

# Pilot PPP projects in infrastructure

PPP development in Ukraine

# Introduction

# Institutional development in the Ministry of Infrastructure of Ukraine



Ministry of Infrastructure has established a Working Group on PPP development in infrastructure



Western NIS  
Enterprise Fund

easyBUSINESS IN UA

Initiatives have been supported by donors and non-governmental organizations



3 pilot PPP projects in seaport sector have been selected



PPP Management Office has been established

# Key objectives



**Implementation of the  
pilot PPP projects in  
seaport sector**



**Support in the  
development of PPP and  
concession legislation**

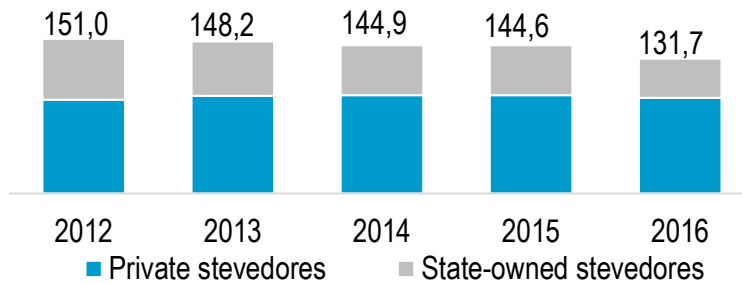


**Development of the  
institutional basis for  
PPP in the infrastructure**

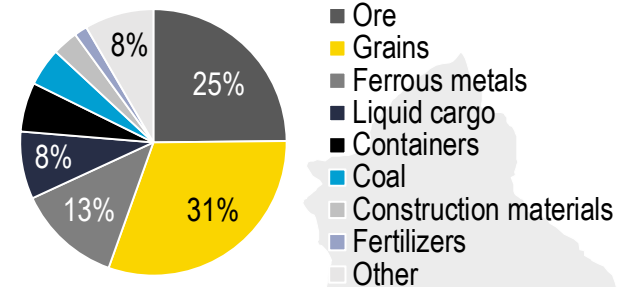


# Ukrainian seaports at glance

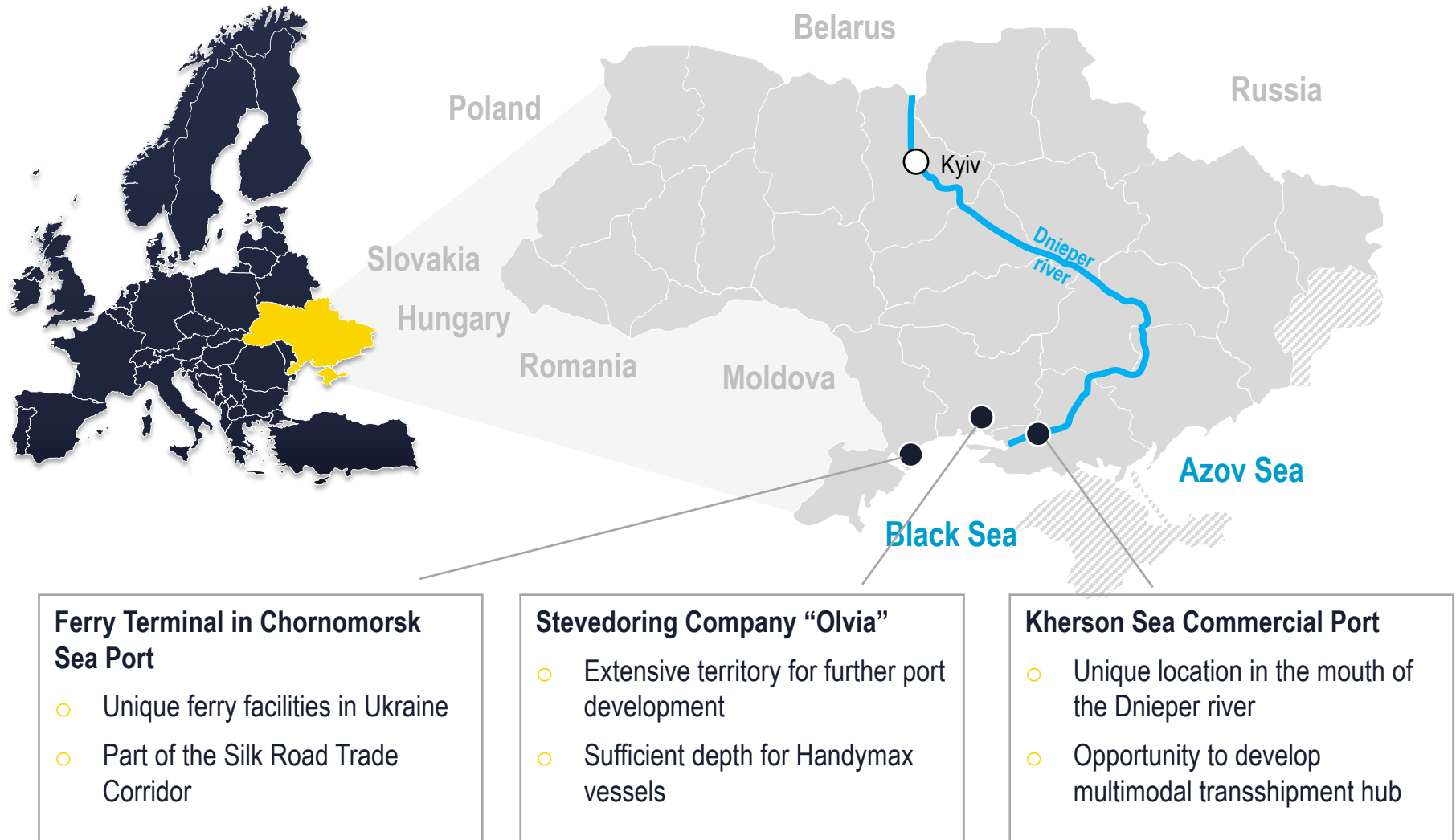
## Cargo turnover by stevedores, mln tones



