

ANNEX

PROJECT FICHE PROJECT SUPPORT

Title	Development of Common Security Management System and Cooperation in the Area of Maritime Safety and Ship Pollution prevention for the Black Sea and the Caspian Sea		
Total cost	€ 3.500.000		
Aid Method	Centralised management		
DAC-code	21040	Sector	Transport

1. RATIONALE

1.1. Strategic framework

The Tacis Regional Cooperation Indicative Programme 2004-2006 indicates the development of modern efficient connections between Central Asia and the Pan European Transport Corridors and areas (PAN-TC) as an objective of the regional cooperation programme in the transport sector.

The Transport Corridor Europe-Caucasus-Asia (TRACECA) includes maritime links, the Caspian Sea and the Black Sea, linking Kazakhstan, respectively Turkmenistan at the eastern and Azerbaijan at the western shore of the Caspian Sea on the one hand and linking Georgia at the eastern shore of the Black Sea with Ukraine, Romania and Bulgaria as well as Turkey on the other hand. While Black Sea countries have unlimited access to the open sea via the Bosphorus, the Caspian Sea is connected via the Russian inland waterway network with the rest of the world. The Russian Inland Waterway Code allows passing of non-Russian flag ships (including those from CIS) only upon special permission. **Therefore, the involvement of Russia for this project is highly desirable.** There is, however, intensive maritime passenger and cargo traffic inside the Caspian Sea that to some extent has to follow the safety/security requirements as every other international maritime traffic.

The project will contribute with from the following points of view to the TRACECA idea:

- assuring safe and secure maritime links to passengers, crews, ships and cargoes,
- environmental safety at sea and in the relevant ports,
- creating a fully integrated multimodal transport corridor, and
- providing transport clients with high developed supply chains.

Thus, this project is in line with the Tacis Regional Cooperation Indicative Programme 2004-2006, the Indicative Programme 2004-2006 for Central Asia, the Strategy Paper of European Neighbourhood Policy, and is co-related with the White Paper (European Transport Policy for 2010: Time to decide) and the UN Millennium Declaration for the landlocked and transit developing countries especially in the field of efficient inter-operability of different modes of transport, facilitation of the international trade and transport. Furthermore, the Project is promoting the attraction of private investments and the establishment of viable public private partnerships.

The project is also in full line with the Baku conference on Transport, held in Baku Azerbaijan on November 14, 2004.

1.2. Lessons learnt

The concentrated approach in the execution of Tacis transport projects in the region, that tackles a limited number of priorities and programmes proved to be successful in achievement of the economies of scale and more efficient and cost-effective use of the EC funds. Previous experience suggests that involvement of the EC via different budget lines in trade and transport facilitation in the region is more efficient if supplemented by adequate implementation-oriented environment. So, this project will form a further milestone towards regional integration and will strengthen the existing and previous efforts of Tacis projects and programmes via addressing better safety and security measures, increasing training level, advancing human capital and facilitating to the processes of safety / security and environmental supervision in the maritime sector.

It is strongly recommended to take project activities that are manageable and will result in the concrete improvements, feasible not only on the national, but on the regional levels. Some activities may require various levels of intervention depending on the beneficiary countries' achievements and

relevant state of affairs in the maritime sector. The experience of the previous regional transport (TRACECA) projects shows that the proposed recommendations should be tailored and carefully pre-discussed, the practicability of the implementation procedure and process should be carefully considered for each recipient-country to fit to the project duration period and to secure obtaining feasible results within the assigned period.

The project will underline the technical, economic and legal efforts made by previous Tacis projects, strengthening the maritime and ecological safety and security components. This is not only to the benefit of the region; it contributes also to the international position of the Beneficiaries in worldwide shipping and international organisations.

Another lesson learned from previous projects is the existence of different level of developments in various action fields. This must be expected also with respect to maritime safety and security affairs. Thus the project will also contribute to approximation of relevant law and the adaptation of practical handling of the law, including the institutional structures and supervising bodies. This will generate synergy effects between the Beneficiaries involved and in addition it will further have a positive impact on the attractiveness of ports as well as in the long run on the national shipbuilding industry.

