

Traceca: Central Asian Railways
Restructuring Project
Module D: Kyrgyzstan and
Tadjikistan Railways
Restructuring Study

Inception Report

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TRACECA
Central Asian Railways Restructuring – Tadjikistan and Kyrgyzstan

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INTRODUCTION

The project for the restructuring of Tadjikistan and Kyrgyzstan Railways forms module D of the TACIS / TRACECA Restructuring Study of the Central Asian Railways. The project is being financed and managed by TACIS / TRACECA in collaboration with the European Bank for Reconstruction and Development.

TZD has 423 route km of track, 7359 staff, with freight carryings of 0.6m tonnes annually, and 0.9m passengers annually.

KZD has 424 route km of track, 6624 staff, with freight carryings of 2.5m tonnes annually, and 2.1m passengers annually.

Since 1991 freight traffic in both Tadjikistan and Kyrgyzstan Railways has declined significantly, and revenues have fallen due to inadequate tariffs. A backlog of repair and general maintenance of locomotives, wagons and track, arising from lack of foreign currency and inability to purchase spares and replacement materials, is contributing to the continuing decline of traffic; and as Uzbekistan is currently building a new line (the Angren bypass) to serve the Ferghana Valley enclave and avoid Tadjikistan altogether, Tadjikistan traffic will decline further. Although both the Tadjikistan and Kyrgyzstan Railways are highly dependent on the three major Central Asian networks, they must be encouraged to take steps to focus on the restructuring of their railways.

This document is the Inception Report. The beneficiaries of the project are the National Railway in Tadjikistan, and in Kyrgyzstan the Ministry of Transport.

This report has been compiled with a shorter time on site than anticipated, due to the suspension of the project by political unrest in Tadjikistan.

1. Project Synopsis

1.1 Wider Objectives

- Review the developments proposed for railway restructuring in Kazakhstan, Turkmenistan and Uzbekistan, and identify areas where the railways of Tadjikistan and Kyrgyzstan can benefit from regional initiatives.
- Encourage both governments and the railways of Tadjikistan and Kyrgyzstan to develop plans for comprehensive restructuring in the light of current and expected market opportunities and the goals of being commercially driven and financially self sustaining enterprises.
- Advise on future relationship between the railways and the governments and the development of commercially oriented organisation structures.

1.2 Specific Objectives

- To support the restructuring process by encouraging and assisting TZD and KZD to develop restructuring implementation plans.
- To describe the organisation of a project implementation unit and the legislative, regulatory and planning instruments which are required, such as a new railway law, contract plan between the governments and the railways, agreed restructuring targets, action plans, social plans, and training.

1.3 Planned Outputs

- A brief overall review of all major facets of both railways' traffic, operations, facilities, equipment, finances, organisation, management, human resources, environmental impacts and legal situation.
- Review of the legal framework and status of both railways, powers, obligations and responsibilities, relationship with their respective ministries and other governmental agencies, including price control and other monopoly authorities.
- A review of the present, and any proposals for new, railway organisation and management structures.
- An assessment of the present management information systems relative to the needs of modern commercial organisations, and identification of future development requirements.
- An analysis of present traffic patterns and trends for key freight traffics by commodity type, and passengers by service.
- An analysis of the current level and structure of railway costs for the most important traffics, and a comparison with the levels and structure of tariffs to identify any traffic types which may not be profitable.
- A definition of the basic elements of contracts between the governments and their railways which would provide for social services to be provided in the most efficient way, and compensate the railways for financial losses associated with such traffic.

- An assessment of the present and prospective future financial situation of the railways.
- An analysis of the railways' operational efficiency and an outline of low cost investment improvements.
- An assessment of facilities and equipment of infrastructure networks.
- An assessment of maintenance and repair management, procedures, facilities and locations.
- An assessment of the present and future human resources requirements of the railways, and the definition of an adjustment programme.
- A survey of the environmental impacts of railway construction, maintenance and operations, identification of any problem areas, and recommendations for any needed measures.
- A description of priority capital investment requirements aimed at supporting a restructuring programme, rehabilitating and preserving critical infrastructure and equipment, and providing investment to meet new market opportunities.

2 Analysis of Project

2.1 Institutional

The legislative basis for TZD activities is its charter which was approved by the Parliament. The Constitution of Tadjikistan declares that the railway status is defined by law. The draft of a new railway codex which was put up for all Central Asian countries in the framework of a TRACECA project under the guidance of the consulting company Scott Wilson Kirkpatrick & Co Ltd, has been approved by the Cabinet of Ministers, and has to be adopted by the Parliament.

The above mentioned charter has not yet been made available, consequently no definitive information can be given yet about the railways' status. It is understood, however, that the railway is in fact a government administration, even if it is called an enterprise and has its accounting separate from the rest of government. This administrative unit is called "Railway Department" and its top manager "Head of Railway Department". It does not belong to any ministry and the hierarchical line goes directly into the Cabinet of Ministers.

Generally speaking, the interview partners in the railways gave the impression that TZD as well as the government do not consider presently the question of restructuring as a priority. It may, of course, seem odd to transform the railway into a "commercially acting and market driven enterprise" at a time when - as we were told -85% of the freight volume came from the government or government enterprises as customers.

Main efforts are concentrated on technical upgrading and development, and many of the more important investment projects are the results of political decisions minding the interests of the whole of the country rather than that of the railway. There is, however, an openness concerning restructuring for the medium and long term, and the

connection between restructuring and the readiness of money lending organisations to commit themselves in the country could be made understood.

