Kingdom of Thailand: Accounting and Financial Management System Reform of Thailand’s Railway Sector
(Financed by the Japan Fund for Poverty Reduction)
CURRENCY EQUIVALENTS
(as of 8 October 2012)

Currency Unit – baht (B)

B1.00 = $0.03
$1.00 = B30.59

ABBREVIATIONS

ADB – Asian Development Bank
KPI – key performance indicator
PSO – public service obligation
SRT – State Railway of Thailand
TA – technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

| Type | – Policy and advisory technical assistance (PATA) |
| Targeting classification | – General intervention |
| Sector (subsector) | – Transport, and information and communication technology (rail transport) |
| Themes (subthemes) | – Economic growth (promoting economic efficiency and enabling business environment), governance (economic and financial governance), capacity development (institutional development) |
| Climate change | – Climate change mitigation |
| Location (impact) | – National (high) |
| Partnership | – Japan Fund for Poverty Reduction |

NOTE

In this report, "$" refers to US dollars unless otherwise stated.

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In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.
I. INTRODUCTION

1. The Government of Thailand has requested the Asian Development Bank (ADB) to assist in developing and improving the State Railway of Thailand (SRT). A reconnaissance mission from ADB visited Bangkok from 12 to 16 March 2012. The mission’s purpose was to discuss rail sector issues with government officials and agree on the objectives, scope, and other aspects of the policy and advisory technical assistance (TA) for the Accounting and Financial Management System Reform of Thailand’s Railway Sector Project. Agreement was reached on these rail sector issues, details of which are provided in the design and monitoring framework (Appendix 1). The TA is included in ADB’s 2012–2014 country operations business plan for Thailand.\(^2\)

2. Thailand’s Eleventh National Economic and Social Development Plan, 2011–2016 emphasizes expanding infrastructure and transport systems to improve connectivity between Bangkok and the provinces and with neighboring countries. In line with the plan, the government has embarked on a program to revitalize railways in Thailand and help the rail subsector play a more substantive role in the country’s transport system. The cabinet has launched a program to modernize the existing railway network, which is owned and operated by the SRT. The development of modern and efficient railways will help open the country’s transport bottlenecks, improve the integration and safety of the transport system, reduce environmental pollution, and mitigate climate change.

II. ISSUES

3. Prolonged underinvestment and poor governance has kept Thailand’s railway system from keeping pace with market demand and economic growth. Operating and maintenance costs are higher than for other railways in the region, and service is poor. Railway infrastructure is old, unreliable, and unsafe. The financial management system is outdated and operational accounts poorly reported. The percentage of long-distance passengers on rail fell from 78% in 1993 to 55% in 2009, highlighting a dramatic reduction in competitiveness compared with other transport modes. Freight transport has maintained its market share but only at 2% of total freight traffic.

4. Thailand now considers railway reform to be important for retaining its economic competitiveness in the subregion and beyond. Railway reform is seen as supporting the broader objectives of the 11th plan, which aims to increase the share of rail in freight transport from 2% to 8% by 2020 and to support improved passenger mobility, especially for the poor or marginalized in society under public service obligations borne by the SRT.

5. The government’s strong commitment to the rail sector is evident in its pledge to provide significant financial resources to improve railway operations, with investments amounting to B176 billion approved by the Cabinet in 2010.\(^4\) In addition, Thailand wishes to reinvigorate its rail network and services to reduce dependence on fossil fuels and road freight cut the sector’s greenhouse gas emissions.

6. The government recognizes that upgrading and expanding physical infrastructure alone is not a complete solution. It understands that reforms to policy, institutions, financial accounting,

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\(^1\) The TA first appeared in the business opportunities section of ADB’s website on 21 August 2012.


\(^4\) The SRT investment program, or Khem Khaeng scheme, was endorsed by the government on 27 April 2010.
and governance, as well as capacity development and operational reform, are essential to providing passenger and freight services on a more commercial basis. This will ensure that railway infrastructure and equipment are maintained efficiently and effectively and that SRT physical assets and personnel are managed to yield maximum returns, benefits, and outputs.