1.3. Complementary actions

Currently, a project on Maritime training is under implementation in the framework of the EC intervention. The overall objective of that project is to contribute to shipping safety, prevention of marine pollution, increasing environmental awareness and to capacity building of institutions in the maritime sector in the region.

European Commission has proposed a Community-wide recognition system for certificates of competency issued to seafarers from outside the European Union to monitor compliance by third countries with the advanced international regulation on maritime training and certification. The International Maritime Organisation (IMO) has developed a well-coordinated regime of technical standards, rules, regulations and codes of practices to ensure the safe and efficient operation of different types of ships and the prevention of vessel-source marine pollution. As the only specialised agency of the UN system dedicated to maritime affairs, IMO has the responsibility to assist the countries in their endeavours to develop their own human resources in the Maritime sector.

The Maritime training project provides assistance to the maritime training institutions and centres to help strengthen their management and performance, facilitate regional cooperation, develop curricula, train lecturers and facilitate the upgrade of the existing training programmes. Thus it is essential that the follow up project on the maritime security management take into account the achievements of its predecessor in the respect of the activities field.

The project should also take into account the EC initiative on development of the Motorways of the Sea and the activity of the parallel project on the same issue included into Commission's Action Programme 2006. These initiatives are to stimulate the immense capacities of all positive aspects of Maritime Transport.

It should be also noted that the EC project of the AP 2004 on Improvement of Maritime Links between TRACECA Corridor and TENs Corridors will address the problems relevant to the implementation of the present project. The overall objective of the project is to facilitate trade along the corridor linking Europe, and Central Asia via the Black Sea Region and the Caucasus by increasing the competitiveness and attractiveness of this corridor as stated in the Basic Multilateral Agreement for International Transport for Development of the Europe-Caucasus-Asia corridor.

Taking into consideration, that basic parts of the transportations are the maritime links in the Black Sea it becomes obvious to investigate further on the maritime links and their hinterland connections. They should comply more intensely with customer requests and best practices in corridor development and thus, contribute to strengthen competitiveness of the TRACECA route in order to attract continuously more cargo and concentrate the freight traffic on multi-modal maritime-based logistical chains connecting the European TEN-Corridors with the TRACECA multi-modal transport network. Also here a close coordination with the parallel project Motorways of the Seas is advisable.

The implementation of this project is to be coordinated through the Intergovernmental Commission TRACECA and its Organisation, which has proven to be a solid and reliable partner in the implementation of the EC cooperation programmes in the transport sector. TRACECA is fully supported by the participating countries, which haven proven this by taking over the ownership of the IGC and its Permanent Secretariat.

The TRACECA programme has resulted in closer co-operation and dialogue among government authorities and has contributed to develop a regional dimension of transport issues in Central Asia, as

well as in Caucasus and Eastern Europe. Based on previous positive results, this project is to be implemented at regional level, being its objectives in line with the priorities of all involved countries. Furthermore, the responses of the TRACECA countries towards Tacis regional programmes have generally been quite positive which constitutes a useful basis on which to build and deepen cooperation between the countries and with the EU.

1.4. Donor coordination

The countries of the Black Sea and Caspian basins are concerned about the issues of the maritime safety and security, and tackle these issues in terms of the various regional security initiatives. It has become, as we often hear from the media, a global concern. Nowadays not a single nation can consider itself safe and secure inside its own borders. The Caspian and Black Sea region is not an exception and is not immune from these challenges. On the contrary, it is exposed to them more than others due to its role of natural bridge and crossroads that it has always represented throughout history, linking the Europe with Asia.

The attention of the international development partners towards this issue was mostly indirect, and the donor funding for the interregional initiatives in the sphere of maritime security managements is rather limited.

Still it should be noted that various international forums and organisations address the subject in their action plans and recommendations. For example, the representatives of European maritime regions, meeting in Nantes at the initiative of the Conference of Peripheral Maritime Regions of Europe (CPMR) in 2003, reiterate their show of support and solidarity towards the regions affected by the oil tanker disasters. The concern of this forum is to become fully involved in the organisation and implementation of the maritime safety system. They recall that regional and local authorities also bear the ecological, economic, social and political consequences of maritime accidents and sea pollution. CPMR Geographical Commissions were established for Baltic Sea, North Sea, Atlantic, Mediterranean, Black Sea and Islands to organise actions bringing together the regions situated around each sea basin.

