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Côte d'Ivoire: Railway Rehabilitation

The project (1996–2001) objectives were to contribute to the revitalization of the railway transport service in Côte d'Ivoire in order to promote competitiveness and regional integration through the rehabilitation of the railway infrastructure and equipment assets. The credit of approximately US$18 million financed the following project components (i) infrastructure rehabilitation;(ii) equipment rehabilitation and acquisition, and (c) works supervision and training. The project provided the necessary resources to finance physical investments on the railway track in support of the private concession of railway operations on the Abidjan-Ouagadougou-Kaya line jointly awarded by Côte d'Ivoire and Burkina Faso in 1993 and made effective in 1995. Despite the suspension of all Bank-assisted projects since October 30, 2000, almost all contracts and disbursements have been completed; 93 percent of the credit was disbursed when the project closed. The other partners were the Agence Française de Développment (France), the European Investment Bank, the Administration Générale pour la Coopération et le Développement (Belgium).

Impact on the ground

- Railway operations improved dramatically after the concession became effective. Freight levels rose from 293,000 tons in 1994 to 875,000 tons in 2000 against forecasts of 717,000 tons.
- The gross receipts of SITARAIL increased by 36 percent from CFAF 14 billion (US$ 28 million) in 1994 to CFAF 19 billion (US$ 38 million) in 2000.
- The capacity to maintain and rehabilitate transport infrastructure was greatly enhanced. As the original targets did not seem to be economically justified, the private concessionaire rehabilitated 14 of 20 mainline locomotives, 12 of 17 shunting locomotives, 247 of 311 freight cars, and 20 out of 40 passenger coaches. The savings were used to finance a much-needed new fiber optic telecommunication trunk line.
- The project had a positive impact on public finance. From a situation where the public railway companies in Côte d'Ivoire and Burkina Faso were draining public resources through subsidies — the debt of the railway company totaled CFAF 100 billion (US$ 200 million), its accumulated deficit totaled CFAF 50 billion (US$100 million) — after the concession, the concessionaire stopped receiving subsidies and in fact pays all its taxes and a concession fee for the use of the railway infrastructure, the leasing of the equipment to the landlord companies and the service of the debt contracted out after the concession became effective.

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- Despite a sharp reduction in staffing levels, salaries increased and are competitive with those in the private sector. Further, working conditions have improved significantly — air-conditioners, computers with Internet access in offices, better safety for agents on the trains, medical plan benefits with HIV/AIDS sensitization programs, etc.

Lessons learned

- A landlord company is not an adequate arrangement in railway concessioning. Other mechanisms to monitor the concession can be implemented which are less costly and at least as efficient.
- The rolling concession arrangement — an innovative feature of this concession — provides the incentive framework for private participation in railway operations.
- Timely donor contribution to finance large and expensive infrastructure is essential to support the launching of a concession such as for railway services, which is profitable for the whole economy but does not have a high financial viability. Donor coordination is a critical aspect here.
- Factoring in realistic time-periods for reaching agreement between governments is essential — while it took several years to bring the two governments to agreement on the transfer of railway operations to a private operator, this long period helped to build consensus between borrower agencies and the donors.

This Infobrief has been largely sourced out of Implementation Completion Report no. 23573. For more information, e-mail Jguillossou@worldbank.org

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