In Kyrgyzstan, the railway regulations from the former Soviet Union are still valid:

- The railway charter of the Soviet Union, authorised by the Council of Ministries of the USSR on 06.04.1964, No.270, updated 01.01.1983.
- Rules of transportation of the Soviet Union, authorised 01.01.1983, by the Council of Ministries.

The regulation of Management of the Kyrgyz Railway was authorised by the Government of Kyrgyzstan 15.07.1993 No.14. A draft law on railway transport is being considered by the Government of Kyrgyzstan.

The following bilateral and multilateral agreements have been made between the countries of the region:

- The agreements between Almaty Railway of the Republic of Kazakstan and KZD signed 10.12.1993.
- The agreements between Central Asian Railway of the Republic of Uzbekistan and KZD signed 4.10.1994.
- The temporary agreement between railways of the state participants of CIS and Georgia concerning accounts, wagon loads, and wagon fleet working.

It can be considered one of the main tasks of the consultant to demonstrate to the partners that, even if an immediate railway reform is not thinkable for whatever reason, prospective thinking is necessary which should result in a vision, a concept and an implementation plan that accompanies the implementation of big construction projects (parallel strategy). Restructuring can be carefully planned since enough time is consequently available.

2.2 Reasons for restructuring

Passenger and freight traffic have considerably decreased since the break up of the Soviet Union. As a reduction in the cost structure has not followed, all possible measures have to be undertaken to adapt both TZD and KZD to the new circumstances.

Both Tadjikistan and Kyrgyzstan are trying hard to develop their economies, to become self-sufficient and become as economically independent as possible, and to raise their standard of living. Railway restructuring could essentially reduce the financial burden on the governments - as the experience in other countries has shown - and set capital free for other purposes.

It would also be a relief for the government budgets if private capital could be interested in investing into some of the rail activities, first in secondary fields and later in core activities. Precondition for that would be that the structures are duly prepared

in the sense of efficiency and business profitability.

Although TZD and KZD have factual transport monopolies in parts of the country (and in addition road freight transport is presently blocked between Tadjikistan and Uzbekistan) real competition between modes will arise in the coming years. With the rising living standards and the increasing numbers of private cars the pressure on governments to build roads will become very strong and the freight trucking industry will largely benefit from this as experienced in other countries.

Both TZD and KZD have to get prepared for this, and should start with this preparation immediately, in order to achieve the restructuring objective in an orderly way and step-by-step process.

2.3 Financial

Financial figures : Tadjikistan Railways

YEAR	1994	1995	1996
Revenue from freight and passenger traffic (million roubles)	54678.0	1297.9	4632.5
of which from			
Transit freight traffic	-	601.5	2686.8
Own loading and unloading	-	594.2	1353.1
Different fees	-	38.9	165.9
Passenger traffic	3283.6	63.3	426.7
Financial revenue (million roubles)	31158.7	891.5	965.9
of which from			
Traffic	25304.8	661.3	255.7
Auxiliary activities	3135.0	147.8	391.1
Others	2718.9	82.4	319.1
Revenue remaining at disposal of the Railway (million roubles)	22267.3	488.8	240.9

1994 : Figures in Russian roubles

1995 : For 4 months and 10 days conversion rate 1200 to 1

Financial figures : Kyrgystan Railways

YEAR	1995	1996	1997 est.
Revenue from freight and passenger traffic (1000 som)	163,575	203,671	258,503
Auxiliary operations activities	44,622	59,549	73,488
Other revenues	(953)	28,401	52,763
Total costs	(176,209)	(260,509)	(314,093)
Net revenue before payment (tax?) (1000 som)	31,035	31,112	70,661

From general information from KZD, the reported surplus of in 1995 was 23m som (16.3%)

Earlier reported figures to TRACECA for 1995 were (million som):

	Passenger	Freight	Total
Income	59.4	98.4	157.8
Costs	87.7 (28.3)	52.8 45.6	140.5 17.3

The differences in the surplus figures given by KZD, as to what is included or excluded, still has to be resolved.

2.4 Systems

TZD operates 423 route km. of track of mainly 1520 mm gauge. The system consists of three separate lines, two in the south and one in the north, all part of the former Central Asian Railway.

In the south there are two separate branches from Termez in Uzbekistan. One crosses the border at Patahabad and runs through Dushanbe to Yangi Bazar (93 km).

The other crosses the border at Hashidy and runs via Kurgan-Tyube to Vakhsh (220 km). A 1435 mm branch from this line at Kurgan-Tyube runs to Kulyab.

In the north the main east-west line from Samarkland to Andijan in the Uzbek Ferghana Valley passes through 110 km of Tadjik territory from Nau to Kanibadan, and serves Khujand en route. The line is electrified as far as Khujand, but electrification has been suspended beyond that. Most of the traffic on this line is through Uzbek traffic, and a bypass of Tadjikistan through Angren is being planned by the Uzbeks.

To connect between the southern lines and the northern line it is necessary to pass through Uzbekistan, Turkmenistan, and Uzbekistan again, a distance of 700 km.

