

The CAMBODIA DAILY

Rail Project in Need of More Funds



Cambodia's Railway in Phnom Penh after restoration recently

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The rehabilitation of Cambodia's dilapidated railway network is nearly six months behind schedule, and with more than a year's worth of work to do, the project is running out of money, a consultant for the Ministry of Public Works and Transport said yesterday.

Paul Power, a consultant on the railway project hired by the ministry, said yesterday that the 600 km rehabilitation project was now due to be completed in October 2012. He added that it would likely cost between \$50 million and \$100 million to finish, on top of the \$140 million already sunk into the project by the Asian Development Bank (ADB) and the Australian Agency for International Development

"We are collectively working to see just how much it will cost and where it will come from," he said, adding that the government and the project's backers had underestimated how much of the original tracks could be salvaged.

"When we go to study a rail and pick it up, the rails often just disintegrate. So there is no sense of what is needed until you pick it up.... That's contributing to a lot of the cost increases," he said.

Mr. Power also said that Toll Holdings, which has a 30-year concession to operate the railway network with the Cambodian conglomerate Royal Group, informed the Ministry of Finance in a letter on Friday that it would halt all operations at the end of the month.

In the letter, Toll Holdings said it would temporarily halt operations from March 31 until January 2013, and would suspend half of its 120 staff members, Mr. Power said. Toll Holdings provides locomotives for France's TSO Co Ltd to carry out construction work on the railway.

Touch Chankosal, secretary of state at the Ministry of Public Works, confirmed receiving the letter and said that work on the project would stop as of the end of the month, though he declined to comment further.

It remains unclear why Toll Holdings has decided to suspend its operations, and Toll Royal Railways CEO David Kerr yesterday declined to comment:

What is known, however, is that TSO Co Ltd, the firm building the railway, has twice failed to meet deadlines to complete the 266-km Phnom Penh to Sihanoukville line. After breaking ground on the line in 2009, it had originally targeted to finish work in October 2010. That date was pushed back to May 2011, a target that was also missed, according to Mr. Power.

According to an annual report issued on Monday by the Ministry of Public Works, work on the Phnom Penh-Sihanoukville line is just 52 percent complete, while the 386-km line between Phnom Penh and Poipet is only 18 percent complete.

A third 48-km line between Poipet and Serei Saophoan City in Banteay Meanchey province has already been completed.

The ADB issued a statement yesterday saying that Toll Holdings' suspension would lead to even more unwanted delays to the project

“ADB is concerned that if trains used for rehabilitation works are no longer available, the suspension could contribute to further construction delays,” the statement said, adding that the railway has already incurred delays due to heavy flooding last year and matters involving resettlement of villagers.

Mr. Power, the consultant, said the project would now not finish before the end of 2013.

Ly Borin, director of the railway department at the Ministry of Public Works, said that the delays to the project had reduced Toll Holding's expectations of making a profit and that that was possibly a reason for the firm suspending the project

‘Toll spent a lot of money, but it got a small profit, so I think it is the reason of suspension,’ he said.