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# Transport dialogue and interoperability

between the EU and its neighbouring countries and Central Asian countries

*Inception Report*

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The IDEA team established the Project office within the TRACECA Permanent Secretariat building in 8/2, T. Aliyarbekov Street, Baku, AZ1005 Azerbaijan. Central telephone and fax numbers are +995-12-5982718 respectively +995-12-4986426.

Contacts of the permanent project team in Baku are as follows:

Position	Name	Email & Cellphone
Team Leader & Key Expert I	Dr. Udo Witulski	<a href="mailto:witulski@trtrasportieteritorio.it">witulski@trtrasportieteritorio.it</a> +994 - (0)50 – 646 3524
Key Expert II	Dr. Ashraf Hamed	<a href="mailto:Ashraf.Hamed@dornier-consulting.com">Ashraf.Hamed@dornier-consulting.com</a> +994 - (0)50 – 646 3598
Key Expert III	Mr. Detlef Pulsack	<a href="mailto:Detlef.Pulsack@dornier-consulting.com">Detlef.Pulsack@dornier-consulting.com</a> +994 - (0)50 – 646 3526
Logistics Manager / Translator	Ms. Nailya Abdullayeva	<a href="mailto:Nailya.Idea@gmail.com">Nailya.Idea@gmail.com</a> +994 - (0)50 – 215 2429
Office Manager	Ms. Fergana Sharifova	<a href="mailto:fergana.sharifova@gmail.com">fergana.sharifova@gmail.com</a> +994 - (0)50 – 682 8467

The IDEA Project is coordinated by:

TRT Trasporti e Territorio

Via Rutilia, 10/8

20141 Milano (Italy)

Tel +39 02 57410380

Fax +39 02 55212845

[www.TRTrasportieteritorio.it](http://www.TRTrasportieteritorio.it)

Project Coordinator: Mr. Angelo Martino [martino@TRTrasportieteritorio.it](mailto:martino@TRTrasportieteritorio.it)

## Table of Contents

List of Abbreviations .....	6
<b>PROJECT SYNOPSIS .....</b>	<b>7</b>
<b>1 Summary and Introduction .....</b>	<b>9</b>
1.1 Summary .....	9
1.1.1 Activities undertaken during the inception period .....	9
1.1.2 The road ahead .....	9
1.2 Project Context .....	10
1.3 Background and Policy Context .....	11
1.3.1 The TRACECA policy framework .....	11
1.3.2 Recent developments in the TRACECA area .....	12
1.3.3 The European policy framework .....	13
1.4 Synthesis of the IDEA Technical Proposal .....	14
1.4.1 Summary of objectives, activities and selected methodology .....	14
1.4.2 Modifications .....	18
1.4.3 Methodology .....	18
<b>2 Initial findings .....</b>	<b>20</b>
2.1 Status of ongoing TRACECA projects .....	20
2.1.1 Motorways of the sea project .....	20
2.1.2 International logistics centres in Western NIS and the Caucasus project .....	21
2.1.3 International logistics centres in Central Asia project .....	21
2.1.4 Land transport safety and security project .....	22
2.1.5 Strengthening transport training institutes in the NIS project .....	22
2.1.6 Coordination of TRACECA projects .....	23
2.2 Status of Traffic-Flows Project Activities .....	23
2.2.1 GIS database .....	23
2.2.2 Webpage .....	28
2.2.3 Transport model in VISUM software .....	29
2.2.4 Prioritization of projects .....	35
2.2.5 TRACECA Investment Fund and Business Advisory Council .....	35
2.3 Organisational Issues .....	35
2.3.1 Communication and organisation .....	35

<b>3</b>	<b>Preliminary results from the stakeholder analysis .....</b>	<b>37</b>
3.1	Definition of stakeholders.....	37
3.2	Major Findings by individual TRACECA Member Country.....	38
3.2.1	Armenia .....	38
3.2.2	Bulgaria .....	38
3.2.3	Georgia.....	39
3.2.4	Kazakhstan.....	40
3.2.5	Kyrgyzstan.....	42
3.2.6	Moldova .....	43
3.2.7	Romania .....	43
3.2.8	Turkey .....	44
3.2.9	Ukraine .....	45
3.3	Preliminary General Findings from Introductory Stakeholder Missions.....	45
<b>4</b>	<b>Work Plan for the next Period .....</b>	<b>47</b>
4.1	Results to be delivered .....	47
4.1.1	Risk management and sustainability.....	47
4.1.2	Key milestones .....	47
4.1.3	Distribution of Tasks and Activities .....	48
4.2	Project Progress during Project inception .....	49
4.2.1	Project kick-off and related meetings .....	49
4.2.2	Mobilisation and project set-up .....	49
4.2.3	Project road-show and stakeholder analysis.....	50
4.3	Resource Allocation Schedule and Budget.....	50
4.3.1	Resources .....	50
4.3.2	Local staff .....	50
4.4	Plan of Operations.....	50
4.4.1	Traffic model and GIS Database.....	50
4.4.2	Restructuring of the Permanent Secretariat .....	51
4.4.3	TRACECA Logistic Chains Performance Index.....	51
4.4.4	Action Plans.....	52
4.4.5	Other milestones .....	52
4.5	Work Programme for entire Project period.....	52
4.5.1	Adapted milestones .....	52
4.5.2	Workload .....	52

<b>5</b>	<b>Annexes .....</b>	<b>54</b>
	Annex 1: Capacity and Institution Building .....	54
	Annex 2: List of TRACECA projects.....	56
	Annex 3: Questionnaire for Stakeholders in the TRACECA Process .....	59
	Annex 4: Overall output performance plan.....	61
	Annex 5: Distribution of Tasks and Activities among Project Key Experts.....	66
	Annex 6: Project Progress Report.....	67
	Annex 7: Resource Utilisation Report .....	68
	Annex 8: Plan of Operations for the next Period.....	69
	Annex 9: Work Programme .....	70

## List of Abbreviations

ADB	Asian Development Bank
AidCo	EuropeAid Co-operation Office
BAC	Business Advisory Council
BDZ	Bulgarian State Railways
BSEC	Organization of the Black Sea Economic Cooperation
CALC	International Logistics Centres in Central Asia project
CAREC	Central Asia Regional Economic Cooperation
CIS	Commonwealth of Independent States (former USSR) also called NIS
DG TREN	Directorate General Energy and Transport
EaP	Eastern Partnership
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EIB	European Investment Bank
ENP	European Neighbourhood Policy
EU	European Union
FRISBEE	Finland, Sweden, northern parts of Russia
GIS	Geographical Information System
GoG	Government of Georgia
IDEA	Interoperability and Dialogue between Europe and Asia
IFC	International Financing Corporation
IFI	International Financing Institution
IGC	(TRACECA) Inter-Governmental Commission
ILC	International Logistics Centre
IRU	International Road Transport Union
LCPI	Logistics Chain Performance Index
MLA	Multi-Lateral Agreement
MOT(C)	Ministry of Transport (and Communication)
MoU	Memorandum of Understanding
MoS	Motorways of the Sea
NGO	Non-Governmental Organisation
NIS	Newly Independent States, also called CIS
NS	(TRACECA) National Secretary
OSCE	Organization for Security and Co-operation in Europe
PPP	Public-Private Partnership
PS	(TRACECA) Permanent Secretariat
PSD	Private sector development
REBIS	Regional Balkan Infrastructure Study-Transport
RELEX	Relations Extérieures (EC DG Foreign Relations)
RODER	Ro-Ro Vessel Operators and Combined Transporters Association
SG	Secretary General
TACIS	Technical Assistance for the Commonwealth of Independent States
TEN-T	Trans-European Transport Network
TIF	TRACECA Investment Fund
TIRS	Transport Infrastructure Regional Study in the Balkans
ToR/TOR	Terms of Reference (of the present project, unless stated otherwise)
TRACECA	Transport Corridor Europe-Caucasus-Asia
UNDP	United Nations Development Program
WB	World Bank
WG	Working Group
WTLC	International Logistics Centres in Western NIS and the Caucasus

## PROJECT SYNOPSIS

**Project objectives:** The overall objective of TRACECA is to improve the transport links of the EU Trans-European Networks with the neighbouring countries (Caucasus, including Armenia, Azerbaijan, Ukraine and Georgia) and the Central Asian countries, thus facilitating trade and enabling socio-economic and environment development in the region. Additionally the Project's purpose is to enhance regional transport dialogue and transport inter-modality between the EU and these countries through enhanced co-ordination and working with international financing institutions (IFIs), closer collaboration and participation of IFIs and, where feasible, the private sector in TRACECA transport projects. Specific Project objectives are as follows:

1. **Strengthen** the political and transport **dialogue mechanisms** between the EC, the TRACECA beneficiary countries, other project stakeholders and IFIs.
2. **Support** the implementation of the IGC Long-Term **Strategy** to 2015 and related **Action Plans**, through **assistance** to the **TRACECA Permanent Secretariat** and **member countries** for development of the transport corridor and links to the EU Trans-European Networks.
3. **Contribute** to the development and agreement of **TRACECA regional investment plans** for transport infrastructure in support of project identification, project definition and appraisal leading to mobilisation of funding and project implementation.
4. Achieve effective and sustainable coordination with IFIs and other financial institutions for **identification of "bankable TRACECA originated projects"** including public sector participation and project financing with respect to country and project level.
5. Support the **implementation of transport investments' projects** by providing studies, developing business and master plans, analysing financial and technical feasibility including public-private partnerships.
6. Achieve **effective communication** and **dissemination of activities and results** for the TRACECA programme.

**Project starting date:** 12 May 2009

**Project duration:** Three years (36 months)

**Project value:** Total value of the Project is Euro seven (7) million, of which provisions for staffing and related expenditures is Euro five (5) million and for incidental expenditure Euro two (2) million

**Key stakeholders:** Ministries of Transport, Ministries of Trade & Economy, Customs Authorities, IFIs, Commercial Banks, International Road Carriers, Freight Forwarders, NGOs, Transport users at large

**Specific activities:** The Project has four work components:

- (1) Implementation support for the IGC Long-Term Strategy and related Action Plans including capacity building and institutional building
- (2) Project identification and project definition;
- (3) Mobilisation of funding; and
- (4) Communication and dissemination.

### Key results:

#### In relation to Work Component 1:

1. Coordinated strategy between countries to strengthen regional transport cooperation;
2. Direct and targeted intervention to the Permanent Secretariat and member countries;

3. Organisation of a minimum of two regional transport and infrastructure conferences at ministerial level;
4. Maintenance of a sustainable TRACECA's transport and traffic database system;
5. Identification of specific objectives, targets and activities within IGC Long-Term Strategy;
6. Capacity building for public-private infrastructure procurement, infrastructure management and finance;
7. Structured training programme to meet the specific needs of the PS of TRACECA;
8. Thematic working-group structure established and working; minimum of eight working groups convened;
9. Preparation of a "Financing and Investment Manual";
10. Completion of a "readiness assessment" of TRACECA member countries for PPP arrangements or other procurement options
11. Institution building with PPP competence centres for long-term knowledge transfer;
12. Country screening test;
13. Minimum of one regional conference focusing on PPP for investment in infrastructure;
14. An established "working community" in place comprising TRACECA network and IFIs;
15. Minimum of two IFI regional coordination meetings;
16. Implementation of agreed changes to the governance and organisation structure of the TRACECA PS together with proposed amended funding mechanisms.

**In relation to Work Component 2:**

1. TRACECA project pipeline database in place and working;
2. Generation of a short list of between 6-8 infrastructure and transport projects;
3. Completion of project pre-appraisals on the agreed short list of projects;
4. Structured initial discussion with IFIs of the 6-8 shortlisted projects;
5. Identification and project definition of a minimum of two regional infrastructure and transport projects which lend themselves to Public Private Partnership structuring;
6. Documented methodology in place for use by the PS covering the project cycle.

**In relation to Work Component 3:**

1. IFIs' acceptance to undertake a minimum of two full feasibility studies; Minimum of two feasibility studies jointly and with the sponsorship and backing of IFIs;
2. Minimum of two bankable TRACECA originated projects with committed IFI investment funds;
3. Minimum of two identified TRACECA regional infrastructure projects considered by stakeholders for possible PPP structuring;
4. Practical support and technical advisory services for the proposed Business Advisory Council;
5. Technical advisory services to set up the proposed TRACECA Investment Fund.

**In relation to Work Component 4:**

1. TRACECA programme activities, materials, results and other information produced and widely communicated and disseminated.

**Preparation of this Inception Report:** The report was prepared by the IDEA Project's key experts and representatives of its Consortium Members: TRT Trasporti e Territorio srl, Alfen Consult GmbH, Dornier Consulting GmbH and PTV AG.

**Purpose of the Report:** The purpose of this Inception Report is to

- (1) present a concise summary of the main issues of the Project and recommendations of the IDEA-staff for the attention of key decision makers; and
- (2) review the Project design as to its relevance, feasibility and any required changes.

**Format of the Report:** This Inception Report follows the format proposed by the EC document "Strengthening project internal monitoring - How to enhance the role of EC task managers", Tools & Methods Series - Reference Document No 3, June 2007, page 19

# 1 Summary and Introduction

## 1.1 Summary

The following section offers a summary of the most significant activities, which were undertaken during the inception period and which are presently under discussion and/or preparation to be modified against the Project's original Terms of Reference (ToR).

### 1.1.1 Activities undertaken during the inception period

**Introductory stakeholder missions:** Within the Inception Report's time window, introductory stakeholder missions were made to Armenia, Georgia, Turkey, Bulgaria, Moldova, Romania, Ukraine, Kazakhstan, Kyrgyzstan and Uzbekistan. Missions to Tajikistan and Turkmenistan, and introductory meetings in Azerbaijan will be undertaken shortly before or after distribution of the Final Inception Report. Following general findings could be preliminarily deduced from these missions:

- External trade (notably exports) of essentially all Asian TRACECA (**TR**ansport **C**orridor **E**urope **C**aucasus **A**sia) member countries remains very limited and non-diversified.
- Road carriers encounter barriers against road cargo haulage, such as political problems, bad road and multi-modal connections, corruption / extortion, complicated visa-issuing procedures, one-time permissions for import, export or transit of cargo, high road tolls; and limited customs working hours.
- At present, commercial banks hardly finance road or rail infrastructure projects in any TRACECA member country, since either the banks' capital endowment is very low, or because there still do not exist concession laws or frameworks.

### 1.1.2 The road ahead

**Traffic Model and GIS Database:** The handover of the traffic model from the Traffic Flow project is being organized and expected to take place early September. Based on the identified requirements and on the analysis of the existing database, proposals and measures will be developed to upgrade and enhance the existing regional TRACECA GIS Database. The structure of the database will be adapted to meet the requirements in particular of the traffic model. Quality standards will be defined for data collection methods resulting in comparable and consistent data of sufficient quality. The IDEA (Interoperability and Dialogue between Europe and Asia) Project staff will set up and refine a method to involve directly GIS Database and model users to become data providers.

On 12 May 2009, a coordination meeting was held in Brussels with representatives of the TRACECA "logistics-related"<sup>1</sup> projects due to their multitude of common issues. One of the mutually agreed decisions of this meeting was that indirect beneficiaries of the TRACECA projects need to be addressed since many of them constitute important stakeholders.

On September 24-25, 2009, a High-Level Kick-off meeting with National Secretaries (NS) and representatives of the TRACECA projects will be organized as a coordination meeting in Brussels.

From the information available to-date it is still to be understood to what extent the model developed by the Traffic Flows project will be useful to the IDEA Project, at least in its current form and with the given level of detail of the model.

**Reformation of the Permanent Secretariat:** With the preparation of a draft concept paper, the IDEA team assisted in launching the reformation of the Permanent Secretariat (PS) as an important step to increase the network effectiveness.

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<sup>1</sup> These were in particular the following three projects: Motorways of the Sea, International Logistics Centres in Western NIS and the Caucasus, and International Logistics Centres in Central Asia.

Reformation of the PS is an important point on the agenda for the Coordination Meeting in Brussels on 25 September 2009, where the NS of all TRACECA member countries will discuss this PS reformation issue. Reformation of the PS will be discussed by the NS of all participating TRACECA member countries at a WG planned to take place in early December 2009. In February 2010<sup>2</sup>, a Regional Ministerial Conference is envisaged in Brussels to decide and agree on the reformation of the PS.

TRACECA institutions will be invited to deliver concrete proposals concerning all legal and organisational components of restructuring of the PS. This transformation and subsequent training will strengthen the role of the PS in playing a catalytic role between national and international actors.

**Capacity building in private-public partnership:** In the Brussels Progress Meeting on 22 July 2009 it was preliminarily agreed that the issue of Private-Public Partnership (PPP) should be treated in terms of capacity building and not at the detailed level as it happened with the previous TRACECA projects. This adaption has significant implications in the planned activities for the IDEA Project and might require an addendum to the IDEA contract in order to better clarify the interpretation of PPP activities in the project.

The opportunities and benefits of the TRACECA IDEA Project can secure the cooperation and commitment of the TRACECA countries. Those benefits should be made visible to the Beneficiaries through a comprehensive capacity and institution building strategy. To build up mutual trust by the TRACECA countries is essential for the future project implementation.

The project development is faced with tremendous risks on inter-country, country and project level. The TRACECA countries are at a very different stage of legislative and administrative standards in infrastructure. Obviously, legislative procedures and regulatory frameworks must be adjusted to international financing standards in some countries. Furthermore, there is a need to realign technical standards and regulations as well as administrative procedures. The necessary adjustments will pave the way for cross-border projects and/or private involvement.

It is very important to guide the TRACECA countries through the process to create a suitable environment for efficient delivery and management of sustainable infrastructure. This process has to start together with the collection of adequate data and the provision of planning tools. The active guidance can avoid a loss of interest by the TRACECA countries over time. A loss of interest is probable if the framework for project implementation is not in place. If so, the processes will be delayed for years and the implementation becomes less likely. Therefore, the common transnational understanding of the risks, sustainable infrastructure delivery and management between the countries must be build up step by step.

In the following subchapter, the TRACECA strategy as originally lined out in the IDEA's Technical Proposal is revisited and updated in terms of quantity, quality and time.

## 1.2 Project Context

The IDEA Project is funded by the European Commission DG EuropeAid within the framework of the TRACECA Programme. The Project has officially started on May 12, 2009 and has a duration of three years.

Historically, the countries located in Central Asia and Caucasus have served as bridge both between West and East (Europe and East Asia) and between North and South (from Russia and Baltic to the Indian Ocean and the Persian Gulf). Thanks to its central geographical location, the region has acted for centuries as a crossroads for the movement of people and goods. This region particularly has represented an extremely important access gate to transit trade routes between Asia and Europe (such as for example the renowned "Silk road").

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<sup>2</sup> The PS SG had proposed this dedication and timing to the TRACECA team

Therefore, it goes without saying that transport has always played a key role in the social and economical development of the entire region.

In this respect, the enhanced transport dialogue and networks interoperability between the European Union (EU) and its neighbouring countries and Central Asian countries is essential for optimised regional cooperation in the transport sector as well. This is expected to help contributing to sustainable economic and social development and should contribute to long-term prosperity in the CIS and Black Sea regions.

Moreover, due to the fact that most of the countries are landlocked, the integration process necessarily needs to lever on a greater compatibility between the national transport systems. Indeed, they mutually serve as transit countries, securing not only the access to the local economies, but also to the other adjacent countries sharing the border with TRACECA region.

In this respect, the IDEA Project will aim at capitalising all progresses achieved so far in the region, particularly by further developing the role of the TRACECA Programme as a major catalyst for investment projects, and thus paving the way for those policy and institutional progresses that will be key for increasing the role of both International Financial Institutions (IFIs) and private investors.

### **1.3 Background and Policy Context**

The policy context that sets the framework in which the IDEA Project will develop its activities and achieve its goals is defined by two major pillars: (i) the TRACECA Programme, and (ii) the European Transport Policy.

