



AGENCY FOR SUPPORT OF  
PUBLIC-PRIVATE PARTNERSHIPS



MINISTRY OF ECONOMY OF UKRAINE

# 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)

# LEGISLATION

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*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

- ✓ All current laws governing concessions systematization (4 laws in total)
- ✓ Harmonization with the law of Ukraine “On Public-Private Partnership”
- ✓ World’s best practices implementation
- ✓ Availability Payment introduction



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

# THE LEGISLATION MAIN FEATURES

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Concession regulation and other PPP implementation forms clear delineation



All PPP forms implementation promotion and decision making single procedure



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

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



# PILOT CONCESSION PROJECTS



## 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

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**

# PPP PUBLIC INSTITUTIONS



# PPP AGENCY

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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



# NEXT STEPS

## In the process

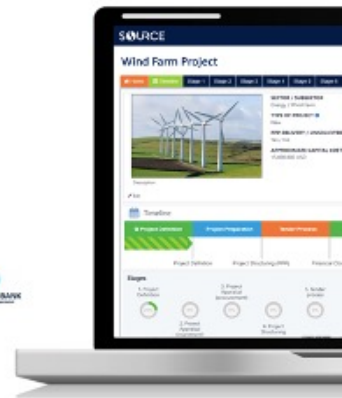
- Introduction of long-term financial obligations related to the availability payment in budget legislation
- Methodology of PPP efficiency analysis

The Methodology is being developed with the support of the World Bank and considering UNECE model “People first PPPs for the UN SDGs”



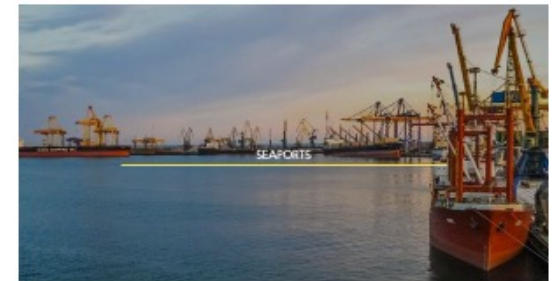
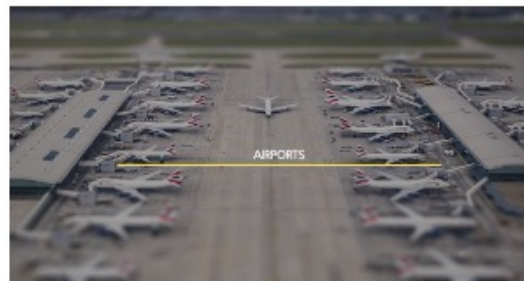
- The procedure for determining the concessionaire by conducting a concession tender or competitive dialogue in the Electronic Trading System (ETS)

Together with the EBRD ETS creating processed on the platform SOURCE



# PPP PROJECTS

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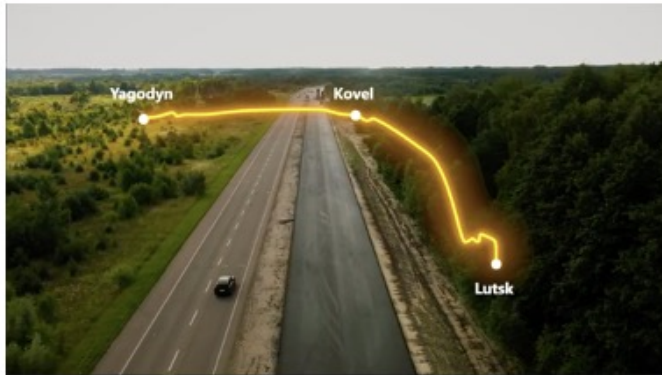


# PPP PROGRAM IN ROAD SECTOR

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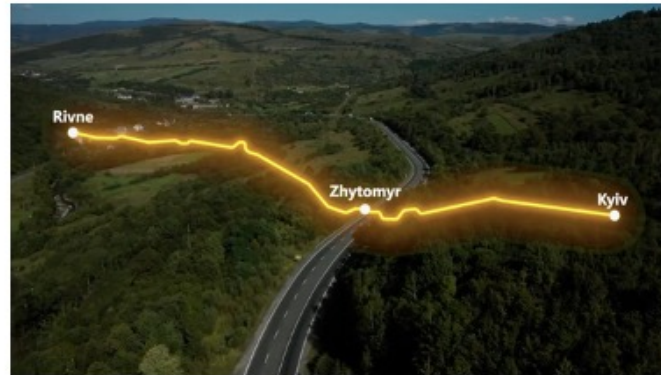