The level of addressing of the maritime security in the Caspian sea basin is relatively low, as the EC pioneers in introduction of the maritime security managements awareness in this area of the world.

The potential contactor is to inform the major donors on its activity and to supply the interested development partners with the information on the current project activity. It is also important that the Permanent Secretariat of TRACECA is involved in the process and its resources are utilised to facilitate donor coordination of the potential contractor.

2. COUNTRY (OR REGIONAL) CONTEXT

2.1. Cooperation related policy of beneficiary country

As there is a firm commitment for the project by the responsible Ministries of Transport in the TRACECA regions and as the project builds on the results of the preceding projects in the maritime sector there is no need for additional in-depth assessments.

Noting the importance of Russia in the region and for the success of the project, the same commitment would be required from the Russian Federation.

Currently, the TRACECA countries pay special attention to the development of trade and transport at the regional level in close collaboration with the European Union and UN initiatives. The TRACECA countries declared their integration into European structures as a main priority and objective for the future via the signature of Partnership and Cooperation Agreements (PCA) or European Neighbourhood Policy, main provisions of which are as follows:

- to provide an appropriate framework for the political dialogue between the Parties allowing the development of political relations;
- to support efforts of the Parties to consolidate its democracy, to develop its economy and to complete the transition into a market economy;
- to promote trade and investment and harmonious economic relations between the Parties and so to foster their sustainable economic development;
- to provide a basis for legislative, economic, social, financial, civil scientific, technological and cultural cooperation.

In this sense, the Caspian and Black Sea TRACECA countries have elaborated their own National Strategy, which is in line with the above-mentioned provisions of the PCAs.

Meeting the international requirements of maritime technical and environmental safety standards is considered to be an indispensable component of every transport policy.

The main strategic priorities in the region are: establishment of specific governmental transport policy coordinated at a regional level in order to better respond to market demands, modernization and rehabilitation of the transport infrastructure and improved framework conditions for international traffic and mitigation of environmental impacts.

2.2. Sector context

The maritime sector is basically regulated with International Conventions dealing with Safety of life at Sea (Solas), Prevention of pollution from ships (Marpol) Training, Certification and Watch keeping for Seafarers (STCW) International Ship and Port Security (IPSP), and since 2004 also the International Ship Security Certificate (ISSC). In addition to that, amendments and protocols of the International Organisation have been developed. It has to be said, that all these regulation are only as good as they are implemented and a permanent follow up and control system has been established. Apparently, there are different level of implementation and establishment of adequate control mechanism in the Black Sea and Caspian Sea areas. These levels vary from having signed some of the conventions but not implemented at all to really implemented sufficient systems. In practice, a Port of Call has to trust that the Port of Departure executed all controls and investigations necessary in line with a convention applied. If this is not the case, the whole system in the maritime sector become weak and could even collapse. There will be no information from one port to another. A vessel, which was not accepted in one port may have the permission to call another port. Ship owners and masters cannot hold easily responsible in cases of oil spills if there was no communication between Port of Departure and Port of Destination. Security measures in respect of crews, passengers and cargo become more difficult without commonly implemented regulation and standards. Ship-owners and masters have to be sure, that their vessels, crews, passengers, and cargo are safe in ports and protected from any kind of attacks or malpractice. With these projects the Community will contribute to reach the required standards.

The basic international conventions are in force since the seventies of the last century and have been permanently modified and adapted to the latest requirements:

- International Convention on Safety of Life at Sea (SOLAS),
- International Convention on Prevention of Pollution from Ships (MARPOL).

Based on these conventions the IMO developed and is developing activities focussing on the improvement of safety of navigation and ecological safety as well as security of maritime transport. The latest developments in this field are inter alia:

- IMO Regulations on "International Convention on Standards of Training, Certification and Watch keeping for Seafarers", shortly STCW,
- the "International Ship and Port Facility Security (IPSP) Code".

