreign Cooperation Department, Ministry of Transport

24. ROMANIA

1. Mr. Emil Constantinescu - Head of Delegation, President of Romania
2. Mr. Troyan Basescu- Minister for Transport
3. Ms. Elena Zamfirescu - Secretary of State, Ministry of Foreign Affairs
4. Mr. Radu Popescu - Advisor to the Prime Minister
5. Mr. Constantin Garbea - Charge d'Affairs in Tbilisi

25. THE RUSSIAN FEDERATION

1. Mr. Yevgeni Kazantsev - Head of Delegation, Deputy Minister of Transport
2. Mr. Dmitri Razuvayev - Deputy Head of Economics Department, Ministry of Railways
3. Mr. Sergei Belyakov - Head of Highways Networks Development Division, Federal Traffic Service
4. Mr. Alexander Ponomaryev - Advisor to Economic Cooperation Department, Ministry of Foreign Affairs

26. THE KINGDOM OF SPAIN

1. Mr. Jesus Atienza Serna - Head of Delegation, Ambassador of Spain to Azerbaijan
2. Mr. Luis Orgaz Garcia - Commercial Counsellor, Embassy of Spain
3. Mr. Guillermo Corral Van Damme - First Secretary, Embassy of Spain

27. THE KINGDOM SWEDEN

1.Mr. Kaj Falkman - Head of Delegation, Ambassador on Special Mission
2.Mr. Erdal Otuzbir- Counsul of Sweden to Azerbaijan

28. THE REPUBLIC OF TAJIKISTAN

1. Mr. Ismat Eshmirzoyev - Head of Delegation, Deputy Prime Minister
2. Mr. Shobinad Mirzoalimov - Head of Transport and Communications Division, Executive Administration of the President of Tajikistan
3. Mr. Makhmudjon Nuraliyev - First Deputy Head of Tajikistan's Railways
4. Mr. Abdurahim Ashurov - Deputy Minister of Transport and Highways

29. THE REPUBLIC OF TURKEY

1. Mr. Suleyman Demirel - Head of Delegation, President of Turkey,
2. Mr. Ismail Cem - Minister of Foreign Affairs
3. Mr. K. Evcet Tezcan - Ambassador of Turkey to Azerbaijan

4. Mr. Sevinc Dalyanoglu - Ambassador, Director General, Ministry of Foreign Affairs
5. Mr. Feridun Sinirlioglu - Advisor on Foreign Affairs to the Office of the President of Turkey
6. Mr. Ertugrul N. Bingun - Director General, Ministry of Transport

30. UKRAINE

1. Mr. Leonid Kuchma - Head of Delegation, President of Ukraine
2. Mr. Boris Tarasyuk - Minister of Foreign Affairs
3. Mr. Anatoli Golubchenko - First Vice Prime Minister
4. Mr. Yevgeni Kushnarev - Head of Administration of the President of Ukraine
5. Mr. Ivan Dankevich - Minister of Transport

31. THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

1. Sir Brian Fall - GCVO KCMG, Head of Delegation, Special Representative of the Prime Minister of the United Kingdom
2. Mr. Roger Thomas - Ambassador of the United Kingdom to Azerbaijan
3. Ms. Linda Cross - Embassy of the United Kingdom to Azerbaijan
4. Mr. Seif Usher - Central Asia and Transcaucasus Section, Foreign and Commonwealth Office
5. Ms. Fern Horine - Transcaucasia and Central Asia Section, Department of Trade and Industry

32.THE UNITED STATES OF AMERICA

1. Mr. Robert Gee - Head of Delegation, Assistant Secretary of Energy
2. Ms. Teresa G. Beeman - Senior Advisor, Department of Energy
3. Mr. Stanley T. Escudero - Ambassador of the USA to Azerbaijan
4. Mr. John Adams - Economic Officer, U.S. Embassy

33. THE REPUBLIC OF UZBEKISTAN

1. Mr. Islam Karimov - Head of Delegation, President of the Republic of Uzbekistan
2. Mr. Lerik Ahmetov - Deputy Prime Minister
3. Mr. Rustam Yunusov - Deputy Prime Minister
4. Mr. Abdulaziz Kamilov - Minister of Foreign Affairs
5. Mr. Abdugafur Abdurahmanov - Ambassador of Uzbekistan to Azerbaijan

34. THE UNITED NATIONS ORGANIZATION

Mr. Yves Berthelot - Head of delegation, Executive Secretary United Nations Economic Commisson for Europe

35. THE BLACK SEA ECONOMIC COOPERATION ORGANIZATION

Mr. Vassil Baychev - Secretary General, Permanent International Secretariat

36. COMMONWEALTH OF INDEPENDENT STATES

1. Mr. Boris Berezovski - Head of delegation, Executive Secretary
2. Mr. Alexander Shevchenko - Head of the Office of the Executive Secretary

37. THE ECONOMIC COOPERATION ORGANIZATION

1. Mr. Onder Ozar - Head of delegation, Ambassador, Secretary General
2. Mr. Gumar Kassymov - Director Transport and Communications

38. INTERNATIONAL MARITIME ORGANIZATION

Mr. Ahmed Adib - Head of delegation, Under Secretary-General, Director of Conference Division

