

The European Union's Programme for Ukraine



Support to the Integration of Ukraine in the Trans-European Transport Network TEN-T



2nd Progress Report

(August 2009)



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Ministry of Transport and communications of Ukraine



CORPORATE SOLUTIONS

ARUP



WSP

NACO

Corporate Solutions (UK),
in association with:
ARUP (UK); WSP imc (UK)
and NACO (NI)

This project is implemented by:

LONDON

36 BYRON HILL ROAD, HARROW ON THE HILL - MIDDLESEX - UNITED KINGDOM
HA20HY

TEL: +44 (0)2084237711 - FAX: +44 (0)2084237766 - E-MAIL: INFO.UK@CSCL.BIZ

MOSCOW

14/1 TVESKOY BOULEVARD - MOSCOW 103009 - RUSSIA

TEL: +7 (095)7975751 - FAX: +7 (095)7975752 - E-MAIL: INFO.CIS@CSCL.BIZ

SARAJEVO

CEKALUSA 52 - 71000 SARAJEVO - BOSNIA AND HERZEGOVINA

TEL: +387 (0)33 219 101 - FAX: +387 (0)33 219 102 - E-MAIL: INFO.BIH@CSCL.BIZ

DUSHANBE

22 RUDAKI STREET - DUSHANBE 734012 - TAJIKISTAN

TEL: +992 917 765961 - E-MAIL

[INFO.CIS@
SCL.BIZ](mailto:INFO.CIS@CSCL.BIZ)



Project Title:		Support to the Integration of Ukraine in the Trans-European Transport Network TEN-T	
Project Number:	EuropeAid /124964/C/SER/UA		
Country:	Ukraine		
Name:	Project Partner	EC Consultant	
	Ministry of Transport and Communications	Corporate Solutions Consulting Ltd	
Address:	14 Peremogy Av.	36 Byron Hill Road	
	Kiev Ukraine 01135	Harrow-on-the-Hill, Middlesex	HA2 0HY United Kingdom
Tel. number:	+380 444 616 540	+44 208 423 7711	
Fax number:	+380 442 387 226	+44 208 423 7766	
Contact person:	Mr. G. Legenkiy	Ebby Adhami, Project Director	
Signatures:			
Date of Report:	July 09		
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Author of report:	Corporate Solutions Consulting Ltd		
EC M&E team	_____	_____	_____
	[name)	[signature]	[date]
EC Delegation	_____	_____	_____
	[name)	[signature]	[date]
EC Project Manager	_____	_____	_____
	[name)	[signature]	[date]



Table of Contents

1	PROJECT SYNOPSIS.....	1
2	SUMMARY OF PROJECT PROGRESS.....	2
2.1	COORDINATION ACTIVITIES	2
2.2	STEERING COMMITTEE AND WORKING GROUPS.....	2
2.3	SECTOR POLICY SUPPORT	2
2.4	WORK PACKAGES	3
2.5	RESOURCE UTILISATION.....	4
3	SUMMARY OF PROJECT PLANNING FOR THE REMAINDER OF THE PROJECT.....	4
3.1	MILESTONES AND RESULTS	4
3.2	STRUCTURE OF ACTIVITIES.....	6
4	DETAILED PROGRESS IN THE CURRENT REPORTING PERIOD.....	7
4.1	STEERING COMMITTEE AND WORKING GROUPS.....	7
4.2	CONSTRAINTS AND PROBLEMS	8
4.3	WP1: POLICY, REGULATORY INSTITUTIONAL AND INFRASTRUCTURE FINANCING ISSUES	8
4.4	WP2: RAILWAY TRANSPORT	11
4.5	WP3: ROAD INFRASTRUCTURE	14
4.6	WP4: ROAD TRANSPORT	16
4.7	WP5: MARITIME AND INLAND WATER TRANSPORT	17
4.8	WP6: AIRPORTS AND AIR TRANSPORT	21
4.9	CROSSCUTTING ISSUES	22
4.10	WP 8: SECTOR STRATEGY AND PLAN.....	23
4.11	WP9: HUMAN RESOURCES DEVELOPMENT AND TRAINING.....	25
5	PLANNED ACTIVITIES FOR THE NEXT REPORTING PERIOD.....	26
5.1	GENERAL.....	26
5.2	PLANNED DELIVERABLES	26

ANNEXES:

- a. Maritime and River Transport Sector Strategy
- b. Draft Policy Working Paper feed-back
- c. Map of the main route links to the TEN-T network - 1 map on rail and 1 map on road
- d. Working Group on Road Infrastructure – Permanent Members
- e. Round Table on Road Safety – Conclusions
- f. Working Group on Road Transport – Permanent Members
- g. Road transport operational issues work plan
- h. A brief review of the State Program of Ukraine Airports Development
- i. Defining the Framework for Multimodal Transport Development in Ukraine
- j. Advise on summary of the recently announced Government changes to the law governing the establishment of Joint Stock Companies in Ukraine with particular emphasis on companies operating in the ports



Abbreviations

ATM	Air Traffic Management
Aircraft Class C,D or E	ICAO Aircraft Classification system based on wingspan
BSEC	Black Sea Economic Co-operation
CIS	Commonwealth of Independent States
CAT I/II/III	Instrument landing systems for increasingly low visibility
COM	Cabinet of Ministers
CSP	EC-Ukraine Country Strategy
CSL	Corporate Solutions Limited
DG TREN	Directorate-General for Transport and Energy (European Commission)
DTCSDC	Department of Transport and Communication System Development and Coordination (of MoTC)
EASA	European Aviation Safety Authority
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECIP	European Convergence and Implementation Plan
ECAA	European Common Aviation Area
ECAC	European Civil Aviation Conference
ENP	European Neighbourhood Policy
ENPI	European and Partnership Instrument
EU	European Union
GTZ	German national development assistance programme
GDP	Gross Domestic Product
GoU	Government of Ukraine
GPS	Global Positioning System
GSNS	Galileo Satellite Navigation System
HLG	High Level Working Group
HRD	Human Resource Development
IATA	International Air Transport Association
ILS	Instrument Landing System
ICAO	International Civil Aviation Organization
ICT	Information and Communication Technologies
IFI	International Financing Institution
IMF	International Monetary Fund
IRU	International Road Transport Union
JAA	Joint Aviation Authorities
LWO/UKLL	ICAO and IATA code for LVIV International Airport
MAP	Million annual passengers
MMT/IMT	Multimodal/Intermodal Transport
MoTC	Ministry of Transport and Communications
MRO	Maintenance Repair and Overhaul
NGO	Non-Governmental Organization
NIP	National Indicative Programme
OECD	Organisation for Economic Co-operation and Development
PCA	Partnership and Co-operation Agreement
PCN	Pavement Classification Number – airline industry
PPP	Public-Private Partnership



RIS	European River Information System
SAA	State Aviation Administration / (Derzhaviaadministratsia)
SBS	Sector Budget Support
SC	Steering Committee
SES	Single European Sky
SARPS	Standards and Recommended Practices
SME	Small and Medium Enterprise
SMS	Safety Management System
TA	Technical Assistance
TACIS	Technical Assistance for CIS
TEN-T	Trans-European Transport Network
TIP	TEN-T Integration Process
TNA	Training Needs Assessment
ToR	Terms of Reference
TOW	Take off weight
TRACECA	TRAnsport Corridor Europe Caucasus Asia
UAH	Hryvnya
UNECE	United nations Economic Commission for Europe
UNPCC	United Nations Panel on Climate Change
UZ	Ukrzaliznytsia – Ukrainian Railways
WTO	World Trade Organisation

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1 Project synopsis

Project Title:	Support to the Integration of Ukraine in the Trans-European Transport Network TEN-T
Project Number:	EuropeAid/124964/C/SER/UA
Country:	Ukraine
Overall Objective:	The overall objective of the project is to improve the transport sector through assistance to the MoTC in developing and implementing a Strategy and Action Plan for Transport Integration into the Trans-European transport network. This implies reinforcement of the Ministry's capacity to coordinate and manage cross-sector issues, and resulting identification of priority investment projects, in view of i) improved and sustainable command of the global sector management, including cross-sector and multimodal ability, ii) integration into the TEN-T network, in coherence with the European Commission's White Paper on Transport and iii) harmonisation with EU rules and standards.
Expected Results/Outputs:	<p>The main results/outputs of the project will be:</p> <ul style="list-style-type: none">- Immediate Action Plan published- Transport Sector Planning Scenarios developed- Transport Demand and Traffic Forecasts prepared- Training Needs identified- National Transport Policy defined- National Transport Strategy defined through formulation of:<ul style="list-style-type: none">- Sub-sector strategy and reforms for the rail sector- Sub-sector strategy and reforms for the road infrastructure- Sub-sector strategy and reforms for road transport- Sub-sector strategy and reforms for maritime & inland water transport- Sub-sector strategy and reforms for the aviation sector- Selected Measures and Reforms for Multi-modal Transport- Short and long term action plans for TEN-T integration formulated- List of Priority Investment Projects and Financing Options identified- Training, Capacity Development and coordination events held
Activities:	<p>Work package 1: Policy, regulatory, institutional and infrastructure financing issues</p> <p>Work package 2: Selected measures and reforms for rail sector</p> <p>Work package 3: Selected measures and reforms road infrastructure</p> <p>Work package 4: Selected measures and reforms road transport</p> <p>Work package 5: Selected measures and reforms maritime and inland water transport</p> <p>Work package 6: Selected measures and reforms airports and air transport</p> <p>Work package 7: Crosscutting issues</p> <p>Work package 8: Sector Strategy and Action Plan</p> <p>Work package 9: Human Resources Development and Training</p>
Target Groups:	The target groups are the MoTC, The Department of Transport and Communications Systems Development of Coordination (DTCSDC), State Road Service (Ukravtodor), State Administration for Road Transport (Derzhavtoadministratsia), State Administration of Railway Transport (Ukrzaliznytsia), State Department for Railway Transport; State Administration for Maritime and Inland Water transport (Ukrmorrichflotadministratsia), State Aviation Administration (Derzhaviaadministratsia). More generally, the



programme will involve inputs from other stakeholders from the public and private sectors, alternative providers of services as well as the recipient of government services and user of transport services, civil society, academic and research groups.

Starting Date: 4 August 08
Project Duration: 29 Months

2 Summary of Project Progress

This is the second progress report, covering the period 1st February 2009 to 31st July 2009 of the project "Support to the Integration of Ukraine in the Trans-European Transport Network TEN-T".

2.1 Coordination Activities

The project held regular meetings throughout the period with the EC Delegation, Ministry of Transport and Communication (MoTC), executive bodies responsible for each mode of transport, and International Financing Institutions (IFIs).

Additionally to coordination with the stakeholders, the need for coordination between the EU funded transport related projects in Ukraine was identified during the inception phase. There are at present 17 projects that fall within this category, including TRACECA projects. Initially it was suggested that the TEN-T project should take responsibility for the coordination amongst the donor funded transport projects in Ukraine. However, it was agreed that although there was a need for coordination, this would be best achieved through regular meetings held at the EC Delegation with the participation of the MoTC. During this period two general coordination meetings were held in Kiev plus a meeting on the maritime sector in Odessa in June 2009. Furthermore, the Ukraine Port Development Feasibility Study and TEN-T projects met on 11 June 2009 with the EU Ambassador (Mr Pinto Tiexera) during his fact-finding visit to the port of Illechevsk and presented a brief summary of both projects and discussed issues being addressed.

2.2 Steering Committee and Working Groups

The first meeting of the Steering Committee was held on 16 December 2008 and the next meeting is likely to be held in September 2009. Given the resignation of the Minister of Transport and his Deputy Minister (Chairman of the Steering Committee) on 17 June 2009, the second SC meeting cannot be held until a new Chairman is appointed and the project is awaiting the decision of the MoTC in this respect.

Working groups in all areas have now been established but further progress needs to be made with regards to the working groups reviewing project outputs such as Technical Notes and Working Papers.

2.3 Sector Policy Support

During the first period, and at the request of the Minister, the project prepared an Immediate Action Plan to help the MoTC take appropriate actions to ameliorate the impact of the financial crisis on the transport sector. Support was also provided in preparing information for the design of the Sector Budget Support (SBS) project.

During this period attention shifted to helping the MoTC prepare a "Transport Policy" to be considered by the Cabinet of Ministers (CoM). This work is coordinated with the Twinning Project "Support to Transport Policy Design and Implementation in Ukraine". The purpose of the Policy paper is two fold: i) to fulfil the requirement for the implementation of SBS, and ii) to offer the framework necessary for the TEN-T project to prepare a Transport Strategy for Ukraine.

Although good progress has been made towards drafting the Policy, a final draft is yet to be agreed and formally submitted for the approval of the MoTC and other stakeholders. Furthermore, a new Minister is unlikely to be appointed before the general presidential elections in 2010, which may further delay the approval of a Transport Policy.



2.4 Work Packages

Despite a slow start in the first reporting period, good progress is being made with the implementation of the 9 work packages. The project is also receiving increasing support from the transport sub-sector executives and the MoTC, although the limited availability of some senior people remains an issue.

Data collection from Ukravtodor commenced during this period and discussions with the working group members have resulted in a better understanding of the main issues. A roundtable on Road Safety was successfully held on 6 April 2009. A preliminary draft map of both the road and rail network, related to TEN-T, has been produced and once it has been approved by the Steering Committee, it will be used as the framework for analysis and traffic forecasting. Preparatory work has also commenced on work packages related to road transport and cross cutting issues and short term senior experts have been approved who will commence their work in the next reporting period.

