

**DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

Approved by the Board of Directors on 30 November 2022¹

SERBIA

High Speed Rail Belgrade to Niš

[Redacted in line with the EBRD's Access to Information Policy]

[Information considered confidential has been removed from this document in accordance with the EBRD's Access to Information Policy (AIP). Such removed information is considered confidential because it falls under one of the provisions of Section III, paragraph 2 of the AIP]

¹ As per section 1.4.8 of EBRD's Directive on Access to Information (2019), the Bank shall disclose Board reports for State Sector Projects within 30 calendar days of approval of the relevant Project by the Board of Directors. Confidential information has been removed from the Board report.

For the avoidance of any doubt, the information set out here was accurate as at the date of preparation of this document, prior to consideration and approval of the project.

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ABBREVIATIONS / CURRENCY CONVERSIONS

AFD	French Development Agency
CAPEX	Capital Expenditures
CBA	Cost Benefit Analysis
CDP	Corporate Development Programme
CEI	Central European Initiative
CESMP	Construction Environment and Social Management Plan
CGAP	Corporate Governance Action Plan
CP	Conditions Precedent
CSD	Climate and Social Department
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation
EIB	European Investment Bank
EIRR	Economic Internal Rate of Return
EHSS	Environment Health Safety Social
ESAP	Environmental and Social Action Plan
ESD	Environmental and Sustainability Department
ESDD	Environmental and Social Due Diligence
EPG	Economics, Policy and Governance
ESAP	Environmental and Social Action Plan
ESIA	Environmental and Social Impact Assessment
ETI	Expected Transition Impact
EU	European Union
EUR	Euro
FDI	Foreign Direct Investment
FIRR	Financial Internal Rate of Return
GBVH	Gender-Based Violence and Harassment
GDP	Gross Domestic Product
GET	Green Economy Transition
GHG	Greenhouse Gas
GoS	Government of Serbia
IFI	International Finance Institution
JSCSR	JSC Serbian Railways
LSG	Local Self-Governance
LTT	Legal Transition Team
MoE	Ministry of Economy
MoF	Ministry of Finance
MoCTI	Ministry of Construction, Transport and Infrastructure
MoPA	Ministry of Public Administration and Local Self Government
MRF	Mutual Reliance Framework
NTS	Non-Technical Summary
OCCO	Office of the Chief Compliance Officer
OGC	Office of the General Counsel
OPEX	Operating Expenses
PCI	Policy Coordination Instrument
PIA / PIU	Project Implementation Adviser / Project Implementation Unit
PP&R	Procurement Policies & Rules
PPAD	Procurement Policy and Advisory Department
PSD	Project Summary Documents
PSO	Public Service Obligation
RAROC	Risk-adjusted return on capital
ROS	Republic of Serbia
RP	Resettlement plan
SEP	Stakeholder Engagement Plan
SI3P	Sustainable Infrastructure Policy and Project Preparation

SOE	State-Owned Enterprise
SSC	Sector Skills Council
SSF	Shareholder Special Fund
SRI	Serbian Railways Infrastructure
TA / TC	Technical Assistance / Technical Cooperation
TAC	Track Access Charges
TEN-T	Trans-European Transport Network
TOR	Terms of References
WBIF	Western Balkans Investment Framework

FX: 1 EUR = 117.2 RSD (31 October 2022)

PRESIDENT'S RECOMMENDATION

This recommendation and the attached Report concerning an operation in favour of the Republic of Serbia (the “**Borrower**” or “**RoS**”) are submitted for consideration by the Board of Directors.

The facility will consist of a tranching sovereign loan in the amount of up to EUR 550 million, for the benefit of the Serbian Railways Infrastructure (“**SRI**” or “the **Company**”), the fully state-owned railway infrastructure asset management company in Serbia.

The operation will finance the modernisation and upgrade of the ca. 230 km-long electrified railway infrastructure section between Belgrade and Niš (the “**Project**”). The proposed loan will be structured in six tranches to finance each one of the main Project’s sub-sections or components: (i) the first tranche [REDACTED], will be committed at signing (“**Tranche 1**”) and will finance the works of the Stalac-Djunis sub-section; and (ii) five tranches [REDACTED] will be committed at the Bank’s discretion conditional on satisfactory completion of the technical and environmental and social due diligence (including ESIA disclosure) for remaining sub-sections (“**Uncommitted Tranches**”). The Project is co-financed with a EUR 1.1 billion framework loan provided by EIB and a EUR 598 million investment grant provided by the EU through the Western Balkans Investment Framework (“**WBIF**”). The Project is one of the pilot projects to be developed under the new Mutual Reliance Framework executed between EBRD and European Investment Bank (“**EIB**”) and its procurement will be conducted in accordance with EIB Guide to Procurement.

The Project is a strategic priority for Serbia as it forms part of the main rail transport corridor running through the country (“**Rail Corridor X**”), which is also an integral part of the extended core TEN-T Network. The Project will support the development of rail infrastructure, safety will be improved as will the capacity, speed and reliability of the passenger and freight services. This will in turn support Serbia's economic development, contribute to its local and regional connectivity and integration, and enhance competitiveness of rail transport, especially for international and transit freight traffic, allowing significant modal shift to rail as a low carbon intensity sector. The Project is 100% Green Economy Transition (“**GET**”) eligible.

The Project will build on the Bank’s reform agenda in the Serbian rail sector with a focus on integration, competitiveness, operational efficiency, corporate governance, gender equality and human capital development while promoting regulatory structural reforms. The expected transition impact of the Project is derived from the Well-Governed and Inclusive qualities. The Well-Governed transition quality will be derived from the Project paving the way towards the independence of the rail regulator and implementation of the Transport Community Treaty and Rail Sector Action Plan. The Project will also support improvement to the Company’s corporate governance and operational efficiency, via the implementation of a gender responsive Corporate Governance Action Plan (“**CGAP**”) and enhanced Corporate Development Programme (“**CDP**”). The Project will also promote the Inclusive transition quality by strengthening sectoral skills development in Serbia specifically through the development and introduction of new market-relevant dual learning curricula for the railway sector building on EBRD’s wider policy dialogue efforts in Serbia, as well as by introducing far-reaching initiatives for gender equality at national and local governance levels. [REDACTED].

I am satisfied that the operation is consistent with the Bank’s Strategy for Serbia, the Transport Sector Strategy, the GET approach, EBRD’s Strategy for the Promotion of Gender Equality (“**SPGE**”), Equality of Opportunity Strategy, the EBRD’s approach to accelerating the digital transition 2021-25 and with the Agreement Establishing the Bank.

I recommend that the Board approve the proposed loan substantially on the terms of the attached Report.

Odile Renaud-Basso

BOARD DECISION SHEET	
SERBIA - HIGH SPEED RAIL BELGRADE TO NIŠ - DTM 53136	
Transaction / Board Decision	<p>Board approval² is sought for a tranching sovereign loan of up to EUR 550 million in favour of the Republic of Serbia (“RoS” or the “Borrower”), for the benefit of Serbian Railways Infrastructure (“SRI” or the “Company”), the state-owned railway infrastructure asset management company in Serbia. The operation will finance the modernisation and upgrade of the ca. 230 km-long electrified railway infrastructure section between Belgrade and Niš (the “Project”). The Project is co-financed with a EUR 1.1 billion framework loan provided by EIB and a EUR 598 million investment grant provided by the EU through the WBIF. The Project is one of the pilot projects to be developed under the new Mutual Reliance Framework executed between EBRD and EIB.</p> <p>The loan is structured in six tranches to finance each one of the Project’s main sub-sections and components. A Tranche 1 [REDACTED] will be committed at signing and will finance the works of the Stalac-Djunis sub-section (ca. 18 km-long). The other five tranches [REDACTED] will be committed at the Bank’s discretion following satisfactory completion of technical and environmental and social due diligence (including ESIA disclosure) for remaining sub-sections (“Uncommitted Tranches”). [REDACTED].</p>
Client	<p>Borrower: the RoS, represented by the Ministry of Finance (“MoF”) Beneficiary: SRI, the railway infrastructure asset management company of Serbia.</p>
Main Elements of the Proposal	<p><u>Transition impact:</u> Primary Quality: The Project will promote the Well-Governed transition quality by supporting the transition of the Rail Directorate into an independent economic regulator and the implementation of the Transport Community Treaty (for implementation of the 4th Railway Package). The Project will also promote improvement of the Company’s corporate governance, operational efficiency, procurement expertise and asset management standards via the implementation of a gender responsive CGAP and CDP. Secondary quality: The Project will support the Inclusive quality through its contribution to a tri-partite sector skills reform programme with the development of new market-relevant dual learning curricula for the railway sector, as well as the development of initiatives for gender equality at national and local governance levels.</p> <p><u>Additionality:</u> The Bank’s additionality is derived from (i) providing financing with a long tenor, not available in the market from commercial sources on reasonable terms and conditions, and from closing the funding gap; (ii) triggering a policy and sector change on the regulatory framework; (iii) helping the Company to achieve higher gender standards and/or equal opportunities actions plans; and (iv) providing support to strengthen the capacity of SRI.</p> <p><u>Sound banking:</u> The transaction is a sovereign loan.</p>
Key Risks	<p><i>Country and Repayment Risk:</i> Serbia’s rating (BB+/BB+/Ba2) is underpinned by a track record of macroeconomic stability and credible policy framework.</p> <p><i>Implementation Risk:</i> The EUR 2.2 billion Project will be prepared and implemented in stages by SRI. Project implementation risk will be mitigated by the (i) mobilisation of PIU consultancy support (funded by EU WBIF TCs) and construction supervisor (funded by EIB loan) and (ii) procurement training for the Company under the CDP. Project’s procurement will be conducted in accordance with EIB’s Guide to Procurement.</p> <p><i>Cost overrun risk:</i> Risk of cost escalation due to inflationary pressures, volatility of construction market, long implementation and early design stage of some of the sub-sections. This has been adequately mitigated through the incorporation of sizeable contingencies.</p>
Strategic Fit Summary	<p>The Project fits with: (i) the Strategy for Serbia; (ii) the Transport Sector Strategy; (iii) the GET approach; (iv) EBRD’s SPGE; (v) Equality of Opportunity Strategy, and (vi) the EBRD’s approach to accelerating the digital transition 2021-25.</p>

² Article 27 of the AEB provides the basis for this decision.

