

Project Summary for Public Disclosure
(after approval of NDB financing)

Project Name	Locomotive Fleet Renewal Program
Country	The Russian Federation
Type	Non-Sovereign
Area of Operation	Transport Infrastructure
Concept Approval Date	08 November 2019
Financing Approval Date	16 December 2019
Total Project Cost	RUB 501 billion
Initial Limit of NDB Financing	CHF 500 million
Current Limit of NDB Financing	CHF 500 million
Borrower	Joint Stock Company Russian Railways
Project Entity(ies)	Joint Stock Company Russian Railways
Project Context	With around 20,000 locomotives, Russian Railways (RZD) owns and operates almost all of the traction rolling stock in Russia. To meet the Company's goals, which were approved by the Government of the Russian Federation, of increasing freight turnover (net of empty runs) in 2025 by 22% compared to 2018, locomotives need to be replaced with new, more powerful and efficient models.
Project Description	NDB financed a part of RZD's RUB 501 billion Program to acquire more than 3,500 new locomotives between 2019 and 2025.
Project Objective	<p>The overall Program's objective is to replace around 20% of RZD's fleet with new locomotives to (i) increase traction power over the network while enhancing the average daily productivity of each unit by around 10%; (ii) reduce transportation costs through lower consumption of energy and fuel, and reduced duration of idle time for maintenance; and therefore (iii) reduce locomotive greenhouse gas (GHG) emissions.</p> <p>RZD's Program is one of the largest infrastructure projects being implemented in Russia. The Program is contributing to the following targets based on strategic documents which were approved by the Government of the Russian Federation: (i) an increase in freight turnover (net of empty runs) by 22%, (ii) a decrease in specific electric power and fuel consumption of railways by no less than 3% and 5% respectively, and</p>

	(iii) reduction of RZD's CO2 emissions by 4.5% in 2025 (all targets compared to 2018 level).	
Implementation Arrangements	The Program started in 2019 and spans over 7 years with last deliveries of locomotives planned for 2025. Procurement was carried out by RZD in accordance with its existing procurement procedures and applicable Russian legislation.	
Environmental and Social Information	The Program has been categorized as Category B in line with NDB's Environmental and Social Framework (ESF). The Program will have significant positive impacts on E&S aspects due to the replacement of old locomotives (which have completed their extended service life) by adding advanced, efficient and certified locomotives. Operation and maintenance of locomotives and facilities (such as depots, fueling stations), will have E&S risks, but these are mitigated by adherence to the country's system and corporate management systems of RZD.	
Financing	The total cost of the Project is estimated at RUB 501 billion. Financing sources are as follows:	
	Source of Fund	Amount
	NDB	CHF 500 million
	Other financing sources of the Company	RUB 469 billion (approx.)
Contacts	NDB	Borrower and Project Entity
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