

ENPI 2011 / 264 459

## Logistics Processes and Motorways of the Sea II

in Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova,  
Tajikistan, Turkmenistan, Ukraine, Uzbekistan

*Progress Report I*

*October 2011*



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## REPORT COVER PAGE

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## 1 EXECUTIVE SUMMARY

The project Logistics Processes and Motorways of the Sea II, launched by the European Commission in April 2011, is the successor of three projects: Motorways of the Black and Caspian Seas, International Logistics Centres for Western NIS and the Caucasus and Logistical Centres for Central Asia.

As a result, five Pilot MoS projects for the Black and Caspian Seas and eleven pre-feasibility and feasibility studies of logistics centres in 10 TRACECA countries are on the LOGMOS TRACECA implementation agenda.

The present report documents the activity of the LOGMOS technical assistance project during the first six months of its implementation.

The report provides short information on the project, and elaborates on its start and initial implementation period. This paper documents the plans of the project team till the end of the project in the context of situation with local stakeholders and cooperation with project partners and target groups. This planning is presented from the point of view of performance indicator delivery and lists the identified missions and events. The report points out the additional tasks and deviations which were identified for inclusion into the mandate of the project since its start. The current paper delivers an overview on the country based activities aimed at the results of each particular component.

The document provides an outline of planning activities for the next reporting period.

This administrative report is accompanied with a number of technical annexes including:

Annex 1 – Logframe

Annex 2 – List of Meetings in August 2011 – October 2011

Annex 3 – TRACECA Inland Waterways – Dnepr Case Study

Annex 4 – Documents of the Baku Task Force Meeting

Annex 5 – Documents of the Ukrainian Working Group Meeting

Annex 6 – Documents of the LOGMOS Regional Meeting in Tbilisi

Appendix A: Short Introduction to the Country Profiles

The report explains the overall objective of the current project contributing to the long-term sustainable development of logistics infrastructure and multimodal transport along the TRACECA corridor. The paper explains project approach enhancing development and implementation of coherent strategies for establishment of intermodal integrated transport and logistics chains underpinned by MoS are in focus of the present assignment.

The report points out the project will be implemented in the interactive manner, pursuing the regional dialogue, international partnerships and facilitating to ownerships of the beneficiaries and stakeholders over identified pilot initiatives.



## 2 PROJECT SYNOPSIS

### Project Name:

ENPI – TRACECA Regional Project – **Logistics Processes and Motorways of the Sea II**

ENPI contract No. 2011/264 459

### Beneficiary countries:

**Direct** – the ENPI East partners (Armenia, Azerbaijan, Georgia, Moldova and Ukraine) and the Central Asia TRACECA countries (Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan)

**Indirect** – Bulgaria, Romania, Turkey

### Wider Objectives:

This project has been conceived as the follow-up of three previous TRACECA EU Funded Projects, namely:

- Motorways of the Sea (MoS) for Black Sea and Caspian Sea
- International Logistical Centres for Western NIS and Caucasus
- International Logistical Centres for Central Asia

The overall objective of the current project is to contribute to the long-term sustainable development of logistics infrastructure and multimodal transport along the TRACECA corridor.

The assignment will enhance the development and implementation of coherent strategies for establishment of intermodal integrated transport and logistics chains underpinned by MoS.

### Specific Project Objectives:

By assessing the network from a regional perspective the assignment will ensure that infrastructure and “soft” projects planned or implemented contribute to the continuity of TRACECA.

The focal points entail:

1. Removal of logistical bottlenecks, focusing on those which hamper the flow of goods between ports and the hinterland with the objective of enhancing trade at regional and international levels.
2. Facilitation of efficient flow of goods between Black Sea ports and between Caspian Sea ones, ensuring better interoperable connections from the ports to the hinterland through logistics platforms and improved maritime services.
3. Targeting regulatory framework and sector reforms for port, maritime and logistics operations as well as introduction of port environmental management systems.

### Results:

**Result 1:** Implementation of the Motorways of the Sea concept through existing and future pilot projects and their hinterland dimension.

**Result 2:** Development and promotion of the concept of regional networks of Logistics Centres and intermodal interfaces.

**Result 3:** Master Plan for the implementation of TRACECA LOGMOS concept

**Result 4:** Technical Assistance National/Regional Regulatory Adjustment

**Result 5:** Communication, Visibility and Information Plan



**Activities:**

**1A: Maritime dimension of MoS projects**

- Set-up of and technical assistance to national, bilateral and regional working groups and task forces on already selected pilot projects
- Training activities and study tours on border-crossing related issues
- Identification, approach and gathering of EU stakeholders and customers
- Communication and dissemination activities to strengthen awareness of the MoS concept through regional support
- Assessment and recommendations on feasibility of projects that were not previously selected and new pilot projects
- Technical assistance aimed at mobilisation of different sources of financing for the implementation of MoS projects
- Monitoring and reporting on the implementation of the MoS pilot projects

**1B: Hinterland dimension of MoS projects**

- Set up of working groups and tasks forces and technical assistance for improving efficiency (including simplification of border-crossing procedures) and attractiveness of commercial conditions
- Development and implementation of a restricted number of case studies on connections between ports and logistical zones

**2A: Concept of the regional networks of Logistics Centres**

- Set-up of bilateral and regional working groups for promoting logistics processes and network possibilities
- Identification of the core networks between ports and logistics hubs
- Development of recommendations and guidelines for the TRACECA network of logistics centres
- Organisation of study tours and training

**2B: Logistics Centres' projects implementation**

- Identification of interfaces to be adjusted to promote the network of logistics centres
- Identification and promotion of synergies between identified logistics centres
- Technical assistance related to establishment of network modalities
- Follow-up of feasibility studies and promotion of identified sites, raising awareness and enhancing interest
- Establishment of a dialogue and cooperation between the promoters and developers of the logistics centres

**3: LOGMOS Master Plan**

- Developing recommendations and guidelines for LOGMOS
- Two/three case studies to be selected and developed as pilot projects, small working groups to be set up to for addressing bottlenecks / defining required technical assistance
- Support and capacity building for attracting funding



#### 4: Technical Assistance to Regulatory Adjustments

- Case study related assessment of maritime and intermodal legislation and environment
- Organization of training, seminars and working groups to identify changes needed
- Development of a monitoring mechanism on regulatory adjustments

##### Target Group:

Ministries of transport, port and maritime administrations, port and terminal managements, border crossing agencies, transport associations, railway entities, shipping companies, local associations and institutions, business community etc.

**Beneficiaries:** Ministries of Transport of TRACECA member–states, PS IGC TRACECA

**Project starting date:** 27 April 2011

**Project duration:** 36 months

**Inputs:** Technical Assistance will include:

Long – Term Key Experts:

*Team Leader:* 660 MD

*Key Expert 2:* 660 MD

*Key Expert 3:* 660 MD

Short – Term Experts:

*Senior Experts:* 1,000 MD

*Junior Experts:* 1,500 MD

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### 3 ANALYSIS OF THE PROJECT

The reporting phase encompasses the first six months of the project implementation from late April 2011 till November 2011. Continuation of stakeholder dialogue and ownership driven implementation were pointed out as a basis for future assignment. The coordination with the European Commission took part throughout the overall project implementation.

The project had a dynamic start on 27 April 2011 to ensure a proper follow up and continuity of the previous technical assistance projects on logistics centres and motorways of the sea. The key expert team took over the outputs of the MoS I project, at their final event for the Black Sea in Brussels on 28 April 2011. The kick-off meeting at European Commission was held Brussels on 29 April 2011.

The office in Kiev was made operational after the start of the project in the beginning of May 2011. The key experts were mobilised on site after the meetings in Brussels. The core team of short-term experts was gradually mobilised.

The project moved its activities from West to the East during the first progress reporting period. All countries of TRACECA were approached during either in missions, or at regional events and TRACECA meetings. The PS was involved in coordination work.

The project synopsis was approved by the EC on 18 May 2011. The document streamlined the assignment for LOGMOS to fit it to current situation based on the TOR. The approved version was distributed to beneficiaries and the stakeholders.

The EU Delegations in Ukraine, Moldova, Georgia, Kazakhstan, and Tajikistan were informed. The EU Delegation in Ukraine was involved in project registration process.

Several regional events and missions to eight out of ten were carried out in the first six months of the project (See Annexes 2 – List of Meeting of the Inception and Progress reports I). Team Leader reported on all project activities on a monthly basis to the Project Manager at DEVCO.

#### 3.1 Relevant Project Context

The LOGMOS project is a follow up of three previous TRACECA interlinked projects: Motorways of the Seas in the Black Sea and the Caspian Sea, and International Logistic Centres in the Western NIS and the Caucasus and for Central Asia. These projects identified five MoS pilot-projects and eleven logistics centres approved by the beneficiaries.

The previously identified pilot projects vary in terms of scope, relevance for TRACECA corridor, degree of maturity or promotional support in the beneficiary countries. The LOGMOS is to follow-up these pilot projects in terms of updating priorities for project implementation.

In the reporting period the project team has identified, discussed and revised action plans for each of the pilot initiatives. The action plans are deemed to be stakeholder owned and serve as a framework for implementation. The dedicated working groups and task forces were formed to implement the action plans.

During the reporting period the LOGMOS team started to develop country profiles for all of the beneficiary countries, summarising the current status of the transport sector, transport flows relevant to the project, the process of legal reforms in this sector and existing bottlenecks as a basis for further project activities.

The pilot projects may be reassessed and combined with each other in case this increases their efficiency, improves attractiveness for investors or eliminates a missing corridor link.

The LOGMOS team encouraged the countries to submit their proposals in logistics and multimodal sectors for evaluation till April 2012 in view of defining the new pilot projects. The





assessment will be organised by means of Multi-Criteria Analysis (MCA) at regional and project levels. The individual projects should contribute to the cohesion of the TRACECA network and hinterland connections needed for optimisation of cargo flows. The MCA will take into account in the provisions of the TEN-T policy review.

The LOGMOS' TOR charges the project with development of the comprehensive TRACECA motorways of the sea master plan in accordance with the term of reference. The analysis of the beneficiary countries however revealed necessity to include hinterland connections and nodal hubs of landlocked countries in the master plan. Therefore, a LOGMOS master plan is proposed to include both maritime and logistics dimensions.

### 3.2 Implementation approach

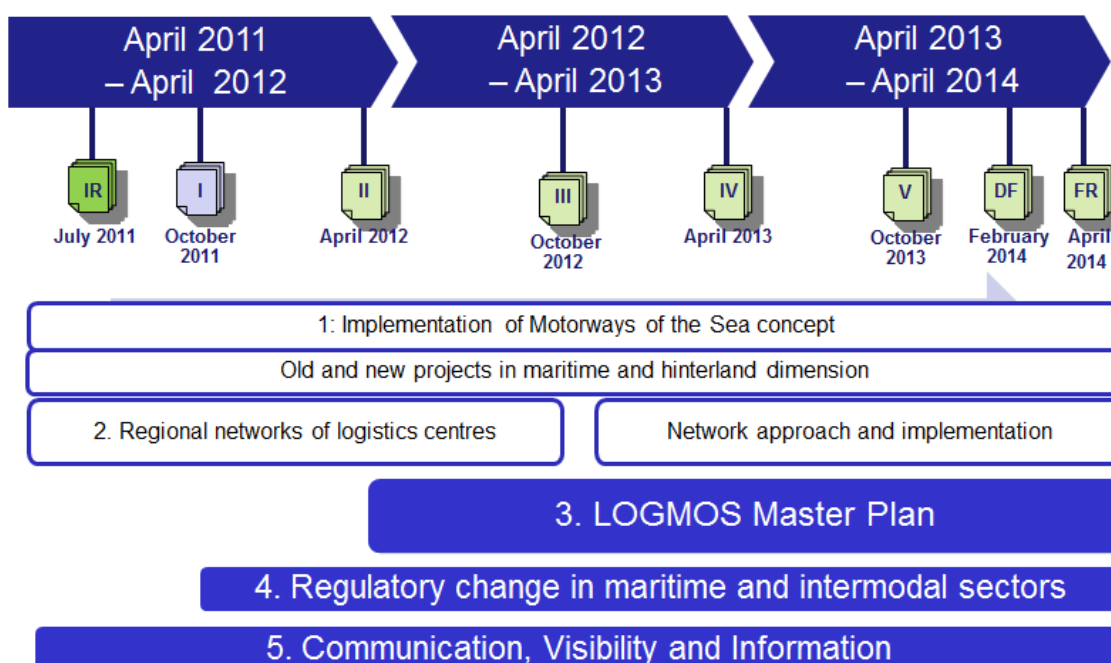
The implementation approach is based on defined activities and implementation phases. Activities have been designed for each defined project result area. Each main activity includes a number of related tasks (1A-1D, 2A-2B, 3A-3C and 4A-4C + 5) which were streamlined in consultations with the beneficiaries and the European Commission. The result of the work program is indicated in the approved project synopsis.

In this process the current project context has been analysed taking into account recent developments in the beneficiary countries and the EU TEN-T policy review with an objective to target technical assistance to the beneficiary needs. This process has been implemented in coordination with TRACECA counterparts

The tasks which basically lead to achievement of the common performance indicators were streamlined and consolidated.

The overall approach is schematically presented in the figure below.

Figure 1: Project Approach



### 3.3 Additional tasks and deviations

For the activities of the **Component 1: Implementation of the Motorways of the Sea** and **Component 2: Development and promotion of the concept of regional networks of Logistics**



Centres the project team proposed to tackle the achievement of the respective goals through existing and future pilot projects adding their hinterland dimensions.

For **Component 3** dealing with MoS master plan, the project team proposed to develop a **LOGMOS Master Plan** in line with directions on the TEN-T policy review applicable for TRACECA. This allows to include the landlocked countries of TRACECA in both core and comprehensive networks capitalising on their hinterland potential. Thus, expanding the MoS master plan to landlocked countries under the LOGMOS umbrella constitutes an additional domain of activities for achievement of result 3.

The terms of reference include a **Component 4** on national and regional regulatory reforms in the maritime and intermodal sectors. The implementation of this component implies consideration of several factors:

- First, currently in TRACECA these issues are addressed by various initiatives of national governments, membership in dedicated international organisations like IMO, IRU, IRF, UIC, OSZD or dedicated projects of EU under twinning or national programmes. Donor institutions and international organisations (e.g. UNECE, WCO) promote these issues using their regional mandate.
- Second, several previous EU TRACECA projects were developing recommendations in this respect. Their implementation is still on-going and put onto the agenda of TRACECA and individual governments.
- Third, the recommendations on legal basis related to maritime and intermodal sector may require the changes in the national legislation. This process requires a mandate for law making initiative, and is associated with a lengthy process related to law drafting and negotiation with stakeholders involved. At the same time an intensive follow up and promotion of such initiatives is needed, and has to be organised in each beneficiary country concerned.

Adapting similar global approach under into the project mandate will lead to distortion of limited resources. The achievement of tangible results on global issues seems unrealistic during three year of implementation.

Therefore, the practical approach of addressing implementable issues on maritime and intermodal issues was opted for. Namely, the project team proposed to address legal change within respective action plans involving task forces of each project. The specific steps and recommendations that do not require the change in primary legislation will be identified and their implementation will be promoted.

This component will be implemented as technical assistance to stakeholders to remove specific hindrances to trade related to each pilot project. The pilot project task forces will act as regional trade facilitation working groups given the cross-border nature of MoS and Logistics projects. The overall process will be implemented with the involvement of PS IGC TRACECA.

In addition, the project will cooperate with major trade facilitation organisations active in TRACECA region on similar issues to organise information exchange, involve them in the working groups and training measures. The contractor will work closely with the PS on this subject.

The overall approach of project implementation will follow the principles of interactive participation of stakeholders and ownership over implementation of the action plans. Progress will be measured in accordance with key performance indications identified and set by the task forces in the framework of action plans.

The project team put emphasis on **Component 5 – Communication, Visibility and Information** as a tool to reach the technical results. All events of the project are devoted to specific technical components. Beyond the Progress reports issued every 6 months, the results



of day-to-day work of the project (Newsletters, Updated Action plans, Country profiles and Conclusions of Regional meetings) will be published in the LOGMOS section of the TRACECA web page.

In addition, several supplementary tasks mandated to the project team upon the request of the beneficiaries and identified in the inception phase are listed below:

1. Preparation of the MCA analysis based on the updated EU TEN-T policy review criteria relevant to TRACECA.
2. Extended presentation of the MoS Master Plan as a LOGMOS master plan to allow for inclusion of landlocked countries' connections.
3. Collection of trade and transport data for 2010 for the master plan preparation. As of October 2011 the TRACECA database contained data only for 2008 and partly 2009.
4. Co-financing of the PS meetings and PS operative costs from the incidental budget of the LOGMOS team that were not foreseen under the contract of the LOGMOS project.
5. Specific proposals addressed by the beneficiaries and approved by the European Commission as additional tasks of the team. In the inception phase these included supplementary tasks on design and cost estimation of the transport access to the ILC in Yerevan to allow for complete project presentation at the TRACECA investment forum, following the inclusion of this project into the priority programme; and elaboration of specific recommendations on overcoming problems faced by Armenia as a landlocked country.

In order to fulfil the principles of targeted and responsive technical assistance, following the approval of the European Commission, additional inputs and budgets for implementation of newly emerged tasks will be determined. At the future stages of the contract implementation, the Contractor shall discuss with the EC and apply for compensation of these resources diverted to additional tasks following the established addendum procedure.

### **3.4 Cooperation with the TRACECA, EU Projects and sectoral stakeholders**

The important local stakeholders for LOGMOS project are the National Secretaries in each direct and indirect beneficiary country and the PS. The project team perceives TRACECA structures as its main agents and partners to promote the LOGMOS tasks and activities.

The project partners are the donor community, logistics platforms, promoters of similar initiatives in the regions, as well as other EU projects. Representatives of IFIs and private and international companies have been approached and invited to the first regional seminar.

Cooperation has also been established with relevant EU financed projects at regional and national level. They include:

"Transport dialogue and networks interoperability between the EU and its neighbouring countries and Central Asian countries"

"Development of security management and maritime safety and ship pollution prevention for the Black Sea and Caspian Sea"

"Support to the integration of Ukraine in the Trans – European Network TEN – T"

"Ukraine port development feasibility study"

All TRACECA stakeholders have been informed about the start of the project. Several Bilateral meetings were held with NS or their representatives. All beneficiary countries and the SG of PS IGC TRACECA has been regularly informed about the project's activities.

The project team organised the work with TRACECA counterparts and stakeholders:



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- within the bilateral meetings
- at external events
- round tables and working group meetings
- in working groups at regional seminars and capacity building measure,

The **bilateral meetings** held by the project team in this reporting period are presented in the Annex 2.

The project has been presented at the following **external events**:

Country	Date	Event
Belgium, Brussels	28 April 2011	Regional Event of the Black Sea Pilot Projects of the MOS I
Georgia, Tbilisi	3-4 May 2011	Tbilisi LED Forum
Ukraine, Odessa	2 June 2011	Odessa Transport week
Italy, Milan	8 June 2011	Wrap-up session of the TRACECA Investment projects in Milan
Bulgaria, Sofia	14 June 2011	Balkan Intermodal Conference in Sofia
Azerbaijan, Baku	16-17 June 2011	Field visit to during the TransCaspian exhibition in Baku
Ukraine, Odessa	14-16 September 2011	5 <sup>th</sup> International Black Sea Container Summit 2011
Turkmenistan, Turkmenbashi	22-23 September 2011	Third Joint Meeting of Port Managers of the Caspian Sea Littoral States at Turkmenbashi International Sea Port
Georgia, Tbilisi	6 October 2011	PS Working Group Meeting of the National Secretaries  Expert Working Group meeting on competitiveness of the combined transportation on TRACECA
Ukraine, Kiev	18 October 2011	First meeting of the Interministerial Working Group on introduction of the project "One Window – Local Solution" under patronage of the State Customs Authority of Ukraine
Ukraine, Odessa	19–20 October 2011	The 14th International Conference on transport and logistics: «Transit potential of Ukraine.  Effective infrastructure and logistics on transport in South-East European countries»

The following **round tables or working group meetings** were organised in the TRACECA countries since the project start:



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Country	Date	Description
Georgia	July 2011	A field mission of the Team Leader and Key Expert 2 took place in Georgia at the end of July 2011. The round table with the projects stakeholders involved in implementation of the Block container train Poti-Baku and ILC in Tbilisi project were organised. The field mission of Key Expert 2 and Project Coordinator in Georgia was organised to Poti/Batumi and to Sarpi.
Ukraine	July 2011	A joint task force meeting took place with the owner of the Borispol Airport Commerce Park (BACP), the approved site for the International Logistics Centre in Kiev, and the railway design institute involved in designing the passenger railway link to Borispol airport. Information on the project progress concerning the inclusion of a freight link to the ILC site was exchanged.
Azerbaijan	August 2011 / September 2011	Bilateral meeting and working group meeting of the experts of the TRACECA National Commission under authority of the TRACECA National Secretary of Azerbaijan on action plans implementation. The working group meeting was conducted by the team leader
Georgia	August 2011	Task force meeting on land use issue for the TAM land, operation for the TAM/Veli site, involvement of the Georgian Railways and the Georgian railways Transcontainer (GRTC) expressed its readiness to cooperate with the project.
Ukraine	September 2011	Working group meeting on the LOGMOS action plans with participation of Ukraine – first meeting of the joint working group of the stakeholder representing Customs service, Ukrainian railways and representatives of the private sector. During the meeting the LOGMOS issues in Ukraine (action plans on BSAP 1, Borispol ILC, Euroterminal ILC) were discussed at the Ministry of Infrastructure with the concerned stakeholders to monitor the progress since the regional meeting in July 2011.

Based on the Logical framework approach (Annex 1) the performance indicators were identified. The progress of their achievement is summarised in the table below:

Outputs	Agreed Objective Verifiable Indicators	Comments	Status
<b>PI: Project inception</b>	• 1 Kick-off in Brussels	• 29.04.2011	achieved
a) Project Mobilisation	• Core project team completely mobilised	• By July 2011	achieved
b) Adjustment on the work			



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Outputs	Agreed Objective Verifiable Indicators	Comments	Status
plan	<ul style="list-style-type: none"> <li>Project office established</li> </ul>	<ul style="list-style-type: none"> <li>May 2011</li> </ul>	achieved
	<ul style="list-style-type: none"> <li>Regional field missions took place in beneficiary countries</li> </ul>	<ul style="list-style-type: none"> <li>All countries were approach in the inception phase in field missions or during events</li> </ul>	achieved
	<ul style="list-style-type: none"> <li>Counterpart structures established</li> </ul>		
<b>1A: Maritime dimension of MoS projects</b> a) Training activities and study tours b) Dialogue with a gathering of EU stakeholders and customers c) Communication and dissemination activities to strengthen the dissemination and awareness of the MoS concept through regional support d) Assessment and recommendations on feasibility of previously unselected and new pilot projects e) Technical assistance aimed at mobilisation of different sources of financing for the implementation of MoS projects f) Monitoring and reporting on the implementation of the MoS pilot projects	<ul style="list-style-type: none"> <li>Preparation, distribution and update of <b>action plans on 5 MoS identified projects</b> and further action plans for new projects</li> </ul>	<ul style="list-style-type: none"> <li>Distributed in July 2011</li> <li>Updated in October 2011</li> </ul>	In progress, on track
	<ul style="list-style-type: none"> <li>National, bilateral and regional <b>working groups and task forces on 5 MoS pilot projects</b> are set up and work within the <b>first year of the project</b></li> </ul>	<ul style="list-style-type: none"> <li>National working groups / task forces are set up in Ukraine, Azerbaijan, Georgia</li> </ul>	In progress, on track
	<ul style="list-style-type: none"> <li>National, bilateral and regional working groups and <b>task forces set up for LOGMOS additional projects</b></li> </ul>		
	<ul style="list-style-type: none"> <li>At least <b>one international stakeholder</b> interested in development of pilot projects <b>is identified</b></li> </ul>	<ul style="list-style-type: none"> <li>International stakeholders as UND, UTICAD, Maersk, CMA, Sea Link, Polzug, etc are involved in project implementation</li> </ul>	In progress, on track
<b>1B: Hinterland dimension of MoS projects</b> a) Set up of working groups and task forces and technical	<ul style="list-style-type: none"> <li>Shipping line updates for Black Sea and Caspian Sea <b>are issued every six months</b> and included into the reports</li> </ul>	<ul style="list-style-type: none"> <li>1<sup>st</sup> issue was prepared in July 2011</li> </ul>	In progress, on track





Logistics Processes and Motorways of the Sea II

Outputs	Agreed Objective Verifiable Indicators	Comments	Status
assistance for improving efficiency. b) Development and implementation of a restricted number of case studies on connections between ports and logistical zones	<ul style="list-style-type: none"> <li>In <b>13 beneficiary countries</b> assessment and recommendations on feasibility of previously unselected and new pilot projects is implemented</li> </ul>	<ul style="list-style-type: none"> <li>Under implementation</li> </ul>	In progress, on track
	<ul style="list-style-type: none"> <li><b>Technical assistance aimed at mobilisation of different sources</b> of financing for the implementation of MoS projects – <b>milestones to be defined as fit for each reporting period</b></li> </ul>	<ul style="list-style-type: none"> <li>Not yet relevant for this phase</li> </ul>	NA
	<ul style="list-style-type: none"> <li>Set up of the <b>key performance indicators for pilot projects</b> and updates</li> </ul>	<ul style="list-style-type: none"> <li>Included into the action plan. Subject is being discussed with the stakeholders</li> </ul>	In progress, on track
<b>2A: Concept of the regional networks of Logistics Centres</b> a) Set-up of bilateral and regional working groups to promote logistics processes and network possibilities	<ul style="list-style-type: none"> <li>Preparation, distribution and update of <b>action plans on 11 ILC identified projects</b> and further action plans for additional projects</li> </ul>	<ul style="list-style-type: none"> <li>Distributed in July 2011</li> <li>Updates in October 2011 for ILCs in Western Part</li> </ul>	In progress, on track
b) Identification of the core networks between ports and logistics hubs c) Development of recommendations and guidelines for TRACECA network of the logistics centres d) Study tours and training organisation	<ul style="list-style-type: none"> <li>National, bilateral and regional <b>working groups or task forces on 11 ILC pilot projects as required for scope and status of individual project</b> are set up and work within the <b>first year of the project</b></li> </ul>	<ul style="list-style-type: none"> <li>National working groups / task forces are set up in Ukraine, Azerbaijan, Georgia</li> </ul>	In progress, on track
<b>2B: Logistics Centres' projects implementation</b> a) Identification of interfaces to be adjusted to promote the network of logistics	<ul style="list-style-type: none"> <li>National, bilateral and regional working groups and <b>task forces set up for LOGMOS additional projects (common indicator as in the Result 1)</b></li> </ul>		



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Outputs	Agreed Objective Verifiable Indicators	Comments	Status
centres b) Identification and promotion of synergies between identified logistics centres c) Technical assistance related to establishment of network modalities d) Follow-up of feasibility studies and promotion of identified sites, raising awareness and enhancing interest e) Establishment of a dialogue and cooperation between the promoters and developers of the logistics centres	<ul style="list-style-type: none"> <li>Core links between ports and logistics hubs are identified for all beneficiary countries</li> </ul>	<p>MCA basis has been prepared in July 2011</p> <p>Work on country profiles to be published online has started</p>	In progress, on track
	<ul style="list-style-type: none"> <li><b>One action plan / guidelines for TRACECA network</b> of the logistics centres</li> </ul>	Not yet relevant for the first reporting phase	NA
	<ul style="list-style-type: none"> <li><b>Interface projects</b> adjusted to promote the network of logistics centres are adapted</li> </ul>	Updates of the action plans took place for the logistics centres.	
	<ul style="list-style-type: none"> <li><b>11 feasibility studies</b> are followed up</li> </ul>	Follow up in the framework of the action plans takes place	
<b>3: LOGMOS Master Plan</b> a) Developing recommendations and guidelines for LOGMOS b) Two/three case studies to be selected and developed as pilot projects, small working groups to be set up to for addressing bottlenecks / defining required technical assistance c) Support and capacity building for attracting	<ul style="list-style-type: none"> <li><b>MCA for LOGMOS</b> project identification <b>methodology</b> agreed in the <b>first year of implementation (also relevant to results 1 and 2)</b></li> </ul>	MCA methodology basis has been created / publication of the TEN-T policy review is essential for this work	In progress Slight postponement of the activities
	<ul style="list-style-type: none"> <li><b>MCA runs</b> on project proposals (<b>also relevant to Results 1 and 2</b>)</li> </ul>	NA	NA
	<ul style="list-style-type: none"> <li><b>2–3 case studies</b> on connections between ports and logistical zones (<b>also relevant to Results 1 and 2</b>)</li> </ul>	The 1st case study on the CBA for the Block Container train is under elaboration	In progress On the track





Outputs	Agreed Objective Verifiable Indicators	Comments	Status
funding	<ul style="list-style-type: none"> <li>LOGMOS projects identified for <b>Annual TRACECA Investment Forum (also relevant to Results 1 and 2)</b></li> </ul>	<p>A project on road access to the Yerevan logistics centre is being prepared (additional task on road layout and cost calculations are being completed)</p> <p>The project team has started preparations for development of the documents for the TIF for Georgia (subject to final decision of the Government)</p>	In progress On the track
<b>4: Technical Assistance to Regulatory Adjustments</b>  a) Case study related assessment of maritime and intermodal legislation and environment  b) Organization of training, seminars, working groups to identify changes needed  c) Development of a monitoring mechanism on regulatory adjustments	<ul style="list-style-type: none"> <li>Assessment of maritime and intermodal legislation and environment relevant to action plans</li> </ul>	<p>The provisions are included in all action plans</p> <p>The recommendations of the EU TRACECA SASEPOL project for MoS part</p> <p>Work started on CBA for the block – container train (environment)</p>	In progress On the track
	<ul style="list-style-type: none"> <li>Monitoring mechanism on regulatory adjustments</li> </ul>	<p>Incorporated into the action plans.</p> <p>Activities will be advanced in the next reporting period</p>	In progress On the track
	<ul style="list-style-type: none"> <li>Tailored training on ad hoc basis for pilot project stakeholders</li> </ul>	<p>Activities will be advanced in the next reporting period</p>	NA
<b>5: Communication, Information, Awareness</b>  a) Communication, dissemination and awareness plan / media strategy and implementation  b) Cooperation with ENPI Info Centre  c) Web portal based on TRACECA site and team room for	<ul style="list-style-type: none"> <li><b>Communication, dissemination and awareness plan / media strategy framework</b> prepared in the inception period</li> </ul>	<ul style="list-style-type: none"> <li>Prepared and delivered in the inception phase</li> </ul>	+
	<ul style="list-style-type: none"> <li><b>Web portal</b> based on TRACECA site launched in the inception phase and <b>updated minimum once a month</b></li> </ul>	<ul style="list-style-type: none"> <li>Project webpage launched in June 2011</li> <li>Prepared, regular updated (once a week) take place</li> </ul>	In progress on the track



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Outputs	Agreed Objective Verifiable Indicators	Comments	Status
knowledge base on MoS and Logistics and online library d) Cooperation platform meetings of project owners e) Final project dissemination f) Study tours on MoS and Logistics in Turkey and EU g) Dedicated training workshops / capacity building measure (ad hoc basis) h) TRACECA investment forums support in preparation and technical docs (TIF)	<ul style="list-style-type: none"> <li>Dissemination materials <b>prepared every six months</b> to all TRACECA beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>Project reports are issued on schedule (inception report in July 2011, progress report 1 in October 2011)</li> <li>Promotion materials were designed (brochures, memory cards)</li> </ul>	In progress on the track
	<ul style="list-style-type: none"> <li><b>Cooperation platform meetings / round tables</b> of project owners in countries and bilateral held – at <b>least two every six months</b></li> </ul>	<ul style="list-style-type: none"> <li>Cooperation platform meetings in 11 conferences (April – October 2011)  Including a cooperation meeting with the project stakeholders in Turkmenistan</li> <li>5 Round tables and working group meetings (April – October 2011)</li> </ul>	<ul style="list-style-type: none"> <li>In progress, ahead the plan</li> </ul>
	<ul style="list-style-type: none"> <li><b>Five project regional meetings</b> for the countries of Black Sea and Central Asia</li> </ul>	<ul style="list-style-type: none"> <li>Black Sea Regional Meeting in July 2011</li> <li>Caucasus, Caspian Sea and Central Asia regional meeting in October 2011</li> </ul>	In progress, ahead the plan
	<ul style="list-style-type: none"> <li><b>Two study tours on MoS and Logistics</b> for all TRACECA countries</li> </ul>	<ul style="list-style-type: none"> <li>Planned for June 2012</li> <li>Planned for June 2013</li> </ul>	NA
	<ul style="list-style-type: none"> <li><b>Four training measures</b> (on ad hoc basis) in working groups</li> </ul>	<ul style="list-style-type: none"> <li>Planned for inclusion into study tour programmes</li> </ul>	NA
	<ul style="list-style-type: none"> <li>Final project dissemination (<b>1 event</b>)</li> </ul>	<ul style="list-style-type: none"> <li>Planned for February 2014</li> </ul>	NA

## 4 PROJECT PLANNING

### 4.1 Introduction

The overall plan of operation is presented in Table 1 of the present report. The quick start and intensive follow up helped assure a smooth continuity of activities between the former ILC and MoS projects and the LOGMOS project.