## Cargo turnover by type, 2016



# Selected pilot PPP projects in seaport sector of Ukraine



# Support of the International Financial Organizations



# Preliminary feasibility study development



**Market study and forecasts**



**Technical analysis of existing facilities and related infrastructure**



**Legal due diligence and PPP form selection**



**Social-economic impact assessment**



**Ecological analysis**



**Financial modeling and viability analysis**

# SC “Olvia” PPP project

# Stevedoring Company “OLVIA” at glance



**179**  
Area (ha)

**7**  
Berths

**1.53**  
Quay Length  
(km)

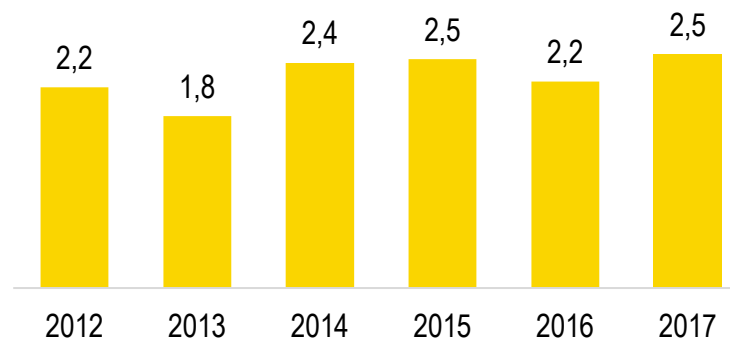
**10.3**  
Max Depth (m)