By taking into account these two policy frameworks, the IDEA Project shall help the beneficiary countries in turning around their transport systems from a fragmented position to a state of integration, by assisting Governments in choosing the appropriate models for the provision of transport infrastructure.

More importantly, the IDEA Project is expected to define the future structure and role of the TRACECA Programme, in order to further strengthen its contribution to delivering a sustainable, efficient and integrated multi-modal transport system in the region.

This should allow the Project to be well-positioned in:

- encouraging further regional cooperation;
- attracting the support of International Financial Institutions and private investors and
- linking TRACECA region further with the trans-European transport network (TEN-T).

In conclusion, this shall then result in:

- development of environmentally friendly transport system concepts;
- implementation of common transport regulations;
- encouraged (and preparation for) greater role of the private sector and use of financial engineering (including PPPs and procurement procedures);
- greater effectiveness of national transport policies; and
- enhanced competition in the transport market.

Finally, prior to the description of the TRACECA and EU policy frameworks, a brief overview of the most recent developments in the TRACECA area is provided.

#### **1.3.1 The TRACECA policy framework**

The IDEA Project covers a geographical area of crucial importance in the perspective of the future extension of the Trans-European transport network to the EU neighbouring countries.

In particular, this Project is of utmost importance as it will be the last one of the current TRACECA Programme and, consequently, it will be called to capitalise all progresses achieved so far in the region.

The TRACECA Programme was originally established in 1993 under the EU TACIS programme, which funded technical assistance to develop a transport corridor on the West–East axis from Europe to Central Asia through the Caucasus, aiming at:

- stimulating the co–operation among the participating states for trade development in the region;
- promoting optimal integration of the international transport corridor Europe–Caucasus–Asia “TRACECA” into the TEN-T;
- identifying obstacles hindering the development of trade and transport systems, and
- promoting TRACECA projects as means to attract loans from IFIs and private investors.

A second major step in the development of the transport dialogue in the region was the “Basic Multilateral Agreement (MLA) on International Transport for the Development of the Transport Corridor Europe–Caucasus–Asia”, which was signed in 1998.

In the same year, IGC was set up, with the overall purpose of monitoring the implementation of the Programme. Importantly, this achievement also led to the establishment of a Permanent Secretariat in Baku supported by National Secretaries of the TRACECA member states.

Furthermore, in the context of the EU enlargement, the Ministerial Conference on Transport Cooperation between EU Black Sea – Caspian Littoral States and their Neighbours held in November 2004 in Baku, the so called “Baku Initiative on Transport” was launched. This initiative is a policy dialogue aimed at enhancing transport cooperation between the EU and the Black Sea – Caspian States and their neighbours, and constitutes the basis for the development of transport cooperation and networks interoperability.

Presently, 14 countries are members of the Programme (Armenia, Azerbaijan, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Iran, Moldova, Romania, Tajikistan, Turkey, Turkmenistan, Ukraine and Uzbekistan). With the only exception of Turkmenistan, which is member of the Programme but not party of the Multilateral Agreement, all countries are members of the Programme and parties of the Multilateral Agreement. Finally, only Afghanistan is a party of the Multilateral Agreement but not member of the TRACECA Programme.

Overall and since its establishment, the TRACECA Programme has largely contributed and facilitated to the achievement of sustainable development and integration of the Black Sea region, Caucasus and Central Asia through improvement of their international transport links.

### **1.3.2 Recent developments in the TRACECA area**

At the occasion of the VII Session of the Intergovernmental Commission of the TRACECA Programme, held in Issyk-Kul last 15th June 2009, two major policy developments have occurred.

Firstly, the chairmanship of the TRACECA Permanent Secretariat has shifted from Kazakhstan to Kyrgyzstan. Mr. Zhantoro Satybaldiyev, former Minister of Transport of the Kyrgyz Republic, has been elected as the new Secretary General.

Secondly, the Islamic Republic of Iran has become a signatory party of the MLA, which implies that the country is now a full member of the TRACECA Programme.

### **1.3.3 The European policy framework**

The need for a broader and deeper integration between the EU and its neighbouring countries has also been enhanced by two enlargements of the EU to the 12 new member states occurred in 2004 and 2007, and to their integration with the rest of the Union. Additionally, these enlargements have also called, as stressed in the Communication on Wider Europe<sup>3</sup>, for setting up a new framework for regional cooperation which shall enhance a balanced and sustainable development for both the EU and its neighbours. In this regard, there is the acknowledgement by the European Commission (EC) that, on the one hand, the external dimension needs to be well integrated into the EU's overall transport policy, while, on the other hand, the EU transport policy needs to be part of the broader relationship with third countries and organizations.

Hence, the TRACECA Programme crucially positions itself within the EU cooperation frameworks and strategies for promoting stability and socio-economic development in the area.

Firstly, a strong link shall be put in place in the framework of the European Neighbourhood Policy (ENP)<sup>4</sup> between this programme and the Eastern Partnership (EaP) initiative and thematic platforms. This applies to various fields of actions, including the transport sector where the transport policy and the integration of the TRACECA countries' distinct transport systems have become a central tenet of the overall strategy for achieving dynamic economics and a cohesive society. In this respect, the EaP may play a key role and shoulder the TRACECA Programme by promoting additional technical talks on selected transport topics.

Secondly, the ENP also provides the framework for creating the ideal conditions for integrating the TRACECA countries with the overall strategy aiming at extending the TEN-T network to the EU neighbouring countries, so to take into consideration the revised concepts for the trans-European network policy and the accession framework and European Neighbourhood Policy objectives, as recommended, among others, by the High Level Group on the extension of the TEN-T<sup>5</sup>,

This calls for the need to establish a comprehensive integration policy, where, as highlighted in the Guidelines for transport in Europe and neighbouring regions, the major goal should be ensuring over time that legislation, standards and technical specifications of EU main trade partners are compatible with those of the EU, so as to pave way towards an effective transport market between the EU and its neighbours<sup>6</sup>.

This integration policy represents a major element that may support the development of an efficient and well integrated transport system in the TRACECA area, by: (i) eliminating obstacles and bottlenecks at the national borders, (ii) setting common and harmonised market and trade rules, (iii) harmonising policy and administration processes, and (iv) yet facilitating cross-border traffic through technical interoperability. Hence, it is a major element which also enables the private sector to have a leading role in strengthening and deepening both the economic relationships across national borders and the integration of adjacent economies. Again, in this respect the way followed and the governance methods applied by the EU transport policy may result in trailblazing success for the TRACECA model.

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<sup>3</sup> Communication from the European Commission, *Wider Europe - Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours*, COM (2003) 104 final.

<sup>4</sup> European Commission Staff Working Document accompanying the Communication *Eastern Partnership* (COM(2008) 823 final), SEC(2008) 2974/3

<sup>5</sup> European Commission (2005), *Networks for peace and development, Extension of the major trans-European transport axes to the neighbouring countries and regions*.

<sup>6</sup> Communication from the Commission, *Extension of the major trans-European transport axes to the neighbouring countries. Guidelines for transport in Europe and neighbouring regions*, COM (2007) 32 final.

To conclude, the rationale of the EU strategy for the area is to provide the cooperation tools for assisting the TRACECA countries in addressing the multiple objective challenge of better governance and economic development.

The ENP – with its EaP dimension – and the extension of the TEN-T network have the potential for contributing to the achievement of a sustainable, integrated, financially sound and, last but not least, environmentally friendly transport system in their region.

## **1.4 Synthesis of the IDEA Technical Proposal**

This section of the Inception Report provides an overview of the main features of the Technical Proposal that was handed over to the EC and that is serving as basis of reference for the development of the IDEA Project. Here a summary of the IDEA Project objectives and activities, as well as a presentation of the selected methodology, are illustrated.

### **1.4.1 Summary of objectives, activities and selected methodology**

The overall objective of the IDEA Project aims at delivering a sustainable, efficient and integrated multi-modal transport system. The close work with the TRACECA structures (namely the TRACECA Permanent Secretariat) and the EC is considered as essential in this respect. To secure this, the Project activities will align to the following priorities:

- Strengthening the political and transport dialogue mechanisms;
- Supporting the implementation of the IGC Long-Term Strategy to 2015 and its Action Plans;
- Contributing to the development of regional investment plans for transport infrastructure;
- Achieving effective and sustainable coordination with IFIs, so as to identify those TRACECA originated projects which may enable to generate the best impacts in terms of interoperability and development of the transport network, and to be consequently funded even through PPP schemes.

The implementation of such priorities should allow the Project to be well positioned for: (i) encouraging further regional cooperation; (ii) attracting the support of IFIs and private investors; and (iii) linking the TRACECA region with the trans-European transport network.

Looking at the Project activities, these are covered by the following four components:

1. Supporting the implementation of the IGC Long-Term Strategy and related Action Plans;
2. Project identification and project definition;
3. Capacity- and institutional building for long term knowledge transfer and cooperation between the countries;
4. Identification of funding by IFIs, private banks, investors, private sector operators and other financial institutions to TRACECA projects; and
5. Communication and dissemination.

**Component 1** is devoted to enhancing the political transport dialogue, as well as the institutional and technical capacity building. Hence, in this respect, the IDEA Project will aim at encouraging policy-makers to proactively cooperate for removing those major institutional, technical and legal barriers that still jeopardise the regional integration of the transport sector in the TRACECA countries.

In order to achieve such goal, the Project identifies processes for:

- encouraging dialogue with regard to the further development of transport corridors and networks;

- encouraging the development of enhanced partnership and cooperation between participating states and with relevant international organisations on transport related issues;
- enhancing and easing public-private dialogue with regard to transportation issues;
- giving emphasis to the linkages between transport development and the environment and promoting environmentally sustainable transportation choices; and
- strengthening the role of the TRACECA Permanent Secretariat in playing a catalytic role between national and international actors.

Furthermore, the developed financing and investment manual will provide governments of the TRACECA region with:

- description of the overall framework for the provision and financing of transport infrastructure;
- description of different models inter alia public sector participation for infrastructure provision and their characteristics;
- risk-sharing schemes in the different models;
- remuneration structures;
- choosing the appropriate extend of private involvement;
- why efficiency is key for the appropriately allocation of the resources; and
- recommendations to structure private involvement properly.

Conditions in at least three countries will be discovered for each relevant transport infrastructure sector. The country screening will include aspects that are subject to best practice:

- Mechanisms used for private sector investments, such as outright privatization, Build-Operate-Transfer and its derivatives, PPPs, concessions, etc.;
- Transport modes for which the different mechanisms are used;
- Institutional set-up governing the private sector involvement including, but not limited to, the authority deciding the appropriateness of private investments, the decision process leading to such a decision (inter alia Public Sector Comparator), etc;
- Tendering procedure used for choosing the private investor (Best and Final Offer, Two Step Tendering, etc);
- Mechanism used for selecting the private investor (Life-Cycle Costs, Whole-Life Costs, etc);
- Payment mechanism chosen for different transport modes (availability fees, shadow toll payments, user payments, etc.); and
- Dispute resolution mechanism used should there be legal disagreements.

Furthermore, capacity and institution building will help to identify the main constrains in infrastructure development. It is also a platform to set priorities in common understanding of project selection and the definition of transnational projects. This process must be transparent with equal treatment between the member countries. Procedures and methods of fiscal budgeting by federal governments to assure funding and financing can be communicated to the decision makers. Capacity building can be achieved by the training of trainers or workshops with PS, key stakeholders and decision makers. Details about a proposed capacity-building training program are attached in [Annex 1](#). The scope and detailed tasks should be defined in the addendum to the IDEA contract as referred to in Chapter 1.1.

A potential certification could be further developed. International best practice could be reviewed in order to elaborate and proof prerequisites, key issues and success factors for the implementation of PPP or privatisation models.

As experience shows in many European countries, the PPP task forces have an important impact on: transaction flow and development of a PPP market, successful delivery of projects, acceptance of the PPP policy, duration of procurement process and influence on transaction costs. Institutional building will support the understanding of possible roles of PPP units. The potential roles of PPP units are attached in Annex 1.

As a result the mentioned task force could fulfil the following tasks:

- *Project support*: support project owners through project development; coordination with IFIs;
- *Transfer of knowledge*: support and organize the exchange of experience between the beneficiary countries, between IFIs and the beneficiary countries and between the beneficiary countries and other countries;
- *Setting standards*: definition of best practice; setting and optimize processes and instruments; review and define requirements of IFIs;
- *Policy support*: development of an integrated strategy for project implementation.

Concept studies regarding the setup of a task force can be based on the World Bank report of centralized PPP units in developing countries: Lessons for the future. A scoring system to assess the significance and performance of institutional features could be developed.

A framework analysis by country will be conducted based on the already existing information and a comprehensive questionnaire followed by on-site interviews with decision makers from public entities, private companies and associated user groups. The questionnaire and the interviews will comprise e.g. following areas of investigation:

- Framework;
- Maturity of PPP and privatization structures;
- Readiness of public sector;
- Willingness and capability of the relevant industry, the financial and capital market;
- Probability of a project pipeline; and
- Reliability of refinancing.

**Component 2** will prepare the methodology for the project identification and screening. In this respect, the identification of those TRACECA-originated projects, which will be selected for further feasibility checking and funding, has to be undertaken according to a sound methodological approach. This will lead to the following activities:

- *Project Pipeline Database*, whose purpose is to identify a list of infrastructure investment projects for the development of the transport system in the TRACECA region;
- *Project screening and filtering*, in order to identify that the selected project can actually be implemented and is the best option of all feasible alternatives;
- *Pre-selection and project short listing*, where the most important 6-8 projects will be identified with a maximum socio-economic benefit for the region;
- *Appraisal and evaluation of short-listed projects*, where for each of the short-listed projects, the IDEA Project will undertake an appropriate socio-economic, technical and financial appraisals;
- *Sounding out short-listed projects* with IFIs and other stakeholders, where the short-listed projects will be presented to the relevant IFIs identified under Component 1.

Here, the Investment Manual elaborated in Component 1 will engage with potential interested state bodies and the private sector to formulate a strategy and joint agreement to move towards a full project appraisal.

A questionnaire followed by on-site interviews will be designed to collect project information on procurement options, operation and maintenance strategies, legal requirements, risk profile and funding options.

A major focus will be on the payment structure and financing alternatives. The remuneration structure, i.e. the future sources of revenue from the company (for the investors), may include:

- fixed availability fees to be paid by the principal (i.e. depending on the performance of the contractual services), under which the investors are exposed solely to performance risk, or
- user fees, e.g. where the project company obtains a concession granting it the right to levy fees in order to finance the contractual services – including the investments – via the users of the project; in this case, investors are exposed to demand risk as well as performance risk, although this may be cushioned to a greater or lesser extent by government guarantees depending on the respective circumstances.

Moreover, projects that are still partially or wholly owned by the public sector are generally marketed via public tender processes. At this point, investors are in competition “for the market” with other investors and investor groups. During the subsequent project term, however, the project company itself is generally no longer in competition on the open market. Accordingly, projects are usually subject to (fee) regulation if they are user-financed. Infrastructure project companies are becoming increasingly common around the world, with examples found in practically all infrastructure sectors.

**Component 3** covers the activities for developing an approach to “pull through” TRACECA originated investment plans and transport projects for review and appraisal by IFIs at an early stage of the investment or project life cycle.

Moreover, the IDEA Project will pilot this approach by presenting a minimum of six short-listed TRACECA transport projects to scrutiny and assess by a minimum of two separate IFIs. Based on this assessment, project concepts for a minimum of two infrastructure projects, which lend themselves to a PPP arrangement, will also be developed. Within this field of action, a regular, adequate and effective coordination with the IFIs will be secured.

Lastly, the IDEA Project will also follow up on the status of the proposed Business Advisory Council (BAC) and the TRACECA Investment Fund. To set up the TRACECA Investment Fund, the following questions have to be elaborated:

- What are the financial sources of the Investment Fund;
- How the Investment Fund can be integrated in the funding of transport projects;
- What is a suitable size of the Investment Fund; and
- Which criteria have to be fulfilled for a participation of the Investment Fund.

**Component 4** relates to the achievement of an effective communication and dissemination of activities and results of the TRACECA Programme. In this regard, the communication and dissemination strategy is intended to provide a framework for ensuring that information is shared with appropriate audiences on a timely basis and by the most effective means.

The strategy will comprise all means and types of communication, namely the: (i) production of TRACECA project materials and literature, (ii) updating and disseminating of TRACECA marketing material, TRACECA map, newsletters and brochures, (iii) website updating, and finally (iv) organisation of dedicated TRACECA conferences and events. In summary, in this activity the IDEA Project will ensure the largest acknowledgement of EC financing of the projects and the TRACECA Programme visibility. (Comment: sentence a bit unclear)

It is important to point out that these fields of action are preceded by an inception phase, which is considered of utmost significance in securing the proper start of the project

activities. The present Inception Report is one of the two milestones planned in this phase, while the remaining one is the organisation of a High Level Kick-off meeting.

### **1.4.2 Modifications**

In the Brussels Progress Meeting on 22 July 2009 it was preliminarily agreed that the issue of Private-Public Partnership should be treated in terms of capacity building and not at the detailed level as it happened with the previous TRACECA projects. This adaption has significant implications in the planned activities for the IDEA Project and will need to be discussed at both levels: i.e. the IDEA consortium and the Commission services. The Programme Manager suggested the (1) possibility to prepare an addendum to the IDEA contract in order to better clarify the interpretation of PPP activities in the project, and (2) cooperation with the TRACECA Training Project.

Since the date when the Consortium submitted its Technical Proposal, the policy environment of the Project has changed in that Iran has recently signed the MLA. However, the European Commission advised the IDEA team not to include Iran into its investigations since (1) this country is not included in the Project's ToR, and (2) it will take this country significant time to fill the agreement letters with life.

### **1.4.3 Methodology**

The nature of methodological approach adopted by the IDEA Project is twofold, in particular:

Concerning the project management, the IDEA Project Team Leader, shouldered by the Project Coordinator, will be responsible for monitoring and evaluation, as basis for an efficient and sustainable project management. This refers to two main measures:

- Monitoring of the project life-cycle, by collecting all relevant and necessary data and documentation;
- Evaluation of the project implementation by making use of the above mentioned information in order to put into place an objective-oriented assessment of the project development. This is also crucial to timely and properly adapt the project schedule and activities when needed.

In this respect, such measures may be regarded as the link between the project planning and project realization and will inform the project management when the:

- activities are carried out according to the project schedule and the objectives are timely achieved; and
- planned results of the distinct project phases can be reached and adaptations for the work plans are recommended.

Concerning the screening and identification of the TRACECA originated projects that will be selected for feasibility and funding, this needs to be based on a sound methodological approach as far as the appraisal process is concerned. In this respect the project will pay a particular attention to a set of criteria, such as regional interest, socio-economic and environmental impacts, interoperability and intermodality, accessibility. This criteria will be of help in prioritising the projects to be funded, according to their strategic relevance and financial sustainability.

In performing such work, the IDEA Project proposes a six-step approach:

1. Analysis of the socio-economic context and the objectives (qualitative assessment of socio-economic context and objectives that the proposed project investment is expected to achieve);
2. Clear identification of the project (evaluation of its direct and indirect costs and benefits);

3. Feasibility assessment and identification of possible alternative options (the justification of the project design against alternative scenarios: “business as usual”, “do–minimum”, “do–something” and “do–something else”);
4. Financial analysis;
5. Economic analysis; and
6. Risk assessment.

This approach is based on the previous and solid expertise gained with the work that has been done for the European Commission (Directorate General Regional Policies) in preparing the Guide to Cost–Benefit Analysis of investment projects<sup>7</sup>.

Moreover, the IDEA project will also make reference to the background work that has been produced by the IFIs, the REBIS<sup>8</sup> and TIRS studies<sup>9</sup>. Finally, the methodologies developed within SEETO and EUROMED will also provide useful experience for elaborating agreed procedures for the project submission and selection.

