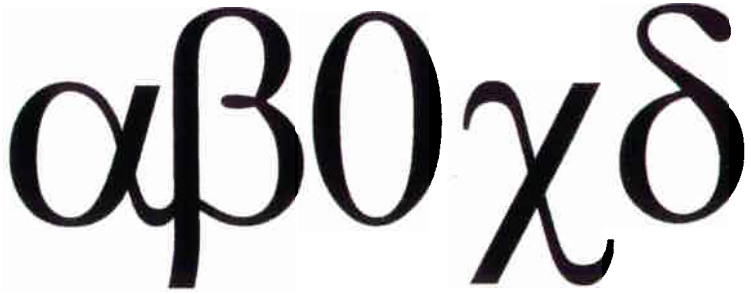
PROCEEDINGS OF A WORKSHOP

BETTER WAYS TO DELIVER AND FUND REGIONAL AND SUBURBAN PASSENGER RAIL SERVICES

COLMAR, FRANCE, JUNE 13 TO 15, 2001.



World Bank Seminar

Colmar, *13-15 June 2001*

EBRD approach to Financing Regional and Commuter Rail

Paul Amos

Senior Railway Specialist, EBRD

Presentation

- The EBRD
- Trends in Urban Public Transport in eastern/central Europe
- Constraints and opportunities
- Forthcoming EU regulation on PT
- Financing options and structures
- EBRD approach

What is the EBRD?

- EBRD was established in 1991
- International Financial Institution with 60 members
- Promotes market-based economies and transition process
- 27 countries of operation in central & eastern Europe and the former Soviet Union

Trends in Public Transport in eastern/central Europe (1)

- Decentralisation
  (without decentralised budget and fundraising powers)
- Lack of replacement investments
  - antiquated rolling stock
  - backlog of maintenance of infrastructure
- Fast and critical deterioration of services
- Weakening of 'local' suppliers (transport industry)

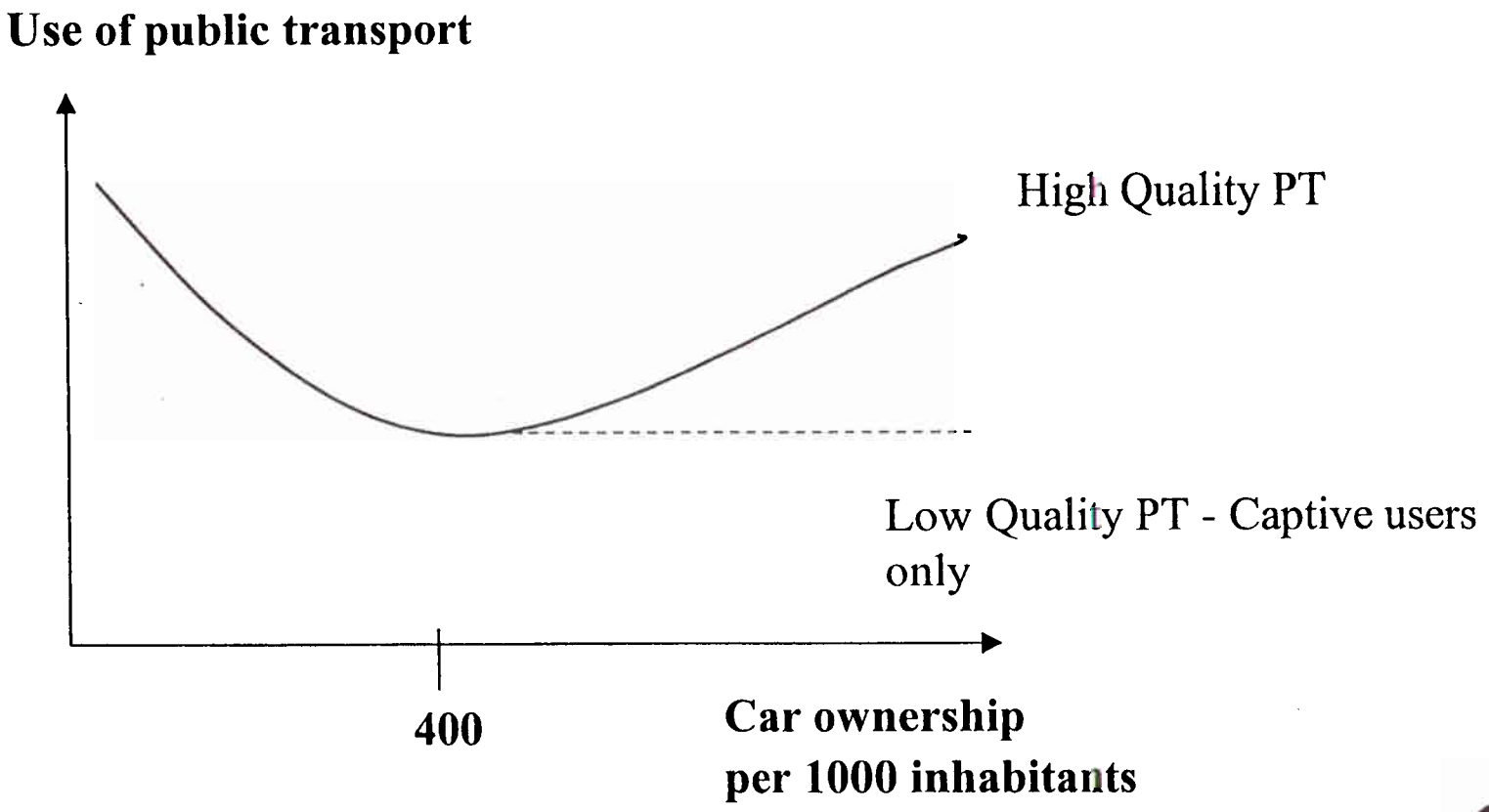
αβ0

Trends in Public Transport in eastern/central Europe (2)

- new ticketing systems and fare structure
- growing attention to customer needs
- large variation in farebox recovery ratios
- fast growing car ownership (and congestion and environmental impact in some cities)

αβ0

Effect car ownership on use public transport



Limited EBRD transactions in regional and commuter rail

- lack of creditworthiness (local government borrowers)
- lack of financial clarity and transparency (contractual financial compensation)
- capital-intensive preference
- priorities to other municipal sectors
- political risk and inexperience

Forthcoming EU regulation on Public Transport

The EBRD welcomes:

- **clarity of responsibilities** by separation of ownership, operations and financing source
- transparency through the introduction of **Public Service Contracts**
- **end of 'subsidy'**, introduction of **'financial compensation'** for Public Service Obligations

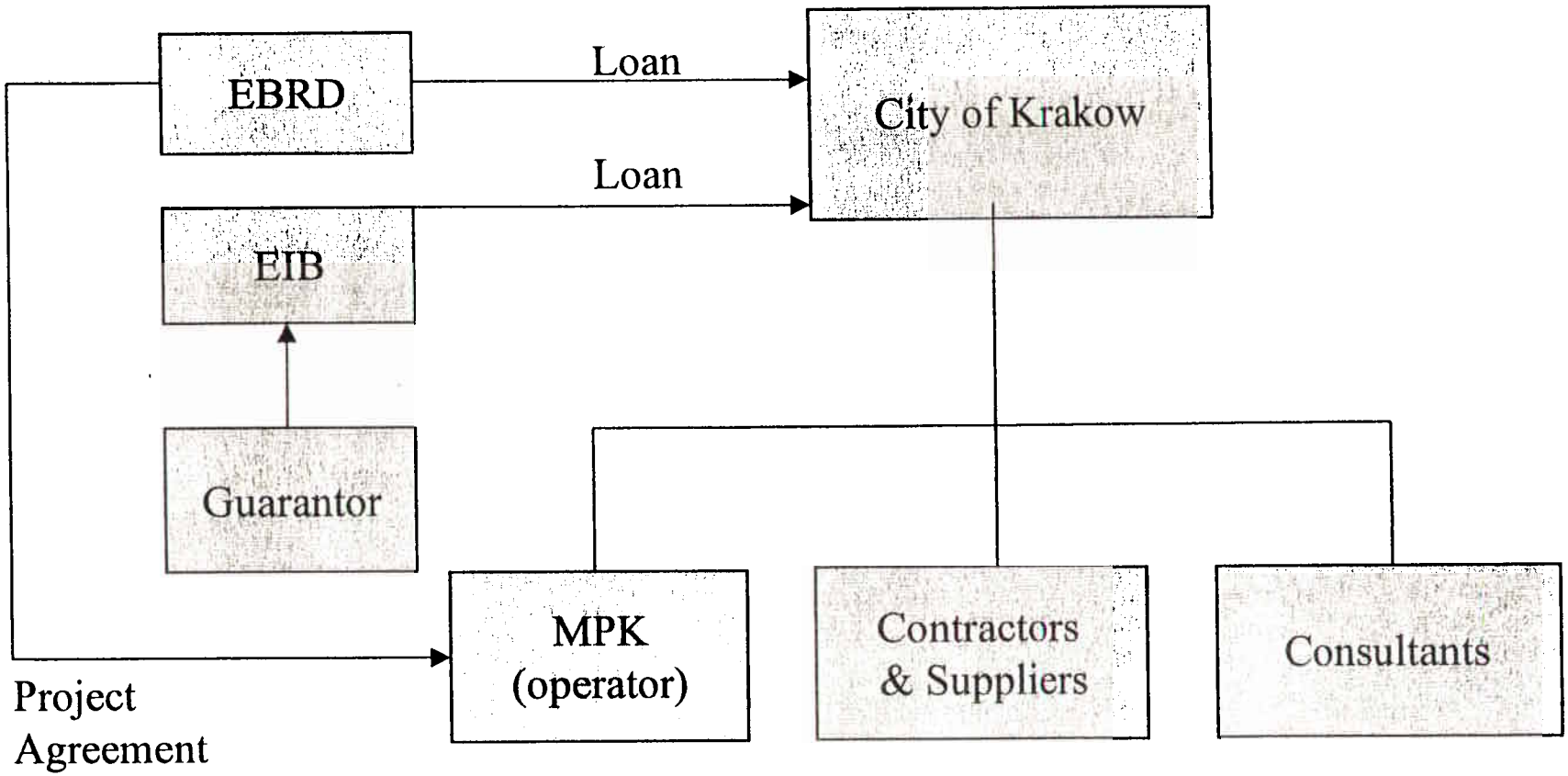
Financing structures: options

- municipal loan
- corporate loan to **public** transport company
- corporate loan to **private** transport company
- corporate loan/guarantees to concession/PPP company
- leasing company for rolling stock

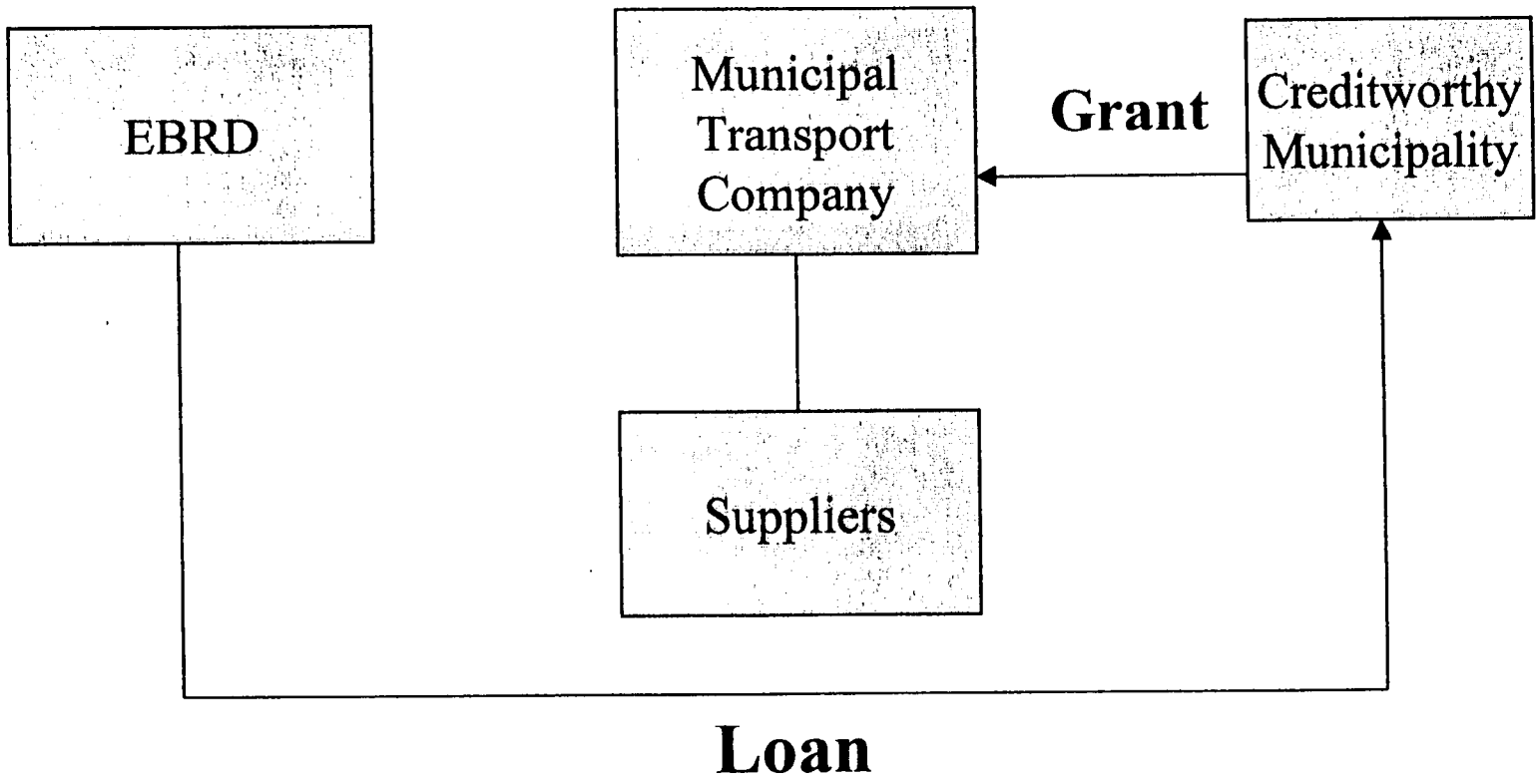
Municipal Loan (1)

- Example: Krakow Urban Transport Project
  - Fast Tram Project (light rail) - infrastructure
  - Urban Traffic Control
  - Project Management/Consultancy
- Total Project Cost MEUR 123
- EBRD & EIB loans signed October 1998 (MEUR 45 each)

Municipal Loan (2) (infrastructure)



Municipal Loan (3)



Non preferred loan structure

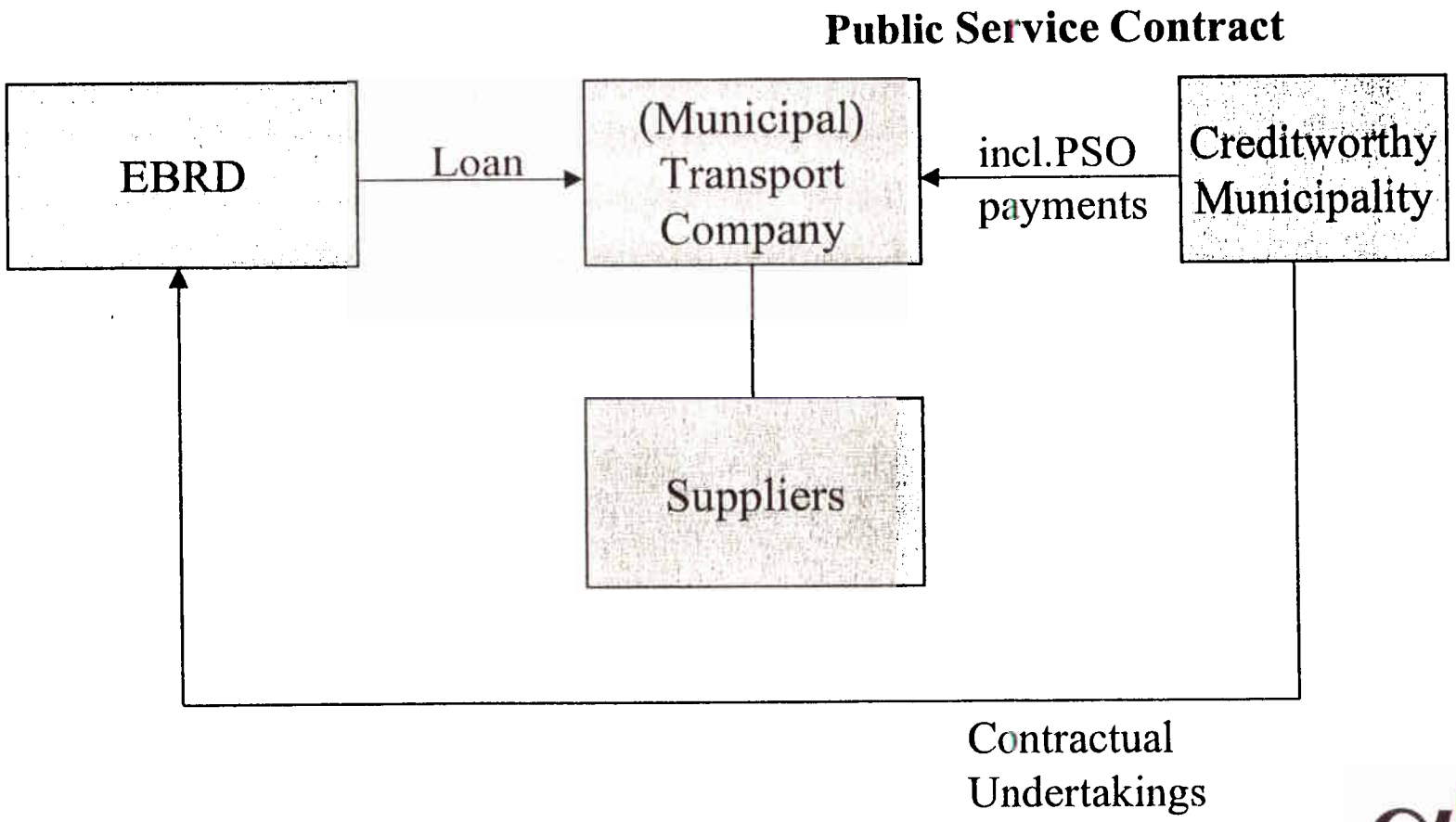
Financing replacement investments

- Through municipal grant:
  - No financial responsibility for transport company
  - No transparency on (real) operation costs
  - No long-term planning
- Preferred loan structure:
  - direct loan to public transport company
  - Public Service Contract (City-transport company)
  - Support Agreement (City-EBRD)

Corporate Loan to Municipal Company (1)

- Example: ZET (Zagreb)
- Transport company not independently creditworthy
- Create creditworthiness through appropriate legal structure and contractual undertakings:
  - **Public Service Contract** between City and ZET, with legally-binding contractual public service obligations
  - Direct Support Agreement between City and EBRD

Corporate Loan to Municipal Company (2)

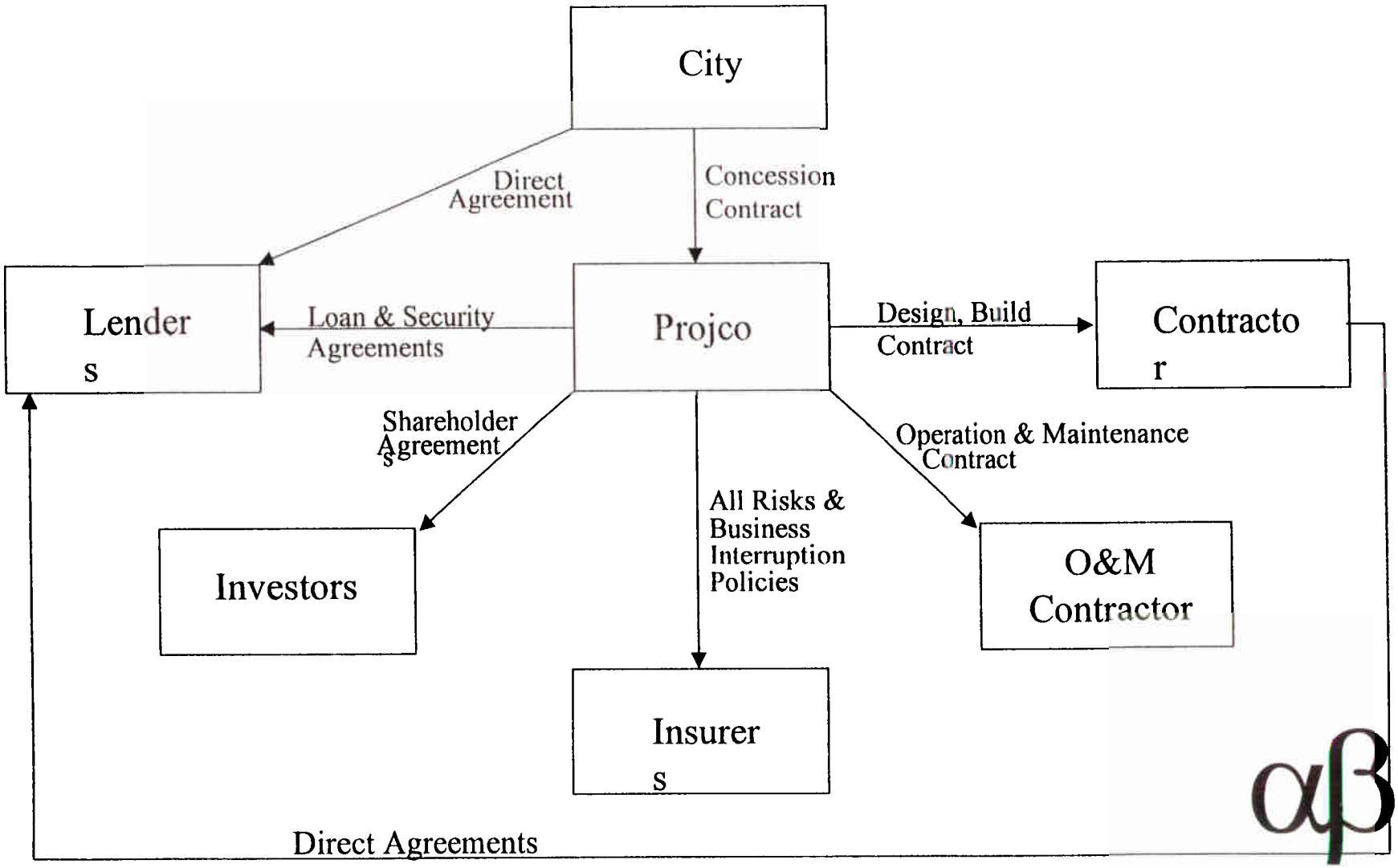


Preferred loan structure

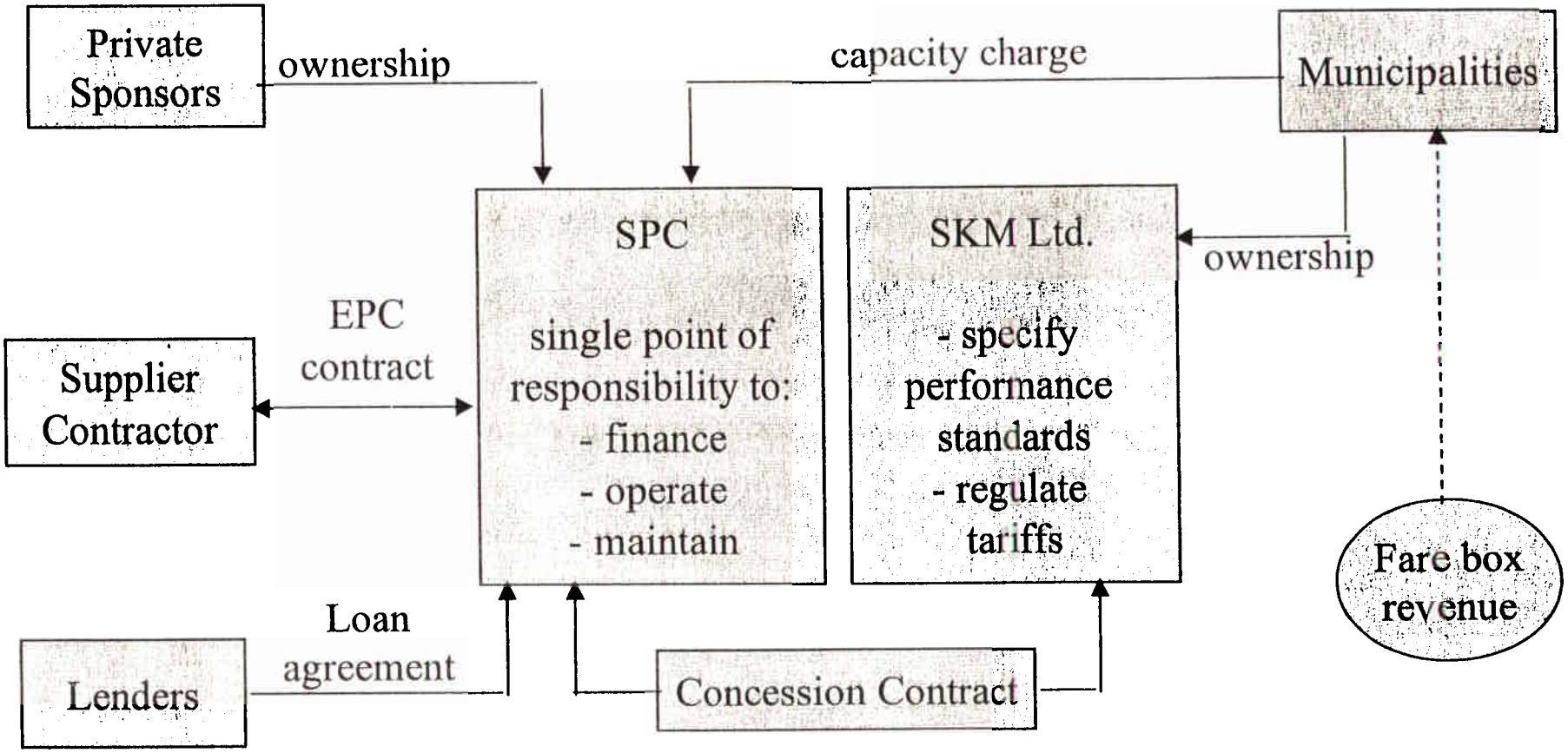
Concession/Public-Private Partnership (1)

- Major infrastructure
- Suburban and regional rail divestiture in Poland
  - SKM (Gdansk-Sopot-Gdynia) and WKD (Warsaw)
  - EBRD providing technical co-operation to PKP to divest SKM: advisers being selected to scope and structure possible PPP

Infrastructure PPP Structure



Suburban Rail Sample PPP Structure

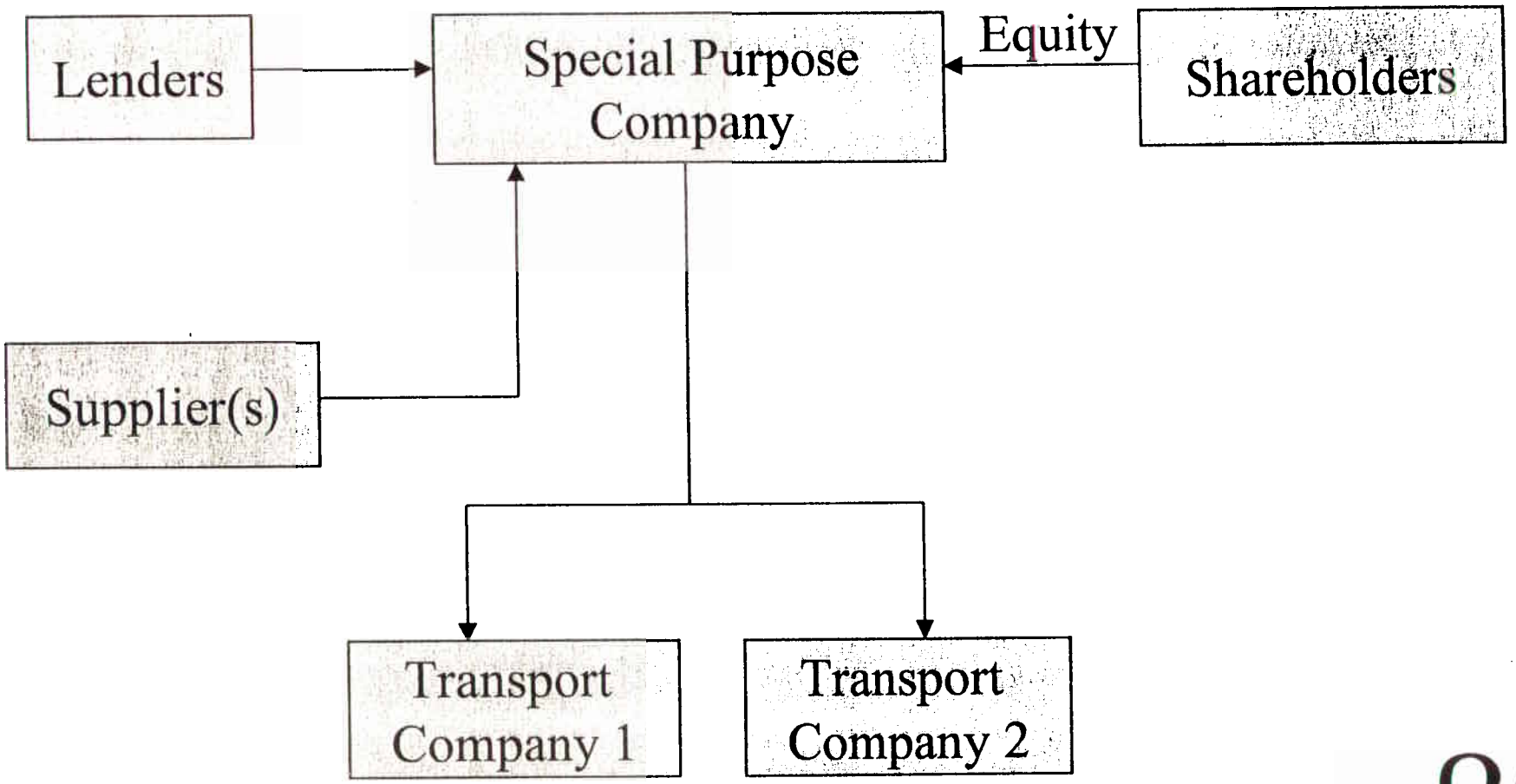


αβ0

Leasing (1)

- Various forms of leasing
- Financial benefits of tax-driven structures (but transactions need to be substantial)
- Lessees must be creditworthy
- Reduces direct debt exposure of client city or region

Leasing (2)


Lenders
Special Purpose Company
Equity
Shareholders
Supplier(s)
Transport Company 1
Transport Company 2

Financing Challenge

- Identify/Create Creditworthy Borrowers
  - cities
    - credit rating (e.g. S&P)
    - EBRD credit analysis (due diligence)
  - public transport companies
    - guarantees/contractual payments/undertakings from creditworthy entity

EBRD Approach (1)

- Prefer:
  - financing infrastructure by municipality/transport authority
  - financing replacement investments related to operations by the transport company
  - transparency by public service contracts
  - financial compensation for service obligations
- Avoid:
  - finance replacement investments by grants
  - subsidy with an open end

EBRD Approach (2)

- Help create creditworthy borrowers
- Broad range of instruments
- Flexible, project-orientated approach
- Quick "in-principle" project screening process
- Willingness to try new products/structures
- Broad market knowledge

EBRD Financing Instruments

Wide range of financing instruments that can be tailored to meet a project's needs

- **Equity**
  - Common
  - Preferred
  - Portage
- **Debt**
  - Senior
  - Subordination
  - Convertible
- **Guarantees/Risk Mitigants**
  - Preferred Creditor Status (A/B)
  - Partial Risk
  - Partial Credit
- **Hedging Instruments**
- **Syndication**

EBRD Technical Co-operation

- Grant financing available through EBRD Trust Funds
- Urban transport examples:
  - Bulgaria: Sofia
  - Croatia: Zagreb
  - Estonia: Tallinn
  - Poland:
    - Krakow, Gdansk, Sopot, Warsaw
    - SKM and WKD Divestiture (suburban rail)

Information and Contacts

www.ebrd.com

Roy Knighton

Paul Amos

Guido Bruggeman

Transport Sector

European Bank for Reconstruction and Development

One Exchange Square

London EC2A 2JN

England

Tel: + 44 20 7338 6623

Fax: + 44 20 7338 7301

Transport local en Pologne : nouvel

Magdalena Ciszewska
Directrice en chef à la Direction du Trafic Voyageurs, PKP S.A.

Situation actuelle

Ces dix dernières années, on enregistrait en Pologne une diminution aussi systématique que sensible du nombre d'usagers du transport ferroviaire, à l'exception de ceux utilisant les trains ,,haut de gamme" (InterCity, Eurocity et trains rapides -"Ex"). Cet état de choses était dû pour une part au développement de la circulation automobile individuelle, mais par ailleurs à l'offre ferroviaire en trafic régional qui ne correspondait pas aux attentes des clients.

La qualité des services dans cette catégorie de transports, en termes de fréquence et de standard du matériel roulant, dépendait des possibilités financières des Chemins de fer polonais.

La législation régissant entre autres le financement du trafic ferroviaire voyageurs a changé en Pologne au cours des années quatre-vingt-dix. Conformément à la loi du 6 juillet 1995 sur l'entreprise d'Etat - PKP - la dotation de l'entreprise et notamment les subventions destinées au trafic voyageurs devaient se baser sur un accord à long terme conclu entre les PKP et le Trésor Public représenté par le Ministre des Transports et le Ministre des Finances. Une annexe à l'accord devait être rédigée une fois par l'an, et ses dispositions devaient être prises en considération dans le projet de loi budgétaire.

Hélas, cette solution n'a jamais été appliquée et, à partir du i er janvier 1999, les dispositions concernées ont été abrogées, ce qui a pratiquement laissé aux PKP toute la charge de financement du trafic voyageurs déficitaire. La participation des fonds publics s'est limitée à couvrir la partie des pertes des recettes encourues par suite de 1' application des réductions obligatoires octroyées par la loi à certains groupes d'usagers (écoliers, étudiants, handicapés).

Les PKP, en tant qu'unique transporteur ferroviaire dans le domaine du trafic voyageurs, ont transporté en 1999 quelque 395 millions de voyageurs au total, dont 323 millions environ dans le cadre du trafic régional et interurbain (entre les grandes agglomérations), ce qui équivalait à une moyenne de 885 ooo de personnes transportées par jour et nécessitait la mise à disposition d'environ 4 700 trains pour le seul trafic régional et interurbain.

Malheureusement, les recettes provenant de ces trafics, y compris le montant des réductions légales compensé par le budget de l'Etat, ne couvraient les frais qu'à concurrence de 31%, ce qui a provoqué des pertes financières considérables pour les PKP.

Evidemment, la couverture des frais par les recettes est très variable pour les différentes lignes de chemins de fer, oscillant entre quelques % et quelques dizaines de %. Le facteur déterminant est à ce sujet le nombre de voyageurs dans les trains.

En 2000, cette situation ne s'est guère améliorée, ce qui a eu pour conséquence le retrait des PKP de la desserte des lignes où les résultats économiques étaient les moins satisfaisants. Une telle décision prise par rapport à 39 tronçons de lignes où la couverture des frais ne dépassait pas 20% s'est révélée ardue et a provoqué de nom-breuses protestations. En effet, même là où les trains étaient très médiocrement fréquentés, aussi bien les populations environnantes que les autorités administratives locales habituées à la présence traditionnelle du train sur leur territoire espéraient pouvoir conserver le statu quo.

Ces attentes ne se sont pourtant accompagnées, jusqu'à la fin de *V* année, d'aucun geste de partenariat ou de prise de responsabilités financières de la part des autorités locales.

Nouvelle situation juridique du fonctionnement du transport ferroviaire voyageurs

Le 27 septembre 2000, une nouvelle loi portant sur la commercialisation, la restructuration et la privatisation de l'entreprise d'Etat ,,Polskie Kol'eje Panstwowe" (Chemins de fer de l'Etat polonais) entrait en vigueur. Le 1er janvier 2001 l'entreprise d'Etat PKP était transformée en société anonyme ,, PKP S.A.",

les possibilités et perspectives

avec pour unique actionnaire le Trésor Public. La loi a réglé toute une série de questions. Elle a entre autres introduit des amendements à la loi sur le transport ferroviaire, créant de nouvelles conditions pour le développement du transport des voyageurs par chemin de fer, et mettant fin à la situation où le seul responsable de l'organisation et du financement de ce transport était l'entreprise d'Etat „Polskie Koleje Panstwowe".

Les changements les plus importants vis-à-vis du transport ferroviaire des voyageurs sont les suivants : '

- il est précisé sans équivoque que les transports „de qualité" (réalisés par les trains ÏC, EC et trains rapides) n'émargent au budget de l'Etat que sous la forme de subventions visant à équilibrer les pertes de recettes qu'entraîné l'application des réductions légales obligatoires - cela signifie concrètement que les décisions relatives à la mise en marche de ces trains par le transporteur ferroviaire doivent être d'ordre purement économique ;
- sont incluses parmi les missions incombant aux autorités administratives locales au niveau « voievodie »', celles visant à organiser et à subventionner les transports voyageurs locaux , étant entendu par Jocaux" les transports dans les limites d' une seule voievodie ou assurant les liaisons avec une voievodie voisine. Les moyens financiers prévus à la réalisation desdites missions sont déterminés chaque année dans le cadre de la loi budgétaire ; les transports proprement dits sont organisés sur la base d'un accord conclu entre un organe *ad hoc* de l'autorité administrative locale et le transporteur ferroviaire ;
- parmi les missions du ministre responsable des transports agissant en concertation avec le ministre des finances publiques, figure l'objectif d'organiser et de subventionner les transports ferroviaires au niveau „intervoie - vodie", à l'exclusion des transports„ de qualité";
- il est admis :
  - les principes détaillés, les modes et organes opérant le transfert des subventions du budget central vers les voievodies,
  - les délais à partir desquels les voievodies entreprendront les tâches d'organisation et de subvention des transports voyageurs régionaux,
  - les principes détaillés d'organisation des transports régionaux et des transports « intervoievodie », mis à part ceux dits « de qualité », les modalités de sélection des transporteurs seront déterminés dans les ordonnances du Conseil des Ministres,
- la PKP S.A. est chargée, entre autres, de créer - dans un délai de 6 mois à compter de la date de son inscription au registre de commerce - des sociétés filiales actives dans le domaine des transports ferroviaires voyageurs qui entreraient à la date même de leur inscription au registre de commerce dans les droits et les obligations de la PKP S.A. -transporteur ferroviaire - comme prévu par la loi en vigueur sur „le droit des transports".

Par suite de l'entrée en vigueur de la nouvelle loi, des changements fondamentaux dans le cadre de *V* offre ferroviaire sont à prévoir dans le secteur des transports régionaux.

1990 1991 1992 1993 1994 1995 1996 1997 1998 1999

[y] Millions de voyageurs/année | Milliards de voyageurs-kilomètres/année

[1] Le territoire de la République de Pologne est divisé en 16 voievodies

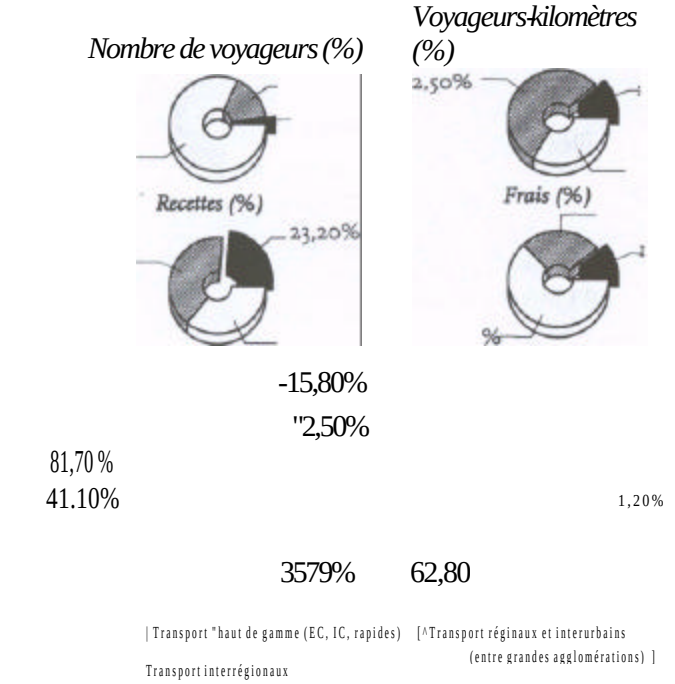


*Tableau 2: Transports voyageurs effectués par les PKP en*1999 *environ* 395 *millions de voyageurs au total*

Tableau y. Transports ferroviaires voyageurs régionaux dans les 16 voievodies

Si ce scénario optimiste de coopération • avec les voievodies s'avère réalisable, les changements consisteront à limiter les transports sur les lignes peu fréquentées tout en amélio rant l'offre - tant en ce qui concerne la fréquence que la qualité du voyage et ce, grâce, entre autres, à la mise en service de nouveau matériel - sur les lignes autour desquelles se concentre une grande demande de services de transport ; sur de telles lignes, le chemin de fer tentera de gagner les voyageurs ayant utilisé auparavant d'autres moyens de transport.

