# Railway Days Investment Summit

ÎS "Calea Ferată din Moldova"



# Railway sector in Moldova

- 1. Corporate concept & challenges
- 2. Restructuring & assistance needed
- 3. Investment agenda
- 4. Reshaping logistics
- 5. Future projects

#### Railway sector in Moldova Corporate concept | Challenges



-Unpaid salaries -Payment arrears -Lack of suppliers -Risk of strikes -Lack of fuel

-Continuos decrease -Technical restrictions -Losing typical railway of working capital -Unsatisfied demand freight -Lack of funds for -Exaggerated logistic costs maintenance

-Low productivity -Low salaries -Losing qualified staff

PROBLEMS-2021

0000

**SOLUTIONS-**2022 ••••

#### -300M lei

-Arrested accounts

WORKING



-Non-ops assets divestment -Equity enhancement -Ops cash flow

-150 M

#### -15M lei/month

**OPERATING** 



LOSSES -PSO

-Logistic optimization -Efficient fuel management -International routes restart

-Improving market

share +10 M

#### <30 km/h

**TECHNICAL** 



-Daring investment agenda (infra, rolling stock, energy efficiency) -MAIC

~250M Euro

#### ~17%

MARKET



SHARE

-Logistic centers and specialized freight terminals -Improved services

#### ~4 000lei

HUMAN



RESOURCES

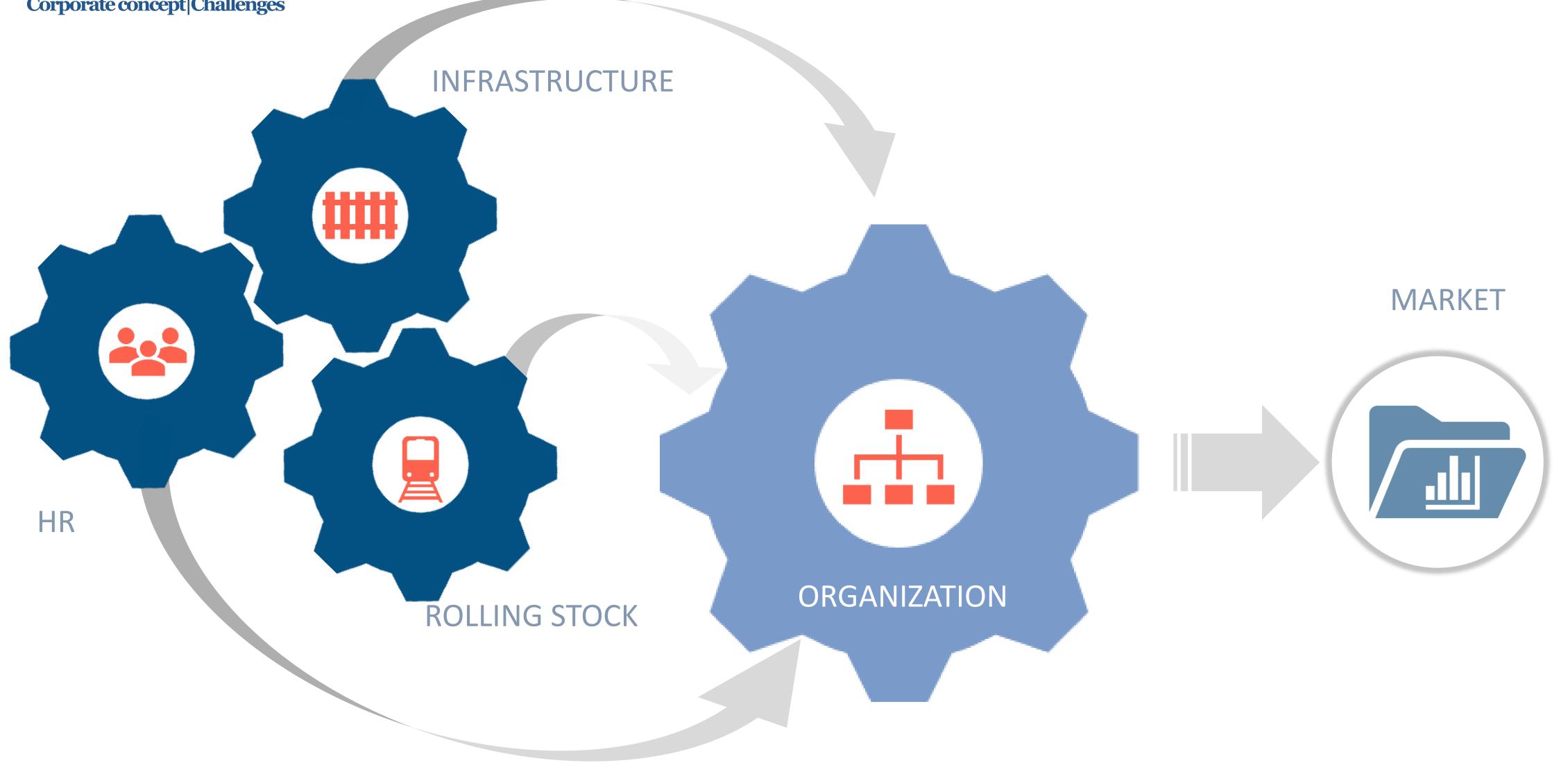
**-Erradicating** <del>payment arrears</del>

- -Increasing wages
- -Corporate identity -Performance, digitalization, innovation

+89%

+150%

## Railway sector in Moldova Corporate concept Challenges



### Railway sector in Moldova Corporate concept Challenges

**INVESTMENT** RESHAPE **OPERATIONAL** REFORM LOGISTICS AGENDA **ACTIVITY** Ensure a Adapt to the Promote a Implement solid sustainable the new continuity of investment requirements restructuring and reform of the market the agenda operational action plan processes **ASSISTANCE** 

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#### 1. TRANSPOSES

#### DIRECTIVE 2012/34/ EU

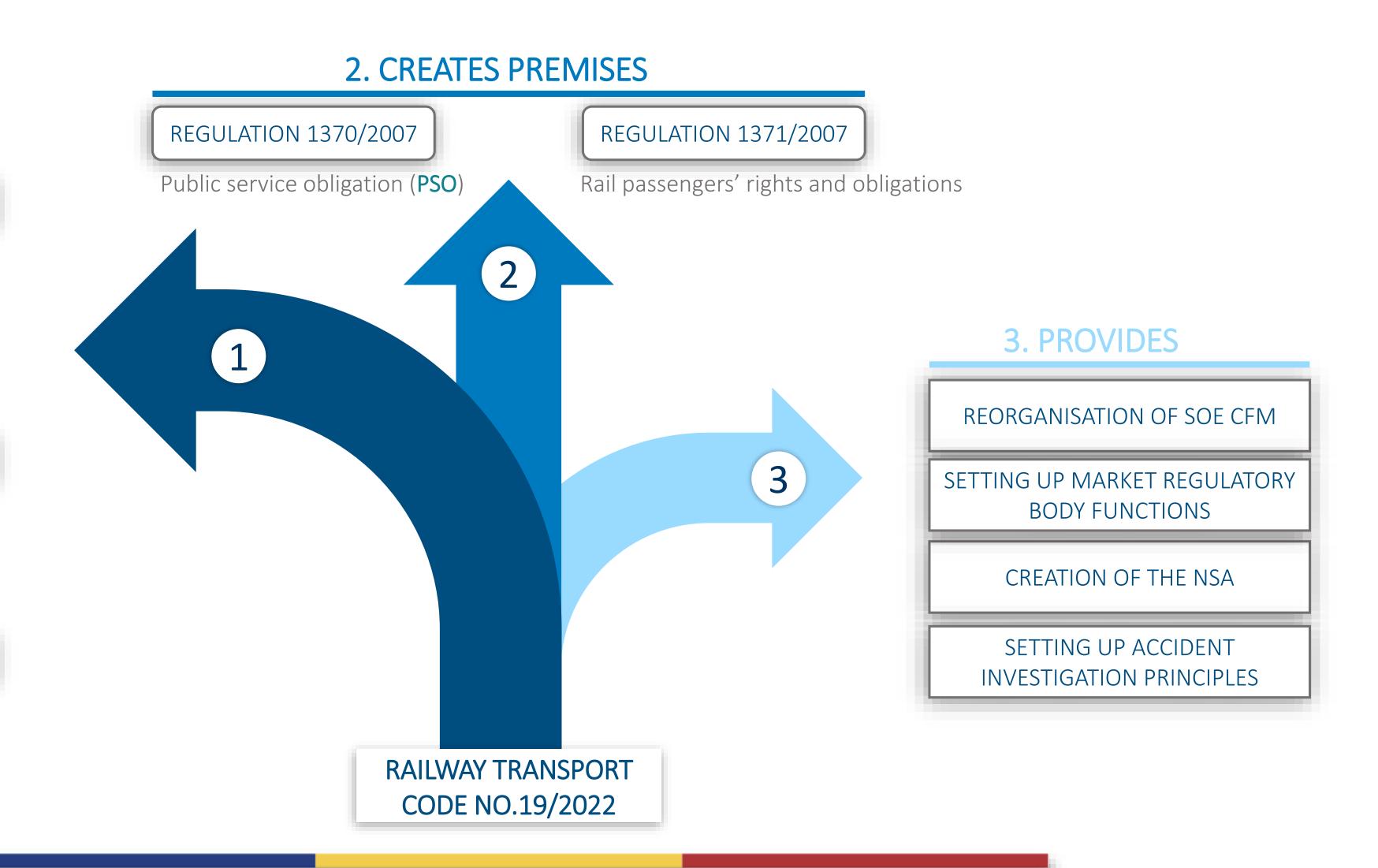
Independence of infrastructure managers and railway undertakings / acces to infra and services / licensing / MAIC

#### EU DIRECTIVE 2016/798

Railway safety principles / SMS / certification and authorisation

#### DIRECTIVE 2007/59/EC

Certification of train drivers / training, testing, monitorisation & control, evaluation & sanctions /







