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Turkmenistan: North-South Railway Project

Project Name

North-South Railway Project

Project Number

43441-013

Country / Economy

- Turkmenistan

Project Status

Closed

Project Type / Modality of Assistance

- Loan

Source of Funding / Amount

Loan 2737-TKM: North-South Railway Project

Source

Amount

Ordinary capital resources US\$ 125.00 million

Strategic Agendas

- Inclusive economic growth
- Regional integration

Drivers of Change

- Governance and capacity development

Sector / Subsector

- **Transport** / Rail transport (non-urban)

Gender

No gender elements

Description

The project will develop an efficient, safe and reliable railway transport network in Turkmenistan for better connectivity and increased trade with neighboring countries. The project outputs include (i) procurement and installation of signaling, power supply, and telecommunication systems for about 288 km of the completed railway between Chilmammet and Buzkhun; (ii) procurement of track maintenance equipment and supply and installation of track safety equipment; and (iii) improvement of the Ministry of Railway Transport's institutional capacity and provision of project management consultant.

Project Rationale and Linkage to Country/Regional Strategy

The Government of Turkmenistan signed a multilateral agreement in October 2007, with Kazakhstan and Iran to construct new railway tracks to develop the North-South

railway corridor. This is the region's key route for transporting bulky goods, such as oil and oil products, mineral resources, agricultural products and textiles.

The North-South railway corridor will improve the accessibility of Turkmenistan to the central areas of Kazakhstan, Iran, the Persian Gulf countries, Russia, and the Southern and South East Asia; facilitate the movement of goods; and increase transit growth of the country and the development of an integrated, efficient railway system in the region.

Impact

Increased trade between Turkmenistan and other countries in the region

Project Outcome

Description of Outcome

An efficient, safe, and reliable railway transport network developed and operated in Turkmenistan with better connectivity with neighboring countries

Progress Toward Outcome

The loan was closed on 30 November 2016. A field review and PCR missions will be scheduled to follow up and assist the EA.

Implementation Progress

Description of Project Outputs

Safe and efficient movement of trains with the installation of signaling, power, and telecommunications systems between Chilmammet and Buzkhun (288.2 km)

Tracks are well maintained and kept safe

Support provided for the project management and MRT's institutional capacity improvement

Status of Implementation Progress (Outputs, Activities, and Issues)

Contract was awarded on 28 May 2012 to the Consortium of ASPMK-519 Limited Liability Partnership (KAZ) and KEC International Limited (IND). Contract completion date was originally set to 17 January 2014. The completion date of the project was 21 January 2016, and the operational acceptance certificate was issued on 28 July 2016.

First training workshop was conducted by the PMC on project accounting and financial management from 14 to 18 May 2012. On capacity building and on-the-job training assistance, the following activities have been completed: (i) training of 10 MRT staff and mechanical technicians in Austria on track maintenance machinery (10 days); (ii) training in Ashgabat of 5 MRT inspectors of track maintenance machinery on inspection scope and procedures at manufacturer's plant prior to their departure to Austria (2 days); (iii) training of 5 MRT accounting and finance department employees on modern accounting procedures and financial control/reporting requirements (5

days); (iv) training of MRT management and mid-level staff on turnkey works contract and goods procurement contract conditions and procedures (3 days); (v) on-the-job training to 2 staff from accounting and finance department on contract requirements and preparation of financial documents for submission to ADB.

Geographical Location

Balkan Province, Gazanjyk, Gyzylgaya

Safeguard Categories

Environment

B

Involuntary Resettlement

C

Indigenous Peoples

C

Summary of Environmental and Social Aspects

Environmental Aspects

The final EMR for January 2015-August 2016 has been submitted and disclosed.

Involuntary Resettlement

The project does not require any land acquisition or involuntary resettlement.

However, the provision of cattle crossings will be considered, as required.

Indigenous Peoples

No indigenous peoples have been identified.