# Potential Pilot Projects



146 km  
total length

USD 240 MM  
initial CAPEX



308 km  
total length

USD 370 MM  
initial CAPEX



292 km  
total length

USD 180 MM  
initial CAPEX



69 km  
total length

USD 310 MM  
initial CAPEX



312 km  
total length

USD 290 MM  
initial CAPEX

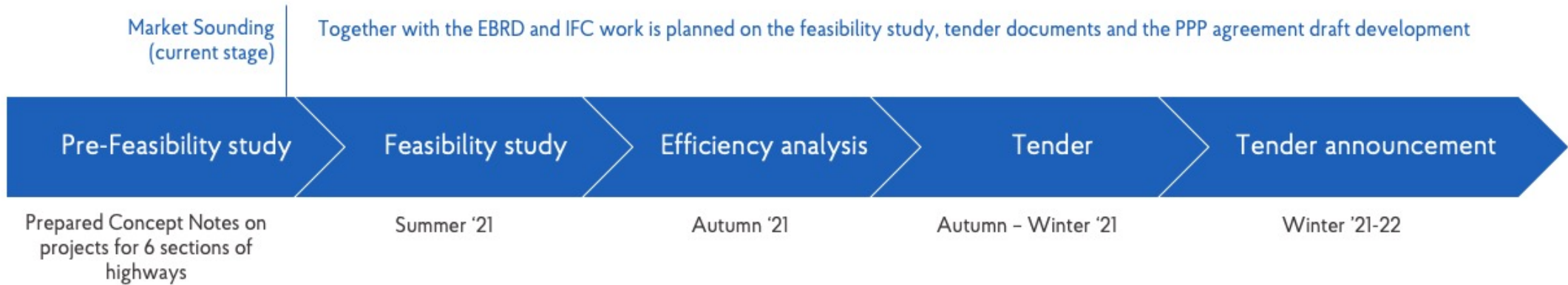


276 km  
total length

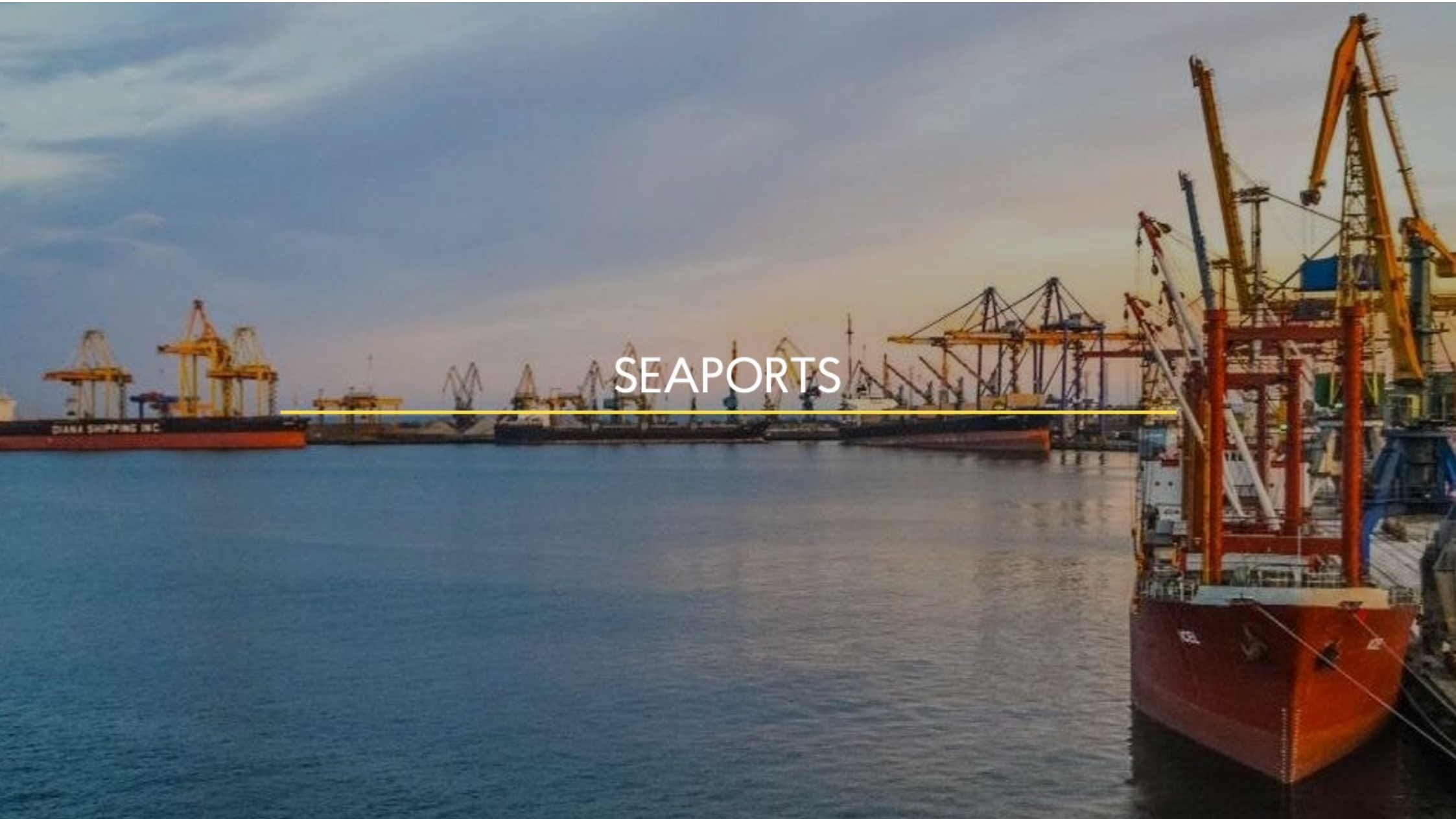
USD 370 MM  
initial CAPEX



# Indicative Timeline



# SEAPORTS





# Ferry Terminal In Chornomorsk Sea Port

4.5 mln tons  
In Railway Wagons

150 000  
Heavy Duty Trucks

250 000  
Units of Vehicles

9.7 m  
Available Depth

**TOTAL CAPEX** | **USD ~10 MM**

Unique, niche potential for development of Silk Road logistics facility

- Unique facility in Ukraine, which handles rail and auto ferry lines, as well as “ro-ro” vessels.
- Highly marginal operating business with unused capacity.
- Existing facilities in good condition including 3 berths.
- Rail and road access available as well as 9.7 m depth.
- The terminal is a part of rail ferry lines functioning on the Black Sea and the “New Silk Road” trade corridor.

Located on the north-western shore of the Black Sea in Chornomorsk seaport



Potential  
Investment  
Opportunity



# Container Terminal In Chornomorsk Sea Port

75 ha Terminal Area	6 Existing Berths	21 ha Warehouses Area
1+ mln TEU Container Capacity	4+ mln tons of Cargo per year	11-15 m Available Depth

**TOTAL CAPEX** USD ~100 MM

## Container terminal opportunity in the biggest seaport of Ukraine

- One of the few remaining opportunities for container business development in Chornomorsk Seaport.
- Located at the intersection of major transport corridors, industrial areas and key sea routes.
- Currently used for bulk cargo handling but suitable for container handling operations.
- Has significant potential and unused handling capacity.
- 6 berths with 11-15 m depth.
- All critical infrastructure is available.