The plan of operations was adjusted to current requirements of the beneficiaries to allow for a certain degree of flexibility in delivery of the technical assistance in line with the TOR. Any activities that result in deviations or supplementary tasks were and will be provided for consideration of the European Commission to define a *modus operandi*.

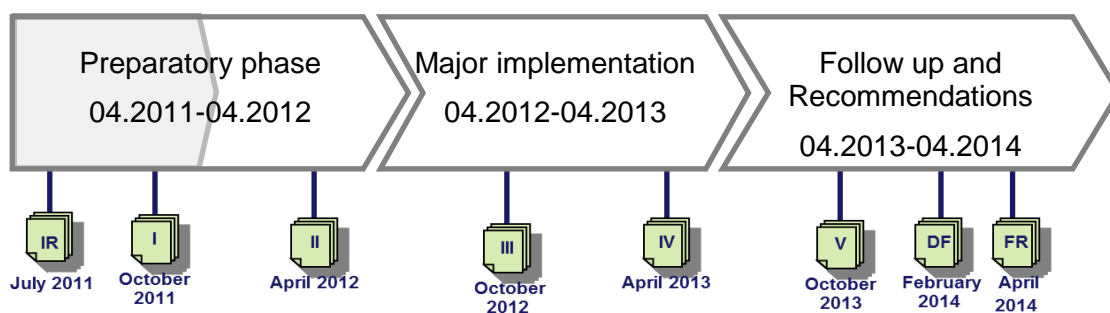
The project will be implemented in three years with six month sequence of reporting. The reports will reflect major milestones achieved by the project.

Some technical components of the projects are implemented in parallel from the beginning of the project. This includes a follow-up to Component 1 dealing with MoS projects and Component 2 on ILCs. With growing maturity and implementation of the most promising pilot projects, and with identification of new initiatives on the missing links in the second year of implementation, the project team will proceed with the LOGMOS master plan envisaged under Component 3.

The technical assistance for regulatory changes will be in the project team's focus in the second reporting phase, once the relevant country profiles are updated and action plans are agreed. Component 5 will accompany all technical work packages of the LOGMOS project.

Tentatively the project is split into three phases corresponding to each year of implementation.

**Figure 2: LOGMOS Planning**



The tentative contents of the project work is summarised below following the determined steps for each subsequent reporting phase. The results achieved will materialise in the outputs of the project team and will be partly published online or in the subsequent progress reports. Also for each reporting period a tentative mission schedule is presented, as orientation for the beneficiaries in terms of the mission contents, and steps to take.

### 4.2 Main Output Overview

The main outputs of this reporting phase will be the MCA methodology, further elaboration of Country profiles, definition of the KPIs for the action plans, working on the legal issues and update of the inland waterways report.

In terms of events, the project team plans a working group meeting for the railways on the issues of purely sectoral character related to implementation of the action plans of the Black



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Sea motorways, and the third regional technical seminar for the TRACECA countries in Brussels.

The field missions will be organised on the ad hoc basis to solve specific issues related to the actions plans, or to prepare ground for further implementation.

The summary tables on report outputs, missions and regional events are presented below.

Report	Work to be implemented	Outputs
Progress report II	<p>LOGMOS MCA Methodology prepared</p> <p>Call for proposal collection</p> <p>Work on project identification has started</p> <p>Work on conferences, in countries and in Europe on attraction of the international stakeholders to participation in pilot projects.</p> <p>Work on definition of the KPIs, Elaboration of the monitoring indicators for the action plans</p> <p>Elaboration of the training programme (themes and contents)</p> <p>Work on sources of funding</p> <p>Upgrade of the inland waterway study</p> <p>Finalising/Update of the Country profiles</p> <p>Shipping line updating</p> <p>Assistance in project preparation for the annual investment forum</p>	<p>LOGMOS MCA</p> <p>17 updated action plans</p> <p>Draft MOU / Committed statement on support of the pilot projects</p> <p>Tentative training plan</p> <p>Updated inland waterways study</p> <p>Publication of Country profiles</p> <p>Shipping line newsletter</p>

Missions	Purpose	Participants
Bucharest, Romania	IGC meeting, coordination meeting with the EC	Key experts
	Upgrade of the information on Danube	Short-term experts
Chisinau	Upgrade of the information on Danube Follow up of the action plans	Key experts, short-term experts
Georgia	Working group of the railways	Key experts, short-term experts



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	Follow up of the action plans	
Armenia	Follow up of the action plan Support to the TIF presentation of ILC Zvartnots, Yerevan	Short-term experts
Azerbaijan	Follow up of Alyat action plan – fact finding mission on the Alyat port Follow up of action plans for ferry lines to Aktau and Turkmenbashi	Short-term experts
	Working group meeting in spring 2012	Key experts
Uzbekistan	Follow up of the action plan	Key experts
Kyrgyzstan	Follow up of the action plan	Key experts
Turkey	Preparation of the study tour Update on the participation of the international stakeholders	Key experts
Germany	Update on the participation of the international stakeholders	Key experts
Ukraine	Follow up of the action plans Working group of the railways	Key Experts Short-term experts
Brussels	Coordination meeting Preparation of the TRACECA regional technical seminar	Key experts

<b>Regional Events / Time frame</b>	<b>Contents</b>	<b>Countries</b>
3rd TRACECA regional technical seminar February – March 2012	Follow up of the action plans and LOGMOS progress	All TRACECA

The working groups are planned in the countries of Central Asia and in Azerbaijan. The tentative schedule is presented below.



Events	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012
Regional meetings				TRACECA		
Multilateral meetings		Ukraine Georgia Armenia				
Country Working Groups/ Task Forces	Kazakhstan	Georgia Kyrgyzstan	Ad hoc basis in other countries	Kazakhstan	Azerbaijan	Ad hoc basis in other countries
		Uzbekistan			Armenia	

#### 4.3 Reporting period III- April 2012 – October 2012

This reporting phase will focus on MCA elaboration and presentation of the short-list for the new pilot projects; the action plans for the new projects will be elaborated.

In terms of events, the project team plans a regional study tour for the beneficiaries, and ad hoc training measures required for implementation of the pilot projects. The multilateral working groups will be conducted in the framework of the regional events.

The field missions will be organised as planned on the follow up subjects and on issues of the master plan elaboration.

The activities are summarised briefly in the following tables.

Report	Work to be implemented	Outputs
Progress report III – April 2012 - October 2012	MCA runs on new proposals Preparation and distribution of the action plans for the new projects Set up of the working groups on additional projects Elaboration of the methodology basis for the master plan, elaboration of the contents of the master plan report Updating country profiles Drafting action plan / guidelines for the TRACECA network of the logistics centres Dissemination materials will be	MCA results – assessment matrix and short list 2-3 Action plans for the new / combined projects Country profiles online update Methodology basis for the master plan Draft action plan / guidelines for the TRACECA network of the logistics centres



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	prepared to all TRACECA beneficiaries	
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Missions	Purpose	Participants
Turkey	Preparation of the study tour	Key experts, short-term experts
Romania	Updates for the cross-references for the master plan	Key experts, short-term experts
Bulgaria	Updates for the cross-references for the master plan	Key experts, short-term experts
Ad hoc missions to direct beneficiary countries	Ad hoc questions - the missions will be planned in greater detail in the next reporting period	Key experts, short-term experts

Regional Events / Time frame	Contents	Countries
June 2012	Study tour and training	Direct stakeholders and project owners (max. 3 persons per country), profiles to be defined
September 2012	Regional Meeting for Central Asia and Caucasus Regional Meeting for the Black Sea region	Stakeholders of the pilot project, TRACECA institutions
Ad hoc basis	Specific trainings will be implemented as per training schedule	Direct stakeholders and project owners, Stakeholders

The schematic presentation of the event plan is shown in the figure below.





Events	May 2012	Jun 2012	July 2012	Aug 2012	Sep 2012	Oct 2012
Regional meetings		TRACECA study tour			Black Sea Central Asia and Caucasus	
Multilateral meetings		Ad hoc basis TRACECA			Ad hoc basis TRACECA	
Country Working Groups / Task Forces	Ad hoc basis TRACECA	Ad hoc basis TRACECA	Ad hoc basis TRACECA	Ad hoc basis TRACECA	Ad hoc basis TRACECA	Ad hoc basis TRACECA

#### 4.4 Reporting period IV- October 2012 - April 2013

This reporting period starts in a year from now. The team plans to be ready to present a draft master plan report as a first paper for discussion in countries. The core network definition for LOGMOS will be proposed and discussed.

The candidate case studies will be nominated for elaboration. The approval of the European Commission in consultation with the beneficiaries will be needed for their elaboration.

The work on the legal part will be coming to its finalisation: the monitoring mechanism on regulatory adjustment will be prepared and included into the master plan.

In term of regional events, the regional meeting for the Black Sea is planned for April – May 2013. The meeting will be organised for the stakeholders of the Black Sea area action plan projects to report on the progress. Some multilateral working groups may be conducted during this event.

The framework planning for this phase is presented below.

Progress report IV – October 2012 -April 2013	<p>Working on the master plan</p> <p>Work on core network (infrastructure and trade) analysis</p> <p>Updating the of the action plans</p> <p>Assistance in project preparation for the TRACECA annual investment forums</p> <p>Working on report on regulatory adjustments summary</p> <p>Work on the project proposals for the investment forum</p> <p>Dissemination materials will be prepared to all TRACECA beneficiaries</p>	<p>Draft master plan report</p> <p>Draft analysis of the core network</p> <p>Candidate projects for case studies will be nominated</p> <p>Updated action plans</p> <p>Monitoring mechanism on regulatory adjustments – methodology and approach will be included into the master plan.</p>
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The detailed planning for this phase will be presented in April 2012.





#### 4.5 Reporting period V - April 2013 – October 2013

During this reporting period the project team will continue the work on the master plan. The team will be in close contact with the representatives of countries to discuss the provisions of the master plans. The definition of the core network for LOGMOS will be finalised.

The draft case studies will be prepared and submitted for review with the beneficiaries. The strict deadlines on agreement of approach and methodology at the beneficiary level will be essential at this stage in order to assure the duly completion of the case studies. The activities will be coordinated with the European Commission and the beneficiaries.

The legal part of the project will be finalised and included into the master plan following the comments of the previous phase.

In term of regional events, the project team plan to organise the second study tour for the beneficiaries, the tailored training measures will be associated with this event. The multilateral working group meetings and country working groups will be implemented as scheduled at the beginning of the reporting period.

The scope of work in this phase is summarised below:

Progress report V – April 2013 October 2013	Working on the master plan Continuation of work on core network (infrastructure and trade) analysis Updating the of the action plans Assistance in project preparation for the TRACECA annual investment forums Working on report on regulatory adjustments summary Elaboration of the case studies	Updated draft master plan report Draft case studies
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The detailed planning for this phase will be presented in October 2012.

#### 4.6 Final Reporting period – October 2013 - April 2014

The final phase of the project will be devoted to polishing of the master plan and issuing the final version of the case studies.

The project team will concentrate on presenting the action plan on future steps and recommendations based on the LOGMOS master plan. This will take a form of updated documents for the rest of the steps needed to be moved in each of the pilot projects.

The final event will be organised to summarise the work done and to determine the steps for the future initiatives based on ownership driven implementation.

The outputs to be delivered with the two last reports of the project as shown in the table below comprise the LOSMOS master plan and the case studies.



Draft final report – October 2013 - February 2014	Work on master plan and case studies	Draft final master plan Draft final case studies
Final report – February 2014 - April 2014	Work on master plan and case studies	Final master plan Final case studies Recommendations for the future

The detailed planning for this phase will be presented in April 2013.



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**Table 1: Overall Plan of Operations**

Project title: LOGMOS			Project number : 2011/264459			Beneficiary countries: Direct: Armenia, Azerbaijan, Republic of Moldova, Ukraine and Georgia, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan Indirect: Bulgaria, Romania, Turkey																														Number of Pages: 9					
Planning period : 27 April 2011 – 27 April 2014			Prepared on: 27 October 2011			EC Contractor : Egis International / Dornier Consulting																																			
Project objective: The overall objective of the current project is to contribute to the long–term sustainable development of the logistics infrastructure and multimodal transport along the TRACECA corridor.																																									
No	MAIN ACTIVITIES		TIME FRAME																														INPUTS								
	year		2011						2012												2013										2014				PERSONNEL (man/days)		OTHER				
	Calendar month		5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	Key Experts	Non – key experts	
	Implementation month		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36			
PI	Project inception		x	x	x																																		TL 660 KE 2 660 KE 3 660	SE 1000 JE 1500	N/A Details in financial report
a	Mobilisation		x	x																																					
b	Work plan		x	x	x																																				
1A	Maritime dimension/MoS		x	x	x	x	x	x	x	x	x	x	x	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
a	Training / study tours												x	x	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	



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<b>Project title: LOGMOS</b>	<b>Project number :</b> 2011/264459	<b>Beneficiary countries:</b> Direct: Armenia, Azerbaijan, Republic of Moldova, Ukraine and Georgia, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan Indirect: Bulgaria, Romania, Turkey	<b>Number of Pages:</b> 9
<b>Planning period :</b> 27 April 2011 – 27 April 2014	<b>Prepared on:</b> 27 October 2011	<b>EC Contractor : Egis International / Dornier Consulting</b>	

**Project objective:**

The overall objective of the current project is to contribute to the long-term sustainable development of the logistics infrastructure and multimodal transport along the TRACECA corridor.

No	MAIN ACTIVITIES	TIME FRAME																																				INPUTS				
	year	2011									2012												2013												2014				PERSONNEL (man/days)		OTHER	
	Calendar month	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	Key Experts	Non – key experts			
	Implementation month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36					
b	Dialogue with EU stakeholders	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x				
c	Communication and dissemination	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x				x
d	Assessment of new pilot projects											x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x				x
e	TA on funding mobilisation								x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x					
f	Monitoring MoS pilot projects	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x				x



## Logistics Processes and Motorways of the Sea II

<b>Project title: LOGMOS</b>			<b>Project number</b> : 2011/264459			<b>Beneficiary countries:</b> Direct: Armenia, Azerbaijan, Republic of Moldova, Ukraine and Georgia, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan Indirect: Bulgaria, Romania, Turkey																											Number of Pages: 9									
<b>Planning period :</b> 27 April 2011 – 27 April 2014			<b>Prepared on:</b> 27 October 2011			<b>EC Contractor : Egis International / Dornier Consulting</b>																																				
<b>Project objective:</b> The overall objective of the current project is to contribute to the long–term sustainable development of the logistics infrastructure and multimodal transport along the TRACECA corridor.																																										
No	MAIN ACTIVITIES		TIME FRAME																												INPUTS											
	year		2011								2012												2013								2014				PERSONNEL (man/days)		OTHER					
	Calendar month		5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	Key Experts	Non – key experts		
	Implementation month		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36				
1B	Hinterland dimension/MOS					x	x	x	x	x	x	x	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x				
a	Working groups and tasks force					x	x	x	x	x	x	x	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
b	case studies														x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x				
2A	Regional ILC networks		x	x	x	x	x	x	x	x	x	x	x	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x				
a	Working groups for promoting logistics processes					x	x	x	x	x	x	x	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x				



Logistics Processes and Motorways of the Sea II

Project title: LOGMOS		Project number : 2011/264459		Beneficiary countries: Direct: Armenia, Azerbaijan, Republic of Moldova, Ukraine and Georgia, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan Indirect: Bulgaria, Romania, Turkey																												Number of Pages: 9										
Planning period : 27 April 2011 – 27 April 2014		Prepared on: 27 October 2011		EC Contractor : Egis International / Dornier Consulting																																						
Project objective: The overall objective of the current project is to contribute to the long–term sustainable development of the logistics infrastructure and multimodal transport along the TRACECA corridor.																																										
No	MAIN ACTIVITIES		TIME FRAME																												INPUTS											
	year		2011								2012												2013								2014				PERSONNEL (man/days)		OTHER					
	Calendar month		5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	Key Experts	Non – key experts		
	Implementation month		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36				
b	Core networks between ports and logistics hubs					x	x	x	x	x	x	x	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
c	Guidelines for TRACECA network of the logistics centres													X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
d	Study tours and trainings													X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
2B	ILC implementation																			x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x				



Logistics Processes and Motorways of the Sea II

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<b>Planning period :</b> 27 April 2011 – 27 April 2014	<b>Prepared on:</b> 27 October 2011	<b>EC Contractor : Egis International / Dornier Consulting</b>	

**Project objective:**

The overall objective of the current project is to contribute to the long-term sustainable development of the logistics infrastructure and multimodal transport along the TRACECA corridor.

No	MAIN ACTIVITIES	TIME FRAME																																				INPUTS				
	year	2011									2012												2013												2014				PERSONNEL (man/days)		OTHER	
	Calendar month	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	Key Experts	Non – key experts			
	Implementation month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36					
a	Interfaces to pursue the network of logistics centres																			X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X				
b	Synergies between logistics centres																			X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			
c	Network modalities																			X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			
d	Follow – up of feasibility studies																			X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			
e	Stakeholder Dialogue																			X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			



Logistics Processes and Motorways of the Sea II

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	year		2011						2012										2013										2014				PERSONNEL (man/days)		OTHER						
	Calendar month		5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	Key Experts	Non – key experts	
	Implementation month		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36			
3	LOGMOS Master Plan													X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
a	guidelines for LOGMOS													X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
b	Two/three case studies													X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
c	Capacity building for attracting funding													X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			





Logistics Processes and Motorways of the Sea II

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	Implementation month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36				
4	TA to Regulatory Adjustments						x	x	x	x	x	x	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
a	Case study related assessments						x	x	x	x	x	x	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
b	Trainings, seminars						x	x	x	x	x	x	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
c	Monitoring mechanism						x	x	x	x	x	x	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			



Logistics Processes and Motorways of the Sea II

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	year	2011									2012												2013												2014				PERSONNEL (man/days)		OTHER	
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	Implementation month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36					
5	Communication Information, Awareness	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x					
a	Dissemination and awareness plan	x	x	x																																						
b	Cooperation with ENPI Info Centre	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
c	TRACECA site	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
d	Cooperation platform meetings of project owners	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			



Logistics Processes and Motorways of the Sea II

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No	MAIN ACTIVITIES		TIME FRAME																												INPUTS											
	year		2011								2012												2013								2014				PERSONNEL (man/days)		OTHER					
	Calendar month		5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	Key Experts	Non – key experts		
	Implementation month		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36				
e	Final project dissemination		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x				
f	Study tours													x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x				
g	Capacity building measures														x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x				x
h	support in (TIF)				x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x				x
TOTAL																																				TL 660 KE 2 660 KE 3 660				SE 1000 JE 1500		



## Logistics Processes and Motorways of the Sea II

**Table 2: Overall Output Performance Plan**

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<b>Planning period :</b> 27 April 2011 – 27 April 2014	<b>Prepared on:</b> 27 October 2011	<b>EC Contractor : Egis International / Dornier Consulting</b>	
<b>Project objective:</b> The overall objective of the current project is to contribute to the long–term sustainable development of the logistics infrastructure and multimodal transport along the TRACECA corridor.			
Outputs	Agreed Objective Verifiable Indicators		Assumptions
<b>PI: Project inception</b> c) Project Mobilisation d) Adjustment on the work plan	<ul style="list-style-type: none"><li>• 1 Kick–off in Brussels</li><li>• Core project team completely mobilised</li><li>• Project office established</li><li>• Regional field missions took place in beneficiary countries</li><li>• Counterpart structures established</li></ul>		<ul style="list-style-type: none"><li>• Office established</li><li>• Availability and participation of the counterpart staff to engage in meetings, project steering and working panels</li><li>• Timely response on Contractor's requests by the beneficiaries</li></ul>



## Logistics Processes and Motorways of the Sea II

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<b>Project objective:</b> The overall objective of the current project is to contribute to the long–term sustainable development of the logistics infrastructure and multimodal transport along the TRACECA corridor.			
<b>1A: Maritime dimension of MoS projects</b>  g) Training activities and study tours h) Dialogue with a gathering of EU stakeholders and customers i) Communication and dissemination activities to strengthen the dissemination and awareness of the MoS concept through regional support j) Assessment and recommendations on feasibility of previously unselected and new pilot projects k) Technical assistance aimed at mobilisation of different sources of financing for the implementation of MoS projects l) Monitoring and reporting on the implementation of the MoS pilot projects	<ul style="list-style-type: none"><li>• Preparation, distribution and update of <b>action plans on 5 MoS identified projects</b> and further action plans for new projects</li><li>• National, bilateral and regional <b>working groups and task forces on 5 MoS pilot projects are set up</b> and work within the <b>first year of the project</b></li><li>• National, bilateral and regional working groups and <b>task forces set up for LOGMOS additional projects</b></li><li>• At least <b>one international stakeholder</b> interested in development of pilot projects <b>is identified</b></li></ul> <ul style="list-style-type: none"><li>• Availability and participation of the counterpart staff</li><li>• Favourable regional relations between countries</li><li>• Favourable investment environment in the countries</li><li>• Countries remain committed to the results of the previous projects</li><li>• Stakeholders are willing to cooperate under the format of a task force and remain active in implementation of the results</li><li>• Customs and other border authorities provide full support to implementation of the project</li><li>• Stakeholders are ready to capitalize on other project success stories to enable a quicker implementation of pilot projects and technical regulatory/normative reforms</li></ul>		



## Logistics Processes and Motorways of the Sea II

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<b>Project objective:</b> The overall objective of the current project is to contribute to the long-term sustainable development of the logistics infrastructure and multimodal transport along the TRACECA corridor.			
<b>1B: Hinterland dimension of MoS projects</b> c) Set up of working groups and task forces and technical assistance for improving efficiency. d) Development and implementation of a restricted number of case studies on connections between ports and logistical zones	<ul style="list-style-type: none"><li>Shipping line updates for Black Sea and Caspian Sea <b>are issued every six months</b> and included into the reports</li><li>In <b>13 beneficiary countries</b> assessment and recommendations on feasibility of previously unselected and new pilot projects is implemented</li><li><b>Technical assistance aimed at mobilisation of different sources</b> of financing for the implementation of MoS projects – <b>milestones to be defined as fit for each reporting period</b></li><li>Set up of the <b>key performance indicators for pilot projects</b> and updates</li><li>For events see <b>Result 5: Communication, Visibility and Information Plan</b></li></ul>		
<ul style="list-style-type: none"><li>The beneficiaries pursue committed action in terms of necessary legal adjustments</li><li>Free access to the project sites, availability of information and documents</li><li>IFIs' strategies fit TRACECA objectives</li><li>Country governmental policies allow for IFI funding and loans remain a possible instrument of public investments</li><li>Interest of the international stakeholders in the region</li><li>Strategies of the international shipping business include activities in the TRACECA region</li><li>Investment forums are organised</li></ul>			



## Logistics Processes and Motorways of the Sea II

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<b>Project objective:</b> The overall objective of the current project is to contribute to the long-term sustainable development of the logistics infrastructure and multimodal transport along the TRACECA corridor.			
<b>2A: Concept of the regional networks of Logistics Centres</b> e) Set-up of bilateral and regional working groups to promote logistics processes and network possibilities f) Identification of the core networks between ports and logistics hubs g) Development of recommendations and guidelines for TRACECA network of the logistics centres h) Study tours and training organisation <b>2B: Logistics Centres’ projects implementation</b> f) Identification of interfaces to be adjusted to promote the network of logistics centres g) Identification and promotion of synergies between identified logistics centres h) Technical assistance related to establishment of network modalities i) Follow-up of feasibility studies and promotion of identified sites, raising awareness and enhancing interest j) Establishment of a dialogue and cooperation between the promoters and developers of the logistics centres	<ul style="list-style-type: none"><li>• Preparation, distribution and update of <b>action plans on 11 ILC identified projects</b> and further action plans for additional projects</li><li>• National, bilateral and regional <b>working groups or task forces on 11 ILC pilot projects as required for scope and status of individual project are</b> set up and work within the <b>first year of the project</b></li><li>• National, bilateral and regional working groups and <b>task forces set up for LOGMOS additional projects (common indicator as in the Result 1)</b></li><li>• Core links between ports and logistics hubs are identified for all beneficiary countries</li><li>• <b>One action plan / guidelines for TRACECA network</b> of the logistics centres</li><li>• <b>Interface projects</b> adjusted to promote the network of logistics centres are adapted</li><li>• <b>11 feasibility studies</b> are followed up</li></ul>	<ul style="list-style-type: none"><li>• Countries remain committed to the results achieved in the previous projects</li><li>• Policies are favourable to implementation</li><li>• Customs sector is willing to cooperate and introduce change</li><li>• Recommendations of the project are actively followed up by the tasks forces and promoted by the participants of the action plans</li><li>• Countries’ relations are not undergoing regional tensions</li><li>• Stakeholders are promoting a regional approach</li><li>• International stakeholders are interested in exploiting new business opportunities in the transport sector in TRACECA</li><li>• Decision making is consistent and appropriate</li><li>• Stakeholders at the national level realise the potential of the network and understand the winning results from participation</li></ul>	



## Logistics Processes and Motorways of the Sea II

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<b>Project objective:</b> The overall objective of the current project is to contribute to the long–term sustainable development of the logistics infrastructure and multimodal transport along the TRACECA corridor.			
<b>3: LOGMOS Master Plan</b>  d) Developing recommendations and guidelines for LOGMOS  e) Two/three case studies to be selected and developed as pilot projects, small working groups to be set up to for addressing bottlenecks / defining required technical assistance  f) Support and capacity building for attracting funding	<ul style="list-style-type: none"><li>• <b>MCA for LOGMOS</b> project identification <b>methodology</b> agreed in the <b>first year of implementation (also relevant to results 1 and 2)</b></li><li>• <b>MCA runs</b> on project proposals <b>(also relevant to Results 1 and 2)</b></li><li>• <b>2–3 case studies</b> on connections between ports and logistical zones <b>(also relevant to Results 1 and 2)</b></li><li>• LOGMOS projects identified for <b>Annual TRACECA Investment Forum (also relevant to Results 1 and 2)</b></li></ul> <p>For events see <b>Result 5:</b> Communication, Visibility and Information Plan</p>		
	<ul style="list-style-type: none"><li>• Countries are available for consultations</li><li>• Decision making process is favourable for the project environment</li><li>• Decision making is clear and consistent</li><li>• Counterpart staff remains committed and proactive in terms of implementation</li><li>• IFIs remain committed to improvement of the infrastructure in the region</li><li>• Availability of funds and programmes</li><li>• Country macroeconomic policies envisage external borrowing</li><li>• TRACECA investment forum is organised</li><li>• Ports are following the strategy of regional development and understand benefits from partnership</li></ul>		





## Logistics Processes and Motorways of the Sea II

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<b>Planning period :</b> 27 April 2011 – 27 April 2014	<b>Prepared on:</b> 27 October 2011	<b>EC Contractor : Egis International / Dornier Consulting</b>	
<b>Project objective:</b> The overall objective of the current project is to contribute to the long–term sustainable development of the logistics infrastructure and multimodal transport along the TRACECA corridor.			
<b>4: Technical Assistance to Regulatory Adjustments</b> d) Case study related assessment of maritime and intermodal legislation and environment e) Organization of training, seminars, working groups to identify changes needed f) Development of a monitoring mechanism on regulatory adjustments	<ul style="list-style-type: none"><li>Assessment of maritime and intermodal legislation and environment relevant to action plans</li><li>Monitoring mechanism on regulatory adjustments</li><li>Tailored training on ad hoc basis for pilot project stakeholders</li></ul> <p>For events see <b>Result 5:</b> Communication, Visibility and Information Plan</p>		<ul style="list-style-type: none"><li>Legal mechanisms allow for prompt changes and counterpart staff remains committed to the implementation of the recommendations</li><li>PS counterpart is available for consultations</li><li>International stakeholders remain interested in the TRACECA region</li></ul>