**2%**  
Market Share

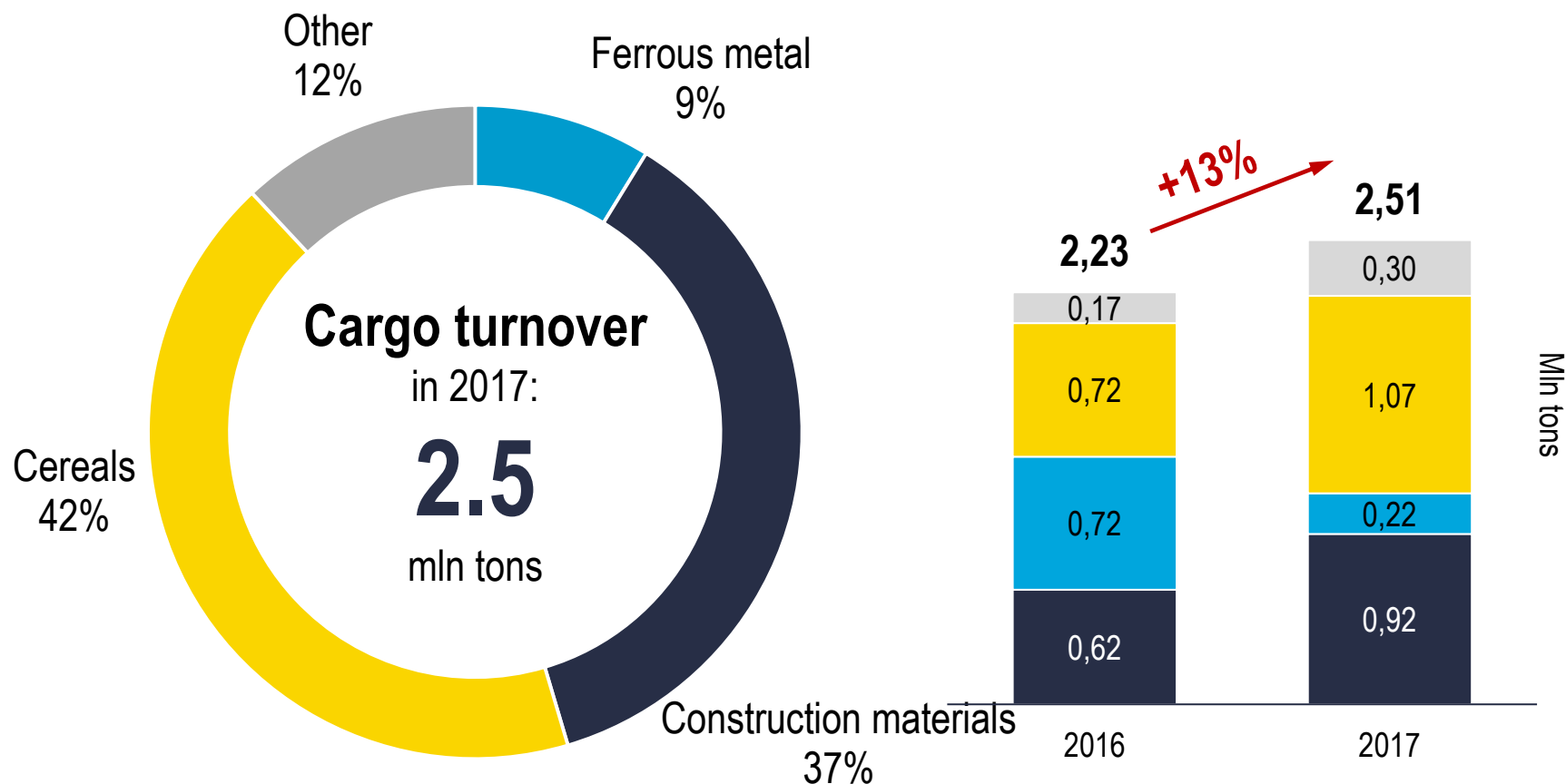
**14.3**  
Revenue  
(\$mln, 2017)

**41%**  
EBITDA Margin  
(2017)

## Cargo turnover million tons



## Current cargo mix in the port





# Kherson SCP

## PPP project

## Port has favorable location

Kherson Sea Commercial Port is located on the both banks of the Dnieper river, key inland waterway in Ukraine going through main agricultural and industrial regions of the country



28 km away from the Dnieper-Bug estuary and 90 km from the Black Sea. (46°38' N; 32°37' E)