GD NO 1042/2017 & THE ACTION PLAN

> approved on April 20<sup>th</sup> 2022

APPROVE THE NATIONAL RAILWAY INFRASTRUCTURE PROGRAM

DRAFT / SIGN MAIC & ALOCATE RESOURCES

DRAFT / SIGN PSC & ALOCATE RESOURCES

DRAFT & APPROVE REGULATION ON PAX RIGHT AND OBLIGATIONS

STAKEHOLDERS

MIRD | MF | APP | CFM

**ASSISTANCE** 

EU | IFI`s | USAID | AFD



#### Areas where assistance for implementation is needed

LEGAL AMENDMENTS	ASSETS	CORPORATIZATION	
MAIC	OPERATIONAL SEPARATION	NON-KEY ASSETS DECAPITALIZATION	
PSO	LEGAL SEPARATION	TRANSITIVE MEASURES	
BUSINESS PLANS	NEW RAILWAY BODIES	CERTIFICATION/AUTHORISATION OF THE NEW RAILWAY ENTITIES	

balance sheets etc

railway experts (unbundling) TA Approval of the separation plan mapping processes for future separation Organizational separation Separation of functions IFI`s OPERATIONAL SEPARATION Separation of personnel provide financing and technical Internal organization assistance for FMS development individual solution for CFM Asset separation Financial & accounting separation. Establishment of FMS payroll accounting procurement TA + financial means

reporting

debt management

Stabilization of the financial situation of CFM

Ensuring the financial sustainability of the asset management company

Strengthen the institutional capacity of CFM CARGO, PAX, INFRA

Contract separation and transfer

Mapping future contractual relations/processes

TRANSITIVE MEASURES



IFI`s

post-separation contractual framework / inter-company services / transfer of existing contracts

railway experts (unbundling)

TA

Property inventory



Assessment of the asset needs for future railway entities

Drafting inventory lists for asset distribution

Asset demarcation and forming new immovable goods

Evaluation and registration of the new assets

**ASSETS** 

IFI's

financial support for cadastral engineers/services

financial means TA



Drafting statutory documents

Adopting GD on CFM reorganization into JSC

Notifying PSA and creditors on reorganization

Registration of the JSC CFM at PSA

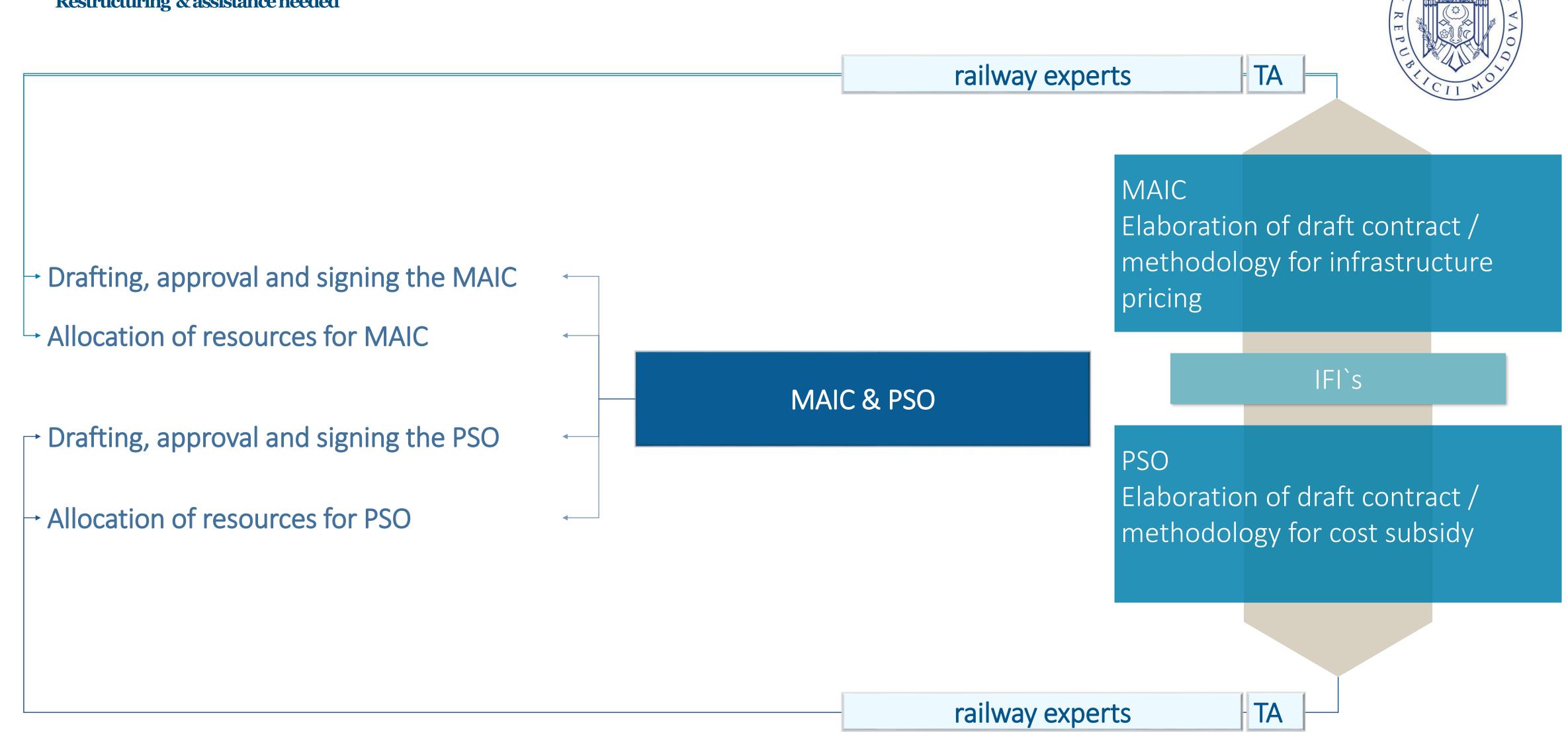
Registration of JSC CFM property rights and stock shares

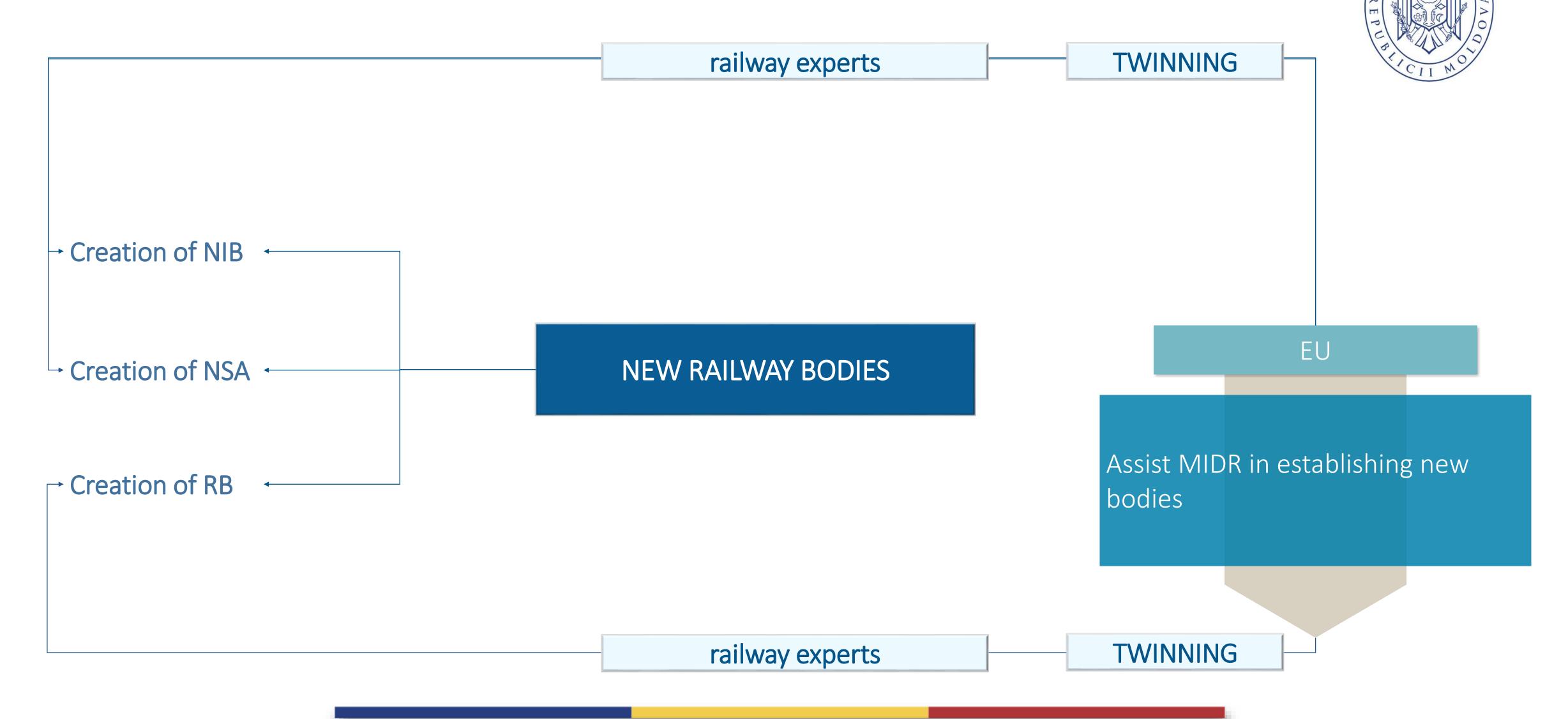
CORPORATIZATION

IFI's

offering JSC CFM financial support to perform some expensive legal procedures

financial means





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GROWTH / 8 - 15 years MODERNIZATION **5 - 7 years** REHABILITATION - 4 years Acquisition of shunting locomotives Acquisition of freight wagons Infrastructure modernisation Digitalisation and integrated IT solutions Infrastructure for bulk commodities Infrastructure maintenance equipment Professional development of the employees Acquisition of passenger wagons Building logistic centers 10 Acquisition of locomotives

