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ECONOMIC COMMISSION FOR EUROPE

INLAND TRANSPORT COMMITTEE

Working Party on Transport Trends and Economics
(Eighteenth session, 15-16 September 2005)

**ASSISTANCE REGARDING INSTITUTIONAL ADAPTATION OF GOVERNMENT
ADMINISTRATION AND TRANSPORT ENTERPRISES TO MARKET ECONOMY**

OPERATIONAL ACTIVITIES
July 2004 - June 2005

Note by the secretariat

**I. FACILITATION OF PARTICIPATION OF CENTRAL ASIAN AND CAUCASUS
COUNTRIES IN MEETINGS OF THE ITC AND SELECTED SUBSIDIARY
BODIES**

In the past years, there has been a lack of participation of delegates from the Central Asian and Caucasus countries in the work of the Inland Transport Committee (ITC), due to budgetary constraints in those countries. This absence was detrimental to the harmonization process of their transport legislation as well as to the integration of their transport systems with those of other UNECE member countries, and had a negative impact on Euro-Asian transport connections.

To help remedy this situation, the secretariat prepared a proposal for a pilot Project aimed at facilitating the attendance of Central Asian and Caucasus countries to the meetings of ITC and selected subsidiary bodies for one year. At its 65th session, 18-20 February 2003, the UNECE ITC approved this Project and encouraged the member countries to make voluntary contributions for its implementation. The secretariat proposed this Project to the EC for co-financing for a pilot

period of one year. The EC accepted to co-finance this Project and in August 2004 the relevant contract was signed, thus enabling its implementation from September 2004 to June 2005.

Beneficiary countries include: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. Financing covers travel and per diem for the specific duration of the meetings for one person for a return trip to Geneva, for the following selected events:

- 17th session of the Working Party on Transport Trends and Economics (WP.5), 20-21 September 2004.
- 45th session of the Working Party on Road Traffic Safety (WP.1), 27-30 September 2004.
- 98th session of the Working Party on Road Transport (SC.1), 27-29 October 2004.
- 58th session of the Working Party on Rail Transport (SC.2), 27-29 October 2004.
- 67th session of the Inland Transport Committee (ITC), 15-17 February 2005.
- 46th session of the Working Party on Road Traffic Safety (WP.1), 15-17 March 2005.
- 56th session of the Working Party on Transport Statistics (WP.6), 8-10 June 2005.

Following successful completion of the discussions with the EU before the end of the project, three more events have been added to the above list as follows:

- 110th session of the Working Party on Customs Questions affecting Transport (WP.30), 14-17 June 2005.
- 18th session of the Working Party on Transport Trends and Economics (WP.5), 15-16 September 2005.
- 99th session of the Working Party on Road Transport (SC.1), 17-19 October 2005.

Up to now, eight events have been successfully convened with the participation of forty-three experts from most of the countries concerned. Two more events are foreseen for the completion of the Project.

Furthermore, based on the positive evaluation of the beneficiary countries from the implementation of this Project, the secretariat envisages requesting the EC to consider co-financing this Project for one additional year.

II. UN DEVELOPMENT ACCOUNT PROJECT ON CAPACITY BUILDING FOR DEVELOPING INTERREGIONAL TRANSPORT LINKAGES

On the proposal of the five United Nations Regional Commissions, the General Assembly approved the United Nations Development Account project on Capacity Building for the development of Interregional Transport Linkages. In implementing this Project, the UNECE and UNESCAP are focusing mainly on Euro-Asian transport Links, including through SPECA countries.

The beneficiary countries of the UNECE/UNESCAP joint Project are: Afghanistan, Armenia, Azerbaijan, Belarus, Bulgaria, China, Georgia, Iran, Kazakhstan, Kyrgyzstan, Republic of Moldova, Romania, Russian Federation, Tajikistan, Turkmenistan, Turkey, Ukraine and Uzbekistan. The objective of the Project is to assist member States of the five UN Regional Commissions in strengthening their national capacities for developing land and land-cum-sea transport linkages and to promote interregional cooperation to facilitate interregional trade and tourism. The completion of the Project is expected by 2006.

In 2003, the Executive Secretaries of UNECE and UNESCAP signed a joint letter to the 18 beneficiary UNECE and UNESCAP member countries, inviting them to participate in the Project and to nominate a Focal Point. The World Bank (WB), EBRD and Asian Development Bank (ADB) were requested to support the implementation of the Project and nominate their focal points. The designated national Focal Points prepared country reports based on a uniform questionnaire. The Terms of Reference (TOR), for the elaboration of an in-house study, foreseen by the project's action plan, was elaborated and the relevant work is being carried out.

In two Expert Group Meetings on Developing Euro-Asian Transport Linkages jointly organized by UNESCAP and UNECE, one in Almaty (Kazakhstan) in March 2004 and the other in Odessa (Ukraine) in November 2004, Government representatives from those countries agreed on the main road and rail transport routes connecting Europe and Asia to be considered for priority development. They also agreed on the need for the identification of main transshipment points, for the identification and analysis of border crossing obstacles along these routes and for the evaluation and prioritization of infrastructure projects along the selected routes. In addition, they agreed to cooperate on the completion of a Geographic Information System (GIS) database concerning routes and projects.

