



EBRD's experience in the Urban Transport Sector in Romania

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Organisation

77 shareholding countries from 5 continents, the EU and the EIB

43 countries of operations from Central Europe to Central Asia

Basic principles

Sound banking

Transition Impact

Environmental Sustainability

Key stats

€34 billion capital base

€16.6 billion financing in 2023

EBRD in Romania: An Overview

*One of the largest institutional investors **Romania***

€12 B

Cumulative investments
in Romania in over 576
projects

€3.4 B

Current portfolio of
projects, comprised of
209 active operations

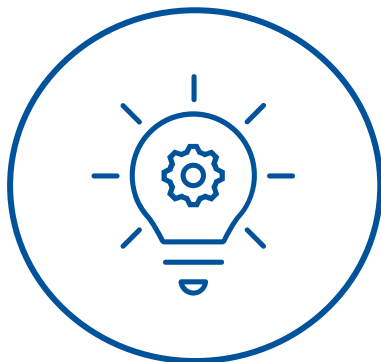
80%

EBRD's cumulative
investments in Romania in
the private sector

10%

EBRD's current
portfolio in Romania in
equity investments

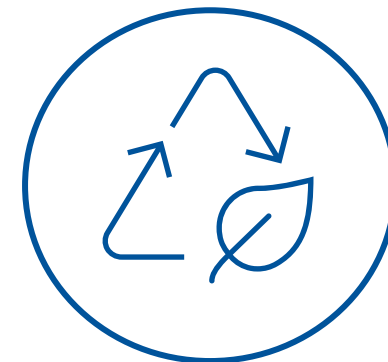
EBRD in Romania: Strategic Directions 2025-30



Enhance Private Sector
Competitiveness
through Innovation,
Access to Finance, and
Good Governance



Enhance Resilience
of the Economy



Accelerate Romania's
Green Economy
Transition

Municipal Infrastructure Investments in Romania



Water and Wastewater (EUR 650m invested)

Water and wastewater treatment plants, rehabilitation and expansion of network; pumps and meters to increase service quality; investments in maintenance and modernization of assets.



Urban Transport (EUR 250m invested)

Fleet renewal: metro, buses, trams, trolleybuses; public transport infrastructure: roads, charging stations, signaling, depots; e-ticketing and automatic fare collection; traffic management, vehicle information systems;



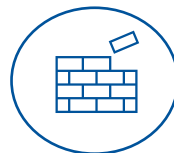
Solid Waste (pilot projects)

New solid waste facilities; recycling; treatment plants aimed at preventing environmental damage.



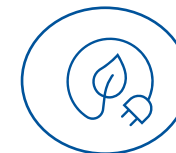
District Heating

Heating/ cooling, ESCO and asset management systems aimed at greater efficiency of district heating systems



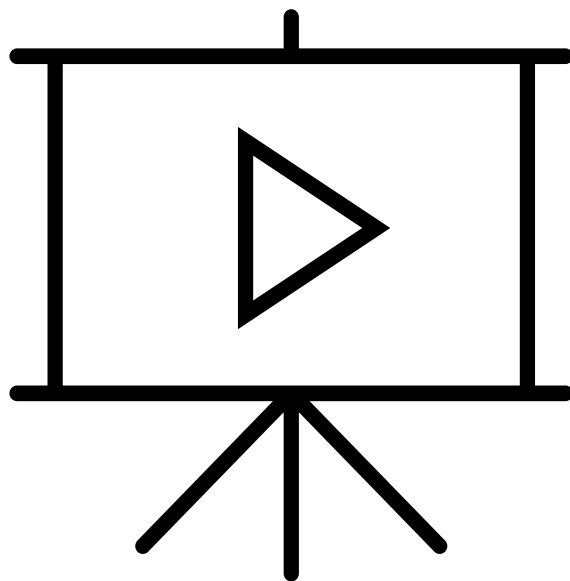
Facilities Management

Social infrastructure(hospitals and schools) using PPPs for facilities management.