La nouvelle loi précise le montant des moyens financiers destinés à l'organisation du transport ferroviaire, tels que prévus dans la loi budgétaire pour les années 2001-2005, lesdits moyens comprenant également les montants destinés à l'achat du matériel roulant nécessaire à la réalisation des transports régionaux et dont la part doit représenter au moins 10% du montant total des moyens engagés. Il est en outre prévu qu'au cours des années 2001-2005, la PKP S.A. pourra destiner une partie des moyens liés aux obligations de subventionnement des transports voyageurs régionaux déficitaires qu' elle effectue.

Pour déterminer la demande en services de transport définie dans l'ordonnance sur les normes détaillées d' organisation du trafic ferroviaire régional et interurbain et sur les modalités de choix des transporteurs, les facteurs suivants seront pris en considération :

- la population et 1' aménagement du territoire ;
- l'implantation des sièges des entreprises, des écoles, des institutions de l'administra tion publique, des institutions culturelles, des centres commerciaux et des lieux de loisirs ;
- le taux de chômage structurel et les actions entreprises en vue de le réduire ;
- l'importance et la structure de la demande en services de transport, compte tenu de sa variation saisonnière et de celle due aux fluctuations journalières ;

- la concurrence et la complémentarité avec d'autres moyens de transport ;
- les plans d'aménagement du territoire ;
- les stratégies de développement ;
- les capacités des lignes ferroviaires existantes ;
- les caractéristiques du réseau des lignes des chemins de fer ;
- les besoins de communication avec les voievodies voisines.

Parmi les critères de répartition entre les voievodies respectives des moyens financiers provenant du budget de l'Etat figurent : le nombre d'habitants, la longueur des lignes ferroviaires et l'ombre d' un chômage particulièrement élevé. Le montant de la part des subventions dévolues au transport régional par rapport à la totalité des moyens budgétaires octroyés à chaque voievodie a été fixé dans l'ordonnance du Conseil des Ministres à l'aide de l'algorithme suivant :

Vn= o,5"Zw/Z4- o,4"Ln/L+o,r^vBn/Nb avec :

Vn indice de la part dévolue par voievodie du montant global destiné aux subventions des transports régionaux (en %), Zwnombre d' habitants par voievodie , Z population totale de la Pologne, Ln longueur des lignes de chemin de fer ouvertes au trafic au sein de la voievodie, L longueur totale des lignes de chemin de fer ouvertes au trafic en Pologne, Bn paramètre indiquant la menace du chômage structurel particulièrement aigu dans la voievodie donnée ; pour les voievodies les plus menacées, l'indice Bn=i, pour les autres voievodies Bn=o ; il est entendu par une voievodie menacée du chômage structurel particulièrement aigu celle où au moins 40% de districts (unité administrative subalterne) sont menacés d'un tel chômage, au sens des prescriptions juridiques en vigueur sur la gestion et la prévention du chômage, Nb nombre de voievodies menacées par le chômage structurel élevé en Pologne.

Il est à prévoir qu'en sus de la „PKP S.A." et des sociétés issues de celle-ci, d'autres concessionnaires de transport voyageurs feront leur apparition en Pologne. Ces transporteurs participeront aux procédures d'appels d'offres en vue de décrocher les soumissions au niveau des voievodies, d'obtenir des subventions provenant des moyens budgétaires et calculées de la façon présentée ci-dessus, mais aussi pour conclure des contrats en vue d'assurer les transports régionaux.

Conclusions

Le fait de considérer l'organisation et le subventionnement des transports ferroviaires régionaux comme Tune des missions incombant aux autorités administratives de voievodie, crée une chance pour qu'il soit commandé auprès du transporteur ferroviaire les transports correspondant aux besoins réels, tout en étant considérés par les autorités locales comme prioritaires pour ce qui est du trafic ferroviaire. Cela signifie que sur des axes déterminés, pour les principaux flux de voyageurs, le transport ferroviaire s'effectuera au moyen de trains de qualité et circulant à une fréquence élevée, tandis que sur les lignes aux flux moindres, la desserte sera réalisée à l'aide d'autorails. Le transport public routier et, dans les grandes villes, les transports en commun assureront le transfert des voyageurs au départ et à l'arrivée des gares et arrêts ferroviaires. Compte tenu du fait que l'offre ferroviaire, en raison de l'importance de ses coûts fixes, n' a de sens que s'il peut circuler, sur une ligne donnée, en 24 heures, une dizaine de paires de trains, il est évident que si le flux de voyageurs est insuffisant, même pour les autorails légers, il faudrait renoncer au transport ferroviaire. Le trafic devrait dans ce cas être entièrement repris par le transport routier.

L'ordonnance du Ministre des Transports et de P Economie maritime, actuellement en vigueur en Pologne et qui règle le contenu, les modalités et les délais de publication des

horaires de trains, leur approbation et leur coordination, ainsi que les conditions de leur financement, stipule entre autres que la coordination des horaires de service consiste à:

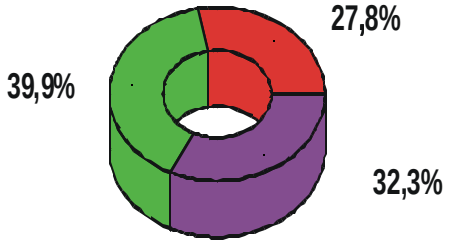
- déterminer les liaisons réciproques entre différents modes de transport terrestres aux principaux points nodaux, en se basant sur les horaires des trains ;
- déterminer les itinéraires ainsi que les heures de départ des véhicules routiers entrant dans le cadre du transport routier régulier, compte tenu en particulier, d'une part, de la demande exprimée par les autorités locales au niveau des communes, des districts ou des voievodies, et d'autre part des possibilités des transporteurs pour répondre à cette demande. Conformément à l'ordonnance, la coordination des horaires de service des entreprises assurant de façon régulière le transport de personnes au moyen de transports publics routiers - coordination effectuée grâce à la gestion appropriéee d' une commune, d'un district ou d'une voievodie - devrait sous-entendre l'adaptation du trafic routier aux liaisons régionales déjà planifiées dans le cadre du trafic ferroviaire.

Simultanément, conformément à la loi sur la commercialisation, la restructuration et la privatisation de l'entreprise d'Etat „Polskie . Koleje Panstwowe" du 8 septembre 2000, tant l'organisation que le subventionnement des transports ferroviaires régionaux font partie des missions propres des autorités de voievodie et peuvent être réalisés sur la base d'un accord conclu entre un organe d'autogestion territoriale et le transporteur ferroviaire. Il serait opportun qu'un tel accord contienne des dispositions relatives à la coordination des activités entre les transports ferroviaires et routiers. La nouvelle législation devrait aboutir à définir un cadre de coopération entre les deux secteurs de transport de façon à satisfaire aussi bien les usagers des transports que les autorités administratives responsables de l'amélioration de l'organisation de ces transports sur leur territoire.

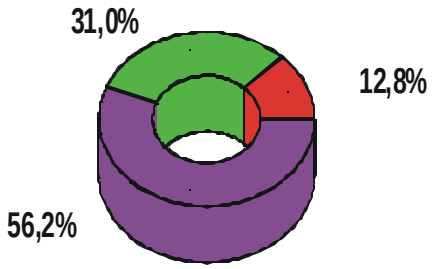
Le rôle de médiation des autorités de voievodie ne doit certes pas être sous-estime : si, en effet, les transporteurs routiers s'obstinent - au lieu d'offrir un service complémentaire par rapport à celui du chemin de fer - à mettre en service des transports parallèles à ceux par chemin de fer commandés et subventionnés par la voievodie, un conflit d'intérêts sera difficile à éviter. Il est à noter qu'il s'agirait là d'un conflit d'intérêts entre les transporteurs routiers et les autorités locales ; car si les transports ferroviaires sont commandés par ces dernières, avec un nombre moindre de voyageurs et, partant, des recettes moindres provenant de la vente des billets, les subventions des autorités devront, elles, augmentera

Transports voyageurs effectués par les PKP en 2000 -environ 360 millions de voyageurs au total

Recettes (%)



Frais (%)



Transports “haut de gamme” (EC, IC, rapides)

Transport réginaux et interurbains

Transports interrégionaux

La couverture des frais par les recettes est très variable pour les différentes lignes de chemins de fer, pour le transport local oscillant entre quelques % et quelques dizaines de %. Le facteur déterminant est le nombre de voyageurs dans les trains.

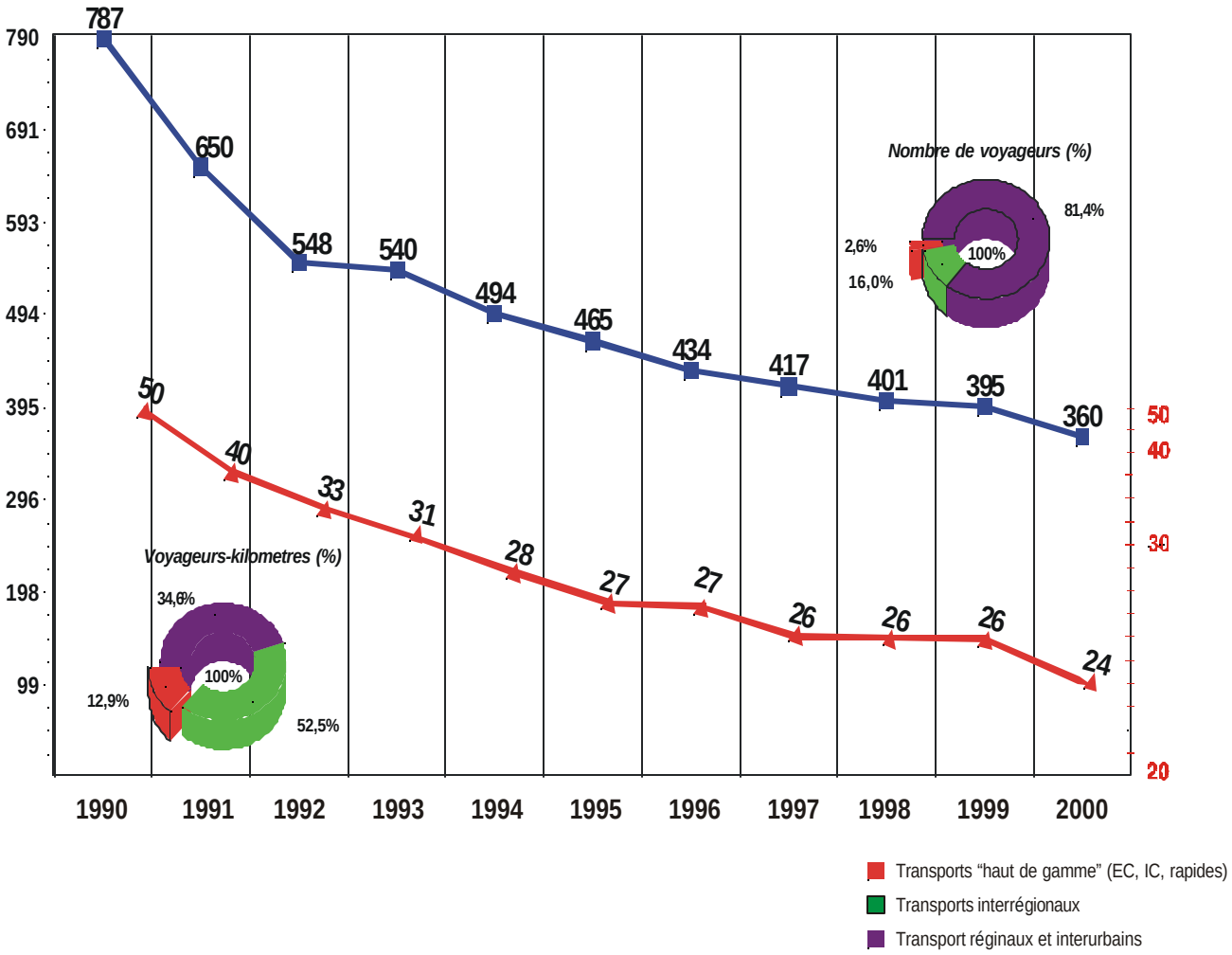
Transports ferroviaires voyageurs régionaux dans les 16 voievodies

Légende:

frontières entre voievodies

nombre d' habitants de voievodie (selon Office Central des Statistiques - GUS)-données pour l' année 1999	38,7 mln
longueur des lignes (en km), état du 29.05.1999	17,2 mille km
nombre de personnes transportées en trafic régional, y compris trafic interurbain-données pour l' année 1999	322,9 mln

Transports de voyageurs effectues par les PKP 1990-2000

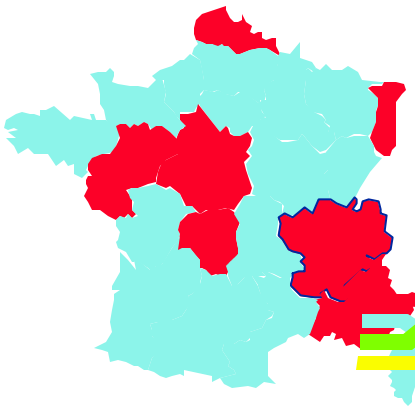


2002 PROJET INDUSTRIEL

SNCF
DIRECTION DE LA STRATÉGIE

LA REGIONALISATION DES TRANSPORTS FERROVIAIRES EN FRANCE

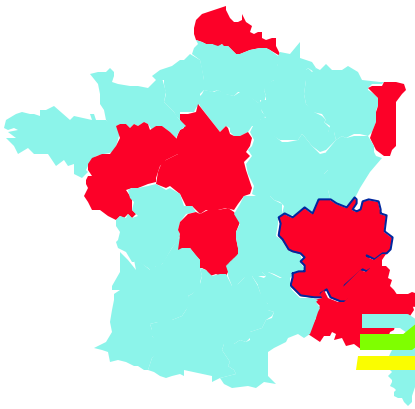
Colloque sur l'organisation et le financement
des Services Ferroviaires Régionaux et de Banlieue
Colmar - 14 juin 2001



TER

Quelques chiffres sur le TER

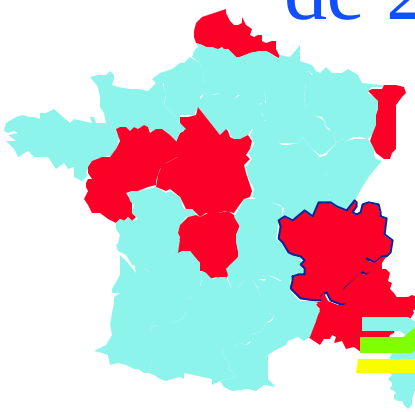
- 500000 voyageurs par jour,
- 60 % des voyages ferroviaires français (hors IdF)
- 10,5 Milliards de FF de chiffre d'affaires,
- Environ 5000 trains par jour, (idem Ile-de-France), et 1200 pour les trains GL,
- 4200 véhicules, remorqués ou automoteurs.



Les motifs de déplacement en TER

- 67 % sont des trajets pour des motifs quotidiens ou réguliers
  - domicile-travail 30%
  - Domicile-étude 37%

- 56 % sont des trajets réalisés par des moins de 25 ans

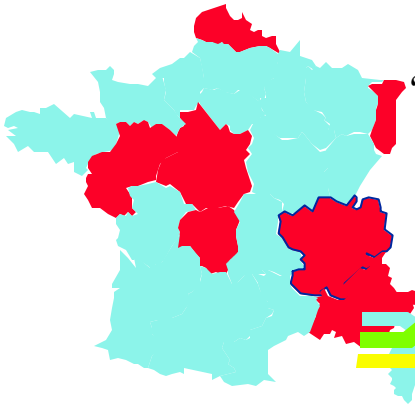


4 étapes (1)

I. Avant la Loi d'Orientation des Transports Intérieurs (1982)

Les services régionaux de voyageurs = les « omnibus »

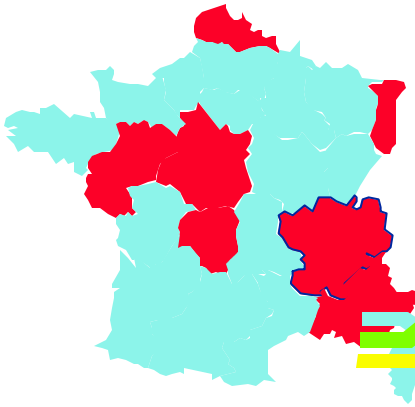
- La SNCF a la responsabilité entière du service dont l'image vieillit et est souvent associée au monde rural ou aux petites villes.
- Elle n'a pas le financement pour moderniser, voire maintenir ce service (priorité au TGV).
- L'Etat n'intervient pas sur la politique de la SNCF pour ces lignes et se contente d'une contribution budgétaire annuelle au déficit insuffisante.
- L'avenir paraît être à la fermeture progressive des gares et des lignes.



4 étapes (2)

De 1982 à 1997

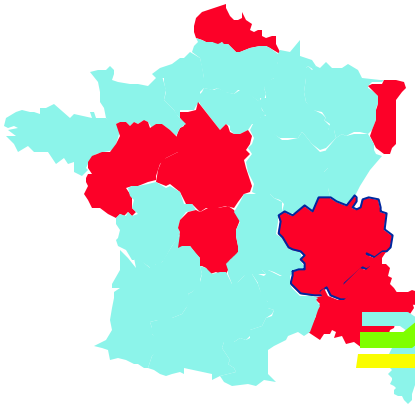
- 1982 : c'est l'époque de la grande réforme politique de la décentralisation transférant des pouvoirs de l'Etat vers des collectivités locales (notamment régionales).
- Les Régions peuvent passer, grâce à la loi, une convention avec la SNCF pour apporter une contribution financière visant à améliorer l'offre.
- Toutes les collectivités passent de telles conventions sauf une.
- Les Régions adoptent toutes en 1987 la marque commune TER symbole du partenariat avec la SNCF pour développer le transport public régional.
- Les relations financières entre Régions et SNCF se détériorent rapidement (opacité des comptes, chute des recettes, mauvaises prévisions, etc…).



4 étapes (3)

A partir de 1997 une réforme expérimentale est engagée avec 6 Régions volontaires

- Une réforme législative inspirée d'un rapport parlementaire (Sénateur HAENEL).
- 6 Régions, puis une 7ème, deviennent Autorités Organisatrices des transports ferroviaires régionaux. C'est un transfert de compétence politique qui donne aux élus locaux le pouvoir de décider du niveau de l'offre et de sa qualité exigée.
- L'Etat, au lieu de verser directement une contribution à la SNCF verse aux collectivités régionales de quoi équilibrer le financement de l'exploitation au moment du transfert plus une dotation de remise à niveau du parc de matériel roulant pour compenser le retard pris faute de capacité d'investissement.



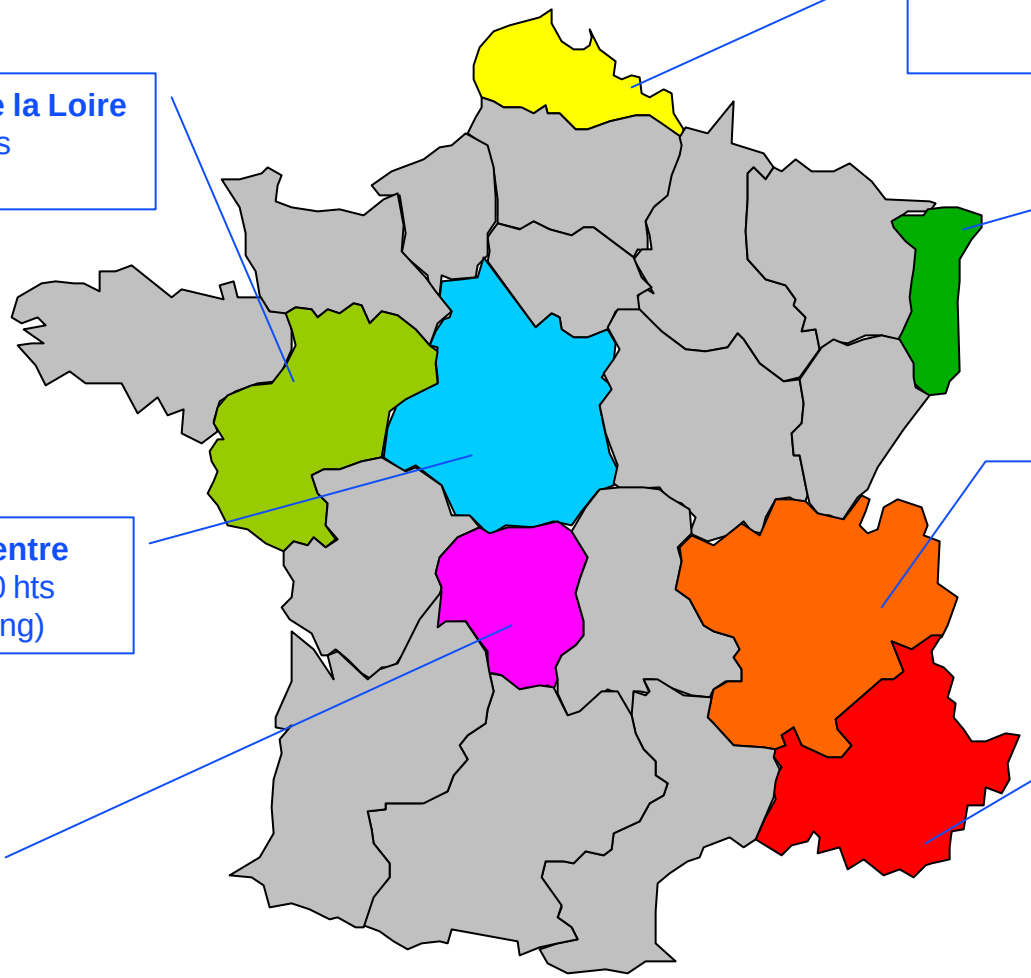
Les Régions passent avec la SNCF une convention qui fixe les engagements de chacun et les modalités de financement

2002 PROJET INDUSTRIEL

Région Nord Pas de Calais
3 965 058 hts
(4ème rang)

Région des Pays de la Loire
3 135 800 hts
(5ème rang)

Région Alsace
1 624 372 hts
(15ème rang)

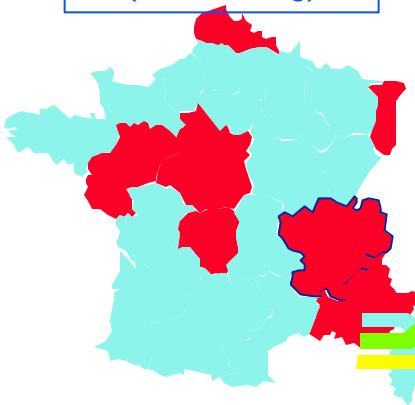


Région Rhône-Alpes
5 350 701 hts
(2ème rang)

Région Centre
2 400 000 hts
(9ème rang)

Région PACA
4 257 907 hts
(3ème rang)

Région Limousin
722 791 hts
(21ème rang)



TER

Les relations Etat/Région/SNCF

ETAT

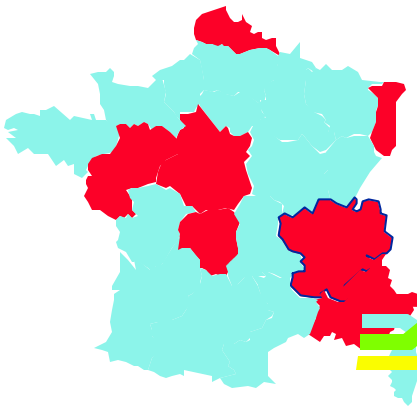
Convention de transfert de compétence

REGION

Convention d'exploitation + cahier des charges du service

SNCF

UN SCHEMA REGIONAL TRANSPORTS



TER

Une clarification des rôles…
et une véritable responsabilisation

Collectivité Régionale

- Politique globale déplacements et coordination AO
- Offre de service TER (yc tarifaire)
- Contrôle SNCF

Partage le risque financier recettes

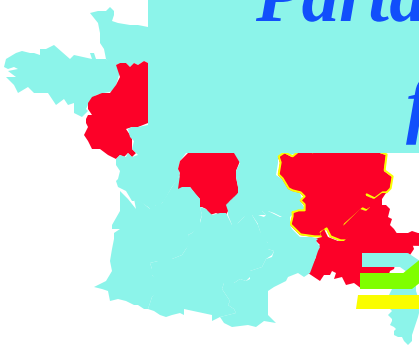
SNCF

- Exploitation du service public voyageurs
- Expertise et instruction + propositions
- Gestion Infra pour RFF

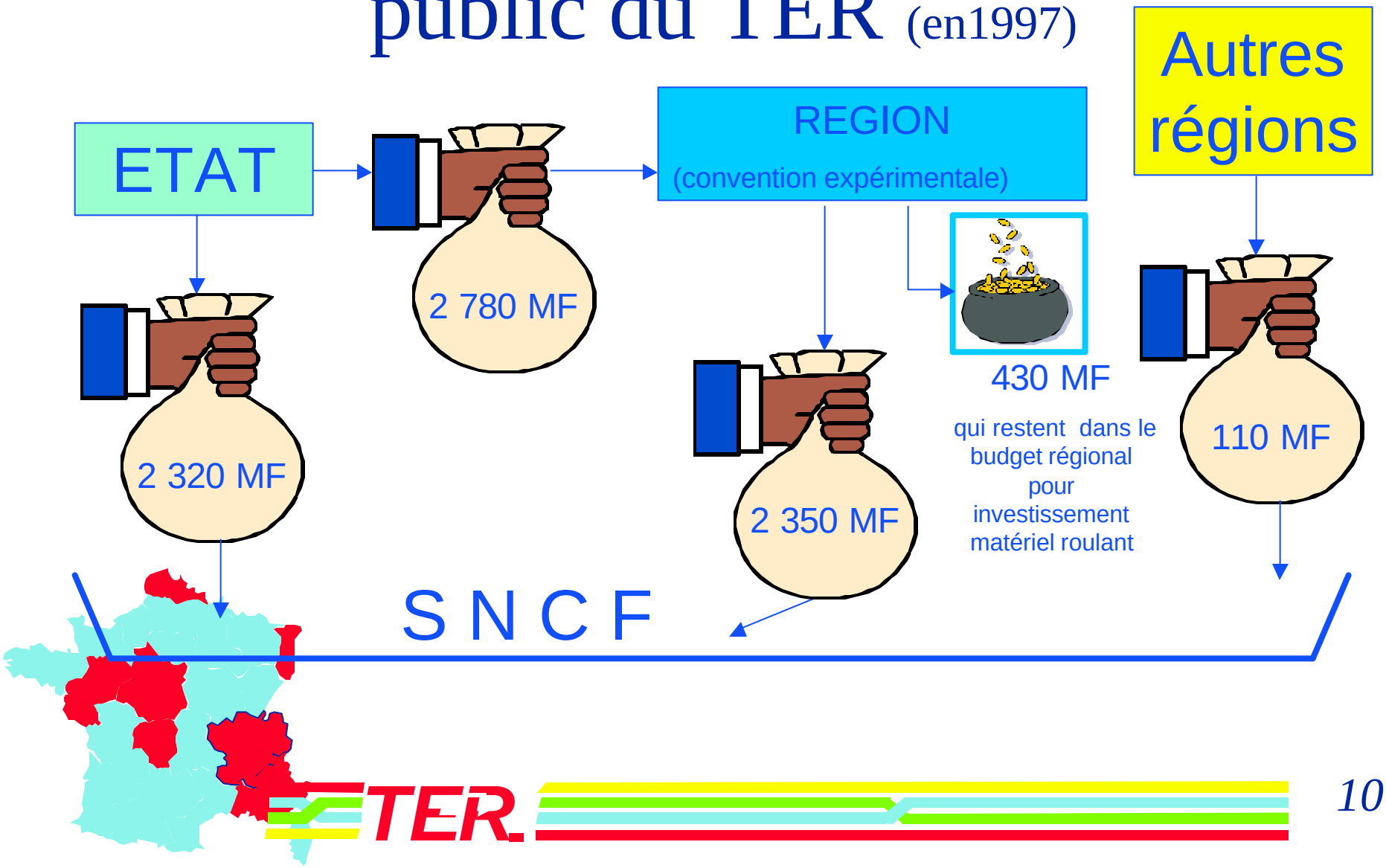
Prend le risque industriel

marge

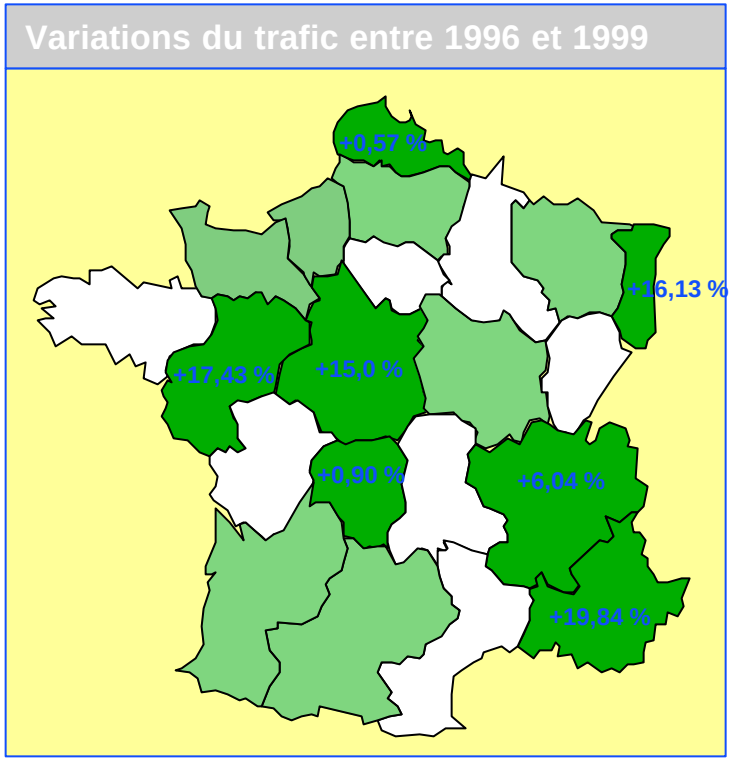
Bonus/Malus "service"



Un nouveau mode de financement public du TER (en1997)

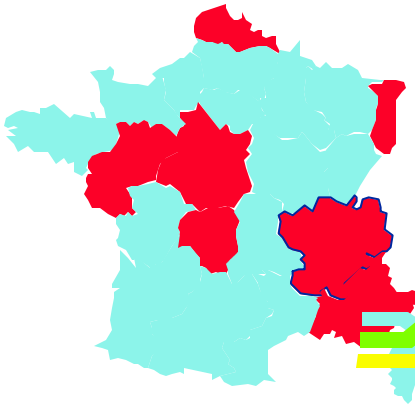


Variations du trafic entre 1996 et 1999



TER : Régions conventionnées

TER : Régions expérimentales

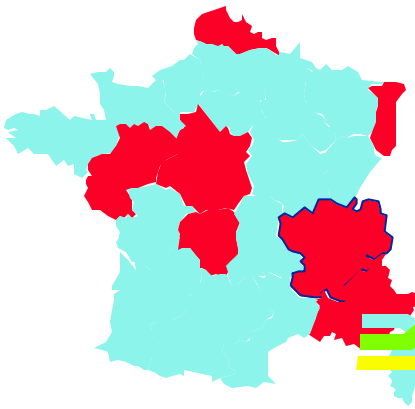


TER

La 4ème étape

Et maintenant ?

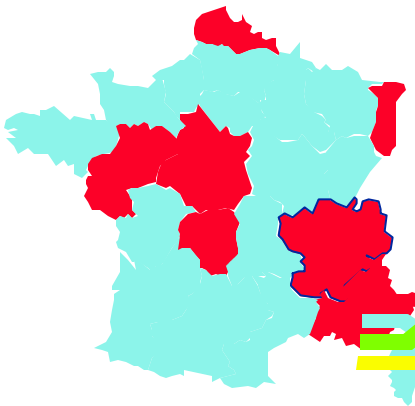
- La loi prévoyant le transfert de compétence au 1er janvier 2002 pour toutes les Régions métropolitaines sauf Ile-de-France et Corse (statuts spéciaux) a été adoptée le 13 décembre 2000 par le Parlement.
- Elle doit être complétée par des décrets qui en précisent certains points et par des arrêtés qui fixeront les montants que l'Etat versera aux Régions.



La 4ème étape

Les points forts

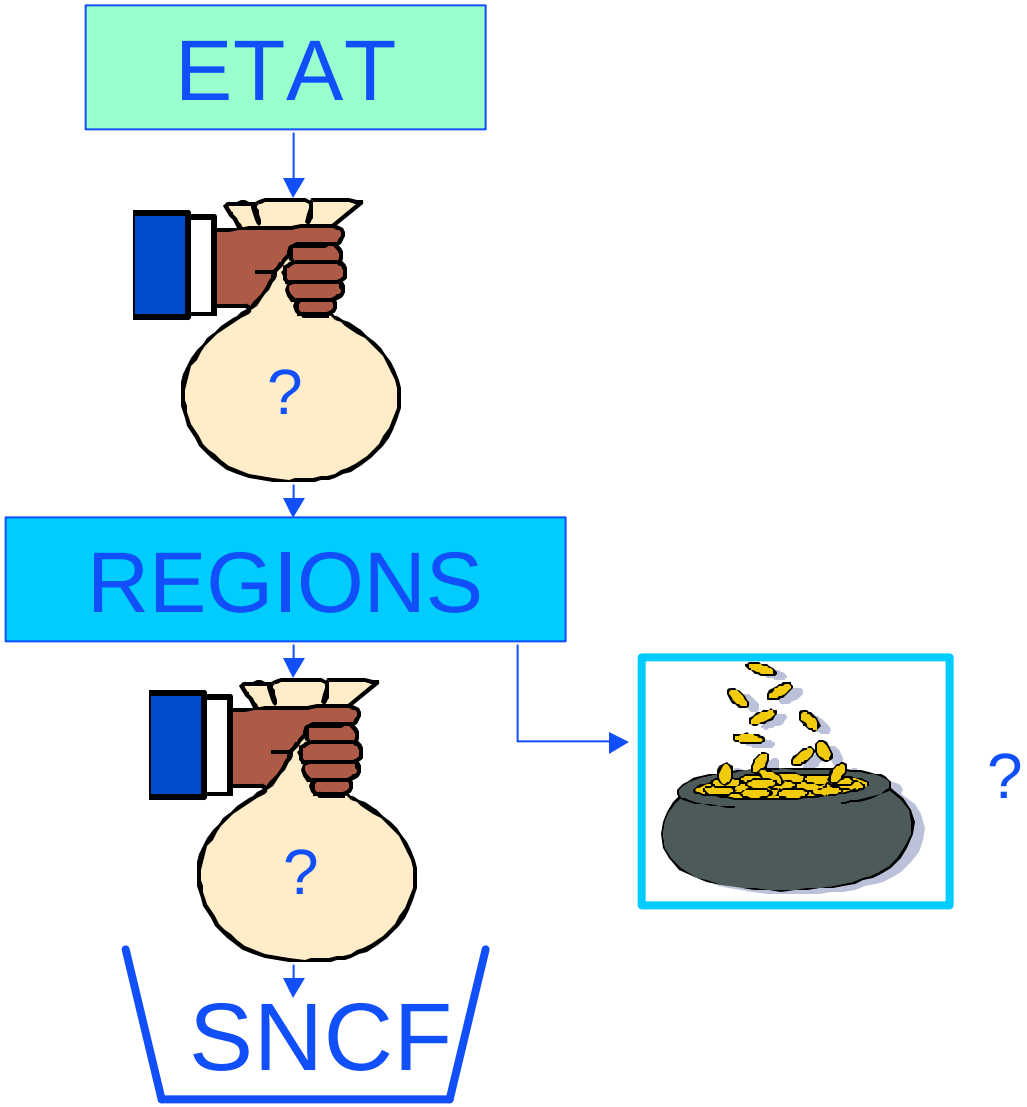
- La prise en compte du transport dans les politiques d'aménagement.
- Une nouvelle instance de concertation : le comité régional des partenaires du transport public.
- La consultation des Collectivités régionales en cas de modification de service.



Un nouveau mode de financement public du TER

(à partir de 2002)

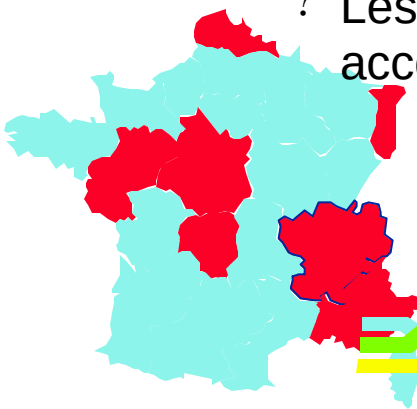
? En cours de discussion



La 4ème étape

Et maintenant ?

- La loi précise le rôle de la Région (Autorité Organisatrice) qui décide, sur son ressort territorial, le contenu du service public de transport régional de voyageurs.
- Elle donne les principes de calcul des dotations transférées dans la Dotation Générale de Décentralisation (DGD) :
  1. L'exploitation,
  2. Les compensations pour les tarifs sociaux nationaux,
  3. La dotation au titre du matériel.
- Les gares font l'objet d'un programme spécifique hors DGD.
- Les comptes attestés de la SNCF année 2000 serviront de référence pour le calcul de la contribution de l'Etat
- Les Régions signent pour une durée minimale de 5 ans, en accord avec la SNCF.