The Turkish Government hosted the Third Expert Group Meeting on Developing Euro-Asian Transport Linkages that was jointly organized by UNECE and UNESCAP in Istanbul, Turkey, 27-29 June 2005. The Meeting was opened by Mr. Muammer Türker, Deputy-Undersecretary, Ministry of Transport of Turkey and was attended by National Focal Points and Experts from 18 countries in the Euro-Asian region. Representatives from the UNESCWA, EC DG TREN, ECMT, IGC TRACECA, IsDB, IRU, BSEC-URTA, and Europlatforms as well as the private sector, also attended the Meeting. The National Focal Points from the participating countries finalized the itineraries of the main road, rail and inland water transport routes connecting Europe and Asia to be considered for priority development and identified the main transshipment points along these routes. Furthermore, the Meeting agreed to provide missing and additional data with a view to the completion of a Geographic Information System (GIS) database. It also agreed on a methodology for the evaluation and prioritization of projects along the selected routes. Finally, the Meeting welcomed the proposal of the UNECE WP.5 Informal Meeting, held on 15 April 2005, that the Expert Group Meeting on Euro-Asian Transport Linkages Project acts as a permanent mechanism for ensuring efficient coordination and monitoring of activities related to Euro-Asian transport links, asked the UNECE-UNESCAP secretariats to prepare a joint proposal for the continuation of the project beyond 2006 and appealed to the international financial institutions and donors to consider co-funding its implementation.

A copy of the 3rd Expert Group Meeting Report will be made available to the participants of WP.5. More information on the Euro-Asian Linkages Project, including reports, background documents and presentations can be obtained by visiting the UNECE Transport Division Website in the dedicated page on the "Euro-Asian Transport Links".

Also, as part of the UNDA Capacity Building project, the UNECE, together with UNESCAP and UNESCWA, is implementing another project component focusing on developing interregional transport linkages connecting UNECE and UNESCAP to the UNESCWA region. These interregional linkages will then be connected to Africa through the UNESCWA region. Each Regional Commission has identified countries, which collectively

make up the central part of the UNESCWA, UNECE and UNESCAP project component. For the respective commissions, these countries are: Iraq, Syria, Jordan, Saudi Arabia, Kuwait, United Arab Emirates, Palestine (OPT) and Egypt (from UNESCWA); Islamic Republic of Iran and Pakistan (from UNESCAP), and Turkey (from UNECE).

A first Expert Group Meeting on Developing Interregional Transport Linkages connecting UNECE and UNESCAP to the UNESCWA region was jointly organized by UNESCWA, UNECE and UNESCAP in Amman, Jordan, 30 May – 1 June 2005. Government representatives from 9 countries that attended the Meeting agreed on the most important road, rail and sea/road/rail transport routes linking ECE and ESCAP to ESCWA region. The Meeting also agreed on the joint UNESCWA-UNECE-UNESCAP activities to be undertaken under the project in close cooperation with the countries concerned, including the elaboration of a number of studies on technical and economic assessments; traffic flows; identification of investment projects and non-physical obstacles along the selected routes and measure to remove them. Two more Expert Group meetings will be convened under the project in 2006, as well as a number of national seminars and workshops.

The UNECE Transport Division is also contributing in the implementation of another project component in cooperation with UNECA. A workshop of selected African countries and transport users in the region will be convened in 2005 to consider relevant developments in the region, problem areas and possible solutions. Organization of national and regional workshops, provision of advisory services, and organization of a study tour for port managers, are among the activities of this project component.

III. TRANS-EUROPEAN NORTH-SOUTH MOTORWAY (TEM) AND TRANS-EUROPEAN RAILWAY (TER) PROJECTS

The UNECE, as the Executing Agency of the TEM and TER Projects, continued through the Regional Adviser, to provide technical and administrative backstopping to the Projects, including for the elaboration of the TEM and TER Master Plans.

(a) TEM and TER Master Plans

The TEM and TER Projects have undertaken the elaboration of their Master Plan, including the identification of the backbone networks for road and rail transport in 21 Central, Eastern and South-Eastern European countries as well as a realistic investment strategy to gradually develop these networks. The elaboration of the TEM and TER Master Plan constitutes the most important activity for the future development of the Projects as well as for the road and rail transport infrastructure in Central and Eastern Europe and its interoperability. The work was completed in March 2005 and the endorsement of its Final Report by the Projects' Steering Committees was concluded in June 2005.

