

**LET'S
DO IT
TOGETHER**

**IMPROVING
PPP** 06-10
DEC

**20
21**

again!



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AGENCY ON SUPPORT
PUBLIC-PRIVATE
PARTNERSHIP



MINISTRY OF
ECONOMY
OF UKRAINE



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PUBLIC-PRIVATE PARTNERSHIPS IN UKRAINE

From 2017 onwards, Ukraine has been working systematically to ensure sustainable development and the implementation of the PPP mechanism, according to international best practices

The Cabinet of Ministers of Ukraine has made as one of its main priorities the investment attraction in infrastructure development via PPP mechanism



Economic stimulus programme for 2020-2022, intended to counteract negative effects of restrictive measures taken to prevent the spread of acute respiratory disease COVID-19 (approved in May 2020)



National Economic Strategy for the period up to 2030 (approved in March 2021)

An important step towards the development People-first PPP in Ukraine has been the creation of new legislation

New law of Ukraine “On Concession”
– balance of all PPP stakeholder interests in order to modernize infrastructure and improve the quality of social services

- ✓ Concession regulation and other PPP implementation forms clear delineation
- ✓ All PPP forms implementation promotion and decision making single procedure
- ✓ Establishing of the clear regime on ownership on Concession objects
- ✓ Concessionaire selection transparent procedure introduction
- ✓ Land allocation procedures simplification and PPP projects ownership clear regulation
- ✓ A possibility to enlist the help of advisers and independent experts for the preparation of PPP projects in the form of a concession
- ✓ Additional guarantees for concessionaires and lenders

✓ On October 20, 2019 the new Law of Ukraine “On Concession” came into effect

The legal regulation of PPP in Ukraine has passed the stage of transformation and innovation, today it corresponds to the best world practices

- The Procedure for conducting an efficiency analysis of PPP implementation
- The Procedure for conducting a tender to determine a private partner
- The Methodology of identification and assessment of the risks for PPP
- The Procedure for replacing a private partner (concessionaire) under an agreement concluded within the PPP (concession agreement)
- The Procedure for submission of the annual report by the state partners (concessionaires)
- The Procedure for returning of the concession assets to the concessionaire after the termination of the concession agreement
- The Procedure for advisers involvement in the preparation of the project, carried out on the terms of the concession
- The Methodology for calculating concession payments
- The Procedure for independent experts competitive selection
- The Procedure for conducting a concession tender and competitive dialogue in the ETS

In Process

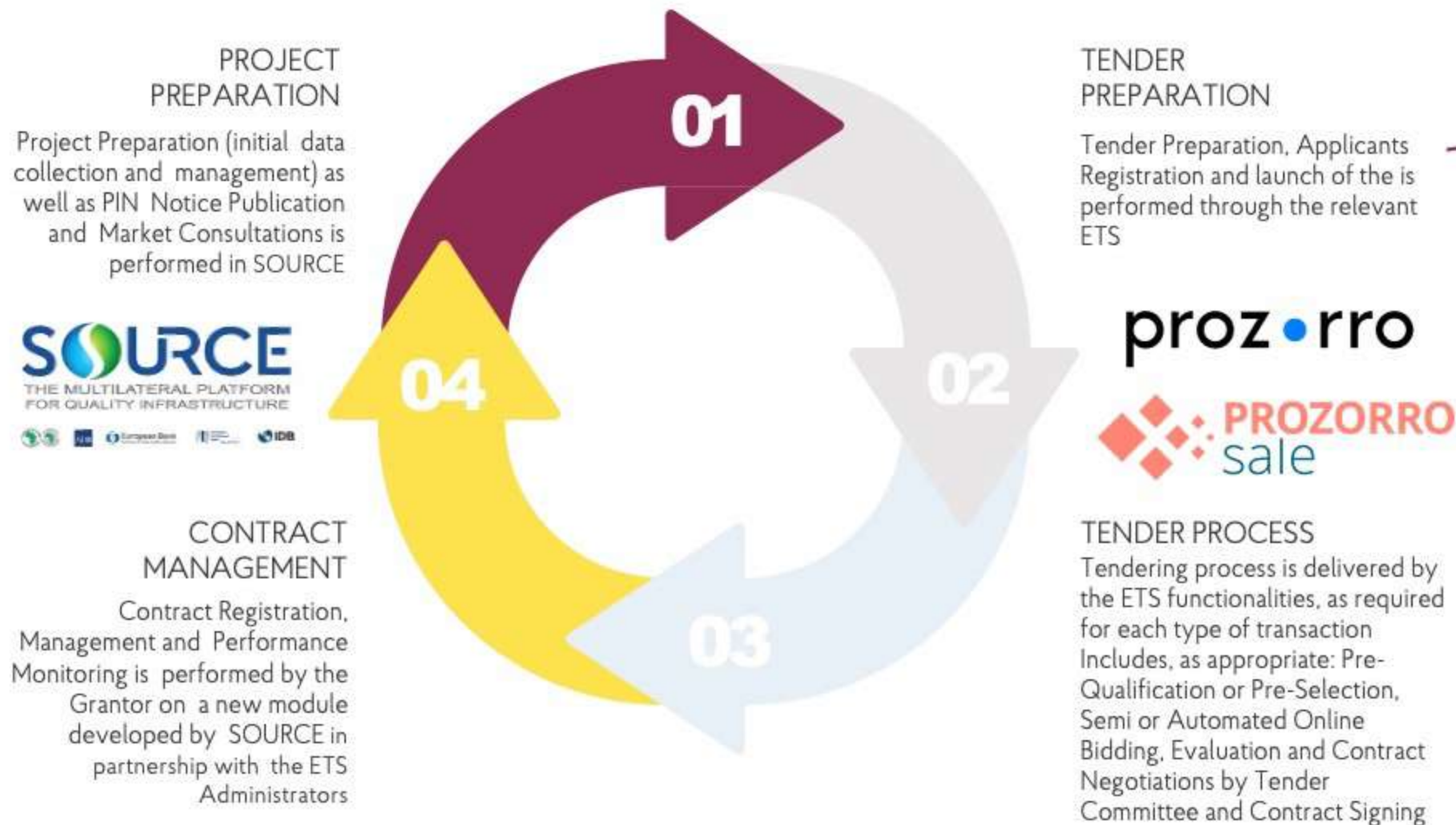
- Introduction of long-term financial obligations for availability payments in PPP projects (5090)
- Methodology on the conduction of the efficiency analysis for PPPs

