

The European Union's Tacis TRACECA programme
for Armenia, Azerbaijan, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova,
Romania, Tajikistan, Turkey, Turkmenistan, Ukraine, Uzbekistan

Analysis of Traffic Flows for TRACECA Countries and Interregional Transport Dialogue between EU and NIS

Progress Report No 1

December 2007



This project is funded by
the European Commission

Project implemented by
Louis Berger SAS
in association with WSP

Progress Report No1

Report cover page

Project Title: Analysis of Traffic Flows in TRACECA countries and
Interregional Transport Dialogue between the EU and NIS

Project Number: 121627 EuropeAid / 122883/C/SER/Multi

Countries: Armenia, Azerbaijan, Bulgaria, Georgia, Kazakhstan,
Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey,
Turkmenistan Ukraine and Uzbekistan

EC Consultant

Name: Louis Berger SAS in association with WSP.

Project Office Address: 11, Rasul Rza Street – Baku AZ 1005 – Azerbaijan

Tel: +(994 12) 493 28 42

Fax: +(994 12) 493 28 42

E-mail: office@dialogue.az

Head Office Address: Mercure III – 55 Bis Quai de Grenelle 75015 Paris France

Tel: +(33) 01 45 78 39 39

Fax: +(33) 01 45 77 74 69

E-mail: lbparis@louisberger.com

Contact Person: Team Leader
Paul Pezant

Signature: _____

Date of report: 26 December 2007

Reporting period: 9 July 2007 – 25 December 2007

Authors of report: Project Team

EC M & E team	_____	_____	_____
	[name]	[signature]	[date]
EC Delegation	_____	_____	_____
	[name]	[signature]	[date]
TACIS Bureau	_____	_____	_____
[task manager]	[name]	[signature]	[date]

Progress Report No1

ABBREVIATIONS

ADB	Asian Development Bank
BSEC	Black Sea Economic Cooperation
CAREC	Central Asian Republic Economic Cooperation
CEEC	Central and East European Countries
CIS	Commonwealth of Independent States
DG TREN	EC Directorate General Transport and Energy
EAEC	Euro Asian Economic Community
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECE	UN Economic Commission for Europe
ECO	Economic Cooperation Organisation
ECMT	European Council of Ministers of Transport
ENP	European Neighbourhood Policy
EU	European Union
FSU	Former Soviet Union
GDP	Gross Domestic Product
GIS	Geographic Information System
GISCO	Geographic Information System of the European Commission
IFI	International Financing Institution
IGC	Intergovernmental Commission (TRACECA)
IMF	International Monetary Fund
IRU	International Road Transport Union
IsDB	Islamic Development Bank
IT	Information Technology
JBIC	Japanese Bank for International Cooperation
KAZ	Kazakhstan
KGZ	Kyrgyz Republic
LB & WSP	Louis Berger and WSP (The Consultant)
MLA	Multi Lateral Agreement
MM	Person-Month
NIS	Newly Independent States
NS	National Secretariat(s) of TRACECA
PC	Personal Computer
PPP	Public Private Partnership
PRC	People's Republic of China
PS	Permanent Secretariat of TRACECA
SEETO	South East Europe Transport Observatory
SPECA	Special Programme for the Economies in Central Asia
TA	Technical Assistance
TACIS	Technical Assistance for the Commonwealth of Independent States
TAJ	Tajikistan
TEN-T	Trans European Network-Transport
TEU	Twenty-Foot Equivalent Unit
TINA	Transport Infrastructure Needs Assessment
TIR	Transport International Routier
TOR	Terms of Reference
TRACECA	Transport Corridor Europe Caucasus Asia
UN	United Nations
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
USAID	United States Agency for International Development
UZB	Uzbekistan
WB	World Bank
WG	Working Group under the Framework of the Baku Initiative
WTO	World Trade Organisation

Progress Report No1

TABLE OF CONTENTS

1. PROJECT SYNOPSIS	3
2. Summary of project progress since the start	5
3. Summary of project planning for the remainder of the project	7
4. Project progress in reporting period	9
4.1 Short description of the progress in the performed activities	9
4.2 Achievements in comparison with the planned results.....	12
4.3 Deviation from the original planning and reasons	13
4.4 Specific action needed from the local authority.....	13
5. Project planning for next reporting period	14
5.1 Observation for the project success.....	14
5.2 Adjustment proposal for the overall project planning and assessment of their consequences	14

ANNEXES

<i>Form 1.4:</i>	Overall Plan of Operation (Adjusted)
<i>Form 1.5:</i>	Overall Output Performance Plan (Adjusted)
<i>Form 1.6:</i>	Plan of Operations for the Next Period
<i>Form 2.2:</i>	Project Progress Report
<i>Form 2.3:</i>	Resource Utilisation Report
<i>Form 2.4:</i>	Output Performance Report
<i>Annex 1 :</i>	Approach to the design of a TRACECA Database
<i>Annex 2 :</i>	Job Description for Local Data Collection Experts
<i>Annex 3 :</i>	Report on Information Needs of TRACECA
<i>Annex 4 :</i>	Report on the Proposal for the Business Advisory Council
<i>Annex 5 :</i>	Report on the Proposed Investment Fund

Progress Report No1

1. PROJECT SYNOPSIS

Project Title:	Analysis of traffic flows for TRACECA countries and Interregional transport dialogue between EU and NIS
Project Number:	121627 EuropeAid / 122883/C/SER/Multi
Country:	Armenia, Azerbaijan, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey, Turkmenistan Ukraine and Uzbekistan

Project objectives:

The overall objective of the project is to facilitate regional cooperation in the field of transport, by capacity building and training measures, development of transport forecasts and investment appraisals in the TRACECA region and through effective regional transport dialogue with the Black Sea/Caspian Sea countries and their neighbours, in the framework of TRACECA and the 'Baku initiative'.

Project purpose:

The two main purposes of the project are:

- I. Provide and develop planning and performance measurement tools for effective trade and transport forecast in the TRACECA countries;
- II. Promote regional transport dialogue between the EU and the Black Sea/Caspian Sea basin littoral states and their neighbours, and promote coordination of regional transport initiatives and links with International Financial Institutions.

Those two purposes are covered by two project components called Lot 1 and Lot 2.

Planned outputs:

Lot 1

- Data collection process established
- Support to data collection provided
- Traffic forecast
- GIS database set up
- Performance measurement capability developed
- Training on traffic forecasting and database provided
- Specifications of requires IT established

Progress Report No1

Lot 2

- Working Groups within the 'Baku Initiative' supported
- Ministerial Conference organised
- Sustainable Projects identified
- Coordination and Support to TRACECA /EU provided
- Support To Action Plan provided
- PPP initiative developed
- Coordination ensured with IFIs

Project activities:

Lot 1

- 1.1 Establish data collection process and recruit data experts
- 1.2 Support data collection
- 1.3 Prepare inventory – SWOT analysis
- 1.4 Establish transport GIS database
- 1.5 Determine transport demand
- 1.6 Carry out traffic forecasting
- 1.7 Perform transport analysis
- 1.8 Coordinate with other projects
- 1.9 Develop performance measurement capability
- 1.10 Hold training sessions
- 1.11 Disseminate results
- 1.12 Elaborate IT requirements

Lot 2

- 2.1 Experts' working groups meetings organised
- 2.2 Ministerial Conference on Transport Cooperation between EU-Black Sea-Caspian littoral States and neighbours organised
- 2.3 Sustainable transport projects and initiatives identified and promoted
- 2.4 Support to the coordination with TRACECA National Secretaries, EC managers,
- 2.5 Provide support to TRACECA coordination activities
- 2.6 Private-Public Partnerships promoted and 2 coordination meetings with IFIs organised
- 2.7 Annual progress reports on both TRACECA programme
- 2.8 Support to the EC programming process

Project starting date: Contract signed on 7 June 2007. Work started on 9 July 2007

Project duration: 24 months

Progress Report No1

2. Summary of project progress since the start

The project is implemented by Louis Berger SAS in association with WSP. The main project office is located in Baku.

The project consists of two lots: Lot 1 deals with transport flows forecasting and database. Lot 2 is to provide support to the dialogue between EU and NIS countries.

The Team Leader arrived in Baku on July 7, 2007. The Transport Planner / Modeller in charge of Lot 1 arrived on August 13 and the Transport Policy and Project Development Specialist in charge of Lot 2 on September 19.

The contract between EC and the Consultant was signed on June 5th. A kick-off meeting was held in Brussels on June 7th. Field work started on July 9 with the visit made by the Team Leader to the Permanent Secretariat of the TRACECA Intergovernmental Commission where he was helpfully welcome by the Secretary General.

Secondary projects offices have been set up in Almaty for Central Asia and in Baku for the western TRACECA region. They are staffed with experienced professionals who are expected to provide a very valuable contribution to project activities.

A presentation of the project to the TRACECA National Secretaries was made at the meeting of the Permanent Secretariat of the ICG in Antalya on September 20th.

Although it was not explicitly required by the Terms of Reference an Inception Report was submitted three months after work started that is on October 9th. Useful comments were received particularly from the PS.

During a meeting of the Consultant with EC officials including the Project Manager work progress was reviewed and agreement was made on some reorientation of project activities.

Lot 1 - Traffic Forecasting and Database

A major thrust during the period was on the establishment of the data collection process and the recruitment of local data experts. It was started as early as July with the visit of the first country outside Azerbaijan. By the end of November all countries but two had been visited and local experts for almost each country have been proposed to the EC for approval and recruitment.

The establishment of data centres proved more difficult than anticipated. It was planned to have experts recruited by Month 6th as required by the ToRs. The recruitment process is currently ongoing and local experts should start working on data collection by February 2008. Their tasks have been defined (see Annex 2) along the proposed approach to data collection (see Annex 1)

For Lot 1 a too strict interpretation of the TOR led to put emphasis on modelling from the start of the project what was in line with the staffing defined by the TOR. The need soon arose to put modelling in the wider frame of a global analysis of the situation and of the prospects for the TRACECA corridor and accordingly to give a major role to a transport economist and to modal experts..