As many as 491 projects (319 TEM and 172 TER) with an aggregate estimated cost of EUR 100 billion were evaluated and prioritized under the Master Plan exercise, of which, EUR 49.5 billion for TEM and EUR 50.5 billion for TER. These results have taken duly into account alternative scenarios of growth, methodological aspects and assumptions, bottlenecks and missing links as well as problems posed at funding of transport infrastructure and border crossings. The TEM and TER Master Plan will provide a substantial contribution to the

development of coherent road, rail and combined transport infrastructure networks in the TEM and TER region and the facilitation of international transport and traffic in Europe, as well as to the integration of countries in the UNECE region. It will also provide an important input to the EC High Level Group No. 2 and to the Euro-Asian Transport Links development process. Implementation of the TEM and TER Master Plan would be among the most important tasks of the TEM and TER Projects in future.

The elaboration of the TEM and TER Projects' Master Plan has been a huge and complex task for the Projects. In 2002, based on the priorities set by the new strategy of the Projects and the emerging needs of the TEM and TER region, the Terms of Reference (TOR) for the TEM and TER Master Plan were prepared and eventually approved by the Projects' Steering Committees. The Inland Transport Committee, at its sixty-fifth session in February 2003, requested the UNECE member countries to provide voluntary contributions for co-financing the Master Plan's work. Following the positive response of the International Road Transport Union (IRU), who agreed to support the TEM Master Plan work with CHF 100,000, an Agreement for the allocation and use of IRU's contribution, was signed between IRU and the UNECE in September 2003. The work started in September 2003. Two independent consultants were recruited to ensure the necessary technical and scientific backing of the work, together with GIS Experts who helped the Projects in processing a large number of data and preparing GIS maps.

Two groups were created for the needs of the Master Plans, namely the *Master Plan Coordination Group*, constituted to supervise and coordinate the work, and the *Master Plan Expert Groups*, for consolidating substantive information on transport plans and priority needs of the countries concerned, as well as liaising with the respective Governments and the UNECE, and TEM and TER PCOs. The Master Plan Coordination Group, consisting of the TEM and TER Projects' Personnel and the UNECE Regional Adviser on Transport, as well as of the external consultants, has met four times: First, in Budapest on 16 September 2003; second, in Warsaw on 15 December 2003; third, in Geneva on 9 June 2004; and fourth, in Budapest on 15 November 2004. The meetings focused on the organizational aspects of the work, on the Projects' methodology, data needs and deliverables. The TEM Master Plan Expert Group, as well as the TER Master Plan Expert Group, consisting of different National Coordinators and designated Experts from the countries involved for each one of the Projects, met two and three times, respectively: The first meeting on the TEM Master Plan was held in Bratislava, Slovakia, on 9 February 2004, and the second in Budapest, Hungary on 24 September 2004. The first meeting of the TER Master Plan Expert Group was held in Budapest, Hungary, in 10-11 February 2004, the second also in Budapest, Hungary on 23 September 2004 and the third in Vienna, Austria, in 19 April 2005.

The Final Report of the TEM and TER Master Plan including maps, conclusions and recommendations, is being published and will be made available to all interested parties soon, free of charge.

(b) Other activities under the TEM and TER Projects

Parallel to the Master Plans work, the development of the TEM and TER Projects was successfully continued during the reporting period.

A questionnaire for the self-evaluation of the progress made by the TEM Project during the Project Cycle 2001- 2004, and the identification of Member Countries' opinion on further

tasks to be added, has been distributed to the National Coordinators and positive evaluations have been received. At its forty-first session in Antalya, Turkey, 31 May–2 June 2004, the TEM Steering Committee, approved the Programme of Work for the new Project Phase 2005–2008, in which, inter alia, the ITC strategic priorities for the development of Euro-Asian transport links, transport security, infrastructure charging, telematics and ITS, were included.

A similar procedure has been followed for the evaluation of the TER during the Project Cycle 2001-2005 with positive results. At its twentieth session in Vienna, Austria, 20-22 April 2005 the TER Steering Committee expressed its support for the continuation of TER activities in a new Phase 2006-2010 and requested the Project Central Office to prepare and distribute to the member countries the final version of the relevant Annexes to the Trust Fund for consideration and approval at the next Steering Committee, to be convened in October 2005. The development of Euro-Asian transport links, transport security, infrastructure charging, telematics and ITS will be included also in the future TER Project Work Programme.

In April 2005, the Executive Secretary of the UNECE received proposals from the Governments of Armenia and Azerbaijan to join the TEM and TER Projects. According to Article XII of the TEM and TER Trust Fund Agreements, the UNECE Executive Secretary notified the TEM and TER member States of the desire of Armenia and Azerbaijan to participate in the Projects and if no objection is expressed within ninety days, Armenia and Azerbaijan will become Contracting Parties to the Agreements.

Following the signing of Memoranda of Understanding (MoU), for cooperation between UNECE - UIC in the framework of the TER Project, UNECE–IRU and UNECE– ASECAP¹ in the framework of TEM, several actions and events have been co-organized and discussions, for cooperation in the field of data collection and GIS mapping activities, as well as other fields of mutual interest, have been conducted. Following a similar path, the cooperation between the TEM and TER Projects with other related organizations UIRR², Eurochambres³, Europlatforms⁴, etc. was promoted.