The overall result will be a structured methodological approach to project appraisal, which will serve as tool for the TRACECA Permanent Secretariat in (i) maintaining and updating the project pipeline as a live portfolio, (ii) for continuous project screening, selection and evaluation.

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<sup>7</sup> The full text of the EC Guide to Cost–Benefit Analysis for investment projects is available at: [http://ec.europa.eu/regional\\_policy/sources/docoffic/working/sf2000\\_en.htm](http://ec.europa.eu/regional_policy/sources/docoffic/working/sf2000_en.htm)

<sup>8</sup> Regional Balkan Infrastructure Study-Transport, May 2003.

<sup>9</sup> Transport Infrastructure Regional Study (TIRS) in the Balkans, Final report, March 2002

## 2 Initial findings

### 2.1 Status of ongoing TRACECA projects

The following table lines out the technical assistance projects presently undertaken by the European Commission in the TRACECA region.

#### **Ongoing TRACECA Projects**

	<b>Project Title</b>	<b>Contractor and Mail Contact</b>
1	Motorways of the Sea for the Black Sea and Caspian Sea (TACIS 2008/154904)	Contractor: Egis AVIA - <a href="mailto:marie-gaelle.chabot@egis.fr">marie-gaelle.chabot@egis.fr</a>
2	Logistical Centres in Western NIS and Caucasus (TACIS 2008/154902)	Contractor: Dornier Consulting - <a href="mailto:Andreas.Schoen@dornier-consulting.com">Andreas.Schoen@dornier-consulting.com</a>
3	Logistical Centres in Central Asia (TACIS 2008)	Deconcentrated to Almaty, Contractor: SAFEGE - <a href="mailto:Tomlkennedy@cs.com">Tomlkennedy@cs.com</a>
4	TRACECA Land Transport Safety and Security" (ENPI 2008/150-664)	Contractor SAFEGE - <a href="mailto:ian.grant@safège.be">ian.grant@safège.be</a>
5	Strengthening Transport Training Institutes in the NIS" (TACIS 2008/139583)	Contractor: NEA - <a href="mailto:RMe@nea.nl">RMe@nea.nl</a> (Rene Meeuws)
6	Development of common Security Management System and Cooperation in the Area of Maritime Safety and Ship, RAP 2006	Contractor: Mott MacDonald - <a href="mailto:Wim.Verheugt@mottmac.com">Wim.Verheugt@mottmac.com</a> and <a href="mailto:PARDO.FERNANDO@telefonica.net">PARDO.FERNANDO@telefonica.net</a>
7	TRACECA Civil Aviation Safety and Security (TACIS 2008/150669)	Contractor: Egis Avia - <a href="mailto:Thibault.RAISSON@egis.fr">Thibault.RAISSON@egis.fr</a>
8	Rehabilitation of Azerbaijan Highways (Gazimamed-Kyurdamyr), RAP 2004	Contractor: Scott Wilson - <a href="mailto:Elena.Jackson@scottwilson.com">Elena.Jackson@scottwilson.com</a>
9	Rehabilitation of the Railway between Tbilisi and Yerevan, RAP 2005	Deconcentrated to the EC Delegation Tbilisi - <a href="mailto:Michal.NEKVASIL@ec.europa.eu">Michal.NEKVASIL@ec.europa.eu</a>

Source: AidCo, European Commission, Brussels/Belgium, August 2009

Annex 2 lists the major characteristics of these TRACECA projects. Even before the IDEA Project commencement, the EC emphasised that the Project needs to take on a leading role in coordinating with those projects<sup>10</sup> and to take into consideration their activities<sup>11</sup>. From the first five TRACECA projects on above list, the IDEA Project has received progress documentation for information and analysis of potential cooperation measures. A synopsis of this documentation of the five projects is offered in the following.

#### **2.1.1 Motorways of the sea project**

During the reporting period, core activities of this project concentrated on the achievement of two principal outputs:

2. Completing the review of relevant information and studies; this work has started during the project inception phase (Task 1).
3. Launching the awareness raising activities to support MoS concept with the project beneficiary countries (Task 2).

In view of these planned outputs, the project activities focused during the period on:

<sup>10</sup> To this aim, an informal coordination meeting with these three "logistics-related" projects was conducted in Brussels on 12 May 2009

<sup>11</sup> Activities are as stated by the team leaders of the relevant logistics projects and have been complemented by their respective inception reports

- **Completing the field missions to beneficiary countries.** During the reporting period, field missions to project beneficiary countries took place to Kazakhstan (Astana, Aktau), Azerbaijan (Baku) and Georgia (Tbilisi, Poti and Batumi);
- **Presenting MoS concept to the representatives of project beneficiary countries.** The concept of MoS was presented and discussed during a workshop in Kiev, as well as in face to face meetings in the course of the above missions and contacts;
- **Widening contacts with potential project players and users**, for example when representatives of the project attended the Transport Week in Odessa and established contacts with international and national professional organisations (forwarders, custom brokers, etc.), shipping companies, forwarders and sea ports; and
- **Coordinating on activities with other projects.** One inter-contracts meeting was convened by the EC in Brussels, and coordination meetings took place in Ukraine (Kiev and Odessa, the latter at the initiative of the EU Delegation), and other contacts and exchanges have become regular.

### ***2.1.2 International logistics centres in Western NIS and the Caucasus project***

Phase B – Identification, Ranking and Promotion of Logistics Centres' Projects, has started and the next reporting period encompasses the time from 26 January 2009 till 26 July 2009, i.e. six months from the project start. The Progress Report 1 will primarily be related to the delivery of the results of the Phase B. Hereby, its tasks will contain the following work packages:

- ***B1: Assistance in identifying and characterising priority projects of logistics centres:*** Based on the macro locations identified in the phase A, the project will provide assistance to the beneficiary countries in identification of the promising projects at those locations. The project will follow up investigations towards ports, rail, roads, airports, freight forwarders, transport companies, real estate sector, shippers and consignees started in the Phase A.
- ***B2: Ranking the priority projects using multi-criteria analysis:*** The project will rank the identified initiatives using the multi-criteria analysis. This process required coordination with the EU, beneficiaries and stakeholders. These criteria will include regional and country specific parameters and will be developed in accordance with best-practice in Europe and taking into account the TRACECA specific background. Based on its experience in TRACECA countries, the project will implement a stakeholder seminar for finalisation of the ranking process and ultimate selection of the site for those the studies will be prepared.
- ***B3: Visit to the relevant logistics centres:*** The study tour will concentrate on the following objectives - Visit logistics centres in Europe and demonstrate the PPP in practice and applied in order to visualise and demonstrate best-practice solutions. The programme and the participant list for the study tour will be developed in cooperation with the beneficiaries and EC. The study tour will give the participants the opportunity to see "state-of-the-art" logistics facilities in function. Best practices related to organisational and financial appraisal will be also presented.

### ***2.1.3 International logistics centres in Central Asia project***

Mobilization and Inception phases of this project have been completed successfully and the work to develop the transport data base in each country is well under way. A considerable amount of detailed transport data has been obtained for Kazakhstan and Uzbekistan; data collection in other countries has produced some results and the work continues. Meetings have been held with stakeholders in each beneficiary country, working groups have been established in two countries and others are planned for the near future.

The **Opening Conference and First Steering Committee** meeting were held in April. Working Groups have been organized in Kazakhstan, Tajikistan, Uzbekistan and Turkmenistan. We plan to organize the working group for Kyrgyz Republic during early September.

**Presentation of the project** was held on 8 April, 2009 in Almaty.

The project is on track with its work program and will issue a Task A report in September; this will cover the traffic data base, situation regarding transport and logistics centres in the region and highlighting of problems and issues raised by stakeholders. Prior to the issuing of this Task A report, the team will begin the process of applying the selection criteria to the existing list of candidate logistics centre projects. This list will likely be revised in the future but the team intends to test the criteria and discuss preliminary results with beneficiaries and stakeholders.

#### **2.1.4 Land transport safety and security project**

A kick-off meeting for this project was held in Brussels in March 2009, where it was agreed that the main focus of the project should be upon road transport safety, particularly in the form of legal approximation within the TRACECA region and harmonised with EU Directives and best practise. The base of operations is in Tbilisi, Georgia, as the regional office for the Caucasus. Additionally, a first regional office was established in Chisinau, Moldova for the Western NIS, a second regional office was set up in Almaty to service the Central Asian Republics.

During the IDEA Project's inception period, the project concentrated upon the following:

- Organisation of a **kick-off conference** to discuss project planning;
- Negotiations with the EC project manager to **conclude the addenda** necessary to permit the implementation of planning;
- Work on a **functional review, legislative gap analysis**, and design and implementation of generic training programmes;
- Preparation of **ToR / task descriptions** for the recruitment of senior short-term experts from the beneficiary states to assist with carrying out the functional review and legislative gap analysis;
- Support to introduction of a tachograph, and preparatory work for implementation of a **specialist training programme**; and
- Drafting of template for **awareness & communications strategy** and initiate the process of identifying potential partner NGOs in the pilot countries.

#### **2.1.5 Strengthening transport training institutes in the NIS project**

A regional network is being created of higher educational institutes and universities in transport planning, investment appraisal and multimodal transportation in the TRACECA region. The project is also involving Ministries of Transport where possible, as the final goal would be that they are going to use the methodologies and tools developed on transport planning, investment appraisal and multimodal transport and put them into practice.

A regional project office was established in Almaty with a training coordinator. Furthermore, a regional office has been established and a regional coordinator is operating in Kiev. Also in Tbilisi, a regional coordinator is carrying out coordinating tasks for the project.

Among the wide range of training activities, the IDEA team focuses here on a **regional transport atlas of the TRACECA region** with the transport infrastructure network, existing and forecasted traffic flows over the main corridors with a modal split, planned investments in transport infrastructure on those corridors, etc. This freight atlas, highlighting EurAsian trade and transport flows and scheduled for completion in August 2009, has the following major contents:

- Transport and trade flows;
- Transport policy in TRACECA;
- Transport chains and intermodal transport;
- Logistics in TRACECA perspective;
- Operational procedures in TRACECA; and
- External effects of transport in TRACECA.

### **2.1.6 Coordination of TRACECA projects**

During the kick-off meeting of the IDEA Project, a main conclusion was to build synergies among parallel TRACECA projects. The IDEA Project will be the coordinating one, and also will deal with the final conclusions of the “Traffic flows and Traffic Forecasts” project (awaited at time of writing this Inception Report).

Together with the IDEA Project, the above projects – particularly the “logistics” ones – have many common issues, and therefore coordination meetings are needed to bring project experts closer and to exchange information. Coordination meetings are new at the EuropeAid Co-operation Office (AidCo) and are deemed as relevant in the current stage of the TRACECA Programme, with the election of the new PS Secretary General (SG) in mid-June and the following restructuring of the technical secretariat by the end of 2009.

The IDEA Project is involved due to its role of “umbrella” project, which has to take care of coordination and dialogue, while the other projects deal with the specific topics or technical issues. AidCo intends to reinforce the cooperation among TRACECA technical assistance projects and therefore plans to hold a coordination meeting three times per year.

On September 24-25, 2009, a high-level meeting with National Secretaries (NS) and TRACECA projects representatives will be organised as coordination meeting. This meeting will be structured as a thematic workshop, where the agenda is organised around a set of key issues which reflects the TRACECA Action Plan.

## **2.2 Status of Traffic-Flows Project Activities**

### **2.2.1 GIS database**

All following descriptions of the actual GIS Database (so-called “TRACECA GIS Database”) were derived from the following official meetings and workshops, respectively:

- Logistics project coordination meeting, AidCo Brussels, 12 May 2009;
- Traffic Flows Informal Meeting, AidCo Brussels, 13 May 2009;
- TRACECA IDEA Kick-off meeting, AidCo Brussels, 13 May 2009;
- TRACECA freight model workshop, WSP Helsinki, 26-27 May 2009;
- GIS & MapInfo/MapXtreme training workshop, WSP Baku, 1-5 June 2009.

As by deadline of this Inception Report there has been neither an official handover of the TRACECA GIS Database nor a handover of any full database description by the Traffic Flows project.

Physically, there is a GIS database available at the PS for all TRACECA countries, which was recently installed by the Traffic Flows project. The Traffic Flows project will ensure its functionality until the end of September 2009.

The database covers various thematic fields relevant for transport assessments, and comprises a total of **73 different layers** (“themes”), including all modes of transport, region and country boundaries, as well as associated statistical data. As a principle, each theme is stored as an individual layer within the geographical information system **MapInfo**. The database structure was established in compliance with EU GISCO database standards.

There are, for instance, individual layers for roads, railways, ports, ferry links, oil pipelines, country boundaries and region boundaries, seas and water bodies, and others. Apart from the geometries, the layers also provide attributive information for each object, like number of lanes (roads) or tracks (railways), state of electrification (railways), general speeds and speed restrictions (roads), or the number of harbour basins or lengths of quays (ports). As a rule, the database associates for each transport layer certain physical infrastructure conditions (number of lanes/tracks, electrification etc.) as well as flow parameters like link capacities and actual link flows.

In addition to such geographical data, the database also stores statistical data in form of tables. Statistical data include, among others, population figures, GDP, transport volumes by commodity groups, transport flows between countries and regions and alike.

Corresponding to the general TRACECA approach, the TRACECA GIS Database includes data for the TRACECA transport networks only. In consequence, only transport data for those road and railway and ferry links and ports that are agreed to be TRACECA transport infrastructures are included in the database. Data on other non-TRACECA infrastructures are, however, not included. Consequently, the database covers network data only for a small subset of all transport infrastructures within the TRACECA countries.

Up to the submission deadline of this Inception Report, the IDEA Project did not receive any database user manual nor any full database descriptions nor did the IDEA Project receive the necessary access information (user name, passwords to access the database itself), so a full list of the available layers and their attributes, quality, completeness and accessibility (in technical terms) cannot be given here yet, while all information stated rely on interviews and presentations of the Traffic Flows project.

The aspects for the assessment of the TRACECA GIS Database are manifold and can be summarized as follows:

**Spatial TRACECA Information System:** The GIS Database forms the basis for the (online) spatial TRACECA Information System, providing general information about TRACECA routes and TRACECA member countries via different media. The GIS Database is used as central data server for the web map applications (Chapter 2.2.2), the GIS Database may also be distributed among TRACECA members via CD-ROM/DVD, and the database may be used to produce maps and illustrations for print products like flyer, reports, or posters.

**Transport Model:** The GIS Database will provide input for the transport model, both with respect to the hard infrastructures (roads and railways etc.) and to transport demand (statistical data). In the ideal situation, the transport model should directly read data from the MapXtreme server; if for technical reasons this would not be possible, specific interfaces will allow data exchange between the database and the transport model. In turn, results of the transport model will also be written back into the overall GIS Database, allowing inspection of modelling results in the web map application.

**Project Assessment:** The TRACECA GIS Database will also be used as support tool for individual project assessments during the IDEA Project. The database will help generating maps and statistics, and will be used as primary data source. For instance, the database shall serve to answer certain assessments like tracking logistical chains from East to West such as calculation of proportion of rail links, motorways and sea links in a supply chain.<sup>12</sup> All results of the project assessment will also be written back to the database.

**Information Exchange:** The TRACECA GIS Database also serves as a mean for information and data exchange between the TRACECA countries. TRACECA staff may consult the database via the web map application, or via CD-ROM/DVD, that way being

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<sup>12</sup> Such usage is intended by the TRACECA IDEA Project; however, as the Project did not receive any detailed database documentation, it still needs to be evaluated whether the present state of the GIS Database allow for such applications or whether the database still needs to be improved to allow for it,

informed about relevant characteristics of the transport sector in all other TRACECA member countries.

**Storage:** This TRACECA GIS Database is physically stored on the MapXtreme Web Server at the Permanent Secretariat, forming the basis for the related web map applications (see Chapter 2.2.2), allowing online access and visualisations for registered users. The GIS Database can then be accessed either remotely by registered users (TRACECA staff members) by using the developed web map application, or locally at the PS by using MapInfo software. As the web server was recently installed at the PS by the Traffic Flows project, the IDEA Project so far did not receive any access information (user names, passwords) allowing inspecting the present database situation in detailed. Access information needs to be handed over at the official TRACECA GIS Database handover event.

Technically, the web server is represented by a standard 'desktop' type PC with Microsoft Windows XP operating system which may not provide the processing power, network functionalities and back-up capabilities of dedicated server machines<sup>13</sup>. It needs to be evaluated to exchange the PC by a back-end server computer with dedicated server operating system.

Furthermore, as already stated in the letter of the PS to the EC as of 26 August 2009, the installed PC is not operational and the GIS Database consequently cannot be accessed, preventing the PS and the IDEA Project to test and work with the Database.

**Completeness and data gaps:** According to the evaluation of the Traffic Flows project the degree of completeness is estimated at approx. 80 % of all data, i.e. some twenty percent of all data are still missing (as of June 2009); however, the degree of completeness differs with respect both to the geographical situation and to the data set in question. Where data for European TRACECA member countries such as Bulgaria and Romania and 'simple' data sets like population figures are nearly completely available by almost 100 %, data for Central Asian countries and for more difficult data sets like commodity flows show a significant lower degree of availability. Individual datasets for some countries are missing entirely. Thus, despite the rather good overall estimation of 80 % completeness as stated by the Traffic Flows project, there are significant variations between the countries and types of data. Depending on future data usage within the IDEA Project, this may cause difficulties in the general usability of the database.<sup>14</sup>

Apart from the general data availability, another important aspect is the spatial accuracy and correctness of the GIS Database. Beginning of June 2009 there were, for example, still some inaccuracies in the delimitation of country boundaries (like overlapping of boundaries of neighbouring regions and countries that should in fact be coincident) and in the boundaries of the Caspian Sea; another example was that still some 'bad values' were included for some statistical data (for instance, negative values for GDP or population figures).

**Data collection:** Main input for the compilation of the actual TRACECA GIS Database was provided by so-called data collection experts. There is one appointed data collection expert in each TRACECA member country, who is responsible for collecting both current and time-series statistical data as well as data about the relevant transport infrastructures. These experts provided their inputs in regular intervals by means of Excel sheets or by sending scanned or hardcopy maps. In addition, open and free GIS data resources like ESRI's Digital Charts of the World and others were used to set up the geometrical basis of the GIS Database.

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<sup>13</sup> See letter of the PS to Mr. Leonidas Kioussis as of 26 August 2009.

<sup>14</sup> As soon as the IDEA team has obtained the full database from the Traffic Flows project, one of the first tasks would be to assess completeness of the database in detail, i.e. to list data completeness by country and by dataset. This allows identifying data gaps in detail, which in turn is a prerequisite for the formulation of a future data collection strategy.

While generally the input of local data collection experts is needed to incorporate actual developments of the transport sector, past experiences have revealed different levels of success of this “local experts” approach where the experts were hired and paid by the project. While for some countries a high-level of highly accurate, actual and comprehensive data provision could be achieved, for other countries only low rates of return with generally lower levels of quality and completeness were observed, leading to data gaps or data inaccuracies. The collection of data proved to be difficult and partially against payments, due to the fragmented nature of data storage in some countries.

Another fundamental problem of the present approach is that the local data collection experts usually sent their data ‘as they are’ in their country, leading to a wide range of different data formats, with different reference years, in different measurement units and different languages etc. causing significant needs for data harmonisation at the PS.

Taking these practical experiences of the Traffic Flows project into account, the past approach to data collection proved to be inefficient, time consuming and problematic in various directions, both for the local data collection experts and for the staff at the PS. It ultimately failed its target. In order to solve the problems of data gaps, data inaccuracy and data harmonisation, the IDEA team will revisit necessary amendments to a new data collection approach (see below).