7. A fundamental prerequisite of reform is to ensure a strong financial management and information system within the SRT. While much work has been undertaken in the past with respect to reorganizing the SRT, such as the recently introduced business lines and the separation of some operations such as the Airport Rail Link, little attention has been given so far to developing financial tools to account for financial performance within the organization. A modern and well functioning accounting and financial management system is required to allow the reform process to be effectively delivered, reported and monitored. As the government seeks more and improved rail services, potentially to include private operations, improvements to the financial management system are required to allow cost and revenue sharing not just of existing operations but also for new systems and services. The TA will address this critical area and allow improved monitoring and performance measurement to support the broader reforms over the medium- and long-term development of the rail subsector in Thailand. The TA will strengthen SRT institutional structure and operational performance by developing and implementing a comprehensive financial management system to ensure that future investment and operational decisions are based on robust financial information and that their performance can be monitored and reported to ensure ongoing financial improvements.

8. The TA is part of a series of ongoing and planned assistance projects provided by ADB to the railway subsector in Thailand that is (i) preparing a restructuring plan and agenda reform,⁵ (ii) improving railway passenger services,⁶ and (iii) planning for the Greater Mekong Subregion Railway Association.⁷

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

9. This impact of the policy and advisory TA will be SRT improving its financial management and accepted audited accounts by 2015. The outcome of the TA will be an SRT management, accounting, and financial information system developed to support the restructuring objectives of the government.

B. Methodology and Key Activities

10. The policy and advisory TA has two main outputs: (i) specifying requirements for a new management, accounting, and financial information system for the SRT; and (ii) preparing an implementation plan for the transition of SRT’s operations and finances to the new information system.

11. The key activity of the TA is to specify requirements for a new accounting and financial management system that will underpin ongoing improvements to the structure and operations of the SRT. The TA will (i) define the SRT’s objectives as determined by its policy, legal, regulatory,

⁵ ADB. 2012. Technical Assistance to the Kingdom of Thailand for Supporting Railway Sector Reform. Manila.
and planning framework, and by the proposed restructuring program; (ii) define the SRT’s management, accounting, financial information, and reporting requirements based on discussions with key stakeholders; (iii) define gaps in the SRT’s reporting and the capacity requirements of a new financial information system, based on a review of the SRT’s current reporting system, existing information system, and activities now being undertaken by consultants in this area; (iv) specify the requirements of a new management, accounting, and financial information system, with supporting bid documents and a capacity development program; and (v) develop an implementation plan for the transition of SRT operations and finances to the new information system, defining key activities, a timetable, expected costs, and sources of finance. The tasks underpinning the development of these outputs are described below. While the TA will identify the requirements of, and prepare the implementation plan for, the reformed accounting and financial management system for the SRT, the system’s purchase and physical implementation will be undertaken after the TA closes.

12. The SRT’s objectives will be defined using a summary review of the policy, legal, and regulatory framework for Thailand’s rail sector and its strategic and policy direction under the government’s rail support program. A review will be conducted of SRT’s operations and organization structure, identifying primary sources of revenue, costs, finances, assets, and liabilities. These parameters will then be considered in the context of the SRT’s current planning, budgeting, accounting, financial management, and reporting framework.

13. Gaps in the SRT’s current accounting and financial management system will be assessed using the findings of consultations with key external and internal stakeholders in the SRT, such as the Ministry of Finance, the Ministry of Transport, SRT management and staff, trade unions, representatives of passengers and freight users, and the auditor general. These discussions will guide the identification of critical issues and information requirements to meet stakeholder concerns, and to ensure effective stakeholder consultation moving forward. This analysis will include an assessment of the recent SRT restructuring into business units and the specific requirements each may require under a new accounting and financial management system.

