Meeting Railway Investment Needs

Innovative Railway Financing

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Investment needs and available financing

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

Needs exceed available public financing in many countries.

Private sector can help finance the gap.
• Concessions and BOTs are one source,
• but there are other ways to attract private financing.
• In 2013, PKP floated 50% of the shares of PKP Cargo on the Warsaw stock exchange.
• With the proceeds of the IPO and a subsequent sale of another 17% of the stock, the parent, PKP Group, received 620 million US$
• Retired half the debt of PKP Group.
Russian Railways

Russian Railway Traffic

Traffic Units (billions)


Pass-km  Ton-km
The Reform Program

• Separation of the Ministry of Railways
• Legal framework allowing operation by private rail operators
• Tariff reform
• Over time, more and more wagons were supplied by commercial operators

→ more than $50 billion have been invested in new, privately owned and financed rolling stock in Russia.
Indian Railways

Indian Railways Traffic

Traffic Units (trillions)

- PKM
- TKM


Traffic Units (trillions) over the years for PKM and TKM.
Railways of India Investment Fund

• Surplus of operations over revenues insufficient to finance investment

• Ministry cannot borrow

• Requested World Bank Support

• Working to create a commercial investment fund to mobilize $5 billion for commercially viable rail infrastructure projects
Concluding comments

• Three different ways to mobilize private sector financing
  - IPO,
  - Investment in wagons and locos,
  - Investment fund

• What do the three cases have in common?
  - Profitability
  - Transparency
  - Risk Management
Thank you!