Progress Report No1

Reorientation also concerns the traffic forecasting model to be used by the project. A separate tender is to be launched by the EC to provide specific software for traffic forecasts. It will be adjusted and used by the Consultant in cooperation with the PS.

For a database there is the standing problem that the database developed and handed-over in August 2006 by a previous consultant has not been used. The major issue for the present project is to define which kind of data should be covered by the database and to coordinate an efficient data collection process with the local experts in cooperation with the National Secretaries. The approach to data collection is detailed in Annex 1.

Lot 2 – Interregional Transport Dialogue

For Lot 2 details on the approach proposed by the Consultant are given in the Inception Report.

The Transport Policy and Project Development Specialist provided support to planning, organization and implementation of the first WG meeting on civil aviation successfully held in Chisinau on 22 October.

He discussed with the PS information needs in the form of maps, newsletters, brochure or improvement to the website (see Annex 3), in particular in view of the possible 2008 Presidential Summit.

He also started giving thoughts to ways of implementing two bodies the creation of which is envisaged by the TRACECA ICG: a Business Advisory Center (Annex 4) and on an Investment Fund (Annex 5).

Together with the Team Leader he attended the TRACECA ministerial conference in Astana on 12-13 December.

With the aim of coordinating activities with other TRACECA projects the Consultant attended kick-off meetings of the following projects: Aktau Port Development, Master Plan and Feasibility Study Project, Development of Co-ordinated National Transport Policies Project, Creation of Perishable Goods Licensing and Certification Centres Project.

The Transport Policy and Project Development Specialist resigned and left the project on December 21st. Upon agreement of the EC, his is about to be replaced. In view of the EC intention to define the TRACECA corridor as an extension of the Trans-European Transport Networks, his next priority activities will focus on coordination with IFIs and identification of possible priority projects along the TRACECA corridor in cooperation with the final institutions and beneficiary countries.

3. Summary of project planning for the remainder of the project

Lot 1 – Traffic Forecasting and Database

Adjustments to the approach described in the Inception Report are based on several considerations. In short, there was a need to place the transport modelling activities into a broader framework and to base them on a realistic assessment of development prospects.

The new approach framework for the TRACECA corridor is built on a more comprehensive analytic framework comprising: analysis of current conditions; review of programmed investments and other commitments, modelling the transport demand, and analysis of physical and non-physical bottlenecks. Accordingly what has been presented in the Inception Report has been re-organised into a set of six activities which will better focus on the results to be achieved.

- Establish data collection process – The data collection experts are recruited.
- Support the collection of updated data – Responsibilities for data collection and management are defined in line with the Transport GIS database activity (see below).
- Inventory and SWOT analysis – scoping the TRACECA transport corridor: Based on an inventory that is carried out, the strengths and weaknesses of the transport system are identified and opportunities open and threats faced are examined. Along with the inventory this audit helps to identify issues to tackle and actions to include in the planning work.
- Transport GIS database: The new model will replace the existing model but be structured along the same lines containing info about all modes. The design will be as simple as possible. For each mode, the geographical information is linked with the detailed transport infrastructure data.
- Transport demand: The analysis is first based on an analysis of growth prospects at the world level and then focusing on the TRACECA area – parts of the former USSR and Eastern Europe.
- Transport forecasting (“ECA-Trans”): The modeling is first based on estimating freight transport between the regions in the study area. There are two main steps: namely, estimating the base year matrix and estimating the matrix for the horizon year. Based on the modeling work, transport improvement strategies regarding adjusting service levels, applying transport management measures and supply transport capacity are tested in order to prioritise measures along the corridor.
- Transport analysis: The current and future physical and non-physical bottlenecks (operational incompatibility, mobility, traffic safety and environmental issues) will be analysed. The analysis will fill show how much the transport demand will increase and then the bottleneck locations. Performance indicators will be used
- Coordinate with other ongoing and completed projects as much as possible.
- Develop performance measurement capability through key indicators based on transport modelling results and database statistics.
- Hold training sessions to ensure sustainability
- Disseminate results through interaction with Lot 2 and on-line access to the database
- Elaborate IT requirements for the PS and the NSs

Progress Report No1

More details on the proposed approach are given in Section 5.2. The schedule for its implementation is shown in Form 1.4.

Lot 2 - Interregional Transport Dialogue

Planned activities are as described in the Inception Report.

1. Eight experts' working groups meetings are organised and animated in the framework of the 'Baku process' aiming at improving regional transport dialogue in the respective fields of civil aviation, transport infrastructure, security in all modes of transport, road and rail transport and dangerous goods, maritime transport.
2. One Ministerial Conference on Transport Cooperation between EU-Black Sea-Caspian littoral States and their Neighbours is organised.
3. Sustainable transport projects and initiatives for enhanced regional co-operation are identified and promoted in thematic areas defined by the 'Baku initiative' working groups.
4. Support to the coordination with TRACECA National Secretaries, EC managers, including EC delegations, National Coordination Units, projects' stakeholders and IFIs is ensured, while Information on TRACECA and other EC-funded transport projects is disseminated and updated brochure and map are produced.
5. Upon agreement with the EC Project Manager and TRACECA beneficiary countries, support to TRACECA coordination activities, TRACECA strategy action plan and its implementation is provided.
6. Possible Private-Public Partnerships are promoted for the identification and implementation of defined future transport projects and 2 coordination meetings with IFIs and project beneficiaries are organised in order to upraise related infrastructure investments.
7. Annual progress reports on coordination and progress of both TRACECA programme and the Baku initiative are drafted in close collaboration with the EC, the Permanent Secretariat and the projects' stakeholders, including inputs on coordination with International Financial Institutions and follow up of investment appraisals
8. Upon request of the EC Project Manager: support to the EC programming process is provided in the field of regional transport cooperation under the European Neighbourhood Policy Instrument and for related Central Asia programme; new possibly EC-funded projects are identified in line with the 'Baku initiative' and EC transport policies, including the extension of Trans-European Networks to neighbouring countries; Terms of Reference are prepared and other projects' related activities are implemented;

The scheduling of activities is shown in Forms 1.4 and 1.6.

4. Project progress in reporting period

4.1 Short description of the progress in the performed activities

4.1.1 Lot 1 - Traffic Forecasting and Database

Establishment of data collection process and selection of data experts

Activity for establishing the data collection process and selecting Local Data Collection Experts started in July with Kazakhstan. There the National Secretary organised a meeting in Astana with the deputy-minister in charge of TRACECA. The official having the main responsibility for the project was designated in the person of the Head of the Division of Transport Policy and International Relations. The data collection expert would be at the NIITK transport institute in Almaty. Advantage was taken of the visit to Astana to meet with the chairman of the Railway Committee, the deputy chairman of the Road Committee and the deputy head of the Road Transport Department.

Contact was taken to arrange similar visits to two other large countries in the western region, namely Turkey and Ukraine. But both were delayed for various reasons. The visit to Ukraine had a double purpose. One was to find out how a secondary project office could be established in Kiev. The other was to make contact with the TRACECA National Secretary at the Ministry of Transport. The ministry has already a very developed statistical department and an official of that department was introduced to the Consultant. But it is willing to consider the nomination of an expert in charge of collecting data for TRACECA. CVs of candidates for such a position were later provided.

In mid-September an opportunity was given to the Consultant of presenting the project at the meeting of the Permanent Secretariat of the ICG in Antalya that was attended by a majority of NSs. The requirements for the data collection process and the recruitment of data expert were discussed with the NSs.

Advantage was taken of a CAREC ministerial in Dushanbe to visit Tajikistan. There the NS is housed in the Ministry of Transport but reports to the Cabinet of Ministers. Having the data collection expert at the road carrier association ABBAT has been presented as the best option for Tajikistan. Arrangement has been made for the selection of a data expert.

The planned visit to Kyrgyzstan was replaced at the last minute by a contact with the assistant of the NS in Almaty. It seems established that the data collection expert would be in the Ministry of Transport but a non-government employee was proposed for the position of data expert.

In Romania a visit was made to the NS at his office in the Ministry of Transport by the Project Director and the Team Leader. The NS made it clear to the Consultant that bringing an outsider remunerated by the project would not be a good solution because he/she would not be allowed to take contact as if an official of the ministry. This would make it unlikely that he could get data as efficiently as a government official. For this reason the NS prefers to use a government employee assigned to data collection even if this means that no remuneration will be received from the project.

Progress Report No1

In Bulgaria the data collection expert will also be at the Ministry of Transport. One CV was provided for a data expert candidate.

In Turkey the Consultant had the valuable opportunity to present the project to an audience of about fifteen officials of the Ministry of Transport. The Ministry seems to have a well developed information centre. The Consultant could meet with the expert who was later proposed for the position of data expert.

Armenia and Moldova welcome the idea of having a data expert remunerated by the project and submitted CVs suitable for that position.

In Uzbekistan finding which organisations will be involved in the data collection process is made particularly difficult by the fact that there is no ministry of transport and that an Uzbek Association of Transport and Communication that was a potential project partner has been recently dissolved. It was said that the Cabinet of Ministers favourably view the idea that the data collection expert would be at the Uzbek Association of International Forwarders. In any case since the government of Uzbekistan has not signed the 2005 Tacis Regional Programme, it cannot be considered as a direct beneficiary of the programme. Meanwhile, assistance in the data collection process and the recruitments of experts in Uzbekistan are subject to the signature of the programme. However it is expected that data collection can take place in other forms.

During the ministerial conference in Astana the recruitments of data an expert was again discussed with the NSs present at the meeting.

For Georgia regular contacts have been maintained since August with the Department of Transport that is part of the Ministry of Economy but no suitable schedule was found to visit the country. It did not help that Georgia was not represented at the meetings on Antalya and that the Department of Transport did not send officials to the Astana Conference.

At the time of the writing all relevant countries had provided CVs for candidates to the position of data expert. The CVs together with a screening and ranking was submitted to the EC Project Manager. Experts who have been selected and approved will be contacted by the Consultant for the establishment of a work agreement.

Database

Two previous traffic forecasting projects carried out in 1996 and 2000-2001 left behind a valuable set of data. However the attempt to build a GIS transport database allowing easy access to available data was not successful. So far no use has been made by the PS of the database delivered in August 2006.