Energy Efficiency

Investments in energy efficiency, especially in public lighting and public buildings rehabilitation



[EBRD City Stories: Public transport in Romania](#)

Successful projects in Romania



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Galati

Total investment: RON 100 mil



Arad

Total investments: EUR 55 mil



Pitesti

Total investment: RON 58 mil



Timisoara

Total investment: EUR 35 mil



Sibiu

Total investment: EUR 15 mil



Brasov

Total investment: RON 111 mil



Public Services Contract (PSC)

Signed between transport operator and City

Public Services Contracts (PSCs) define:

- Rights and obligations of both parties (who is responsible for what?)
- Quantity and quality of services delivered under the contract – also requires **reliable data**
- Service payments to the operator for delivering services under the contract

- Based on sound banking principles
- Investments based on sustainable transport strategies
- Commitment towards market reforms
- Work with clients to define suitable financing structures together with transition package
- **PSC – key component**, condition for loan financing

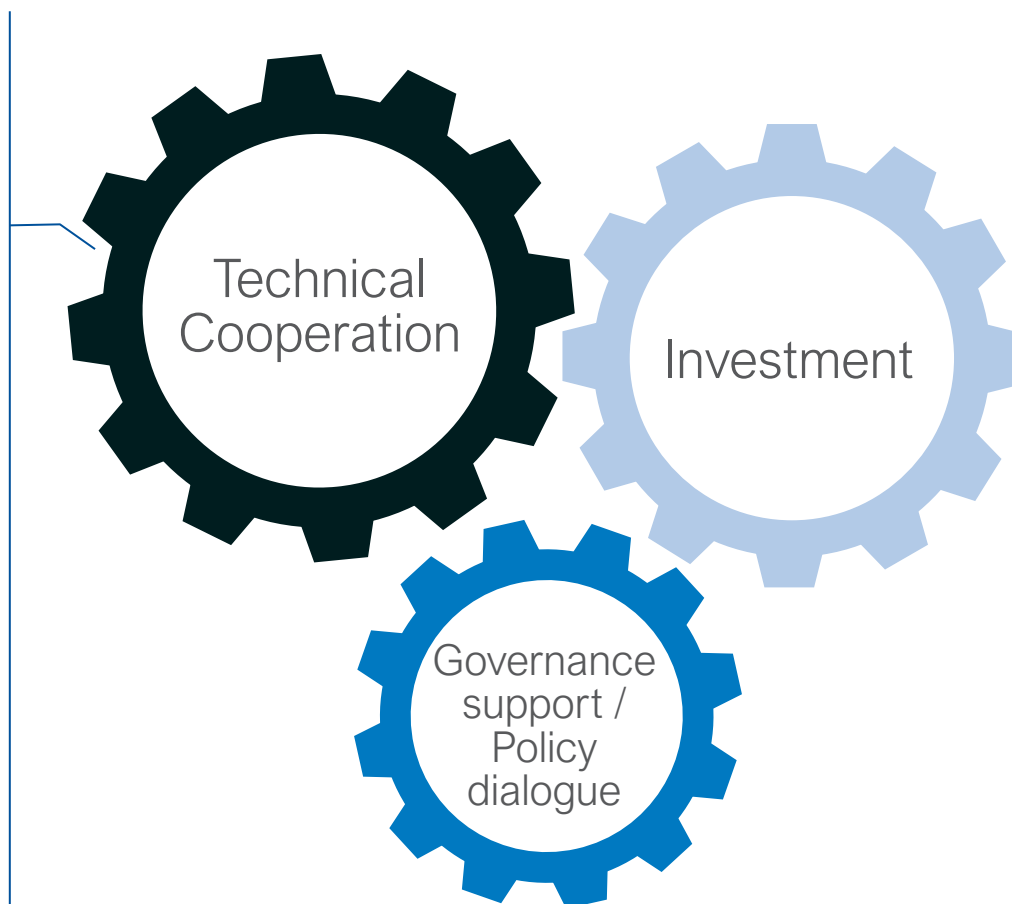
Structuring finance for UT investments

- Facilitate **commercial loans for co-financing investments** and **donor grants for technical assistance**
- Promote **commercialisation** of services
- Introduce **Benchmarking**
- Promote appropriate **private sector involvement**
- Improve **environmental, social, health and safety**
- Facilitate **donor grant** for **technical assistance** and **commercial loan (co-) financing**



