TWINNING PROJECT FICHE

Development and Coordination of Multimodal Transport and Logistic Processes in Ukraine
1. **BASIC INFORMATION**

1.1 **Programme:** European Neighbourhood and Partnership Instrument, APs 2008 and 2009

1.2 **Twinning Number:** UA11/ENP-PCA/TP-31

1.3 **Title:** Development and Coordination of Multimodal Transport and Logistic Processes in Ukraine

1.4 **Sector:** Transport

1.5 **Beneficiary country:** Ukraine

  Ministry of infrastructures of Ukraine, Department of Policy for development of transport infrastructure and tourism

2. **OBJECTIVES**

2.1 **Overall Objectives**

The overall objective is to enhance the competitiveness of the Ukrainian economy through the development of a sustainable and efficient transport system incorporating best European practices, thereby contributing to the continued economic growth, creation of opportunities for regional trade, and gradual integration into TEN-T.

2.2 **Project Purpose**

The purpose of the project is to strengthen the institutional capacity of the Ministry of Infrastructure of Ukraine to facilitate the development of multimodal transport by application of best European practices, hence supporting the further development of the transport logistics service industry.

2.3 **Contribution to the National Transport Strategy, PCA (Partnership and Co-operation Agreement) and ENP (European Neighbourhood Policy) and the related Action Plan, EU-Ukraine Association Agenda;**

The relations between Ukraine and the EU are based on the Partnership and Cooperation Agreement (PCA) signed in 1994 and in force since 1998, and the European Neighbourhood Policy EU-Ukraine Action Plan, which has been replaced by the Association Agenda in November 2009. The Provisions of Article 64 ‘Transport’ of the PCA stated that “Parties shall develop and strengthen their cooperation in the field of transport” and, in particular, the co-operation shall ‘aim at restructuring and modernising transport systems and networks in
Ukraine and developing and ensuring, where appropriate, compatibility of transportation systems in the context of achieving a more global transport system’.

The European Neighbourhood Policy Action Plan for Ukraine, enacted following the finalisation of the PCA, under Transport item 46 (Transport) provided for the elaboration and implementation of a national transport strategy, transport infrastructure development, including the development of an infrastructure policy in order to identify and evaluate the priority infrastructure projects in various sectors and continued participation in the joint development of the Pan-European Corridors and Areas as well as in the EC TRACECA regional programme.

Notably, Ukraine is a member of the TRACECA programme since its launch in 1993 and a signatory party to the “Basic Multilateral Agreement on international transport for development the Europe-Caucasus-Asia Corridor” (MLA) since its conclusion by 13 countries in 1998. One of the essential pillars of the “Strategy of the Intergovernmental Commission of TRACECA for development of the international transport corridor “Europe-Caucasus-Asia” for the period up to 2015”\(^1\) is the development of sound multimodal chains, aiming at ensuring the smooth and uninterrupted flow of freight in the region, across the different modes of transport and across the different countries, including Ukraine.

All of the above demonstrates, that Ukraine is one of the priority partners for the EU and it has been mutually agreed to move from cooperation towards gradual economic integration and deeper political association. In March 2007 negotiations on the new EU-Ukraine Association Agreement were launched to replace the current PCA. To prepare and facilitate the entry into force of the new Agreement, both parties have agreed to adopt the EU-Ukraine Association Agenda\(^2\). In Section III Operational Part Item 7 Transport it states ‘the Parties cooperate to support Ukraine in, and to prepare for implementation of EC acquis mentioned in relevant annexes of the Association Agreement’ and specifically highlights the need for ‘the development of intermodal and multimodal services’.

Ukraine is also concerned with the Commission’s Communication 2011\(^3\), which presents a renewed transport policy cooperation with the EU’s neighbouring regions and provides short-term (up to 2013) action plans for closer integration and more efficient connections between EU and its neighbours, as well as for the sectors of aviation, maritime/inland navigation, road, and rail transport.

On the other hand, the recently adopted “Transport Strategy of Ukraine for the period up to 2020”\(^4\)” aims at supporting the sustainable and efficient transport sector operation with a view to creating conditions for social and economic development of the country and to improving the competitiveness of the national economy and people’s wellbeing. Among others, the Strategy pays particular attention to the improvement of transport services’ accessibility and quality, through shortening freight delivery times and providing efficient interoperability of transport network of Ukraine and neighbouring states (developing intermodal services). Furthermore, among the principal aspects for the Strategy implementation is the establishment of a network of logistics centres.

\(^1\)Adopted by the MLA signatories in 2006 during the 5th Annual Conference of the Intergovernmental Commission of TRACECA in Sofia, Bulgaria

\(^2\)The Association Agenda was adopted by the EU-Ukraine Cooperation Council on 23 November, 2009, and entered into effect on 24 November, 2009.


\(^4\)Adopted by the Ordinance of the Cabinet of Ministers of Ukraine No 2174-r dated October 20th, 2010
Moreover, the Transport Strategy states the need to integrate the ‘national transport network into European and world’s systems *inter alia* through:

- further developing the transit potential, increasing the competitiveness of national transport at the international transport service market;
- acceding to international transport conventions and agreements, and enforcing their observance;
- developing intermodal services;
- increasing volumes and classes of containerised goods;
- harmonizing the national laws with EU transport legislation;
- developing and implementing technical and technological regulations and standards in line with international requirements;
- unifying requirements to the operators;
- setting up network of inter-connected logistic centres and multimodal terminals in major transport hubs, and border crossing points;
- improving the efficiency of logistic operation in the sea ports;
- setting out legal and institutional conditions for port operators’ business;
- providing the interoperability of transport network of Ukraine and neighbouring states;
- cooperating with the EU in order to develop international transport corridors and axes identified by the EC High Level Group;
- developing the cooperation with Poland, Belarus and other states in terms of combined transport services.

Among others, the expected outcomes of Transport Strategy are:

- upgrading the transport system and improving its operation efficiency;
- satisfying a need of national economy and residents in transport and improving the quality and accessibility of transport services;
- delivering goods in proper time;
- refining the transport sector management system;
- increasing the transport network handling capacity;
- accelerating rates of national transport system integration into the European and global transport systems, with the maximum utilisation of state’s transit potential.

A twinning project that seeks to assist in the further coordination of development of multimodal transport and refinement of logistic processes, including the development of a national logistics network is fully compliant with the declared transport strategy of Ukraine indicated above, as well as with the European policy documents and agreements to which Ukraine has expressed commitment.

These objectives can be realised only if the Ministry of Infrastructure has the institutional capacity to enable it to facilitate the modernisation of the sector and to oversee and coordinate the development of multimodal transport and logistic processes in Ukraine.

Hence, this project is consistent and contributes to the objectives defined in the PCA, the EU-Ukraine Association Agreement and the EU-Ukraine Association Agenda as it establishes a
partnership between the Ministry of Infrastructure of Ukraine and a corresponding EU counterpart designed to promote integration of transport practices wherever relevant.

3. DESCRIPTION OF THE TWINNING PROJECT

3.1 Background and justification

The EU concept of twinning as a ‘vehicle’ to accomplish goals contained within the various Agreements and Actions Plans is, therefore, fully compliant with both EU and Ukraine sector policies and strategies, while this twinning project is particularly aimed at the enhancement of capacity of the Ministry of Infrastructure of Ukraine to facilitate the development of multimodal transport in Ukraine.

The EU attaches particular importance to and supports the development of multimodal transport in its Member States and the neighbouring countries. The White Paper 2011 highlights, that in view of establishing a Single European Transport Area, the future development of transport in Europe must *inter alia* rely on optimising the performance of multimodal logistics chains, easing the process of integration between modes and facilitating the emergence of multinational and multimodal operators.

The concept of multimodal transport is closely related to, however not interchangeable with, the concept of intermodal transport.