INNOVATION



1 Acquisition of shunting locomotives

2 Acquisition of freight wagons

FREIGHT WAGONS

~4 000+ WAGONS

Price per wagon - ~ 80-100K euro

Total price - ~350-400 M euro

Estimated time for completion of the acquisition — 2024-26

**SHUNTERS** 

**25-30 UNITS** 

Price per unit - ~ 2.5M euro

Total price - ~ 62.5-75M euro

Estimated time for completion of the acquisition — 2024-26



#### Infrastructure modernization 2022

NORTHERN CORRIDOR (UNGHENI-BĂLȚI-OCNIȚA-RÂBNIȚA) Lenght – ~392 km | Estimated cost – ~147M euro Financing – NONE

CENTRAL CORRIDOR (CHIŞINĂU – UNGHENI)

Lenght - ~108 km | Cost - ~70-75M euro

Financing – French Government

STATUS: LETTER OF INTENT SIGNED | MoU ALSTOM - CFM

(TIGHINA-CHIŞINĂU-CĂINARI)

Lenght – ~95 km | Cost – ~45M euro

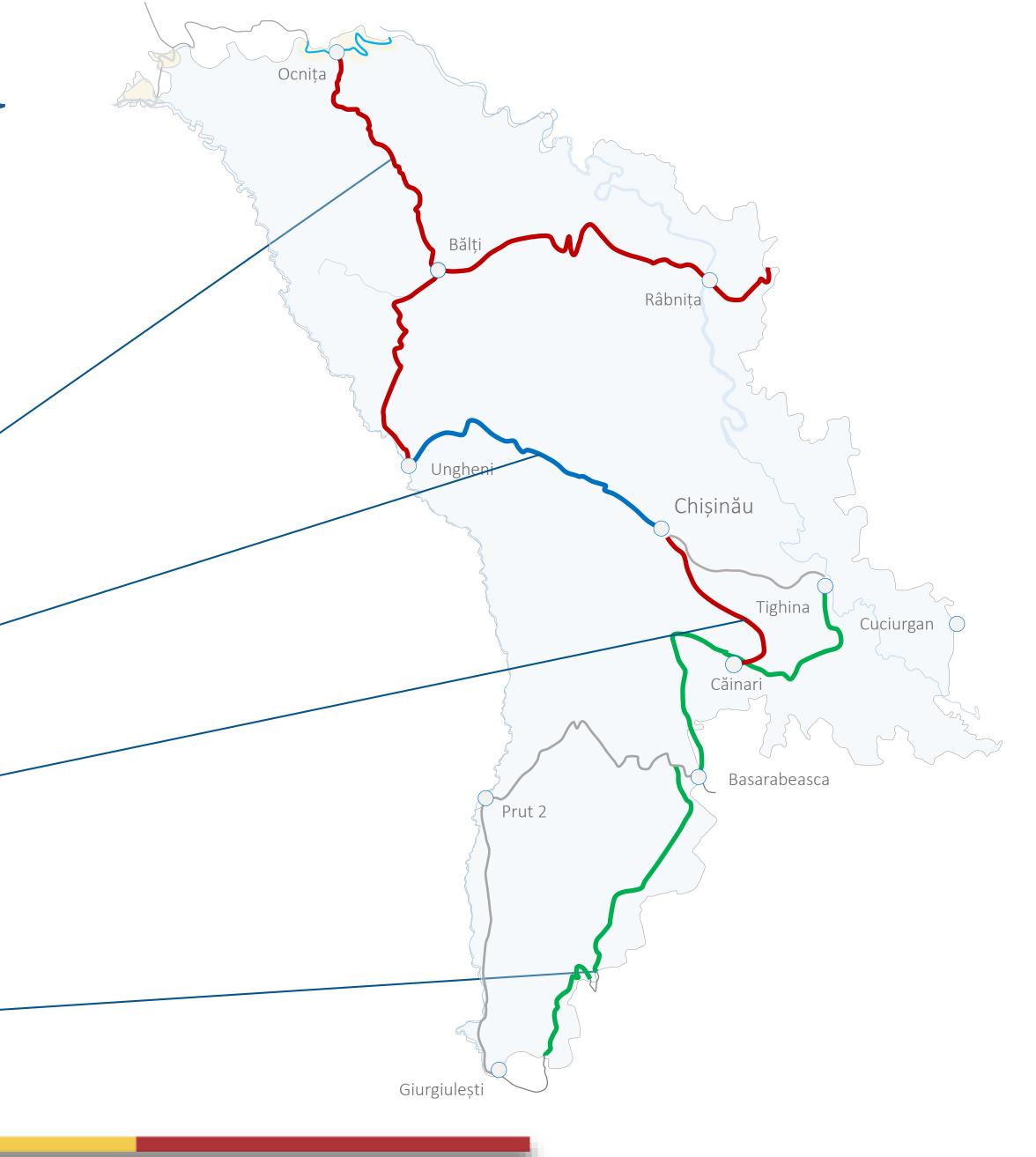
Financing – NONE

**SOUTHERN CORRIDOR** (TIGHINA – GIURGIULEȘTI)

Lenght  $- \sim 297 \text{ km} \mid \text{Cost} - 113 => 160 \text{M}$  euro

Financing – EBRD/EIB

STATUS: ONGOING



### Railway sector in Moldova

Investment agenda

#### 4. Logistic terminals



Location: Chisinau, 271 Muncești Street

Type: Free Economic Zone

Purpose: Attract the flow of goods destined for the Republic of

Moldova, from the Port of Odesa.

Potential: ~ 3-4M tons / year

#### SPECIALIZED CONTAINER TERMINAL

Location: Chisinau

Purpose: Attract the flow of containerized goods

Potential: ~ 1000-1200K containers x 20 tons / month, up to

300,000k tons / year

#### **TRANSSHIPMENT TERMINAL 1520-1435**

Location: Beresti, Ungheni

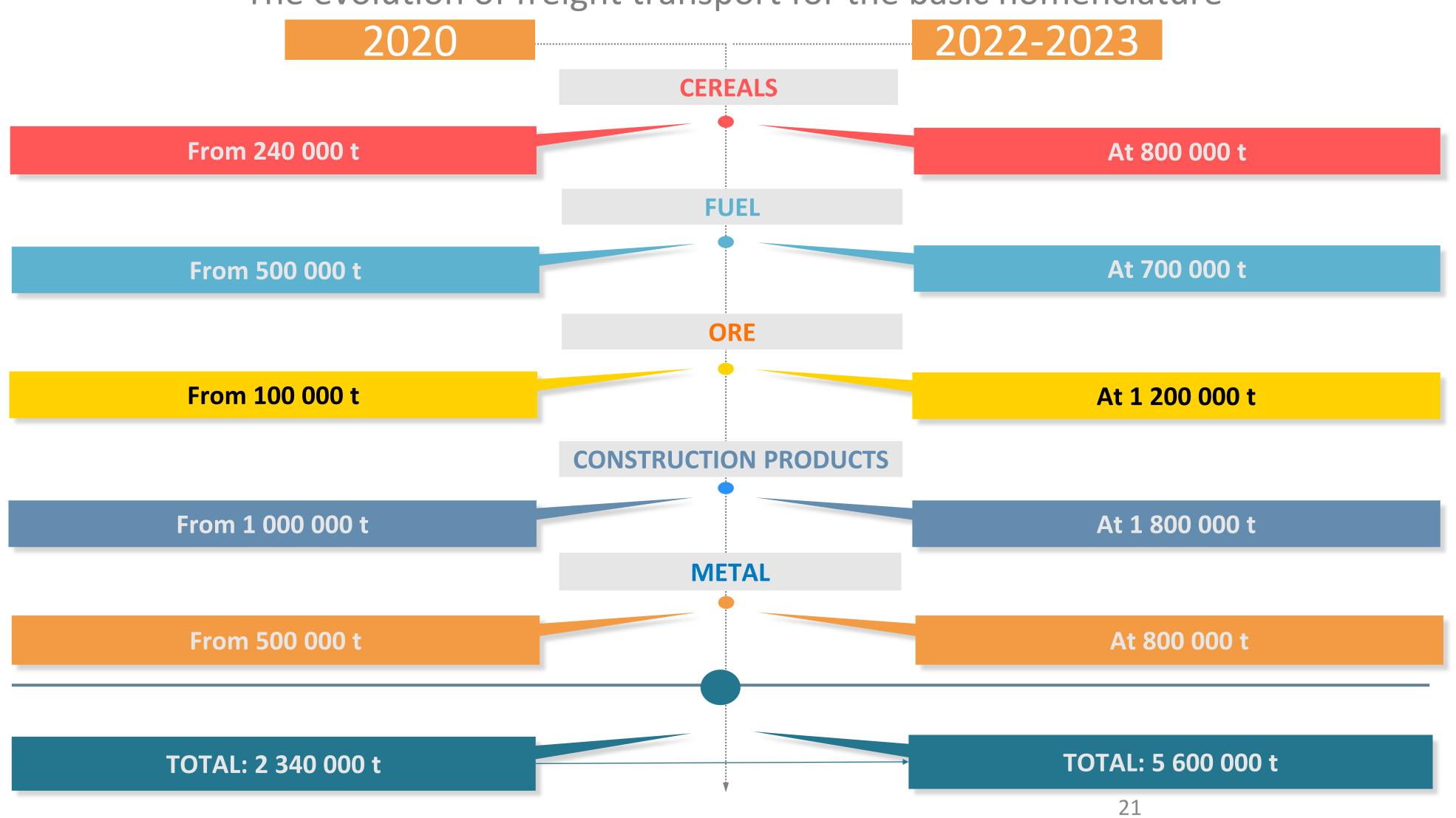
Purpose: Improve shipments between Ukraine, Moldova and