It is not clear yet how much of the existing structure will be reused but the ESRI GIS software will be kept because it ensures compatibility with GIS databases developed by Eurostat/GISCO or by different DGs of the European Commission such as DG Regio or DG TREN, which are all using ESRI ArcGIS software.

The matter was extensively discussed with the experts present in the PS when the database was handed over to TRACECA particularly with the local IT specialist who claims having performed the work to pass from the Excel tables to an Access format without having been involved in the GIS aspect.

Opinions that have been heard are uniformly that the problem is not with the database itself but with the data that was not just outdated but often unavailable for many countries. Even

Progress Report No1

for data left over by the 2000-2001 project there were so many inaccuracies for the last years that the data were often unusable.

It is no surprise that not all the data requested from the countries could have been provided. What was required involves such a huge work that it could discourage even those with plenty of goodwill. Part of the data included in the forms supporting the data collection is not readily available such for instance traffic volumes and waiting times at border crossings or even AADT for each road section. Collecting it may require time-consuming and costly specific surveys. For rail transport traffic by link and by commodity can normally be obtained from railway company databases but it is not a straightforward task. It is also needed to establish an efficient mechanism to check the data provided because there is nothing easier than writing a number in an Excel table.

This has been the main reason for recruiting local experts to work on data collection in each country. Their capacity to provide relevant and updated data to the PS will be a key point in this project's successful implementation and in developing realistic traffic forecasts.

When data collection comes to undertaking specific task the question should be asked of whether it is justified to pay a substantial price to have it in a TRACECA database. Is it that important for say Ukraine to have full data on traffic volumes on Tajik roads? Would not it be more useful to get information on trends in foreign trade allowing making tentative forecasts of loaded volumes in Ukrainian ports?

The Consultant has already prepared a list of the data that will be required for traffic forecasting including data forms and could be included in the database (See Annex 1). But establishing the final list of the data to be collected requires an agreement on which should be the content and therefore the purpose of a TRACECA database. This could be the subject of a working session to be held in February.

Preparation of specifications for hard- and software fulfilling IT requirements

After having discussed with the PS its needs for IT equipment the Consultant prepared a list of the equipment to be procured under separate tender that also include computers and printers for each country and sent it to the EC.

After having reviewed the list the Project Manager informed that the planned budget was mostly for software particularly the one needed to allow consultation and possibly update of the GIS database at country level by the National Secretaries.

The revised list now includes the following components: GIS Database software, traffic forecasting software and equipment for the TRACECA IGC' Permanent Secretariat. According to the EC and because of the specificity of the required software, it is not sure yet that the purchase of hardware would be possible through the planned tender.

It is now expected that software and hardware will be delivered in end-2008.

4.1.2 Lot 2 - Interregional Transport Dialogue

Support to Working Groups

In the framework of the Baku process support was provided by the Transport Policy and Project Development Specialist to planning, organization and implementation of the first WG meeting on civil aviation successfully held in Chisinau on 22 October.

Progress Report No1

Discussion was held with PS and EC on future WG meetings and input to the next Meeting, now proposed on the Maritime topic in Odessa in early 2008. In order to ensure more coordination and for financial reasons, it seems important to organise back to back Baku working group meetings and TRACECA working meetings at the experts' level. According to the calendar of Baku working group meetings to be provided by DG Transport the next meetings will be organised by the project.

Organisation of Ministerial Conference

In the framework of the Baku process only one WG meeting could be organised in 2007. Consequently, the EC decided not to hold a Baku-initiative conference back-to-back with the TRACECA ministerial conference in 2007. The conference was attended by the Team Leader and the Transport Policy and Project Development Specialist.

Identification of sustainable projects

Identification should be done in coordination with other organizations particularly the IFIs. This is why the Consultant attended the ministerial meeting held in Dushanbe in November by CAREC that was formed by ADB to promote economic cooperation in Central Asia and is now supported by other IFIs and UN agencies. There it was possible to have discussions not only with representatives of ADB but with other organizations. TERA the consultant carrying out a regional transport strategy study plans to come up with a list of as many as eighty projects by early 2008. The fact that CAREC will hold important events in Baku during 2008 will facilitate the contacts.

Coordination and support to TRACECA / EU

Initial meetings were held with the SG of the PS to discuss, among others, future Working Group meetings and financial support to TRACECA activities

Subsequent meetings took place at the PS on support to Information Needs, including Map, Brochure etc. Support mainly financial will be provided to the preparation of an up-dated TRACECA map and to the publication of newsletters and of a brochure in time for the Summit to be held in later summer (see Annex 3).

4.2 Achievements in comparison with the planned results

Lot 1 - Traffic Forecasting and Database

The recruitment of data experts took significantly longer than expected. This led to postpone the working session on data collection that was planned in December. Now that data experts are selected and the session can take place in February.

A list of hardware and software to be procured has by now been agreed and the tender is being launched by the EC.

A detailed methodology for traffic forecasting has been established and the experts to be involved in the work have been identified. The selected software STAN is so specific that it is unlikely that problem arises during the tender for procuring it.

Progress Report No1

Lot 2 - Interregional Transport Dialogue

The most urgent task was the organisation of the Working Group meetings. Full support was given to the implementation of the first WG meeting on civil aviation successfully held in Chisinau on 22 October.

4.3 Deviation from the original planning and reasons

For Lot 1 there was a deviation from the original planning that is related to the establishment of the data collection process. As above explained the recruitment of local experts ran into unexpected difficulties due to the need of abiding by administrative regulation in each country. This resulted in a delay estimated at two months in the launch of data collection.

For Lot 2 there was no significant deviation from the original planning.

4.4 Specific action needed from the local authority

The success of data collection and therefore of traffic forecasting and of the establishment of a TRACECA database will much depend on the efforts made at the country level. It is therefore of paramount importance that the process could be supported by national officials particularly from the ministries de transport and of course by the TRACECA National Secretaries.

5. Project planning for next reporting period

5.1 Observation for the project success

Approach to Lot 1

The aim of Lot 1 is to provide and develop planning and performance measurement tools for effective trade and transport forecast in the TRACECA countries.

To attain these goals there was a need to reorient the approach of Lot 1 to place the transport modelling activities specified in the Inception Report into a broader framework and to base them on a realistic assessment of development prospects in the TRACECA corridor. As such, there was a need to expand the existing methodology to incorporate a more broad based and comprehensive approach. The new analytic framework that is proposed is more in accordance with the overall project objectives to upgrade the competitiveness of the TRACECA corridor – the level of transport service provided needs to be increased.

To account for all these factors, the approach to be taken has been revised from that given in the TOR. A better specification of the work has been defined. The new approach focuses on the analysis of the current condition, analysis of investments and other commitments, analysis of physical and non-physical bottlenecks and modelling of the transport demand. It includes six new main activities: inventory and SWOT analysis, transport GIS database, transport demand, transport modelling of freight, transport analysis and coordination with other ongoing and completed projects. The approach also takes into account completed and on-going studies with the aim of identifying bottlenecks and improvements both within the TRACECA region as well as in neighbouring areas. Importantly, the framework also includes a method for obtaining and storing the required data in the TRACECA databank for analysis purposes as well as for assessing the bottlenecks. The analysis will show how much the transport demand will increase and define the bottleneck locations.

5.2 Adjustment proposal for the overall project planning and assessment of their consequences

Lot 1 - Traffic Forecasting and Database

The sequence of activities given in the Inception Report was closely following the objectives defined in the section 2.3 of the TOR. After discussion of that report and contacts with the project partners it is possible to be more specific about the activities to be carried out. The updated sequence is shown in the appended Form 1.4.

For each activity, the main work tasks to be undertaken and the approach to be followed are described below.

Activity 1.3 – Inventory and SWOT analysis – scoping the TRACECA transport corridor

- Inventory of transport policies – national and multi-country according to regional groupings: Caucasus (Armenian, Azerbaijan, Georgia), Central Asia Republics (Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan), and Black Sea (Ukraine, Moldova, Romania, Bulgaria, Turkey).
- Compiling trade and traffic flows

Progress Report No1

-
- Assessment of competing routes (northern via Russia and southern via Iran) and their comparative advantages
 - Linkages to the trans-European networks
 - Analysis of existing infrastructure – road, rail and sea (Caspian and Black Sea) branches of the TRACECA corridor
 - Analysis of ongoing and programmed TA and investment projects (hard and soft)

Based on the inventory that is carried out, the strengths and weaknesses of the transport system are identified and opportunities opened and threats faced are examined. Along with the inventory this audit helps to identify issues to tackle and actions to include in the planning work.

The following types of information to be derived from visits already made to countries (including discussions with national authorities), previous studies, discussions with TRACECA modal experts etc. include:

- Main transport problems and issues
- Forces driving transport demand
- Missing links
- Traffic bottlenecks
- Safety issues
- Transport nodes suitable for integration of modes or networks
- Mode specific transport issues
- Environmental issues

Each sector – road, rail and sea will be examined in turn.

Activity 1.4 – Transport GIS database

- The overall goal is to develop and set-up a GIS database system that is sustainable in the long run and compatible with other EU data collection exercises
- Specifications for the database management organisation and performance monitoring of the corridor are established.
- A network of local data experts have been established in each TRACECA country supported by two regional project offices in Baku and Almaty
- Data collection requirements have been identified according to the following grouping: general (statistical yearbooks, national regulations regarding freight, socio-economic, transport network, and transport operational data. Excel format is adopted for the database while reporting/analysis formats need to be established (e.g. for corridor status sheets).
- Training sessions are held.

The following guidelines will be used in building the database.

- The new model will replace the existing model but be structured along the same lines containing info about all modes. The design will be as simple as possible. For each mode, the geographical information is linked with the detailed transport infrastructure data.
- The ESRI database structure is used
- Linked to the transport model
- For internal consistency and integration, a common, centralized, integrated data base for the use of all of the system's modules. The database will retain all relevant information for reports, inquiries, and input to modules in an organised, systematic manner. It draws its data primarily from the local data experts who gather information from a wide variety of sources. Information generated by one module will automatically become available for use by all other modules requiring it.

Progress Report No1

- The system will be able to provide on-line access, facilities for the statistical analysis of data, flexible report generators, and user-controlled graphical displays.