The project has now established good working relationship with the State Aviation Administration (SAA) at the MoTC and, working closely with the National Air University in Kiev, the TEN-T project provided support in organising a training workshop on air safety on 11-12 June 2009. The aviation work is being coordinated with the Twinning Programme on air transport as well as with the recently started TRACECA programme on air traffic control "Civil aviation safety and security". Furthermore, the project supported a conference in Kiev on the "Single European Sky" on 25-26 June 2009, and the SAA requested the project to review the investment project planned to rehabilitate the Lviv airport. The aviation team visited the airport on 7 July 2009, with a representative of the World Bank, and submitted a detailed assessment report. The report has been welcomed by the MoTC and the project will be asked to review proposed investment in other key airports.

The railway team was invited to attend a number of meetings with the MoTC and Ukrzaliznytsia (UZ) to offer input to the discussions on railway restructuring, rail regulation and the opening of the rail network to private operators. In this respect a number of issues, including interoperability and competition, have been explored during the current period but the outputs are yet to be discussed in a meaningful way with the railways and the MoTC. The project appointed a railway legal expert, who had previously helped draw up a restructuring plan for UZ under an EBRD programme, reviewed the progress of restructuring since 2005. Although some progress has been made, the main obstacle remains the lack of an agreement on the direction and the timing of reforms. This makes it difficult for the railways and the MoTC to clearly agree the nature of support they require from the project.

As for the Maritime sector, despite the continuing difficulties in data collection and organising meetings with the sector representatives, progress is being made in line with the planned schedule. The good cooperation maintained with the Maritime Department of the MoTC is yet to result in operational benefits in terms of improved access to information or facilitation of communication and contacts with other stakeholders in the maritime sector. However, the project team has established its own close contacts with the sector professionals, both in the public and private sector, which has enabled the team to gain first-hand knowledge and obtain information concerning the day-by-day functioning of the river and maritime transport. The work in this reporting period resulted in the issuance of the "Maritime and River Sector Strategy report 5.3 & 5.7, in June 2009" (Annex A).

Preliminary work has commenced on defining development planning scenarios including the preparation of a traffic forecasting framework. However, further progress is contingent on the finalisation of the Transport Policy and to some extent the outcome of the presidential elections. A list of 188 transport investment projects has been provided by the MoTC and these will be evaluated and prioritised. A preliminary evaluation and prioritisation framework has been drawn up by the project and, once approved by the Steering Committee, will be applied to the long list of projects. The framework will be used as the basis to develop a computerised tool for project prioritisation which will contribute to increasing the capacity of the MoTC.

The Training Needs Analysis has been completed and a comprehensive matrix has been constructed that will form the basis for defining and implementing a training programme in the next reporting period. The project is yet to receive input from the policy twinning project in this area.

The website of the EU project "Accession and Implementation by Ukraine of International Agreements and Conventions on Transport" has been handed over to the project with all the associated files and this is being integrated into the website for the TEN-T project that will be fully operational in September 2009. The website will have provisions for remote access and a secure section for the



exclusive use of the project personnel. The TEN-T server is also fully operational and offers a repository of all primary data collected by the project from different sources.

In summary although there is the progress in the second reporting period is better than the first period, the lack of ready and open access to information and senior people continues to be an impediment to the swift progress of the project. The renewed efforts made by the project since April 2009 are gradually resulting in better contacts being established with the senior sub-sector executives as well as a higher level of cooperation, although much more remains to be done given the demanding timescale of the project. The changes at the MoTC have also distracted the attention of senior people and introduced uncertainties about future policy and direction. The EC Delegation is yet to determine whether the project can be extended beyond 31 December 2010 to compensate for the slow start of the project and interruptions experienced due to ministerial changes.

2.5 Resource Utilisation

During this period 1357 person days of planned 2014 person days were utilised, representing a utilisation of 67%. The under utilisation of resources is largely contributable to: i) the change of team leader resulting to a lower number of days used, and ii) lower utilisation of short-term senior and junior experts while awaiting for decisions regarding the nature of support required in sectors such as railways, iii) delays in the working group members commenting on draft submission of documents.

3 Summary of project planning for the remainder of the project

3.1 Milestones and Results

3.1.1 Immediate Action Plan (Month 6)

The Immediate Action Plan (IAP) assisted the government with decisions needed to respond to the immediate impact of the financial crisis on the transport sector. The IAP addressed the most critical issues in the short-term whilst ensuring that longer term reforms are not compromised. A draft report was submitted and followed up. Although a later paper was produced by the MoTC, the project was not asked for further assistance. It is understood that some of the original recommendations were implemented and therefore this milestone can be considered as achieved.

3.1.2 Transport Sector Planning Scenarios Developed (Month 14¹)

Planning scenarios are important for strategic planning and for traffic forecasting and will offer the foundation for identifying and prioritising investment projects. The present political and economic uncertainties make this goal both more critical and complicated to achieve.

Four broad scenarios are being considered as the basis for sector planning which include: 1) the process of EU Accession; 2) relations with Russia; 3) the world economy; and 4) the Ukraine economy. The next step is to formulate a set of assumptions under each scenario as the basis for traffic forecasting, using the primary traffic database which being populated.

The finalisation of the planning scenarios is contingent on the approval of the Transport Policy and the reception and compilation of the requested historical traffic data categorised by mode of transport, commodity, destination and origin. All these elements are proving difficult and time consuming to progress and it is hoped that with the completion of the Policy paper, MoTC resources can shift to scenario planning and data collection.

3.1.3 Transport Demand and Traffic Forecasts Prepared (draft Month 18)

Traffic forecasts are required as input to assessing the appropriateness and feasibility of the proposed investment projects and was planned to be produced in month 18. This may be delayed by a couple of months given that data collection is proving to be slow and problematic. Data for the development of traffic forecasting is being gathered from available sources and the collection process is discussed

¹ This milestone was planned to be achieved in month 12 but has been delayed to month 14 for the first draft



regularly at the working group meetings to agree the manner in which traffic data will be collected, documented and used to ensure a sustainable output. It is hoped that with the full support of the MoTC the project will be offered information on traffic flows by mode of transport, commodity, traffic type, and origin and destination for the TEN-T and the strategic network. The tentative signs of world economic stability in recent months will also help forecast traffic in Ukraine with more confidence and reliability.

3.1.4 Training Needs Identified (Month 8)

The Training Needs Analysis, conducted in the first reporting period, has been completed and provides the basis for defining the short-term training needs of the MoTC as well as offering a basis for formulating a long term training strategy. The coverage of the TNA was extended to allow the MoTC to get a better picture of the training needs of the entire transport sector which was supported by the previous Minister. The analysis has taken longer than expected to complete, but has proven to be useful and has resulted in a better understanding of the training needs of the whole transport sector, and the creation of a list of topics indicating interest by specific groups of people. This will be used for further discussion with the MoTC's Human Resources Department (HRD) to define and agree the submitted draft training plan.

HRD has also requested that the project should provide software for a database to sustain the results of the TNA centrally at the MoTC along with all personnel records. This has been investigated and a proposal received. A formal quotation is anticipated for further evaluation by the project before submission to the EC for approval.

3.1.5 National Transport Policy Defined (Month 12)

The National Transport Policy for Ukraine is to be drafted and reviewed by the MoTC before being presented to other ministries and stakeholders for comments. The intention was to submit a draft of the Policy for the government's consideration in the summer of 2009. The Policy will provide the much needed framework for strategic planning in each mode of transport as well as for the implementation of the SBS in 2010.

Although a number of drafts have been produced, consensus on the final format and style of the Policy document is yet to be reached. Numerous meetings with the MoTC and the Policy Twinning Project have been held to clarify the structure of the paper and obtain comments on the content of the existing drafts. As a result, the structure of the document has been commented on and the structure of the paper revised many times at the request of the MoTC. A final draft will be presented in August 2009. This should form the basis on which the MoTC issues a draft Policy to other stakeholders for comments and approval, with the assistance of the "Support to Transport Policy Design and Implementation in Ukraine", Twinning Project.

3.1.6 Transport Sector and Sub-Sector Strategies Defined (Month 18)

Once an overall transport policy is formulated, the existing sub-sectors strategies (e.g. draft maritime policy and strategy which has been prepared and awaiting the comments of the working group) will be revised to ensure consistency and compliance with the overall policy framework. The strategy will set out in a greater detail the steps needed to implement the policy and achieve the results expected. An important consideration for the MoTC is to ensure that there is sufficient capacity to coordinate and monitor the implementation of the various reform programmes. The institutional capacity of the MoTC will need significant strengthening and reorganisation will be necessary. The TEN-T project will work closely with the Policy Twinning Programme on capacity development.

3.1.7 Short and Long Term Action Plans for TEN-T Integration Formulated (month 26)

The action plans are aimed at providing a route map for TEN-T integration by enumerating the steps necessary in the short and long term. The MoTC will also need to put in place processes that ensure plans are regularly reviewed and adjusted and this will be closely coordinated with the Policy Twinning Project.

This process has already started in the aviation and maritime transport sectors and will be developed in all sectors in the future reporting periods. In addition, a gap analysis will be prepared to highlight the



steps necessary to close the gaps between Ukrainian and EU legislation in the transport sector. This will be a refinement of an existing analysis prepared by the recently completed “Accession and Implementation by Ukraine of International Agreements and Conventions on Transport” project.

The MoTC will also need to put in place processes that ensure plans are regularly reviewed and adjusted and this will be closely coordinated with the Twinning Project “Support to Transport Policy Design and Implementation in Ukraine”.

3.1.8 List of Priority Investment Projects and Financing Options identified (Month 26)

A methodology is being put in place to evaluate and assess investment projects to select a list of priority investments using multi criteria analysis. The MoTC will be expected to play an important role in defining and agreeing criteria for prioritisation and tools will be put in place to facilitate evaluation of projects.

A methodology has been devised for evaluating and assessing proposed transport investment projects using a multi-criteria analysis process. This will be used to develop an analytical tool to help select priority investments based on a number of factors including: (a) meeting the future needs of the Ukraine for an effective transport infrastructure, and (b) facilitating the integration of Ukrainian transport network with those of the European Union. Although these are similar objectives the timing and focus may require the establishment of two sets of criteria. The MoTC and the Steering Committee will play an important role in refining and agreeing criteria for the prioritisation following the project’s recommendations.

3.2 Structure of Activities

The framework for project planning remains the same as that described in detail in the Inception Report and the project’s Logical Framework and is shown below.

Ref	Work Package
WP1	Policy, regulatory, institutional & infrastructure financing
1.1	Transport Policy and Support for Sector Budget Support
1.2	Strengthening the transport sector management
1.3	Strengthening strategic planning and information management
1.4	Provision of financial mechanisms for development, maintenance & management of infrastructure
WP2	Rail Transport
2.1	Definition of development scenarios
2.2	Strategy of European Integration
2.3	Identification of list of projects
2.4	Assistance to restructuring and economic regulation
WP3	Road infrastructure
3.1	(TEN-T) Road extension and forecast
3.2	Organisation and funding mechanisms
3.3	Road Safety
3.4	Identification of the list infrastructure projects
WP4	Road transport
4.1	Analysis of road transport market
4.2	Assessment of coherence with European rules
4.3	Identification of projects
WP5	Maritime and Inland Waterway Transport
WP5a	Maritime transport
5a.1	Appraisal of port performance
5a.2	Preparation of Port Policy and Strategy



Ref	Work Package
5a.3	Development Planning
5a.4	Assist port management reorganisation / information systems
WP5b	Inland waterway transport
5b.1	Appraisal of Inland Waterways Performance
5b.2	Development Planning
5b.3	Identify infrastructure projects
5b.4	Assistance with reorganisation / implementing completion strategy
WP6	Airports and air transport
6.1	Market access/ economic regulation
6.2	Airport
6.3	Upgrading the SAA safety oversight capacity
WP7	Crosscutting issues
7.1	Multimodal transport
7.2	Logistics technology
7.3	Cross border issues
7.4	Informatics and telematics in transport
7.5	Transport Sector Environmental Strategy and Action Plan
WP8	Sector Strategy and Action Plan
8.1	Prepare and Immediate Action Plan
8.2	Transport strategy
8.3	Forecast and transport balance
8.4	Action Planning
WP9	Human Resources Development and Training
9.1	Preparation and Set up
9.2	Training Needs Analysis and Training Strategy
9.3	Implement training programme

4 Detailed Progress in the Current Reporting Period

The current reporting period covers the period 1 February to 31 July 2009. Detailed reporting is presented for each work package in sections 4.3 to 4.11 in accordance with the overall programme of work submitted in the Inception Report.

4.1 Steering Committee and Working Groups

The Steering Committee (SC) was established and the first meeting was held on 16th December 2008. The results of the meeting are contained in a protocol² which a) endorses the changes to the scope of the work, b) approves the mandates of the various working groups, c) approves the need for information systems and procedures proposed, and d) confirms the need for increasing the strategic transport planning capacity of MoTC to assimilate and sustain the key project outputs.

The second meeting of SC was planned for April 2009 but was delayed to July 2009 in order to allow for the approval of the Inception Report, which was substantially revised from the draft presented in December 2008, and the first Progress Report. The next meeting has now been postponed indefinitely due to the resignation of the Minister and one of his deputies which was the Chairman of SC. It is hoped that a new Chairman can be proposed by the MoTC so that the second meeting can be held in early September to discuss and approve the second Progress Report. The convening of

² Protocol of the Steering Committee was submitted for approval in December 2008



the next meeting of the SC in September 2009 is critical as a number of important issues need to be discussed and addressed. These include the Transport Policy, facilitating access to information and people, and providing guidance on removing barriers to progress.