Negotiations with CEI have been concluded at the highest level to ensure closer cooperation between CEI and the TEM and TER Projects. Already, two events on railway transport border-crossing facilitation, were successfully co- organized and co-financed jointly by CEI–TER during the sixth and seventh CEI Summit Economic Forum in Warsaw, Poland, 19-20 November 2003, and in Portoroz, Slovenia 24-25 November 2004. A special event will be jointly organized by CEI-TEM/TER during the Eighth CEI Summit Economic Forum for the presentation of the TEM and TER Projects' Master Plan results, to be held in Bratislava, Slovakia, 23-24 November 2005.

The Projects continued in the years 2004-2005 their long-standing activities in assisting transfer of know-how and sharing best practices among their members in various field of interest to their members. The TEM and TER meetings and events are listed in Annex 1 of the present document.

¹ Association Européenne des Concessionnaires d'Autoroutes et d'Ouvrages à Péage.

² Union International des sociétés de transport combiné Rail-Route.

³ Association of European Chambers of Commerce and Industry.

⁴ European Network of Transport/Logistic Centres.

IV. ACTIVITIES UNDER REGIONAL AND SUB-REGIONAL PROGRAMMES

(a) Southeast European Cooperative Initiative (SECI)

Within the framework of the SECI Regional Road Transport Committee (RRTC), its Group of Experts on Combined Transport held its first meeting on 30 June and 1 July 2003 in Budapest. The experts considered ways and means of promoting efficient combined transport services in the SECI region, so as to ensure additional and complementary capacities in international road transport on certain sections of major international transport corridors - in line with the relevant provisions of the SECI MoU on the Facilitation of International Road Transport of Goods in the SECI Region (Athens, 1999). To this effect, the Group of Experts adopted a Declaration on the Development of Combined Transport in the SECI Region (http://www.unece.org/trans/old_new_tir/seci/intro.htm)."

In the context of the SECI activities on rail transport, the Ad hoc Working Group on the Reduction of Border Stopping Times of Shuttle Trains, at its thirteenth meeting, continued to make progress on the improvement of bilateral agreements regarding rail transport between SECI countries. This included the modification of numerous operational items, in particular, at border crossing stations in order to reduce overall transport time of passenger and goods trains. Furthermore, agreement was reached on (i) a monitoring system of rail traffic at border stations, and (ii) the definition of a "block train". At its fourteenth meeting, work started on (i) a draft model for an intergovernmental agreement which will serve as a basis for international rail transport between SECI countries, and (ii) performance indicators for border crossing procedures. The Ad hoc Working Group also contributed substantively to the organization of a demonstration run of a block train between Istanbul and Cologne which took place on 9 May 2004.

At its 15th meeting, the Working Group considered rail related items to be included in the Trade and Transport Facilitation Programme in South-eastern Europe (TTFSE II) of the World Bank. On the basis of the World Bank's positive experience made with the TTFSE road project which produced tangible benefits, a number of EU neighbouring countries in South-eastern Europe expressed the wish to formulate an analogy to the road project, a similar programme which should focus on rail transport. In this connection, the Working Group proposed a great number of investment possibilities which would improve rail transport in the SECI countries concerned and which could be retained for the TTFSE II rail project.

At its 16th and 17th meetings, the Working Group inter alia specified the contributions it could make to the proposed TTFSE II programme, took stock of the progress made in reducing border stopping time of shuttle trains, highlighted elements to be included in a draft model agreement, rationalized border-control procedures for passenger and freight trains and examined a list of performance indicators to be taken into account in the context of the TTFSE II project.

The High-Level Meeting of Regional Road Transport Committee of SECI (RRTC), established in accordance with Article 12 of the MoU on Facilitation of International Road Transport of Goods in the SECI Region (signed on 28 April 1999 in Athens), was held in Sofia and Velinkgrad from 10 to 12 December 2004. Ministers of Transport and high-level officials of the SECI participating States attended the session. Mr. Niokolay Vassilev, Deputy Prime Minister and Minister of Transport and Communications of Bulgaria chaired the meeting. The meeting discussed issues of common interest in international road transport, including

liberalization of road transport and establishment of free market access; rationalization and gradual convergence of national charging policies for international road transport of goods; introduction of an international goods road vehicle weight certificate; development of transport infrastructure; and facilitation of visa procedures for professional drivers. The Director of the UNECE Transport Division attended the meeting. The meeting adopted a final protocol, which will be made available to the participants of WP.5. The secretariat, within its limited resources, will endeavour to assist in the implementation of the follow-up to this meeting.

(b) Special Programme for the Economies of Central Asia (SPECA)

SPECA countries, due to lack of territorial access to the sea, the extreme distance from the seaports, remoteness and isolation from world markets, are highly dependent on foreign countries' transit policies and availability of transit facilities and services, existing transport infrastructure within their own countries, as well as that of their neighbours (very often inadequate on both sides).