14. The bulk of the work in the TA will be analyzing the requirements of the SRT and its financial management and specifying the requirements for a new accounting and financial management system. A review of current work on accounting policies and on the assets and liabilities of the SRT will provide the inputs for developing actual and projected financial statements for the SRT. These statements will be used to guide and assess the progress of the broader rail restructuring program currently underway in Thailand. This review will use a range of activities that includes evaluating the SRT’s revenues, costs, and sources of finance, and assessing the requirements to allocate them to the recently introduced business units. The study will then define a methodology for preparing a market-based valuation of the SRT’s assets and liabilities and assessing the requirements to allocate them to the business units. This information will provide the basis for defining a chart of accounts and methodologies for allocating costs and introducing transfer pricing arrangements that will support the future restructuring needs of the SRT. This material will also be used to develop an access payment mechanism for the SRT and a method to calculate public sector obligations to support the government’s proposed regulatory framework in the future. The regulatory and management requirements will be combined to provide the basis for developing an outline framework for deriving key performance indicators for the SRT. This activity will be supported by an assessment of how technical data will be integrated with the new accounting and financial management system and with planning and budgeting processes. The review will define the outline reporting requirements of the SRT’s financial management system to meet stakeholder
requirements, and the findings of the requirements analysis will be used to specify a financial management and accounting system for the SRT. The TA will prepare full bid documentation and specification of implementation requirements, including financing options and a capacity development program for a new accounting system within the SRT. The implementation of the accounting and financial management will be undertaken after the TA closes, based on TA recommendations.

15. The outputs of the financial management system will be used to develop a roadmap to support the transition of the SRT’s financial management and operations, including suitable regulatory requirements for financial management mechanisms and a capacity development program for financial management and accounting system implementation related to SRT business units.

C. Cost and Financing

16. The TA is estimated to cost $1,300,000, of which $950,000 will be financed on a grant basis by the Japan Fund for Poverty Reduction and administered by ADB. The government will provide counterpart support in the form of counterpart staff, office accommodation and equipment, venues for workshops and seminars, and other in-kind contributions. The cost estimates and financing plan are in Appendix 2. Disbursements under the TA will accord with ADB’s Technical Assistance Disbursement Handbook (2010, as amended from time to time).

D. Implementation Arrangements

17. The TA will provide advisory services to the government and the SRT toward the development and implementation of accounting and financial management system reform for the railway subsector. The project executing agency will be Ministry of Finance, and the implementing agency will be the SRT.

18. The project will be implemented over 9 months from November 2012 to July 2013. Consultancy services will be provided by a firm, preferably an association between an international firm and a Thai accounting and auditing firm, in line with ADB’s Guidelines on the Use of Consultants (2010, as amended from time to time). The TA will require 21 person-months of international consultancy and 37 person-months of national. Recruitment will use quality- and cost-based selection and a standard quality–cost ratio of 80:20. A simplified technical proposal will be used for selecting the consultant firm. The outline terms of reference for consultants are in Appendix 3.

19. The key report will specify the new management, accounting, and financial information system for the SRT, including bid documentation, a capacity development program, and an implementation schedule. Additional reports will be prepared covering the two outputs: (i) a specification of a new management, accounting, and financial information system for the SRT, and (ii) an implementation plan with detailed bidding documents for the transition of the SRT’s operations and finances to the new information system, defining key activities, a timetable, expected costs, and sources of finance. Workshops will be held at key milestones of the TA, covering each of the outputs, and the final workshop will be for the government, development partners, and nongovernment organizations. Stakeholder meetings will be held throughout the TA.

20. Findings from the TA will be disseminated through ADB reports and knowledge products. The work will be showcased at regional events such as Greater Mekong Subregion
Rail Coordination Office meetings and widely disseminated at international events and through the ADB website.

21. The government will ensure the provision of (i) all relevant documents, data, and any other information that may be required by the TA consultants to meet the objectives of the TA, all readily available; (ii) appropriate and qualified counterpart staff and secretarial and clerical support; (iii) suitable office accommodation and equipment; and (iv) logistical assistance for the workshops and seminars, including the venue, identifying and inviting participants, secretarial services, and seminar coordination.