KZD operates 424 route km of single track of 1520 mm gauge. Most of the railway is in the north, and is a branch from the Trans-Kazakhstan line to Almaty. The line runs from the border through Bishkek to Issyk-Kul (Balakti./Rybachie, 323 km) but in fact is run and maintained into Kazak territory as far as the junction with the main line to Almaty at Lugoboje/Merke. In exchange the Kazaks maintain a portion of the main line further west which in fact is in Kyrgyz territory near Djambul.

The southern line runs from Andijan in Uzbekistan and after it crosses the border it joins a short line running between Osh and Jalal-Abad (101 km).

There are as well a number of short branch lines in the south serving coal mines:

Jalal-Abad to Kokyangak (open cast) (35 km).

Mandaniat, Uzbekistan, to Tashkumir (mine defunct) (15 km).

Quvasay, Uzbekistan, to Kyzylkia (20 km).

To connect between the southern line and the northern line it is necessary to pass through Uzbekistan, Tadjikistan, Uzbekistan again, and Kazakhstan, a distance of 1400 km.

2.5 Management Organisation

The management organisation of TZD is set out on the organisation chart shown in Annex 4.1 attached.

It shows the traditional structure of a railway administration in which functional responsibilities are horizontally attributed and where the whole of the co-ordinating role lies with the top manager. The regional and local services seem however attributed to the different HQ functions without any intermediate general management level. This probably has to do with the small size of the network.

No information on KZD management structure is yet available.

2.5.1 Human Resources

Average number of staff : Tadjikistan:

	1994	1995	1996
Traffic/operating	3347	3784	4226
Auxiliary activities	936	976	1102
Loading/unloading	86	80	77
Heavy repair	103	124	161
1. Sub total - basic activities	4472	4964	5566
2. Industrial activities	-	434	445
3. Construction	148	144	167
4. Trading activities	673	670	694
5. Medical institutions	260	266	273
6. Educational institutions	201	209	214
Total staff	5754	6687	7359

Average number of staff : Kyrgyzstan

	1995	1996	1997 forecast
Locomotives	482	489	482
Freight wagons	335	381	410
Passenger coaches	1985	1867	1728
Permanent way	574	564	582
Signaling & communications	236	245	241
Power supply	84	101	102
Cargo handling	191	172	182
Railway facilities	973	944	950
Other services	685	827	949
1. Sub total - Basic activities	5545	5590	5626
2. Construction	279	285	306
3. Auxiliary services (medical, training etc.)	814	714	692
Total staff	6638	6589	6624

2.6. Freight

Freight traffic – Tadjikistan

Freight traffic has declined dramatically from 6m tonnes in 1990, and has continued to decline even in recent years, to 0.6m tonnes in 1996:

	1994	1995	1996
Freight dispatched (1000 tonnes)	1478.7	861.6	609.7
Daily average	4.1	2.4	1.7
Loaded wagons	29603	16927	13265
Daily average	81	46	36
Unloaded wagons	45311	43800	28593
Daily average	124	120	78
Freight service (million net t km)	21691	2114.6	1719.4

There is considerable transit traffic of Uzbek freight to the Ferghana Valley through Tadjikistan. This has not as yet been quantified.

TZD statistics for commodities carried in 1996 are:

	Tonnes (x1000)
Grain & grain products	8
Coal	8
Oil & oil products	11
Timber	17
Chemicals	16
Cement	6
Cotton	118
Other goods	426
	610

Freight traffic - Kyrgyzstan

Virtually all freight crosses the border of Kyrgyzstan. There is no transit traffic. The operation of the railway is very much dependent on close cooperation with both the Kazak and Uzbek administrations. There are on average 3 freight trains per day.

According to the TRACECA Regional Forecasting model :

- Exports reached 765,000 tonnes in 1995; among them 37% are minerals, -mainly coal, 18% are vegetable products, and 32% are chemicals.
- Imports reached 1.7m tonnes in 1995; among them 38% are minerals, mainly oil products, and 32% are chemicals.

In 1995 402m tonne-km were generated by 2.5m tonnes freight.

(KZD general information gives 6.4m tonnes for 1995 –perhaps an error?)

KZD statistics for commodities carried in 1995 are:

	Tonnes (x1000)
Grain & grain products	233
Coal	932
Oil & oil products	862
Iron & steel	71
Timber	43
Chemicals	32
Construction materials	149
Cement	187
Cotton and other goods	18
TOTAL	2,537

2.7. Passenger Services

Passenger traffic : Tadjikistan

TZD carries 0.9m passengers in 1996, generating 85 million passenger kilometers:

	1994	1995	1996
Number of passengers (x1000)	1139.1	943.8	869.6
of which suburban	426.1	486.2	322.8
Aver. distance of passenger (km)	184.2	125.5	97.3
of which suburban	58.9	50.0	40.0
Passenger service (million p-km)	366.2	123.8	84.9

Passenger traffic : Kyrgyzstan

KZD carries 2.1m passengers generating 30.2m pass-km (1995).

(7m pass coach -km)

Services operated from Bishkek are to:

Moscow 3 per week (winter), 5 per week (summer)

Sverdlovsk 3 p.w.

Jalal-Abad 1 p.w.

Vokuznetsk (Siberia) 3 p.w.

Balakti 1 p.day (winter), 3 p.day (summer)

Lugoboje (Kazakstan) -daily

There are no coaches based in the south of Kyrgyzstan.

2.8. Rolling Stock

2.8.1. Locomotives Locomotives : Tadjikistan

Locomotive services of TZD include locomotive workshops at Dushanbe for the central and southern lines and at Khujand for the northern line.

