Mongolia

32 Railway Transportation Rehabilitation Project (1)(2)

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B
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D

The project's objective was to increase railway transport capacity and promote self manufacturing and maintenance of railway facilities through the improvement and upgrading of track equipment, cars, repair shops, etc., and thereby contribute to establish the basis for economic growth and improve the balance of payments.

Loan Amount/Disbursed Amount: 8,007.4 million yen / 7,891 million yen
Loan Agreement: November 1993/January 1995
Terms and Conditions: Interest rate, 1.0%(1) / 2.6%(2); Repayment period, 30 years (grace period, 10 years); General untied
Final Disbursement Date: November 1998 / August 2000
External Evaluator: Keishi Miyazaki, (OPMAC, Ltd.)
Field Survey: June 2003

Evaluation Result

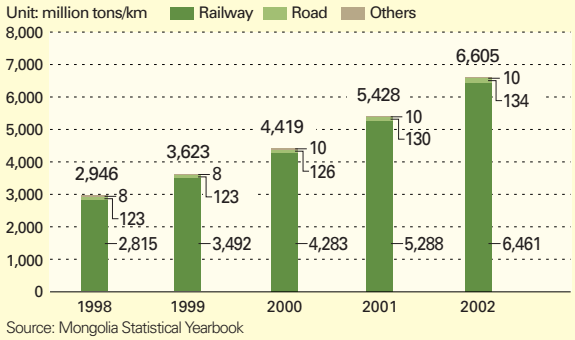
In this project, procurement of railway cars (open wagons for transporting coal, etc.) and communications equipment, etc. as well as improvement of track equipment and repair shops were implemented almost as planned. The project period and the project cost were also almost as planned. The volume of freight transported by the Mongolian Railway (total length: approx. 2,000km) almost doubled between in 1999 and 2002 to reach nearly 6,500 million ton/km due to the increase in trade between China and Russia coupled with the recovery of the Mongolian economy in general. Thus, the project contributed to increasing the railway transport capacity in response to the growing demand for freight transport. Also, the project plays an important role in stabilizing the energy supply as most coal is transported by railway. The passenger volume in 2002 was approximately 4 million passengers (the population of Mongolia is approximately 2 million). As a result of the replacement of tracks with more durable ones and expansion of the railway communications network, the number of railway accidents decreased by 27% between 1994 and 2002, showing that the project contributed to stabilizing railway transport. As the Mongolian Railway did not have enough freight cars, it rented freight cars from the Russian Railway by paying rental fees in foreign currency. Since 455 freight cars in total were procured under the project, 1.6 million Swiss francs (approx. 130 million yen) have been saved a year. In the beneficiary survey targeting major customers of freight transport service, it was reported that the transport efficiency has improved as the loading weight of each wagon has increased, and that the waiting time has been reduced. The executing agency, Mongolian Railway, has no problem with the technical capacity, operation and maintenance system, or financial condition.

Third-Party Evaluator's Opinion

Consequence of losing support from Soviet Union, the capacity of Mongolian Railway decreased. However, the capacity has recovered by the project enabling to handle the rapid increase of freight caused by vigorous China-Russia trade.

Third-Party Evaluator: Mr. DAVAADORJ Tsenddavaa
Obtained a doctorate in economics and economic history from Kyoto University. Presently holds the post of Vice-President, Mongolia-Japan Center of Human Resource Development, and the post of Head of Economics Department, the National University of Mongolia. Specializes in finance.

Freight Transport in Mongolia (1998-2002)



Source: Mongolia Statistical Yearbook

The freight transported by railway made up 97.8% of all freight transported in 2002, indicating that railway transport is playing a very important role in physical distribution in this country.

A train of the Mongolian Railway running through a grassy plain. The railway covers a total of 2,000km, connecting Russia in the north and China in the south.