IMO Regulations on "International Convention on Standards of Training, Certification and Watch keeping for Seafarers", shortly STCW, and as actually the version with amendments from 1995 is valid, the full name is STCW '95. It entered into force on 01 Feb 1997, revising and the original 1978 Convention, setting out clearly defined minimum competency requirements for all seafarers.

Countries (Flag state Parties) fulfilling requirements are included in the IMO White List. However, there is a certain period during which they are allowed to upgrade their facilities and level of education.

IMO is providing with Model Courses. Seafarers with certificates issued by White List countries will be accepted by Flag state Parties. The fact that a Party is not on the White List does not, however, invalidate certificates or endorsements issued by that Party. Nevertheless, the White List is a criterion, which can be applied in the selection of properly trained and qualified seafarers.

Certification of training institutes of a country corresponding to IMO/STCW '95 requirements depends on individual regulation of each country. There is no general IMO procedure.

The "International Ship and Port Facility Security (IPSP) Code" came into force from 1st July 2004.

In response to the terrorist attacks of 11th September 2001 and the perceived risk to ships and the danger of ships being used for terrorist purpose, the IMO began extensive work towards modifying the Convention for the Safety of Life at Sea (SOLAS) 1974 and creating the new ISPS Code. An IMO diplomatic conference convened in December 2002 adopted a Series of amendments to SOLAS, which include a new Chapter XI-2 solely related to addressing ship security.

The Regulations and the ISPS Code are applicable to all passenger ships, cargo ships, including high-speed craft of 500 GT or more and to mobile offshore drilling units.

From 1st July 2004 all such ships will have to carry an International Ship Security Certificate (ISSC) to evidence their compliance with the mandatory requirements of SOLAS Chapter XI-2.

It is anticipated that port Control Officers will expect to find a valid ISSC onboard such vessels.

The consequences of any non-compliance with the provisions of the ISPS Code will be clear - the vessel is not seaworthy.

Such control measures are as follows:

- Inspection of the ship
- Delay of the ship
- Detention of the ship
- Restriction of operations including movement within the port; or
- Expulsion of the ship from port.

Regulation 10 of Chapter XI-2 of SOLAS establishes similar in respect of port facilities to those required ships.

Contracting Governments are required to ensure that:

- Port Facility Security Assessments are carried out and approved;
- Port Facility Security Plans are developed, reviewed, approved and implemented; and
- The measures required to be addressed in a Port Facility Security Plan for various Security Levels, including when the submission of Declaration of Security will be required, are designated and communicated to the port facility.

The mentioned above IMO regulations are addressed to flag states, means to the state which flag is flying the vessel.

However, flag states ships register and supervising bodies may be located far from the ports the vessel is serving. This is as a rule the case when the vessel is flying a flag of convenience. Safety of navigation suffers as usual from those situations. This gave in the eighties of the last century reason for initiatives of the states of the ports, resulting in the Paris Memorandum on Port State Control activities. Later followed more activities for other port ranges, e.g. the Tokyo Protocol.

All states located at the Black Sea agreed a Memorandum of Understanding on Port State Control. The Memorandum was open for signatures by October 2000.

Having the before mentioned partly implemented in the Black Sea area similar activities for the Caspian Sea were not yet identified. An overall concept for both the Black Sea and the Caspian Sea has so far not been developed. The Projects Maritime Training presently under execution will scope with the necessary training and the project Improvement of Maritime links between TRACECA Corridor and the TEN's will only deal with the Black Sea.

3. DESCRIPTION

3.1. Objectives

Development of a Common Security Management System and Cooperation in the Area of Maritime Safety and Ship Pollution prevention for the Black Sea and the Caspian Sea comprises a package of measures and activities of high complexity. The International Maritime Organisation and the various conventions agreed in the framework of this organisation of the United Nations form the backbone of the worldwide maritime safety and security system.

The Russian Federation and the TRACECA seafaring member states are integrated part of the international maritime world. Although this must be said with some still valid restrictions with respect to the Caspian Sea, the framework of maritime safety and security as described in chapter above applies to the same extent, without any exception also to them. The membership of all Beneficiary states in the IMO underpins this statement.