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<b>Project title: LOGMOS</b>	<b>Project number :</b> 2011/264459	<b>Beneficiary countries:</b> Direct: Armenia, Azerbaijan, Republic of Moldova, Ukraine and Georgia, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan Indirect: Bulgaria, Romania, Turkey	Number of Pages: 7
<b>Planning period :</b> 27 April 2011 – 27 April 2014	<b>Prepared on:</b> 27 October 2011	<b>EC Contractor : Egis International / Dornier Consulting</b>	
<b>Project objective:</b> The overall objective of the current project is to contribute to the long–term sustainable development of the logistics infrastructure and multimodal transport along the TRACECA corridor.			
<b>5: Communication, Information, Awareness</b> i) Communication, dissemination and awareness plan / media strategy and implementation j) Cooperation with ENPI Info Centre k) Web portal based on TRACECA site and team room for knowledge base on MoS and Logistics and online library l) Cooperation platform meetings of project owners m)Final project dissemination n) Study tours on MoS and Logistics in Turkey and EU o) Dedicated training workshops / capacity building measure (ad hoc basis) p) TRACECA investment forums support in preparation and technical docs (TIF)	<ul style="list-style-type: none"><li>• <b>Communication</b>, dissemination and awareness <b>plan / media strategy framework</b> prepared in the inception period</li><li>• <b>Web portal</b> based on TRACECA site launched in the inception phase and <b>updated minimum once a month</b></li><li>• Dissemination materials <b>prepared every six months</b> to all TRACECA beneficiaries</li><li>• <b>Cooperation platform meetings / round tables</b> of project owners in countries and bilateral held – at <b>least two every six months</b></li><li>• <b>Five project regional meetings</b> for the countries of Black Sea and Central Asia</li><li>• <b>Two study tours on MoS and Logistics</b> for all TRACECA countries</li><li>• <b>Four training measures</b> (on ad hoc basis) in working groups</li><li>• Final project dissemination (<b>1 event</b>)</li></ul> <ul style="list-style-type: none"><li>• Counterpart staff is available for consultations and participation at events</li><li>• Beneficiaries respond to contractor's requests and suggestions</li><li>• Counterparts remain committed to implementation and assist in organisation of meetings in their respective countries</li></ul>		



**Table 3: Resource Utilisation Report**

<b>Project title: LOGMOS</b>	<b>Project number :</b> 2011/264459	<b>Beneficiary countries:</b> Direct: Armenia, Azerbaijan, Republic of Moldova, Ukraine, Georgia, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan Indirect: Bulgaria, Romania, Turkey		Number of Pages: 3	
<b>Planning period :</b> 27 April 2011 – 27 April 2014	<b>Prepared on:</b> 27 October 2011	<b>EC Contractor :</b> Egis International / Dornier Consulting			
<b>Project objective:</b> The overall objective of the current project is to contribute to the long-term sustainable development of the logistics infrastructure and multimodal transport along the TRACECA corridor.					
<b>RESOURCES/INPUTS</b>	<b>TOTAL PLANNED</b>	<b>PERIOD PLANNED</b>	<b>PERIOD REALISED</b>	<b>TOTAL REALISED</b>	<b>AVAILABLE FOR REMAINDER</b>
PERSONNEL					
Team Leader	660 MD	120	126	126	534
Key Experts II	660 MD	120	128	128	532
Key Expert III	660 MD	120	111,5	111,5	548,5
Senior Short Term Experts	1000 MD	209	137,5	137,5	862,5
Junior Short Term Experts	1500 MD	315	230	230	1270
OTHER INPUTS (%)					
(incidental expenditures)	100%	17%	<17%	<17%	>83%



**Table 4: Plan of Operations for the Next Period (Work Programme) (1)**

Project title: LOGMOS			Project number : 2011/264459			Beneficiary countries:  Direct: Armenia, Azerbaijan, Republic of Moldova, Ukraine, Georgia, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan  Indirect: Bulgaria, Romania, Turkey			Number of Pages: 3	
Planning period : 27 April 2011 – 27 April 2014			Prepared on: 27 October 2011			EC Contractor : Egis International / Dornier Consulting				
Project objective: The overall objective of the current project is to contribute to the long–term sustainable development of the logistics infrastructure and multimodal transport along the TRACECA corridor.										
		TIME FRAME						INPUTS		
		2011 (months)		2012 (months)				PERSONNEL		OTHER
No	ACTIVITY	Nov	Dec	Jan	Feb	Mar	Apr	Key Experts	Non – key Experts	
PI	Project inception							TL 100 KE II 100 KE III 100	SE 128 JE 195	as specified in the financial report
a	Mobilisation									
b	Work plan									
1A	Maritime dimension/MoS	x	X	x	x	x	x			
a	Training / study tours				x	x	x			
b	Dialogue with EU stakeholders	x	X	x	x	x	x			
c	Communication and dissemination	x	X	x	x	x	x			
d	Assessment of new pilot projects					x	x			
e	TA on funding mobilisation		X	x	x	x	x			



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f	Monitoring MoS pilot projects	x	X	x	x	x	x				
1B	<b>Hinterland dimension/MOS</b>	x	X	x	x	x	x				
a	Working groups and tasks force	x	X	x	x	x	x				
b	Case studies										
2A	<b>Regional ILC networks</b>	x	X	x	x	x	x				
a	Working groups for promoting logistics processes	x	X	x	x	x	x				
b	Core networks between ports and logistics hubs	x	X	x	x	x	x				
c	Guidelines for TRACECA network of the logistics centres						x				
d	Study tours and trainings						x				
2B	<b>ILC implementation</b>										
a	Interfaces to pursue the network of logistics centres										
b	Synergies between logistics centres										
c	Network modalities										
d	Follow – up of feasibility studies										
e	Stakeholder Dialogue										
3	<b>LOGMOS Master Plan</b>						x				
a	Guidelines for LOGMOS						x				
b	Two/three case studies						x				
c	Capacity building for attracting funding						x				



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4	<b>TA to Regulatory Adjustments</b>	x	X	x	x	x	x				
a	Case study related assessments	x	X	x	x	x	x				
b	Trainings, seminars	x	X	x	x	x	x				
c	Monitoring mechanism	x	X	x	x	x	x				
5	<b>Communication Information, Awareness</b>	x	X	x	x	x	x				
a	Dissemination and awareness plan										
b	Cooperation with ENPI Info Centre	x	X	x	x	x	x				
c	TRACECA site	x	X	x	x	x	x				
d	Cooperation platform meetings of project owners	x	X	x	x	x	x				
e	Final project dissemination	x	X	x	x	x	x				
f	Study tours						x				
g	Capacity building measures						x				
h	Support in (TIF)	x	X	x	x	x	x				
						TOTAL		TL 100 KE II 100 KE III 100	SE 128 JE 195		




## 5 PROJECT PROGRESS IN THE REPORTING PERIOD

The Project team has presented their activities in beneficiary countries from August 2011 till October 2011 in the geographic dimension. The activities during inception period have been covered in the Inception report end of July 2011. Such perspective allows to provide a different view onto the implemented work on technical components.

	<b>Armenia</b>
The activities in Armenia contained work on regular project assignments and on the additional tasks the project team was charged with.	
<b>1: Pilot projects</b>	<p>The beneficiary expressed a need for the LOGMOS project support in preparation of the documents for the TRACECA Investment forum 2012.</p> <p>Additional to the results of the ILC project in Zvartnots an updated map showing the new transport access to the ILC site is intended to be presented to the potential investor.</p> <p>In this respect the review of the feasibility study of the former ILC Project has started with the view of inclusion of the updated socio-economic data into the cost-benefit analysis of the concerned investment project.</p> <p>The action plan was discussed at the Tbilisi regional seminar in October 2011.</p>
<b>2: Concept of the regional networks of Logistics Centres and Implementation</b>	A draft country profile for Armenia has been prepared with the analysis of the logistics capabilities of Armenian transport sector. The inland dry ports and the land transport infrastructure have been evaluated.
<b>3: LOGMOS Master Plan</b>	<p>The document will serve a basis for elaboration of the LOGMOS master plan.</p> <p>Further work will be coordinated with the IDEA project in terms of data consistency.</p>
<b>4: Technical Assistance to Regulatory Adjustments</b>	The initial provisions were included into the country profile. The project team will address specific issues within the action plan prepared for Armenia.
<b>5: Communication, Information, Awareness</b>	<p>The country profile is prepared for the internet upload.</p> <p>The representatives of Armenia took part at Tbilisi regional seminar.</p>
<b>Additional Tasks</b>	Following the request of the beneficiary, the work to support the design of new transport access, connecting the ILC Zvartnots site to newly planned road investment projects (ADB financed North-South corridor and Yerevan city centre by-pass) and the railway network were implemented.




	<p>The task has been discussed with the TRACECA National Secretary. The Ministry of Transport and Communication of Armenia provided extensive support in obtaining recent data, organization of the site visit and elaboration of the task.</p> <p>The project team has developed a cost-benefit analysis for the proposed options for road connection. The work was based on a concept plan approved by all sides. The work on the report on the transport access to the ILC site shall be finished by end of November 2011.</p> <p>A draft road map for the acquisition of a maritime flag for Armenia was handed over the beneficiary.</p>
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	<b>Azerbaijan</b>
The activities in Azerbaijan contained work on regular project assignments devoted to the work on the action plans.	
<b>1: Pilot projects</b>	<p>The six Action plans concerning Azerbaijan were discussed during a round table meeting of the task force in Baku on 2<sup>nd</sup> September 2011. A separate meeting took place 1<sup>st</sup> September with Caspar Shipping Company.</p> <p>During the meetings, substantial progress was announced in the field of future customs procedures in Azerbaijan and a positive position of Azerbaijan Railways was stated concerning the issue of the Block train Poti - Baku (within the framework of the overall 1.5 bn. USD railway modernisation plan of Azerbaijan), although no formal agreement has been signed with the Georgian side, yet.</p> <p>This MOU on this subject is planned to be signed in November at the meeting of the Deputy Heads of the Railways, as announced by the stakeholder delegation from Azerbaijan at the Tbilisi regional seminar.</p> <p>The project team will follow up the subject in the next reporting phase.</p>
<b>2: Concept of the regional networks of Logistics Centres and Implementation</b>	<p>The draft country profile for Azerbaijan has been prepared to include the provisions on the role of country in the international trade. The position of Alyat logistics centre at the new Caspian sea gateway of Azerbaijan is crucial for regional development. The logistics centre in Alyat is the key link for the regional supply chain establishment.</p> <p>For Azerbaijan the ILC at Alyat is deemed to contribute to the solution of the problem with empty return of wagons to the direction of Aktau.</p> <p>The action plans contain provisions on regional cooperation aimed at establishment of the solid logistics network on TRACECA in terms of infrastructure and service quality.</p>
<b>3: LOGMOS Master Plan</b>	<p>The country profile will serve a basis for the master plan. The work with stakeholder interviews was started in the framework of the project</p>





	events, working group meetings and field missions of the experts.
<b>4: Technical Assistance to Regulatory Adjustments</b>	The provisions on legal change were included into the action plans. The work on this dimension is being coordinated with the National Secretary in the framework of the task force meetings.
<b>5: Communication, Information, Awareness</b>	<p>The information on the task force meeting in Azerbaijan was published online.</p> <p>The presentations of the stakeholders prepared for the Tbilisi meeting were also uploaded at the project webpage.</p> <p>The project team would like to stress the point that in Azerbaijan no additional effort of the experts on publicity of the project is needed, since the National Secretary carries out very active work with mass media in Azerbaijan and in the region to increase the public awareness on the EU technical assistance.</p>


	<b>Bulgaria</b>
<b>1: Pilot projects</b>	The BSAP 1 – Varna – Ilyichevsk – Kerch – Poti/Batumi was updated and discussed with the stakeholders.
<b>2: Concept of the regional networks of Logistics Centres and Implementation</b>	<p>The example of the inland waterways development on Danube (business case) was taken into consideration in elaboration of the initial version of the inland waterway report.</p> <p>The project team plans to involve experts active in inland waterway shipping and logistics on Danube for elaboration on business case study investigation for TRACECA inland waterways.</p>
<b>3: LOGMOS Master Plan</b>	The TEN-T network of Bulgaria will be cross-referenced to the TRACECA LOGMOS master plan.
<b>4: Technical Assistance to Regulatory Adjustments</b>	The work on this dimension is carried out by Bulgaria in the framework of its membership in the EU.
<b>5: Communication, Information, Awareness</b>	<p>The shipping line update was published.</p> <p>The updated action plan will be available online.</p> <p>The constant dialogue with the stakeholders in Bulgaria is being carried out.</p>



	<b>Georgia</b>
<b>1: Pilot projects</b>	<p>In order follow up the previous meetings, a Team Leader mission was conducted to Georgia in August 2011 to discuss further action of the beneficiary and of the LOGMOS project concerning the identified projects in Georgia (ILC at the TAM/Veli site, Block container train – BCT - Poti-Baku) and a possible combination of these two projects for the TIF 2012.</p> <p>During meetings the representatives of the beneficiary stated that the land use issue for the TAM land plot would be officially solved within the near future as a result of negotiations with the Ministry of Defence.</p> <p>At the Tbilisi seminar in October 2011, the representatives of the Ministry of Defence confirmed their positive attitude towards development of the ILC at their site.</p> <p>A tender is being prepared to find an operator for the TAM/Veli site. The draft ToR would be transmitted to the LOGMOS project for review and comment.</p> <p>At the same time, negotiation went on with Georgian railways concerning their participation in the project. An IPO was planned (for a minor share of Georgian Railways) for the end 2011 – beginning 2012.</p> <p>The LOGMOS project confirmed its readiness to provide a CBA for the Block train Poti – Baku and handed over a data request of the project for this purpose.</p> <p>In August 2011, Georgian railways Transcontainer (GRTC) initially expressed its readiness to cooperate with the LOGMOS project. Furthermore, GRTC expressed no objection position to consider in principle a relocation of its container handling operation in to Veli, market demand provided. In October 2011, GRTC explained the company would look at other facilities as well, and no committed position towards Veli could be confirmed. Thus, no confirmation concerning an operational combination of the proposed BCT and the ILC at TAM/Veli could be achieved.</p> <p>In addition, the decision on TAM / Veli is pending, according to the beneficiary in Georgia, till the end of the year. The provision of the clear position on the development of TAM / Veli plot till the end of November is essential to enable the project team prepare supportive documents for the TRACECA investment forum 2012.</p> <p>The absence of such information till the end of November will jeopardize the presentation of the project of Georgia at TIF with support of the LOGMOS team.</p>
<b>2: Concept of the regional networks of Logistics Centres</b>	<p>The country profile was being elaborated, and will be discussed with the beneficiary in the next reporting period.</p>




<b>and Implementation</b>	
<b>3: LOGMOS Master Plan</b>	The country profile will serve as basis for analysis of Georgian position on TRACECA and role of this country in the regional logistics processes.
<b>4: Technical Assistance to Regulatory Adjustments</b>	This component is partly covered by the action plans. Further work on customs facilitation and transit issues facilitation has started. The cooperation with the Ukraine TEN-T project on PAEIS system has started to be considered for inclusion under LOGMOS research.
<b>5: Communication, Information, Awareness</b>	<p>The regional seminar was organized in Tbilisi in October 2011. The TRACECA Secretariat in Tbilisi has organized the event coverage in local media.</p> <p>The project team established the contacts to the mass media colleagues and provided information on the TRACECA webpage.</p> <p>The stakeholders of Georgia took part in the regional seminar.</p> <p>The work on organization on the railway working group meeting on the Black Sea has started with the representatives of Georgian railways.</p> <p>The EU Delegation was present at the event and updated information on the project has been provided.</p>

	<b>Kazakhstan</b>
<b>1: Pilot projects</b>	<p>During a field mission of Key Experts the action plans and further steps were discussed with former TRACECA National Secretary, Mr. Bekmagambetov, TRACECA National Secretary, the Road Carriers Association, Globalink and the Forum of Entrepreneurs of Kazakhstan.</p> <p>The market demand for a well organised and scheduled ferry line service Aktau – Baku was confirmed during the meetings, shortcomings were named to be overcome.</p> <p>Globalink pointed out that the Company was interested in investment into the Logistics centre in Aktau, and that, unfortunately, the Feasibility study prepared by the former TRACECA project did not provide any firm basis for investment decisions. A separate market analysis was, therefore, ordered from KPMG.</p> <p>During a mission to Astana project work, Action plans and further steps were discussed with the Ministry of Transport and the Kazakhstan Railways, the World Bank representatives and the Customs Brokers Association.</p>
<b>2: Concept of the regional networks of Logistics Centres</b>	The subject is partly included in the action plans, and in the country profile under elaboration.




<b>and Implementation</b>	
<b>3: LOGMOS Master Plan</b>	The country profile will serve a basis to present the role of Kazakhstan in the logistics processes and MOS Master plan for TRACECA.
<b>4: Technical Assistance to Regulatory Adjustments</b>	The subjects are considered in the action plans.
<b>5: Communication, Information, Awareness</b>	<p>The country profiles will be published online.</p> <p>The stakeholders of Kazakhstan took part in the Tbilisi regional seminar.</p> <p>The project team was invited to take part at TransEurasia transport exhibition in Astana in November 2011.</p>

	<b>Kyrgyzstan</b>
<b>1: Pilot projects</b>	The action plan was updated. The action plan was discussed during the Tbilisi meeting in October 2011.
<b>2: Concept of the regional networks of Logistics Centres and Implementation</b>	<p>The points on the landlocked counties were presented at the Tbilisi workshop in October 2011.</p> <p>The work on the country profile has started.</p>
<b>3: LOGMOS Master Plan</b>	The work will start in the next reporting period.
<b>4: Technical Assistance to Regulatory Adjustments</b>	The subjects of the legal issues are included into the action plan and will be considered at the ad hoc basis during the project implementation.
<b>5: Communication, Information, Awareness</b>	<p>The field mission to Kyrgyzstan is planned.</p> <p>The stakeholders took part in the Tbilisi regional meeting.</p>

	<b>Moldova</b>
<b>1: Pilot projects</b>	A Team leader mission took place to Chisinau on in early August 2011 to discuss the action plan concerning the ILC at the Free economic zone of Marculesti and in preparation of the expert mission later in




	<p>August 2011.</p> <p>A mission of Short term experts of the project was conducted to Chisinau and Giurgiulesti to analyse the potential of river transport and river-sea transshipment in Moldova at the port of Giurgiulesti (including hinterland connections) late August 2011.</p> <p>The results are published in Progress report I.</p>
<b>2: Concept of the regional networks of Logistics Centres and Implementation</b>	<p>The role of Moldova in the regional logistics process, including the contribution of its transport system in exploiting the inland waterways has been analysed.</p> <p>The country profile is under elaboration and will be published online during the next reporting period.</p>
<b>3: LOGMOS Master Plan</b>	<p>The work will start in the next reporting period. The basis provisions for the LOGMOS Master plan are included into the country profile of Moldova.</p>
<b>4: Technical Assistance to Regulatory Adjustments</b>	<p>The subjects of the legal issues are included into the action plans and will be considered at the ad hoc basis during the project implementation.</p>
<b>5: Communication, Information, Awareness</b>	<p>The country profile will be published online. The background documents on the Moldova transport sector updates are being elaborated.</p> <p>The constant dialogue with the beneficiary in Moldova was carried out.</p>

	<b>Romania</b>
<b>1: Pilot projects</b>	<p>The cross-references to the TEN-T networks of Romania are considered in elaboration of the action plans for the Black Sea.</p> <p>Currently, there are no direct pilot projects with participation of the Romanian stakeholders.</p> <p>The project team will identify practical interfaces for involvement of the Romanian transport sector stakeholders in the coming reporting periods.</p>
<b>2: Concept of the regional networks of Logistics Centres and Implementation</b>	<p>The cross-references to the TEN-T networks of Romania are considered in elaboration of the action plans for the Black Sea.</p>
<b>3: LOGMOS Master Plan</b>	<p>The work on this component for Romania will start in the next reporting period.</p>




<b>4: Technical Assistance to Regulatory Adjustments</b>	The work on this dimension is carried out by Romania in the framework of its membership in the EU.
<b>5: Communication, Information, Awareness</b>	<p>The stakeholders from Romania will take part in all regional events envisaged for TRACECA and the Black Sea region.</p> <p>The shipping line update has been published.</p> <p>A field mission to Romania is planned for the next reporting periods.</p>

	<b>Tajikistan</b>
<b>1: Pilot projects</b>	<p>During a key expert mission to Tajikistan in September 2011, stakeholder meetings were organised at the MoT and with ABBAT (International road carriers of Tajikistan) and a site visit to Nijniy Pjandj and to Kolkhoz Abad took place.</p> <p>The beneficiary requested the consultant to consider the new planned Railway connection to Kolkhoz Abad – Nijniy Pjandj (presented at the Tbilisi meeting) in the LOGMOS Master plan and for possible consideration at the TRACECA investment forum.</p> <p>The project team started evaluation on aluminium logistics flows (alumina and aluminium products) related to Tajikistan's Aluminium Company – TALCO. This work will be coordinated with IDEA project in relation to the trade data.</p>
<b>2: Concept of the regional networks of Logistics Centres and Implementation</b>	<p>The stakeholders informed that EvraZES under its common transport space initiative (<a href="http://www.evrazes.com/docs/view/68">http://www.evrazes.com/docs/view/68</a>) has developed and adopted a strategy baseline on international logistics centre network of EvraZES – (available in Russian at <a href="http://www.evrazes.com/docs/view/434">http://www.evrazes.com/docs/view/434</a>)</p> <p>The document has been analysed by the project team. The paper is of general manner and declarative character. The document provisions, since they are adopted by some TRACECA national governments will be considered in the LOGMOS concept as well.</p>
<b>3: LOGMOS Master Plan</b>	The work on country profile has started. The work on the master plan will be further advanced in the next reporting period.
<b>4: Technical Assistance to Regulatory Adjustments</b>	The issues will be considered on the ad hoc basis within the action plan working groups.
<b>5: Communication, Information,</b>	The presentations of the ILC in Nijniy Pjandj and Kolkhoz Abad – Nijniy Pjandj railway were delivered at Tbilisi meeting.





<b>Awareness</b>	The country profile will be published online.
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	<b>Turkmenistan</b>
<b>1: Pilot projects</b>	<p>Preparatory work for a TRACECA technical meeting in Turkmenistan with participation of representatives from Azerbaijan and Turkey was continued in August, confirmation has been received for the participation in the annual meeting of Caspian ports to be held 22-24 September 2011 in Turkmenbashi.</p> <p>During a meeting of the Team leader and TRACECA Secretary General with the Turkmen Ambassador to Azerbaijan the LOGMOS project has been introduced, support for the project activities connected to Turkmenistan was promised by the Ambassador.</p> <p>The project team and representatives from the Turkish Maritime administration and representatives from UND (Turkish Truckers Association) and UTIKAD (Turkish Freight Forwarders Association) took an active part in the 3<sup>rd</sup> annual meeting of Caspian ports in September 2011 in Turkmenbashi.</p> <p>During a separate meeting with the Maritime and River transport Administration of Turkmenistan, the Action plans for the development of the rail and Ro-Ro ferry operations Baku - Turkmenbashi were discussed and the market demand stressed by the Turkish representatives. The Turkmen side documented a high interest in an active participation in TRACECA activities.</p>
<b>2: Concept of the regional networks of Logistics Centres and Implementation</b>	The country profile was being prepared.
<b>3: LOGMOS Master Plan</b>	The work will start in the next reporting period.
<b>4: Technical Assistance to Regulatory Adjustments</b>	The provisions of regional importance are considered in the action plans.
<b>5: Communication, Information, Awareness</b>	<p>The work of project in Turkmenistan is complicated by the requirement of official registration with Government structures. The registration is currently underway.</p> <p>Due to recent change in the transport sector management, the work has be reactivated with the support of the local experts. Ad hoc missions to Turkmenistan will be required.</p>



	<b>Turkey</b>
<b>1: Pilot projects</b>	The constant dialogue with the representatives of the Turkish logistics and transport industry was organized. The stakeholders from Turkey plan an active part in the development of the LOGMOS action plans both for the Black Sea and for the Caspian Sea areas.
<b>2: Concept of the regional networks of Logistics Centres and Implementation</b>	The development of the logistics centres network in Turkey will be taken into consideration in the concept development. The experience of Turkey with special industrial zones, and logistics centres linked to such hinterland will be taken into account as well.
<b>3: LOGMOS Master Plan</b>	The role of Turkish transport sector and practical experience of the Turkish logistics industry in TRACECA will be highlighted in the master plan.
<b>4: Technical Assistance to Regulatory Adjustments</b>	Turkey implements extensive work on this subject under IPA initiatives.
<b>5: Communication, Information, Awareness</b>	Representatives from Turkey took part in meetings in Turkmenistan in September 2011 to discuss the perspectives of Ro-Ro ferry lines Turkmenbashi – Baku. The representatives of Turkey took part at the Tbilisi regional seminar. The study tour to Turkey is put onto the project agenda in 2012-2013.

	<b>Ukraine</b>
<b>1: Pilot projects</b>	The project team organized regular meetings took place with National Secretary of TRACECA, concerning the issues arising from the Action plans for Ukraine. During key expert missions to Odessa in August and October 2011 further steps concerning the ILC at Euroterminal Odessa were discussed with Euroterminal and the Odessa Sea port. The Euroterminal has opened the customs terminal at its territory in October 2011. This fact provides for better logistics capabilities and services of the site. Issues concerning the “Viking” train and customs reform in Ukraine





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	<p>were discussed with representatives of PLASKE.</p> <p>A meeting of the inter-ministerial working group in Ukraine was conducted in late September 2011 with representatives of the Ministry of Infrastructure of Ukraine, representatives of the Customs service, Ukrainian railways and representatives of the private sector.</p> <p>During the meeting the LOGMOS issues in Ukraine (action plans on BSAP 1, Borispol ILC, Euroterminal ILC) were discussed at the Ministry of Infrastructure with the concerned stakeholders to monitor the progress since the regional meeting in July 2011. The detailed conclusions of the meeting were prepared and distributed to the EC and the participants.</p> <p>The action plans were updated based on the recommendations of the working group.</p>
<b>2: Concept of the regional networks of Logistics Centres and Implementation</b>	<p>The country profile of Ukraine has been prepared and will be distributed for the approval of the beneficiary in November 2011.</p>
<b>3: LOGMOS Master Plan</b>	<p>A mission of Short term experts of the project to analyse the potential of river transport in Ukraine was conducted 29-31 August 2011 to Dnepropetrovsk, Zaporozhe and Kherson.</p>
<b>4: Technical Assistance to Regulatory Adjustments</b>	<p>The subjects are included into the action plans. The subject related to the railway regulatory issues in the Black Sea are is planned to be discussed within a working group of the railways of Ukraine, Georgia and Armenia indicatively planned for December 2011.</p>
<b>5: Communication, Information, Awareness</b>	<p>The key experts took part in the 5<sup>th</sup> Black Sea container summit in Odessa in September 2011 and had intensive talks with stakeholders in the Black Sea region, including the new port management of the port of Poti, customs officials of Ukraine, shipping lines and container terminals.</p> <p>During the meeting several participants informed about a forthcoming BSEC meeting in Novorossiysk in November 2011 concerning a Motorways of the Sea master-plan for the Black Sea.</p> <p>The Team Leader presented the project at the First meeting of the Inter-ministerial Working Group on introduction of the project "One Window – Local Solution" under patronage of the State Customs Authority of Ukraine in mid-October 2011, and at the 14th International Conference on transport and logistics: «Transit potential of Ukraine.</p> <p>Effective infrastructure and logistics on transport in South-East European countries»</p>

	<b>Uzbekistan</b>



<b>1: Pilot projects</b>	The action plan was updated. The action plan was discussed during the Tbilisi meeting in October 2011.
<b>2: Concept of the regional networks of Logistics Centres and Implementation</b>	<p>The points on the landlocked counties were presented at the Tbilisi workshop in October 2011.</p> <p>The work on the country profile has started.</p>
<b>3: LOGMOS Master Plan</b>	The work will start in the next reporting period.
<b>4: Technical Assistance to Regulatory Adjustments</b>	The subjects of the legal issues are included into the action plans and will be considered at the ad hoc basis during the project implementation.
<b>5: Communication, Information, Awareness</b>	<p>The field mission to Uzbekistan is planned for the next reporting period.</p> <p>The stakeholders took part at the Tbilisi meeting.</p>



## 6 PROJECT PLANNING FOR NEXT SIX MONTH

The next reporting period encompasses the six month from November 2011 till April 2012. The information on project activities within this period is already presented in the chapter 3 of the present report. The current chapter provides the summary of the dedicated activities.

PI: Project inception

This phase included activity a) Project Mobilisation and b) Adjustment of the work plan. Both activities are completed, as all performance indicators have been achieved in the inception phase.

### 1A: Maritime dimension of MoS projects

The work on this component will continue and will be delivered as per tasks specified below. Activities of the project will be coordinated with the PS.

#### a) Training activities and study tours

The capacity building activities will continue within the framework of the task forces. Klaipeda / Slawkow or Turkey / Izmir area, as well as Bologna - Trieste / Italia were selected as possible locations of the logistics centres. The June 2012 and June 2013 were selected as indicative dates for the study tours. These dates will be communicated to the PS for inclusion into the TRACECA calendar.

#### b) Identification, approach and bringing together of EU stakeholders and customers

This work will continue in the working groups and task forces.

#### c) Communication and dissemination activities to strengthen awareness of the MoS concept through regional support

The webpage will be continuously updated. The presentations will be delivered. The ENPI coverage work will be continued. Newsletters will be submitted to the PS every 3 months.

#### d) Assessment and recommendations on feasibility of previously unselected and new pilot projects

The collection of project proposals will continue. The beneficiaries were informed during Tbilisi meeting on submission of their project proposals. The preparation of the MCA will be progressing and draft proposals will be discussed with the countries. The monitoring of the pilot projects will be organised.

#### e) Technical assistance aimed at mobilisation of different sources of financing for the implementation of MoS projects

The meetings with investors, private sector stakeholders will continue in the framework of the field missions. Coordination with IFIs will progress on most promising projects that have already generated the interest of IFIs. The beneficiary countries will be assisted in preparation of the logistics and MoS projects for the investment forum where appropriate in cooperation with the IDEA project.

#### f) Monitoring and reporting on the implementation of the MoS pilot projects

This activity will continue within the working groups and meetings of task forces. The reporting on progress monitoring will be organised on the action plan basis,

### 1B: Hinterland dimension of MoS projects

#### a) Set up of working groups and task forces and technical assistance for improving efficiency (including simplification of border-crossing procedures) and attractiveness of commercial conditions



The activity will continue and the TRACECA regional technical working group will meet preliminarily in February - March 2012 (adjacent to the investment forum 2012), the dates will be coordinated with the TRACECA event calendar. The training needs will be identified and a regional training delivered to participants of the task forces. The results of the Central Asia, Caucasus and Caspian working group and the Black Sea working group will be followed up. The work will be coordinated with the PS.