ADDITIONAL SUMMARY TERMS FACTSHEET

EBRD Transaction	<p>A tranchéd sovereign loan of up to EUR 550.0 million in favour of RoS, for the benefit of SRI. The loan is structured in six tranches to finance each one of the Project’s main sub-sections and components. A Tranche 1 [REDACTED] will be committed at signing and will finance the works of the Stalac-Djunis sub-section (ca. 18 km-long). The Uncommitted Tranches [REDACTED] will be committed at the Bank’s discretion conditional on satisfactory completion of technical and environmental and social due diligence (including ESIA disclosure) for remaining sub-sections.</p> <p>[REDACTED]. EBRD will coordinate with EIB on due diligence efforts and timing of approvals for each one of Uncommitted Tranches.</p>
Existing Exposure	Total outstanding sovereign exposure to Serbia: as of Sept. 2022 was EUR 1.1 billion in portfolio and EUR 595.1 million in operating assets, including EUR 273.2 million portfolio and EUR 203.4 million of operating assets in the railway sector.
Maturity / Exit / Repayment	15 years tenor [REDACTED].
Potential AMI eligible financing	n/a
Use of Proceeds	<p>Project Scope: Proceeds of the loan will be used to finance the rehabilitation and upgrade of the rail infrastructure of the Rail Corridor X line section connecting Belgrade to Niš (c. 230 km-long), involving a combination of upgrading the speed to up to 200 km/h and doubling of single tracks. <i>Please see Annex 2 for Project Description.</i></p> <p>Implementation and disbursement: The Project will be prepared and implemented in stages by SRI. The Project’s procurement will be done in accordance with EIB’s Guide to Procurement while implementation arrangements will be guided by the Project Implementation Agreement to be executed between EBRD and EIB. It is envisaged that the EIB and EBRD will provide financing for the co-financed contracts on a pro rata basis. A separate agreement between EIB (as Lead Financier) and WBIF will also stipulate pro rata disbursements. Monitoring will be conducted through the regular review of semi-annual progress reports and regular monitoring visits. The construction works will be supervised by an independent Supervision Engineer (funded by the EIB loan) who will verify the use of proceeds (for all Project’s contracts, including the ones co-financed by EBRD), and the Company will be supported by an independent procurement and implementation consultant (funded by EU WBIF TC).</p>
Investment Plan	[REDACTED]
Financing Plan	[REDACTED]
Key Parties Involved	<ul style="list-style-type: none"> • RoS as the Borrower • SRI as the Beneficiary and Project Entity • EIB and EU WBIF as co-financiers of the Project • Ministry of Construction, Transport and Infrastructure (“MoCTI”) as the responsible line Ministry for the Project and implementer of sector reforms • Rail Directorate (acting as rail sector regulator) as beneficiary of focused capacity building technical cooperation
Conditions to subscription / disbursement	<p>[REDACTED]</p> <p>Uncommitted Tranches:</p> <p><i>Conditions precedent to commitment:</i></p> <p>[REDACTED]</p>

	ESIA, RAP, updated ESAP and updated SEP (where needed, and aligned with the ESIA package disclosed on 02 August 2022) agreed between the Bank and the Company; [REDACTED].
Key Covenants	[REDACTED] For the Project Entity: <i>Non-financial covenants (impact-related):</i> <ul style="list-style-type: none"> [REDACTED] Adopt the Corporate Development Programme (supported by EBRD TC) [REDACTED].
Security / Guarantees	Sovereign loan.
Other material agreements	<ul style="list-style-type: none"> Project Agreement between the Bank, the Borrower and the Project Entity Project Implementation Agreement between the Bank and EIB [REDACTED]
Associated Donor Funded TC and co-investment grants/concessional finance	<p>A. Technical Cooperation (TC)</p> <p><i>Pre-signing:</i> TC 1: <u>Environmental and Social Due Diligence</u> for the preparation and disclosure of the Environmental and Social Impact Assessment (Stalac-Djunis and Corridor Assessment). [REDACTED] (Completed)</p> <p><i>Post signing:</i> TC2: <u>Support to SRI for implementation of Corporate Governance Action Plan (“CGAP”)</u></p> <ol style="list-style-type: none"> Description and main objective: Supporting the Company in implementing specific actions on the CGAP following best applicable corporate governance practice and international standards. Funding source: CEI Fund [REDACTED] Funding confirmed <p>TC3: <u>Support to MoCTI for the implementation of gender equality measures</u></p> <ol style="list-style-type: none"> Description and main objective: Support for the development and implementation of a gender sensitive participatory local planning and service provision programme for the municipalities along the Project catchment area. [REDACTED]. <p>TC4: <u>Corporate Development Programme (“CDP”) for SRI</u></p> <ol style="list-style-type: none"> Description and main objective: Development of an enhanced CDP focused on supporting the Company’s operational efficiency and competitiveness in key areas, including: providing recommendations on improving commercial revenues, support for relevant asset management certification (ISO 55 0001) and dedicated training in project management and procurement. [REDACTED]. <p>TC5: <u>Capacity building of the Rail Directorate</u></p> <ol style="list-style-type: none"> Description and main objective: Support to MoCTI and Rail Directorate with the development of a vision, study and implementation action plan focused on building the independence of the Rail Directorate into an independent economic regulator. Further support and training across several regulatory activities, including for sector monitoring, efficiency analysis, setting track access charges and capacity allocation processes. Funding source: CEI Fund [REDACTED] Funding confirmed <p>TC6: <u>Lenders E&S Monitoring</u></p> <ol style="list-style-type: none"> Description and main objective: Support provided by an independent Environmental and Social consultant for Project monitoring during the

	<p>construction and the commissioning and operations phases of the Project. [REDACTED].</p> <p><i>Reimbursement and Cost Sharing:</i> The above TC assignments are non-reimbursable transactional TCs, [REDACTED] required to structure the Project and achieve the Project objectives. The Borrower/Company will be responsible for paying any VAT and other indirect taxes that are applied to the post-signing TC assignments as a parallel contribution to the Project (VAT is levied at 20% in Serbia).</p> <p>B. Co-investment grants / Concessional Finance (Non-TC)</p> <ol style="list-style-type: none">1. Capex grant to co-finance Project capex programme. [REDACTED].
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[REDACTED]

INVESTMENT PROPOSAL SUMMARY

1. STRATEGIC FIT AND KEY ISSUES

1.1 STRATEGIC CONTEXT

The Project will support the development of crucial rail infrastructure in Serbia, thereby fostering its economic development, contributing to its local and regional connectivity and integration, and enhancing the competitiveness of rail transport, especially for international and transit freight traffic, enabling a significant modal shift to rail as a low carbon intensity mode of transport.

Since the early 1990s, the Serbian rail infrastructure has suffered from a severe lack of investment and from inadequate maintenance, which resulted in deteriorated railways and rolling stock, low transportation speeds and unreliable services. Poor quality of service, low commercial speed and poor condition of the line make rail transportation not competitive compared to road-based modes of transportation: 85% of passengers are carried by road (vs. 5% of passengers carried by rail), 60% of freight is carried by road (vs. 25% by rail). Rail demand across the country has significantly fallen in the last three decades. To reverse this trend, RoS intends to make considerable investments in the railway sector, first and foremost to modernise the Corridor X axis which links Novi Sad, Belgrade and Niš. The section between Belgrade and Novi Sad has been recently put into operation.

Corridor X is the main north-south route running through Serbia, and is an integral part of the TEN-T Network connecting Western and Central Europe with Greece, Turkey and the Middle East. It is also an axis of national importance, as highlighted by the Spatial Plan of RoS, as it represents 25% of the Serbian rail network, handles over 50% of the total traffic (freight and passenger), and connects the three largest cities of the country (Novi Sad, Belgrade and Niš) and a large number of settlements and industrial centres.

The Project is expected to: (i) drastically improve average rail speed (currently from 50km/h to up to 200km/h); (ii) significantly improve capacity by doubling the single tracks; (iii) reduce considerably the travel time between Belgrade and Niš from the current 4.4 hours to less than 2.2 hours; (iii) increase rail transport volume of freight and passengers; (iv) enhance the reliability, safety and comfort of the rail linkage between Belgrade and Niš; and (v) foster the competitiveness and commercial feasibility of international transportation, currently inexistent due to the long duration of train journeys. Hence, the Project will dramatically increase the attractiveness of rail mode resulting in a significant impact in terms of expected lowered carbon emissions [REDACTED].

The Project will further build up on the Bank's reform agenda in the Serbian rail sector with a focus on integration and competitiveness, operational efficiency, corporate governance, digital preparation, human capital development and gender equality while promoting regulatory structural reforms.

The Bank has been involved in the rail sector in Serbia since the early 2000s and is therefore one of the main counterparts of the Serbian Government when it comes to investment and reforms in rail. EBRD notably played a significant role in the preparation and actual unbundling of the vertically-integrated JSC Serbian Railways (“**JSCSR**”) that occurred in 2015. Other EBRD led reform initiatives included the introduction of a Public Service Obligation (“**PSO**”) and more recently the adoption and implementation of a CGAP for Serbia Voz.

I. Paving the way for rail sector regulatory integration and transition of the Rail Directorate into an independent economic regulator.

The Project will support the regulatory integration of the Serbian rail framework into the wider Western Balkans and European rail framework. Specifically, through the mobilisation of different TCs to different stakeholders in the rail sector, the Project will support the implementation of the Transport Community Treaty and Rail Action Plan resulting in improved regulation and competition within the sector in line with European Union rail liberalisation packages (4th Railway Package).

To date, the Rail Directorate has been mainly focused on safety and technical regulation and has limited capacity and experience in its wider evolving responsibilities to oversee the rail market in its new form – for example on approval of access charges, ensuring non-discriminatory access to new entrants, support for the development of competition, market monitoring and regulation of the activities and efficiency of SRI. As part of the Project, the Bank will mobilise TC funding to build the Rail Directorate’s capacity and to develop a credible strategy and action plan leading to the long awaited transition of the Directorate into a formal independent rail sector regulator in line with wider best practices [REDACTED].

II. Enhancing the Company’s competitiveness, operational efficiency, procurement expertise, corporate governance and digital preparation.

As a result of the unbundling, much of the commercial expertise within the formerly integrated company is likely to have been inherited by passenger (Serbia Voz) and cargo operations (Serbia Cargo). As the Infrastructure Manager, SRI has a crucial role for the delivery of new investment and management of track assets while possessing a sizeable asset base that can be explored for commercial opportunities. Accordingly, the Project will seek operational and governance improvements at the Company level through the mobilisation of TC support for the implementation of a CGAP and enhanced CDP. The enhanced CDP will target the improvement of commercial revenues, provide support for asset management accreditation and dedicated training in FIDIC procurement and project management. The CGAP addresses identified governance deficiencies at SRI and involves the implementation of several actions/objectives, including: strengthening of the Board’s functioning and of the role of the audit committee, establishment of a risk management and compliance function and strengthening of the Internal Audit function. The CGAP measures are aligned with and reinforce Serbia’s state ownership policy, developed with EBRD assistance and adopted in April 2021.