IV. THE PRESIDENT’S DECISION

22. The President, acting under the authority delegated by the Board, has approved ADB administering technical assistance not exceeding the equivalent of $950,000 to the Government of Thailand to be financed on a grant basis by the Japan Fund for Poverty Reduction for the Accounting and Financial Management System Reform of Thailand’s Railway Sector, and hereby reports this action to the Board.
## DESIGN AND MONITORING FRAMEWORK

### Design Summary

<table>
<thead>
<tr>
<th>Impact</th>
<th>Performance Targets and Indicators with Baselines</th>
<th>Data Sources and Reporting Mechanisms</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
</table>
| The SRT improving its financial management | Accepted audited accounts by 2015  
Financial performance of the SRT improved from a budget deficit in 2010 to operational profitability by 2020 | Government transport statistics  
SRT financial statements and audited accounts | Assumption  
Investment in rail infrastructure and rolling stock sufficient to support improved operations and services  
Risk  
Limited growth in transport demand |

### Outcome

An SRT management, accounting, and financial information system developed to support the future restructuring objectives of the government  
The SRT accepting financial management system program requirements and agreeing to implement the schedule by the end of 2013  
TA reports on KPIs  
Reports from SRT restructuring program management | Assumption  
SRT agreement on new accounting system requirements  
Assumptions  
Required political support forthcoming  
Full and transparent financial disclosure  
Risk  
The SRT failing to implement financial management system reform |

### Outputs

1. The requirements specified of a new management, accounting, and financial information system for the SRT to meet its projected information requirements  
2. An implementation plan prepared to support the transition of the SRT’s operations and finances to the new information system and defining key activities, a timetable, expected costs and sources of finance, bid documentation, and a capacity development program  
A bid documentation and implementation plan for the financial management and accounting system prepared by the end of 2013  
Government transport strategy and policy  
TA reports  
SRT financial statements  
Chart of accounts | Assumption  
SRT agreement on new accounting system requirements  
Assumptions  
Required political support forthcoming  
Full and transparent financial disclosure  
Risk  
The SRT failing to implement financial management system reform |

### Activities with Milestones

<table>
<thead>
<tr>
<th>Inputs</th>
<th>JFPR: $950,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item</td>
<td>Amount ($)</td>
</tr>
<tr>
<td>Consulting services</td>
<td>810,000</td>
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</table>

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</tr>
<tr>
<td>Consulting services</td>
<td>810,000</td>
</tr>
</tbody>
</table>

1. Review the policy, legal, and regulatory framework for Thailand’s rail subsector (end of month 1).  
2. Review the SRT’s strategic and policy direction under the government’s rail support program (end of month 1).  
3. Review the SRT’s operations and organization structure (end of month 2).
### Activities with Milestones