- b) Development and implementation of a restricted number of case studies on connections between ports and logistical zones

The preparatory work will start. The initial assessment of the countries' proposals at the macro level will be organised. The work will be coordinated with the PS.

## **2A: Concept of the regional networks of Logistics Centres**

- a) Set-up of bilateral and regional working groups for promoting logistics processes and network possibilities

This work will continue, and the cross-reference of the ILC pilot projects with MoS will be followed up to provide for synergy. The work will be coordinated with the PS.

The working group meeting of the railways of Georgia, Armenia and Ukraine on railway technical matters is planned for mid-December 2011. The project team will approach the stakeholders in coordination with National Secretaries to organise the event.

- b) Identification of the core networks between ports and logistics hubs

This work will continue within individual action plans and country profiles and will be coordinated with the PS.

- c) Development of recommendations and guidelines for the TRACECA network of logistics centres

The analysis will be implemented based on the collected information and status of the action plans. The work will be coordinated with the PS.

- d) Organisation of study tours and training

The dates of the study tours are identified for June 2012 and June 2013. The information will be communicated to the PS for inclusion into the TRACECA calendar.

## **2B: Logistics Centres' projects implementation**

These activities in focus of the project team during the second year of implementation. Some preliminary work as data collection and updates of the country profiles is relevant for the scope of the next reporting phase.

- a) Identification of interfaces to be developed to promote the network of logistics centres
- b) Identification and promotion of synergies between identified logistics centres
- c) Technical assistance related to establishment of network modalities
- d) Follow-up of feasibility studies and promotion of identified sites, raising awareness and enhancing interest
- e) Establishment of a dialogue and cooperation between the promoters and developers of the logistics centres

## **3: LOGMOS Master Plan**

The preparatory work will start following the provisions of the updated guidelines of the TEN-T policy review.

The coordination work with IDEA project revealed that the TRACECA database will not be updated in the near future, since the IDEA team has been charged with different priorities as far



as the database is concerned. The IDEA team has communicated to the LOGMOS experts the source files of data at UNCOMTRADA databank that was originally used for the TRACECA database.

This therefore will be laid as a basis for LOGMOS team computations in the country profiles and later in the LOGMOS master plan. Such a decision was taken by the project team in order not to jeopardise the implementation of this particular task. In fact, this task constitutes an additional activity that has not been listed in the project ToR. The needed data was assumed by the LOGMOS project team to be readily available since IDEA project contains an extensive component on the database and transport model development.

The resources spent on this task will be shifted from other tasks of the project. The exact records will be done and communicated to the European Commission for inclusion into the contract addendum.

- a) Developing recommendations and guidelines for LOGMOS

The initial investigations will start. The basic methodology will be discussed with the beneficiaries and EC.

- b) Two/three case studies to be selected and developed as pilot projects, small working groups to be set up to for addressing bottlenecks / defining required technical assistance

The list of candidate projects will be selected and evaluated using the MCA with an objective to define projects that shall be evaluated in the framework of case studies.

- c) Support and capacity building for attracting funding

The initial activities will start following the task force approach

#### **4: Technical Assistance to Regulatory Adjustments**

This component lies within the scope of the next reporting phase, addressed via pilot projects. The work will be coordinated with the PS.

- a) Case study related assessment of maritime and intermodal legislation and environmental measures

The recommendations will be provided on an action plan / working group basis. Various dedicated aspects will be finalised. The recommended measures will be followed up.

The work on PAEIS will be considered for inclusion as a follow up task into the LOGMOS activities. The coordination with TEN-T Ukraine project in this respect will be continued.

- b) Organization of trainings, seminars, working groups to identify changes needed

Regular working groups on a country and bilateral basis will be organised. A regional technical working group for TRACECA is scheduled for March–April 2012. The work will be coordinated with the PS.

- c) Development of a monitoring mechanism for regulatory adjustments

The activities will continue on a case by case basis

#### **5: Communication, Information, Awareness**

- a) Communication, dissemination and awareness plan / media strategy and implementation

Activities will be implemented in accordance with the TOR as per communication plan presented in Annex 3 of the inception report. Cooperation with ENPI Info Centre will continue on an ad hoc basis

- b) Web portal based on TRACECA site and team room for knowledge base on MoS and Logistics and online library

The project webpage will be updated. The work will be coordinated with the PS.



The sections on the action plans and country profiles will be established.

- c) Cooperation platform meetings of project owners will be organised in accordance with the communication plan.
- d) Final project dissemination

This activity is relevant for the final reporting period.

- e) Study tours on MoS and Logistics

The preparatory work will start.

- f) Dedicated training workshops / capacity building measure (ad hoc basis)

Dedicated training programme for the task forces will be drafted. The trainings will be organised on the ad hoc basis in the working groups

- g) TRACECA investment forums support in preparation and technical docs (TIF)

Activities for the preparation of projects for the investment forum will continue. The work on the Armenian project presentation will be finalised.

In case the beneficiary in Georgia provides a clear decision on TAM / Veli site, including a commitment concerning the future operational use of the site for the block container train, the potential for combination of the TAM / Veli ILC project and the block container train project will be investigated by LOGMOS team in view of presentation of the extended project at the TRACECA investment forum 2012.

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## Logistics Processes and Motorways of the Sea II

in Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova,  
Tajikistan, Turkmenistan, Ukraine, Uzbekistan

*Progress Report I*

*Appendix A to the Administrative Report  
Short Introduction of the Country Profiles*

*October 2011*



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## SHORT INTRODUCTION OF THE COUNTRY PROFILES

During the reporting period the LOGMOS team started to elaborate country profiles for the 10 direct beneficiary countries.

These documents are developing the Country Profiles, which have been initially prepared for TRACECA Motorways of the Sea for the Black Sea and the Caspian Sea project in order to support the preparation of MoS Pilot Projects.

Now the Country Profiles are updated (or newly elaborated for the countries not covered by the MoS 1 project) to incorporate information about recent developments in multimodal transport along TRACECA routes, but also extended to incorporate logistical processes, which link MoS through inland transport modes to International Logistics Centers and other significant nodes and transport hubs.

The country profiles will contain an overview of the national transport policy, the legal environment in the field of transport, the national policy and legislation in trade and transit and investment in the transport and logistics sectors.

Further, strategic challenges for the transport sector are analyzed based on the development and structure of relevant national trade, export and import flows, including the proportion related to regional TRACECA transport flows.

Existing infrastructure – port systems, road and railway network, intermodal capabilities - are described on the background of their relevance to TRACECA regional trade and transit, including the current situation in the field of trade and transit facilitation (border crossing procedures, tariff policy, non-physical barriers). Bottlenecks of physical and non-physical nature are identified and a SWAT analysis of the transport sector is provided.

Finally, the role and potential of the existing LOGMOS pilot projects is shown for the development of national and regional trade and transit.

These country profiles will serve as a basis for the further work of the LOGMOS project on the LOGMOS master-plan for the TRACECA corridor, the development of proposals for the improvement of the legal environment for intermodal transport through the region. They give the national background for the work on the project-related Action plans.

Draft Country profiles have been developed or are under consideration for Armenia, Azerbaijan, Georgia, Kazakhstan, Moldova, Turkmenistan and Ukraine. For Kyrgyzstan, Tajikistan and Uzbekistan the work will be started in the next reporting period.

As part of the analysis shall rely on current traffic data, the publication of the Country profiles is being delayed due to the fact that the TRACECA data base can provide traffic data for 2008, only, and has not been updated as planned initially. The LOGMOS team will update the traffic data using its own resources in the coming weeks and refine the trade flow analysis accordingly.

As soon as the draft Country profiles are updated, they will be transmitted to the TRACECA Permanent Secretariat and the respective TRACECA National secretaries for comment, discussion and approval.

Finally, the Country profiles will be published in a dedicated area of the LOGMOS section at the TRACECA web page and updated regularly as new developments occur.



ENPI 2011 / 264 459

## Logistics Processes and Motorways of the Sea II

in Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova,  
Tajikistan, Turkmenistan, Ukraine, Uzbekistan

*Progress Report I – Annex 1*

*Project Logical Framework*

*October 2011*



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## Logistics Processes and Motorways of the Sea II

### LOGFRAME

Intervention Logic Overall Objectives	Objectively Verifiable Indicators	Sources of Verification	Assumptions
<p>This project has been conceived as the follow-up of three previous TRACECA EU Funded Projects, namely:</p> <ul style="list-style-type: none"> <li>• Motorways of the Sea (MoS) for Black Sea and Caspian Sea</li> <li>• International Logistical Centres for Western NIS and Caucasus</li> <li>• International Logistical Centres for Central Asia</li> </ul> <p><b>The overall objective</b> of the current project is to contribute to the long-term sustainable development of the logistics infrastructure and multimodal transport along the TRACECA corridor.</p> <p>The assignment will enhance the development and implementation of coherent strategies for establishment of intermodal integrated transport and logistics chains underpinned by MoS.</p>	<ul style="list-style-type: none"> <li>• Increased volumes of good on the TRACECA corridor in export, import and transit</li> <li>• Reduction of transport costs from/to/via the TRACECA countries in export/import/transit operations</li> <li>• Increased share of containerisation of goods</li> <li>• Larger share of multimodal operations in transport transactions</li> <li>• Concrete projects on improvement of the logistics capabilities / motorways of the sea connection on the regional and country level in TRACECA corridor</li> <li>• Agreed master plan on LOGMOS</li> </ul>	<ul style="list-style-type: none"> <li>• National statistics</li> <li>• TRACECA database</li> <li>• TRACECA investment forum publications</li> <li>• ENPI Alerts</li> <li>• Statistics and reports of the international organisations</li> <li>• State and regional programmes and action plans</li> <li>• Reports of the international organisations</li> </ul>	<p>NA at the overall objective level as per logframe approach</p>



## Logistics Processes and Motorways of the Sea II

Intervention Logic Project Purpose	Objectively Verifiable Indicators	Sources of Verification	Assumptions
<p>By assessing the network from a regional perspective the purpose of the assignment will ensure that infrastructure and “soft” projects planned or implemented contribute to the continuity of TRACECA.</p> <p><b>The focal points entail:</b></p> <ol style="list-style-type: none"> <li>1 Removal of logistical bottlenecks focusing on those which hamper the flow of goods between ports and the hinterland with the objective of enhancing trade at regional and international levels.</li> <li>2 Facilitation of efficient flow of goods between Black Sea ports, between Caspian Sea ones, and between the two seas across the Caucasus, through improved, regular maritime services and better interoperable connections from the ports to the hinterland</li> <li>3 Targeting regulatory framework and sector reforms for port, maritime and logistics operations as well as introduction of port environmental management systems.</li> </ol>	<ul style="list-style-type: none"> <li>• Two / three case studies implemented in TRACECA</li> <li>• At least one mature LOGMOS project proposal for TRACECA annual TRACECA Investment Forum</li> <li>• Higher level of investment / public granting / IFI financing or PPP in case of project realisation</li> <li>• Inclusion of identified projects in the regional and national transport action plans, TRACECA action plans</li> <li>• Improvement in the Logistics Performance Index of the WB and improvement in the TRAX indicator</li> <li>• Agreed provisions and set of recommendations submitted to consideration of countries as per action plans</li> </ul>	<ul style="list-style-type: none"> <li>• National statistics and TRACECA database</li> <li>• WB reports on Logistics Performance Index</li> <li>• IFI funding reports and programming documents and action plans</li> <li>• Publications of professional investment promoters and international organisations</li> <li>• Official governmental publications</li> <li>• Transport strategies and programming documents of TRACECA countries</li> <li>• Project reports</li> <li>• Documents of the Investment forum</li> </ul>	<ul style="list-style-type: none"> <li>• The partner governments continue their political commitment to regional cooperation;</li> <li>• Stakeholders are ready to implement the measures required in terms of legal, technical and institutional reforms and allocate adequate resources;</li> <li>• Increased ownership</li> <li>• TRACECA Permanent Secretariat assists in coordination in beneficiary countries.</li> <li>• Established order of legal initiative favours and considers recommendations of the project</li> </ul>



### Logistics Processes and Motorways of the Sea II

Results Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
<b>Result PI: Project inception</b> Project Mobilisation and adjustment on the work plan	<ul style="list-style-type: none"> <li>• Kick-off meeting in Brussels</li> <li>• Core project team completely mobilised</li> <li>• Project office established</li> <li>• Regional field missions took place in beneficiary countries</li> <li>• Counterpart structures established</li> </ul>	<ul style="list-style-type: none"> <li>• Project reports</li> <li>• Project documentation</li> <li>• Official communications of beneficiaries</li> <li>• Registration letters</li> </ul>	<ul style="list-style-type: none"> <li>• Free access to necessary information and data</li> <li>• Beneficiary facilitated the formalities of the project registration procedure and accreditation of the key experts</li> <li>• Visa regimes favourable for international travel of experts in the region</li> <li>• Counterpart staff Availability</li> </ul>
<b>Result 1:</b> Implementation of the Motorways of the Sea concept through existing and future pilot projects and their hinterland dimension	<ul style="list-style-type: none"> <li>• Preparation, distribution and update of <b>action plans on 5 MoS identified projects</b> and further action plans for new projects</li> <li>• National, bilateral and regional <b>working groups and task forces on 5 MoS pilot projects</b> are set up and work within the <b>first year of the project</b></li> <li>• National, bilateral and regional working groups and <b>task forces set up for LOGMOS additional</b></li> </ul>	<ul style="list-style-type: none"> <li>• Programming documents</li> <li>• Documents of the round tables</li> <li>• Case study documents</li> <li>• Decisions and recommendations</li> <li>• ENPI Alerts</li> <li>• PS Internal Directives</li> <li>• Project and PS WebPages</li> <li>• Investment forum documents</li> <li>• Updates of the TRACECA</li> </ul>	<ul style="list-style-type: none"> <li>• Adherence of the stakeholders to the results achieved in the previous projects</li> <li>• No change in the national policy affecting implementation of the MoS concepts</li> <li>• Availability and willingness to cooperate at regional level</li> <li>• Coherent management and absence of radical change in the transport sector supervision</li> <li>• Favourable conditions in the transport sector management to</li> </ul>





Logistics Processes and Motorways of the Sea II

Results Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
	<p><b>projects</b></p> <ul style="list-style-type: none"> <li>At least <b>one international stakeholder</b> interested in development of pilot projects <b>is identified</b></li> <li>Shipping line updates for Black Sea and Caspian Sea <b>are issued every six months</b> and included into the reports</li> <li>In <b>13 beneficiary countries</b> assessment and recommendations on feasibility of previously unselected and new pilot projects is implemented</li> <li><b>Technical assistance aimed at mobilisation of different sources</b> of financing for the implementation of MoS projects – <b>milestones to be defined as fit for each reporting period</b></li> <li>Set up of the <b>key performance indicators for pilot projects</b> and updates</li> </ul> <p>For events see <b>Result 5:</b> Communication, Visibility and</p>	strategies and Action Plans	<p>facilitate the maturity of the proposed action</p> <ul style="list-style-type: none"> <li>Availability of counterpart staff</li> </ul>



### Logistics Processes and Motorways of the Sea II

Results Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
	Information Plan		
<b>Result 2:</b> Development and promotion of the concept of regional networks of Logistics Centres and intermodal interfaces	<ul style="list-style-type: none"> <li>• Preparation, distribution and update of <b>action plans on 11 ILC identified projects</b> and further action plans for additional projects</li> <li>• National, bilateral and regional <b>working groups or task forces on 11 ILC pilot projects as required for scope and status of individual project are set up and work within the first year of the project</b></li> <li>• National, bilateral and regional working groups and <b>task forces set up for LOGMOS additional projects (common indicator as in the Result 1)</b></li> <li>• Core links between ports and logistics hubs are identified for all beneficiary countries</li> </ul>	<ul style="list-style-type: none"> <li>• Concept documents</li> <li>• Updated list of the priority projects</li> <li>• Project reports</li> <li>• ENPI Alerts</li> <li>• PS Internal Directives</li> <li>• PS and Project Webpage</li> <li>• Investment forum documents</li> <li>• Updates of the TRACECA strategies and Action Plans</li> <li>• Official letters of the national counterparts</li> <li>• MOUs, cooperation documents, letters of intent</li> </ul>	<ul style="list-style-type: none"> <li>• Regional cooperation remains priority of countries</li> <li>• Cooperative attitude of the transport sector stakeholders</li> <li>• Endorsing advantages of the ILC network based on the EU 27 experience</li> <li>• Availability of information</li> <li>• Free access to facilities and data</li> </ul>



### Logistics Processes and Motorways of the Sea II

Results Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
	<ul style="list-style-type: none"> <li>• <b>One action plan / guidelines</b> for <b>TRACECA network</b> of the logistics centres</li> <li>• <b>Interface projects</b> adjusted to promote the network of logistics centres are adapted</li> <li>• 11 feasibility studies are followed up</li> </ul>		
<b>Result 3:</b> LOGMOS Master Plan	<ul style="list-style-type: none"> <li>• <b>MCA for LOGMOS</b> project identification <b>methodology</b> agreed in the <b>first year of implementation (also relevant to results 1 and 2)</b></li> <li>• <b>MCA runs</b> on project proposals <b>(also relevant to Results 1 and 2)</b></li> <li>• <b>2–3 case</b> studies on connections between ports and logistical zones <b>(also relevant to Results 1 and 2)</b></li> <li>• LOGMOS projects identified for <b>Annual TRACECA Investment Forum (also relevant to Results 1 and 2)</b></li> </ul> <p>For events see <b>Result 5:</b></p>	<ul style="list-style-type: none"> <li>• TRACECA GIS traffic Database</li> <li>• Government reports and decisions</li> <li>• IGC Action Plans</li> <li>• ENPI Alerts</li> <li>• IFI reports</li> <li>• Publications and information reports in mass media</li> <li>• Study tour documents</li> </ul>	<ul style="list-style-type: none"> <li>• Beneficiaries' support and continuity in decision-making</li> <li>• Favourable political and economic situation</li> <li>• Willingness of stakeholders and authorities to cooperate under coherent, integrated logistics network solution and MoS concepts</li> <li>• Relevant legislation and regulatory framework exists and is being developed</li> <li>• Market conditions are attractive to the potential investors</li> <li>• Access of project team to all countries within region, and to all project relevant areas (e.g. ports,</li> </ul>



### Logistics Processes and Motorways of the Sea II

Results Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
	Communication, Visibility and Information Plan		<p>border crossing points, airports, terminals, etc.)</p> <ul style="list-style-type: none"> <li>• Approval process for promotion of project activities takes place in time</li> <li>• Availability of the counterpart staff</li> </ul>
<p><b>Result 4:</b></p> <p>Technical Assistance to Regulatory Adjustments</p>	<ul style="list-style-type: none"> <li>• Assessment of maritime and intermodal legislation and environment relevant to action plans</li> <li>• Monitoring mechanism on regulatory adjustments</li> <li>• Tailored training on ad hoc basis for pilot project stakeholders</li> </ul> <p>For events see <b>Result 5:</b> Communication, Visibility and Information Plan</p>	<ul style="list-style-type: none"> <li>• Project reports</li> <li>• Reports of the PS</li> <li>• Documents of the PS Working Groups</li> <li>• National regulatory agenda and publications</li> </ul>	<ul style="list-style-type: none"> <li>• Legal and regulatory initiative of respective bodies</li> <li>• Procedures favourable for implementation of the recommendations</li> <li>• Regulatory agenda remains priority in countries</li> <li>• Interest groups are not pursuing polar interests on the national and regional level</li> <li>• Transparent process of the regulations</li> <li>• Access to data and information is facilitated and provided</li> <li>• PS is capable to pursue the</li> </ul>



Logistics Processes and Motorways of the Sea II

Results Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
			<p>recommendations of the projects</p> <ul style="list-style-type: none"> <li>• Availability of the counterpart staff</li> <li>• Institutional environment is favourable to reforms</li> </ul>
<p><b>Result 5:</b> Communication, Visibility and Information Plan</p>	<ul style="list-style-type: none"> <li>• <b>Communication</b>, dissemination and awareness <b>plan / media strategy framework</b> prepared in the inception period</li> <li>• <b>Web portal</b> based on TRACECA site launched in the inception phase and <b>updated minimum once a month</b></li> <li>• Dissemination materials <b>prepared every six months</b> to all TRACECA beneficiaries</li> <li>• <b>Cooperation platform meetings / round tables</b> of project owners in countries and bilateral held – <b>at least two every six months</b></li> <li>• <b>Five project regional meetings</b></li> </ul>	<ul style="list-style-type: none"> <li>• Project reports</li> <li>• Webpage</li> <li>• ENPI Alerts and interviews</li> <li>• Memos</li> <li>• IFI documents</li> <li>• PS communications</li> </ul>	<ul style="list-style-type: none"> <li>• Availability of the counterpart staff</li> </ul>



**Logistics Processes and Motorways of the Sea II**

Results Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
	<p>for the countries of Black Sea and Central Asia</p> <ul style="list-style-type: none"> <li>• <b>Two study tours on MoS and Logistics</b> for all TRACECA countries</li> <li>• <b>Four training measures</b> (on ad hoc basis) in working groups</li> <li>• <b>Final</b> project dissemination (<b>1 event</b>)</li> </ul>		



### Logistics Processes and Motorways of the Sea II

Intervention Logic / Activities	Objectively Verifiable Indicators	Sources of Verification	Assumptions
PI: Project inception 1A: Maritime dimension of MoS projects 1B: Hinterland dimension of MoS projects 2A: Concept of the regional networks of Logistics Centres 2B: Logistics Centres' projects implementation 3: LOGMOS Master Plan 4: Technical Assistance to Regulatory Adjustments 5: Communication, Information, Awareness	Inputs: Key experts: <ul style="list-style-type: none"> <li>Team leader: 660 man days</li> <li>Other key experts: 1320 man days</li> </ul> Short-term experts: <ul style="list-style-type: none"> <li>Senior Experts: 1000 MD</li> <li>Junior Experts: 1500 MD</li> </ul>	<u>Costs</u> Fee budget on key experts and short-term experts  Incidental expenditures verifications	



### Logistics Processes and Motorways of the Sea II

Intervention Logic / Activities			Assumptions
<b>PI: Project inception</b> a) Project Mobilisation b) Adjustment on the work plan			<ul style="list-style-type: none"> <li>Office established</li> <li>Availability and participation of the counterpart staff to engage in meetings, project steering and working panels</li> <li>Timely response on Contractor's requests by the beneficiaries</li> </ul>
<b>1A: Maritime dimension of MoS projects</b> a) Training activities and study tours b) Dialogue with a gathering of EU stakeholders and customers c) Communication and dissemination activities to strengthen the dissemination and awareness of the MoS concept through regional support d) Assessment and recommendations on feasibility of previously unselected and new pilot projects e) Technical assistance aimed at mobilisation of different sources of financing for the implementation of MoS projects f) Monitoring and reporting on the implementation of the MoS pilot projects <b>1B: Hinterland dimension of MoS projects</b>			<ul style="list-style-type: none"> <li>Availability and participation of the counterpart staff</li> <li>Favourable regional relations between countries</li> <li>Favourable investment environment in the countries</li> <li>Countries remain committed to the results of the previous projects</li> <li>Stakeholders are willing to cooperate under the format of a task force and remain active in implementation of the results</li> <li>Customs and other border authorities provide full support to implementation of the project</li> <li>Stakeholders are ready to capitalize on other project success stories to enable a quicker implementation of pilot projects and technical regulatory/normative reforms</li> <li>The beneficiaries pursue committed action in terms of necessary legal adjustments</li> <li>Free access to the project sites, availability of</li> </ul>





### Logistics Processes and Motorways of the Sea II

Intervention Logic / Activities			Assumptions
a) Set up of working groups and task forces and technical assistance for improving efficiency. b) Development and implementation of a restricted number of case studies on connections between ports and logistical zones			information and documents <ul style="list-style-type: none"> <li>• IFIs' strategies fit TRACECA objectives</li> <li>• Country governmental policies allow for IFI funding and loans remain a possible instrument of public investments</li> <li>• Interest of the international stakeholders in the region</li> <li>• Strategies of the international shipping business include activities in the TRACECA region</li> <li>• Investment forums are organised</li> </ul>
<b>2A: Concept of a regional networks of Logistics Centres</b> a) Set-up of bilateral and regional working groups to promote logistics processes and network possibilities b) Identification of the core networks between ports and logistics hubs c) Development of recommendations and guidelines for TRACECA network of the logistics centres d) Study tours and training organisation <b>2B: Logistics Centres' projects</b>			<ul style="list-style-type: none"> <li>• Countries remain committed to the results achieved in the previous projects</li> <li>• Policies are favourable to implementation</li> <li>• Customs sector is willing to cooperate and introduce change</li> <li>• Recommendations of the project are actively followed up by the tasks forces and promoted by the participants of the action plans</li> <li>• Countries' relations are not undergoing regional tensions</li> <li>• Stakeholders are promoting a regional approach</li> <li>• International stakeholders are interested in</li> </ul>



### Logistics Processes and Motorways of the Sea II

Intervention Logic / Activities			Assumptions
<b>implementation</b> a) Identification of interfaces to be adjusted to promote the network of logistics centres b) Identification and promotion of synergies between identified logistics centres c) Technical assistance related to establishment of network modalities d) Follow-up of feasibility studies and promotion of identified sites, raising awareness and enhancing interest e) Establishment of a dialogue and cooperation between the promoters and developers of the logistics centres			exploiting new business opportunities in the transport sector in TRACECA <ul style="list-style-type: none"> <li>• Decision making is consistent and appropriate</li> <li>• Stakeholders at the national level realise the potential of the network and understand the winning results from participation</li> </ul>



### Logistics Processes and Motorways of the Sea II

Intervention Logic / Activities			Assumptions
<b>3: LOGMOS Master Plan</b> a) Developing recommendations and guidelines for LOGMOS b) Two/three case studies to be selected and developed as pilot projects, small working groups to be set up to for addressing bottlenecks / defining required technical assistance c) Support and capacity building for attracting funding			<ul style="list-style-type: none"> <li>• Countries are available for consultations</li> <li>• Decision making process is favourable for the project environment</li> <li>• Decision making is clear and consistent</li> <li>• Counterpart staff remains committed and proactive in terms of implementation</li> <li>• IFIs remain committed to improvement of the infrastructure in the region</li> <li>• Availability of funds and programmes</li> <li>• Country macroeconomic policies envisage external borrowing</li> <li>• TRACECA investment forum is organised</li> <li>• Ports are following the strategy of regional development and understand benefits from partnership</li> </ul>
<b>4: Technical Assistance to Regulatory Adjustments</b> a) Case study related assessment of maritime and intermodal legislation and environment b) Organization of training, seminars, working groups to identify changes needed c) Development of a monitoring mechanism			<ul style="list-style-type: none"> <li>• Legal mechanisms allow for prompt changes and counterpart staff remains committed to the implementation of the recommendations</li> <li>• PS counterpart is available for consultations</li> <li>• International stakeholders remain interested in the TRACECA region</li> </ul>



### Logistics Processes and Motorways of the Sea II

Intervention Logic / Activities			Assumptions
on regulatory adjustments			
<b>5: Communication, Information, Awareness</b> a) Communication, dissemination and awareness plan / media strategy and implementation b) Cooperation with ENPI Info Centre c) Web portal based on TRACECA site and team room for knowledge base on MoS and Logistics and online library d) Cooperation platform meetings of project owners e) Final project dissemination f) Study tours on MoS and Logistics in Turkey and EU g) Dedicated training workshops / capacity building measure (ad hoc basis) h) TRACECA investment forums support in preparation and technical docs (TIF)			<ul style="list-style-type: none"> <li>Counterpart staff is available for consultations and participation at events</li> <li>Beneficiaries respond to contractor's requests and suggestions</li> <li>Counterparts remain committed to implementation and assist in organisation of meetings in their respective countries</li> </ul>



### Logistics Processes and Motorways of the Sea II

Intervention Logic / Activities			Assumptions
			<p><b>Pre-conditions:</b></p> <ul style="list-style-type: none"> <li>• Governance structure: weakness of maritime authorities bodies in the administration structure, lack of adequately skilled experts and high staff turn-over, insufficient financial resources; lack of intra and inter-organisation coordination and communication.</li> <li>• Inter-state tensions in the Caucasus region as well as in Central Asia might create difficulties in terms of regional coordination of transport flows, cross-border cooperation and trade facilitation.</li> <li>• These risks should be minimised by the use of already functioning mechanisms for cooperation between the transport key stakeholders of the neighbouring states and the EU, e.g. cooperation with Eastern Partnership and Black Sea Synergies structure. A strong coordination between the EC, EU Delegations and the TRACECA Permanent Secretariat can as well increase the coordination, minimising the risk of de-commitments of certain countries.</li> </ul>

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## Logistics Processes and Motorways of the Sea II

in Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova,  
Tajikistan, Turkmenistan, Ukraine, Uzbekistan

*Progress Report I – Annex 2*

*List of Meetings*

*October 2011*



This project is funded by  
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Logistics Processes and Motorways of the Sea II

**Schedule of the Missions / Events in July 2011 - October 2011**

Institutions / Events / Persons Met	LOGMOS Participants	Issues Discussed / Investigated
<b>July 2011</b>		
<b>Georgia</b>		
Poti Sea Port (ATM Terminals), Poti  Mr Grigol Bolkvadze, Chief Commercial Officer Mr Zviad Chkhartishvili, Head of Marketing Department	Mr Michel Gueriot Dr Giorgi Doborjinidze	<ul style="list-style-type: none"> <li>• Introduction and project overview</li> <li>• Status of MoS pilot projects</li> <li>• Exchange of information on port and land carriage operations</li> <li>• APM development plans in Poti</li> <li>• Regional seminar of LOGMOS project in Tbilisi, October 2011</li> </ul>
Batumi Sea Port (BSP) / Batumi International Container Terminal (BICT), Batumi  Mr Ilia Tsivadze, Commercial Manager, BSP Ms Ketevan Oragvelidze, Marketing Manager, BICT	Mr Michel Gueriot Dr Giorgi Doborjinidze	<ul style="list-style-type: none"> <li>• Introduction and project overview</li> <li>• Status of MoS pilot projects</li> <li>• Exchange of information on port and land carriage operations</li> <li>• Bottlenecks in the development of BSP and BICT</li> <li>• Regional seminar of LOGMOS project in Tbilisi, October 2011</li> </ul>
Sarpi Georgian-Turkish Border Crossing Point , Sarpi  Mr Vladimir Lazarashvili, Chief of Customs, Sarpi BCP	Mr Michel Gueriot Dr Giorgi Doborjinidze	<ul style="list-style-type: none"> <li>• Site visit at Sarpi BCP</li> <li>• Presentation of Georgian Customs (Revenue Service) working procedures</li> </ul>