Romania

Potential: ~ 1.5-2.5M tons / year

Raise the
market properties
share

The evolution of freight transport for the basic nomenclature



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TOP 10 COMMODITIES EXPORT 135 M MT/YEAR | ~100 TRAINS/DAY

CEREALS 56,6 M T TO MENA REGION 50% VIA BLACK SEA 90%

ORE & METALLURGY 57,6 M T TO CHINA 42% VIA BLACK SEA 60%

HARVEST 2021 95,8 M T

**UKRAINE EXPORT NEEDS** 

#### REPUBLIC OF MOLDOVA TRANSPORTATION CAPACITY (RAIL)

VIA BASARABEASCA AND MOHILYV-PODILSKYI TO DANUBE/BLACK SEA (RENI/GIURGIULESTI/GALATI/CONSTANTA)

3 TRAINS/DAY 12,6k TONS/DAY 4,6M TONS/YEAR

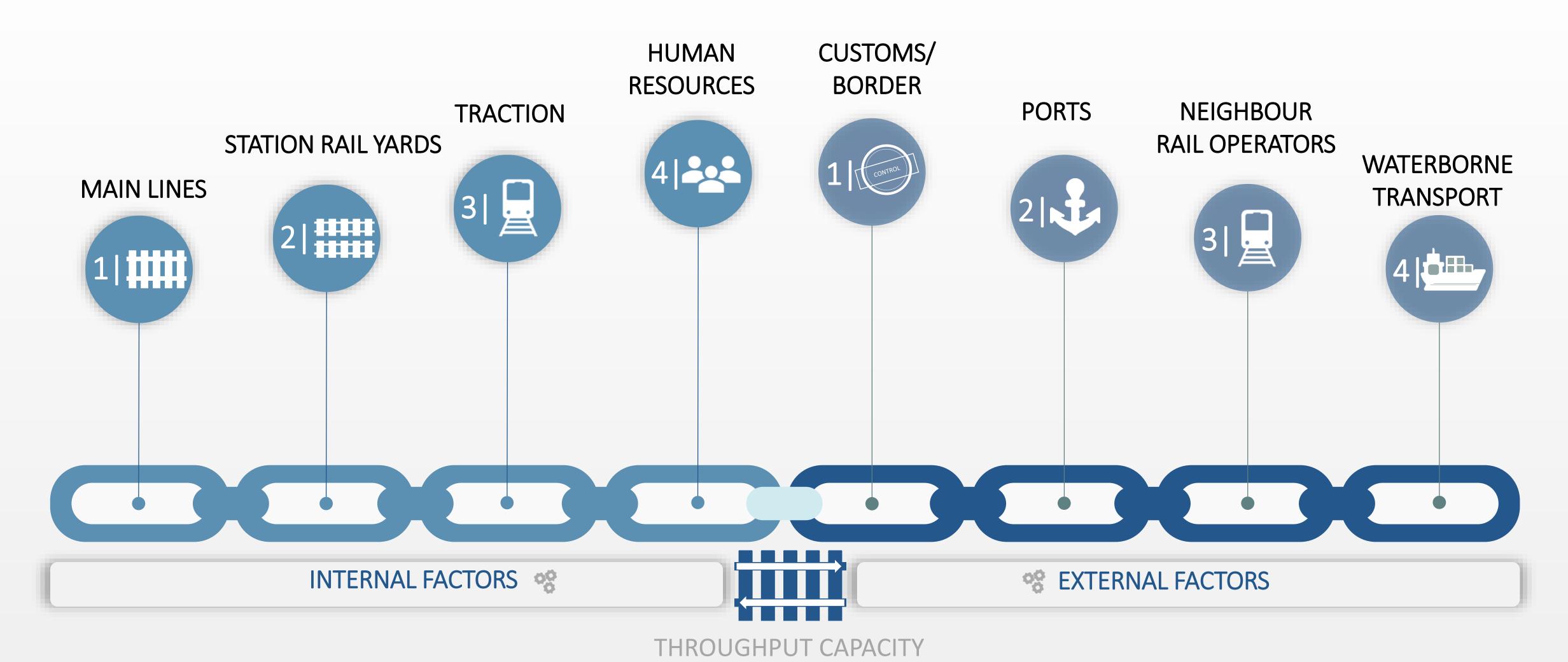
16-24 MONTHS

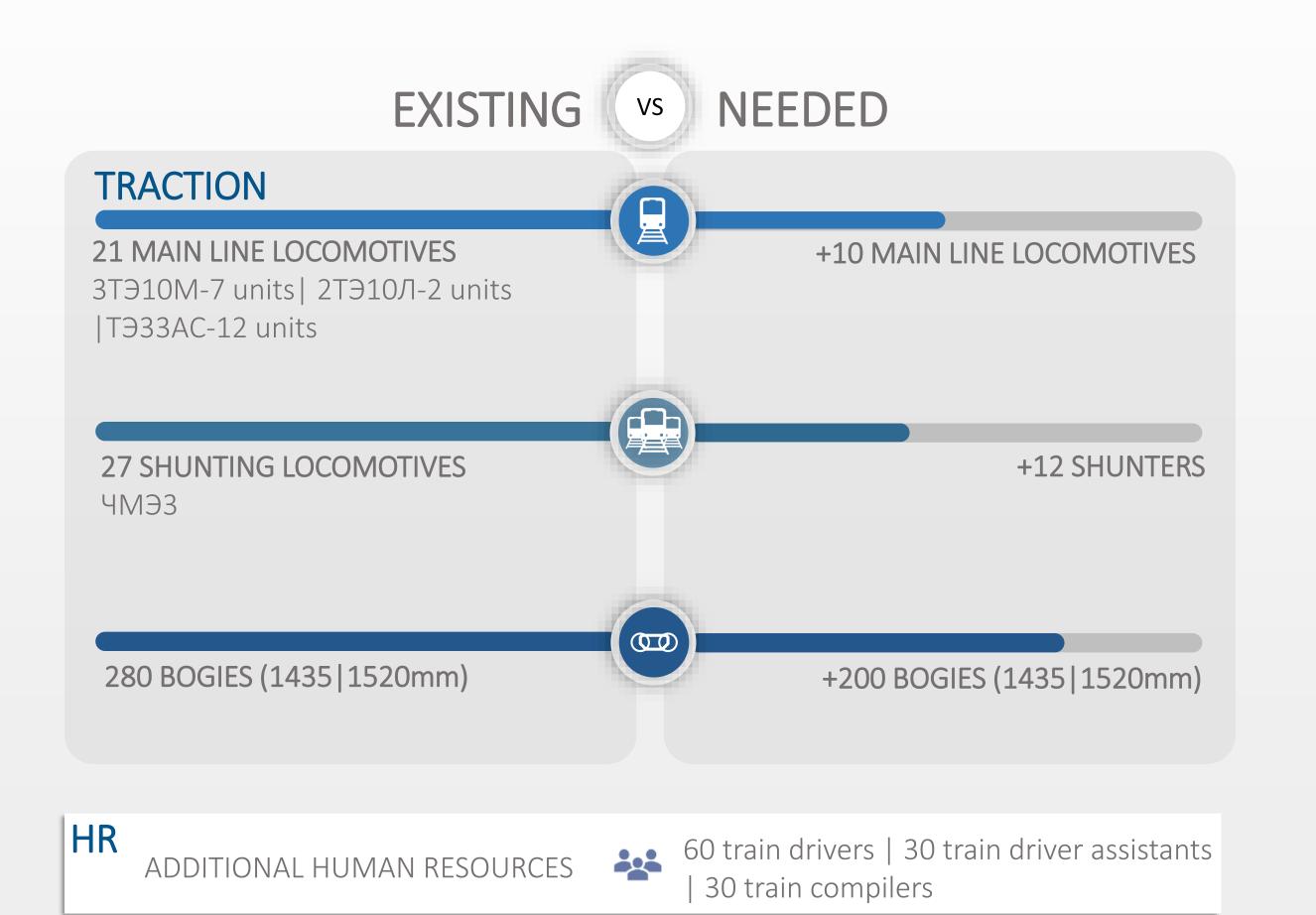
PERSPECTIVE

9 TRAINS/DAY 37,9k TONS/DAY 13,8M TONS/YEAR

RESOURCES REQUIRED

150M EURO





#### **CURENT STATE ###**MAIN LINES

Total length of the network 1071 KM Defect wooden sleepers: 851 634 Defect concrete sleepers: 266 162 Defect/closed switches: 292/234

Defect rail tracks: 6 751

Closed lines: 388

Speed restictions: 190 sections/411 km

Overdue repairs on 434 km



Prut 2

RESOURCES REQUIRED:40 – 50 M EURO | 6-7 MONTHS

### Railway sector in Moldova

Reshaping logistics

#### **PROJECT REQUIREMENTS**

#### **PROJECT DELIVERABLES**

Perform railway rehabilitation works (overhaul & intermediary) on 127,8 km of main line tracks.

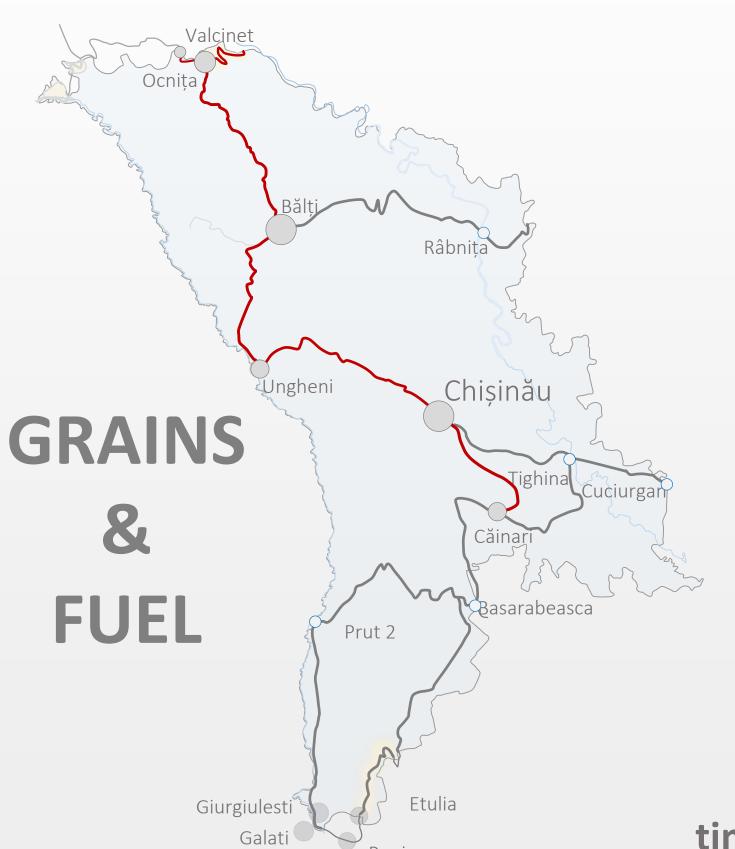


Increase minimal train speed from 15 to 40 km/h the corridor Valcinet on Giurgiulesti.