Source2Prozorro End-to-End Online Project Life-Cycle



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Together with the EBRD Electronic Trading System (ETS) creating processed on the platform SOURCE



The PPP Agency's main function is to implement efficient and investment-attractive projects in public-private partnership in various economic spheres in Ukraine: transport, utilities, energy, social and other



Identification of potential PPP projects



Advice to the public sector on PPP issues



Preparation of concept notes and feasibility studies



Project structuring and development of the PPP contract



Preparation of tender documentation



Popularization of the positive experience of PPP implementation



Organization of trainings and conferences



Support in the management of PPP contracts

PPP INSTITUTIONS



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INTERNATIONAL FINANCIAL INSTITUTIONS



Creating Markets. Creating Opportunities



POTENTIAL PPP PROJECT PUBLIC PARTNERS



INSTITUTIONAL PARTNERS

REFORM
SUPPORT TEAM





Seaport «Kherson»

Strategically positioned in the estuary of the Dnipro river, granting convenient access to the Black Sea, Ukraine's inland waterways network and its hinterland

CONCESSION OF STATE-OWNED COMPANY KHERSON SEA COMMERCIAL PORT

26.06.2020 concession agreement concluded

- CAPEX ~ USD 12 MM
 - Investment in local social infrastructure development ~ USD 1 MM
 - Annual budget receipts – USD 0,5 MM
- + 7% of the net income of the concessionaire



Seaport «Olvia»

Located in the estuary of Southern Buh River granting easy access to the Black Sea and Ukrainian hinterland. Within short distance from the top metallurgy and agriculture regions of Ukraine

CONCESSION OF STATE-OWNED STEVEDORING COMPANY OLVIA

20.08.2020 signed an agreement on the transfer of the specialized seaport "Olvia" to the concession between the Ministry of Infrastructure, USPA and the company "QTerminals W.L.L."

- CAPEX – USD 130 MM (one of the largest in the port industry in the last 30 years)
 - Investments in infrastructure development in Nikolaev – USD 3 MM
 - Annual budget receipts ~ USD 3 MM
- + 7,5% of the net income of the concessionaire

01.12.2021 transfer to QTerminals Olvia (part of QTerminals Group) completed









The PPP Agency together with IFC and PPIAF engaged advisors to assist the Ministry of Infrastructure and USPA in the transition period and the concession agreements contract management process

CURRENT PPP PROJECTS (PPP PIPELINE)



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-  Airports
-  Railway Stations
-  Sea Ports
-  Roads
-  Parking
-  Center for Creative Economy
-  Health Care
-  Water Supply and Sewerage