Development of Common Security Management System and Cooperation in the Area of Maritime Safety and Ship Pollution prevention for the Black Sea and the Caspian Sea is a crucial component of

the regional system. It is a basic prerequisite for offering safe and efficient passenger and cargo transport services. Consequently the beneficiary countries have to undertake relevant efforts.

The primary overall objective of the project results from the TRACECA MLA, Article 3 "...to facilitate international transport of passengers and goods..." and "to ensure traffic safety, security of goods and environmental protection." This is also in line with the European Policy. To reach this overall objective an overall concept has to be developed. This overall concept should be designed as a Master Plan for the development of a Common Security Management System focusing on both the Black Sea and the Caspian Sea and linking the institutions involved in risk assessments and in case of emergency. A close cooperation with the findings and the study measures of the Maritime Training as well as the project Improvement of Maritime Links is absolutely necessary.

This includes a package of specific objectives:

- creating of technical and personnel prerequisites in order to meet the requirements of IMO Conventions on safety of navigation, security of transport, including passengers and crews, and the requirements on environmental protection;
- developing and adapting of technical and personnel prerequisites in order to meet the requirements of Port State Control in the Black Sea as well as in the Caspian Sea;
- based on the maritime training upgrading of maritime education of seafarers in order to fulfil the requirements of the IMO White List;
- institution building in order to establish sustainable bodies in charge of performing the relevant tasks;
- permanent upgrading of personnel know how and skills;
- assimilation of the development level of the different Beneficiary countries in order to meet best International standards.

3.2. Expected results and main activities

The project is designed to pave the way towards more involvement of the Beneficiary Governments in following international commitments towards international organisations, such as IMO, ILO and other as well as the environmental protection of the Black Sea and the Caspian Sea. Thus the project contributes at the same time to the approximation of law between the Beneficiaries and the European Union in the spirit of the Agreements on Partnership and Co-operation.

The project will not only help the beneficiary countries with reaching of the required standards in terms of the maritime security, but is also related to the followings aspects:

- safety and security is to grant chances for other relevant developments;
- education and training of nautical officers require developing training facilities and capacities promotes job creation and additional income and taxes;
- required investment in equipment as well as in human capital is initiating capacity development;
- performing safety/security and environmental supervision well-developed communication systems are to be established;
- the development of required standards opens more chances for export of environment pollution preventing equipment;
- fostering the private sector in research and development as well as in manufacturing;
- growth in personnel qualification level.

Those effects must be understood as chance, not self-realising, but really existing, provided the Governments promote the implementation. And, as the maritime sector is a global industry, will have positive world-wide effects by reducing risks and hazards.

Implementing the objectives identified shall include the following sequence of steps:

- Assess the state of the implementation of IMO Conventions and relevant regulations as well as Port State Control in the Beneficiary countries.
- Identify backlogs and gaps and actions in order to remove them.
- Identify personnel qualification lacks.

- Assess the institutional prerequisites to meet the requirements including the qualification of trainers.
- Summarise the result of the assessment and disseminate them in a workshop with the relevant authorities of Beneficiary countries.
- Develop an action plan to fulfil the relevant requirements.
- Identify investment needs to fulfil the requirements.
- Establish education and training facilities accessible to all Beneficiary countries.
- Attract finance to perform the human and physical institution building components.
- Assimilate the various institutional structures to the most efficient level.

Special attention has to be given to an overall link of the involved authorities in each country. Risk Management and emergency plans have to be developed on national level with strong links to the neighbouring countries. In cases of need every Maritime Administration, Port Administration, Shipping Line and Masters of the ships have to, know what to do and whom to inform on national and international level. Equipment for rescue operation and environmental protection and their availability have to be listed and this information has to be made available not only on national level but also on international level.

Those project implementation steps require a distinguished approach, since the steps are addressed to different authorities and institutions. This may depend also upon the different administrative structures in the various Beneficiary countries. At least the steps are to be addressed to:

- Seaport Authorities and Harbour Masters,
- Maritime inspections in charge of safety of navigation,
- Maritime police or environmental police in charge of environmental protection,
- Border guards and customs in charge of terrorist prevention,
- Authorities issuing seafarers books and certifying the qualification sailors,
- Maritime education and training institutes.