- Improved public transport services
- improved financial performance for operators
- Traffic management
- More efficient and safe networks

- Donor funded cooperation to overcome barriers and facilitate implementation
- It includes:
 - **Project preparation** – feasibility study, IFRS auditing, technical, financial and environmental due diligence, PPP preparation
 - **Project implementation** – project implementation support, capacity building, financial and operational improvement, corporate development and stakeholders awareness

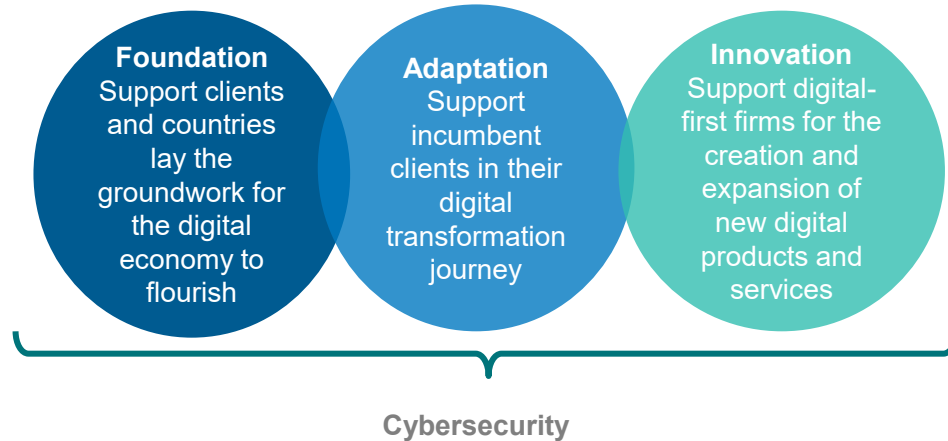


Grants for TA linked to EBRD's investments (from donors, pre- and post-signing):

- PSC evaluation/amendment
- Preparation of a Sustainable Urban Mobility Plan (SUMP)
- Support for introduction of e-ticketing system
- Marketing and communication plan
- Twinning with other EU companies
- Digital Evaluation/Transformation
- Cybersecurity scanning

What is a “digital project” for EBRD?

The Digital Approach establishes digital transformation as an enabler of EBRD’s transition mandate and presents three areas of focus and one cross-cutting theme:



Pre-Transactional and Transactional-Enabling Screenings

- Analysing digital maturity of the client company, its readiness for digitalization (including digital skills assessment) and the strategy for building digital project
- Exploring the feasibility of digital projects working with corporates to support the digitalisation of suppliers and partners

Transactional Due Diligence

- Drafting Inception report and work plan to outline the project's objectives, scope of activities, timeline, key stakeholders, risk assessment, and other pertinent info
- Providing technical DD and validate capital expenditure requirements, ensuring integrity across strategies, business plan and associated CFs projections
- Conducting commercial DD and market review, including competitive and regulatory issues, business plan reviews, and material business or commercial risk appraisals of a specific digital project or enterprise

Implementation & Capacity Building

- Development of a strategy and a roadmap (inc. Change management plan)
- Developing and supporting implementation of project requirements and processes
- Developing security and privacy plans within the scope agreed with client and OL

Excluded Areas - Examples

- The areas excluded from the scope of work are those related to Training, Monitoring, and Evaluation, which are classified as non-transactional
- Purchasing software solutions is also excluded.

The Cyber Resilience Programme (CRP)



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EBRD's Cybersecurity Toolkit

In-House Assessment

A lightweight non-technical diagnostic tool to determine the conceptual cyber risk of a client engagement. This can be used as the first step in developing a robust dialogue with the client.