Similar to other companies in the sector, the Company has a male-dominated workforce which, as a large public employer, it needs to redress proactively; women represent

only 20% of the 5,716 employees, and while mid-management is currently balanced, women hold only 3 of the 13 top management and 32% of engineer positions. The CGAP will address these imbalances through the development of an Equal Opportunities Action Plan, introduction of formal targets and adoption of an external equal opportunities certification.

In addition, SRI was selected as one of the pilot clients for a wider EBRD initiative involving the preparation of digital roadmaps for the Bank's transport clients. The initiative promotes the coherent and systematic identification of digitalisation opportunities across SIG sectors, and the pilot maturity assessment represents a critical step in the advancement of the Bank's understanding of digitalisation opportunities and cyber resilience in the transport sector. Its areas of enquiry cover customer experience, cybersecurity, asset and investment management, operations, safety, societal and environmental management systems, corporate services, and business intelligence. The pilot maturity assessment will surface important learnings for the wider implementation of digital solutions across the sector, as part of the overall assignment preparing the Transport Sector digital compendium. The initiative is aligned with the priorities outlined in the Approach to Accelerating the Digital Transition 2021-2025, in particular in support of activities that promote the adaptation of organisations by providing access to finance, technical cooperation and advisory services that support the digitalisation of services, assets, business processes and value chains.

III. Strengthening the sectoral skills policy framework through the introduction of market-relevant dual learning curricula to equip the Serbian railway sector with a workforce ready for the future.

The Project will lead to the development and implementation of key building blocks of an improved sectoral skills policy framework in the Serbian railway sector. The overarching goal of this policy framework is to replenish the near-retirement railway workforce and fill the current skills gaps by training a younger and more diverse cohort ready to respond to the green and digital transformation needs of the sector. To this end, the EBRD is collaborating with MoCTI and the railway companies on a tri-partite sectoral skills reform programme, to be implemented across the Bank's current and future financing plans with SRI, Serbia Voz, and Serbia Cargo³. As the Infrastructure Manager, SRI's active contribution to this initiative is critical for the overarching success of the sectoral skills reform agenda. Through this Project, SRI has committed to contribute to the development and introduction of market-relevant dual education curricula at the national level and associated targets have been covenanted under the loan agreement. SRI will also engage in the other aspects of the tri-partite sectoral skills reform programme, including the improved Sector Skills Council (SSC) expected to be formalised as part of the forthcoming financing to Serbia Voz.

³ The most recent loan to Serbia Cargo was approved by the EBRD's Board of Directors on 19 October 2022 and will kick-start the EBRD-supported overhaul of the sectoral skills policy framework through a review of the railway transport Sector Skills Council ("SSC"). Upcoming financing for Serbia Voz is expected to continue this work, and, together with the commitments under the present loan to SRI, lead to a significantly improved skills policy framework in the Serbian railway sector in line with market needs.

IV. Building capacity for gender responsive service planning and delivery at the local level.

Public transport access is crucial for women's active participation in the economy and society, including in Serbia. However, current planning processes at the local level fail to integrate participatory approaches that could ensure greater consideration of women's transportation needs. In addition, while a national requirement for gender budgeting exists, capacity for its implementation – especially at the municipal and sub-regional level – is lacking. The project will therefore strengthen participatory design and planning approaches within the municipalities along the Corridor route as well as within SRI. A commitment to mainstream gender as part of Serbia's National Transportation Strategy currently under development further adds to the Project's additional positive impacts on gender equality.

Overall, this Project also represents a prime example of successful cooperation between IFIs. In terms of physical and financial implementation, the Project is one of the pilot projects to be developed under the new MRF between EBRD and EIB. The Framework aims at optimising synergy between the two IFIs for projects they co-finance, resulting in a larger finance capacity and a simplified partnership for the clients with the financiers. In terms of sector reform, all proposed actions have been closely coordinated and complemented with the initiatives led by the World Bank, the EU, the Transport Community and the AFD in the country, aiming to maximise results. This is well exemplified by: (i) EBRD supporting the implementation of the Transport Community Rail Action Plan; (ii) EBRD supporting the Rail Directorate and the Company on the implementation of the new track access charge methodology developed under an EU TC; and (iii) EBRD cooperating with the World Bank/AFD on the support of the Company's asset management and digital practices.

Considering the above, the Project is consistent with the following strategies:

- The Strategy for Serbia by improving the transport network and supporting regional economic connectivity, while also foster competitiveness and governance by reforming selected state owned enterprises.
- The Transport Sector Strategy which acknowledges that "...railway plays a central role to create a multimodal, environmentally friendly, efficient and safe transport system". As part of its Operational Approach, as it is stated in the Strategy, "The Bank will continue to engage in the rail sector, working across both the public and private sectors, financing infrastructure rehabilitation, upgrade or new construction, rolling stock renewal... Through its investments, the Bank will support the ongoing reforms in the region".
- EBRD's human capital development agenda as set out in the Equality of Opportunity Strategy.
- The EBRD's Strategy for the Promotion of Gender Equality (SPGE) by promoting access to skills and employment as well as access to services in Serbia's railway sector.
- The Green Economy Transition ("GET") approach, which acknowledges the potential for incremental activity in the rail sector to support the transition to low carbon economies.

- The EBRD’s approach to accelerating the digital transition 2021-25, which supports “progressively [mainstreaming] digitalisation across critical energy and infrastructural sectors in an inclusive manner.

1.2 TRANSITION IMPACT

The tables below set out the TI Objectives and details of the Project. *See Annex 1 on TI Impact Scoring Chart.*

Primary Quality: Well-Governed

Obj. No.	Objective	Details
1.1	The project and associated TC activities will introduce an autonomous new economic/sector wide regulator (i.e. not just applicable to the project client/stakeholder).	<p>The Project will target a range of objectives under the Well-Governed quality – culminating in the completion of the first phase of the Transport Treaty and Rail Action Plan, and the transition of the Rail Directorate into an independent economic regulator.</p> <p>TC support is provided for capacity building of the rail regulator (including for sector monitoring, efficiency analysis, setting track access charges and capacity allocation processes) and development of an implementation action plan leading to its independence (i.e. separation from the MoCTI).</p> <p>The project will also support SRI directly through implementation of a CGAP and CDP. The CGAP will target improvements in several areas including state ownership rationale, adoption of a Board Profile for the Company’s Supervisory Board and individual Supervisory Board members, amendments of Company’s charter, audit committee and internal audit function, approval of a policy on conflicts of interest, appointment of a compliance officer and approval of a compliance programme, development of the risk management function and approval of an equal opportunities action plan.</p> <p>The CDP will focus on supporting the Company’s operational efficiency and competitiveness in key areas, including: commercial revenues, support for asset management certification (ISO 55 0001) and training in project management and procurement.</p>

Secondary Quality: Inclusive

No.	Objective	Details
2.1	The project will introduce improved policy practices (e.g. market relevant curricula).	<p>The Project will contribute to the tri-partite sector skills reform programme for the Serbian railway sector. The sector is currently experiencing labour force challenges and skills gaps which need to be addressed in an integrated fashion. To this end, the Project will add value by supporting the sector-wide training and capacity development agenda to build a future talent pool for the railway sector. This builds on on-going policy dialogue between EBRD, MoCTI and the railway companies to which SRI has so far not contributed. As a result of the Project,</p> <ul style="list-style-type: none"> • SRI will lead the design and implementation of new market-relevant dual learning curricula and associated training programmes for the railway sector in partnership with vocational high-schools, other sector leaders and MoCTI. This will be critical to the achievement of a holistic sectoral approach, as

		<p>certain competencies demanded by all railway sector employers may only be acquired through SRI participation in the dual-learning reform;</p> <ul style="list-style-type: none"> • The Company will furthermore engage in a sectoral cross-company Working Group tasked to attract young talent to the sector, with a focus on raising the share of female students enrolling into dual education learning programmes; • The Company will participate in the improved Sector Skills Council (“SSC”) currently under development in charge of new occupational and qualification standards for the railway sector.
2.2	<p>The project will introduce new standards and policies for infrastructure design or delivery in line with MDB best practice to accommodate previously excluded target groups (e.g. significant institutional changes in terms of GBV prevention; systemic service improvements for disabled passengers).</p>	<p>The Project will address the lack of local level participatory planning and design through a large-scale capacity building initiative targeting the municipalities and local self-government (“LSG”) stakeholders along the Corridor route in cooperation with the Ministry of Public Administration and Local Self Government (“MoPA”), the Coordination Body for Gender Equality, and other relevant stakeholders. It will focus on ensuring local transportation plans (first and last mile connectivity, time-tables and route planning, accessibility and safety concerns, etc.) are developed through a consultative process with a view to integrate the perspectives and needs of women as railway users. The expected long-term impact of this initiative will be an increase in the number of railway users and enhanced economic opportunities for women. Regular satisfaction surveys built into the exercise will be used to verify success. The capacity building programme will also facilitate the introduction of gender budgeting to all LSG stakeholders, in line with the obligations put forward for all state-budget recipients in the Republic of Serbia.</p>

Delivery risks: The risks for both Well-Governed and Inclusive qualities are mainly related to Government of Serbia’s (MoCTI and SRI) ceasing to consider the Project’s transition objectives as priority which include the adoption of railway sector reforms and the development of new skills development approaches and gender responsive local planning programmes. This risk is mitigated by (i) Serbia’s continued commitment to railway reforms as demonstrated by its regional leadership in starting to implement the actions defined under the Transport Community Rail Action Plans; (ii) the Project’s high visibility and strategic importance to the country; (iii) EBRD mobilised TC to support the implementation of the transition objectives complemented by the introduction of meaningful covenants under the financing agreements; (iv) the on-going commitment and engagement of MoCTI, Serbia Voz and Serbia Cargo in dual education learning programmes; and (v) continuing policy dialogue from EBRD alongside other IFIs.

Digital Approach: The Project is aligned with the Adaptation area of intervention outlined in the EBRD Approach to Accelerating the Digital Transition 2021-2025 due to the pilot digital maturity and roadmap assessment by EBRD, as applied for the first time in the transport sector; based on the findings of the pilot digital assessment, the ensuing digital components of the project are expected to be in support of the Well-Governed Transition Quality.