In terms of the data itself, country reports will be prepared.

Activity 1.5 – Transport demand

- Elaborate political development and economic growth factors affecting trade as a base for forecasting future trade and transport flows
- Construct future scenarios – three scenarios will be built based on different expectations with respect to exogenous (e.g. economic) and endogenous (e.g. transport infrastructure) factors. They will drive the model forecasts and provide a realistic frame for the outputs.

The analysis is first based on an analysis of growth prospects at the world level and then focusing on the TRACECA area – parts of the former USSR and Eastern Europe. Numerous statistical sources will be used to determine output (GDP) and labour, estimate growth rates, consider risks and national economic structures, evaluate exogenous changes (e.g. technology), forecast growth rates and finally provide export forecasts.

Activity 1.6 – Transport modelling and forecasting

- Model calibration to replicate existing international trade flows
- Transport forecasts of freight flows by mode

The modeling is first based on estimating freight transport between the regions in the study area. There are two main steps:

- Estimating the base year matrix
- Estimating the matrix for the horizon year.

Regarding the base year main inputs are the TRACECA database supplemented by other available sources such as past modeling efforts, EUROSTAT information regarding external trade, ETIS-Base, UN, World Bank and other studies providing trade matrices for adjoining areas.

The freight transport model is then developed to simulate interaction between the transport infrastructure, costs and demand. Model formulation will be adapted as much as possible from other freight transport models that have been successfully used. The formulation used in the Northern Transport Axis Project, which is a pilot for implementing measures proposed by the TEN-T High Level Group, is a prime source.

Transport improvement strategies regarding adjusting service levels, applying transport management measures and supply transport capacity are tested in order to prioritise measures along the corridor.

In terms of software, the STAN package will be used for model development. It was selected based on a multi-criteria analysis of alternative transport planning packages. The Consultant has used it in a number of successful EU studies.

Activity 1.7 – Transport analysis

- Identify bottlenecks – road, rail, sea as well as border/seaport crossing elements – in terms of capacity, level of service, regulatory/legal aspects, safety and environment
- Prioritisation of improvements based on benefit-cost analysis

The current and future physical and non-physical bottlenecks will be analysed. The analysis will first show how much the transport demand will increase and then the bottleneck locations.

Performance indicators will be used:

Progress Report No1

- Operational or regulatory incompatibility
- Mobility – speed, delay and reliability
- Traffic safety
- Environmental issues – emissions, environmentally sensitive sites and urban areas

This will allow the analysis, comparison and ranking of different improvement measures. Capacities and bottlenecks will be analysed for each branch of the TRACECA network including border crossings and terminals.

Activity 1.8 – Coordination with other ongoing and completed projects

- Improvement of Maritime Links between TRACECA Corridors and TEN Corridors
- Motorways of the Sea (MoS) for the Black Sea and the Caspian Sea
- Development of Coordinated National Transport Policies (CAR)
- Analytical support for monitoring the implementation of the major transnational transport axes connecting the EU to its neighbours (ASTAN)
- Networks for Peace and Development: Extension of the major trans-European transport axes to the neighbouring countries and regions (report from the High Level Group chaired by Loyola de Palacio)
- Pan Eurostar Pan European Transport Corridors and Area Status Report: Developments and activities between 1994 and 203/Forecast until 2010
- The Northern Transport Axis Pilot for the analytical support framework to monitor the implementation of the infrastructure and “soft” measures proposed by the High Level Group
- Other EU and national projects, modal development plans and feasibility studies etc

The work will be coordinated with other on-going projects as far as possible through direct contacts etc to coordinate and utilize methods developed and data sources that are applicable.

Lot 2 - Interregional Transport Dialogue

No significant adjustment is foreseen to the activities described in the Inception Report and summarized in Chapter 3. However some adjustment may appear necessary in the course of the work. Moreover the new Transport Policy and Project Development Specialist who has been nominated may propose changes to what was planned for Lot 2

Staffing

The positions and responsibilities to carry out Lot 1 are shown in the table below. Briefly

- The Transport Specialist and Transport Planner work as a Team involved in all activities.
- The Transport Modeller carries out the traffic forecasting.
- The Transport Economist is primarily involved in building the exogenous scenarios for describing future transport demand.
- The GIS and Traffic Experts work together on developing the database – the data and GIS aspects.
- The shorter-term experts are responsible for specific issues dealing with modal, legal and tariff aspects as well as the web-site.

Progress Report No1

Position	Activities					
	1 Inv+Swot	2 Database	3 Demand	4 Model	5 Analysis	6 Coordinate
Transport Specialist						
Transport Planner						
Transport Modeller						
Transport Economist						
GIS Expert						
Traffic Expert						
Modal Experts						
• Road						
• Rail						
• Maritime						
Legal						
Tariff						
Web-site						

Some of the experts, particularly modal experts may also have activity related to Lot 2.

In addition the following expertise is expected to be required for Lot 2:

- Transport economics and planning;
- Preliminary financial analysis / modelling;
- Project development / planning and cost estimating;
- Financial / investment fund analysis;
- Institutional / legal / regulatory framework for PPP.

Two secondary project offices have been set in Almaty and Baku. They are staffed with experienced local professionals who are expected to play a major role in the project particularly for data collection.

Progress Report No1

ANNEXES

- Form 1.4: Overall Plan of Operation (Adjusted)*
Form 1.5: Overall Output Performance Plan (Adjusted)
Form 1.6: Plan of Operations for the Next Period
Form 2.2: Project Progress Report
Form 2.3: Resource Utilisation Report
Form 2.4: Output Performance Report
- Annex 1: Approach to the design of a TRACECA Database*
Annex 2 : Job Description for Local Data Collection Experts
Annex 3 : Report on Information Needs of TRACECA
Annex 4 : Report on the Proposal for the Business Advisory Council
Annex 5 : Report on the Proposed Investment Fund

Progress Report No1

FORM 1.4. [1] : OVERALL PLAN OF OPERATIONS – Lot 1 (Adjusted)

Project title: Analysis of Traffic Flows in TRACECA countries and Interregional Transport Dialogue between the EU and NIS				Project number : EuropeAid / 122883/C/SER/Multi				Country : TRACECA countries				Page : 1 of 2					
Planning period : July – December 2007				Prepared on : 26 December 2007				EC Consultant : Louis Berger SAS in association with WSP									
Project objectives : <i>Overall objective</i> : To facilitate regional cooperation in the field of transport, by capacity building and training measures, development of transport forecasts and investment appraisals in the TRACECA region and through effective regional transport dialogue with the Black Sea/Caspian Sea countries and neighbours, in the frame of TRACECA and the 'Baku initiative' <i>Specific Objectives for Lot 1</i> : Provide and develop planning and performance measurement tools for effective trade and transport forecast in the TRACECA countries																	
No	MAIN ACTIVITIES	TIME FRAME												INPUTS			
		2007				2008				2009				PERSONNEL		EQUIPMENT	OTHER
		1	2	3	4	1	2	3	4	1	2	3	4	EC Consultant	Local Staff		
1.1	Establish data collection process and recruit data experts			XX	XXX	X								60		<i>Whole project</i> 1 Workstation, 3 Desktops, 4 Notebooks, 1 LAN, 2 UPS, 5 printers, 1 fax machine, 5 telephone, 1 fotocopy machine, 9 desks, 3 + 2 cabinets	145 Trips (including for training)
1.2	Support collection of updated data				XX	XXX	XXX	XXX	XXX	XXX	XX			25			
1.3	Prepare inventory – SWOT analysis					XXX	XXX							52			
1.4	Establish transport GIS database					XXX	XXX	XXX	XXX	XXX	XX			132			
1.5	Determine transport demand					XX	XXX							38			
1.6	Carry out traffic forecasting						XXX	XXX						130			
1.7	Perform transport analysis							XXX	XXX	XXX				143			
1.8	Coordinate with other projects					X	X	X	X	X	X			20			
1.9	Develop performance measurement capability							XXX						12			
1.10	Hold training sessions					X			X		X			15			
1.11	Disseminate results							X		XX	XX			15			
1.12	Elaborate IT requirements				XXX					X				8			
TOTAL														650 wd	150 weeks		

Progress Report No1

FORM 1.4. [2]: OVERALL PLAN OF OPERATIONS – Lot 2

Project title : Analysis of Traffic Flows in TRACECA countries and Interregional Transport Dialogue between the EU and NIS				Project number : EuropeAid / 122883/C/SER/Multi				Country : TRACECA Countries				Page : 2 of 2					
Planning period : July – December 2007				Prepared on : 26 December 2007				EC Consultant : Louis Berger SAS in association with WSP									
Project objectives : <i>Overall objective</i> :To facilitate regional cooperation in the field of transport, by capacity building and training measures, development of transport forecasts and investment appraisals in the TRACECA region and through effective regional transport dialogue with the Black Sea/Caspian Sea countries and neighbours, in the frame of TRACECA and the 'Baku initiative' <i>Specific Objective for Lot 2</i> : Promote regional transport dialogue between the EU and the Black Sea/Caspian Sea basin littoral states and their neighbours, and promote coordination of regional transport initiatives and links with International Financial Institutions																	
No	MAIN ACTIVITIES	TIME FRAME												INPUTS			
		2007				2008				2009				PERSONNEL		EQUIPMENT	OTHER
		1	2	3	4	1	2	3	4	1	2	3	4	EC Consultant	Local Staff		
2.1	Organise eight Working Groups			X	XX	XX	XX		XX	XX	X			90 wd		<i>Whole project</i> 1 Workstation, 3 Desks, 4 Notebooks, 1 LAN, 2 UPS, 5 printers, 1 fax machine, 5 telephone, 1 fotocopy machine, 9 desks, 3 + 2 cabinets	360 Trips (Including Working Groups and Ministerial Conference)
2.2	Organise Ministerial Conference							XX						40 wd			
2.3	Identify Sustainable Projects					X	XX	XX	X	X				50 wd			
2.4	Coordination and Support to TRACECA /EU				X	X	X	X	X	X	X			50 wd			
2.5	Support To Action Plan							X	X	X	X			30 wd			
2.6	IFI and PPP Development					X	XXX	XXX	XXX	XXX	XX			120 wd			
2.7	Assist in Progress Reports						X	X	X	XXX				40 wd			
2.8	Support to EU Programming				X	X	X	X	X	X	X			30 wd			
TOTAL												450 wd	220 wk				

