Third Party Evaluator's Opinion on
TRACK REHABILITATION PROJECT (1) (2) (3)

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In terms of planning and implementation **relevancy**, the project timeline spanned over the Seventh and the Eighth Five-Year National Economic and Social Development Plan of Thailand (1992-1996 and 1997-2001, respectively). Following the Plans, the Ministry of Transport, in its capacity, had subsequently formulated Thailand's Transportation Master Plan (1999-2006). The Master Plan emphasized 10 strategic objectives among these were to: improve transport safety, develop efficient multi-modal linkages, provide sufficient regional transport infrastructure, and improve governmental agencies' operating efficiency. The Track Rehabilitation Project, thus, has served much of the objectives stipulated in the Transportation Master Plan and thus, is in line with the two National Development Plans. Phases 1, 2, and 3 were, respectively, launched 8, 5, and 13 months later than those originally planned. These were, in part, due to the time required on the donor side to process the loan requested. The process took approximately 3 months e.g., Phase 1 was to start in October 1992 the corresponding Loan Agreement was signed in January 1993. The rest of the delays in all Phases were due mainly to the government procurement process for both consultants and contractors. For transparency and control purposes, the Ministry of Finance oversees that the procurement process must strictly be observed. This could sometimes be counter-productive in terms of time resource. For implementation stage, Phases 1, 2, and 3 took 37, 26 and 10 months longer than what were originally planned, respectively. Although delays were not unusual during construction period, the delay stemmed from the allowable maximum of 5 hours of interruption in the trains operation should have been taken into account during the planning period and hence cannot justify as one of the cause. The Project had managed to complete within the allocated budget with total cost of Phase 3 (1996 to 2004) being overrun but by less than 10 percent despite a substantial devaluation of the Thai bath (over 70 percent) in July 1997. This could imply **efficiency** in terms of budget but not, time control. Regarding performance indicators, derailment accidents on the SRT Northern Line starting from 2001 to 2004 has sharply declined from 82 to 37 incidents compared to the total SRT derailment accidents of 118 to 112 during the same period (Source: the SRT 5-Year Corporate Plan from 2007 to 2011). This could imply an increasing number of rail breakdown accidents outside the scope of the Project and hence the Project **effectiveness**. Judging from the traveling speed performance indicated in Table 5 of the Report, the effect of Track Rehabilitation was inconclusive. As improvement in traveling speed depends on factors other than the condition of track, for instance, the number of road-rail crossing intersections and operating signal, double-tracking system at some certain junctions, and the utilization of enterprise resource planning system etc. According to the Report, the 11,952 million bath Project helped the SRT to reduce its operating and management costs by 121 million bath per annum. This is equivalent to a simple payback period of almost 100 years. Therefore, financial cost saving alone cannot justify the viability of the Project. **Impacts** rendered by the Project were definitely positive in terms of casualty and pollution reductions. However, the SRT share (and hence the impact of the Project) for total traffic volume is only 5% for passengers and 2.0% for freight transport. Technical capacity is the SRT strongest factors enhancing the Project **sustainability** whereas its financial capacity, the weakest. The less-than-cost pricing policy for the majority of passengers has weakened the SRT financial status despite the PSO compensation from the Ministry of Finance. Its weak financial status prohibits the SRT to implement the unfinished portion of track rehabilitation (Phases 4, 5, and 6) covering an extension of 813 kilometers in length. In addition, the SRT is also required to downsize its human resource with a replacement capped at 5% of the retire personnel. **Recommendations**: These weaknesses will persist as long as the SRT has to bear the burden of rail infrastructures and signaling equipments and operation. The practice of under pricing services for public services obligation will deteriorate the SRT financial status further. One possible solution for this issue is to promote private participation in the SRT operation by charging appropriate fee for usage of rail infrastructure. To do this, the SRT laws needs to be amended.