Locomotive fleet of the network consists of 39 main-line locomotives and 29 shunting locomotives:

	1994	1995	1996
Main line (loco sections)			
2TE10L (2 sections)	14	13	12
2TE10V (2 sections)	62	62	62
2TE10U (2 sections)	-	-	4
TOTAL main line locos	38	37	39
Shunting locos			
TEM2	21	19	12
TEM2Y	-	-	1
ChME3	6	6	6
TOTAL shunting locos	27	25	29

Locomotives :Kyrgyzstan

Locomotive services of KZD include independent locomotive workshops at Bishkek for the northern line, and at Jalal-Abad for the southern line. Overhaul of locomotives based on the southern line is carried out at Andijan in Uzbekistan.

Locomotive fleet of the network consists of 34 main-line locomotives and 23 shunting locomotives:

	1996
Main line (loco sections)	9
2TE10L (2 sections)	22
2TE10V (2 sections)	34
2TE10U (2 sections)	6
3TE10M(3 sections)	71
TOTAL main line locos	34
Shunting locos	
TEM2	14
ChME3	9
TOTAL shunting locos	23

2.8.2. Freight Wagons

Wagons : Tadjikistan

Wagons are maintained at a depot in Dushanbe. There is also a wagon depot at Makhram, east of Khujand, where a new depot is under construction beside the old one. The Dushanbe and Makhram depots operate independently of each other.

The TZD fleet is as follows:

		1994	1995	1996
Covered	KR	558	558	577
Flat	PL	334	334	351
Open	PV	621	619	640
Tank	TS	21	21	98
Refrigerated	XX	-	-	259
Others		580	580	609
TOTAL - freight wagons		2114	2112	2534

The designatory code number for TZD wagons is 66.

Wagons : Kyrgyzstan

Wagons are maintained at a workshop in Bishkek and depots at Jalal-Abad, Osh, and Kant. A new workshop has recently been commissioned at a former concrete products works in Belovodsk, about 40 km west of Bishkek, which will replace Bishkek as the main centre for repairs.

The KZD fleet is as follows

		1995	1996
Covered	KR	682	629
Flat	PL	479	443
Open	PV	688	654
Tank	TS	251	219
Refrigerated	XX)	21
Others)516	489
TOTAL - freight wagons		2616	2455

The designatory code number for KZD wagons is 59.

2.8.3. Passenger Coaches

Passenger Coaches - Tadjikistan

Passenger coaches are maintained at a new passenger coach depot in Dushanbe.

The TZD fleet is as follows:

	1994	1995	1996
Sleeping cars TSMK	5	5	1
Sleeping cars type "SV"	2	2	10
Hard seat compartment cars	183	183	170
Cars without compartments TSMO	136	136	138
Mixed class cars	8	8	7
Restaurant cars TSMR	14	14	14
Mail/baggage cars TSMP/TSMB	1	1	1
Service cars	4	4	4
Electrical power cars	2	2	2
TOTAL	355	355	347

Passenger Coaches - Kyrgyzstan

Passenger coaches are maintained in a depot in Bishkek. There are no coaches based in the south at Osh or Jalal-Abad.

The KZD fleet is as follows:

	1996	1997
Sleeping cars TSMK	152	50
Sleeping cars TSMK- air conditioned)	73
Sleeping cars type SV	9	2
Couchette cars TSMO	296	289
Suburban cars MOBL	16	10
Restaurant cars TSMR	31	27
Mail/baggage vans TSMP/TSMB	20	19
Prison vans / others	5	3
TOTAL	529	473

2.9. Infrastructure

Infrastructure : Tadjikistan

	1994	1995	1996
Total length of operated lines (km)	482.5	482.5	482.5
of which double track	62.3	62.3	62.3
Length of main tracks	547.4	547.4	547.4
Length of station and special tracks	194.8	194.8	201.3
Length of welded track	184.9	189.4	189.4
Length of track with - concrete sleepers	206.4	206.4	206.4
- timber sleepers	341.0	341.0	341.0
Rails - light	101.5	101.5	101.5
- medium	201.2	201.2	201.2
- heavy	244.7	244.7	244.7

No tunnels.

No electrified lines.

Infrastructure : Kyrgyzstan

Length of welded track with concrete sleepers	20km
Length of track with timber sleepers -	404km
Bridges	148
Tunnels	nil

Signalling - Automatic block working from Bishkek to Balakti, the rest is semi-automatic block. All stations except five are electrically controlled.

2.10 Project Start Up

The project commenced with a visit to Bishkek by the Project Manager and the Institutional Expert on 21st October 1997, and meetings with Mr Suleiman Zakirov, advisor on transport to the President of Kyrgyzstan, and with Mr Kuvat Kyukov, First Deputy - Ministry of Transport and Communication, responsible for railways. In both meetings the role of the project was discussed.

From the Kyrgyz side a great deal of emphasis was placed on the desire to build new lines, but the team explained the role of the project was the restructuring of the present railway. It was pointed out, however, that any new lines would fit in well with a restructured railway.

A preliminary meeting was held with the Deputy Head of KZD, Mr. Ava Takyrbashev, and Mr Nykolay Zubov, Deputy Head of Freight Traffic. A list of questions in Russian was handed over, but the railway's attitude was that these questions had been answered before. They agreed to take a look and respond. However the response received a few days later was to a different questionnaire prepared earlier for some other party, and did not provide the requested information, and in fact provided little substantive information for input to the Inception Report.