39. THE WORLD BANK

1. Mr. Ricardo Halperin - Head of delegation, Infrastructure Sector Director

40. THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

1. Mr. Olivier Descamps - Head of delegation,Director of Country Team for Azerbaijan
2. Mr. Roy Knighton - Director of Transportation Team
3. Mr. Murat Yildiran - Resident Representative in Baku
4. Mr. Rufat Imamverdiyev - Banker IBRD

41. THE INTERNATIONAL ROAD UNION

Mr. Hans-Jochen Starke - Head of delegation, Representative of the IRU Secretariat General in CIS countries

42. THE EUROPEAN CONFERENCE OF MINISTERS OF TRANSPORT

Mr. Gerhard Aurbach - Head of delegatiobn, Secretary General

43. THE ORGANIZATION FOR SECURITY AND

COOPERATION IN EUROPE

1. Mr. Andrzej Kasprzyk - Head of delegation, Ambassador, Personal Representative of the Chairman-in-Office of OSCE
2. Mr. Volker Jacoby - Field Assistant to the Personal Representative of the Chairman-in-Office of OSCE

44. THE ORGANIZATION FOR RAILWAYS COOPERATION

Mr. Tadeusz Szozda - Head of delegation, Chairman of the Committee

45. THE ISLAMIC DEVELOPMENT BANK

Dr. Kayed Abdul Hag - Head of delegation, Director, IDB Regional Office in Kazakhstan

ANNEX 9

BAKU CONFERENCE DOCUMENTS

Closing Declaration

Final Communique of the International Conference on the Restoration of the Historic Silk Route

Baku September 8, 1998

1. We, Heads of States and Governments, and of Delegations of participating countries and international organisations, gathered in Baku, express our great satisfaction with the progress achieved during the International Conference on the Restoration of the Historic Silk Route, organised by the Government of Azerbaijan on the initiative of both H.E. Mr. Heydar Aliyev, President of the Republic of Azerbaijan and H.E. Mr. Eduard Shevardnadze, President of Georgia, and with support from the European Union.

2. The Conference resulted in the signature of the "The Basic Multilateral Agreement on International Transport for Development of the Europe - the Caucasus - Asia Corridor" by the following countries:

Republic of Armenia

Republic of Azerbaijan

Republic of Bulgaria

Georgia

Republic of Kazakhstan

Kyrgyz Republic

Republic of Moldova

Romania

Republic of Tajikistan

Republic of Turkey

Ukraine

Republic of Uzbekistan

These countries have also adopted "The Baku Declaration", in which they agree to undertake efforts to further international cooperation for development of the Europe - the Caucasus - Asia transport corridor.

3. We welcome the progress achieved towards further development of regional cooperation amongst the countries concerned and their integration into the world economy. We express our support for the efforts of countries of the region directed to the expansion of international trade and cooperation in the field of development of environmentally secure and cost effective infrastructures for transporting goods, including energy, to world markets.

4. We encourage the growing interest in the revival of the Historic Silk Route in particular through implementation of the TRACECA programme, and invite all interested States to pool their material and human resources to promote mutually beneficial cooperation for achievement of this objective.

5. We express our appreciation to the President of the Republic of Azerbaijan for having hosted in Baku this International Conference and for the excellent organizational arrangements, and for the cordiality and hospitality extended to us by the Government and people of Azerbaijan.

For the Republic of Armenia

For the Republic of Austria
(Presidency of the European Union)

For the Republic of Azerbaijan

For the Kingdom of Belgium

For the Republic of Bulgaria

For the Republic of Finland

For the Republic of France

For Georgia

For the Federal Republic of Germany

For the Hellenic Republic

For the Republic of Hungary

For the Italian Republic

For Japan

For the Republic of Kazakhstan

For the Kyrgyz Republic

For the Republic of Moldova

For Mongolia

For the Kingdom of the Netherlands

For the Kingdom of Norway

For the Republic of Poland

For Romania

For the Kingdom of Spain

For the Kingdom of Sweden

For the Republic of Tajikistan

For the Republic of Turkey

For Ukraine

For the United Kingdom of Great Britain and Northern Ireland

For the Republic of Uzbekistan

For the Commission of the European Union

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ANNEX 9

BAKU CONFERENCE DOCUMENTS

Multi - Lateral Agreement

Basic Multilateral Agreement on International Transport for Development of the Europe-the Caucasus-Asia Corridor

The States-participants of this Agreement, hereinafter referred to as the Parties, desirous to develop economic relations, trade and transport communication in the regions of Europe, the Black Sea, the Caucasus, the Caspian Sea and Asia have agreed to conclude a Basic Multilateral Agreement on International Transport for Development of the Europe-the Caucasus-Asia Corridor (hereinafter referred to as the Basic Agreement).

Article 1
General Provisions

The provisions of the Basic Agreement shall regulate the international transport of goods and passengers between the Parties and transport in transit through the territories of the Parties.

Article 2
Definitions

For the purpose of the Basic Agreement "International Transport" means the movement of goods or passengers by or in:

a) road transport (including trailer and semi-trailer);
b) railway transport;
c) water transport;
d) air transport;
e) any container within the meaning of the Customs Convention on Containers;
f) pipeline,

when the place of taking over the goods or passengers and the place designated for delivery, as specified in the contract, are situated in two different countries, where at least one is Party to the Basic Agreement, and includes storage in the course of transit.