4.2 Constraints and problems

The resource utilisation during the first year of the project is some 40% below planned utilisation. The progress in the first period was slow due to the reasons enumerated in the Inception Report and the 1st Progress Report. The commissioning of experts, junior and senior, to the project was delayed until problems experienced with gaining access to information could be resolved and the scope of support required from each sub-sector could be defined. The Ministerial Order issued in November 2008 and circulated in December 2008 was a starting point. Although in the 2nd period issues over access to people and information have eased, particularly in the Aviation and Road sectors, some stakeholders in the public sector continue to be reluctant to fully engage with the project (e.g. Railway and Maritime sectors).

The project signed two confidentiality agreements with the SAA and one with Ukravtodor, to allay some of their concerns. It seems that there is not a standard mechanism by which information about the transport system can be systematically collected and made available to the project. The Ministerial Order signed on 5 November 2008 requiring the full corporation of executive bodies to facilitate the implementation of the project, has had limited influence, particularly with agencies that report directly to the CoM. The project may yet be asked to sign other agreements as the internal procedures of some agencies require permission and approvals to be obtained for specific requests for information and meetings and such approvals take time to administer (usually about 2 weeks).

The severe economic crisis, and its impact on the Ukrainian economy, has also shifted attention of senior people to dealing with its immediate effects on the transport sector. As importantly the sudden departure of the Transport Minister and his Deputy, Mr Urbansky who was responsible for the TEN-T project and acted as the Chairman of the SC, has left a gap in strategic decision making as well as introduced uncertainty at the operational level.

The staff of the Department of Transport and Communication System Development and Coordination (DTCSDC) continue to be supportive, but they are also overloaded with consider responsibilities which is in contrast to the limited resources available to the Department. This may act as a potential constraint to further progress in all components of the project and to the assimilation of outputs. The assimilation of the project's outputs within the MoTC and each sub-sector is a critical success factor to the sustainability of the project and this yet remains to be fully addressed. The reported high turnover of staff and the need to increase the academic and vocational qualifications of MoTC staff can only be partly addressed by the TEN-T planned training programme.

Given the intensity of the technical assistance, implied by its short timescale, the EC Delegation is exploring ways of extending the deadline for the completion of the project beyond 31 December 2010.

4.3 WP1: Policy, Regulatory Institutional and Infrastructure Financing Issues

This work package in the current period has coordinated closely with the Twinning project "Support to Transport Policy Design and Implementation in Ukraine" to help the MoTC prepare a Transport Policy, support the preparation of the SBS and strengthen its capacity in policy and strategic planning.

4.3.1 Stage 1: Transport Policy and Sector Budget Support (SBS)

The lack of a clear policy was highlighted in the ToR as a risk to achieving the results of the project and is a potential barrier to the effective introduction of the SBS assistance. A start was made on developing a transport policy in the first reporting Period with the preparation of background papers in connection with the proposed move to the SBS. The MoTC document "*Concept of Stable National Transport Policy of Development of all Types of Transport and Principles of Transport Policy*", of May 2007, contains proposals for the main lines of strategic development for the sector up to 2015. This was used as a starting point though it was not considered a policy document as it needed development in several areas to establish the role of state and the sub-sectors in sector management.



It was also agreed that economic, social, environmental and institutional strategies must also be elaborated to help ensure that sub-sector strategies, which include investment and regulatory reform programmes, can be successfully implemented.

A meeting was held at the MoTC on 18 March 2009 with the Policy Twinning and TEN-T project to agree an approach to the preparation of the Transport Policy and the following the main agreements were reached:

1. A new paper prepared by the MoTC on 3 March titled "On approval of transport policy of Ukraine and strategy for integration of the national transport system in Trans-European transport Network of international transport corridors for a period of up to year 2020" was received prior to the meeting and written comments were offered by the TEN-T project. The MoTC stressed that this document should substantially be the basis for drafting of the final policy as it has been already circulated in the MoTC and to other stakeholders and their comments addressed. The document was prepared under the leadership of Ms Alla Novikova of the State Road Research Institute.
2. The MoTC proposed the following timetable for the preparation and approval of the Policy paper:

Milestone	Date
First draft to be presented for comments to the MoTC	15 April 2009
MoTC's comments to be received	21 April 2009
Second draft submitted to the MoTC for review and finalisation	1 May 2009
Third draft circulated within the MoTC for comments and finalisation	1 June 2009
Final draft circulated to other ministries and stakeholders for comments	1 July 2009
The Policy approved by the MoTC submitted to the Government	1 Aug 2009

3. Two options for the preparation of the policy were presented to the MoTC: i) Policy Twinning Project proposed that the MoTC document is edited by its team to improve its structure, presentation and to remove repetitions, or alternatively ii) The TEN-T project could prepare a new document, based largely on the MoTC's document, but address the weaknesses elaborated in the Project's review. Towards this objective a content list, which comprised of 7 headings, had already been agreed with Ms Alla Novikova and was presented at the meeting.

It was stressed strongly to the MoTC that the first option could be implemented quickly and submitted to the MoTC by 15 April 2009 while there were risks associated with the second option in terms of both acceptability of the new structure to the stakeholders and the feasibility of meeting the deadline. It was agreed that involvement of Ms Alla Novikova in the process could help to avert the risks. The MoTC expressed its preference for the second option while the Policy Twinning Project was requested to make immediate arrangements to have their experts implement the first option to offer contingency.

The meeting at the MoTC was followed shortly with a meeting at the EC Delegation where it was agreed that the most appropriate option would be for the Policy Design Project to revise the existing Policy document by making additions necessary to support the introduction of the SBS. It was further agreed that the TEN-T project will heed the wishes of the MoTC and prepare a revised paper.

A draft Policy Working Paper (1.3) was produced by the TEN-T project in April 2009 and circulated within the MoTC in Ukrainian in May 2009. Feedback was received by the project from the road, rail and legal departments on 15 June 2009. The comments were all positive and no objections to the contents were raised (Annex B).

To clarify the background to the assistance given by the project, it is noted that on 1 June 2009 we received verbal advice from the MoTC that the paper 1.3 should not be revised and that the policy document should be derived from the draft 2020 strategy paper produced by Mrs Novikova.

At a joint meeting of TEN-T and Policy Design Twinning projects with DTCSDC on 30 June 2009, it was said by the MoTC that the draft paper 1.3 was not accepted, but no reason was given. It was reiterated that the policy paper should be based on the 2020 document that was now described as a strategy document. A discussion on the use of the words policy and strategy resulted in no consensus view being reached.



On 1 and 3 July 2009 there were further discussions based on the 2020 draft generated by Mrs Novikova in Ukrainian. There then followed a detailed review of the English translation by the TEN-T project on 4 and 5 July 2009, that resulted in a final English and Ukrainian version of the document being presented to the EC Delegation (ECD) at the monthly meeting on 9 July 2009. The document was introduced to the meeting by TEN-T in English although the project had a limited part in its production other than checking the translation. At this meeting the MoTC expressed disapproval with this 2020 document and indicated it was unsuitable. No precise reasons or details were given.

On 15 July 2009 the project received comments from the ECD on the strategy paper but the version of the document being commented upon was not clear. On the same day two new draft Tables of Content were received from the MoTC. On 16 July there was a meeting in the MoTC with ECD and new draft Tables of Content were discussed then discarded. Policy Design and Twinning project and TEN-T were then asked to make new proposals and these were submitted to the MoTC on 22 July 2009

As is evident from the foregoing summary, a number of attempts have been made to develop a draft Policy Paper acceptable to the MoTC by taking direction from the DTCSDC and advice from Mrs Novikova. A final draft of the Policy Working Paper 1.3, reflecting comments and proposal made verbally on a number of occasions in the MoTC, will be submitted in August 2009.

It is proposed that DTCSDC then takes responsibility for producing a final draft that is written in the style and format acceptable to the Ukrainian Government and takes the necessary steps to have the Policy approved by the Cabinet of Ministers (CoM).

4.3.2 Stage 2: Strengthening the Transport Sector Management

In the period there were some 17 ongoing projects in Ukraine related to transport, including TRACECA, which needed to be coordinated to minimise overlap and ensure consistency of advice being offered to the MoTC. During the first period it was agreed that the TEN-T project, covering all transport modes, would take the lead in helping the MoTC coordinate projects. Coordination was envisaged to be achieved through the participation of members of other projects in the working groups, relevant to their project, as well as regular communications and sharing of information. It was also proposed to hold a bi-annual meeting of team leaders to discuss emerging issues and agree on common themes and approaches. During the first period a review of ToRs of the ongoing EC financed projects was carried out and an overlap analysis conducted. Individual meetings were also held with the team leaders and experts of related projects.

During the second period, through discussions with other projects and the EC Delegation, it was concluded that it would be more appropriate to manage the coordination of projects through regular meetings organised at the EC Delegation with the active participation of the DTCSDC of the MoTC.

The first meeting was held on 23 April 2009 which proved useful and it was agreed that beside general coordination meetings, thematic meetings would also be held to discuss specific topics such as aviation, maritime, etc. The second general meeting was held on 28 May 2009 and a thematic meeting on the maritime sector was held in Odessa on 10 June 2009, during the VIIIth International Conference, "The Black Sea Area: Transport Complex Communications between Europe, Asia and other Continents".

Developing the capacity of the MoTC to take ownership of the project outputs continues to be critical to the sustainability of the results. The project is required to develop a number of important outputs such as policy, strategies, scenarios and action plans which need to be approved by the MoTC and updated during their implementations. Working groups are intended to be the main vehicle through which project outputs are prepared and agreed and their establishment was mandated in the Order of the Minister mandated. All working groups are now active and have had more than one meeting.

4.3.3 Stage 3: Strengthening strategic planning and Information Management

During this period progress was made in establishing the framework for an Excel spreadsheet that is designed to be populated with data to analyse and assess the existing traffic flows, where known. The location of nodes and sub-nodes has been determined and traffic activity between them is being collected with the support of all junior experts. The junior experts in the MoTC and all sub-sectors are



directly contributing to the identification of the data needed and giving it to the project team for data entry.

In addition, a further database is being populated with the existing project data where known. At present the MoTC has identified 188 transport projects and it is understood that Ukravtodor, UZ and the maritime and river authorities have additional proposed projects. All these are being collected into a single database for later multi-criteria analysis.

These software programmes require accurate data collection which requires the active participation of experts of the MoTC and sub-sectors. During the next period the project will provide a practical demonstration of the benefit of the software programme for strategic planning and information management and provide on-the-job-training.

It was also planned to make a comparative analysis of the compliance of transport statistics compiled in Ukraine with those of Eurostat. Meetings have been held with a representative of the State Statistics Committee and an outline gap analysis has been produced to determine how best to close the gap between the Ukrainian system and that of Eurostat.

Discussions continue with Ukradiprodor (who are contractors to Ukravtodor) concerning initiatives to link the data collection to the forecasting requirement of Ukraine using GIS systems such as MapInfo and ArcView. MapInfo is a mapping and geographic analysis application that is in common use in the region and supported by some TRACECA initiatives. This would include data on road, rail and other information such as GDP and socio-economic information that would lead to the inclusion of combined transport, intermodal and multimodal considerations in the last period. At present there are several evaluation options open and a decision on which is the most effective will be taken in the next period

4.3.4 Stage 4: Provision of financial mechanisms for development of maintenance and management of infrastructure

The working paper 3.1 on road funding was presented to the road working group for further debate in the next reporting period. Technical Note 3.2 was produced for the working group in June 2009 and the project was also requested by the Ministry of the Economy to provide information on the establishment of a PPP unit that could coordinate the sub-sector activities involved in this potential source of funding.

4.4 WP2: Railway Transport

After the initial difficulties experience during the first period to start this work package, in March 2009 the priorities were defined by the working group as being the following:

1. Acting as the catalyst to facilitate decisions to be made regarding the future “vision” for the railway reforms with clear objectives, timescale and milestones for its implementation;
2. Assisting UZ with unbundling its accounting systems system to facilitate segmental financial reporting (i.e. freight, infrastructure and passenger) in line with the requirements of International Financial Reporting Standards (IFRS);
3. Contributing towards the preparation of plans to separate rail infrastructure (track and signalling) from train operations in preparation for offering access to private operators to the infrastructure in order to encourage private financing of rolling stock;
4. Assisting the MoTC in separating the state regulating functions from the railway commercial operating functions. This is critical if private operators are to be allowed to use the infrastructure in a fair and transparent fashion.

The above requirements are in line with the covenants of the loan agreement entered between the EBRD and Railways and are likely to be conditions for any further investment in the railways by the International Financing Institutions (IFIs)

During this period considerable effort has been made to achieve progress with the first items in the above list. The project team was invited to attend a number of meetings with the MoTC and UZ to offer input to the discussions on railway restructuring, rail regulation and the opening of the rail



network to private operators. In this respect a number of issues, including interoperability and competition, have been explored during but the outputs are yet to be discussed in a meaningful way with the railways and the MoTC.

4.4.1 Stage 1: Definition of development scenarios

The first step in determining the development scenarios for the rail sector and UZ is to understand the rail business, both passenger and freight, in order to make assumptions for future developments in traffic volumes and rail market shares by market segment.

In the previous period the project:

- i) Reviewed macroeconomic scenarios and forecasts prepared by financial institutions, public and private organisations and these are now being incorporated into the forecasting model,
- ii) Made contacts with the representatives of key customers such as the steel and grain industries and freight forwarders in Ukraine, France and Austria, and this detail will also be incorporated into the model for forecasting demand
- iii) At the request of the EC the rail coordinator participated in a one day mission to meet Moldovan and Transnistrian railways. The outcome enabled the TEN-T project to appreciate the current issues related to this border and the detail obtained will be used in the later reporting on border crossing research activities under WP7.

During this period additional data has been collected data including 10 years of historic passenger and freight information from UZ which will also be incorporated in to the traffic forecasting model for further evaluation and planning in period three.