Progress Report No1

FORM 1.5 [1]: OVERALL OUTPUT PERFORMANCE PLAN – Lot 1 (Adjusted)

Project title : : Analysis of Traffic Flows in TRACECA countries and Interregional Transport Dialogue between the EU and NIS		Project number : EuropeAid / 122883/C/SER/Multi	Country : TRACECA countries	Page : 1 of 2
Planning period : July – December 2007		Prepared on : 26 December 2007	EC Consultant : : Louis Berger SAS in association with WSP	
Outputs (to be described and target dates indicated)		Agreed Objective Verifiable Indicators		Constraints and Assumptions C/A
1. Data collection and organisation set up	[February 2008]	1. Local data collection experts recruited		1. Agreement between numerous parties operational experts with appropriate office equipment
2. Data collected / updated	[May 2009]	2. Responsibilities defined, common forms designed, quality control adopted		2. Availability, reliability and cost of data
3 . Forecasting model incl GIS database	[March 2008]	3. Transport model and GIS database operational		3. Transport model & database to be based at the PS in Baku; Absorption capability & sustainability
4. Performance measurement capability developed	Nov 2008]	4. Transport performance indicators available		4.Quantitative & qualitative measures based on transport modelling and other analysis
5. Traffic forecasts	[January 2009]	5. Traffic forecasts provided and potential identified		5. Availability & reliability of input data e.g. transport, economic, and demographic factors; operational data collection experts
6. Training sessions	[March 2009]	6. Training sessions held		8. Participation adequate
7. Results disseminate	[April 2009]	7. TRACECA web-site, data sets available on-line		9. Expertise for on-line access, remote access for basic information from database
8. IT requirements elaborated	[December 2007]	8. IT supply contract launched, equipment received and installed		10. Agreement among all parties

Progress Report No1

FORM 1.5 [2]: OVERALL OUTPUT PERFORMANCE PLAN – Lot 2

Project title : : Analysis of Traffic Flows in TRACECA countries and Interregional Transport Dialogue between the EU and NIS		Project number : EuropeAid / 122883/C/SER/Multi	Country : TRACECA countries	Page : 2 of 2
Planning period : July – December 2007		Prepared on : 26 December 2007	EC Consultant : : Louis Berger SAS in association with WSP	
Outputs (to be described and target dates indicated)		Agreed Objective Verifiable Indicators		Constraints and Assumptions C/A
1. Support to Working Groups	[April 2009]	1. 8 Working Groups supported		1. Working groups can be programmed by EU/TRACECA
2. Ministerial Conference	[Summer 2008]	2. 1 Conference Supported and Organised		2. Conference can be scheduled by Ministers.
3. Identify Sustainable Projects	[September 2008]	3. Projects identified and preliminary evaluation with TORS		3. Sufficient projects can be identified and agreed by EU/TRACECA, especially regional projects
4. Coordination and Support to TRACECA /EU	[April 2009]	4. (i) Number of Meetings and Dialogue , and Updated map and brochure produced	(ii)	4. Good collaboration, input and initiatives from TRACECA/NS with Consultants
5. Support To Action Plan	[Beginning 2009]	5. Action Plan support provided as requested		5. Input and pro-active collaboration by TRACECA/NS with Consultants
6. (i) PPP Development and (ii) Coordination with IFIs	[January 2009] [March 2009]	6. (i) Framework reviewed; Report on potential drafted; 2 PPP projects recommended for further analysis; 2 TORS; (ii) 2 Coordination meetings with IFIs arranged		6. (i) Assumes there are suitable PPP projects for development; (ii) Assumes IFI will agree to meet
7. Annual Progress Reports	[January 2009]	7. 2 Progress Reports		7. Close collaboration assumed
8. Support to EU Programming	[April 2009]	8. Support to 5(?) Projects; Preliminary evaluation, TORS prepared; Other support provided		8. Sufficient suitable projects are proposed.

Progress Report No1

FORM 1.6 [1] : PLAN OF OPERATIONS FOR THE NEXT PERIOD: Lot 1

Project title : Analysis of Traffic Flows in TRACECA countries and Interregional Transport Dialogue between the EU and NIS				Project number: EuropeAid / 122883/C/SER/Multi				Countries : TRACECA countries				Page : 2 / 2				
Planning period : July – December 2007				Prepared on : 26 December 2007				EC Consultant : Louis Berger SAS in association with WSP								
Project objectives : <i>Overall objective</i> : To facilitate regional cooperation in the field of transport, by capacity building and training measures, development of transport forecasts and investment appraisals in the TRACECA region and through effective regional transport dialogue with the Black Sea/Caspian Sea countries and neighbours, in the frame of TRACECA and the 'Baku initiative' <i>Specific Objectives for Lot 1</i> : Provide and develop planning and performance measurement tools for effective trade and transport forecast in the TRACECA countries																
No	ACTIVITIES	TIME FRAME										INPUTS				
		2008										PERSONNEL		EQUIPMENT /MATERIAL	OTHER	
		7 - Jan	8 - Feb		9 - Mar		10 - Apr		11 - May		12 - Jun		EC Consultant	Local Staff		
1.1	Establish data collection process and recruit local data experts	XX	XX	X									12			
1.2.	Support collection of updated data	XX	XX	XX		X		X		X			10		<i>Whole project</i> 1 Workstation, 3 Desktops, 4 Notebooks, 1 LAN, 2 UPS, 5 printers, 1 fax machine, 5 telephone, 1 fotocopy machine, 9 desks, 3 + 2 cabinets	36 Trips (Incl. 30 for W.G. Chisinau)
1.3	Prepare inventory – SWOT analysis	XX	XX	XX	XX	XX							52			
1.4	Establish transport GIS database		XX	XX	XX	XX	XX	XX	XX	XX	XX		45			
1.5	Determine transport demand			XX	XX	XX	XX						38			
1.6	Carry out traffic forecasting		XX				XX	XX	X	XX	X	XX	70			
1.7	Perform transport analysis															
1.8	Coordinate with other projects	X	X	X	X	X	X	X	X	X	X		6			
1.9	Develop performance measurement capability															
1.10	Hold training sessions		XX	XX									10			
1.11	Disseminate results															
1.12	Elaborate IT requirements															
TOTAL :												243 wd	150 week			

Progress Report No1

FORM 1.6 [2] : PLAN OF OPERATIONS FOR THE NEXT PERIOD: Lot 2

Project title : Analysis of Traffic Flows in TRACECA countries and Interregional Transport Dialogue between the EU and NIS				Project number: EuropeAid / 122883/C/SER/Multi				Countries : TRACECA countries				Page : 2 / 2				
Planning period : July – December 2007				Prepared on : 26 December 2007				EC Consultant : Louis Berger SAS in association with WSP								
<p><i>Project objectives : Overall objective :To facilitate regional cooperation in the field of transport, by capacity building and training measures, development of transport forecasts and investment appraisals in the TRACECA region and through effective regional transport dialogue with the Black Sea/Caspian Sea countries and neighbours, in the frame of TRACECA and the 'Baku initiative'</i></p> <p><i>Specific Objective for Lot 2: Promote regional transport dialogue between the EU and the Black Sea/Caspian Sea basin littoral states and their neighbours, and promote coordination of regional transport initiatives and links with International Financial Institutions.</i></p>																
No	ACTIVITIES	TIME FRAME										INPUTS				
		2008										PERSONNEL		EQUIPMENT /MATERIAL	OTHER	
		7 - Jan	8 - Feb		9 - Mar		10 - Apr		11 - May		12 - Jun		EC Consultant	Local Staff		
2.1	Organise eight working group meetings		X	XX	XXX		XXX			XXX		XXX	40		<i>Whole project</i> 1 Workstation, 3 Desktops, 4 Notebooks, 1 LAN, 2 UPS, 5 printers, 1 fax machine, 5 telephone, 1 fotocopy machine, 9 desks, 3 + 2 cabinets	36 Trips (Incl. 30 for W.G. Chisinau)
2.2	Organise Ministerial Conference				X		X		X		X	5				
2.3	Identify and promote sustainable transport projects and initiatives.					X	XXX	XXX	XX	XXX		35				
2.4	Coordination and support to EU/TRACECA	X		X		X			X		X	5				
2.5	Support to Action Plan				X				X	XX		3				
2.6	(i) PPP development and (ii) Coordination with IFIs	X			XXX				XXX		XXX	25				
2.7	Assist in Progress Reports										XX	2				
2.8	Support to EU Programming	X			X			X			X	5				
TOTAL :											120 wd	25 week				

Progress Report No1

FORM 2.2 (1): PROJECT PROGRESS REPORT – Lot 1

Project title: Analysis of Traffic Flows in TRACECA countries and Interregional Transport Dialogue between the EU and NIS		Project number : EuropeAid / 122883/C/SER/Multi						Country : TRACECA countries				Page : 1 of 2			
Planning period : July – December 2007		Prepared on : 26 December 2007						EC Consultant : Louis Berger SAS in association with WSP							
Project objectives : <i>Overall objective</i> : To facilitate regional cooperation in the field of transport, by capacity building and training measures, development of transport forecasts and investment appraisals in the TRACECA region and through effective regional transport dialogue with the Black Sea/Caspian Sea countries and neighbours, in the frame of TRACECA and the 'Baku initiative'															
<i>Specific Objectives for Lot 1</i> : Provide and develop planning and performance measurement tools for effective trade and transport forecast in the TRACECA countries															
N°	ACTIVITIES IMPLEMENTED	TIME FRAME 2007 – 2009						INPUTS							
		Months						PERSONNEL EC CONSULTANT		PERSONNEL LOCAL SUB-CONTRACTORS		EQUIPMENT AND MATERIAL		OTHER	
		1 Jul	2 Aug	3 Sep	4 Oct	5 Nov	6 Dec	Planned	Utilised	Planned	Utilised	Planned	Utilised	Planned	Utilised
1.1	Establish data collection process	XXX	XXXX	XXXX	XXXX	XXXX	XXX	47	48						
1.2	Support data collection		X	X	X	XX	XX	17	15						
1.3	Prepare inventory – SWOT analysis)													
1.4	Establish transport GIS database)													
1.5	Determine transport demand)													
1.6	Carry out traffic forecasting	)	X	XX	XXX	XXX	XX	35	40						
1.7	Perform transport analysis)													
1.8	Coordinate with other projects)													
1.9	Develop performance measur. cap.	)					XX	12	3						
1.10	Hold training sessions)													
1.11	Disseminate results)													
1.12	Elaborate IT requirements	)	X	X	X	X		7	10						
	TOTAL							118	126						