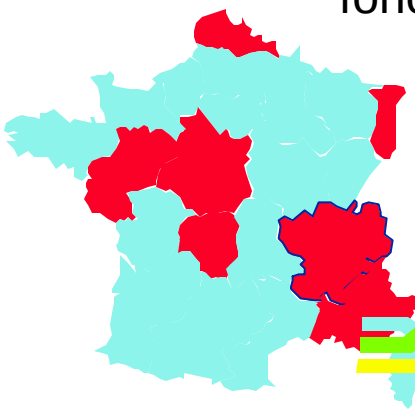


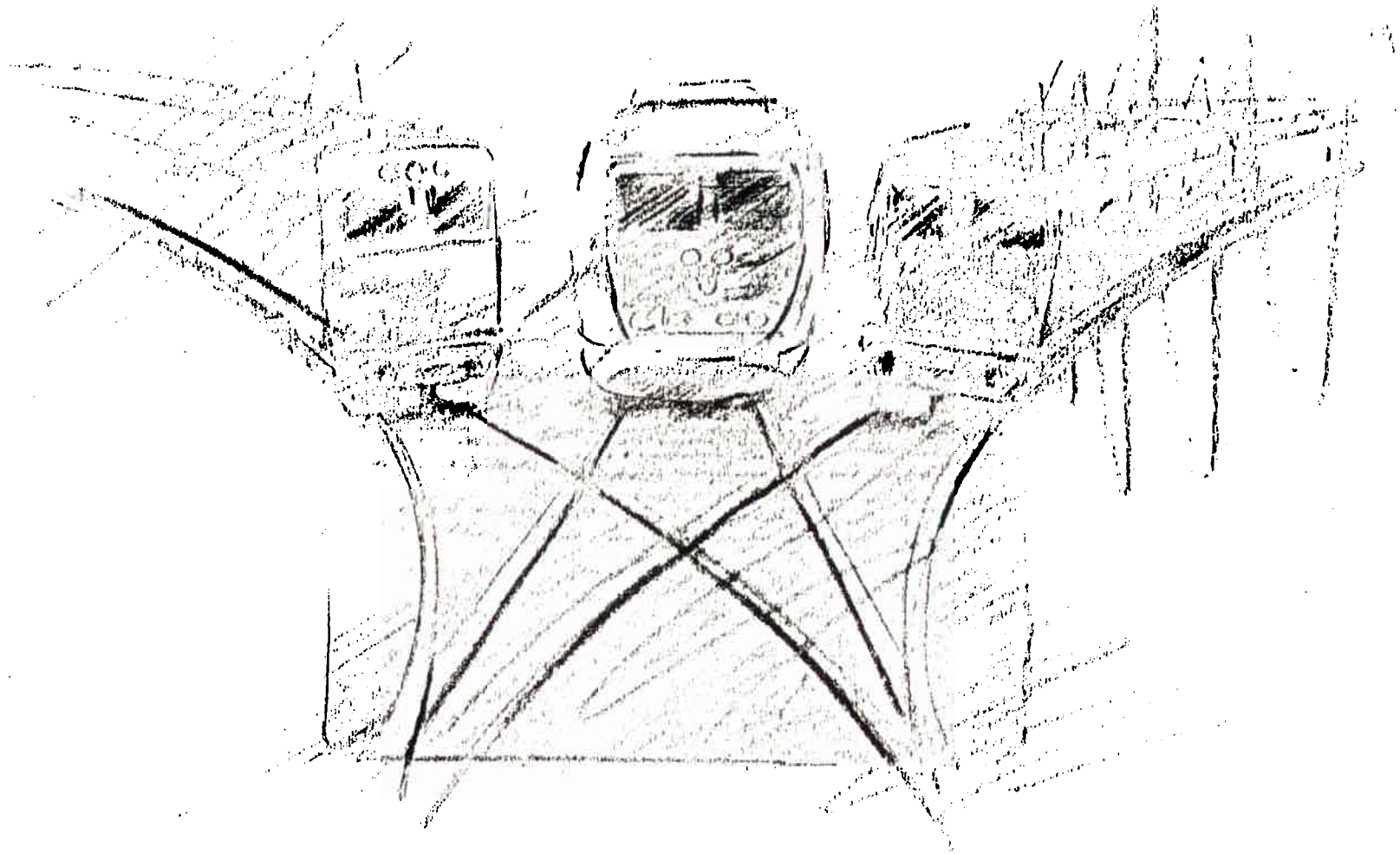
La 4ème étape

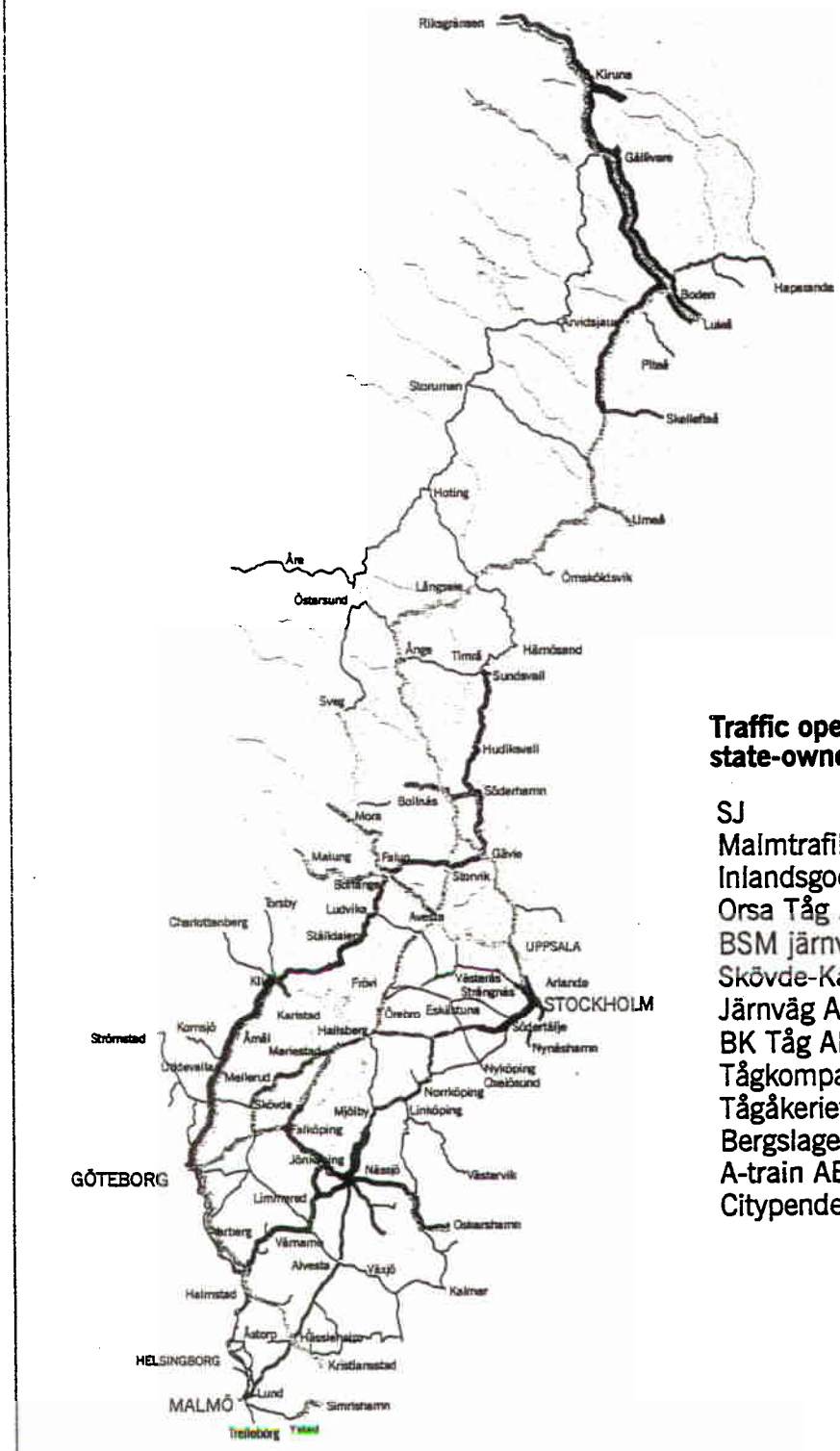
Et maintenant ?

- Les négociations sont engagées.
- Les Régions renforcent leurs moyens et leurs effectifs pour devenir de véritables autorités organisatrices de plein droit.
- La SNCF a fait des efforts importants en matière de formation des personnes concernées par la régionalisation, de professionnalisation des équipes, de réorganisation, et de clarification de ses comptes.

  Cette réforme aura des conséquences importantes sur le fonctionnement futur de la SNCF.







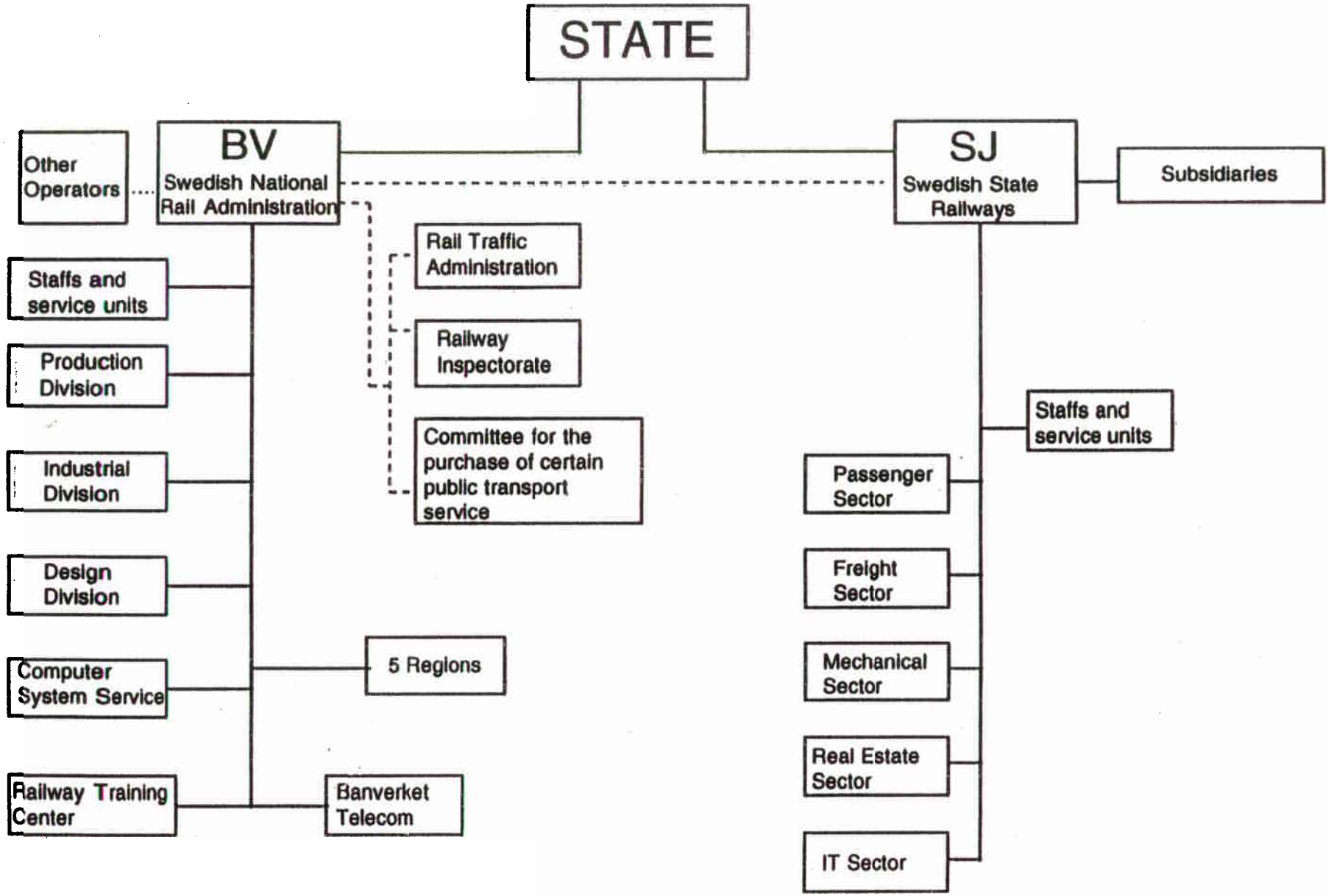
Traffic operators on the state-owned track infrastructure

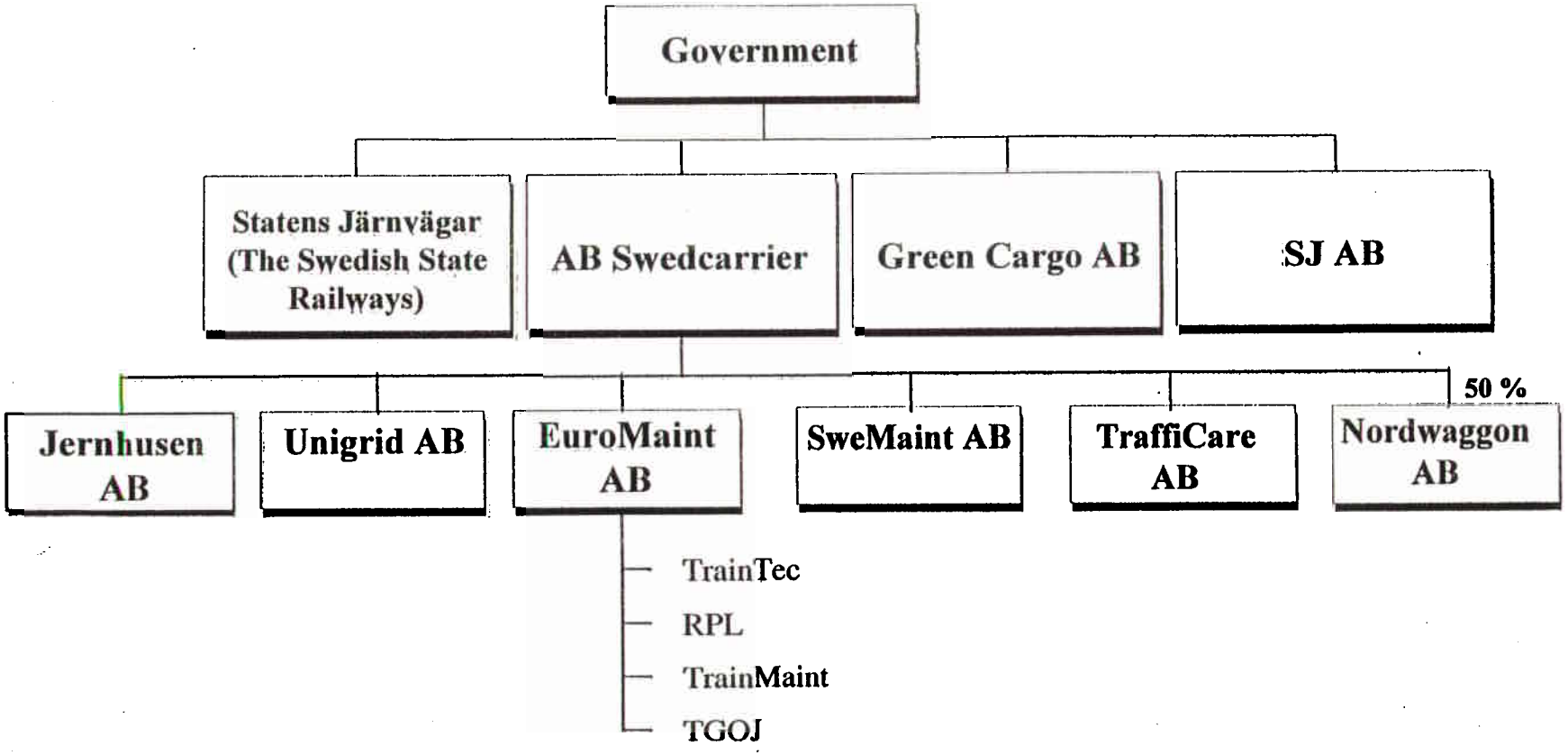
- SJ
- Malmtrafik AB
- Inlandsgods AB
- Orsa Tåg AB
- BSM järnväg AB
- Skövde-Karlsborgs Järnväg AB
- BK Tåg AB
- Tågkompaniet AB
- Tågåkeriet i Bergslagen AB
- A-train AB
- Citypendeln AB

001004

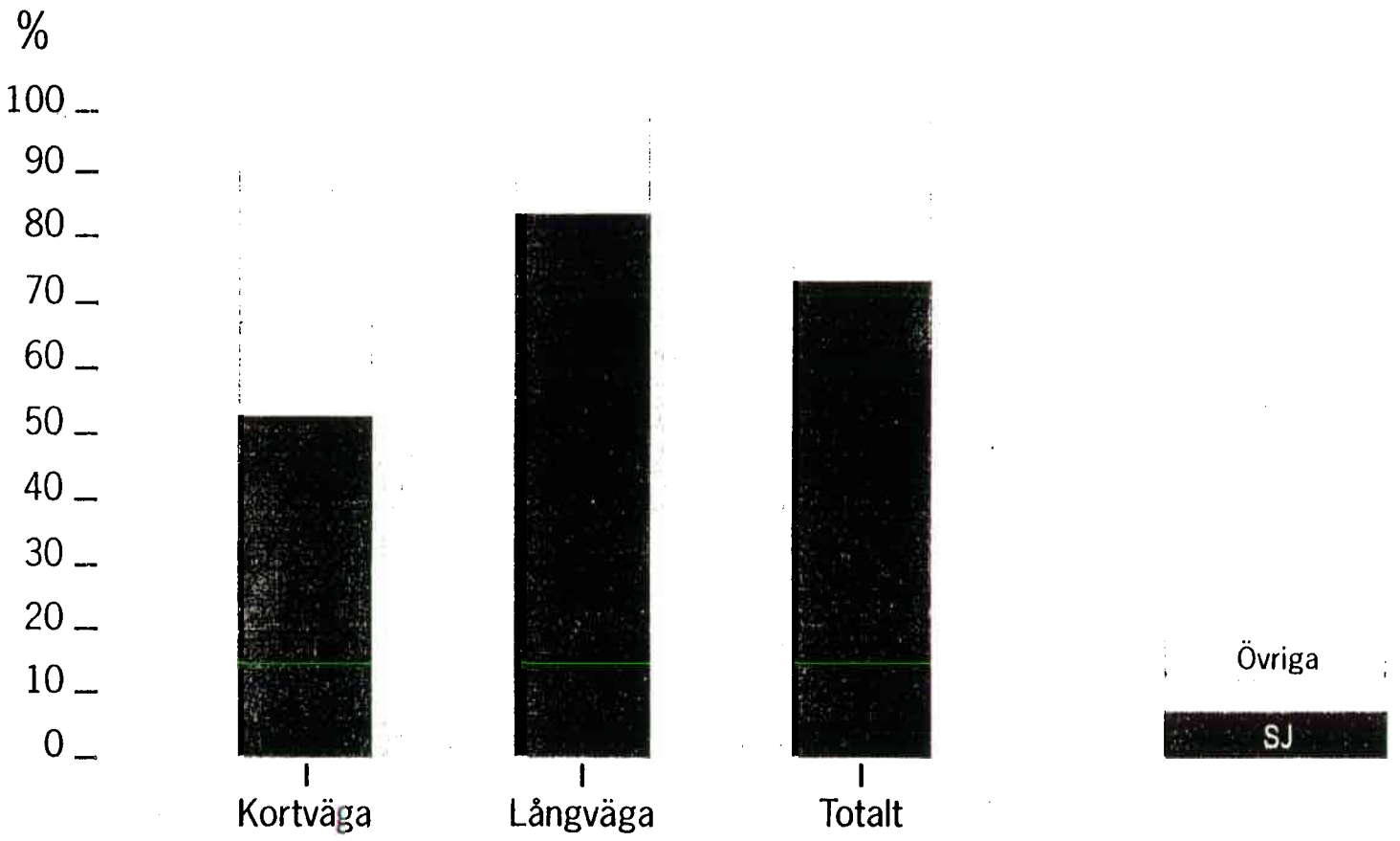
BANVERKET

SWEDEN


STATE
BV
Swedish National Rail Administration
Other Operators
SJ
Swedish State Railways
Subsidiaries
Staffs and service units
Production Division
Industrial Division
Design Division
Computer System Service
Railway Training Center
Rail Traffic Administration
Railway Inspectorate
Committee for the purchase of certain public transport service
5 Regions
Banverket Telecom
Staffs and service units
Passenger Sector
Freight Sector
Mechanical Sector
Real Estate Sector
IT Sector


Government
Statens Järnvägar (The Swedish State Railways)
AB Swedcarrier
Green Cargo AB
SJ AB
Jernhusen AB
Unigrid AB
EuroMaint AB
SweMaint AB
TraffiCare AB
50 %
Nordwaggon AB
TrainTec
RPL
TrainMaint
TGOJ

Totalt långväga och kortväga persontransportarbete på järnväg fördelat på SJ och övriga operatörer år 2000



Some facts on Sweden

- 449 000 square km
- 9 million inhabitants
- 1.7 million in the Stockholm area
- 0.8 million in the Göteborg area
- 0.5 million in the Malmö area
- 80 % of the population in the southern part

Some facts on Sweden

- 21 counties
- The county of Norrbotten covers 1/4 of the country
- The county of Jämtland is as large as Denmark
- One state adm. and one regional government elected by the inhabitants in each county

Some facts on Sweden

- The counties have right to tax the inhabitants
- The municipalities have right to tax the inhabitants
- The state redistributes a certain part of the local and regional tax incomes from rich to poor areas of the country

Some facts on Sweden

- The regional governments are responsible for

- health and medical service
- cultural activities
- public transport (together with the 289 municipalities)

Some facts on Sweden

- The average level of taxation to counties and municipalities is around 30 % of the personal income
- Around 82 % of the population pays no tax to the state
- VAT is generally 25 % (food: 12 %, public transport 6 %)

Organisation of public transport

- Counties and municipalities are responible (in Stockholm only the county)
- Taxation gives counties and municipalities a large degree of freedom
- No state funding to cover deficits (small state contribution to investments in county railtracks)

Organisation of public transport

- A limited company has been created in all counties but one
- The county must own half the company and the municipalities half (in relation to their population)
- Freedom to choose transport mode, timetable, tarif, etc.

Regional rail services from 1988

- Split-up between operator and infrastructure
- CTAs were given the right to operate trains on the county lines (27 % of the network)
- CTAs were given the right to operate regional services on the main lines

Regional rail services from 1988

- CTAs were given the right to make a choice between road and rail - or to make a combination
- CTAs were granted the state compensation earlier given to SJ
- CTAs were given around 100 vehicles free of charge

Regional rail services from 1988

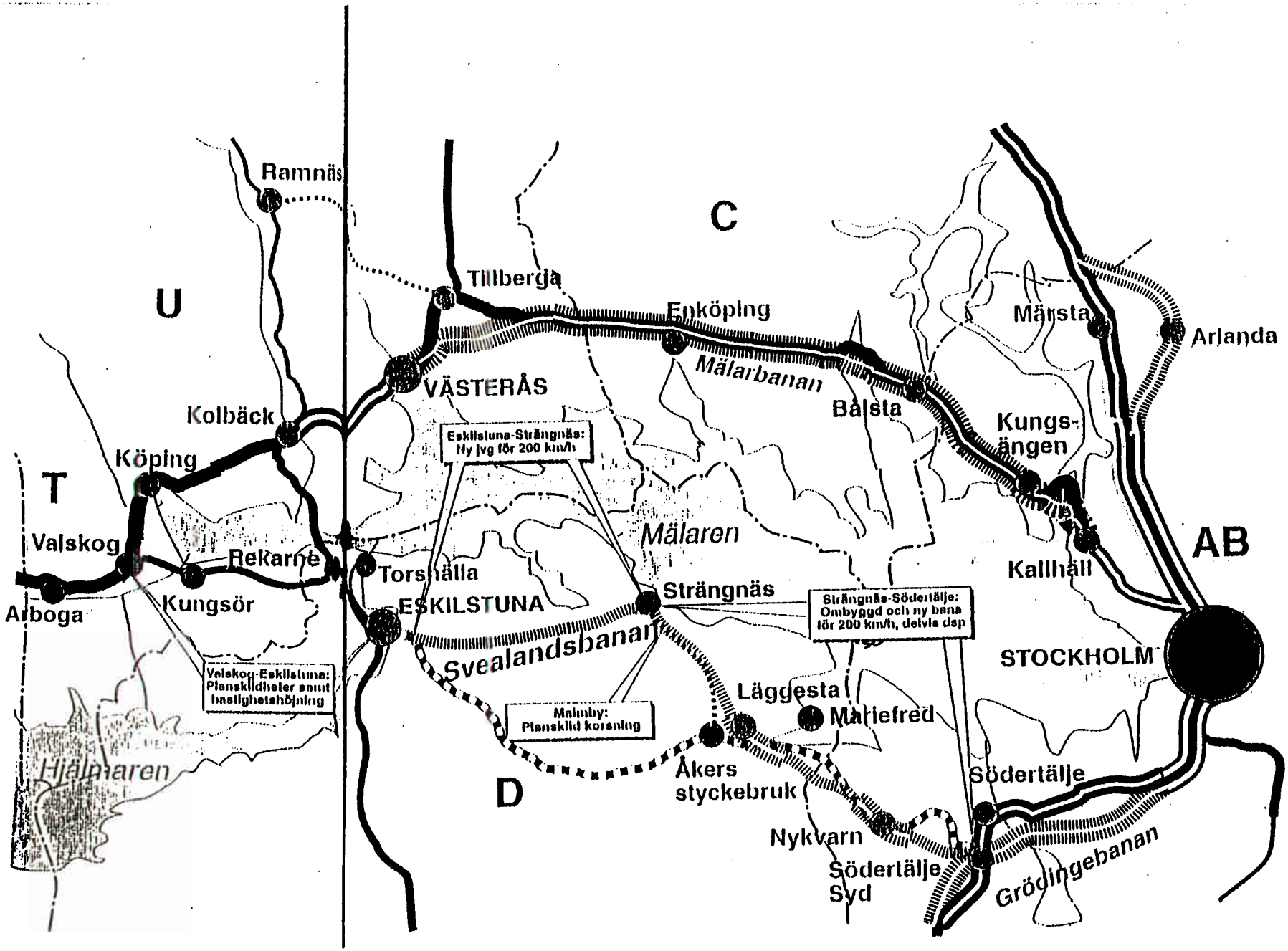
- Trains are today running on 18 of 23 county lines (bus in five cases)
- All traffic is purchased after tendering
- The cost per supplied train km fell from SEK 51 to 27 between 1994 and 1998

Effects of tendering

- Lower costs (10-20 %) - more traffic
- 1999: 630 contracts between CTAs and operators (bus and train)
- 50 % of the contracts covers five years or more

Effects of tendering

- Lower profitability for operators (even bankruptcies)
- Gross contracts have not stimulated service development
- Tendency towards net contracts


Ramnäs
C
U
Tillberga
Enköping
Märsta
Arlanda
VÄSTERÅS
Mälarbanan
Kolbäck
Bålsta
Kungs-
ängen
Eskilstuna-Strängnäs:
Ny jvg för 200 km/h
Köping
T
Mälaren
AB
Valskog
Rekarne
Torshälla
Kallhäll
Strängnäs
Strängnäs-Södertälje:
Ombyggd och ny bana
för 200 km/h, delvis dsp
Arboga
Kungsör
ESKILSTUNA
STOCKHOLM
Svealandsbanan
Valskog-Eskilstuna:
Planskildheter samt
hastighetshöjning
Läggesta
Malmby:
Planskild korsning
Mariefred
Hjälmaren
Åkers
styckebruk
Södertälje
D
Nykvarn
Södertälje
Syd
Grödingebanan

KUNGL TEKNISKA HÖGSKOLAN

Demand of regional journeys with SJ Eskilstuna - Stockholm

Period	*Departures Mon-Fri, each direction*	*Travel time (h:mins)*	*Fare Single (SEK)*	*Journeys (thousands per year)*	*Growth factor*
Until spring 1993	8 trains	1:40	115	230	*1,0*
Autumn 1993 - spring 1997	18 buses	1:55-2:20	105-120	440	*1,9*
Summer 1997	17 expr trains	1:00	55	1 600	*7,0*
Autumn 1997	17 expr trains	1:00	110	1 200	*5,2*
2000	18 expr trains	1:02	113-135	1 600	*7,0*

Journeys within Eskilstuna – Stockholm only, west of Eskilstuna exclusive

januari 2001

KUNGL TEKNISKA HÖGSKOLAN

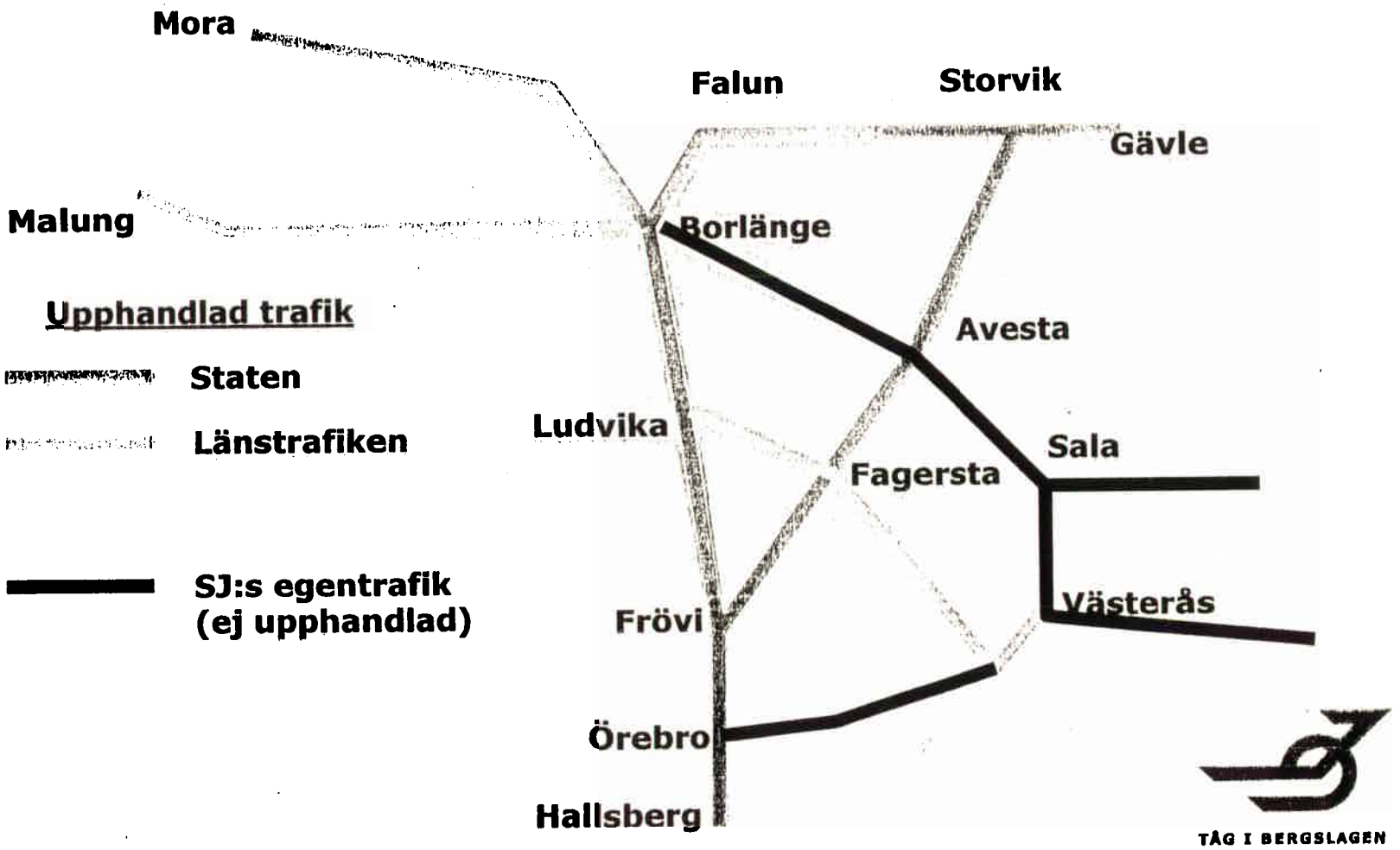
The Svealand Line Eskilstuna-Stockholm

-a study before and after the introduction of a new train system

- The market share for trains increased from 6% to 25-30%
- Car traffic on E20 has declined
- People with access to cars reported the largest increase in rail travel
- The bus is regarded as a poorer replacement for the car, while the train attracts travellers on its own merits
- Many motorists give a trip by express train a higher value than a car journey

juni 2000

Aktuella sträckor



A new initiative - TiB

- After tendering cross-county train services started within four counties in June 2001
- Large interest in all four counties
- An effort to promote intra-regional development and commuting

A new initiative - TiB

- A company has been formed by four county transport companies
- The state has granted SEK 62 million per year for five years
- The counties support the project financially

A new initiative - TiB

- A fixed compensation is payed to the operator
- The counties have guaranteed the contracts
- Support from EU makes it possible to improve the level of service

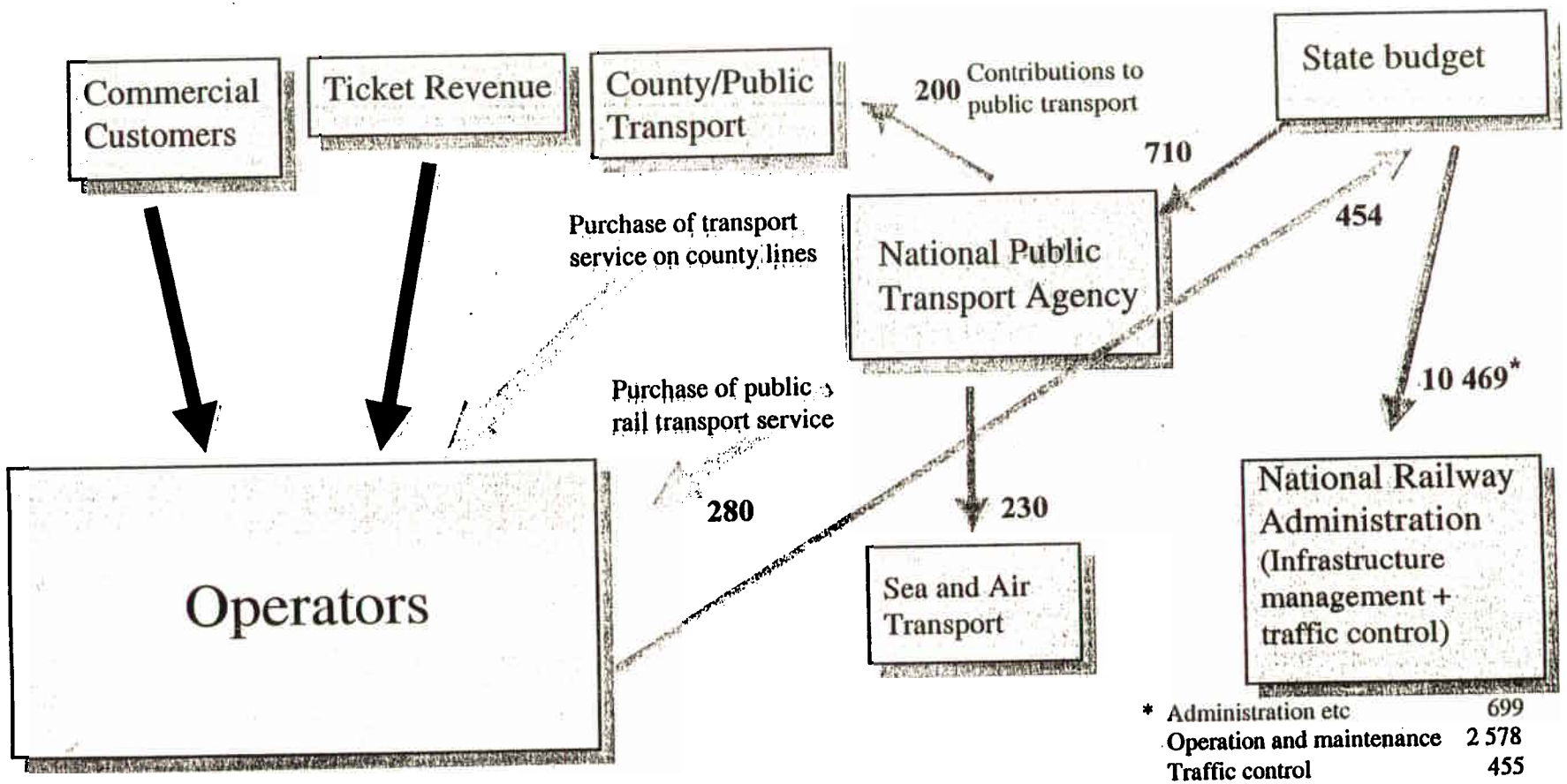
A new initiative - TiB

- The counties provide new trains (rent from a rolling stock company)
- Ticket co-ordination between the counties
- TiB is included in the nat. intermodal information and ticketing co-operation (Tågplus)

A new initiative - TiB

- SJ AB presented a traffic proposal which included 50 % more traffic than today
- Net contract with the operator SJ AB for five years (optional three years)
- SJ AB receives all ticket revenue

The Swedish model - Cash flow (MSEK)



* Administration etc	699
Operation and maintenance	2 578
Traffic control	455
Investments	3 779
Capital costs	596
Contributions	256
Railway sectoral duties	106
	10 469

Government Contribution
Contractual Payments
Infrastructure Charges
Traffic Revenue

Lennart Dahlborg 2001-05-25

Summary

- Direct dialogue between infrastructure manager and local/regional railway partners
- Direct dialogue between local/regional railway partners and operators
- Local and regional influence on supply lead to willingness to be engaged financially and in other ways in railway matters

Summary

- Transformation of the Swedish railways did not start with deregulation as the "ideological base"
- Control of infrastructure investment was underlined
- More players on the railway scene would make the sector more dynamic

European Commission
Directorate-General for Energy and Transport

The new regulatory framework for suburban railways

By Hinne Groot
Railway policy and combined transport

Better Ways to Deliver and Fund regional and Suburban rail Services

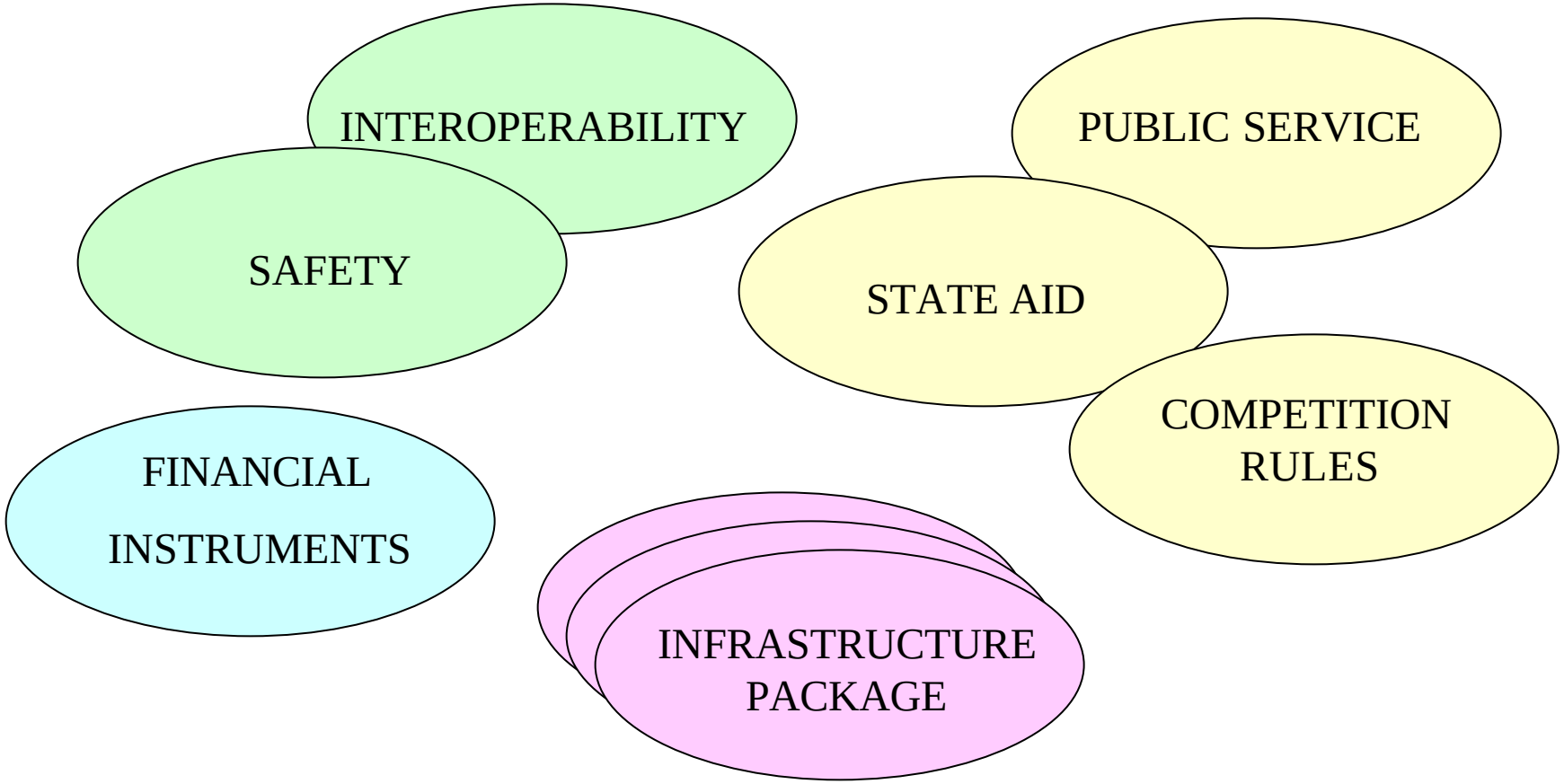
Worldbank 13 June 2001

Policy objectives suburban rail transport

- Secure socially and economically desirable accessibility of cities;
- Environmental quality;
- Support land-use planning;
- Improve overall transport safety;

EU role in suburban rail transport

- Suburban rail transport part of overall EU rail transport policy
- Public services as part of state aid and competition rules
- Financing Trans-European networks with urban relevance
- Research and knowledge development
- Subsidiarity: developing suburban rail transport in practice;