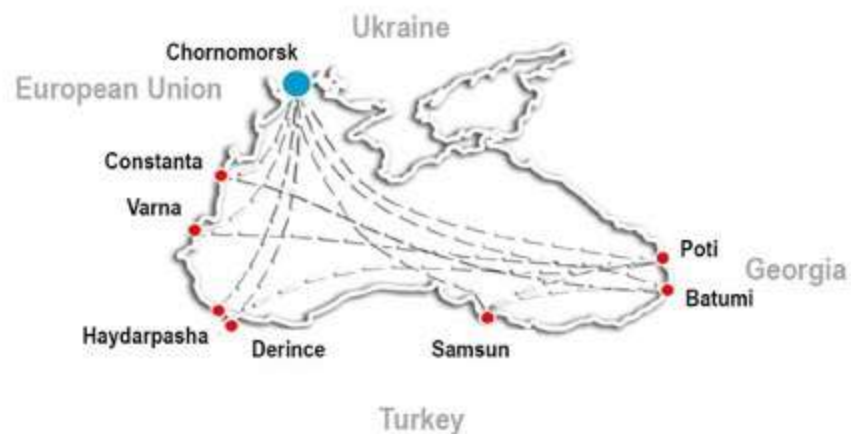
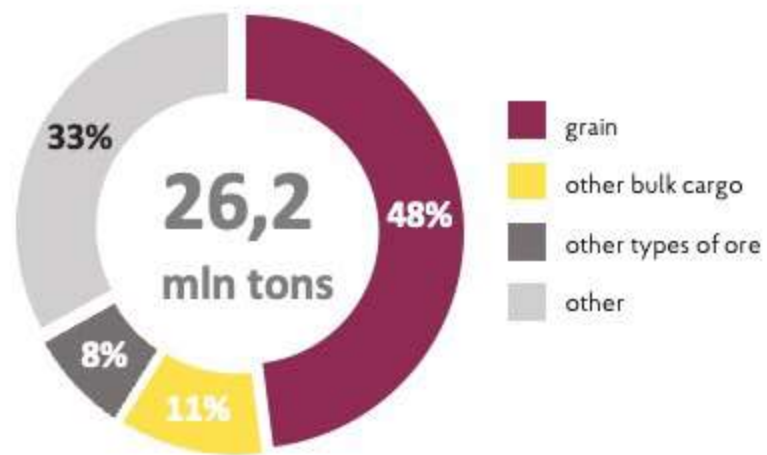




Chornomorsk Sea Port

At Glance

Cargo structure in 2020, mln tons



11,952 ha

water area

302 ha

production facilities

29

berths

14 m

depth

26.2 mln tons

cargo per year (2020)

6 km

quay length

FIRST AND CONTAINER TERMINALS



Multi-purpose terminal

Territory:

- ✓ First Terminal
- ✓ Former Joint Activity Area
- ✓ Remaining Container
- ✓ Terminal Area

Berths:

- ✓ No 1-2
- ✓ No 3-4



30-40 years
concession period

50-300 ths TEU
container transshipment
volume

\$38-77 mln
investment

5 mln tons
general and bulk cargo



Key project highlights

One of the last available opportunities for container business development in Ukraine

Significant potential for increasing transshipment without significant capital investment

The capacity of the railway network is sufficient to ensure service of the planned freight flows

Existing power supply capacities allow to implement the Project without significant investments

The current condition of the berths allows to implement the Project without significant investment in reconstruction

RAILWAY AND FERRY COMPLEX



Universal terminal

Territory:

- ✓ Railway complex
- ✓ Automobile «ro-ro» terminal
- ✓ Remaining territory

Berths:

- ✓ No 26, 27
- ✓ «ro-ro» (No 28)



30-40 years
concession period

\$5-10 mln
investment



Trucks

Parking area for trucks waiting for customs clearance and the facilities for drivers (rest area, canteen, bathrooms)



Passengers

Construction of the passenger terminal with rest areas, bathrooms, cafeteria, duty free outlets, etc.



Vehicles

Construction of the vehicle processing centers, where new cars are inspected, cleaned and prepared for delivery to the customers





Key project highlights

A unique niche asset for the implementation of a concession project in Chornomorsk seaport

Profitable operating business with unused capacity

Good condition of existing facilities, including 3 berths

Does not require significant investment

Diversified cargo flow of high profit margin finished products

UNSOLICITED PROPOSALS:

3 concession projects on seaports

CONCESSION PROJECT IN BEARDYANSK SEAPORT



9 berths
8 mln tons per year (capacity)
8.5 m depth
1.7 km mooring line

The port processes

- general cargo (metal, boxes, equipment etc.);
- bulk cargo (ore, coal, chemical and min-building materials, coke etc.);
- bulk cargoes (grain, food, etc.);
- liquid cargo (light oil products).