Progress Report No1

FORM 2.2 (2): PROJECT PROGRESS REPORT – Lot 2

Project title: Analysis of Traffic Flows in TRACECA countries and Interregional Transport Dialogue between the EU and NIS		Project number : EuropeAid / 122883/C/SER/Multi						Country : TRACECA countries				Page : 2 of 2			
Planning period : July – December 2007		Prepared on : 26 December 2007						EC Consultant : Louis Berger SAS in association with WSP							
Project objectives : <i>Overall objective</i> :To facilitate regional cooperation in the field of transport, by capacity building and training measures, development of transport forecasts and investment appraisals in the TRACECA region and through effective regional transport dialogue with the Black Sea/Caspian Sea countries and neighbours, in the frame of TRACECA and the 'Baku initiative' <i>Specific Objective for Lot 2</i> : Promote regional transport dialogue between the EU and the Black Sea/Caspian Sea basin littoral states and their neighbours, and promote coordination of regional transport initiatives and links with International Financial Institutions															
N°	ACTIVITIES IMPLEMENTED	TIME FRAME 2007 – 2009						INPUTS							
		Months						PERSONNEL EC CONSULTANT		PERSONNEL LOCAL SUB-CONTRACTORS		EQUIPMENT AND MATERIAL		OTHER	
		1 Jul	2 Aug	3 Sep	4 Oct	5 Nov	6 Dec	Planned	Utilised	Planned	Utilised	Planned	Utilised	Planned	Utilised
2.1	Organise eight Working Groups			XX	XXXX		X	28	34						
2.2	Organise Ministerial Conference			X		X X		3	3			<i>Whole project</i> 1 Workstation, 3 Desktops, 4 Notebooks,	<i>Whole project</i> 1 Workstation, 3 Desktops, 3 Desktops,		
2.3	Identify Sustainable Projects					2.3	XXX	12	14			4 Notebooks, 1 LAN, 2 UPS, 5 printers,	4 Notebooks, 1 LAN, 2 UPS, 5 printers,		
2.4	Coordination and Support to TRACECA /EU					X X		5	6			1 fax machine, 5 telephone, 1 fotocopy machine, 9 desks, 3 + 2 cabinets	1 fax machine, 5 telephone, 1 fotocopy machine, 9 desks, 3 + 2 cabinets		
2.5	Support To Action Plan					X		2	2						
2.6	IFI and PPP Development						X	20	12						
2.7	Assist in Progress Reports							3	3						
2.8	Support to EU Programming						X.	2	2						
	TOTAL							75	76						

Progress Report No1

FORM 2.3: RESOURCE UTILISATION REPORT

Project title: Analysis of Traffic Flows in TRACECA countries and Interregional Transport Dialogue between the EU and NIS		Project number : EuropeAid / 122883/C/SER/Multi		Country : TRACECA countries		Page : 1 of 1	
Planning period : July – December 2007		Prepared on : 26 December 2007		EC Consultant : Louis Berger SAS in association with WSP			
<p>Project objectives : <i>Overall objective</i> : To facilitate regional cooperation in the field of transport, by capacity building and training measures, development of transport forecasts and investment appraisals in the TRACECA region and through effective regional transport dialogue with the Black Sea/Caspian Sea countries and neighbours, in the frame of TRACECA and the 'Baku initiative'</p> <p><i>Specific Objectives for Lot 1</i>: Provide and develop planning and performance measurement tools for effective trade and transport forecast in the TRACECA countries</p> <p><i>Specific Objective for Lot 2</i>: Promote regional transport dialogue between the EU and the Black Sea/Caspian Sea basin littoral states and their neighbours, and promote coordination of regional transport initiatives and links with International Financial Institutions</p>							
RESOURCES/INPUTS		TOTAL PLANNED	PERIOD PLANNED	PERIOD REALISED	TOTAL REALISED	AVAILABLE FOR REMAINDER	
PERSONNEL							
<i>Long-term experts</i>							
- Team leader		420 working days	120 working days	120 working days	120 working days	300 working days	
- Transp.Policy & Project Dev. Spec.		385 working days	80 working days	66 working days	66 working days	319 working days	
- Transport Planner / Modeller		350 working days	90 working days	91 working days	91 working days	259 working days	
- Regional Coordinators (2)		770 working days	132 working days	0 working days	0 working days	770 working days	
Sub-total		1925 working days	422 working days	277 working days	277 working days	1648 working days	
<i>Short-term experts</i>							
Experts with over than 20 years		60 working days	0 working days	0 working days	0 working days	60 working days	
Experts with over than 15 years		90 working days	22 working days	20 working days	20 working days	70 working days	
Experts with less than 15 years		210 working days	22 working days	0 working days	0 working days	210 working days	
Local Data Collection Experts		600 working days	0 working days	0 working days	0 working days	600 working days	
Sub-total		960 working days	44 working days	20 working days	20 working days	940 working days	
TOTAL		2885 working days	466 working days	297 working days	297 working days	2588 working days	

Progress Report No1

FORM 2.4: OUTPUT PERFORMANCE REPORT

Project title: Analysis of Traffic Flows in TRACECA countries and Interregional Transport Dialogue between the EU and NIS		Project number : EuropeAid / 122883/C/SER/Multi		Country : TRACECA countries		Page : 1 of 1	
Planning period : July – December 2007			Prepared on : 26 December 2007		EC Consultant : Louis Berger SAS in association with WSP		
Output results		Deviation original plan (+ or - %)		Reason for deviation		Comment on constrains & assumptions	
LOT 1							
Establish data collection process		N/A		- Change in approach is proposed			
Support collection of updated data		-15%		- Due to delay in establishing data collection process			
Establish trade & forecasting model incl. GIS database		-10%		- Due to delay in establishing data collection process			
Develop performance measurement capability		0%					
Perform traffic forecasts		0 %					
Hold training sessions		0 %					
Disseminate results		0 %					
Elaborate IT requirements		0 %					
LOT 2							
Organise eight Working Groups		0 %					
Organise Ministerial Conference		0 %					
Identify Sustainable Projects		0 %					
Coordination and Support to TRACECA /EU		0 %					
Support To Action Plan		0 %					
IFI and PPP Development		0 %					
Assist in Progress Reports		0 %					
Support to EU Programming		0 %					

Annex 1

Approach to the Design of a TRACECA Database

STRUCTURE OF THE DATABASE

The structure of the database should take into consideration two main factors:

- The duality of TRACECA as corridor and grouping of countries
- The system that will be used to collect data.

The duality of TRACECA means that there should be either two connected data bases with different purposes or a database made of two components.

- The “**corridor component**” could be seen as a management tool providing regular information on the performance of the TRACECA corridor.
- The “**countries component**” as a platform where each TRACECA country could find useful information on other countries.

In the design of a database predominance seems to have been given so far to the space-dimension in focusing on a GIS format. The justification is not obvious:

- It could be useful for a TRACECA country to find for instance transport laws of other countries in a database although this is not subject to spatial representation.
- Time-dimension is a very important aspect. Often time series provide an order of magnitude of the problems.
- TRACECA space with no well-defined geographical boundaries is by no way the ideal frame for spatial representation. How well to understand for instance flows in Romania without showing the rest of Europe or in Ukraine without showing Russia?

This is not to say that the GIS format should be abandoned but that its use should be put in a wider framework.

The way of collecting data could be – and probably should be - different for each of the two proposed components.

- For the “corridor component” most of the data would be regularly fed by the major operators with which the PS normally has permanent relations. It includes: Caspian ports, Black Sea ports, Caspar, KazMorFlot, Azeri railways, Georgian railways, possibly Turkish railways and probably also customs in Azerbaijan and Georgia.

Progress Report No1

- For the “countries component” there would be three different sources:
 - 1. Periodical data readily available and channelled through government organisations particularly ministries of transport with assistance of the TRACECA National Secretaries.
 - 2. Data resulting from processing outsourced to specialised organisations. It could be for instance foreign trade obtained from national statistical agencies or from international databases such as OECD’s. Or rail flows from railway companies.
 - 3. Data generated and collected for specific purposes such as during the present project and not part of group 1.

There should be a mechanism to filter and check the information introduced in the database.

CONTENT OF THE DATABASE

1 – “CORRIDOR COMPONENT”

Data fed into the TRACECA database on a regular basis: monthly, quarterly or yearly as required

- **Sea traffic** in volume and number of ships
 - By commodity group as used in ports
 - By ship type: ferry, tanker, cargo ship
 - Across the Caspian Sea between Baku and either Aktau or Turkmenbashi
 - Across the Black Sea between Georgian ports and ports of Bulgaria, Romania, Turkey, Ukraine or other countries.Information on income, delays, waiting times, loading/unloading times.

Source of information: Baku, Aktau and hopefully Turkmenbashi ports, Caspar, Kazmorflot.

- **Railway traffic** in volume and number of trains
 - By commodity group (grouping compatible with the one in ports)
 - With data on container specifying type of goods.
- Transit traffic on trunk lines in Azerbaijan and Georgia
 - Between Baku ports and Georgian ports
 - Between Baku ports and Georgia, Armenia or Turkey
 - Between Georgian ports and Armenia, Azerbaijan or Iran
- Traffic within national boundaries
 - Between Baku ports and areas in Azerbaijan
 - Between Georgia ports and areas in GeorgiaInformation on income, delays, waiting times.