In view of the particular development needs of the region, the SPECA Transport *Infrastructure and Border Crossing Facilitation Project* (PWG-TBC) was established in 1998 within the framework of the SPECA Tashkent Declaration, as an instrument of development and implementation of the UN Special Programme for the Economies of Central Asia in the priority area of "Development of transport infrastructure and simplification of procedures for the transfer of goods, services and labour resources through national borders".

Members of the PWG-TBC, at this initial stage, were: the Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan, Turkmenistan, Republic of Uzbekistan, the United Nations Economic Commission for Europe (UNECE), the United Nations Economic and Social Commission of Asia and the Pacific (UNESCAP) and the UN Office in Kazakhstan. In 2002, Azerbaijan also became a member of SPECA. The lead country in this priority area of transport is Kazakhstan.

The UNECE Transport Division, together with UNESCAP support the activities of the Group. It contributed to the preparation of the Work Programmes, Action Plans, in organization of meetings, conferences, workshops, in drafting proposals and important documents for the Group, in offering expertise and know-how, in sharing experiences between European and Central Asian countries, in promoting transport cooperation among SPECA countries, as well as between them and other country members of the UNECE region.

The 10th session of SPECA PWG-TBC was held in Issyk-Kul, Kyrgyzstan, 24 March 2005. The Government of Kyrgyzstan hosted the meeting and provided all necessary facilities. The session was attended by delegations from Kazakhstan, under Mr. Talgat Abylgazin, Vice-Minister of Transport and Communications, from Kyrgyzstan, under Mr. Azhikeev Aizat, Vice-Minister of Transport and Communications and from Uzbekistan. Representatives of EURASEC, IGC TRACECA, IsDB as well as the private sector, also attended the session. The Regional Adviser on Transport represented UNECE. The session reviewed the most important transit transport issues of the Central Asian and Caucasus region, with reference to the Action Programme for Transit Transport Cooperation for SPECA countries and the Almaty Programme of Action. Concrete tasks to be targeted by the Group in the period 2005-2006 were identified and agreed among participating countries. Furthermore, the

session agreed to focus its future work in the following priority areas: Establishment/strengthening of national trade and transport facilitation committees; accession to and implementation of important international conventions and agreements in the field of transport; monitoring of international freight transportation at border crossing points; improvement of road transport communication with China through bilateral and multilateral agreements/conventions, and monitoring of border crossing problems.

More information on discussions, reports and respective documents from SPECA WG-TBC work can be obtained through UNECE Website under the SPECA heading.

(c) **Other Regional and Sub-Regional initiatives**

The UNECE secretariat contributed, *inter alia*, through seminars and submission of papers, to a number of international activities and fora, towards the development of European Transport infrastructure, as well as of Euro-Asian Transport Links and the accession and implementation of UN transport legal instruments in transport, including the following: Southeast European Forum 2004, Alexandroupolis, Greece, 6–7 December 2004; Third International Conference on Road Transport of IRU “Integration in the CIS Road Transport: Present and Future”, Moscow, Russian Federation, 3 March 2005; Fourth Interparliamentary Meeting on Road Transport, Moscow, Russian Federation, 4 March 2005; UN-OHRLLS High-level Meeting on the Role of International, Regional, and Sub-regional Organizations for the implementation of the Almaty Programme of Action, Almaty, Kazakhstan, 29-31 March 2005; Parliamentary Conference on the Wider Black Sea Region in the New European Architecture, Athens, Greece, 8 April 2005; and thirteenth Meeting of the OSCE Economic Forum, Prague, Czech Republic, 23-27 May 2005.

V. COOPERATION WITH SUBREGIONAL ORGANIZATIONS

Black Sea Economic Cooperation Organization (BSEC)

BSEC was established in 1992 by 11 countries⁵ with the aim of developing the Black Sea region into a zone of peace, stability and prosperity. Economic cooperation is adopted as the main route to meet this end. The UNECE Transport Division’s contribution consists of promoting the accession to UNECE legal instruments of BSEC Member States, the organization and holding of meetings, assistance in drafting documents, including the *ECE-BSEC Cooperation Agreement* that was signed by the UNECE Executive Secretary and the BSEC General Secretary in Istanbul-Turkey (July 2001), the *Ministerial MoU on the Facilitation of Road Transport of Goods in the BSEC Region*, as well as other documents on BSEC events and offered advice on the coordination of transport activities in the Black Sea region among various organizations and initiatives (BSEC, TRACECA, PETrAs and PETrCs -UNECE and SECI).

⁵ Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Republic of Moldova, Romania, Russian Federation, Turkey and Ukraine. Upon the resolution of the Tenth Council of Ministers of Foreign Affairs and the ratification of the BSEC Charter by its Parliament, Serbia and Montenegro became a full-fledged Member of the BSEC Organization as of 16 April 2004.