Logistics Processes and Motorways of the Sea II

Institutions / Events / Persons Met	LOGMOS Participants	Issues Discussed / Investigated
<b>August 2011</b>		
<b>Armenia</b>		
Ministry of Transport and Communication, Yerevan  Mr Manuk Vardanyan, Minister of Transport and Communication Mr Gagik Grigoryan, Head of Foreign Relations Department and Programmes Department, Ministry of Transport and Communication, National Secretary of IGC TRACECA in Armenia	Mr Andreas Schoen	<ul style="list-style-type: none"> <li>• Status quo of the Zvartnots International Airport/ILC</li> <li>• Maritime flag issue</li> <li>• Regional seminar of LOGMOS project in Tbilisi, October 2011</li> <li>• Future cooperation and further steps to be taken</li> </ul>
<b>Azerbaijan</b>		
PS IGC TRACECA, Baku  Mr Eduard Biriucov, Secretary General	Mr Andreas Schoen	<ul style="list-style-type: none"> <li>• Project status quo</li> <li>• Preparation of the regional seminar of LOGMOS project in Tbilisi, October 2011</li> <li>• Coordination of LOGMOS project activities with the PS</li> <li>• Visibility and accounting issues</li> </ul>
Embassy of Turkmenistan to Azerbaijan, Baku  Mr Toyly Komekov, Extraordinary and Plenipotentiary Ambassador of Turkmenistan to Azerbaijan Mr Eduard Biriucov, Secretary General of the PS IGC TRACECA	Mr Andreas Schoen	<ul style="list-style-type: none"> <li>• Introduction and project overview</li> <li>• Project activities in Turkmenistan</li> <li>• Future cooperation and further steps to be taken</li> </ul>



# Logistics Processes and Motorways of the Sea II

Institutions / Events / Persons Met	LOGMOS Participants	Issues Discussed / Investigated
<b>Georgia</b>		
Ministry of Economy and Sustainable Development of Georgia, Tbilisi  Mrs Ketevan Salukvadze, Head of Transport Corridor Development Division, Transport Policy Department	Ms Yulia Usatova	<ul style="list-style-type: none"> <li>• Submission of the Inception Report</li> <li>• Comments of the beneficiaries on the Action Plans</li> <li>• Revitalization of TRACECA National Commission in Georgia</li> <li>• Regional seminar of LOGMOS project in Tbilisi, October 2011</li> <li>• Future cooperation and further steps to be taken</li> </ul>
Ministry of Economy and Sustainable Development of Georgia, Tbilisi  Mr David Giorgadze, Deputy Minister Mrs Ketevan Salukvadze, Head of Transport Corridor Development Division, Transport Policy Department	Mr Andreas Schoen	<ul style="list-style-type: none"> <li>• Introduction and project overview</li> <li>• Preparation for the TIF 2012</li> <li>• Issues concerning the use of TAM territory for ILC and the Block Train Poti-Baku</li> <li>• Future cooperation and further steps to be taken</li> </ul>
Ministry of Economy and Sustainable Development of Georgia, Tbilisi  Mr Vadim Turdzeladze, Consultant Mrs Ketevan Salukvadze, Head of Transport Corridor Development Division, Transport Policy Department NN, TAM Representatives	Mr Andreas Schoen	<ul style="list-style-type: none"> <li>• Status quo of the ILC on the TAM territory and Block Train Poti-Baku</li> <li>• Future cooperation and further steps to be taken</li> </ul>
Ministry of Economy and Sustainable Development of Georgia, Tbilisi  Mrs Ia Janashia, Head of Transport Policy	Mr Andreas Schoen	<ul style="list-style-type: none"> <li>• Introduction and project overview</li> <li>• Preparation for the TIF 2012</li> <li>• Regional seminar of LOGMOS project in Tbilisi, October 2011</li> </ul>



Logistics Processes and Motorways of the Sea II

Institutions / Events / Persons Met	LOGMOS Participants	Issues Discussed / Investigated
Department Mrs Ketevan Salukvadze, Head of Transport Corridor Development Division, Transport Policy Department		<ul style="list-style-type: none"> <li>Status quo of the ILC on the TAM territory and Block Train Poti-Baku</li> <li>Future cooperation and further steps to be taken</li> </ul>
<b>Kazakhstan</b>		
TRACECA National Secretariat, Almaty  Mr Murat Bekmagambetov, TRACECA National Secretary	Mr Andreas Schoen Mr Michel Gueriot Mrs Elena Pissanaya	<ul style="list-style-type: none"> <li>Introduction and project overview</li> <li>Project status quo in Kazakhstan</li> <li>Future cooperation and further steps to be taken</li> </ul>
Globalink Logistics Group LLC, Almaty  Mr Siddique Khan, President and CEO Mr Noel Garrino, General Manager of Road Transport Division	Mr Andreas Schoen Mr Michel Gueriot	<ul style="list-style-type: none"> <li>Introduction and project overview</li> <li>Overview and core activities of the company</li> <li>Status quo of Aktau ILC</li> <li>Future cooperation and further steps to be taken</li> </ul>
KazATO Union of International Road Carriers of the RK (KazATO), Almaty  Mr Alexandr Denissenko, Deputy Secretary General	Mr Andreas Schoen Mr Michel Gueriot Mrs Elena Pissanaya	<ul style="list-style-type: none"> <li>Project status quo in Kazakhstan</li> <li>Main freight flows</li> <li>Bottlenecks</li> <li>Participation in the regional seminar of LOGMOS project in Tbilisi, October 2011</li> </ul>
Headquarters of Forum of Kazakhstan Entrepreneurs, Almaty  Mrs Munavara Paltasheva, COO	Mr Andreas Schoen Mr Michel Gueriot Mrs Elena Pissanaya	<ul style="list-style-type: none"> <li>Introduction and project overview</li> <li>Overview and core activities of Forum</li> <li>Constraints in the development of logistics in Kazakhstan</li> <li>Further steps to be taken</li> </ul>
Kazakhstan Association of Customs Brokers (KATB), Almaty  Mr Gennady Shestakov, Chairman of Council	Mr Michel Gueriot Mrs Elena Pissanaya	<ul style="list-style-type: none"> <li>Introduction and project overview</li> <li>Overview and core activities of KATB</li> <li>Bottlenecks</li> <li>Recommendations on improvement of operations in port</li> </ul>



**Logistics Processes and Motorways of the Sea II**

<b>Institutions / Events / Persons Met</b>	<b>LOGMOS Participants</b>	<b>Issues Discussed / Investigated</b>
		Aktau
DAMU Logistics Group JSC, Almaty  Mr Saken Toilybaev, CEO Mr Nikolai Kashirin, Chairman of the Board Mr Timur Ospanov, Adviser to the Chairman	Mr Michel Gueriot Mrs Elena Pissanaya	<ul style="list-style-type: none"> <li>• Introduction and project overview</li> <li>• Overview and core activities of the company</li> <li>• Visit of «DAMU Logistics» ILC</li> <li>• Exchange of information</li> </ul>
<b>Moldova</b>		
Free International Airport Marculesti (FIAM), Marculesti  Mr Sergiu Ciobanu, General Manager Mr Boris Muntean, Deputy Director	Mr Andreas Schoen Mr Maxim Gena	<ul style="list-style-type: none"> <li>• Introduction and project overview</li> <li>• Status quo of FIAM</li> <li>• Development plans</li> <li>• Future cooperation</li> </ul>
Giurgiulesti International Free Port (GIFP), Chisinau  Mrs Ala Aydov, General Director	Mr Andreas Schoen Mr Maxim Gena	<ul style="list-style-type: none"> <li>• Future mission planning</li> <li>• Development plans of GIFP</li> <li>• Integration of Moldova into Viking train project</li> <li>• Future cooperation and further steps to be taken</li> </ul>
Ministry of Transport and Road Infrastructure of the Republic of Moldova, Chisinau  Mr Boris Gherasim, Deputy Minister of Transport and Road Infrastructure Mr Valeriu Ciubuc, Deputy Minister of Transport and Road Infrastructure Mr Andrei Cuculescu, Director of Road Development Department, TRACECA National Secretary Mrs Alina Diacenco, Deputy Head of National Railway Technical Department	Mr Andre Merrien Mr Oleksandr Lysenko Mr Maxim Gena	<ul style="list-style-type: none"> <li>• Introduction and project overview</li> <li>• Marculesti International Logistics Centre status quo</li> <li>• Seaborne and riverborne transportation through the Danube</li> <li>• Giurgiulesti River Port</li> <li>• Road/railway connections within country and Europe</li> <li>• Logistics centre nearby Chisinau</li> </ul>



## Logistics Processes and Motorways of the Sea II

Institutions / Events / Persons Met	LOGMOS Participants	Issues Discussed / Investigated
Mr Vigo Legzdins, Adviser to the Minister of Transport (EU Policy Advice Team) Mr Zaharia Igor, Head of Water Transport Department		
Ministry of Transport and Road Infrastructure of the Republic of Moldova, Chisinau  Mr Zaharia Igor, Head of Water Transport Department Mr Petru Codreanu, Giurgiulesti Harbour Master	Mr Andre Merrien Mr Oleksandr Lysenko Mr Maxim Gena	<ul style="list-style-type: none"> <li>• Overview of LOGMOS activities in Moldova</li> <li>• Overview of Giurgiulesti Port</li> <li>• Port development plans</li> <li>• Further steps to be taken</li> </ul>
Giurgiulesti International Free Port (GIFP), Giurgiulesti  Mrs Ala Aydov, General Director Mr Vladimir Flocea, State Port Controller/Dispatcher	Mr Andre Merrien Mr Oleksandr Lysenko Mr Maxim Gena	<ul style="list-style-type: none"> <li>• Overview of LOGMOS activities in Moldova</li> <li>• Overview GIFP and Danube Logistics activities</li> <li>• GIFP development plans</li> <li>• Visit to Port</li> </ul>
<b>Ukraine</b>		
Euroterminal LLC, SE "Odessa Commercial Sea Port», Odessa  Mr Mikhail Vanenkov, Deputy Director on Commerce and Development Mr Vyacheslav Voronoi, Logistics and Commercial Department, Odessa Commercial Sea Port	Mr Andreas Schoen	<ul style="list-style-type: none"> <li>• Status quo of customs terminal at Dry Port Euroterminal</li> <li>• Shipping line vision for Ro-Ro project</li> <li>• Development plans of Euroterminal</li> <li>• Cooperation of Port of Odessa and Euroterminal</li> <li>• Future cooperation and further steps to be taken</li> </ul>



## Logistics Processes and Motorways of the Sea II

Institutions / Events / Persons Met	LOGMOS Participants	Issues Discussed / Investigated
<p>Plaske JSC, Odessa</p> <p>Mr Oleg Platonov, President</p>	<p>Mr Andreas Schoen</p>	<ul style="list-style-type: none"> <li>• PLASKE initiatives in customs and legal issues</li> <li>• Extension of the operation of the train Viking in Georgia, Azerbaijan and Moldova</li> <li>• Status of Working Group in Ukraine</li> <li>• Future cooperation and further steps to be taken</li> </ul>
<p>Ukrrihflot JSSC, Kiev</p> <p>Mr Andrei Tchaiko, General Director</p>	<p>Mr Michel Gueriot</p> <p>Mr Andre Merrien</p> <p>Mr Oleksandr Lysenko</p>	<ul style="list-style-type: none"> <li>• Introduction and project overview</li> <li>• Overview of the company</li> <li>• Development of river traffic and river ports</li> <li>• Bottlenecks</li> <li>• Prospects or development of container traffic on inland waterways</li> <li>• Permits for visiting river ports on the Dnieper</li> </ul>
<p>Site visits to Kherson Ports, Kherson</p> <p>Mr Viktor Bublykov, Government of Kherson Region, Member and Adviser in Transport Policy</p> <p>Mr Vyacheslav Sokolov, Kherson Deputy Harbour Master, State Port Administration</p> <p>Mr Ivan Zavizion, Director, Kherson River Port (Part of Ukrrihflot)</p> <p>Mr Aleksey Antoshkin, Deputy Director, Kherson River Port (Part of Ukrrihflot)</p> <p>Mr Vasilii Donets, Director, Kherson Shipyard (Part of Ukrrihflot)</p> <p>Mr Valeriy Zhurov, Deputy of Director General on Investments Policy and Development, SE "Kherson Commercial Sea Port "</p>	<p>Mr Andre Merrien</p> <p>Mr Oleksandr Lysenko</p>	<ul style="list-style-type: none"> <li>• Introduction and project overview</li> <li>• Port hub in Kherson</li> <li>• Presentation of Kherson River Port (Ukrrihflot) and site visit</li> <li>• Presentation of Kherson Shipyard (Ukrrihflot) and site visit</li> <li>• Presentation of Kherson Commercial State Sea Port and site visit</li> <li>• Prospects for development of container direction</li> </ul>



## Logistics Processes and Motorways of the Sea II

Institutions / Events / Persons Met	LOGMOS Participants	Issues Discussed / Investigated
<p>Zaporozhe River Port Administration, Zaporozhe</p> <p>Mr Alexander Zyskind, General Manager Mr Sergey Agafonov, Port Operations Manager Mr Igor Kamenev, Head of Commercial Department Mr Dmitry Brusnitsin, Deputy Head of Commercial Department Mr Victor Bondar, Chief Technologist</p>	<p>Mr Andre Merrien Mr Oleksandr Lysenko</p>	<ul style="list-style-type: none"> <li>• Introduction and project overview</li> <li>• Overview of the Port</li> <li>• Site visit</li> <li>• Prospects for development of container direction</li> </ul>
<p>Dnepropetrovsk River Port Administration, CSAV NORASIA Representative Office in Dnepropetrovsk, Dnepropetrovsk</p> <p>Mr Vadim Shpak, Deputy Commercial Director (Ukrzriflot), Dnepropetrovsk River Port Mr Alexander Detsyura, CSAV NORASIA Representative in Dnepropetrovsk Mrs Anastasyia Zadorozhnaya, Representative of Freight Forwarder with CSAV NORASIA</p>	<p>Mr Andre Merrien Mr Oleksandr Lysenko</p>	<ul style="list-style-type: none"> <li>• Introduction and project overview</li> <li>• Overview of the Port</li> <li>• CSAV NORASIA operations in Dnepropetrovsk</li> <li>• Site visit on areas dedicated to container business</li> </ul>
<b>September 2011</b>		
<b>Armenia</b>		
<p>National Secretariat of IGC TRACECA in Armenia</p> <p>Mr Gagik Grigoryan, Head of Foreign Relations Department and Programmes Department, Ministry of Transport and Communication, National Secretary of IGC TRACECA in Armenia</p>	<p>Ms Yulia Usatova Mr Frank Ryan Mr Khachatur Manukyan</p>	<ul style="list-style-type: none"> <li>• Project status quo</li> <li>• Presentation of findings and approach of the team</li> <li>• Technical constraints of the access road to the ILC at Zvartnots</li> <li>• Site visit</li> <li>• Future cooperation and further steps to be taken</li> </ul>



Logistics Processes and Motorways of the Sea II

Institutions / Events / Persons Met	LOGMOS Participants	Issues Discussed / Investigated
<b>Azerbaijan</b>		
TRACECA National Secretary, Baku Mr Akif Mustafayev, TRACECA National Secretary	Mr Andreas Schoen Mr Michel Gueriot	<ul style="list-style-type: none"> <li>• Set-up of the LOGMOS Azerbaijan Working Group</li> <li>• Status quo of the of the new port at Alyat</li> <li>• Future cooperation and further steps to be taken</li> </ul>
PS IGC TRACECA, Baku  Mr Akif Mustafayev, TRACECA National Secretary Mr Vahid Aliyev, First Deputy Director, Baku International Sea Commercial Port Mr Elnur Kazimli, Head of Foreign Relations Department, MoT Mr Samed Garalov, Head of Main Department of Customs Control, State Customs Committee Mr Teymur Mammadov, Head of Operations and Transport Processes Department, ADDY Mr Rafail Mirgulamov, Deputy Head of Commercial Department, Baku International Sea Commercial Port Mr Nazim Mammadov, Representative of CASPAR Mr Melikov Husameddin, Deputy Head of Tariff and Transport Service Department, ADDY Mrs Yuliana Stasiuc, Expert, PS IGC TRACECA	Mr Andreas Schoen Mr Michel Gueriot	<ul style="list-style-type: none"> <li>• Introduction and project overview</li> <li>• Pilot-projects and future developments</li> <li>• BCT agreement issue</li> <li>• Modernization of Customs Committee</li> <li>• Future cooperation and further steps to be taken</li> </ul>
CASPAR, Baku  Capt. Mukhtar Akhundov, Vice-President Mr Nazim Mamedov, Expert in Maritime Operations, PS IGC TRACECA	Mr Andreas Schoen Mr Michel Gueriot	<ul style="list-style-type: none"> <li>• Introduction and project overview</li> <li>• Overview and core activities of the company</li> <li>• Future development plans</li> <li>• Participation of CASPAR in the regional seminar of LOGMOS project in Tbilisi, October 2011</li> </ul>





Logistics Processes and Motorways of the Sea II

Institutions / Events / Persons Met	LOGMOS Participants	Issues Discussed / Investigated
NN, Chief of Ferries Operations		
PS IGC TRACECA, Baku  Mr Eduard Biriucov, Secretary General	Ms Yulia Usatova Mrs Fatima Atakishyeva	<ul style="list-style-type: none"> <li>PR activities of LOGMOS project</li> <li>Facilitation in participation of the Turkmenistan delegation in the regional seminar of LOGMOS project in Tbilisi, October 2011</li> <li>Website hosting issues</li> <li>PS participation in the regional seminar of LOGMOS project in Tbilisi, October 2011</li> </ul>
TRACECA National Secretary, Baku  Mr Akif Mustafayev, TRACECA National Secretary	Ms Yulia Usatova Mrs Fatima Atakishyeva	<ul style="list-style-type: none"> <li>Action plans implementation approach</li> <li>Regional seminar of LOGMOS project in Tbilisi, October 2011: participants and presentations of the Azerbaijani delegation</li> <li>Country profiles: Azerbaijan</li> </ul>
PS IGC TRACECA, Baku  Mr Anar Ismayil, PS Land Transport Expert	Ms Yulia Usatova Mrs Fatima Atakishyeva	<ul style="list-style-type: none"> <li>Action plans of the pilot-projects</li> <li>Participation of the LOGMOS KE II at the working group on combined transport</li> <li>Coordination of the further steps to be taken</li> </ul>
PS IGC TRACECA, Baku  Mr Anar Mammedov, Web Administrator PS IGC TRACECA	Ms Yulia Usatova Mrs Fatima Atakishyeva	<ul style="list-style-type: none"> <li>LOGMOS Webpage training</li> </ul>
<b>Georgia</b>		
Ministry of Economy and Sustainable Development of Georgia, Tbilisi  Mrs Ia Janashia, Head of Transport Policy Department	Dr Georgi Doborjinidze	<ul style="list-style-type: none"> <li>Update of the project activities in Georgia</li> <li>CBA of Georgian Block Train</li> <li>Future cooperation and further steps to be taken</li> </ul>



# Logistics Processes and Motorways of the Sea II

Institutions / Events / Persons Met	LOGMOS Participants	Issues Discussed / Investigated
<b>Kazakhstan</b>		
<p>Ministry of Transport and Communications of Kazakhstan, Astana</p> <p>Mr Rustan Jenalinov, Director of Strategic Planning and Logistics Department</p> <p>Mr Bolat Jansugurov, Director of Road and Water Transport Department (DAVT)</p> <p>Mr Marat Saduov, Adviser to the Minister</p> <p>Mr Serik Bashimov, Head of Transit Policy Administration</p> <p>Mr Janat Kurmankulov, Key Expert, Strategic Planning Department</p> <p>Mr Bakhtiar Omarov, Expert Water Transport Administration (DAVT)</p> <p>Mr Alibek Sultanov, Expert, International Organizations Administration (DMS)</p> <p>Mr Gennadi Yan, Deputy Head of Legal Department, Aktau International Sea Commercial Port (AISCP)</p>	<p>Mr Andreas Schoen</p> <p>Mr Michel Gueriot</p>	<ul style="list-style-type: none"> <li>• Introduction and project overview</li> <li>• Pilot-projects and future developments</li> <li>• Action plans implementation approach</li> <li>• Exchange of information</li> </ul>
<p>World Bank Country Office, Astana</p> <p>Mrs Aliya Mukay, Operations Officer, Infrastructure Sustainable Development Department</p>	<p>Mr Andreas Schoen</p> <p>Mr Michel Gueriot</p>	<ul style="list-style-type: none"> <li>• Introduction and project overview</li> <li>• WB involvement in financing of current infrastructure projects</li> </ul>
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Logistics Processes and Motorways of the Sea II

Institutions / Events / Persons Met	LOGMOS Participants	Issues Discussed / Investigated
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Institutions / Events / Persons Met	LOGMOS Participants	Issues Discussed / Investigated
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Site visit to Nijnij Pjandj ILC  Mr Solih Muminov, TRACECA National Secretary Mr Nimatullo Sohibov, State Unitary Enterprise "Research, Design and Survey Institute", Ministry of Transport Mr Kurbon Saidov, Head of the Road Transport and Transport Safety Department of the Land Transport Unit of the Ministry of Transport	Ms Yulia Usatova	<ul style="list-style-type: none"> <li>Status quo of Nijnij Pjandj</li> <li>FEZ Nijnij Pjandj</li> <li>Bottlenecks</li> <li>Finding on oil transshipment point</li> <li>Requests for information</li> <li>Follow up of the provisions of the feasibility study and the action plan for Nijnij Pjandj</li> </ul>
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Turkmenbashi International Sea Commercial Port (TISCP), State Service of Maritime and River Transportation of Turkmenistan (SSMRTT – having status of Ministry), Turkmenbashi  His Excellency Meylis Mutdikov, Chairman of the SSMRTT with Rank of Minister Mr Yazgeldy Nazarov, Chairman of TISCP	Mr Andreas Schoen Mr Michel Gueriot Mr Azer Tagiyev	<ul style="list-style-type: none"> <li>Introduction of the parties</li> <li>Project overview</li> <li>TISCP development plans</li> <li>Railway issues</li> <li>Participation of TISCP representatives in the regional seminar of LOGMOS project in Tbilisi, October 2011</li> <li>Throughput statistics</li> <li>Bottlenecks and recommendations</li> </ul>



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Institutions / Events / Persons Met	LOGMOS Participants	Issues Discussed / Investigated
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# Logistics Processes and Motorways of the Sea II

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Logistics Processes and Motorways of the Sea II

Institutions / Events / Persons Met	LOGMOS Participants	Issues Discussed / Investigated
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## Logistics Processes and Motorways of the Sea II

in Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova,  
Tajikistan, Turkmenistan, Ukraine, Uzbekistan

*Progress Report I - Annex 3*

*TRACECA Inland Waterways – Dnepr Case Study*

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## LIST OF ABBREVIATIONS

FEZ	Free Economic Zone
IMTP	Ilyichevsk Commercial Sea Port
KMTP	Kerch Commercial Sea Port
Ro-Ro	Roll-on / Roll-off vessel
SCSU	State Customs Service of Ukraine
TRACECA	Transport Corridor Europe Caucasus Asia



## 1 GENERAL PERSPECTIVE FOR EXPLOITING TRACECA INLAND WATERWAYS

The international importance of the Ukrainian inland waterways is attributed to such rivers as the Danube (Reni, Izmail and Ust-Dunaisk) and the Dnepr. While the potential of Danube is well covered by various technical studies as part of the greater Danube shipping market, the Dnepr role remains not so well investigated.

The purpose of this report is to highlight the role of the Dnepr in the transport system of Ukraine in particular and for TRACECA in general taking into account the European experience and current trends in the region.

On national level, the Dnepr River may play an important role in connecting the central part of the country including Kiev to the Black Sea. For TRACECA the inland waterways of Ukraine constitute a major part of its inland waterway network in the former CIS countries.

The Dnepr is international inland waterway of category E open for call to foreign vessels. The factor allows Dnepr to contribute to improved distribution of traffic flows from the Central and Northern Europe via the Black Sea ports, provided adequate logistics infrastructure is developed and navigation conditions are improved, Dnepr may play a role in logistics chains connected to Danube, Black and Mediterranean seas. With lines to the Sea of Azov, the Don and the Volga-Don channel vessels may reach ports on the Volga as well as on Caspian and Baltic seas.

The European experience demonstrates the following factors that need to be considered in view of successful development of the inland waterway potential:

**Reduction in Landside Transportation Costs:** container river ports located upriver close to the hinterland markets have potential of gaining market share from those ports located at the coast. This trend is a result of shippers' intention to minimize landside transport costs by choosing ports located farther inland.

**Targeting in Modal Market Shares:** Despite inland waterways are an absolutely vital part of the multi-modal system, specifically in the case of bulk/liquid commodities, the global trend is that they losing market share versus the road mode. Therefore, the inland waterway system should seek its place in international container and domestic intermodal markets by providing the services required by the supply chains.

**Container-on-barge Services are Viable:** Container-on-barge services in Europe have become an essential link in the transport of containers between hinterland markets and coastal ports. This solution could be also considered for TRACECA as well, of course bearing in mind existing technical barriers along its waterways. This is also connected to the overall containerisation situation in TRACECA. Since container-on-barge services require significant existing or potential volumes of international maritime containers moving between the requisite international gateway port and inland regional markets.

**Reliable Scheduled Services:** The conditions provided by waterway system should be regular, rapid and reliable. These include proper navigation, container facilities and manageable distances. The experience in Europe shows that frequency and level of service is the most important factor to for competing with road transport.

**Mode Shift Policies and Mechanisms:** It is the policy of the European Union to affect a modal shift from trucks to rail and waterways. For instance such traditionally external costs emissions and traffic congestion were converted into market based subsidies designed to take traffic off the highways and on to the waterways. Policies, incentives and subsidies would be become an



important tool for development of the integral logistics in TRACECA, including utilisation of the inland waterway potential in the supply chains.

**Marketing, Linkage with Shippers, Carriers and Ports:** Marketing measures promoting certain segments of the network may be useful in targeted relationships with shippers seeking reliable mode options.

**Innovations and Technology:** The use, reliability and efficiency of the waterway system are enhanced through application of modern technologies and innovations.

Certainly these lessons learned cannot be put in place overnight, but they provide a vision for exploiting potential of the inland waterway system, and sketch the steps need to be taken.



## 2 SECTOR ORGANISATION, CONDITION OF PORTS AND THE FLEET

The state, with the capacities of the State Sea and River Transport Policy Department of Ukraine is the main regulatory body for the river transport in Ukraine. In the following subchapters the regulatory issues are discussed in greater detail.

The major players of the Dnepr transportation include:

- “Ukrrechflot”, the main river carrier and port owner offering large scope of transportation services on inland waterways of Ukraine. In addition, the company maintains shipbuilding and ship-repairing entities.
- Ukrvodshliakh, the state-owned ‘Waterways Enterprise’, is responsible for works on public inland waterways in order to provide appropriate conditions for the safe navigation.
- The state-owned ‘River Ports Administration’ enterprise is in charge of the preservation and the proper maintenance of river hydraulic engineering works and the most efficient use of the state-owned property not included into authorised funds of river ports (hydraulic engineering structures, vessels and other property), as well as the provision of the relevant services.

Dnepr's river ports are located on inland waterways (IWW) of international importance (Category E). They are located in places of the major concentration of Ukraine's industrial and agrarian potential.

The total throughput of cargo terminals is 150 million tonnes per year.

However, neither the size of the navigable waterway network, nor the potential of the ports can outweigh the small market share of the contemporary inland waterways traffic, which is noticeably low in comparison with any other mode of transport in Ukraine. The potential of the river transport remains unused mainly due to the following factors:

### Natural reasons:

- The Dnepr has a tortuous layout making a long distance of 850km from Kherson to Kiev, instead of 510km Odessa-Kiev by road and 713 km (tariff distance) by railway Odessa-Kiev.
- The river freezes in winter time which closes navigation between 50 and 100 days per year. Ice-breakers can extend the navigation period. Still this cannot guarantee uninterrupted service. Thus, river lines should be secured by /combined with on-land routes.
- The average distance between Dnepr estuary, in the West of Kherson to the closest deep see ports of Ilyichevsk, Odessa or Yuzhni is about 100km on the open sea. This long distance is considered to be a navigation barrier for purely river-going units calling deep see ports.

### Structural and technical reasons:

- Only few ports attract significant cargo flows. In general, the river transport handles less than 10% of potential traffic.
- Kherson lacks a suitable transshipment base for exchanging cargo between river units and sea-going vessels.
- The vessels have to pass five series of locks on the route from Kiev to the Black Sea. In addition, several low bridges require lifting operations to allow for passage of vessels.
- In most ports, the facilities are not fully utilised; the equipment and the infrastructure are obsolete or, often, decommissioned. River ports lack suitable handling equipment for containers (the only operational container facility is located in Dnepropetrovsk).



- The efficiency of the utilisation of the available facilities is generally low. The maintenance requires large costs. It results in inflated operating expenses and high market prices. As a result, the internal river transport can hardly compete with other modes of transport.
- The major use of river ports and the river infrastructure includes the transportation of the low-value bulk cargo, such as sand, scrap metal, ore, metal, etc.
- This mode of transport suffers from lack of integration with the Ukrainian intermodal transportation network mainly attributed to its substantial inefficiency in transit cargo transportation and the inadequate infrastructure.
- Before the GEC of 2008, almost no new vessels were added to the existing obsolete fleet. Only JSSC Ukrrihflot implemented an operating fleet upgrade programme. This situation resulted in the reduction of the commercial fleet of river ports by half. The number of tug fleet units dropped by a factor of 1.5, and the service and auxiliary fleet decreased by a factor of 4. The lack of fleet replacement contributed to increase in its technical obsolescence. The average age of vessels exceeds 25 years.
- River ports are no longer properly equipped for bunkering.
- For most ports being situated in city centres, development or expansion is either difficult, or outright impossible.
- Proper maintenance is no longer ensured for dredging and for aids to navigation (buoys, lights, landmarks).
- Maintenance of locks and dams looks is also inadequate. This hampers navigation and constitutes a serious environmental hazard risk for population living along the river. For instance a possible failure of the 50m-high lock/dam in Zaporozhe may lead to environmental disaster and catastrophic consequences for the population.

The technical and economic features, and the current operating capacity could allow the use of river ports as a part of the network of international transportation corridors in spite of the substantial physical wear and tear, and obsolescence of port facilities (hydraulic engineering structures, transport and warehousing equipment, transshipment equipment, etc.) in view of the economic benefits, energy savings and environmental advantages of river transport, as well as the range and volumes of traffic in the basin. However, it only applies to bulk cargo.