Source of information: Azeri and Georgian Railways

- **Road traffic** across borders between Azerbaijan and Georgia
 - By commodity group (grouping compatible with those used in ports and railways)
 - By origin and destinations of goodsInformation on border crossing-times, border post opening hours

Source of information: Customs, surveys

- **Tariffs** applied on TRACECA corridor by country and by mode (update);

Progress Report No1

2 – “COUNTRIES COMPONENT”

2.1 – Information normally available from state agencies at no cost

General statistics on the country

- **Time series** (since 2000 and possibly 1990) about :
 - Demography: urban / rural population by area and by age group, workforce by economic sector, workforce by region
 - Economy: Gross Domestic Product (GDP), GDP per capita, Income per capita by region, production by type of goods and by region,
 - Foreign trade by country and commodity group (generally available in value, possibly in volume).

Statistics on transport:

- **Time series** about:
 - Value added in the transport sector
 - Value of fixed assets;
 - Investment in fixed capital;
 - Number of workers in the transport sector by mode;
 - Average monthly salaries;
 - Length of transport network by mode and by type of link;
 - Volume of freight carried by mode (railway, road, sea, air, pipeline) and by category (public carrier or own-account)
 - Freight turnover (ton-km) by mode and by category;
 - Volume of freight carried by railway by commodity group;
 - Freight turnover by railway by commodity group;
 - Volume of freight carried by sea / inland waterways by commodity group;
 - Freight turnover by sea / inland waterways by commodity group;
 - Port traffic for each port;
 - Passenger and cargo traffic volume in airports
 - Average transportation distance by mode and by category;
 - Number of passengers carried by mode and by range (interurban, suburban, urban)
 - Passenger turnover (passenger-km) by mode;
 - Income from transportation of freight and of passenger by mode;
 - Wagon fleet by type and by age;
 - Locomotive fleet by type and by age;
 - Road vehicle fleet by type (passenger car, truck, bus) and by age;
 - Road vehicle fleet by type and by region;
 - Sea ship fleet by type and by age;
 - River ship fleet by type and by age;
 - Airplane fleet by type and by age;
 - Number of road accidents by type and by month

Source: National statistical agencies – Ministries of transport

- **Road network characteristics** (*first time full information – later only updates*)
 - Data on trunk road links: length by category (number of carriage, width) topography, pavement type, condition, maximum axle load, maximum vehicle weight, design speed, maximum speed by vehicle type, tolls.

Source: Road administrations

- **Rail network characteristics**

- Data on trunk railway links: number of tracks, signaling type, traction, maximal speed, average speed by train type, commercial speed by train type, asset condition.

Source: Railway companies

Progress Report No1

- **Ports characteristics**
 - Data for each port: characteristics of channels, characteristics of berths including capacity
Source: Ports.
- **Airports characteristics**
 - Data for each airport: characteristics of terminals, characteristics of runways (including maximum permissible weight of aircraft), characteristics of storages, capacity, navigation aids.
Source: Airports – Department Civil Aviation
- **Road traffic on trunk roads**
 - Annual average daily traffic (AADT) at a specific point by vehicle type (two-wheeler, car, minibus, bus, truck of various sizes)
Source: Road administration, specific studies
- **Rail traffic**
 - Freight volume received and sent by station and by commodity group
Source: Railway companies
- **Port traffic**
 - Volumes loaded and unloaded by type of goods according to classification used by port;
 - Number, size, origin and destination of ships loaded and unloaded.
Source: Ports – Shipping companies
- **Air traffic**
 - Number de flights by airport for passenger (scheduled and charter) and cargo;
 - Passenger traffic by origin and destination on a monthly basis;
 - Cargo traffic by origin and destination and by commodity group on a monthly basis
Source: Airports, Airlines, Civil Aviation Departments
- **Tariffs and charges**
Source: Transport companies, state agencies (but there might be unofficial levies); specialized databases
- **Routes** between origins and destination for specific goods
Source: shippers; freight forwarders
- **Transport laws and regulations** particularly for transit traffic
Source: Ministries of Transport, Parliaments

2.2 - Information requiring extra-processing and/or surveys and possibly involving cost

This information is normally used for traffic forecasting and will need as far as possible to be collected by the project. Resulting expenses should be financed from project budget.

- **Foreign trade**
 - Imports in volume by country of origin, by commodity group and by transport mode;
 - Exports in volume by country of destination, by commodity group and by transport mode (sea, ferry + rail, rail, road, pipeline)
Source: National statistical agencies, organizations having access to customs data, international databases
- **Railway Traffic**
 - Traffic by commodity group for each link of the trunk network;
 - Matrix showing flows for commodity groups between origins and destinations that consist of regions within the countries and border crossing points.
Source: Processing of railway companies databases.

Progress Report No1

- **Border-crossing railway traffic**

- Average daily number of passenger and freight trains crossing border in each direction,
- Average crossing time for passenger and freight trains.

Source: Railway companies, on-site surveys

- **Road traffic** data showing origin / destination by commodity type and by vehicle type at specific locations (and AADT not already available).

Source: Road surveys

- **Border-crossing road traffic**

- Average daily number of vehicles crossing border in each direction by vehicle type,
- Average crossing time in each direction by vehicle type..

Source: On-site surveys, possibly customs

- **Sea traffic**

- Traffic between ports for freight and passengers. Volumes carried by commodity. Number of ships by type of ship (general cargo vessel, dry bulk vessel, tanker, ferry, RoRo, container ship, passenger ship).

Source: Ports, shipping companies

Progress Report No1

Annex 2

Job Profile

Position: Local Data Collection Expert

Working under general supervision of the Project Head Office and of the relevant Regional Office, the Local Data Collection Expert will be responsible for collecting data for the project activities, particularly for the database and the transport forecasting model.

Specifically, duties of the Local Data Collection Expert will include but not be limited to:

1. Liaise with relevant authorities particularly of the ministry of transport where it exists and keep in close contact with the TRACECA National Secretary.
2. Make a detailed inventory of transport data available in the country indicating in each case from each source and in which condition they can be obtained.
3. Collect transport data according to the instructions and using the format provided by the project. This will include data such related to national transport laws and regulations, transport infrastructure and operations, border crossings and terminals, and investments (past and planned).
4. Review the questionnaire established by the project, assess in which condition the requested data can be obtained and report on them to the Project Head Office.
5. Carry out data collection according to the schedule established in agreement with the Project Head Quarter and/or the Regional Coordinator
6. Provide quality control in coordination with the Regional Coordinator by checking data validity by all available means and ensuring that data is tabulated according to set formats
7. Provide an in-depth understanding of transport conditions in the country.
8. Acquire country reports from transport ministries and authorities.
9. Participate in the organisation of transport field surveys.
10. Attend working session on data collection organised by the project

ESSENTIAL QUALIFICATIONS:

- University degree in Engineering or Economics (specialisation in transport preferred)
- Good background in national transportation issues
- Five to ten years of experience in the transport sector
- Knowledge of standard computer applications (Excel etc)
- Background in statistics.
- Familiarity with GIS systems would be an asset
- Good knowledge of English.

Progress Report No1

Annex 3

Report on Information Needs of TRACECA

An initial Meeting was held on the 30/10/2007 at the Consultants Project Office, Baku to discuss assistance to TRACECA including support to the preparation of the TRACECA map and brochure. This was attended by the Secretary General (SG) of TRACECA, members of his team and all three project consultants. The SG indicated the following areas of need;

1. **Map and Brochure;** The map and brochure are being updated and most of assistance needed is financial. The map needs extensive updating and the last brochure material was printed in 2003. Likely need is 1,000 maps to be distributed to relevant agencies, ministries, IFIs etc. and 200-300 brochures. The brochures had been considered to be produced as a monthly magazine but that was felt to be too ambitious. However, it was agreed that the publications should be periodical. The Consultants suggested that the Project could also provide some inputs and suggestions.
2. **Other areas;** This could include assistance to the dissemination of information such as support to the TRACECA web site or other means of dissemination.

Related to the TRACECA Map and Brochure, the map and brochure are included within the Lot 2 TOR and so the discussion should centre around exactly what is being proposed by TRACECA and what is needed e.g. the contents of maps and brochure, target audience, printing numbers, frequency of brochure production, whether the brochure could be more magazine oriented with technical articles etc.

Production costs need to be estimated. Robert Brown to follow up estimated costs, and production, distribution and content scenarios with TRACECA staff, as a first input, this week, especially with the map in the first instance as this is a TRACECA priority.

Dissemination of TRACECA and Baku Initiative information should be considered further. Consideration of the web site and a regular TRACECA bulletin/magazine would be discussed with a view to establishing needs, developing ideas and coming up with concrete proposals that would contribute to EC/TRACECA objectives.

Subsequently, a meeting was held on 1/11/2007 at the TRACECA PS Office, Baku to further discuss updating the map and brochure. The Consultants indicated that the TOR of Lot 2 of the Project included reference to Map, Brochure, TRACECA Information centre and Web site in several places but mainly in terms of dissemination of information about TRACECA and EC Transport policies and Projects. Brussels should not have therefore any objection in principle to assist in this area, though the amount of financing support may be limited.

The purpose of the discussion was to highlight needs, possibilities and discuss obtaining cost estimates.

Map Updating

The Consultants asked the PS what was the status of map updating preparations and what had TRACECA in mind. The PS responded that they were somewhat advanced in their preparations and only finance was needed. TRACECA has clear ideas on what it wants; basically a straightforward update of the existing map. They require the same size, same quality and an updating of certain information including new names and new transport links. Such links are road and rail oriented. The PS have the required new information from some countries but probably all TRACECA countries would need to be approached again through the National Secretaries.

The Consultants asked how a TRACECA link was designated i.e. the criteria for selection. The PS noted that the links came from the countries and criteria were not clear, for example some countries included many more links than others. The Consultants wondered if the same type of criteria could be used in link selection. It was noted that the TRACECA PS would be responsible for overseeing map production including coordination of information submitted by the member countries to try to ensure consistency.

Progress Report No1

On another point, the Consultants noted that TRACECA needs are link focused. The Consultants explained that, possibly to incorporate EC requirements for information and project dissemination, would it be beneficial to prepare the proposed map for TRACECA purposes which could then be used as a base upon which projects and/or other information can be shown to meet Project needs?

