

Third Party Evaluator's Opinion on Railway Transportation Modernization Project

Criteria-1 Relevance

The evaluator's opinion is almost agreeable, and purchased Chinese-made locomotives and railcars will not be able to be repaired at the Ashgabat Locomotive Repair Workshop. Accordingly, the Ashgabat Locomotive Repair Workshop has to be equipped with new equipment and techniques for repairing Chinese-made locomotives.

The project is in line with the Turkmenistan Law regarding the railway transport dated 15th September 1998 and the National Development Program of Turkmenistan till 2020. The government's policy in the railway sector prioritizes rehabilitation and maintenance. Among the program objectives emphasized are production capacity optimization and railway transport efficiency improvement. Railway transport is playing the key role within the transport and communication sector of Turkmenistan, and the government is keeping the state ownership of the railway network, which aims at meeting the needs of economy and society and extension of transit potential.

Criteria-2 Impact

The Serahs railway corridor through Turkmenistan is the only way for transporting freights to Persian Gulf by railways. The North-South railway construction project will be able to increase transit freights when it is completed by the Ministry of Railway of Turkmenistan. Accordingly, more locomotives would be needed to satisfy customer needs. Furthermore, increasing the effective usage of locomotive and railcar fleet will also be able to satisfy customer needs. So, the Ministry of Railway of Turkmenistan has to purchase new locomotives/railcars and old equipments have to be repaired in short time to satisfy needs of rail transportation.

The Locomotive Repair Workshop operated at a deficit at the end of 2007. In other words, the Locomotive Repair Workshop could not work according to the equilibrium point of loss and profit in 2007. However, it is expected to operate with profit in 2008, because more locomotives will be used in the North-South railway corridor.

The length of the North-South railway corridor is about 1 thousand km and the corridor will be useful to develop the infrastructure of the region and country as a whole. It will affect the turnover of goods and services, increase the trade between Turkmenistan and border countries, such as Iran and Kazakhstan, create the new job places and facilitate new business activities.