

Transport PPP Projects on Availability Basis

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European Bank
for Reconstruction and Development

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Introduction



Types of PPPs

- Usage-Based
 - ✓ User pay
 - ✓ Shadow tolls
 - ✓ Mixture of both
- Availability-Based:
 - ✓ Accommodation
 - ✓ Equipment
 - ✓ Systems or Networks
 - ✓ Process Plants

Types of PPPs Based on Risk Profile

Usage-Based	<ul style="list-style-type: none">• “economic” infrastructure• Usage risk is transferred “Concession”• Roads, bridges, tunnels, airports, trams, ports, LRT
Accommodation	<ul style="list-style-type: none">• “social” infrastructure• Payment made for make the building available and provide services “PFI”• Schools, hospitals, courts, prisons
Equipment, Systems or Networks	<ul style="list-style-type: none">• A combination of the above• Payment Availability of the system “DBFO”• Roads, Rail, Street Lighting, Fare Collection, IT
Process Plant	<ul style="list-style-type: none">• Involve a measurable process• Payments based on the capacity to produce an end product. “BOT”• Power plants, renewal projects, EfW, WWTP

Transport project based on Availability

- Less common
 - Payments by the Public Authority based on a form of Availability
 - traffic lanes are closed
 - the speed at which traffic is able to move
 - accidents or spillages are cleared from the road
 - signalling or the train sets
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Characteristics



Availability-Based Payments

- Payment stream is simpler than for usage-based service fees
- Payment only made when the asset is ‘available’ (capable of providing the service as required)
- Main features:
 - deductions are made for any part which is unavailable, weighted according to the importance of the unavailable portion
 - service quality is monitored through performance indicators: failure to meet these also leads to payment deductions
 - incentivise the Project Company to offer improvements in service

Characteristics:

1. Less risk transfer;
 - Unlikely substantial deductions to put debt at risk
2. Affordability;
 - It has a direct impact on Public Sector budget and long term flexibility
3. Complex monitoring system.
 - Measure of time, place, reason and length of unavailability events is required
 - Quality of service is not a matter of great concern
4. Budgetary benefit
 - capital cost to be spread out over asset life
5. Ultimately reliance on Public Sector Creditworthiness



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Case Study



M-10 Road PPP in Belarus

Grantor:

Ministry of Transport and Communications of the Republic of Belarus

Scope:

Design, construction, finance, operation and maintenance (DBFO) of 5 sections of the M-10 highway with a total length of 85 km

Capital Investment:

Approximately US\$200

Payment Mechanism:

The payment mechanism will be structured to provide the Private Partner with availability payments during the operational period subject to meeting availability and performance criteria.

Risk Allocation:

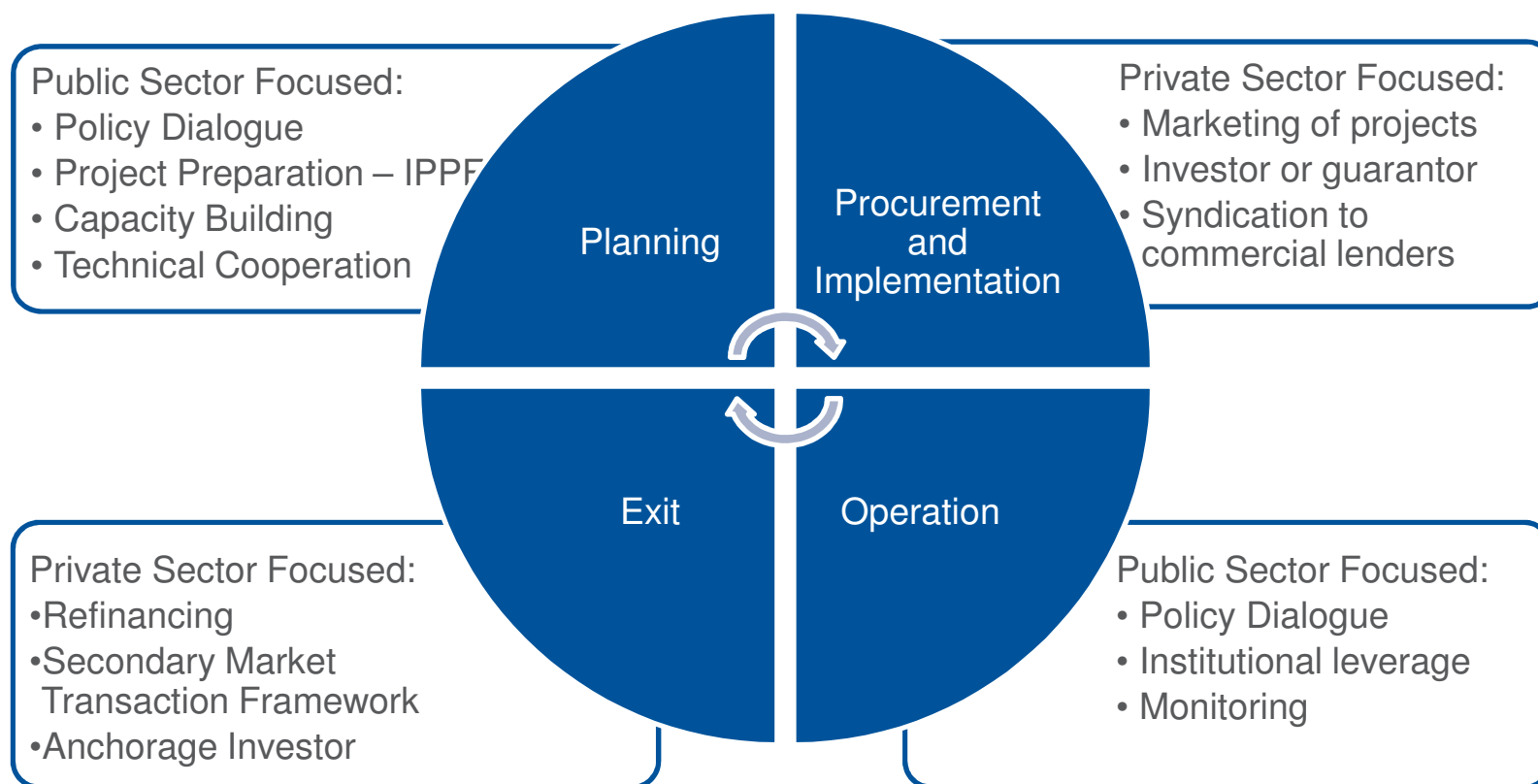
The Private Partner will have the responsibility for a significant part of the risk related to construction, operation and maintenance (availability) and financing of the Project, whereas the public sector will bear the demand (traffic) risk.

Period of the contract:

20 years including approx. 2 year construction period and 18 year operation period

Information Available at: m10@mintrans.mtk.by or <https://goo.gl/AepMdT>

How EBRD Provides Value: Project Lifecycle



Infrastructure Project Preparation Facility- IPPF



A mechanism to improve **efficiency** for EBRD's Clients
€40 million in funding from banks SSF to provide support

Three windows: PPPs, public sector Feasibility Studies, and policy dialogue

To **improve** the preparation of infrastructure projects

Reimbursable in the case of PPPs by the private investor

Consultant **mobilised** in 8 weeks from the call-off

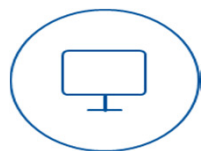
Ongoing:

- 1.M-10 Road PPP, Belarus
- 2.Olvia and Herson Ports, Ukraine
- 3.Sofia Airport, Bulgaria:
- 4.Almaty LRT, Kazakhstan
- 5.6th of Octobre Dry-Port, Egypt
- 6.Belgrade Parking, Serbia
- 7.Athens Biomedical Research Center, Greece
- 8.Beirut Expressway



Annex I: useful links & contacts

Annex: Useful links



EBRD website:
www.ebrd.com

Information about the countries of operations & Sectors of EBRD:
www.ebrd.com/news/publications/factsheets.html

Project Summary Documents, details of the projects signed with EBRD:
www.ebrd.com/work-with-us/project-finance/project-summary-documents.html

Sending your project financing request online:
<http://www.ebrd.com/work-with-us/project-finance/funding-adviser.html>

IPPF:
www.ebrd.com/infrastructure/infrastructure-IPPF.com

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