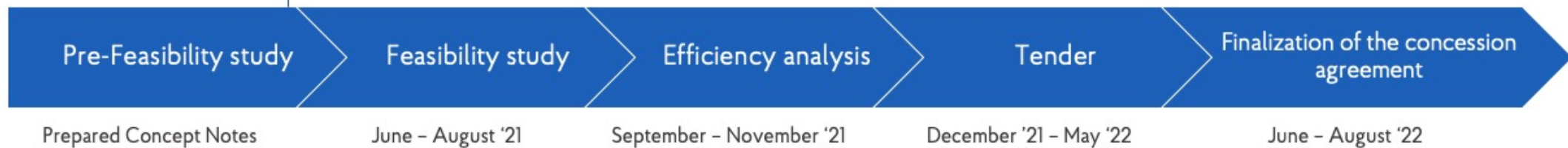
Potential  
Investment  
Opportunity



# Indicative Timeline

Market Sounding  
(current stage)

Together with the EBRD and IFC work is planned on the feasibility study, tender documents and the PPP agreement draft development



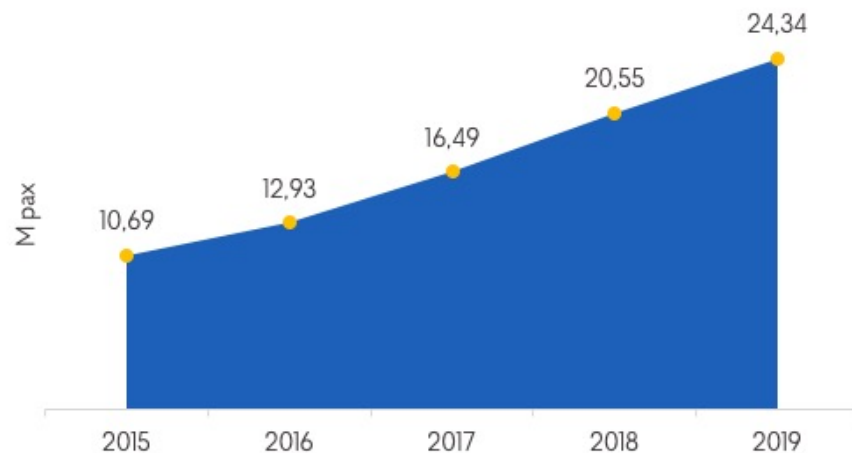


# AIRPORTS



# Passenger traffic of Ukrainian airports

Passenger traffic of Ukrainian airports has doubled for the last 5 years



Unique opportunity to develop airport facilities on a fast-developing Ukrainian market

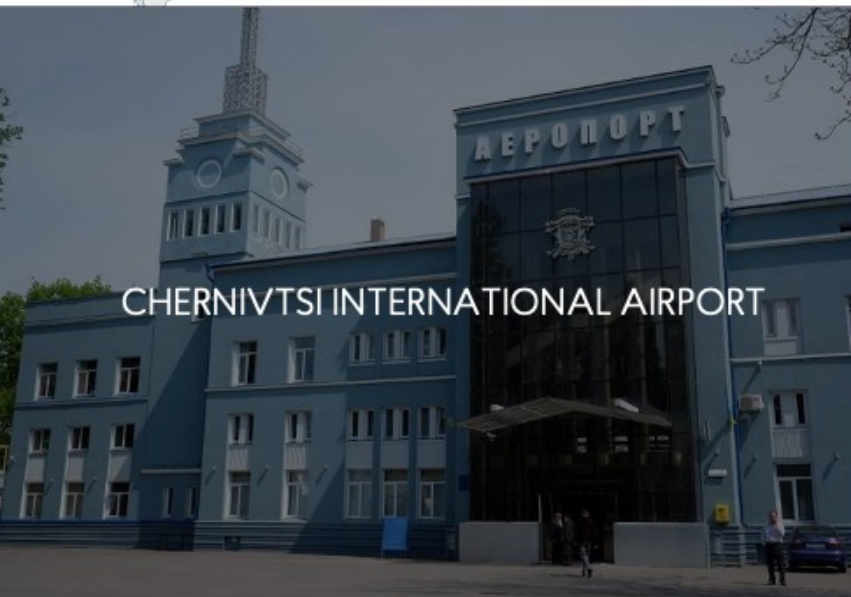
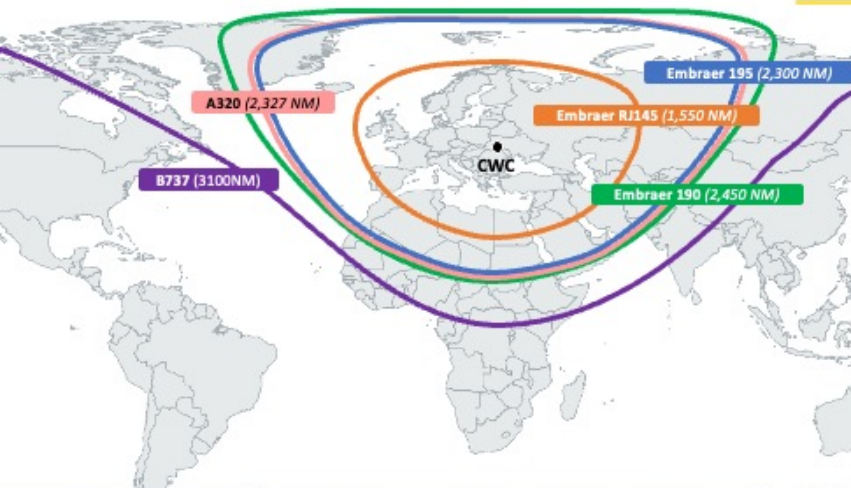