The port fleet has a capacity for oil-spil response

ODESA SEA PORT PASSENGER COMPLEX CONCESSION



5 berths
1.37 km total length
9.5 – 11.5 m depth

1000-seat Concert and Exhibition Hall with total covered area of 4,970 sq.m
Maritime Art Terminal with annual capacity of 1 million passengers and 23,600 sq.m area
Hotel of 30,735 sq.m area and 158 rooms
Yacht Complex with 15,500 sq.m total area and 86 yachts capacity

CONCESSION PROJECT IN IZMAIL SEAPORT



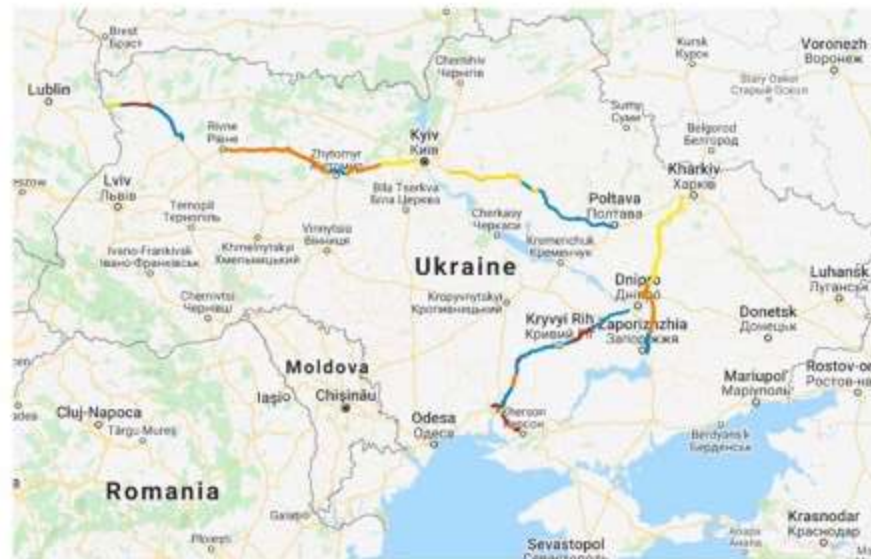
24 berths
9.3 mln tons per year (capacity)
8 m depth
2.6 km mooring line

Izmail seaport is located on the left bank of the Kilian mouth between 84 and 94 km of the Danube River (town of Izmail, Odessa region).
Vessels passage to the port is carried out through the Sulyn Canal or through the deep-water navigable chann.



Road PPP Program

6 pilot projects



Current repair Capital repairs Reconstruction Bypasses Recent repairs

1,398 km
total length

862 km
initial repairs

50,000
road users daily, appr.

Contract option

The PPP project follows the design-build-finance-operate-maintain-transfer methodology, where the contractor designs and completes the required rehabilitation and/or improvements to deliver then operate and maintain the road at an agreed level of service over the length of the contract



PPP term

Payment mechanism

Availability payment will be paid out of the Road Fund



Road PPP Program – first pilot project

M-07/M-19 – Yagodyn – Kovel – Lutsk



146 km
total length

Categories:

(1) 26 km
(2) 77 km
(3) 43 km

Reconstruction	33 km
Current repairs	26 km
Capital repairs	2 km

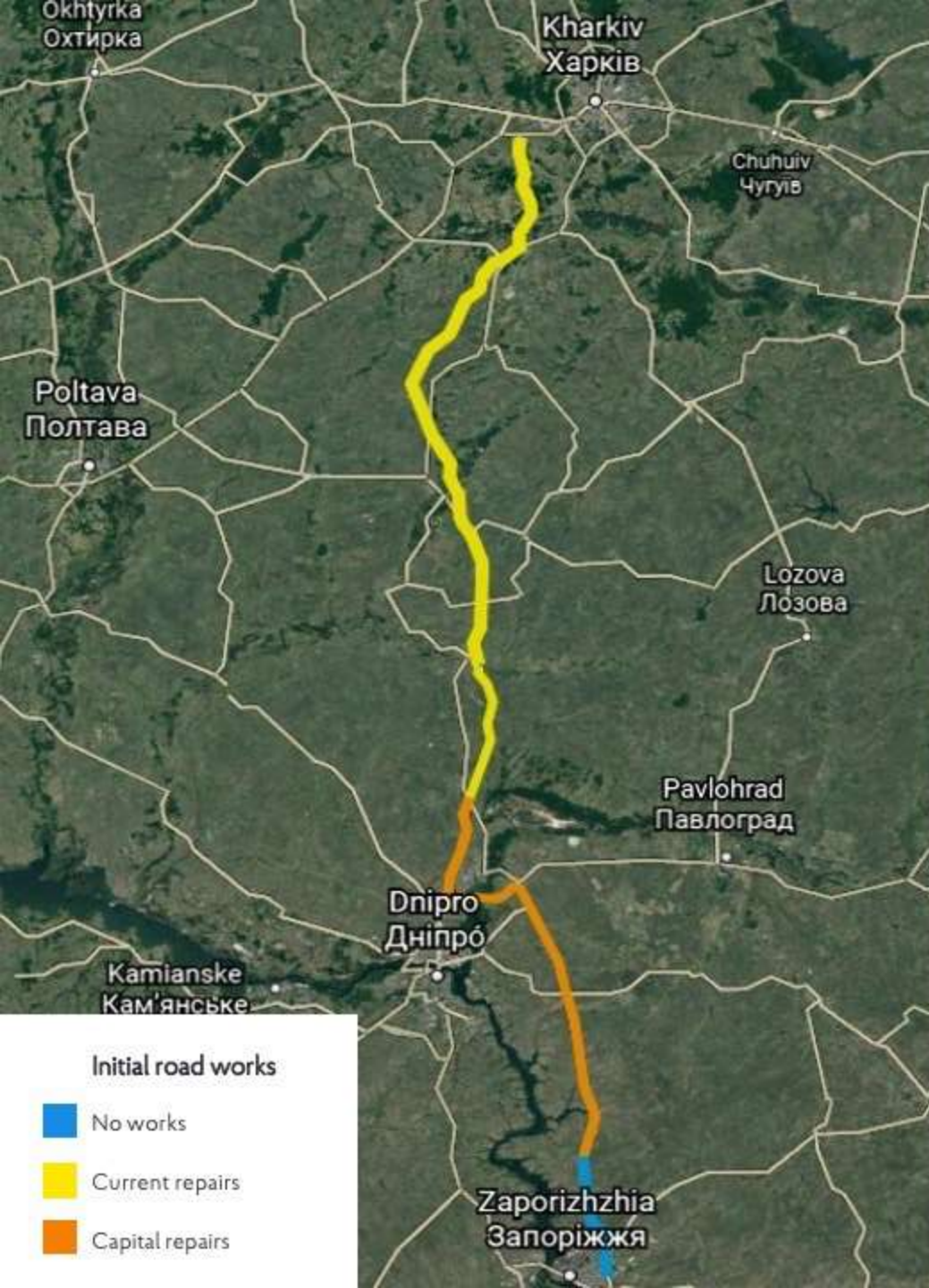
\$240 mln
investment

5,300 vehicles per day
average traffic



Road safety & social improvements:

- construction of grade separated interchanges
- signs, lighting, barriers etc.



Road PPP Program – second pilot project

M-29/M-04/M-18 - Kharkiv-Dnipro-Zaporizhzhia



276 km
total length

Categories:	(1) 195 km	Current repairs	143 km
	(2) 81 km	Capital repairs	107 km

\$370 mln
investment

4,800 vehicles per day
average traffic



Road safety & social improvements:

- pedestrian bridges in villages
- U-turns, signs, lighting, barriers etc.

UNSOLICITED PROPOSALS:

2 concession projects on road sector

KRAKOVETS-LVIV-BRODY-RIVNE

an alternative road to

- the Kyiv-Chop highway and
- the M-10 Lviv-Krakovets road

The new road will periodically cross the existing road through junctions



>200 km
new construction

STRYI-MUKACHEVO

an alternative road to

- the section M-06 Kyiv-Chop

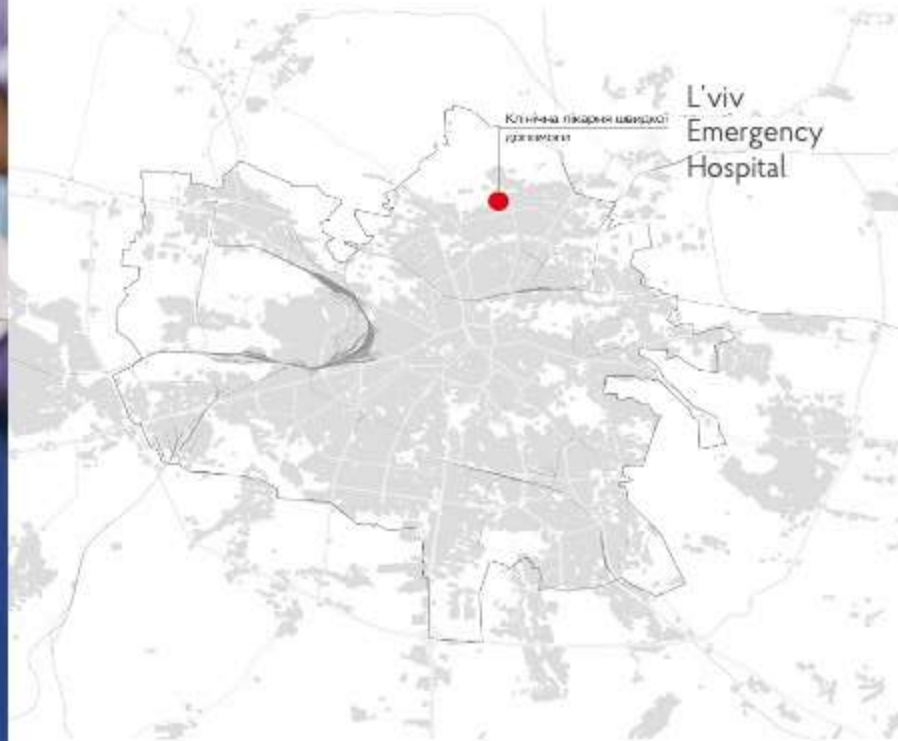
The new autobahn will pass through the territories of the Lviv and Zakarpattia regions





L'viv

Improving the quality of medical services



0.8 mln
population in L'viv

1 mln
population in the
L'viv agglomeration

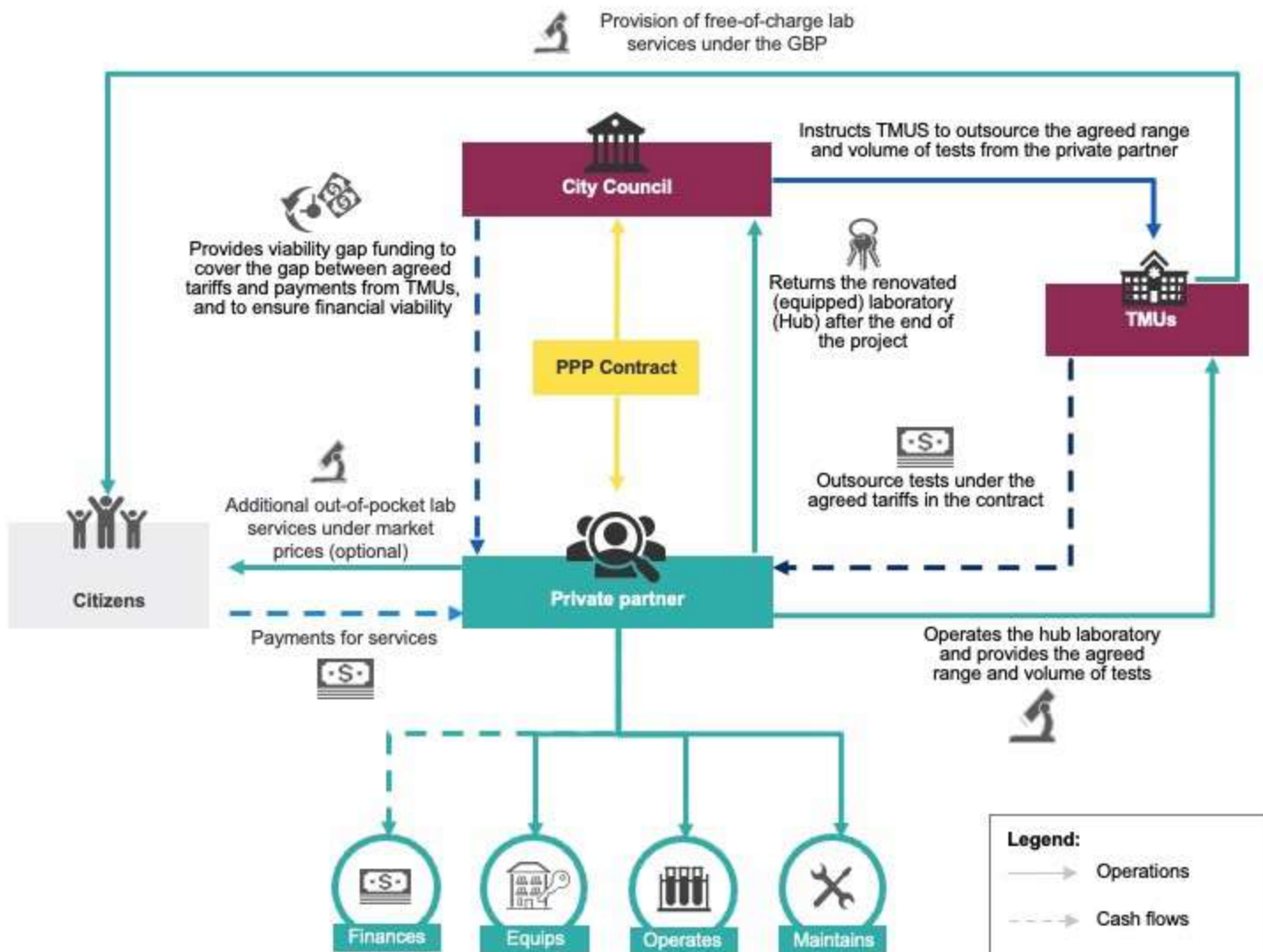
2.5 mln
population in L'viv
region

medical tourism

Potential pilots:

- ✓ Laboratory PPP
- ✓ Imaging PPP

Laboratory PPP



The private investor is obliged to renovate, equip, finance, operate and maintain a Hub laboratory – based on existing municipal facility.

Target hospitals:

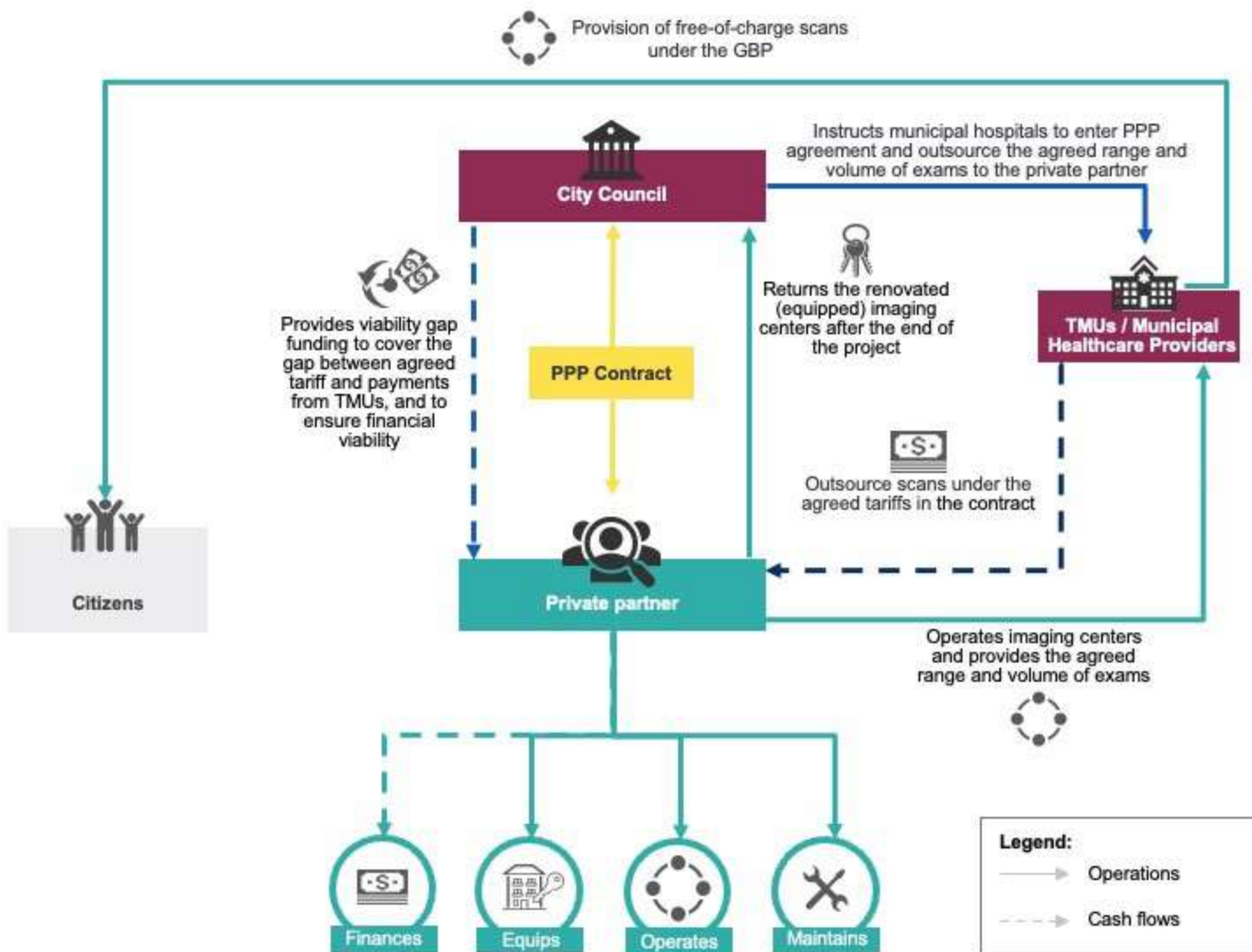
7 Medical healthcare providers (MHPs) in
2 Territorial medical units (TMUs)

All labs of target hospitals will be transferred to PPP. Inpatient sampling will be conducted by hospitals staff.