#### **Economic reasons:**

- In the 90s the collapse of the USSR and the breakdown of traditional commercial relations with neighbouring countries entailed drastic economic consequences.
- Erratic privatization has led to the breach of common vision and cooperation between the regions of Ukraine and Ukrainian enterprises, which now belong to different owners, sometimes from foreign countries, with different priorities.
- All river ports on the Dnepr are privatised.
- Since 2008 Ukraine was hit by the worldwide crisis.

The economic crisis continues to affect the inland water transportation negatively. The river fleet is mainly used for the transportation of the low-tariff cargo. The global trends did not change cargo patterns on the Dnepr. These mostly include local construction materials, such as sand, crushed rock, stones, slag, etc. The sand is the main cargo transported by fleets of the local ports.

- A large part of the Dnepr fleet was designed for bulk cargo, mainly sand and ore. Therefore most units are inappropriate for general cargo and containers.
- A major overhaul and upgrade of the out-of-date domestic fleet is not realistically feasible. For this reason, this cannot be regarded as a way out of the current situation. It substan-



tially hampers the competitiveness of inland waterways in comparison with other means of transport.

- The reduced volumes of traffic and low returns pushed most shipping companies toward suspending their commercial activities or moving them elsewhere.
- Still, private investment projects are being implemented due to the development of the agrarian sector.

For instance, an investment project of Nibulon Agricultural limited liability company worth USD 470m is aimed at the revival of the navigation on Ukrainian rivers. It provides for the construction of 57 self-propelled and non-propelled vessels with the total deadweight of 200,000 tonnes, including 14 sea and river tug boats, as well as grain elevators (the 20th one will be commissioned on 1 November 2011), including 10 river elevators on the Dnepr, the Southern Bug, and other rivers. Nibulon are going to transport 2,000,000 tonnes of grain cargo per year on the Dnepr. Twenty-four non-propelled vessels and 4 tug boats have been built already and are operating successfully. Four river terminals were built on the Dnepr only with 3 further terminals being under construction. Recently, EBRD granted a loan of USD 50m to Nibulon for the construction of five grain elevators, including river grain elevators with the total capacity of about 300,000 tonnes of grain.

These examples are very important, because it supports Ukraine's move towards specialised transportation in view of international trade, and confirms the competitiveness of the transportation through Ukraine's inland waterways.

### **Status of the Regulatory Framework, the State Governance of the Sector, and Human Resources**

The distinction in legal nature of the sea and river transport in is a specific feature of Ukrainian legislation in the field of water transport.

According to the Ukrainian law, the state regulates the river transportation and acts as a single regulator for the sector. The provisions of tariff and tax policy of the state are, therefore, essential for efficient operation of river ports and attraction of traffic.

For instance as per Resolution of the Cabinet of Ministers of Ukraine No. 1548 of 25 December 1996 "On Setting out Powers of Executive Agencies and Executive Bodies of City Councils Regarding the Regulation of Prices (Tariffs)" the Ministry of Infrastructure of Ukraine is to set the "charges for the use of river port hydraulic engineering structures and fees for specialised services provided at river ports (on terminals) of Ukraine (berthing, vessel, anchorage and administrative services) in co-ordination with the Ministry of Economy and the Ministry of Finance. The following still needs to be addressed to satisfy the needs of users of the transport system:

- introduction of a clear procedure for the conveyance of the state-owned property under a commercial management; the contracts concluded with regional departments of the State Property Fund of Ukraine for the operation of state-owned hydraulic engineering structures are outside of legal relations; the procedure of the contribution of investments into the construction and the major overhaul of hydraulic engineering structures is not regulated;
- putting in place mutual responsibility and feedback between companies in charge of the operation and the modification of inland waterways and the State Enterprise Ukrvodshliakh, which is responsible for the condition thereof (i.e., the responsibility in front of the State);
- the integration of the EU regulations in the field of the river transport. This sector will require specific legal regulation in the future, since the currently applicable legislation is either inefficient or missing;





- Ukraine's regulatory framework in the field of the operation of the inland waterways is fragmented; it does not solve major issues in the field of operation and does not create conditions for the sustainable development of the river sector; it does not provide a link between the functioning of a river with the operation of coastal industrial areas and cities;
- the relations between state authorities and owners of private river ports and terminals, as well as tariffs and other charges are today governed by a number of opaque laws associated with considerable costs and opening broad opportunities for abuse.

With limited administrative capacity the State Sea and River Transport Policy Department of Ukraine needs intuitional and financial support in order to ensure adequate functioning of the river transport.

The privatisation of the river transport sector resulted in the fact that all oversight and strategic infrastructure maintenance duties of the state were transferred to the private sector.

The following structural difficulties are currently observed in this respect

- private companies are financially unable to perform technical maintenance duties without endangering their own stability;
- they are unable to compete with the special 'anti-crisis' railway tariffs offered by Ukrzaliznytsia;
- the continued evasion of duties by state authorities could eventually result in the irreversible degradation of inland waterways and the complete suspension of traffic.

### **Specialised academic institutions**

Currently there are no specialised educational institutions in Ukraine for training of river fleet personnel. In Soviet Union and until a certain moment in Ukraine the Kiev River School trained the command personnel for river fleet. Today this school has been transformed into Kyiv River Transport Academy which trains seamen in conventional maritime professions. No command personnel is trained in Ukraine for self-propelled barges, tug-boats, pusher tugs, etc. (This means combined professions that are in demand specifically in river fleet - captain-mechanic, mate-mechanic, etc.). Requirements for combined profession diplomas for river vessel personnel are still in effect. Ukrainian river-related documents do not comply with international standards.

### **Special attention is required for the analysis of problems of the maritime sector of Ukraine in container transport**

The volume of containers handled in transshipment through Ukrainian ports during the first eight months of this year amounted to a mere 4,000 TEU. This is the result after one year of amendments to the Transit law, which, theoretically, should have opened the door fully to transshipment in Ukrainian ports.

The total transshipment volume in one year amounted to 5,388 TEU (28 vessels handled since the 22<sup>nd</sup> of September, 2010)

The above amount represents about 0.8% of the total container volume through Ukrainian ports. In the explanatory memorandum to the Law prepared by the Ministry of Infrastructure, the prospect was to attract 400,000 TEU per year in transshipments, which would have brought an additional 50-60 million USD revenue

The following reasons were identified as factors attributing to low traffic flows:

1. The Customs-clearance of containers in the ports remains tedious:



a. A container in transit mode passes the formalities in 6 to 12 hours, an import – container takes from 18 to 22 hours or even up to several days (in the EU ports 30 minutes). The procedures include up to 12 control services, duplicating each other (in the EU - two or three).

Veterinary Control requires the original veterinary certificates for the goods in the container not later than 24 hours before vessel call. Environmental Control insists on the radiological control for containers in transshipment mode which is not logical, since the goods are not imported into the territory of Ukraine. Regulatory documents that govern the work of these 12 services do not allow to distinguish the responsibility between them.

b. 20-50% of the transit containers are scanned and inspected and until very recently it was the case for 100% of the import ones (in the EU – 1 and 5% respectively).

c. The actions of the controlling agencies in combating smuggling, paralyzes the work of the terminals do not take into account European experience in risk management system. In the working process the police, the Security Service of Ukraine, Tax Police, etc. can interfere at any time and stop the operation of a port, which occasionally happens.

d. At the same time it is virtually impossible to establish the degree of responsibility of each of these services in the delays for the containers.

2. Transshipment is not possible for excise, dangerous goods because of the restrictions in the Transit law.

3. The total costs for the ship's call (disbursements) in Ukrainian ports is, on average, 30% higher than in other Black Sea ports.

4. The seasonal ice dues are charged in Ukraine, to ship-owners not to the cargo-owners. As a result, this year, CMA CGM, one of the main customers for the transshipment of containers at Odessa, transhipped containers at Constanta, in order to avoid paying this additional fare.

5. There are limitations to the so-called domestic (cabotage) transshipment, i.e. the transport of containers on board small tonnage ships between Ukrainian ports on the Dnepr River and the Azov and Black sea. The Port of Odessa, JSSC "Ukrlichflot", and the Customs developed and agreed upon the necessary technological steps to be followed and reported accordingly to the Ministry of Justice. Should this document be adopted, Ukraine could be looking forward to a real development of domestic (cabotage) transport of containers between the river and sea ports of Ukraine.



### **3 PROBLEMS OF SHIP OWNERS/AGENTS/FORWARDERS WORK ON THE RIVER DNEPR AND SEA PORTS OF UKRAINE**

#### **3.1 Tariff policy of sea and river ports and other entities of water infrastructure of Ukraine.**

- There is not any kind of stimuli for Ukrainian-flag vessels (since January 2005 discounted port charges for Ukrainian flag have been cancelled, since April 2008 discounted port charges and service fees for foreign shipping vessels of companies that have the status of national transport operator have been cancelled).
- The status of "international carrier" has been introduced by the resolution of the Cabinet of Ministers of Ukraine for all vessels including Ukrainian since 2009. In respect to water transport, a vessel is considered an international carrier if it actually has cargo or passengers on board. In this case it is not subject to VAT for tonnage, canal and light port charges. At the same time a vessel which is heading in ballast for loading is not considered an international carrier and therefore is subject to VAT to the full extent. In accordance with all canons of maritime industry, the next voyage of a vessel starts immediately after unloading is completed, i.e. it often include an in-ballast passage to the place of loading (especially for vessels carrying bulk cargoes). In other words a lot of (Ukrainian) ship owners have to incur additional expenditures just because the commodities exported in bulk constitute the basis for the Ukrainian foreign trade.
- Ukrainian-flag vessels pay 20% VAT for all port charges and services, including agent fee which is taxed at zero rate for foreigners.
- Local port tariffs are artificially inflated under the pretence of ensuring navigation safety).

In many ports:

- when vessels transferred from inner harbour as per the order of the port administration pull anchor heading to sea, they have to use the harbour tug for turning regardless of specific weather conditions, size and construction of the vessel (two screws, availability of steering nozzles or lateral thrusting propeller). Additional ship owner's expenditures, exclusive of extra charges for work at night time and during holidays, range from 100-300 USD;

By resolution of the Cabinet of Ministers of Ukraine of 24/12/2003 No. 1989 "Issues of passage across the state border of automotive, water, railroad and air means of transport of carriers and cargo carried by them" the obligation to deliver members of commissions and representatives of controlling organizations to the place of control and back is put on the port administration or marine agent. In reality the expenditures for bringing the commissions on board are incurred solely by ship owners especially when the vessel is at anchorage. In summer such delivery costs for ship owners range from 50 to 150 USD and in ice conditions - up to 1500 USD. In violation of provisions of the "Convention on Facilitation of International Maritime Traffic of 1965", which was ratified by Ukraine in 1993 and which envisages free of charge work of state services, unreasonably high tariffs are established in the port for the "services" of the Inspection State Inspectorate of the Port on registration of arrival and departure of vessels. The official cost of such "services" makes 100-360 USD excluding side payments which remain a serious problem. Users report the fraud practices often to complicate the working process.

#### **3.2 Procedures of registration of arrival/departure of vessels in the points of state border crossing.**

The procedures are complicated.



- Contrary to the provisions of the Convention on Facilitation of International Maritime Traffic, despite the timely presentation of all necessary information in written form, free pratique by radio is never granted.
- Resolutions of the Cabinet of Ministers of Ukraine of 24/12/2003 No. 1989 and of 02/04/2009 No. 320 envisage granting of free pratique (vessel port call and beginning of cargo operations) without commission's presence on board of the vessel. In theory this should significantly facilitate and accelerate the working process. But as the decision on application of such simplified form of control is made by executives of controlling bodies (checkpoint, customs office, etc.), in practice, this norm is not applied. It would be necessary to develop a clear and transparent scheme determining whether free pratique shall be granted without participation of the commission on board or the procedures shall be applied on the usual terms. Otherwise there is a clear possibility of aggravating the already mentioned corruption issues.
- The amount and composition of documents required from a vessel significantly exceeds the norms established by the afore-named 1965 Convention.
- It is reported the time of waiting for the procedures may sometimes be up to 24 hours.
- The number of members of the commission often exceeds those of the vessel's crew (agent – 1, sanitary inspector – 1, border patrol – 5-6 persons + dog, customs – 4-5 persons, agricultural quarantine inspector – 1, veterinary control inspector – 1, total – 13-15 persons). All of them have to be accommodated, provided with conditions for performance of their functions, granted attention, etc.
- Each service participating in the work of the commission requires from the ship owner or its agent complete information presented in written form in advance about prospective arrival or departure of the vessel with several subsequent adjustments of time. In addition, such information shall be presented by a ship owner's representative or agent in person in the form of the original application with "wet" stamp. Sometimes the terms for submission of the application are established up to 10 days in advance. Even with the contemporary state of communications, applications (as well as any other correspondence) sent by fax or email are not considered. Standardization of the procedure of submission of necessary information to the controlling bodies using modern means of communication (email) would allow avoiding unnecessary waste of working time and money and help to improve coordination between all participants of this process. Also, taking into account that the time of passage between many ports of Black Sea, Sea of Marmara and Mediterranean Sea is 1-4 days, the submission of information 10 days in advance is most often unfeasible.
- The common standard of work schedules (shifts) of all controlling services in the port should be harmonized. Currently non-coordination of shift changes of various services causes the work of the commission to stop from 07:30 to 10:00 and from 17:00 to 19:00, causing unproductive idle periods of vessels and ports.
- The Decree of the State Customs Service of Ukraine of 17/09/04 No. 678 "On approval of the Instruction on organization of customs control and customs registration of vessels and goods transported by them" and Decree of the State Customs Service of Ukraine, Administration of the State Border Service of Ukraine, Ministry of Transport and Communication of Ukraine, Ministry of Health Protection of Ukraine and other related Ministries No. 1167/886/824/643/655/424/858/900 of 28/11/05 "On approval of time standards of performance of control operations by officials exercising control of persons, goods and means of transport in the points of state border crossing of Ukraine" envisage the following:



In checkpoints for sea (river) transport.

Types of control	Time standards		
	Person	Transport	Goods
Border	up to 2 min	up to 1 hour up to 2 hours considering time for conducting of thorough inspection)	up to 1 hour up to 2 hours considering time for conducting of thorough inspection)
Customs	Up to 3 min	up to 1 hour up to 2 hours considering time for conducting of thorough inspection)	Up to 6 hours
Sanitary and epidemiological	If needed up to 30 min	If needed up to 30 min	If needed up to 30 min
Phytosanitary	-	If needed up to 2 hours	If needed up to 2 hours
Veterinary		If needed up to 2 hours	If needed up to 2 hours
Ecological (radio-logical)		Up to 30 minutes together with the customs bodies and bodies of the state border guard	If needed up to 30 minutes

- In case of a vessel carrying imported containerized cargo, provided each container holds a separate type of cargo, the term for processing of the vessel may range from the minimum of 12 hours to a maximum depending on the amount of containers on board.
- Users generally emphasize a high level of acquisitive offence in all controlling services with people demanding money just for the normal and unbiased performance of their duties.

### 3.3 Navigation on the Dnepr

The following infrastructural factors limit navigation at Dnepr:

- Maintenance of mid-channel dimensions, dredging operations are not performed at the needed level;
- Passing of loaded heavy-tonnage vessels of the "river-sea" type is possible only up to Dnepropetrovsk. Further up the depths do not allow using these vessels for full-fledged freight traffic; while vessels with a draft of up to 3.80-4.00 m may pass up to Dnepropetrovsk (depending on the water level), the section between Dnepropetrovsk and Dneprodzerzhinsk HPP has passage drafts of 2.40 and in case of evacuation of water – 3.00 m;
- Navigational support means (buoys, ranges, landmarks) are worn out and in bad condition, lighting is sometimes weak or not operational, landmarks are destroyed;



- Communication between vessels, directors of ports and locks is performed by means of obsolete radio equipment (VHF radios of the KAMA type). Maritime radio stations that are available on almost any vessel and that ensure much higher quality communication are not used.
- Passing of bridges with limiting dimensions (Dnepropetrovsk two-tier and Kremenchuk) involves vessel idleness and unreasonable expenditures of ship owners. It would be possible to change the financial structure of bridge lifting (including both ship owners and cargo owners who are interested in vessel passage like with ice dues) and develop more convenient and flexible schedule of lifts. Currently the schedule is compiled by the railway management at the beginning of the year for the year ahead (while it is hardly possible to compile a schedule for the year ahead for vessels). The cost of lifting of Dnepropetrovsk bridge ranges from 850 USD to 2500 USD (by request of railway management);
- Service of vessels in ports (discarding of oil-contaminated and waste water and garbage) in accordance with MARPOL requirements is virtually absent, there are no collector vessels (except for Dnepropetrovsk which still lacks facilities for elimination of waste);
- Compliance with provisions of the "Instruction on the procedures of collection and jettisoning of water load in water areas of internal river water routes of Ukraine No. 461" is impossible because of the absence of technical means.

### **3.4 Mandatory pilotage**

Mandatory pilotage in the Black Sea basin in general and Dnepr-Bug estuary channel and Kherson seaway channel in particular is monopolized by the state enterprise "Delta-lotsman". Delays of vessels because of absence of free pilots are said to be frequent.





#### 4 CONTAINER TRAFFIC POTENTIAL ON THE DNEPR

The Transport Strategy of Ukraine till Year 2020 sets implementation of a state programme of the development of inland waterways. This programme is described in detail in documents of the EU "Support to the Integration of Ukraine in the Trans-European Transport Network TEN-T". The programme sets the systemic packages of reforms and measures including:

- legislative reforms;
- administrative reforms;
- operating reforms;
- infrastructural reforms and human-resource provision.

According to forecasts made by the TEN-T Project, the following indicators are attainable in case of the implementation of reforms (Table 1).

**Table 1: Commodity Structure of the Potential Cargo Base for River Transport till Year 2015 ('000 tonnes)**

Cargo	2008 (actual)	2010	2011	2012	2013	2014	2015	Increase 15/08
Sand	9,500	8,000	8,250	9,250	9,500	10,500	12,000	2,500
Iron ore raw materials	2,356	7,500	8,800	9,900	11,500	11,500	11,500	9,144
Manganese ore, coke and ferroalloys	695	700	700	750	800	900	950	255
Ferrous metals	1,236	5,000	5,500	6,000	6,900	7,880	7,880	6,644
Grain	172	3,850	5,000	6,200	6,900	7,050	7,150	6,978
Coal	187	1,100	1,100	1,100	1,100	1,600	1,600	1,413
<b>Total</b>	<b>14,146</b>	<b>26,150</b>	<b>29,350</b>	<b>33,200</b>	<b>36,700</b>	<b>39,430</b>	<b>41,080</b>	<b>26,934</b>

Source: TEN-T Project Research Team

A potential market niche for the container traffic on the Dnepr is associated with cargo flows in the regions which could be shifted from landside transport to the river. The TEN-T project assessment suggest the river traffic share to attain the level of 411,800 TEU (including 188,800 TEU as imports and 223,000 TEU as exports), mainly via Dnepropetrovsk and Zaporozhe River Ports (Table 2).



**Table 2: Regional Structure of the Potential Container Traffic via Dnepropetrovsk or Zaporozhe River Port (TEU)**

Oblast (area)	Imports		Exports		Total	
	TEU	%	TEU	%	TEU	%
Dnepropetrovsk	36,771	19.47	62,471	28.02	99,242	24.10
Donetsk	43,048	22.80	66,531	29.84	109,579	26.61
Zaporozhe	53,827	28.50	38,295	17.17	92,122	22.37
Lugansk	13,985	7.41	16,300	7.31	30,285	7.35
Poltava	13,440	7.12	14,482	6.49	27,922	6.78
Kharkov	27,766	14.70	24,904	11.17	52,670	12.79
<b>Total</b>	<b>188,837</b>	<b>100.00</b>	<b>222,983</b>	<b>100.00</b>	<b>411,820</b>	<b>100.00</b>

Source: TEN-T Project Research Team

The potential volume of the container traffic via Kiev River Port can reach 347,600 TEU, including 177,400 TEU going up the river and 170,000 TEU going down the river (Table 3), which would ensure a balanced trade.

**Table 3: Regional Structure of the Potential Container Traffic via Kiev River Port (TEU)**

Oblast (area)	Imports		Exports		Total	
	TEU	%	TEU		TEU	%
Zhitomir	13,917	7.84	12,179	7.16	26,096	7.51
Kyiv	137,602	77.55	136,455	80.20	274,057	78.85
Sumy	12,757	7.19	11,634	6.84	24,391	7.02
Chernigov	13,167	7.42	9,877	5.81	23,044	6.63
<b>Total</b>	<b>177,443</b>	<b>100.00</b>	<b>170,145</b>	<b>100.00</b>	<b>347,588</b>	<b>100.00</b>

Source: TEN-T Project Research Team

The total volume of containers transported on the river can attain the level of 759,400 TEU, including 366,300 TEU going up the river and 393,100 TEU going down the river with the potential annual growth by 5 to 10% in line with the global container traffic growth trend.



## 5 EXISTING EXAMPLES OF CONCEPTS AND BUSINESS SOLUTIONS:

### 5.1 Kherson

*Location:* 15-25 km from the estuary of the river Dnepr

Kherson is the main port on the major inland waterway (Dnepr) with the largest industrial and agrarian regions of Ukraine situated on its banks. Trade from and to Eastern and Central Europe, as well as from and to the Black and Mediterranean Seas can be carried directly by river-and-sea vessels, while exports to more distant countries is possible by means of direct transshipment from river barges to sea-going vessels.

Eight regions on the Dnepr, including Kherson, produce almost half of the total grain crop of Ukraine: their yearly average production exceeds 18 million tonnes or 46% of the total for Ukraine.

Kherson Region State Administration started working on the development of a feasibility study for dredging of the navigable part of the Dnepr Delta and the establishment of Kherson Inter-modal Transport Logistics Centre in view of the presidential and governmental initiatives on resumption of the navigation on inland waterways.

This explains why there is a great deal of proposals for the development of the river traffic, as well as solutions, designs and concepts of cargo container terminals. Some of the most significant initiatives are described below.

#### 5.1.1 JSC Kherson Shipyard

It is operating now and handles the container traffic of “TAVRIA-LINE”.



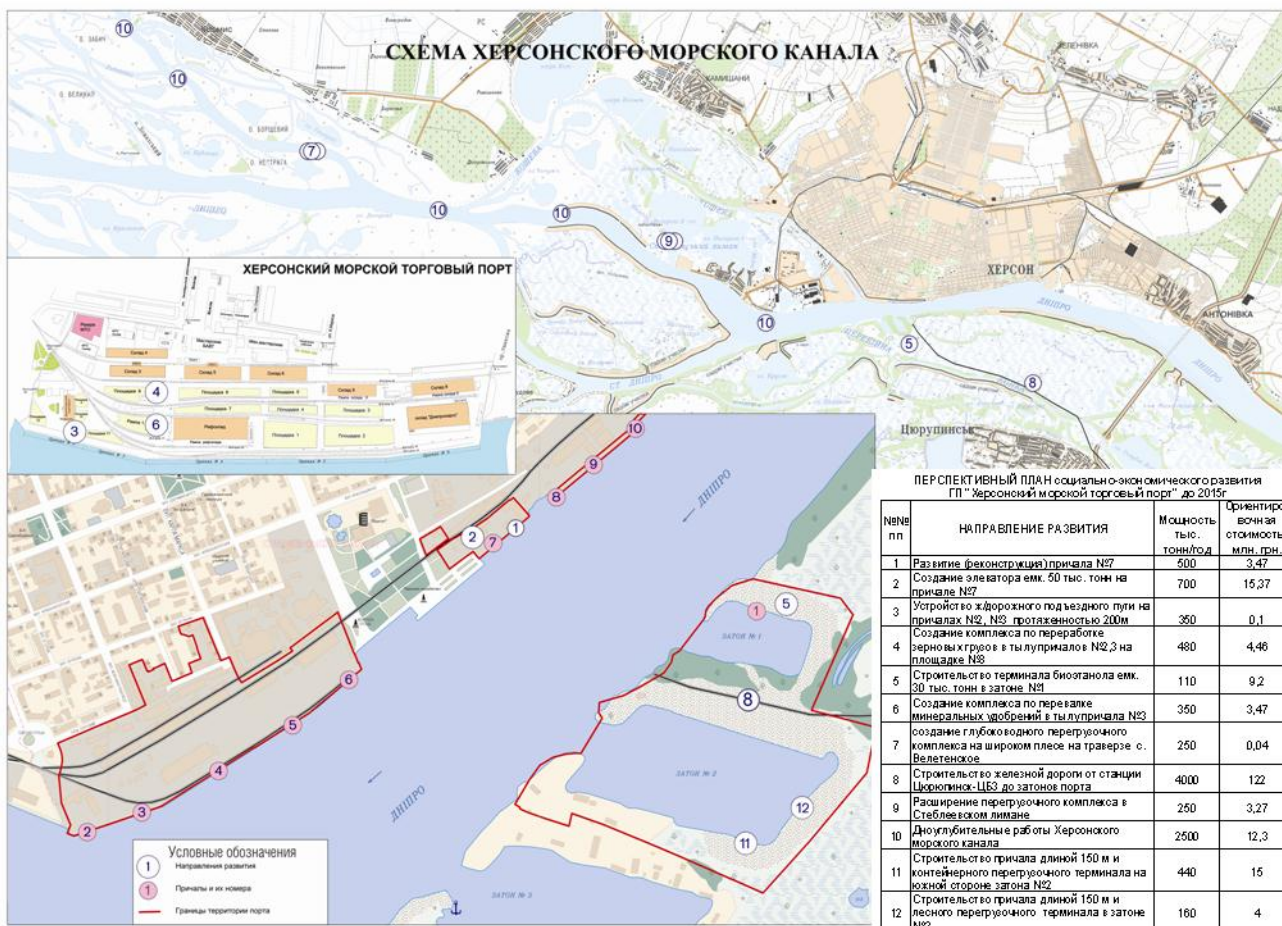
JSC Kherson Shipyard provides round the year services for the handling of various types of cargoes, including containers, oversized cargoes, arriving by waterway, railway and road. Its 365m long jetty is equipped with two gantry cranes, 100/16 T l.c. each and 10 T l.c. crane. It can receive vessels with a maximum length of 200 m and draft of 6.6m. The adjacent railways can accommodate 100 railway carriages. The jetty includes an open storage yard of 19,000 sq. m, and covered storehouses over an area of 1,700 sq. m



### 5.1.2 State Enterprise «Kherson Commercial Sea Port»

The Sea Port contemplates a development on its own (seven investment projects) on both banks of the Dnepr. One of these projects is a container terminal on the south side of the back-water No.2 on the left bank of the Dnepr, opposite its existing facilities:

The projected capacity is 22,000 TEUs at a cost of 15 m USD + 122 m USD for the necessary railway track with a length of 12.5 km. The plan includes:



Layout of the Prospective Plan of the Socio-economic Development of "Kherson Commercial Sea Port". till Year 2015. Source: port administration.

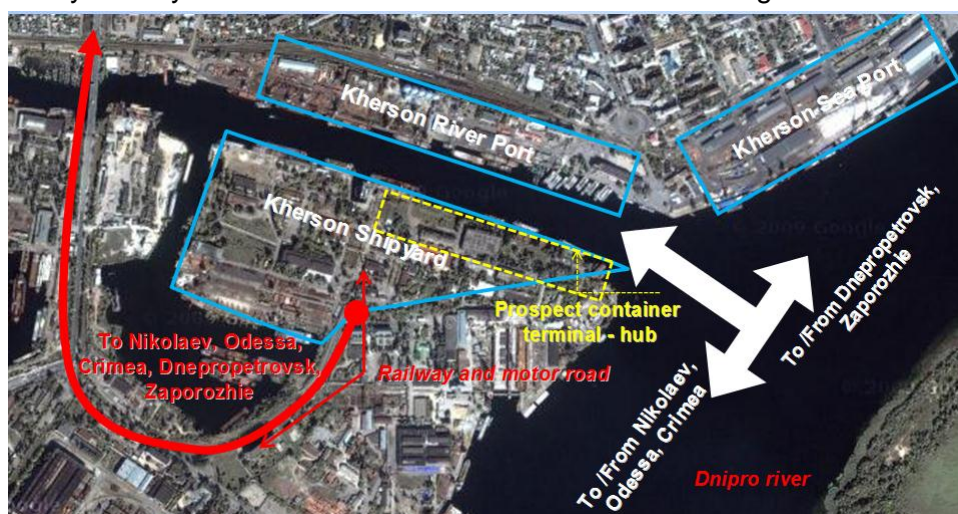
1. Carrying out of bottom deepening works for a volume of 20 000m<sup>3</sup>.
2. Construction of a berthing wall of 150 m long.
3. Formation of the warehouse areas – 2500 sq. m.
4. Creation of structure of engineering constructions and networks.

### 5.1.3 Kherson Shipyard, Ukrrihflot

Kherson Shipyard is located along the same tributary as the River Port (the Kosheva), but on the other bank. Since operation at the shipyard is currently very limited Ukrrihflot intends to turn it into a container terminal. However, the existing facilities do not offer any real berth (only short quay sections). In addition, it would be necessary to knock down numerous buildings and



constructions first, such as workshops, outdoor gantries, warehouses etc. Besides, the area is locked by the city and does not offer efficient connection to regional road/rail networks.



Project parameters of the terminal are:

Length – 575 m

Width – 105 m

Depth at the berth - 7.6 m

Development area – 6 ha

Annual capacity – 60.000 TEUs

Layout of the design of a container terminal on the premises of Kherson Shipyard.

Source: JSSC Ukrrihflot

#### 5.1.4 Kherson River Terminal (freight village)

The Government of the Kherson Region is promoting a large project of new port hub to be located on the right bank of the Dnepr river a few kilometres upstream Kherson city, on a green-field territory of 200ha. The Project envisages the use of the Public-Private Partnership model and thus all business plans should be elaborated by a private investor for a specific private operator, “built-to-suit” its involvement.

The project has been designed for coping with the following annual cargo throughputs:

- 250,000 TEUs on the short term (1.1 MTEUs on the long term).
- 50,000 ro-ro units.
- 1 M T of metals and general cargo.
- 1 M T of grain.
- 1.5 M T of vegetable oil.

It also includes a large industrial park and business area.

It has a direct connection to the highway network east of Kherson, next to the bridge giving access to Crimea, and is close to the railway (there is an existing railroad branch line entering the site). The site fronts motor roads E-97 (M-24) and E-58 (M-14) going around the city of Kherson. Railroad and highway (Antonivsky) bridges across the Dnepr are located nearby.