**20**  
key operating  
airports

**24.3 MM**  
total passenger  
traffic 2019

**+18.5%**  
passengers compared  
to 2018

# Chernivtsi International Airport



## Potential Investment Opportunity

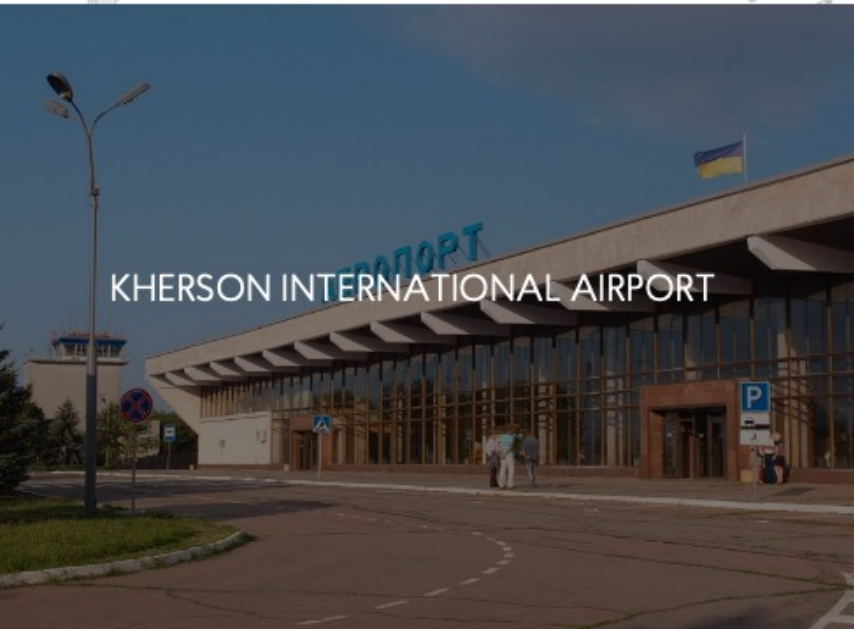
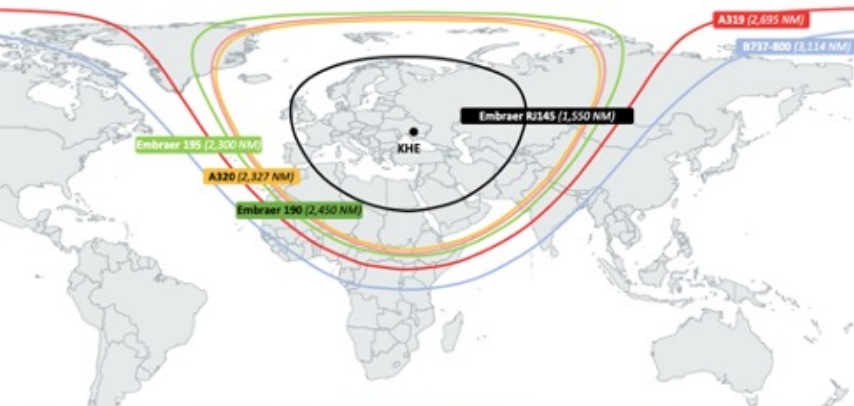
2 216 x 42 m Runway  
1 700 m<sup>2</sup> Terminal  
77 k<sub>pax</sub> 2019 Traffic  
16% Traffic CAGR '12-'19