This list should be completed during the inception phase and requires an update with the findings of the projects Maritime Training and Maritime Links.

3.3. Stakeholders

As can be derived from the sections above, the main project stakeholders will be:

- Ministries of Transport, Telecommunication, Environment and Interior, the overall beneficiaries of the project, and also responsible for development of transport policy and maritime safety.
- Seaport Authorities, Harbour Masters and Maritime Inspections, committed in obtaining a “know-how” in terms of operation of safety and security management.
- Shipping lines - efficient safety and security management will improve their attractiveness for clients and their market position.
- Immigration and Customs Authorities: committed to efficient security management.
- TRACECA Programme will benefit from safer maritime transport and seaports.
- Organisation for Co-operation and Security in Europe (OSCE): The OSCE is promoting trade and transport facilitation as well as economic and ecological safety and security.
- International Finance Institutions: Credit worthiness of the Beneficiaries will increase.
- National Coordination Units (NCU): The national coordination unit is responsible for cooperation between partner-states and the EU.
- Transport operators, business community in the region and transport clients that will benefit from safer and more secure maritime transport

3.4. Risks and assumptions

3.4.1 Risks

- Discontinuity in the decision-making process in the some countries of the region at the beneficiary level;
- Lack of cooperation between the beneficiary countries;
- Contradicting interests between the various entities of the countries in general and at the national level in particular;
- Lack of common goals and priorities in the transport sector of the countries;
- Inappropriate legal framework.

These risks are to be minimised by the use of already functioning mechanisms for cooperation between the transport key stakeholders of the neighbouring states and with the EU.

3.4.2 Assumptions

- Political continuity and stability in the countries;
- Willingness of the maritime sector authorities to establish an open dialogue on the current organisation of the maritime security management in their respective countries;
- Willingness and capability of the state owned companies to endorse the requirement of maritime security in practical terms;
- Governments continue to pursue policy of regional integration and establishing viable and secure maritime transportation;
- Commitment from the beneficiaries and project partners to collaborate in all related activities envisaged within the ad hoc scope of the project;
- Free access to necessary information and data;
- Staff availability and continuity;
- Adequate supply of expertise.

3.5. Conditionalities

The willingness of the beneficiaries to launch this project will be expressed in the corresponding Statements of Endorsement. It is a common procedure of the EC to obtain Statements of Endorsement before launching a project. In case this is not possible, the corresponding beneficiary country will be excluded and the budget will be reduced accordingly.

3.6. Crosscutting issues

The project is designed to pave the way towards increased private sector participation and thus reshaping the role of the involved governments towards policy and regulatory functions in the provision of maritime services. The project will have a certain impact on better performance of the beneficiary countries by means of introduction of good governance that shall entail, among other aspects, poverty reduction and environmental sustainability issues. In addition better practices in the maritime sector should result in the improved performance of the latter, and thus facilitate integration of the maritime part of TRACECA into the global supply chains.

4. IMPLEMENTATION ISSUES

4.1. Implementation method

Implementation will be carried out by the European Commission through centralised management.

4.2. Budget and calendar

The foreseen budget for the project is 3.5 Million Euro to be granted in the form of service contracts. The project is in compliance with the TACIS Multi Annual Indicative Programme 2004-2006, the schedule of its implementation shall comply with implementation timetable of AP 2006.

The contribution of the beneficiaries will be in the form of provision of counterpart staff, data and information.

The project duration is expected to be 24 months.

4.3. Procurement and award of grants procedures

All contracts implementing the financing agreement must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question.

4.4. Performance monitoring

Regular monitoring will be a continuous process as part of the Commission's responsibilities. The project will be monitored by the Tacis monitoring office and closely followed-up by the EC. External impact monitoring might be also carried out by independent consultants recruited directly by the Commission in accordance with EC rules and procedures on specifically established terms of reference. Key indicators for measuring progress will be finalised during the inception phase.

4.5. Evaluation and audit

Evaluations (mid-term, final, ex post) and audit arrangements are integral part of the contractual arrangements with the selected contractor(s). External evaluations and audits might be also carried out by independent consultants recruited directly by the Commission in accordance with EC rules and procedures on specifically established terms of reference.