



1. Project Data:		Date Posted : 12/18/2003	
PROJ ID: P056514		Appraisal	Actual
Project Name: Transport Ministry Restructuring	Project Costs (US\$M)	2.5	2.3
Country: Georgia	Loan/Credit (US\$M)	2.3	1.8
Sector(s): Board: TR - Central government administration (100%)	Cofinancing (US\$M)		
L/C Number: C3129			
	Board Approval (FY)		99
Partners involved :	Closing Date	12/31/2000	06/30/2003
Prepared by:	Reviewed by:	Group Manager:	Group:
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2. Project Objectives and Components			
a. Objectives			
The objectives of the project were to:			
(a) transform a traditional Soviet style ministerial structure into the transport sector's policy formulation and deregulation entity needed in a market economy; and			
(b) define and contribute to the achievement of operational autonomy and accountability of the Transport Agencies (State Departments).			
b. Components			
The project consisted of four components:			
(a) Restructuring of the Ministry of Transport (MOT) and Establishing the Independence of the Transport State Agencies: This component covered technical services to: (i) reorganize the MOT and its staff around the new functions needed in a market economy; (ii) review and redraft, as required, the statutes of the MOT in light of the functional review and draft new statutes for Transport State Agencies guaranteeing their independent and commercial operations and increasing their accountability; (iii) determine proper information flows within the transport sector; and (iv) institutionalize merit-based recruitment and promotion procedures in the MOT in consultation with the Bureau of Public Service established under the Law on Civil Service.			
(b) Information Technology for the Ministry of Transport: This component provided office technology (hardware, software, and relevant training) to support the new MOT organization for a period of five years.			
(c) Refurbishment of the MOT Building: This component covered part of the MOT building restructuring costs.			
(d) Training of MOT staff and Georgian decision-makers (US\$760,000): This component would consist of (i) training newly recruited staff, to be defined and confirmed in detail during the implementation period; (ii) establishing an information center on worldwide transport publications; and (iii) offering study tours for higher level ministry officials.			
Revised Components: After the project was approved, the Ministry of Transport was merged with the Ministry of Communications and a new ministry, the Ministry of Transport and Communications (MOTC) was established. The project components were modified and expanded to cover the combined ministries at no change in project cost.			
c. Comments on Project Cost, Financing and Dates			
The project closed on June 30, 2003, two and a half years after the original closing date. The Government's decision to combine the Ministry of Communications with the Ministry of Transport led to a delay in project implementation of one year. The need for Parliamentary action to authorize restructuring led to another year's delay. Also, there were delays due to procurement difficulties.			
3. Achievement of Relevant Objectives:			

The objective of transforming a traditional Soviet style ministerial structure into the transport sector's policy formulation and deregulation entity needed in a market economy was achieved. The MOTC was restructured and following actions were undertaken:

- the functions of the Ministry were clearly defined and enumerated in the Transport Law;
- the functions of the departments of the Ministry were spelled out in operational manuals;
- new statues defining relationships between MOTC and the Transport Agencies were drafted and passed;
- staff level was substantially reduced from 430 to 219;
- staff selection is based on the qualifications and merit.

The objective of defining and contributing to the achievement of operational autonomy and accountability of the Transport Agencies was achieved. Under the project, the motor transport companies were privatized and are now operating as commercial companies. Maritime, Aviation, Motor Transport, and Communications regulatory agencies have been established. An inter-ministerial Transport Safety Commission was created.

4. Significant Outcomes/Impacts:

1. Change in the role of the Ministry, MOTC is now responsible for transport policies rather than operations.
2. The legal and regulatory framework for the transport sector has been considerably enhanced.
3. Regulatory fees were established and put into practice.
4. Staff salaries were increased. Increase in salaries are largely being financed through increased collection of regulatory fees.
5. MOTC has emerged as a self-supporting ministry and has resulted in increased income to the government, about US\$350,000 per year.

5. Significant Shortcomings (including non-compliance with safeguard policies):

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

- Achieving major reforms across a broad range of areas is difficult, especially in a country where building strong and broad-based supports is difficult and time-consuming. Therefore, it may be better to focus on one or two sectors. One must recognize that there are disadvantages to piecemeal restructuring, such as various parts of the government might be restructured based on different and incompatible models . The project experience shows that meaningful restructuring of a single ministry is possible .
- Restructuring projects must be designed with considerable flexibility in the content of the Terms of Reference, phasing and sequencing of actions and decisions, and of the time frame for implementation as getting agreements from different government agencies is difficult to schedule with any precision .

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The quality of the ICR is Satisfactory .