## Port key facilities

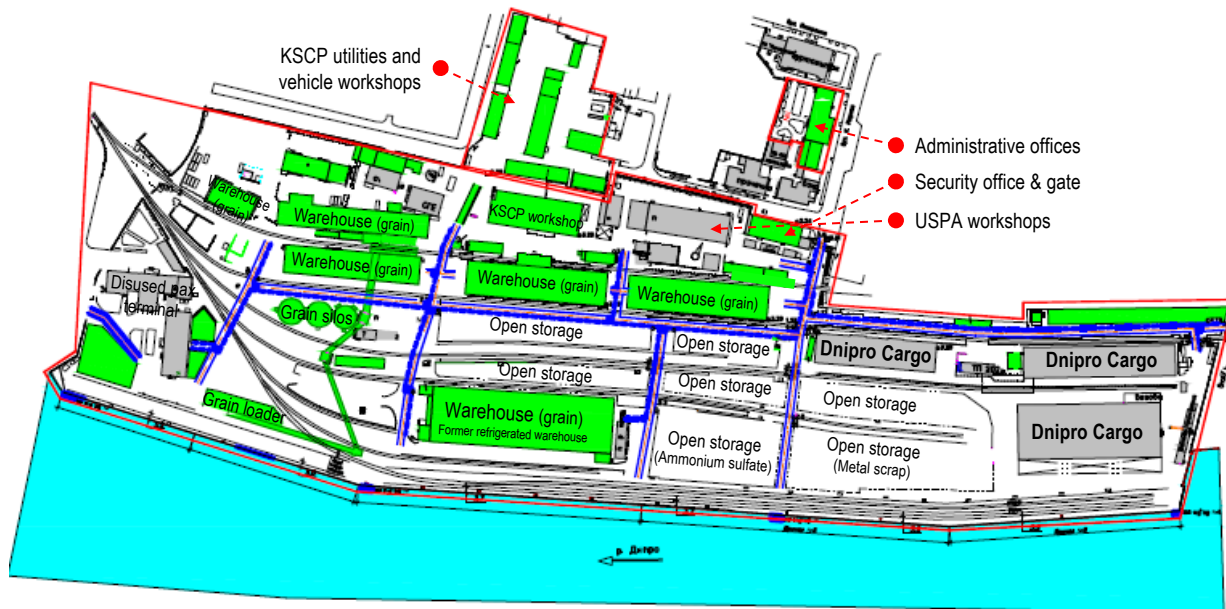


**4**  
Berths

**600**  
Quay Length (m)

**47**  
Total area (ha)

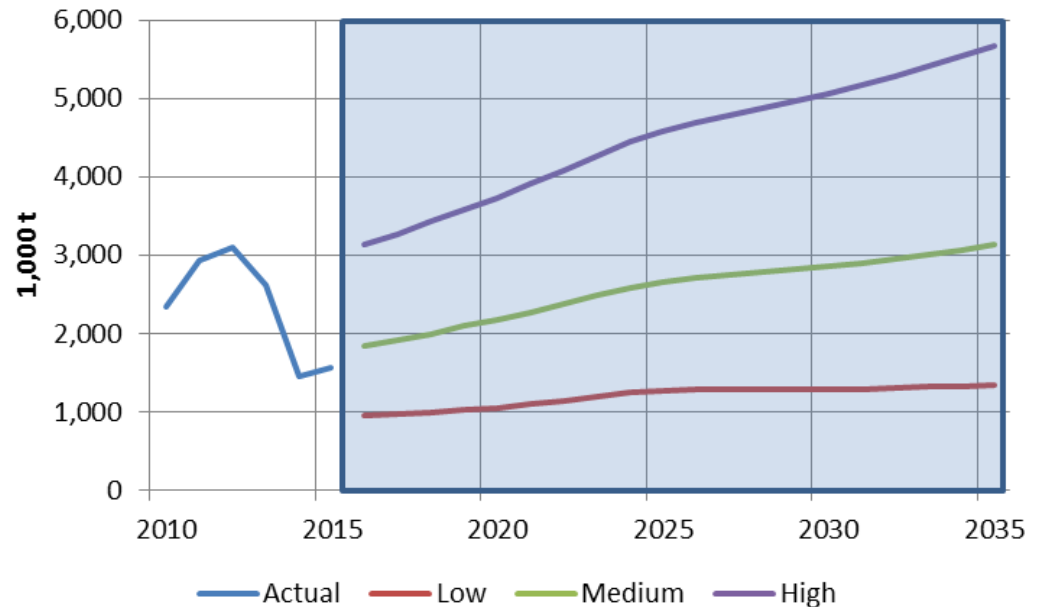
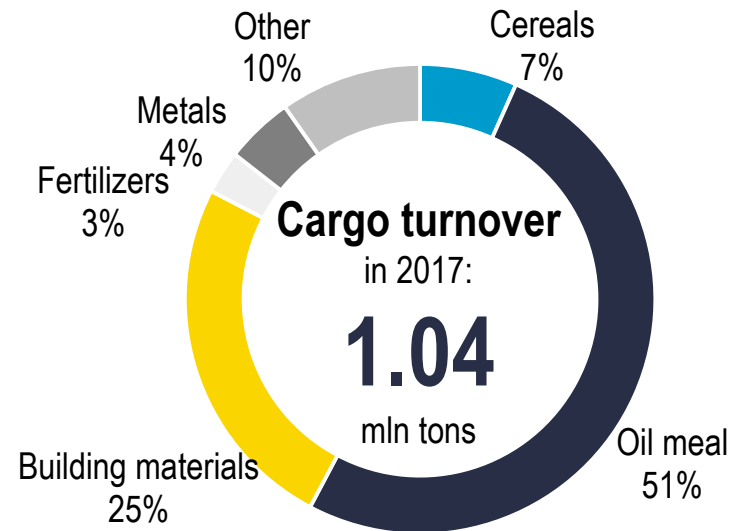
**7.6**  
Max Depth (m)



