

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

Approved by the Board of Directors on 22 October 2025<sup>1</sup>

**SERBIA**

**SRBIJAVOZ SLEEPING CARS**

*[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]*

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<sup>1</sup> As per section 1.4.8 of EBRD's Directive on Access to Information (2024), 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

CAPEX	Capital Expenditures
EBITDA	Earnings Before Interest Depreciation and Amortization
EHS	Environmental, health and safety
EIRR	Economic Internal Rate of Return
ESAP	Environmental and Social Action Plan
E&S	Environmental and Social
ESDD	Environmental and Social Due Diligence
EMU	Electric multiple unit
ETI	Expected Transition Impact
EU	European Union
EUR	Euro
ESP	Environmental and Social Policy
FDI	Foreign Direct Investment
GBVH	Gender-Based Violence and Harassment
GDP	Gross Domestic Product
GET	Green Economy Transition
GoS	Government of Serbia
H&S	Health and safety
ILO	International Labour Organization
IMF	International Monetary Fund
IRP	International Rail Passenger
JSC/JSCSR	Joint Stock Company/ Joint Stock Company Serbian Railways
KPI	Key Performance Indicator
LGD	Loss Given Default
MoF	Ministry of Finance
MoCTI	Ministry of Construction, Transport, and Information
NPV	Net Present Value
OCCO	Office of the Chief Compliance Officer
PA	Paris Agreement
PD	Probability of Default
PEP	Politically exposed person
PIU	Project Implementation Unit
PP&R / PODD	Procurement Policies & Rules / Procurement Operations and Delivery
Department	
PR	Performance Requirements
PSC / PSO	Public Service Contract / Public Service Obligation
PTI	Portfolio Transition Impact
RAROC	Risk-adjusted Return on Capital
RoS	Republic of Serbia
SMART	SOEs Management Assistance Reform and Transformation
SOE	State-Owned Enterprise
SSF	Shareholder Special Fund
TA/TC	Technical Assistance / Technical Cooperation
TI	Transition Impact
TOC	Train Operating Cost
UIC	International Union of Railways
VOT	Value of time
VOC	Vehicle Operating Cost
Yoy	Year-on-year

Exchange rate: 1 EUR = 117.19 RSD (as of 24<sup>th</sup> of September 2025)

## PRESIDENT'S RECOMMENDATION

This recommendation and the attached Report concerning an operation in favour of Joint Stock Company for Railway Passenger Transport Srbijavoz (“Srbijavoz”, the “Company”, or the “Borrower”), a state-owned joint-stock company and the national railway passenger operator of the Republic of Serbia (“RoS”), are submitted for consideration by the Board of Directors.

The facility will consist of a sovereign-guaranteed loan to the Company in the amount of up to EUR 42 million, guaranteed by the RoS.

The operation will enable the Company to purchase 12 new, modern railway sleeping cars, to replace and expand its outdated rolling stock fleet (the “Project”). The Project will help the Company offer better international railway passenger services in line with international standards and support Srbijavoz’s operational growth. The Project will promote connectivity and support the development of Serbia's rail sector.

The expected transition impact of the Project is derived from the *Integrated* quality, through the provision of new, modern sleeping railways cars which will enhance the Company’s international passenger services on the existing route between Belgrade and Bar in Montenegro, as well as on new international routes expected to be introduced in the future as part of the Company’s plans. The secondary transition quality is *Green*, through the promotion of modal shift to a green and sustainable transport mode. The Project’s Green Economy Transition (“GET”) share is 100 per cent.

TC support for this operation will be provided for the review of the public service obligation (“PSO”) methodology and the implementation of recommendations for its improvement, proposed to be financed by the EBRD Shareholder Special Fund (“SSF”).

