



RAIL TRADE AND TRANSPORT FACILITATION (P083108)

EUROPE AND CENTRAL ASIA | Azerbaijan | Transport & ICT Global Practice |
IBRD/IDA | Specific Investment Loan | FY 2008 | Seq No: 21 | ARCHIVED on 29-Jun-2017 | ISR28143 |

Implementing Agencies: Ministry of Finance of Azerbaijan Republic, ADY (Azerbaijan Railways JSC)

Key Dates

Key Project Dates

Bank Approval Date:27-Mar-2008

Effectiveness Date:15-Mar-2010

Planned Mid Term Review Date:30-Jun-2010

Actual Mid-Term Review Date:10-Dec-2012

Original Closing Date:30-Jun-2012

Revised Closing Date:31-Dec-2017

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The main project objective is to improve railway services in Azerbaijan, as well as the competitiveness, financial sustainability, operating and cost efficiency, and capacity of the Azerbaijan Railways (ADDY) in particular along the transport corridor toward Georgia (east-west corridor). The project will support the implementation of the first phase of the Government Program covering components, which are most time-sensitive and will most rapidly lead to cash flow generation. The project will focus on: (i) maintaining and growing the railway business (increase revenue from US\$219 million today to about US\$283 million by 2015) by providing the profitable freight market segment with proper service, infrastructure and locomotive capacity; (ii) transforming the Azeri Railways into a financially self-sustainable operation in freight transportation, covering all its costs (including infrastructure maintenance and traction) from revenues, while improving its operational efficiency; and (iii) improving the transparency of the Railway sector by introducing International Financial Reporting Standards (IFRS) and profit centers (passenger/freight) and by separating on an accounting basis passenger service that could be self-sustained from others. Other parts of the Government Program are expected to be covered through separate projects once the proper financial and technical due diligence has been completed.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Rehabilitation of East-West railway corridor:(Cost \$927.70 M)

Locomotives:(Cost \$334.00 M)

Modernization:(Cost \$27.00 M)

Project Implementation:(Cost \$7.60 M)

Overall Ratings



Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Moderately Unsatisfactory	● Moderately Unsatisfactory
Overall Implementation Progress (IP)	● Moderately Unsatisfactory	● Moderately Unsatisfactory
Overall Risk Rating	● Moderate	● Moderate

Implementation Status and Key Decisions

The overall project implementation pace is slow, and recently hampered by the delays in re-scoping the power conversion and signalling contracts to fit in the existing financing.

The mobilization of an Implementation Support Technical Assistance within ADY (staffed with international consultants and financed under the loan proceeds) is still not completed.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● Moderate	● Substantial
Macroeconomic	--	● Moderate	● Moderate
Sector Strategies and Policies	--	● Moderate	● Substantial
Technical Design of Project or Program	--	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	--	● Moderate	● Substantial
Fiduciary	--	● Moderate	● Moderate
Environment and Social	--	● Moderate	● Moderate
Stakeholders	--	● Moderate	● Moderate
Other	--	● Moderate	● Moderate
Overall	--	● Moderate	● Moderate

Results

Project Development Objective Indicators

► Client Satisfaction survey for freight services (index 100-2009). (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	100.00	113.70	122.00	125.00



Date	30-Jun-2009	23-Jun-2016	30-Dec-2016	31-Dec-2017
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► Volume of transport (million tons) - oil and oil products on east-west corridor (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	13,2	10.50	6.70	20.50
Date	31-Dec-2007	23-Jun-2016	30-Dec-2016	31-Dec-2017

► Volume of transport (million tons) - east-west corridor (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	28.20	19.90	15.50	25.00
Date	31-Dec-2007	23-Jun-2016	30-Dec-2016	31-Dec-2017

► Operational cash flow/revenues (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	13%	10%	73%	10%
Date	31-Dec-2007	23-Jun-2016	30-Dec-2016	31-Jan-2017

► ADDY working ratio (Operating expenses (excluding depreciation) divided by total revenues. Based on IFRS reports) (Text, Custom)



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	75%	74%	77%	87%
Date	31-Dec-2007	23-Jun-2016	30-Dec-2016	31-Dec-2017

► Net ton-km per locomotive used on E-W line (in million per year) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	117.10	110.00	101.00	150.00
Date	31-Dec-2007	23-Jun-2016	30-Dec-2016	31-Dec-2017

► Train transit time E-W (new locos) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	22 hours	20 hours	18 hours	12 hours
Date	31-Dec-2007	23-Jun-2016	30-Dec-2016	31-Dec-2017

► % reduction in operating cost/net ton-km (Real basis, compared to 2007). (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0%	-40%	12%	2.5%
Date	31-Dec-2007	23-Jun-2016	30-Dec-2016	31-Dec-2017

► % increase in operating revenues/net ton-km (Text, Custom)



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0%	21%	10%	5%
Date	31-Dec-2007	23-Jun-2016	30-Dec-2016	31-Dec-2017

► Electric consumption per transport unit (KWh per 10 000 ton or passenger-km) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	180.00	207.00	216.00	170.00
Date	31-Dec-2007	23-Jun-2016	30-Dec-2016	31-Dec-2017

► Locomotive availability (Percentage of fleet available for service as measured in hours (currently 110 out of 224 available fleet) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	45%	60%	83%	80%
Date	31-Dec-2007	23-Jun-2016	30-Dec-2016	31-Dec-2017

Overall Comments

Intermediate Results Indicators

► Percentage of track in critical condition on east west corridor as measured through condition surveys - Track with speed restriction. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	61%	50%	17%	10.00
Date	31-Dec-2007	23-Jun-2016	30-Dec-2016	31-Dec-2017