INTEROPERABILITY
PUBLIC SERVICE
SAFETY
STATE AID
COMPETITION RULES
FINANCIAL INSTRUMENTS
INFRASTRUCTURE PACKAGE

The general framework in the Infrastructure package

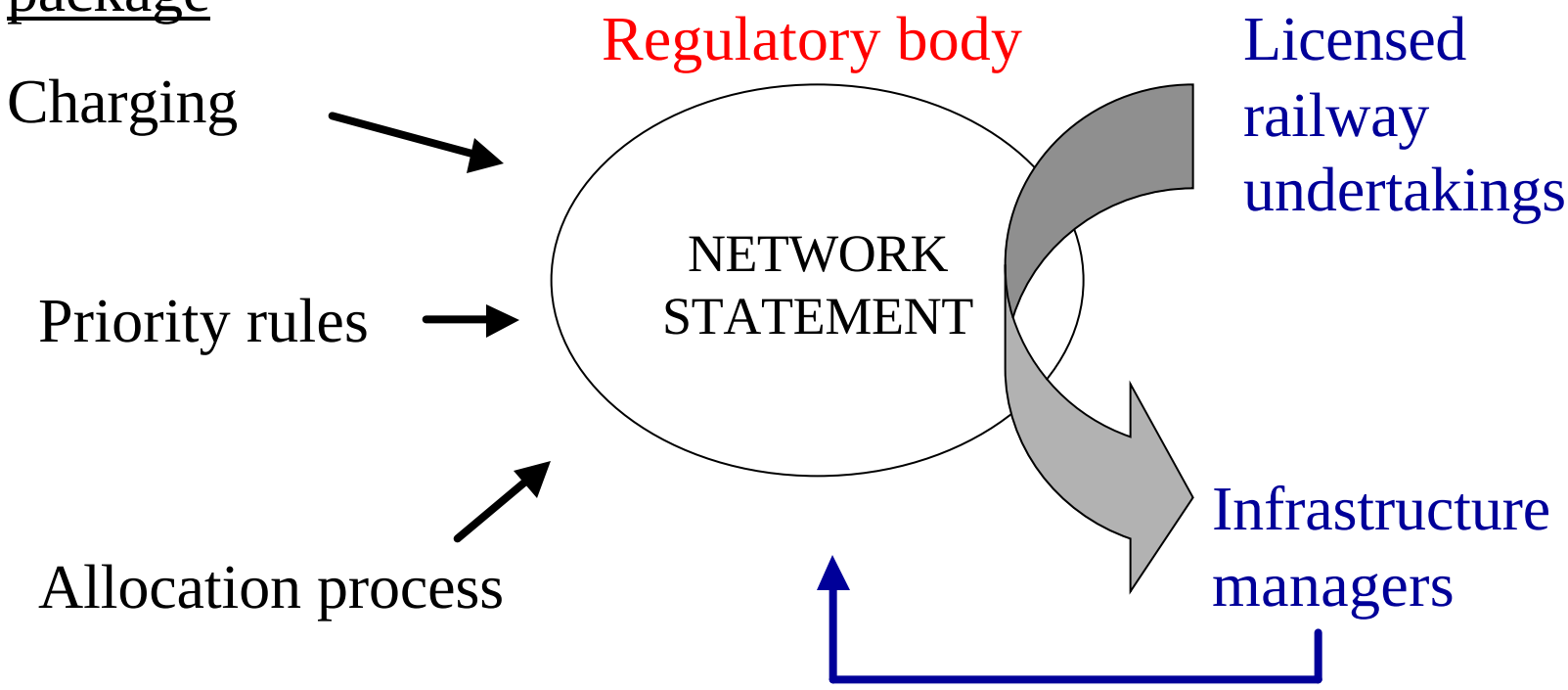
- **EU Directives in force: 91/440, 95/18, 2001/12, 2001/13, 2001/14**

- **Scope: includes (sub)urban rail services. Member States may exclude suburban railway lines if these are stand alone networks**

Aims of the rail infrastructure package

- Market opening in international rail freight to improve competitiveness of rail transport
- non discriminatory access to the infrastructure
- charging for infrastructure and allocation of capacity in order to efficiency of infrastructure use

Introduction: The general framework in the Infrastructure package



Infrastructure Package

Access rights

- Directive 91/440
  - international groupings and int. combined transport
- New Directive: (amending Dir. 91/440)
  - 2003 opening on the TERFN (= 50 000 km) for international freight services
  - 2008 opening on the whole network for int. freight services

Non discriminatory access

- Essential functions infrastructure management :
  - granting licenses of railway undertakings;
  - decision making related to the path allocation; definition and assessment of availability;allocation of individual train paths;
  - decision making related to infrastructure charging;
  - monitoring observance of public service obligations

- Shall be entrusted to bodies or firms that do not themselves provide any rail transport services

Licensing

- Set the conditions to obtain a licence
- A licence awarded by a Member State is valid throughout the whole territory of the European Union
- Licence are notified to the Commission and published in the OJEC

Network Statement

- Published 4 months before capacity allocation process
- Describes infrastructure available to railway undertakings and all conditions of access.
- Charging principles and tariffs
- Capacity Allocation: principles and criteria, procedures and deadlines

Capacity allocation

- Timetable setting each year
- Framework agreements (5 to 10 years)
- Priority rules
- Conflict resolution
- Capacity enhancement plan
- Short notice requests
- Capacity reserve possible
- Infrastructure manager shall answer within 5 days

Infrastructure Charges

- Transparency (published in the Network Statement)
- based on marginal cost
- possibility to charge “mark-ups”:
  - total cost coverage only if the market can bear it
  - investment in new infrastructure
  - external costs if other modes equally treated

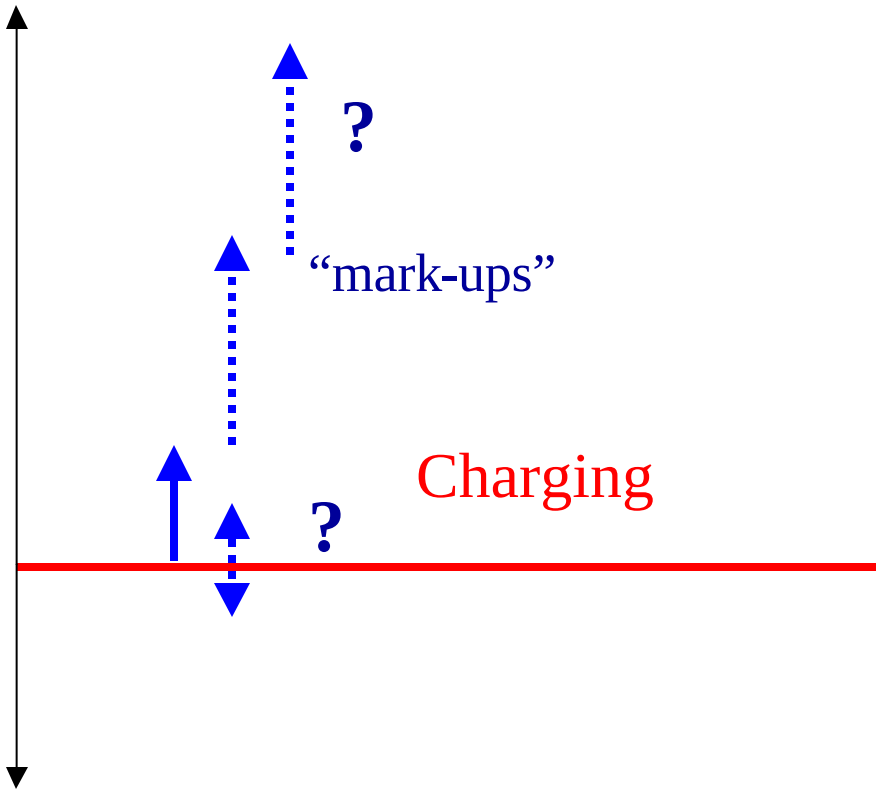
Charging: the different elements

Development cost
(new investments)

Total cost

Marginal cost of use

External costs



Regulatory body

- Independent from any infrastructure manager, charging or allocation body or any railway undertaking.
- Any RU can appeal.
- Appeals in particular with regard to network statement, allocation process, charging scheme, enforcement and monitoring of safety requirements.
- Shall monitor charges to ensure they are not discriminatory.
- Power to request information.
- Must determine any complaints within 2 months.
- Can require Infrastructure manager to modify decision

Public services

- Securing a sufficient level of supply of services
- Public service obligations should be compensated by the public authority
- Importance of contracts of public services
- Public service contracts at the right administrative (regional / urban) level
- Resources of public authorities to manage public service contracts

Public services

proposed amendment to regulation 1191/69

- Further transparency of contracts
- Controlled competition for public service contracts
  5 years max in principle- with limited exceptions
- Authorities can also lay down general rules affecting all operators in their area
- Safeguards for integration and employees, safeguards against oligopoly

- Society needs better services than the market will provide
  - key role for state aids
  - aim at high quality services (art. 4)

- People want integrated services
  - key role for exclusive rights

EU and Financing suburban rail transport

Available instruments EU Member States:

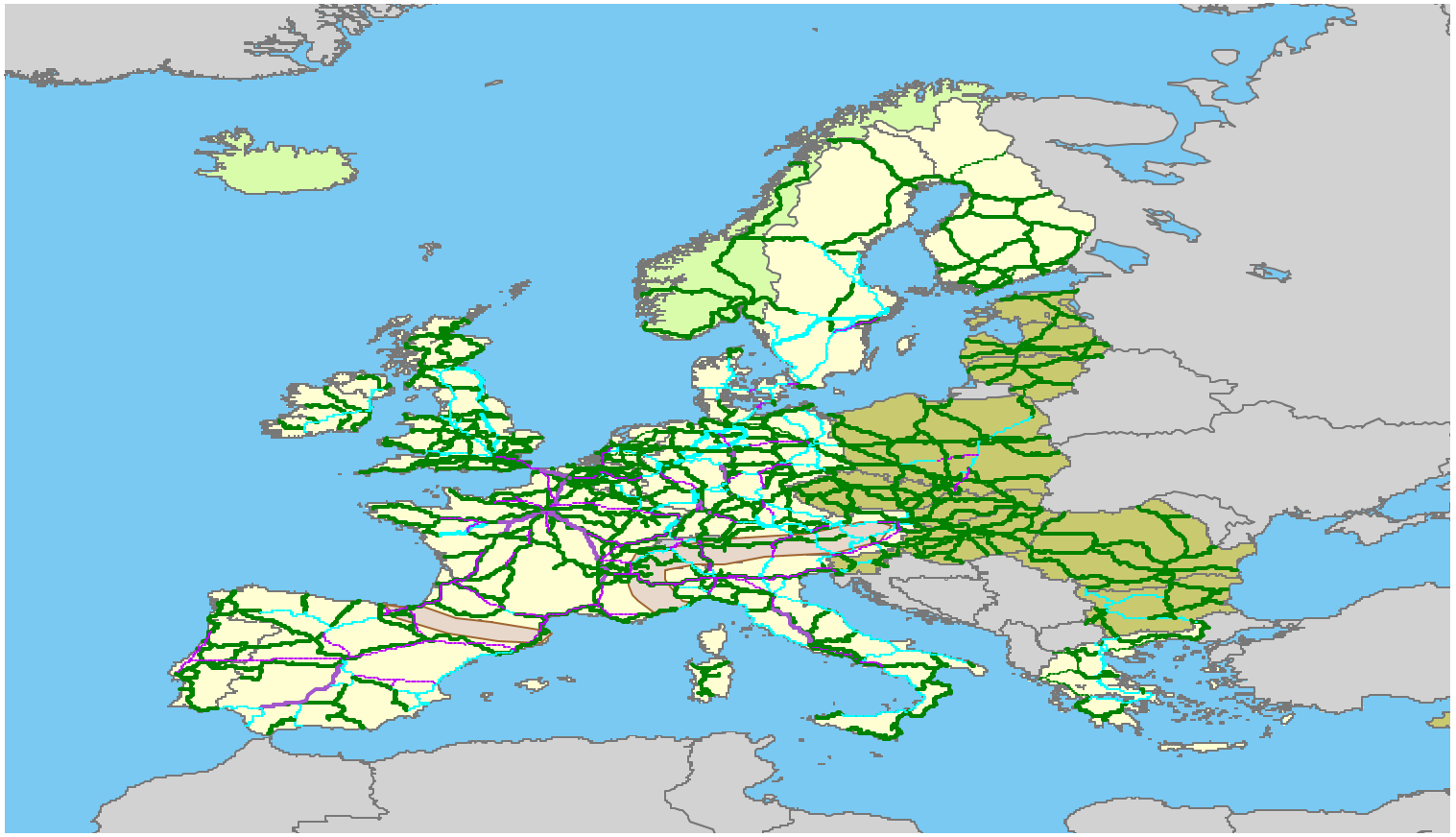
- Trans European transport Networks for i.a. rail, can have urban dimension in nodes
- Cohesion funds, Trans European networks but also Urban projects
- Regional development funds, local and regional

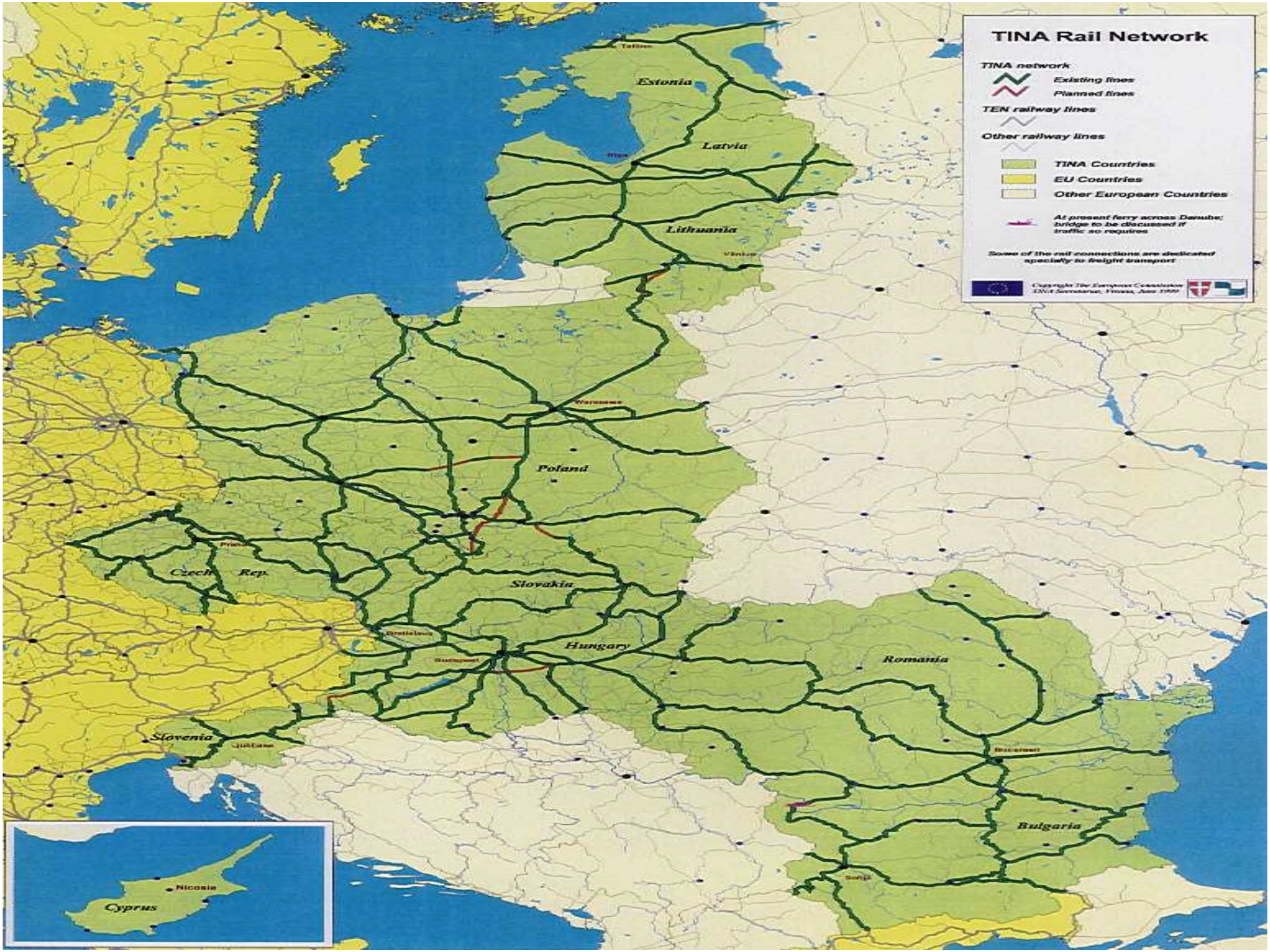
EU and Financing suburban rail transport

Instruments non EU:

- ISPA, Accession countries, Developing the TINA network, rail, can have urban dimension in nodes
- Phare, Accession countries, instrument to support enlargement process
- Tacis, 13 countries of Eastern Europe and Central Asia, partly investment financing

European Commission
Directorate-General for Energy and Transport




TINA Rail Network
TINA network
Existing lines
Planned lines
TEN railway lines
Other railway lines
TINA Countries
EU Countries
Other European Countries
At present ferry across Danube; bridge to be discussed if traffic so requires
Some of the rail connections are dedicated specially to freight transport
Estonia
Latvia
Lithuania
Poland
Czech Rep.
Slovakia
Hungary
Romania
Bulgaria
Slovenia
Cyprus
Nicosia

Research activities EU

- ISOTOPE, regulatory frameworks suburban transport
- Quattro, quality in public transport
- Eltis, database on public transport http://www.eltis.org
- BEST, BOB benchmarking in rail passenger transport
  http://www.bestransport.org/intro.html
- CIVITAS co-operating city pairs for public transport, large scale demonstration projects

- knowledge center http://europa.eu.int/comm/transport/extra/home.html

Conclusions suburban rail transport

- Added value suburban rail services high regarding congestion, environmental, safety
- Increasing number of railway undertakings requires new framework for access to the rail network
- Suburban services should be developed at the appropriate level of public administration, including appropriate resources

Conclusions suburban rail transport

- Competitive tendering increases efficiency and innovation
- EU financial assistance is mainly directed at projects with Trans European importance and has limited relevance for suburban rail transport
- Sharing and development of knowledge concerning suburban rail services

The International Association of Public Transport

Activities in Regional & Suburban Railways

Mohamed Mezghani
Director Programmes & Studies
mohamed.mezghani@uitp.com
www.uitp.com

Better mobility for people worldwide

UITP is:

- The International Network of Public Transport professionals
- The Point of Reference for the Industry
- The International Forum on Transport Policy
- The Advocate of Public Transport

Better mobility for people worldwide

UITP Membership

- Over 2000 members in 80 countries worldwide
- Includes all actors in the public transport field:
  - Organising Authorities
  - Transport Companies
  - Infrastructure Operators
  - Suppliers of Equipment, Systems and Services
  - Academics, consultants and others

UITP Membership Divisions

Assemblies/Committees

Regional

- Asia Pacific
- Europe
  - EU
  - Accession C[ies]
  - Eurasia
- North America

Sectoral

- Organising Authorities
- Industry

Modal

- Metropolitan Railways
- **Regional and Suburban Railways**
- Light Rail
- Bus
- Regional Transport
- Waterborne Transport

Commissions

General

- Transport Economics
- Transport & Urban Life
- Transport Management:
- Human Resources
- Marketing & Product Development
- Information Technology & Innovation

Better mobility for people worldwide

UITP Regional & Suburban Railways Committee (1)

- Founded in 1992
- Defends the interest and promote public transport by regional and suburban railways
- Carries out studies and pilot actions focusing upon quality of vehicles, improvement of R&S railways' impact on the environment, efficiency and safety

UITP Regional & Suburban Railways Committee (2)

- 30 members from 15 countries: A, F, D, L, IRL, B, DK, ES, P, IL, I, S, CH, BRA, UK
- Diverse members' status: public, private, national railways, local & regional networks, suburban networks (RER)
- Strives for links and synergies with manufacturers and authorities

UITP Regional & Suburban Railways Committee (3) - Working Issues

- Access & charging of railways infrastructure
- Specifications for new rolling stock for R&S railways
- Quality of service of R&S railways
- Relationship and contracts between operators and organising authorities
- Track sharing
- Intermodality

Relationship between Train Operating Companies (TOC) & Infrastructure Management Companies (IMC)

Report of UITP R&S Railways Committee (1)

- EU Directive 91/440 requires a strict separation of rail operations from infrastructure management. Implementation varies according to countries
- Infrastructure pricing:

  - Track access fees based on train-km operated
  - Charging should not impede the development of R&S railways services and should take account the competition with road transport

Relationship between Train Operating Companies (TOC) & Infrastructure Management Companies (IMC)

Report of UITP R&S Railways Committee (2)

- Quality of infrastructure:
  - It impacts the quality if services
  - TOCs' needs to be taken into account when planning, building and maintaining the infrastructure
  - Agreements between IMCs, TOCs and authorities to set standards
  - Develop incentive mechanisms

UITP Efforts towards Rail Standardisation and Harmonisation

- MARIE (MAss transit Rail Initiative for Europe)
- AEIF (Association Européenne d'Interopérabilité Ferroviaire)
- Joint Strategy for European Rail Research 2020

Mass transit Rail Initiative for Europe

- Launched by UNIFE and UITP under the auspices of the EC
- Aim: Provision of better and affordable rolling stock and infrastructure
- Why: Local regulations and specifications for safety and performance mean short production runs and high design development costs
- Objectives:
  - Guidelines on terms and conditions for purchase contracts
  - Research project to promote standardisation of basic design for light rail vehicles

Better mobility for people worldwide

European Association for Rail Interoperability (AEIF)

- Set by UNIFE, UIC, CER and UITP
- Develop standards for interoperability
- Mandated by the EC to draft the Technical Specifications for Interoperability to ensure compatibility of infrastructure, rolling stock and other equipment
- After high-speed trains, conventional rail will be addressed

Better mobility for people worldwide

Joint Strategy for European Rail Research 2020

- Recent initiative by UNIFE, UIC, CER and UITP
- Develop a common single strategy for pre-competitive research in interoperability, modularity and standardisation to make rail transport safer, more attractive, more affordable, cleaner and more competitive.
- Presented to the EC Commissioner in charge of Research and fairly well received

Conclusion

- UITP directly affected by any measure to make rail transport more successful, ease operation and make it more attractive at affordable cost
- Interoperability is a key issues: e.g. tram/train, cross-border transport (Euregions)
- Innovative standardised rolling stock may help renewal of old and rigid heavy rail rules and adapt them to modern operation concepts

“SUB-URBAN RAILWAYS WORKSHOP”

Colmar, June, 2001

Presentation by

Eva Molnar, Transport Sector Manager
Infrastructure Unit, ECA

The World Bank

OUTLINE

- CURRENT RAILWAYS PROJECTS
- LESSONS FROM CURRENT BANK PROJECTS AND RAILWAYS TRENDS
- WHAT HELP THE BANK CAN OFFER

BANK FINANCED RAILWAYS PROJECTS AND TRANSPORT PROJECTS WITH RAILWAYS COMPONENT

CURRENT BANK PROJECTS

- **Europe and Central Asia: Bulgaria, Croatia, Poland, Romania (R); Armenia, Macedonia (T)**

- **Middle East and North Africa: Morocco (R); Jordan, Tunisia (T); Cairo (UT)**

BULGARIA

- LOAN AMOUNT: $ 95 million
- DO: Restructure BDZ
- COMPONENTS: MIS, track maintenance equipment, loco maintenance equipment

BULGARIA – cont.

- During 1998 BDZ eliminated the regional layer of management, reduced staff by 6,100 (12%), and strengthened marketing and business planning.
- Agreement with the Bank requires closure of four lines totaling 151 km in the first phase and 15 additional lines totaling 153 km later.

BULGARIA – cont.

- Bids were solicited to privatize six subsidiaries, but no bids were received. The six are now being offered a second time.Bids for seven other subsidiaries will be solicited later in 1999.
- Government budget support rose from $16.8 million in 1997 to $32.8 million in 1998 and $34.3 million in 1999.

CROATIA

- LOAN AMOUNT:$ 101 million
- Program amount (incl. EBRD): $ 183 million
- DO:Modernize and restructure HZ to diminish its deficit and the fin. Burden on the budget and to improve HZ's competitiveness
- COMPONENTS: track renewal; rehab. Of traction units and spare parts; conversion of freight wagons; rehab. Of passenger coaches; environm't prot.; severance; TA: efficiency improvement

CROATIA – cont.

- Performance indicators (1999-2002):

working ratio (excl. subsidies): from 168 to 145 %

Working ratio (incl. Subsidies): from 86 to 77 %

Internal cash generation as % of 3 years average investments: from –32 to +62%

Debt service coverage ratio: from 1.2 to 1.8

Operating subsidies as % of GDP: from 0.9 to 0.77 %

Staff productivity (TU/employee, 1.000): from 163 to 217

Reduction of un-economic passenger services (train km, million) : 30 %

Uneconomic line closures or PSOs: 650 km

CROATIA – cont.

- On January 1, 1999, HZ was divided into two units: infrastructure and transport operations, staff was reduced by 1,303 in 1998 (5.7%).
- Involuntarily staff reduction revised, execution starts in 2001

POLAND

- LOAN AMOUNT: $101million (Invest't loan)
- Program amount: $335.3 million
- DO: competitive services; reduce gov.t's fiscal burden (lay off of 37,000 workers, prepare subsidiaries for privatization), prepare for EU accession
- Components: temporary income support (mostly severance), labor re-deployment, TA: access charges, PSO+subsidies, privatization advisor, advice to regional governments, low density lines)

POLAND – RAILWAYS PROJECT

- Outcome indicators:

By 2003 increased efficiency:

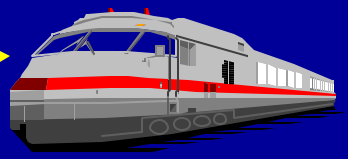
- from 431 to 574 pkm+tkm/1000 staff
- labor cost: from 56% to 43 % of revenues
- improved profitability (+; little subsidy, better cost recovery)
- competitive freight rates compared to road

POLAND – RAILWAYS RESTRUCTURING

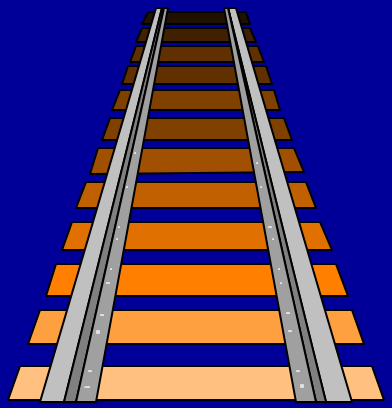
URBAN PASSENGER: SKM AND WKD

PKP SA

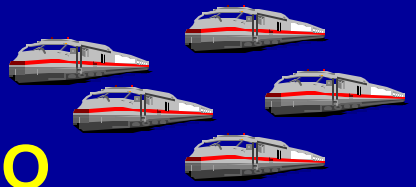
INTER-CITY



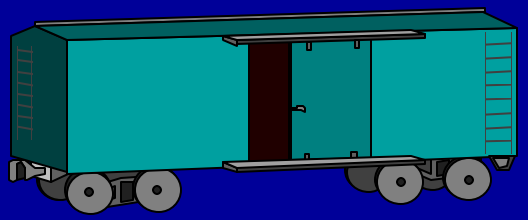
PLK SA - INFRASTRUCTURE



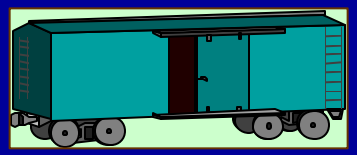
REGIONAL PASSENGER



PKP CARGO



IRON ORE LINE, LHS



ROMANIA – RAILWAYS PROJECT

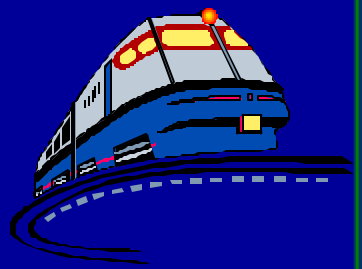
- LOAN AMOUNT: $ 120 million
- DO: support and deepen SNCFR restructuring
- COMPONENTS: track renewal and maintenance, IRIS, signaling and telecommunications, environmental improvement, traction and depot improvement, rehab. Of passenger coaches and freight wagons

ROMANIA –cont.

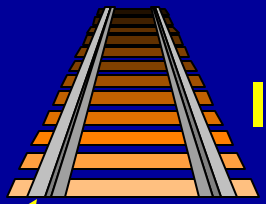
- In October 1998 SNCFR was divided into five companies under the Minister of Transport, and staff was reduced by 28,200 (21%) by year-end.

ROMANIA – RAILWAYS RESTRUCTURING

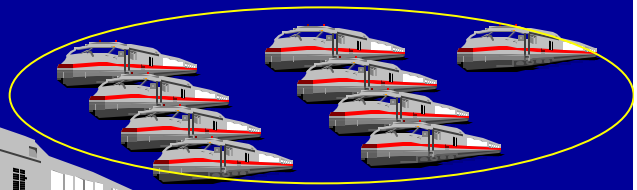
OLD NATIONAL RAILWAY

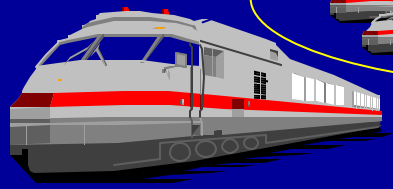


Split Into Five New Companies 0ct. 1, 1998

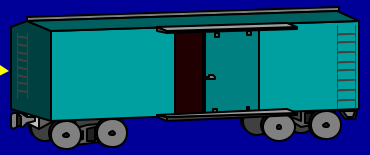


INFRASTRUCTURE

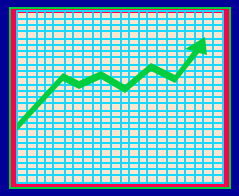




PASSENGER



FREIGHT



FINANCE, LAW & OTHER

SURPLUS ASSETS

ARMENIA – TRANSPORT PROJECT

- LOAN AMOUNT: $ 40 million
- DO of railways component: improve rail services between Yerevan and Georgian border; improve financial and managerial performance of ARD
- COMPONENTS ($15.2 m): rehab. Of tracks and bridges, overhaul of loco-s and wagons, up-grade of rolling stock repair workshop, TA: separate infra., rolling stock, freight and passenger operations

ARMENIA – TRANSPORT PROJECT – cont.

- Performance indicators:

Reduce transit time by one half: from 10 to 5 h

Working ratio (1999-2010): from 98 to 78 %

Debt service coverage ratio by 2010: 30

MACEDONIA – TRANSPORT PROJECT

- LOAN AMOUNT: DEM 52.8 million
- Rail DO: reduce costs and increase labor productivity of MR; adopt PSO scheme
- Rail COMPONENTS: computers and communication system, dispatching radio system, TA: PSO, financial and cost model, training

MOROCCO – railways restructuring (1996-2002)

- **LOAN AMOUNT: $ 85 m**
- **Total program costs: $ 614 m**
- **Restructuring strat.: debt restruc't; organizational reform; un-profitable passenger services to be cancelled; re-deployment of part of the staff from HQ to productive units; revision of phosphate base tariff; agreed investment program**

MOROCCO – cont.

- ONCF's re-organization: into joint stock co.; attract private capital; separate commercial operation from PSO operation; reduce gov't's financial support to PSO; reform railways pension system
- Components: track renewal, rehab . Of electric traction facilities, improve signaling and telecom systems; purchase of 7 electric locomotives, 100 specialized wagons, rehab. Of passenger coach fleet; TA; MIS and computers

JORDAN

- Transport III (completed)
- LOAN AMOUNT: $ 35 m.
- Railway DO: TA to improve operational efficiency and financial viability of the Aqaba Railway Corp.
- In fact attempts to issue a concession

TUNISIA

- **LOAN AMOUNT: $ 50+37.6 = 87.6 m. (Adaptable Program Loan)**
- **Total Program: $ 137.20 m.**
- **Phase I: 1998-2001**

- railways: (total costs: $46.8 m.)

- DO: increase efficiency and quality, reduce fiscal burden on gov't through private sector funding investment and more efficient public enterprises – RAILW: commercializing SNCFT and making it financially autonomous (re-organization along 4 business lines:sub-urban and inter-city passenger traffic, freight and phosphate traffic; tariff adjustments, transparent PSO compensation)

TUNISIA – cont.1

- components: infrastr., severance, TA
- Some Program Indicators (1997-2005):

Transp. Invest't as % of GDP from 2.5 to 3.5

Private sector share in tr. Inv.: from 25 to 50%

Tr. Subsidies as % of GDP from 0.8 to 0.2

- Railways project indicators (1997-2002):

Budget support as % of revenues: from 80 to 40

Traffic unit/staff employed: from 450 to 600

Reduction of travel time on Tunis-Sousse 30', on Tunis Ghardimou 15'

Small trucks share of ton-kms (inter-city) from 40 to 30 %

TUNISIA- cont. 2

- **Phase II: 2002-2006**
- **DO: eliminate excess costs in transporting phosphate (reduction by 25%) through removing operational inefficiencies through capacity enhancement, deployment of modern communications network, downsizing of staff**
- **Components: up-grading the railway phosphate network (track doubling, centralized traffic control system etc.); severance; TA**

LESSONS FROM CURRENT BANK PROJECTS AND RAILWAYS TRENDS

TO COMPETITIVELY PARTICIPATE IN THE GLOBALIZED ECONOMY

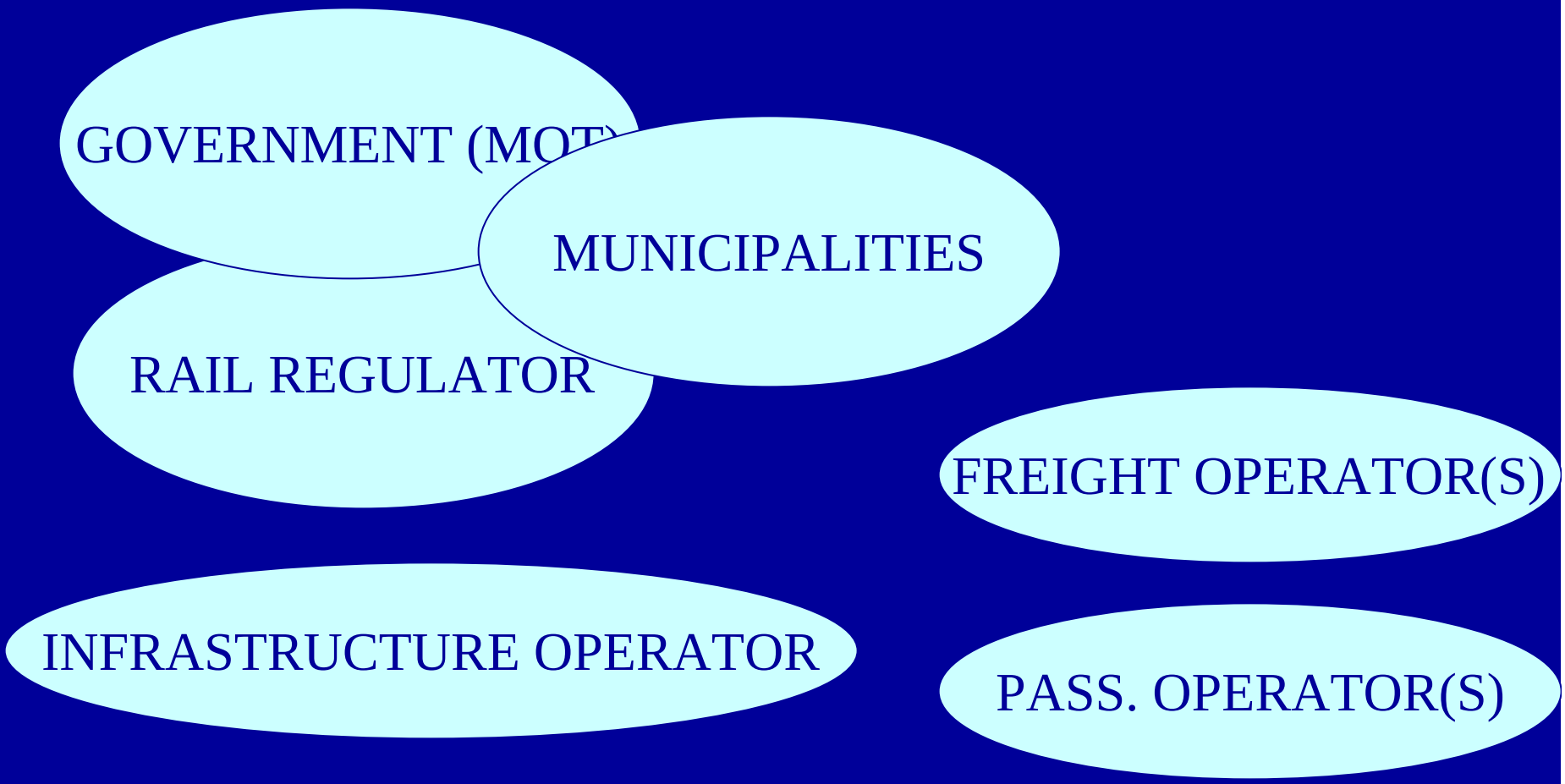
RAILWAYS REFORMS

- Some are more progressive than the others
- Persistent problems: lack of clarity in relationship between railways and government, not yet at arm's length, railways structures do not yet reflect the market segment they are to serve - not fully executed separation, over-staffed and often financially bankrupt, obsolete fleet, huge maintenance backlog, slow move towards MIS and IT applications, obsolete border clearance

MULTIPLE REFORMS IN A SHORT PERIOD OF TIME

- Staff retrenchment is part of railways reforms
- Privatization of cargo operator is a reality
- Governments and municipalities are to face the clear need for subsidies through PSO contracts and/or reduction of services
- It is not an easy task to set the access charges and to safeguard fair competition

NEW ROLES & FUNCTIONS FOR ALL THE PARTIES

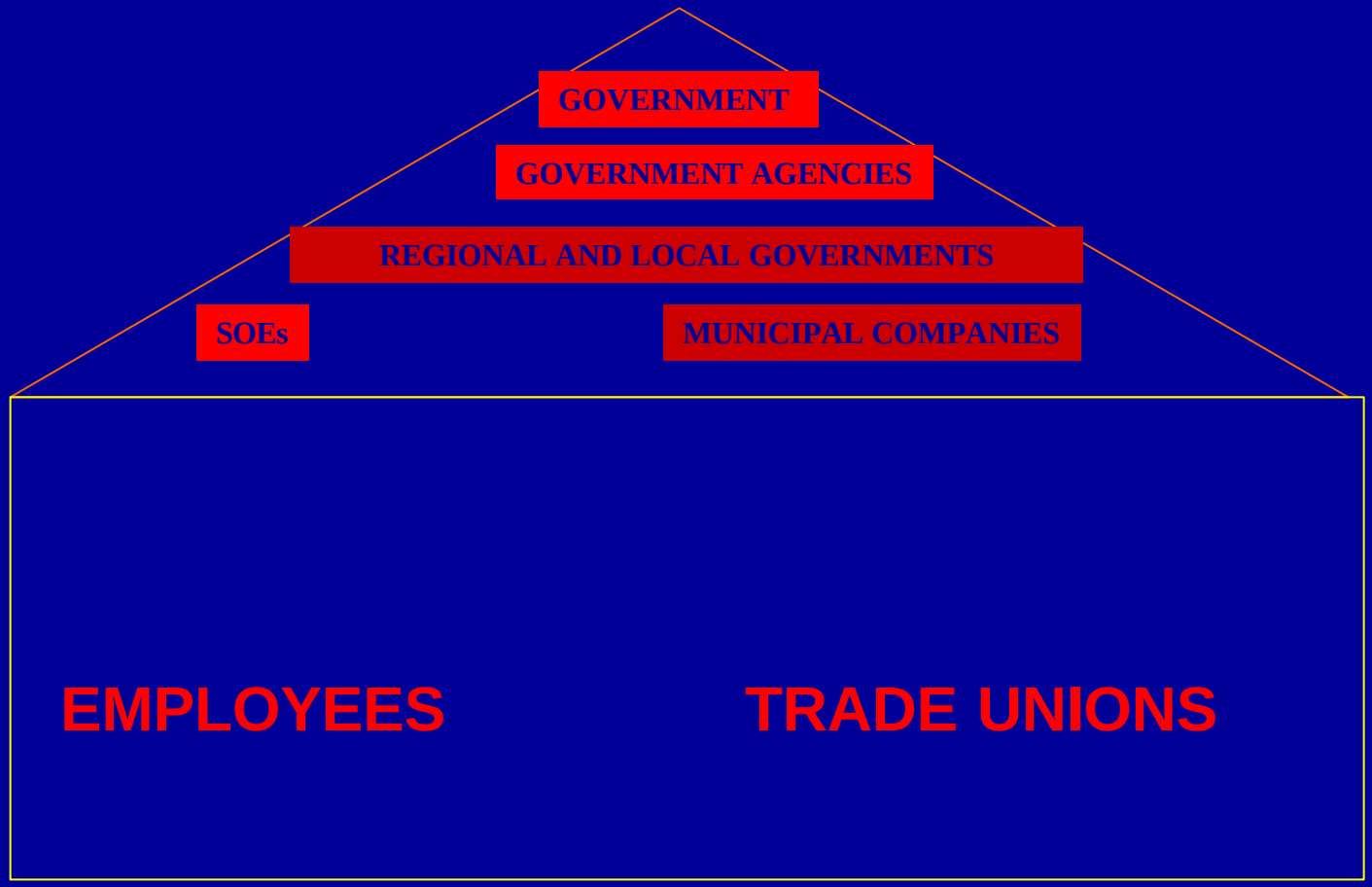


Potential roles of railways regulators

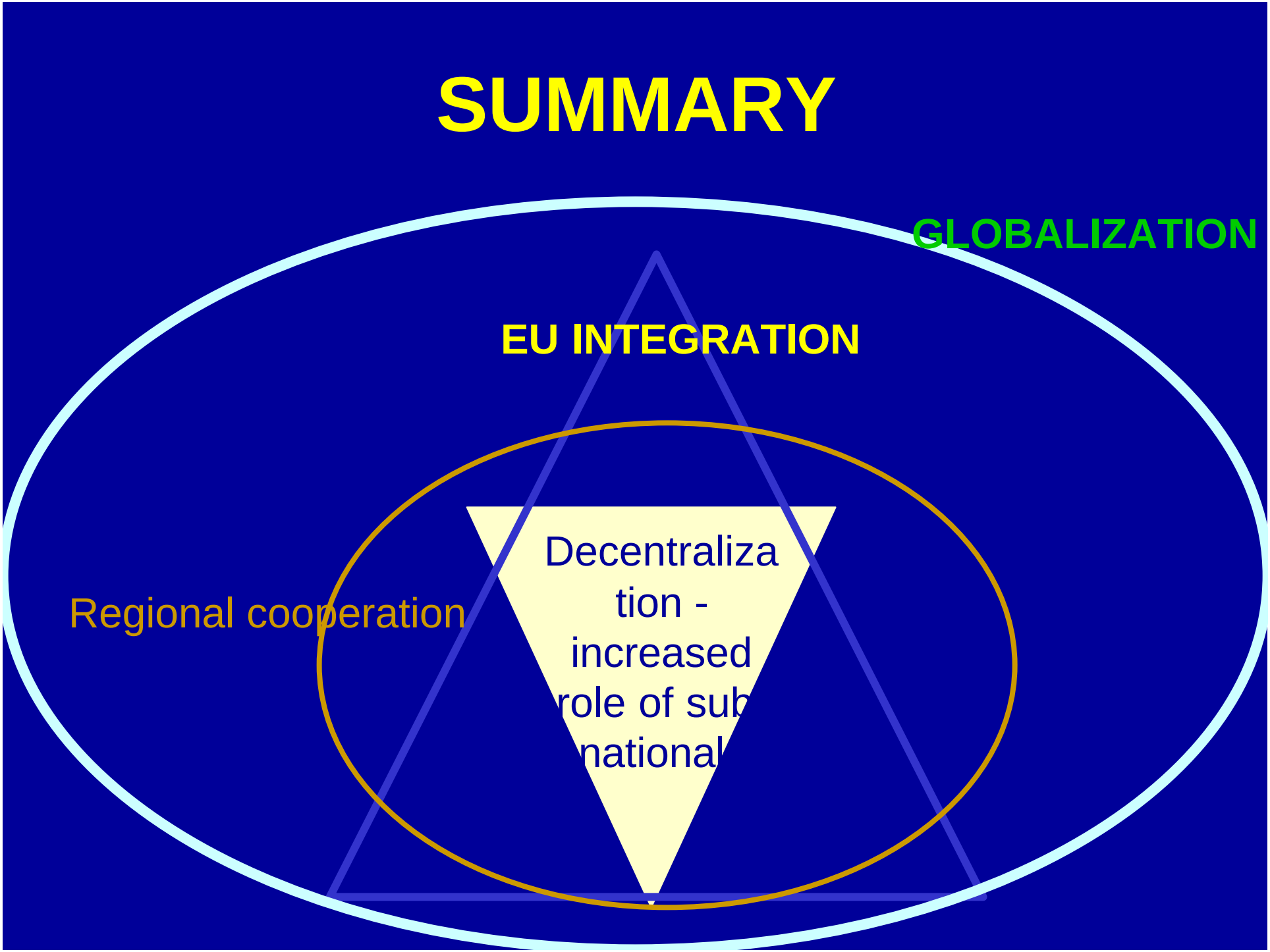
- **Market access +**
- **PSO agreements**
- **(Timetables - pass.)**
- **Safety, dangerous goods, environment**
- **Standardization**
- **Statistics**
- **Information dissemination and PR**
- **Reporting to MOT, drafting and enforcing regulations, responsibility towards Public**
- **International cooperation**
- **(facilitate railways restructuring)**

- Community Railways licenses, free access
- Several EC Directives (e.g. dang.goods advisor)
- UN ECE, UIC, EC, ECMT
- Reporting to the EC

COMMITMENT ON ALL LEVELS IS CALLED FOR



SUMMARY


GLOBALIZATION
EU INTEGRATION
Regional cooperation
Decentraliza
tion -
increased
role of sub
national

WHAT ASSISTANCE CAN THE BANK OFFER?