TOTAL CAPEX	EUR 56.9 MM
Expansion & Compliance	EUR 26.2 MM
Major Maintenance & Replacements	EUR 30.7 MM

- The current runway length at Chernivtsi Airport has potential to reach main European destinations with the current aircraft mix
- Some ICAO compliances project related to the runway should be implemented: insufficient runway strip width and runway width
- RWY capacity at CWC is currently estimated at 10 ATMs/h and it will not be a constraint
- Full reconstruction and extension of the runway still required
- Current terminal prevents the promotion of traffic development without restrictions, so new terminal construction is needed



# Kherson International Airport



Potential Investment Opportunity

2 500 x 42 m  
Runway

5 550 m<sup>2</sup>  
Terminal

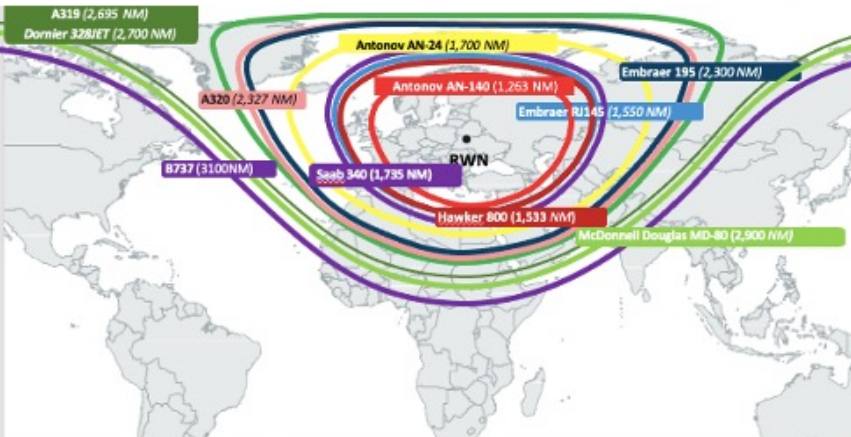
191 k<sub>pax</sub>  
2019 Traffic

107%  
Traffic CAGR '14-'18

	Without RWY extension	With RWY extension
<b>TOTAL CAPEX</b>	<b>EUR 61.4 MM</b>	<b>EUR 68.6 MM</b>
Expansion & Compliance	EUR 18.5 MM	EUR 26.4 MM
Major Maintenance & Replacements	EUR 42.9 MM	EUR 42.2 MM

- Kherson International Airport is located in southern Ukraine
- Turkish Airlines and Ukraine International Airlines serve Kherson International Airport, connecting it with Istanbul and Kiev respectively
- RWY capacity at KHE is currently estimated at 10 ATMs/h and it will not be a constraint
- Short-term development may need projects related to ICAO compliance, terminal expansion and internal reorganization (which will add a capacity of +0.3 Mpax (0.6 Mpax in total)), car parking expansion
- KHE airport management is considering the RWY expansion (+700 m. length) to compete within the cargo market

# Rivne International Airport



Potential  
Investment  
Opportunity

2 626 x 42 m  
Runway

3 610 m<sup>2</sup>  
Terminal

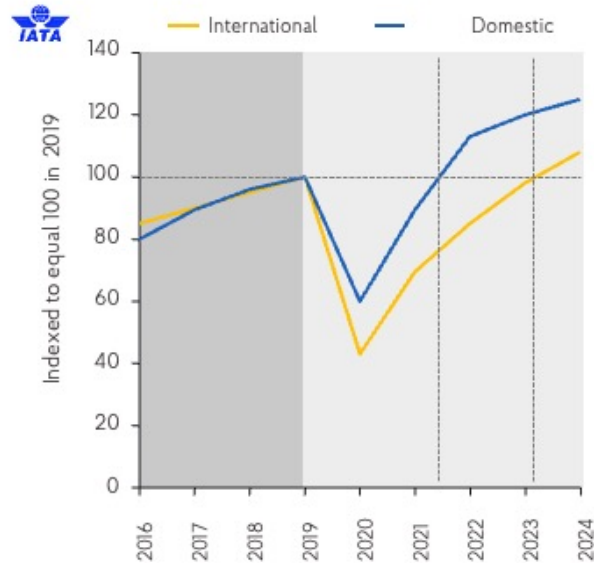
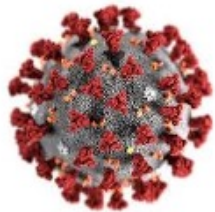
11 k Pax  
2019 Traffic