**Database updates:** For the moment it is intended that the TRACECA GIS Database can only be updated locally by staff at the Permanent Secretariat by using MapInfo software. That way MapInfo allows for any geographical feature or statistical indicator to be added, removed, altered, or otherwise modified. Remote updates by the data collection experts are at the moment not supported.

In any case, the data collection experts are needed to provide local knowledge and local expertise, as any changes to transport infrastructures within the TRACECA member countries cannot be observed centralized by the PS. The current workflow for updating the database is that the data collection experts send new data sets or maps in regular intervals, while experts at the PS will technically incorporate them into the GIS Database as soon as they are available.

**GIS Database and transport model:** The current STAN freight transport model does not provide GIS compatibility and hence is not coupled with the present TRACECA GIS Database, but requires another database in ASCII file format. Both databases (GIS and ASCII files) share different file formats and different file structures, with some information being redundant but other information being additional.

For instance, all TRACECA routes and TRACECA transport infrastructures are stored in both systems (i.e. in GIS and in ASCII files), resulting in double-work for database maintenance and updates. While the present GIS Database only comprises TRACECA countries and TRACECA routes, the ASCII file database for STAN goes beyond this limitation as it comprises also data for other European and Asian countries (EU, Russia, Iran, Iraq etc.), and also comprises a number of secondary non-TRACECA road and rail routes within TRACECA countries in order to allow for more realistic modelling results.

Consequently, both database partly overlap and partly diverge, leading to increased efforts to keep both databases up to date and to keep them synchronized.

**Database and GIS expert:** Currently, there is a vacant position for a database and GIS expert at the PS in Baku. This position shall be responsible for all tasks related to the TRACECA GIS Database, i.e. its update and maintenance, technical development, promotion, data exchange, and communication with the data collection experts.

**Improvements:** At a first glance, based on the meetings mentioned above and the presentation given by the Traffic Flows project, the IDEA Consortium feels that there is room

for further improvements of the GIS Database as such and of the data collection process in particular:

1. The TRACECA member states should assume ownership and responsibility of the data, its completeness and integrity over the GIS Database server, while it is kept physically at the Permanent Secretariat in Baku. It is suggested to appoint one GIS-coordinator per country (preferably from the Ministry of Transport and coordinated by the National Secretary) forming a TRACECA GIS Database workgroup. Regular meetings of the coordinators shall allow share of knowledge and ensure compatibility of information along the TRACECA routes. This will boost the group dynamics. This group shall become the technical 'TRACECA GIS Workgroup' responsible for all GIS-related tasks. In order to generate a common sense of this GIS Workgroup, group participants will share training courses, will jointly improve database structures and will jointly develop, add and implement functionalities to the web map application. The GIS Workgroup will also be mentioned as the responsible group for all database issues and database products. The IDEA team can provide regular training to the GIS coordinators as needed. That way the GIS workgroup forms the core building block of the data-collection centres to be established.
2. For the intended position of the GIS Database and GIS expert, it may be discussed whether this position is not a fixed position at the PS but rather a 'rolling' position with a rolling base in different countries (for instance, half-year stay in country A, then move to country B, etc.).
3. One of the first tasks of the TRACECA GIS Workgroup supported by the IDEA Project would be to thoroughly check the completeness and to check the accuracy and correctness of the GIS Database as handed over by the Traffic Flows project; any inaccuracies or errors need to be 'wiped out' before any new application based on the GIS Database can be developed.
4. The separation of the core GIS Database and the ASCII database for the STAN transport model needs to be dismissed, and both data sets need to be integrated into one overall database. Ideally, the transport model should be tightly integrated with the GIS Database without the need for any interface or data transformation. All data required for transport modelling need to be stored into one overall database. This would reduce efforts for updating the GIS Database.
5. On the one hand, a number of more than 70 layers in the GIS Database allow for a very detailed representation of reality; however, on the other hand efforts for updating such a high number of layers are great. It needs to be assessed whether the number of layers can be reduced allowing for easier updates, while maintaining all important information.
6. The web map application shall be technically further enhanced so as to provide means for remote database updates ('web forms'), in order to facilitate and streamline the update procedures. This would allow for much faster data updates and for easier data harmonization, and would provide chances for automatic data validations (such as identification of data gaps or of 'bad values'). The IDEA Project will identify groups of data that are (not) suitable for remote data updates.
7. The level of detail and responsibilities of future data collections need to be revised in the new data-collection approach as well. It should be first discussed to make intensified use of freely available international data sources for future database updates, in particular when it comes to statistical or economic data. Such data sources may be UN, Eurostat, World Bank (WB), Asian Development Bank (ADB), International Road Transport Union (IRU), and others. The advantage of such data sources is that they provide already harmonized data for all TRACECA member countries (and beyond), and that data updates can be more faster as only one data

source needs to be reviewed. In such a situation, the national data collection experts could then fully concentrate on the collection of data related to the transport infrastructures.

8. The above mentioned bullet points will eventually lead to a new data-collection approach supported by the IDEA team in close cooperation with the PS and the TRACECA member countries.

## 2.2.2 Webpage

**Current status:** The TRACECA web site <http://www.traceca-org.org/> has so far been an electronic tool to one-way communicate and disseminate project information to the public and partially to the stakeholders. Many stakeholders did not actively use the web site to view or download information.

Information-publishing streamline is made through the PS. By design, the web site did not offer options to search for specific documents by key words, much less review or update them. This centralized approach counteracts the idea of making the web site a communication and information-sharing platform. In addition, many TRACECA projects have launched their own web site for purposes the current web site with its rigid structure is unable to accommodate, e.g. e-learning and capacity strengthening.

Currently, the following web sites exist in parallel to the web site, particularly:

Project Title	Link
1. Strengthening of Transport Training Capacities in NIS Countries	<a href="http://tracecatraining.org/">http://tracecatraining.org/</a>
2. Maritime Training: Azerbaijan, Georgia, Kazakhstan, Ukraine	<a href="http://www.maritime-training.biz/">http://www.maritime-training.biz/</a>
3. Development of coordinated national transport polices for CA	<a href="http://www.centralasiatransport.com/">http://www.centralasiatransport.com/</a>
4. International Logistics Centers for Western NIS and the Caucasus	In preparation
5. Freight Forwarders Training Courses	<a href="http://www.tvm-e-learning.com/nea/inlog.php">http://www.tvm-e-learning.com/nea/inlog.php</a>

As the 'Freight Forwarders Training Courses' project has ended, the web site will be taken off-line and the content will be lost. In addition, countries like Turkey and Romania have their own TRACECA web pages. Moldova National Secretariat has maintained a web site for several years and recently took it off line.

The Traffic Flow project has created a new TRACECA web page to serve two user groups: (1) An external viewer (e.g. investor) interested in TRACECA issues who can see only final documents approved for publishing, and (2) an internal user to share draft documents, registration for working-group meetings, etc.

The Traffic Flow project resulted in creating a database engine with content-management system, advanced search options, multi-user access control, decentralised document uploading, and administrator triggered e-news action to registered users. The design of the web page also involved a group of future users.

At the initial phase of re-design selected experts were invited to Vienna (from PS, Ukraine and Kazakhstan) and discussed the new web site features with the Vienna-based technical developer. Active participation of the delegates was secured, several work sessions were held physically and virtually. The development of the web site is now at its Beta version pending user-testing / validation / database population and final approval of the client. Upon this, the web site will be ready for publishing (going live).

This web site was obviously pursued without active involvement of the PS. Based on information from the PS Web Master, a non-mandated secretary participated in the above-mentioned meeting. This has resulted in a process, in which this new development did not consider the existing projects database held on under the domain traceca-org.org.

The Permanent Secretariat has triggered a new initiative to further develop the TRACECA web site based on the existing projects database and will take positive impulses from the development of the Traffic Flow Model. In the next reporting period, the IDEA team shall support this development to arrive at improved TRACECA web-site catering for:

- Central, searchable library for all TRACECA publication;
- Offer to the TRACECA member countries, individual web site locally adapted based on pre-set templates, supported by content management system;
- TRACECA projects web sites based on pre-set templates supported by content-management system;
- Upload area for country information managed by the NSs;
- Attractive presentation of Investment projects for investors and private sector; and
- Intranet for registered stakeholders (e.g. transport administrations in member states, freight forwarders associations, IFIs officers) to follow TRACECA activities.

This will ensure effective use of the web site as a two-way communication and the NS and stakeholders can actively participate in populating the web site. The NSs should feel responsible and ultimately assume ownership for the respective country data and for the relevant content of the website. Projects and NSs will upload proceedings, feasibility studies etc. for viewing and downloading by the stakeholders.

This ownership aims at active participation of the stakeholders, thus making them keen on uploading relevant data, actively utilise the site and contribute to the web site activities.

A task force will be created to set the features of the site and accompany its development before introducing it to all TRACECA member states and stakeholders. The task force is suggest to comprise representatives of the Permanent Secretariat, three member states and a project representative.

### **2.2.3 Transport model in VISUM software**

**The ECA-Trans model in STAN software:** In May 2009, a workshop between the Traffic Flows project and IDEA Project experts was held in Helsinki; the intention of the workshop was to exchange background information about the data, the modelling approach and the methodology underlying the ECA-Trans transport model. A description of the fundamentals of this model as it emerged during the workshop is given here below.

The ECA – Trans freight model of the Traffic Flows project has been developed and implemented in software STAN. It is a multimodal, multiproduct assignment model, and has three main components: the supply, the demand and the cost functions.

**Supply:** The supply side of ECA – Trans is composed of networks, which represent the spatial layout of the transportation system, of transfer nodes, which capture the intermodal trans-shipment operations characteristic of such systems (currently implemented only at ports, no inland freight village or other transfer node is modelled), and of modes, which specify how transportation activities are performed.

ECA – Trans consists of following networks:

- Road network,
- Rail network,
- Sea network (trump traffic (bulk), truck-ferries, rail-ferry) including ports,
- Oil and gas pipelines.

Apparently, at the beginning of the Traffic Flows project it has been decided that AIR mode was not a relevant transport mode for freight in the TRACECA area. Consequently, the current model does not cover air traffic flows.

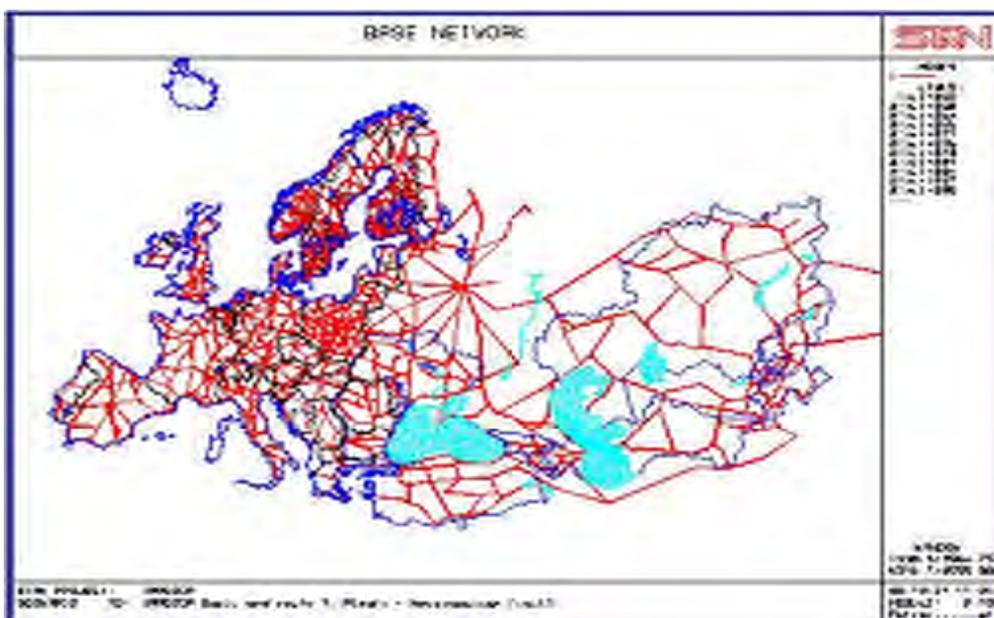
The ECA – Trans model network is currently composed of the TRACECA routes within the TRACECA area. Additionally it contains very detailed networks for the FRISBEE regions (Finland, Sweden, northern parts of Russia), and a reduced network for the rest of Europe. The network outside EU-Europe and TRACECA area is very limited, e.g. just 2 links to China.

The size of the model networks is:

1. 121 traffic analysis zones, with about 80 zones within TRACECA area. It should be noted that some countries are represented only by one zone (e.g. the external countries Russia, China, Moldavia), and some countries by more than one zone (e.g. Kazakhstan has 19 zones);
2. A total of 1,950 links and connectors for all networks with:
3. Approx. 500 road links,
4. Approx. 300 rail links,
5. 446 regular nodes

The length of links was derived from the GIS database. All connectors from zones centroids to the network are modelled with a length of 1 km and a cost of 0 Euro. Currently the model uses a Swedish map projection as coordinate system.

**Figure 1: The ECA-Trans road network**



Source: Analysis of Traffic Flows for TRACECA Countries and Interregional Transport Dialogue between EU and NIS. Interim Report 3

The following modes are defined in the model.

**Table 1: ECA-Transport Modes**

Transport mode	Model code
Road	L
Rail	R
TRACECA Port mode	P
Truck-Ferry, Ro-Ro	F
Rail-Ferry, Ro-Ro	E
Bulk (sea)	B
Oil Pipeline	O
Gas Pipeline	G
FRISBEE port mode1	H
FRISBEE port mode2	X
FRISBEE Lo-Lo, (sea)	A
FRISBEE Flight	U
FRISBEE Inland Waterway	I
FRISBEE Car and Truck ferry	C

Source: Analysis of Traffic Flows for TRACECA Countries and Interregional Transport Dialogue between EU and NIS. Interim Report 3.

Each mode has a specific network. In STAN the mode choice and the route choice are modelled simultaneously. Assignment is based on generalised costs and uses the mode specific networks. A cost factor in EU per ton is calculated for each possible route within all modal networks. These costs are used for a simultaneous assignment to routes and consequently to modes.

It should be noted that ECA-Trans model allows change of mode only at ports (from ships to rail or road vehicles), while other logistic hubs (freight villages) are not modelled.

Generally, all network elements in a transport model have a capacity restraint function, which appears to be asymptotic functions. In Eca-Trans model there is no network capacity on links except for ports. This port "capacity" is derived from the total flows observed in the year 2006 and it is expressed in terms of tons per year handled by the port. Capacity Restraint (CR) functions would not be of any use in this model on links other than ports as capacities are not given and neither domestic freight transport nor private transport are modelled at all.

**Demand:** The demand for transport is defined by the particular products or commodity groups of products to be analysed, the zones of production and the zones of consumption for each commodity that make up the region under study, as well as the demand for each product or commodity group. Demand finally can be described as the quantities of each product/ commodity group to be moved from zones of origin to zones of destination (OD matrix).

Due to the lack of data and, in some cases, to the delay of data from the country experts, the freight demand (defined as flow volumes in tonnes between origin and destination pairs) was estimated based on the 2006 UN Comtrade Data statistics.

These statistics report export and import volumes for all the TRACECA member countries in monetary value (US dollars). Therefore the freight flows in the ECA-trans model were first expressed flows of freight values (in US dollars) and were then converted into freight flows in tonnes by using commodity specific conversion factors.

For this purpose the 68 SITC2 (US-\$) groups were aggregated to 14 commodity groups. As a result, the ECA-Trans model has 13 matrices, one for each commodity group plus gas.

Demand matrices have been estimated for 2006 and for the two forecast horizons 2020 and 2030. Forecasts of traffic flows are based on economic scenarios for 2020 and 2030, which have been accepted by the TRACECA member countries. It is worth to note that these scenarios reflect economic projections before the start of the current economic downfall.

The economic forecasts have been based on agreed figures of annual GDP growth for each TRACECA member country. Transport demand was at first forecasted on a national basis, in terms of import and export of the different commodity groups per TRACECA member country. It was then further disaggregated to the traffic analysis zones (approximately 80 zones) on the basis of the distribution of population on these zones.

The population in the traffic analysis zones and the development of population per zone was derived from official statistics agreed by the Government of the respective TRACECA member country. Since it appeared that population growth was only available on national level, the distribution of population over the traffic analysis zones for future scenarios was assumed to be as in 2006.

There is no direct link or interaction between the Economic Model and STAN, i.e. the assumptions about the future economic development are exogenous to the transport model and vice versa, i.e. there is no impact of transport infrastructure on the economic development in this approach.

**Cost functions:** The core of the STAN software lies in the cost functions set to calculate generalised costs differentiated between link types, modes and commodities. These functions link the supply and demand components together and define the criteria used to determine how traffic is moved across the network.

ECA-Trans model has one function set per link type, mode and commodity.

Six major transport cost components are defined:

1. Operating costs,
2. Risk of damage,
3. Transport reliability,
4. Value of goods,
5. Transport time (average Lead time), and
6. Frequency (for sea-transport services only).

Furthermore, the six cost components are grouped into

- Operating Costs, and
- Level of Service costs (all other cost components).

Weighting factors are determined for the different cost components for different modes and commodities. These groups of cost components can get a different weight during the assignment process (manually).

The cost functions consist of formulas with different parameters describing for example the Value of Time. This means that different values of time can be modelled for the different commodities, link types and modes. However, as not many surveys could be conducted in the area, most of these parameters are deducted from other studies and other models, e.g. the FRISBEE model. After the definition of the cost functions, there is an iterative assignment process to reach the system equilibrium (convergence).

**Model outputs:** The main outputs of the ECA-Trans model are transport volumes in tons per year by link or node by commodity group. Since only freight transport crossing national borders was in the scope of the Traffic Flows project, only international freight flows were modelled. This means that ECA-Trans model does not cover domestic flows of freight, but only flows between TRACECA member countries as well as flows between TRACECA

member countries and other countries (freight traffic originating in TRACECA area, freight traffic destined to TRACECA area and freight transit flows).

Results of traffic flows are non-symmetric, which reflects the asymmetry of Import and Export of the different countries. Apparently, the model does not represent vehicle trips, e.g. the return of empty vehicles, which would then result in more symmetric flows

**Initial appraisal:** Although the model has only been introduced briefly to the IDEA Consortium in a meeting in Helsinki, and neither the model, nor its documentation is available to the consortium yet, a first assessment of the quality of the modelling approach and consequently of the model output and the usefulness of the model can already be given now.

Generally, ECA-Trans model seems to be very simple with a very limited level of detail:

- The network models seem very simple, not very detailed, representing only the most important links inside the TRACECA area, which are modelled by straight lines only; representing too little links outside the TRACECA area, e.g. just 2 links connecting the TRACECA region to China.
- The model represents the study area by a very limited number of traffic analysis zones: a total of 121 zones for 13 TRACECA countries and for all surrounding countries, e.g. China as a whole is represented by only 1 zone, the same applies to Russia and other smaller countries.
- All zone centroids are connected to the network by uniform connecting links of 1 km and a cost function of 0.00 €.
- The ECA-Trans model represents international freight transport only, that is, freight transport crossing at least one border of a TRACECA member country. Domestic freight transport is not represented; passenger transport is not represented. Capacities of links are not represented. The only network element that is represented with a capacity is ports. Consequently, bottlenecks in the transport networks cannot be represented by the model, apart from ports. No capacity restraint functions can be applied in demand modelling, as neither capacities nor complete demand is represented in the model. Impacts of bottlenecks on transport demand ("Bottleneck Congestion") can therefore not be represented by this model.
- The parameters of the cost functions have been partially derived from other European studies and are actually not based on surveys in TRACECA member countries; the usability of these parameters taken from European countries is questionable and consequently the usability of the cost functions and the demand model for TRACECA member countries as a whole.
- The data available and used for the model calibration in some cases seems to be inadequate; data from traffic counts exists from different locations. These are located at ports and borders but also on links inside the respective countries. Port and border counts can be considered to represent full international transport flows, whereas the inland counting stations consist of a combination of international flows and domestic flows, which, however, cannot be further divided. In all cases, the data available is the total flow at the respective cross section, i.e. number of vehicles in both directions. The data at borders and ports can be used for validation. The data from other counting stations cannot be used, as it is impossible to determine the proportion of international freight transport flows on internal links.
- At some counting stations, also the share of HGV has been reported; currently, the known relationship between freight flows on links in tons and the number of counted HGV at the links is used to determine loading factors (tons per HGV). This appears a reversed approach. However, no surveys have been conducted to get information about loading factors.