Meetings were also held with key customers to better understand their short and long term requirements. This included discussions with Arcelor Mittal and the Ukrainian Steel Industry Research Institute as well as freight forwarders and the Scientific Research Centre of UZ in Kiev. These meetings have been helpful in better understanding customer needs and the severe impact of the recession on the Ukrainian railways.

Despite the substantial growth in the recent years, the outlook for freight traffic such as minerals and steel remains uncertain unless some signs of recovery in demand are seen. Freight traffic volumes in the first half of 2009 were 21% lower compared to the first half of 2008 and there is no indication that this traffic will necessarily return when world trade improves, without serious consideration of tariff and service levels to encourage customers.

On the other hand there is growth potential for the movement of higher value dry freight container and bulk liquids in International Standards Organisation (ISO) containers and other non-ISO containers suitable for rail transport, that move larger capacity loads than the containers used for deep sea shipping.

Retaining the existing traffic and attracting new cargo to the railways will require operational reforms to improve service quality and reliability as well as trade facilitation practices such as improved customs and border crossing procedures to reduce journey times. These will need to be combined with attractive tariffs and discounts for volume customers to increase price competitiveness. Given that the recovery is likely to be slow, this offers the railways ample opportunities to put in place the improvements necessary.

In preparation for traffic forecasting, data continues to be collected on infrastructure and the specific characteristics of the system in Ukraine and the transport flows by passenger and freight on the key rail corridors that provide the backbone to Ukraine as well as the integration into the TEN-T network. A map of the main route links to the TEN-T network is proposed in Annex C, subject to the final approval of the Steering Committee.

4.4.2 Stage 2 Strategy of European Integration

The EU policy for European integration has been reviewed and meetings were held in the previous period with the representatives of DG TREN and European Railway Agency in France and Belgium to



understand their vision of the future TEN-T network and their policy on interoperability for the rail sector towards neighbouring countries.

In the current period, the project concentrated on elaborating the EU's concepts of interoperability in relations to the development of international cross-border traffic and the physical change between the European Standard gauge 1435mm and the broad gauge 1520mm system.

A draft technical note is in preparation documenting the EU's current position on interoperability and the reason underlying its development which is to ensure where possible there is compatibility between rail operations in each country through which the locomotives and wagons pass. This note will be available in August 2009 and will be circulated to the working group for comment before wider distribution.

This will be followed by a commentary of the current situation in Ukraine and proposal for improvements including:

- At present the rail delays at borders are many and various. The documentation process is complex and this should be investigated in more detail in cooperation with the project "Integration of Trans-European Transport Network and Border Crossing Points". Although that project is mostly concerned with the border between Ukraine and Belarus, the issues will be the same.
- Technical inspection where wagons can pass the border on the same rail gauge, brake testing and administration adds hours to a journey. With greater compatibility between countries and agreement on interoperability, a seamless and faster service could be provided helping reduce costs and hence tariffs charged.
- For both passenger and freight operations a station platform between tracks can be a solution to the gauge change issue, and for freight in containers, handling equipment interchange between parallel rail tracks is possible.
- With regard to the rail gauge change there are many initiatives being taken and already a number of alternatives are available to the industry. These include exchanging the bogies on passenger and freight wagons after lifting the wagons, to sliding axles on the bogies which in future may be more cost effective and reliable for some services.

The subject of interoperability will be a major topic for discussion at the next working group meeting in September 2009.

The project was also invited to participate in a conference in June 2009 arranged by UZ and the two Rail Universities on the subject of interoperability between rail gauges. A follow up seminar is being planned by the Railways Scientific Research Centre in August/September 2009 on the subject of gauge change to which EU producers of equipment, service providers and potential investors are likely to be invited. The TEN-T project has been asked for advice on the participants who should be invited and this will be provided.

4.4.3 Stage 3: Identification of projects

The aim of this stage is to identify investment projects necessary to facilitate integration of Ukrainian railways with TEN-T network in the EU. The links between the TEN-T network and Ukraine were defined in a high level group chaired by Loyola de Palacio in 2006. The project has refined the network links into this framework, taking into account the key traffic flows. The proposed network is being reviewed and will be submitted for approval to the Steering Committee at its next meeting. In the meanwhile, the project will assume the network to be acceptable but may be subject to minor modifications.

Analysis is planned to identify potential or actual bottlenecks, based on traffic forecasts, as the basis for assessing the appropriateness of the projects identified by the MoTC as well as identifying the potential for modal shift. In this respect, the TEN-T project will continue working closely with the Railways Scientific Research Centre which has recently been commissioned to identify rail bottlenecks and their solutions, for the period 2013 to 2020.



Of the 188 transport investment projects identified by the MoTC (at an estimated cost of €36bn), 64 proposals with a total value of €4.8bn are for the railways. The forecasting model being developed by the project will identify, evaluate and prioritise these projects, providing a balanced view of the investment needs of all transport modes, including the railways.

4.4.4 Stage 4: Assistance to restructuring and economic regulation

The project previously reviewed the MoTC Rail Transport Reform Programme, but this has not yet been approved by the GoU. UZ has also prepared its own reform plan, which is different to that of the MoTC and a meeting between the project and the Financial Director of UZ (who has been tasked with finding a solution to restructuring) to discuss these differences in August 2009, was postponed by UZ.

During period two discussions with the MoTC were held to understand the nature of and reasons for the differences and identify ways to address them. The main area of divergence has seemed to be the future legal status of UZ and the issue of privatisation of the subsidiary entities. This will have an impact on the direction of reforms, for which there is no agreement, but the reason remains unclear to the project until more contact is established with MoTC and UZ at the highest level.

On instructions from the Prime Minister the MoTC organised an interdepartmental working group in July 2009 to promote rail sector reform. The project attended two of the official meetings and a series of other informal meetings and was asked to provide comments and suggestions for the different options proposed.

The project continues to support meetings between MoTC and UZ to help agree a single vision for the reform of the sub-sector and define a vision for its implementation, but it is recognised that the differences between the MoTC and UZ are not unique to Ukraine and similar problems faced the EU countries in reforming their railways in the past, which took many years to resolve.

With respect to regulatory reforms, the project is preparing a draft working paper of comparative information on the restructuring process and the associated regulatory reforms in other European countries and will provide additional help and advice for discussion with the rail working group during the next period

During the period the TEN-T project cooperated with the Twinning project "Support to Transport Policy Design and Implementation in Ukraine" who have a small railway component

A Technical Note on "EU policy towards market economy and competition" and what it implies in the context of the railway sector is in production for discussion with the rail working group in September 2009.

The policy adopted by the Government is to require freight tariffs to cross-subsidise passenger services, and this policy will need to be reconsidered in view of the EU integration as it is not an acceptable practice or commercially sound. The alternative way of financing the passenger services through Government support, such as public service obligation grants (PSO) in line with EU best practice, will be explored by the working group with assistance from the project.

Furthermore, there remains the policy of providing free transport for many categories of passengers (the project has been advised that this involves some 10m - 20m people from the population of 46m, if accurate, a substantial loss of revenue in all transport modes) and although the legal provision is established for compensation to be paid by the Government to the operator of the transport service, such compensation is not provided.

4.5 WP3: Road Infrastructure

A confidentiality agreement was signed in April 2009 to allow Ukravtodor to release data to the project and since then a number of constructive working group meetings have been held and data is being provided to populate the Excel data base now constructed in order to provide traffic forecasting.

This work is being coordinated with Ukradiprodor and a map of key road and rail routes that link all regions of Ukraine to the EU TEN-T corridors has been produced.



The project team is aware that Ukravtodor has a road infrastructure project list and a copy of this has been requested. This detail will be added to the project database now under construction that will compile all known proposals for projects into one package. This can then be subjected to a multi criteria analysis in order to produce a priority list of all transport projects for further consideration by Ukravtodor and MoTC.

Proposals for the restructuring of the management of road infrastructure are well advanced in Ukraine and have been discussed during working group meetings. The TEN-T project is, therefore, focusing on implementation issues related to restructuring and recommendations will be made by the project in Working Paper 3.6 planned for September 2009. The project has also been asked by Ukravtodor to focus on issues related to financing and road safety.

The Working Group on road infrastructure has met four times, and sub-groups have been established on road safety (which has met three times) and on road finance (which has met twice). Membership of the working groups is shown in Annex D.

Technical notes 3.1 on road-user charging and 3.2 on Concessions and PPPs have been produced and circulated.

4.5.1 Stage 1: (TENT-T) Road extension and forecast

The strategic network has been defined and a draft map has been produced as mentioned before.. This map is intended to show the major roads in Ukraine that link to the TEN-T road network and will be subject to revisions from time to time.

At present the project is aware of a proposed draft law in July 2009 submitted by Ukravtodor for consideration initially by the State Road Transport Research Institute and later by the MoTC. This proposal is for a series of high speed link roads that have been added to the project map for further consideration by the working group.

The project has requested information on the lengths and capacity of the network to be evaluated from Ukravtodor and the railways and some data have been received. More data has been requested and is expected to be provided in the next reporting period.

4.5.2 Stage 2: Organisation and funding mechanisms

The funding issues have been considered in depth in the working sub-group on road finance. Although the present low credit rating for Ukraine (CCC+, 7 levels below investment status) makes any investment proposal problematic at present.

The project is also looking at the possibility of establishing public-private partnerships (PPP) for the maintenance and development of the strategic road network. This has been explored in depth in discussions with Ukravtodor and the Ministry of Economy as well as the World Bank and the EBRD. Advice was also given to the Verkhovna Rada on the Law on Public Private Partnerships (PPP).

The project has established a link for the possible collaboration between the Ukrainian Government and the United Nations Economic Commission for Europe's (UNECE) Team of Specialists on Public Private Partnerships (ToS PPP). The Ministry of the Economy is considering inviting a team from ToS PPP to the Ukraine in order to deliver training in PPPs in the next period.

At the request of the State Committee of Ukraine for Regulatory Policy and Entrepreneurship and the Ministry of Economy, the TEN-T project is in discussion to establish a PPP and Deregulatory Unit within the Ministry of Economy and improve the PPP Law.

4.5.3 Stage 3: Road Safety

In April 2009 the project organised a Round Table meeting on Road Safety which was attended by 80 delegates from all stakeholders in Ukraine, as well as representatives from the UNECE, World Bank, EBRD, Global Road Safety Partnership and other aid donors. The opening session of the meeting was attended by 30 journalists including 11 television stations, and this received considerable publicity on the importance of road safety.



The project's work on Road Safety is closely coordinated with the EC Twinning Project "Support to the Strengthening of Road Freight and Passengers Transport Safety" which is addressing freight and passenger road safety. This issue is also partly the responsibility of the Ministry of the Interior and the Road Traffic Police (DAI) with which the project is in close contact.

A set of conclusions on what needs to be done, arising from the Round Table, was agreed and signed by the major stakeholders (Annex E) and these have set the priorities for future work in this area. These priorities include the establishment of a road safety pilot project in the Lviv City and Oblast that will be carried out as a joint venture with the EU Twinning Project on Road Safety in the next period.

The project has suggested the establishment of an emergency rescue service for the victims of road accidents. This service could be run by the private sector and sold through vehicle insurers. It is estimated that this service could save at least 10% of the many thousands of lives that are currently lost on the roads of Ukraine each year. The proposals are based on a similar successful system currently operating in Germany.

Furthermore, the project is considering the establishment of an institute for road safety to establish continued training for improving road safety in Ukraine, through the Ukrainian Road Safety Association and utilising the resources of the existing academic institutions operating in the area of road transport.

4.5.4 Stage 4: Identification of the list infrastructure projects

The project is compiling a list of all known proposed infrastructure projects and the project is collaborating with Ukravtodor and Ukrdiprodor (the Road Design Institute) to evaluate and prioritise these.

4.6 WP4: Road Transport

Some preparations for the implementation of this work package was carried out in December 2008 and further work in planning this area of work package started in April 2009 with the establishment of a working group. A list of member is included in Annex F.

An informal meeting was held in May 2009 at the MoTC with the key working group members to discuss general issues of interest to be included in the second formal working group meeting.

This was followed by the delivery from the project of a file of documents in Ukrainian covering a wide range of road transport operational issues as detailed in the work plan attached Annex G. This list was discussed and the detail circulated at the second formal meeting of the working group in July 2009.

A list of topics was also produced by the project and circulated to the working group members ahead of the planned second meeting in July 2009 and at that time the subjects were allocated to each working group member for their investigation and report to the next working group meeting scheduled for October 2009.

In the interim period, a smaller meeting of some members of the working group was held in June 2009 at the State Road Transport Research Institute (SRTRI) with the vocational trainers that were certified under a train-the-trainer TRACECA programme in June 2002 (That programme was managed by the same Team Leader as the current TEN-T project). This meeting discussed developments in Ukrainian legislation and training since that TRACECA training programme was completed, and it was reported that some 20,000 people comprising drivers and some managers were given Certificates of Professional Competence (CPC) training in Ukraine by the SRTRI and AsMAP. The precise detail is being obtained to determine the best approach to achieving a common standard in Ukraine.

AsMAP has an accredited training centre certified by the International Road Transport Union (IRU) in Geneva which has trained many of their members (some of whom are owner drivers) to accepted international standards. AsMAP represent the international road transport industry in Ukraine with some 28,000 vehicles (that are mostly Euro 3 and above).

AsMAP are keen to extend their training to domestic drivers and managers and to link the Certificate of Professional Competence (CPC) they offer to the establishment of an Operator license (O Licence,



in Europe) that conforms to the EU transport *acquis* regulations. At present the law in Ukraine is vague and although training is required, its level and scope is not specified.