20%  
Traffic CAGR '10-'19

TOTAL CAPEX	EUR 55.7 MM
Expansion & Compliance	EUR 12.2 MM
Major Maintenance & Replacements	EUR 43.5 MM

- Airport has a favorable location on the key routes from Kyiv and Eastern Ukraine to the EU
- The current runway length has potential to reach main European destinations
- Runway lighting system is outdated and should be replaced
- Terminal capacity is estimated at 451 thousand passengers per year and 125 passengers per peak hour (PHPs), so it will not be a constraint
- Short-term development may need projects related to ICAO compliance, runway PCN improvement, taxiway and apron reconstruction, existing terminal renovation, car parking expansion

# Impact of COVID-19 and Indicative Timeline



1 RPK - total number of kilometers travelled by all passengers

Source: IATA May 13 COVID-19 update

- The aviation sector is one of the sectors hit hardest by the ongoing COVID-19 pandemic
- Based on the latest IATA estimates, globally international flight traffic will recover and reach 2019 level only in 2023





# RAILWAY STATIONS

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# Railway Stations for the Pilot Concession

## Potential Investment Opportunity

- Total areas of the existing real estate and potential new commercial development of the selected Railway Stations comprise 120 thousand sq.m. and thousand sq.m. (preliminary estimate), respectively.
- Indicative total CAPEX for the existing property rehabilitation and new commercial properties development for the selected Railway Stations was estimated more than USD 150+ MM (preliminary high-level estimate).
- Transparency and competitiveness of the tender process are to be supported by a reputable international lead advisor.

#	Name	PAX (2019), MM	Existing Main Building Area (GBA), k sq.m.	Total CAPEX, USD MM
1	Kyiv	23.4	22.1	126.3
2	L'viv	8.3	25.3	TBD
3	Odesa	5.5	12.7	TBD
4	Kharkiv	10.7	24.0	10.2
5	Dnipro	7.1	9.8	4.2
6	Vinnytsia	3.4	5.5	0.2
7	Khmelnitskyi	1.8	6.8	3.7
8	Mykolaiv	1.3	7.4	6.8
9	Chop	0.3	7.2	-
<b>Total</b>		<b>61.8</b>	<b>120.8</b>	<b>151.4</b>

\* Net of VAT, in current (Q2 2020) prices



# Concession Terms

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## **Object of the Concession:**

- Railway Stations main buildings,
- Attributable land plots with identified areas for commercial development,
- Passenger facilities.

Railway technical facilities are expected to remain with UZ.

## **Term of the Concession – 25 years.**

**Concession fee** amount will be determined during the competitive tender process.

## **Concessionaire's Key Obligations:**

- (a) rehabilitation, maintenance and operation of buildings and passenger facilities;
- (b) improvement of passenger service level;
- (c) compliance with requirements with respect to new commercial development.

Following Market Sounding, Ministry of Infrastructure has make a First Priority Kyiv+Vinnitsya and Second L'viv+1 and Odessa+1