Article 3
Objectives of the Basic Agreement

The objectives of the Basic Agreement are:

a. to develop economic relations, trade and transport communication in the regions of Europe, the Black Sea, the Caucasus, the Caspian Sea and Asia;

b. to facilitate access to the international market of road, air and railway transport and also commercial maritime navigation;

c. to facilitate international transport of goods and passengers and international transport of hydrocarbons;

d. to ensure traffic safety, security of goods and environmental protection;

e. to harmonize transport policy and also the legal framework in the field of transport;

f. to create equal conditions of competition between different types of transport.

Article 4
Facilitation of International Transport

1. Each Party shall grant to other Parties the right of transit of international means of transport, goods and passengers through its territory under the conditions mentioned in the Basic Agreement.

2. The Parties shall ensure the most effective arrangements for facilitation of transport in transit on their territories.

3. The Provisions of the Basic Agreement shall not affect the rights and obligations of the Parties arising from other international conventions and agreements to which they are or may become Parties.

Article 5
Payment of Taxes, Duties and other Payments

Taxes, duties and other payments, irrespective of their names and origin shall not be imposed for transport in transit, except payments for transport and customs services, services related to transport, as well as payments for use of transport infrastructure.

Article 6
Preferential Terms and Tariffs

1. Tariffs for transport transit services shall be established on the basis of preferential terms.

2. The Parties have agreed that should preferential terms and tariffs be established between two Parties for types of transport referred to in Article 1 of the Basic Agreement, no less preferential terms and tariffs will be applicable between these Parties and other Parties.

Article 7
Traffic Safety, Security of Goods and Environmental Protection

The Parties shall take appropriate measures to ensure safety of traffic, passengers and carriers, security of goods and means of transport as well as protection of the environment in international transport referred to in Article 1 of the Basic Agreement.

Article 8
Inter-Governmental Commission

1. The Parties shall set up an Inter-Governmental Commission to regulate the issues regarding the implementation and the application of provisions of the Basic Agreement.

2. The Inter-Governmental Commission shall consist of the Highest Governmental Authorities of the Parties or their representatives with full authority to make decisions under the Basic Agreement.

The Inter-Governmental Commission shall take decisions on the basis of consensus.

3. The Inter-Governmental Commission shall meet regularly, not less than once a year, alternating in each of the Parties each hosting for one year. As such, the host Party shall be Chairman for one year. The Chairman of the Inter-Governmental Commission shall be the head of the delegation of the Party in which the meeting takes place.

The Inter-Governmental Commission shall meet at the proposal of the Chairman, or of any Party, with the participation of representatives of the Parties, who can invite relevant
experts.

4. The Inter-Governmental Commission shall draw up its own Rules of Procedure.

5. If necessary, the Inter-Governmental Commission may present proposals for amendments and changes to the Basic Agreement as well as adoption of new Technical Annexes to the Basic Agreement.

6. The Inter-Governmental Commission shall formulate decisions for adoption by the Parties and appropriate recommendations on questions within the Basic Agreement, including the following subjects:

a. coordination of transport policies;
b. ensuring the enforcement of the provisions of the Basic Agreement;
c. collection and free exchange of relevant information;
d. harmonious development of transport between the Parties, taking into account primarily traffic safety, goods security and environmental aspects involved;
e. promotion of cooperation between transport enterprises and institutions;
f. promotion of multimodal transport;
g. simplifying customs procedures and practices which are to be applied at established crossing points.

7. The Inter-Governmental Commission may establish working groups for each field referred to in clause 1 of Article 10 of the Basic Agreement and define their powers and duties.

Article 9
Permanent Secretariat

1. The Inter-Governmental Commission shall establish a Permanent Secretariat in order to give effect to the provisions of the Basic Agreement.

2. The Secretariat shall be based in Baku, Republic of Azerbaijan, and shall maintain permanent representation in each of the Parties.

3. The Inter-Governmental Commission shall develop and approve Terms of Reference of the Permanent Secretariat, define the scope of its powers, rights and obligations, the procedure for the appointment of officials, and also prepare proposals on the system of jointly financing the work of the Permanent Secretariat.
The system of financing shall be approved by the governments of the Parties.

4. The Permanent Secretariat shall supervise the implementation of the provisions of the Basic Agreement and shall also implement the decisions of the Inter-Governmental Commission and put forward appropriate proposals to the Inter-Governmental Commission.

Article 10
Technical Annexes

1. The Technical Annexes on international road transport, international railway transport, international commercial maritime navigation and customs and documentation procedures are integral parts of the Basic Agreement as well as other Technical Annexes which may subsequently be adopted if necessary.

2. Technical Annexes shall be binding on Parties in the same manner and to the same extent as the Basic Agreement and shall provide detailed regulation of issues set out in the Basic Agreement. However, should any conflict arise between the provisions of the Basic Agreement and the provisions contained in any Technical Annex the provisions of the Basic Agreement shall prevail.

3. Any Party may propose amendments to the Technical Annexes and, if necessary, submit drafts of new Technical Annexes to the Permanent Secretariat.

4. Proposed amendments to the Technical Annexes and new drafts shall be considered by the Inter-Governmental Commission.

Article 11
Presentation of Amendments and Additions

1. With the agreement of the Parties, amendments and additions to the Basic Agreement shall be incorporated by means of Protocols which shall form an integral part of the Basic Agreement.

2. The manner of entry into force of Protocols shall be the same as for the Basic Agreement.

Article 12
Dispute Settlement

1. Any dispute, controversy or claim between the Parties arising in connection with application, interpretation or from breach or termination of the Basic Agreement, and which cannot be settled by negotiation, shall be referred by any Party involved to the Inter-Governmental Commission for consideration.