I am satisfied that the operation is consistent with the Bank’s Strategy for Serbia 2023-2028, the Infrastructure Sector Strategy 2025-2029, the GET Approach 2021-2025, the Strategy for the Promotion of Gender Equality 2021-2025, the Equality of Opportunity Strategy 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 – Srbijavoz Sleeping Cars - DTM 56092	
<b>Transaction / Board Decision</b>	Board approval <sup>2</sup> is sought for a sovereign-guaranteed loan in the amount of up to EUR 42 million, in favour of the Joint Stock Company for Railway Passenger Transport Srbijavoz (“Srbijavoz”, the “Company” or the “Borrower”), the state-owned railway passenger operator of the Republic of Serbia (“RoS”), to finance the acquisition of 12 new, modern railway sleeping cars (the “Project”). The sleeping cars are intended to be used for international rail passenger services and will replace the existing passenger rail fleet, which is obsolete and not permitted to operate in the European Union (“EU”) countries.
<b>Client</b>	Srbijavoz is Serbia’s national railway passenger operator. The Company is fully owned by the RoS, represented by the Ministry of Construction, Transport, and Infrastructure (“MoCTI”) and the Ministry of Economy. [REDACTED] The guarantor is the RoS (the “Guarantor”), represented by the Ministry of Finance (“MoF”). The RoS’s credit rating is BB+ (Fitch); BBB- (S&P); Ba2 (Moody’s).
<b>Main Elements of the Proposal</b>	<p>The Project will contribute to the modernisation of Serbia’s rail sector and provide services of high standard for railway passengers.</p> <p><u>Transition impact:</u></p> <p>Primary Quality – <i>Integrated</i> – By supplying 12 new, modern railway sleeping cars for international routes, the Project will assist the Company in delivering improved rail service to better connect regions that are presently inadequately integrated.</p> <p>Secondary Quality – <i>Green</i> - The Project promotes a shift to a green and sustainable transportation mode. The Project’s GET share is 100 per cent.</p> <p><u>Additionality:</u></p> <p><i>Financing structure:</i> Provision of long-term financing that is not accessible through commercial sources on reasonable terms and conditions. <i>Setting standards:</i> EBRD’s engagement will help the Company in setting standards in terms of PSO contract and adhering to international best practice. <i>Gender Smart:</i> The Company is committed to achieving higher gender and equal opportunities standards through enhanced safety and gender-based violence and harassment (“GBVH”) prevention.</p> <p><u>Sound banking</u> – The transaction is sovereign-guaranteed.</p>
<b>Key Risks</b>	<p><u>Political risk:</u> Dependence on state subsidies is mitigated by the importance of the Project and the Government’s priority to develop the railway sector.</p> <p><u>Procurement risk:</u> The Project envisages one single stage open tender for procurement of 12 standard EU compliant sleeping cars and the related services. This risk is mitigated by a straightforward procurement of a standardized product, to be implemented by an established, experienced PIU.</p> <p><u>Repayment risk:</u> The risk of limited debt service capacity of the Company is mitigated through the sovereign guarantee.</p>
<b>Strategic Fit Summary</b>	The Project is consistent with the Bank’s Strategy for Serbia 2023-2028, the Infrastructure Sector Strategy 2025-2029, the GET Approach 2021-2025, the Strategy for the Promotion of Gender Equality 2021-2025, the Equality of Opportunity Strategy and with the Agreement Establishing the Bank.

<sup>2</sup> Article 27 of the AEB provides the basis for this decision.

## ADDITIONAL SUMMARY TERMS FACTSHEET

<b>EBRD Transaction</b>	A sovereign-guaranteed loan in the amount of up to EUR 42 million to finance the acquisition of 12 new, modern sleeping cars for international passenger rail transport. The new sleeping cars will replace the existing fleet, which is obsolete and not permitted to operate in the EU countries.
<b>Mutual Reliance</b>	No.
<b>Existing Exposure</b>	As of 24 September 2025, the Bank's existing exposure to the Borrower was EUR 147.3 million of which EUR 122.8 million were operating assets. As of 24 September 2025, the Bank's existing exposure to the RoS was EUR 1,381.6 million of which EUR 582.1 million were operating assets.
<b>Maturity / Exit / Repayment</b>	Tenor of 15 years [REDACTED] .
<b>Potential AMI eligible financing</b>	None.
<b>Use of Proceeds - Description</b>	The proceeds of the loan will be used to finance the purchase of 12 new modern railway sleeping cars. The front-end fee will be paid from the loan.
<b>Investment Plan</b>	[REDACTED]
<b>Financing Plan</b>	[REDACTED]
<b>Key Parties Involved</b>	<ul style="list-style-type: none"> <li>• Srbijavoz, as the Borrower;</li> <li>• MoF, representing the Guarantor;</li> <li>• MoCTI.</li> </ul>
<b>Conditions to effectiveness / disbursement</b>	[REDACTED]
<b>Key Covenants</b>	[REDACTED]
<b>Security / Guarantees</b>	[REDACTED]
<b>Other material agreements</b>	[REDACTED]
<b>Associated Donor Funded TC and Blended Concessional Finance</b>	<p><b>Technical Cooperation ("TC")</b>  <u>Pre-Signing:</u> <b>Technical and economic due diligence</b> [REDACTED]  <u>Post-Signing:</u> <b>Review and Update of the PSO</b> within the "SOEs Management Assistance Reform and Transformation (SMART) - TC Support Programme 2024/2026" and provision of recommendations for improvement and a new template agreement aligned with the EU regulations and best international practices. [REDACTED]  <b>Client contributions:</b> The Company will be responsible for paying all VAT (if applicable) and other indirect taxes as a parallel cost sharing contribution to the Project (VAT is levied at 20% in Serbia). The Company will also provide premises, translation services and other facilities as required by the consultants.</p>