1.3 ADDITIONALITY

Identified triggers	Description
No identified triggers	n/a

Additionality sources	Evidence of additionality sources
Financing Structure EBRD investment is needed to close the funding gap . At the same time, EBRD does not crowd out other sources, such as IFIs, government, commercial banks and/or complements them.	Proposed 15-year tenor [REDACTED] and loan size of EUR 550 million cannot be obtained from local commercial banks due to the nature of this investment which is sizable requiring longer term financing from IFIs coupled with sizable investment grant.
Risk Mitigation EBRD helps the client to mitigate environmental, social risks through identification of risks related to the depletion of natural capital assets, raw materials and water availability, etc., and to manage these risks.	The Bank's involvement will help mitigate and manage environmental, social risks through due diligence and covenanted ESAP. An ESIA for the Stalac-Djunis sub-section and an E&S Corridor Assessment were developed and will be followed by ESIA for each one the remaining sub-sections, alongside sufficient disclosure.
Policy, Sector, Institutional, or Regulatory change EBRD's involvement in a project is considered additional when it is designed to trigger a change in the policy , sector, institutional or regulatory framework, or enhance practices at the sector or country level (e.g., an introduction of cost-reflective pricing of energy, water etc.).	The Bank is expected to trigger a change in the policy and sector framework, by supporting the GoS for the (i) development of relevant visions, action plans towards the transition of the Rail Directorate into an independent economic regulator; and (ii) implementation of the Transport Community Treaty and Rail Sector Action Plan.
Standard-setting: helping projects and clients achieve higher standards Gender SMART: Client seeks/makes use of EBRD expertise for the adoption of gender standards and/or equal opportunities action plans (e.g. improving women's access to safe transport and/or women-led businesses participation in the client supply chain).	Through the CGAP, SRI will promote a gender equitable workplace within its own organisation through: an internal Gender Assessment; the adoption of an Equal Opportunities Action Plan including senior management targets; external equal opportunities certification; and the introduction of gender budgeting principles. These will strengthen women's employment opportunities within SRI and the wider sector, and enhance gender-responsive design and delivery of railway services.
Knowledge, innovation and capacity building EBRD provides expertise, innovation, knowledge and/or capabilities that are material to the timely realisation of the project's objectives, including support to strengthen the capacity of the client	EBRD provides support to strengthen the capacity of SRI (CDP and CGAP), aiming for the enhancement of its competitiveness, procurement expertise, governance, operational efficiency and asset management accreditation.

1.4 SOUND BANKING - KEY RISKS

Risks	Probability / Effect	Comments
Country, Macroeconomic and Repayment Risk	Medium/High	Serbia's rating (BB+/BB+/Ba2) is underpinned by a track record of macroeconomic stability and credible policy framework. Exchange rate vis-a-vis EUR is managed very tightly, supported by the adequate level of international reserves and robust FDI inflows. Public debt stood at 57.2% of GDP at end-2021. IMF assesses the public debt to be sustainable with high probability and projects it to decline over the medium term, supported by the authorities' commitment to fiscal consolidation and continuation of economic growth.

Implementation risk	Medium / Medium	This is a sizeable Project (EUR 2.3 billion) which comprises several works contracts for each one of subs-sections [REDACTED] and including several complex civil engineering objects (tunnels, bridges and viaducts). The Project will be prepared and implemented in stages by SRI. SRI has in place support of international consultancy team (PPF9 Consortium led by Suez Consulting) funded from an EU grant managed for the preparation of preliminary design for each sub-section. The most relevant experience of SRI in implementing similar projects is the modernisation of the Belgrade – Novi Sad section (part of the Belgrade – Budapest line). Nevertheless, the Company has limited capacity which will be mitigated by (i) the mobilisation of independent PIU consultants and construction supervisors; and (ii) procurement training included under the EBRD CDP TC which will improve SRI resources for managing and validating the outputs of the consultant teams and accelerate project implementation. Procurement of works will be done in accordance with EIB Guide to Procurement.
Cost overrun risk	Low/High	Risk of cost escalation due to inflationary pressures (material and energy costs), volatility of construction market, project's size and complexity, long term and staged implementation period and early design stage of some of the sub-sections. This risk has been adequately mitigated by the incorporation of sizeable technical and financial contingencies [REDACTED]. The technical due diligence was led by EIB pursuant to the Joint Project Selection letter executed in June 2022 between EBRD and EIB, which divides the due diligence responsibilities across EBRD and EIB.
Environmental and Social risk	Medium/ Medium	The risk arises since the Project is categorised as A with project-specific environmental and social issues. A formalised and participatory Environmental and Social Impact Assessment ("ESIA") for Stalac-Djunic and an E&S Corridor Assessment have been conducted to meet the Bank's requirements and have been disclosed for 120 days. The Bank led the environmental due diligence (supported by external consultants) pursuant to the Joint Selection Letter and defined robust mitigation measures under the ESAP. The Project will be implemented by SRI which will have comprehensive support on E&S through the PIU support, supervision consultants and lenders' monitor to ensure the requirements of the PRs are met. ESIA for the remaining sub-sections will come as addendum to the already disclosed Corridor E&S Assessment and will be also subject to 120 day disclosure period.

2. MEASURING / MONITORING SUCCESS

<i>Overall objectives of project</i>	<i>Monitoring benchmarks</i>	<i>Implementation timing</i>
<ul style="list-style-type: none"> - Compliance with ESAP, design standards and project specifications. - On-time project implementation 	<ul style="list-style-type: none"> - Progress reports, supervision reports, as covenanted in the Loan Agreement - Completion according to the timeline and within the budget. 	- [REDACTED]

Primary Quality: Well-Governed

Obj. No.	Monitoring indicator	Details	Baseline	Target	Due date
1.1	Recommended Strategy agreed by relevant stakeholders [REDACTED][TC]	Development and adoption of Sector Reform Strategy / action plan including steps for capacity building (covering sector monitoring, efficiency analysis, track access charges and capacity allocation processes) and independence of the Rail Directorate (i.e. financial / legal / operational separation from MOTCI).	[REDACTED]	[REDACTED]	[REDACTED]
1.1	Regulatory body established or strengthened as targeted [REDACTED]	Implementation of Sector Reform Strategy / action plan leading to the transition of the Rail Directorate into	[REDACTED]	[REDACTED]	[REDACTED]

		independent sector regulator by the end of 2025 (i.e. financial / legal / operational separation from MOTCI).			
1.1	Legal, institutional or regulatory frameworks in target areas improved [TC] [REDACTED]	Completion of outstanding actions under the Transport Community Rail Action Plan (including legal and regulatory changes related to rail marketing opening, passenger rights, governance, interoperability, border crossing agreements and modernisation) leading to the completion of the first phase of the Transport Treaty for Serbia.	[REDACTED]	[REDACTED]	[REDACTED]
1.1	Actions in the Corporate Governance Action Plan Implemented [REDACTED] [TC]	Adoption and implementation of the CGAP measures related to: state ownership rationale, adoption of a Board Profile for the Company's Supervisory Board and individual Supervisory Board members, amendments of Company's charter and strengthening of audit committee and internal audit function.	[REDACTED]	[REDACTED]	[REDACTED]
	Actions in the Corporate Governance Action Plan Implemented [REDACTED] [TC]	Adoption and implementation of the CGAP measures related to: appointment of independent supervisory board member, approval of a policy on conflicts of interest, appointment of a compliance officer and approval of a compliance programme, development of the risk management function and approval of an Equal Opportunities Action Plan	[REDACTED]	[REDACTED]	[REDACTED]
1.1	Project implementation support completed: Corporate Development Plan approved [REDACTED] [TC]	Adoption of CDP action plans and implementation of at least two of its key priorities/recommendations (relating to improving commercial revenues, support for relevant asset management certification (ISO 55001) and dedicated training in project management and procurement)	[REDACTED]	[REDACTED]	[REDACTED]

Secondary Quality: Inclusive

Obj . No.	Monitoring indicator	Details	Baseline	Target	Due date
2.1	Client engages in policy dialogue: providing substantial contributions to activities. [REDACTED]	Serbia's skills policy framework in the railway sector will be improved in line with market needs through SRI's support to the tri-partite sectoral skills reform programme specifically designing and implementing new dual learning curricula at the national level.	[REDACTED]	[REDACTED]	[REDACTED]
2.1	Number of youth earning an accredited certification	SRI will provide on the job learning opportunities to [REDACTED] high-school students each year through dual	[REDACTED]	[REDACTED]	[REDACTED]

	and enhancing their skills as a result of training	learning partnerships. Over a four-year monitoring period, [REDACTED] youth will receive new skills.			
2.2	Recommended policy or strategy or regulatory framework/ standard agreed by relevant stakeholder(s) [REDACTED] [TC]	Gender responsive participatory service planning and delivery and gender responsive budgeting principles and standards will be introduced in SRI, MoCTI and LSG policy making.	[REDACTED]	[REDACTED]	[REDACTED]

Additional Indicators

Indicator type	Monitoring indicator	Details	Baseline	Target	Due date
Core client indicators	Physical capacity of the client extended	Construction completed on the Belgrade-Niš section of the Rail Corridor X, and ca. 230 km-long double-track electrified line.	[REDACTED]	[REDACTED]	[REDACTED]
Core client indicators	Net increase in rail infrastructure usage: cargo	Freight rail transport (tonnes).	[REDACTED]	[REDACTED]	[REDACTED]
Core client indicators	Net increase in rail infrastructure use: passenger	Number of passengers travelling on the Belgrade-Niš section by train.	[REDACTED]	[REDACTED]	[REDACTED]
Core client indicators	Improved quality of infrastructure within regions	Time savings of up to 2 hours per journey.	[REDACTED]	[REDACTED]	[REDACTED]
Advisory & Policy Indicators	Practices of the relevant stakeholder improved (equal opportunity practices of the client) [REDACTED] [TC]	SRI will undergo a Gender Assessment, including for the development of senior management targets and achieve external certification (as part of the CGAP).	[REDACTED]	[REDACTED]	[REDACTED]
Advisory & Policy Indicators	Project implementation support completed: Recommended lending strategy/methodology accepted [TC][Donor]	Lender's monitoring: support provided by an independent Environmental and Social consultant to SRI for Project monitoring during the construction and the commissioning and operations phases of the Project.	[REDACTED]	[REDACTED]	[REDACTED]

3. KEY PARTIES

3.1 BORROWER

RoS is the Borrower of the proposed financing, represented by the Ministry of Finance. RoS' sovereign debt is currently rated BB+/stable by Standard & Poor's (June 2022), Ba2/Stable by Moody's (Sep. 2022) and BB+/Stable by Fitch (Aug. 2022).

