

# Eastcomtrans loan

<b>Country:</b>	KAZAKHSTAN
<b>Project Number:</b>	43675
<b>Business Sector:</b>	Transport
<b>Notice Type:</b>	PRIVATE
<b>Environmental Category:</b>	B
<b>Target Board Date:</b>	26 Nov 2014
<b>Status:</b>	Repaying
<b>PSD Disclosed:</b>	30 Sep 2014

## Project Description

The EBRD is considering a facility for Eastcomtrans LLP, the Kazakhstan-based rail wagon leasing and freight-forwarding company.

The facility consists of a series of parallel EBRD loans, including a syndicated portion, for an aggregate amount of up to USD 140 million.

## Project Objectives

The operation will enable the Company to finance the acquisition of gondolas, liquefied petroleum gas rail tank cars, platforms and/or hoppers, or other capital expenditures, including the acquisition of engines, and restructuring the Company's outstanding loans from commercial banks.

## Transition Impact

The Transition Impact is derived from support of key sector reforms through wider private ownership, setting standards of modern business practices and promoting competition and diversification in the railway sector. Support for key sector reform. Currently the state-owned Kazakh Railways is the major player with a 51 per cent share in rolling stock through its subsidiary company Kaztemirtrans. With the support of Eastcomtrans, the proportion of rolling stock owned by public sector should go below 50 per cent.

Setting standards of modern business practice. The project will introduce modern business practices to a private company operating in the rolling stock leasing sector in Kazakhstan. The company will work closely on improving corporate governance by developing and adopting a code of ethics,

remuneration policies, disclosure policies and a corporate governance code. The company will also add two independent directors to its supervisory board.

Promoting competition and diversification in the railway sector. ECT will continue to diversify its client base and will aim to increase its share of auxiliary services to above 25 per cent by December 2017.

## **Client Information**

### **EASTCOMTRANS LLP**

Eastcomtrans LLP is a private railway operator domiciled in the Republic of Kazakhstan. The company owns and leases over 12,000 wagons including gondolas, LPG and oil cisterns with an average age of ca. 4 years. Its operating divisions are primarily based in the cities of Almaty, Astana and Aktau.

## **EBRD Finance Summary**

USD 90,829,600.00

Two parallel senior secured loans including: (1) an EBRD A/B loan; and (2) an EBRD C-Loan in the aggregate amount of up to USD 140 million (EUR 103 million) to finance the acquisition of rolling stock or engines and to refinance existing debt.

The parallel loans are to be split as follows:

A loan: up to USD 25 million, for EBRD account;

B loan: up to USD 85 million, to be syndicated to commercial banks;

EBRD C-Loan: up to USD 30 million equivalent in local currency (Kazakh tenge).

## **Total Project Cost**

USD 153,318,400.00

Equivalent of USD 140 million.

## **Environmental and Social Summary**

Categorised B. The environmental and social due diligence undertaken by the ESD team showed that the expansion of the Company's rolling stock fleet will not result in significant environmental or social impacts. The Company has robust process and labour safety procedures in place. Clauses on compliance with relevant environmental, health and safety requirements will be included in contractual documentation. The Company has assigned health and safety responsibilities to a number of managers and employees, and regularly provides health and safety training to its workers and an induction course for all new employees. A draft ESAP contains measures aimed at streamlining existing health and safety provisions along with environmental procedures into an integrated management system to benchmark the performance of the Company against relevant national and international standards as well as applicable Performance Requirements; developing a system for tracking the use of railcars against agreed route, cargo type and volume; and developing

a procedure for registering accidents and incidents and development of a grievance mechanism for employees.

## Technical Cooperation

None

## Company Contact Information

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[kozhabergenov@ect.kz](mailto:kozhabergenov@ect.kz)

## Business opportunities

For business opportunities or procurement, contact the client company.

## General enquiries

EBRD project enquiries not related to procurement:  
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380  
Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

## Public Information Policy (PIP)

The PIP sets out how the EBRD discloses information and consults with its stakeholders so as to promote better awareness and understanding of its strategies, policies and operations.

[Text of the PIP](#)

## Project Complaint Mechanism (PCM)

The EBRD has established the Project Complaint Mechanism (PCM) to provide an opportunity for an independent review of complaints from one or more individuals or from organisations concerning projects financed by the Bank which are alleged to have caused, or likely to cause, harm.

[Rules of Procedure governing the PCM | Russian version](#)

Any complaint under the PCM must be filed no later than 12 months after the last distribution of EBRD funds. You may contact the PCM officer (at [pcm@ebrd.com](mailto:pcm@ebrd.com)) or the relevant EBRD Resident Office for assistance if you are uncertain as to the period within which a complaint must be filed.