2. Any such dispute, controversy or claim which is not settled by the Inter-Governmental Commission shall, at the request of all the Parties involved, be referred to the appropriate international court or arbitration body, or to the International Court of Justice at the Hague within the sphere of its competence.

Article 13
Entry into Force

1. The Basic Agreement shall enter into force 30 days after the notification by the fourth Party to the Depository referred to in Article 15 of the Basic Agreement of completion of the appropriate internal state procedures required by its respective national legislation.

2. The Basic Agreement shall enter into force for other Parties 30 days after notification to the Depository of completion of internal state procedures pursuant to their national legislation.

Article 14
Accession to Agreement

1. The Basic Agreement is open for accession of any State.

2. Documents concerning accession, upon approval by all Parties for such accession, shall be deposited for keeping with the Depository, referred to in Article 15 of the Basic Agreement.

3. The Basic Agreement shall come into force for the acceding States 30 days after depositing the documents on accession with the Depository.

4. Regional Economic Integration Organizations may accede to the Basic Agreement as associates.

5. The Inter-Governmental Commission may formulate the terms on which Regional Economic Integration Organizations may enter into association with Parties to the Basic Agreement.

Article 15
Depository

1. The Depository of the Basic Agreement shall be the Republic of Azerbaijan which will send the certified copies of the Basic Agreement to the States who signed it.

2. The Depository shall inform the Parties of accession of other States to the Basic Agreement and of termination in respect of any of the Parties.

Article 16
Duration and Variation

1. The Basic Agreement is made for the period of 10 years.

The validity of the Basic Agreement shall be extended for successive five-year periods unless the Parties declare otherwise.

2. The Basic Agreement may be terminated on the territory of any Party if this Party gives at least six months notice in writing to the Depository of its intention to terminate the Basic Agreement.

3. The obligations under the treaties, agreements and other understandings signed in accordance with provisions of the Basic Agreement shall remain in force after its termination until completely fulfilled.

DONE AT BAKU on 8th September 1998 in one original copy in English and Russian languages, both texts being equally authentic.

In witness whereof the undersigned Heads of States and Governments or their plenipotentiaries have signed the Basic Agreement which includes the reservations attached hereto.

For the Republic of Armenia

For the Republic of Azerbaijan

For the Republic of Bulgaria

For Georgia

For the Republic of Kazakhstan

For the Kyrgyz Republic

For the Republic of Moldova

For Romania with reservation

For the Republic of Tajikistan

For the Republic of Turkey

For Ukraine

For the Republic of Uzbekistan

Reservation
of the Republic of Azerbaijan
to the Basic Multilateral Agreement on International Transport for Development of the Europe - the Caucasus - Asia Corridor

1. The Republic of Azerbaijan declares that none of the rights, obligations and provisions set out in the Basic Multilateral Agreement on International Transport for Development of the Europe - the Caucasus - Asia Corridor and its Technical Annexes shall be applied by the Republic of Azerbaijan in respect of transport passing across its territory for which the territory of the Republic of Armenia is an originating, transit or destination territory.

2. The Republic of Azerbaijan reserves the right to amend or revoke at any time the provisions of Paragraph 1 of the present Reservation, and other Parties shall be notified in writing of any such amendments or revocation.

President
of the Republic of Azerbaijan

Heydar Aliyev

Reservation
of the Republic of Kazakhstan
to the Basic Multilateral Agreement on International Transport
for Development of the Europe-the Caucasus-Asia Corridor

Provisions of Article 4 of the Technical Annex on International Railway Transport to the Basic Agreement and Appendix 2 thereto shall not apply to the Republic of Kazakhstan.

Head of Delegation of the
Republic of Kazakhstan
Minister of Transport
and Communications

Erkin Kaliyev

Reservation
of Romania
to the Basic Multilateral Agreement on International Transport for Development of the Europe - the Caucasus - Asia Corridor

Appendix 2 to the Technical Annex regarding International Railway Transport is not to be applied in the case of Romania.

President of Romania

Emil Constantinescu

Technical Annex on International Road Transport to the Basic Agreement

Article 1
General Provisions

The provisions of this Technical Annex shall regulate the international road transport of goods and passengers:

a. bilateral, between the Parties;
b. in transit, through the territories of the Parties.

Article 2
Definitions

For the purpose of this Technical Annex terms have the following meaning:

1. The term "carrier" means any natural or legal person, registered in the territory of one of the Parties and admitted to carrying out the international road transport of goods or passengers in accordance with the national legislation in force.
2. The term "motor-vehicle" means:
   - when transporting goods - a motor-lorry, motor-lorry with trailer, motor-tractor or motor-tractor with semi-trailer;
   - when transporting passengers - a bus, i.e. motor vehicle designed for transport of passengers and which has not less than 8 seats, not taking into account a driver's seat as well as a trailer for carriage of luggage.
3. The term "transport" means the movement of laden or unladen motor-vehicles by road, even if for a part of the journey the motor-vehicle, trailer or semi-trailer is using waterways or rail.
4. The term "dangerous goods" means goods considered as dangerous according to the European Agreement Concerning the International Carriage of Dangerous Goods by Road (ADR) of 1957.
5. The term "perishable goods" means goods considered as perishable according to the Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be used for such Carriage (ATP) of 1970.
6. The term "permit" means a document issued by the competent authority of a Party and giving the right to a motor-vehicle registered in another Party to enter, leave and pass in transit through the territory of the first Party.
7. The term "special permit" means a document issued by the competent authority of a Party and giving the right to a motor-vehicle registered in another Party to carry out special categories of transport in the territory or through the territory of the first Party.
8. The term "registration" means registration in a Party of a motor-vehicle in accordance with requirements of its competent national authorities.

