

TECHNICAL ASSISTANCE COMPLETION REPORT

Division : SATC

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| TA No., Country and Name (TA 3491-BAN: Organizational Reform of Bangladesh Railway Phase III) | | Amount Approved: \$840,000 Revised Amount: \$840,000 | |
| Executing Agency Bangladesh Railway | Source of Funding JSF | Amount Undisbursed: \$239,688.27 | Amount Utilized: \$600,311.73 |
| TA Approval Date: 29 August 2000 | TA Signing Date: 28 August 2001 | Fielding of First Consultant(s): December 2001 | TA Completion Date Original: 1 June 2002 Actual: 30 June 2005 Account Closing Date Original: 30 June 2002 Actual: 31 Dec 2005 |
| <p>Description Although transport demand in Bangladesh is increasing in line with economic growth, the modal share of rail has been declining. The main contributing factors include (i) institutional shortcomings and (ii) physical bottlenecks resulting from inadequate infrastructure and outdated rolling stock. ADB has provided two TA to overcome the institutional shortcomings through organizational reform of the BR. The Phase I TA analyzed the sector constraints and prepared a reform program while the Phase II TA supported implementation of some key reform measures identified including a reduction in personnel size and organizational restructuring of BR's Headquarters and the two operational zones. The Phase III TA was provided to support further reform of BR</p> <p>Expected Impact, Outcome and Outputs The TA was expected to formulate an agreed organizational reform plan that would support the Government's efforts to improve BR's financial and operational performance on a sustainable basis through restructuring BR along commercial lines, and to mobilize private sector participation. This TA was also aimed to support the Government's commitment to transform BR into a corporate entity by preparing draft legislation for the corporatization of BR, thus fulfilling covenants for Loan 1561-BAN: <i>Jamuna Bridge Railway Link</i> approved in 1997.</p> <p>Delivery of Inputs and Conduct of Activities The TA design was relevant and the TA terms of reference were also adequate. The TA was implemented by a team of international and domestic consultants A total of 23.24 person-months of international consultant and 24 domestic consultant services were utilized. The consultants generally performed satisfactorily and adhered to the Terms of Reference. However the TA was put on hold from March 2002 to May 2003, to ensure an optimum environment for engaging BR in a dialogue on policy and organizational reform. This in turn necessitated a time extension to make up for the time lost. Subsequently there were additional delays in the completion of this TA because of the need for more extensive stakeholder consultations in finalizing the financial analysis and implications of restructuring BR along lines of business and to analyze personnel aspects of the reform program. Even after the resumption of the TA implementation, however, finding a viable set of railway reforms turned out to be challenging and the TA required major efforts throughout its implementation. The TA inputs were adequate and efficiently utilized. The quality of the inputs was satisfactory. The EA provided satisfactory logistical support and facilities for the TA. ADB provided satisfactory oversight of the TA. There were several changes in the TA consultant team due to the interruption in TA implementation. The consultant team performed satisfactorily The performance of the Final Team Leader was highly satisfactory.</p> <p>Evaluation of Outputs and Achievement of Outcome The TA output (i) identified candidate lines of businesses and possible implementation process, (ii) prepared medium-term financial projections for the freight, passenger and other lines of business, (iii) prepared a pilot personnel database, (iv) prepared outline of legislation to replace the current Railway Act. These outputs were satisfactorily prepared in a cost-efficient manner. The TA also held workshops and training sessions to explain the restructuring required for BR. These sessions were mainly attended by top and middle management staff from BR and so it helped to expose them to how modern railways are structured. BR however was not able to utilize the output due to the differences in views of the then top BR management on the approaches to reforms.</p> | | | |

Overall Assessment and Rating The TA output complied with the requirements of the TOR. The TA provided the basis for the further discussion and development of the reform program to restructure BR and transform it into a corporate entity which was carried out as part of the policy dialogue for the Railway Sector Investment Program approved in October 2006. Hence this TA is rated as partly successful.

Major Lessons Given its multifaceted impacts, railway reform needs to be addressed holistically from a broader developmental context. The environment has to be ready for such reforms. An ADTA to formulate a reform program, by itself, is not sufficient to initiate reform in the Bangladesh Railway. There is a need to have a mechanism to support infrastructure improvements, and support reform implementation in addition to an ADTA to design a reform program in an integrated manner.

Recommendations and Follow-Up Actions The Railway Sector Investment Program which has both a Reform Project and an Investment Project adopts a holistic addressing infrastructure issues, reform implementation and an ADTA to support reform implementation. This Investment Program was approved by the Board in October 2006 and will be implemented starting 2007 for a period of 7 years.

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