+6 trains/day = 25,3 K tons/day = 9,2 M tons/year\*

#### **SECTOR**

Valcinet - Ocnita - Balti Ungheni – Chisinau – Cainari



**NECESSARY RESOURCES** 

Main lines (1520mm gauge)	Track length, km (overhaul + intermediary)	Rails, tons	Sleepers, units	Ballast, m³	Fastening
Valcinet – Ocnita	8,9	910	14 780	16 850	29 560
Ocnita – Balti	26,9	2 873	45 464	51 400	90 928
Balti – Beresti	25,6	3 328	47 104	51 200	94 208
Beresti – Chisinau	45,5	4 186	72 548	84 350	145 096
Chisinau – Revaca – Cainari	20,9	2 717	38 456	41 800	76 912
Σ main lines	127,8	14 014	218 352	245 600	436 704

#### **NECESSARY BUDGET**

~91 430 100



Materials 67 726 000 € Works 16 931 500 € Logistics

6 772 600 €

financing considered

IFI's, own funds

time for completion

2024-25

#### EXIT TO BLACK SEA | FALCIU-PRUT(3)\*

The rehabilitation of Prut sector is needed (2.5km)

LIPCANI – OCNITA – MOHYLIV BORDER (1) | MD ENTRY

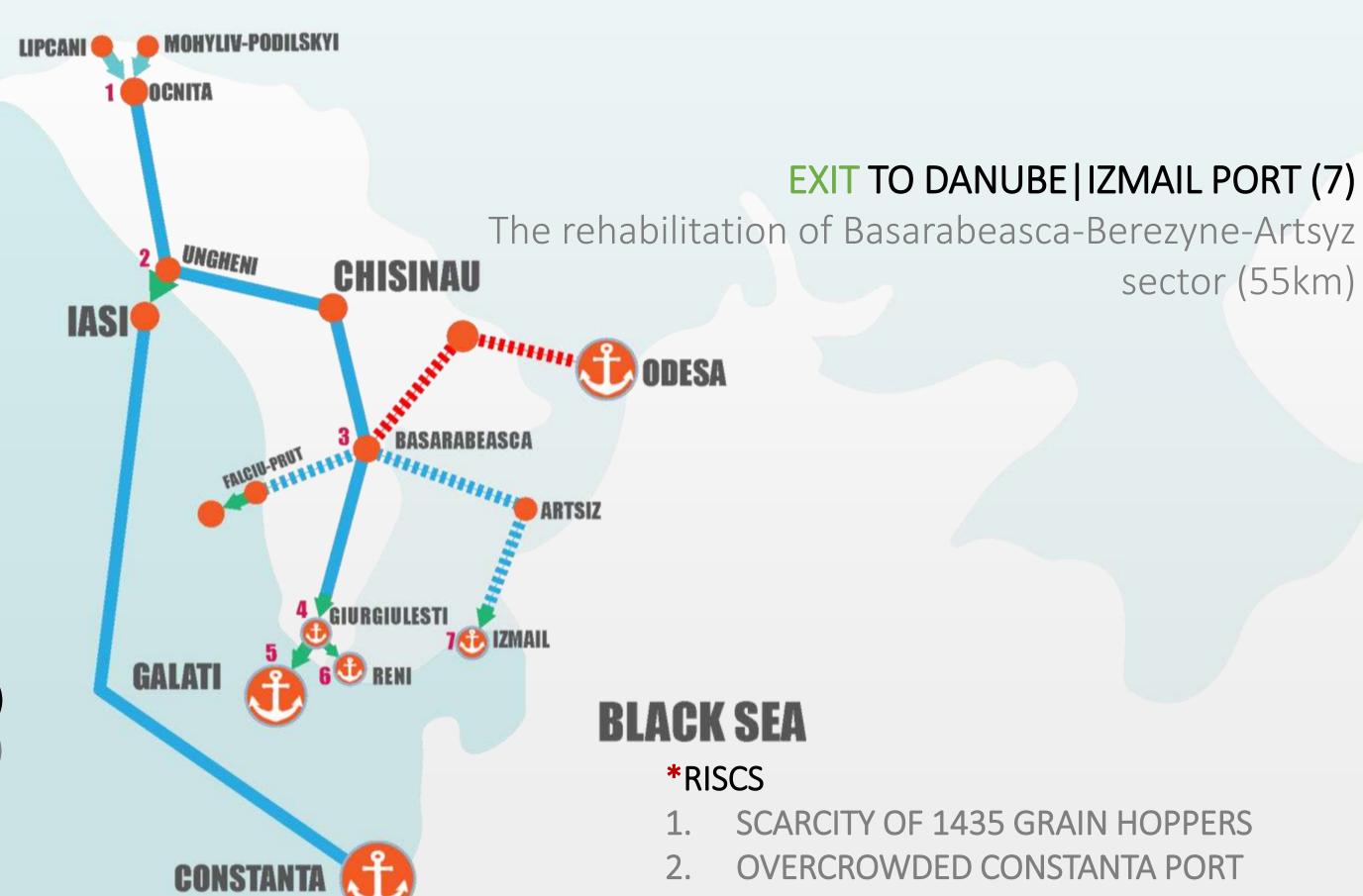
1520mm gauge

EXIT TO BLACK SEA | CONSTANTA PORT (2)\*

IASI-UNGHEN | Mixed gauge | boghie change facility

EXIT TO DANUBE | GIURGIULESTI, RENI & GALATI PORTS (4-6)

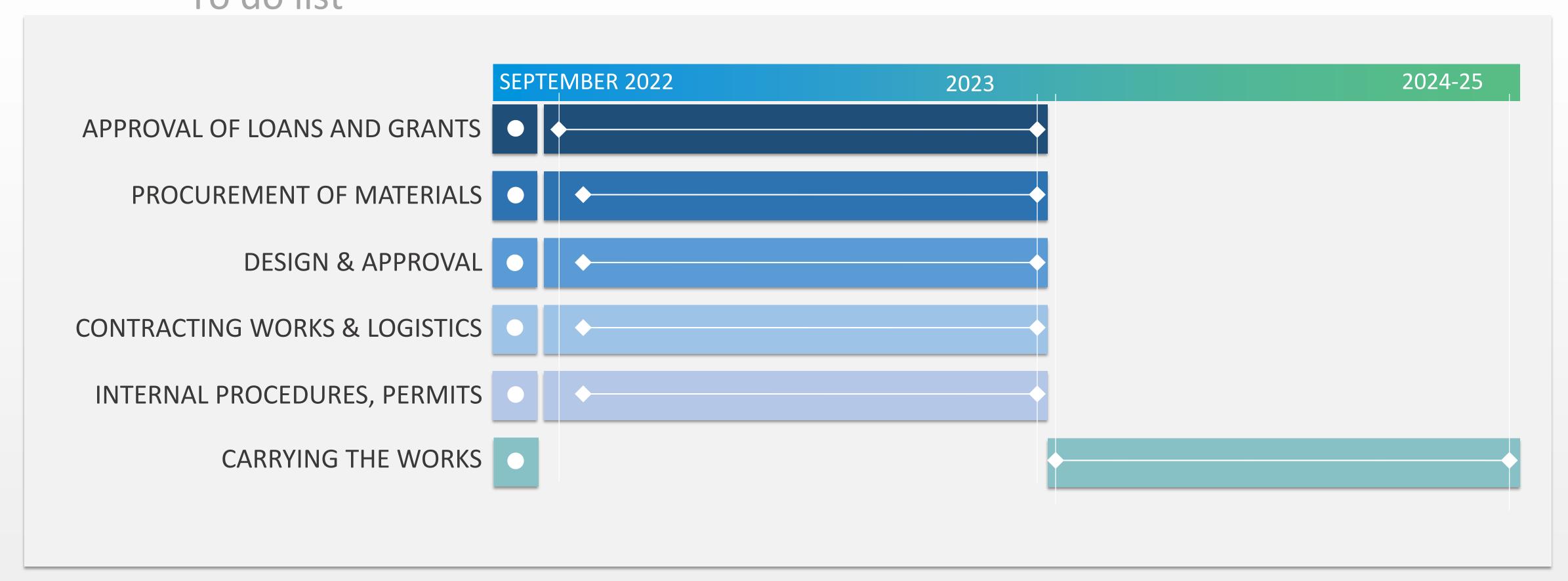
mixed gauge (4-5) and 1520 gauge (6)