Article 3
Access to the Market

1. Each Party shall allow any carrier registered in another Party to carry goods or passengers between any point in its territory and any point on the territory of other Parties, or vice-versa, and in transit through its territory, subject to permits, and without any groundless delays or restrictions.
2. A carrier may undertake third country transport only if a special permit from the competent authorities or the organizations of the Parties for such transport is available.

Article 4
Weights and Dimensions

1. Weights and dimensions of laden or unladen motor-vehicles shall be in conformity with the terms set out in the official registration documents for these motor-vehicles and may not exceed the limits in force in the host Party.
2. A special permit is required if the weight or dimensions of a laden or unladen motor-vehicle when engaged in transport under this Technical Annex exceed the maximum permissible limits of those in the host Party.

Article 5
Specific Categories of Transport

1. The transport of dangerous goods and perishable goods shall be carried out in accordance with the national legislation of the Parties.
2. A special permit is required for the transport of dangerous and perishable goods by motor-vehicles within the territory of the Parties.

Article 6
Driving Licences and Certificates of Roadworthiness

Driving licences, certificates of roadworthiness and official registration documents for motor-vehicles issued by the competent authority of one Party and valid on its territory shall be recognized on the territories of other Parties.

Article 7
Infringements

In the event of any infringement of the provisions of this Technical Annex by a carrier of a Party, the Party on whose territory the infringement occurred shall be obliged as soon as possible to notify the other Party which shall take such measures as provided for by its national legislation. These Parties shall inform each other of all the sanctions imposed by them.

Article 8
Fiscal matters

When carrying out transport in accordance with this Technical Annex, the following items imported onto the territory of any Party shall be mutually exempted from customs duties, charges, taxes:

1. motor fuel and lubricants within the norms stipulated by the internal legislation of a Party contained in standard tanks of a vehicle installed by the manufacturer;
2. spare parts and tools designated for repair of the damaged motor-vehicle which carries out such transport.

Unused spare parts are subject to re-export and replaced spare parts must be re-exported, destroyed or turned in according to the procedures established on the territory of the relevant Party.

* * *

Technical Annex on International Railway Transport to the Basic Agreement

Article 1
General Provisions

The provisions of this Technical Annex shall regulate the international railway transport of goods and passengers:

a. bilateral, between the Parties;
b. in transit, through the territories of the Parties.

Article 2
Definitions

For the purpose of this Technical Annex, terms have the following meaning:

1. the term "national railway company" means any legal person, which is established in one of the Parties and has a legal access in the country of establishment to international railway transport in accordance with national legislation;
2. the term "train" means a locomotive and/or wagons registered in one of the Parties, which are used and equipped for the transport of goods and/or passengers;
3. the term "transport" means the movement of freight and passenger trains by railway, even in those cases when a part of the transport is carried out by waterways.

Article 3
Implementation of the Technical Annex

Bodies responsible for the implementation of the provisions of this Technical Annex are enumerated in Appendix 1 to this Technical Annex.

Article 4
Preferential Terms and Tariffs

Preferential terms and tariffs shall be established in accordance with Articles 6 and 8 of the Basic Agreement and Appendix 2 to this Technical Annex.

Article 5
Documents

The Parties shall recognize the licences for carrying out transport, freight forwarding and other activities, issued in accordance with the national regulations of the Parties, as well as the certificates and other documents for operation and convoy of trains on the territories of the Parties.

Article 6
Cooperation Objectives

1. The Parties shall cooperate at the governmental level:

a. to develop international railway transport, including multimodal connections;
b. to maintain and develop the railway connections, established between the national railway infrastructures of the Parties and the mutual organizational management of national railway systems;
c. to establish direct economic relations, including the joint use of terminals and warehouses between the national railway companies and other related enterprises on the most preferential terms;
d. to open representations of national railway companies on the territories of the Parties;
e. to exchange information including statistical data.

2. The Parties shall cooperate at the level of competent authorities:

a. to facilitate border crossing operations;
b. to provide energy resources for international railway transport;
c. to work out the agreed methods of cost calculation as a basis of preferential tariffs and common operational rates;
d. to establish a system of liability for infringement of the technological parameters of the transport operations, loading and unloading, return of trains, belonging to national railway companies of the Parties as well as for environmental pollution;
e. to perform obligations on acquisition, repair of trains, containers, equipment and machinery mutually agreed by the national railway companies;
f. to develop training of railway personnel based on international training standards;
g. to render assistance to railway personnel during its stay and when on duty on the territory of another Party, and in case of sudden illness or injury, to render free first medical aid.