[REDACTED]





## **INVESTMENT PROPOSAL SUMMARY**

### **1. STRATEGIC FIT AND KEY ISSUES**

#### **1.1 STRATEGIC CONTEXT**

Serbia's railway sector is undergoing a major investment cycle, covering infrastructure, passenger and cargo transport [REDACTED]. The modernisation of Srbijavoz is part of Serbia's wider efforts to develop and modernise its railway sector by reviving [REDACTED] passenger rail transport and promoting railways as a greener, safer and sustainable transport mode.

Notably, the ongoing construction of the Belgrade–Budapest high-speed rail is expected to further enhance connectivity, with the high-speed route from Belgrade to Novi Sad already operational and contributing to a significant increase of the number of passengers from 2.7 million in 2021 to 8 million in 2024. With continued investments for the expansion and upgrade of key infrastructure such as the completion of the high-speed rail line Novi Sad-Subotica (Hungarian border), and the Belgrade-Nis high speed line financed by the Bank, the rail sector is becoming a strategically important mode of transport in Serbia and in the region.

The Project will help replace the existing fleet of four sleeping cars, which have exceeded 50 years of service (three cars put into operation in 1959 and one in 1966) and are not suitable for international routes. These cars do not meet EU railroad standards and are, therefore, prohibited from accessing the EU countries. The procurement of modern sleeping cars is crucial for supporting the ongoing development of Serbia's rail sector, enhance connectivity and ensure compatibility with international standards.

The 12 new, modern railway sleeping cars which will be financed by the Project will be used by the Company on international routes including the only existing international route between Serbia's capital city of Belgrade and the port city of Bar on the Adriatic coast in Montenegro. The Project will enable the introduction of new international routes [REDACTED]. This is aligned with the current trend in the EU to use sleeping cars on overnight train routes which in the recent years has seen increasing ridership and positive publicity as a green alternative to flying for medium distances and as a way of journey time and cost optimisation. The Project is a continuation of the Bank's commitment to supporting the development of Serbia's rail sector through investments and reforms, including unbundling of the vertically-integrated JSC Serbian Railways which took place in 2015. Following the unbundling, EBRD has provided financing to newly established Srbijavoz through several loans for the acquisition of new rolling stock, the expansion and upgrade of its maintenance depots, and maintenance equipment. Through those projects, EBRD has worked closely with Srbijavoz to help strengthen its governance and operations to become a modern and efficient passenger railway operator.

As part of the Project, TC support will be provided to review Srbijavoz's existing Public Service Contract ("PSC") in accordance with international best practice. Recommendations for improvements and a new template agreement will be developed

to assist the Company in aligning its PSC with EU requirements. Additionally, the Project will also help implement a GBVH awareness, prevention and first response training for the Company's employees involved in the operation of sleeping cars as well as ensure that a reporting mechanism and support are readily accessible for passengers who may be victims of GBVH.

The Project is in line with:

- The Bank's Strategy for Serbia 2023-2028 as the Project will “*support the development of more sustainable and accessible transport modalities, with a particular focus on facilitating the switch to rail and raising skills and standards at the three rail SOEs*”.
- The Infrastructure Sector Strategy 2025-2029, which aims at improving connectivity as well as the “*efficiency and quality of networks*” while also promoting “*modal-shifts toward sustainable low-carbon/zero-carbon solutions such as [...] rail*”.
- The Strategy for the Promotion of Gender Equality 2021-2025 and the Equality of Opportunity Strategy by ensuring equality of opportunity and safety in accessing services (transportation).
- The GET approach 2021-2025, which acknowledges the importance of low-carbon transport systems.