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.4</td>
<td>Review the SRT’s sources of revenue, costs, sources of finance, and assets and liabilities (end of month 2).</td>
</tr>
<tr>
<td>1.5</td>
<td>Review the SRT’s planning, budgeting, accounting, financial management, and reporting framework (end of month 2).</td>
</tr>
<tr>
<td>1.6</td>
<td>Identify key external and internal stakeholders of the SRT such as the Ministry of Finance, the Ministry of Transport, SRT management and staff, trade unions, representatives of passengers and freight users, and the auditor general (end of month 3).</td>
</tr>
<tr>
<td>1.7</td>
<td>Identify critical issues and information requirements to meet stakeholder concerns, and ensure effective stakeholder consultation moving forward (end of month 4).</td>
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<tr>
<td>1.8</td>
<td>Evaluate the SRT’s revenues, costs, and sources of finance, and assess requirements to allocate them to the new business units (end of month 5).</td>
</tr>
<tr>
<td>1.9</td>
<td>Define a methodology for preparing a market-based valuation of the SRT’s assets and liabilities and assess its requirements to allocate them to the new business units (end of month 6).</td>
</tr>
<tr>
<td>1.10</td>
<td>Define a chart of accounts and required methodologies for allocating costs and introducing transfer pricing arrangements that will support the future restructuring needs of the SRT (end of month 6).</td>
</tr>
<tr>
<td>1.11</td>
<td>Develop an access payment mechanism for the SRT and a method of calculating PSOs to support the government’s proposed regulatory framework in the future (end of month 7).</td>
</tr>
<tr>
<td>1.12</td>
<td>Develop an outline framework for deriving KPIs for the SRT and identify how technical data will be integrated with the new accounting and financial management system, and with planning and budgeting processes (end of month 7).</td>
</tr>
<tr>
<td>1.13</td>
<td>Outline the reporting requirements of the SRT financial management system to meet stakeholder requirements (end of month 8).</td>
</tr>
<tr>
<td>1.14</td>
<td>Design an accounting and financial management system for the SRT to meet the information needs of its stakeholders (end of month 9).</td>
</tr>
<tr>
<td>2.1</td>
<td>Prepare an implementation plan that sets out the requirements for establishing the new accounting and financial management system (end of month 7).</td>
</tr>
<tr>
<td>2.2</td>
<td>Prepare the full set of bid documents to procure the SRT accounting and financial management system and prepare a capacity development program (end of month 9).</td>
</tr>
<tr>
<td>2.3</td>
<td>Develop a capacity development program within SRT to manage the transition and the implementation of the new financial systems (end of month 9).</td>
</tr>
<tr>
<td>2.4</td>
<td>Provide recommendations on supporting actions that may be required in areas such as the regulatory framework to support activities such as calculating PSOs and third party access pricing (end of month 9).</td>
</tr>
<tr>
<td>2.5</td>
<td>Prepare and manage the implementation of a communications plan for the TA (months 2–9).</td>
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</table>

### Inputs

<table>
<thead>
<tr>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Miscellaneous administration 30,000</td>
</tr>
<tr>
<td>Contingencies 110,000</td>
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</tbody>
</table>

The government will provide counterpart support in the form of counterpart staff, office accommodation and equipment, venues for workshops and seminars, and other in-kind contributions.

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**JFPR** = Japan Fund for Poverty Reduction, **KPI** = key performance indicators, **TA** = technical assistance, **PSO** = public service obligation, **SRT** = State Railway of Thailand.

Source: Asian Development Bank estimates.
## COST ESTIMATES AND FINANCING PLAN
($'000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan Fund for Poverty Reduction</strong></td>
<td></td>
</tr>
<tr>
<td>1. Consultants</td>
<td></td>
</tr>
<tr>
<td>a. Remuneration and per diem</td>
<td></td>
</tr>
<tr>
<td>i. International consultants</td>
<td>500.00</td>
</tr>
<tr>
<td>ii. National consultants</td>
<td>280.00</td>
</tr>
<tr>
<td>b. International and local travel</td>
<td>25.00</td>
</tr>
<tr>
<td>c. Reports and communications</td>
<td>5.00</td>
</tr>
<tr>
<td>2. Miscellaneous administration and support costs</td>
<td>25.00</td>
</tr>
<tr>
<td>3. Representative for contract negotiations</td>
<td>5.00</td>
</tr>
<tr>
<td>4. Contingencies</td>
<td>110.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>950.00</strong></td>
</tr>
</tbody>
</table>

Note: The technical assistance is estimated to cost $1,300,000, of which contributions from the Japan Fund for Poverty Reduction are presented in the table above. The government will provide counterpart support in the form of counterpart staff, office accommodation and equipment, venues for workshops and seminars, and other in-kind contributions. The value of government contribution is estimated to account for 20% of the total technical assistance cost.

* Administered by the Asian Development Bank.