- Right bank has 15 ha area
- Warehouses provide ~16500 m<sup>2</sup> of covered storage and ~20000 m<sup>2</sup> open storage areas
- Silos of ~12000 tons static capacity are available
- The port is equipped with 14 gantry cranes (5-20 tons) and 6 floating cranes (15-150 tons)
- KSCP operates a fleet of 13 barges, 11 of which are 1078 DWT, but there is one unit of each of 3000 DWT and 2500 DWT
- Fleet of forklifts, trucks and bulldozers is used for horizontal transport

## Handled cargo mix and forecasts

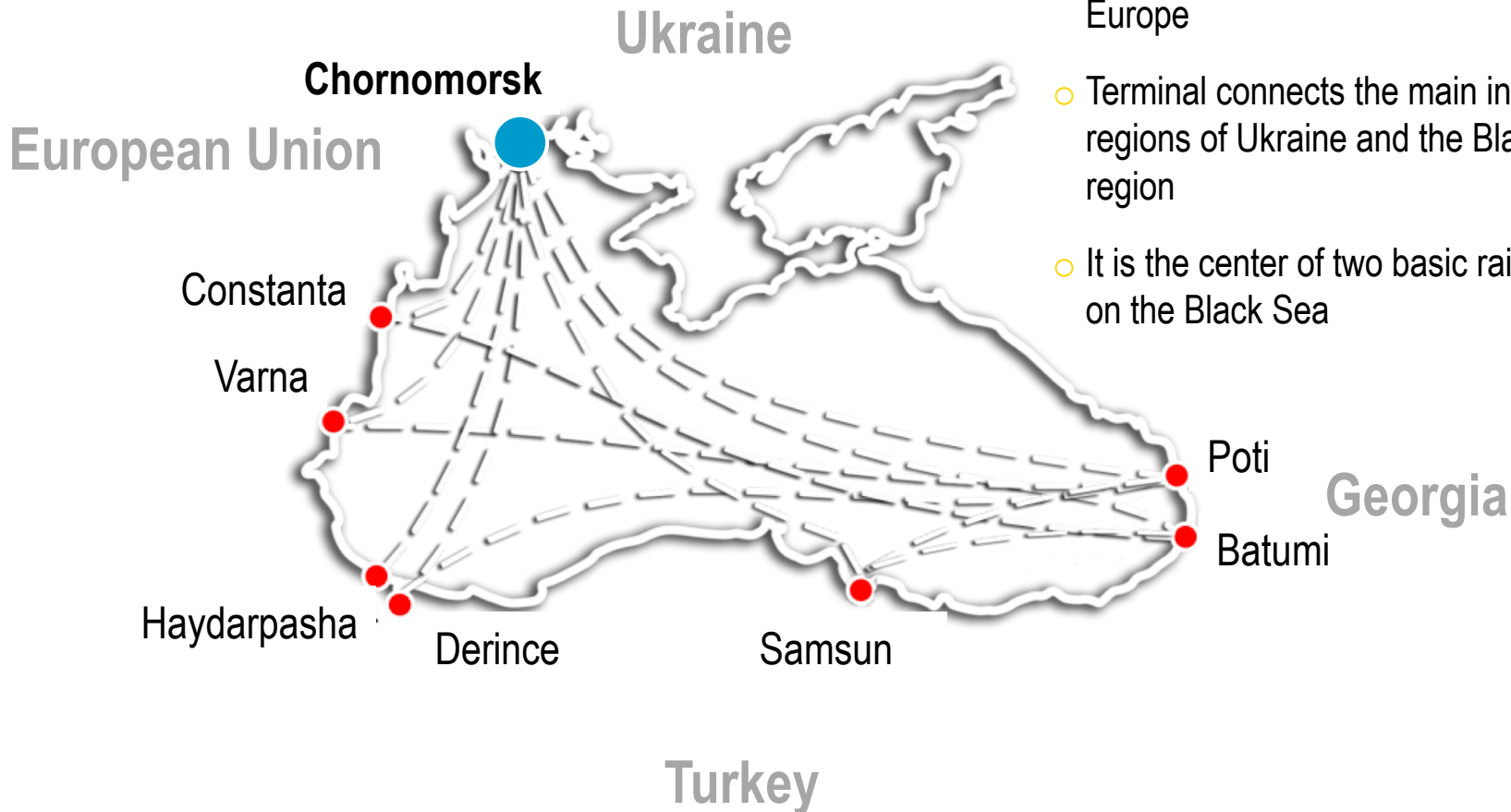
- KSCP handles a mix of cargoes: grain, metals, break bulk, etc.
- Cargo flows can increase for all commodities up to 3-5 mln tons per year
- Grain is a very promising commodity
- KSCP has a typical regional cargo flow structure



