LET’S DO IT TOGETHER again!

ISTANBUL PPP WEEK
www.pppcoe.com
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

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

01 PROJECT PREPARATION
Project Preparation (initial data collection and management) as well as PIN Notice Publication and Market Consultations is performed in SOURCE

02 TENDER PREPARATION
Tender Preparation, Applicants Registration and launch of the is performed through the relevant ETS

03 TENDER PROCESS
Tendering process is delivered by the ETS functionalities, as required for each type of transaction Includes, as appropriate: Pre-Qualification or Pre-Selection, Semi or Automated Online Bidding, Evaluation and Contract Negotiations by Tender Committee and Contract Signing

04 CONTRACT MANAGEMENT
Contract Registration, Management and Performance Monitoring is performed by the Grantor on a new module developed by SOURCE in partnership with the ETS Administrators

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.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification of potential PPP projects</td>
<td></td>
</tr>
<tr>
<td>Preparation of concept notes and feasibility studies</td>
<td></td>
</tr>
<tr>
<td>Preparation of tender documentation</td>
<td></td>
</tr>
<tr>
<td>Organization of trainings and conferences</td>
<td></td>
</tr>
<tr>
<td>Advice to the public sector on PPP issues</td>
<td></td>
</tr>
<tr>
<td>Project structuring and development of the PPP contract</td>
<td></td>
</tr>
<tr>
<td>Popularization of the positive experience of PPP implementation</td>
<td></td>
</tr>
<tr>
<td>Support in the management of PPP contracts</td>
<td></td>
</tr>
</tbody>
</table>
PILOT CONCESSION PROJECTS

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

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

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

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

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)

- 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

- **26.2 mln tons**
  - 33% grain
  - 11% other bulk cargo
  - 8% other types of ore
  - 48% other

- **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
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

$38-77 mln investment

50-300 ths TEU container transshipment volume

5 mln tons general and bulk cargo
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
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 Sulyin Canal or through the deep-water navigable chann.
Road PPP Program

6 pilot projects

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.

Payment mechanism

Availability payment will be paid out of the Road Fund.

30 years
PPP term
Road PPP Program – first pilot project

M-07/M-19 – Yagodyń – Kovel – Lutsk

Categories:

1. 26 km Reconstruction 33 km
2. 77 km Current repairs 26 km
3. 43 km Capital repairs 2 km

146 km total length

$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

- Total length: 276 km
- Categories:
  1. Current repairs: 143 km
  2. Capital repairs: 107 km
- Investment: $370 mln
- Average traffic: 4,800 vehicles per day

Road safety & social improvements:
- Pedestrian bridges in villages
- U-turns, signs, lighting, barriers etc.
UN SOLICITED 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:

✓ Hospital PPP
✓ Laboratory PPP
✓ Imaging 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.
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@ppagency.me.gov.ua