



# Meeting Railway Investment Needs

## Innovative Railway Financing

Baher El-Hifnawi

Global Lead, Development Corridors and Regional Integration



# Investment needs and available financing

OECD estimates rail infrastructure needs at \$4 trillion between 2015 and 2030.

Needs exceed available public financing in many countries.

Private sector can help finance the gap.

- Concessions and BOTs are one source,
- but there are other ways to attract private financing.

- In 2013, PKP floated 50% of the shares of PKP Cargo on the Warsaw stock exchange.
- With the proceeds of the IPO and a subsequent sale of another 17% of the stock, the parent, PKP Group, received 620 million US\$
- Retired half the debt of PKP Group.

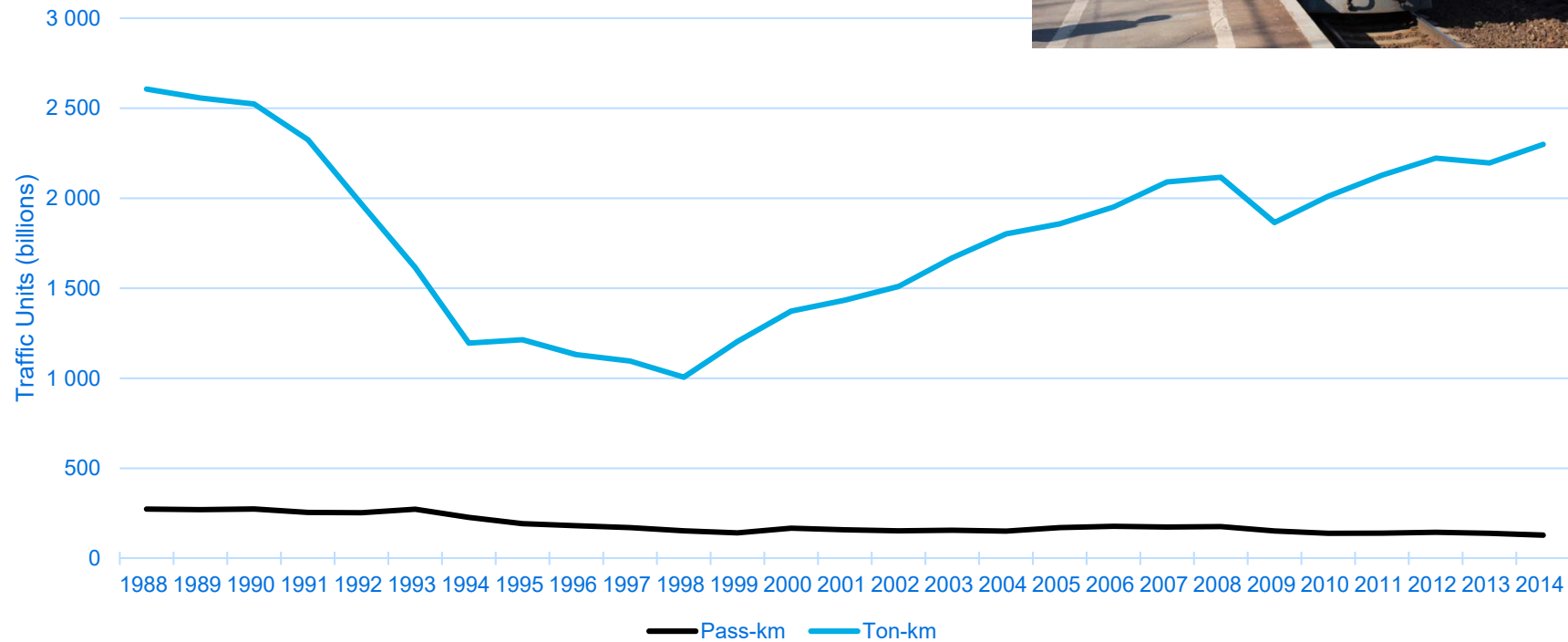
**An IPO!**



# Russian Railways



Russian Railway Traffic



# The Reform Program

- Separation of the Ministry of Railways
  - Legal framework allowing operation by private rail operators
  - Tariff reform
  - Over time, more and more wagons were supplied by commercial operators
- more than \$50 billion have been invested in new, privately owned and financed rolling stock in Russia.



# Indian Railways



# Railways of India Investment Fund



- Surplus of operations over revenues insufficient to finance investment
- Ministry cannot borrow
- Requested World Bank Support
- **Working to create a commercial investment fund to mobilize \$5 billion for commercially viable rail infrastructure projects**

# Concluding comments



- Three different ways to mobilize private sector financing
  - IPO,
  - Investment in wagons and locos,
  - Investment fund
  
- What do the three cases have in common?
  - Profitability
  - Transparency
  - Risk Management





Thank you!