Unfortunately SRTRI was unable to obtain the support of the IRU for the CPC training that it offers, so Ukraine now has now two standards; one for domestic/national transport and another for international transport. This issue will be considered in more detail in the next working group meeting with the aim of finding a solution.

The reason given by the SRTRI for not linking their training to the IRU was the lack of initiative on behalf of the legislators to introduce the need for operators of transport vehicles (passenger and freight) to hold a CPC before applying for a licence to operate (an operator's licence, or "O" licence) in Ukraine and the lack of funding to obtain recognition by the IRU. Under EU regulations the CPC courses have to be accredited and this subject is included under the work plan for the next working group in October 2009.

4.7 WP5: Maritime and Inland Water Transport

During the Inception Period, and in consultation with the MoTC, it was agreed to separate Maritime from River Transport and consider them in two components; WP5a dealing exclusively with maritime transport and seaports and WP5b covering river transport. This division found its justification in the considerable potential of river transport and the potential benefit of reviewing this sector separately from maritime transport, which might highlight this potential as well as the need for a dedicated approach within the MoTC.

Further Discussions with the key decision-makers indicated that although this division might be useful, and even necessary, when dealing with the strategic aspects of sector development and when identifying investments to improve sector performance, it is not useful when studying sector administration and legislation. For this reason, it has been agreed to combine river and maritime sectors when dealing with sector administration and legislation. Consequently, the two sub-sectors were combined again for the purpose of studying both elements simultaneously. The associated reports in maritime and inland waterways 5a3 and 5b3 have been combined into a single report.

Despite continued difficulties in data collection and organising meetings with the key sector representatives, in particular key personnel from the different port authorities, the progress of WP5 is still in line with the planned schedule. Although good cooperation is maintained with the Maritime Department of MoTC, this is yet to result in operational benefits in terms of improved access to information or real facilitation of communication and contacts. However, the project team has established its own close contacts with the sector professionals, both in public and private sector. This has enabled the team to gain first hand knowledge and obtain information concerning the day-by-day functioning of the river and maritime transport.

In spite the improved contacts with sector representatives and improved cooperation and support from MoTC, it must be emphasized that data collection remains very difficult. Discussions continue with the representatives of the MoTC and members of the working group to find ways to overcome this obstacle but progress is slow and results are far below expectations and certainly not what is needed for the efficient execution of the project.

Progress has also been hindered by differences of opinion between the project team and several representatives from the Administration for Maritime and River Transport concerning the impact of the economic crisis and the short-term mitigation strategy. The immediate effects of the ongoing economic crisis on traffic volumes seems to have coloured the views, visions and perceptions of public authorities concerning the future of maritime and river transport. Several documents and statements of public representatives suggest that some short-term miraculous measure can be found to divert the dramatic effects of the crisis on traffic volumes and that initiatives such as a reduction in tariffs or tax exemptions could even increase volumes. Although this vision is understandable, it has shifted the sector's thinking from strategic planning to finding solutions to short term problems without any guarantee that any of these initiatives might have a positive impact.

The investigations during this reporting period confirms that maritime sector is significantly affected and has led to major disruptions of container flows with unclaimed import containers as well as empty



containers congesting the three principle seaports and other maritime traffic flows posting unprecedented reductions in transport cargo volumes³. Also river transport traffic has been severely affected in the current economic crisis with some cargoes reduced by 95% compared to the earlier recorded performance and sea-river container traffic almost ceased. We believe that this dramatic decrease in traffic is temporarily and does not necessitate a substantial change in the present approach. Instead, more emphasis should be placed on determining when and how maritime and river transport will grow in 20 years from now. In this respect the recent traffic forecasts prepared by the "Port Feasibility Development Study" are being reviewed and forecasts for river transport are prepared taking into account possible direct and indirect effects of the crisis on future volumes and types of cargo.

The objective of this project is to create a long-term and sustainable development of maritime and river transport with a vision beyond the current period of economic downturn. Attention should therefore be focused on the long-term topics and short-term (financial) problems should not be allowed as a reason to maintain status-quo in the sector and avoid the necessary overhaul of the administrative and regulatory framework.

4.7.1 WP5a: Maritime and Seaport Sector

5a.1 Appraisal of current port performance and hinterland transport facilities

Data collection and analysis continued during this to prepare the final version of the Working Paper titled "The EU Maritime Policy and Sector Analysis of the Ukraine Maritime Sector and Seaports". This report is at present under revision to incorporate the comments received from Working Group members.

The following areas of work have been fully completed and updated with the latest information available:

- Detailed description of Ukrainian port facilities and equipments⁴
- Analysis of principal commodities handled
- Review of cargo volumes
- Review of recent, ongoing and planned investments
- Identification of hinterland connections
- First inspection of operability of hinterland infrastructure for the main seaports⁵

A large number of meetings were organized both with public representatives, in particular the Administration of River Ports, the Shipping Safety Inspectorate of Ukraine, the Administration of maritime and River Transport (MoTC), Mr A. Davydenko, MP the People's Deputy of Ukraine and author of the draft law on inland river transport and a specific meeting with the EC Delegation in Ukraine and EIB to inform them of the present status of the sector in respect of investment potential.. Meetings were also organised with private sector operators and in particular Aquarelle Ltd (sea river container transport services), Ukkichflot (river transport and seaport exploitation) and LLC CTS Plus (warehouse logistics modelling). All these meetings had the objective of establishing sustainable contact and improve access to relevant information. The response has been positive and commitment to provide detailed information upon request was obtained in several occasions. The interest shown by several private counterparts in the project has lead to a frank exchange of information and ideas. Although assistance from the private sector is now being generated this level of cooperation remains in stark contrast to that of the public sector authorities where many promises have been made to cooperate with the project, but these seldom produce results.

³ In the first half of 2009 maritime freight and passenger traffic reduced by 29% and 11% respectively compared to the same period in 2008.

⁴ The information has been obtained from an analysis of data in the Handbook of Ukrainian Ports (2007-2008), updated for the three largest ports; Illechevsk, Odessa and Yuzhny.

⁵ Illechevsk, Odessa and Yuzhny ports



However, thanks to the efforts of MoTC, better access was obtained to the different seaports and more detailed information was made available to the Study Team concerning port operations, investments plans and long-term development objectives.

This detailed port-specific information has been collected during the period April – June 2009 and is at present being analysed. The objective of detailed data collection and analysis is to study port efficiency and to establish a port efficiency matrix with associated efficiency parameters that will allow a continued review of port activities. The results of the detailed study of this information will be presented in the Technical Note: “Port Efficiency Matrix and Recommendations” which is expected to be published end of September 2009.

5a.2: Prepare Port Policy and Port Strategy

The work for the Maritime Sector (WP5a) concentrated on investigating the administrative and regulatory framework and conducting a benchmark exercise with selected EU countries (France, Belgium, the Netherlands, Germany).

The investigations led to the completion of what is considered an optimal framework for a new/revised maritime and seaport policy with a particular attention on reforms in the Administration and in the Regulatory Framework.

Following detailed investigations have been completed:

- Detailed study of the existing structure of the public Administration dealing with maritime transport and the seaports (Department for Maritime and River Transport);
- Detailed study of the existing legislative framework for maritime transport and the seaports;
- Detailed study of the existing strategic documents related to maritime transport and seaports, in particular the Concept Maritime Strategy and the Seaport Development Strategy till year 2015;
- Detailed study of the EU maritime and seaport legislation as well as the relevant international legislative framework (in particular IMO)
- Comparative analysis of EU and international legislation with existing situation in Ukraine;
- Investigation of legislative and administrative framework in key EU countries (France, Belgium, Netherlands and Germany) and benchmark with Ukraine;
- Development of optimal regulatory and administrative framework as basis for a sustainable maritime and seaport policy and strategy; and
- First structure for a comprehensive maritime transport and seaport policy and strategy.

The results of these efforts have been reported in the “Maritime and River Transport Sector Strategy”, the report combining the investigations concerning the administrative and regulatory frameworks for the maritime and river transport sectors (Report ref. 5.5 & 5.7).

This “optimal” administrative and regulatory framework has been presented to a range of public representatives during the third Working Group Meeting held in Kiev on 2 July 2009 and also to the Head of the Administration of River Ports and the Chief of Shipping Safety Inspectorate in Ukraine (the latter is a specialist in the field and author of the first maritime strategy in the early nineties). Parts of the strategy were also discussed with some of the key private stakeholders such as the Director of Aquarelle and the legal expert of Ukrichflot in order to elicit their reactions to the proposed changes.

4.7.2 WP5b: River Transport Sector

5.b1.1 - 5: Appraisal of Inland Waterways Performance

Substantial progress has been made in the river transport sector part (WP5b) and collection of information was substantially advanced thanks to:



- The establishment of close cooperation with the River Port Administration that has led to highly positive response and a commitment to provide all information that is requested and needed in order to evaluate sector performance and identify necessary changes;
- Study visits made to Dnepropetrovsk and Zaporozhye which have proven to be instructive in terms of appreciating the state of the art of river ports and river transport equipments; and
- Contacts made with key operators in the sector, in particular with Aquarelle (Akvarel) that is the only provider of sea-river transport services and in particular transport of containers by river. Several meetings with this company and a visit to their operations in Dnepropetrovsk (including a guided tour of their new port under construction) created a strong relationship.

These efforts are proving to be fruitful and detailed information is being received on a regular basis and consultation on ideas and concepts leading to interesting comments and suggestions.

The following areas of work have now been fully completed:

- Identification of Ukrainian river navigation system;
- Analysis of principal commodities transported by river;
- Review of cargo volumes in the river ports including the analysis of the year 2008 and 2009 data and the impact of the economic crisis on river transport;
- Review of recent, ongoing and planned investments;
- Study of river port locations, accessibility, cargo handling facilities and equipments
- Analysis of principal cargoes handled in the river ports and historic analysis

All updated information has been included in the final version of the Working Paper “EU River Transport Policy and Sector Analysis” that is now under revision.

In the light of the above, progress was made on the market analysis and traffic forecasting (Section 5b.1.3) and sufficient information is now available to start the forecasting of traffic and the needs assessment. Consequently, the Technical Note: “River Traffic Forecasts and needs assessment” that will report on this topic has now been scheduled for publication end of November 2009. It is also expected that the above efforts will lead to information that will allow formulating “Recommendations for cargo handling systems” (Section 5b.1.4) and efforts will be made to complete this task by November 2009 to include the results in the Technical Note: “River Traffic Forecasts and needs assessment”.

The close contacts established with key private stakeholders in the river transport sector also generated a better understanding of the role and functioning of the private sector in river transport. Further investigations suggest that this topic is closely related to the administrative and legislative reforms and therefore will be handled in association with efforts connected to the development and completion of the River Transport Policy and Strategy.

5b.1.6 Recommend measures to improve organisation and management

The administrative and regulatory framework governing the river transport sector was the focus of analysis during this period. The investigations have been combined with the efforts under WP5a (Maritime Transport) and the results have been reported and integrated in the report on the maritime and river transport policy and strategy.

Following detailed investigations have been completed for the river transport sector:

- Detailed study of the existing legislative framework for river transport;
- Detailed study of the EU inland waterway legislation;
- Comparative analysis of EU legislation with existing situation in Ukraine;
- Investigation of legislative and administrative framework in key EU countries (France, Belgium, Netherlands and Germany) and benchmark with Ukraine; and
- First structure for a comprehensive river transport policy and strategy.

The results of these efforts have been reported in the “Maritime and River Transport Sector Strategy”, the report combining the investigations concerning the administrative and regulatory frameworks for the maritime and river transport sectors (Report ref. 5.5 & 5.7).



This optimal framework for the river transport sector has been presented to the WP5 Working Group during the third Working Group Meeting held in Kiev on 2 July.

Work has also continued in the following areas and will be completed in the next period:

- Collection of detailed traffic information per cargo type and per port;
- Setup of first structure for the development of the forecasting model; and
- Investigation of the River Information Services

The evaluation of the European River Information Services EU (RIS) standards with the existing and / or planned RIS applications in Ukraine, planned for this period, has been further delayed due to a lack of information and absence of an overall regulatory and administrative framework to allow establishing how RIS can be developed. A more elaborated discussion of RIS is now planned during the third reporting period as part of the Technical Note: "River Traffic Forecasts and needs assessment" scheduled for publication November 2009.

4.8 WP6: Airports and Air Transport

Since April 2009 there has been a much improved relationship with SAA and after signing 2 confidentiality agreements in May 2009 data was received on Lviv airport redevelopment and safety issues. The three stages of the ToR airport infrastructure development, air transport and the Single European Sky policy, and upgrading the SAA safety oversight capacity are all now progressing well.

Contacts have also been established with airline operators including AeroSvit to ensure the operators and customers' needs are fully understood. Meetings have been held with IFIs including the World Bank whose representative accompanied the project team to Lviv airport to review financing for the planned developments at the airport. A separate report was circulated to all interested parties.

4.8.1 Stage 1: Single European Sky (SES)

At the request of SAA a high level conference was actively (and financially) supported by TEN-T on 25-26 June in Kiev to which representatives of the air navigation service providers, the aviation industry and authorities from Ukraine, Moldova, Poland, Slovak Republic and Turkey, along with EUROCONTROL and DG TREN, were invited. In addition there were aviation specialists from Spain, Germany and Italy. The purpose was to discuss the interest of the EU in cooperating with non-EU states on the implementation of the Single European Sky (SES) regulations and potential arrangements for support and implementation.

Present were the Director General of EUROCONTROL and also the Head of the Single Sky Unit DG TREN with the Executive Director of SESARJU. Active participation by the TEN-T experts led to an invitation for him to meet with DG TREN in September 2009 to discuss the issues further.