## 1.2 TRANSITION IMPACT

### Primary Quality: Integrated

Obj. No.	Objective	Details
1.1	<i>The project promotes a new infrastructure service at a significant scale between or within regions where such service does not exist.</i>	The new modern railway sleeping cars are intended to be used for international passenger transportation. Currently, the Company's only international rail passenger (“IRP”) service is on the Belgrade-Bar route. The Project will lead to a threefold increase in the number of sleeping cars of the Company (from 4 to 12), representing a significant expansion of its fleet. The Project will help the Company introduce new IRP services to Serbia's neighbouring EU countries which currently do not exist as direct routes. Srbijavoz is planning to introduce new direct services between Belgrade and Vienna via Budapest and other cities further afield (in addition to the existing Belgrade-Bar line), on all of which the new sleeping cars are expected to be used. The addition of these new lines will significantly expand the international rail services for Serbia, thus representing a significant improvement of connectivity for the country but also for the Western Balkans and EU rail market.

### Secondary Quality: Green

Obj. No.	Objective	Details
2.1	<i>The percentage of EBRD use of proceeds that supports a green economy transition and therefore qualifies as GET finance is 15% or higher.</i>	The Project is 100 % GET and will promote higher usage of rail transportation, supporting a shift to a greener transport mode ultimately leading to reduced CO <sub>2</sub> emissions.

**Delivery risks:** The main delivery risks for the transition qualities stem from the Borrower's dependency on state subsidies, the macroeconomic risks, demand-side issues, and possible implementation risks. These risks are mitigated by i) the Government's commitment to continue supporting the development of Serbia's railway sector and sector reforms, including its support for the Project, ii) the TC mobilised by the Bank to support the implementation of transition objectives, and iii) the strong positive customer response to improvements in Serbia's rail services.

### 1.3 ADDITIONALITY

Identified triggers	Description
A subsequent/consecutive transaction with the same client/group in the same destination country ( <b>repeat transaction</b> ).	Srbijavoz is an existing client of the Bank with a positive track-record. Previous transactions with Srbijavoz include i) JSC Serbia Railways – II signed in 2017, ii) Serbia Voz: TPS Zemun Project signed in 2017, iii) Serbia Voz: TPS Zemun Project – Loan II signed in 2018, iv) Serbia Voz Rolling Stock Acquisition signed in 2019, and v) Serbia Voz Regional Depots signed in 2023.

Additionality sources	Description of additionality sources
<b>Financing Structure</b> a) EBRD offers financing that is not available in the market from commercial sources on reasonable <b>terms and conditions</b> , e.g. a longer grace period. Such financing is necessary to structure the project.	The proposed loan, with a tenor of 15 years [REDACTED] cannot be provided by local commercial banks. It should be noted that Srbijavoz does not have any commercial bank financing because of the nature of its investments, which require large amounts and long tenors. Financing from other IFIs for the sector has typically been for rail infrastructure improvements where most of rail related investments have been concentrated recently.
<b>Gender SMART:</b> Client seeks/makes use of EBRD expertise for the adoption of <b>gender standards and/or equal opportunities action plans</b> (e.g. improving women's access to safe transport and/or women-led businesses participation in the client supply chain).	The Borrower will receive support towards achieving higher gender and equal opportunities standards through enhanced safety and GBVH prevention. With the Bank's support, the Company will introduce (develop and deliver) a mandatory training for all staff (over 1,000 employees) in direct or indirect contact with passengers. The training will be offered to all personnel, beyond those operating the sleeping cars, including staff operating seating cars, train station information centres, ticket offices, etc. This training will focus on awareness raising, prevention and response in cases of GBVH. It will be accompanied by printed materials and guidelines. Stickers with QR codes will be visible across the trains guiding passengers on how to react and ensuring easy reporting and alarm in cases of

	<p>GBVH onboard the train. This directly links to already established protocols on cooperation with police and emergency health care.</p> <p>In order to ensure better gender responsive reactions and safety enhancement, Srbijavoz will work towards ensuring that train conductors work in male-female teams. Efforts are in place to reach gender parity among this staff (raising from 14.4% in 2023 to 22.6% currently) as last year 39 out of 55 conductors hired were female.</p>
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#### 1.4 SOUND BANKING - KEY RISKS