Pre-pandemic, despite a significant fall since 2015, Serbia's public debt was above the legally binding limit of 45% of GDP. Following the Covid-19 crisis, public debt increased, reaching 57.2% of GDP at the end of 2021. This is explained by the large aid packages implemented by RoS to respond to this external shock and by increased budget deficit that ensued (2021: 5% deficit, 2020: 8%): Serbia raised EUR 3.0 billion through two Eurobond issuances in 2020 and EUR 2.75 billion in 2021 via three additional Eurobonds. Near term fiscal risk is reflected in the public sectors' absorption of higher energy prices (electricity and gas in particular) amid surging global market

prices. With fiscal costs for the winter of 2021/22 estimated at over EUR 1 billion, the following winter will likely be another challenging one for Serbia given largely unresolved structural issues hampering domestic electricity production amid continually elevated market prices and only moderate price increases for consumers so far. On the positive side, public debt is assessed as “sustainable with high probability” and expected to fall to 47% of GDP in 2024 (IMF Country report, June 2022), assuming timely return to fiscal discipline and absence of major external shocks.

[REDACTED]. Serbia currently has a 30-month Policy Coordination Instrument (“PCI”) with the IMF in place since June 2021, with second review concluded in June 2022.

Preserving fiscal sustainability will require further structural adjustments, through consistent and long-lasting public sector reforms including “right-sizing” and capacity strengthening of the public administration as well as restructuring and privatisation of unviable SOEs. Although much remains to be done (e.g. concerns remain in regard to public procurement rules) and public administration reform faces delays, the country – with support from IMF and EBRD, has adopted a state ownership policy, which represents an encouraging sign.

Growth is expected to continue, but moderate. In 2021, Serbia experienced a strong expansion with GDP growing by 7.4%, supported by the rebounding of external sector and an important domestic demand. However, the macroeconomic environment in 2022 has been slowly deteriorating with ramping inflation (13.2% in August 2022) due to higher food and energy prices. The global uncertainty stemming from the war in Ukraine is an additional factor for this worsening of the macroeconomic situation. Although Serbia has limited direct links to Russia in terms of trade, it is exposed to rising inflation and expected slowdown of growth in European markets, Serbia’s main export destination.

For more details, please refer to Annex 4 for Serbia’s Macroeconomic and Public Debt Summary.

3.2 ULTIMATE BENEFICIARY

SRI, a Joint Stock Company established in 2015 as the sole national railway infrastructure asset management company of Serbia, is the ultimate Beneficiary and implementing entity of the Project. SRI is one of the three operating companies, created through the unbundling of the vertically-integrated JSCSR to be aligned with EU requirements⁴ and foster commercial efficiency in the railway sector.

The Company is fully owned by RoS represented by MoCTI. SRI manages the entire 3,348 km-long Serbian railways network (including sections in Kosovo and Metohija region). SRI is responsible for the management of the infrastructure, construction, maintenance and operation of the railway network. Revenues stream from fees paid by operators and subsidies from RoS. In 2021, around 6.2 million train-km of freight occurred on the network and 7.9 million train-km of passenger transportation.

⁴ Directive 34/2012/EU of the European Parliament and of the Council of 21.11.2012 “Establishing a single European railway area”.

More information about the Company can be found in Annexes 2, 3 and 6.

4. MARKET CONTEXT

The railway network in Serbia includes 3,348 km of tracks, of which around 93% are single railways lines, and only 38% are electrified. The table below presents the characteristics of the network's tracks.

Length of tracks (km)	Type of Track				TOTAL
	Main	Regional	Local	Sidings	
Single-tracks	1,459	1,252	248	101	3,059
Double-tracks	286	3	0	0	289
TOTAL	1,744	1,255	248	101	3,348

Development of the railway sector is a high priority for RoS, which seeks to increase competitiveness of the railway sector. RoS signed the Transport Community Treaty in July 2017 alongside four other Western Balkans countries (Albania, Kosovo, North Macedonia and Montenegro), which aims at a better integration of transport networks, especially railways networks in the region.

The Project will be operated on a mixed use, open access basis subject to the rules prescribed in the SRI's Network Statement and enforced by the Railways Directorate. Passenger services are expected to be operated for the foreseeable future only by the incumbent Serbia Voz. The freight market has been liberalised and runs on a commercial basis but it is still dominated by the incumbent (Serbia Cargo), with 10 private operators representing 20% of the traffic in 2020. Serbia Voz is the only provider in the passenger market, but the investment combined with wider reforms could spur new entrants and services in this segment.

SRI's Network Statement establishes a series of categories of charges according to the type of line, traction and weight of the trains. Based on these categories, average track-access charges ("TAC") for electric trains on main lines (such as Belgrade-Niš) in 2019 were EUR 1.09/train-km for passenger services and EUR 2.02/train-km for freight services. These TAC remain lower than EU average (EUR 4.33 and EUR 2.56/train-km respectively), but are in line or even higher than neighbouring countries such as Croatia, Bulgaria or Hungary. Passenger rail services are operated through a PSO.

5. FINANCIAL / ECONOMIC ANALYSIS

5.1 FINANCIAL PROJECTIONS [REDACTED]

5.2 EIRR ANALYSIS [REDACTED]

5.3 PROJECTED PROFITABILITY FOR THE BANK [REDACTED]

6. OTHER KEY CONSIDERATIONS

6.1 ENVIRONMENT

Categorised A (2019 ESP). The Bank's ESDD for the Project was conducted with the support of several independent consultants and included documentation reviews and site visits. The Corridor based E&S disclosure package includes all sections from Belgrade to Niš based on the conceptual design and more detailed information on the Stalac-Djunis section for which the preliminary design was available. The disclosure package for Stalac-Djunis section includes the Environmental and Social Impact Assessment (“ESIA”), a Supplementary package (including an Environment and Social Management Plan (“ESMP”), a Resettlement Plan (“RP”), a Non-Technical Summary (“NTS”), a Stakeholder Engagement Plan (“SEP”) and an Environmental and Social Action Plan (“ESAP”). For the Corridor, the disclosure package includes an E&S Scoping report, an Inception Report, a Corridor E&S Assessment (high level ESIA), a Resettlement Policy Framework, a SEP, a NTS and an ESAP. Both components of the Project’s disclosure package were disclosed in English and in Serbian on EBRD’s and SRI’s website on 29 July 2022. Hardcopies have been made available in local communities and no material issues have been raised during the public disclosure period that would require revision of the ESIA.

The first tranche of the loan is committed to finance the works of the Stalac-Djunis section, for which a detailed ESIA has been carried out to date. Tranches to finance other subsections of Corridor X (230 km-long railway) will be committed after completion of an ESDD (and revision of the ESAP) and preparation of an ESIA for each tranche (in parallel to completion of the preliminary design), before Board.

According to the Corridor E&S assessment findings, the E&S risks and impacts can be managed and mitigated through the implementation of the ESAP. The ESIA’s are considered as a complement to the Corridor E&S assessment that was disclosed during 120 days. On the Stalac-Djunis section, the alignment will be significantly changed and the Stalac and Djunis railway stations will be fully reconstructed. The national EIA Study for the Stalac-Djunis section was approved by the Ministry of Environmental Protection in 2018, and the environmental permit (Location Conditions) was renewed in 2021.

SRI will develop and implement a Project framework E&S management system. The ESAP requires the Contractor to prepare a CESMP and issue specific sub plans. The main negative impact in the construction phase is generation of larger amounts of inert, non-hazardous and hazardous waste such as excavated material and dismantled railways tracks and sleepers. An asbestos survey will be conducted to identify the presence of any asbestos-containing materials in station buildings that are subject to reconstruction. During Operation, SRI will conduct annual noise monitoring in zones of residential and other sensitive buildings located in the immediate vicinity of the railway as well as technical and visual control of noise barriers in accordance with relevant standards. In case of excessive values, SRI shall take additional passive protection measures. For the Stalac-Djunis section, noise barriers are planned on both sides of the railway line in the total length of 748m and will be defined for other sections in the specific ESIA’s.

Four protected areas are identified within the project area of influence (500m on each side of the planned railway). The railway will pass through three proposed Special Protection Areas. Considering the conservation values of these areas based on which they were designated (the majority for woodland value), it is very unlikely the project will have any impact on the functioning of the areas and their status since there will be no vegetation clearings in those areas. Biodiversity assessment included desktop and field surveys and according to the Critical Habitat Assessment, a total of 40 features meet the criteria for Priority Biodiversity Features and 27 for Critical Habitat along the Corridor. The most sensitive receptors during construction phase are waterbodies, wetland and riparian habitats. In the pre-construction phase, detailed surveys of biodiversity will be done by biodiversity experts engaged by the Contractors; following which the Project design should then be reviewed and revised if necessary. As confirmed in the ESAP, the Contractors will develop and implement a Construction Biodiversity Management Plan (including measures such as: clear demarcation of vegetation clearance areas, adjust timing of works to minimise impact on fauna, etc.). For the Stalac-Djunis section, the proposed railway route is partly located within a part of the ecological network of Serbia - Mojsinje Mountains and Stalac Gorge of the Juzna Morava River. An Appropriate Assessment was conducted and disclosed and identified a number of mitigation measures that were captured in the ESMP.

Worker accommodation will need to be provided by the contractors in line with national legislation and the applicable EBRD/IFC Guidance Note. Worker influx and gender-based violence and harassment GBVH risks are not expected to be significant as the majority of the areas where construction works will be undertaken are areas distant from settlements. No cultural heritage sites have been identified on the route itself but there are some sites in the vicinity of the railway line. For the Stalac-Djunis section, five cultural heritage sites have been identified in the Project area; the Institute for Protection of Cultural Monuments in Kraljevo provided its official including the measures needed to protect cultural heritage sites.

As the final route is not defined yet (with the exception of Stalac Djunis sub-section), the magnitude of impacts associated to land acquisition for the complete alignment is still unknown. For this reason, a Corridor-level Resettlement Framework was developed to define the key resettlement approach in line with national regulation and PR5. After detailed land requirements of the Project are known (once the final designs and detailed expropriation studies have been prepared), a RP will be prepared for each section and approved by the EBRD, as confirmed in the ESAP. Only the RP for the Stalac-Djunis sub-section has been developed to date and disclosed. This section requires the acquisition of approx. 79 ha of land, of which approx. 43% is privately owned. The total number of land plots which will be affected is 877 but a significant number of land plots are planned to be only partially acquired. The project will result in the physical displacement of a total of 13 households and one business. SRI will ensure that the Stalac-Djunis RP is implemented prior to any construction activities, as required in the ESAP.

