

PD ARP-677
95381

PROJECT ASSISTANCE COMPLETION REPORT

PROJECT TITLE: Regional Rail Systems Support
(RRSS) Project:
Swaziland Component

PROJECT NUMBER: 690-0247.45

AUTHORIZED LOP: \$7,042,000

PACD, ORIGINAL/REVISED: 4/30/93 TO 4/30/94

COUNTRY: Swaziland

FINAL IMPACT EVALUATION: April 1994

1. ACCOMPLISHMENTS IN TERMS OF PROJECT PURPOSE:

In 1988 the RRSS Project was designed to support the development of a stronger economic foundation for growth in Southern Africa. Three countries were part of the regional project: Malawi, Mozambique, and Swaziland. The purpose of the Swaziland component was to improve the management performance of Swaziland Railway (SR) and ensure SR's continued viability.

a. The Project had a significant impact on improving the performance and viability of Swaziland Railway as illustrated by the following:

--Financial Improvements: In 1986 Swaziland Railway had a negative net position of -E101,472,000; by project end (April 1994) it was projected to have a positive net position of E41,948,000. The Railway's operating ratio has been reduced from 146% to 68%. Per the grant agreement with the Government of Swaziland (GOS), the Railway's loan portfolio was analyzed and loans were restructured; the GOS converted the bulk of its ownership from debt claims to equity claims. According to the April 1994 final evaluation, Swaziland Railway has turned from the brink of insolvency to becoming one of the most profitable railways in Africa.

--Managerial and System Improvements: Through the project, Swazi senior management were selected, trained in the U.S. and regionally, and are currently doing their jobs effectively. Management systems, non-existent at project inception, have been successfully implemented. These include: an MIS system, corporate business and strategic planning, improved financial management systems, a safety program, and enhanced operating procedures including the Radio and Train Order System (RTOS).

b. The mid-term evaluation of the project (November 1991) indicated that "...it is seriously behind in the matter of staffing key positions and training and cannot now be self sufficient and a financially viable railway, within the current

time frame of the project [4/94 at the time]." This proved not to be true: within PACD and without increasing the project budget, key positions were staffed by Swazis (with the exception of the Chief Engineer), training was completed, and the railway was put on a financially viable basis. This effort took the commitment of all parties concerned.

c. It is more difficult to assess the impact on regional economic growth of the Swaziland Railway project. However, at it's peak in 1991, over 4 million tonnes of transit traffic went through Swaziland; substantially more traffic is moved by SR than other railways in the region (Tanzania, Zambia, Mozambique). The railway has provided a shorter and cheaper route for transit traffic moving between the South African ports of Durban and Richard's Bay, and Northern Transvaal and Zimbabwe, Malawi and Zambia.

2. STATUS OF COMPLETION OF PROJECT ELEMENTS:

a. Technical Assistance: Approximately 280 person-months of short and long term technical assistance was provided through the project. This figure was slightly higher than originally anticipated (254 person-months) due to changes in team composition, the death of the Swazi Chief engineer who was replaced by a LTTA, and additional tasks identified throughout project implementation. Over 30 special studies were completed by STTA's during project implementation.

b. Training: The core of the training program was on-the-job training and regional courses and technical training for Swazi Railway managers; 31 individuals participated in this program and over 280 courses were completed. On-the-job training was also provided to other railway staff. Long term training in the U.S. was undertaken by the CEO (who obtained a bachelor's degree) and a railway engineer (who obtained an associate's degree). A training needs analysis for all railway staff was also completed.

c. Commodities: Approximately \$120,000 was spent on commodities during the LOP. This consisted of computers and related equipment, office supplies and equipment, training books and software, and household furniture.

3. GOVERNMENT OF SWAZILAND (GOS) CONTRIBUTION:

The original budget called for a contribution of \$7,042,000 by USAID and \$1,588,000 by the GOS/Swaziland Railway (this 18% was consequently reduced to 17% in PIL #4). USAID spent \$5,983,512 and it is estimated that the GOS contributed \$1,195,210 in cash and in-kind (17%). GOS contribution included the purchase of vehicles for LTTA, housing and utilities, salaries and benefits paid to counterparts, secretarial support to LTTAs, training and airfares, supplies and office equipment, etc. In addition, several studies and consultancies were paid for by the railway (not included in the above figures) which could have been covered by the project; but the railway management did not want to follow USAID contracting procedures (either due to time requirements or bidding requirements).

4. FURTHER INPUTS EXPECTED INTO THE PROJECT: None

5. RECOMMENDATIONS FOR FURTHER MONITORING, REPORTING AND EVALUATION:

a. No additional project monitoring or evaluations required. The final impact evaluation was completed in April 1994.

b. A fiscal report should be prepared by the Financial Management Officer, USAID/Swaziland to de-obligate unexpended monies.

c. A project close out audit needs to be conducted. RIG/Nairobi was requested to schedule this audit in an October 1993 cable.

6. LESSONS LEARNED:

a. Successful localization management transitions can occur if all parties are committed to the effort. In this project, a transition was made from expatriate contractors moving from management positions to advisory positions once Swazi management training was completed (with the advisors leaving at the end of the contract).

b. When planning a management transition from a contractor, project-lead institution to a local-lead institution, the Board of Directors' roles and abilities should be assessed, and strengthened if necessary, from the beginning of the project. Although this was not part of the original project design, work was instigated with the railway board during the last year of the project when it became apparent that their skills would need to be strengthened in order to be effective.

c. When designing regional projects, it should be remembered that not all project components may offer a win-win situation for each country. One of the outputs for this project was an increase in intra-SADCC traffic on Swaziland Railway. With the changed political conditions in South Africa, and with improved security and railway conditions in the region (especially Mozambique) less transport traffic is expected to flow through Swaziland in the future (although other countries will benefit by using more economical and shorter routes).

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11/4/94
Date

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