Risks	Probability / Effect	Comments
Dependence on state subsidies	Low/Medium	<p>The Company's dominant revenue source are PSO subsidies from the Government of Serbia ("GoS") [REDACTED] while the second largest revenue stream comes from travel fares [REDACTED].</p> <p><b>Risk mitigation:</b> (i) GoS will be required to provide additional state budget allocations for timely debt service under the Project which will be covenanted in the Guarantee Agreement; (ii) as rail infrastructure continues to develop and passenger traffic increases, a gradual reduction in the subsidies reliance is expected [REDACTED].</p>
Sovereign/Macroeconomic risk	Low/Medium	<p>[REDACTED] <b>Macroeconomic risk is mitigated by:</b> Serbia's credit rating remains stable, with an investment grade rating upgrade (from BB+ to BBB- stable) from S&amp;P Global in October 2024, citing macro fiscal stability, strong growth prospects, and solid external buffers. Moody's upgraded its outlook to Positive from Stable in September 2024, maintaining the rating at Ba2, two notches below investment grade. Likewise, Fitch upgraded its outlook to Positive from Stable in August 2024, keeping the rating at BB+. The rating was reaffirmed in January 2025.</p>
Market Risk	Low/Medium	<p>The introduction of modern sleeping cars might not attract enough passengers for Srbijavoz.</p> <p><b>Risk mitigation:</b> [REDACTED] The Belgrade-Bar line has been attracting a growing number of passengers (from an average of ca. 4,000 passengers per year pre-Covid to an average of ca. 12,000 passengers since 2022). By providing new and modern sleeping cars, it is expected that the line will become even more attractive due to higher travel comfort. The Company has ambitions to introduce new lines to [REDACTED] other countries in the region. Finally, overnight train journeys have gained momentum in various countries in Europe, suggesting that the Project is following a general trend and should therefore be met with adequate demand, providing a very competitive service.</p>



## 2. MEASURING / MONITORING SUCCESS

### TI indicator(s), primary Quality: Integrated

Obj. No.	Monitoring indicator	Details	Baseline	Target	Due date
1.1	Expanded access of rail services across regions	Introduction of new rail transportation services between Serbia and at least two of its neighbouring EU countries [REDACTED] .	[REDACTED]	[REDACTED]	[REDACTED]
1.2	Net increase in rail infrastructure usage and/or capacity	The number of pax-km/year is expected to increase [REDACTED] .	[REDACTED]	[REDACTED]	[REDACTED]
1.3	Physical capacity of the client extended or modernised (specify)	Replacement and expansion of the existing circa 60-year-old sleeping cars fleet (4 sleeping cars) with 12 new, modern sleeping cars, which will provide better safety, higher comfort and functionality and better appearance. The new sleeping cars will also be in compliance with EU directives, including in respect of access for persons of reduced mobility, and safety and alarm systems.	[REDACTED]	[REDACTED]	[REDACTED]

### TI indicator(s), secondary Quality: Green

Obj. No.	Monitoring indicator	Details	Baseline	Target	Due date
2.1	CO <sub>2</sub> e emissions reduced (tonnes/year)	Reduction of annual Scope 3 CO <sub>2</sub> emissions after Project implementation [REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]

### Additional Indicators

Indicator type	Monitoring indicator	Details	Baseline	Target	Due date
Advisory & Policy Indicators	Practices of the relevant stakeholder improved (addressing violence, harassment and bullying risks)	All staff in direct and indirect contact with passengers (over 1,000 employees) will undergo training on GBVH awareness raising, prevention and response. QR code stickers will be placed across the trains to guide passengers on how to react and report any incidents of GBVH.	[REDACTED]	[REDACTED]	[REDACTED]

### **3. KEY PARTIES**

#### **3.1 BORROWER**

The Borrower is Srbijavoz, a joint stock company (“JSC”) established in August 2015, serving as the sole national railway passenger operator in Serbia, fully owned by the RoS represented by MoCTI and Ministry of Economy. It is one of three operating companies (passenger, cargo and infrastructure), formed from the unbundling of the former vertically integrated JSC Serbian Railways, to align with EU requirements and foster commercial efficiency in the railway sector.

Srbijavoz operates over 20 passenger routes (including urban, national and international), including local suburban line “BG Voz” in Belgrade. The Company aims to reintroduce night train services with sleeping cars to various European destinations, a trend that aligns with the growing popularity of long-distance sleeper trains in Europe. This resurgence is driven by increased climate change awareness and the time-saving and cost-effective benefits of overnight rail travel compared to short-haul flights.

In 2017, the GoS and Srbijavoz signed a PSC to establish a framework for the passenger railway operator. This contract aims to: i) provide a mechanism for the GoS to procure the socially necessary railway transport services, ii) formalise the institutional relationship between the GoS and Srbijavoz on a commercial basis, and iii) enable the GoS to limit its support to the passenger railway operator by specifying which services are purchased in exchange for the PSO.