European Conference of Ministers of Transport (ECMT) defines multimodal transport as the "carriage of goods by at least two different modes of transport".

The OECD Glossary of Statistical Terms defines intermodal transport as ‘movement of goods (in one and the same loading unit or a vehicle) by successive modes of transport without handling of the goods themselves when changing modes’.

Given the above two definitions, it may be difficult to draw a line to differentiate the concepts of multimodal and intermodal transport. However, the United Nations Convention on International Multimodal Transport of Goods provides for a more precise differentiation between the two terms, by defining the international multimodal transport as "the carriage of goods by at least two different modes of transport on the basis of a multimodal transport contract from a place in one country at which the goods are taken in charge by the multimodal transport operator to a place designated for delivery in a different country".

Hence, intermodal transport is a particular type of multimodal transport, whereas multimodal transport only occurs where the transport of goods by different modes of transport is undertaken under a single contract. Therefore, a single contract for carriage of goods across two or more modes of transport and the ensuing responsibility of a single party for delays in delivery, loss, or damage of goods is the cornerstone of multimodal transport.

It is important to note, that despite numerous previous attempts, currently there is no uniform regime governing international multimodal transport of goods. The early initiatives under the auspices of organizations such as the UNIDROIT, CMI, UNECE, and the then IMCO, resulted in the elaboration of the Draft Convention Transport Combine de Merchandise (TCM) which failed to go beyond the proposal stage. Being of a voluntary nature and

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5 White Paper COM (2011) 144 ‘Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system’
6 http://stats.oecd.org/glossary/detail.asp?ID=4303
advocating a network liability system, the Draft was considered, in some sectors, to be too weak to achieve the objective of uniformity and efficiency in multimodal transportation.

The United Nations Convention on International Multimodal Transport of Goods (Geneva, 24 May 1980), which provided for a 'uniform system' of liability, with the exception of limitation amounts, faced strong resistance from major maritime interests. While the Convention did not receive sufficient ratifications to enter into force, it has been widely used as a model in enacting legislation to govern multimodal transport.

In the absence of a truly international regime on multimodal carrier liability, regional, sub-regional and national laws have been created. The Andean Community, the Latin American Integration Association (ALADI), the Southern Common Market (MERCOSUR) and the association of the South-East Asian Nations (ASEAN) have resorted to these types of solutions\(^7\). The Middle East seems to be working on a regional solution of its own as well\(^8\).

Besides the regional regimes there are also national regimes\(^9\) on multimodal carriage in vigour in The Netherlands, Germany, China, Mexico, India, Argentina, and Brazil.

Moreover, it must be noted, that there is no specific national legislation in the European countries governing multimodal transport as such. For instance, in The Netherlands the reference to multimodal transport is made only in the Civil Code, while in Germany – in the Commercial Code.

Notably, the EC-funded projects “Common Legal Basis for Transit Transportation”\(^10\) and “TRACECA Coordination Team” (within the framework of the EC TRACECA Programme) have elaborated an “Agreement on development of Multimodal Transport TRACECA” in an attempt to establish a regional legal framework for multimodal transportation as early as in 2002-2004. The agreement introduced the concepts of ‘uniform liability’ based on multimodal transport contract and single multimodal transport document. Up to now, the countries that signed the Agreement are Azerbaijan, Armenia, Kyrgyzstan, Tajikistan and Georgia. In accordance with the Agreement provisions, the document comes into force after its ratification by four Parties of this Agreement. So far the Agreement has been ratified by three countries – Azerbaijan, Georgia and Tajikistan.

The aforementioned Agreement may be a suitable tool to establish a predictable legal framework in Ukraine and other signatory Parties, which would avoid the complex and costly investigations in identifying the modal stage where loss occurs or the applicable liability

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\(^8\) In 2000, the United Nations Economic and Social Commission for Western Asia (UN-ESCWA) put together a draft agreement on international multimodal transport of goods in the Arab Mashreq. The convention should be open for signature by the members of UN-ESCWA at the United Nations headquarters in New York until Dec31 2009 – “A multimodal transport convention for the Middle East www.forwarderlaw.com


\(^10\)http://www.traceca-org.org/en/technical-assistance/common-legal-basis-for-transit-transportation/
rules. Particularly, Article 2(2) of the Agreement stipulates, that upon its entry into force, the Parties may endeavour to develop the form of documentation to be used for multimodal transport.

The recent ‘Support to the Integration of Ukraine in the Trans-European Transport Network TEN-T’ Project, funded by Europe Aid, contained a specific sub-component that examined the multimodal transport environment in Ukraine.\(^{11}\)

The principle of multimodal transport is that by having a single party offering a service covering several ‘links’ in the door-to-door transport chain can be cheaper and more efficient than when that same service has to be divided among several parties. Containerisation has been a key driver in the development of multimodal approach in Europe, but in Ukraine it is suggested that only approximately 10-15% of current container transport movements utilise multimodal transport systems, such as using Through Bills of Lading issued by maritime carriers or by Non-Vessel operating Common Carriers (NVOCC). This percentage is considered very low when compared to the EU, but reflects the specific situation in Ukraine where its usage can be problematical.

The multimodal transport sector in Ukraine is constrained by having to operate in a legal vacuum, which makes it difficult to get promoted and developed. The Ministry did some initial legal drafting but this was heavily orientated towards intermodal transport using rail, mainly because Ukrzaliznytsia, the railway operator, was the dominant drafter. Due to its individual compilation and absence of internationally agreed terminologies there is concern as to whether the draft law could be applied and would adequately solve the problem of the legal vacuum.

However, the study made clear that the absence of appropriate legislation is only one factor constraining the sector and there are other major reasons for the lack of multimodal services, such as volatility in transport pricing for the various logistical services within Ukraine which severely compromise any advantages of combined transport over segmented unimodal transport. A key constraint is also that multimodal transport operators (MTOs) at this stage are not able to offer the correct ‘service package’ (mix between cost, speed and reliability) to make the concept competitive. This is particularly relevant in relation to intermodal transport whereby Ukrzaliznytsia is not offering intermodal or combined transport services, only the railhead-to-railhead movements.

An additional problem is the difficult trade facilitation environment. The complexity and practices of the State Customs and other border clearance authorities tend to promote clearance at the seaport or border rather than at an inland clearance point. This situation acts against the implementation of multimodal transport and favours unimodal contracting.

Ukraine has introduced important regulatory reforms in road, air and maritime transport sectors and launched significant infrastructure investments. On the other hand, these regulatory reforms and infrastructure investments often focus only for the specific single transport mode concerned. What is needed in this regard has been clearly indicated by EU Commission’s White Paper ‘European transport policy for 2010: time to decide’ which stipulates, that there is a need for linking up the modes of transport ‘shifting the balance between modes involves looking beyond the rightful place of each particular mode and securing intermodality’. Integrating different transport modes in a meaningful way and developing policies to induce and promote intermodality first of all requires the acknowledgment of the importance of this matter. Assuming that the necessary will and

\(^{11}\)Cross Cutting Issues - Multimodal Transport -Draft Final Report 7.1 -December, 2010
consciousness in relevant Ukrainian transport authorities in this regard has been developed, there is a need to create a synergy among the modes in order to increase the efficiency of interrelated logistic processes and services (3PL, 4PL and 5PL) in Ukraine.\textsuperscript{12}

This would certainly require an intermodal strategy to be developed through a close cooperation of relevant transport-mode authorities and the provision of a legal framework to promote multimodal transport. As there is no existing public structure for multimodal transport combining all transport modes there is an urgent need to increase the institutional capacity of MoI to serve as the main coordinating and planning body to develop multimodal transport in Ukraine. Multimodal transport regulation will require enhanced cooperation among relevant stakeholders, the MoI, the Port Authorities, Ukrzaliznytsia, the major shipping companies, transport operators and forwarders, as well as State Customs, and the MoI could act as the focal point for such discussions.

