

The Luxembourg Rail Protocol

The Next Steps for Africa

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Luxembourg Rail Protocol enters into force



- on 8th March 2024 in contracting states (currently Luxembourg, Sweden, Spain and Gabon); South Africa and Paraguay about to ratify; Mozambique, France, UK, Germany, Switzerland and Italy have already signed but not yet ratified

A new private finance tool

- ❑ Luxembourg Rail Protocol to the Cape Town Convention
 - creates a new global system of rights and priorities for creditors securing finance on rolling stock
 - these rights are registrable on a new international registry operating 24/7 through the internet
 - introduces a new global unique identification of rolling stock (URVIS)
 - applicable when the debtor is in a contracting state
 - covers secured credit, leases and conditional sales
 - applies the Cape Town Convention to all railway rolling stock, new or used, regardless of where manufactured

The Luxembourg Rail Protocol applies to ALL Railway Rolling Stock

THE 2001 CAPE TOWN CONVENTION
ON INTERNATIONAL INTERESTS IN MOBILE EQUIPMENT



The three major innovations from the Luxembourg Rail Protocol

- The URVIS number
- The International Registry
- The permanent marking of rolling stock with the URVIS number

URVIS and the Luxembourg Rail Protocol

- Rolling stock must be uniquely identifiable to register a security interest in the international registry in Luxembourg
- URVIS is the first global unique and permanent identification system for rolling stock
- 16-digit number (including a check digit) allocated by the Registrar in Luxembourg that will never be re-used
- Affixed permanently to rolling stock by the manufacturer, debtor or keeper in accordance with the 2023 UN *Model Rules for the Permanent Identification of Railway Rolling Stock*



International Registry of Interests in Rolling Stock

- Now fully operational

- Secure MFA access restricted to authorised users for
 - creditors registering interests and
 - for debtors to consent to registration

- Security interests and notices of sale now registrable in the International Registry

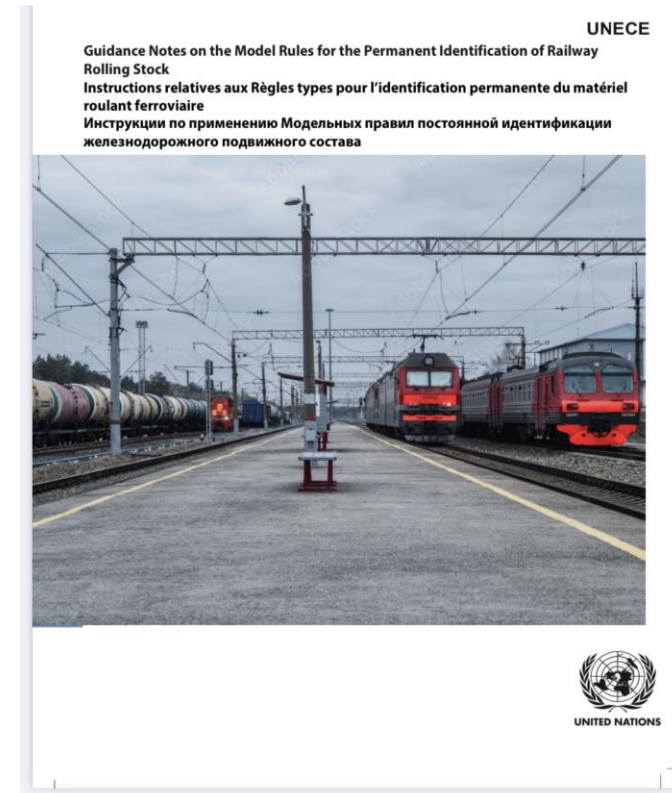


International Registry of Interests in Rolling Stock

- Public access to make a priority search by URVIS number on registered security interests on rolling stock
- Other informational searches also possible
- Allocating the URVIS numbers on demand

UN Model Rules on permanent identification of railway rolling stock

- ❑ Now in operation: voluntary BUT a condition of any registration at the International Registry