Source: Asian Development Bank estimates.
OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Scope and Outcomes

1. The policy and advisory technical assistance (TA) will provide advisory services to the Government of Thailand and the State Railway of Thailand (SRT) to strengthen its accounting and financial management information system. The TA’s primary focus is to develop an accounting and financial management system that will underpin ongoing improvements to SRT’s institutional structure and operations. It will (i) specify a new management, accounting, and financial information system for the SRT to meet its projected information requirements; and (ii) an implementation plan with detailed bidding documents to manage the transition of the SRT’s operations and finances to the new information system, defining key activities, a timetable, expected costs, and sources of finance. Specific tasks under these outputs will include (i) defining the SRT’s objectives as determined by its policy, legal, regulatory, and planning framework, and by the proposed restructuring program; (ii) defining the SRT’s management, accounting, financial information, and reporting requirements based on discussions with key stakeholders; (iii) defining gaps in the SRT’s reports and capacity requirements that need to be met by a new accounting and financial management system, based on a review of the SRT’s current reporting system, existing information system, and activities now being undertaken by consultants in this area; (iv) specifying a new management, accounting, and financial information system, with supporting bid documents and a capacity development program; and (v) planning the implementation of the transition of the SRT’s operations and finances to the new information system, defining key activities, a timetable, expected costs, and sources of finance.

2. The key deliverable of the TA is the design of an accounting and financial management system for the SRT. The design will be prepared, with full bid documentation, for a management and financial information system, a capacity development program, an implementation schedule, and the identification of financial resources to support implementation. Additional reports will be prepared covering each of the project outputs: (i) on the legal, regulatory, and policy governing the SRT and its restructuring program; (ii) on stakeholder involvement and information requirements for the SRT; (iii) evaluating SRT finances, including a chart of accounts, a methodology to allocate costs to business units and derive transfer prices, a methodology for deriving market-based valuations of assets and their assignment to business units, methodologies developed to estimate public service obligation (PSOs) and third party access payments, and a derived framework for preparing key performance indicators (KPIs) that is supported by defined planning, budgeting, and reporting requirements; (iv) specifying the requirements for a new management, accounting, and financial information system for the SRT to meet its projected information requirements, including bid documentation for an information system and capacity development and implementation program; and (v) outlining a communication plan for the TA.

3. The project is expected to cost $950,000 and be implemented over 9 months. Consultancy services will be provided by a firm, preferably an association between an international firm and a Thai accounting and auditing firm. The TA will require 21 person-months of international consultancy and 37 person-months of national. Reports will be prepared in English, and all translation will be undertaken within the TA budget of the consultants.

B. Tasks

4. Consultants will initially undertake a detailed assessment of the SRT policy, legal,
regulatory, and planning framework, and of the proposed restructuring program, and describe and define its management, accounting, financial information, and reporting requirements based on discussions with key stakeholders. Specific tasks include the following:

(i) Review the policy, legal, and regulatory framework for Thailand’s rail subsector.
(ii) Review the SRT’s strategic and policy direction under the government’s rail support program.
(iii) Review the SRT’s operations and organization structure, including the new business units.
(iv) Undertake a preliminary assessment of the SRT’s sources of revenue, costs, finances, assets, and liabilities.
(v) Undertake a preliminary assessment of the SRT’s planning, budgeting, accounting, financial management, and reporting framework.
(vi) Identify information requirements for the SRT to meet stakeholder concerns.

5. The following deliverables will be prepared on this initial work by the end of month 2:
(i) a report on the legal, regulatory, and policy governing the SRT;
(ii) a report on the restructuring program, covering the business units and development plans;
(iii) a report on SRT stakeholders, including government agencies;
(iv) a report covering the information and reporting requirements of the SRT; and
(v) a communication plan for the TA.