WHAT ASSISTANCE CAN THE BANK OFFER?

- Transport Sector Studies and policy dialogues, workshops (e.g. access charges, PSO)
- Loans to help implement
  - Transport Sector restructuring programs
  - Efficiency improvement of Railways to compete in an open transport market and also to have better access to the world (e.g. through port commercialization)
  - Social programs (severance payment)

BANK ASSISTANCE TO MAKE THE RAILWAYS EFFICIENT

- Full sectoral restructuring
- Improve financial transparency between infrastructure owner and transport operators
- Lend for severance payments
- Rehabilitate core infrastructure, finance Track renewal,
- Installation of information systems…...
- Training: WBI; DLI

For more information
see the ECA Transport Web Site at

http://www.worldbank.org/ecspf/ecsin

TRANSPORT INFRASTRUCTURE PLANNING AND IMPLEMENTATION

LARS NORDIN

Projects Directorate
EUROPEAN INVESTMENT BANK
LUXEMBOURG

Colmar, June 2001

Introduction

The European Investment Bank's (EIB's) mandate covers transport in every form with a particular emphasis on regional development and European Union cohesion. TENs and urban transport are special focus points. EIB's activities in the transport sector during the period 1996-2000 amounted to EUR 41 billion or 28% of total lending of EUR 146 billion.

An efficient transport system is fundamental for economic development. Transport has become increasingly important with the globalisation and integration of industrial processes. With improving reliability and services the already existing demand continues to grow.

The provision of new infrastructure is relatively slow and costly to put in place and, particularly in the more acute areas where population density is high, demand may be impossible to satisfy fully. The congestion which occurs will result in loss of productivity and resources as well as impacting negatively on human health and generally degrade the environment locally and global.

The challenge is how to provide the most effective system with the budgetary and other constraints that exist. Some restraints to movement may become necessary in the future especially for individual road transport.

The context of infrastructure

The transport infrastructure forms a vital part of the transport process but the operators also need to be optimised. In the main modes of transport the relationships between the infrastructure and the operators varies and requires a different approach to optimise the particular mode:

- **In ports and airports,** the interface is between infrastructure operators and shipping companies or airlines, which are usually competent and well organised firms. The public deals with the transport companies, who in turn pay for the use of the infrastructure. Competition occurs naturally between the transport companies but between the different infrastructures competition is not so obvious. If local monopolies occur it is for the Public Administration to intervene.
- **In railways,** traditionally, a monopoly situation existed with an integrated system, combining the infrastructure and operations under the same, usually state controlled, management. To revitalise the railways, the infrastructure and operations have increasingly been separated to improve overall efficiency and introduce competition between operators. The railways have been seen as a strategic response to the over-loading of the other transport modes (roads and medium-haul air) with considerable benefits in environmental terms. Modernising the railways is complex. The interfaces between the private sector infrastructure providers and the service operators are not easy to establish or always successful. The ultimate client deals with the train operators, who deal with the infrastructure provider. The payment structure between the parties is not simple; ultimately some significant financial support is required from the Government particularly for new investments.

- **In roads,** the infrastructure in the classic situation is further separated from the users administratively. Roads are the most extensive, flexible and used transport infrastructure. Most of them are provided as a common (and free) good to the population and are perceived as such. Dialogue with users can be channelled through Automobile users associations and for goods, various Hauliers associations. The public's response to direct road use charging differs greatly by country, depending on the tradition, but most countries are considering moving in this direction, partly in an attempt to manage the road congestion problem as well as for financial reasons.

The role of the Public Administration

The Government and the Public Administration are ultimately responsible for the transport system. This may be delegated through establishing para-statal bodies or various forms of concession. The main strategic issues relate to the institutional and legal frameworks, the policies, priorities and programmes, and the budgetary decisions.

The Public Administration is also responsible for the regulations concerning safety and the environment. The quality of the vehicle fleet requires regular testing to ensure compliance with the safety and pollution standards. Weight control of HGV on the road is of direct relevance to the infrastructure as over-loaded lorries cause degradation, accidents and costly maintenance. Driver skills are crucial for safety, and vary significantly by country. All these issues need proper and continuous improvement and a consensus on best practice should be encouraged.

Strategic Planning

Strategic transport planning should form an integral part of the development planning process of a country or region linked to spatial development. Its vision should be up to 15 – 20 years with intermediate horizons. It needs to retain some flexibility in the longer term to adapt to changing circumstances and should include all forms of transport, to provide an integrated optimum result. Once established, the Strategic Transport Plan needs to be reviewed regularly, say every 5 years. It should provide the overall framework of major links, the interdependence between transport modes and establish priorities. Emphasis should be placed on possible alternatives, which could still be considered if circumstances should change.

The Strategic Plan should also include any needed institutional changes and guidance on the policy issues relating to the role of the private sector involvement. The Strategic Planning process could radically change the economic, demographic and social aspects of a country, but it will take time.

An interesting example of strategic direction being given to a transport system has occurred recently in the Central and Eastern European Countries (CEEC) where the European Commission with the active assistance of the European Investment Bank set in place a process called the Transport Infrastructure Needs Assessment (TINA). This process, completed in 1999, comprised four main components.

- the collecting of data on the existing infrastructure, its use and its condition, and assembling it in a retrievable IT /GIS based system.

- the proposal of a conceptual structure for the main “transport corridors” – (i.e. not specifically rail or road as in the early TENs programme but multi-modal corridors), complemented by a supporting network.
- the proposal of a socio-economic methodology for assessing the viability of projects. Also institutional and legal improvements were put forward.
- an outline programme of investments for consideration by the specific countries.

The activity was strategic in the sense of creating an extension of the European Union’s TENs programme, but also practical in creating a methodology to allow the establishment of an investment programme. Attention was also drawn to the environmental issues. The programme would extend to year 2015 comprising investments estimated at 90 G EUR, limited to 1.5 % of GDP over the period.

Economic evaluation

The step from the Plan to the Programme requires project prioritisation. The Cost Benefit Analysis (CBA) is the basic tool for project evaluation. Most countries match the costs through-out the project cycle against benefits from travel time and vehicle operating cost savings and accident reductions. The acceptance rate for the Economic Rate of Return (ERR) varies by country but most developed countries use a range from 5 to 8 %, while in developing countries 10 to 12 % is more normal.

Externalities or indirect effects, are difficult to quantify, but should be taken into account in the evaluation. These may be both negative and positive and the relative effect against the “without project” case is assessed. When viewed over the whole system, the externalities can become significant and will become more relevant in the future with increasing pressure on space and the environment.

A cautious finance ministry may require a “reasonable down-side” case of traffic while the conceptual designer who wants to optimise the design will use a “reasonable estimate”. Often an independent review is useful for major projects, especially to check the input data and the methodology used. Direct tolling of a road, for instance, reduces the potential traffic and a re-evaluation of the economic case is required.

A preliminary economic analysis is adequate for the Master Plan phase but, as the project progresses, more sophisticated feasibility studies are required. There should not be a significant time gap between the full feasibility report being issued and project implementation.

The Revenue Potential

A key strategic decision is whether to charge the user directly or not. This is a separate issue from the private sector having a major role in the development and/or financing of the project.

The parameters which seem to most effect the user’s reaction to tolling are the perceived benefit against the existing alternatives (principal advantages are time savings, convenience, safety and reliability). Users response is heavily influenced

also by the regularity with which they wish to use the facility. If little alternative exists, a wider public will use the facility and tolls need to take into account the users ability to pay.

The preparation of the public for tolling and the way the system is presented and explained, is important to gaining the acceptance necessary for success. This is especially the case where no previous experience or culture of tolls exists. Adequate provision of tolling stations or payment systems is essential to produce the expected time saving benefits.

Project structuring

When the private sector becomes involved, the main dimensions which prevail when structuring the contractual agreements for a project are financial and technical. The financial dimension is how to obtain the finance at the best terms with the least risk for the Administration (the Concession awarder). A realistic assessment of the revenue potential is a key starting point. The technical dimension is how to ensure the maximum efficiency in the design, construction, operation and maintenance and to integrate the activities to provide the best possible service to the ultimate users.

Financial aspects

A key difference in approach is whether the revenue comes directly from the user, or if there is a different mechanism of payment that is used from the ultimate owner (the State). The realistic assessment of the revenue potential from tolls will guide the decision on how to structure the financing; this depends on the project's characteristics and also the public's response in the light of previous experiences.

In most instances (other than monopoly infrastructure such as bridge and tunnel crossings) the direct toll needs to be supported by some additional revenue to ensure financial equilibrium. Allocating an asset is often used to improve the financial stability (especially in the early years).

The recent trend for major roads has been to use a shadow toll system with the traffic providing the key to the payments to the concession holder with no direct tolls (the so called DBFO schemes). An interesting development has been to use performance criteria such as availability and asset condition as the main key for payment. This requires more administration and control but it is a more logical approach.

Technical aspects

Competition is essential to maintain efficiency when selecting designers and contractors or wider groupings for more complex concessions. To take the extremes:

- a well developed proposal by the Administration with the main parameters fixed gives limited scope for the contractors to optimise but the result in terms of costs and programme are more assured as the risks are reduced.

- At the other extreme, the concessionaire has virtual "carte blanche" within a framework to present his own proposals. An example of this was the Eurotunnel project which called for "a fixed link between England and France". These types of openly defined bids are expensive and time consuming to prepare and difficult to evaluate but they provide the opportunity for innovative solutions and of the integration of all activities from conception through to operation.

Most projects fall between these extremes, but a clear vision of what is most appropriate for the type of project and the capacity of the expected participants should be balanced before deciding a procurement strategy. The Environmental reviews and Land expropriation and compensation should be managed in advance by the Public Administration.

Enough time must be allowed for bid preparation and a pre-selection phase is useful. In more complex projects a phased selection with the bids being refined through to final selection is recommended. There is a need to simplify and feed back experience into developing new procedures after a number of projects have been through the full process.

Final comments

In planning and implementation, transport projects have special features which make them stand apart from other developments.

- They directly effect a large part of the population and a transparent and open approach towards the public is essential.
- A growing awareness of the negative effects of transport on health and the environment, which requires proper Environmental Impact Assessments.
- Sometimes irrational decisions are made and projects become "white elephants". An economic based approach needs to be followed with proper phasing of decisions appropriate to the level of project development.
- The Private Sector cannot be expected to absorb risk without compensation or take unreasonable risks. It must be borne in mind that the Private Sector is mainly motivated by profit. "Partnership" agreements seem a promising way forward.
- Integration of transport into the overall Economic Development Plans and integration between the transport modes to provide optimal results
- Modern developments in Information Technology (IT) are radically changing all aspects of planning, implementation and operation and these need to be incorporated and anticipated in infrastructure schemes.

There is still much to be done in developing Europe-wide transport systems with integration of the different modes to provide optimum service to the users, both individuals and industry, all set in an environmentally sustainable framework. EIB will continue to assist with this process.

BANQUE MONDIALE
«l'organisation et le financement des chemins de fer régionaux et de banlieue »
Colmar, 13 - 15 juin 2001

L'EXPÉRIENCE DE CONNEX

Michel Quidort, Connex, France

connex

1. Des systèmes ferroviaires ouverts

- **Grande-Bretagne:** Connex Transport (1996)
- **Allemagne:** Connex Verkehr (1998)
- **Suède:** Connex Tunnelbanan (1999)
- **Australie:** Melbourne Transport Enterprise (1999)

connex

2. Un point commun: la gestion déléguée

- Une **autorité** publique
- Un **contrat** à durée déterminée,
- Attribué après un **appel d'offres** international,
- A un exploitant **privé**
- Avec un double objectif:
  - maîtriser **les coûts**
  - accroître **la clientèle**

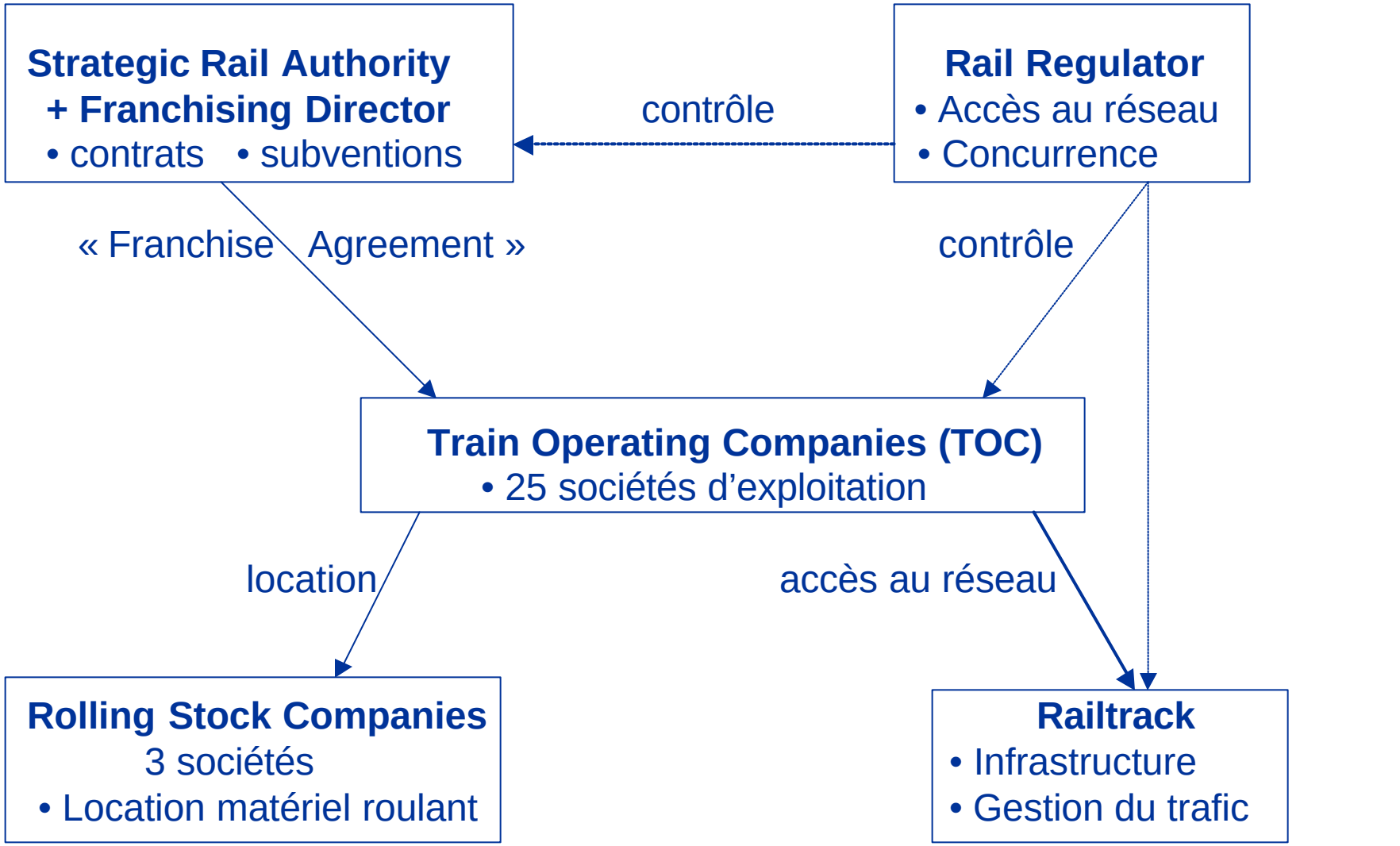
connex

3. La gestion déléguée: la voie moyenne

	régie	**délégation**	**déréglementation**
Définition de la mission de service public	Autorité publique	Autorité publique	Loi du marché
	gestion directe	contrat	
Exploitation du service public	entreprise publique	entreprise privée	entreprises privées

connex

4. Grande-Bretagne: les partenaires



connex

5. Railtrack: infrastructures

- **Possède et gère les infrastructures** (voies, signalisation, ouvrages d'art) et en assure l 'exploitation
- **Possède les gares et les dépôts**, loués aux exploitants
- **Approuve les horaires** proposés par les exploitants et en assure la bonne exécution
- **Homologue les matériels roulants** à la circulation et les procédures de formation des conducteurs
- **Privatisée au printemps 1996**: 37 000 km de voies / 40 000 ouvrages d 'art / 2500 gares / 1500 postes d 'aiguillage et de contrôle

connex

6. Les sociétés de matériel roulant (ROSCOs)

- **Propriétaires** du parc de matériel roulant
- Reçoivent un **loyer** de la part des sociétés d'exploitation
- Assurent **la maintenance lourde**
- Imposent des **procédures de contrôle** de la maintenance et de l'utilisation du matériel
- **3 compagnies privées**
  ANGEL TRAIN CONTRACTS
  HSBC RAIL
  PORTERBROOK LEASING COMPANY
- 11 000 véhicules et locomotives

connex

7. Grande-Bretagne: les obligations des sociétés d ’exploitation

- **Objectif: la continuité du service public**
  - Quasi-exclusivité d’exploitation dans une zone géographique
  - Contrat conclu pour 7 à 15 ans
    (renégociation possible → 20 ans)

- **Obligations:**
  - Respect des services de référence (PSR)
  - Respect des performances (bonus/malus)
  - Respect de l’encadrement tarifaire pour les « captifs »
  - Respect du programme d’investissement prévu au contrat
  - Engagement de continuité du service public dans les limites financières contractuelles

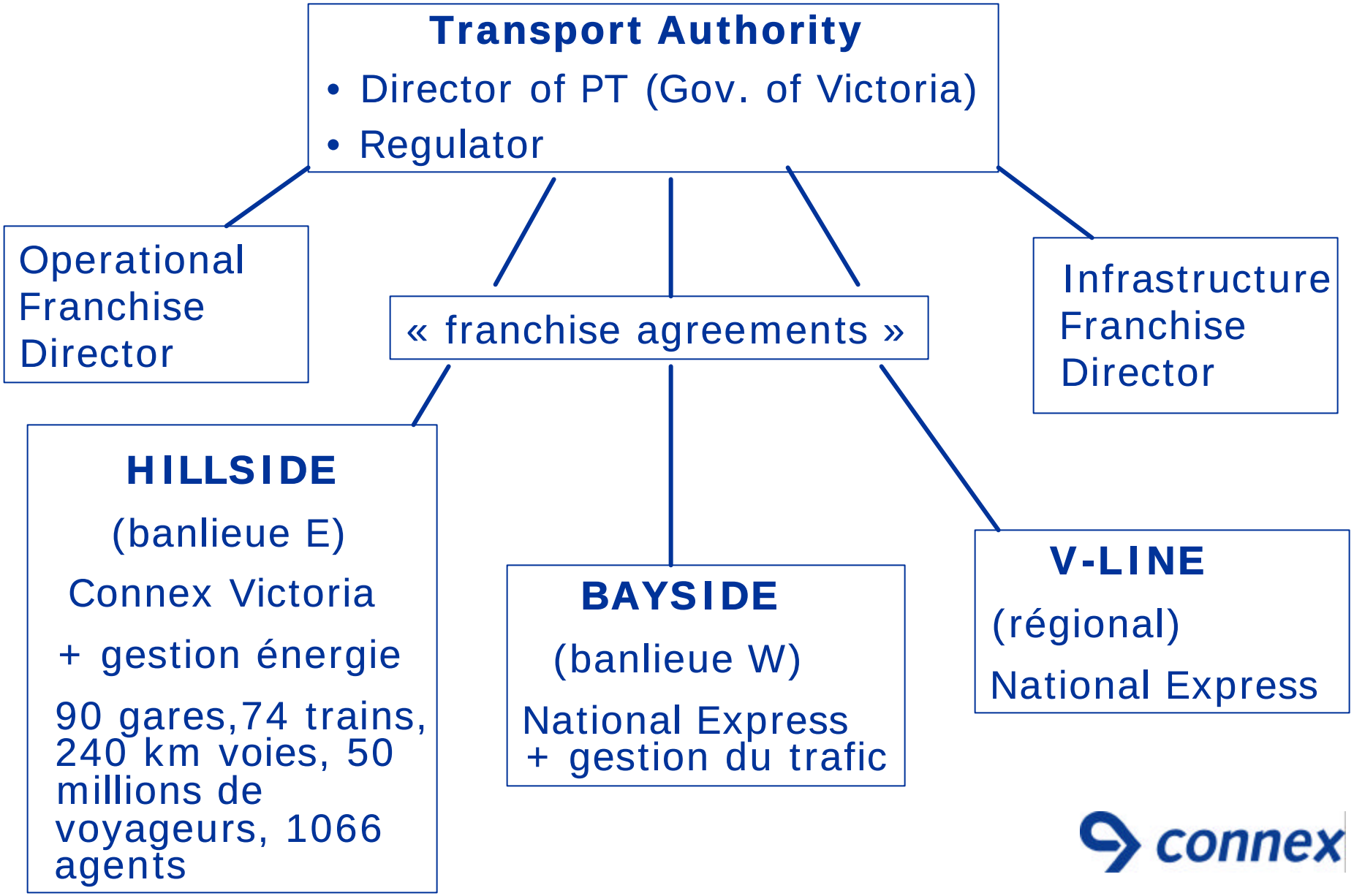
connex

8. Résultats de la réforme en Grande-Bretagne

- **Fréquentation:** +26% de voyageurs entre 1995 et 1999
- **Hausse des tarifs:** inférieure à l'inflation
- **Recettes:** + 8% entre 1998 et 1999
- **Nombres de services:** + 9% entre 1995 et 1999
- **Ponctualité des trains:** 92% (89% en 1995)
- **Volume d'investissement (matériel roulant):**
  3 milliards d'Euros (+167% par rapport à British Rail)

connex

9. Melbourne: schéma institutionnel (chemin de fer)



10. Le contrat « Hillside » de Melbourne

- **Durée**: 15 ans

- Engagement de **fréquentation**: + 64 %
  54,9 millions de voyageurs en année 1
  84,8 millions de voyageurs en année 15

- **Investissements**:
  314 m $ nouveaux trains
  44,4 m $ modernisation trains
  519 m $ infrastructure

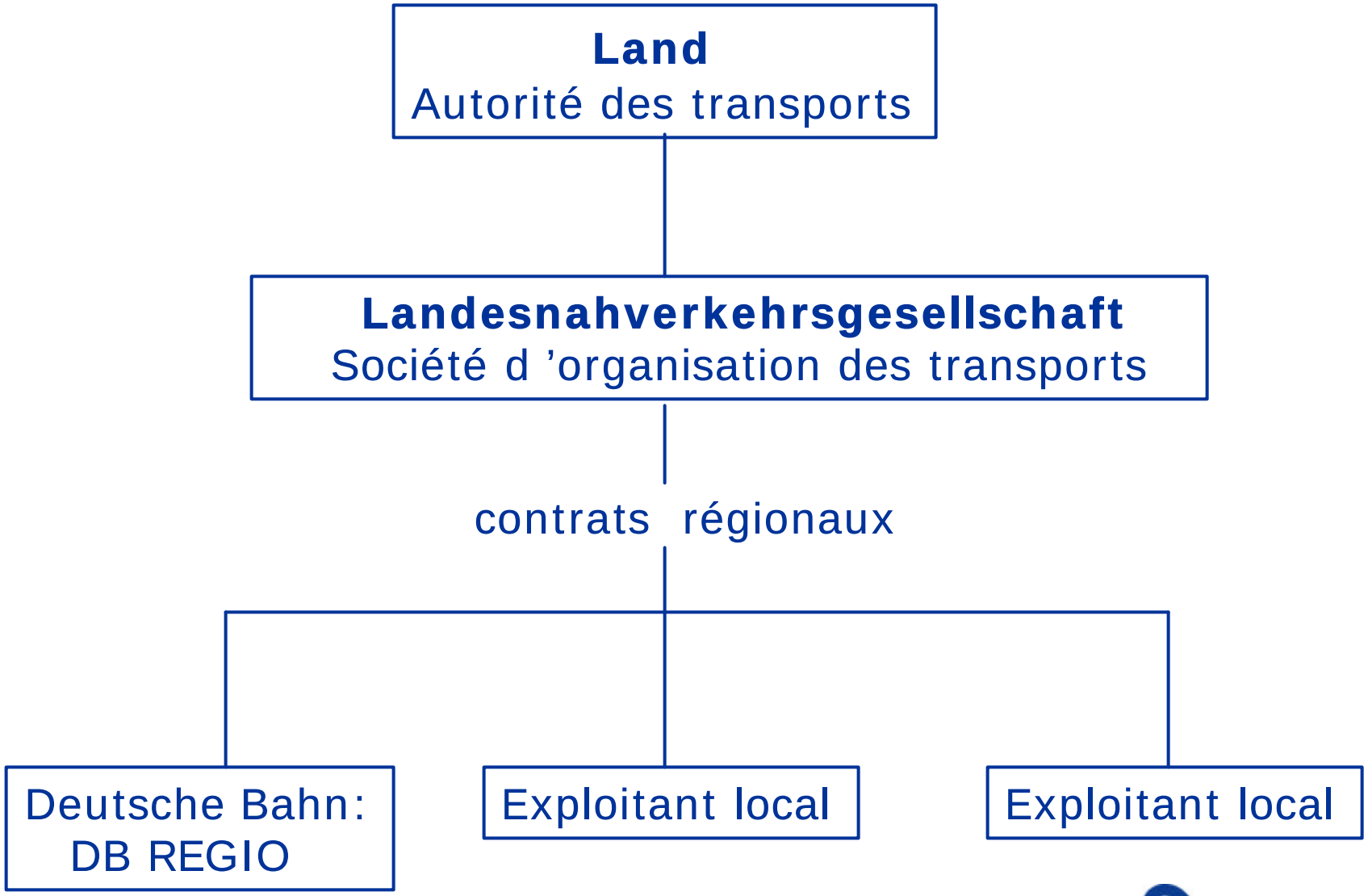
- Propriété des trains / location des infrastructures

- **Subventions** (exploitation+investissements):
  77 m $ en année 1
  26 m $ en année 15

- **Maintenance** trains et infras: sous-traitée à ALSTOM

connex

A. Allemagne: schéma institutionnel de la régionalisation ferroviaire



connex

B. Allemagne: la régionalisation ferroviaire

- Loi du 27/12/1993 ⟶ effet au 01/01/1996

- **Länder**: autorités organisatrices ferroviaires régionales
  Länder compétents: planification des TP locaux
  organisation des transports
  financement des transports

- **Transfert de ressources fiscales** (TIPP):
  9 milliards DM (1996)
  12 milliards DM (1998)
  croissance ⟶ 2002

- **Appels d'offres** par les Länder

connex

C. Les contrats ferroviaires régionaux en Allemagne

- **Appels d'offres** par ligne ou groupes de lignes
- **Investissements** en matériel roulant:
  - Land → contrats de courte durée (4 - 5 ans)
  - Exploitant → contrats de 15 à 18 ans
  - Société de matériel roulant
- Critères de **qualité** → bonus / malus
- **Partenariats**:
  - avec des sociétés locales de transport (publiques ou privées)
  - avec les fournisseurs de matériel (maintenance)
- **Structures légères** (« lean management »)

connex

D. Quatre ans de régionalisation ferroviaire en Allemagne

- Dotation de 14 milliards DM pour les Länder en 2000
- 31 millions de trains-km en appel d'offres:
  - 50% pour la DB
  - 50% pour les exploitants locaux
- Cadencement régional des horaires
- Voyageurs: + 5% l'an (moyenne)
- Plus de mille nouveaux autorails
- Coûts d 'exploitation: - 20% (en moyenne)

connex

E. Allemagne: nouveaux services et partenariats

- **Partenariats public-privé:**
  - Nordwestbahn: Connex + régies municipales
- Partenariats pour **la maintenance:**
  - NordostseeBahn: Connex + Vossloh
- **Infrastructures:** rôle des collectivités locales
  - Regiobahn - Düsseldorf
  - WEG - Stuttgart
- **Nouveaux services:**
  - Train +Taxi: OME (Mecklembourg)
  - Internet + programmes de musique: NOB (Schleswig Holstein)
  - Restauration à bord: OME
  - Billets touristiques combinés: NWB (Basse-Saxe)

connex

F. Réforme ferroviaire allemande: premières conclusions

- Une vraie **régionalisation**
- Une **voie moyenne** entre la privatisation anglaise et l'immobilisme français
- **Gestion déléguée**:
  - ménage l'exploitant historique
  - suscite de nouveaux entrants
  - améliore la qualité de service
  - permet des partenariats locaux

connex

GOVERNMENT OF ROMANIA
MINISTRY OF TRANSPORT

REFORMING ROMANIAN PASSENGER RAILWAYS

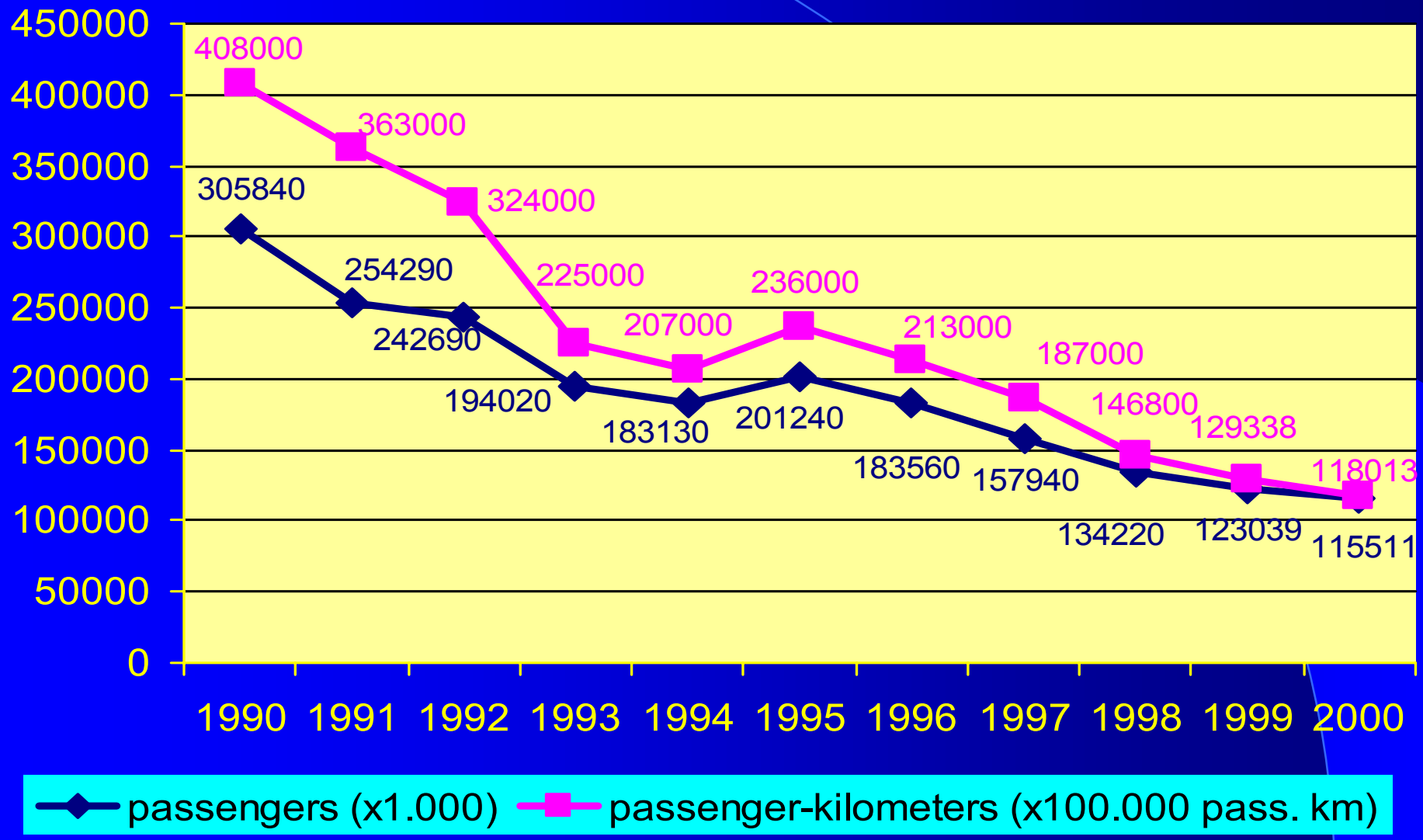
V.N.Olievschi
General Director

Colmar, June 2001

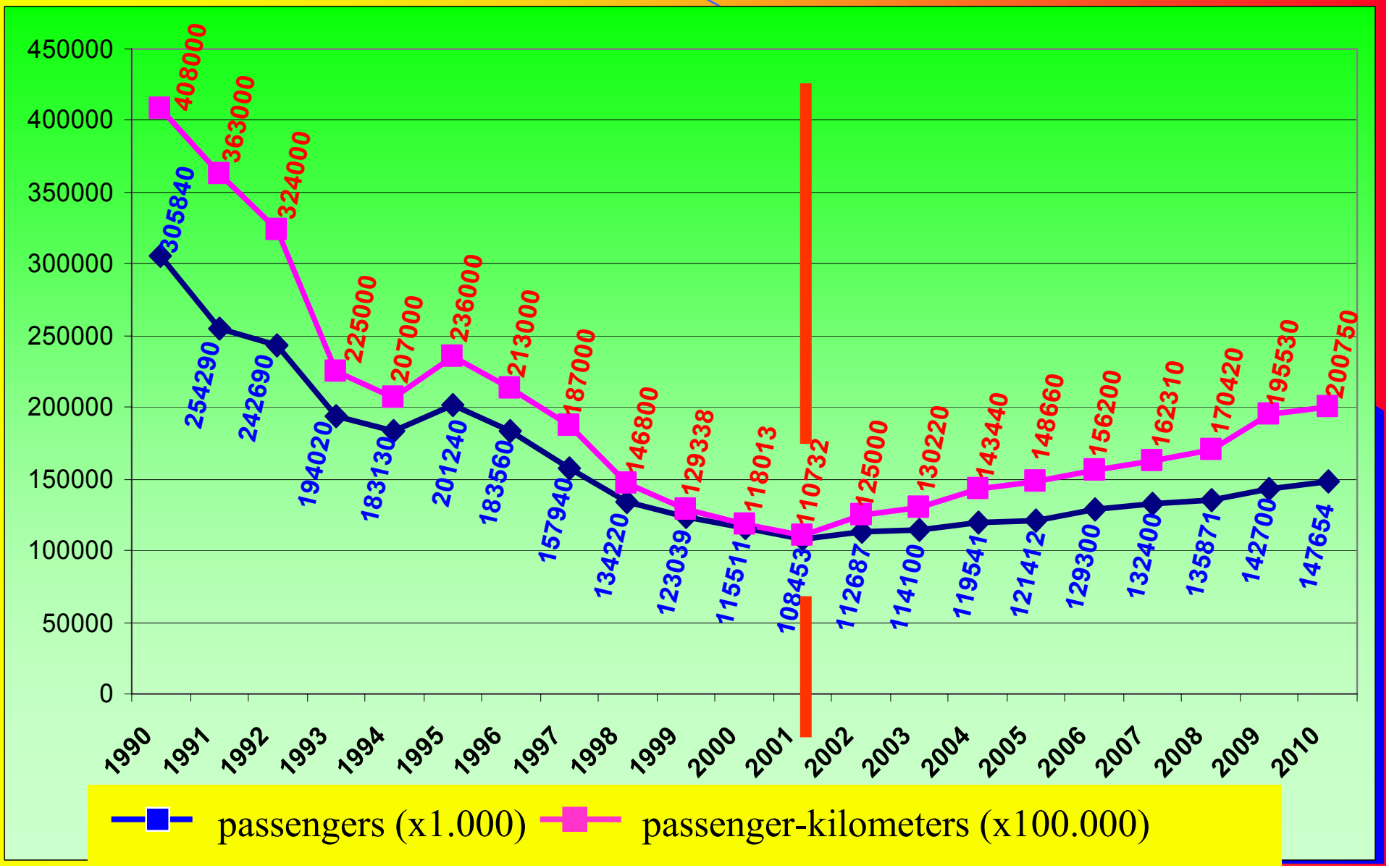
Main Ideas

- Traffic evolution and the EU policy
- The steps of Romanian railways reform
- The Romanian experience of passenger services decentralization
- Actual status and conclusions

The passenger traffic evolution



The passenger traffic evolution 1990-2010



Passenger traffic market share

Year	*1990*	*2000*
Volume of transportation	100%	36%
Market Share	35%	40%

EU transport policy

- *Reduce the pollution, congestion and accidents*
- *Render sustainable mobility in the new century*
- *Offer environmentally friendly and safe transport*
- *Reduce the growing and excessive dependence on road transport*