The Institutional Expert visited Dushanbe during the last week in October, and, together with the TRACECA Regional Co-ordinator, held a meeting with Mr. Shobimat Mirzoalimov, Head of the Transport Department. in the Presidential Administration of Tadjikistan, who assured him of all help necessary to implement the project.

The Institutional Expert also had a meeting with Mr M. Khabibov, Head of the Railway Department, Mr. M. Nuraliev, his First Deputy. Mr Bachrom Shodiev, Chief Engineer, and with the Head of the International Relations Enterprise, who were all most helpful.

The Rolling Stock expert visited Dushanbe and Bishkek in November 1997.. In Tadjikistan he had meetings with Mr. Khobib Taibyllaiev, Head of Government Statistics, Mr M. Khabibov Head of the Railway Department, Mr Gulmotov, Head of Locomotive Department, and Mr Vladimir Sopkalov, Head of Wagon Department (includes passenger coaches), and visited locomotive and wagon depots. However his visit to Tadjikistan was cut short due to the kidnapping of the TACIS staff member with whom he had been liaising.

In Kyrgyzstan he met Mr Suleiman Zakirov, advisor on transport to the President of Kyrgyzstan, and had meetings with Mr Zinula Talasbaev, Senior Engineer, and the heads of the Locomotive and Wagon Depots. All staff were very co-operative, except in the area of locomotive information in Kyrgyzstan, where the required information on the condition of locomotives was declared "secret" by KZD. An attempt is being made to secure this information through the Foreign Ministry.

2.11 Counterparts and Facilities

Mr Bachrom Shodiev, Chief Engineer, was designated as the main local expert who will liaise with the team in Tadjikistan. No railway expert has yet been appointed for Kyrgyzstan.

TZD have offered office accommodation in the Foreign Relations Enterprise, in Dushanbe Main Station, across the road from TZD Headquarters.

2.12 Project Implementation

The project will be executed by the team of twelve well qualified and experienced experts, and will be completed in three phases. This is phase 1, the Inception Report.

The team was due to implement the next phase in December 1997, the investigative site work for the input to the Draft Final Report, but this work has been suspended by instructions from TACIS, due to the political unrest in Tadjikistan. (See Appendices 4.3 and 4.4)

It is hoped to re-commence phase 2 in the Spring of 1998, but this is still uncertain, and it may be necessary to undertake the work in relation to both states from a base in Kyrgyzstan.

On re-commencement, it is planned to have a Draft Final Report presented one month after completion of all site visits.

After discussion with interested parties, the Final Report will then be presented.

2.13 Review of Existing TRACECA Reports

A listing of all of the TRACECA reports relevant to Tadjikistan and Kyrgyzstan will be reviewed by the Consultants and relevant data and information in them will be extracted for use in the restructuring study. These include:

- Rail Maintenance Central Asia: Infrastructure 2
- Legal and Regulatory Framework -Tadjikistan
- Legal and Regulatory Framework -Kyrgyzstan
- Trade Facilitation, Customs Procedures and Freight Forwarding Project
- Railways Inter State Tariff and Timetable Structures
- Rolling Stock Maintenance Railways
- Implementation of a Rail Freight Traffic
- Management of a Rail Traffic Management & Information System

All relevant available information and data on traffic forecasting, rolling stock future requirements, infrastructure, and costing, will be extracted and used as source material.

3. Project Planning

The present study is part of the TACIS programme for the Restructuring of Central Asian Railways. The project is financed by TACIS and is part of the technical assistance programme for the CIS States. The project was tendered in March 1997 and was awarded to CIE Consult / Systra in July 1997. DE Consult act as subcontractor for a portion of the work.

This project is part of the TACIS-TRACECA programme for the restructuring of the railways in the Central Asian States. The work is being carried out in close collaboration with the European Bank for Reconstruction and Development (EBRD). The object of this report is essentially to assist both TZD, KZD, and their respective Governments, in the detailed planning of restructuring to transform the railways into commercially driven and self sustaining enterprises.

The Consultants will also assist the railway in setting up a Restructuring Implementation Task Force which will give effect to the transition from the existing to the future organisation.

3.1 Project Approach

In order to get a clear understanding of both railways, their problems and aspirations, the interviews which have already commenced will continue with key ministry and railway officials. The heads of the various departments in the railways will be involved, and this will facilitate the transfer of information and technology where appropriate. In effect the approach of the consultants will be very much a partnership approach.

On receipt of the necessary information the following steps will ensue:

1. Definition of the problems
2. Analysis of the problems
3. Development of solutions

Each of the experts will examine the problems within their own areas of responsibility and where there is overlapping with colleagues, will discuss and reach agreement. The next step in the process is to implement and finally to measure the progress.

3.2 Workplan

The proposed workplan for the completion of the project is in Annex No.4.5. Currently it is not possible to timetable this work until the political situation is resolved. The Institutional Expert and the Rolling Stock Expert have already visited Dushanbe and Bishkek and have commenced their work. The Project Manager together with the other experts will resume as soon as permissible to implement the next phase of the project. They will continue with the collection of information in their particular area of expertise, and will visit railway installations throughout both countries.