The necessary synergy and cooperation to develop intermodal transport and align Ukrainian legislation in this regard with the EU acquis could be best achieved by examining the best practices available in the EU member states through a Twinning Project. Through workshops, training sessions and internships in the relevant institution/s of member states Ukrainian authorities could benefit from their experience for implementing Council Directive 92/106/EEC of 7 December 1992 ‘on the establishment of common rules for certain types of combined transport of goods between Member States’, as well as analyse the policies and applications to promote intermodality, such as Motorways of the Sea initiative.

Twinning project would provide institutional support to the MoI and especially to the Department of Policy for Development of Transport Infrastructure and tourism\textsuperscript{13} in order to refine and stimulate of development of multimodal transport and to facilitate coordination of activities of the stakeholders (public and private sectors). Moreover, significant part of the support will be to elaborate the clear policy and practical steps on the basis and in full compliance with the transport strategy and its medium action plan in this field. To achieve this will require some external guidance and expertise from an EU partner who is fully conversant in developing and implementing such strategies and plans.

\textsuperscript{12} Logistics is the management of the logistic processes of overall movement of goods between the point of production and point of consumption ‘being a collection of services facilitating the economic transactions associated with production and trade’.

\textsuperscript{13} A brief overview demonstrates that currently almost similar departments exist in the EU Member States as follows:

\textbf{Republic of Slovakia: Department of co-modality and logistics} – Ministry of transport, posts, and telecommunications;

\textbf{Lithuania: Transit and logistics division} – Transport Policy Department – Ministry of transport and communications;

\textbf{Italy: Directorate General for Road transport and intermodality} – Department for transport, navigation, information systems, and statistics – Ministry of Transport and Infrastructure;

\textbf{UK: Commission for Integrated Transport} (abolished since October 2010) – Department for Transport
3.2 Linked activities

Ukraine has been the recipient of a number of EU assistance projects. For instance under the EU founded TRACECA programme, pursuant to the Article 8 p.6.f of the MLA and Chapter 5 of the “Strategy of the Intergovernmental Commission of TRACECA for development of the international transport corridor “Europe-Caucasus-Asia” for the period up to 2015”, the following projects have been dedicated to the development of multimodal transport and logistics in TRACECA countries, including Ukraine:

- “TRACECA Coordination Team” in 1998-2004
- “Harmonisation of Border Crossing Procedures” in 2001-2003,
- “Common Legal Basis for Transit Transportation” in 2002-2004;
- “Trade Facilitation and Institutional Strengthening” in 2004-2006; and

Significantly, throughout the period of the implementation of the above-listed projects, the Agreement of Development of Multimodal Transport has been developed through several stages of advancement.

Based on the analysis of advantages and disadvantages of the above-listed documents and with an objective to create a level legal framework for the establishment and development of the MTO concept, as well as delimitation of liability for loss, damage, or delay in delivery of goods, the Permanent Secretariat has elaborated a draft Technical Annex to the MLA on the Multimodal Transport. The draft of the Technical Annex was presented during the IGC TRACECA conference in Yerevan in 2003. Following long discussions, the draft was subsequently adopted as a separate Agreement during the IGC TRACECA Conference in 2009. Up to now, the Agreement has been signed by five countries and ratified by three of them.

This framework Agreement is intended for international use. However elements from the framework could also be used by Parties of MLA as guidelines for regulating liability in their domestic multimodal transport.

In addition to that and in order to facilitate and multimodal transport and logistics, EC has funded the following projects in Ukraine:

- **International Logistics centres for the Caucasian Countries and Western NIS Countries**

The overall objective of this project was to support international trade and facilitate the movement of goods along the TRACECA Corridor through improving logistics capabilities, interoperability and multimodal transport.

- **Motorways of the Sea** (MoS) for the Black Sea and the Caspian Sea

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14 This Agreement has been developed to allow the possibility of early implementation of provisions largely consistent with existing practices in the region while being largely compatible with practices in neighboring areas. It represents a compromise. As its terms are kept as simple as possible, it should make it much easier to update in the future than a more complex agreement containing many cross references and details.

15 Definition: a Motorway of the Sea (MoS) is a maritime intermodal freight transport chain.
The overall objective of the project is to facilitate trade and transport along the corridor Europe-Black Sea region- Caucasus- Central Asia through improved interoperability and multi-modal transport on the Black Sea and the Caspian Sea.

The specific objective is to promote the EC concept of “Motorways of the Sea” in Black and Caspian Sea Region in order to support efficient intermodal freight transport connecting the Black and Caspian Seas’ neighboring countries with the enlarged EU territory.

- **TRACECA logistics processes and Motorways of the Sea II)**

The overall objective of this project is the establishment of efficient and integrated intermodal transport chains underpinned by Motorways of the Sea integrated multimodal links, fostering trade relations between the countries involved and promoting the concept of an integrated logistics chain.

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

The overall objective of the project was 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 implied 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.

- **Ukraine Port Development Feasibility Study**

The overall objective of this project completed in 2010 was to contribute to the development and promotion of transport on an east – west axis by developing ports on the TEN-T Corridor IX in Ukraine, thus improving logistic capabilities, interoperability and multimodal transport.

### 3.3 Results

This twinning project is to enhance the institutional capacity of MoI’s Departments in terms of facilitation and coordination of multimodal transport development in Ukraine.

The deeply intertwined mandatory results to be achieved by this twinning project are structured as follows:

**Result 1**

**Review of structure of MoI** and extension of tasks of Section of development of markets of transport services and tourism of the Department of Policy development of transport infrastructure and tourism of MoI, including functional duties of coordinating the development of multimodal transport and logistics, carried out by dedicated staff. This will provide strengthening the institutional capacity to allow the Ministry to intervene as appropriate in the multimodal and logistics sectors in order to facilitate their development in line with main provision of transport strategy in this field.

**Result 2**

**Development of Regulatory Needs Analyses** (RNA), including Gap Analyses, and Final Recommendations for further development of multimodal transport and logistics in Ukraine, with special attention to the already existing multimodal legal and regulatory framework and
EC Regulations and Directives, International and Regional agreements) initiative of International organisation such as UNCTAD, IMMO and FIATA, including the liabilities regime (uniform, network, modified), its limitation and carriers’ insurance policy applications.

**Result 3**

*Training of personnel on multimodal transport and transport logistics* in order to develop the institutional capacity within the Ministry, with a view to facilitating efficient implementation of those modern concepts in Ukraine. Part of the training would be focussed on determination of the Government’s role in intervening (within the limits of its competence) in the functioning of these sectors (predominantly developed by the private actors), taking into account current EU best practices in this field. The results will be monitored by training and testing and outputs from the sections, as well as measurement of staff retention levels.

**Result 4**

*Elaboration of a Special Programme for the development of multimodal transport* and facilitation of logistic services on the basis of transport strategy of Ukraine and incorporation this programme in medium term action plan of transport strategy. This programme would set out how the Ministry wishes to see the respective sectors develop and to establish achievable goals, especially in terms of potential intervention by the Ministry. Programme should be in full compliance with provisions of national transport strategy and reflect the institutional capacity of the Ministry in each of the sectors, be based largely on the expertise provided by the twinning project.

### 3.4 Activities

In order to achieve the Results indicated in Section 3.3, a series of activities will need to be undertaken. These may be undertaken sequentially or concurrently, dependent on agreement between the TP and the MoI.

The number of man-days specified below is indicative and can be fine-tuned during the contracting phase.

**Result 1 – Review of structure of MoI and extension of tasks of Section of development of markets of transport services and tourism of the Department of Policy Development of Transport Infrastructure and Tourism of MoI** – 48 m/d, Short term experts

**Activity 1.1 – Review of current structure of MoI and its Departments, including Department of Policy development of transport infrastructure and tourism and its sectors**

This activity will cover review of structure of Department of Policy development of transport infrastructure and tourism and its sectors; assessment of the communication and efficiencies of interrelations services between the sectors.