Appendix 1
to Technical Annex on International Railway Transport

Responsible bodies according to Article 3 of the Technical Annex on international railway transport are:

1. For the Republic of Armenia – State closed joint stock company "The Railway of the Republic of Armenia"
2. For the Republic of Azerbaijan - Azerbaijan State Railway
3. For the Republic of Bulgaria - National company "Bulgarian State Railways"
4. For Georgia - Department of Railway Transport
5. For the Republic of Kazakhstan - Republic State Enterprise "Kazakhstan Temir Zholy"
6. For the Kyrgyz Republic - Department of Kyrgyz Railway
7. For the Republic of Moldova - State Enterprise "Railway of Moldova"
8. For Romania - Ministry of Transport of Romania
9. For the Republic of Tajikistan - Tajikistan Railway Administration
10. For the Republic of Turkey – State Railways Administration (TCDD)
11. For the Ukraine - The Ukrainian Railways "Ukrzaliznytsya"
12. For the Republic of Uzbekistan - State-Shareholder's Railway Company "Uzbekiston Temir Yullary"

Appendix 2
to Technical Annex on International Railway Transport

Pursuant to Article 4 of the Technical Annex on International Railway Transport, the following preferential terms and tariffs apply for the Parties to the Basic Agreement :

a. up to 50% discount on the full current tariffs for transport of goods by railway, except on preferential tariffs existing in relevant agreements and contracts;

b. For transport of empty wagons by train ferry, up to 50% reduction on the full current tariffs.

Payment for transport of empty wagons by train ferry is to be made by the consignor directly to the owners of ferries or to forwarders having a contract with the owners of ferries.

* * *

Technical Annex on International Commercial Maritime Navigation to the Basic Agreement

Article 1
General Provisions

The provisions of this Technical Annex shall regulate the international commercial maritime navigation between the Parties and in transit through the territories of the Parties effected by vessels of any Party.

Article 2
Definitions

For the purpose of this Technical Annex terms have the following meaning:

1. the term "Vessel" means any merchant vessel entered in the Register Book or in any other official list of a Party and sailing under the flag of this Party in accordance with its legislation. However, this term does not include:
   a. warships and vessels used for non commercial purposes;
   b. fishing boats.
2. the term "Crew Member" means the master and any person occupied on board the ship with functions connected with steering, exploitation and servicing of the vessel and included in the crew list of this vessel within the period of the voyage.

Article 3
Facilitation of Transport

The Parties shall adopt, within the limits of their respective national legislation, all appropriate measures to facilitate commercial maritime transport, to prevent unproductive delays to vessels and to expedite and simplify as much as possible the carrying out of customs formalities required in ports.

Article 4

1. The Parties shall promote the development of merchant shipping, following the principles of equality in rights.
2. When carrying goods and passengers the Parties shall promote close cooperation between their freight, shipping and related enterprises and organizations.

Development of International Commercial Maritime Navigation
Article 5

1. The Parties shall:
   a. promote the participation of vessels belonging to the Parties in maritime transport and transport on inland waterways between the ports of the Parties as well as the use of sea routes and inland waterways of the Parties when carrying the transit goods of third countries and remove any difficulties in this field;
   b. guarantee free access on the land side to multimodal transport, without prejudice to the legislation of the host Party.
2. The provisions of this Article shall not prejudice the right of vessels of third countries to take part in carriage between the ports of the Parties.

Article 6

The Parties shall, in accordance with their legislation in force, render necessary assistance to the shipping and related enterprises and commercial organizations of any Party in opening of lines to ports or from ports of another Party as well as in establishment of their representatives or joint ventures on the territory of another Party.

Article 7

The Parties shall apply their efforts for maintenance and development of effective business relationships between their authorities managing the matters of commercial maritime navigation and shall promote the contacts between their relevant enterprises and organizations, including the following issues:

a. effective use of merchant fleet and ports, expansion of economic and scientific relations;
b. exchange of information and experience of work in various maritime operations for the purpose of speeding up and easing of transport flows on sea routes;
c. coordination of policies regarding activities in international organizations involved in problems of commercial maritime navigation and participation in international agreements on maritime transport.

Article 8

Each Party, shall abstain from any discriminatory measures with respect to the vessels of another Party carrying out liner and tramp navigation between the Parties.

Article 9
Favorable Treatment

1. Each Party shall grant favorable treatment in its ports open to foreign commerce and navigation, to vessels of another Party.
2. The provisions of clause 1 of this Article shall apply to customs formalities, the levying of charges and port duties, freedom of access to the ports and the use of their capacities , as well as to all facilities afforded to navigation and commercial operations in respect of vessels, crew members, goods and passengers.
3. The provisions of clause 1 of this Article:
   a. do not apply to the ports closed for foreign vessels;
   b. do not apply to sea cabotage and other activities reserved for own citizens and organizations only;
   c. do not oblige any Party to extend the exceptions to the rules on compulsory pilotage accorded to its own vessels to the vessels of another Party.

Article 10
Documents

1. Any Party shall recognize the documents certifying the nationality of the vessels and other ship's documents, issued or recognized by another Party.
2. Vessels of any Party provided with the measurement certificates in accordance with the International Convention on Ship Measurement of 1969 shall be released from re-measuring in the ports of another Party and this Certificate shall be assumed as a basis when calculating port duties.

Article 11
Environmental Protection

1. Vessels of Parties shall take necessary measures to prevent environmental damage within the territory of any Party according to the International Regulations.
2. Vessels belonging to owners from any Party shall be liable for any damage referred to in clause 1 of this Article, according to the legislation of the country in which the environmental damage has occurred and according to international agreements.