The SEP includes a summary of previous stakeholder engagement activities and requirements for public engagement during the pre-construction and construction period, including a grievance mechanism plus the appointment of Community Liaison Officers. In addition, the ESAP requires SRI to ensure that, during the final design stage, the municipal authorities on each section are consulted on the issues of

closure/upgrading of level crossings and underpasses and overpasses and safety considerations. The ESAP requires that, in order to mitigate the impacts of closure of stations/halts on the residents in settlements with no other organised means of public transportation, SRI liaise with the local authorities to agree on and organise alternative transport options.

The Lenders independent consultants will undertake regular audits of the Project to assess EHSS performance during construction. For the uncommitted tranches, conditions precedent to commitment include preparation and disclosure of an ESIA, RP, updated ESAP and updated SEP agreed between the Bank and the Company.

6.2 INTEGRITY

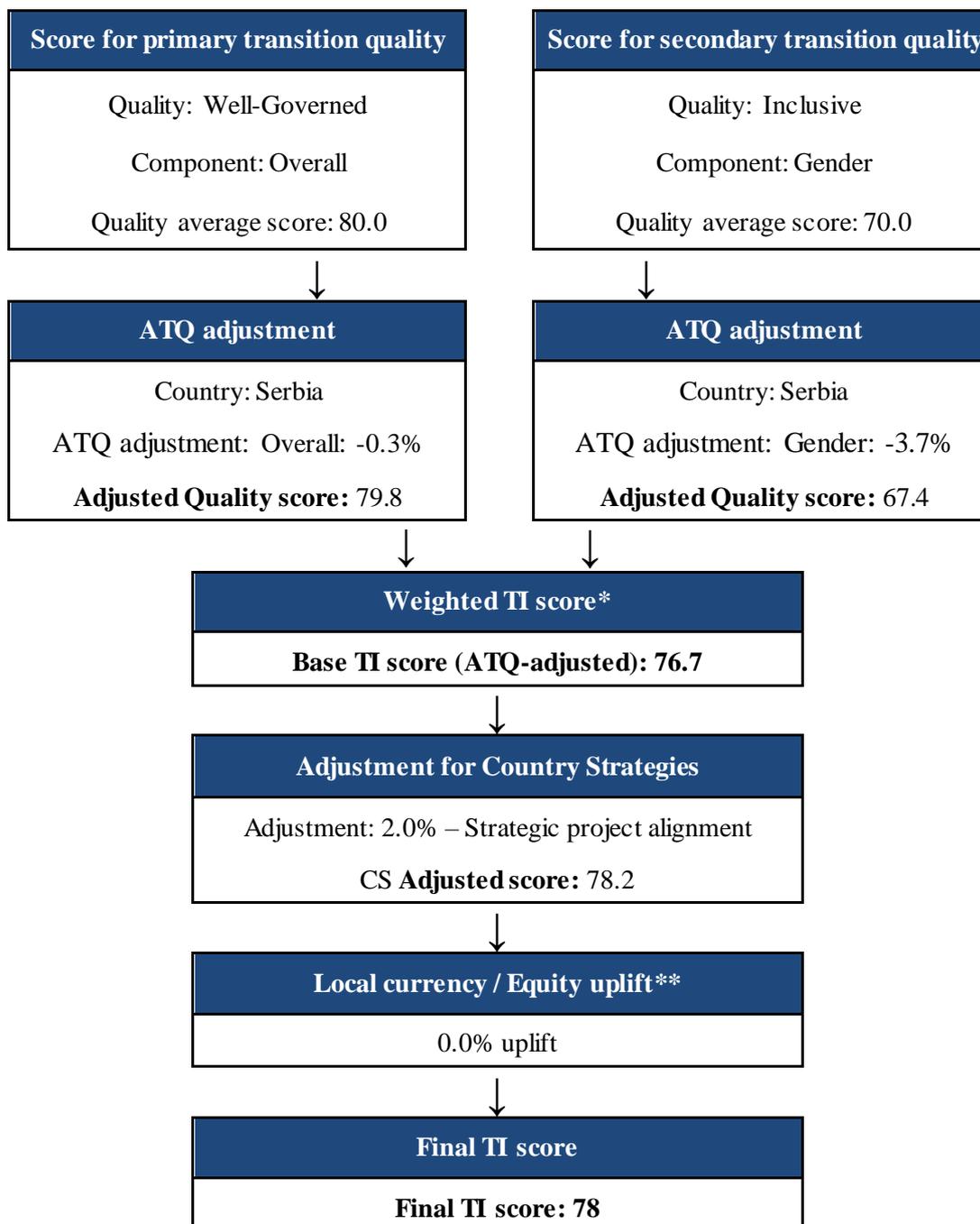
In conjunction with OCCO, enhanced integrity due diligence was undertaken on SRI, its senior management and other relevant parties. [REDACTED] [T]his Project does not pose an unacceptable reputational or integrity risk to the Bank. SRI is one of the three state-owned entities that were unbundled in 2015 from JSC Serbian Railways, an existing client of the Bank. The project is co-financed by the EIB and EU WBIF. [REDACTED].

All actions required by applicable EBRD procedures relevant to the prevention of integrity issues have been taken with respect to the project, and the project files contain the integrity checklists and other required documentation which have been properly and accurately completed to proceed with the project.

ANNEXES TO OPERATION REPORT

ANNEX 1	Transition Impact Scoring Chart
ANNEX 2	Project Description
ANNEX 3	Shareholding Structure
ANNEX 4	Serbia's Macroeconomic and Public Debt Summary
ANNEX 5	EBRD's projects in the Serbian Railway sector
ANNEX 6	SRI Financials
ANNEX 7	Green Assessments
ANNEX 8	Project Implementation (Procurement Plan)
ANNEX 9	Economic Assessment

ANNEX 1 – TRANSITION IMPACT SCORING CHART



*The Primary Quality score is weighted 75% for the calculation of the Base TI Score. The Secondary Quality is weighted 25%.

** Please remove this box if the financing uplifts are not applicable.

ANNEX 2 – PROJECT DESCRIPTION

The Project consists of upgrading and modernisation of the electrified railway line Belgrade – Niš (approx. 230 km), including doubling the single tracks and increasing of speed on some sections up to 200 km/h.

The Belgrade-Niš railway line is part of the backbone railway network going through Serbia. This railway line is part of the main transit line, used for the transit traffic linking Western and Central Europe with Asia and South-East European economies. It is part of the railway link in Serbia which links Croatia and Hungary on one side with Bulgaria, Kosovo and North Macedonia on the other side.

The Belgrade-Niš railway line is part of the Corridor X of the Indicative Extension of the TEN-T Core Railway Network to the Western Balkans. The international importance of the Belgrade-Niš E-85 (Corridor X) railway line has been confirmed by the Pan-European Priority Corridors and Agreements (AGC, AGTC, SEEC), which define the plans and standards for the development of the Trans-European Railway Network, and which have been ratified by the Republic of Serbia in the form of a law.

Figure 1: Project map and TEN-T Corridor X



At the same time, this section of the railway line belongs to the Rail Freight Corridor X (RFC10): Alpine – Western Balkans, which started operation in January 2020 and covers 2,114 km principal railway lines including 21 intermodal terminals. In Serbia, this railway line covers Belgrade, capital, with the second biggest city in the country (Niš), while on the opposite side there are ongoing works to link Belgrade with the third biggest city in the country (Novi Sad). The railway connection between Belgrade and

Novi Sad is already completed and operational. Once the Project is completed, the entire Nis and Novi Sad connection will represent a rail transport link between 25% of the population of Serbia.

The railway line thus has a high national significance, highlighted through the Spatial Plan of the Republic of Serbia. It connects two large cities and railway nodes: Belgrade and Niš, as well as a large number of settlements and industrial centres in the railway corridor. The city of Belgrade is capital of Serbia, while the city of Niš (third biggest city in the country) is the administrative, industrial, commercial, financial and cultural center of the South-Eastern part of Republic of Serbia. Niš is strategically located at the railway node connecting Europe with Asia.

Project Scope

The Project involves **the modernisation/reconstruction/construction of a 230 km long section** of the Corridor X railway line between Belgrade Center and Niš (via Mladenovac) and Belgrade railway bypass section Resnik-Ostruznica. More specifically, the Project will include the following main components:

- Stalac Djunis (18km) – tranche 1 for which approval is requested
- Belgrade Center-Velika Plana Subsection (ca. 83km)
- Velika Plana - Paracin Subsection (ca.62km)
- Paracin-Medjurovo Subsection, excluding Stalac Djunis (ca. 62km)
- Belgrade and Niš railway nodes Subsection
- Signalling and Telecommunications contract (for all sub Sections). The signalling and telecoms for the entire line will be procured as a single contract separate from the civil works, track and electrification. This approach is appropriate, as it will allow technological uniformity of signalling and telecoms installations on the entire line

The Project includes the following works:

- construction of track bed for the sections on new alignment and rehabilitation and strengthening of the track bed for the sections on the existing alignment;
- rehabilitation of the existing and construction of new and rehabilitation and strengthening of the existing engineering structures;
- construction of the drainage network;
- extension of the useful length of the stations;
- new construction or modernisation of station platforms and passenger building;
- installation of new track work;
- installation of new overhead contact line, 25 kV 50 Hz;
- modernisation of the traction power substations, including power increase where required;
- installation of signalling equipment in the stations and blocks, ERTMS level 2, Centralised Traffic Control;
- installation of telecommunications equipment, including backbone transmission equipment, fibre optic network, and GSM-R;

- depending on the specific safety conditions and legal requirements, replacement of existing level crossings by separate grade crossings or modernisation and upgrading of level crossing;
- demolishing of the existing structures, dismantlement of track work and equipment, that are decommissioned as result of the project;
- deviations and repositions of third party engineering networks; and
- any temporary works necessary to ensure the operation of the line during the works with an appropriate level of safety, availability and reliability.