# Ferry Terminal PPP project

## Terminal is located on the intersection of international transport corridors

- Favorable location at the intersection of transport corridors between Asia and Europe
- Terminal connects the main industrial regions of Ukraine and the Black Sea region
- It is the center of two basic rail ferry lines on the Black Sea



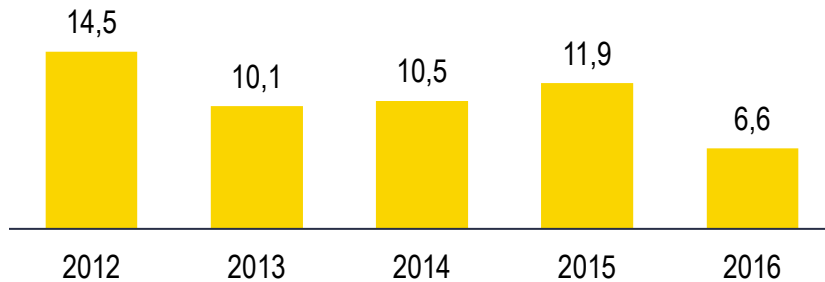
# Terminal has a developed related infrastructure



- Sea Commercial Port of Chornomorsk is located on the both banks of Sukhyi estuary, 12 miles South-West of Odessa
- It is one of the largest ports in Ukraine
- The port is specialized on handling grain, iron ore and ro-ro vehicles