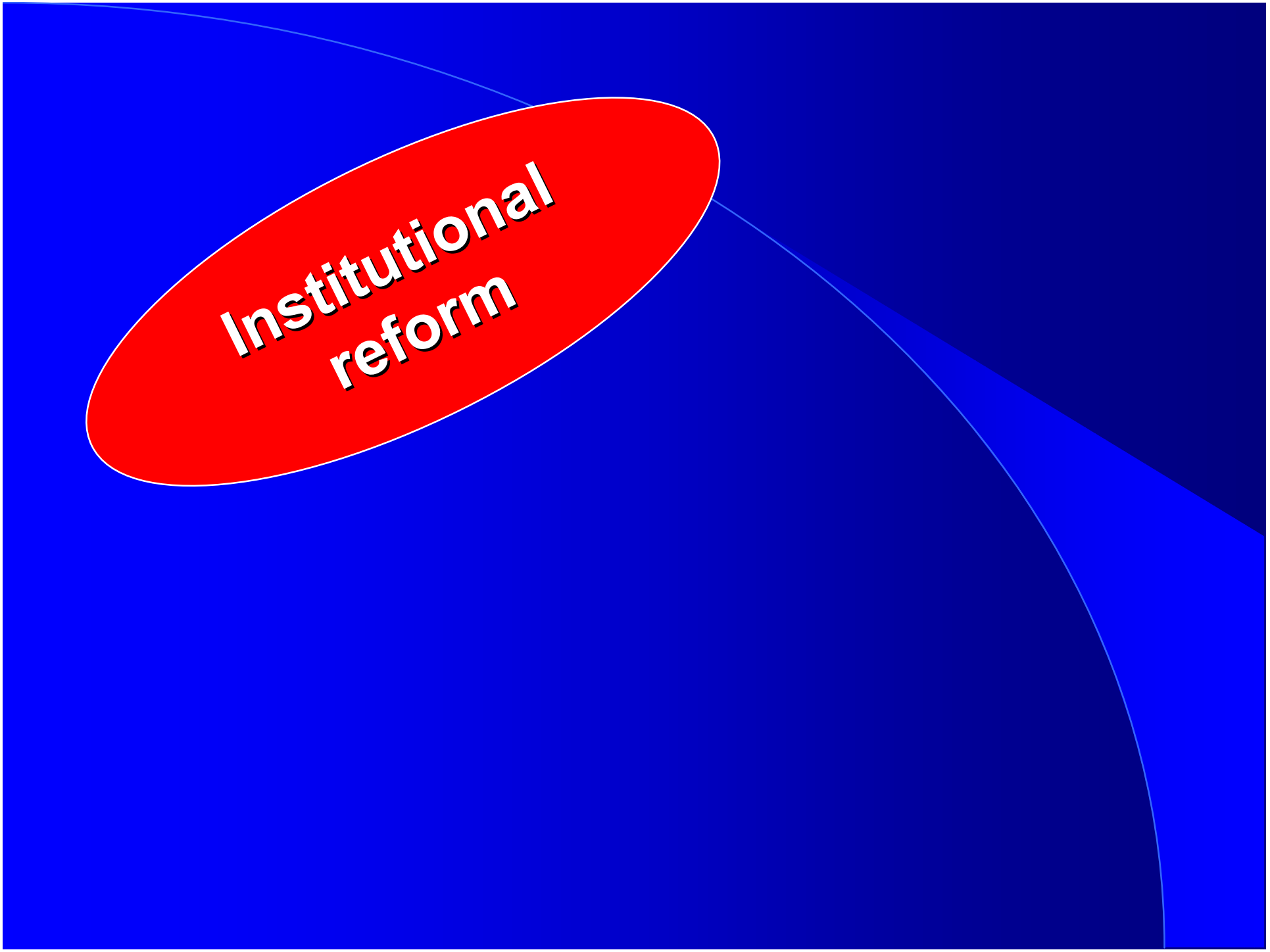
They seem designed precisely for railways

Lack of a competitive market = preserve the traditional model of railway organization

- Monopolies without competition
- Lack of management independence (interference in day-to-day management, support national industries, provide jobs)
- Mixture of different economic activities with confusion about profitable activities and reliance on cross-subsidies
- National orientation making the international services very costly

THE STEPS OF ROMANIAN RAILWAYS REFORM

1991 - - 2000


Institutional reform

Institutional Evolution of Romanian Railways 1991 - 1997

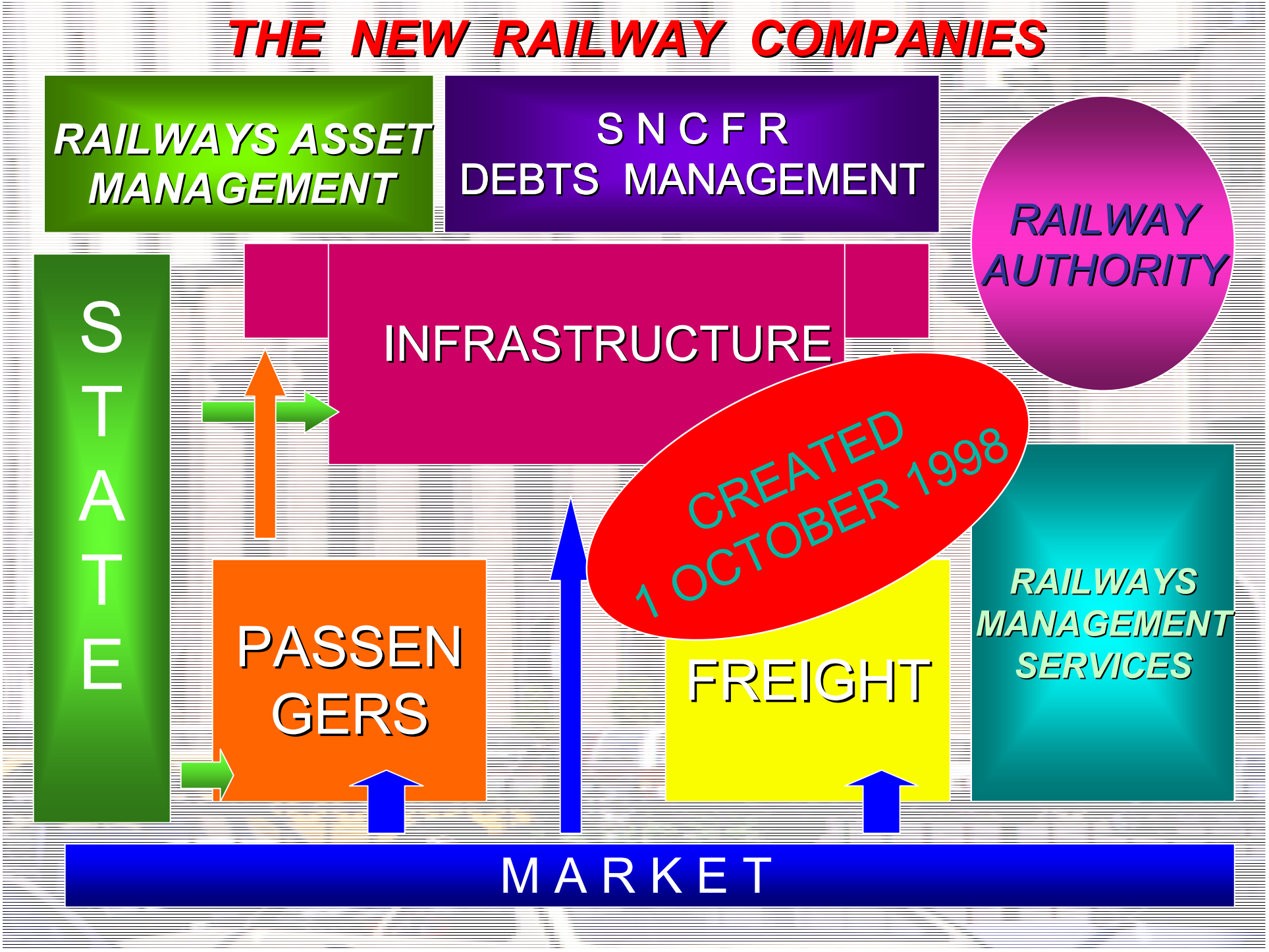
- GENERAL OVERHAUL OF TRACK
- GENERAL OVERHAUL OF ROLLING STOCK
- PASSENGER COACHES CLEANING
- COMMERCIAL ACTIVITIES IN RAILWAY STATIONS
- CLEANING OF RAILWAY STATIONS

- INFRASTRUCTURE
- FREIGHT
- PASSENGERS
- REAL ESTATE

ROMANIAN NATIONAL RAILWAYS

Institutional Evolution of Romanian Railways 1998
[Governmental Ordinance 12 / 7 July 1998]

- ***Accordance with European Union directives***
- ***Establishment of companies capable to supply railway transport services essential for society***
- ***PSO contribution from the state budget***
- ***Turning to account of exceeding assets for capitalization of newly established companies***
- ***Freight tariffs deregulation***
- ***Establishment of immediate privatization goals***
- ***International alliances with other railway operators***
- ***New companies are free of historical debts***


THE NEW RAILWAY COMPANIES
RAILWAYS ASSET MANAGEMENT
S N C F R
DEBTS MANAGEMENT
RAILWAY AUTHORITY
S T A T E
INFRASTRUCTURE
CREATED
1 OCTOBER 1998
PASSEN GERS
FREIGHT
RAILWAYS MANAGEMENT SERVICES
M A R K E T

Advantages of This Structure

- Protects the integrity of accounting system, cash control and banking system
- Minimizes the starting capital for the operating companies
- Eliminates duplication of the administrative functions
- Permits the operating companies to focus on their core functions

Autonomy of the New Railway Passenger Company

- To introduce and retire transport services
- To create joint-ventures and to buy shares in other companies
- Financing by the state for keeping in operation of transport section needed for social reason
- More railway operators allowed

Financial results

	CFR	FREIGHT	PASSENGERS
1999			
Income	4.657.244	6.025.700	5.542.408
Expenses	4.648.688	5.770.427	5.538.291
Result	**+8.556**	**+255.273**	**+4.117**
2000			
Income	7.259.342	9.519.854	8.356.797
Expenses	7.251.720	9.403.919	8.345.583
Result	**+7.622**	**+115.935**	**+11.214**

Main assets - Passengers Company

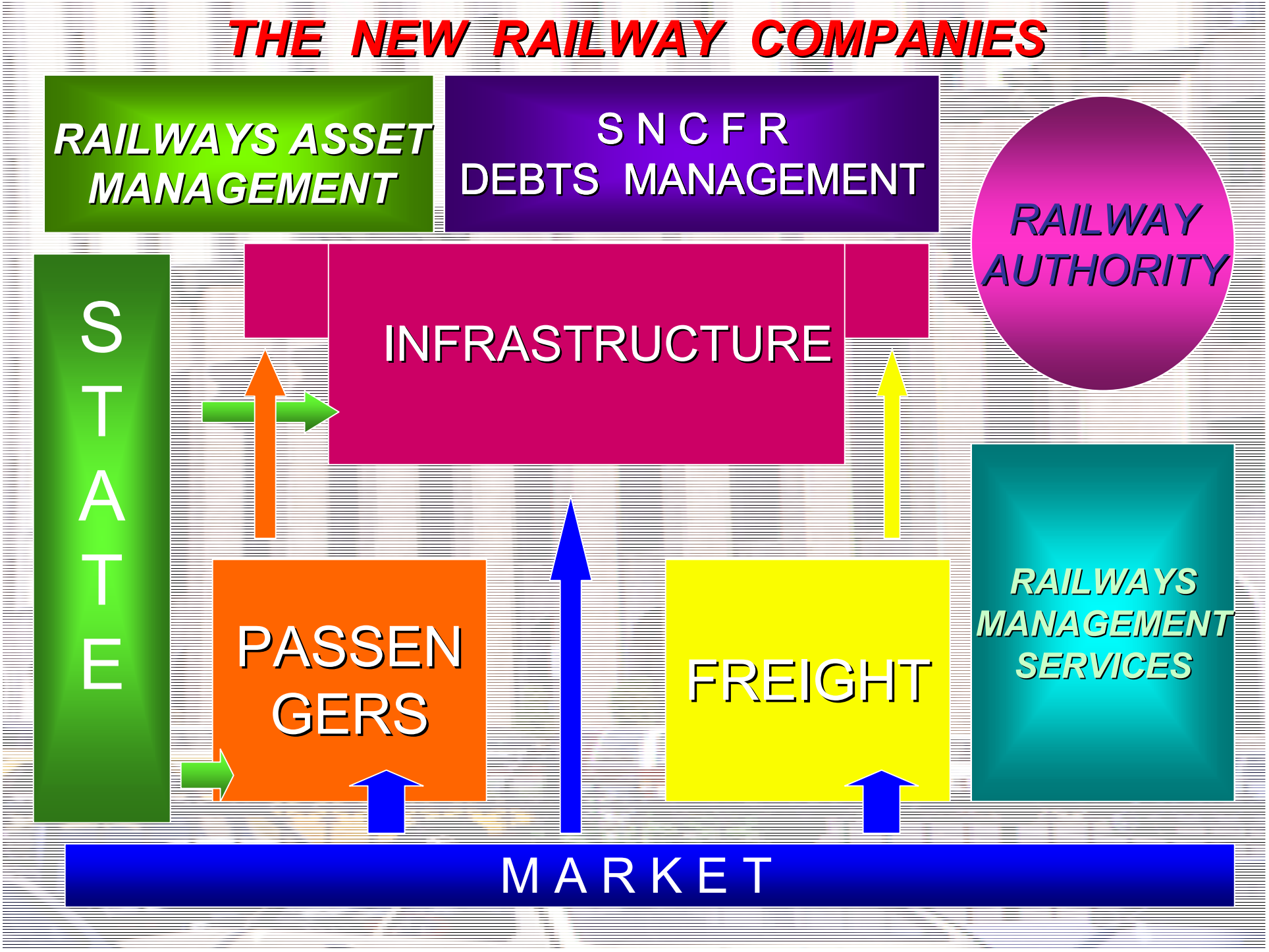
- *306 electrical locomotives 5100KW*
- *55 electrical locomotives 3400KW*
- *245 diesel electrical locomotives*
- *211 diesel hydraulic locomotives*
- *4086 coaches*
- *160 sleeping cars*
- *15 bar and restaurant coaches*

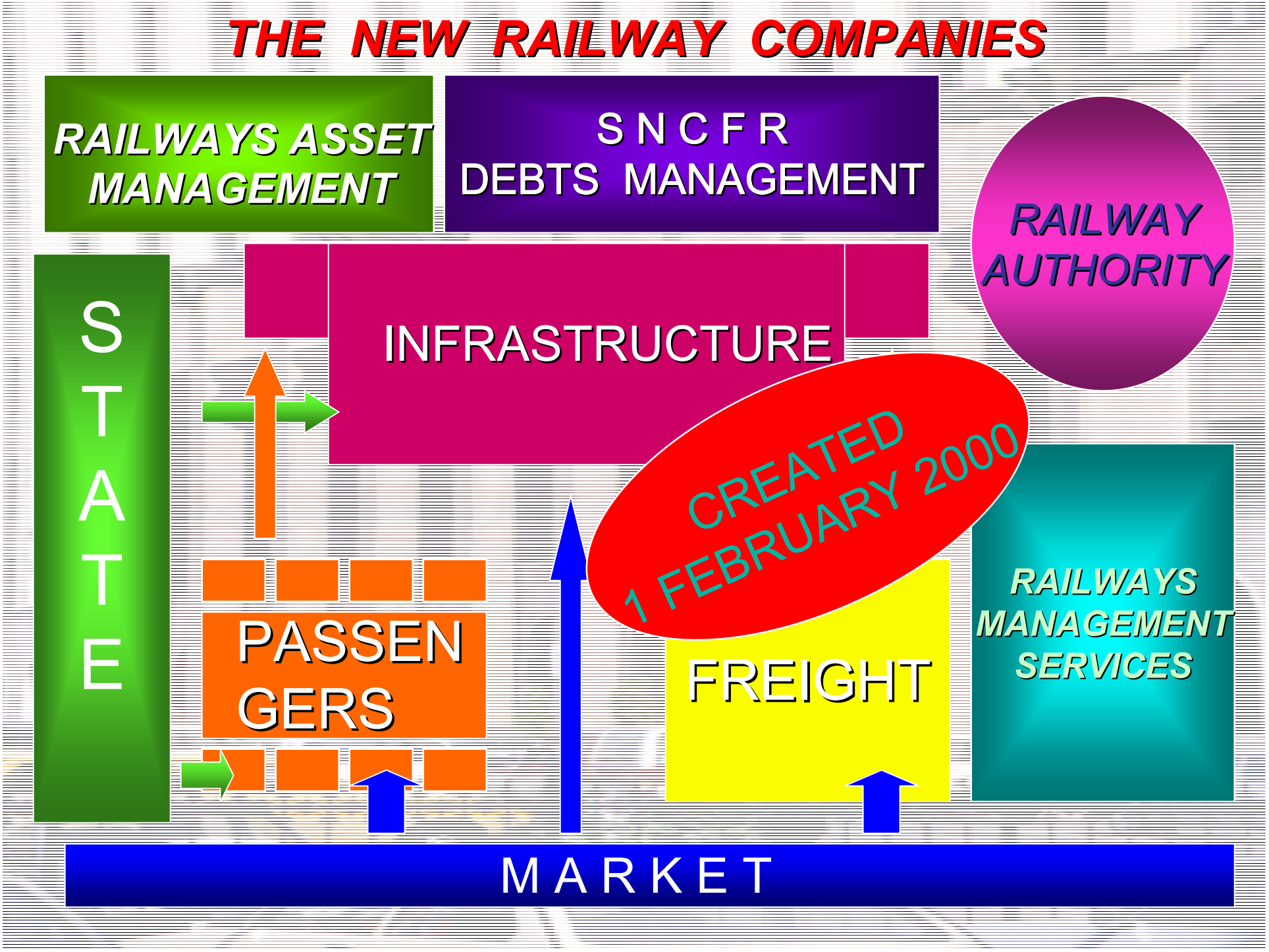

REGIONAL RAILWAY
PASSENGERS COMPANIES

Better framework for local authorities implication

- Government Decision 19/1997:
  - Ministry of Transport and local authorities will assure transport facilities when social needs require such measures. In these cases Ministry of Transport or local authorities should compensate the transport companies with the difference of transport costs.
- Government Ordinance 12/1998:
  - Railway passenger transport is considered public service. For this reason, the state budget or local authorities will compensate transport companies with the difference between transport costs approved by law and costs establish in accordance with them.

THE NEW RAILWAY COMPANIES

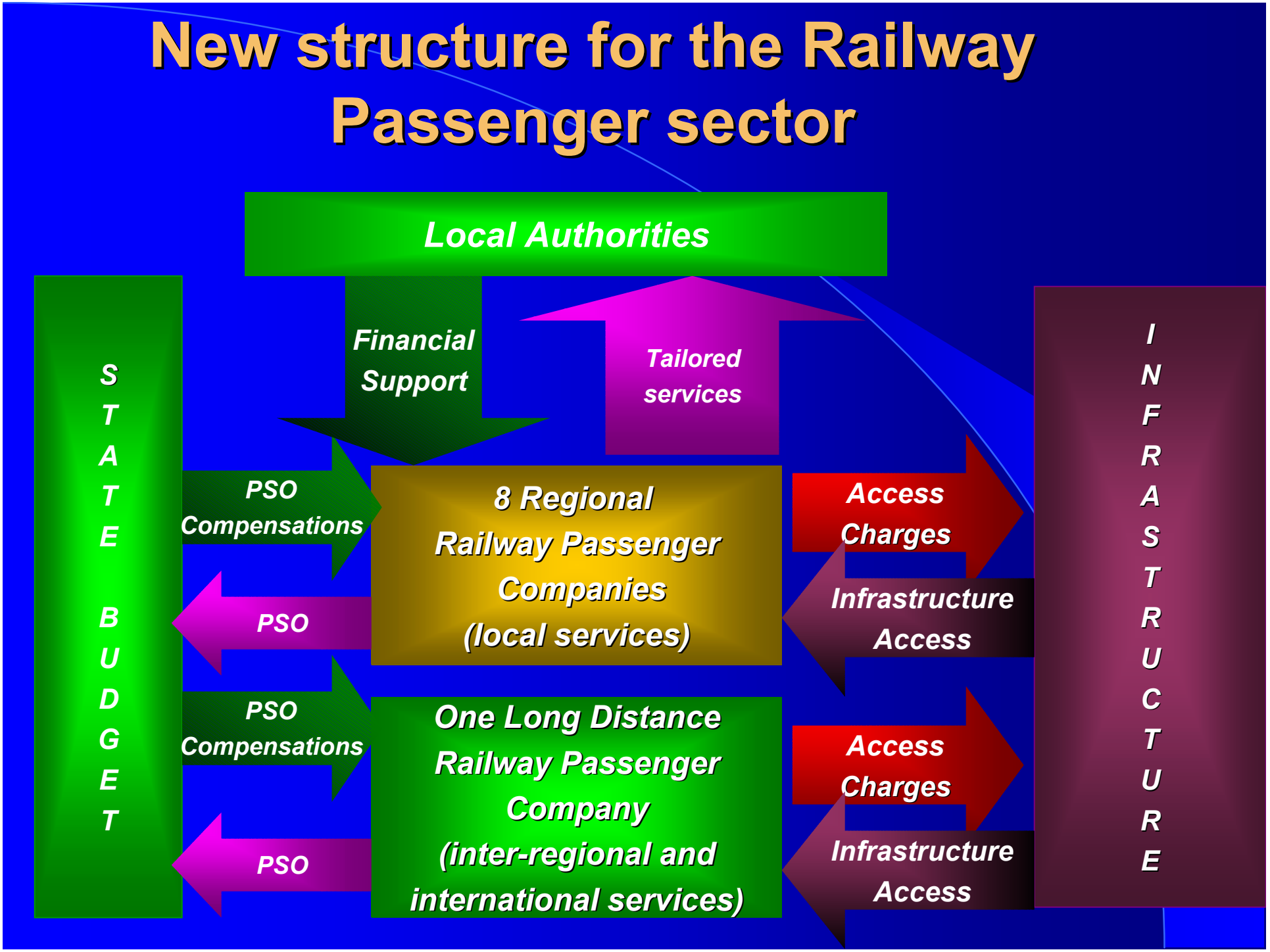



THE NEW RAILWAY COMPANIES
RAILWAYS ASSET MANAGEMENT
S N C F R
DEBTS MANAGEMENT
RAILWAY AUTHORITY
S T A T E
INFRASTRUCTURE
CREATED 1 FEBRUARY 2000
PASSEN GERS
FREIGHT
RAILWAYS MANAGEMENT SERVICES
M A R K E T

Regional Railway Passengers Companies

- *Flexibility*
- *Tuning to local market*
- *Better involvement of local authorities*

New structure for the Railway Passenger sector



Motives for the new measures

- Economic, organisational and operational decentralisation
- Improved flexibility
- Tuning of the transport offer to local market requirements (scheduling of services, composition of trains, tariffs, etc)
- Improved competition with road passenger services
- Involvement of the local authorities in the financing the local railway passenger services
- Compliance with the EU Directives

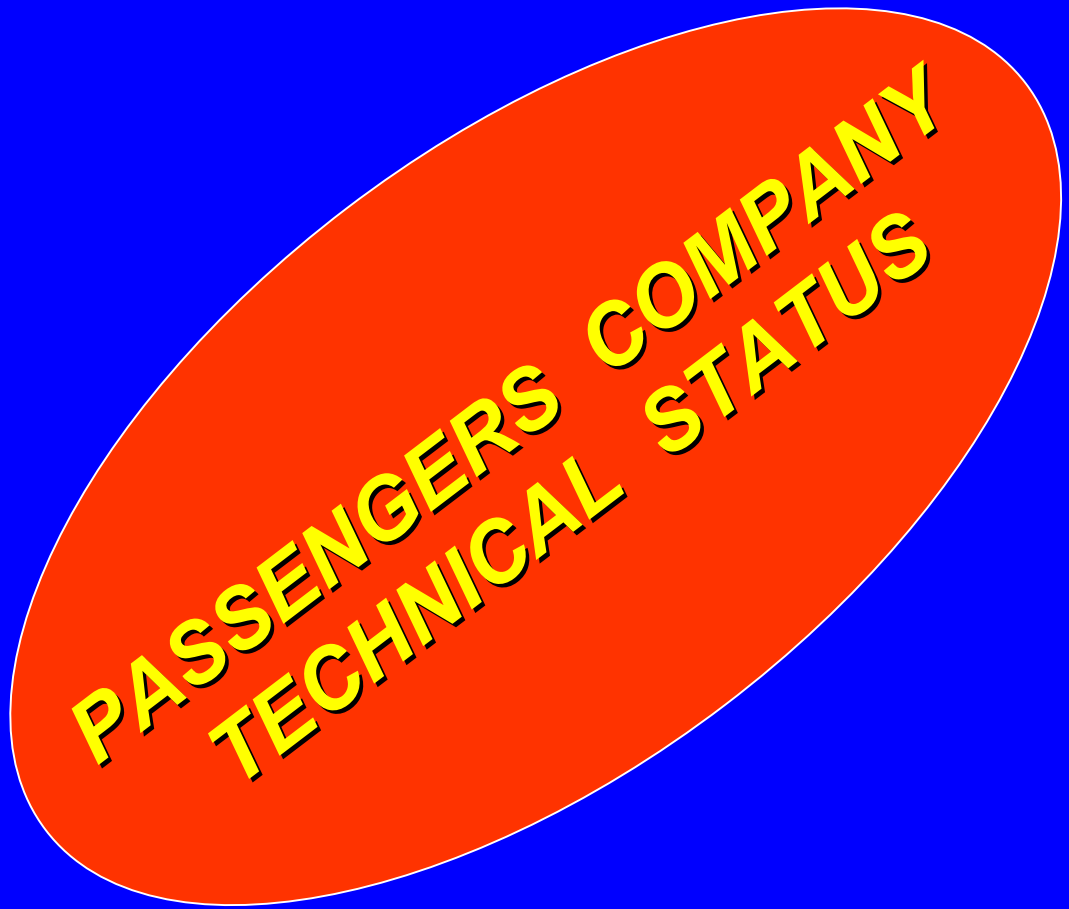
Financial results after one year

CFR – Passengers – 11 billion Lei profit

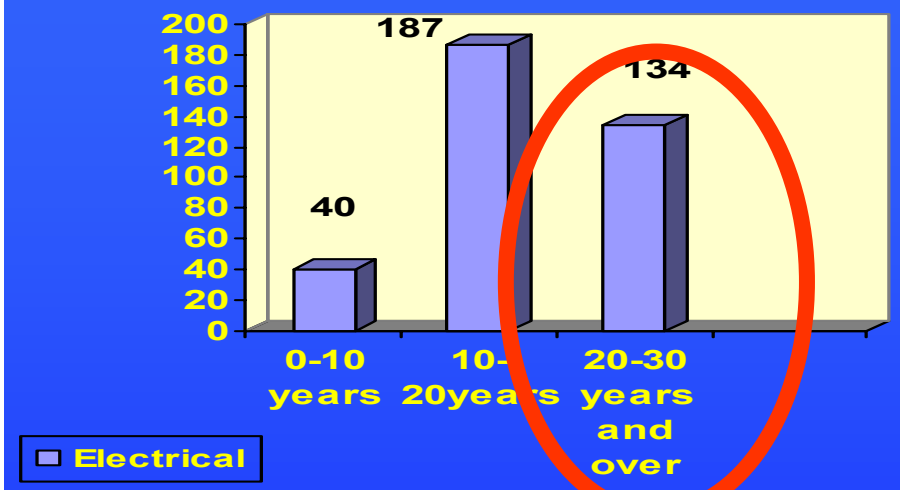
Short distance companies

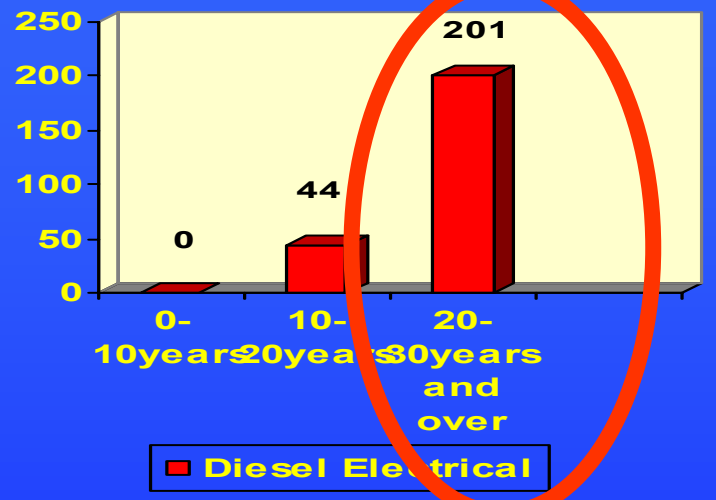
- 200 billion Lei losses

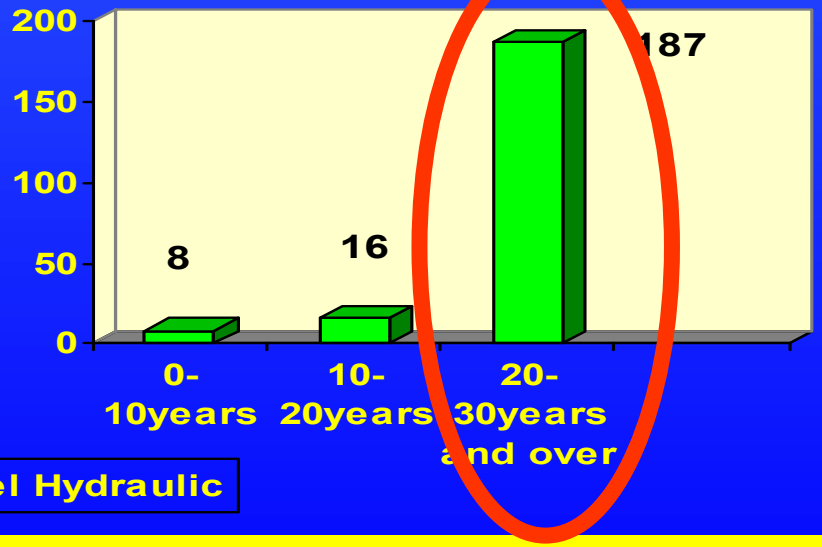
Decision taken too early


PASSENGERS COMPANY
TECHNICAL STATUS

Age of locomotives Passengers Company

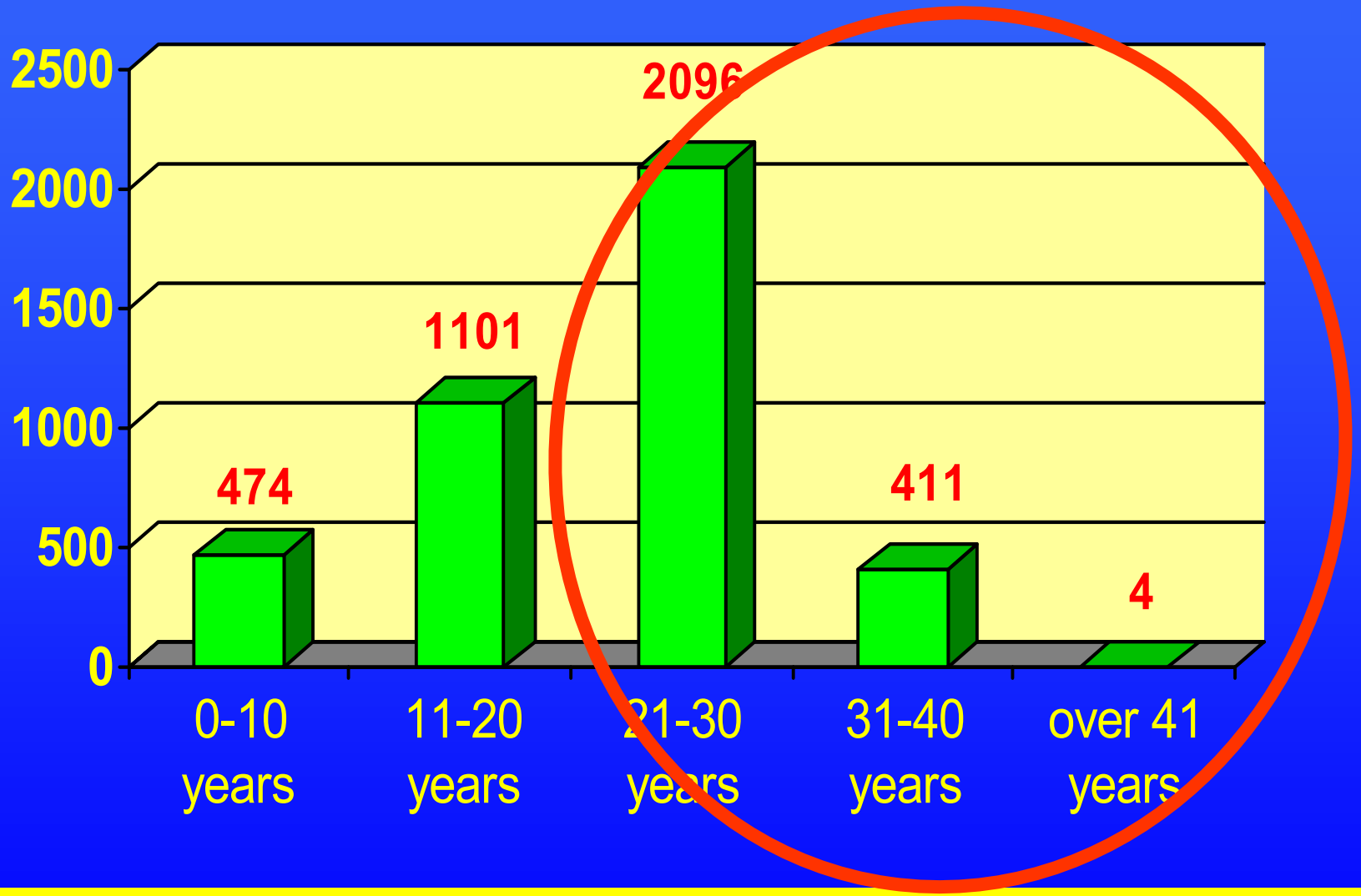






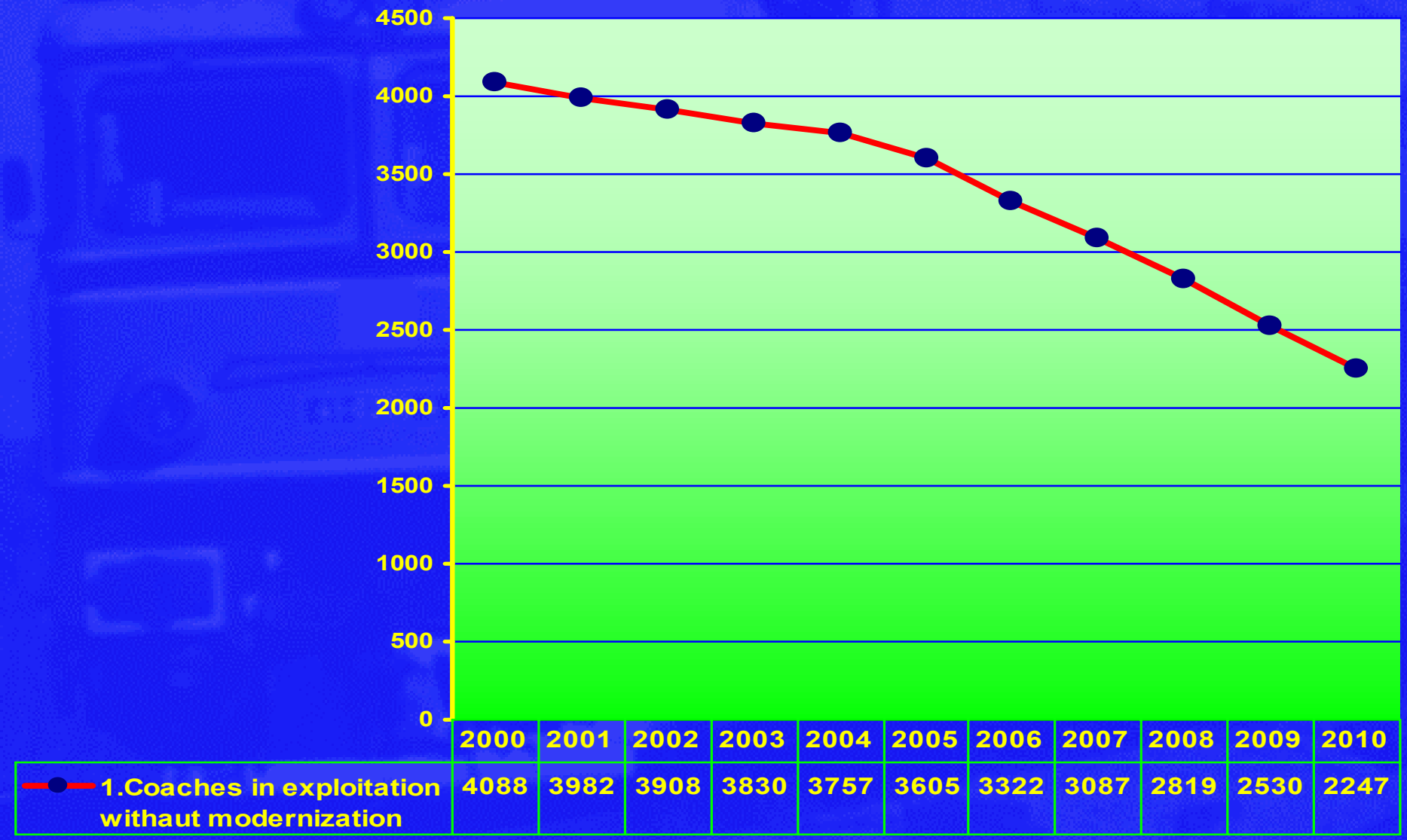
In accordance with the legal framework, the life cycle for rolling stock is 20 years

Age of coaches Passengers Company



In accordance with the legal framework, the life cycle for rolling stock is 20 years

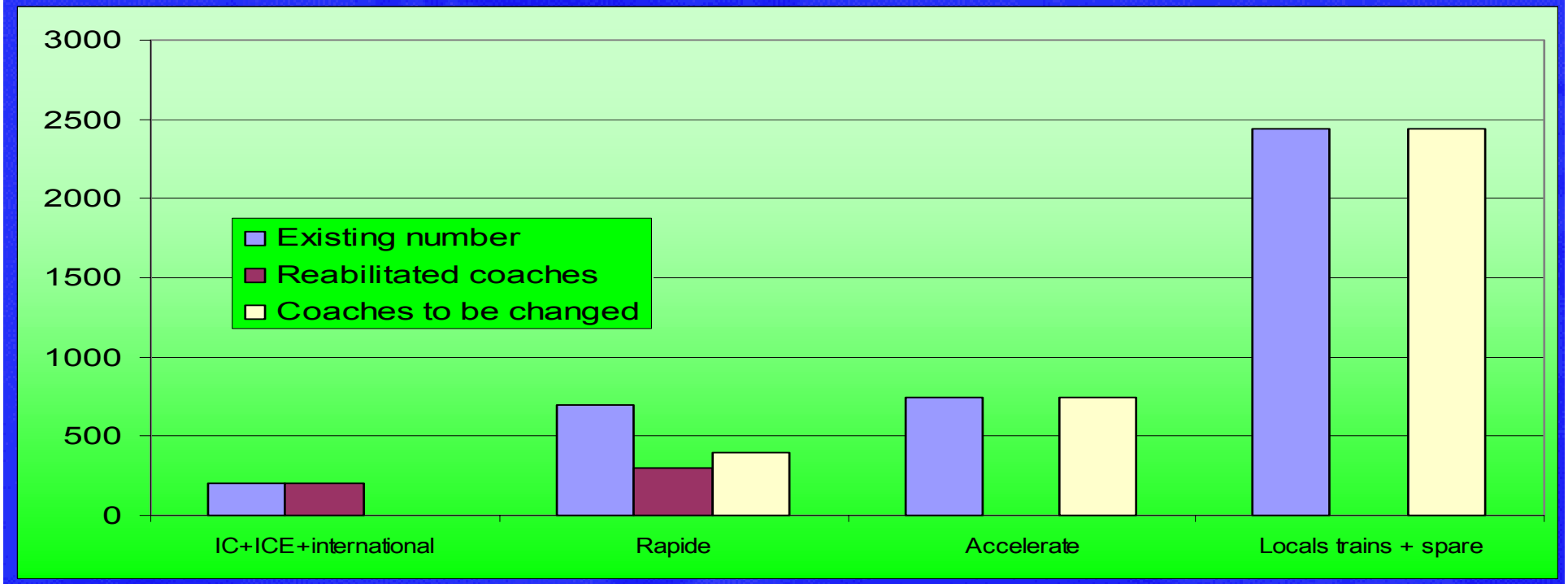
The number of coaches



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1.Coaches in exploitation withaut modernization	4088	3982	3908	3830	3757	3605	3322	3087	2819	2530	2247