**Forecast model:** The forecast model is based on the following data:

- Officially accepted forecasts of economic development at national level only
- Officially accepted forecasts of population growth on national level only.

The spatial distribution of forecasted population to the approximately 80 internal zones is assumed to be exactly as in the base year 2006. No major developments, no land-use planning or alike have been taken into consideration. The forecast extremely simplifies by assuming that all areas or regions of each country to grow at the same pace.

And future transport demand is simply forecasted on national level as well, based on the forecasted economic development. Flows of the different commodities are then simply disaggregated to the 80 internal zones by distributing origins and destinations over the zones in accordance to the distribution of the population over these zones only.

Again, this is a very simple approach. It does not differentiate economic development for different industries or parts of economy and it simply links freight traffic generation and consumption to population development. This is certainly not the case for all industries. A more differentiated approach appears necessary to forecast freight transport demand for different commodities for the future scenarios.

**ECA-Trans Model in VISUM software:** The freight transport model developed by the traffic flows project is currently being converted from software platform STAN to software platform VISUM. This task is carried out by PTV as a sub-consultant to Louis Berger / WSP. The contract has been signed on 02 July 2009. The time available for the sub-consultant to carry out the model conversion has been contractually determined to be 6 weeks after delivery of all necessary data and documentation.

By the time of writing this report, not all data had been passed over to the sub-consultant. Consequently, it has to be assumed that the converted model will not be available in VISUM and will not be delivered to the EU Commission before September 2009.

An official hand-over meeting was held in Brussels on 04 September with the Traffic Flows project and the Commission. The Commission has informed the Traffic Flows project of the required actions to comply with the project deliverables, and a date was set for end of September to meet the requirements.

**Concluding remarks:** From the information available to-date it is still to be understood to what extent the model developed by the Traffic Flows project will be useful to the IDEA Project, at least in its current form and with the given level of detail of the model.

It represents only international freight transport (no domestic freight, no passenger transport), consists of very simple networks only, consists of a very limited number of traffic zones and has very simple approaches for demand calculation for base year and even more questionably for forecast years.

It certainly cannot directly be used in its current level of detail to identify bottlenecks in the networks and analyse impacts of bottlenecks and capacity restraints. Consequently, it can also not be used to analyse impacts of capacity relieving measures, infrastructure development, transport demand measures and alike.

The scope of the IDEA Project is to identify bottlenecks and problems in the transport networks, to develop measures and to analyse likely impacts of those impacts of these measures. For this task to be carried out, the IDEA Consortium will need a more detailed model, representing total traffic flows, i.e. international and domestic flows, more precise representation of future demand and its distribution, more zones, more links, more precise approaches.

Given today's limited knowledge of the traffic flows model it appears, considerably more effort has to be put into the model to make it of any practical use to the IDEA Project.

## **2.2.4 Prioritization of projects**

Under the Traffic Flows project it was agreed that each National Commission builds a mutually agreed database with mutually agreed selection priorities<sup>15</sup>. The project then screened about 87 priority projects - of which 3 projects are at a marketable stage – from all TRACECA member countries except for Turkmenistan. Part of these priority projects were presented in the Working Group meeting on transport infrastructure in Bucharest in February 2009.

The Working Group meeting on transport infrastructure, which had to be held in May 2009 in Brussels under the organization of the Traffic Flows project, was then postponed by the Commission (AidCo and DG TREN) in order to ensure a fully constructive meeting rich in content. For the same reason, it was then agreed to convene the Working Group meeting only with a meaningful content and preparation and the decision about the date and content was deferred after the inception phase of the IDEA Project, depending on the overall political schedule and the technical PS reform.

## **2.2.5 TRACECA Investment Fund and Business Advisory Council**

The ToR for the Traffic Flows project under Activity 2.6: Possible Private-Public Partnerships, required the project to consider the possibility of the creation of a TRACECA Investment Fund (TIF) and a Business Advisory Council (BAC) for TRACECA projects.

Since neither the BAC nor the TIF have been established by the Traffic Flows project, the IDEA Project faces a situation different from what was assumed in the Project's ToR.

However, at the last Progress Meeting in Brussels on 22 July 2009 it was agreed that the theme of PPP has to be treated in terms of capacity building and not at the detailed level as it happened with the previous TRACECA projects. This will have significant implications in the planned activities, among others the establishment of the BAC and the TF, for the IDEA Project.

## **2.3 Organisational Issues**

### **2.3.1 Communication and organisation**

The Project started its on-site activities as from 02 June 2009 with the location of the TRACECA PS in Baku as base of operation. It is understood that physical proximity and hence shorter communication routes to the PS as central beneficiary of the Project should increase effectiveness and cooperation throughout the duration of Project elaboration. No other offices of the Project were established as mentioned in the Technical Proposal. The need for an additional office in the western TRACECA region will be re-assessed during the next reporting period.

Minor organisation issues will be sorted out; these were pending at the starting time of the new SG office period. The Project has a calculated need of four rooms to allow adequate working environment conditions for the three key experts, local staff (three persons) and the influx of short-term local and international experts to the base of operation. The SG is assessing the available space in the PS. In case of the unavailability of the needed space, the project may go ahead and rent additional space outside the PS premises.

The IDEA team has also set up an internal communication scheme. The IDEA Consortium is coordinated by TRT and includes Dornier Consulting, PTV and Alfen Consult. TRT management is organised as follows:

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<sup>15</sup> Mutually agreed internal rate of returns should serve as cut-off rate to distinguish projects between public and private financing possibilities. For instance, ADB accepts for own financing only projects with an economic IRR above 12% (all other projects do not provide social benefits sufficient for IFI financing) and a financial IRR below 12% (all other projects need to be financed by the private sector)

- The IDEA Project has a Project Coordinator, an Operation Manager and a Project Supervisor. The Project is led by the Team Leader, who is also responsible for the Baku office.
- In addition to the three key experts operating in Baku (team leader, transportation expert and financial expert), each partner of the IDEA Consortium provides a given amount of person-months for short-term international and local experts.
- IDEA Project activities are steered by a Management Committee, which is composed by five members (team leader and one representative per partner) and whose rules are agreed in the Consortium Agreement.
- Communication with the EC is channelled through the Team Leader, the Project Coordinator and the Operation Manager. The indicative division of activities is as follows:
- TRT (Project Coordinator and Operation Manager) manages directly the communication with the EC for coordination / logistics activities, such as organization of meetings, requests of visa, letters of invitation, approval of missions to Brussels and other places in the EU and in all cases where short-term international experts are involved, etc.;
- Communication of the Team Leader with the EC is essentially for project-contents related issues and approval of missions within the TRACECA area, etc.

### 3 Preliminary results from the stakeholder analysis

During the course of the stakeholder analysis, the IDEA team shall pursue the following activities:

1. Identification of the general development problem or opportunity being addressed / considered;
2. Identification of those groups which have a significant interest in the IDEA Project and potentially resulting investment projects;
3. Investigation of their respective roles, different interests, relative power and capacity to participate (strengths and weaknesses);
4. Identification of the extent of cooperation or conflict in the relationships between those stakeholders; and
5. Preliminary interpretation of the findings of the analysis.

The stakeholder analysis is divided into project introduction missions and subsequent analysis of their results. The key expert team has divided the coordination function to be:

- Key Expert 1 : Armenia, Azerbaijan, Georgia and Turkey;
- Key Expert 2: Bulgaria, Moldova, Romania, Ukraine; and
- Key Expert 3: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan.

Within the Inception Report's time window, introductory missions were made to Armenia, Georgia, Turkey, Bulgaria, Moldova, Romania, Ukraine, Kazakhstan, Kyrgyzstan and Uzbekistan. Missions to Tajikistan and Turkmenistan, and introductory meetings in Azerbaijan will be undertaken shortly before or after distribution of the Final Inception Report.

The key expert team designed a questionnaire (see [Annex 3](#)) which the experts used as guideline during the stakeholder interviews. The later detailed analysis and incorporation of relevant information into the IDEA Project process will help ensure that

- resources are appropriately targeted to meet distributional/equity of objectives and the needs of priority groups,
- management and coordination arrangements are appropriate to promote stakeholder ownership and participation; and
- conflicts of stakeholders' interest are recognized and explicitly addressed in project design.

#### 3.1 Definition of stakeholders

Stakeholders by definition are such institutions (public or private), groups of people that may have a significant interest in the success or failure of a project (implementers, facilitators, beneficiaries or adversaries. The direct target groups, as defined in the ToR, are in particular:

- Ministries of Transport,
- Modal administrations,
- Transportation and freight forwarding agencies,
- Transport operators (railway entities, shipping companies, rail ferries, ro-ro and container lines delivering services on TRACECA network),
- Customs and border police authorities, and
- Port and terminal management agencies.

Relevant local associations and institutions should also be closely associated to the project, depending on their role and of national transport organizations.

## **3.2 Major Findings by individual TRACECA Member Country**

In the following, the IDEA team laid out major findings deducted from the missions to the TRACECA member countries in alphabetical order. TRACECA member countries not listed in the below section have been visited, but mission reports of these visits have not yet been elaborated due to the limited available time before elaboration of this Inception Report.

### **3.2.1 Armenia**

The Mission met stakeholders in Armenia from 13 to 16 July 2009. After an initial meeting with the TRACECA NS, the EC Delegation, ADB, Customs Authority, EBRD, Armenian Development Agency, Ministry of Economy, National Statistical Office and WB were visited.

- 90% of Armenia's overland trade with Turkey goes via Georgia, 10% via Iran. Some air cargo is being shuttled on weekly flights between Yerevan and Istanbul. 70% of Armenia's total overland trade goes via Georgia, 30% via Iran. European / US and Iranian companies are interested in establishing production and trading firms in Armenia to circumvent trade prohibitions and boycotts. A functioning transport infrastructure is one of the most important preconditions for these firms to settle down.
- ADB is looking for co-financing of the North-South Road Corridor rehabilitation, probably with WB and EBRD.
- Discussions are under way with China Railway International Ltd. (major joint-stock construction company) about an exclusive loan into railway infrastructure.
- Customs declaration procedures are being simplified, an electronic declaration is possible by legal bodies at the customs houses. A customs declaration at the border has to be done only by physical bodies; legal bodies do the customs declaration at a Customs House near to the point of destination. Harmonisation of data output is required between countries in the region, because national requirements differ and result in artificial regrouping of HS 96 data.
- EBRD is planning a cooperation with EIB: EBRD is to identify and structure projects, subsequently EIB is to participate since it charges lower interest rates. EBRD has already signed a MOU with EIB.
- Commercial banks presently so far are not financing transport-infrastructure projects, since their capital endowment is very low, and because there still does not exist a concession law or framework to involve the private sector in Armenia. There exists an EBRD trade facilitation programme with specific banks (ten out of a total of 22 in Armenia), guaranteeing letters-of-credit and thus taking over risks for local banks.
- Official documents should be sent via diplomatic channels through missions in Brussels in order to ease the top-down approach. Any dealing with Iran and any decisions on the Central Asia Regional Economic Cooperation (CAREC) must be cleared by the EC.

### **3.2.2 Bulgaria**

Based on the coordination with the Bulgarian NS, the introduction mission to Bulgaria took place from 23 to 24 July 2009. During the mission, a round table meeting was held at the Ministry of Transport with

- MOT – State expert in the international Relations Department,
- MOT - National Transport Policy Directorate,
- National Company Railways Infrastructure,
- Railway administration Executive Agency,

- Maritime Administration Executive Agency,
- Bulgarian Port Infrastructure Company,
- Bulgarian Association of Freight forwarders, transport and logistics,
- Bulgarian State Railways (BDZ).

The round table meeting was followed by a meeting with the NS, EBRD and the WB.

During the meetings, a project presentation was made and project objectives and approach was presented illustrated to the participants. During the meetings, the presentation and the subsequent discussion, the following views and issues were of concerns:

- Common understanding for the need for the database maintenance and update.
- Intensification of training, as TRACECA possibly involves Bulgarian expertise as trainer.
- A transportation master plan is being developed for Bulgaria, but no freight transport master plan is available. The IDEA Project suggested setting up a freight transport task force to create a freight transport white paper identifying hi-level objectives for the Bulgarian freight transport and the corresponding modes and routes. Those routes will be used as a underlying foundation for the further development of TRACECA routes.
- The roundtable participants express the need for Bulgaria to focus on the lower freight axis and the development of a new axis between the Balkans and Italy towards Turkey.
- High priority is seen in intensifying cooperation with Georgia in land transport across the Black Sea.
- The TRACECA Corridor lags behind Russian alternatives that are well developed. TRACECA lacks integrated trade facilitation. This will need common actions among governments for procedurals and institutional issues but in parallel among private sector association to address the operational bottlenecks.
- The EBRD is not involved in Bulgaria in projects with governmental guarantees. They are prepared to support private-sector investments. There is a law for concessions in Bulgaria. For PPP projects, the legislation do exists and the track record is mixed. A small-scale port on the Danube River was given a concession. Large ports on the Black Sea are considered as not an option. So far it seems - according to the EBRD representative views - that the political will was missing. This may change in the near future in Bulgaria.
- The EBRD is currently not involved transport related project. However. EBRD finances roads projects on municipal level. Attractive projects for the EBRD are primarily those with the private sector. PPP could also be attractive in partnership with transport related public agencies.
- In the regional context, the EBRD sees opportunities for funding of regional / multilateral projects if the regional counterparts, feasibility and risks are clear. In project funding, the EBRD works with all major banks. The funding boundaries range between Euro 5 and 50 million. For larger investments, syndication with other banks is possible. Typical time frame for loans is 15 to 17 years with a grace period.
- The WB is involved in the road sector rehabilitation in Bulgaria. The International Financing Corporation (IFC) in Bulgaria is supporting private-sector and PPP projects.

### **3.2.3 Georgia**

Stakeholders in Georgia were met from 7 to 11 July and on 16 July 2009. A preparatory meeting was held with the National Secretary for Georgia and his Deputy. On the following day, a Roundtable Meeting was held at the Ministry of Economic Development. Apart from

the National Secretary and his Deputy, the meeting was attended by representatives of the EBRD, Customs Authority, International Road Carriers Association, and Association of Freight Forwarders. Subsequently, visits were paid to the roundtable participants, to the EC Delegation and to the WB.

Major explanations to the present state of the transport subsectors were that

- Georgia's external trade (notably exports) remains very limited and non-diversified. The range of commodities leaving Georgian territory is dominated by mineral fuels (about 40% of total commodities to the EU on transit from Azerbaijan and Central Asia) and agricultural products (almost 30% of total commodities as national products). Major concerns were expressed as to declining cargo traffic volumes: The global economic crisis shows a severe impact on Georgia's rail and roads. However, amounts of data are sparse, and participants complain about their incapability of forecasting future cargo traffic volumes as major precondition for investing into transport infrastructure.
- The old dysfunctional railway between Tbilisi and Yerevan / Armenia might be put back into service if indications materialise that the Turkish-Armenian border be opened for cargo traffic as from end-2009. Rehabilitation of the existing railway between Tbilisi and Poti / Kulevi is another priority of the Georgian Government. Reconstruction of the railway section Khasuri - Zestaphoni is intended to alleviate the bottleneck of the main line (Azerbaijan – Black sea) of Georgian Railways. A second project foresees capital repair of the rail track on the Zestaphoni - Samtredia section.
- The Government urgently needs to rehabilitate road sections, also Georgia's exclusive asphalted east-west road connection (a second east-west earth road is of limited capacity) was interrupted during the August 2008 conflict. Of the two roads leading into Eastern Turkey, the coastal road from Batumi is preferred over the inland road via the city of Vale which, although shorter, leads through very mountainous areas and thus implies higher fuel and maintenance costs. Of the two roads linking Armenia with Georgia, carriers use the road linking the city of Yerevan with the ports of Poti and Batumi via Tbilisi which, although much longer, is in a better condition and less mountainous area compared to the direct road via the city of Akhalkalaki. At present, seven identified transport-infrastructure projects aim at mainly rehabilitating existing road sections and partly expanding road bottlenecks through construction of shortcuts, bypasses and nodal points.
- Private banks have so far never invested in the construction or rehabilitation of transport infrastructure.
- The WB sees urgent needs in capacity building of overall transport planning and transport economics generally and in the road sector particularly. The WB proposed the Mission to undertake a feasibility study for the road section between the Armenian border and Batumi port. However, since the GoG does not have a need for this road and consequently does not want to shoulder any expenses, TRACECA should explore possibilities of grant or PPP financing.

### **3.2.4 Kazakhstan**

During the initial fact-finding and stakeholder mission from 7th to 8th July 2009, the EC Delegation, the partner project International Logistics Centres in Central Asia, the Ministry of Transport and Communication, the National Secretariat of Kazakhstan, the Delegation of ADB and two representatives of international commercial banks (Commerzbank AG, Landesbank Berlin AG) were visited.

The economic situation of Kazakhstan comprehends a certain stress occurring from the international credit crisis and some home-made financial problems that led one of the major banks of the country (Bank TuranAlem) into severe trouble.

The trustworthiness of this bank and - with it - the image of Kazakhstan as the major economic player in Central Asia is at stake. Whatever scenario will come up in one to three years time, the lack of confidence of international investors will be reflected in decisions regarding green-field PPP-financing.

Although Kazakhstan has, under a governmental umbrella, installed a PPP-centre that shall provide information and know-how to interested and relevant parties, only specially lobbied and promoted individual projects had the chance to implement specific PPP-structures which cannot be rolled-out through the country or even the entire region of Central Asia.

Major interest of the country is in a transport enforcement of the route China-Kazakhstan-Russia and back. It was asked how the EU and the IDEA Project could support this idea with help of the TRACECA projects.

Kazakhstan will from 2010 have the presidency in the Organization for Security and Co-operation in Europe (OSCE), and during that time plans to promote the ideas of realigning the legislative system of different countries as well as common approaches and steps to further integration in, among others, the transport sector.

The MoTC of Kazakhstan sees a general prevalence of an overall approach in excess of the importance of individual projects.

For the IDEA Project, the MoTC proposes a four-step approach:

- Definition of borders as challenging points (no boarder crossing, no transport channels),
- Creation of a list of existing problems,
- Assessment of situation,
- Recommendations to governments.

Any project should assure the involvement of private entities and beneficiaries of effective logistic corridors (e.g. operators of logistic centres).

The International Logistics Centres in Central Asia project (CALC) focuses on the data-flow process on local and regional level and appreciates a coordination of data assessment methodology between different projects (WTLC, IDEA, etc.)

For CALC, the issue of project determination is closely linked to the road maps of TRACECA and similarly to MoTC private engagement into the logistic centres

Data collection for CALC was no major problem, because the project directly approached different private institutions to receive traffic data.

For the NS, as a privately organised entity facing a governmental bottleneck of e.g. traffic-flow information, the idea was most welcome to make the beneficiary countries of TRACECA the owners (host could be the IDEA project) of the data-base.

The question who should feed the data base was clear for two reasons: private entities are less bureaucratic and they are interested in sales of the information and consequently keep the information flow up to date.

There is no contradiction between, on the one side, private companies as information collectors / processors and, on the other side, the interests of the government that automatically can make use of information collected, structured and later provided. The government can use this set-up and show its leading political role in the complete TRACECA process.