6. The remainder of the work, based on these findings, will be to (i) review the SRT’s current reporting system, existing information system, and activities now being undertaken by consultants in this area; (ii) prepare a detailed review of the SRT’s management, accounting, financial information, and reporting requirements based on discussions with key stakeholders; (iii) define gaps in the SRT’s reports and identify capacity requirements for a new financial information system; (iv) specify a new management, accounting, and financial information system, with supporting bid documents and a capacity development program; (v) prepare an implementation plan for the transition of the SRT’s operations and finances to the new information system, defining key activities, a timetable, expected costs, and sources of finance; and (vi) manage and implement the communication plan. The deliverables and milestones for this work are outlined in the TA report. The work will include the following tasks:

(i) Evaluate the SRT’s sources of revenue, costs, sources of finance, and assets and liabilities.
(ii) Review and report on the SRT’s planning, budgeting, accounting, financial management, and reporting framework.
(iii) Identify key external and internal stakeholders of the SRT such as the Ministry of Finance, the Ministry of Transport, SRT management and staff, trade unions, representatives of passengers and freight users, and the auditor general; define critical issues and information requirements to meet stakeholder concerns; and ensure effective stakeholder consultation moving forward.
(iv) Undertake a detailed evaluation of the SRT’s sources of revenues, costs, and finances, and assess requirements to allocate them to the new business units.
(v) Define a methodology for preparing a market-based valuation of the SRT’s assets and liabilities and assess the requirements to allocate them to the new business units.
(vi) Define a chart of accounts and required methodologies for allocating costs and introducing transfer pricing arrangements that will support the future restructuring needs of the SRT.
(vii) Develop an access payment mechanism for the SRT and a PSO calculation methodology to support the government’s proposed regulatory framework in the future.

(viii) Develop an outline framework of KPIs for the SRT and identify how technical data will be integrated with the new accounting and financial management system, and with planning and budgeting processes.

(ix) Outline reporting requirements of the SRT financial management system to meet stakeholder requirements.

(x) Design an accounting and financial management system for the SRT to meet the information needs of its stakeholders.

(xi) Prepare a full set of bid documents to procure the SRT accounting and financial management system and a capacity development program.

(xii) Prepare an implementation plan that sets out the requirements for establishing the new accounting and financial management system, and develop the capacity necessary within SRT to manage the new system.

(xiii) Prepare and manage the implementation of a communications plan for the TA.

(xiv) Recommend supporting actions that may be required in areas such as the regulatory framework to support activities such as calculating PSOs and third party access pricing.

7. Toward supplying 21 person-months of international consultancy and 37 person-months of national, the consulting firm will require the following specialists.

1. **Accounting Specialist and Team Leader** (international, 9 person-months)

8. The accounting specialist should have experience in carrying out management and financial audits. He or she should have professional designation as a chartered accountant or its equivalent and preferably a demonstrated track record of success in designing and developing accounting and financial management systems in an automated environment in the railway subsector, and preferably a master’s degree in a field of finance. The specialist should have at least 15 years’ experience, at least 10 years of which should be appropriate international experience, preferably in a developing economy. He or she will be the team leader for the TA and provide not only technical expertise but also the project management and supervisory skills required to manage a team of international and national experts. The specialist should be proficient in database software systems.

9. As team leader, the specialist will be responsible for all work and reports prepared. He or she will work closely with the specialists, both national and international, to ensure the high quality of work produced. He or she will provide inputs to the financial analysis of the SRT and the preparation of the accounting and financial management information system. He or she will act be the chief liaison for the consultant team with the government and ADB.

10. The specialist will also undertake specific tasks that include assessing and evaluating SRT finances, budgeting, accounting, financial management and reporting framework, sources of revenues, costs, assets, and liabilities, and making a market-based valuation of the SRT. He or she will prepare the report on the SRT’s financial status, including the chart of accounts and suitable payment mechanisms for PSOs and other SRT financial requirements.
2. **Financial Information and Accounting System Specialist** (international, 6 person-months)

11. The financial information and accounting system specialist should have proven experience in designing and implementing automated accounting and financial management database systems, preferably in the railway subsector. The specialist should preferably hold a master's degree in financial information or a related field. He or she should have knowledge of cost-effective tools available to further the automation of the SRT. He or she will provide direct technical support to the team leader with regard to financial information systems and other aspects of the project.

12. The specialist will be responsible for assessing the current financial systems of the SRT and developing the accounting and financial management system and a related capacity development and training program. He or she should prepare the bid documentation and implementation plan for the transition to the new information system.