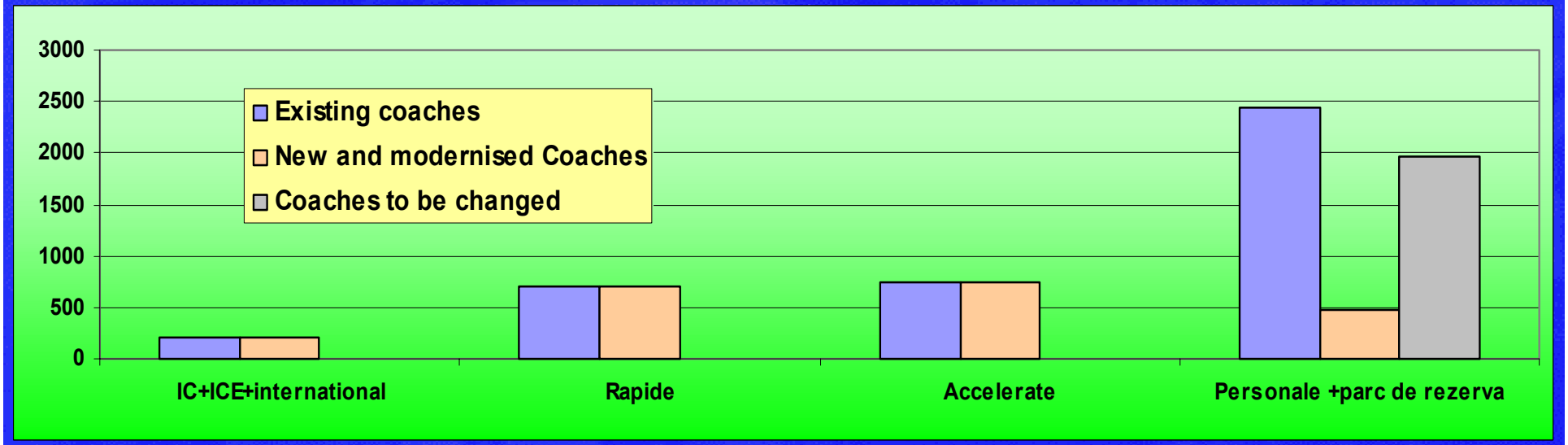

Modernization program
for rolling stock

Number of coaches by type of trains today



Tipe of train	Existing coaches	Refurbished coaches	Coaches to be changed
IC+ICE+international	200	200	
Rapide	700	300	400
Accelerate	750		750
Local trains + spare coaches	2438		2438
Total	4088	500	3588

Number of coaches by type of trains in 2010



Type of train	Existing coaches	New and modernised coaches	Coaches to be changed
IC + ICE + international	200	200	
Rapide	700	700	
Accelerate	750	750	
Local trains + spare coaches	2438	538	1900
Total	4088	2188	1900

Program of modernisation and procurement of new coaches

	Item	total	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Railways income + State budget allocations + Credits guaranteed by state	Modernisation of coaches - rapid trains	400 70	150 26	250 44								
	Modernisations of coaches - accelerate trains	750 131			200 35	200 35	200 35	150 26				
BERD Credit+ PARIBAS Credit + State budget allocations	ALSTOM Coaches	100 57	25 14	75 43								
State budget allocations + Capital Expenses	AVA Coaches	120 144	8 9,2	25 30,2	25 30,2	20 24	20 24	22 26,4				
External Credits ond/or State budget allocations	New Diesel Multiple Units	224 560		12 30	24 60	24 60	24 60	24 60	28 70	28 70	30 75	30 75
	New Electrical Multiple Units	94 235		12 30	20 50	25 62,5	7 17,5	6 15	6 15	6 15	6 15	6 15
	TOTAL USD	1197	49,2	177,2	175,2	181,5	136,5	127,4	85,0	85,0	90,0	90,0

number | mil. USD


Access on
Railway infrastructure

Access charge in 2000

- *Agreed percentage from the revenue of operators:*

  – *CFR-Freight* *34,8 %*
  – *CFR-Passengers* *32,6 %*

The Need to Improve the Calculation of the Access Fee

- *CFR - Passengers*
- *CFR - Freight*

} *Must pay only for the assets they really need*

- *CFR* → *Must allocate resources only for the assets required by the clients*

Access charge in 2001

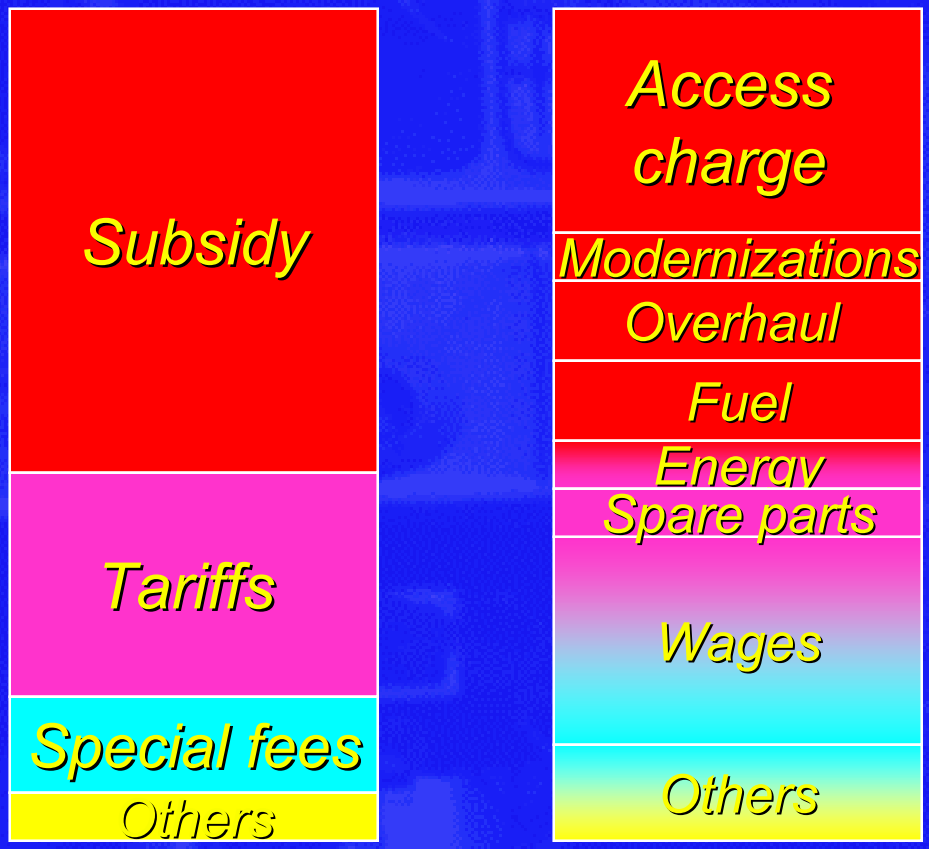
- *Cost of overhaul and materials for public infrastructure covered by the State*
- *Cost of maintenance of public infrastructure and operations covered by operators through access charge*
- *Cost of utilization of facilities of private infrastructure (buildings, lines in stations, depots, etc.) covered by operators based on specific tariffs*
- *Cost of other services (telecom, IT, etc.) covered by operators based on specific tariffs*


Subsidies from
the state budget

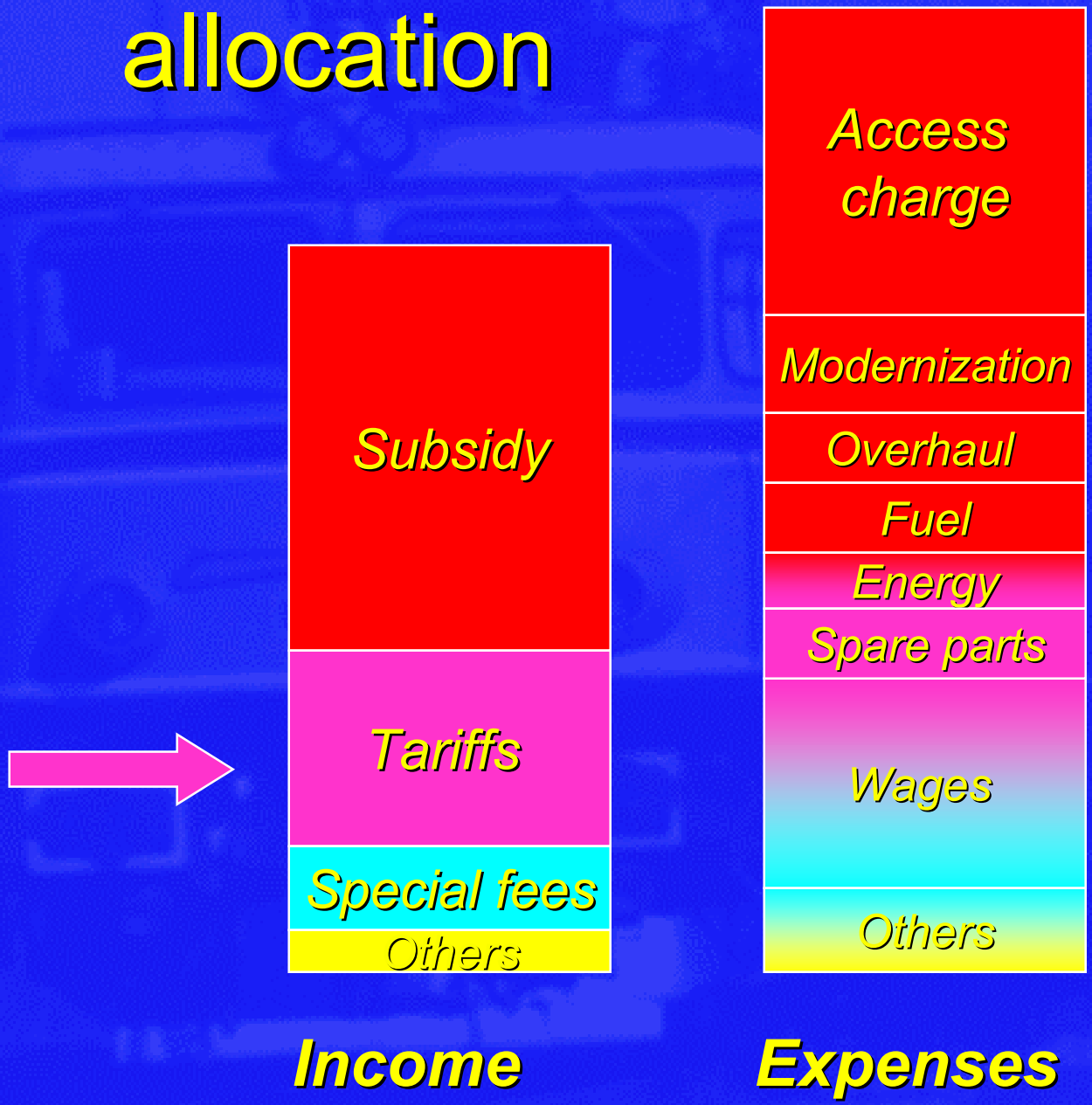
Subsidy in Romania [millions lei]

1999	2000	2001
3.001.554	3.623.197	4.000.000
Annual inflation		
60%	40%	
	4.802.486	6.723.481

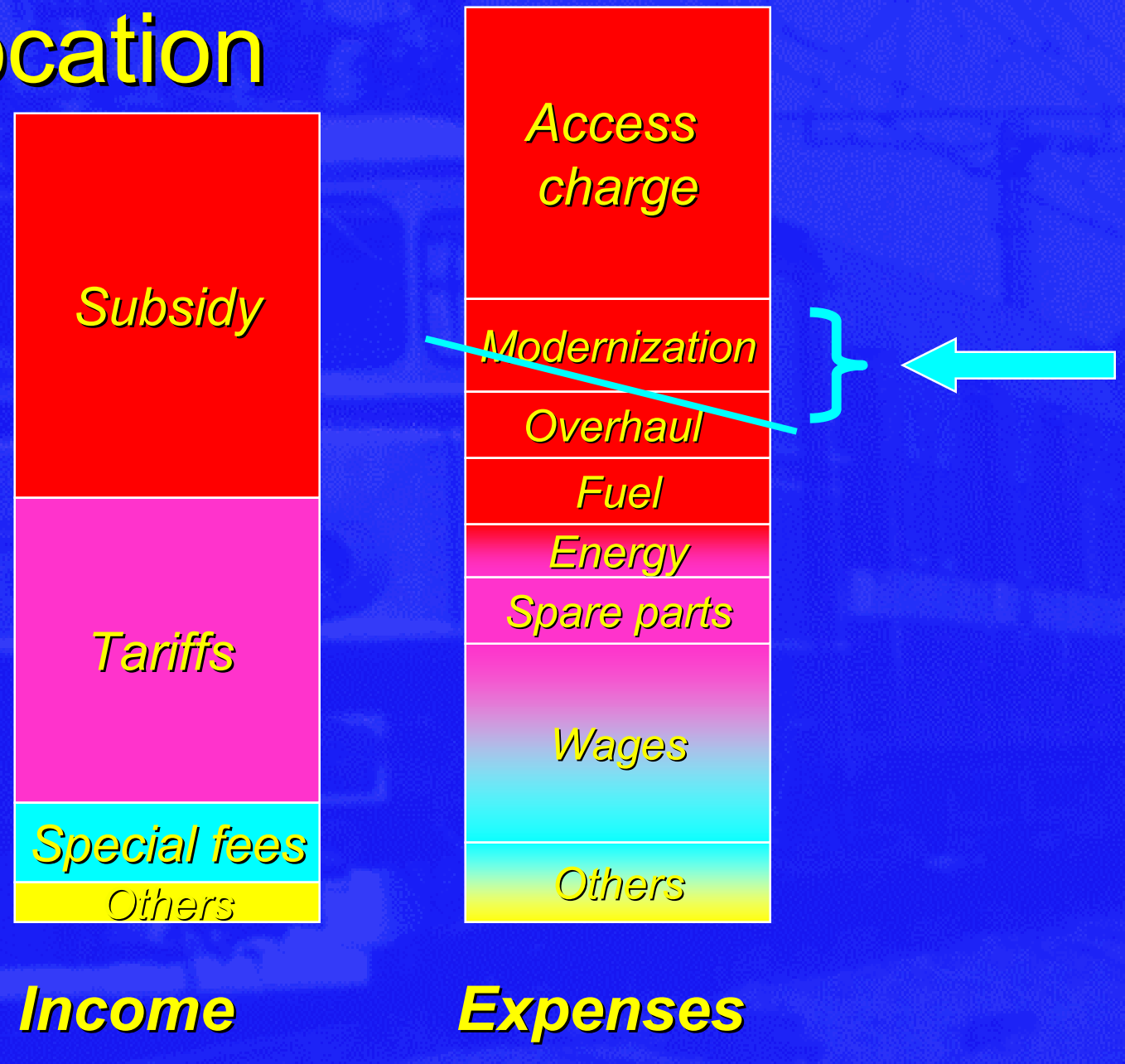
Income allocation



Income allocation

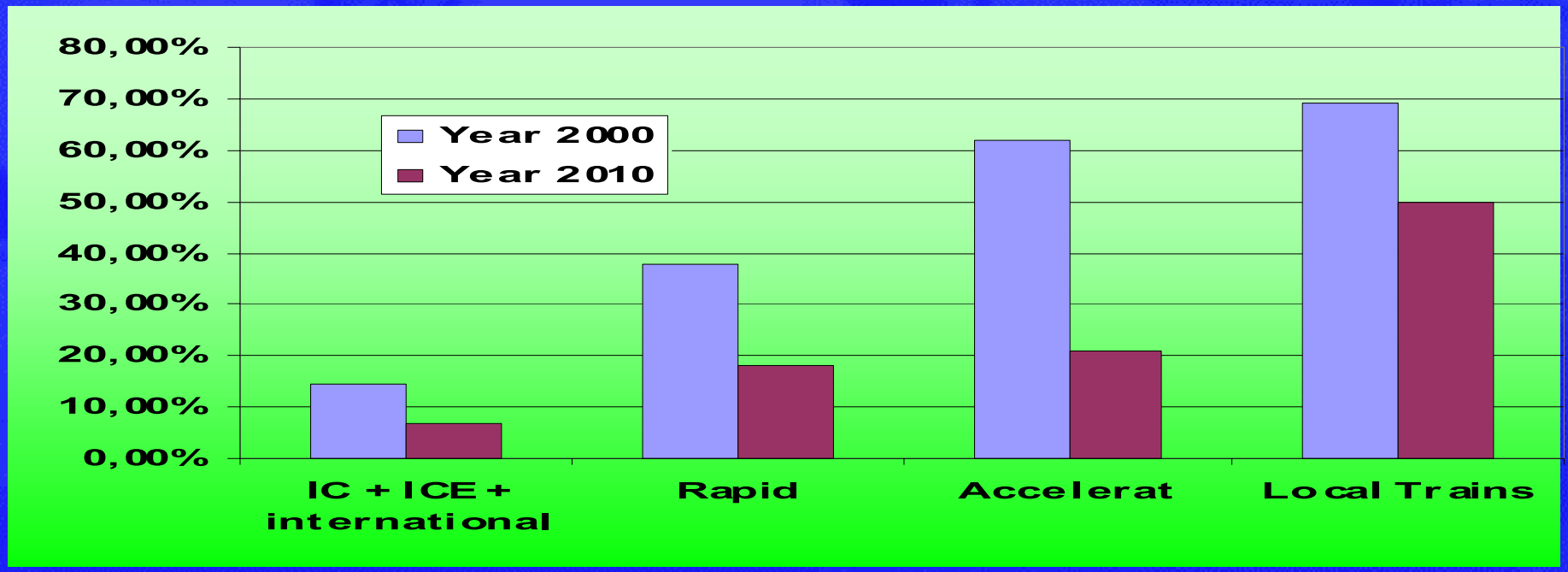


Income allocation



Tariffs Reform

The predicted evolution of State contribution for railways subsidies



Train Category	year 2000	year 2010
IC + ICE + international	14,50%	0%
Rapid	37,80%	10%
Accelerat	61,80%	21%
Local Train	69,20%	51%
Total	**59,20%**	**30%**

Tariffs Reform Principles

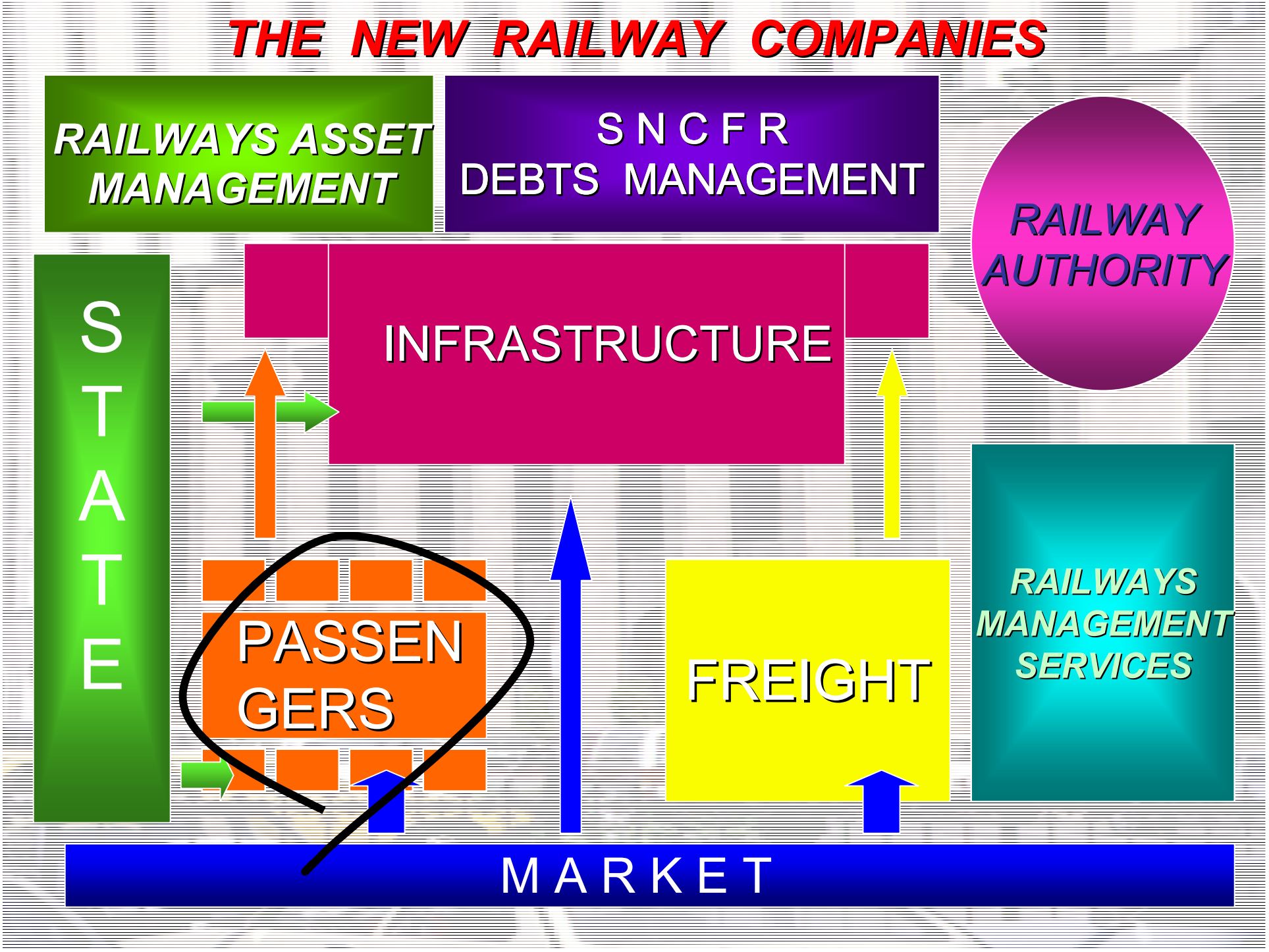
- *Tariffs to be modified according to inflation rate and raised on the basis of better services offered*
- *Maintaining a high social protection for local trains second class*
- *Annual adjustment of tariffs in accordance with the state subsidy level*
- *More flexibility for tariffs for special services (season tickets, round trips, monthly passes, etc.)*

Problems of the actual organizational structure

Organizational problems

- *Distribution of incomes between short distance passengers companies is made on conventional criteria*
- *Need for more personal and resources in railway passenger transport activity*
- *Lack of objective criteria for separation of social services and travel facilities between passengers companies*
- *Distribution of access fee between passenger companies is made on conventional criteria*
- *Need of coherent strategy for rolling stock modernization, access fee calculation and tariff policy*

THE NEW RAILWAY COMPANIES



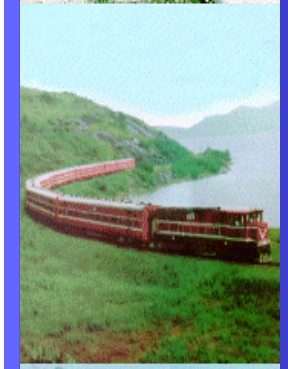
The objectives of the actual stage of organization for railway passengers transport

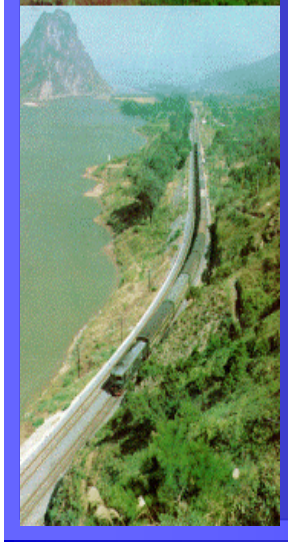
- Operational and financial decentralization
- Offer of services better adapted to the local market needs

- More efficient allocation of resources (rolling stock modernization, allocation of locomotive drivers, overhaul strategy, etc.)
- Better structure for the implementation of coherent tariffs reform and the modernization of the financial & accounting system

Institutional separation to be reconsidered in 2-3 years

The End





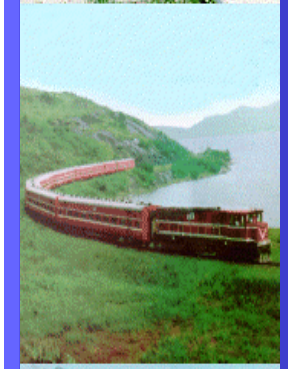
Railway Regional and Suburban Services: Why Are They Important?

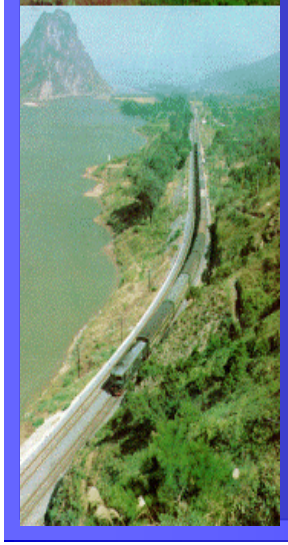
Lou Thompson

Colmar,

June, 2001

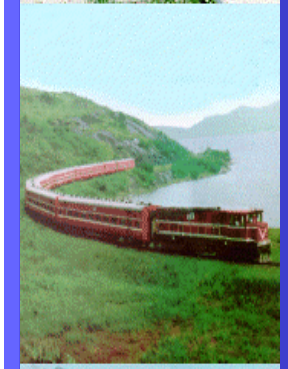
The World Bank

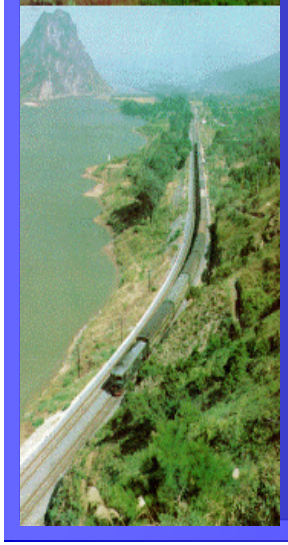




Railways Are Changing

- The Monolith is Out of Date
- Market Forces are Critical
- Budget Pressures are Growing
- Uniform Response: "Commercial Management"
- Impact of Commission Orders (91/440, 2001/12, 2001/13, 2001/14)





Directions of Railway Change

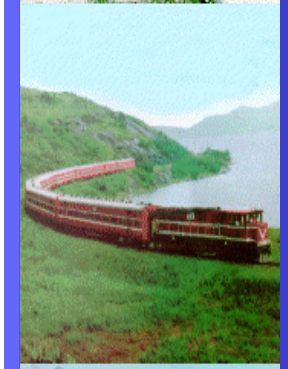
Private Involvement →

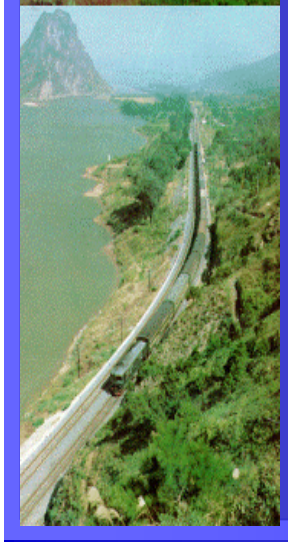
Structural Change ↓

	Public Ownership	Partnerships: Concessions or Franchises Awarded	Private Ownership
Integral	China, Russia and India (ministries), MAV, SRT, MZ, others, (SOE's)	Argentina (13), Brazil (9), Mexico (5), Peru (3), Guatemala, Bolivia (2), Panama, Cote d'Ivoire/Burkina Faso, Cameroon, Congo (Brazzaville), Malawi, Madagascar, Jordan	New Zealand, Ferronor (Chile), CVRD (Brazil), A&B (Chile)
Dominant Integral, Separated Minority Operators	Amtrak, VIA, Japan Freight	Mexico City suburban, CONCOR (India)	US Class I, CN and CP, East/West/Central Japan Railways
Separation	E.U. and Chile passenger	Swedish suburban, FEPASA (Chile), LHS line (Poland)	U.K. franchises and EWS, Polish and Romanian freight

Mixtures are possible!

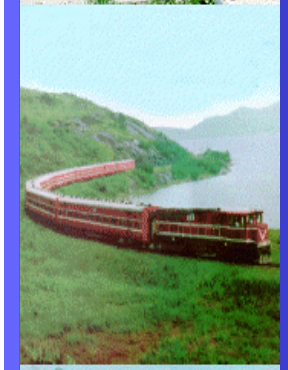
The World Bank

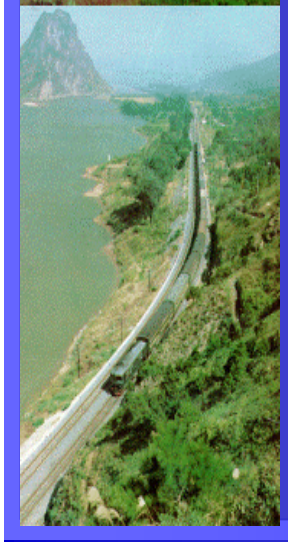




Commercial Management

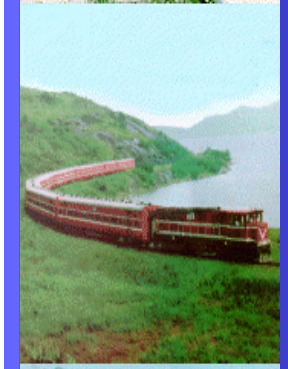
- Line of Business Organization
  - Freight
  - Intercity Passenger
  - Infrastructure
  - Contracted PSO Services (regional and commuter transport)
- Contracted PSO Relationships Imply:
  - Clearer accounting
  - Enforceable Commitments and Local Funding Sources
  - Potential for Competition FOR the Market
  - Opportunities for Public/Private Partnerships

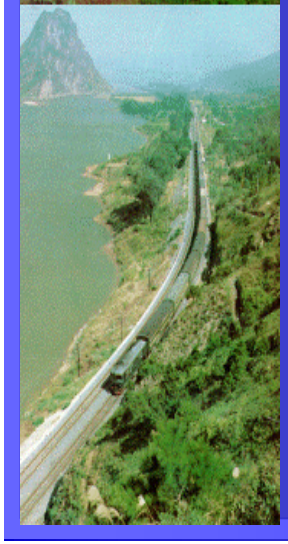




Why Public Private Partnerships for PSO Services?

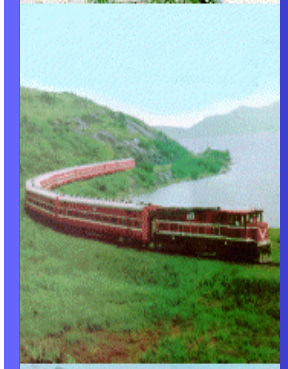
- Mobilize private investment, replace public funds
- Better use of national resources
- Increased efficiency
- Better market development
- Enhanced social equity (!)
- Effective environmental protection

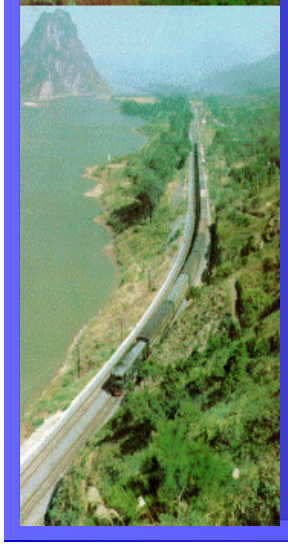




Experience With Public/Private Partnerships in Railways

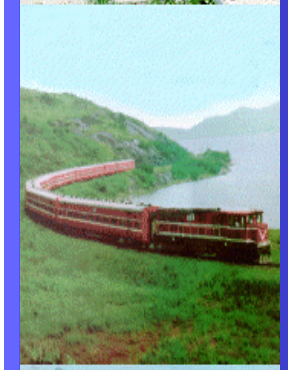
- Freight concessions: Argentina (6), Chile (2), Brazil (7), Bolivia (2), Panama, Guatemala, Mexico (6+), Peru (3), Cote d'Ivoire/Burkina Faso, Cameroon, Malawi, Mozambique (2), Senegal/Mali, Ghana, Jordan, others underway
- Partial Privatizations: Poland and Romania underway
- Suburban passengers: Buenos Aires (7); Rio de Janeiro; Mexico City underway
- Metros: Buenos Aires, Rio de Janeiro, Bangkok, Sao Paulo underway
- UK: 12 suburban and 13 inter city passenger franchises, 2 freight operators and 1 infrastructure company
- Others: Sweden, New Zealand, Canada, U.S., Australia

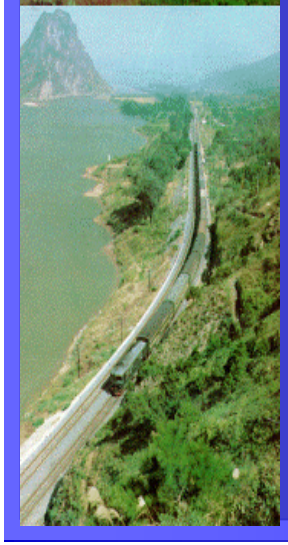




Lessons

- Separating accounts works
- Keep risk in the right place
- Social issues (labor, resettlement, environment) are important
- Identify and pay for social services (students, season tickets): avoid cross subsidies
- Don’t forget regulation/oversight, but good contracts can also yield good oversight

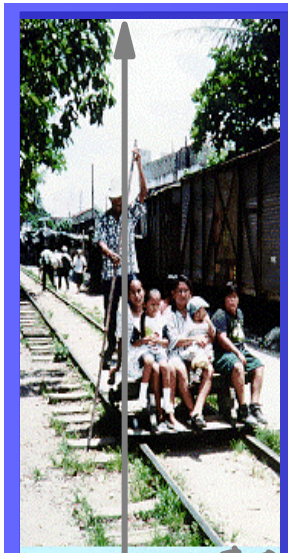


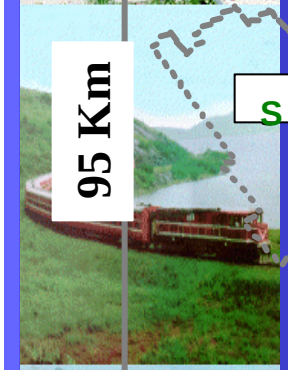


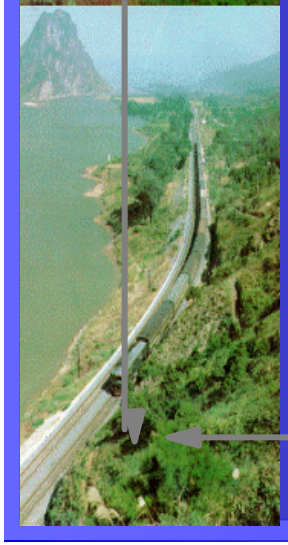
Risk Management in Public/Private Partnerships

Factor	What a good partnership requires in order to allocate risk
Revenue Estimates	Demand: demographic data, balanced competition, experienced users
	Tariffs: fair competition, limited inflation, stable international exchange rates
	Revenue Support Mechanisms (RSM): adequacy and reliability
	Good urban transport system integration (rail/bus/taxi)
Construction Cost Estimates	Resolution of major civil engineering issues (under, on or above grade)
	Flexibility of route and system design.
	Reliable right-of-way availability, reasonable cost and utility relocation
	Predictable and manageable resettlement and archeological proceedures
	High quality contracting community
Rolling Stock Estimates	Proven design with warranties and supplier credits
Operating Cost Estimates	Productive labor force, reasonable wages
	Acceptable energy and materials costs protected from major import shocks.
Financeability	Appropriate term of the partnership
	Robust cost coverage, including Government RSM
	Manageable exchange risk
	Availability/cost/terms of financial resources
	Acceptable Government credit experience
	Reasonable tax structure
	Availability of guarantees
	Financial strength and structure of the private partner
	Professional process management
Political Viability	Agreed and stable public/private boundary ("commanding heights"?)
	Transparency (cross subsidies bad, corruption also bad)
	Acceptable regulatory environment (contract relationship must be enforceable)
	Credibility of renegotiation provisions
	Termination provisions enforceable
	Approriate Government framework (national/regional/metro/ local)
	Government commitment and decisive management

Buenos Aires Suburban Railways







95 Km

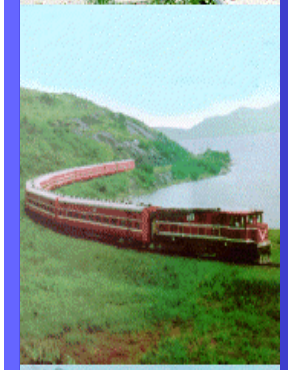
130 Km

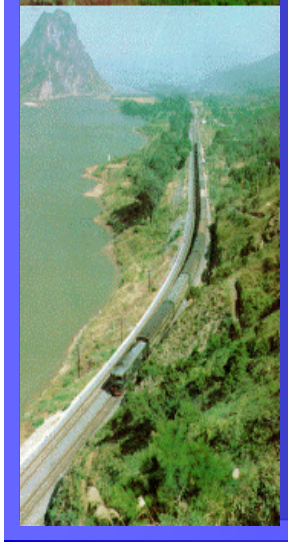
835 Km Rte

- S Sarmiento Line (TBA)
- M Mitre Line (TBA)
- U Urquiza Line (Metrovias 1/94)
- R Roca Line (Trainmet 4/95)
- SM San Martín Line (Trainmet 4/94)
- BN Belgrano Norte Line (Ferrovias 4/94)
- BS Belgrano Sur Line (Trainmet 5/94)

ZARATE, CAMPANA, ESCOBAR, EXALTACION DE LA CRUZ, PILAR, GRAL. SARMIENTO, TIGRE, SAN FERNANDO, SAN ISIDRO, VTE. LOPEZ, SAN MARTIN, TRES DE FEBRERO, LUJAN, MORENO, MORON, MERLO, GENERAL RODRIGUEZ, MERCEDES, MARCOS PAZ, GENERAL LAS HERAS, LOBOS, CAÑUELAS, SAN VICENTE, BRANDSEN, LA MATANZA, ESTEBAN ECHEVERRIA, ALTE. BROWN, LOMAS DE ZAMORA, LANUS, AVELLANEDA, CAPITAL FEDERAL, Retiro, Constitución, QUILMES, BERAZATEGUI, FLORENCIO VARELA, ENSENADA, BERISSO, LA PLATA

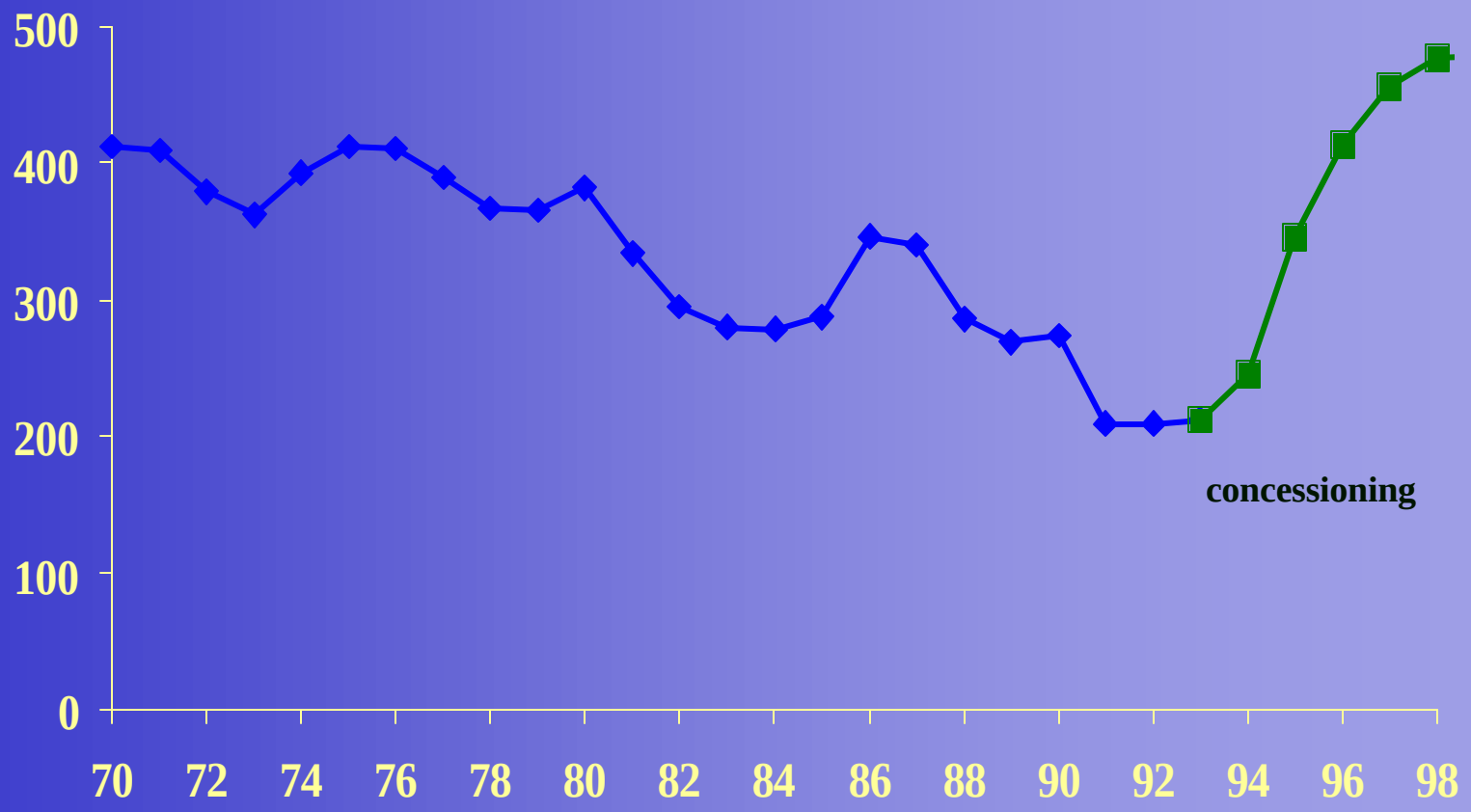
The World Bank





Suburban Rail Passengers in Buenos Aires

(millions of passengers)