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16 During preparation of programme the special attention has to be paid to the needs of development of legal or regulatory framework covering efficient application of multimodal transport and creation of institute of MTO. An accession to the Agreement on Development of Multimodal Transport as a one of the option has to be taken into consideration.

17 Recently the medium term action plan for implementation of Transport Strategy of Ukraine under development;
Development of recommendations of institutional refinement of the Department of Policy Development of Transport Infrastructure and Tourism of MoI with emphasis on efficient coordination of development of different modes of transport, its interoperability and further development of multimodal transport in Ukraine will be provided.

Activity 1.2 – Extension of tasks and development of the regulation, including duties and responsibilities for the new extended tasks

This activity would be mainly undertaken by senior officials within the Ministry, as it involves internal restructuring and the appointment of personnel who will spearhead the Ministry’s future institutional capacity in development of multimodal transport and logistics. However, the twining project could have an important role in advising the MoI on institutional structures used in EU countries and in assisting in developing Terms of Reference or ‘institutional remit’ for the efficient implementation of new extended tasks for the responsible persons for multimodal transport and logistics development.

The role, responsibilities, obligations, for the implementation of the newly extended responsibilities must be clearly defined and have to be in full compliance with transport strategy in this field.

This latter activity is considered critical due to the potential overlap with other departments within MoI on multimodal transport, especially relative to those responsible for road transport, Ukrzaliznytsia, the ports, commercial shipping lines and even State Customs.

Activity 1.3 – Recommendation to the selection and staffing procedures for personnel for development of multimodal transport and logistics tasks implementation in the frame Department of Policy development of transport infrastructure and tourism

Having developed the regulation, the final component will be to select suitable personnel for the management of the new duties and implement the new tasks. Clearly, MoI has its own internal selection system but it will also be important to follow up of the recommendation in order to identify personnel who are either already qualified in transport-related subjects or have attended internal training courses on transport matters or, as importantly, are interested in multimodal transport or logistics. The twinning project could assist in the selection process as requested.

Activity 1.4 – Study tour(s) in EU Member State

Two study tours (5 days for 5 staff each) for staff of MoI and private sector in an EU Member State regarding implementation of relevant legal framework and applicable EU regulations with regard to the interoperability and application of combined transport frameworks will be conducted.

Result 2 - Development of Regulatory Needs Analyses (RNA), including Gap Analysis, and elaboration of Final Recommendations for further development of multimodal transport and logistics in Ukraine – 64 m/d, Short term experts

Activity 2.1 - Regulatory Need Analyses (RNA)

Based on the review of the existing legal and regulatory frameworks, a detailed regulatory needs and gap analyses will have to be carried out. The RNA and gap analysis vis a vis the EU legislation in this field shall indicate the areas where remedial legislative and regulatory

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18 In the transport sector the ENP member countries, including Ukraine, face the challenge of taking over and approximating a very substantial body of transport law, which represents about 10% of the total EU acquis. The
action is needed in order to overcome obstacles and deficiencies hindering the development of multimodal transport in Ukraine. It is recognised, that there currently is no international regime in force governing multimodal transport. However, there are known cases of successful regional legal frameworks to that end. On the other hand, European best practices shall be considered in terms of legal and regulatory frameworks for multimodal transport. Particularly, issues such as liability regimes in multimodal transport and insurance policies related thereto shall be considered.

The RNA and gap analyses of the multimodal and combined transport in Ukraine has to prepare in view of assistance to the MoI with implementation of recently adopted transport strategy and its action plans with regard to the approximation of Ukrainian legislation in the field of interoperability and intermodality to the European acquis.

Activity 2.2 – Final Recommendations

Final recommendations shall be prepared as regards the required legal and regulatory amendments/or accession to the already existing regional legal framework in order to facilitate multimodal transport development in Ukraine. In doing so, particular attention shall be paid to the compatibility of the proposed measures with EU, international and regional legal frameworks.

For the sake of efficiency and in order to achieve the related mandatory result, it is suggested that the recommendations cover at least the following dimensions:

- description of the European legal order governing the multimodal and combined transportation, with particular emphasis of the liability regime(s);
- verification of the state of laws in Ukraine in this field;
- identification of regulatory needs in this sector;
- drawing conclusions and action plan for necessary legal/regulatory changes identified.

Result 3 - Training of Section personnel on multimodal transport and logistics – 41 m/d, Short term experts

Activity 3.1 – Training Needs Assessment (TNA)

Having concluded the staffing, a Training Needs Assessment (TNA) will have to be undertaken. A structured methodology will be required to carry out the TNA. This process will identify the skills base of the newly appointed staff and areas where knowledge is limited, absent or deficient. Previous training under the various EU programmes has tended to get focused on short exposure to EU transport systems, its interoperability and logistic processes, but this may not be the optimal training strategy in this case. The TNA should identify the specific new training needs of section/unit in the MoI responsible for facilitating the development of multimodal transport and logistics and how these needs can be efficiently addressed.

acquis in Chapter 9, "Transport policy", is based on Articles 70-80 of the EC Treaty. The transport acquis consists mainly of secondary legislation, i.e. several hundred Regulations, Directives and Decisions. Approximation to the acquis does not only require the approximation and adoption of legislation and regulation, but also a sufficient level of administrative/institutional capacity.
Activity 3.2 – Development of Training Schedule and Materials

STEs, under close supervision of the RTA, will develop a programme of training, internship and study tour plans based on the results of the TNA. Part of the programme will be dedicated to European best practices as regards the roles of the private and public sectors in the development of multimodal transport and of logistics market. In addition, this activity will aim at enhancing the capacity of the MoI in terms of the MTO concept, private sector (3PL, 4PL and 5PL), as well as legal and regulatory frameworks governing multimodal transport and logistics in EU and beyond.

Activity 3.3 – Seminars

This activity will be for staff of MoI and will include (a) one seminar on interoperability and multimodal transport development in EU, and (b) one seminar on the latest development of transport logistics in EU. These seminars will be conducted by the RTA assisted by STEs. The seminars will aim at preparing the ground for the subsequent training sessions on the same subjects to be organised under the following tasks. It is anticipated that seminars will be organised in Kiev.

STEs shall provide a report after completion of each seminar and training session.

Activity 3.4 – Trainings

Following the introductory seminars organised under the previous activity, the RTA with the assistance of the STEs shall prepare, organise and deliver training to the staff of the MoI and private sector on the subjects of (a) interoperability and multimodal transport in EU, and (b) latest European experience in developing the transport logistics sector. It is appreciated that much of this training will have to be undertaken in parallel with staff of Department of Policy development of transport infrastructure and tourism of MoI having to conduct their everyday work and thus effective scheduling will be critical. The training sessions will be mainly delivered in Kiev.

Activity 3.5 – Study tour(s)

Study tours (4 study tours for up to 5 persons maximum each) for the staff of MoI and private sector in a EU Member State regarding i) freight forwarding activities, port operation and commercial shipping, as a key aspects in the development of multimodal transport and interoperability, and ii) logistic providers and organization and implementation of coherent logistic processes.

The study tour shall be completed by a report covering existing daily practice in MS organization.

Result 4 - Elaboration of Special Programme for the development of multimodal transport and facilitation of logistic services on the basis of transport strategy of Ukraine – 46 m/d, Short term experts

Activity 4.1 – Identification of the key issues for further development of multimodal transport and logistics in Ukraine

The Ministry needs to have clear picture for development of multimodal transport and logistics with associated special programme on how the transport strategy is to be implemented efficiently in this field. STEs in close cooperation with RTA shall provide assessment and analysis on the basis which special programme has to be developed in full compliance with recently adopted transport strategy.
Activity 4.2 – Elaboration of Special Programme of development of multimodal transport and logistics

The PL and RTA should be assisted by STEs to develop a gradual programme of development of multimodal transport and logistics and include this programme in a respective short/medium term action plan of transport strategy of Ukraine.