ADB structure of CAREC is promoting PPP in the region as well as Private Sector Development (PSD). Kazakhstan and Kyrgyzstan (recently approved a law on PPP) are the leaders in the CAREC region whereas Tajikistan, Uzbekistan and Azerbaijan have made no steps to prepare an adequate environment for PPP in the transport sector.

ADB does not see any major projects under a PPP-structure for the next coming years. That is why it will focus on capacity building, because despite existing small PPP-enhancement structures (Kazakhstan) there is a significant lack in understanding of PPP processes as well as in methodologies how to define appropriate PPP-projects.

According to ADB, the target of donors should be structures and capacities building in the Central Asian region that are comparable and finally capable to assure a preliminary screening in the individual countries.

As a summary it can be stated that Kazakhstan understands its major role in TRACECA and other processes based on its economic power and strategic geographic position. However, it sees the needs of cooperation as part of a land-locked region. The IDEA Project will profit from close cooperation with international donors and the well-accepted NS.

### **3.2.5 Kyrgyzstan**

During the initial mission from 16 to 17 July 2009, the EC Delegation, the Ministry of Transport and Communication, the Ministry of Finance, the National Secretariat of Kyrgyzstan, the Delegation of ADB and EBRD as well as a commercial bank (KICB) were visited.

The economic worldwide situation of Kyrgyzstan is not without influence on the growing economy of Kyrgyz Republic. However, the stability of its political system was underlined by the results of presidential elections.

The Government introduced PPP and concession laws recently to pave the way for an internationally accompanied way to privatisation in infrastructure and transport systems.

The attempts to privatise the energy sector during recent years were so far stopped. Although the respective regulations are in place international banks and donors as ADB show reluctance, because a system-wide approach did not work, but is needed to install effective procedures, stable income situations and socially harmless service structures for the population.

Although railway business is profitable and effective, the vast majority of goods and services is carried by trucks and cars in and through Kyrgyzstan. The efforts of the government to improve the road systems are supported by international donors and especially by ADB and World Bank. They, together with others handle a country support strategy and co-chair their activities. After initial years of grants the banks now provide combined supporting project oriented facilities.

Concerning civil aviation the country will do everything for the national carrier to leave the blacklist of non-acceptable airlines. Many small private companies doing business with neighbouring countries and regions do not see a need or economic value to improve their fleets and mainly are not affected by the restrictions arising from the blacklist.

ADB is promoting PPP in the region as well as Private Sector Development (PSD), but does not see any major projects under a PPP-structure for the next coming years. Similar to the Kazakhstan Office, it follows a strategy of improving capacities and defining small, feasible projects that allow a practical learning process.

The Ministry of Transport acknowledges its growing importance for the economic development of the country. It has on one hand received higher budget contributions and on the other put effort to intensify its cooperation in international organisations as CAREC, TRACECA and the Shanghai Group.

Naturally, China, Kazakhstan and Russia are the strongest partners of Kyrgyzstan. However, it is a clearly statement of the government to improve collaboration with the EC.

### **3.2.6 Moldova**

The introductory stakeholder analysis in Moldova took place on 17<sup>th</sup> and 18<sup>th</sup> of August 2009. The mission timeframe was coordinated with the NS for Moldova. Meetings took place with the EBRD, the EC Delegation, and WB in addition to meeting the TRACECA NS and the deputy Minister of Transport.

- The EBRD co-finances projects in Moldova with EIB. In the transport sector, the EBRD was a co-financer of the Danube freight port at Giurgiulești.
- Moldova has passed a PPP-legislation last year. Giurgiulești is a major PPP project in Moldova with tri-modal transport infrastructure and favourable tax and customs framework.
- While the EBRD is not active in the Railway, they have been active in road financing along with the WB. Also the EBRD is co-financing with EIB the upgrade of the airport.
- EBRD is open for financing PPP projects also for regional projects with neighbouring countries.
- Moldova has developed a transportation master plan, support is however needed in identifying TRACECA priority projects in Moldova.
- A roundtable meeting is envisaged for Moldovan stakeholders in October 2009 in Chisinau. This should include public and private stakeholders.
- Border crossing procedures have to fulfil EU requirements. Moldova required Romanian drivers to obtain a visa to enter Moldova.
- Millennium Challenge Corporation (MCC), a US government agency has allocated a budget of US\$ 300 million for transport sector in Moldova.
- The WB had a trade and transport facilitation project that was focusing mainly in Moldova on the customs and its improvements.
- The WB has no current investment plans in the transport sector except TA in the roads maintenance.
- IFC is operating in Moldova out of the Bucharest office. The engagement in Moldova has been very limited so far focusing on advisory services.

### **3.2.7 Romania**

Based on the coordination with the Romanian NS, the introductory stakeholder analysis to Romania took place on August 13 and 14, 2009. After an initial meeting with the TRACECA NS, A meeting took place with the EC Delegation in Bucharest and the EBRD. The WB was not available for meeting.

- Romania identifies TRACECA projects which are part of the Romanian national transport plans and actively and consequently pursue funding securing and allocation for these projects. The Romanian transport master plan is in its final stage of completion.
- A roundtable meeting is envisaged for Romanian stakeholders in October 2009 in Bucharest or Constanta. This should include public and private stakeholders.
- Romania has a concession law that sets the legal framework and enabling environment for PPP projects also within the transport sector. Currently PPP investments in roads are in the contracting process. PPP experience in Romania is realistic but not tested.
- The EBRD does not support sovereign projects anymore unless they include transition (reform) component. Major finance focus is on private-sector projects such as power plants on concession basis. Government agencies, with their character of

managing their revenues quasi independently, are seen as private entities and can receive EBRD finance. Also, the EBRD is involved in the finance of the A3 construction north of Bucharest.

- Regional project finance is an option for EBRD if both countries are countries of operation for EBRD, for example Pipelines or border crossing facilities.
- Sectoral Operational Programme - Transport allocated Euro 4.5 billion for the priority axis in Romania. The priority axis relevant to TRACECA is the modernization and development of TEN-T priority axes aiming at sustainable transport system integrated with EU transport networks with total budget allocation of Euro 3.85 billion.

### **3.2.8 Turkey**

The introductory stakeholder-analysis mission in Turkey took place from 6 to 13 August 2009. In Istanbul, the Mission met the **Ro-Ro Vessel Operators and Combined Transporters Association (RODER)** and the **Organization of the Black Sea Economic Cooperation (BSEC)**.

- To facilitate transport, RODER provides its members with a Global Transit Guarantee for the transport of transit goods into Europe without the requirement of placing individual guarantees. RODER intends to expand RODERNET into Central Asia. BSEC plans to introduce a transit permit by early 2010 by distributing 200 permits to each of its 12 member countries. RODER intends to visit Baku during September 2009 and asked the Mission to organise a meeting with the Customs Authority through the Azerbaijan NS.
- Coordinated development of the Black Sea Ring Highway (BSRH) commenced in mid-2008. The project consists of a 2x2 lane asphalted highway around the Black Sea. Already in mid-2006 BSEC approached TRACECA, but the team then did not make a follow-up on project.
- BSEC also plans on contributing efforts to the extension of Trans-European Networks and the development of Euro-Asian transport links. BSEC has developed a Transport Action Plan to, among others, connect BSEC region infrastructure to the Trans-European Network, Pan-European and Euro-Asian Corridors through the programs / projects linking Europe to Central Asia. RODER is presently negotiating with CASPER an agreement on fixed shuttle services and lower rates for ro-ro services across the Caspian Sea.

A Roundtable Meeting at the MoTC was held In Ankara, the Mission met the TRACECA NS and his Expert, plus representatives of TCDD (responsible for railways), KGM (responsible for roads), DLH (responsible for ports). MoTC's Department for EU Affairs, EC Delegation, Secretariat General for EU Affairs, State Planning Organization and WB.

- In end-April 2009, the number of priority TRACECA projects was narrowed down to nine from an original 16 projects. Whereas all three original port projects were retained as priority projects, the number of priority road projects was decreased from nine to three, and the original four railway projects were entirely swapped for three new electrification & signalisation projects. With the exception of the Irmak-Karabük-Zonguldak line section, which connects the port of Zonguldak on the Black Sea via the future port site of Filyos with the east-west railway line east of Ankara, all rail and road projects are in strict line with the TRACECA Corridor's east-west direction.
- The Transport Policy and Infrastructure Investments manager at the EC Delegation will send copies of the feasibility studies for construction of Candarli Port and Mersin Container Terminal, and for electrification & signalisation of the Irmak-Karabük-Zonguldak line section after finalisation of the FS in late 2009 (for Filyos Port in May 2010). The sector manager also proposed to invite the TRACECA team to a site visit of a future Filyos Port sometimes during September 2009.

### **3.2.9 Ukraine**

Based on the coordination with the Ukrainian NS, the introduction mission to Ukraine took place on July 27 and July 28, 2009. After an initial meeting with the TRACECA NS, A meeting took place with the EC Delegation, and the Freight Forwarder Association. Meetings with the WB and EBRD did not take place as their representatives were not available for meetings during the mission period.

- In the view of the Ukrainian NS, the IDEA Project should focus on the support for the GIS Database, work closer with transport operators, both private and public ones, and provide resources for feasibility studies. The Ukrainian procedures for project realization are lengthy and may take several years.
- Legislation for concessions are generally available. Particular legislation are underway for PPP for railways, ports, roads and border crossing facilities.
- The NS recommended involving in particular the freight forwarders association, customs, port authorities, railway and cargo operator. A special round table can be organized late September for the stakeholders.
- The NS showed that 13 transport projects are on-going in Ukraine and synergy should be ensured.
- The EC delegation stressed the need to fast track the IFI manual to become a common base for all operating projects in their feasibility assessment.
- The BSRH as a project needs to be considered in the project scope.
- The EC Delegation representative mentioned 12 EU funded projects in Ukraine, for which synergy is essential. During the next visit to Ukraine (September 2009) a round table should be held for discussion and sharing of information.
- The Ukrainian International Freight Forwarders Association is very keen to have a participatory role in the TRACECA project events. The association represents over 160 freight forwarders in Ukraine. In Ukraine, most freight forwarders are specialized in a single type of Cargo.
- Freight transport faces several problems on the TRACECA routes. Those are for, example, the frequent changes of rules, partially unpublished, the required customs bond, view of customs as a funding source for state budget, unequal high fees for over-seized containers and ultimately the time consuming procedures at the borders along the TRACECA routes versus alternative routes through Russian.
- The Ukrainian International Freight Forwarders Association expressed its interest in the PPP approach.
- A roundtable meeting is envisaged for Ukrainian stakeholders in October 2009 in Kiev or Odessa. This should include public and private stakeholders.

### **3.3 Preliminary General Findings from Introductory Stakeholder Missions**

Following general findings could be preliminarily deduced from the introductory stakeholder missions so far conducted:

1. External trade (notably exports) of essentially all Asian TRACECA member countries remains very limited and non-diversified.
2. Road carriers encounter barriers against road cargo haulage, such as political problems, bad road and multi-modal connections, corruption / extortion, complicated visa-issuing procedures, one-time permissions for import, export or transit of cargo, high road tolls; and limited customs working hours. In the past, national financial interests in fast income generation have superseded the interest in regional economic development by slowing down improvements in the dismantling of barriers against road cargo haulage in the TRACECA region. As consequence, excessive road

haulage charges between Europe and the Caucasian / Central Asian countries will cause trade to increase between the region and western China, where industries are expected to be established.

3. At present, commercial banks hardly finance road or rail infrastructure projects in any TRACECA member country, since either the banks' capital endowment is very low, or because there still do not exist concession laws or frameworks to involve the private sector.

## 4 Work Plan for the next Period

In the following subchapter, the TRACECA strategy as originally lined out in the IDEA's Technical Proposal is revisited and updated in terms of quantity, quality and time. Measures of quantity include, for instance, statistical statements, whereas qualitative indicators generally are judgements and perception derived from a subjective analysis of progress made.

### 4.1 Results to be delivered

#### 4.1.1 Risk management and sustainability

Annex 4: Overall Output Performance Plan, provides the Technical Proposal's logframe matrix updated as to its constraints and assumptions, thus indicating the IDEA Project's approach to risk management and sustainability. Assumptions that may be hardly influenced by the Project activities are:

- continued strong political commitment and technical support are provided by the new PS and the TRACECA member countries;
- partner governments and authorities are ready to cooperate where necessary in the priority areas, and to take measures required in the terms of endorsement of adopted legal, technical and institutional reforms and adequate resource allocation;
- IFIs are open and willing to fully cooperate in the desired coordination activities and joint project preparation;
- TRACECA member countries are open to fully share trade and transport data; and
- investments are redirected into securer long-term transport-infrastructure projects due to the economic crisis.

Assumptions that, conversely, may be positively influenced by the project activities are:

- Key personnel and counterpart staff are appointed and made available in time and in the required extent and qualification to participate in the project activities;
- Assistance in provision of office space together with logistics support is provided by TRACECA member countries;
- A complete Traffic Model and GIS Database has been delivered by the Traffic Flows project; and
- Individual bilateral agreements and preferential treatments are entered into rather than agreements are created based on international standards.

The third risk above of the IDEA Project not taking over a complete Traffic Model and GIS Database is a particular case in point and has been detailed in Section 2 above. The Project's ToR and subsequent offer relied on the existence of these useful tools elaborated by the Traffic Flows project. In the absence of these tools, there exists a clear risk for the IDEA Project's performance and for the related commercial aspects and achievement of deliverables.

#### 4.1.2 Key milestones

The following table preliminarily readjusted, in terms of timing, the key milestones of the IDEA Project during its first two years of implementation.

This readjustment was necessary due to the extended time period required for the inception phase additionally containing the extensive stakeholder analysis as described in the above chapter.

**Table 2: Readjusted scheduling of milestones**

<b>Milestones</b>	<b>Due In (Month)</b>
M1 Coordination Meeting	<b>5</b>
M2 Project website goes online	<b>6</b>
M4 Working group meeting on PS Reformation	<b>7</b>
M3 First Regional Ministerial Conference on PS Reformation	<b>9</b>
M5 First training session for the TRACECA Permanent Secretariat staff	<b>11</b>
M6 Second training session for the TRACECA Permanent Secretariat staff	<b>13</b>
M7 TRACECA Investment Manual	<b>15</b>
M8 Working group meeting on Trade Facilitation	<b>16</b>
M9 Second Regional Ministerial Conference	<b>17</b>
M10 Third training session for the TRACECA Permanent Secretariat staff	<b>19</b>
M11 Working group meeting on Competitiveness of Tariffs	<b>20</b>
M12 Working group meeting	<b>23</b>
M13 Short-listing of six to eight projects	<b>24</b>
M14 Fourth training session for the TRACECA Permanent Secretariat staff	<b>25</b>
M15 Working group meeting	26
M16 Third Regional Ministerial Conference	28
M17 Fifth training session for the TRACECA Permanent Secretariat staff	30
M18 Working group meeting	30
M19 Identification of a minimum of two bankable project	34
M20 Sixth training session for the TRACECA Permanent Secretariat staff	34
M21 Working group meeting	35

The essential points to be monitored *inter-alia*, include:

- Deviations of progress against previously agreed project milestones;
- Adherence to the work plan in terms of the project activities and results;
- Deviations in effort and resources needed to complete an activity as compared to plan;
- Introduction of new work activities not included in the original plan; Appearance of obstacles, constraints and other issue which prevent or impact adversely on project completion and which require project escalation.

#### **4.1.3 Distribution of Tasks and Activities**

Annex 5: Distribution of Tasks and Activities among Project Key Experts, points out the primary responsibilities of the Project's three key experts. In detailing the Project's ToR, the four project components, which are allocated to the corresponding individual key experts, are further broken down by activities according to the key experts' expertise.

**Component 2**: The primary responsibility for the project identification and project definition – with the exception of PPP – will be allocated to the Key Expert 2: Transport Project Development Expert.

**Component 3**: Mobilisation of Funding, is entirely under the responsibility of Key Expert 3: Financial and PPP Expert.

In contrast, responsibilities for many technical activities originally allocated to the Key Expert 1: Team Leader – Transport Policy Expert, within **Component 1**: Supporting implementation of TRACECA Long-Term Strategy and related Action Plans, have been taken over by the other two key experts in accordance with their fields of expertise. For instance, actualisation of the database and training of personnel is devolved to Key Expert 2, and project financing issues to Key Expert 3. Hence, the team leader can avail of more time to concentrate on his core

function as Transport Policy Expert and project coordinator and to distribute and make public the progress and results of the Project under **Component 4: Communication and Dissemination**.

## **4.2 Project Progress during Project inception**

Annex 6 depicts a Project Progress Report indicating the major activities implemented during the inception phase from mid-May until mid-September 2009, including an evaluation and revision of the overall targets.

### **4.2.1 Project kick-off and related meetings**

On 12 May afternoon, a Logistics Coordination Meeting was held with participants from European Commission (AIDCO, DG TREN) and from the following TRACECA projects:

- Motorways of the Sea,
- International Logistics Centres in Western NIS and the Caucasus,
- International Logistics Centres in Central Asia, and
- Transport Interoperability and Dialogue between the EU Caucasus and Asian (IDEA) Project.

This was the first coordination meeting of its kind, the EC decided to hold regular coordination meetings in order to facilitate the IDEA Project's role to coordinate external communication activities of the TRACECA projects involved in logistical tasks.

In the morning of 13 May, a Informal briefing was held with the Traffic Flows project where AIDCO and DGTREN and the IDEA team took part. The group discussed the Traffic Flow project results, access to Traffic Flows data and connection between model and GIS, viability of traffic projections, migration of Traffic Flow model and data from STAN to VISUM package, status of the Business Advisory Council (BAC), and office hand-over procedures and details.

On 13 May afternoon, the IDEA Project officially commenced with a Kick-off Meeting under participation of the EC (AidCo, DGTREN) and the Project. Main decisions of the participants as to scheduling of the IDEA project were to

- amend the work plan by adding a mission of IDEA experts to Helsinki in end-May to learn about the model and database developed by the Traffic Flows project,
- have the High Level Kick-off meeting of our IDEA Project take place at the IGC meeting at Issyk Kul / Kyrgyzstan on 15 June,
- extend the response time to the Draft Inception Report until early September,
- conduct an extensive stakeholder mission in all TRACECA member countries during the extended inception phase, and
- convene the next IGC meeting in Brussels in September after distribution of the Final Inception Report.

### **4.2.2 Mobilisation and project set-up**

The ensuing time period until fielding the key experts on the 2<sup>nd</sup> of June was used to mobilise the experts, to review and analyse relevant documents, and to update on the activities of related ongoing TRACECA projects.

Between the 3<sup>rd</sup> and 13<sup>th</sup> of June, one visiting international short-term expert together with one key expert initially appraised the Traffic Model, Transport Data Base and Webpage during the GIS-training session conducted by the Traffic-Flow project in Baku. During the remainder of this time period, the three key experts set up the project office, purchased and installed communication and other electronic equipment, and detailed their work programme and activities.

### **4.2.3 Project road-show and stakeholder analysis**

During the ensuing mission to the IGC meeting at Issyk Kul / Kyrgyzstan, our IDEA project gave a short presentation of the TRACECA Project and advised the participants of the pending road-show and stakeholder-analysis mission.

Subsequently, the key experts prepared this stakeholder analysis and, during the months of July and August, conducted the mission. To this aim, the experts allocated their individual mission areas within the overall TRACECA region by dividing it into a Central Asia, a Caucasus/Turkey and an Eastern Europe mission target. During their mission and immediately afterwards, the key experts wrote their initial Stakeholder-Analysis Report and also prepared the Draft Inception Report.

After going through the required process of project-internal coordination, translation into Russian, awaiting, receiving and incorporating the Clients' comments, the Final Inception Report is intended to be circulated by the 11<sup>th</sup> of September.