- During this phase the project team will collect all the available data on:
- The national economies with particular reference to the transport sectors
- Current organisation and staffing
- Railway financial performance and accounting procedures
- Costing systems
- Revenue protection
- Railway operations
- Rolling stock including maintenance
- Infrastructure including track maintenance
- Communications
- Relationship with neighbouring railways
- Proposed railway code
- Proposed institutional arrangements
- MIS systems
- Environmental law
- Privatisation proposals
- Traffic patterns and forecasts
- Commercial evaluation of traffic
- Strategic investment programme
- Customer appreciation of the railway
- Computer facilities
- Electrification proposals

Priority will be given to the examination of the following first step restructuring option:

- Separation of entrepreneurial activities from purely government specific functions by corporatising the railways. They would obtain legally private status under state ownership and be given commercial autonomy (external reform).
- Transformation of administrative and purely functional activities into an enterprise with business units and full result responsibility for the top manager of each unit. The respective Director General of each railway would be responsible for the overall coordinating function.
- The splitting up of each railway into business units - mainly passenger traffic, freight traffic, infrastructure and heavy maintenance of rolling stock - should be undertaken in well prepared steps according to an implementation plan and with the help of a restructuring team.

The project team will assess the information and prepare recommendations for discussion with the respective railways and their ministries. The consultants will assist TZD and KZD in the development of Restructuring Implementation Task Forces. The draft final report will be available one month after the completion of the site visits.

3.3 Deliverables

- Recommendations on the legal and institutional framework within which the railways should operate in the future
- Outline of public service contracts
- Comment on the regulation of monopolies and price control
- Outline of the relationship between the Ministries and their Railways, and any privatised railway companies
- Proposals for corporatisation
- Proposals for regulatory framework
- Organisational framework for the core TZD and KZD
- Identification of the data requirements for the control of various enterprises
- Proposals for new accounting rules and procedures
- Assessment of current performance of the railways
- Financial position of the railways
- Specification of MIS for infrastructure, operations, rolling stock, accounting and human resources
- Comment on the communications systems
- Comment on computer hardware
- Recommendations for computer architecture and upgrading of the communication systems
- Traffic forecasts
- Traffic costing
- Commercial evaluation of traffics
- Review of railway operations
- Proposals for improved efficiency in railway operations and cost reductions
- Comment on present timetable and possible revision to address the markets
- Vision of possible railway operations of the future
- Viability of operating block trains for more commodities
- Recommendations for improved maintenance procedures for locomotives, coaches and wagons
- Recommendations in relation to the number of locomotive depots and on investment proposals for locomotives and rolling stock
- Recommendations for improved efficiency in the maintenance and renewal of the infrastructure
- Recommendations for mechanising track maintenance on both systems
- Comment on the possibility of privatising track maintenance and production facilities
- Review of human resources
- Comment on the training needs of staff
- Review of environmental law in Tadjikistan and Kyrgyzstan its impact on the railways
- Develop investment proposals
- Provide financial and economic assessment of investment proposals
- Prepare outline Business Plans for the years 1999/2003