Upon the request of the Greek Ministry of Transport and Communications, the secretariat contributed to the preparation of the BSEC Working Group on Transport and the Meeting of the Ministers of Transport of the BSEC Member States, organized by the Greek Government in Thessaloniki, Greece, 26 -28 January 2005, under its chairmanship-in-Office of the BSEC. The Meeting was attended by 8 Ministers and 3 Vice Ministers of Transport from BSEC Member States, the Vice Minister for Foreign Affairs of Greece and a great number of high Officials from BSEC Member States, the EU, the BSTDB and representatives of the private sector, under the chairmanship of Mr. Michalis Liapis, Minister of Transport of Greece. The Director of the UNECE Transport Division and the Regional Adviser attended the Meeting. In their joint Declaration on the connections of the Black Sea Transport Networks with the trans-European Network within the framework of the Euro-Asian Transport Links, the Ministers of BSEC Member States acknowledged the importance of the UNECE work, in particular the results of TEM and TER Master Plans and the UNECE-UNESCAP joint Project on Euro-Asian Transport linkages. A copy of the Declaration will be made available to the participants of WP.5.

During the BSEC Working Group on Transport, the secretariat presented the progress of the UNECE-UNESCAP Project on developing Euro-Asian transport linkages, introduced the major UNECE Agreements in the field of transport and invited the Group to a closer cooperation with UNECE for the implementation of specific goals. The Group accepted to follow thoroughly the work of the UNECE-UNESCAP Project on Euro-Asian transport linkages, agreed to cooperate with UNECE in the collection of data on the Black Sea Ports, as proposed by the UNECE, and invited those member States, which are not yet Contracting Parties to the UNECE Agreements, to undertake the necessary national legal procedures for accession.

VI. FUND-RAISING FOR OPERATIONAL ACTIVITIES IN TRANSPORT

Funding for financing advisory missions, workshops and seminars in the countries concerned, was made available in the past through TFACT. However, TFACT has failed to raise funds for operational activities since its budget was depleted in 1996, thus compromising the capacity of the secretariat to offer such services. The repeated requests during the ITC annual sessions for voluntary contributions to TFACT by member countries did not bring results.

Considering the importance of the task, the particular need for extra budgetary support to such activities and the existing experience, the ITC at its sixty-fifth session, 18-20 February 2003, approved a new approach for the TFACT based on specific projects, encouraged the member countries to make voluntary contributions to the TFACT and requested member countries with economies in transition to make project proposals for co-funding through TFACT.

In response to the call for action to the Almaty Programme of Action, the secretariat, in close cooperation with UNESCAP, has elaborated a joint project proposal for UNDA funding, aimed at developing efficient transit transport systems in landlocked developing countries and their transit neighbours. A copy of the Project proposals is attached in Annex 2 of the present document. This project, entitled "Capacity building in developing transit transport cooperation of landlocked and transit developing countries in Central Asia and the Caucasus", was not selected for submission to UNDA.

At the UNECE level, the secretariat has launched a coordinated fund-raising approach based on specific projects. Under this approach, projects initiated by the UNECE secretariat, and/or member countries concerned, are presented in a coordinated manner to possible donor countries, the IFIs and other international or European organizations/bodies.

VI. PROBLEM AREAS

(a) Insufficient Funding

Supporting accession and implementation of UNECE legal instruments in transport by countries with economies in transition is a major function of the Regional Advisers on Transport. Accession to legal instruments requires direct and frequent contacts with countries in transition in order to advise the countries concerned on priority instruments and on implications of accession to those instruments. Such contacts require financing for missions to countries in transition. Lack of funding results in reduced missions/activities with detrimental effects for accession to legal instruments.

Implementation of legal instruments also requires institutional capacity building (training through workshops, seminars and advisory missions) in the countries concerned. The new approach of fund-raising based on specific projects may assist in finding the necessary financial support for co-funding specific events and projects, proposed for implementation in the UNECE member countries with economies in transition.

(b) Continuing deficiencies in human resources in Government institutions

An essential ingredient to effective policy development, implementation and delivery of Government policies is the presence of well-trained and motivated staff. However, there are indications that a number of Governments of countries with economies in transition do not adequately promote the *sustainability of human resources* in their respective institutions, thus compromising their effectiveness.

In a number of countries, *high staff turnover* in Government institutions results in lack of continuity and is counterproductive to capacity building efforts. This may seriously compromise the ability of Governments to effectively implement policies and may result in adverse effects for economic development, international trade and integration into the world economies and markets.

Further, effective development and delivery of Government policies and services require well-motivated and dedicated staff. However, lack of *job stability and security*, as well as lack of adequate remuneration, may often lead to job dissatisfaction, and to find better job opportunities in the private sector.

Another problem can be a situation whereby Government staff, having received training or participated in Conferences and meetings, fail to transfer the information, knowledge and expertise gained to other officials with functions in the areas concerned. *Lack of adequate transfer of knowledge and follow-up* can be detrimental to the effective implementation of national objectives and policies.

Concerted efforts are required by Governments to address the effective implementation of human resources policies by their respective institutions in order to ensure sustainable economic development.