## **4.3 Resource Allocation Schedule and Budget**

Annex 7: Resource Utilisation Report (updated annual resource schedule and budget) lines out the number and expenses of expert inputs.

### **4.3.1 Resources**

As a result of the additional activities not foreseen in the IDEA Technical Proposal, the labour input increased by more than a third due to the Project's international experts involved in the analysis of the Traffic-Flow model and GIS Database. During start-up of the inception phase, the IDEA team purchased some IT equipment (mobile routers, colour printer, monitor) necessary for the proper conduct of initial project activities. In view of future mission activities this equipment was complemented with some laptops and black & white printers during the remainder of the inception phase, after the Project's office staff commenced their work.

### **4.3.2 Local staff**

In mid-July, a logistics manager commenced with preparation of the Coordination Meeting in Brussels (as described below). She was joined in early August by an office manager / translator. These two staff members are earmarked to assist the IDEA team during the Brussels Coordination Meeting on site.

## **4.4 Plan of Operations**

A timetable of the activities described below is given in Annex 8: Plan of Operations for the next Period (updated annual work plan for first year).

### **4.4.1 Traffic model and GIS Database**

Since there are considerable overlapping and complementing activities with the Traffic Flows project, the IDEA team will develop requirements of the TRACECA member countries to the tools for transport analysis and forecast (transport model) in terms of the follow up of the outgoing Traffic Flows project and secure the use of the modelling and forecasting tools to the relevant institutions and authorities within TRACECA region, dealing with investment planning and project identification. Different requirements will be collated, analysed and integrated for the development of the future database that will allow all the named processes to use the stored data. The IDEA team will analyse in detail the GIS Database to determine whether the structure, content, quality and quantity of data stored meets the identified requirements.

The handover of the traffic model from the Traffic Flow project is being organized and expected to take place early September with the Traffic Flow experts, the EC services (DG AIDCO and DG TREN) and the IDEA team.

Based on the identified requirements and on the analysis of the existing database, proposals and measures will be developed to upgrade and enhance the existing regional TRACECA GIS Database. The structure of the database will be adapted to meet the requirements in particular of the transport model developed within the Traffic Flow Project by June 2009. Quality standards will be defined for data collection methods resulting in comparable and consistent data of sufficient quality. Particular emphasis will be put on evaluating whether the data collection methods will yield comparable results among the Countries of the TRACECA region. It will be determined, what are acceptable methods of data collection, how can consistency be guaranteed. The IDEA staff will set up and refine a method to involve directly GIS Database and model users to become data providers.

#### **4.4.2 Restructuring of the Permanent Secretariat**

Following the conclusions of the Baku Intergovernmental Conference that took place in Baku on 04 December 2008, the IDEA team started to assist in launching the transformation of the PS as an important step to increase the network effectiveness. A draft concept paper lined out the necessary steps required to give more ownership in the development of TRACECA to its member countries. This objective would be achieved along a four-step approach:

- Strengthening the position of the National Secretaries to guarantee deciding and delegating powers;
- Delegation of more functions from the PS Headquarter to the National Secretariats;
- Concentration of PS Headquarter onto core functions; and
- Improvement of coordination / collaboration between PS Headquarter and National Secretariats.

The PS Secretary General presented and discussed this paper at the European Commission in early September 2009.

Reformation of the PS is an important point also on the agenda for the Coordination Meeting in Brussels on 25 September 2009, and will be discussed by the NS of all participating TRACECA member countries at a WG planned to take place in early December 2009. In February 2010<sup>16</sup>, a Regional Ministerial Conference is envisaged in Brussels to decide and agree on the reformation of the PS.

TRACECA institutions will be invited to deliver concrete proposals concerning all legal and organisational components of restructuring of the PS. Based on these recommendations the IDEA team will give a first training session for the TRACECA PS staff. This transformation and subsequently training will strengthen the role of the PS in playing a catalytic role between national and international actors.

#### **4.4.3 TRACECA Logistic Chains Performance Index**

Logistics chains as part of the trade facilitation efforts are a key success factor along the TRACECA routes. An initial review will be made to study the procedural, time and monetary factor (both tariffs and other costs incurred along a route) facing a virtual container shipment between a pre-defined origin/destination pair (Europe-Asia and vice versa) along different TRACECA routes and the alternative routes. Input from on-going TRACECA projects will be ensured and requested in addition to external institutions like IRU and WB. Based on these initial findings, the IDEA team shall launch a mission to assess the Logistics Chain Performance Index (LCPI) for the TRACECA Corridor and parallel routes.

The outcome of this assessment should reveal the shortcomings and bottlenecks of the different routes. A set of subsequent activities may be triggered to counteract the revealed shortcomings on the performance on the logistics chain along the TRACECA routes, e.g. to (1) action plan for harmonizing the regulatory and legal frameworks along TRACECA routes,

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<sup>16</sup> The PS SG had proposed this dedication and timing to the TRACECA team

2) action plan for border crossing and transit shipment improvements, 3) action plan for harmonising the institutional set up, or 4) interoperability along TRACECA routes. A WG meeting earmarked for August 2010 (Milestone 7) could discuss this topic.

Another resulting action will be based on round table discussions with the TRACECA PS and legal experts of the MoTs. The IDEA team will elaborate recommendations on closer integration of the TRACECA member countries' regulatory frameworks with the EU, on implementation support and time frames, and on further technical interventions (projects) in terms of realignment of transport and trade facilitation legislation, ensuring closer integration between the TEN-T and TRACECA. In order to improve the inconsistent transport legislation, the IDEA team will follow up the results achieved by past TRACECA projects.

#### **4.4.4 Action Plans**

Fulfilment of the specific actions identified in the Action Plan 2007-2009 is directly related to institutional strengthening of the TRACECA PS.

The IDEA team will update the action programme in individual countries for the year 2009 and update of the regional actions, and identify the issues and actions to be followed up in the next action plan.

The IDEA team will use the template existing so far for the Action Plan 2010-2012, however if the potential for improvement is obvious and requested by beneficiaries, this template may be updated. This work will be implemented in close coordination on daily basis with the PS; TRACECA meetings will be used as platforms for decision-making on the recommendations delivered within this activity.

#### **4.4.5 Other milestones**

Urgent tasks, such as putting the web page on-line, are being permanently tackled during the remainder of the inception phase and beyond. A documented methodology for project identification and screening will be formulated with the aim to maintain and update the project pipeline and to continuously screen, select and evaluate projects. In November 2009, the IDEA team will participate in the NS conference in Baku.

The First Interim Progress Report will be circulated in mid-December 2009. The Working Group on Infrastructure - together with the Investors Forum - will indicatively be targeted for early 2010, its planning will have to be agreed with DG TREN.

The IDEA team will organise and implement a Regional Ministerial Conference on the reformation of the PS in February 2010 (the PS SG had proposed this dedication and timing to the IDEA team).

Based on the results of the before-mentioned activities, the IDEA-staff will develop conclusions and associated recommendations on the extent to which TRACECA development and activities have been consistent with the agreed IGC Long-Term Strategy.

### **4.5 Work Programme for entire Project period**

Annex 9 depicts the distribution of tasks among the IDEA Project's three key experts and the distribution of the activities over the entire Project duration of three years.

#### **4.5.1 Adapted milestones**

As the timing of resulting adapted milestones can at best be only indicative, workload levels of the key experts are indicated as monthly aggregates.

#### **4.5.2 Workload**

The IDEA team plans to adapt their intervals of low workloads to the holiday seasons in Baku and the TRACECA member countries, and to always have at least one key expert on site in order to provide constant assistance to the TRACECA PS and the individual NS.

- 5 The initial visits to the TRACECA member states shows a need to maintain continuous communication with the stakeholders, specifically enhancing the dialogue with the private sector to ensure arriving at investment projects attractive for the private sector participation. The IDEA team envisages regularly visiting the TRACECA member states every 2-3 months on a regular basis. Given the fact that many meetings and conferences, as requested by AidCo, will take place at the EC facilities in Brussels and in other European locations (e.g. investors forum in London) the working time spent off-site will be adjusted above the level of 10%, as suggested in the IDEA Project's Technical Proposal, to the 25%, in compliance with the maximum requirement of the ToR, for missions outside the region and home office. This will give more flexibility in matching IDEA Project requirements.

## 5 Annexes

### ***Annex 1: Capacity and Institution Building***

The combination of capacity building and institutional building is important to develop the frameworks for a sustainable infrastructure development with a long term focus.

During the inception phase discussions showed an additional need to treat PPP in terms of capacity and institutional building as stated in Chapter 1.3.2. There are several ways how capacity building can be achieved.

One option of capacity building could be by the training of trainers or workshops with permanent secretaries, key stakeholders and decision makers. The training of trainers has the significant advantage to duplicate knowledge to a wider audience. It is a transfer of knowledge and skills on transport infrastructure investment for a continuous long term capacity building process. Workshops with selected key decision makers and trainers can play a major role to achieve a common understanding about infrastructure procurement, coordination, management and finance between the countries. On this basis needs and challenges as well as necessary steps can be analyzed. A series of workshops could be organized locally and/or in Germany which gives the opportunity to showcase and discuss actual PPP infrastructure projects.

The training program curriculum for PPP could include the following points:

#### **Potential training/ workshop curriculum:**

- To set a PPP strategy
  - Under which circumstances should PPPs be used
  - Form of PPP
  - Project identification (criteria)
  - Coordination between government agencies
  - Conflicting objectives between the ministries
  - Support in commercial skills
- PPP policy (responsibility /advisory role)
- Risk analysis / sharing guidelines
  - Overcoming the lack of skills / inappropriate incentives
- Transaction management
- Contract management
  - Long term political focus
- Definitions of incentives for procurement of PPP
- Deferred costs
- Transactions in excess
- Commercial incentives
- Contractual arrangements
- Transfer of information to all branches of government
- Multi-year budgeting
- Assessing potential value for money and efficiency gains

The capacity building could be extended to project finance, but should cover all aspects of sustainable infrastructure management and delivery.

Strong Institutions are important for a transaction flow, development of an environment for private involvement in infrastructure delivery, acceptance of infrastructure policies, duration of procurement process and influence on transaction costs. The institutional building strategy of the TRACECA IDEA project could support the set up of institutions responsible for the delivery of infrastructure including PPP.

Workshops and training on efficient infrastructure management and delivery will support the understanding of possible roles of responsible units.

**Institutional building:**

Those roles could be (depending on the executive power):

- Know how transfer
- Clarify fiscal implications of infrastructure projects
- Project selection
  - Incentives at ministry level
  - Overcoming lack of reforms and the desire to shift costs to other agencies
- Support fiscal risk management
- Project risk management
- Transaction management
  - Standard procedures/ documents
  - Understanding of risks by investors
  - Market information
- Contract monitoring and enforcement
- Handling of institutional failures

**Annex 2: List of TRACECA projects**

<b>Title</b>	<b>Beneficiary Countries</b>	<b>Target Groups / Stakeholders</b>	<b>Mode concerned</b>	<b>Type of commodities</b>	<b>Type of analysis</b>	<b>Remarks</b>
Transport dialogue and interoperability between the EU and its neighbouring countries and Central Asian countries	All TRACECA countries: Azerbaijan, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Romania, Tajikistan, Uzbekistan, Turkey, Turkmenistan, Ukraine	Ministries of Transport, various transport players TRACECA project teams	All modes	All commodities	Coordination, communication	The purpose is to enhance regional transport dialogue and transport inter-modality between the EU and the countries belonging to the ENPI East Region and Central Asia region, in the context of supporting the further development of the transport system in the region and its interconnection to the major trans-European transport axes. Particular emphasis on improving coordination with IFIs and participation of the private sector in transport projects
Motoways of the Sea	Direct beneficiary: Azerbaijan, Georgia, Kazakhstan, Ukraine Associated: Bulgaria, Romania, Turkey	Ministries of Transport, Port, maritime administrations & managements, business community, transport operators (port, shipping & hinterland connection) professional associations, custom authorities	Maritime and sea-land connections and interfaces (rail, road, and possibly inland waterways)	Containerisable commodities (exclude among other bulk)	Market	The overall objective of the project is to raise awareness on the MoS concept in order to improve logistics capabilities, interoperability and multimodal transport and to develop efficient "Motoways of the Sea" connecting TRACECA Countries with Europe
Logistic Centres in Western NIS and the Caucasus	Armenia, Azerbaijan, Georgia, Moldova, Ukraine; Indirectly: Bulgaria, Turkey, Romania	Ministries of Transport, investors of logistic projects, business community, transport operators, professional associations, custom authorities	All modes except pipeline: road, rail, maritime, inland waterway, aviation	Containerisable commodities (exclude among other bulk)	Market	Possible coordination to - share information about bottleneck, hindrance in particular on port, hinterland and competitive routes, - improve surround door to door commodity flow
Logistical centres in Central Asia	Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan	Ministries of Transport, investors of logistic projects, business community, transport operators, professional associations, custom authorities	All modes except pipeline: road, rail, maritime, inland waterway, aviation	Containerisable commodities (exclude among other bulk)	Market	The specific objective is to develop the financial, technical, environmental and institutional conditions and studies for a network of logistical centres along the TRACECA corridor. The project will provide a set of feasibility or pre-feasibility studies for selected logistic centres to be developed on the TRACECA corridor, with a focus on public private partnerships and efficient customs services.

Title	Beneficiary Countries	Target Groups / Stakeholders	Mode concerned	Type of commodities	Type of analysis	Remarks
Strengthening of Transport Training Institutes in the NIS	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan Turkmenistan, Ukraine, Uzbekistan	Transport training entities and students, higher educational transport institutes				Overall objective is to contribute to the training of well qualified and competent staff regarding the development of sustainable transport infrastructure and modern transport services in the TRACECA countries is improved. Assessment of existing training measures and trainees' capabilities; development of modern curricula and teaching methods; institutional strengthening of existing training centres and training in the transport sector; train-the-trainers courses
Development of Security Management and Maritime Safety and Ship Pollution Prevention for the Black Sea and Caspian Sea	Azerbaijan, Georgia, Kazakhstan, Ukraine, Turkmenistan; indirectly: Bulgaria, Romania, Turkey					The project focuses on improving maritime safety and security on Black and Caspian Seas, to meet requirements of IMO Conventions on safety of navigation, security of transport, including passengers and crews, and requirements for environmental protection; to adapt technical and personnel prerequisites to meet the requirements of the Port State Control Memorandum in Black Sea and Caspian Sea.
TRACECA civil aviation safety and security	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Ukraine, Uzbekistan, Tajikistan					The project provides technical and capacity-building assistance to civil aviation structures of beneficiary countries to: (1) increase awareness, improve transport safety and security regulatory frameworks; (2) develop regional safety and security regulations in line with European safety and security regulations; (3) support cooperation agreements with the related European agencies (EASA, Eurocontrol); (4) support independent safety control and certification authorities; (5) develop effective traffic management environments through adoption of regulations, procedures, manuals, checklists and on-the-job training

Title	Beneficiary Countries	Target Groups / Stakeholders	Mode concerned	Type of commodities	Type of analysis	Remarks
Land Transport Safety and Security	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan Turkmenistan, Ukraine, Uzbekistan					The project will provide technical and capacity-building assistance to the beneficiary countries' land transport structures (railways and roads) in order to: (1) increase awareness of and improve transport safety and security regulations and standards; (2) develop regulatory frameworks in line with European safety and security regulations; (3) support cooperation agreements with the related European agencies; (4) support independent safety control and certification authorities; (5) develop effective traffic management environments through adoption of regulations, procedures, manuals, checklists and on-the-job training
Rehabilitation of Azerbaijan highways (Gazimamed-Kyurdamy)	Azerbaijan, Georgia					Objectives are to improve main road link between Baku and Georgia, thus facilitating national and international traffic links and strengthening road construction and maintenance capabilities in Azerbaijan through transfer of technology. The project ensures supervision of civil engineering works in accordance with Azerbaijan highway rehabilitation works funded by EBRD
Rehabilitation of the Railway line between Tbilisi and Yerevan (TRACECA)	Georgia, Armenia (potentially Azerbaijan)	Ministries of Transport, rail transport authorities	Rail			The overall objective of the project of which this contract will be a part is to rehabilitate the direct railway line between Tbilisi and Yerevan as well as the alternative railway link between Yerevan and Tbilisi via Azerbaijan

**Sources:** *AidCo, European Commission, Brussels/Belgium, August 2009*

*Motorways of the Sea for the Black Sea and the Caspian Sea, Azerbaijan, Georgia, Kazakhstan, Turkmenistan and Ukraine - Inception report - 31 March 2009 Egis Beem International*

### ***Annex 3: Questionnaire for Stakeholders in the TRACECA Process***

Have you ever heard of TRACECA? (Here we should put the vis-à-vis into an appropriate picture.)

#### **Transport Dialogue:**

##### **Which are the needs of the various participants for infrastructure projects generated by the IDEA-Project?**

Where is it difficult to move among or beyond the various TRACECA member countries (i.e. Central Asia)?

How attractive is the TRACECA corridor for reaching Europe (i.e. for Central Asia)?

Does the TRACECA corridor constitute a lifeline for certain regions?

How significant is the TRACECA corridor compared to alternative transport routes (Russia, Iran, pan-European corridors, etc.)?

What impact will the accession of Iran to TRACECA have on the significance of transit countries (i.e. Azerbaijan, Georgia)?

Could an increased opening of transport routes between TRACECA member countries and the Far East (i.e. China) divert interest / profitability away from the TRACECA corridor?

What are the traffic expectations of the various stakeholders?

##### **What are the stakeholders' roles, different interests, relative power and capacity to participate in the IDEA-Project?**

Are you as group or individual committed to driving the TRACECA programme?

Is your financing power sufficient to drive the TRACECA programme?

Are there transport institutions or agencies that can influence the decision-making process, for instance by overturning recommendations by other institutions?

What are the potential mechanisms to move projects into the private sector?

##### **Do cooperation or conflict situations exist or could they potentially arise in the relationships between the participants?**

Are there competitive situations between different transport modes (e.g. rail versus road) or between different transport operators (public versus private freight forwarders, shipping lines, transport companies, etc.)?

#### **Project Identification:**

##### **Which are the needs of the various participants for infrastructure projects generated by the IDEA-Project?**

How could projects generated by TRACECA fit into country strategies / project pipelines of individual IFIs?

What specific projects are there which the stakeholders could propose?

##### **Do identified infrastructure projects result in potential disadvantages to participants?**

Are there regions, member countries or population groups / segments that could be disadvantaged by the allocation / distribution of proposed projects?

Has a “cut-throat” competition between different transport modes or carriers evolved from implementation of any TRACECA infrastructure project?

Do any stakeholders feel bypassed / left out by the TRACECA Programme or its generated infrastructure projects?

Have user groups experienced disincentives from using new (perhaps better) transport means due to higher tariff rates?

What are the major incentives versus disincentives of the TRACECA corridor (time, safety, transit fees, transport charges, etc.)?

Are there “political” tariffs that disadvantage cost-based transport carriers?

### **Project Financing:**

Have transport /logistics (infrastructure projects and/or service providers) a priority position in your portfolio?

Do you see any clients/partners/shareholders being interested in improvement of multilateral and multi modal transport systems? (forwarders, traders, constructing companies)

Do you have any experience in the field of PPP-finance (BOOT, BOOT, Licence schemes)?

How realistic is the application of a PPP-approach for project financing in your country/region at present and in future (when)?

If so, can you give some examples including period and amount of facility, involved parties?

Is your institution prepared to take part in the financing of a multilateral project (including different entities from different countries)?

Who are your international partners in the banking sector (neighbouring countries, Europe, else)?

### **What are your procedural / legal preconditions for project finance (in general)?**

Which sureties do you determine as appropriate?

Are there restrictions according to legislation as far as amounts of financing is concerned?

Have you got any limitations in time frames (period of financing facility)?

How realistic may export-finance-schemes be (ECA-covered loans)?