4. Appendices

4.1 ORGANOGRAM TADJIKISTAN RAILWAYS

4.2 ORGANOGRAM KYRGYZSTAN RAILWAYS

4.3 E-MAIL FROM LES CHEESMAN TRACECA COORDINATION, BRUSSELS
17/12/97

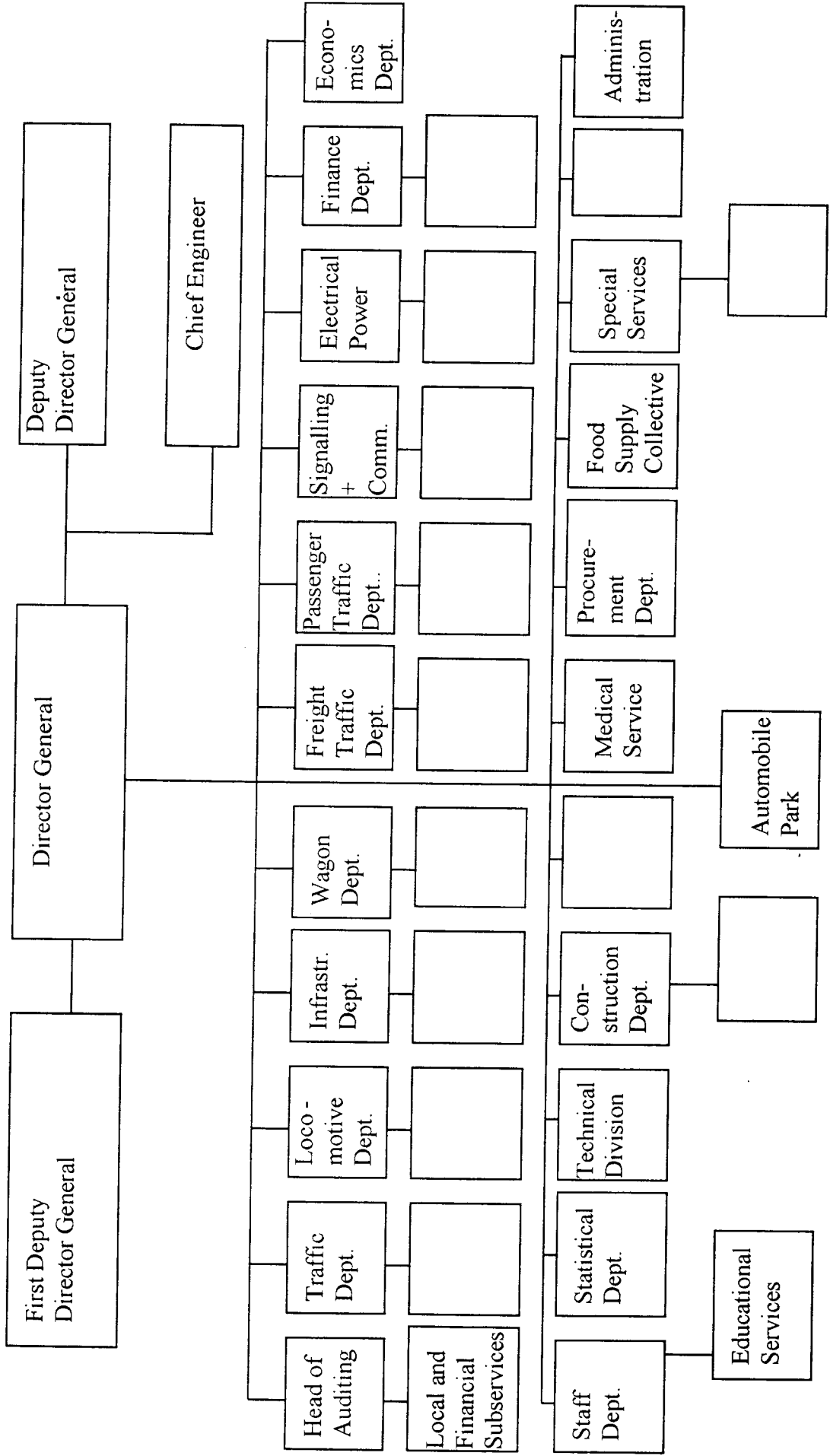
4.4 LETTER FROM CIE CONSULT TO TACIS RE FORCE MAJEURE

4.5 WORKPLAN

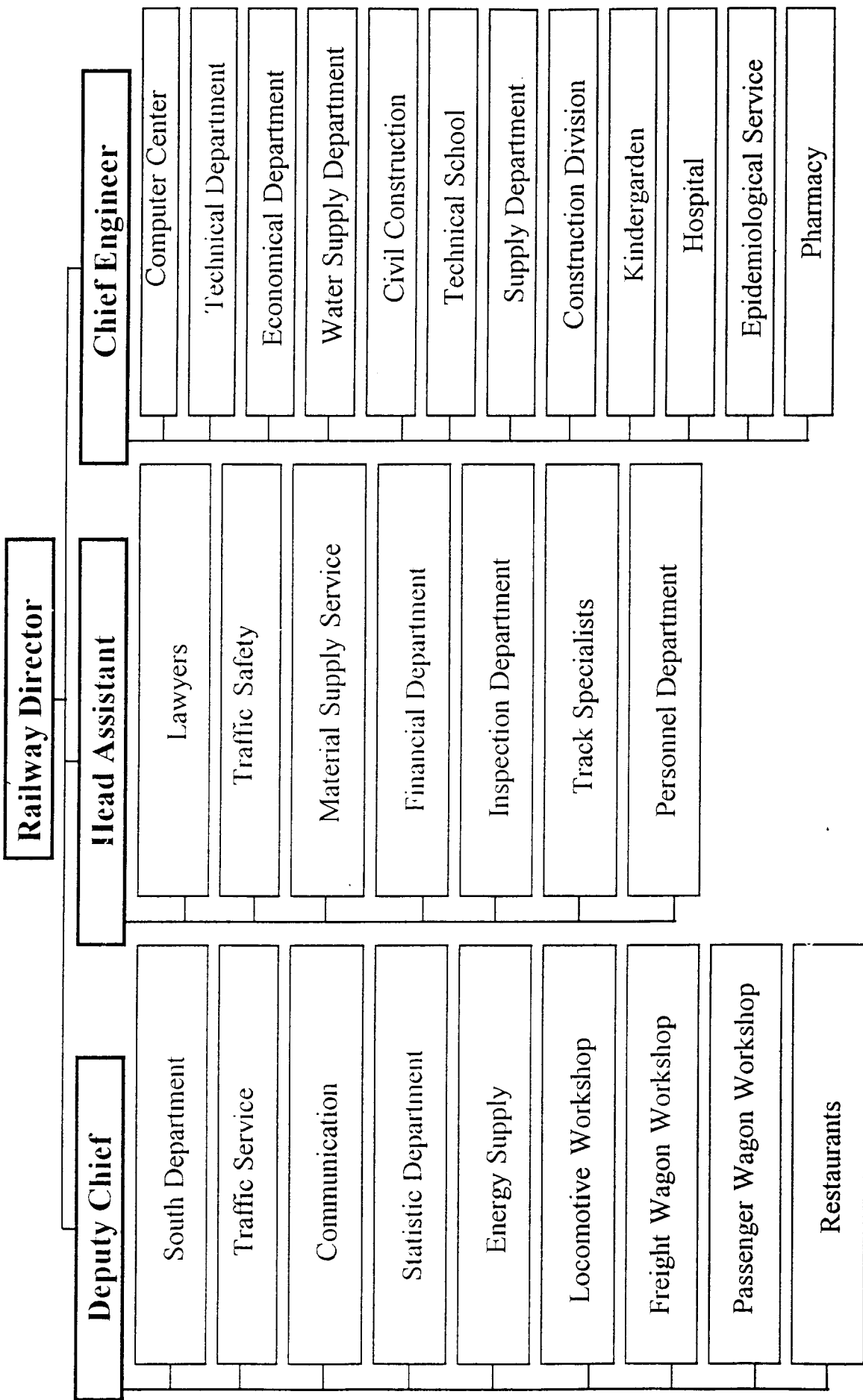
4.6 MAP OF KYRGYZSTAN RAILWAYS

4.7 MAP OF TADJIKISTAN RAILWAYS

Organogram: Tajikistan Railways



Organisation of the Kyrgyzstan Railways

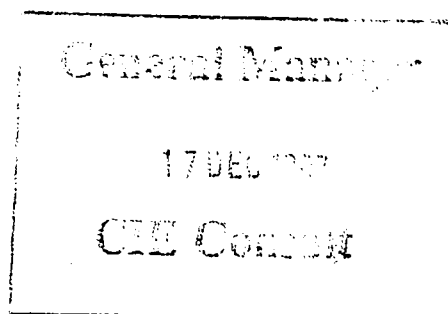


X-From : les.cheesman@tractebel.be Wed Dec 17 10:25:34 1997
Return-Path: <les.cheesman@tractebel.be>
Date: Wed, 17 Dec 1997 11:11:59 -0500
From: "Cheesman, Les" <les.cheesman@tractebel.be>
Sender: "Cheesman, Les" <les.cheesman@tractebel.be>
X-Confirm-Reading-To: <les.cheesman@tractebel.be>
Disposition-Notification-To: <les.cheesman@tractebel.be>
Organization: Tractebel Development
To: office@cutrace.bcc.com.uz
Cc: traceca@access.sanet.ge, ciecnslt@iol.ie, 100715.1503@compuserve.com
Subject: Tadjikistan
Importance: High
Content-disposition: inline

1. I have been advised by the Task Manager Daniel Stroobants at 11.00 17 Dec 1997 that the Commissioners advise no one to travel to Tadjikistan in the near future and that they will issue a further message when they consider the position is secure and it is safe to travel again.

2. In anticipation of this message and of the known situation, I am aware of the caution being taken by our contractors in planning visits to this region and that plans known in this office are delayed until the Spring. It seems that Spring might be a little late this year. I will keep you informed. At the moment we assume we will be able to get there before the end of your contract

Kind Regards Les Cheesman





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Francis Lamoureux,
Deputy Director General,
European Commission,
Directorate General IA
C/O M. Fanti,
Tactics Contracts Team,
DG A 07 AN88 2/12
200 Rue de la Loi,
B-1049 Brussels,
Belgium.

20th November 1997

Dear Mr Lamoureux,

Central Asian Railways Restructuring:
Contract 97-0309.00

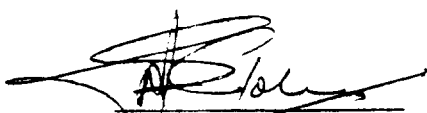