The private will operate the hub lab, all other MHPs labs as urgent labs and organize outpatient sampling.

The private may also have an option to provide out-of-pocket services to patients in new spokes.

Imaging PPP



The private investor is obliged to renovate, equip, finance, operate and maintain imaging centers – based on existing municipal facilities.

The Project begins from interpretation center (L'viv Emergency Hospital) and 2 facilities within city hospitals (L'viv Emergency Hospital and city hospital #8), where equipment is located (implementing hub-and-spoke model).

The private investor will provide the requested volume of exams to public hospitals for a fixed price defined during the tender.

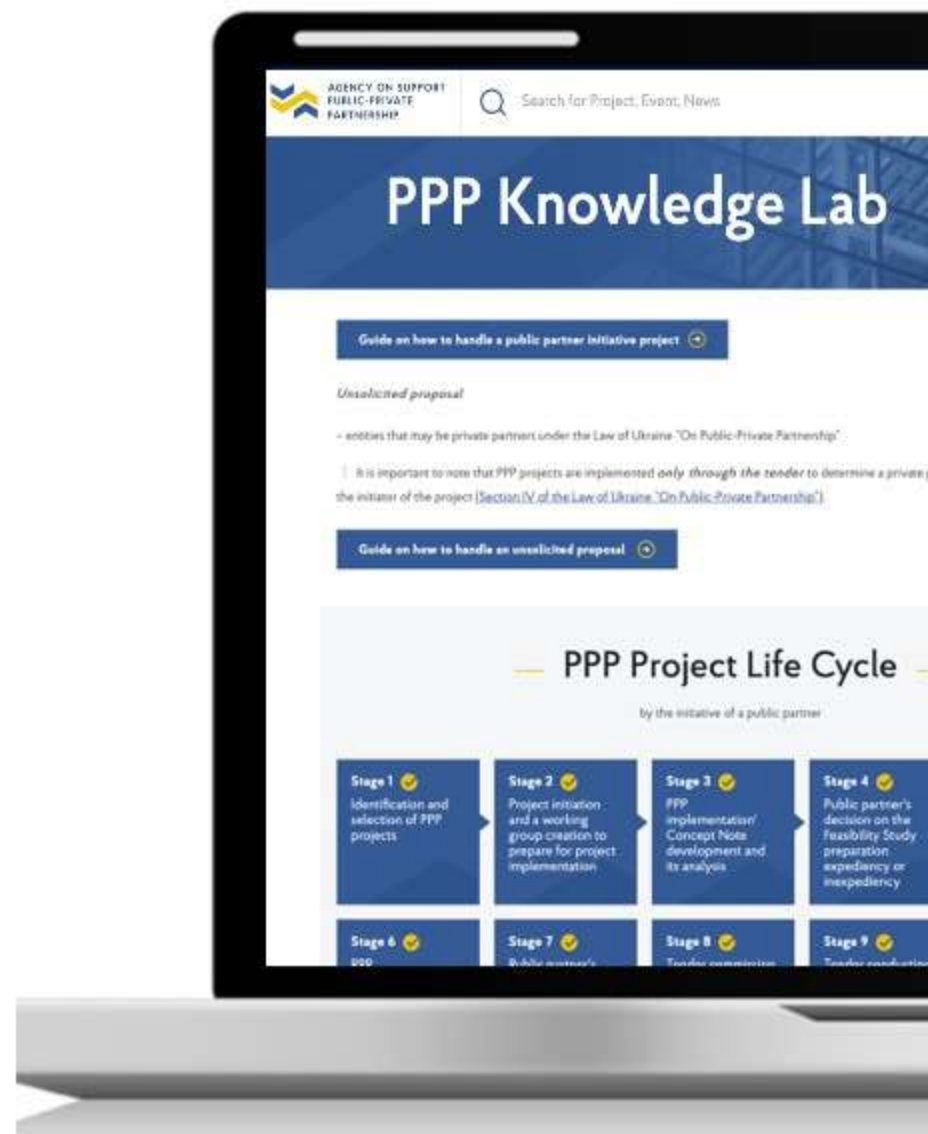


NIKO GACHECHYLADZE

DIRECTOR

THE STATE ORGANIZATION "AGENCY FOR SUPPORT OF PUBLIC-PRIVATE PARTNERSHIPS"

info@pppagency.me.gov.ua







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