PROJECT IMPLEMENTATION

To do list

KEY ELEMENTS: NOVATION, SYNCHRONICITY, COHESION, URGENCY



Key actors: IFI's, DG MOVE, MIRD, MF, MFA, APP, CFM, UZ

**TASKS** 

#### MARKET

100 M tons
Transit from/to Ukraine

### CORRIDORS CAPACITY

Upgrade from 5M to
15M tons
Cereals | ore & metallurgy
| fuel

#### RESOURCES/ CONSTRAINTS

#### **INFRASTRUCTURE**

main lines | station lines

#### **ROLLING STOCK**

main line locomotives | shunters | freight wagons

#### HR

train drivers | train driver assistants | train compilers

#### **EXTERNAL FACTORS**

customs | ports | inland waterways | other railways | other businesses

#### **ACTION PLAN**

#### **INFRASTRUCTURE**

Improve main lines and yard rails infra

#### ROLLING STOCK

additional rolling stock

#### HR

ensure qualified personnel for ops

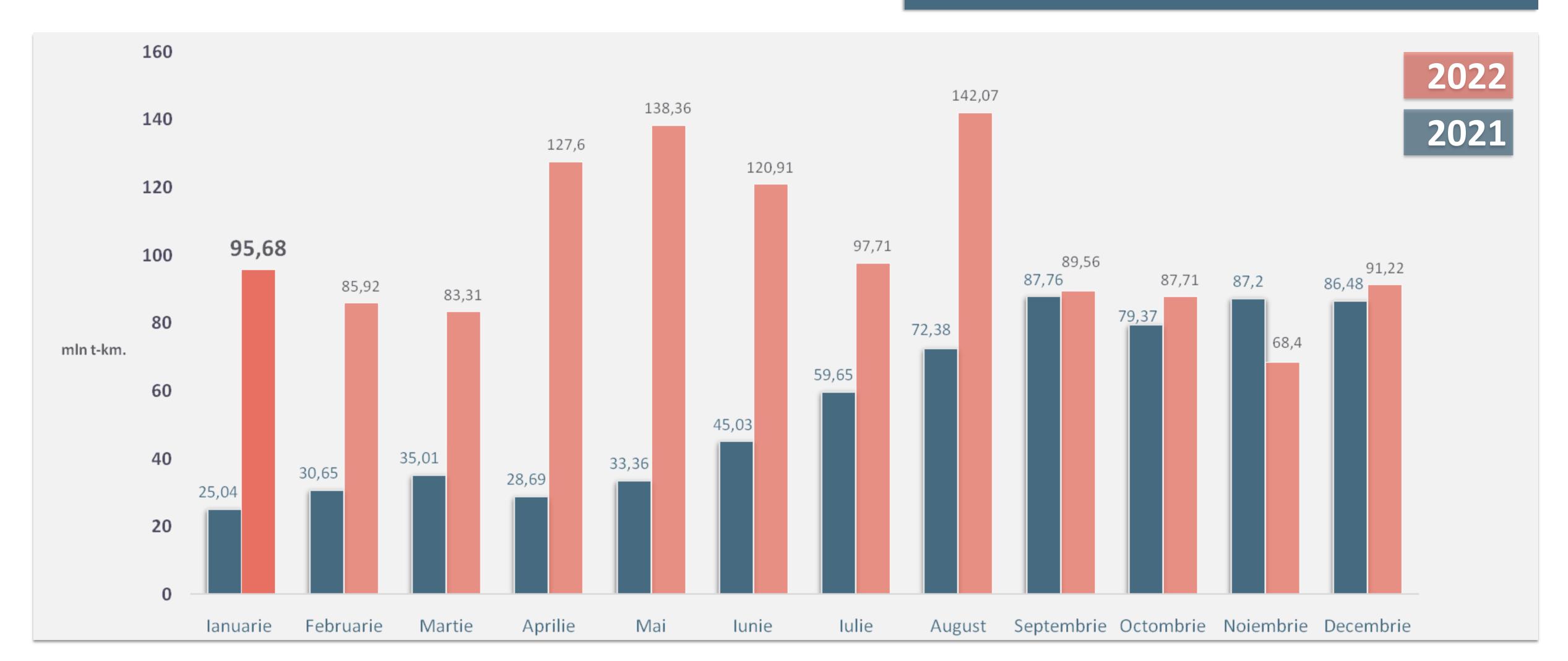
#### **EXTERNAL FACTORS**

synchronize actions with all stakeholders

FINANCING **EQUIPMENT** IFI'S **HUMAN RESOURCES** WB|EBRD|EIB|EU|OTHER COMMON (C) **RESOURCE** TRANSPORT **MOBILISATION** CFM | UZ | ROMANIAN RAIL OPERATORS & LOGISTICS OPERATORS | PORTS | GOVERNMENTS WATERBORNE TRANSPORT COMMON AND REGULATORS OPERATORS | LOGISTIC **AGREEMENT** TERMINAL OPERATORS OTHER COMMON **Little IMPLEMENTATION** CUSTOMERS **ACTION PLAN** CUSTOMS & BORDER AUTHORITIES | RELEVANT **URGENCY** MINISTRIES | OTHER PROCUREMENT **OVERSIGHT** FUEL IMPORTERS | GRAIN EXPORTERS OTHER



#### Freight ton-km 2021 vs 2022









International cooperation MD-RO

Enhancing BCP capacity at Ungheni and Giurgiulesti

RM

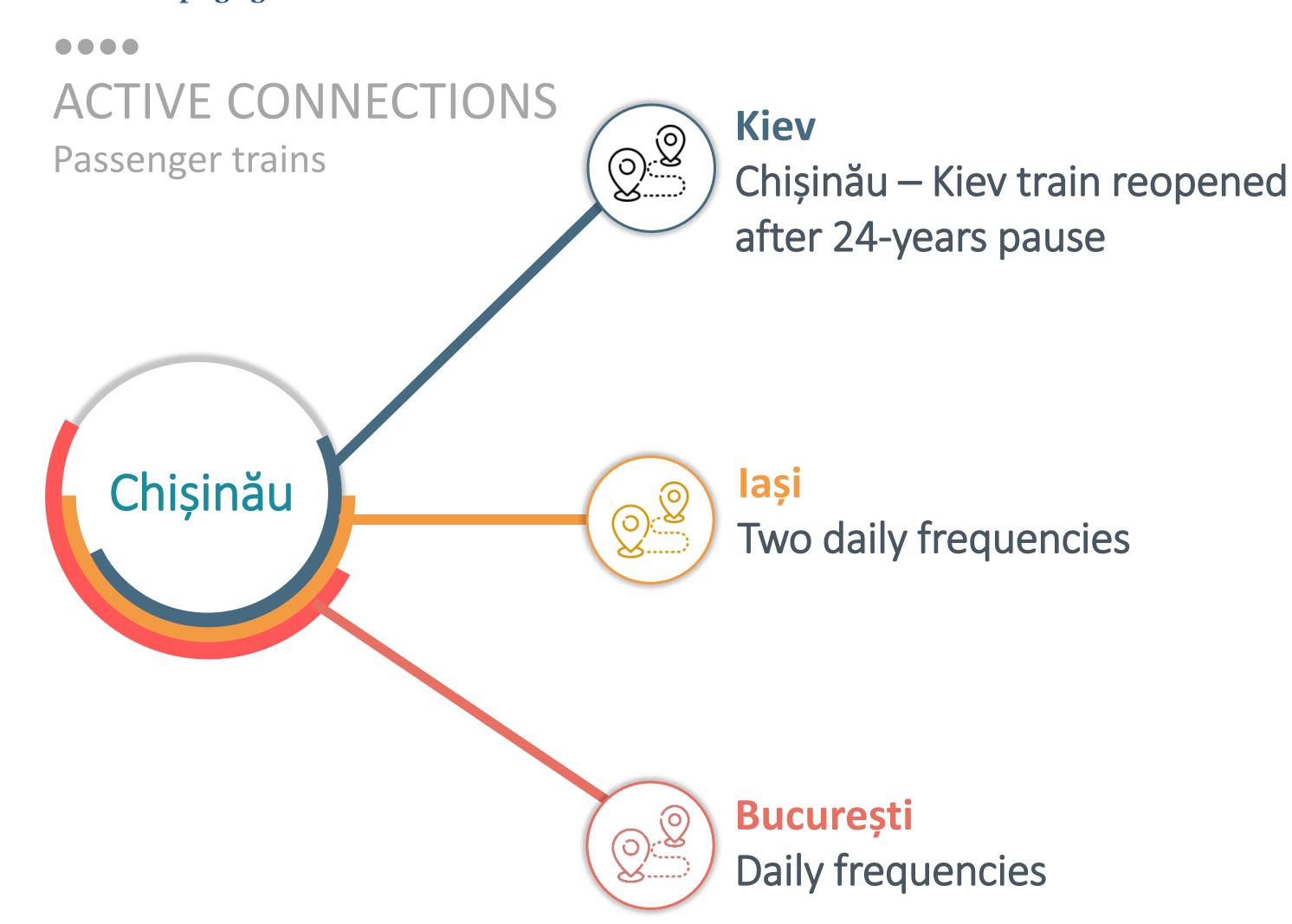
+3 border exchange agreements with Romanian railway undertakings



Total: 6

Near future: combined exchange trains, volume-related fares, reviewing wagon charges





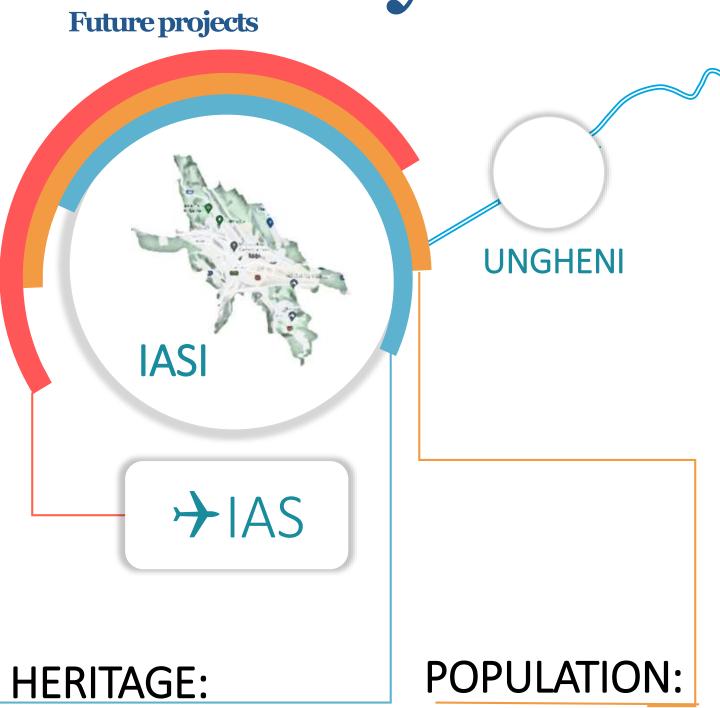




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Railway sector in Moldova



1. Palace of Culture

~ 500 000

- 2. Palas lasi
- 3. Botanic Garden Anastasie Fătu
- 4. Iasi Historical Center
- 5. Palas Mall
- 6. Sfinții Trei Ierarhi Monastery
- 7. Copou Parc
- 8. National Theatre Vasile Alecsandri
- 9. Metropolitan Cathedral
- 10. Golia Monastery