The works in the scope of the project include several complex civil engineering objects. In particular, tunnels, bridges and viaducts. The project includes construction of 16 km of double track tunnel and 4.53 km of single track tunnels (i.e. 2.265 km of twin tube tunnels). The longest tunnels are 2.6 km and 3.3 km

The implementation of this project will bring the infrastructure into conformity with the requirements for core TEN-T set out in Regulation (EU) 1315/2013, and with the technical specifications for interoperability (TSIs),

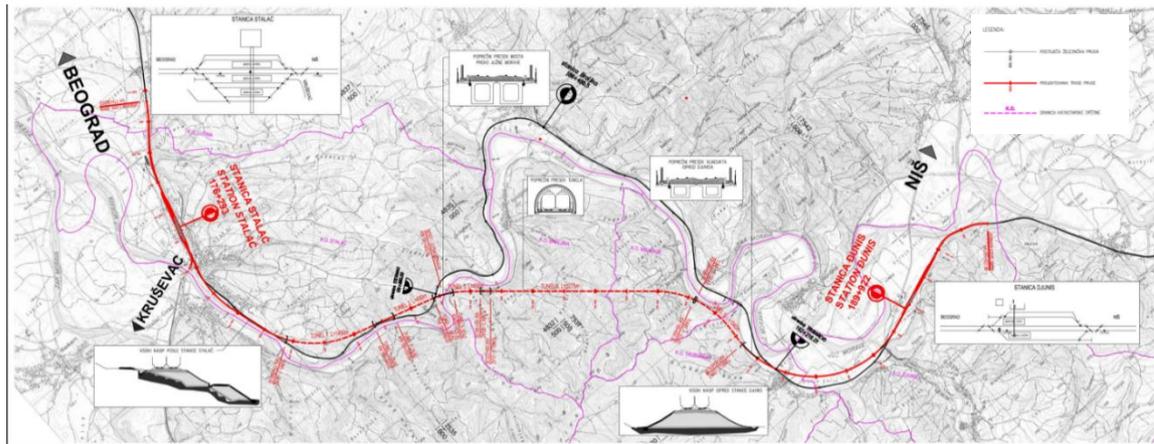
The Project will be implemented and prepared in phases is planned to be implemented as per the following calendar.

Subsection	Planned start and completion of the works
Belgrade – Resnik	[REDACTED]
Resnik – Velika Plana	[REDACTED]
Velika Plana – Gilje	[REDACTED]
Gilje – Djunis	[REDACTED]
- Gilje – Paracin	[REDACTED]
- Paracin - Stalac	[REDACTED]
- Stalac - Djunis	[REDACTED]
Djunis – Trupale	[REDACTED]
Trupale - Medjurovo	[REDACTED]
Belgrade Node	[REDACTED]
Niš Node	[REDACTED]
Signalling and telecoms for the whole line	[REDACTED]

Scope of First Tranche

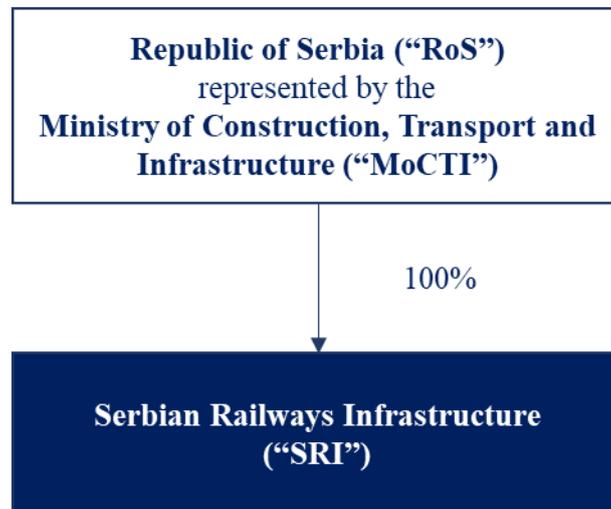
The first Tranche will finance the upgrading and track duplication on the Stalac-Djunis section presented below which is the most technically challenging on the Corridor yet one of the most important, as it constitutes a bottleneck to the whole Corridor. The preliminary design of this sub-section has already been prepared of international consultancy team (PPF9 Consortium led by Suez Consulting) funded by EU TC grants.

Currently, the section is single track with a winding route that follows the Stalać Gorge of the Južna Morava river. The section will be rebuilt as double track almost completely on new alignment including 5 tunnels with a combined length of 6.9 km, the longest of them being 3.3 km and several of them separated by sections on viaducts. The works in this section have been divided into two Lots: one for the 3.2-km long tunnel which does not require expropriations and another one for the rest of the civil works on the section where expropriations are necessary. The upgraded double track will have a design speed of 160 kph.

Figure 2: Map of Stalac Djunis sub-section**Project cost**

The investment cost estimate for the project is EUR 2,475 million with the following breakdown: [REDACTED]

ANNEX 3 – SHAREHOLDING STRUCTURE



ANNEX 4 – SERBIA’S MACROECONOMIC AND PUBLIC DEBT SUMMARY

The economy continues to grow, but the macroeconomic environment deteriorated. Following a strong expansion of 7.4% in 2021, GDP grew by 4.3% year-on-year (y/y) in the first quarter of 2022 and by 3.9% y/y in the second quarter. While the broad-based expansion in 2021 was supported by a rebounding external sector and pent-up domestic demand, the slowdown in 2022 reflects the worsening of the macroeconomic environment. Inflation increased to 4.0% in 2021, outside the target band of 3% +/- 1.5%, and further to 13.2% in August. The price increase is driven by the global energy (largely petroleum given the regulated electricity prices in Serbia) and food prices (partly due to poor weather conditions hampering domestic yield). Higher import volume under elevated prices reflected on external accounts with the current account deficit annually increasing five-fold in the first half of 2022. The National Bank of Serbia increased the policy rate six times, from the historically low 1% in March to 3.5% in September. Serbian dinar remained stable against the euro as the NBS continues to tightly manage the exchange rate.

Economic activity is expected to moderate. GDP growth is forecasted at 3.3% in 2022 (EBRD REP, September 2022). Risks to the near term are reflected in rising inflation weighing on disposable incomes, expected slowdown of growth in European markets, Serbia’s main export destination, and tightening financial conditions. The continuation of sizeable public investment bodes well for the outlook [REDACTED].

The country’s energy sector is vulnerable to rising market prices. Energy security concerns increased as high global energy prices exacerbated by the war on Ukraine intersected with vulnerabilities in domestic electricity production. The government capped utility prices for consumers and covered the losses of the gas utility company through the state budget, with estimates of total fiscal cost at some EUR 1.2 billion or 2% of GDP for the 6-month heating season of 2021/22 as estimated by the Fiscal Council. Higher import volumes under elevated prices also reflected on the country’s external accounts, with the current account deficit annually increasing five-fold in the first half of 2022. The energy regulator approved a 9 per cent hike in the price of gas and a 6.5 per cent increase in electricity price, valid from August and September 2022 respectively. Nonetheless, the following winter is likely to be another challenging one as long-term structural issues in the sector largely remain unresolved and energy prices surge in global markets.

Public debt is elevated, but considered to be manageable. Despite a significant fall since 2015, Serbia’s public debt remained above 45% of GDP prior to the pandemic. As a response to the shock, the government implemented large aid packages in 2020-21 to cushion the impact and support the recovery, increasing budget deficit significantly. Unlike other countries in the Western Balkan region, Serbia did not access rapid financing from the IMF or other official sources during 2020-21 to finance the fiscal gap.⁵ Instead it stepped up domestic and external borrowing, raising around EUR 3 billion through two Eurobond issuances in 2020 and EUR 2.75 billion in 2021 via three additional Eurobonds. Public debt increased from 52.8% of GDP in 2019 to

⁵ Serbia completed a non-financial agreement with the IMF (a 30-month Policy Coordination Instrument) in January 2021, and signed another one in June 2021. Second programme review was concluded in June 2022.

57.9% of GDP in 2020 before slightly declining to 57.2% of GDP in 2021. IMF (country report, June 2022) assesses the public debt to be ‘sustainable with high probability’ and expects it to remain on a declining trajectory over the medium term, from 55.1% of GDP at end-2022 to 47.2% of GDP in 2024.

Main vulnerability to the public debt sustainability stems from the large shares of foreign currency debt and debt held by non-residents, though this is mitigated by the large share of multilateral and institutional creditors to whom external debt is owed, the long average maturity of outstanding debt and the fixed interest rate structure. The medium term outlook for the debt profile and financing needs hinges on strong growth and fiscal outcomes, including the containment of contingent liabilities. Authorities remain committed to fiscal consolidation under the non-financial IMF programme and intend to accommodate potential further support measures within the agreed fiscal deficit of 3% of GDP in 2022 (down from 4.1% of GDP in 2021 and 8.0% of GDP in 2020). However, energy sector is a significant source of risk in the near term which could put additional pressure on the government budget. Liquidity management is carefully monitored in light of tightened financing conditions on external markets, but supported by the adequate reserves, availability of financing from development partners and track record of relatively high FDI inflows. The international reserves of the National Bank of Serbia stood at EUR 15.9 billion in end-August 2022. According to the IMF, in case of contingent liabilities shock which is ‘much more severe’ than the shock from the energy crisis in winter 2021/22, Serbia’s public debt would not be unsustainable, but it could still send a negative signal to the markets at an uncertain time for the global economy. This risk highlights the need for adequate crisis management, timely return to fiscal discipline and structural adjustments, in particular in the large SOE sector. Serbia is rated at BB+ by S&P with outlook revised from Positive to Stable in June 2022 due to expected Russia-Ukraine conflict fallout, Ba2 (Stable) by Moody’s as affirmed in September 2022 and BB+ (Stable) by Fitch, affirmed in August 2022.

ANNEX 5 – EBRD’S PROJECTS IN THE SERBIAN RAILWAY SECTOR

The Bank has been involved in the rail sector in Serbia since the early 2000s and is therefore one of the main counterparts of the Serbian Government when it comes to investment and reforms in rail. EBRD notably played a significant role in the preparation and actual unbundling of the vertically-integrated JSC Serbian Railways (“JSCSR”) that occurred in 2015. **In total, to date EBRD invested EUR 564 million in the Serbian rail sector.**

A brief summary of the Bank’s portfolio projects and achievements in the railway sector is presented below.