Support was provided to SAA by the project at all times and they have expressed their satisfaction with the support that has been given. The input is to be considered as part of the high level training programme in this mode.

4.8.2 Stage 2: Airport Development

The airport at Lviv was chosen by SAA as the first to be evaluated by the TEN-T project as it has significance for the EURO 2012 championship and work has started on renovation and extension of the runway. In July 2009 a site visit and earlier review of plans revealed a runway project to be funded by the state budget estimated at €97m of which €7m had been received and work started.

The project was critically evaluated by the project team and a detailed report submitted indicating (Annex H) that the site would not comply with ICAO Annex 14 SARPS when completed unless a number of complex changes were made. The runway was also considered to be over-specified.

Discussions are ongoing as the proposed terminal component was considered to be oversized for the potential traffic and plans for EURO 2012 were not thought to be cost effective. Alternative temporary accommodation was recommended as well as creating a stronger link with the GTZ bilateral agreement project (related to the 2012 championship) based in Lviv and establishing a supervisory management team to coordinate the plans.



The TEN-T project is to be asked to undertake further technical reviews of other key airports as a result of the detailed findings.

4.8.3 Stage 3: Upgrading the SAA safety oversight capacity

It was agreed that this element of the air transport project within TEN-T should follow on logically from the recently completed EC project (Accession of and Implementation by Ukraine of International Agreements and Conventions in Transport) and the Twinning project “Harmonisation with EU Norms of the Legislation and Standards of Ukraine in the Field of Civil Aviation”.

It was agreed that the TEN-T project work should not overlap with the EUROCONTROL LCIP assistance programme on the implementation of the LCIP, but be complementary to it in terms of deliverables. The advent of the EC Single European Sky (SES) initiative has highlighted the need to coordinate and monitor the implementation of ATM in Europe. The current ECIP/LCIP⁶ process is therefore the appropriate mechanism to plan and monitor the implementation of ATM improvements in Europe, including in Ukraine.

The work should be in line with the state Ad-Hoc Programme of Flight Safety for 2009–2015 and cooperation should be sought with the activities of that programme. A copy of that programme has been obtained and reviewed.

Assuming that the current programmes will be successfully carried out, Stage 3 of the aviation work package will primarily focus on the implementation of regulations, organisational reforms, and common practices in aviation safety oversight. A draft technical note on SAA Safety Oversight was prepared and submitted to the SAA for review and discussion.

The SAA confirmed that the first priority was to be given to airport certification according to the ICAO safety regulations and safety management requirements as laid down by the GASR group of safety regulators. This initiative is ongoing.

In addition the TEN-T project contributed 2 papers to a workshop on the State Safety Programme at the National Aviation University in Kiev, as required by ICAO for implementation by all member states. These were “Acceptable Level of Safety (ALOS)” as part of the State Safety Programme and “Incident Reporting”, as part of the safety management systems in the aviation industry. In view of the current lack of guidance from the Government in this respect the presentations were based on practical experience of the TEN-T specialist when introducing similar regulations elsewhere.

Over 70 participants attended including managers and directors of airlines operating in Ukraine, airport managers, air navigation service providers and the aviation industry.

Due to the practical nature of the presentation and the specific training content given (that will be assimilated into further training courses) this process is to be considered as part of the TEN-T training programme.

4.9 WP7: Crosscutting Issues

The issues covered as part of this work package are: multimodal transport, logistics technology, cross border issues, ICT in transport and transport sector environmental strategy and action plan.

Work on these components has started as a part of the main sector issues and following the data collection and dissemination phase, it will be strengthened with the additional support from senior short-term experts in the next period.

Although work package 7 is starting later than was originally planned, the team is already generating data and formulating ideas that will be essential for the specialist to be mobilised in the next period who has wealth of knowledge about the situation in Ukraine

A technical note on “Defining the framework for multimodal transport development in Ukraine” dated May 2009, has been circulated to clarify the terminology used and to explain the principles involved and is attached as Annex I.

⁶ European Convergence and Implementation Plan (ECIP)



4.10 WP 8: Sector Strategy and Plan

The current financial crisis and its immediate impact on revenues from the transport sector prompted the previous Transport Minister to request the project to prepare recommendations for action that can be taken. This involved input from all the work package coordinators which was consolidated under this work package and clear recommendations were tabled in December 2008.

There has been no further request for follow up but the MoTC did provide an additional paper for the Minister, on his request. A further request is now expected to be made to the project when the new Minister of Transport is appointed, following the resignation of Mr Vinsky on 17 June 2009.

4.10.1 Stage 1: Prepare an Immediate Action Plan

The previous Minister of Transport issued a letter to the project requesting it to draw up recommendations for mitigating the immediate effects of the financial crisis and to assist with immediate reforms. The project responded quickly and a working paper was produced. It is understood that this paper enabled the Minister to implement some reforms, although no direct follow up was requested of the project to the action plan.

During a meeting on 12 June 2009 in the office of the General Director of Odessa Port, the project was asked to produce a summary of the recently announced Government changes to the law governing the establishment of Joint Stock Companies in Ukraine with particular emphasis on companies operating in the port sector. The Director General had a meeting on the 16 June 2009 with the First vice Prime Minister and the project delivered a letter explaining the current position on 15 June 2009. This was done with the assistance from a legal firm in Odessa and we were later advised that the advice was much appreciated (Annex J).

As the profile of the project continues to be raised with the key decision makers, it is likely that such requests will become more frequent and we are therefore in the process of recruiting a junior legal expert to the project team in Kiev.

4.10.2 Stage 2: Forecast and transport balance

The action plan of proposed investments – to be prepared by the project in future planning periods – will depend largely on three factors:

- The present condition and capacity of the network
- The predicted amount of future traffic
- The amount of financing likely to become available

Only the first of the above is known. The other two depend on socio-economic development, and the nature and location of this development will depend on events outside the control of the project.

Traffic and economic forecasting is an inexact science and is particularly uncertain during the period of financial and economic turbulence that is affecting Ukraine and the world.

Future transport policies may affect the share of each different transport mode, while different financial policies may affect the amount of funding available for maintenance and for new projects. These factors, however, can be influenced by actions of the MoTC and the Government policies. The greatest uncertainties are those which are outside Ukraine's control.

The approach is to consider alternative planning scenarios that would result in a different distribution of traffic around the network. Projects considered for the action plan will need to be tested under each of these possible future transport distributions. A project which scores favourably under all or most scenarios may be regarded as less risky than a project that only scores well under one or two scenarios. In this way the most robust projects can be identified, and also the ones that carry greater risk of failure.

Four broad scenarios are being proposed as the basis for sector planning. The different pattern of traffic distribution under each scenario will be identified as part of the traffic modelling process. The following scenarios will be developed further in the 3rd period:



1. EU Accession: an assumption will be needed on the traffic effect of Ukraine's possible membership of the EU.
2. Russian policy towards the use of Ukrainian ports: it is known that Russia is implementing new ports projects to reduce its dependence on other countries, including Ukraine. Alternative assumptions on future Russian policy will result in different forecasts for Russian transit traffic through Ukraine.
3. World economy: the speed of recovery will be important but also the nature of the recovery. World growth may shift more to Asian markets, and the demand for Ukrainian products may not be the same as it was before.
4. Ukraine economy: the speed of the recovery will be important but also the location and characteristics of future growth of the domestic economy.

A set of assumptions under each scenario will be formulated as the basis for traffic forecasting. This is contingent on the finalisation of the transport policy and compilation of detailed information on historical traffic by mode of transport, commodity, destination and origin. Specific development scenarios are being developed within each subsector.

Particularly, in-depth analysis will be needed of the cross-border traffic between Ukraine/Russia, Ukraine/Belarus and Ukraine/EU.

The longer term aim is to produce an analytical model for all transport modes in Ukraine to prioritise projects against the same standards, using multiple criteria. This will help to identify the most important projects for the economic recovery and trade development of Ukraine and enable the project to focus the attention of the IFIs on the projects that will have the most benefit for economic development and social progress. The project has formed close working relationships with private and public sector stakeholders and with the full support and endorsement of the MoTC, the basis for conducting the multi-criteria analysis is being established.

The forecasts to be prepared later in the 4th period will be established based on traffic generators such as population, income and employment in each area of Ukraine. In the 2nd period compilation of the database was initiated and this will be completed in the 3rd period. The 27 main administrative entities of the country (oblasts, cities and the Autonomous Republic of Crimea) will be the basis of this database, together with the details of the infrastructure and traffic on the study network. The border crossings and ports will also be included as part of this network.

When completed, the model will allow assumptions on inputs such as future transport costs by mode to be varied to reflect the results of alternative policy choices. The process will allow analysis of policy options and lead to new projects being identified that will then need to be further prioritised across transport modes to ensure that they are compatible, one with another. This is to ensure, for example, that port development is linked to the development of access to rail and road infrastructure, at the right time. All this is for subsequent work, for which the foundations have been laid in 2nd period.

Although the MoTC has some appreciation of the importance of the links to the TEN-T corridors, it lacks full access to available information, and in this respect the project is seeking to reinforce the information available to the MoTC to help it take more informed decisions in the future.

This work will continue during the next period given close cooperation now established with the State Statistics Committee, and other sources.

The information system being prepared could be used for forecasting and defining modal balance and should be taken over by the MoTC after the completion of the project. The additional manpower requirements on MoTC and/or its agencies must also met to enhance the sustainability of the project.

4.10.3 Stage 3: Transport sector strategy

The Concept on Transport Policy approved on 14 May 2007 by the MoTC has been discussed with the MoTC and the Twinning project and various versions of a draft transport policy document have been produced. This work is now consolidated in WP 1 as previously described.



4.11 WP9: Human Resources Development and Training

The project continues to work closely with the head of the HR Department of the MoTC who is being supported in her initiatives to improve the management control and development of all staff.

The initial stages of the Training Needs Analysis (TNA) have been completed and a report consolidating the design, output, input and results is under final preparation. The Training Action Plan is also in production and will be circulated after agreement with the working group.

Regular meetings have been held with the head of HRD and the working group has met 4 times during the reporting period.

4.11.1 Stage 1: Preparation and Set up

The Protocol of the Working Group stresses the need for overall coordination of HR activities under the umbrella of the Ministry's HRD department and this cooperation has worked well.

A review continues on the HRD organisation, processes and capacity in the MoTC but there have been many changes, and the resignation of the Minister in June 2009 will inevitably lead to further changes being introduced.

Discussions on creating a database for use by MoTC HRD continue with estimates being obtained on the nature of the programme and the cost being obtained through HRD MoTC. As an estimate the project is advised that a proven system including the input of data from paper files held by MoTC and 1 years training and support will cost €20,000. A formal submission for evaluation of the offer by the MoTC and the project has started, for later submission to the EC Delegation.

A task force was established by the working group with the mandate to review the existing training capacity in Ukraine and its membership includes; rectors of the leading transport universities in Ukraine. The results of the investigation of the courses offered by the universities will also be reviewed by the working group.

The task force accepted the mandate they were given and after the first meeting in January 2009 detail was collected. The results have not been encouraging and it seems that many courses on offer do not meet the minimum standards required, but the evaluation continues

4.11.2 Stage 2: Training Needs Analysis and Training Strategy

The mandate of the working group approved by the Steering Committee included carrying out a sector-wide training needs assessment and for this a Ministerial Order was issued. Although some specific TNAs have been carried out previously as part of donor-funded technical assistance projects, this was the first attempt at a systematic sector wide TNA assessment.

The former Minister required that the qualifications and skills of the MoTC's personnel be upgraded and the purpose of the TNA should be to offer more accurate and extensive information on skills gaps. This will enable the information to be used by the MoTC to formulate a long term training and professional education strategy. This policy will need to be confirmed, following the appointment of the new Minister.

Coordination with the Twinning Project "Support to Transport Policy Design and Implementation in Ukraine", which also includes the development of a TNA and training programme, resulted in an agreement that TEN-T project should carry out a TNA through questionnaires and the Twinning Project would interview the MoTC management to ascertain their views on training needs of their departmental staff. This was completed in a comprehensive manner and the results will be incorporated into the training programme.

It was agreed that the MoTC's HR Department would take the lead in the TNA coordination and implementation. It is important to note that although HRD function has records of all the past MoTC funded training programme, no such records exists for training undertaken by any technical assistance projects. During this period an order was drafted requiring all training to be coordinated through the HRD function as the first step towards bringing externally funded training programmes under the control of the MoTC.



The TNA was circulated to 2,621 people and 276 had replied by the end April 2009, including heads and deputy heads of department and 120 chief specialists across all transport sectors.

4.11.3 Stage 3: Implement training programme

The results of the TNA are being used to design a training programme in the next period. This programme will be monitored by the HR Departments in each subsector and coordinated with the training proposals put forward by the subsector working groups and their specific needs. This process as has already started with focus on the aviation and maritime sections.

5 Planned Activities for the Next Reporting Period

5.1 General

During the previous period a thorough review of the deliverables was made in order to consolidate the Technical Notes and Working Papers into a more cohesive series of reports. In future all working documents being considered by each working group will be called working papers. There will be no technical notes. After a working paper is completed and approved, it will be included in an Interim Report.

As a result of a review of all topics under discussion with the working groups the project has now developed a new consolidated list of project deliverables. These will replace earlier titles as shown in Table 1.

Each working paper and interim report will provide a more comprehensive view of the specific subjects identified in the Terms of Reference (ToR) and provide clarity to the issues raised within the subsectors of the ToR.

We believe this will help in making this complex project easier to manage for all concerned. The next section explains the items included in Table 1.

