

time management

# POLISH URBAN & REGIONAL RAILWAYS

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# Polish Railways Sector

## brief background

- In 2001, the monolithic Polish Railways PKP was reorganized as a holding structure separating infrastructure companies from transport operators.
- Until 2005, there were two key passenger transport operators: PKP Regional Passenger Services (PKP RPS) and PKP Intercity.
- The reform process is still work-in-progress (complex, messy, stop & go) with two key areas of immediate concern:
  - deteriorating condition of track infrastructure
  - mounting losses and deteriorating regional railways passenger services.

# The Pilot: Regional Passenger Railways in the Mazowiecki Region

- **Koleje Mazowieckie (KM) - a joint stock company formed by PKP RPS and Mazowiecki Regional Authority (MRA) to provide railway passenger services within the Mazowiecki region – started its operations in January 2005.**
- **By the end of 2005, MRA negotiated the purchase of the majority stake in WKD – a light rail commuter line servicing Warsaw.**
- **The two companies carry around 1.5 billion passenger-km pa or 20% of all regional railway passenger traffic in Poland.**

# The impact so far...

- **MRA exercises close governance over the two railways:**
  - negotiates and makes timely operating PSC payments
  - plans for financing of capital investments.
- **KM and WKD responded with a host of new initiatives expanding and improving services:**
  - New corporate image & livery
  - Refurbishment of car interiors & stations
  - New timetable & specialized seasonal trains
  - Park & Ride network
  - Common ticket for Warsaw urban area

# Key challenges ahead

- **Urgent and extensive capital investment needs:**
  - Acute shortage of rolling stock at KM – mounting passenger dissatisfaction with overcrowded trains
  - Existing rolling stock needs to be modernized or replaced within the next 5 years
  - WKD track needs to be rehabilitated
- **MRA, KM and WKD do not have the capacity to prepare and monitor** the implementation of such a comprehensive multi-year investment program
- **MRA is in a strong financial position, but it does not have the experience with accessing capital markets.**

# Potential Subnational project

- a joint ECA/Municipal Fund engagement

- **Project objective: improve the management, operations and assets of the railways in the Mazowiecki region.**
- **The operation would support this objective by:**
  - **strengthening the capacity** of MRA, KM and WKD in terms of 'arm's length' sector governance, business planning, capital budgeting, and identification of possible options for private participation
  - supporting a major **capital asset improvement** program involving purchase of new rolling stock, rolling stock refurbishments and infrastructure rehabilitation.