In accordance with Article 43 "Force Majeure" of the General Conditions for Service Contracts financed from Phare/Tacis funds, the CIE Consult/SYSTRA consortium wishes to notify you that, in its opinion, circumstances of Force Majeure have occurred which may affect performance of its obligations under the above contract in Tadjikistan.

It is our understanding that the deteriorating security situation in Tadjikistan has forced all Tacis work there to cease, and we have been advised by the Head of Delegation, Manfred Zievers, that any personnel we have there engaged on this contract should leave Tadjikistan forthwith. We are arranging to do this. We do not have any indication of the likely duration of this situation, but it is not our intention to deploy personnel again in Tadjikistan before the Spring of 1998, assuming the situation has improved by then. Should this be the case, our obligations under the contract can still be completed within the specified time.

In the interim we shall seek to gather as much information relevant to the project by means of appropriate questionnaires to counterparts as is possible.

I shall be glad to have your formal approval for this course of action.

Yours sincerely,



Barry Collins
General Manager, CIE Consult

TRACECA: CENTRAL ASIAN RAILWAYS RESTRUCTURING

MODULE D: Tadjikistan & Kyrgyzstan Railway Restructuring Study V 6.0

WORK PROGRAMME: PHASE II

19/3/98

EXPERT	NAME	month	oct 1	nov 2	dec 3	jan 4	feb 5	mar 6	apr 7	may 8	jun 9	Days in CIS	Wkg. days in EU
PROJECT DIRECTOR	J. F. Higgins											14	5
SEN. RAILWAY MANAGEMENT	D. Waters (G. Beesley)		20/10									42	15
INSTITUTIONAL EXPERT	P. Hafner		20/10									28	10
LEGAL EXPERT	M. Carroll											14	5
ECONOMICS EXPERT	P. Roussel											14	10
FINANCE - FINANCIAL REVIEW	G. O' Mahony											14	10
FINANCE - COSTING	M. Mavridis											21	5
OPERATIONS EXPERT	T. Bakke											14	5
ROLLING STOCK	S. Myers			17/11								14	5
INFRASTRUCTURE EXPERT	A. Robinet											14	5
MIS EXPERT	K. Green											14	5
HUMAN RESOURCES EXPERT	D. O'Brien											14	5
ENVIRONMENT EXPERT	C. Hurand											14	5
REPORTS													

Inception Report ↑

Draft Final Report ↑

Final Report ↑



CIS - FIELD

EU

