

Project Concept Note

2012

Project Title	Technical Assistance for Afghanistan on Rail Network development	
Outcome	A well established State Rail Organization in Afghanistan that will operate an integrated rail network and will provide rail services for the benefit of all the countries of Central Asia;	
Indicative Funding Requirements	Total estimated budget:	1.000.000,00 US\$
Potential Sources of Funding	[Donor(s): [Development Bank(s): Other Resources:	World Bank, Asian Development Bank (ADB), Islamic Development Bank (IDB) USAID, IRU
Expected start date	May 2012	
Expected Duration	3 years (2012 – 2015)	
Implementing Organization(s)	UNECE	
Country/Countries	Afghanistan and neighbouring countries	
Submitted by	UNECE Transport	
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1 Background

Afghanistan is a country in a strategic location in the region. It is estimated that the transcontinental corridor through Afghanistan has the potential to transport 20 million–30 million tons of cargo each year.¹

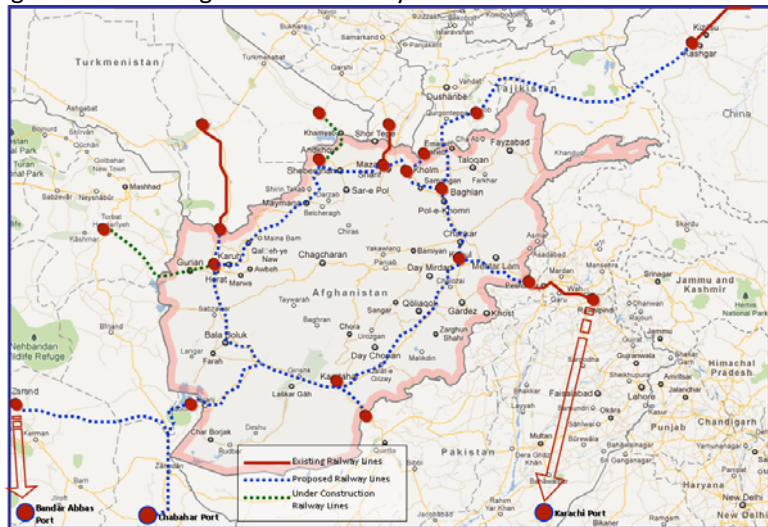
In 2009, ADB financed a technical assistance project for a railway development study. The study focused on the northern part of Afghanistan and assessed the long-term traffic demand and the sector's capacity, reviewed available options and developed recommendations for the Government. The Technical Assistance carried out technical, social, environmental, financial, and economic

¹ Asian Development Bank

assessments for two major routes: (i) from Hairatan at the border with Uzbekistan to Herat in the west via Mazar-e-Sharif, and (ii) from Shirkhan Bendar at the border with Tajikistan via Kunduz to Naibabad joining Mazar-e-Sharif to Herat. This feasibility study was fulfilled with success. ADB with other financial institutions and the Islamic Republic of Iran are negotiating as to provide financial assistance for the construction of this missing link.

The missing link inside the Tajikistan territory is also crucial because it connects Afghanistan with the industrial zone of China. A feasibility study for the construction of this missing link has already been performed and financed by the Islamic Republic of Iran (1 million USD). Negotiations on financing this missing link are ongoing between the Islamic Republic of Iran and international financial institutions. A feasibility study has yet to be done on the connection between Mazar-e-Sarif with the capital Kabul and onwards to Pakistan and Islamabad. Note that the possibility of constructing the missing link between Kabul and Islamabad is unlikely due to the uncertainties that exists in the area. When the missing links become a reality – at least the one that connects Mazar e Sarif with Harat and Tajikistan – Afghanistan will have a full railway network and will operate as a transit country of cargo flows from Central Asia and China towards the ports of Bandar Abbas and Chabahar in Islamic Republic of Iran and Karachi in Pakistan. According to different sources these missing links will be ready by 2014.

Afghanistan existing and new Railway lines



Source :UNECE

2 Objectives of the Project.

The big challenge - and main objective of the project proposal - that the Government of Afghanistan will face is the development of a railway organization that will maintain this railway network and provide full rail and intermodal services in the area. Other objectives of the project proposal include, fostering cooperation with regional organizations and State rail organizations of the neighbouring countries; developing a corridor management mechanism and integrated rail services that will connect China and Central Asia through Afghanistan with the ports of the region.

The project proposal meets these objectives. The Afghani Government will have an autonomous, efficient and competitive rail organization that will provide full intermodal service in the region.