Annex 1

TEM/TER meetings, workshops, seminars organized during the reporting period

- Nineteenth session of TER Steering Committee, 1 - 2 July 2004, Milan, Italy;
- The Second Expert Groups Meetings of the TEM and TER Master Plans, Budapest-Hungary, 23 and 24 September 2004, respectively;
- TEM Workshop on Intelligent Transport Systems Implementation Focused on EFC, Budapest, Hungary on 14-15 October 2004;
- Fourth TEM-TER Master Plan Coordination Group Meeting, Budapest, Hungary, 15 November 2004;
- Joint TER – Central European Initiative (CEI) Meeting on facilitation of border crossing procedures in international rail transport, within the CEI Summit Economic Forum, Portoroz, Slovenia, 24 November 2004;
- Forty-second session of the TEM Steering Committee, Geneva, Switzerland, on 29 November-1 December 2004;
- TEM Meeting on the TEMSTAT Data Collection and Mapping, Prague, Czech Republic, 7-8 March 2005;
- TER Master Plan Expert Group Meeting, Vienna, Austria, 19 April 2005;
- Twentieth session of the TER Steering Committee, Vienna, Austria, 20 –22 April 2005;
- TEM/HEEP Area Annual Meeting, Palanga, Lithuania, 25-27 April 2005;
- The Forty-third session of the TEM Steering Committee, 13 June – 15 June 2005, Vienna, Austria;
- TER Workshop on Modern Railway Technology and Rolling Stock, St. Gallen, Switzerland, 15 to 17 June 2005.

Annex 2

Capacity building in developing transit transport cooperation of landlocked and transit developing countries in Central Asia – Project Proposal

Project Title:

Capacity building in developing transit transport cooperation of landlocked and transit developing countries in Central Asia and the Caucasus (Economic Commission for Europe; Economic and Social Commission for Asia and the Pacific).

Objective:

The objective of the project is to assist landlocked developing countries and their transit developing neighbours in the Central Asia and Caucasus, in strengthening their national capacities and fostering cooperation to develop efficient, safe, sustainable and secure transit transport systems in the region.

Background:

Countries in the Central Asian and Caucasus region (Armenia and Azerbaijan) are landlocked developing countries and at the same time countries in transition, which rely on relatively few commodities for their export earnings. Lack of territorial access to the sea, remoteness and isolation from world markets creates substantial obstacles in their development efforts. In most cases, their transit neighbours are themselves developing countries, often of broadly similar economic structure and problems. Long delays at borders, punitive and arbitrary transit tariffs, transport restrictions, cumbersome procedures, corruption and lack of security for transport users are additional obstacles to the existing inadequate transport infrastructures. As a result, transport among these countries and between these countries and their international trade partners, is difficult, costly, time consuming and uncertain. This situation makes their exports uncompetitive in international markets, increases the prices of imported goods and prevents their effective participation in international trade.

The United Nations Millennium Declaration (New York 2000), as well as Declarations of other major United Nations conferences, such as the Third United Nations Conference on the Least Developed Countries (Brussels 2001), the International Conference on Financing for Development (Monterey 2002) and the World Summit on Sustainable Development (Johannesburg 2002), recognized the special needs and problems of landlocked developing countries and called for appropriate action. Furthermore, the International Ministerial Conference on Transit Transport Cooperation, held in August 2003 in Almaty, Kazakhstan, adopted a Programme of Action aimed at developing efficient transit transport systems in landlocked developing countries and their transit neighbours.

The UN Special Programme for the Economies of Central Asia Project Working Group on Transport and Border Crossing Facilitation (SPECA PWG-TBC), created in 1998 with the support of UNECE and ESCAP, has addressed the priority issues of border crossing and transport facilitation of the countries concerned. Much progress has been made in identifying issues pertaining to transit transport and measures to address them at various levels. While there is widespread awareness of the need to take actions on these issues, the scarcity of resources has hampered the systematic implementation and follow-up of plans, including those developed under the frameworks of SPECA PWC-TBC and other fora. The implementation of these plans would enhance cooperation among the countries concerned and bring tangible results.

Relationship to the approved strategic framework for the next Biennium

The proposal is within the scope and priorities of the biennial programme plan under sub-programme 15.6 (Transport, communication, tourism and infrastructure development) of programme 15 (Economic and Social Development in Asia and the Pacific) and sub-programme 16.2 (Transport) of programme 16 (Economic Development of Europe).

Expected Accomplishments:

The implementation of the project will result in:

- (a) Strengthening cooperation among Central Asian and Caucasus landlocked developing countries and between them and their immediate transit developing neighbours;
- (b) Strengthening of the capacities of national officials dealing with international transit transport, including border crossing formalities and procedures in Central Asian and Caucasus landlocked developing countries and their immediate transit developing neighbours.
- (c) Improving and updating existing knowledge on the nature and magnitude of the problems along the major international routes of Central Asian and Caucasus landlocked developing countries and their immediate transit developing neighbors;
- (d) Improving transport performance along main international transport routes of Central Asian landlocked developing countries and their transit developing neighbours through a reduction of border crossing delays and transport costs and increased reliability of international transport operations along these routes;
- (e) Further harmonizing and implementing national transport legislation in these countries in line with the international conventions and agreements on transit transport.