Passive Scanning

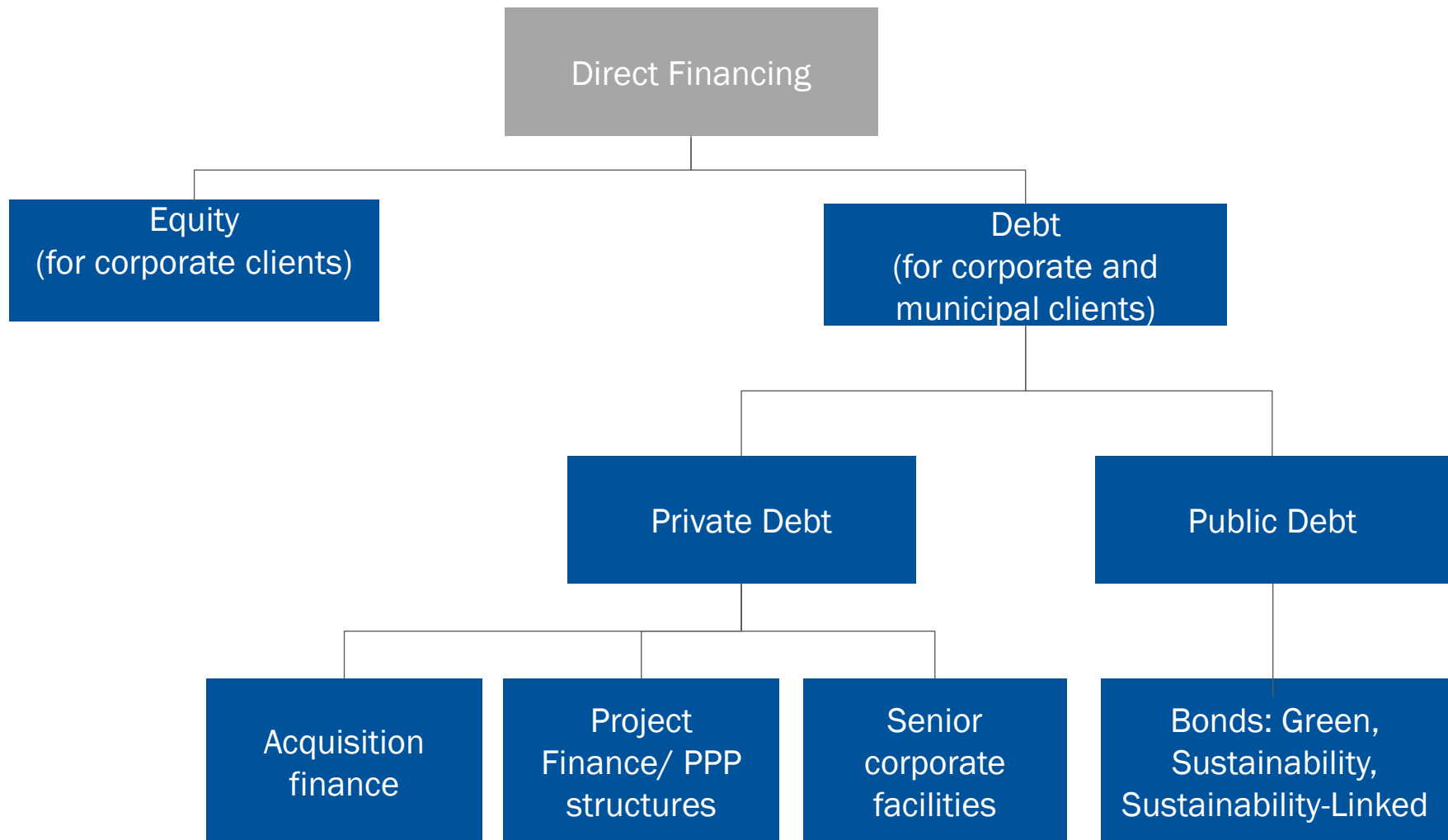
The Digital Hub can conduct a non-intrusive scan of the client's cyber posture, analysing publicly available material to check whether organisational credentials have leaked, or if there are severe vulnerabilities in client's systems facing the internet. This can be during due diligence or as a means to raise awareness with prospective clients.