## Cargo turnover

Million tons



## Revenue

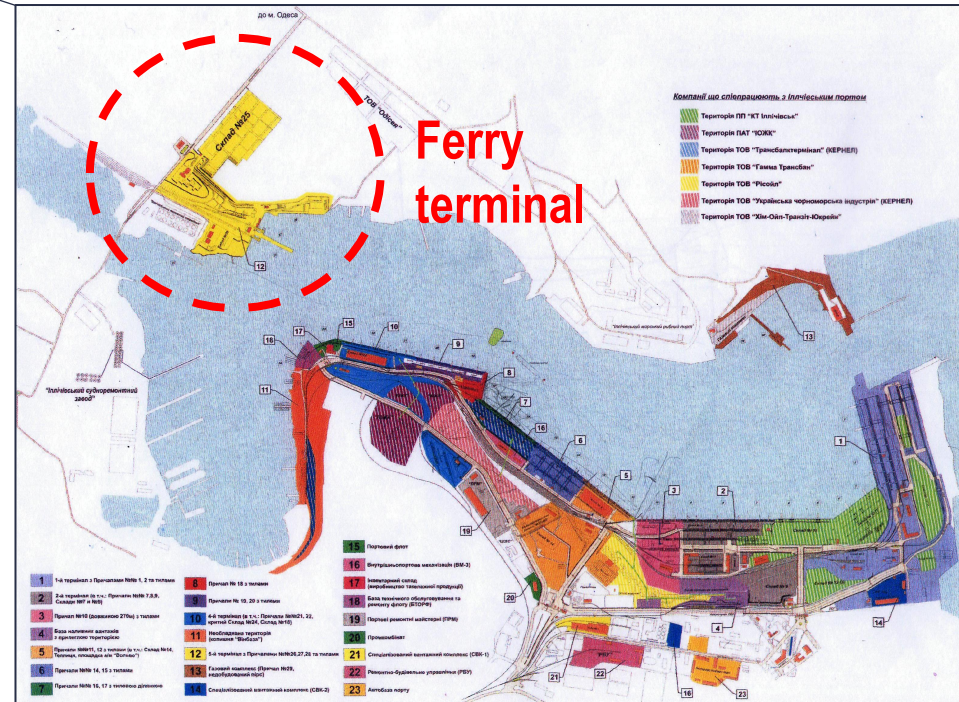
2016

**\$44 mln**

## EBITDA margin

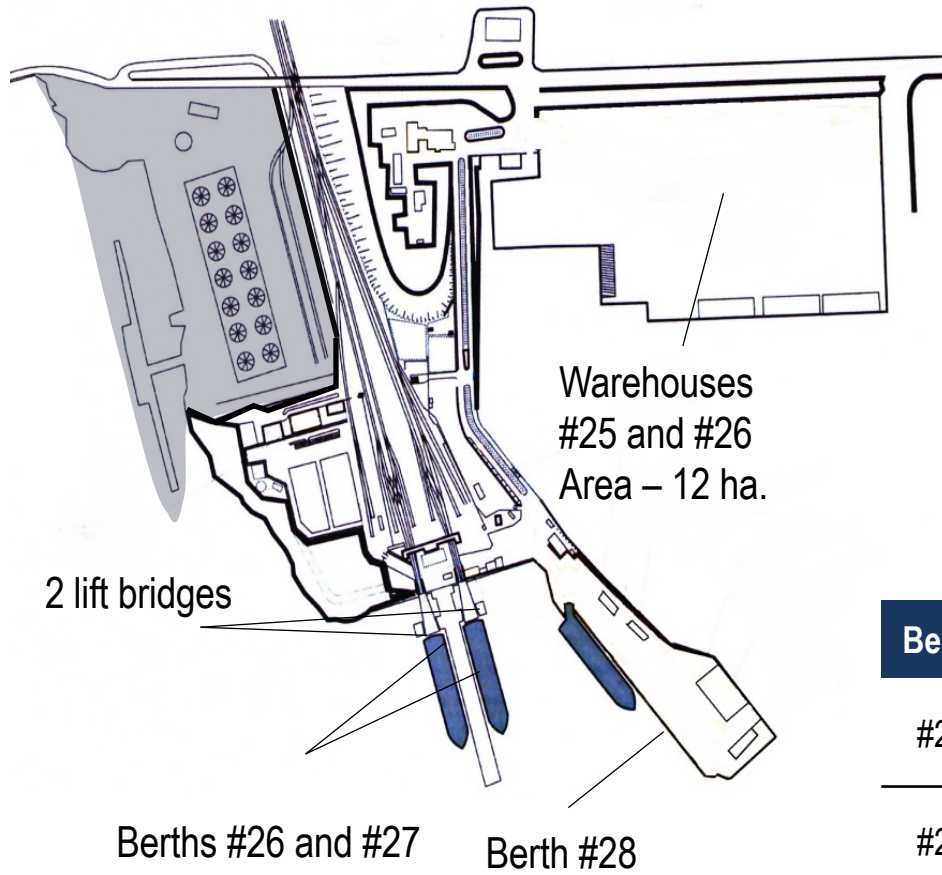
2016

**24%**





## Unique facilities with sufficient capacity



### Annual capacity



**4.5 mln tons**  
cargo in railway wagons



**150 000**  
heavy duty trucks



**250 000**  
units of vehicles

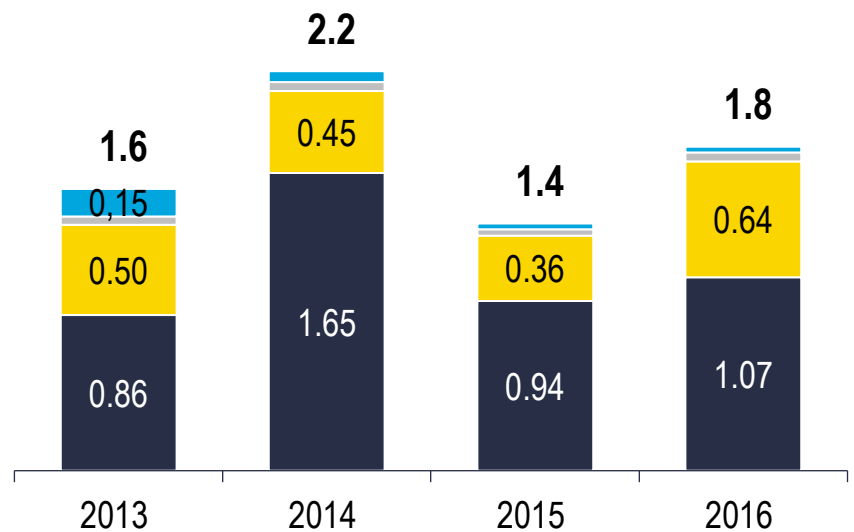
### Main facilities

Berth	Length, m	Depth, m	Cargo type
#26	210	9.6	railway wagons, trucks, general, containers
#27	210	9.6	railway wagons, trucks, general, containers
#28	270	9.6	vehicles