[REDACTED]

#### **3.2 GUARANTOR**

The Guarantor is the RoS, represented by the MoF. Serbia is the highest-rated and most resilient economy in the Western Balkans. [REDACTED]



## 4. MARKET CONTEXT

[REDACTED] Serbia's railway industry is currently undergoing a major revitalisation. [REDACTED] This resurgence was largely driven by the opening of the high-speed rail line between Belgrade and Novi Sad in 2022. In 2023, the number of passengers recorded a significant increase of 25%, totalling 7.1 million passengers, while in the 2024, Srbijavoz serviced 8 million passengers (11.9% increase vs 2023). The number of passengers is expected to continue increasing with the launch of new high-speed lines, such as Subotica-Novı Sad, Belgrade-Budapest and Belgrade-Nis. These initiatives are expected to significantly boost passenger numbers while improving connectivity within Serbia and with neighbouring countries. Continued growth will depend on sustained infrastructure improvements, availability of modern rolling stock, and tackling of bottlenecks such as border crossing inefficiencies for international rail travel.

Despite these positive developments, railway transport still lags behind road transport, which dominates both freight and passenger movement due to better infrastructure conditions, increasing car ownership rates, and expanding road logistics networks. As per 2023 statistics, rail passenger transport mode accounted for just 5.2% of total travelled passenger-kilometres in Serbia. Nevertheless, Serbia's railway sector is steadily improving its competitiveness through modernisation efforts aimed at enhancing service quality while aligning with sustainable transport goals such as decarbonization.

## **5. FINANCIAL / ECONOMIC ANALYSIS**

### **5.1 FINANCIAL ANALYSIS**

[REDACTED]

### **5.2 SENSITIVITY ANALYSIS**

[REDACTED]

### **5.3 ECONOMIC ANALYSIS**

[REDACTED]

### **5.4 PROJECTED PROFITABILITY FOR THE BANK**

[REDACTED]

## **6. OTHER KEY CONSIDERATIONS**

### **6.1 ENVIRONMENT**

Categorised B (ESP 2019). Environmental and social due diligence (“ESDD”) was carried out for the Project and comprised of a review of the Project’s ESDD questionnaire, a review of the technical due diligence report. It included also an audit of the Company’s capacity to manage environmental, social, health and safety risks and an assessment of the Project’s environmental and social (“E&S”) risks and impacts in line with EBRD’s ESP Performance Requirements (“PRs”) through a review of annual E&S reports for current EBRD operations.

ESDD confirmed a clear understanding of the E&S arrangements currently implemented by the Company. Srbijavoz has various internal rulebooks, operational procedures, guidelines and formal mechanisms in place. The Company is a member of the International Union of Railways (“UIC”).

The ESDD has identified that the Company has not been certified with independent accreditation for its environmental, health and safety and social (“EHS”) management system, however it has a set of internal EHS procedures in place for management of E&S issues and risks and has introduced both internal and external reporting channels on EHS issues. The Company has the necessary organisational capacities for the management of E&S aspects in line with the PRs in relation to environmental issues, human resources, pollution prevention and control, waste management and management of health and safety (“H&S”) issues, supply chain and contractor management, and stakeholder management. Contractor and supply chain management is managed through standard tender documents and public procurement laws. An environmental and social action plan (“ESAP”) has been developed and is agreed with the Company. The ESAP stipulates requirements for the procurement of 12 new modern sleeping cars electrically powered by train locomotive, thus ensuring compliance with relevant EU Directives 2016/797 and 2016/798 related to railway interoperability and safety, and stipulates obtaining of the use permit prior to operation of the sleeping cars.

Srbijavoz is required to meet national labour law and sector-specific regulations related to the rail transport in Serbia. The Company complies with national requirements for labour and working conditions, which are in line with core ILO conventions and forced labour and child labour are prohibited by local legislation. The Company has an active collective agreement in place, a risk assessment act, a rulebook on the organisation and systematisation of workplaces and a written internal code of ethics for employees. The Company has a well-established HR function which manages labour and working conditions adequately.

The Company has regular environmental inspections and ESDD confirmed arrangements for meeting national requirements related to waste management and emergency preparedness and response are in place. Adequate waste management is ensured through day-to-day implementation of a waste management plan and reporting to state authorities. In line with the ESAP, the waste management plan will need to be updated to ensure safe disposal of existing outdated stock currently in use to be replaced with new sleeping cars.