Stakeholder Communication, Participation, and Consultation

During Project Design

Two consultative meetings were held in Bereket and at station 300+00 along the alignment in July 2010. One was a formal consultative meeting with some of the construction works and the other an informal meeting with locally hired employees supporting construction works. In addition, some informal individual discussions and conversations were held with residents in one of the herding communities along the railway alignment. All were supportive of the project as they expect the railway to have positive impacts on their lives through increased economic activity and better access to social services.

Level of consultation and participation was made through information sharing.

Since the project covers signaling and communication system installation as well as procurement of equipment, there will be only information sharing.

During Project Implementation

Public consultation through community-based organizations will continue to be held during project implementation.

Business Opportunities

Consulting Services

Consultants were recruited according to ADB's Guidelines on the Use of Consultants (2010, as amended from time to time). MRT recruited M/s TERA International Group, Inc. USA to act as PMC for the overall project management. Contract with TERA was signed on 16 September 2011 and after registration, it became effective on 19 October 2011. The PMC commenced services on 2 January 2012.

Procurement

The procurement of goods was undertaken in accordance with ADB's Procurement Guidelines (2010, as amended from time to time). Limited International Bidding has been followed for TCP-1 due to reduced scope. National competitive bidding is not applicable. Two contract packages were awarded: TCP-1 (design, supply, and installation of power supply, signaling and telecom); and TCP-2 (supply of track machinery and supply and installation of safety equipment).

Turnkey Contract for design, supply, installation, and commissioning of power supply, Signaling, telecommunications equipments (Contract TKM/ADB/TCP1): On 28 May 2012, MRT awarded the contract to the Consortium of ASPMK-519 Limited Liability Partnership and KEC International Limited (ASPMK+KEC) at the evaluated bid price of \$104,782,927(excluding VAT).

Supply of Track Maintenance Machinery (Contract TKM/ADB/TCP2): MRT awarded the contract to the substantially responsive bidder M/s Plasser and Theurer Export von Bahnbaumaschinen Gesellschaft m.b.H. (Austria) on 13 April, 2012. Contract was registered on 25 April 2012 and declared effective on 8 May 2012. All the equipment under TCP-2 contract arrived in Ashgabat on 8 October 2012, installation was completed on 4 Nov. 2012, and the equipment was formally handed over to MRT on 7 Nov. 2012, six weeks ahead of the original schedule of 13 January 2013. Their contract has been completed.

Contact

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Responsible ADB Division
Transport and Communications Division, CWRD
Executing Agencies
Turkmenistan Railway Agency

Timetable

Concept Clearance
14 May 2010
Fact Finding
25 Aug 2010 to 03 Sep 2010

MRM
 06 Oct 2010
 Approval
 15 Mar 2011
 Last Review Mission
 -
 PDS Creation Date
 25 May 2010
 Last PDS Update
 21 Mar 2017

Funding

Loan 2737-TKM

Milestones

| Approval | Signing Date | Effectivity Date | Closing | | |
|-------------|--------------|------------------|-------------|-------------|-------------|
| | | | Original | Revised | Actual |
| 15 Mar 2011 | 20 Jul 2011 | 29 Aug 2011 | 31 Mar 2013 | 30 Nov 2016 | 22 Mar 2017 |

Financing Plan

| Total (Amount in US\$ million) | |
|--------------------------------|--------|
| Project Cost | 166.70 |
| ADB | 125.00 |
| Counterpart | 41.70 |
| Cofinancing | 0.00 |

Loan Utilization

| | Date | ADB | Others | Net Percentage |
|----------------------------|-------------|--------|--------|----------------|
| Cumulative Contract Awards | 17 Jun 2022 | 116.27 | 0.00 | 100% |
| Cumulative Disbursements | 17 Jun 2022 | 116.27 | 0.00 | 100% |

Status of Covenants

| Category | Sector | Safeguards | Social | Financial | Economic | Others |
|----------|--------------|---------------------|--------------|--------------|----------|--------------|
| Rating | Satisfactory | Partly satisfactory | Satisfactory | Satisfactory | - | Satisfactory |

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