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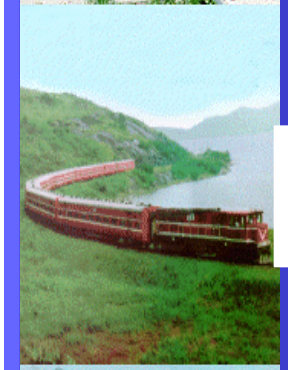
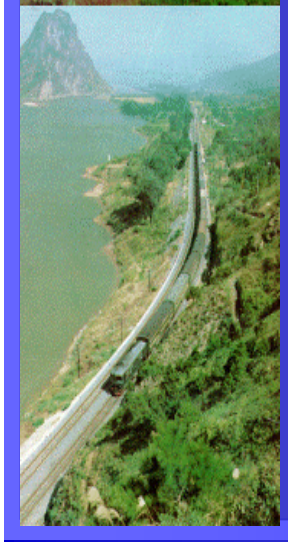
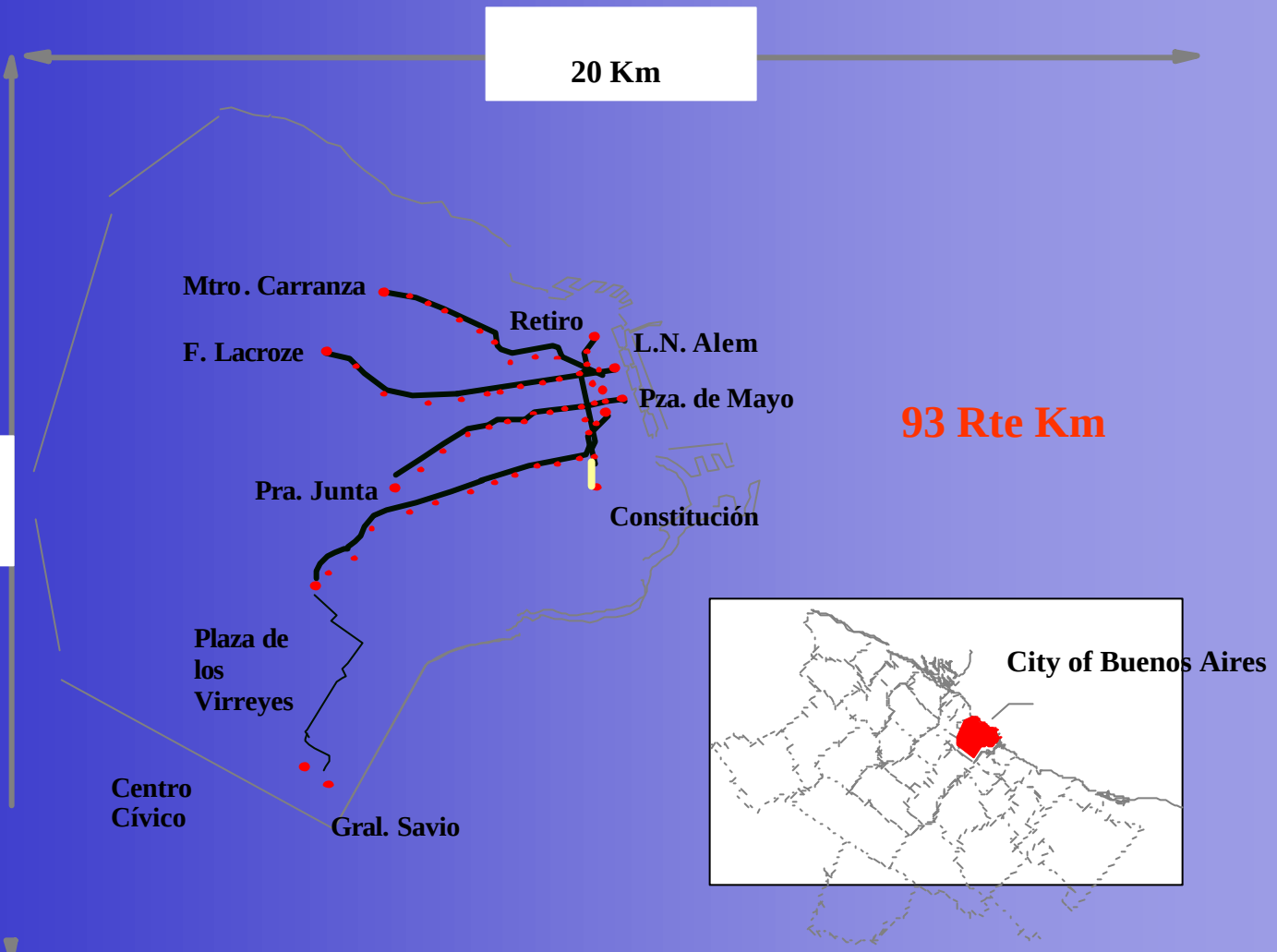




Buenos Aires Subway



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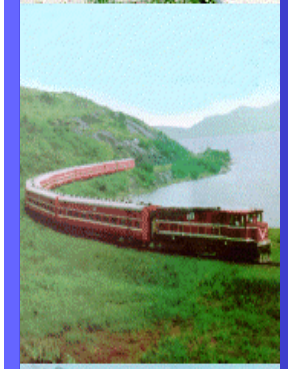
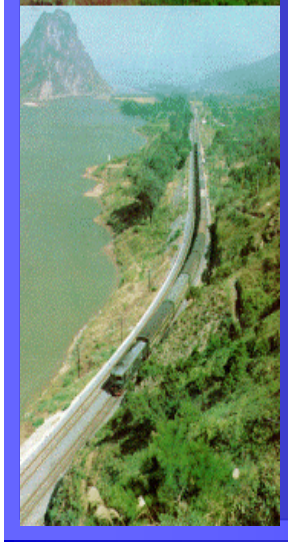
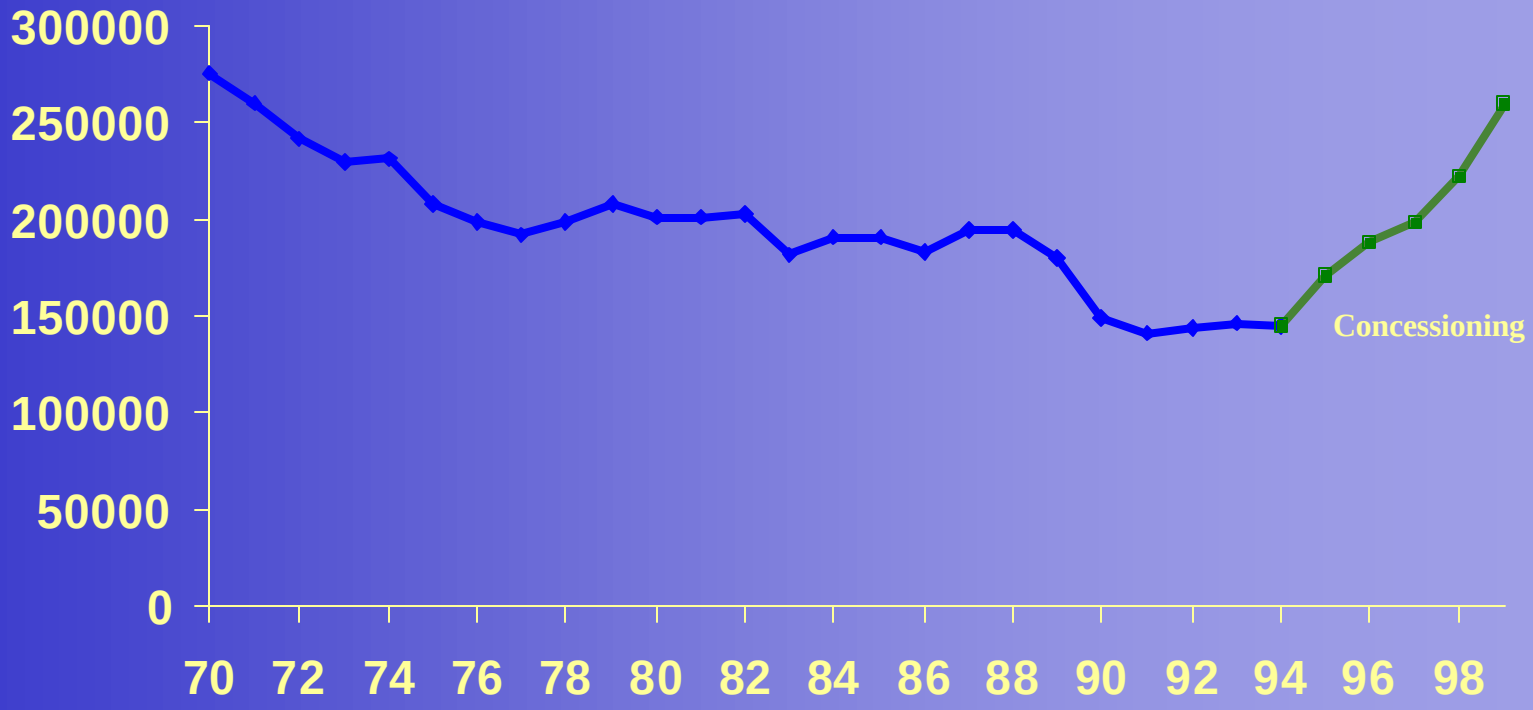




Buenos Aires Metro Ridership

(000 Passengers)



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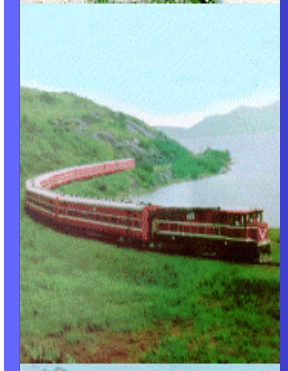
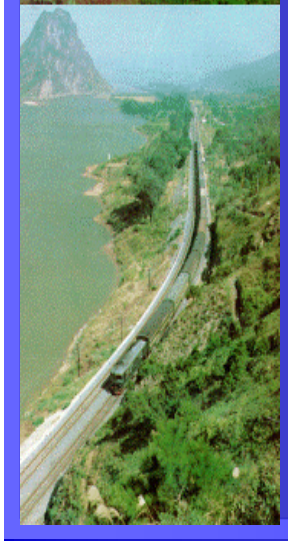
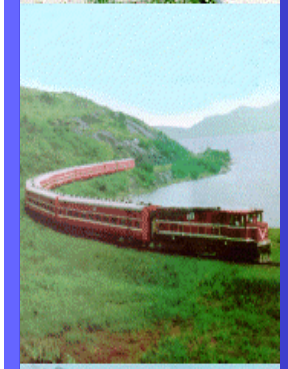
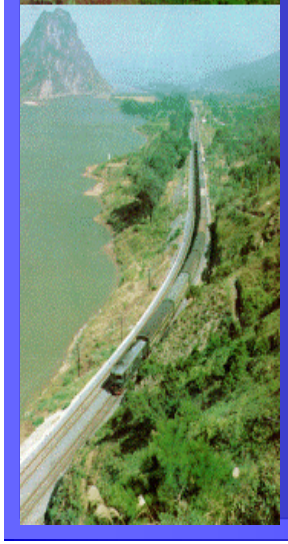




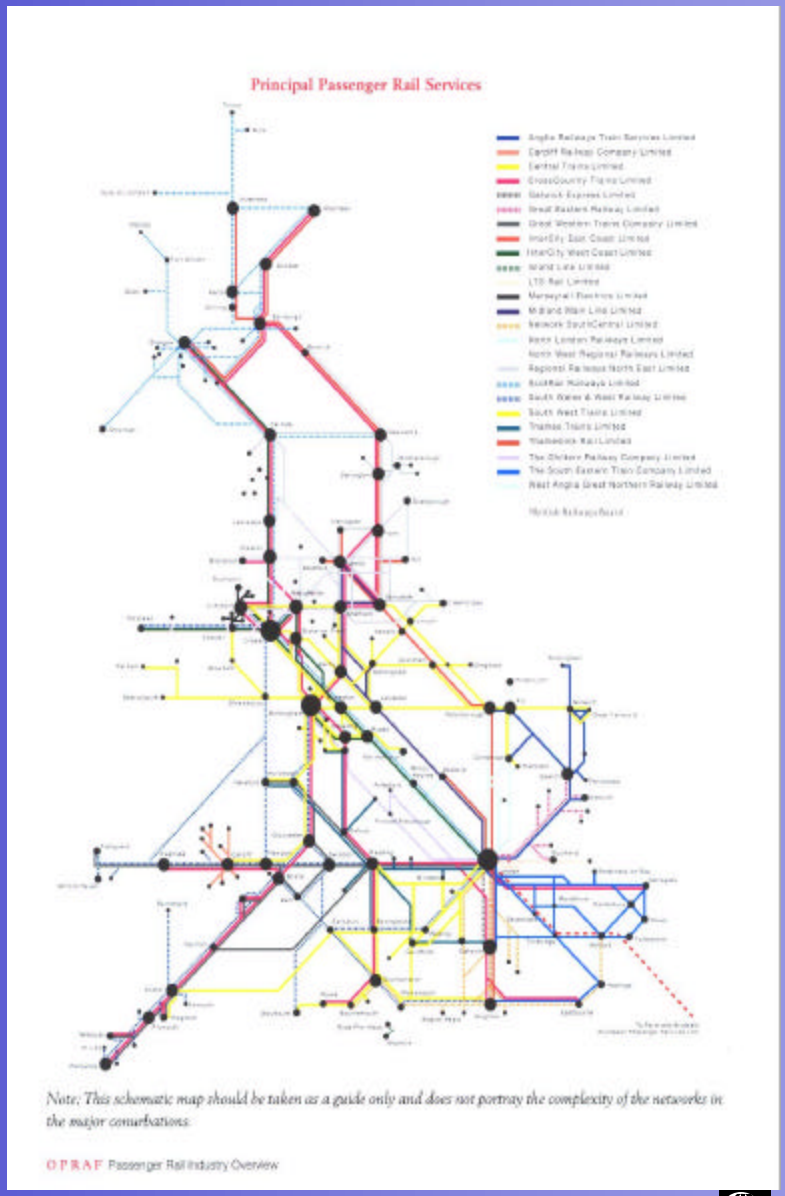
Comparison of Suburban Passenger Concessions or Franchises

	Staff	Passengers (000,000)	Avg trip (Km)	Route Km	Pass-Km (000,000)	Pass-km/staff	P-km/ Km
UK:Thames	1,053	31.0	29	585	889	0.84	1.52
UK:Chiltern	396	9.6	45	262	428	1.08	1.63
UK:Silverlink	1,035	34.3	26	322	900	0.87	2.79
UK:SW Trains	4,079	122.9	30	940	3,690	0.90	3.92
UK:SE	3,619	122.2	24	775	2,979	0.82	3.85
UK:S Central	2,912	98.3	24	715	2,311	0.79	3.23
UK:WAGN	1,424	55.7	32	409	1,775	1.25	4.34
UK:Grt Eastern	1,221	54.4	30	264	1,626	1.33	6.16
UK:LTS	662	24.7	30	129	734	1.11	5.68
UK:Mersey	1,045	23.0	11	121	256	0.25	2.12
UK:Thameslink	586	34.4	33	227	1,143	1.95	5.03
UK:Gatwick	313	4.5	44	43	197	0.63	4.54
AR:Mitre	1,429	80.6	18	189	1,434	1.00	7.60
AR:Sarmiento	2,060	111.5	29	175	3,271	1.59	18.70
AR:Urquiza	400	25.0	17	28	433	1.08	15.35
AR:Roca	2,167	147.0	20	260	2,919	1.35	11.23
AR:San Martin	654	46.6	25	58	1,153	1.76	19.95
AR:Belgrano S	581	13.1	22	71	283	0.49	3.99
AR:Belgrano N	636	32.3	19	54	604	0.95	11.12
BR:Supervia	2,132	60.0	26	200	1,560	0.73	7.80





UK Franchises and Competition



The World Bank

Railplan

Decentralisation of Regional Train Services

in the Netherlands

Mr A.J. Toet
Managing Director Railplan

Railplan

Key issues

1. **Will decentralisation make regional passenger transport by rail more attractive for customers?**

2. **How can decentralisation and market liberalisation be implemented?**

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Decentralisation process in the Netherlands (1)

80s:
First experiments with integration bus/train in less urbanised provinces to keep weak railway lines in operation (initiative of provinces)

80s/90s:
Policy aimed at improving public transport based on introduction of competition with decentralisation of decisions

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Characteristics of decentralisation in the Netherlands

- **Core network in a 10-year NS concession (2000-2009), other lines form the 'Contract Sector'**
- **Gradual decentralisation of regional rail lines, mostly as integrated PT services**
- **First three experiments in three different provinces (1999/2000), because:**

- *poor financial performance of regional train services threathened continuity (competition bus/train)*
- *provinces convinced to organise regional PT better than MOT*

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Role of the national Government

- Allocation of budgets to regional Governments
- Harmonisation of interregional and national transport
- Provider of rail infrastructure
- (Initially) assist local authorities in contract negotiations/tendering

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Key issues for national Government

- Approach: less cost or improved service level
- Ensuring availability of rolling stock
- Tariff policy (possibility for differentiation?)
- Financing/Subsidy (to operator or local authority?)
- Personnel (transfer conditions)
- Infrastructure charges

Role of the regional (provincial) Government

- **Negotiate contracts with operators; through Direct contracts (2 provinces) or tender (1 province):**

- ***Tendering gave lower price, but no improvement in service level***

- ***Direct contracting gave access to necessary expertise from the existing operator***

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Railway network passenger transport (Update May 2001)

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Key issues for regional Government

- Transfer from incumbent to new operator
- Availability of rolling stock
- Transfer of staff (job flexibility, conditions)
- Duration of concession and related conditions for transfer of (new?) rolling stock/other investments
- Integration of tariff structure bus/train – ticket system

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Conclusions

- **Decentralisation resulted in sustainable, integrated PT services at lower cost/better quality**
- **Decentralisation is a learning process for provinces, but encouraged innovation**
- **Open tendering requires in-depth expertise at regional authorities; direct contracting easier to start with**
- **PT has become a Public-Private Partnership (investments financed by private sector)**

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Recommendations

- **Start with pilot regions and carefully manage experience and expertise on regional PT development**
- **Conceive solution for relation rolling stock technical lifespan / concession period**
- **Set clear conditions for transfer of staff**
- **Include a performance bonus/penalty system in contracts**
- **Set targets for maximum no. of passenger transfers (avoid excessive scattering of concession areas)**

Railplan

Railplan

Better Ways to Deliver and Fund Regional and Suburban Passenger Rail Services

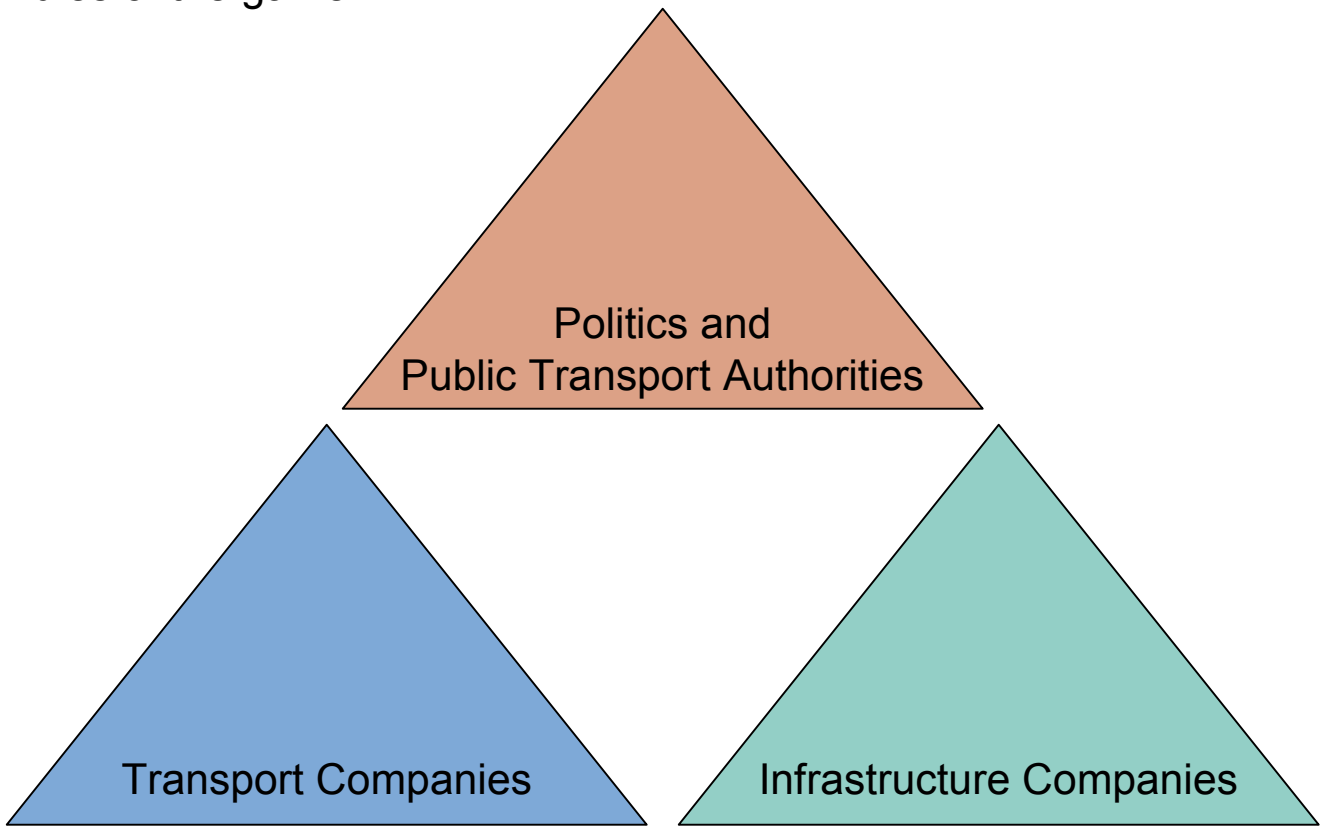
GERMAN EXPERIENCE

Dipl.-Ing. Bernhard Wewers
Managing Director LVS Schleswig-Holstein GmbH, Kiel

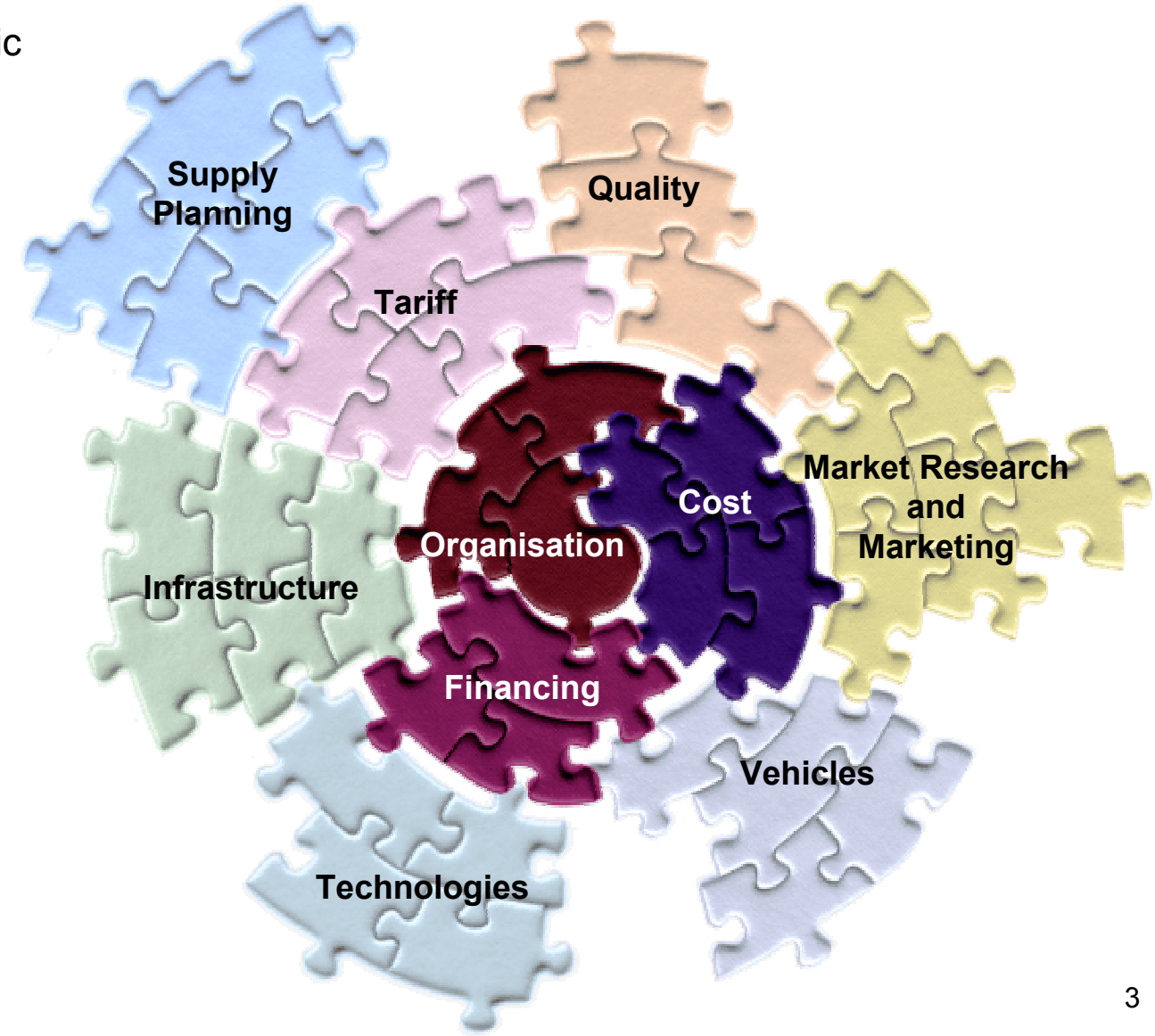
The World Bank – European Union
EBRD – Agence de Développement de l'Alsace

Colmar, France, June 13-15, 2001

The new rules of the game



Public passenger traffic
Scope of action



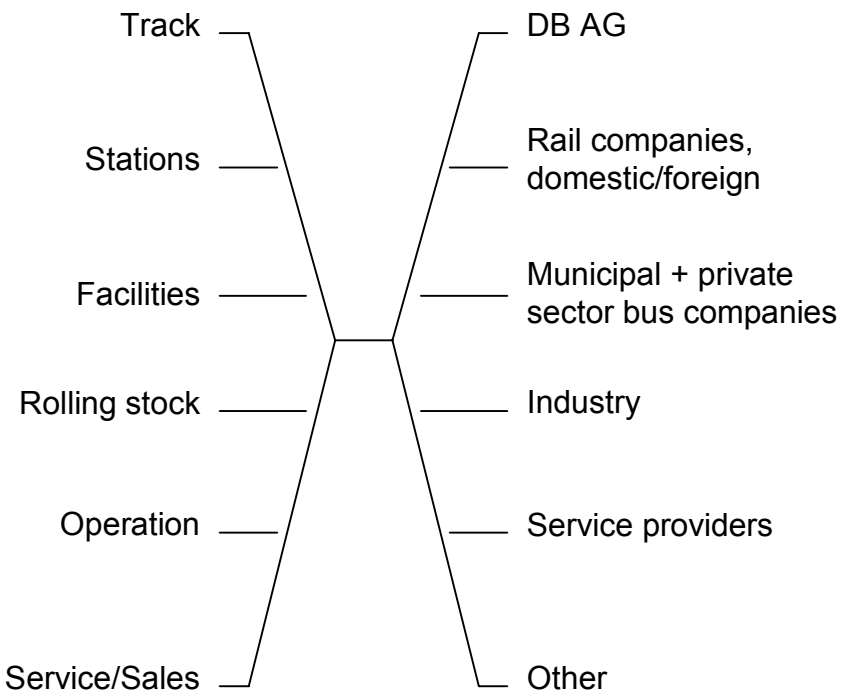
Privatisation of rail services in Germany means

talking about

- legal impacts
- management impacts
- financial impacts
- political impacts

and talking about changing rules and behaviour

Competition



Goal

Quality improvement
Cost cutting
new operators

Method

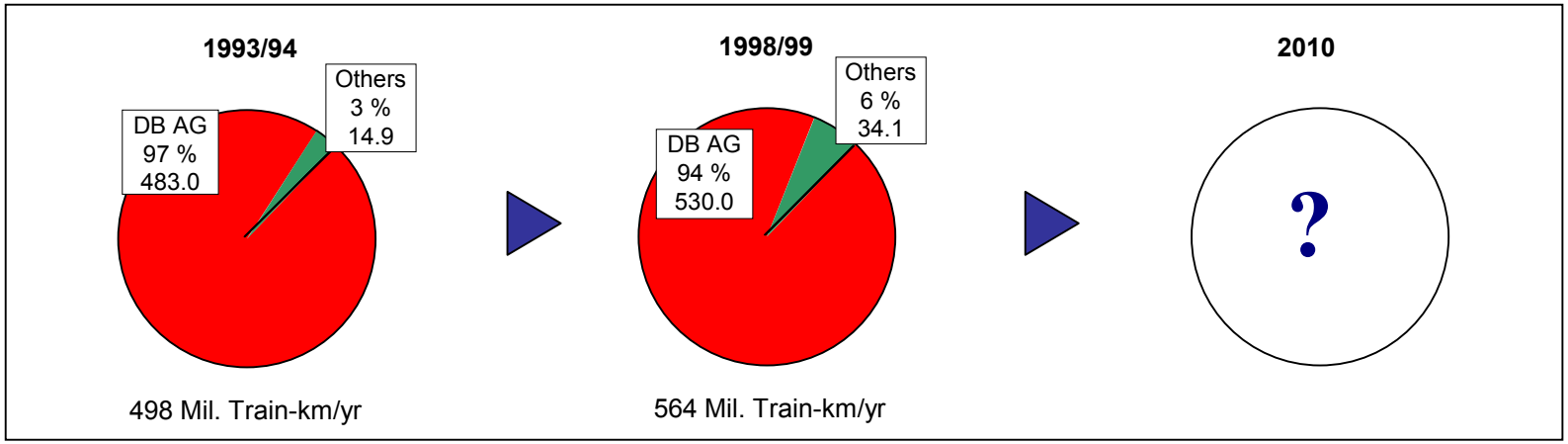
Tendering

Competition safeguards/improves quality of local passenger transport and minimises the subsidies required

Costs of operation in Schleswig-Holstein (1996)

	DM per train-km „status quo“ scenario	DM per train-km 2010 (in 1995 prices) „competition“ scenario
Transport	11.30 DM	8.50 DM
Track infrastructure	8.70 DM	4.35 DM
Total	20.00 DM	12.85 DM (-36 %)

Local passenger traffic in Germany since railway reform (1999)



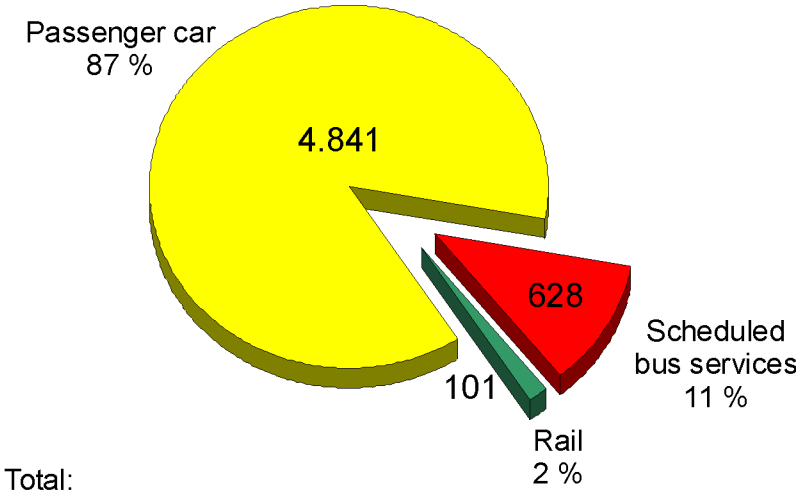
- 13.3 % increase in local services in Germany, especially in Rheinland-Pfalz, Bayern, Baden-Württemberg, Hessen, Berlin, Brandenburg and Schleswig-Holstein.
- 47 million more train-km in DB AG services (on average + 1.9 % per year).
- Reduction in DB AG market share from 97 % auf 94 %.
- 3.2 % reduction in passenger demand for DB Regio AG in 1998, 6 % increase in Schleswig-Holstein.
- Reduced expectations of turnover and profit for DB Regio AG
  (1998: + 0.2% gain. Regio turnover - 14 billion of Deutsche Bahn Group‘s 30 billion total turnover).

Experiences in Germany with privatisation of rail services

☺ Higher quality	☹ Start of service delayed
☺ Cost reduction	☹ Process too complicated
☺ New railway companies	☹ Influences DB AG and dependent companies
☺ “Conflict and co-operation”	

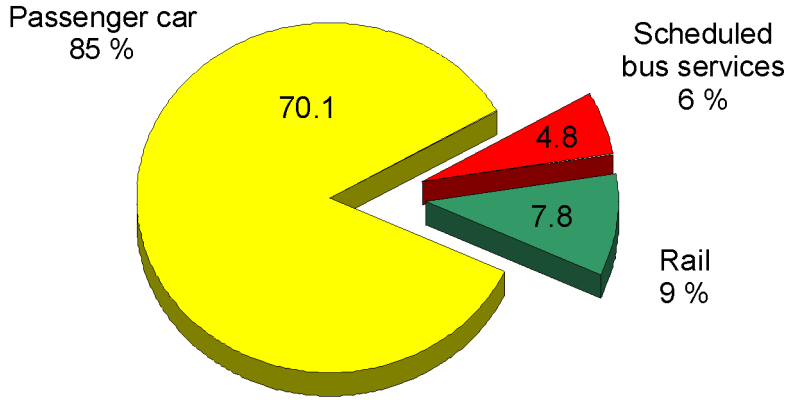
Transport market in Schleswig-Holstein 1995

Traffic in thousand person-journeys per day
(% of traffic)



Total:
5.57 million person-journeys per day

Traffic in million person-kilometres per day
(% of traffic)



Total:
82.7 million person-kilometres per day

LVS Schleswig-Holstein
Landesweite
Verkehrsservicegesellschaft mbH

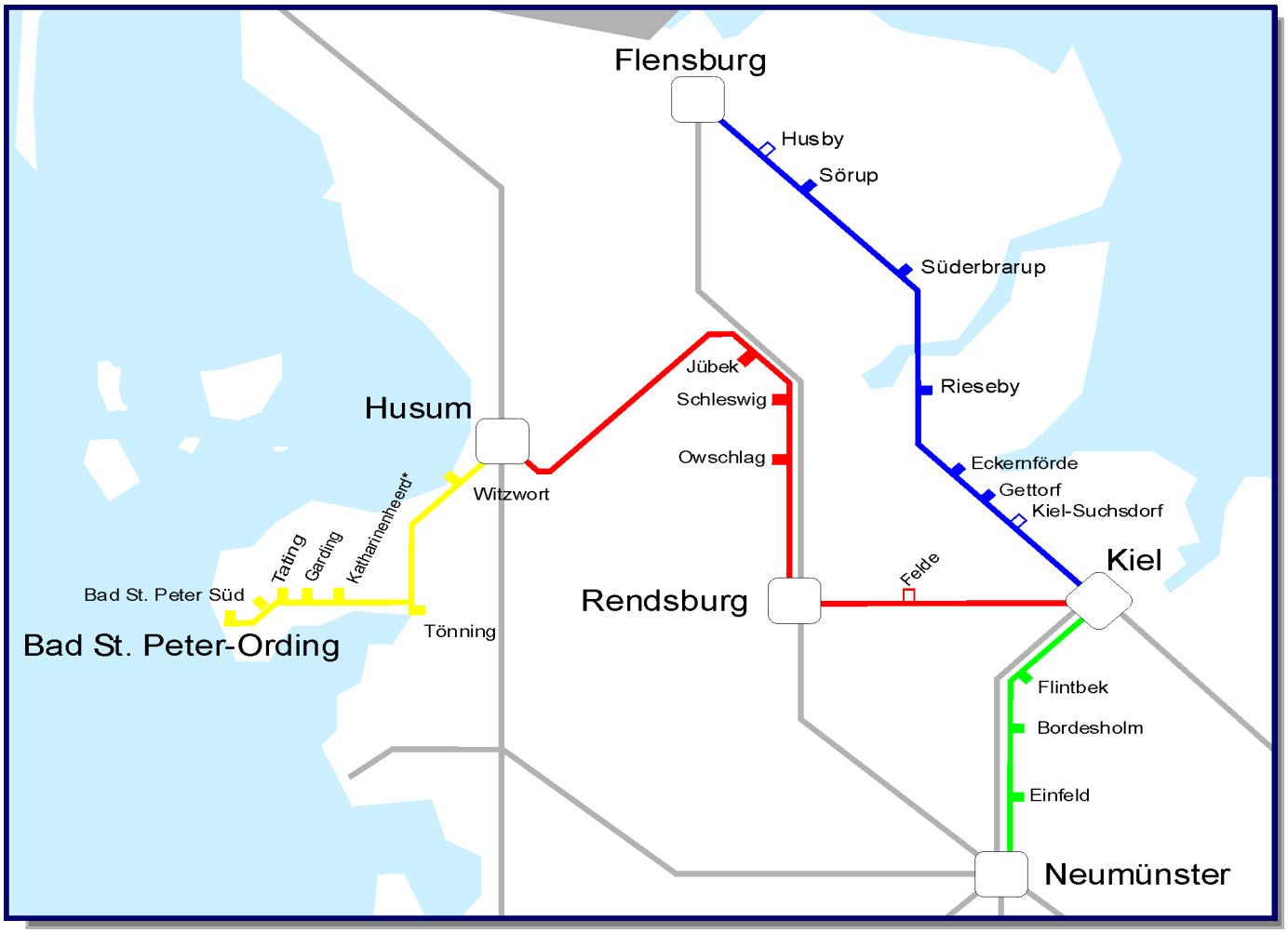
First tendering of railway services in Schleswig-Holstein

Key points

- Step-by-step introduction
- Partial network (”not too much, not to little”)
- Diesel-operated lines
- Bidders provide their own vehicles
- Open and fair process, as much as possible

4 lines in northern Schleswig-Holstein with
3.6 million train-km/yr
= 17 % of overall train-km in Schleswig-Holstein 1996
= 23 % of overall train-km in Schleswig-Holstein 2001

Network North



Theses for further development

- Cost reduction through competition is still necessary.
  But does it lead to a reduction of infrastructure costs?
- Across Germany, the monopoly of DB Regio AG could be replaced with oligopolies over the long term, as in the energy, telecom, and postal sectors.
- Germany will gain increasing importance in the EU in the area of competition, and will thus attract interest from European (and overseas) transportation operators.
- Long-distance services of DB Reise&Touristik AG will soon be subject to competition as well.

Theses for further development (continued)

- The stock companies of the DB group will continue to distinguish themselves, and resistance to tenders will increase.
- New trans-German operators for larger networks are on the horizon, they are expected to come from Great Britain with the expiration of the first franchise contracts (after 2003). European transportation concerns (rail and bus) are Stagecoach (GB) and Vivendi (FR).
- Increasing competition in local bus services.

Core values and questions

- Definition of logical networks, from the perspective of traffic, operations, and passengers. Will networks overlap, or will they be self-contained?
- Over the long term, how many operators make the most sense for Germany in terms of traffic and operations?
- Simplified tendering of pure operating costs and simplified legal process for tendering.
- Further development of transportation contracts (quality, decreasing subsidies, mandatory information, etc.

Core values and questions (continued)

- Possible tendering of rail service including feeder bus services, or even takeover of infrastructure (station and track).
- New regional trainsets for a change of operator will likely be available from 2002/2003.
- Car and workshop pool

A long-term, stepwise concept for tendering is necessary, which will offer a secure perspective for the operators as well as for the state and other sponsors.

Accompanying measures

- Competition-neutral financing policies with respect to local public transportation investments (repair facilities, vehicles, stations, track).
- Discussion of parallel financing of investments and operations versus restriction to operating-cost subsidies for transportation companies.
- New financing instruments for infrastructure and rolling stock.
- Transportation contracts for all public transport companies.
- Repair facility and vehicle pool.
- Organisation of co-operation among local rail companies (tariff, electronic schedule information, scheduling, operations control, marketing, rail-bus connections, etc.).
- Discussion of second phase of railway reform.
- Reduction of barriers to market entry for new companies.

Financing patterns in German rail transport