Programme of development of multimodal transport and logistics should be in full compliance with main provisions of national transport strategy.

Activity 4.3 - Dissemination and publication of the special programme of development of multimodal transport and logistics

It is suggested that the draft of special programme of development of multimodal transport and logistics should be circulated in the form of a consultation document. The RTA and STEs should assist in the preparation of the document and in its circulation and discussion process. As indicated, this consultation should include both public and private sector stakeholders. The final activity, following consultation, would be publication of the special programme of development of multimodal transport and logistics.

3.5 Means/ Input from the MS Partner Administration

This twinning project is envisaged for exchange of experience and know-how with member state administration(s) for a period of 18 months. Standard twinning procedures / twinning covenant are to be used. RTA and STEs mobilised under this contract must be proficient in English, while knowledge of Ukrainian or Russian would be an asset, have excellent communication and analytical skills, be proficient in report drafting and have excellent team working abilities.

3.5.1 Profile and Tasks of the Project Leader

The Project Leader (PL) from the EU Member State (MS) will be responsible for collaboration with the beneficiary country (BC) and for the overall steering and coordination of the project, ensuring good cooperation and information exchange between the MS and Ukrainian partners.

The PL would be expected to devote 3 days per month to the project at the minimum in his/ her home administration. In addition, he/ she will coordinate, from the MS partners, the project steering committee (PSC), which will meet in Ukraine on a quarterly basis. The PL is expected to spend 3 working days at the minimum in Kiev over 6 missions.

The PL shall:

- be a long-term senior civil servant from the Member State Ministry of Transport;
- have experience in working with institutional information networking;
- have experience on international co-operation issues;
- have good organisational, communication and presentation skills;
- have a good command of written and spoken English and preferably Russian.

The main tasks of the PL are to ensure:

- overall coordination of the project;
- the leading of activities of the project;
- the achievement of the mandatory results.
3.5.2 Profile and Tasks of the RTA

The MS organisation(s) will provide one long term RTA.

The RTA should have the following profile:

- education at least up to University degree (where university degree has been awarded on completion after three / four years study in an internationally recognised university or equivalent institution) in law, public administration, transport economics or equivalent;
- minimum 10 years of general professional experience in institutional development, project managing, monitoring or coordination in public institutions’ context in and minimum 5 years in multimodal transport and logistics, professional experience in management of international projects or twinning projects would be an asset;
- experience in training and mentoring in the fields relevant to the project;
- be fully conversant with the relevant EU legislation and best practices in the area of transport;
- have strong written, verbal and inter-personal communication skills in English;
- knowledge of Russian/Ukrainian would be also an advantage.

The RTA will be based in Kiev and will direct and coordinate the project with the Ukrainian partners in the Ministry of Infrastructure. The RTA will be responsible for the daily management of the project in Ukraine. The RTA shall:

- coordinate and supervise the activities of all experts;
- establish and maintain links with all the beneficiaries and players involved in the implementation of the project, as well as with other related projects (ensuring the avoidance of overlapping), and be in close co-ordination with the Project Leader;
- ensure overall co-ordination within the project;
- organise the project implementation, especially steering the assignments of the experts, training measures, conferences, internships, etc;
- ensure timely and effective implementation of the project in accordance with the start-up report and the time schedule identified in the start-up report; this includes the timely mobilisation of short-term experts.

In addition to the above, a full time translator-interpreter shall be appointed to assist the RTA. Allowance for this must be made within the project budget. Furthermore, the assistant translator will facilitate the training activities. Where necessary (for example during training activities, translation of project documents/reports and materials, organizational activities) the project will hire an additional translator with costs covered by the project.

3.5.3 Profile and tasks of short-term experts (STEs)

To achieve the mandatory results and to carry out of the activities as per section 3.4 (activities) the following assistance of 8 short-term is needed (with office accommodation in MoI/Department of Policy development of transport infrastructure and tourism premises).

The STEs will have the following profile:
• at least University degree education (where university degree has been awarded on completion of three / four years study in an internationally recognised university or equivalent institution) in law, public administration, transport economics or equivalent field, or at least 7 years of general professional experience referred to below;
• minimum of 4, preferably 6 years of professional experience in the fields of multimodal transport development or logistic centres or drafting of legislation, harmonisation of external legislation with EU transport acquis in a public institutional context;
• experience in training and mentoring in the fields relevant to the project;
• preferably a comparative knowledge of other Member States and candidate countries’ systems of multimodal transport development and relevant legislation;
• Strong written, verbal and inter-personal communication skills in English;
• Knowledge of the Ukrainian and/or Russian languages would be an advantage.

STEs will provide specialized know-how for the individual tasks in this project; therefore, experts should have expertise in their specific transport modal areas. As a general approach, the STEs will take the responsibility for the implementation of the project and the achievement of the results, each for his/her individual mission tasks. They will also prepare the required reports and the output described. They can provide long-standing experience in all relevant fields.

The MS should consider their possibilities to mobilise short-term experts from different EU Member States with relevant experience.

4. INSTITUTIONAL FRAMEWORK

Currently Ministry of Infrastructure of Ukraine (legal successors of former MoTC) is under restructuring processes and acting on the basis of temporary structures (Annex 3).

Status and final structure of the Ministry of Infrastructure was submitted to the Cabinet of minister of Ukraine for its approval.

The legal framework requirements in Ukraine differ significantly from the EU because the Ukrainian transport environment is more heavily regulated. The legal system provides authenticity or legitimises a type of service or its participants. For example; prior to adoption of ‘The Law of Ukraine in Forwarding Activity of 01.07.2004 N 1955-IV that entered into force July 30th 2004, the freight forwarders in Ukraine had highlighted their difficulties in offering and providing comprehensive services to clients because they lacked the necessary commercial and institutional legitimacy.

Whilst forwarding operations had clearly existed prior to that date, it was more of a ‘grey’ market with no clear relationship between the forwarder, his client and official bodies engaged in trade facilitation, such as Customs. Irrespective of whether the law was the optimum legal instrument for the sector, it nonetheless created the necessary transparency for commercial operations and sector promotion.

Similarly, the multimodal transport sector and logistics are operating in a legal vacuum which makes it difficult to get promoted and developed. The activity itself, the MTO and the documentation used currently lacks any legal status, and thus the legal framework being developed will be critical to the more widespread application of multimodal or even combined transport in Ukraine. The major difference between the Ukrainian legislation and
other countries, including those in the EU, is the focus on legitimacy as opposed to liability, though it will also address this aspect.

This draft legislation has been under the development and review process for several years, which suggests problems in reaching the necessary consensus. The latest proposals do not appear compatible with wording in the UN Convention and UN/ICC Rules and therefore their validity outside Ukraine on a through transport movement may be questionable. The legislation needs further review in order to be compliant with similar Regional legislation in other countries. Currently in Ukraine there is still some uncertainty and debate as to whether this new law concerns multimodal or combined transportation. There is also concern that the draft is being undertaken by Ukrzaliznytsia, and therefore the legislation may be too rail-oriented, whereas most multimodal traffic is expected to be maritime/road. If it is to be combined transport, then the present approach may be adequate but would still leave a legal vacuum as regards multimodal transport. It should be noted that there is no evidence that to indicate that the application of multimodal transport has been specifically constrained by the lack of such legislation, although its future development could be enhanced by such legislation, but only provided it were ‘user friendly’.