3 Expected Output(s)

- A well established State Rail Organization in Afghanistan;
- Established partnerships with existing rail services of the region such as ECO and CAREC initiatives;
- A Cost – Benefit analysis study for the railway network of the country and its connection with the regional rail network;
- Development of new rail services that will connect China and the rest of Central Asian countries via Afghanistan with Bandar Abbas and Karachi Port ;
- Development of a corridor management mechanism that will enable self-financing of projects and development of intermodal services.

4 Activities and Action Plan

The project proposal is for three years: from May 2012 until May 2015.

The project will be under the framework of Working Party on Rail Transport (SC.2) and part of the Euro Asian Transport Linkages project Phase III of UNECE Transport Division.

The required resources are:

- One Project Manager (level P4)
- One Assistant (level G4)
- One Consultant

The meetings will be held with the following Parties:

- **Local Authorities – Existing Railway personnel:** the development of an efficient State rail organization requires excellent knowledge of the national structure, existing resources and Government commitments. The existence of a rail organization will ensure continuation and further development of the project, and the development and operation of the rail services;
- **Regional Organizations – International Financial Institutions:** the commitment of regional organizations and contributions from international financial institutions is required to ensure the success of the project. Meetings with regional organizations, such as CAREC, ECO secretariat, etc., are necessary to develop good cooperation with Central Asian countries and introduce Afghanistan railways in their plans: corridors and, already established or future, rail services (i.e block trains, etc). Furthermore, meetings with international financial institutions are needed to ensure financing of the Afghani railway network, establish a clear and agreed upon time schedule for its construction and delivery;
- **State Rail Organizations and Port Authorities:** cooperation between the State rail organizations and the port authorities of the region should be ensured; meetings with the rail organizations and port authorities of the region would have as main objectives, the signature of MOUs and the also common development of rail services with Afghanistan as transit country;
- **Consultant’s meetings with local authorities, chambers of commerce, etc.:** the project consultant should visit not only Afghanistan but also all the neighboring countries; meet with

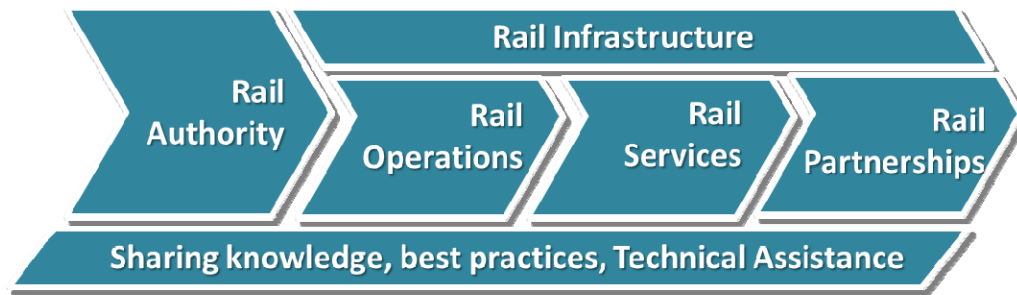
local chambers of commerce; and collect information on border crossing, trade volumes and potentials for the Afghani economy through the development of its railway network;

- **Ministerial Meeting:** a ministerial meeting with the presence of the Ministers of Transport of the Central Asian countries should be organized where the results of the project will be disseminated and the political commitment for the development of Afghani railways will be ensured;
- **Workshops – Experts Group:** workshops will be held to promote the new intermodal services and the corridor management mechanism.

5 Methodology.

The following scheme illustrates the methodology the UNECE Transport Division will implement as to achieve the objectives of the project proposal. The proposed methodology is comprised by six phases where the one supplements the other and all together constitute the mechanism that will boost Afghani railways.

Methodology of the Project



Source: UNECE



The existence of well trained personnel – focal points that will undertake the management of Afghani railways is equally important with the existence of infrastructure. The excellence and the operational efficiency require personnel and equipment – infrastructure with capacities. The objectives of the first phase will be:

- Development of rail authority organization chart;
- Development of Jobs descriptions;
- Review of number of staff needed in short / medium/ and long-term;
- Recruitment of suitable staff for the initial phase;
- Training of the staff which will include technical visits to rail organizations of other member states of UNECE;
- Analysis of infrastructure requirements (offices, main and other buildings etc) based on the proposed organization chart and personnel requirements;
- Development of rail organization’s business plan and cost benefit analysis;

PHASE II

Rail Infrastructure

The rail infrastructure as described in the introduction is an on-going task. The Afghani rail team as it will be formulated in phase I with the technical assistance of UNECE and of its member States will undertake the project management of the these on-going projects and it will secure the development of an integrated rail network in Afghanistan. The objectives of the second phase will be:

- Finalize and agree the map of the future rail network of Afghanistan; this objective will include locations for future stations, transshipment points, locations for provisions of logistics services or intermodal connections etc;
- Perform a cost benefit analysis study for the integrated rail network with future cargo and passenger flows;
- Finalize and agree the different technical parameters including size of gauges, transshipment points, signaling and other IT systems applications etc;
- Review the existing works and guarantee their on-time or even earlier implementation;
- Initiate feasibility studies for parts of the network or for other infrastructure projects i.e stations that does not currently exist;
- Conduct meetings with IFIs and participate to inter-governmental meetings with main objective to secure funds for the rest of the projects;

PHASE III

Rail Operations

The Management and the administration of a rail organization cannot exist without internally agreed processes. This phase will focus on the development of the internal operational processes of the rail authority. Who sells and who visits clients, who signs contracts and who sends invoices, who gives the order to issue an invoice and who answers customers calls, all are result of well-organized and internally agreed processes. The objectives of this phase will be:

- Development and finalization of internal management and administration processes of the rail organization;
- Technical assistance to staff as to understand these processes and efficiently implement them;
- Technical visits to other rail authorities of UNECE member states as to review their management and administration processes;
- Development of the rail authority process map for future reviews and updates;

PHASE IV

Rail Services

The rail services are the products that the Rail authority will sell as to get revenues. The design, cost benefit analysis and implementation of these services require attentive evaluations of the environment, of the culture and the special conditions of the country. The objectives of this phase will be:

- Design of the services that the rail authority will sell;
- Ticketing and freight rates review and identification are included;
- Technical visits to other UNECE member states for best practices sharing and provision of technical assistance;
- Development of Corridors Management mechanisms;
- Development of special services in cooperation with other regional organizations as to enhance Afghanistan's role as transit country.

PHASE V



Important task of the rail Authority will be the collaboration with other rail initiatives in the region and the participation to existing or new rail services. In addition accession to rail conventions and rail regimes is required that will guarantee the international character of the rail authority. The objectives of this phase will be:

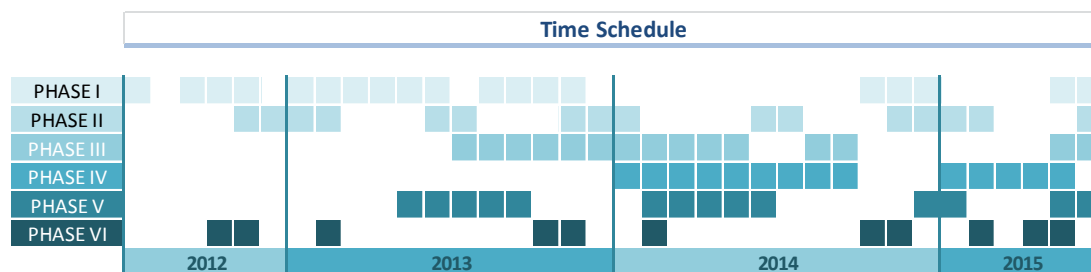
- Enhance the role of Afghanistan as rail transit country through the development of regional cooperation;
- Participation to regional rail initiatives and development of new regional rail projects that will connect Afghanistan with the ports of the region and industrial zones of strategic importance;
- Accession to international rail conventions and regimes that will guarantee efficient operations at an international level.

PHASE VI

Sharing knowledge, best practices,
Technical Assistance

Among the UNECE member States there are some with the most efficient and effective rail organizations in the world. The working party on rail transport SC.2 is the only one intergovernmental body in UN system that deals with rail transport and has been founded since 1947. Best practices and knowledge sharing among the UNECE member States is one of the most important competitive advantages that the UNECE proposal brings. During the project many technical visits will be organized to different UNECE member States that will ensure the provision of optimal technical assistance to Afghani rail personnel and will guarantee tailored made solutions based on best practices for the Afghani rail organization.

Following is the time schedule analysis of the proposed six phases.



6 Work Plan - Budget

PLANNED ACTIVITIES - RESOURCES	TIMEFRAME				PLANNED BUDGET Amount (USD)
	2012	2013	2014	2015	
Project Manager	✓	✓	✓	✓	320.000,00
Assistant	✓	✓	✓	✓	250.000,00
Consultant	✓	✓	✓	✓	90.000,00
Meetings with local authorities	✓	✓	✓	✓	100.000,00

Meetings with Regional Organizations -IFIs	✓	✓		50.000,00
Meetings with Rail Organizations		✓	✓	65.000,00
Ministerial Meeting			✓	25.000,00
Kick off Workshop / Additional Workshops	✓		✓	100.000,00
TOTAL				1.000.000,00