**Table 4: Speciality of Main Perspective Projects of the Terminal**

SPECIALITY	CONTAIN-ERS	METAL & GENERAL FREIGHT	GRAIN	RO-RO	VEGETA-BLE OIL	TOTAL
DESIGN CA-PACITY, PER YEAR	250,000 TEU	1 MT	1 MT	50,000 units	1,5 MT	
COMPLEX TOTAL AREA, ha	50	30	6	13	8	107
LENGTH OF THE BERTH WALL, m	800	750	360	180	180	2270
CAPITAL IN-VESTMENTS m USD	120	20	30	15	15	200

The project still needs to be supported by a market study, and would require strong commercial efforts in order to attract customers. Its functional organization can be improved. It would also require a phased development.



Situational Diagram of the Kherson River Terminal. Provided by Kherson City State Administration

The availability of an estuary intermodal terminal (hub) in Kherson provides an opportunity for the competitive further relay of containers up the Dnepr with specialised profitable river contain-



er vessels. It is possible to use specialised vessels with the capacity ranging from 200 to 470 TEU on the basis of the European experience.

The Kherson Intermodal Terminal will set an example and provide the necessary experience for the establishment of a network of small river container terminals on a stage-by-stage basis along the Dnepr between Zaporozhe and Kiev; it will encourage the development of the necessary infrastructure and the creation of a large number of jobs in these regions.

The Kherson Intermodal Terminal will catalyse the resumption of the navigation on the Dnepr and provide Ukraine with an opportunity for the full-fledged participation in the European NAIA-DES and MARCO POLO 2 programmes.

## 5.2 Zaporozhe

*Location:* 308 km from the estuary of the river Dnepr

### 5.2.1 JSC "Zaporozhe Automobile Building Plant" (JSC "ZAZ")

It is the only enterprise in Ukraine having the complete cycle of passenger cars' production. It is the main consignee of goods in containers in Zaporozhe region. Customs Complex of CJSC "ZAZ" offers the services of customs broker, cargo-handling operations and provision of temporary storage warehouse (for non-food products).

Cargo Customs Complex - a permanent subdivision of Zaporozhe Customs - carries out customs clearance of goods in a "single window" and as a result in the shortest possible time.

Total area - 1.4 hectares, terminal's zone of customs control area – 15,400 sq. m, bonded warehouse - 859.4 sq. m.

The prospects of development of the Customs Complex of CJSC "ZAZ" include: increasing the terminal area; installation of electronic truck scales; installation of the unified electronic registration system for goods and vehicles; services of temporary storage warehouse - enclosed premises for food products; service of customs bonded warehouse. The prospects of development include road and railway connections only.

### 5.2.2 Port of Zaporozhe, Ukrrihflot

*Area:* 39,7 ha

*Districts:* 2 cargo handling areas (13 berths) and 1 passenger area (2 berths)

*Technical equipment:* 37 gantry cranes (CC 20 tons, 16 tons, 10 tons, 5 tons), 3 floating cranes (CC 16 tons), 2 wheel-mounted cranes (CC 36 tons), 1 crane-logger.

The Port of Zaporozhe handles a wide range of cargo including ore, coke, coal, metal scrap, metal products, fertilizers, clay, sand, ferroalloys, and bauxites. Its capacity is 6 million T annually. An investment project of grain silo construction with the storage capacity of about 30,000 tons (6 bins of 5,000 tons) is implemented in the Port.

The Port accepts "river-sea" vessels with a length of up to 180 meters and draft up to 4 m.

Cargo areas planning to work with containers:

1<sup>st</sup> cargo area:

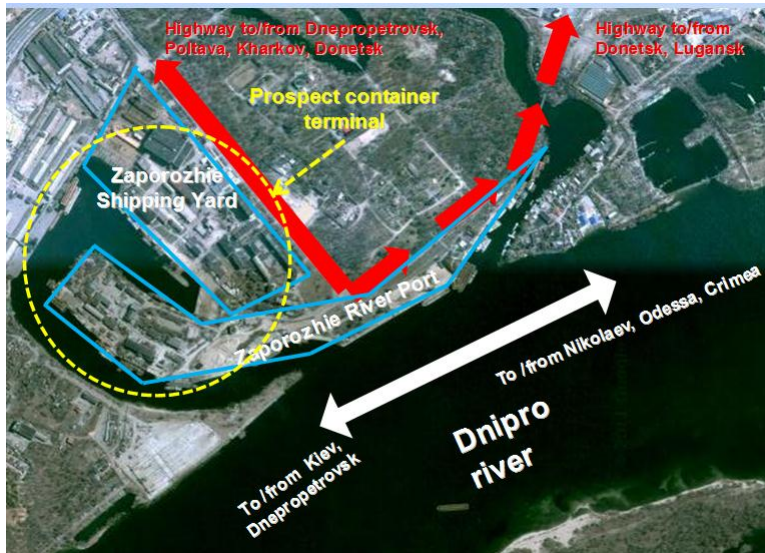
- 1-6 berths, with present access roads (railway and road), already geared-up area for the start of work on 6-th berth.
- 7-th berth, close to the area of prospective building of grain terminal.

2<sup>nd</sup> cargo area:



- the Krivaya (curve) bay - Zaporozhe shipyard (Shipbuilding and ship repair). The planned berth is on the territory of Zaporozhe shipyard, with present access roads (railway and road).

Main problems: all areas have a limited possibility for development, pinch-off the city. The 1<sup>st</sup> district is far from the possible berth of PJSC "ZAZ", locking is needed in the Zaporozhe lock. PJSC "ZAZ" transferred all customs processing offices on plant territories.



Development area – 6 ha

Length of the berth – 300 m with further development up to 700 m

Depth at the berth – 3,75 m

Layout of the design of a container terminal on the premises of Zaporozhe Shipyard  
(provided by JSSC Ukrrichflot)

Transportation:

- the railway track is connected to the railway node of Zaporozhe River Port
- there is a direct access to the intercity highway

Annual project capacity 20,000TEUs.

The plans of Ukrrichflot are not connected with the analogical plans of CJSC "ZAZ". Zaporozhe shipyard is not ready as yet, also because of complications with vessels manoeuvring making navigation difficult.

### 5.3 Dnepropetrovsk

*Location:* 393 km from the estuary of the river Dnepr

#### 5.3.1 Port of Dnepropetrovsk, Ukrrichflot

Area: 20,8 ha. Districts: 2 cargo handling areas (13 berths) and 1 passenger area (7 berths). Technical equipment: 2 floating cranes ("board to board", CC 16 tons), 2 floating cranes ("board to board", CC 5 tons), 2 pneumatic cranes (CC 40 tons), 29 gantry cranes. The port of Dnepropetrovsk specializes in processing a wide range of cargo - rolled metal products, heavyweight cargoes, coal, coke, sand, pellets, mineral and building materials, grain, and pipes. An investment project of grain silo construction with a storage capacity of about 30,000 tons (6 bins of 5,000 tons) is implemented in the Port.



Cargo operations with containers in Dnepropetrovsk River Port, JSSC Ukrrihflot

The port of Dnepropetrovsk handled some containers but stopped the operation - at the moment containers are being handled by another terminal to the North of the river port territory, also on the left bank.

Handling rates:

Loaded containers 100-110 TEU/day

Empty containers 150-170 TEU/day

Lifting of railway bridge 1 time per day which is enough for operating the vessel belonging to "TAVRIA-LINE", which carries a maximum of 112 TEU on-board.

The productivity is however low for the bigger sea-river vessels belonging to Ukrrihflot ("DES-NA" Class 168 TEU "BUG" Class 331TEU ).

River ports are handling containers by pairing conventional cranes, which is inadequate and unsafe and may result in container breakage.

However the river port (Ukrrihflot) plans a redevelopment of container business, on the same area, which is well connected to road and rail networks.

Development area – 3.21 ha

Length of the berth – 211 m

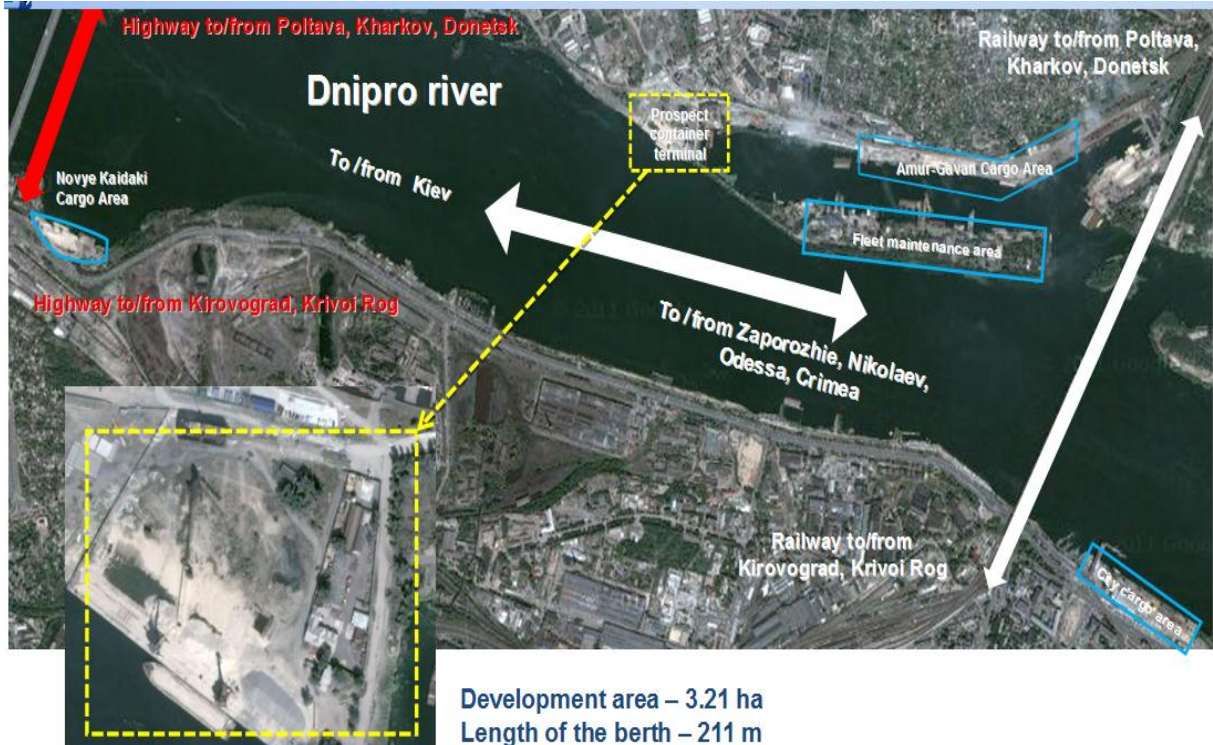
Depth at the berth – 3,5 m

Transportation:

- the railway track is connected to the railway node of Dnepropetrovsk River Port
- there is a direct access to the intercity highway



Annual project capacity 20.000TEUs



Layout of the design of a container terminal on the premises of Dnepropetrovsk River Port  
(provided by JSSC Ukrrihflot)



Cargo operations with containers in Dnepropetrovsk River Port, JSSC Ukrrihflot





### **5.3.2 Aquarelle Ltd. Cargo Terminal ("TAVRIA LINE")**

This is a private container terminal on the left bank up stream of Amur Harbour in Dnepropetrovsk.

At the moment, the intermodal terminal is a miniature logistic centre including:

Road/ railway, river connections, customs warehouse, covered storage, own truck park, own container line, own forwarder, cargo transportation in own containers and in the containers of CSAV NORASIA (one of the world largest Ocean Carriers).

The cargo-base containerized cargo for the Alef Corp.

Containers of CSAV NORASIA for other consignees in the region come in addition.

The turnover is up to 10 000 TEU in a year.

The terminal is served both by own and chartered ships with general cargo and containers and other river-sea going ships (during the Experts' mission the terminal unloaded general cargo on pallets).



Aquarelle Ltd. Cargo Terminal Port Facility

"TAVRIA-LINE" performs (since 1999) container and general cargo transportation in private (own) containers from Black and Marmara sea ports up the river Dnepr to the Aquarelle Terminal in Dnepropetrovsk. In 2010 "TAVRIA-LINE" opened a new service from Constanta (Romania) to Dnepropetrovsk. For their operations in Kherson "TAVRIA-LINE" uses the "JSC Kherson Shipyard" berth and crane.

Port complex Aquarelle (Dnepropetrovsk) resources:

Portal crane Kranbau "Tukan", capacity 40 t



Gantry crane KC-50-42, capacity 50 t

Moorage wall, length 115 m

Railroad side-track

Container area (customs zone) S=2,600 sq. m

Open storage areas for bulk and general cargoes

Open areas for cargo storage.

**CSAV NORASIA** as a shipping line is not responsible for the transportation on the Dnepr, and covers only the worldwide legs to/from Constanta and transshipment in Constanta.

However, thanks to this cooperation, Dnepropetrovsk and the Dnepr are now included in the world network of CSAV NORASIA.

The key commercial factors include:

400-500 TEU/ month – import from China

150 TEU/month – export worldwide

The feeder carriage is performed with 2 vessels of "TAVRIA LINE" which additional chartering of a 3<sup>rd</sup> ship during the peak seasons.

CSAV NORASIA have expressed their readiness to extend this scheme providing additional freight and client base from other ship-owners and opening extra feeder lines from Istanbul or Constanta .

Besides, CSAV NORASIA offers favourable conditions for the return of containers to Black Sea terminals with a free demurrage time of more than 20 twenty days.



Handling of a 3000-mt general cargo vessel in the Aquarelle Ltd. Cargo Terminal



The vessels particulars are as follows:

m/v ALKOR,

IMO: 8811651

Owner: AQUARELLE LTD

Built: 1988

Port of registry: Kherson

Flag: Ukraine



m/v ATLAS

IMO: 8521866

Owner: AQUARELLE LTD

Built: 1985

Port of registry: Kherson

Flag: Ukraine

Container capacity:

Empty – 112 TEU:

34 TEU in hold

78 TEU on hatch covers

Loaded – from 72 to 92 TEU, depending on weight / stability.

The success of Tavria Line relies:

- on the primary use of own vessels and time-to-time chartering of vessels from other ship-owners,
- a cargo base composed of own and CSAV NORASIA cargo in own and CSAV NORASIA containers
- handling, clearing and distributing by their own means (including even with their own trucks)

Thus offering a full “door-to-door” service to their and CSAV NORASIA’s clients.



## 5.4 Kiev

*Location:* 856 km from the estuary of the river Dnepr

Kiev Development Strategy till Year 2025 does not foresee the establishment of a river multi-modal facility.

**Ukrrihflot, on their side, contemplates** the future of container transportation along the Dnepr as follows:

Their prospective investment projects are intended to cover 20% of the segment (about 100,000TEUs per year) through Dnepropetrovsk (20,000TEUs per year), Zaporozhe (20,000TEUs per year), Kherson (60,000TEUs per year), using their current fleet of river-sea vessels «Desna» and «Bug».

Dnepropetrovsk and Zaporozhe terminals are able to provide efficient logistics servicing to Dnepropetrovsk, Donetsk, Zaporozhe, Poltava, Kirovograd, Sumy, Chernigov, Cherkassy and Kharkov regions. Kherson container terminal is able to provide the same to Kherson, Nikolayev and Crimea. This gives an opportunity to cover about 33% of the regional container market (including regions close to Kherson, Zaporozhe and Dnepropetrovsk).

Based on volumes which they consider commercially achievable, Ukrrihflot favours the idea of comparatively small terminals.





## 6 THE EU CONTRIBUTION

Since the beginning of the 90s the EU has constantly been supporting Ukraine with regard to redevelopment of inland waterway transportation. The first EU-funded project was entrusted to BCEOM in 1994 under the TACIS programme (“Medium-Term Strategy for Inland water Transport in Ukraine”) while the most recent one was achieved by Corporate Solutions in 2009-2010 (“Support to the Integration of Ukraine in the Trans-European Transport Network, Waterway Policy Paper”).

The report issued in 1995 by BCEOM already highlighted some key points such as the need for gearing the inland waterway transport industry to a market economy, the need to make the ports and the fleet more suitable for container traffic, the advantages of developing exchanges between Black Sea ports and Dnepr ports, but unfortunately very few actions were undertaken in this regard.

In September 2010 the fully documented “Waterway Policy Paper” which was issued by Corporate Solutions in the frame of the European Union’s Programme for Ukraine (Integration of Ukraine in the Trans-European Transport Network) proposed an updated action plan aimed at preparing new grounds for re-development of transportation on the Dnepr, consisting of the two following key steps:

Improve, strengthen and enforce the draft “Law of Ukraine on Inland Waterway Transport”. The paper notably foresees introduction in this future Ukrainian law of the legislation of European Union river transport related to marketing systems, access to profession, safety of navigation and river information services.

Set up a “Directorate for Inland Waterways” or “River Transport Directorate” within the existing the State Department for Maritime Policy in Ministry of Infrastructure of Ukraine, aimed at

- 1) providing increased autonomy for the various river transport functions, activities and business lines,
- 2) re-orienting the role of the Administration by focusing on legislation, coordination and control,
- 3) modernising river transport through introduction of commercial intent in management of the river and adjacent territories,
- 4) stimulating innovation in all sectors related to river transport.

However it seems that this recent Waterway Policy Paper was not followed by any practical actions, which is regrettable.

The Consultant did notice an inland waterway section in the “Transport Strategy of Ukraine for the Period of up to 2020” issued in 2011, but the section provides only principles.



## 7 RECOMMENDATIONS

The 2010 Waterway Policy Paper forms a solid ground and effort should now be deployed in order to implement its recommendations, which will require a strong political commitment. With regard to exchanges between Black Sea ports and Dnepr ports the 2010 Waterway Policy Paper lacks ambition. The large number of idle river-sea going vessels should be put in condition for operating on routes between the Black Sea and the hinterland, which will first require improved border-crossing procedures in the river mouth region. Effort is also required to facilitate transshipment operations in Kherson.

With regard to container trade a river master plan should be elaborated, sharing out the Dnepr basin into several regions each connected to a river port, taking also into account competition with road and rail.

Currently, Ukraine is not a real transit state in spite of its geography. It is either the shipper or the end recipient of the cargo (i.e., one of the ends in the logistical chain). The volume of transit of (for instance, high-tariff) cargo is minimal. The Ukrainian river transport complex still relies on technologies of the 1990s. However, the transportation of cargo (especially high-tariff containerised cargo) has changed a lot since that time. Currently, the cargo is transported within logistical networks and between networks of logistical centres. The availability of logistical networks and centres is a factor determining the transit appeal. In order to become a member of the European Transportation Network, it is necessary to establish logistical centres of the European standard attractive for international investors. The development of logistical centres within the existing river ports is constrained by their location in the centres of the respective cities. There is an example of such a logistical centre on the Dnepr in the form of Aquarelle Ltd. Cargo Terminal in Dnepropetrovsk. It is confirmed by the successful operation of the terminal. Development programmes of private companies are pragmatic. They are not always considered in the prospects of the development of the country and do not encourage the development of cargo flows; they rather support them. However, their very existence and implementation are positive factors. The Kherson River Terminal (KRT) project supported by Kherson City State Administration is the most comprehensive solution both for the city of Kherson and for the traffic on the Dnepr in general. If the project is implemented, KRT will enhance the attractiveness of the TRACECA corridor through Ukraine; it is however advisable to develop terminal in progressive stages matching the development of the traffic and to gradually increase the depths of the approach channel.

The construction of modern specialised multimodal terminals (with the possible combination of three modes of transport) being parts of regional logistics and distribution centres adapted to the current transportation requirements and integrated into international intermodal logistical schemes should become one of the first initiatives aimed at the encouragement of the river traffic on the Dnepr.

The decision to place intermodal logistical centres along the Dnepr and the placement of state orders for the training of qualified workers for the river transport sector must be made on the basis of the development of a State Concept of the Formation and Development of the Logistical Transportation and Distribution Structure of Regions Adjacent to the Dnepr, and the Human Resource Support thereto.

The existing projects and business practices confirm that Dnepropetrovsk is currently the most optimal point on the Dnepr for handling container trade delivery based on distance and cost of the transportation, and its competitiveness versus road and rail transport.

Measures should also be taken to avoid conflicting container terminal projects in a given port, such as in Dnepropetrovsk. Since the area, in which Ukrzichflot is planning to develop the container transshipment, is very close to (in fact, it is only separated with a fence from) **the Aqua-**



**relle Terminal** (Tavria Line), it would be logical for the companies to join their efforts and projects. The same recommendations hold true for development projects in Zaporozhe (Ukrrihflot and CJSC ZAZ), where the latter could import parts and ship out cars via the river. It would also make sense to use Ukrrihflot's vessels in the overall project due to their larger container capacity and, accordingly, the lower cost of the transportation, the better class of vessels and, accordingly, the higher reliability of the transportation. Developing the existing cooperation and synergy between (a) large shipper(s) guaranteeing regular cargo flows and ship-owners is most desirable. The logistical chain does not amount to a berth and transshipment facility only; it is necessary to pay attention as well to logistics infrastructure and software (modern storage and processing areas, electronic records, and control of the cargo at all stages along the chain, multi-modal logistics and distribution centres, etc.)

As can be seen from the above report, there are several different approaches and concepts of terminals which is normal since there is plenty to choose from and compare. Some projects encompass the traditional berth handling only. Hub-3 modal terminal - logistics centre would certainly better match the goal of *generating synergies, maximize the efficiency of the investments while reducing the necessary funding needs*.

There is a clear need for a systematic governmental approach of the location of the terminals in order to account for the environmental and socio-economic dimensions of the projects and their harmonious integration within the cities and regions, with a minimum negative result for the environment, an optimal financial performance, a clear outlook and opportunity for further development and integration in the logistics chain. This evidently calls for a permanent, active dialogue involving all key players and professionals from the national, regional and municipal public and private sectors under the leadership of the state.

ENPI 2011 / 264 459

## Logistics Processes and Motorways of the Sea II

in Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova,  
Tajikistan, Turkmenistan, Ukraine, Uzbekistan

*Progress Report I – Annex 4*

*Documents of the Baku Task Force Meeting*

*October 2011*



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## **PROTOCOL OF THE MEETING OF THE LOGMOS AZERBAIJAN TRACECA WORKING GROUP ON THE 2ND OF SEPTEMBER, 2011, IN BAKU**

The TRACECA National Secretary in Azerbaijan shared his views and approach towards the Logistical Processes and Motorways of the Sea II ('LOGMOS') Project, and agreed on the proposal of the project team to establish a dedicated Working Group of Stakeholders to address the issues hampering the implementation of the LOGMOS pilot projects in Azerbaijan.

The meeting was attended by the Head of Group of Experts of the PS IGC TRACECA, the LOGMOS project Team Leader and Key Expert II (list of participants is enclosed to this Protocol).

The TRACECA National Secretary selected the participants having the best knowledge and experience in the two previous TRACECA projects in order to maximise the efficiency of the Working Group and benefit from the outcomes of those implemented projects.

During this first meeting the Project experts had an opportunity to brief the participants on project objectives, as well as the principles and implementation methodology proposed by the team. The approach was welcomed by the TRACECA National Secretary and other participants.

The participants discussed the actions to eliminate remaining barriers and obstacles, in particular, improvement of out-dated practices and adoption of state-of-the-art management tools for building new infrastructures.

The participants from Azerbaijan also briefed the TA Team about the latest hard and soft plans, the recent achievements and progress in the transport industry in Azerbaijan, particularly:

- the decree issued by the President of the Republic of Azerbaijan, Mr. Ilham Aliyev, regarding the modernization of the Railways with a massive 1,5 Bios USD investment plan which includes capital repair of a large portion of the rail network as well as purchase of new rolling stock and locomotives,
- the rapid progress of the preparatory works in the new Port and ILC location at Alyat,
- the introduction of a set of new regulations by the State Customs Committee aiming at trade facilitation, improvement of the risk-management system, reducing costs and administrative hassle and addressing human dignity issues,
- the adoption by the Milli Məclis (Assembly) of Azerbaijan of the New Customs Code.

The open discussion on the existing pilot projects gave the participants an opportunity to address also the issue of the Trans-Caspian shipping services offered by the National Shipping Company of Azerbaijan, CASPAR, in terms of regularity, and capacities of the vessels.

The implementation of the Block Container Train Poti-Baku project will become a significant achievement for Azerbaijan in the context of the efficient operation and full use of logistics potential of the Alyat Port. For the purpose of the launch and efficient operation of the block train, additional rail-ferry space will be necessary depending both on the type of vessel deployed and shuttle services following the strict schedule.

It was also recognized that CASPAR, in order to retain its leadership in the Caspian Basin, has to meet the growing market demand for TIR-truck / Ro-ro services to Aktau and Turkmenbashi ports.

The Project team emphasized as well the necessity of obtaining results in a short run in elimination of delays, increasing cost-efficiency and staff retention, benefitting from best practices and lessons learnt in other TRACECA and ex-Soviet non-TRACECA countries in terms of port management, EDI between Customs Houses, unified transport documentation



**Logistics Processes and Motorways of the Sea II**

(such as those developed for the operation of the Viking Train which Azerbaijan is looking forward to joining soon).

The Action Plans prepared by the Project team have been disseminated among the Participants and after this introductory meeting, further sessions will be held with the support of the TRACECA National Secretary in Azerbaijan in order to monitor and assess the level of implementation of recommended actions.

The participants from Azerbaijan demonstrated a constructive, result-oriented and friendly spirit highly appreciated by the project team.

## Logistics Processes and Motorways of the Sea II

in Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova,  
Tajikistan, Turkmenistan, Ukraine, Uzbekistan

*Progress Report I – Annex 5*

*Documents of the Ukrainian Working Group Meeting*

*October 2011*



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**LOGISTICS PROCESSES AND MOTORWAYS OF THE SEA II  
FIRST WORKING GROUP MEETING ON IMPLEMENTATION OF THE PILOT PROJECTS IN  
UKRAINE  
KIEV, 28 SEPTEMBER, 2011**

**AGENDA**

**Venue:** Ministry of Infrastructure of Ukraine, room 303, 14, Peremohy Str., Kyiv, Ukraine 01135

**Host:** TRACECA National Commission in Ukraine

**Participants:** As per list attached

**28 SEPTEMBER 2011, WEDNESDAY  
15:00 – 17:30**

**15:00-15:15** Introduction

*Konstantin Savchenko, Deputy Director of Policy Development  
Infrastructure Transport and Tourism Department*

*Andreas Schoen, Team Leader of the project*

**15:15-16:00** Consideration of project proposals, namely:

Project realisation in Ukraine: Introduction and Methodology

*Andreas Schoen, Team Leader of the project*

*Michel Gueriot, Logistics and Shipping Expert*

Discussion

Improvement of combined types of transportation, Extension of the Viking train to other TRACECA countries (Turkey, Georgia)

*Michel Gueriot, Logistics and Shipping Expert*

*Representative of UKRZALIZNYTSYA*

*Representative of «PLASKE»*

All participants – interactive discussion and comments on the topic

**16:00-16:30** Port Tariffs Improvement

*Michel Gueriot, Logistics and Shipping Expert*

*Representative of «PLASKE»*



All participants – interactive discussion and comments on the topic

**16:30-17:00**

Creating new national and international channels and improving existing ones of electronic documents interchange between public and private companies for cargo flows

*Representative of State Customs Service of Ukraine*

*Representative of «PLASKE»*

All participants

**17:00-17:30**

Other questions

*Konstantin Savchenko, Deputy Director of Policy Development  
Infrastructure Transport and Tourism Department*

All participants



### **Conclusions of the meeting**

Participants of the first Working Group meeting on implementation of the Pilot projects in Ukraine:

- welcomed continuous support of the European Commission to logistics and MOS development on TRACECA within the framework of the current project;
- expressed gratitude to the Ministry of Infrastructure of Ukraine and TRACECA National Secretary in Ukraine in support to workshop organization;
- constituted the continuation of regional dialogue and proactive cooperation within TRACECA intermodal transport and logistics dimensions;
- focused discussions on RO-RO, containerization trends, logistics initiatives, hinterland connections and interactions with TRACECA countries;
- invited private sector operators to continue interactive communications on logistics and MOS dimensions of TRACECA in particular aimed at involvement in pilot projects.

The beneficiaries and stakeholders:

- took a note on methodology for reaching the targets set to the LOGMOS project;
- concluded that results achieved by the former MoS and ILCs TRACECA projects are to be further upgraded in the framework of the current LOGMOS project;
- noted on further action plans on follow up of the previous MOS and Logistics Projects;
- considered that TRACECA MoS concepts are to be targeted through implementation of the pilot projects.

Regarding the Pilot Projects:

The stakeholders of the Black Sea 1 – “Varna-Illyichevsk-Kerch-Poti-Batumi”

“International Logistics centre Dry port “Euroterminal”, Odessa

“International Logistics centre “Commercial park “Airport Borispol”

- agreed on methodology recommended in a corresponding action plans to improve the intermodal service and increase cost-effectiveness, agreed that it was necessary to revive negotiations with shipping companies, rail road and port administrations of the three countries to eliminate bottlenecks in order to improve the regularity and competitiveness of the TRACECA ferry lines;
- considered options to improve the tariff policy of key players and involvement of relevant groups to attract cargoes; offered to establish the so-called door to door rates for regular transportation service (rail road, processing, shipping) to improve competitiveness, proposed the Ministry of Infrastructure of Ukraine to attract the members of the Public Council working under the Ministry in this process;
- agreed that with the launch of regular traffic, the tariffs and additional charges should be brought to a competitive level as compared to the alternative routes and/or transport types;
- discussed issues of interoperability between the system of Electronic Customs Declaration of the EU (NCTS) and the Unified Automated Information System of the State Customs Service of Ukraine, as well as ways to improve them, agreed that this topic will be further considered and options for solutions / recommendations will be delivered within the LOGMOS project;
- examined the current practice of customs clearance, applied for the "Viking" train, using the example of Ukraine, Belarus and Belarus-Lithuania as a positive example for other





countries in the TRACECA corridor, including Georgia, Azerbaijan for now and the countries of Central Asia in the near future, suggested the use of experience and achievements of the “PLASKE” company to address this issue. Offered to use international shipping lines to attract cargo and their operation on a regular basis;

- accepted proposed measures as a basis for their cooperation and implementation guidelines to be further upgraded and shaped within implementation of the project;
- expressed willingness to capitalize on lessons learned and success stories experienced by the private sector in elaboration of the specific steps in the action plans;
- emphasized on the commitment and ownership attitude on the pilot project.