Adequate H&S risk management and internal capacity has been established for managing risks to workers in line with the internal risk assessment act. The safety measures to be provided in the sleeping cars, including fire safety, will be specified by Srbijavoz when the Company prepares its technical specifications for the procurement of the new sleeping cars. In line with the ESAP, the Company will require the vehicles to be designed and built in compliance with all international safety standards, including standards arising from the compliance with EU Directives. In addition to this, in line with requirements of the PR4, Srbijavoz will need to implement a GBVH awareness employee training related to the sleeping cars operation, as stipulated in the ESAP.

Ongoing operational safety is maintained through maintenance activities at the existing maintenance depot in Zemun. An independent technical consultant confirmed that the Company has resources necessary for testing and maintenance of the sleeping cars.

The procurement of 12 modern sleeping cars does not have the potential to cause negative impacts on biodiversity and cultural heritage sites. Land acquisition will not be needed for the Project as no additional land acquisition is associated with the Project.

Srbijavoz engages with various stakeholders, publicise relevant company information, has contact details on their website and, generally, has an operational grievance mechanism in place. Further formalisation of this would be beneficial including updating their complaints procedure on their website.

The Bank will continue to monitor Srbijavoz's activities through annual E&S monitoring reports and site visits if necessary.

## **6.2 INTEGRITY**

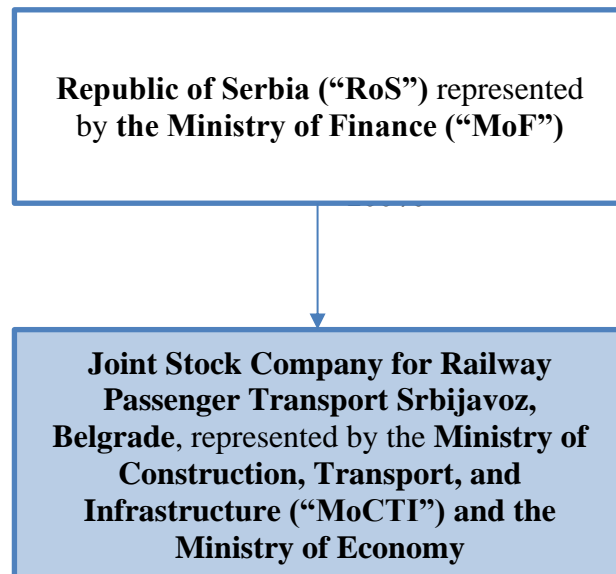
In conjunction with OCCO, integrity due diligence was undertaken on the Borrower, its senior management, board members and other relevant parties. [REDACTED]

All actions required by applicable EBRD procedures relevant to the prevention of money laundering, terrorist financing and other integrity issues have been taken with

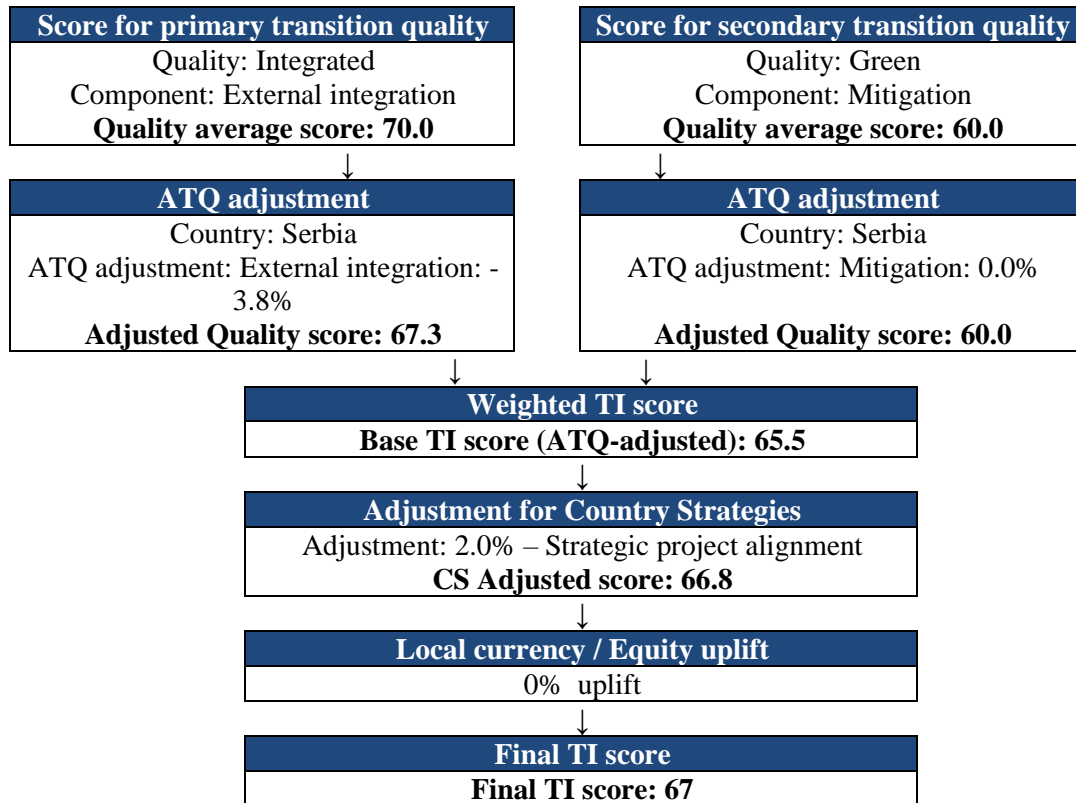
respect to the Project, and the Project files contain the integrity checklists and other required documentation which have been properly and accurately completed to proceed with the Project.