* * *

Technical Annex on Customs and Documentation Procedures to the Basic Agreement

Article 1
General Provisions

1. The Provisions of this Technical Annex shall regulate the customs and documentation procedures in the international transport of goods and passengers through the territories of the Parties.
2. In all cases not regulated by this Technical Annex the national legislation of the relevant Party shall be applied.

Article 2
International Conventions

1. It is recommended to the Parties to accede as soon as possible to the following International Conventions:
   a. Customs Convention on International Transport of Goods under cover of TIR Carnets 1975;
   b. International Convention on the Harmonisation of Frontier Controls on Goods 1982;
   c. Customs Convention on Containers 1972.
2. The Parties shall agree to manage their activities according to provisions envisaged by the Conventions listed in clause 1 of this Article.

Article 3
Customs Control

1. Customs control shall be performed at specially designated posts of Customs control.
2. Customs officials alone shall have the powers to stop and examine goods in international transport through the territories of the Parties within their own territories.

Article 4
Documentation Procedures

1. Each Party shall retain the customs declaration for goods as the key customs document.
2. A harmonised format for the customs declaration for goods, in the UN aligned form, shall be developed and introduced within the territories of the Parties.
3. Harmonised UN aligned commercial documentation accompanying the goods in bilingual form shall be introduced for use within the territories of the Parties as soon as possible.
4. The Parties shall promote the establishment and development of licensed services of customs brokers.

* * *

ANNEX 9

BAKU CONFERENCE DOCUMENTS

Baku declaration

REV. 6 - final

BAKU DECLARATION

Baku

8th September 1998

Heads of States, Governments and heads of delegations-participants at the International Conference on Restoration of the Historic Silk Route, hereinafter referred to as the Parties,

Expressing their aspiration for fruitful and mutually beneficial economic and trade cooperation,

Acknowledging the importance of the development of interlinked national and regional transport infrastructures for expansion of cooperation in the regions of Europe, the Black Sea, the Caucasus, the Caspian Sea and Asia,

Stressing their common interest in the development of the Europe-the Caucasus-Asia transport corridor including transport routes of the Black Sea region on the basis of revival of the ancient transport route of human civilization the Great Silk Route,

Noting the importance of the principles and objectives of the Brussels Declaration of May 7, 1993 (Brussels Declaration) as well as the adherence to the generally recognized principles and norms of international law,

Emphasizing the importance of the implementation of the TRACECA programme to provide sustainable access to Trans-European and Trans-Asian transport networks for the land-locked Caucasian and Central Asian countries,

Noting the positive role of the regional and sub-regional interaction and cooperation in establishing international peace and security, and growth of confidence and stability,

Declare as follows:

1. The Parties support the initiatives and efforts undertaken in the interests of developing the Europe-the Caucasus-Asia transport corridor and express their satisfaction with the implementation process of the main objectives of the Brussels Declaration.

2. Noting the contribution of the European Union made to the implementation of the TRACECA programme, the Parties welcome the European Union's resolution to take further coordinated actions to promote the above mentioned programme and to develop the Europe-the Caucasus-Asia corridor.

3. The Parties particularly emphasize the importance of safeguarding peace, security, stability and confidence, settlement of regional conflicts on the basis of the relevant resolutions of the United Nations Security Council,

I.R. Moldova

06.09.98 15:25

the principles and decisions of the Organization for Security and Cooperation in Europe for the successful implementation of projects within the framework of the TRACECA programme and the sustainable functioning of the Europe-the Caucasus-Asia transport corridor.

4. The Parties underline the significance of the Europe-the Caucasus-Asia transport corridor in the context of international cooperation for development of the Caspian Sea and Central Asia region countries and express their readiness to provide to these countries free access to sea-ports. Noting the particular role and place of the region in the architecture of Eurasian integration being formed, the Parties express their support for the efforts of the countries of the region directed to closer integration with international trade and transport systems and for the expansion of cooperation in the field of rehabilitation and optimization of the existing and, initiation and assistance in establishing new environmentally secure and cost effective transport infrastructures for transporting goods, including energy to world markets.

5.The Parties note with satisfaction the growing interest in the revival of the Great Silk Route in particular through implementation of the TRACECA programme and invite all interested States to pool their material and human resources to encourage mutually beneficial cooperation for achievement of this objective.

6. The Parties express their intention to pursue cooperation for developing the Europe-the Caucasus-Asia transport corridor with the Economic Commissions of the UN for Europe and for Asia and the Pacific, other relevant UN system agencies, the Organization of the Black Sea Economic Cooperation, the Economic Cooperation Organization and other international organizations and financial institutions.

7. The Parties agree that strengthening of the institutional and legal framework of cooperation for developing the Europe-the Caucasus-Asia transport corridor will promote increasing efficiency of interaction between participating States. In this respect the Parties welcome the signing of the Basic Multilateral Agreement on International Transport for Development of the Europe-the Caucasus-Asia Corridor (The Basic Agreement) as an important institutional mechanism to help develop and regulate international transport of goods and passengers, including transport in transit, coordination and harmonization of transport policies and legal frameworks in the field of transport. The Parties also express the hope that setting up of an Inter-Governmental Commission and Permanent Secretariat of the Basic Agreement as well as setting up of permanent representations of the Permanent Secretariat in each of the states-participants of the Basic Agreement will promote efficient implementation of the provisions of the Basic Agreement.

8. The Parties note the importance of the coordinating mechanisms for participation in implementation of the TRACECA programme established at

national level as well as in the framework of the European Union.