Cybersecurity Resiliency Programme (CRP)

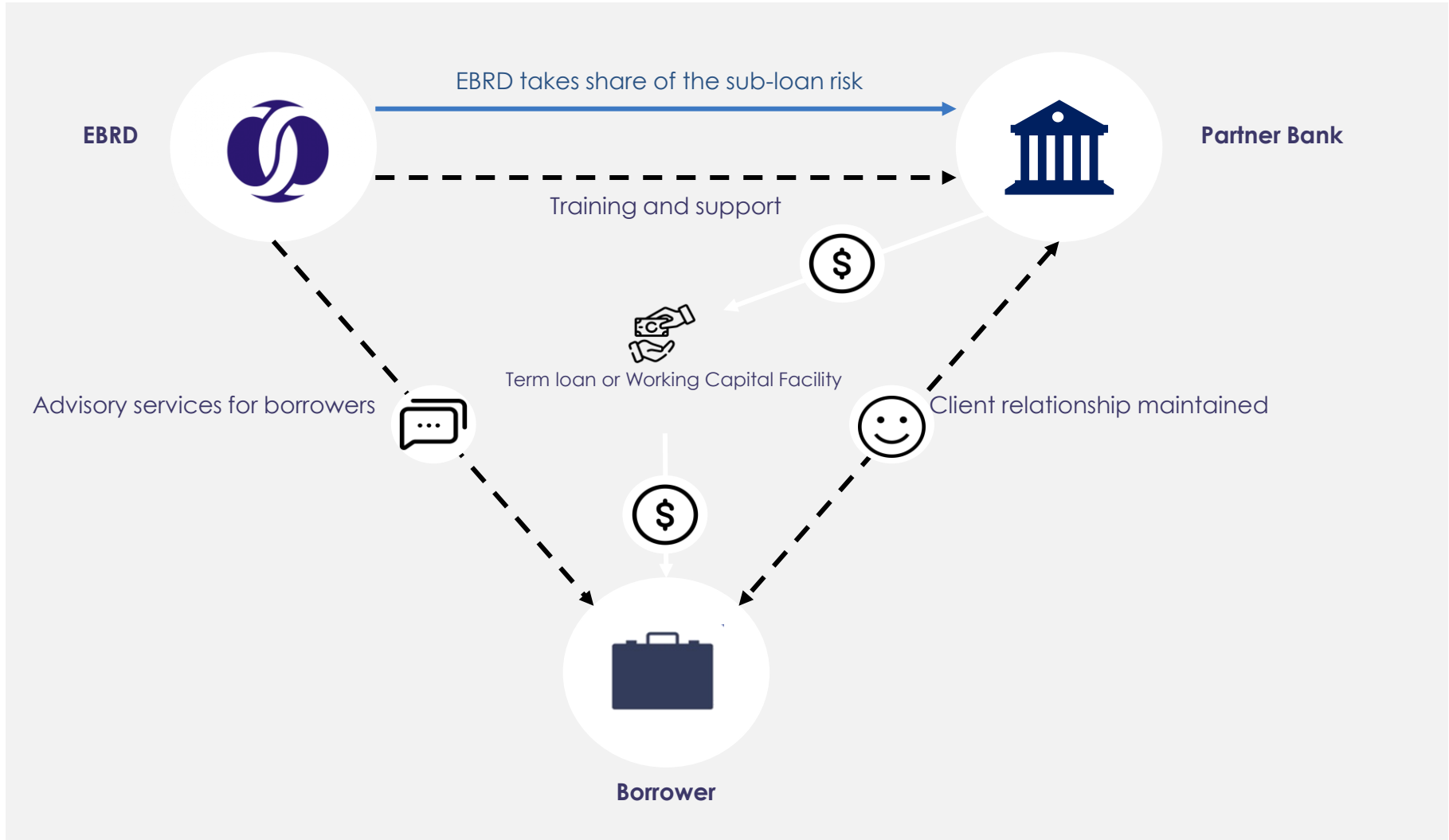
The programme aims to raise the cybersecurity resilience of our clients through deploying international cybersecurity providers to support EBRD's clients on cyber gap analysis and implementation support to close identified gaps.