## Diversified & flexible cargo flow

### Cargo handling dynamics

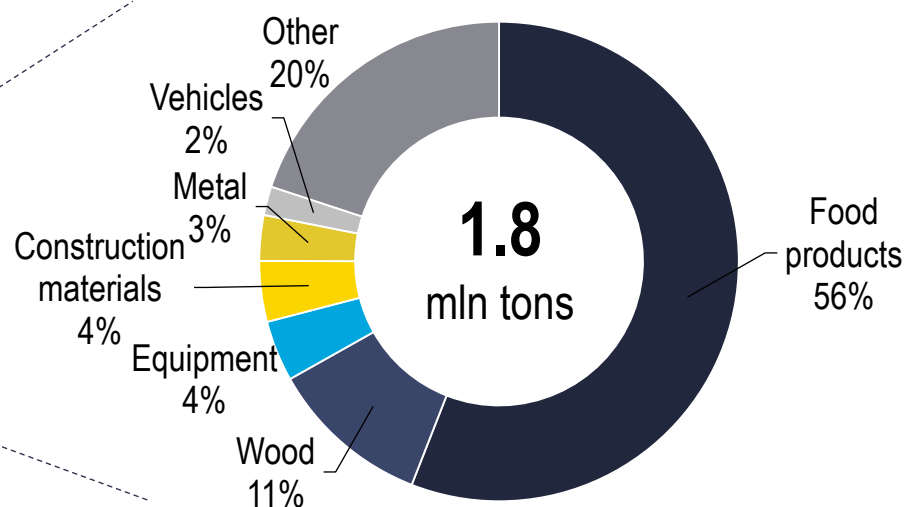
Million tons



■ Vehicles ■ General cargo & Containers ■ Wagons ■ Trucks

### Cargo structure in 2016

Million tons



# Next steps

## Further cooperation with International Financial Organizations



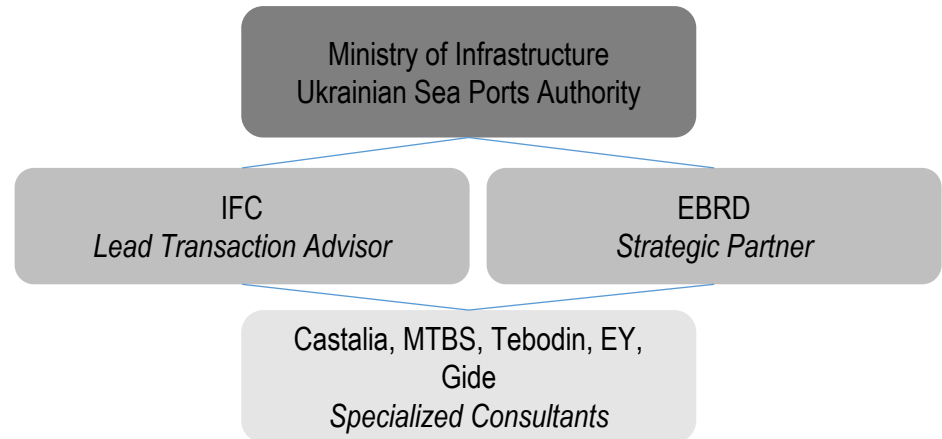
- The terms of further cooperation with IFIs in the development of full feasibility studies and transaction advisory have been negotiated and agreed
- In November 2017 the Ministry of Infrastructure of Ukraine signed the Memorandum of Understanding with International Financial Corporation and Ukrainian Sea Port Authority signed the Contribution Agreement with EBRD for the provision of consultancy and advisory services in relation to the development of the PPP pilot projects

# Next steps and timeline

## Overview

- During the 1<sup>st</sup> stage, MIU, USPA and their advisers will carry out in-depth technical, legal and financial analysis of the project and prepare the Feasibility Study. Market consultations will help define the project's scope.
- During the 2<sup>nd</sup> stage, the project structure – including risk allocation, investment and performance obligations, concession payment structure, etc. – will be defined and approved. Market feedback will be sought during bidder conferences and road shows.
- A competitive tender process will be launched on the basis of the approved project structure and tender documentation.
- After the winning bidder is approved, it will sign the concession agreement with MIU.

## Project Team



## Timeline





PPP MANAGEMENT OFFICE

[WWW.SPILNO.IN.UA](http://WWW.SPILNO.IN.UA)