### List of Participants

#	Institutions	Contact details
<b>National Secretaries / authorised representatives</b>		
1.	Mr Grygorii Legenkyi National Secretary of IGC TRACECA in Ukraine	<b>National Secretary of IGC TRACECA in Ukraine</b> 14, Peremogi av., Kiev, Ukraine Tel.: + 044 461 65 40 Fax: + 044 486 53 38 E-mail: legenky@mtu.gov.ua
<b>Representatives of the public sector (Ministry of Transport, Railways, Customs Service)</b>		
2.	Mr Konstantin Savchenko Deputy Director Department for the Policy of Transport and Tourism Infrastructure Development Ministry of Infrastructure	<b>Ministry of Infrastructure of Ukraine</b> 14, Peremogi av., 01135, Kiev, Ukraine Tel.: + 044 461 65 50 Fax: + 044 486 53 38 E-mail: savchenko@mtu.gov.ua
3.	Mr Oleksandr Diachuk Chief expert Department for the Policy of Transport and Tourism Infrastructure Development Ministry of Infrastructure	<b>Ministry of Infrastructure of Ukraine</b> 14, Peremogi av., 01135, Kiev, Ukraine Tel.: + 044 271 41 18, Fax: + 044 271 41 11 Mob.: +38 097 970 98 53 E-mail: ovd@mtu.gov.ua
4.	Ms Yulia Migai Head of the International Legal Affairs Division Legal Support Department	<b>Ministry of Infrastructure of Ukraine</b> 14, Peremogi av., 01135, Kiev, Ukraine Tel.: + 044 271 41 61, Fax: + 044 461 52 78 E-mail: syvun@mtu.gov.ua
5.	Mr Yuri Tomchuk Chief Specialist, Department of State Policy in the Railway Sector	<b>Ministry of Infrastructure of Ukraine</b> 14, Peremogi av., 01135, Kiev, Ukraine Tel.: + 044 271 48 79, 351 48 79 Mob.: +38 067 486 97 79 E-mail: tomchuk@mtu.gov.ua
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7.	Ms Vitaliya Suchina Chief Specialist, Department of Economy and Finance	<b>Ministry of Infrastructure of Ukraine</b> 14, Peremogi av., 01135, Kiev, Ukraine Tel.: + 044 271 41 92
8.	Mr Alexandr Kondrat Head of the Tariffs and Regulation of Natural Monopolies Division of the Ministry of Infrastructure of Ukraine	<b>Ministry of Infrastructure of Ukraine</b> 14, Peremogi av., 01135, Kiev, Ukraine



Logistics Processes and Motorways of the Sea II

#	Institutions	Contact details
9.	Mr Alexandr Zabara Head of the Technical Policy, Audit Work and Regulation of Natural Monopolies Division of the Ministry of Infrastructure of Ukraine	<b>Ministry of Infrastructure of Ukraine</b> 14, Peremogi av., 01135, Kiev, Ukraine Tel.: + 044 351 46 93
10.	Mr Yuriy Merkulov First Deputy Head of the Main Commercial Department of Ukrzaliznytsya	<b>Ukrainian Railways</b> 5 Tverska Str., Kyiv, 03680, Ukraine. Tel.: + 38 044 465 12 01 E-mail: cmzo@uz.gov.ua
11.	Mrs Olena Moshinska Deputy Head of the Department	<b>State Customs Service of Ukraine</b> 11-g, Dehtiarivska Str., Kyiv, Ukraine, 04119 Tel.: +38 044 483 79 10 Mob.: +38 066 408 26 66
12.	Mr Valeriy Lugovets Head of the International Technical Assistance Division	<b>State Customs Service of Ukraine</b> 11-g, Dehtiarivska Str., Kyiv, Ukraine, 04119 Tel.: +38 044 289 15 23 Mob.: +38 067 445 51 89 E-mail: lugovec@ukr.net
<b>Representatives of private sector (site owners, developers and stakeholders)</b>		
13.	Mr Vakhtang Mikadze Commercial Director	<b>BFgroup</b> 11 Sahaidachnogo Str., Kyiv, 04070, Ukraine Tel/Fax: +38 044 220 42 82 Mob.: +38 050 703 95 22 E-mail: vakhtang.mikadze@bfgroup.kiev.ua
14.	Mr Viktor Yatsenko Consultant	<b>Plaske JSC</b> P.O.Box 299, 65001, Odessa, UKRAINE Tel.: +38 048 7 385 385 Tel.: +38 044 361 37 30 Fax: +38 048 7 385 375 Mob.: +38 094 926 07 30 E-mail: cargo@plaske.ua, kyiv@plaske.ua
<b>EC TRACECA Logistics Processes and the Motorways of the Sea II project</b>		
15.	Mr Andreas Schoen Team Leader	01034, 8, Lysenko Str., of. 39, Kiev, Ukraine Tel/Fax: +380 44 234 03 88, +380 44 288 08 92 Mob.: +380 95 877 41 70 E-mail: andreasschoenberlin@web.de
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## Logistics Processes and Motorways of the Sea II

in Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova,  
Tajikistan, Turkmenistan, Ukraine, Uzbekistan

*Progress Report I – Annex 6*

*Documents of the LOGMOS Regional Meeting in Tbilisi*

*October 2011*



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**LOGISTICS PROCESSES AND MOTORWAYS OF THE SEA II**  
**REGIONAL MEETING OF LOGMOS PROJECT FOR THE COUNTRIES OF CAUCASUS,**  
**CASPIAN SEA REGION AND CENTRAL ASIA**  
**TBILISI, 3 - 5 OCTOBER 2011**

**AGENDA**

**Global objective of the workshop:**

Promotion of the EC technical assistance to the transport sector in the TRACECA region

Facilitation to establishment of the TRACECA corridor based on a network of logistics centres (ILCs) and a network of motorways of the sea (MoS)

Encouraging dialogue and regional cooperation within TRACECA intermodal transport and logistics dimensions

**Specific objectives of the workshop:**

Summary of the results achieved by the former MoS and ILCs Western TRACECA projects in Caucasus, Caspian Sea region and Central Asia

Presentation of the 'LOGMOS' project and its place within the frame of the EU transport policy

Proposed methodology for reaching the targets set to the project

Adoption of a working procedure, scheduled action-plan and performance indicators by and between the stakeholders of the existing MoS and ILCs pilot projects with the support of the 'LOGMOS' team

**Host: EC funded project "Logistics Processes and Motorways of the Sea II"/Regional ENPI East**

**3 – 5 OCTOBER 2011, MONDAY- WEDNESDAY**

**LOCATION: Tbilisi, Georgia**

**Venue: Radisson Blu Iveria Hotel,**

**Meeting room 6**

**Rose Revolution Square 1, 0108, Tbilisi Georgia**

**Tel.: +995 32 2 402 200**

**Fax: +995 32 2 402 201**

**Contacts of Event Coordination Team:**

Yulia Usatova (technical matters, financial settlements) +49 151/526 30 272

Inna Pokydko (conference logistics) +380 93 53 18 988

**Local Tbilisi phone numbers of the project team + (995) 557 115 986 / + (995) 557 115 873**





**2 OCTOBER 2011**

**Arrival of participants**

**Free time**

**3 OCTOBER 2011, MONDAY**

**DAY ONE**

**Venue: Radisson Blu Iveria Hotel, Meeting room 6**

**Rose Revolution Square 1, 0108, Tbilisi Georgia**

**Tel.: +995 32 2 402 200 / Fax: +995 32 2 402 201**



**10:00 – 10:30 Workshop opening and welcome by the Ministry of Economy and Sustainable Development of Georgia**

*Georgi KARBELASHVILI, Deputy Minister, TRACECA National Secretary*

**Welcome by the Representatives of the European Commission**

*Carmen FALKENBERG, Head of Sector European Commission, DG DEVCO, Unit A.3 – Centralized Operations for Europe, the Mediterranean and the Middle East*

**Welcome by the Representatives of the European Union Delegation to Georgia**

*Michel JAMBOU, Programme Manager, Transport Sector*

**Welcome and presentation of the purpose of the meeting and adoption of agenda**

*Andreas SCHOEN, Team Leader of the Logistical Processes and Motorways of the Sea II*

**Technical explanation on the format of the meeting**

*Yulia USATOVA, Key Expert III of the Logistical Processes and Motorways of the Sea II*





## SESSION 1

### 10:30 – 12:30 Methodology for the Achievement of ‘LOGMOS’ Targets

Chair: **Carmen FALKENBERG**, Head of Section European Commission, DG DEVCO, Unit A.3 – Centralized Operations for Europe, the Mediterranean and the Middle East

Co-chair: **Andreas SCHOEN**, TL LOGMOS

**10:30 – 10:45** Presentation of the general objectives and expected results of the new ‘LOGMOS’ project based on the results achieved by the former Motorways of the Sea for the Black Sea and the Caspian Sea and ILCs Western TRACECA

*Andreas SCHOEN, TL, LOGMOS*

**10:45 – 11:00** LOGMOS Existing projects and working groups

Action Plans on follow up of the previous MOS and Logistics Projects

*Michel GUERLOT, KE II, LOGMOS*

**11:00 – 11:15** Discussion and feedback

**11:15 – 11:45** **Coffee break**

**11:45 – 12:00** Methodology for the achievement of ‘LOGMOS’ targets in the regions of Caucasus, Caspian Sea and Central Asia  
LOGMOS Time-tables and milestones

*Andreas SCHOEN, TL LOGMOS*

**12:00 – 12:15** LOGMOS Approach and Event Schedule

*Yulia USATOVA, KE III*

**12:15 – 12:30** Discussion and feedback

**12:30 – 14:30** **Lunch hosted by the Project at Hotel Radisson Iveria**



## SESSION 2

### 14:30 – 17:15 LOGMOS Targets within TRACECA project identification

Chair: **Carmen FALKENBERG**, Head of Section European Commission, DG DEVCO, Unit A.3 – Centralized Operations for Europe, the Mediterranean and the Middle East

Co-chair: **Andreas SCHOEN**, TL LOGMOS

### 14:30 – 15:00 LOGMOS targets in new projects' identification

- Criteria list
- Assessment procedure
- Selection

*Michel GUERLOT, KE II, LOGMOS*

Discussion and feedback

### 15:00 – 15:30 Development of Pre – Arrival Exchange Information System (PAEIS) in Ukraine, Moldova and Belarus as a best practice of C2C: Cooperation on Transit

*Vadim TURDZELADZE, Senior Expert, EU-Funded "Support to the Integration of Ukraine in the Trans-European Transport Network, TEN-T" Project*

Discussion and feedback

### 15:30 – 16:00 PAEIS System in Georgia and recommendations

*Representative of Georgian State Revenue Service*

### 16:00 – 16:15 Questions and answers

### 16:15 – 16:30 Coffee break

### 16:30 – 16:45 Logistics Centres in Turkey

*Yilmaz Asım OZALP, Expert, Undersecretariat For Maritime Affairs*

Questions and answers

### 16:45 – 17:00 UTICAD Presentation

*Hacer UYARLAR, Secretary General of UTIKAD*

Questions and answers

### 17:00 – 17:15 UND "TRANS-CASPIAN PROJECT"

A new prospect for cooperation between Georgia, Azerbaijan and Turkey in road transportation

*Burak ÇIGA, UND*

### 17:15 – 17:45 Wrap up of the introductory day and settlement of agenda for the day 2

*Andreas SCHOEN, TL LOGMOS*

### From 17:45 Consultations with the project team upon request / free time



**Logistics Processes and Motorways of the Sea II**

- 19:00** Departure to the welcome dinner  
Gathering at the hotel lobby – bus transfer to Tsikvisi (Mill) Restaurant
- 19:30 on** Welcome Dinner at Tsikvili Restaurant  
Digomi, Beliashvili Str. Tbilisi, Georgia  
Tel.: + 995 322 53 0797
- Upon group agreement** Bus transfer to the hotel



**4 OCTOBER 2011, TUESDAY**

**DAY TWO**

**Venue: Radisson Blu Iveria Hotel, Meeting room 6**

**Rose Revolution Square 1, 0108, Tbilisi Georgia**

**Tel.: +995 32 2 402 200 / Fax: +995 32 2 402 201**

**SESSION 3**



**09:00 – 11:00 LOGMOS Stakeholder presentations – port development and containerisation trends**

Chair: **Carmen FALKENBERG**, Head of Section European Commission, DG DEVCO, Unit A.3 – Centralized Operations for Europe, the Mediterranean and the Middle East

Co-chair: **Andreas SCHOEN**, TL LOGMOS

**09:00 – 09:15** Welcome by Permanent Secretariat of the IGC TRACECA

*Eduard BIRIUCOV, Secretary General*

Introduction of the session and agenda

*Andreas Schoen, TL LOGMOS*

**09:15 – 09:30** Presentation of the Poti Port container terminal

*Zviad CHKHARTISHVILI, Head of Marketing Department*

Questions and answers

**09:30 – 09:45** Presentation of the port of Batumi by

*Ilia TSIVADZE, Commercial Manager*

Questions and answers

**09:45 – 10:00** Presentation of the Batumi International Container Terminal by

*Ketevan ORAGVELIDZE, Marketing Manager*

Questions and answers

**10:00 – 10:30** Presentation of the Georgian Railway and GR Transcontainer by

*Grigol JINCHARADZE, Freight Transportation Deputy Director, Ltd Georgian Railway*

*Mirza DOLIDZE, General Director, Ltd Georgian Railway, Transcontainer*

Questions and answers

**10:30 – 10:45** Wrap up of the session by LOGMOS Team

**10:45 – 11:00 Coffee break**



## SESSION 4



**Participation is obligatory for the delegates of Azerbaijan and Georgia, Armenia and representatives of the PS**

**Other delegations are welcome to attend**

### **11:00 – 13:00    Technical Session on Action Plan BT Poti - Tbilisi – Baku and Trade Facilitation Aspects**

Chair: Co-chair: **Andreas SCHOEN**, TL LOGMOS

Co-chair: **Michel GUERiot**, KE II, LOGMOS

#### **Objectives of the session :**

- establishment of the action plan task force
- elaboration on next steps needed to implement the action plan
- suggestions on practical actions to start mitigate the problems
- decision on format of project presentation with the action plan
- decision basis for investment forum presentation / on content of the project

Introduction of the purpose of the session

*Andreas SCHOEN, TL LOGMOS*

Introduction of the Tentative Action Plan

*Michel GUERiot, KE II, LOGMOS*

All participants – interactive discussion and comments of action plan for the task force

### **12:45 – 13:00    Brief conclusions of the session**

*Andreas SCHOEN, TL LOGMOS*

### **13:00 – 15:00    Lunch hosted by the Project at the Radisson Hotel for all participants**



## SESSION 5



**Participation is obligatory for the delegates of Georgia and representatives of the PS**  
**Other delegations are welcome to attend**

### **15:00 – 16:30 Technical Session on Action Plan Tbilisi ILC**

Chair: **Andreas SCHOEN**, TL LOGMOS

Co-chair: **Michel GUERIoT**, KE II, LOGMOS

#### **Objectives of the session :**

- establishment of the action plan task force
- elaboration on next steps needed to implement the action plan
- decision basis for investment forum presentation / as a core project or as an additional project

Introduction of the purpose of the session

*Andreas SCHOEN, TL LOGMOS*

Introduction of the Tentative Action Plan

*Michel GUERIoT, KE II, LOGMOS*

All participants – interactive discussion and comments of action plan for the task force

Brief conclusions of the session

*Andreas SCHOEN, TL LOGMOS*

### **16:15 – 16:30 Coffee break**



## SESSION 6



**Participation is obligatory for the delegates of Azerbaijan and representatives of the PS**  
**Other delegates are welcome to attend**

### **16:30 – 18:00    Technical Session on Action Plan Baku ILC**

Chair: **Andreas SCHOEN**, TL LOGMOS

Co-chair: **Michel GUERiot**, KE II, LOGMOS

#### **Objectives of the session:**

- establishment of the action plan task force
- elaboration on next steps needed to implement the action plan
- decision basis for investment forum presentation / as a core project or as an additional project

### **17:30 – 18:00    Conclusions of the session**

### **FREE TIME**



**5 OCTOBER 2011, WEDNESDAY**

**DAY THREE**

**Venue: Radisson Blu Iveria Hotel, Meeting room 6**

**Rose Revolution Square 1, 0108, Tbilisi Georgia**

**Tel.: +995 32 2 402 200 / Fax: +995 32 2 402 201**

**SESSION 7**



**PARTICIPATION IS OBLIGATORY TO ALL DELEGATIONS**

<b>09:00 – 10:30</b>	<b>Presentations of the Stakeholders on New LOGMOS Initiatives in Azerbaijan, Armenia, Georgia and Central Asia</b> <b>focus on RO-RO, containerisation, logistics initiatives, hinterland connections and interactions with TRACECA countries</b> Chair: <b>Carmen FALKENBERG</b> , EC Co-Chair: <b>Andreas SCHOEN</b> , TL LOGMOS
<b>09:00 – 09:15</b>	Introduction of the session and agenda – by Andreas Schoen, TL LOGMOS
<b>09:15 – 09:30</b>	Containerisation trends in Central Asia and Caspian Region by CMA <i>Selim MAKZUME, CMA-CGM General Manager for Caucasus</i>
<b>09:30 – 09:45</b>	Port of Baku <i>Akif MUSTAFAYEV, National Secretary of IGC TRACECA in Azerbaijan</i> Actual Status of Baku Alyat Questions and answers
<b>09:45 – 10:00</b>	Port of Aktau and logistics in Aktau <i>Dauren KUTPANBAYEV, First Deputy Director</i> New Development of the Aktau port relevant to MOS project initiatives Questions and answers
<b>10:00 – 10:15</b>	Port of Turkmenbashi <i>by NN</i> New Development of the Turkmenbashi port relevant to MOS project Initiatives Questions and answers
<b>10:15 – 10:30</b>	ILC in Navoi





*Kamol SHARAKHMEDOV, Expert of the National TRACECA Committee, Uzbekistan*

The Present Status of Development of the ILC in Navoi

Questions and answers

**10:30 – 11:00 Coffee break**

**11:00 – 11:15** ILC in Osh

*Manas RAIMAKHUNOV, Chief expert, Road and Railway Transport Department, MoT*

The Present Status of Development of the ILC in Osh

Questions and answers

**11:15 – 11:30** ILC in Nijniy Pjanj

*Nimatullo SOHIBOV, Deputy Director SUE “NI and FDI” MoT RT (+1)*

The Present Status of Development of the ILC in Nijniy Pjandj

Questions and answers

**11:30 – 11:45** Railway Kolkhoz-Abad – Nijniy Pjand

*Rustam ISHAN-KHODJAEV, Chief Specialist of the Land Transport Department, MOT*

Questions and answers

**11:45 – 12:00** South Caucasian Railway Presentaiton

*Vage DAVTYAN, South Caucasiam Railway*

**12:00 – 12:15** Wrap up of the session

**12:15 – 14:00 Lunch at the Hotel Radisson**



## SESSION 8



Participation is obligatory for the delegates of Armenia, Turkmenistan, Kazakhstan, Turkey, Tajikistan, Uzbekistan and representatives of the PS

Other delegates are welcome to attend

**14:00 – 15:30** Presentation of the action plans for ILC in Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Armenia

Chair: **Andreas SCHOEN**, TL LOGMOS

Co-Chair: **Michel GUERiot**, KE II, LOGMOS

Approach of the LOGMOS Team towards ILCs in landlocked countries

Interactive discussions

Wrap up of the session

**15:30 – 15:45** Coffee Break



## SESSION 9



Participation is obligatory for the delegates of Azerbaijan, Turkmenistan, Kazakhstan, Turkey, representatives of the PS

Other delegates are welcome to attend

**15:45 – 17:30 Technical Session on Action Plan Caspian MOS Baku- Aktau - Turkmenbashi**

Chair: **Michel GUERiot**, KE II, LOGMOS

Co-Chair: **Andreas SCHOEN**, TL LOGMOS

**Objectives of the session:**

- establishment of the action plan task force
- elaboration on next steps needed to implement the action plan
- conclusions



## SESSION 10 – CLOSING SESSION

Venue: Radisson Blu Iveria Hotel, Meeting room 6

Rose Revolution Square 1, 0108, Tbilisi Georgia

Tel.: +995 32 2 402 200 / Fax: +995 32 2 402 201



### PARTICIPATION IS OBLIGATORY TO ALL DELEGATES

**17:30 – 18:00** Adoption of the conclusions of the meeting

## 5 - 6 OCTOBER 2011

Departure of the participants according to the schedule

**NOTE:** 6 October continuation of the PS IGC TRACECA Meeting  
for the National Secretaries and Expert Working Group on competitiveness  
of combined railway and maritime transportation on TRACECA.  
The participation is obligatory for the invited parties. The programme of the event  
was announced by the PS IGC TRACECA.



### Conclusions of the meeting

The first Caucasus and Central Asia Project meeting:

- welcomed continuous support of the European Commission to logistics and MOS development on TRACECA within the framework of the current project;
- expressed gratitude to the Ministry of Economy and Sustainable Development of Georgia and TRACECA National Secretary in Georgia in support to workshop organization;
- constituted the continuation of regional dialogue and proactive cooperation within TRACECA multimodal transport and logistics dimensions;
- focused discussions on RO-RO, containerization trends, logistics initiatives, hinterland connections to cargo generating centers in TRACECA countries;
- elaborated on development plans of the Railway Companies in Caucasus to better answer the market demand and address efficiently socio-economic and ecological issues related to transport in the Region, and of the Caspian Sea ports of Baku (Alyat), Aktau and Turkmenbashi, as well as on logistics sector trends in Turkey relevant for unlocking potential for improved trade and international cooperation in the region;
- underlined the need for active involvement of Shipping Lines in the Black and Caspian Sea in these processes;
- appreciated the readiness of the Turkish logistics, rail and road industry (as Kars Logistics Center Project) to bring their know-how and actively contribute to improvement of the multimodality and MOS projects in the Caspian Sea;
- invited private sector operators to continue interactive communications on logistics and MOS dimensions of TRACECA in particular aimed at involvement in pilot projects.

The beneficiaries and stakeholders:

- took a note on methodology for reaching the targets set to the LOGMOS project;
- concluded that results achieved by the former MoS and ILCs TRACECA projects are to be further upgraded in the framework of the current LOGMOS project;
- considered and elaborated on the tentative event schedule proposed by the LOGMOS team in the framework of TRACECA calendar;
- noted on further action plans on follow up of the previous MOS and Logistics Projects;
- considered that TRACECA MoS concepts are to be targeted through implementation of the pilot projects;
- recognized a future need for prioritisation of funding for core networks projects in the field of MoS, including exploring alternative means in addition to the TRACECA Investment Forum.

The stakeholders of the Caucasus and Central Asia MOS and International Logistics Centers Pilot Projects:

- agreed on methodology recommended in the corresponding action plans for improvement of service quality and cost efficiency;
- accepted proposed measures as a basis for their cooperation and implementation guidelines to be further upgraded and shaped within implementation of the projects;
- expressed willingness to capitalize on lessons learned and success stories experienced by the private sector elsewhere in elaboration of the specific steps in the action plans;
- considered the examples of efficient implementation of Pre Arrival Exchange Information System (PAEIS) between Ukraine and Moldova (EUBAM) and the facilitation of customs



procedures practiced in Viking train as a positive step to be noted for development in TRACECA countries in Caucasus and Central Asia;

- emphasized on the commitment and ownership attitude on the pilot project.

The meeting appreciated the support offered by the Permanent Secretariat to facilitate the promotion and implementation of the LOGMOS pilot projects.

The participants appreciated continuous support of the European Commission and welcomed the possibility of the individual country meetings to target technical assistance of the LOGMOS project towards actual regional needs.



### Conclusions of the Technical Sessions of the Project Working Groups

The Working Groups of stakeholders on the Caucasus, Caspian Sea and Central Asian pilot projects of the “LOGMOS” Project:

- Agreed on the methodology recommended by the Project Team for the implementation of the pilot project, namely:
  - A clear and permanent identification of remaining issues and barriers,
  - the set up of dedicated working groups to address them,
  - the drawing of Action Plans in order to formalize the 2 previous points. The Action Plans being meant to be a reference and flexible / adjustable framework,
  - the splitting of issues between short and long term ones,
  - the prioritization of technical difficulties,
  - the elaboration of a working schedule to monitor the results achieved by the working groups.
- Understood and agreed upon the important role to be played by the working groups in performing the necessary tasks and duties to reach the commonly decided targets.
- Approved the proposed role of coordination and monitoring of the Project Team in the process.
- Discussed the contents and distribution of tasks and duties between named stakeholders of the Action Plans prepared by the Project Team, bringing necessary amendments. The Project Team accordingly will issue and distribute a revised version of the Action Plans on the 14 October 2011.

### MOS Caspian Sea Pilot Projects

The Working Group of stakeholders

- Exchanged actively on issues related to the improvement of the shipping service and, in particular, those whose solution would result in its increased regularity and therefore enhanced attractiveness, a reduction of operational costs and adjustment of existing sea freight tariffs,
- Emphasized in this respect the necessity:
  - for the railway companies to address without delay the issues linked with pure railway matters such as planning, preparation and regular up-dating of full and empty wagon loading lists at Aktau and Turkmenbashi and circularizing of same to all involved parties before arrival of the vessels at ports, etc.
  - for stakeholders to implement such a procedure. The project team will approach them to define by January 2012 a commonly agreed schedule for implementation and period of revision of the practice once in force. These specific deadlines will be included in the next revision of the corresponding action plans.
  - for the Shipping Line, Ports and Railway Companies to clearly agree upon their working procedures and respective obligations and accordingly sign and implement soonest corresponding operational agreements,
  - to explore, in cooperation with foreign specialists, the possibilities to implement in the short-term efficient Ro-Ro services across the Caspian Sea to answer the pressing demand from TRACECA trucker associations.



- Agreed upon the fact that, in order to save time and efforts, the stakeholder working groups should capitalize on the experience and achievements of other projects, such as
  - the Viking Train, for trade facilitation issues
  - and other TRACECA and ex-Soviet non-TRACECA ports in the Region to upgrade the quality of service and effectiveness of vessels operations at Caspian Sea ports.
- Agreed that a Technical steering committee shall be established, coordinated by the LOGMOS Project to define and monitor KPIs based on statistical data provided by the stakeholders according to the CS1 and CS2 Action plans.
- Considered the importance of improving marketing measures, both in pilot projects and by individual stakeholders in regards to TRACECA corridor. This includes measures on routes to Aktau that suffer from limited return loading caused by deficiency in export and transit traffic flows towards/through this destination.
- Agreed that with the development of the Action plans other stakeholders from Turkey and Central Asian landlocked countries shall be involved in the work of the working groups.

### **Block Container Train Poti-Tbilisi-Baku**

The Working Group of stakeholders:

- Exchanged actively on technical, operational and commercial issues related to the implementation of the proposed train.
- Recognized the enhanced attractiveness of rail transport across the Caucasus would bring about positive results in terms of:
  - alleviating the problems linked with road transport especially congestion, road accidents and safety of indigenous populations, CO2 emissions, as confirmed by the involved stakeholders
  - considering decrease in the urgency and amount of investments and maintenance in the road network as a direct result of the block container train or Ro-La operation,
  - facilitating the regional and international trade through the development of containerization in the Caucasus contributing in turn to the reduction of logistics costs,
  - opening the possibility to contemplate its implementation further across the Caspian Sea.
- Agreed upon the fact that, in order to save time and efforts, the stakeholder working group should capitalize on the experience and achievements of other projects, such as the Viking Train, for trade facilitation issues.
- Agreed to explore the possibility of involving foreign professional block container train specialists to give consulting advice and / or be involved in and / or monitor implementation process.
- Agreed that a dialogue should be maintained with the users, the Container Shipping Lines in particular.
- Agreed upon the necessity of an intensive marketing and promotion action of the Block Train through appropriate dedicated means.
- Noted on implementation of Joint Commission of Deputy Head of Railways which is due to meet in November 2011 for signing the agreement between Georgia and Azerbaijan regarding the block container train.





- Agreed to duly observe the relevant provisions of the existing TRACECA Multilateral Agreement and make the recommendations they consider useful to the PS IGC TRACECA in view of implementation of the block container train.
- Appreciated support of the LOGMOS project in defining and assistance in monitoring KPIs based on statistical data provided by the stakeholders according to the BCT Action plan.

### **ILC Tbilisi**

The Working Group of stakeholders:

- Recalled the European experience on establishment of the logistics centres in Western Europe and state support in creation of the external infrastructures and land acquisition.
- Noted the clear formulation of the investment project parameters to be an essential initial step to start development of the logistics project
- Considered that by the end of 2011, a governmental decision on logistics centre development issues will be made including a nomination of the management company for the project promotion. Information on main project parameters as per action plan if obtained by November 2011 will enable duly assistance of the LOGMOS project team in preparation of the project documents for the TRACECA investment forum 2012.
- Considered the need to define pragmatically the combination of ILC and Block Container train project.

### **ILC Alyat**

The Working Group of stakeholders:

- Elaborated on positive aspects of discussing and possibility of streamlining the infrastructure investment projects at the partner ports in view containerization needs expressed by the corridor users, as well as necessity to develop the services to satisfy the global supply chains.
- Agreed on continuation of the cooperation with the Ministry of Transport to be the main project coordinator to settle the issues of the project implementation issues with the Ministry of Finance, Ministry of Land Resources and other state bodies involved.
- Noted on the progress of works on construction of the port of Alyat in view of its putting into operation in 2014, and considered important the simultaneous launch of the international logistics centre at the new port.
- Stressed the necessity of the investor attraction, and activation of work in this at least two years before the port
- Agreed to direct the LOGMOS project support on assistance in tender elaboration including updates of the feasibility studies and coordination of the infrastructure development plans with the port.
- Agreed to prepare and to conduct the working group meeting in Baku in March – April 2012.

### **ILCS in landlocked countries**

The Working Groups of stakeholders:

- Agreed to consider the multimodal connections in the development of the logistics centres in the future, namely:
- In Uzbekistan to consider the project in the context of the extension towards the multimodality, integration into the hinterland of Caspian ports in Central Asia, and to elaborate on the meaning of the Navoi logistics centre as a distribution hub in Uzbekistan and beyond.



**Logistics Processes and Motorways of the Sea II**

- In Tajikistan to consider the Nijniy Pjandj Logistics Centre in the context of development of the transregional railway corridors and to include the extension of site to incorporate railway container terminal. To consider the presentation of the investment project “Construction of new railway Kolhozabad-Nijniy Pjandj” at the TIF 2012.
- In Kyrgyzstan, note that the decision of the state bodies is needed for the site boundary, and consideration of Osh in the new railway corridors will be needed.
- In Kazakhstan to analyse the results of the previous EU funded project on establishment of the logistics centres in Central Asia and to consider the alternative development models with the private investor.
- To advance the action plans accordingly within the following six months.
- In terms of Turkmenistan expressed willingness to welcome Turkmenistan at the next meeting.
- In terms of logistics centre in Armenia, the participants have considered the continuation of the current project work targeted at the support on preparation of the project documents for the presentation at the TRACECA Investment Forum 2012.
- Agreed to consider the role of the identified logistics centres for the motorways of the sea pilot projects of LOGMOS.



### List of Participants

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