5. BUDGET
EUR 1,125,000

6. IMPLEMENTATION ARRANGEMENTS

6.1 Implementing Agency

The Implementing Agency responsible for tendering, contracting and accounting is the European Commission represented by the Delegation of the European Union to Ukraine. The person in charge of this project at the Delegation of the European Union to Ukraine is:

Svitlana Didkivska
Project Manager
Delegation of the European Union to Ukraine
10 Kruhlouniversytetska Street, Kyiv, 01024, Ukraine
Tel.: +380 (44) 390 80 10
Fax: +380 (44) 253 45 47
E-mail Svitlana.DIDKIVSKA@eeas.europa.eu

The Programme Administration Office (PAO) under the Main Department of the Civil Service of Ukraine is an administration responsible for coordination of the preparation of twinning projects and support for their implementation, provision of advisory and methodological support to public authorities in preparing and implementation of twinning projects.

The person in charge at PAO in Ukraine is:

Andriy Vishnevskiy
Director of Twinning Programme Administration Office
15, Prorizna str., Kyiv, 01601, Ukraine
Tel: +380 (44) 279 29 26
Fax: +380 (44) 278 51 91
E-mail: pao@center.gov.ua
Website address: www.twinning.com.ua
6.2 Counterparts in the Beneficiary Country (BC)

The main counterpart in Ukraine will be the Department of Policy for development of Transport Infrastructure and Tourism of the Ministry of Infrastructure:

6.2.1. Contact Person:

**Mr Nasarii Atamanchuk**  
Deputy Head of Division for Development of markets, transport services, and Tourism  
Peremogy Ave., 14  
Kyiv – 135, 01135 Ukraine  
Tel: +380 44 271 49 03  
Fax +380 44 271 41 11

6.2.2. Project Leader:

**Mr Konstantin Yefimenko**  
First Deputy Minister of Infrastructure of Ukraine  
Peremogy Ave., 14  
Kyiv – 135, 01135 Ukraine  
Tel: +380 44 271 48 09  
Fax: +380 44 486 65 32

6.2.3. RTA Counterpart:

**Mr Aleksei Baranov**  
Head of Department of Policy of development of infrastructure of transport and tourism  
Ministry of Infrastructure of Ukraine  
Peremogy Ave., 14  
Kyiv – 135, 01135 Ukraine  
Tel: +380 44 271 48 07  
Fax: +380 44 271 49 89

6.3 Contracts

Only one twinning contract tendered under international restricted procedure is foreseen for this project.
7. IMPLEMENTATION SCHEDULE (INDICATIVE)

<table>
<thead>
<tr>
<th>Contracts</th>
<th>Launching of the call proposal (date)</th>
<th>Start of project activities (date)</th>
<th>Project Completion (date)</th>
<th>Duration of the execution period (number of month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development and Coordination of Multimodal Transport and Logistic Processes in Ukraine</td>
<td>September 2011</td>
<td>July 2012</td>
<td>March 2014</td>
<td>21 months</td>
</tr>
</tbody>
</table>

The project duration is 21 months (18 + 3 months)

8. SUSTAINABILITY

The twinning partners will undertake to provide the basic infrastructure necessary for the sustainability of their joint twinning achievements. The sustainability of the results is likely to be achieved if the twinning partners commit themselves to the following:

1. Efficient absorption of the content and understanding of the training materials by the Beneficiary personnel being measured and monitored after each training session that is provided by simple tests.

2. Make maximum use of the skills and abilities of the beneficiary country administration personnel previously trained by Member States; apply “train the trainers approach” for sustainable capacity building of the beneficiary administration;

3. Allow for confirmation of the effect of the twinning project for the beneficiary administration by organising a final seminar that presents achieved results of the twinning activities at the end of the twinning project;

4. Provide assurance that manuals and procedures developed within the twinning project will be used by the beneficiary beyond the primary contract period.

The success of the project will be based on achieving practical results and the sustainability of the results will be an important measure of success.

The twinning partners will also seek additional and alternative ways in which the project can be seen to be sustainable.

When considering the importance of the Transport sector in any country, there are two dominant aspects: (1) quality of life and (2) overall economic development. Transport has a direct influence on people's life, in the sense of individual mobility and the accessibility of closer and distant areas, but also, with its significant influence on the rational use of time, it concerns the quality of life in a wider sense. Transport has strong effects on quality of life
and economy (import, export, tourism), for individuals as well as for the global sustainable organization society as a whole. The increase in transport demand closely follows economic development, and on the other hand good transport services stimulate economic growth.

9. CROSSCUTTING ISSUES

Each twinning partner is required to comply with the equal opportunities requirements of the EU. Whilst environmental requirements are not immediately applicable to the implementation of the project, if any such situation does arise both partners are required to comply with the environmental requirements of the EU.

9.1 Equal Opportunity (gender mainstreaming)

Participation in the project is open on equal terms to all natural and legal persons of the Member States. Gender balance will be promoted.

The project will promote participation of women in beneficiary organisations and will identify the effects/impacts/opportunities on and for women. The team of experts involved in the project must possess relevant skills to ensure effective mainstreaming of gender equality and minorities inclusion/participation.

9.2 Environment

The project is beneficial to the environment since the development of a modern efficient balanced, environment-friendly, sustainable multimodal transport and logistics system in Ukraine has an impact on many issues of key importance to the environment. An improvement in the efficiency of the transport network may be expected to have significant positive environmental impact, as Ukraine currently suffers from heavy pollution as a result of outdated policies and legislation.

9.3 Minorities

With the improvement of transport organisation in Ukraine, public transport will be better and accessible to all passengers, minority and vulnerable groups. Since the poor are disproportionately large users of public transport, they will benefit accordingly.

As minorities and vulnerable groups are usually the most affected by environmental degradation, improvements resulting from this project will also be or particular benefit to them. This also applies to greater transport efficiency, whose resulting cost-reductions will especially favour the poor in society.

10. CONDITIONALITY AND SEQUENCING

The underlying assumption for this project is the Ukrainian political will to create efficient balanced, environment-friendly, sustainable multimodal transport and logistics system in Ukraine including facilitating its integration with that of the European Union to enhance regional trade. So far there has been no reason to doubt this assumption.

Projects to be implemented through Twinning require the full commitment and participation of the senior management of the beneficiary institution. In addition to providing the Twinning
partner with adequate resources to operate effectively, the senior management must be fully involved in the development and implementation of the policies required to deliver the project results.
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC</td>
<td>Beneficiary Country</td>
</tr>
<tr>
<td>Ukrzaliznytsia</td>
<td>Ukrainian Railways</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>IFI</td>
<td>International Financial Institution</td>
</tr>
<tr>
<td>ILC</td>
<td>International Logistics Centre</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>IGC TRACECA</td>
<td>Intergovernmental Commission TRACECA</td>
</tr>
<tr>
<td>MoI</td>
<td>Ministry of Infrastructure of Ukraine</td>
</tr>
<tr>
<td>MLA</td>
<td>Basic Multilateral Agreement on International Transport for development of the Europe-the Caucasus-Asia Corridor</td>
</tr>
<tr>
<td>MoTC</td>
<td>Ministry of Transport and Communications (MoI since December, 2010)</td>
</tr>
<tr>
<td>MS</td>
<td>Member State (EU Member)</td>
</tr>
<tr>
<td>MTO</td>
<td>Multimodal Transport Operator</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>NVOCC</td>
<td>Non Vessel Operating Common Carrier</td>
</tr>
<tr>
<td>PAO</td>
<td>Programme Administration Office</td>
</tr>
<tr>
<td>PCA</td>
<td>Partnership and Cooperation Agreement</td>
</tr>
<tr>
<td>PL</td>
<td>Project Leader</td>
</tr>
<tr>
<td>PSC</td>
<td>Project Steering Committee</td>
</tr>
<tr>
<td>RNA</td>
<td>Regulatory Need Analysis</td>
</tr>
<tr>
<td>RTA</td>
<td>Resident Twinning Advisor</td>
</tr>
<tr>
<td>STE</td>
<td>Short Term Experts</td>
</tr>
<tr>
<td>TEN-T</td>
<td>Trans-European Networks - Transport</td>
</tr>
<tr>
<td>TNA</td>
<td>Training Needs Assessment</td>
</tr>
<tr>
<td>TP</td>
<td>Twinning Partner</td>
</tr>
<tr>
<td>TRACECA</td>
<td>TRAnsport Corridor Europe-Caucasus-Asia</td>
</tr>
<tr>
<td>UNCTAD/ICC</td>
<td>United Nations Conference on Trade and Development/International Chamber of Commerce</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
</tr>
<tr>
<td>3PL, 4PL, 5PL</td>
<td>Third, Fourth, Fifth Party Logistics Provider</td>
</tr>
<tr>
<td>Transport Strategy</td>
<td>Transport Strategy, approved by CMU Ordinance No 2174-r dated October 20th 2010 ‘On approving the Transport Strategy of Ukraine for the period of up to 2020’</td>
</tr>
</tbody>
</table>
ANNEXES TO PROJECT FICHE:

1. Logical framework matrix in standard format.
2. Explanatory Note to the Agreement of Development of Multimodal Transport.
3. Temporary Structure of Ministry of Infrastructure of Ukraine.
4. Relevant EU Regulations and Directives.
## Logical Framework Matrix

### LOGFRAME PLANNING MATRIX FOR Twinning Project Fiche

<table>
<thead>
<tr>
<th>Programme name and number</th>
<th>Harmonisation of the Transport Acquis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracting period expires 5 years after the signature of the Financing Agreement</td>
<td>Disbursement period: expires 6 years after the signature of the Financing Agreement</td>
</tr>
<tr>
<td>Coordination and Development of Multimodal Transport and Logistic Processes in Ukraine</td>
<td>Total budget: <strong>EUR 1,125,000</strong></td>
</tr>
</tbody>
</table>

### Project Description

<table>
<thead>
<tr>
<th>Overall Objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The overall objective is enhance the competitiveness of the Ukrainian economy through the development of a sustainable and efficient transport system incorporating best European practices, thereby contributing to the continued economic growth, creation of opportunities for regional trade, and gradual integration into TEN-T.</td>
<td>National transport strategy and its action plans under active implementation</td>
<td>Short, medium and long terms action plans of transport strategy are approved by MoI and COM of Ukraine</td>
<td></td>
</tr>
</tbody>
</table>

### Purpose

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>The purpose of the project is to strengthen the institutional capacity of the Ministry of Infrastructure of Ukraine to facilitate the development of multimodal transport by application of best European best practices, hence supporting the further development of the transport logistics service industry.</td>
<td>- Development of the regulation, including duties and responsibilities for the new extended tasks  - Elaboration of Special programme for development of multimodal transport and logistics  - Providing training  - Regulation, including duties and responsibilities for the new extended tasks  - Sufficient staff/personnel' in charge for coordination and development of multimodal transport and logistics</td>
</tr>
<tr>
<td></td>
<td>- New Regulation for the dedicated staff of MoI  - Special programme for development of multimodal transport and logistics  - Trainings and study tour (s)  - Approval of regulation by the Ministry  - Project progress report  - Published organisation chart of MoI  - The institutional changes in the Department of Policy development of transport infrastructure and tourism of MoI for facilitation the development of the multimodal transport and logistics services does not conflict with other national policies and priorities</td>
</tr>
</tbody>
</table>

### Results

<table>
<thead>
<tr>
<th>Result</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Result 1</strong></td>
<td></td>
</tr>
<tr>
<td>To review of structure of MoI and extend the tasks of Section of development of markets of transport services and tourism of the Department of Policy development of transport infrastructure and tourism of MoI, including functional duties of coordinating the development of multimodal transport and logistics, carried out by dedicated staff. This will</td>
<td>- Regulation, including duties and responsibilities for the new extended tasks  - Sufficient staff/personnel’ in charge for coordination and development of multimodal transport and logistics</td>
</tr>
<tr>
<td></td>
<td>- New regulation for the dedicated staff  - Approval of regulation by the Ministry  - Project progress report  - Published organisation chart of MoI  - The institutional changes in the Department of Policy development of transport infrastructure and tourism of MoI for facilitation the development of the multimodal transport and logistics services does not conflict with other national policies and priorities</td>
</tr>
<tr>
<td>Project Description</td>
<td>Objectively verifiable indicators</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>provide the institutional capacity to allow the Ministry to intervene as appropriate in the multimodal and logistics sectors in order to facilitate their development in line with main provision of transport strategy in this field.</td>
<td></td>
</tr>
<tr>
<td><strong>Result 2</strong></td>
<td>- Regulatory Need Analysis (RNA)</td>
</tr>
<tr>
<td>Development of Regulatory Needs Analyses (RNA), including Gap Analyses, and Final Recommendations for further development of multimodal transport and logistics in Ukraine, with special attention to the already existing multimodal legal and regulatory framework and (EC Regulations and Directives, International and Regional agreements) initiative of International organisation such as UNCTAD, IMO and FIATA, including the liabilities regime (uniform, network, modified), its limitation and carriers’ insurance policy applications.</td>
<td>- Gap Analyses</td>
</tr>
<tr>
<td></td>
<td>- Final Recommendations</td>
</tr>
<tr>
<td><strong>Result 3</strong></td>
<td>- Two Seminars and Trainings</td>
</tr>
<tr>
<td>Training of personnel in charge for development of multimodal transport and transport logistics and private sector in order to develop the institutional capacity within the Ministry, with a view to facilitating efficient implementation of those modern concepts in the Ukraine. Part of the training would be focussed on determination of the Government’s role in intervening (within the limits of its competence) in the functioning of these sectors (predominantly developed by the private actors), taking account of current EU best practices in this field. The results will be monitored by training and testing and outputs from the sections, as well as measurement of staff retention levels.</td>
<td>- Three Study tours</td>
</tr>
<tr>
<td></td>
<td>- Number of staff trained</td>
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</tbody>
</table>
### Project Description

**Result 4**

Elaboration of a Special programme for the development of multimodal transport and facilitation of logistic services on the basis of transport strategy of Ukraine and incorporation this programme in medium term action plan of Transport Strategy. This programme would set out how the Ministry wishes to see the respective sectors develop and to establish achievable goals, especially in terms of potential intervention by the Ministry. Programme should be in full compliance with provisions of national transport strategy and reflect the institutional capacity of the Ministry in each of the sectors, be based largely on the expertise provided by the twinning project.

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Relevant action plans developed and approved</td>
<td>- Project reports</td>
<td>- Active interest from the part of the transport industry (logistics service providers, freight forwarders and transport operators, port administrations and shipping companies)</td>
</tr>
<tr>
<td>- Special programme for the development of multimodal transport and facilitation of logistics services approved by the MoI</td>
<td>- Publications of the Ministry</td>
<td>- Suitably experienced and qualified staff are made available to coordinate the development of multimodal transport and logistics processes</td>
</tr>
</tbody>
</table>

### Activities

**Result 1 – Review of structure of MoI and extension of tasks of Section of development of markets of transport services and tourism of the Department of Policy Development of Transport Infrastructure and Tourism of MoI**