The Cybersecurity Resilience Programme (CRP) supports clients establish robust cybersecurity processes, tools and services, through advice on governance, risk management, capacity building roadmaps, and more. We have a roster of specialised consultants from across the EBRD region. The CRP offering includes cybersecurity due diligence of the client's cybersecurity posture & implementation support (closing gaps identified through the DD process or outlined by the client themselves).

EBRD Financing Instruments



Indirect financing - Risk Sharing



Thank you!



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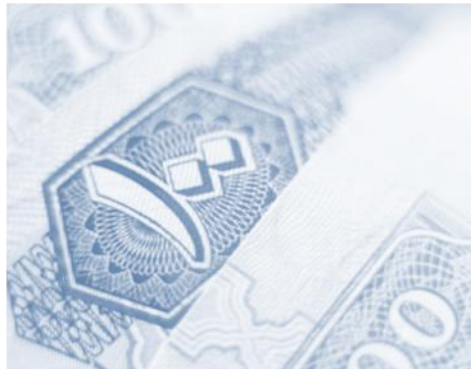
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Annexes



Why benchmarking?



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- **Growing demand for transit**, as needed for economies to function effectively
 - **Limitations of public funds**, as compared to growing transport volumes
 - Growing expectations for quality of transport e.g. **modern, safe, reliable and efficient networks**
 - Operators rarely compete in the same geo-market: **benchmarking stimulates competition, accelerates progress**
 - Consortia founded on **cooperation and community**
 - Systems are relatively comparable and homogenous
 - Scale: affordable, collaboratively funded research
-
- **KPIs are just the beginning not only a comparison of data but a structured approach to improve practice, performance and policy**



PSC: supporting transition to targets



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- Introducing PSCs can be challenging since:
 - Lack of credible, detailed accounting, operating, passenger data
 - Poor accounting and management systems (SAP, MIS, ERP..)
 - New fleet brings different operating conditions and cost structure, especially for new fleet type (eg CNG, electric..)
 - New roles and responsibilities for oversight bodies (city authority)
 - Budgetary practices and restrictions for public subsidy, especially operational subsidy (outside of concessional fares)
 - **Cultural shift** in reporting and accountability, management methods and expectations
- Recognise that KPIs can only be enforced if there is **sufficient credibility and confidence in the underlying data and connection to operational requirements**. **Transition period** may be needed:
 - to introduce new systems, fleet and management practices
 - build capacity of city authority to monitor performance and manage subsidy allocation
 - Accompany cultural development in management practices
- Importance of PSC is to **embed transparency and accountability in reporting and performance management** and a provide a more stable platform for broader subsidy and sector policy, including private operators

EBRD financing structures for UT investments

1. Corporate loans

- **Borrower: Transport company, public or private**
- Loan repayment based on service payments under PSC
- Backed by a municipal guarantee or a municipal support agreement (MSA)
- Preferred as it makes the UT company responsible for investments
- Ex: rolling stock

2. Municipal loans

- Non-sovereign loans
- Ex. Rehabilitation of tram tracks, traffic management systems, ticketing systems, line extensions, etc.
- Support outsourcing of bus supply or contracting out of bus services to private operators
- Performance guarantees to the private contractor
- Guaranteeing contractual payment obligations of the client



The City and Company

- Signing Public Service Contract (PSC)
- EBRD Procurement Policies and Rules

The Company

- Adoption of a Business Plan
- Transformation into a joint-stock company
- Corporate Development Programme

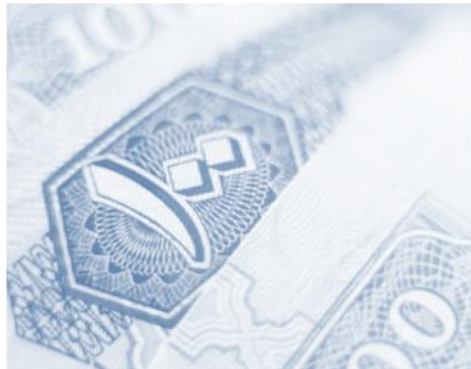
The City

- Signing Municipal Support Agreement (MSA) with EBRD
- Sound model for financing public transport
- Review of tariff system
- Restructuring public transport network
- Review regulatory and institutional framework



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Case studies



Ex: Batumi Bus



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EBRD Finance **€ 5.5 million**

Supporting the City of Batumi to improve and modernise bus operations through the purchase of a new bus fleet of 10 electric and 20 diesel buses.