5.2 Planned Deliverables

As explained above, Table 1 summarises the deliverables planned for the 3rd reporting period. The previously planned series of working papers and technical notes is superseded by this table. The table presents the proposed contents of the 18 interim reports planned to be produced in the period. The topics included in each are shown. Where these subjects directly replace a working paper or technical note planned earlier, this is shown in the table. The table includes many other issues in addition, now that the project is entering a more intensive phase.



Table 1 Deliverable Reports in Period 3

Component	Doc.	Title of Deliverables (based on the ToR)	Contents	Will include the follow items previously agreed
1. Policy	1.1	Institutions and Legislation in the Transport Sector	Institutional framework and bottlenecks Existing legislation and legal framework Recommendations	
	1.2	Transport Statistics	Ukraine statistics methodology Harmonisation with EU	Specifications for strategic transport planning database
	1.3	Integrated Transport Policy	Recommended transport policy document	
2. Railways	2.1	Proposals for High-Speed Passenger Services and Tariffs	Existing proposals and their justification Present situation Recommendations	
	2.2	EU Integration Strategy	Interoperability and border crossing technologies Harmonisation of rules and standards Logistics centres cargo handling and Energy saving	EU railway policy; interoperability
	2.3	Railway Restructuring	Existing organisation Restructuring proposals Corporatisation and financial freedom Cross-subsidising of passenger services	Competition rules UZ costing system
3. Roads	3.1	Construction Standards	Harmonisation of construction standards	
	3.2	Road Management	Present organisation Maintenance practices and standards, outsourcing possibilities Decentralisation and reorganisation proposals	Setting up PPP unit Road user charging
4. Road Transport	4.1	Road Transport Market	Tariffs, financing and tax systems	



Table 1 Deliverable Reports in Period 3 (continued)

Component	Doc.	Title of Deliverables (based on the ToR)	Contents	Will include the follow items previously agreed
5. Maritime and Inland Water Transport	5.1	Maritime Policy Reform and Action Plan	Competitiveness and performance of key seaport Performance of inland transport links Traffic demand including transit Policy and reform plan	Port efficiency matrix Maritime Sector Policy Analysis
	5.2	Maritime and Seaport Management	Recommendations on legislation Recommendations on port services Assessment of port administration Harmonisation with EU/WTO	
6. Airports and Air Transport	6.2	Market Access	Air traffic management and Single European Sky	
	6.2	Airports	Review of airport rehabilitation plans	Review airport plan to 2020
	6.3	Upgrading SAA safety oversight capacity	Airport certification and safety management systems	
7. Cross-Cutting Issues	7.1	Multimodal Transport	MMT policy: standardisation; containerisation; transit improvements Logistics technology: regional issues; performance; modernisation Cross-border issues: unify procedures with EU; improve multimodal transport near borders Regional logistics centres	Improving logistics services Border crossing performance indicators
8. Strategy and Action Plan	8.1	Interim Report on Strategic Planning	Study network Road and rail database Preliminary project long list Transport sector planning scenarios	Specifications for Strategic Planning Database
9. Training and Study Tours	9.1	Training Needs Analysis	Training needs analysis	
	9.2	Training and Study Tours	Proposed training Proposed study tours	Training programme



5.2.1 WP 1: TRANSPORT POLICY

Interim Report 1.1 Institutions and Legislation in the Transport Sector

This report will include sections on:

Institutional framework and bottlenecks – a draft paper will be issued by the end of September 2009 for consideration by the working groups to ensure that the present organisation is thoroughly understood and the bottlenecks are correctly identified.

Existing legislation and legal framework – similarly, a draft paper will be circulated by the end of Period 3 for consideration by the MoTC and the respective ministries, to ensure a correct mutual understanding of the starting point for legal reform.

Recommendations will need to take into account the **approved** (or tabled) transport policy and the structural and legal changes required for the successful implementation of the policy. The draft recommendations will be discussed with MoTC and the working group conclusions will be instrumental in developing a consensus view over all stakeholders. This process may take time and certain aspects may need further study. Following the submission of this Interim Report it is likely that the topic will be revisited in Period 4.

Interim Report 1.2 Transport Statistics

This report will include sections on:

Ukraine statistics methodology – the first task is to examine the extent and coverage of transport statistics in Ukraine, and where and when they are published and made available to the public. Some statistics may need to be kept confidential for security or other reasons. This is understood and it is not the intention of the project to query these. For those statistics that can and should be made available to the public, their sources will be examined with the MOTC and the State Statistical Committee and their coverage and reliability established. This will then be reported on as the starting point from which any improvements must be based. The findings of this part of the work will be circulated for comment and any needed corrections.

Harmonisation with the EU – The second step will consider the correspondence of the existing statistics methodology with that of the EU. A gap analysis will be produced to demonstrate what remains to be done to move closer to Eurostat principles, both as an example of best practice and as a means for ensuring correct interpretation of the figures. Recommendations on any desirable harmonisation will be made.

Gap analyses has been produced in previous projects and the TEN-T project will review and update the position with an interim report and recommendations for closing the gaps identified.

Interim Report 1.3 Integrated Transport Policy

This will be the recommended transport policy document. This action is the continuation of the draft policy paper produced in the 2nd period. The project is revising the working paper based on the comments received from many sources and will produce a final interim report early in the 3rd period. The paper is intended to help enunciate the transport policy of Ukraine as presently understood. The project may have further policy recommendations later. The paper is not a Government document but is designed in such a way that with only small changes it could become one, if the MOTC wishes.

5.2.2 WP 2: RAILWAY TRANSPORT

Interim Report 2.1 Proposals for High-Speed Passenger Services

UZ is anxious to develop its high-speed passenger services. The topic has been studied before but there is a need to take stock of the current situation and find the path forward in this time of financial uncertainty. The report will explore:



Existing proposals and their justification – the existing proposals will be reviewed and explained, and summarised in a document to be discussed with the MoTC and UZ senior personnel through the rail working group during the 3rd period. The report of the “Fast Passenger Trains Project – Institutional Strengthening” prepared with the EBRD’s assistance in 2006 will be important in this respect. The views of the different parties on the various existing proposals will be ascertained before taking the next step.

Present situation – Things may have moved on since 2006 and the current status of proposals needs to be fully understood in terms of their present-day relevance and priorities. The progress of arranging finance needs to be assessed, together with the funding gap. Again the findings need to be confirmed with the working group to ensure accurate understanding by all stakeholders.

Recommendations – an updated economic and financial case may be needed. The Interim Report to be issued by the end of the 3rd period will contain proposals for any further work needed in the 4th period, together with recommendations on decisions that could be taken now in the interest of advancing the concept.

Interim Report 2.2 EU Integration Strategy

Interoperability and border crossing technologies (based on traffic analysis) – this paper will explain the present arrangements at each railway border crossing with the EU. The traffic crossing these borders and the technologies used for its transfer between Ukraine and the EU railways will be presented. At border crossings within the EU where gauge-change is necessary, new practices and technologies are being implemented. The problem for Ukraine is not the understanding of what is possible which is well known. The problem is matching the possibilities with the volume of traffic and selecting the most economic solution, taking a long term perspective. This paper will attempt to bring clarity to these issues and include recommendations for discussion by the working group. The working group’s views can then inform the interim report to be published by the end of the period.

Harmonisation of rules and standards – the concept of ‘interoperability’ has been developed by the EU and the European Railway Agency to allow international seamless and cost effective rail transport. The chosen technical solutions should comply with the EU’s Technical Specifications for Interoperability (TSIs). Information on the TSIs that could be relevant to Ukraine will be prepared for discussion with the rail working group or some of its members. Ukraine’s situation is such that conformity with the GOST specifications (compatibility with the CIS countries) must be maintained. From these starting points a working paper on improving interoperability with the Trans-European railway network will be prepared and discussed within the working group, prior to inclusion in the Interim Report 2.2 before the end of the 3rd period.

Logistics centres and cargo handling – the present UZ policy on the provision of logistics centres and on providing for multimodal transport will be investigated and explained, together with the locations of the centres, the traffic throughput and plans for further development. This will be an input into the overall studies on multimodal transport which are included in Work package 7.

Energy saving – most of the principal lines on the UZ network are already electrified or are in process of being so. Modern locomotive technology, both electric and diesel, offers considerable scope in reducing fuel consumption. The use of distributed power in multiple-units for passenger trains offers further potential energy saving, as does more lightweight construction of modern trains. The problem is finding the necessary financing for investment so that these opportunities can be exploited. Proposals that could have the most immediate and significant impact will be explored to see if a strong case for external funding can be put forward.

Interim Report 2.3 Railway Restructuring

Existing organisation – a review of the existing structure and the proposed restructuring started in the 2nd period and will continue with the working group during the next reporting period. A working paper will be produced for further debate and to ensure correct mutual understanding of the present situation, the objectives of reform and the proposals that are on the table.



Restructuring Proposals – Greater competition in the rail market is an objective of EU policy and is widely regarded, by both the MoTC and UZ, as being of potential benefit to Ukraine. The first step must be to separate the state functions of railway regulation and safety from the commercial functions of UZ. Then measures are needed to improve UZ's marketing and commercial performance so that it is able to strengthen its ability to maintain rail's market share and compete in the market. The project will provide information about how these tasks and functions were transferred from the incumbent monopoly railways to the state in the EU countries. The steps needed, how long it has taken, and the results achieved will be examined and explained. A review of the Ukrainian situation and possible solutions will be prepared for discussion. Recommendations for a new organisational structure, with tasks, responsibilities and procedures, will be prepared based on the progress already made in Ukraine and views of the most appropriate new structure. This will be discussed with the working group. The pace in which Ukraine wishes to adapt to European legislation will be relevant, as there are many steps to be taken in the harmonisation process. The conclusions reached by the end of Period 3 will be included in the Interim Report.

Corporatisation and financial freedom – UZ is presently an arm of Government which supervises six regional railways. There is a need for a more commercial approach throughout the railway business so that rail is able to compete vigorously in the changing transport market. The restructuring proposals are likely to include the corporatisation of UZ and this will require greater financial freedom in tariff setting. A working paper detailing the key issues will be produced in the period for discussion with the working group, and the results included in the Interim Report.

Cross-subsidising of passenger services – this issue has long been debated and will again be reviewed and updated in the period assuming that the railways have the will to change. There is a need not only for more commercial passenger operations but also for support for socially-required but loss-making services. The need to review the accountancy practices and the costs of service provision will form a part of this debate, once the project has been given access to the detail.

5.2.3 WP 3: ROAD INFRASTRUCTURE

Interim Report 3.1 Construction Standards

Harmonisation of construction standards – there is a working paper in production and this will be published in this period for discussion with the working group, leading to a series of recommendations towards the EU defined standards of construction to achieve the ability to operate vehicles to the maximum EU specification for uniform axle loadings, and covering other issues.

Interim Report 3.2 Road Management

Present organisation – This subject has been a regular topic of discussion since the start of the project and these chapters of the Interim Report will clarify the present organisation and the various proposals and options for change in the light of EU best practice and experience, there being no uniform mandated approach to road management within the EU.

Maintenance practices and standards, outsourcing possibilities – maintenance is still largely performed by the public sector and for some maintenance activities there is a need to enhance the private sector capabilities and introduce more competition to ensure best practice and value-for-money. The funding requirements and options available also need to be discussed. These may include increasing road user charges and the development of public-private partnerships for maintenance.

Decentralisation and Reorganisation Proposals – various proposals have been tabled in recent years but no final decisions have been taken. The issues are financial (the flow of funds between institutions) as well as technical (ensuring good asset management and enhancing safety). Alternative proposals will be explored in the period and appropriate recommendations included in the interim report.



5.2.4 WP 4: ROAD TRANSPORT

Interim Report 4.1 Road Transport Market

Tariffs, financing and tax systems – The working group has recently been activated and the initial tasks are to clarify the present position. The domestic market is unstructured and poorly controlled and this is well recognised within the industry. Road user charges are a subject for debate as road transport, including private transport, is expected to contribute to general tax revenue but should also compensate for the cost imposed on society (such as road maintenance costs) that it causes. Another issue is that of unequal tax treatment for different classes of road transport operator, which may cause distortions in the market and hence potential inefficiency. Clarification of the many issues will be sought during the period and an interim report produced.

5.2.5 WP 5: MARITIME AND INLAND WATER TRANSPORT

Interim Report 5.1 Maritime Policy Reform and Action Plan

Competitiveness and performance of key sea ports – with data collection improving and access to port operational efficiency detail promised, a study will be produced in the period to identify the parameters and compare them to similar port operations elsewhere

Performance of inland transport links – this will form part of the multimodal analysis that will start fully in this period to establish the present position and propose a plan for the following period. It is known that for several ports there is a mismatch between the port capacity and the inland transport system.

Traffic demand including transit – this work has started with the establishment of a data base now being populated with all available data. The transit data will be sought in this period to add to the model. The first draft of the model will be produced in the following period.

Policy and reform plan – this process is well underway from the previous period and two draft working papers have been produced and feedback received from the working group. The final versions of these working papers will be submitted during period three. A first Policy and Strategy Paper was submitted for review during the second period and comments are expected early September 2009. A revised working document of the policy paper will be presented in period three for discussion with the working group.

Interim Report 5.2 Port Management

Recommendations on legislation – a detailed review of maritime legislation was made and a gap analysis determined the regulatory and legal needs to align the sector with the EU and international level. Concrete recommendations on how best to transpose the most relevant EU maritime legislation into Ukrainian law and a recommended timeframe will be developed.

Recommendations on port services – following the identification of current services available and an assessment of the competitiveness / productivity of the key seaports, recommendations will be formulated on how efficiency and productivity can be improved.