UN Model Rules on permanent identification of railway rolling stock

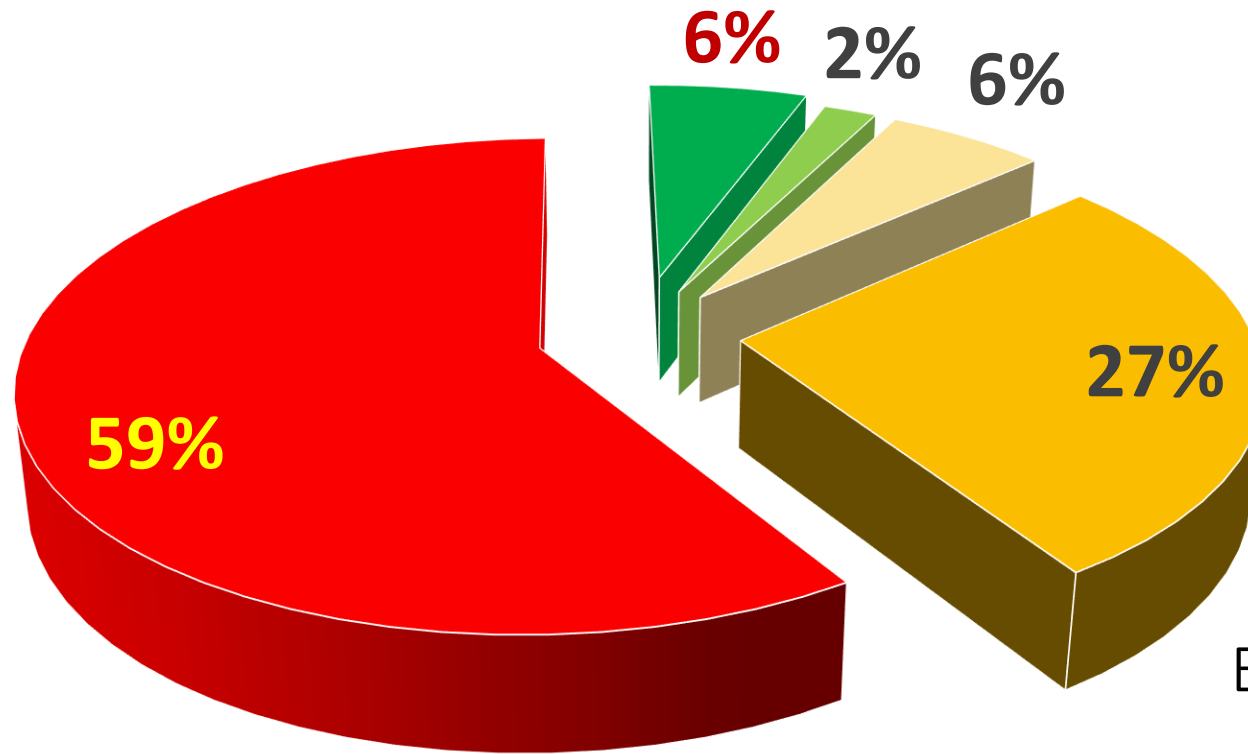
- ❑ The minimum requirement on a 15 cm x 10 cm plate



Benefits if debtor is in a contracting state

- New security system to support private finance of rolling stock
 - attracting new foreign investment
 - adopting laws protecting creditors' (and debtor's) rights
 - public registry
 - consistent cross-asset identification system
 - cross border operation more secure
 - easier documentation
 - key element of PPP
 - supports operating leases
 - "Basel IV" benefits
 - Cape Town Discount
- = cheaper finance**

Export Credits must be cheaper



OECD
ECA Risk Classifications for
Africa - 2024

■ 3 ■ 4 ■ 5 ■ 6 ■ 7

Benefits for Africa

- ❑ Common framework for operation and finance of rolling stock
- ❑ Reduces risks and costs even where the debtor is not in a contracting state: International registry is open to everyone
- ❑ URVIS can
 - support pan-African or regional regulatory co-operation and interoperability protocols
 - provide a defence against theft and fraud
 - enable real time tracking of the location and status of rolling stock for creditors and others
 - facilitate cheaper and easier insurance
 - Open the way to predictive maintenance

Next Steps for Africa

- Ratify the Protocol as quickly as possible
- Press for the Cape Town Discount
- Educate the industry and government
- Build the Protocol into regional procurement, operating and finance strategies
- Innovate

Next Steps for Africa

- Set up purchasing consortia
 - better purchase prices when countries work together
 - pathway to local manufacturing and technology transfer
 - consider variable gauge rolling stock options

- Asset pooling for operators

- Establish model leasing and finance agreements

- Develop creative financing structures
 - combined finance programmes
 - secured bond issues

The Luxembourg Rail Protocol will play a key role in supporting the AIRN

- Cheaper finance; part of PPP strategy
- Global rules facilitating secure cross border operation of rolling stock
- URVIS and common marking will support interoperability
- And the Protocol will lay the groundwork for Open Access and African co-operation in procurement, manufacturing and finance programmes
- AND IT'S HERE, NOW**

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