3. **Rail Transport Specialist** (international, 6 person-months)

13. The rail transport specialist will provide guidance on rail-related aspects of the project to other team members. The specialist should preferably have 10–15 years of directly relevant experience working in large rail organizations and a master's degree in engineering or a related field. He or she will provide direct technical inputs on rail-related matters toward developing the financial system and bid documents. Specifically, the specialist will be responsible for reviewing and assessing the SRT, its operational environment, and its operating and financial structures. He or she will assess the business units and development plans of the SRT, as well as its operational performance. The specialist will help develop KPIs for the SRT to improve operations and provide technical rail inputs to the development of the new accounting and financial management system.

4. **Accounting and Auditing Specialist** (national, 9 person-months)

14. The accounting and auditing specialist should be a graduate in accounting and/or auditing, with at least 5 years' experience. He or she should be proficient in English and preferably have work experience in international organizations. He or she should be proficient in specifying the requirements of accounting and financial management software systems. The specialist will assist in assessing SRT finances, including the budgeting, accounting, financial management, and reporting framework. He or she will assist in evaluating SRT finances, sources of revenues, costs, assets, and liabilities, and in making a market-based valuation of the SRT. He or she helps prepare the report on the SRT's financial status and provide inputs to the development of the new accounting and financial management information system. He or she will assist in defining the chart of accounts and suitable payment mechanisms for PSOs and other SRT financial requirements.

5. **Financial Information System Specialist** (national, 6 person-months)

15. The financial information system specialist should be able to customize and deploy off-the-shelf software to meet the specific management information system needs of the SRT. He or she should have a proven record of producing high-quality programs and/or systems for service companies, preferably in the transport sector. He or she should preferably hold a degree in information systems or a related field. The specialist will support the work of the international financial and accounting system specialist, be proficient in English, and preferably have worked
in an international organization. He or she will support the development of the accounting and financial management information system, specifically regarding payment mechanisms, the allocation of costs and transfer payments, KPI measuring and monitoring, and reporting mechanisms.

6. **Procurement Specialist** (national, 4 person-months)

16. The procurement specialist should have experience in designing and implementing bid programs to procure financial management and database systems. He or she should be proficient in English and preferably have worked in an international organization and hold a master’s degree or equivalent in a field related to procurement. The specialist will be responsible for preparing the bid documents for procuring the accounting and financial management information system, as well as supporting the development of an associated capacity development and training program.

7. **Capacity Development and Training Specialist** (national, 4 person-months)

17. The capacity development and training specialist will be responsible for supporting the development and implementation of a training program for the financial management system. He or she should be proficient in English and preferably have worked in an international organization. He or she should have a degree in a field related to training and capacity development. The specialist will be responsible for developing and pilot testing the capacity development program for the SRT and line agencies about the accounting and financial management information system.

8. **Stakeholder Participation Specialist** (national, 5 person-months)

18. The stakeholder participation specialist should preferably hold a master’s degree in a relevant field and have a strong track record in stakeholder involvement, especially with large government institutions. He or she should have experience in broad stakeholder involvement exercises and group-sourcing techniques. He or she will be responsible for preparing the communication plan for the TA and managing its implementation, as well as for organizing and running the stakeholders meeting. The specialist will be responsible for the initial identification of stakeholder groups and their requirements. He or she will identify key internal and external stakeholder groups and conduct a series of consultation meetings and/or workshops about the accounting and financial management information system. The specialist will liaise with the media regarding the TA. He or she will prepare the training program associated with the implementation plan.

9. **Rail Transport Specialist** (national, 9 person-months)

19. The rail transport specialist should have detailed knowledge of the SRT and will provide rail-related guidance to other team members, including the international rail specialist. He or she will support the work of the international capacity development specialist, be proficient in English, and preferably have experience working in an international organization. He or she should preferably hold a degree in transport or a related field. The specialist will assist in evaluating and assessing the SRT’s rail operations. He or she will also support the evaluation and assessment of SRT business units and future development and operations plans.