#### POPULATION:

~ 1 000 000

#### HERITAGE:

- 1. Milestii Mici
- 2. Dendrarium Park
- 3. Valea Morilor Park

**CHISINAU** 

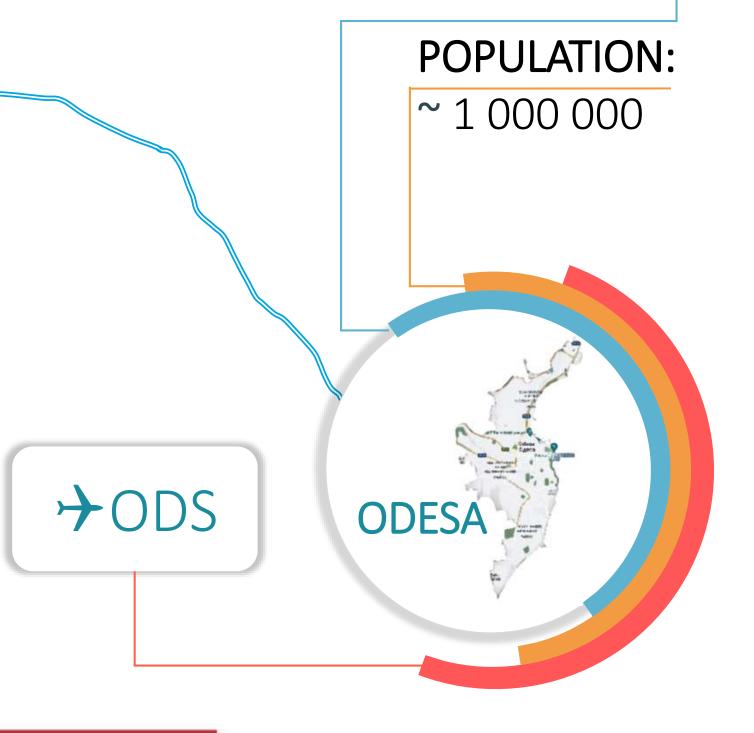
4. Stefan cel Mare Park

→ KIV

- 5. National Museum of Ethnography and Natural History
- 6. Nativity Cathedral
- 7. St. Theodor Tiron Convent
- 8. Triumphal Arch
- 9. National Art Museum of Moldova
- 10. The Village Museum

#### HERITAGE:

- 1. Odesa Opera and Ballet Theatre
- 2. Potemkin Stairs
- 3. Deribasivska Street
- 4. City Garden
- 5. Primorsky Boulevard
- 6. Odesa Passage
- 7. Archaeological Museum
- 8. Langeron Beach
- 9. Port of Odesa
- 10. Odesa Catacombs





### Railway sector in Moldova Future projects

✓ MODERN, SAFE & SUSTAINABLE

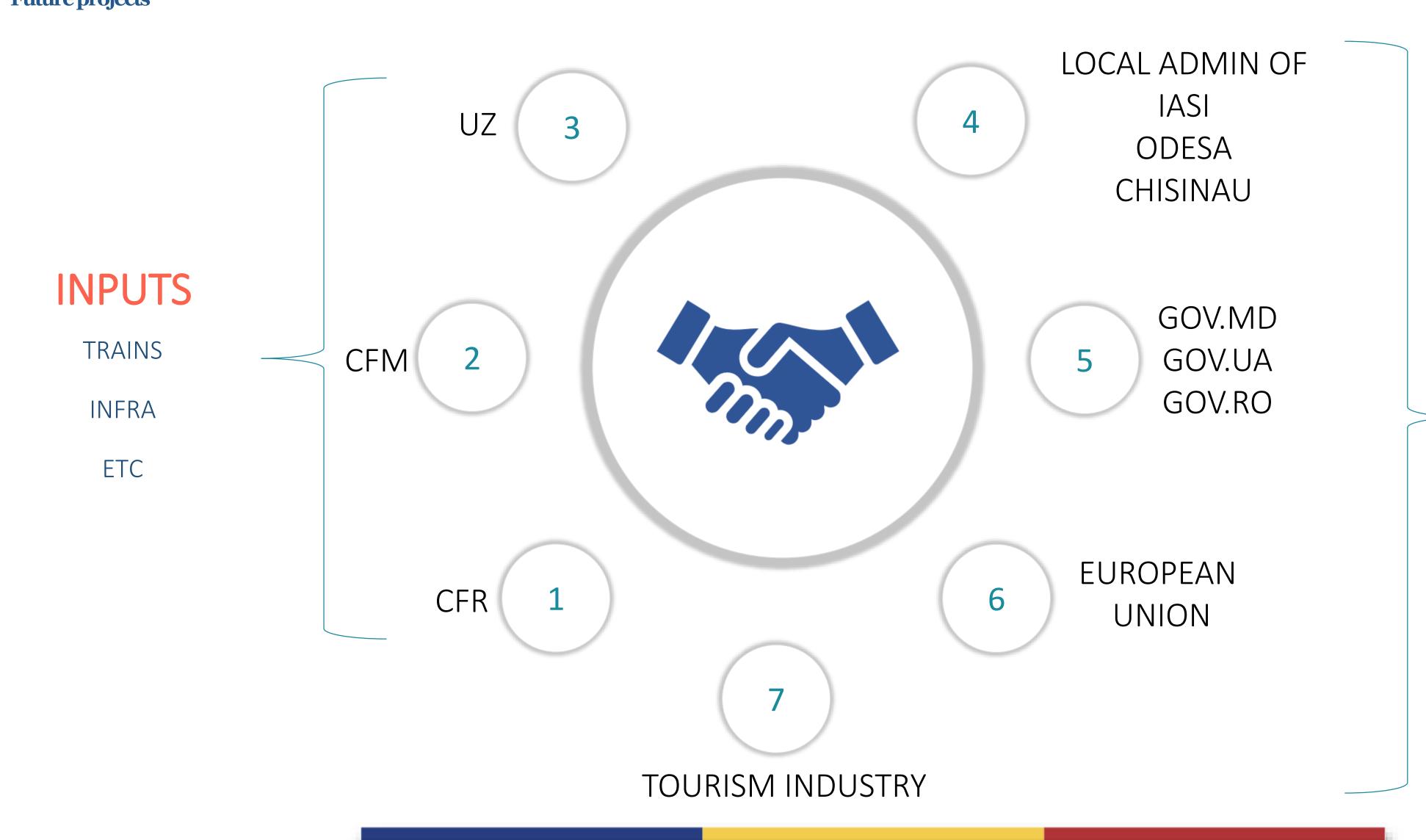
TRANSPORT

- ✓ HIGH FREQUENCY
- ✓ HIGH COMFORT LEVEL
- ✓ ENVIRONMENTALLY FRIENDLY
- ✓ COMPETITIVE PRICE

ODESA-CHISINAU-IASI ROUTE MATRIX								
		Odesa-Chisinau	Chisinau-lasi	lasi-Chisinau	Chisinau-Odesa			
MORNING ROUTES	06 A.M 11 A.M		<b>✓</b>	<b>✓</b>				
AFTERNOON ROUTES	11 A.M 16 P.M	<b>✓</b>						
EVENING ROUTES	16 P.M 23 P.M							
NIGHT ROUTES	23 P.M 06 A.M	<b>✓</b>						