The PS indicated that probably would be acceptable if at EC additional funding cost as the TRACECA priority was clear. The current map was produced by consultants under a previous project and its cost was not available today, but a possible figure of €30,000 was mentioned by PS. The PS will obtain preliminary costs quotes so that we all know the approximate costs. The PS felt costs per document would not alter according to total volume contracted, but Consultants requested that this be confirmed, or otherwise, by asking potential printing companies for the costs of alternate print runs (volumes) e.g. 1,000 and 2,000 plus the cost of subsequent print runs.

Given the need for consultations with each country (through the NSs) and other constraints, The Consultants thought that TRACECA is probably looking at an implementation schedule of 4-6 months for the map.

The current schedule is for;

- financial estimates for 1000 and 2000 copies will be obtained by end of January 2008
- Technical inputs from member countries are largely complete and will be targeted for completion by end January-with one month slippage allowed to end February at latest.
- TRACECA will draft the map thereafter

No input is required from Consultants unless any other type of map is required in addition to the TRACECA map. However, assistance with financing of the Map is requested from the EC.

TRACECA Publications

For information, there have been three TRACECA publications produced in the past;

- The Map-last produced under an earlier TA about 5 years ago;
- The Brochure: This is an annual Report which always starts at 1993 and is extended each year to the current year. The last one produced was 1993-2007; and
- There was also a magazine type publication of which 300 were printed each month for the time it was in existence (2001-2003).

The Consultants thought the term brochure is/has been applied inter-changeably between these last two publications, although they have quite different functions and orientation. In fact, both an annual report and a magazine would be periodical, the annual report being annual of course and the magazine having the possibility of monthly, quarterly or biannual.

The Consultants asked about intended audience. The annual report is intended to be distributed to relevant government departments of member countries, EU agencies, embassies, IFIs, other interested parties, Consultants etc. The magazine will have a similar distribution but more emphasis on government departments.

The Consultants discussed the Project budget, and noted that he would have to check whether a budget line for the map and brochure exists or if funding would come from other/contingencies? The PS noted that if it came from contingencies it would be more flexible.

It was agreed that ideally the annual Brochure would be prepared before the proposed TRACECA summit in September and that at least on quarterly magazine/newsletter type publication should be produced before the Brochure. TRACECA would obtain cost estimates for these publications. In principle, the PS could prepare all the materials but some assistance could be provided to help plan the type of contents to be included, and our project would consider in 2008.

Progress Report No1

Web site

The Consultants held discussions with TRACECA on the subject of the web site on 18th December 2007. TRACECA noted that the web site was in quite good condition especially now that the previous two components of TRACECA and IGC had been combined. It was mostly up to date. Structure wise it had been redeveloped 2-3 years ago. While the web site structure might be improved, this might involve a substantial time input as it would require major reformatting, although minor additions such as links should be considered. TRACECA concluded that the Consultants might consider providing some assistance later, say mid 2008 in conjunction with the data base work but it was not urgent.

Progress Report No1

Annex 4

Report on the Proposal for the Business Advisory Council (BAC)

1. **Background:** At the Astana IGC meeting, the TRACECA PS proposed (by way of the above referenced report) and the IGC agreed, to create a Business Advisory Council. This has been discussed since 2004 and is based on the need to bring in/expand private sector investment into the development of public infrastructure, and mainly through Public Private Partnerships (PPP). The private sector often has the resources and is willing in principle to invest, but on its own cannot or will not fund many needed projects without a supportive framework. The BAC can provide one important element in such a framework.

Many transport development projects have high socio economic benefits but do not always exhibit the necessary attributes of (i) financial viability, (ii) acceptable level of risks or (iii) bankability.

Many proposed projects already involve government services in any case or a range of government agencies, and so a partnership with the private sector in many cases is seen as a good alternative to either full private sector operation (where there may be opposition to privatisation) or totally public provision (lack of public funding).

Further, in many TRACECA countries the private sector is still developing its management, technological and financial skills and needs the support that the BAC is planned to/could provide.

2. As noted in the Astana agenda on this topic, various reports have supported the idea of expanding PPPs within the TRACECA region.
3. The function of the BAC would be ultimately to facilitate private sector investment but the BAC can also provide private sector views and inputs on a range of TRACECA transport issues.
4. **Experience Elsewhere:** The Astana report noted that other regional groupings also have similar Councils e.g. APEC, SE Europe Cooperation Process, Shanghai Organisation for Cooperation, WB in the Caucasus. These will need to be reviewed to assess whether their effectiveness and experience is applicable to the TRACECA proposals. Bilateral chambers of commerce may also be invited to join the BAC.
5. **Objectives and Goals:** Overall, the BAC aims to help improve and reinforce the investment environment for both international institutions and private sector.
6. **Summary of Main Activities:** These will include;
 - a. Incorporate members of the business community in TRACECA activities on the basis of potential (i) direct investment (ii) to encourage the regional investment programme (iii) advisory capability
 - b. Help prioritise transport infrastructure projects especially PPP projects
 - c. Assist in the search for finance for projects, through indicating best or likely sources of finance.
 - d. Initiate and contribute to discussion on TRACECA transport issues and problems, physical and non-physical
 - e. Prepare private sector based/led proposals to increase trade flows
 - f. Take part in/be consulted through F/S studies and design of draft/model tender documents for PPP projects.
 - g. Lobby for and promote financing in TRACECA investment opportunities
 - h. Provide advice to IGC and Working Groups
7. **Structure:** A non-governmental organisation is proposed and this will work in close cooperation of IGC TRACECA PS and other TRACECA structures and within the framework of MLA.

Progress Report No1

8. **Financing:** Proposed from membership fees and sponsorship and may finance joint tasks of the PS.

9. Conclusions and Recommendations of Consultants;

- a) The primary aims of the proposed body are considered appropriate and are fully supported in principle by the Consultants.
- b) The BAC could operate like a regional chamber of commerce, with geographical and specialist sub committees or 'chapters', possibly incorporating bilateral chambers of commerce.
- c) As a consultative body, the BAC can provide advice from the wider business community perspective especially on the PPP process, on the need for a supportive legal and regulatory framework, on information about transport needs and problems and advising on procuring project financing.
- d) However, one recommendation in the TRACECA report, i.e. the carrying out of F/S studies by the BAC, seems not appropriate as a rule as these should be done either by the private sector companies themselves, or by TRACECA /IFIs/ Bilateral (independently or in coordination) for selected priority projects.
- e) There should be more investigation into the experience of the existing BACs in other geographical areas as mentioned both by the PS and above, which would assist the implementation/design of the BAC phase.
- f) The next steps will be to draft a preliminary programme of work with a schedule. This work will review the concept, needs and potential modalities of a BAC including experience elsewhere. This would be largely based on desk/web research but with selected meetings with key organisations. TRACECA PS should be fully involved in such meetings. Assuming sufficient potential is established for the BAC a TOR for a TA to develop and detail the BAC including objectives, purpose, activities, operations, finance, organisation and structure, should be drafted for donor consideration. The review of the IF could be incorporated into this proposed TA.

Progress Report No1

Annex 5

Report on the Proposed Investment Fund (IF)

1. **Background:** The High Level Group noted in 2005 that “funding of transport is a difficult issue worldwide” and that “the EU and the banks share the same objectives”.
2. **Financing:** Public sector financing of public infrastructure will remain crucial but PPPs are also important as complementary means for financing infrastructure. The use of PPPs as complementary source of funds is also endorsed in the IGC strategy.
3. **Purpose:** The TRACECA IF is proposed to significantly help;
 - a. Coordinate investment flows into the transport system
 - b. Realise the existing budget
 - c. Concentrate efforts on implementation of priority projects
 - d. Ensure investment in trans boundary regional transport projects
 - e. Smooth the implementation of trans boundary projects through;
 - harmonized legal and regulatory frameworks.
 - Predictable investment environments.
 - Understanding of Risk identification, mitigation and allocation processes.
 - Helping to set up guarantee frameworks in conformity with EU law.
4. **Fund Mechanism:** The Report on the IF included within the Astana Agenda is quite brief and does not describe how the fund would operate nor the mechanisms required for its successful functioning.
5. **Conclusions and Recommendations of Consultants;**
6. The objective and purpose of the IF as described in 3. above may be quite appropriate but require elaboration as some do not appear to be part of a Fund/Funding Process, even though these purposes are important and are necessary and essential parts of the investment expansion process.
7. The fund itself and how it would work, how it would cooperate with other IFIs etc are not described and is a weakness that needs to be overcome by study.
8. It is also not clear if it is proposed that the IF would actually operate as a transport investment fund and attract and lend out funds, although that might be considered into the medium/longer term.
9. The Astana report on the IF suggested the EC be requested to provide technical assistance on this issue through two ongoing TAs. Due to the potential size and scope of this work, the required work should ultimately be based on a complete TA project, preferably incorporating the BAC proposals.
10. We suggest initially that the above proposed consultants (ongoing projects) review the background and potential scope of the BAC and IF.
11. As mentioned in... above on the BAC, our comments are very supportive of this concept which basically formalises the requirement for private sector inputs in both developing PPPs and helping to identify and solve issues in the regional transport system.
12. Our comments on the IF agree with the report of the PS that there is a visible and urgent need to:
 - Coordinate information on transport funding, co financing, including transport investment plans, the availability of funds, IFI funding plans and policies etc
 - Help prioritise investment from the private sector/PPP viewpoint
 - Help provide harmonised frameworks, as far as possible, for business, legal, regulatory, guarantees and risks related to private sector investment in public infrastructure.

Progress Report No1

13. At the same time, there is a need to review in detail, and closely and critically, the justification for, and operationally modality of, a fund as proposed, but which was not detailed in the report of the PS.
14. Both the BAC and IF work will require desk/internet reviews of existing BACs and funds, as well as in depth interviews with relevant public and private institutions.
15. The next steps will be to draft a preliminary programme of work with a schedule. This work will review the concept, needs and potential modalities of an IF, based on desk/web research and selected meetings with key organisations. TRACECA PS should be fully involved in such meetings. Assuming sufficient potential is established for an IF (in some form) a TOR for TA to develop and detail the IF should be drafted for donor consideration.