Assessment of port administration – This is one of the most difficult and controversial elements in the maritime strategy. It will be the aim of the project to propose the necessary changes in the port administration structure, in line with the EU and international practices, without totally disrupting the continuity of expertise in seaport management. However, the thought that proposed change should be “subject” to the practical conditions in Ukraine cannot be an excuse for disguising the reality which is that the present port administration, even as recommended in the seaport strategy till 2015, is outdated and a prime reason for the inefficiency of the Ukrainian ports.

Harmonisation with EU/WTO - is an important element for the integration of the Ukrainian transport system into the international and European traffic and trade flows. Although increasing effort is being made to “upgrade” the existing system, most initiatives are targeting specific (short-term) problems without looking at the total picture of port management and operations. A comprehensive overhaul of



the Ukrainian port managerial and operational system in line with the EU and WTO rules and regulations, as well as international practices, are essential to increasing competitiveness and improve attractiveness of Ukrainian ports.

Comment on this transport mode: Inland waterway analysis, river traffic forecasts, and needs assessment of inland waterways, as well as the development of a comprehensive policy and development strategy for the inland waterway sector, will be deferred to the 4th reporting period. Close contacts with key public and private stakeholders in the river transport sector have now been established and a first needs assessment and sector performance scan was made during the 2nd reporting period. A draft of the proposed new inland waterway sector policy with a detailed sector management model for Ukrainian river transport will be developed during this period. The team is also in close contact with the author of a new maritime river transport law and a draft working paper on changes to the draft law will be prepared in this period for discussion with the author of the law.

5.2.6 WP 6: AIRPORTS AND AIR TRANSPORT

Interim Report 6.1 Market Access

Air traffic management and Single European Sky – as agreed with SAA, the project is working closely with all stakeholders to progress towards EU standards and reports and recommendations will be continuous during this process. On the SES the project is acting as a catalyst between the SAA and the EU with regular meetings in Brussels and Ukraine during the last and next period. A study tour is also proposed in the period as discussed elsewhere in this report.

Interim Report 6.2 Airports

Review of Airport Rehabilitation Plans – as agreed with SAA the airport plans for Lviv have been assessed and as a result the project has been asked to do the same for other key airports starting with Odessa. This will be progressed during the next reporting period as detail becomes available to the project from SAA.

Interim Report 6.3 Upgrading SAA Oversight Capacity

Aerodromes certification and safety management systems – as agreed with SAA, the project will review the present draft of Air Code chapter on aerodromes certification and Safety Management System in comparison with EU regulations and common practices (GAR) and recommendations will be made to update current Regulations in the area of aerodrome operations in comparison with EU regulations (GAR, UK, Irl, NL). In addition the project will develop an SAA Aerodromes Certification Manual to support SAA in its activities taking into account present SAA procedures and common practices by NSA's in selected EU States and will draft a framework Aerodrome Manual blueprint in cooperation with Borispil Airport focusing on its SMS Chapter.

At the request of the SAA, the project will also provide documentation on fuelling provider's requirements in EU.

5.2.7 WP 7: MULTIMODAL TRANSPORT

Interim Report 7.1 Multimodal Transport

Multimodal transport policy: standardisation; containerisation; transit improvements – The project is collecting data and this process will be accelerated in the next period with the appointment of additional specialists. The need is to identify the present situation and policies and, after a comparison with the latest international practice, make recommendations for the modernisation of Ukraine's multimodal transport facilities and services.



Logistics technology: regional issues; performance; modernisation – this is an extension of the work described above and will review the facilities – available and lacking – in the main economic regions and hubs in the country.

Cross-border issues: unify procedures with EU; improve multimodal transport near borders – a further extension of the studies to establish the present situation, plans and progress and make recommendations for the future.

Regional logistics centres – recommendations for project development, and these will be linked with the TRACECA logistics centre project now operating in Ukraine, which, on an interim basis, is understood to be recommending the development of centres at sites at Boryspil (by Kiev's main airport) and Odessa (by the port). Their work only covers the TRACECA corridor, however, and the Interim Report to be produced by the end of the 3rd period will include additional recommendations.

5.2.8 WP 8: STRATEGY AND ACTION PLAN

Interim Report 8.1 Strategic Planning

Study network – preliminary maps identifying the road and rail network for inclusion in the proposals for TEN-T integration have been produced and circulated. This study network will be confirmed in this period and the forecasting will be based on this agreed network.

Road and rail database – the data base for the road and rail network has been established and is being populated to build a basis on which strategic planning can be developed in later periods. It includes the technical parameters of the infrastructure and the traffic being carried on the infrastructure.

Preliminary project long list – the database is being established into which the known proposed projects will be loaded. Additional potential projects from all transport sub-sectors will be added as they are identified.

Transport sector planning scenarios – scenarios will be developed and tabled for discussion as part of the forecasting process which will be completed in the 4th period. The preliminary proposals are explained in Chapter 4 of this document.

5.2.9 WP 9: TRAINING AND STUDY TOURS

Interim Report 9.1 Training Needs Analysis

Training needs analysis – this has been completed and the results will be circulated in the next period to the working group for their comments and then distributed more widely through the MoTC's HR division to all sub-sector transport organisations, all of whom participated in the analysis.

Interim Report 9.2 Training and Study Tours

Proposed training – based on the training needs assessment and additional information a training plan will be agreed with MoTC in September 2009 for an early start of the specific training courses. The initial training delivered will be evaluated to ensure that further training is appropriate in scope and depth. The preliminary proposals are now being finalised, initially for agreement with the MoTC's HR division which has accepted overall coordination responsibility.

Proposed study tours – plans for study tours for the MoTC staff that will have had primary training are being planned during this period to be conducted in the next period. The detail will be included in the training programme, when finalised in September 2009.



Appendix A: EC Project Planning Forms

- Form 2.2: Project Progress Report
- Form 2.3: Resource Utilisation Report
- Form 2.4: Output Performance Report
- Form 1.6: Plan of Operations for the next reporting period



FORM 2.2: Project Progress Report

Project title : Support to the Integration of Ukraine in the Trans-European Transport Network TEN-T						Project number: EuropeAid /124964/C/SER/UA						Country: Ukraine				Page : 1/1	
Planning period : February 2009 to August 2009						Prepared on: 24/07/09						EC Consultant: Corporate Solutions Limited					
Project objective : To improve the transport sector through helping MoTC in developing and implementing a strategy and an action plan for transport integration into TEN-T																	
		TIMEFRAME											INPUTS				
		February 2009 to August 2009											PERSONNEL EC Consultants		Equipmen t and Materials	OTHER	
No	ACTIVITIES	February		March		April		May		June		July		Planned	Utilised	Planned Utilised	Planned Utilised
WP1	Policy, regulatory, institutional & infrastructure financing	X	X	X	X	X	X	X	X	X	X	X	X	235	217	Visits to locations outside Kiev	
WP2	Selected measures and reforms for rail sector	X	X	X	X	X	X	X	X	X	X	X	X	261	213		
WP3	Selected measures and reforms road infrastructure	X	X	X	X	X	X	X	X	X	X	X	X	238	160		
WP4	Selected measures and reforms road transport	X	X	X	X	X	X	X	X	X	X	X	X	140	113		
WP5	Selected measures and reforms maritime transport	X	X	X	X	X	X	X	X	X	X	X	X	291	202		
WP6	Selected measure and reforms airports and air transport	X	X	X	X	X	X	X	X	X	X	X	X	136	61		
WP7	Crosscutting issues								X	X	X	X	298	13			
WP8	Sector Strategy and Action Plan	X	X	X	X	X	X	X	X	X	X	X	X	235	116		
WP9	Human Resources Development & Training	X	X	X	X	X	X	X	X	X	X	X	X	180	202		
														2,014	1,357		



FORM 2.3: Resources Utilisation Report

Project title : Support to the Integration of Ukraine in the Trans-European Transport Network TEN-T		Project number: EuropeAid /124964/C/SER/UA		Country: Ukraine	Page : 1/1
Planning period : February 2009 to August 2009		Prepared on: 24/07/09		EC Consultant: Corporate Solutions Limited	
Project objective : To improve the transport sector through helping MoTC in developing and implementing a strategy and an action plan for transport integration into TEN-T					
RESOURCES/INPUTS	TOTAL PLANNED	PERIOD PLANNED	PERIOD REALISED	TOTAL REALISED	AVAILABLE REMAINDER FOR
PERSONNEL					
Team Leader	560	250	101	227	333
Road Key Expert	540	90	77	107.5	432.5
Rail Key Expert	500	95	75	129.5	370.5
Maritime Key Expert	400	85	72	120	280
STE - Senior Expert	1,700	405	293	506	1194
LTE junior experts	2,300	865	511	783	1517
STE Junior Expert	1,500	224	168	168	1332
Sub-total	7,500	2,014	1,297	2,041	5,459
EQUIPMENT AND MATERIAL		None	None	None	
Sub-total					
OTHER INPUTS					
Steering Committee					
Travel costs outside Kiev					
Per diems		59	20 647	59	
Sub-total					
		2,014	1,297	2,041	5,459



FORM 2.4 Output Performance Report

Project title : Support to the Integration of Ukraine in the Trans-European Transport Network TEN-T		Project number : EuropeAid /124964/C/SER/UA	Country : Ukraine	Page : 1 / 2
Prepared on : 12/08/2009		EC Consultant : Corporate Solutions Ltd		
Output results	Deviation original plan + or - %	Reason for deviation	Comment on constrains & assumptions	
Inception Report	-100%	At the kick of meeting on 11 September it was agreed to postpone the submission of the IR to the end of November 2008. The first draft was submitted in December 2008 and comments received on 16 January 2009. At the request of the EC, the IR was restructured and resubmitted on 23 February 2009.	It was assumed that the project ToR could be revised but on 16 January 2008 it was agreed to include the changes in the project' work plan.	
Immediate Action Plan published	None		No comments received from the MoTC in writing but the project was advised that actions were taken on the advice given	
SBS Strategic Indicators	None		Submitted to MoTC and populated among sub-sector departments. Comments received were discussed at the SBS Working Group meeting. Recommendations were included into SBS Action Fiche	
Progress Report I	10%	Change of Team Leader in April 2009	Early draft reports were revised at the request of the MoTC	
Transport Demand and Traffic Forecasts prepared	None		The process to collect data is now agreed and a database is being populated with information from all transport subsectors	
Training Needs identified	None		The TNA data was collected and is being analysed by the working group for creation of the training plan and for the training to start in period three.	
National Transport Policy defined	None		A working paper from the project was drafted in period two (May 2009) and a revised project paper (discussed also with the Policy Twinning Project) will be delivered by September 2009..	



Project title : Support to the Integration of Ukraine in the Trans-European Transport Network TEN-T		Project number : EuropeAid /124964/C/SER/UA		Country : Ukraine		Page : 2 / 2	
Prepared on : 12/08/2009				EC Consultant : Corporate Solutions Ltd			
Output results		Deviation original plan + or - %		Reason for deviation		Comment on constrains & assumptions	
National Transport Strategy defined through formulation of sub-sector and multimodal strategies.		None				Reform plans have already been defined by various bodies for Maritimes, road and railways and are under preparation for the aviation sector. Once an overall policy is defined, these may need to be revised to ensure compliance with the policy.	
Short and long term action plans for TEN-T Integration defined		None				This output is dependent on the successful achievement of other milestones.	
List of Priority Investment Projects and Financing Options formulated		None				Agreements will need to be reached with the MoTC on criteria for prioritising investment projects. Financing options will be influenced by financial crisis as well as whether the transport policy, sector reform programmes and PPP law are enacted. In preparation, a database is being populated with all known sector projects. A draft multi criteria analysis will be completed in the third period.	
Training, Capacity Development and Training Events held						The TNA analysis was completed in the second period and with the working group and MoTC HR department cooperation the training plan will be agreed and training will start in period three.	



Form 1.6 Plan of Operations for the next reporting period

Project title : Support to the Integration of Ukraine in the Trans-European Transport Network TEN-T			Project number: EuropeAid /124964/C/SER/UA			Country: Ukraine			Page : 1/1			
Planning period : 1st August 2009 to 31 January 2010			Prepared on: 24 July 2009			EC Consultant: Corporate Solutions Limited						
Project objective: To improve the transport sector through helping MoTC in developing and implementing a strategy and an action plan for transport integration into TEN-T												
		TIMEFRAME							INPUTS			
		1 August 2009 – 31 January 2010							PERSONAL		EQUIPMENT AND MATERIAL	OTHER
No	Activity		7	8	9	10	11	12	Senior Experts	Junior Experts		
1	Sector policy and management	Senior	X	X	X	X	X	X	124		Computer Software and hardware Materials for Working Group Meetings HRD Data Base Software	Steering Committee Meeting Travel and Per diems for travel outside Kiev Financing of various Events
		Junior	X	X	X	X	X	X		134		
2	Rail transport	Senior	X	X	X	X	X	X	155			
		Junior	X	X	X	X	X	X		132		
3	Road infrastructure	Senior	X	X	X	X	X	X	100			
		Junior	X	X	X	X	X	X		125		
4	Road transport	Senior	X	X	X	X	X	X	70			
		Junior	X	X	X	X	X	X		80		
5	Maritime transport	Senior	X	X	X	X	X	X	119			
		Junior	X	X	X	X	X	X		201		
6	Airports and air transport	Senior	X	X	X	X	X	X	100			
		Junior	X	X	c	X	X	X		40		
7	Crosscutting issues	Senior	X	X	X	X	X	X	100			
		Junior	X	X	X	X	X	X		130		
8	Sector strategy and plan	Senior	X	X	X	X	X	X	124			
		Junior	X	X	X	X	X	X		80		
9	Human Resources Development	Senior	X	X	X	X	X	X	70			
		Junior	X	X	X	X	X	X		119		
TOTAL:									962	1041		

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