► Percentage of track in critical condition on east west corridor as measured through condition surveys - Track in need of renewal. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	35%	20%	27%	20.00
Date	31-Dec-2007	23-Jun-2016	30-Dec-2016	31-Dec-2017

► Number of locomotives able to cross Azerbaijan reliably (Number of locomotives able to cross 502 km (i.e. E-W corridor) non-stop) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	30.00
Date	31-Dec-2007	23-Jun-2016	30-Dec-2016	31-Dec-2017

► Locomotive reliability (Mean distance in kilometers between operational failures) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	17,000.00	14,550.00	15,940.00	100,000.00
Date	31-Dec-2007	23-Jun-2016	30-Dec-2016	31-Dec-2017

► Follow up of audit qualifications (annual) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	no audit or follow up in 2007	On-going	On-going	audit and follow up each year
Date	31-Dec-2007	23-Jun-2016	30-Dec-2016	31-Dec-2017





► Modernization of Railway Company (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	ADDY is a state owned department	On-going	On-going	IFRS based computerised accounting system is operational
Date	31-Dec-2007	23-Jun-2016	30-Dec-2016	31-Dec-2017

Overall Comments

Data on Financial Performance

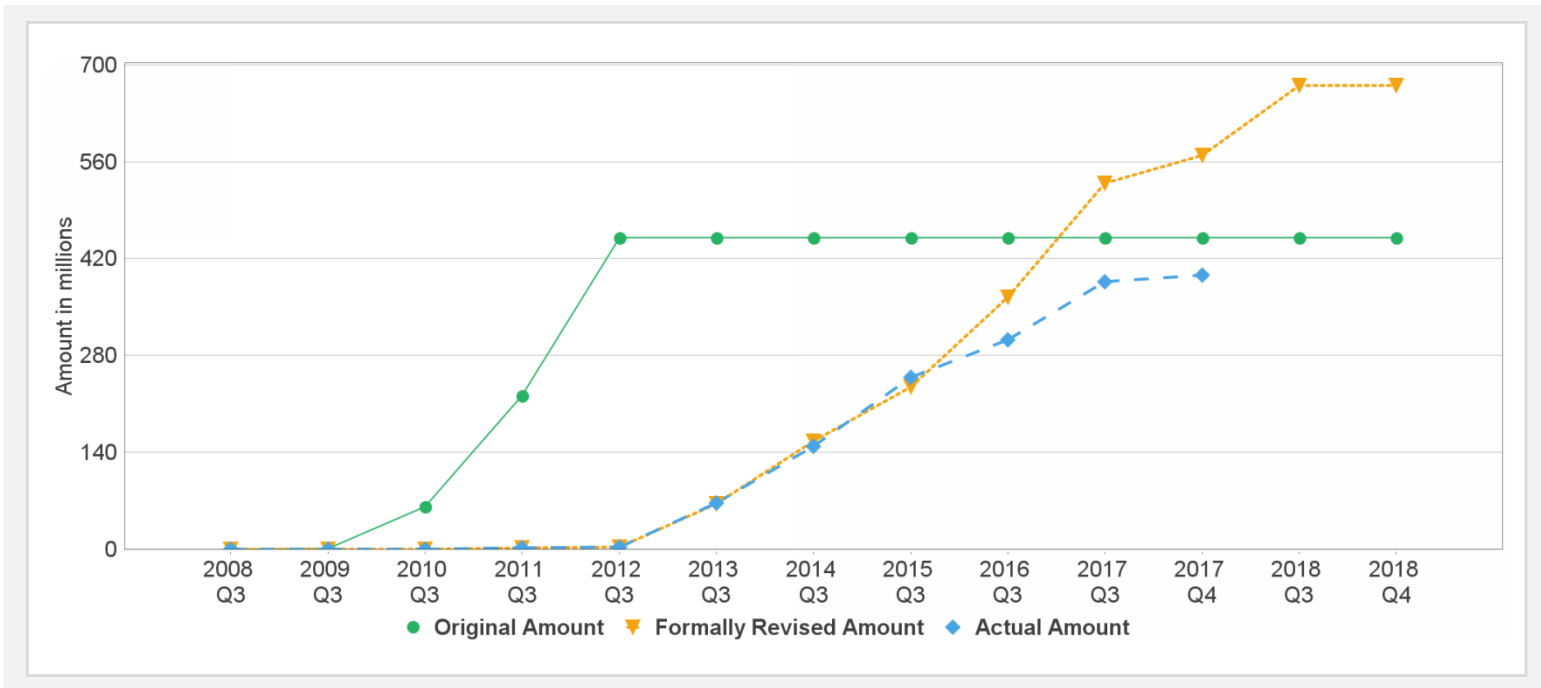
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P083108	IBRD-75090	Effective	USD	450.00	450.00	0.00	330.56	119.44	 73%
P083108	IBRD-82820	Effective	USD	220.00	220.00	0.00	67.14	152.86	 31%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P083108	IBRD-75090	Effective	27-Mar-2008	18-Dec-2009	15-Mar-2010	30-Jun-2012	31-Dec-2017
P083108	IBRD-82820	Effective	27-Jun-2013	20-Sep-2013	03-Dec-2013	31-Dec-2017	31-Dec-2017

Cumulative Disbursements



Restructuring History

Level Approved on 03-Dec-2009

Related Project(s)

P146125-Rail Trade and Transport Facilitation AF