9. The Parties confirm their intention to use the dynamics and potential of the private enterpreneurship to increase the effectiveness of cooperation, initiation and implementation of investment projects meeting the objectives of development of the Europe-the Caucasus-Asia transport corridor.

10. The Parties express their satisfaction with the results of the Baku International Conference on Restoration of the Historic Silk Route as an important milestone in institutional strengthening and enhancement of cooperation for further developing the Europe-the Caucasus-Asia transport corridor in the interests of economic progress of the participating States.

11. The Parties highly appreciate the initiative of the President of the Republic of Azerbaijan H.E. Mr. Heydar Aliyev and the President of Georgia H.E. Mr. Eduard Shevardnadze and the European Union's support for the idea of holding an International Conference on Restoration of the Historic Silk Route.

12. The Parties express appreciation to the President of the Republic of Azerbaijan for hosting in Baku this International Conference and for the excellent organizational arrangements, and for the cordiality and hospitality extended to them by the Government and people of Azerbaijan .

ANNEX 10

TRACECA PROGRAMME REPORTING SUMMARY

TRACECA PROJECTS REPORTS

	PROJECT	YEAR & MONTH																																					
		95		96												97												98											
		11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
1	Dolphin Project', feasibility study for caravanserai West-East GmbH		I					P □				□		□				C				I				P				C									
2	Transport Management Training Nethconsult					I □		P1 □	P2		(F)	F																											
3	Transport Legal and Regulatory Framework Scott Wilson					I	□		□	P1			□			P2				□			P3				C			C									
4	Maritime Training in Baku port HPTI					I					P	□	X	P	P X			P				P				F (T)	C												
5	Regional Traffic Forecasting Model WS Atkins						I					P			P			P			P			(F)															
6	Road Transport Services (Caucasus) DHV Consultants			(I)					I		P							C	F																				
7	Intermodal Transport BCEOM								I □			P					(F) □			F																				
8	Railways Infrastructure Maintenance (Caucasus) TEWET						I					P								(F)					F	F														
9	Implementation of Pavement Management Systems Kocks Consult GmbH				I					P1			P2		(F)	P3 P1		I X	P4		F		T	(F)	(F) I P	X T	C													
10	Road Transport Services (Central Asia) GIBB						I		P □			□										(F)		(F)			F			F										
11	Ferry Terminals: Baku & Turkmenbashi RAMBOLL							I		(F)					P	F		P	P			(T)		X	(T)	P X T		X	(T)			X	C X							
12	Rolling Stock Maintenance SYSTRA							I					P	□						(F)		C																	
13	TRACECA Trade Facilitation Scott Wilson						I		□	P1			P2					C □		P3		C		F															
14	Railways Infrastructure Maintenance (Central Asia) DE-Consult								I					P			(F)					(F)				(F)				C									
15	Joint Venture for the Trans Caucasian Railways TEWET											I							P					C	(F)					F								
16	Railways Tariffs and Timetable SISIE												I					P1				P2			P3		(X)		C X									
17	TRACECA Co-ordination Team Tractebel Development															P			□					F				P	X			□				F		
18	Central Asian Railways Restructuring and Telecommunications Studies CIE																							I		(F)		I (F)	(F)	I		P	(F)	F	F			
19	Road Maintenance FINNROAD																							I		P	(F) P		P	P F	P(F	(X)							
20	Feasibility Study of New terminal Facilities in the Georgian Ports of Poti and Batumi HPTI																						X		I X			P1	X			X	P2	X	(T)				
21	Restructuring of the Azeri and Georgian Railways GIBB																																	I					
22	Intermodal Services POLZUG																																						

KEY

Monitoring	I Inception Report	F Final Report	[ ] Planned	X Other documents
□ Seminar	P Progress Report	C Completion Report	( ) Draft	T Tender Documents

ANNEX 11

ANTICIPATED PROGRAMME OF TRACECA ACTIVITIES 98/99

	Contract Value	'98 ... Sept. Oct. Nov. Dec.	'99 Jan. Feb. Mar. Apr. May June July Aug. Sept. ...	Geographical Focus
Technical Assistance				
Intergovernmental Joint Commission	1.1 mecu			all
International Road Transport Transit Facilitation	3.0 mecu			all
Traffic Forecasting, Caspian Sea, and Chardzev Bridge	2.0 mecu			all
Intermodal Services	1.5 mecu			all
Caucasus Railways Restructuring	1.0 mecu			Geo./Aze.
other on-going projects	n.a.			all
collaboration with IFI based on previous projects	n.a.			all
Investment				
Intermodal/Terminal Equipment	2.5 mecu			Arm./Kaz./Kyr.
Rail Tank Wagon Cleaning Boilers	0.5 mecu			Az.
Caucasus Telecom Railway Line	15.0 mecu			Cauc.
Rail Ferry Terminal Illiychevsk	6.4 mecu			Ukr.
Ferry Cargo Computer System	1.5 mecu			Ukr./Geo.
Poti Rail Ferry Terminal	3.4 mecu			Geo.
Container Terminals Baku/Turkmenbashi	2.7 mecu			Az./Tur.
Container Handling Equipment	6.9 mecu			Ukr./Geo./Az./Tur./Uzb./Kaz.

Key

- Tender and Contract Award
- Contract Duration
- Project Development
- On-going Activities

TRACCIA