Is provision of a governmental guarantee a surety option? What about bank-to-bank guarantee schemes?

**Annex 4: Overall output performance plan (Updated Logframe Matrix)**

<b>Project Title :</b> Transport dialogue and interoperability between the EU and its neighbouring countries and Central Asian countries	<b>Project number :</b> EuropeAid TRACECA 155-683	<b>Countries :</b> all TRACECA member countries
<b>Planning period :</b> May 2009 - May 2012	<b>Prepared on :</b> 10 August 2009	<b>Consultant :</b> Consortium TRT, Doc, Alfen, PTV
<b>Results to be achieved and target dates indicated</b>	<b>Objectively Verifiable Indicators</b>	<b>Constraints and Assumptions</b>
<b>Overall development goal :</b> To improve the transport links of the EU Trans European Networks with the neighbouring countries (Caucasus, including Armenia, Azerbaijan, Ukraine and Georgia) and the Central Asian countries, thus facilitating trade and enabling socio-economic and environment development in the region.		Partner governments and authorities should be ready to cooperate where necessary in priority areas, take measures required in terms of endorsement of adopted legal, technical & institutional reforms and adequate resource allocation.
<b>Overall project purpose :</b> To enhance regional transport dialogue and transport intermodality between the EU and the countries belonging to the ENPI East Region and Central Asia region, in the context of supporting the further development of the transport system in the region and its interconnection to the major Trans-European transport axes.	Effective coordination mechanism between the Consultant, the TRACECA Permanent Secretariat and the IFIs are in place for adequate evaluation of the TRACECA Long-Term strategy and selection of bankable projects	The continued strong political commitment and technical support to be provided by the TRACECA Permanent Secretariat and the beneficiary countries is expected. Openness and willingness by IFIs to be fully cooperative in the desired coordination activities and for joint project preparation.
<b>Result 1 – Supporting the implementation of the TRACECA Long Term Strategy and related Action Plans</b>		
1. Coordinated strategy in place and working between countries to strengthen regional transport cooperation, together with demonstrated legal, institutional and regulatory system transport re-alignment in the region.	1 Curriculum and performance of two five-days training sessions;	The continued strong political commitment and technical support to be provided by the TRACECA Permanent Secretariat and the beneficiary countries is expected;
2. Direct and targeted intervention to the Permanent Secretariat and member countries for fulfillment of specific actions required by the TRACECA Action Plan 2007-2009 and definition of input for subsequent Action Plan 2010-2012	2 One or two joint case studies following IFI methodologies;	Openness and willingness by IFIs to be fully cooperative in the desired coordination activities and for joint project preparation.
3. Organise a minimum of two Regional transport and infrastructure Conferences at Ministerial level for promotion of the European Transport policy and to promote TRACECA transport and policy dialogue.	3 Investment Manual for the TRACECA Permanent Secretariat and TRACECA governments;	1. Working groups can be programmed by EU/TRACECA

<p>4. Demonstrated progress made aimed at ensuring the sustainability of TRACECA's transport and traffic database system for the collection, collation and processing of traffic data for forecasting, analysis, investment planning and project identification.</p> <p>5. Identification of specific objectives, targets and activities which require re-balancing within the TRACECA Long Term Strategy to 2015 and roll out of monitoring tool to assess progress on implementation of the long term strategy.</p> <p>6. A delivered, high quality and successful training programme, including a "Train the Trainers", programme consistent with the demands and needs of the TRACECA Permanent Secretariat and TRACECA member countries.</p> <p>7. Structured training programme customised and delivered to meet the specific needs of the PS of TRACECA to raise levels of expertise in the area of financing and best practices for promoting IFI and private sector investment in infrastructure and the transport sector. Gain maximum leverage from training offered by other TA projects.</p> <p>8. Thematic working group structure established and working, producing focused and structured output in support of regional investment planning and definition of infrastructure and transport projects. A minimum of eight working groups to be convened during the course of the project.</p> <p>9. Preparation of a "Financing and Investment Manual" for operational use and awareness training by the TRACECA Permanent Secretariat and for member countries.</p> <p>10. Completion of a "readiness assessment" of TRACECA member countries for PPP arrangements in terms of an appropriate legal and regulatory framework and a road map for required legal and regulatory changes.</p> <p>11. Raise awareness throughout TRACECA member countries of role and relevance of PPP to transport and infrastructure related projects. Convene a minimum of one major and high profile regional conference focusing on PPP for investment in infrastructure and investment drawing upon Western European and emerging market experience.</p> <p>12. An established "working community" in place comprising a TRACECA network and IFIs with dedicated coordinators, national and international banks and other financial institutions working in close consultation and co-operation on agreed investment and transport priorities for TRACECA member countries and extension of Trans European Networks to neighbouring countries.</p> <p>13. Convene a minimum of two IFI regional coordination meetings.</p> <p>14. Implementation of agreed changes to the governance and organisation structure of the TRACECA PS of together with proposed amended funding mechanisms.</p>		<p>4 Showcase International Best Practice for PPP;</p> <p>5 Analysis of the internal criteria of IFIs for "bankable" projects;</p> <p>6 Set of criteria for evaluation of country readiness for PPP;</p> <p>7 Questionnaire to elaborate the above mentioned criteria;</p> <p>8 SWOT analysis of the beneficiary countries;</p> <p>9 Deficits and proposed next steps within the TRACECA region;</p> <p>10 Concept study regarding the setup of an task force</p> <p>Technical papers</p> <p>Project documentation</p> <p>Project progress reports</p>	<p>2. Conference can be scheduled by Ministers.</p> <p>3. Sufficient projects can be identified and agreed by EU/TRACECA, especially regional projects</p> <p>4. Good collaboration, input and initiatives from TRACECA/NS with Consultants</p> <p>5. Input and pro-active collaboration by TRACECA/NS with Consultants</p> <p>6. (i) Assumes there are suitable PPP projects for development;</p> <p>(ii) Assumes IFI will agree to meet</p> <p>7. Close collaboration assumed</p> <p>Sufficient suitable projects are proposed.</p>
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<b>Result 2 – Project identification and Project definition</b>		
<p>1. TRACECA project pipeline database in place and working to permit screening, selection and evaluation of potential TRACECA projects.</p> <p>2. Generation of a short list of between 6-8 infrastructure and transport projects which meet the criteria of a TRACECA regional project aimed at development of the corridor.</p> <p>3. Completion of project pre-appraisals on the agreed short list of projects to ascertain cost benefit analysis, economic and financial case and indicative ranking of project short list.</p> <p>4. Structured initial discussion with IFIs of the 6-8 shortlisted projects to ascertain level of interest to move forward with joint sponsorship and feasibility studies with a view to mobilisation of funding.</p> <p>5. Identification and project definition of a minimum of two regional infrastructure and transport projects which lend themselves to Public-Private Partnership structuring for assessment by the EC, TRACECA member countries and potential financial institutions.</p> <p>6. A documented methodology in place for use by the PS covering the project cycle for project identification and project definition</p>	<p>1 Long list of lenders, sponsors and construction companies;</p> <p>2 Preparation of up to five road show meetings (organization and content);</p> <p>3 Definition of criteria of choice of PPP;</p> <p>4 List of identified projects applicable for PPP;</p> <p>5 Recommendations on next steps to project development</p> <p>Seminar, training and conference material</p>	<p>Possible changes in key stakeholder organisations of a member country.</p> <p>Entering into individual bi-lateral agreements and preferential treatments rather than creating agreements based on international standards. Standards adopted are frequently outdated and thereby additional costs are incurred.</p> <p>A desire by individual country to secure the highest returns for itself, rather than taking a regional view. The regular EWG meetings foreseen will help to overcome these difficulties and misconceptions.</p> <p>No working traffic flow model or database exists as a tool useful for IDEA Project purposes</p> <p>Possible closing of borders between certain countries. It is essential to maintain good communication between the transport key stakeholders of the neighbouring countries. Certain political disputes between countries will not totally prevent the transport specialists in those countries communicating and cooperating in full. Effective cooperation can be maintained utilising the current TRACECA mechanisms, including the Permanent Secretariat, and drawing upon the diplomatic abilities of the Team Leader and other members of the team.</p> <p>Access to cost tariffs and tariff setting procedures for road transport may not be readily forthcoming due to concerns over commercial secrets of transport operators.</p>

<b>Result 3 – Mobilisation of funding by IFIs and other financial institutions to TRACECA projects</b>		
<p>1. Following on from initial results of discussions with IFIs, secure acceptance with IFIs to undertake a minimum of two full Feasibility Studies on TRACECA originated projects within the project timescale.</p>	<p>1 Identification of the six short-listed projects that will be submitted to assessment of a minimum of two separate IFIs.</p>	<p>No working traffic flow model or data-base exists as a tool useful for IDEA Project purposes</p>
<p>2. Set up and complete a minimum of two feasibility studies jointly and with the sponsorship and backing of IFIs.</p>	<p>2 a minimum of two feasibility studies short-listed projects will be launched in close coordination with IFIs.</p>	<p>Weak legal implementation and control mechanisms in place.</p>
<p>3. Secure a minimum of two bankable TRACECA originated projects with committed IFI investment funds and/or in conjunction with other financial institutions for co-financing arrangements.</p>	<p>3 Identification of a minimum of two projects that may be considered as bankable by IFIs.</p>	<p>The benefits of free market entry for operators (including cross-border services) and fair competition on price and quality of service (subject to strict regulation on safety and environment) are still not fully appreciated .</p>
<p>4. Bring forward for debate and consideration by IFIs, TRACECA member countries, other financial institutions and private sector interest, a minimum of two identified TRACECA regional infrastructure projects for possible PPP structuring.</p>	<p>4 Concept development for a minimum of two infrastructure projects for possible PPPs financing.</p>	
<p>5. As required, provide practical support and technical advisory services for the proposed Business Advisory Council and build effective interfaces and working relationships with the IGC TRACECA and the Permanent Secretariat.</p>	<p>5 Organisation of up to three coordination meetings with the European Commission and IFIs for assessing developments and role of the BAC.</p>	<p>There is still a preference in some quarters for over-regulation, monopolistic and state run operations.</p>
<p>6. As required, provide practical support and technical advisory services for the set up of the proposed TRACECA Investment Fund and build effective interfaces and working relationships with the IGC TRACECA and the Permanent Secretariat.</p>	<p>6 Organisation of up to three coordination meetings with the European Commission and IFIs for assessing developments and role of the TRACECA Investment Fund.</p>	

<b>Result 4 – Communication and Dissemination</b>		
<p>1. Setting up a communication strategy which will provide a framework for ensuring that information is shared with appropriate audiences on a timely basis and by the most effective means.</p> <p>2. Organising coordination meetings between TRACECA Permanent Secretariat, National Secretaries, EC TRACECA Project Manager, EC Delegations, National transport coordination units, project stakeholders and IFIs. They will be aimed at elaboration and subsequent updates on communication and dissemination strategy of the project.</p> <p>3. Updating, producing and disseminating TRACECA marketing material, newsletters and brochures used to promote the TRACECA programme. The main dissemination media is assumed to be the web-page.</p> <p>4. Organising dedicated TRACECA conferences, preparation of press releases, and organisation of press conferences etc.</p>	<p>1 One coordination meeting per year will be organised between the Project Team, the TRACECA Permanent Secretariat, the European Commission and the TRACECA countries to elaborate effective communication and dissemination strategy.</p> <p>2 Two coordination meeting will be organised per year between TRACECA Permanent Secretariat, National Secretaries, EC TRACECA Project Manager, EC Delegations, National transport coordination units, project stakeholders and IFIs.</p> <p>3 A project website will be set up and run for the entire duration of the project</p>	<p>The continued strong political commitment and technical support to be provided by the TRACECA Permanent Secretariat and the beneficiary countries is expected;</p>

**Annex 5: Distribution of Tasks and Activities among Project Key Experts**

Project Tasks and Activities	KE 1	KE 2	KE 3	joint
<b>Component 1: Supporting implementation of TRACECA LT Strategy and related Action Plans</b>				
A1.1.1 Political and Transport Dialogue	●			
A1.1.2 Realignment of Transport legislation		●		
A1.1.3 National Transport Policies	●			
A1.1.4 Action Plan 2007-2009	●	○	○	
A1.1.5 Action Plan 2010-2012	●	○	○	
A1.1.6 Regional Ministerial Conferences				●
A1.1.7 TRACECA Transport Data Base and Data Collection		●		
A1.1.8 TRACECA Transport Data Base and Traffic Forecasting		●		
A1.1.9 TRACECA Long Term Strategy	●			
A1.2.1 Proceedings from previous working groups				●
A1.2.2 Thematic Working Groups				●
A1.2.3 Thematic Working group outputs and follow through				●
A1.3.1 Current competencies	●	○	○	●
A1.3.2 Training	●	○	○	●
A1.3.3 Training Coordination	●			
A1.3.4a Leveraging from IFI methodologies - Project Preparation		●		
A1.3.4b Leveraging from IFI methodologies - Project Financing			●	
A1.3.5 Investment Manual		○	●	
A1.3.6 Public Private Partnerships			●	
A1.4.1 The TRACECA Permanent Secretariat and IFI Coordination	●		○	
A1.4.2 IFI and Stakeholders working community	●	○	○	
A1.4.3 IFI Coordination meetings	●	○	○	
A1.5.1 Advising on and developing recommendations for change	○	●		
A1.5.2 Implementation assistance		●		
A1.5.3 Personnel and resources		●		
A1.5.4 Training		●		
<b>Component 2: Project identification and Project definition</b>				
A2.1 Methodology for project identification and screening		●		
A2.2 Project Pipeline Database		●	○	
A2.3 Project screening and filtering		●		
A2.4 Pre-selection and project short listing		●		
A2.5 Appraisal and evaluation of short listed projects		●		
A2.6 Sounding out short listed projects with IFIs and other stakeholders		●		
A2.7 PPP and project identification			●	
<b>Component 3: Mobilisation of Funding</b>				
A3.1 IFI project sounding and screening			●	
A3.2 Feasibility study assessment			●	
A3.3 Conduct Feasibility Studies			●	
A3.4 Identification of Project financing needs and sources			●	
A3.5 PPP and promotion of PPP projects			●	
A3.6 Business Advisory Council			●	
A3.7 TRACECA Investment Fund			●	
<b>Component 4: Communication and Dissemination</b>				
A4.1 Communication and dissemination strategy	●			
A4.2 Coordination activities	●			
A4.3 Production of TRACECA project materials and literature	●			
A4.4a Events	●	○		
A4.4b TRACECA web-site	○	●		

● *Primary Responsibility*○ *Supporting Responsibility*

**Annex 6: Project Progress Report (Monitoring and Evaluation Plan, including revised overall targets)**

Project title : Transport dialogue and interoperability between the EU and its neighbouring countries and Central Asian countries		Project number: Europeaid 155-683		Countries: all TRACECA member countries		
Planning period : May 2009 - May 2012		Prepared on: 20 August 2009		Consultant : Consortium TRT, Doc, Aften, PTV		
TIME FRAME (months)						
mid-May - mid-September 2009						
No ACTIVITIES IMPLEMENTED		May	June	July	August	September
1	EC-Consortium kick-off meeting	X				
2	Mobilisation	X				
3	Review / analysis of studies	xxx				
4	Information up-date	xx				
5	Appraisal of Traffic Model	X				
6	Project Site Set-up	xx	xxx			
7	Appraisal of Transport Data Base and Webpage	xx	X			
8	Work programme and activities	X	xx			
9	IGC Meeting / Issyk Kul	xx				
10	Stakeholder analysis		xx			
11	Identification and contact of main stakeholders		xx	xxxxxxxx	xx	
12	Analysis of Stakeholder Responses			xxxxxx	xxx	
13	Draft Inception Report	X		xxxxxxxx	xxxx	
14	Translation			xxx		
15	Comments			xx	xx	
16	Final Inception Report				xx	
		Planned	Utilised	Planned	Utilised	Planned
		PERSONNEL (Key Experts)	PERSONNEL (Short Term Experts)	EQUIPMENT	OTHER MATERIAL	
		More man-days utilised than planned before Project commencement due to verification work of Traffic Model and GIS Database	More man-days utilised than planned before Project commencement due to verification work of Traffic Model and GIS Database	Laptops, Printers, Monitor, IT Equipment	More trips undertaken than planned before Project commencement due to verification work of Traffic Model and GIS Database	

**Annex 7: Resource Utilisation Report (updated annual resource schedule and budget)**

Project title : Transport dialogue and interoperability between the EU and its neighbouring countries and Central Asian countries		Project number: EuropeAid 155-683		Countries: all TRACECA member countries	
Planning period : May 2009 - May 2012		Prepared on: 20 August 2009		Consortium TRT, Doc, Aften, PTV	
RESOURCES/INPUTS	TOTAL PLANNED	PERIOD PLANNED	PERIOD REALISED	TOTAL REALISED	AVAILABLE FOR REMAINDER
<b>PERSONNEL</b>					
Key Experts	1,600	More man-days realised than planned before Project commencement due to verification work of Traffic Model and GIS Database			
Short-Term Int. Experts	1,965				
Short-Term Local Experts	2,080				
<b>Sub-Total</b>	<b>5,645</b>				
<b>EQUIPMENT AND MATERIAL</b>	Laptops, Printers, Internet & WiFi Router	Laptops, Printers, Internet & WiFi Router	Laptops, Printers, Internet & WiFi Router	Laptops, Printers, Internet & WiFi Router	No office equipment
<b>OTHER INPUTS</b>					
Per diems		More per-diems paid out than planned before Project commencement due to additional missions for verification of Traffic Model and GIS Database			
Translation					
<b>TOTAL</b>					

**Annex 8 : Plan of Operations for the next Period (updated Annual Work plan for first year)**

Project Title : Transport dialogue and interoperability between the EU and its neighbouring countries and Central Asian countries		Project number: EuropeAid TRACECA 155-683		Countries: all TRACECA member countries								
Planning Period : May 2009 - May 2012		Prepared on : 20 August 2009		Consultant : Consortium TRT, DOC, Aften, PTV								
<b>Overall Objective :</b> To improve the transport links of the EU Trans European Networks with the neighbouring countries (Caucasus, including Armenia, Azerbaijan, Ukraine and Georgia) and the Central Asian countries, thus facilitating trade and enabling socio-economic and environment development in the region. Additionally the projects purpose is to enhance regional transport dialogue and transport inter-modality between the EU and these countries through enhanced co-ordination and working with IFIs, closer collaboration and participation of IFIs and, where feasible, the private sector in TRACECA transport projects.												
No	ACTIVITIES	TIME FRAME						INPUTS				
		September 2009 – February 2010						PERSONNEL (man-days)		EQUIP- MENT / MATER- IALS	OTHER	
		04. Sep	05. Okt	06. Nov	07. Dez	08. Jan	09. Feb	Kex Experts	ST Experts			
1	M2 Project website goes on-line	X										
2	IR Inception Report	X										
4	Brussels Coordination Meeting / Working Group meeting on reformation of PS		X									
5	A1.1.2 Recommendations on implementation support		X	X								
7	A1.1.2 Recommendations on projects to assure integration of TEN-T & TRACECA		X	X								
8	M3 First Regional Ministerial Conference on reformation of PS		X									
9	A1.1.3 Recommendations on policy improvement implementation support		X	X								
10	M4 Working group meeting on competitiveness of tariffs			X								
11	A1.1.4 Recommendations on remedial action plan on specific areas			X	X							
12	A1.5.1 Analysis of the current functioning and staffing of the new TRACECA PS			X	X							
13	A1.1.5 Action Plan for 2010–2012			X	X							
14	R1 First Interim Progress Report				X	X						
15	M7 Working group meeting on trade facilitation				X	X						
16	A1.5.1 Recommendations on potential for improvement of institutional structure				X	X						
17	M5 First training session for the TRACECA Permanent Secretariat staff				X	X						
<b>TOTAL :</b>												