Indicators of Achievement

The projected indicators for this project are:

- (a) The number of international transport routes that demonstrate improved transport operations, as measured by a decrease in transit transport costs and reduction of waiting times at the major border crossing points;

- (b) The number of countries acceding to and implementing the respective international agreements and conventions;
- (c) The level of satisfaction of the concerned countries and major stakeholders.

Duration

This project will be carried over a period of four years from 2006-2009.

Proposed Activities

The proposed main activities include:

- (a) Consolidation of data pertaining to the main non-physical obstacles impeding the development of international transport in the countries concerned and development of an information system for tracking and monitoring performance along international transport routes:
 - (i) Collection of information on existing studies and ongoing initiatives addressing the transit transport operation in the Central Asian sub-region;
 - (ii) Elaboration of further studies to update information on the existing situation on the road, rail and combined transport operations in the Central Asian and Caucasus sub-region;
- (b) Setting up the necessary mechanisms for ensuring ownership and active involvement and cooperation of the countries and other bodies concerned:
 - (i) Establishment of national coordinators in the concerned countries to enhance ownership of the project by stakeholders, and their assistance in implementing the project;
 - (ii) Identification of the main national and sub-regional stakeholders, including from the private sector, in close cooperation with the national coordinators;
 - (iii) Convening of an inception meeting, with the participation of the national coordinators and regional stakeholders, for raising awareness, ensuring necessary cooperation and discussing modalities and managements;
 - (iv) Establishment of appropriate national and sub-regional bodies concerned with coordinating and monitoring implementation of policies supporting transit transport cooperation and ensuring that issues related to improvement of transit transport cooperation and removal of transport barriers are continuously addressed at high intergovernmental level and meetings.

- (c) Promoting harmonization of transport legislation and administrative procedures for the development of international transport operation in the region:
 - (i) Promotion of harmonized national strategies, legislation and integrated policies for transit transport cooperation on the basis of the international conventions and agreements in the field of transport, including those developed by UNECE, with priority to those listed in UNESCAP resolution 48/11;
 - (ii) Introduction of simplified and accelerated customs and border crossing procedures for trustworthy transport operators and trading companies;
 - (iii) Introduction of model legislation in the various languages of the concerned countries facilitating better adoption of international legal instruments in the concerned countries;
 - (iv) Promotion of harmonized charging policies for international road transport of goods, based on cost-relatedness, non-discrimination and transparency.
- (d) Strengthening the capacities of national officials dealing with border crossing formalities and procedures:
 - (i) Organization of national and regional workshops and training courses to enhance the competence and efficiency of relevant stakeholders who sit at the borders, focusing on major international conventions and agreements in the field of transport in the concerned countries;
 - (ii) Promotion of best practices and transfer of know-how among the countries concerned and between them and other sub-regions;
 - (iii) Provision of advisory services to the concerned countries.
- (e) Improving the performance of border crossing operations:
 - (i) Facilitation and simplification of customs procedures through the promotion of joint border posts and best practices, automated customs systems, and implementation of “Safe TIR system”;
 - (ii) Introduction of reporting mechanisms for transit transport indicators in cooperation with customs and transport operators;
 - (iii) Elaboration and introduction of national and sub regional systems for regular assessment of the status and monitoring of progress in the major border crossing of the concerned countries in cooperation with customs and stakeholders.
- (f) Preparing recommendations for further actions based on lessons learned.

- (g) Disseminating widely relevant information:
- (i) Establishment of a special open access website for dissemination of relevant information;
 - (ii) Organization of a final regional workshop with the participation of the appropriate officials in the countries concerned and other stakeholders for presenting results and recommendations;

Resource Requirements (in United States Dollars)

Expert services related to collection of information and elaboration of studies. (In support of activity (a)).	60,000
Expert services related assistance in setting up the necessary mechanisms for ensuring cooperation of stakeholders other bodies concerned. (In support of activity (b)).	60,000
Organization of expert group meetings, national and sub-regional seminars and workshops, including the inception meeting and the final workshop. (In support of activities ((b), (d), (e) and (g)).	240,000
Expert services related assistance in capacity building, model legislation, and policy actions. (In support of activities (b), (c), and (d)).	150,000
Expert services related assistance in sharing best practices, introduction and setting border crossing reporting and monitoring mechanisms, and preparing recommendations. (In support of activities (e), and (f)).	100,000
Expert services related assistance in preparing software programs for collecting, processing and disseminating information. (In support of activities (e) and (g)).	30,000
Travel of staff to attend meetings, conduct capacity-building workshops, evaluate studies and share experiences. (In support of all activities).	60,000
General operating expenses related to communications, supplies and other miscellaneous services. (In support of all activities).	35,000
Acquisition of computer equipment. (In support of activities (e) and (g)).	15,000
Total	750,000