Prior the restructuring reform process, EBRD worked with JSCSR on:

- The rehabilitation and modernisation of key sections of Corridor X (JSC Serbian Railways, Op ID: 42262, signing: December 2016, amount: EUR 95 million), PTI score: 90 (2017)).
- The financing of the programme of track renewal on Corridor X and the purchase of up to 15 electric locomotives to enhance the efficiency of both passenger and freight services (Serbian Railways Corridor X, Op ID: 41125, signing: September 2010, amount: EUR 100 million), PTI score: 90 (2016)).
- The acquisition of 30 passenger Electric Multiple Units or EMUs (Serbian Railways – EMUs, Op ID: 38711, signing: May 2009, amount: EUR 100 million), ETI score: 60, PTI score: 90 (2016)).
- The acquisition of 1,100 freight wagons (Serbian Railways Rolling Stock Project, Op ID: 35414, signing: July 2006, amount: EUR 60 million), ETI score: 60, PTI score: 90 (2014)).
- The maintenance of the railway capacity through a programme of rehabilitation to improve JSCSR operating efficiency and labour productivity (Serbian Railways: ZTP Belgrade Reconstruction Project, Op ID: 18659, signing: October 2001, amount: EUR 57 million), ETI score: 60, PTI score: 90 (2014)).

While financing those various projects, EBRD worked closely and supported JSCSR in the railway restructuring reform process and the transition towards a more competitive railway sector. Over the years, EBRD supported JSCSR (i) in the submission of a new railway law to Parliament, (ii) in establishing a unit responsible for the restructuring, (iii) in creating a holding company structure, (iv) in preparing and implementing a plan for network rationalisation, (v) in preparing and submitting the PSO, (vi) in introducing a costing methodology for the key segments of the passenger business, (vii) in allocation the assets amongst the four subsidiary companies, (viii) in establishing contracts between the four subsidiary companies, etc.

Following the unbundling of JSCRS in four different entities in 2015, EBRD worked on several projects with Serbia Voz, the national passenger railway company of Serbia:

- The reconstruction and expansion of the technical passenger station, Zemun, which will become the main maintenance depot for Serbia Voz’s fleet, and introduction of the new management and information systems (TPS Zemun Project I and II, Op ID: 48405, signing: December 2017, amount: EUR 30 million, ETI score: 61 (2022)),

PTI score: 63 (2021) and OpID: 50043, signing: October 2018, amount: EUR 22 million, ETI score: 60 (2017)).

- The acquisition of 18 EMUs to provide additional passenger services on the electrified lines of the Serbian Rail network (Serbia Voz Rolling Stock Acquisition, Op ID: 50823, signing: October 2019, amount: EUR 100 million), ETI score: 63 (2022), PTI score: 62 (2022)).

Through those loans, EBRD has worked closely with the newly established Serbia Voz on strengthening its governance and operations to become a modern and efficient passenger railway actor, notably through the adoption and implementation of a CGAP and through the obligation to maintain the level of several key operational ratios (i.e. working ratio, labour productivity ratio, fleet availability ratio).

ANNEX 6 – SRI FINANCIALS

[REDACTED]

ANNEX 7 – GREEN ASSESSMENTS

Introduction

The Project consists of upgrading and modernisation of the electrified railway line Belgrade – Niš (approx. 230 km), including increase of speed on some sections to 200 km/h. The project is assessed for Paris Agreement (“PA”) alignment and GET. As a sovereign transaction, Climate-related Financial Risk is not applicable. The project is assessed as positively aligned for both mitigation and adaptation goals of the Paris Agreement. The project is attributed as 100% GET.

Paris alignment assessment

General screening of alignment with the mitigation goals of Paris Agreement

- The project/economic activity is **included** in the 'aligned list'.
- Regarding project/economic activity(ies), there are **no** activities included in the 'non-aligned list'.

The project is included in the ‘aligned list’ under the category ‘rail infrastructure’. As such the project is considered aligned with mitigation goals of the Paris Agreement.

Alignment with the adaptation goals of Paris Agreement

Steps 1 & 2: As part of the preliminary feasibility study “Reconstruction and modernisation of the railway line Belgrade – Niš” (Feb 2022) a preliminary climate change vulnerability and risk assessment indicated that the project is sensitive to the climate change, in particular, to the risk of increase of precipitations and floods.

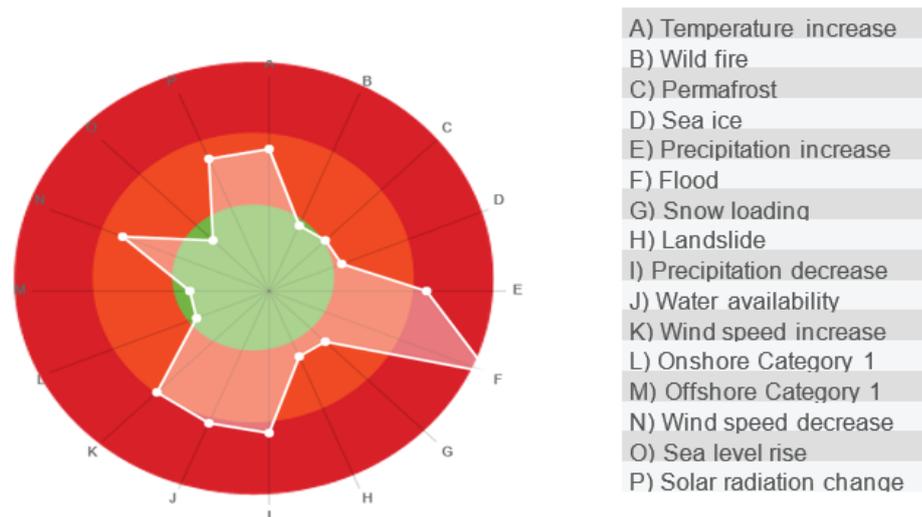


Figure 10.1: Climate change vulnerability assessment

An initial list of adaptation measures have been identified to enhance resilience of construction materials, drainage systems, embankments, key structures (including bridges and tunnels), as well as other railway components (e.g. tracks, sidings, fencing and overhead lines). As part of detailed design for each project component, there will be a further analysis of vulnerability to the climate change and corresponding integration of adaptation measures.

Step 3: The project is unlikely to have a broader impact on the climate resilience of the system in which it operates.

As the project satisfies all three steps of the BB2 assessment, the project is considered as aligned with the adaptation goals of the Paris Agreement.

GET attribution

The project use of proceeds are dedicated to high-speed rail infrastructure. In line with the GET handbook, the project is attributed as 100% GET eligible. The project results in emissions savings [REDACTED], as a result of modal shift from road to rail of passenger and freight traffic.

Green Finance Project Monitoring Plan

The GET outcomes will be achieved through the construction of rail infrastructure. The monitoring plan is outlined below.

Project measure contributing to GET	Reporting indicator	Reporting timeframe	Reporting channel
Construction of rail infrastructure shifting road traffic to rail	Delivery of infrastructure as per project plan	[REDACTED]	[REDACTED]

ANNEX 8 – PROJECT IMPLEMENTATION (PROCUREMENT PLAN)

Procurement classification – excluded from the application of PPR in accordance with the Article 2.6 (a) of PPR

[REDACTED]. No independent procurement capacity was conducted by EBRD neither for the SRI nor for the MoTCI. The reason for not reviewing the SRI's PIU procurement capacity was due to the fact that this was already conducted and vented by the EIB, which is the Lead Financial Institution for the transaction.

The capacity of the MoTCI was not assessed due to the fact that this institution will not play an active role in procurement or administration of the contracts under the Project. Their specific involvement will be the procurement of only one EBRD grant funded consultancy contract. At the time of this submission, the MoTCI did not have in place specific arrangements for managing the procurement and administration of this contract. Such specific arrangements for will be set in the Grant Agreement.

Contracts risk assessment

-High

The Bank is expected to co-finance alongside EIB and EU six (6) very large and complex design and build works contracts. The EIB review of the risks associated with the tendering and implementation of these contracts assessed them as high, especially with respect to the cost overruns and delays in implementation. Such risks are partially mitigated through project technical and financial contingencies [REDACTED].

In addition to the aforementioned works contracts, the Project envisage the implementation of four (4) EBRD grant funded consultancy contracts.

Two of these contracts, namely Corporate Development Programme (“**CDP**”) for SRI and the Capacity building of the Rail Directorate will be procured, in accordance with the EBRD PPR, by the PIUs set up in SRI and respectively in the MoTCI. The other two contracts, namely Support to SRI for implementation of Corporate Governance Action Plan (“**CGAP**”) and Support to MoCTI for the implementation of gender equality measures, will be procured directly by the Bank using specialised framework contractors.

The contracts to be procured by the SRI and MoTCI are relative standard in nature. There are no identified specific risks associated to the tendering or implementation of these particular contracts.

Project implementation arrangements:

The Project will be implemented by the dedicated PIU set up within the SRI. The PIU will be supported by the Project implementation consultants. Currently, the PIU has in place support of international consultancy team (PPF9 Consortium led by Suez Consulting) funded from an EU grant managed by EUD. Further support for TA to the PIU is being procured by the EUD⁶ [REDACTED].

⁶ [Services - 372286-2022 - TED Tenders Electronic Daily \(europa.eu\)](https://ted.europa.eu/PPF9).

The PIU will also be aided by the Supervision Engineer on each of the works contracts to be funded under the Project. These consultancy contracts will be funded by EIB from their own loan proceeds.

Additionally, the EBRD grant funded consultancy contracts “Capacity building of the Rail Directorate” will be procured and managed by the MoTCI. The specific implementation arrangements for this contract will be set in the Grant Agreement.

Procurement arrangements:

With the exception of the consultancy contracts funded from the EBRD administrated grants, the Project is exempted from the application of the PPR as per Article 2.6 a) for projects under an arrangement reached by the Bank with another multilateral or bilateral development institution.

Under this transaction, the EIB was appointed as Lead Financial Institution since they are the originator of the project, are the majority co-financier, with 48% contribution to the overall Project cost, and are the administrator of the EU Grant which provide approximately 26% of the Project estimated cost. Therefore, the procurement will be conducted and monitored by the EIB in accordance with the EIB Guide to Procurement.

A specific Project Implementation Agreement, in accordance with the Procedural Framework between the European Bank for Reconstruction and Development and the European Investment Bank in respect of Mutual Reliance for Procurement in joint co-financed public sector operations outside the European Union, will be signed by the EIB and the EBRD shortly. [REDACTED].

The consultancy contracts to be funded from EBRD administrated grants will be procured in accordance with the Article 3: Procurement Rules for a Public Sector Operation of the PPR.

The list of contracts, their estimated values, procurement strategy and timeline for implementation are presented attached indicative Procurement Plan for the Project. [REDACTED].

ANNEX 9 – ECONOMIC ASSESSMENT

[REDACTED]