- First electric bus project for the Bank
- GCAP preparation
- Procurement support
- Corporate development and stakeholder participation programmes

Supported by an E5P grant of € 1.5 million



Ex: Sofia Bus



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EBRD Finance **€ 7.86 million**

Supporting the City of Sofia to improve and modernise bus operations through the purchase of a new bus fleet of 30 electric buses and 12 charging stations.

- Low floor and fast charging
- GCAP preparation
- Procurement support
- Reduce CO2 by more than half

50% of funding from EBRD Green Energy Special Fund



Ex: Galati Urban Transport – Urban Transport improvements



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EBRD Finance

RON 100 million

- Borrower – Galati Municipality
- City – 250,000 people
- Project components
 - Rehabilitation of streets
 - Acquisition of 17 trolley-buses
 - E-ticketing system
- TC:
 - Preparation of a Sustainable Urban Mobility Plan (SUMP)
 - Support for introduction of an e-ticketing system
 - Project Implementation support
 - Commercialisation of Public Transport Services
 - Amend the Public Service Contract between the City and the Company



Ex: Arad Urban Transport - efficient and reliable

Urban Transportation

EBRD Finance

€ 35 million

- Borrower – Arad Municipality
- City – 185,000 people
- 3 projects:
 - Rehabilitation of main trams and road infrastructure
 - acquisition of new energy efficient rolling stock (up to 6 new tram vehicles)
 - modernisation of the main tram depot
- TC:
 - PSC, CDP, e-ticketing, parking plan



Ex: Arad Urban Rehabilitation: Parking Management



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EBRD Finance

€ 20 million

•Borrower – Arad Municipality

•City – 185,000 people

•Project:

- Implementation of a modern, integrated parking management system and associated investments such as sidewalks and drainages, green zones and urban furniture



PLAYGROUND AND SITTING AREA

•TC:

- introduction of an integrated parking management policy and pricing regulation in the City of Arad
- outsourcing to private operators the operation and maintenance of new parking areas
- supporting the institutional set-up for the regional transport in the metropolitan zone of Arad, (iv) and participation in a public transport benchmarking exercise that will be set up with the Bank's support;



Ex: Pitesti Urban Transport



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EBRD Finance

RON 58 million

-
- Borrower - Publitrans
 - Structure – EBRD loan backed by a PSC and a MSA with the City
 - Pitesti – 150,000 population
 - Project:
 - Purchase of 70 Euro-6 buses
 - TC:
 - Support for e-ticketing
 - Twinning with another EU company - Commercialisation of Public Transport Services
 - Amend the Public Service Contract between the City and the Company



Ex: Sibiu Urban Transport

EBRD Finance

€ 15 million

-
- Borrower - Tursib
 - Structure – EBRD loan backed by a PSC and a MSA with the City
 - Sibiu – 150,000 population
 - Project components – two loans:
 - Purchase of new buses (€12 million)
 - Relocation of the depot
 - TC:
 - Amend the Public Service Contract between the City and the Company
 - Support for e-ticketing
 - Twinning with another EU company - Commercialisation of Public Transport Services



Ex: Brasov Urban Transport



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EBRD Finance

RON 111 million

- **Borrower - RAT Brasov**
- Structure – EBRD loan backed by a PSC and a MSA with the City
- Brasov – 227,000 population
- **Project:**
 - purchase of up to 100 for the rationalisation of the operations of RATBv, replacing a significant portion of the Company's old and inefficient fleet
- **TC :**
 - Amend the Public Service Contract between the City and the Company
 - Support for e-ticketing
 - Twinning with another EU company - Commercialisation of Public Transport Services

