



# Georgia: Support to Rail Passenger Services Contracting

Project Name	Support to Rail Passenger Services Contracting				
Project Number	54458-001				
Country	Georgia				
Project Status	Active				
Project Type / Modality of Assistance	Technical Assistance				
Source of Funding / Amount	<table border="1"> <tr> <td>TA 6033-GEO: Support to Rail Passenger Services Contracting</td> <td></td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 225,000.00</td> </tr> </table>	TA 6033-GEO: Support to Rail Passenger Services Contracting		Technical Assistance Special Fund	US\$ 225,000.00
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Technical Assistance Special Fund	US\$ 225,000.00				
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth				
Drivers of Change	Governance and capacity development Knowledge solutions Private sector development				
Sector / Subsector	Transport - Rail transport (non-urban)				
Gender Equity and Mainstreaming	Some gender elements				
Description	The small-scale knowledge and support technical assistance will support the Georgian Railway and the government in the formulation of a fair and transparent public service contract. The TA will undertake the required analyses and support Georgian Railway in the preparation of a long-term strategy for the provision of passenger services, defining the business development options. To establish a public service contract with the government in-depth analyses are required of (i) rail passenger demand assessment, including competition from other modes of transportation (buses, private cars); (ii) cost pricing of passenger services; (iii) timetabling and interconnectivity with other public transport modes; (iv) staffing; (v) infrastructure charging; (vi) fare schemes and integrated ticketing; (vii) rolling stock investment; (viii) marketing; and (ix) the required compensation (subsidy) for a longer-term contract with the government for the provision of a determined package of passenger services. Although Georgian Railway has already spent significant time and resources in preparing such a contract, further refinement of contracting details is required, for which experts' assistance is needed.				
Project Rationale and Linkage to Country/Regional Strategy	Georgian Railway is a state-owned joint stock company (JSC) responsible for the management and maintenance of railway infrastructure and the operation of railway passenger and freight services. It has about 13,000 staff, making it Georgia's largest employer. It has three strategic business units (SBUs): (i) the Freight Transportation SBU; (ii) the Passenger Transportation SBU; and (iii) the Infrastructure SBU. These function as separate profit centers and produce separate financial statements. In 2019, Georgian Railway transported 10.6 million tons, with a turnover of 2,640 million ton-kilometers, and 2.8 million passengers of which 96.4% were domestic passengers. The sole shareholder of Georgian Railway is the government's JSC Partnership Fund which is overseen by the Enterprise Management Agency of the Ministry of Economy and Sustainable Development. The government expects Georgian Railway to operate on a self-financing basis, without capital or operating subsidies. Revenues from freight are Georgian Railway's main source of income, providing 57% of revenues, and more than 90% when associated services are considered (e.g., handling, forwarding, freight car rentals). Passenger services are loss-making, where losses are covered by profits from freight transportation. Under recently adopted regulation, this cross-subsidization will no longer be allowed. Georgian Railway will have to close a contract with the government by the end of 2021 to agree on the provision of a package of loss-making, yet socio-economically desired passenger rail services against a well-determined contribution (subsidy).				
Impact	Efficient, modern, demand-driven and affordable railway passenger transport developed				
<b>Project Outcome</b>					
Description of Outcome	Long-term (minimum x year) provision of a determined package of rail passenger services for a specified amount of subsidy				
<b>Progress Toward Outcome</b>					
<b>Implementation Progress</b>					
Description of Project Outputs	Rail passenger service business development strategy and implementation plan developed Draft public service obligation contract finalized				
Status of Implementation Progress (Outputs, Activities, and Issues)					
Geographical Location	Nation-wide				
<b>Summary of Environmental and Social Aspects</b>					
Environmental Aspects					
Involuntary Resettlement					
Indigenous Peoples					
Stakeholder Communication, Participation, and Consultation					
During Project Design					
During Project Implementation					

#### Business Opportunities

Consulting Services Individual consultants will be recruited to provide specialized support to Georgian Railway in the areas of passenger demand assessment, economics, marketing, timetabling and PSO contracting. ADB will engage the consultants and procure goods following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.

Responsible ADB Officer	Sluijter, Jurgen
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Transport and Communications Division, CWRD
Executing Agencies	Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines GEORGIA Georgia Ministry of Economy and Sustainable Development of Georgia 2 Sanapiro Str., Tbilisi, 0105

#### Timetable

Concept Clearance	-
Fact Finding	26 Nov 2020 to 26 Nov 2020
MRM	-
Approval	15 Dec 2020
Last Review Mission	-
Last PDS Update	15 Dec 2020

## TA 6033-GEO

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
225,000.00	0.00	0.00	0.00	0.00	0.00	225,000.00	-	0.00

Project Page	<a href="https://www.adb.org/projects/54458-001/main">https://www.adb.org/projects/54458-001/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=54458-001">http://www.adb.org/forms/request-information-form?subject=54458-001</a>
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