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Costs</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity 1.1 – Review of current structure of MoI and its departments, including Department of Policy development of transport infrastructure and tourism and its sectors</td>
<td></td>
<td></td>
<td>- The institutional change in the Department of Policy development of transport infrastructure and tourism and its sectors for facilitation the development of the multimodal transport and logistics services does not conflict with other national policies</td>
</tr>
<tr>
<td>Activity 1.2 – Extension of tasks and development of the regulation, including duties and responsibilities for the new extended tasks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity 1.3 – Recommendation to the selection and staffing procedures for personnel for development of multimodal transport and logistics tasks implementation in the frame of the Department of Policy development of transport infrastructure and tourism</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity 1.4 – Study tour(s) in EU Member State</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activities</td>
<td>Means</td>
<td>Costs</td>
<td>Assumptions</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>----------------</td>
<td>----------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| **Result 2 - Development of Regulatory Needs Analyses (RNA), including Gap Analysis, and elaboration of Final Recommendations for further development of multimodal transport and logistics in Ukraine** |                |                      | - Access to the necessary data and information (laws, regulations, etc) is ensured by local counterparts  
- Active involvement of public and private stakeholders and consultation links with them are ensured |
| Activity 2.1 - Regulatory Need Analyses (RNA)                            |                |                      |                                                                                               |
| Activity 2.2 – Final Recommendations                                    |                |                      |                                                                                               |
| **Result 3 - Training of section personnel on multimodal transport and logistics** |                |                      | - High interest and active participation from private sector – logistics service providers, shipping lines, and freight forwarding companies.  
- Dedicated personal are made available for training/seminars and study tour(s)             |
| Activity 3.1 – Training Needs Assessment (TNA)                          |                |                      |                                                                                               |
| Activity 3.2 – Development of training schedule and materials            |                |                      |                                                                                               |
| Activity 3.3 – Seminars                                                 |                |                      |                                                                                               |
| Activity 3.4 – Trainings                                                |                |                      |                                                                                               |
| Activity 3.5 - Study tours                                              |                |                      |                                                                                               |
| **Result 4 - Elaboration of Special Programme for the development of multimodal transport and facilitation of logistic services on the basis of Transport Strategy of Ukraine** |                |                      | - Effective consultation and feedback mechanisms with private sector are in place  
- Active interest from the part of the industry (logistics service providers, freight forwarders and transport operators, ports and shipping companies) |
| Activity 4.1 – Identification of the key issues for further development of multimodal transport and logistics in Ukraine |                |                      |                                                                                               |
| Activity 4.2 – Elaboration of Special programme of development of multimodal transport and logistics |                |                      |                                                                                               |
| Activity 4.3 - Dissemination and publication of the Special programme of development of multimodal transport and logistics |                |                      |                                                                                               |
Explanatory Note
to the TRACECA Agreement of Development of Multimodal Transport

The agreement contains 15 Articles and addresses the following concepts:

Definitions - The definitions used in the framework agreement are taken from the UNCTAD/ICC Rules, modified to fit the context of the region where necessary.

Basis of liability - The proposed framework agreement provides a basis of liability for the MTO in clause 5 whereby the MTO accepts responsibility as a principal from door to door. This is in line with policy set out in paragraph 5.6 of the IGC strategy document for TRACECA development for the period up to 2015 and with the principles contained in the Multimodal Transport Convention of 1980. In addition, this is compatible with the UNCTAD/ICC Rules upon which the FIATA FBL is based and with the current draft framework for an EU Directive or Regulation on liability in multimodal transport.

Limitation of liability - The framework agreement at clause 7 recognizes the existing practice in the region of full liability based on the value of goods lost or damaged but it is envisaged that this will be the case only where the MTO has agreed to enter the value in the MT document and the customer has agreed to pay a surcharge on the normal rate. In all other cases the agreement follows the EU initiative on MT transport in proposing a uniform limited liability regime but with a lower limit of 8.33 SDRs per kg (the limit under the CMR) thought to be appropriate for the region. Any working group set up to implement the agreement may wish to review the suitability of this limit and its potential insurability. For simplicity, calculation of the value of the goods is based on the invoice value, as a sales invoice will normally be available.

Documentation - The framework agreement at clause 6 avoids imposing a uniform transport document but requires mutual recognition of such documents by states where they are not uniform. It hopes, however, that any working group set up would attempt to agree a uniform transport document for use with the agreement. Such a document, in line with the recommendations of a number of previous TRACECA projects since 1996, should adopt the physical format as elaborated by the United Nations (the UN layout key) so as to be compatible with commonly recognized software for electronic completion of documents whether as printed paper documents or as electronic virtual documents.

Lien - A simple lien is included in clause 8 as liens may not be available under all national laws.

Consignor liability - In line with the expressed wishes of Counterparts in discussions and in the earlier draft TA, quite strict duties are placed on consignors with regard to information furnished by them.

Time limits for claims - These have not been included as it is believed that the national Civil Codes deal adequately with giving notice of loss or damage to the carrier.
**Time bar** - The time bar has been set at one year, in line with most national and international legislation. It should be noted that this is less favorable to the MTO than the 9 month limit in the UNCTAD/ICC Rules and that of many Western European MTOs. However, even in Western Europe, the 9 month limit is not always enforceable and it was felt that the one year limit would be more appropriate to existing conditions in the TRACECA region.
## Annex 3

**Temporary Structure of Ministry of Infrastructure of Ukraine**

AGREED  
Ministry of finance of Ukraine  
18 May 2011

APPROVED  
Vice-prime-minister-Minister of infrastructure of Ukraine  
B. Kolesnikov  
(Signature)  
18 May 2011

### TEMPORAL STRUCTURE

**Ministry of infrastructure of Ukraine**

<table>
<thead>
<tr>
<th>No</th>
<th>Name of the unit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Management</td>
</tr>
<tr>
<td>I</td>
<td>Division of analytical provision of the work of the Vice-prime-minister-Minister of infrastructure and Collegium (patronage services)</td>
</tr>
<tr>
<td>II</td>
<td>Sector on issues of interaction with mass media and public</td>
</tr>
<tr>
<td>III</td>
<td>Department of State policy in railway transport</td>
</tr>
<tr>
<td>IV</td>
<td>Department of Strategic development of roads</td>
</tr>
<tr>
<td>V</td>
<td>Department of Road transport</td>
</tr>
<tr>
<td>VI</td>
<td>Department of State policy in maritime and river transport</td>
</tr>
<tr>
<td>VII</td>
<td>Section of State policy in aviation</td>
</tr>
<tr>
<td>VIII</td>
<td>Section of State policy in tourism</td>
</tr>
<tr>
<td>IX</td>
<td>Department of Policy of development of infrastructure of transport and tourism</td>
</tr>
<tr>
<td>X</td>
<td>Department of Security</td>
</tr>
<tr>
<td>XI</td>
<td>Department of International cooperation</td>
</tr>
<tr>
<td>XII</td>
<td>Human Resources Division</td>
</tr>
<tr>
<td>XIII</td>
<td>Department of Economy and finance</td>
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<tr>
<td>XIV</td>
<td>Legal Department</td>
</tr>
<tr>
<td>XV</td>
<td>Department of State property</td>
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<tr>
<td>XVI</td>
<td>Division of Financial control and prevention of economic infringement</td>
</tr>
<tr>
<td>XVII</td>
<td>Section of Accounting and reporting, budget financing</td>
</tr>
<tr>
<td>XVIII</td>
<td>Division of Control and office work</td>
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<tr>
<td>XIX</td>
<td>Regime and Secret sector</td>
</tr>
<tr>
<td>XX</td>
<td>Sector of Mobilization work</td>
</tr>
</tbody>
</table>
Annex 4

Relevant EU Regulations and Directives


3. DIRECTIVE on the Standardisation and Harmonisation of Intermodal Loading Units of 7 March 2003.

4. REGULATION (EC) No 685/2001 OF THE EUROPEAN PARLIAMENT AND OF THE NCOUNCIL REGULATION of 4 April 2001 concerning the distribution among Member States of authorizations received pursuant to the Agreements establishing certain conditions for the carriage of goods by road and the promotion of combined transport between the European Community and the Republic of Bulgaria, between the European Community and the Republic of Hungary and between the European Community and Romania.

5. COUNCIL RESOLUTION of 19 June 1995 on the development of rail transport and combined transport (95/C 169/01).