## Railway sector in Moldova Future projects



#### **INPUTS**

POLITIC,
ADMINISTRATIVE
AND FINANCIAL
SUPPORT

ADVERTISING AND PROMOTION

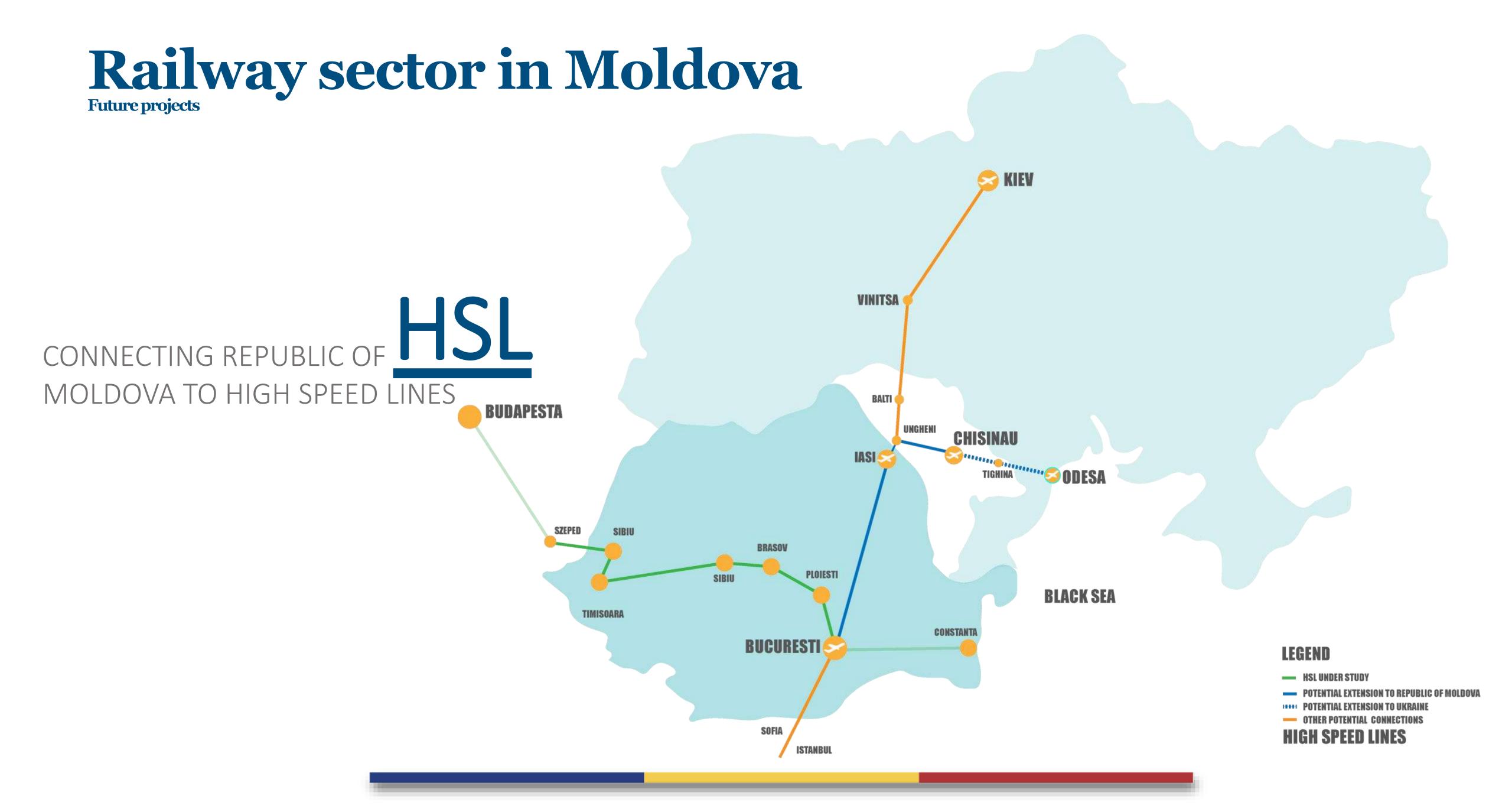


## Railway sector in Moldova Future projects

RFC CONNECTING REPUBLIC OF MOLDOVA TO RAIL FREIGHT CORRIDORS MOHYLIV-PODILSKYI CHISINAU GALATI **BLACK SEA PLOIESTI** 🕦 CONSTANTA CRAIOVA **BUCHAREST** 

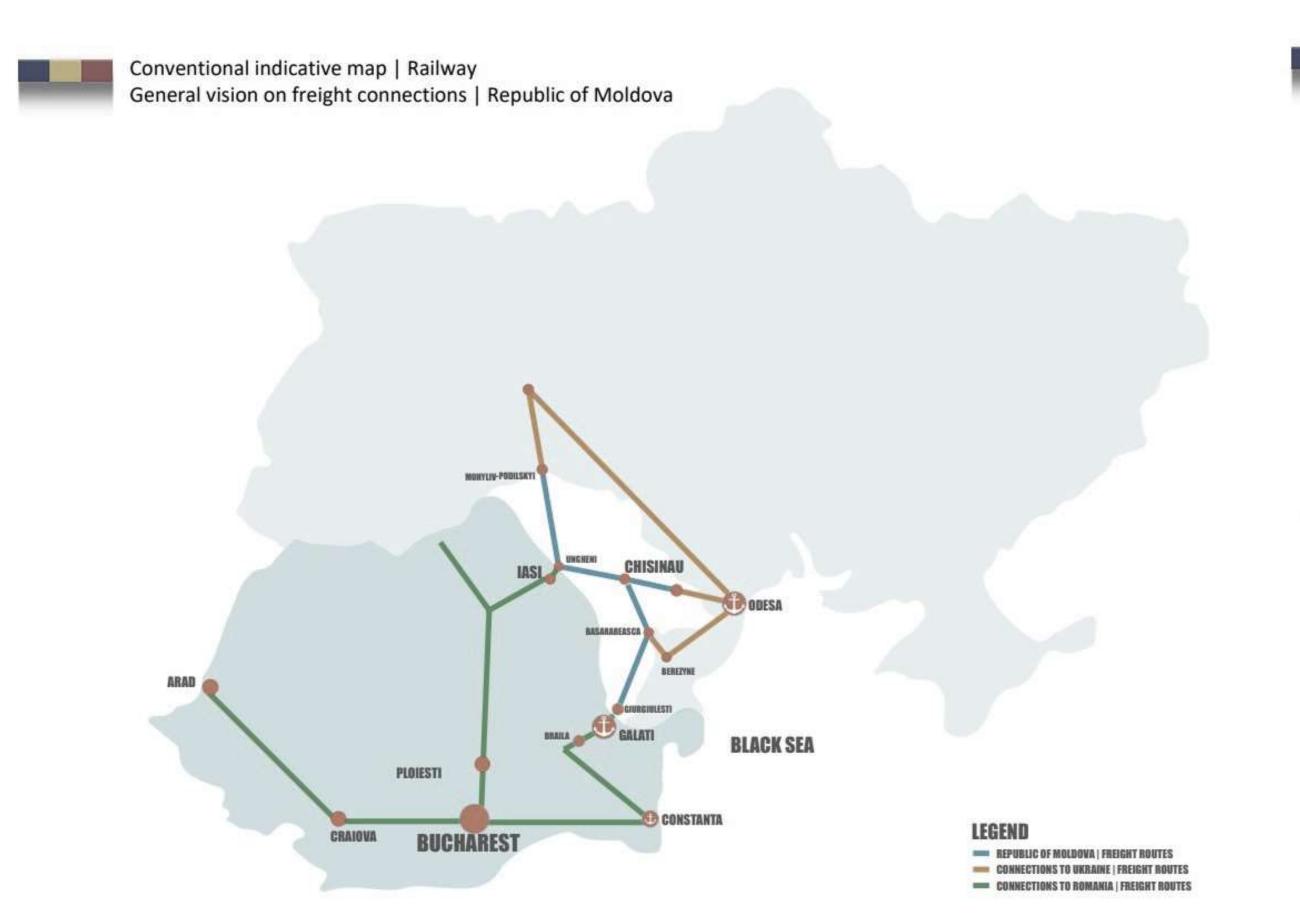
#### LEGEND

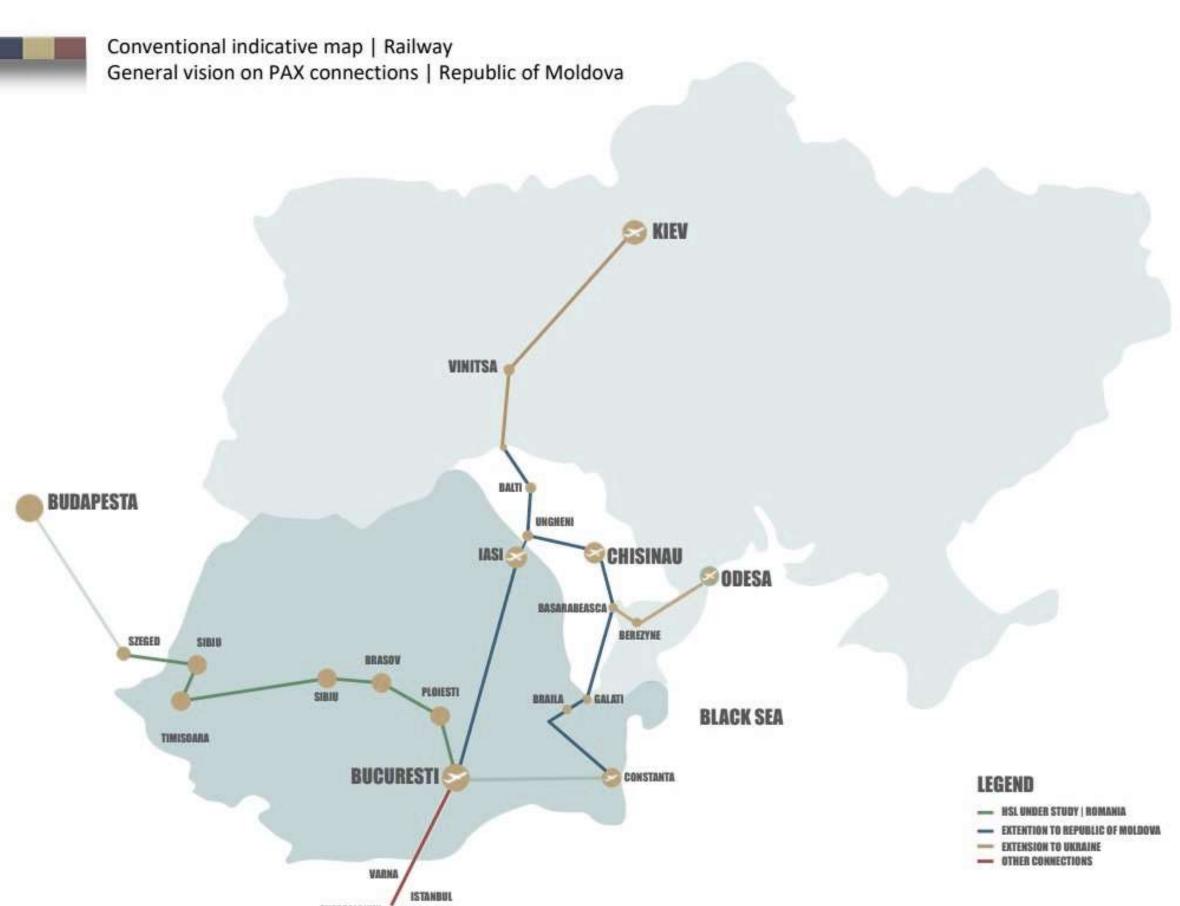
- REPUBLIC OF MOLDOVA | FREIGHT ROUTES
- CONNECTIONS TO UKRAINE | FREIGHT ROUTES
- CONNECTIONS TO ROMANIA | FREIGHT ROUTES



### Railway sector in Moldova Future projects

### TEN-T connections overview





# Thank you.