**ANNEXES TO OPERATION REPORT**

ANNEX 1	Shareholding Structure
ANNEX 2	Transition Impact Scoring Chart
ANNEX 3	Historical Financials
ANNEX 4	Green Assessments
ANNEX 5	Project Implementation

**ANNEX 1 – SHAREHOLDING STRUCTURE**

## ANNEX 2 – TRANSITION IMPACT SCORING CHART



## **ANNEX 3 – HISTORICAL FINANCIALS**

[REDACTED]



## ANNEX 4 – GREEN ASSESSMENTS

### SUMMARY

The Project consists of the purchase of 12 new, modern railway sleeping cars, which are intended to replace the outdated sleeping cars between 50 and 60 years old, and to be used for international rail transportation. The sleeping cars will be used only on electrified main lines and run by electric locomotives. The Project is determined **aligned with both mitigation and adaptation goals of the Paris Agreement**. The Project is attributed **100% GET**. [REDACTED]

### PARIS ALIGNMENT ASSESSMENT

*Alignment with the mitigation goals of Paris Agreement - General screening*

The Project is determined as aligned with the mitigation goals of the Paris Agreement based on the application of the Bank's Paris alignment approach for direct finance.

- The Project/economic activity is considered to be **included** in the 'aligned list' category of 'Electric Passenger or Freight Transport' as it has been confirmed that they will operate only on electrified mainlines.
- There are no activities included in the 'non-aligned list'.

### GET ATTRIBUTION

The Project is 100% GET eligible in line with the GET Handbook A.5.3.1.1. Zero-direct-emissions fleet and related infrastructure for electric rolling stock. The Project is anticipated to result in CO<sub>2</sub> savings [REDACTED] .

[REDACTED]

## ANNEX 5 – PROJECT IMPLEMENTATION

### Procurement classification – *Public [sovereign]*

#### Project risk assessment:

[REDACTED]

*Contracts risk assessment*

*- Moderate High*

There is only one goods contract to be financed under the Project, namely the procurement of 12 standard EU compliant sleeping cars. This contract is not considered particularly challenging as it primarily involves an off-the-shelf product, for which there are several well established suppliers operating in the European market.

#### Project implementation arrangements:

Srbijavoz will implement the Project through the PIU, established in 2017 for the implementation of JSCSR II Project, which has recently successfully completed the implementation of the Serbia Voz Rolling Stock Acquisition Project. The PIU will be supported by a technical consultant, who is tasked to review the technical aspects of the tender documents as well as the outcome of the tendering process, as well as by the Bank's Project Implementation Adviser, who will provide updated training to the PIU in the updated EBRD PP&R and Standard Procurement Documents.

**Procurement arrangements:**

The Project envisages one single contract for procurement of 12 standard EU compliant sleeping cars and the related services. The contract will be procured through a single stage open tender in accordance with Article 3 of the Bank's PP&R for public sector operations.

The EBRD's standard tender documents for goods single stage open tendering will be used for the procurement of this contract.

The contract will be subject to prior review by the Bank.  
[REDACTED]