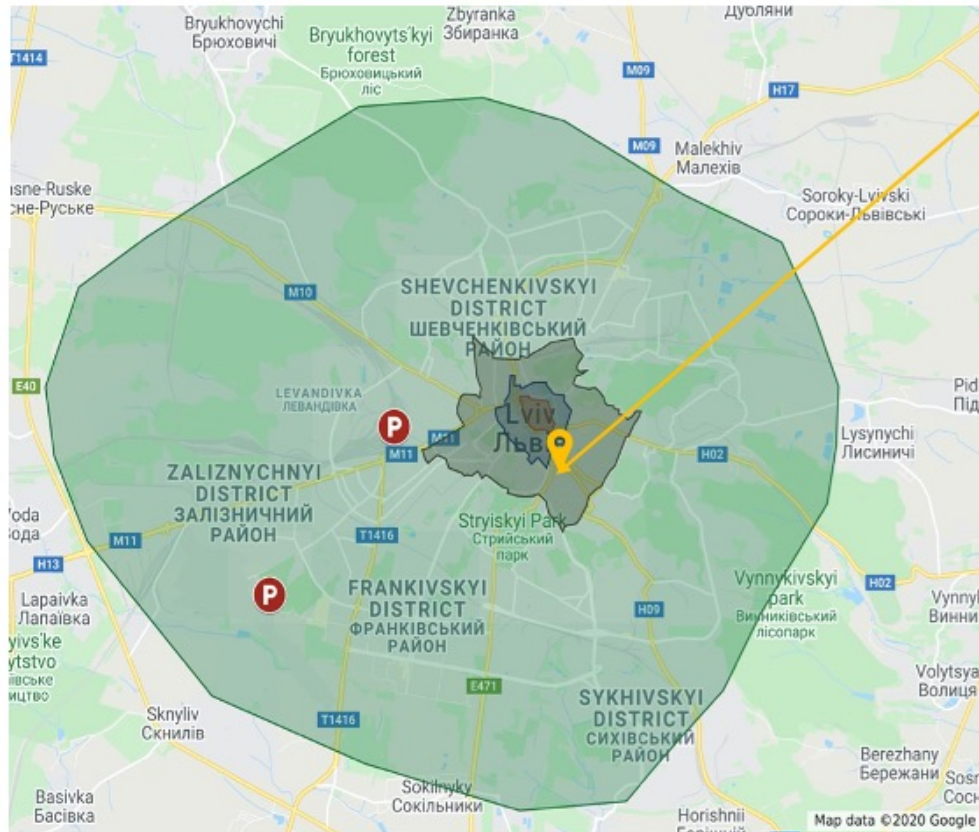
# UNDERGROUND MULTILEVEL PARKING CONSTRUCTION

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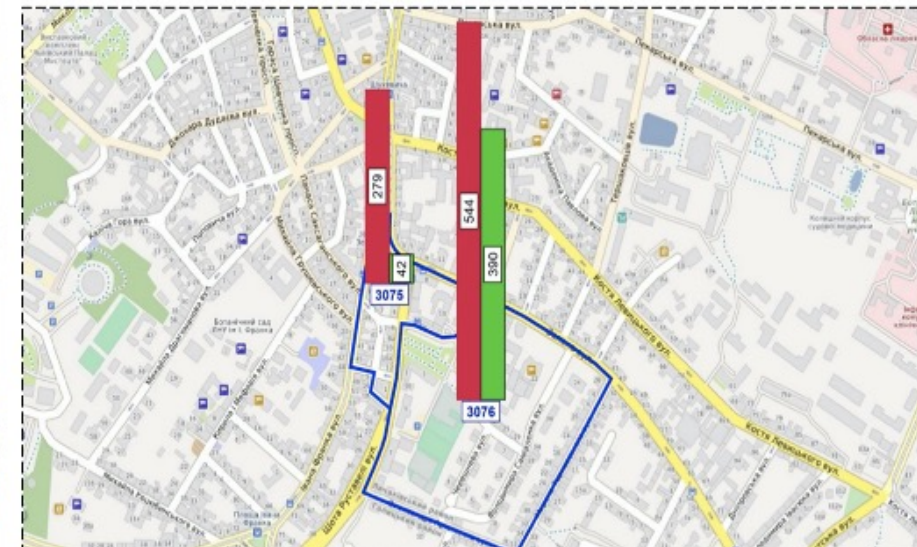


# L'viv territory parking zones

-  5<sup>th</sup> parking zone
-  5<sup>th</sup> parking zone
-  4<sup>th</sup> parking zone
-  3<sup>d</sup> parking zone
-  2<sup>nd</sup> parking zone
-  1<sup>st</sup> parking zone



The need for parking spaces in the area bounded by Shota Rustaveli Street, Zelena Street, Sq. E. Petrushevych in L'viv



 - minimum number  - maximum number

District N°3075: minimum number of parking spaces - 42, maximum - 279

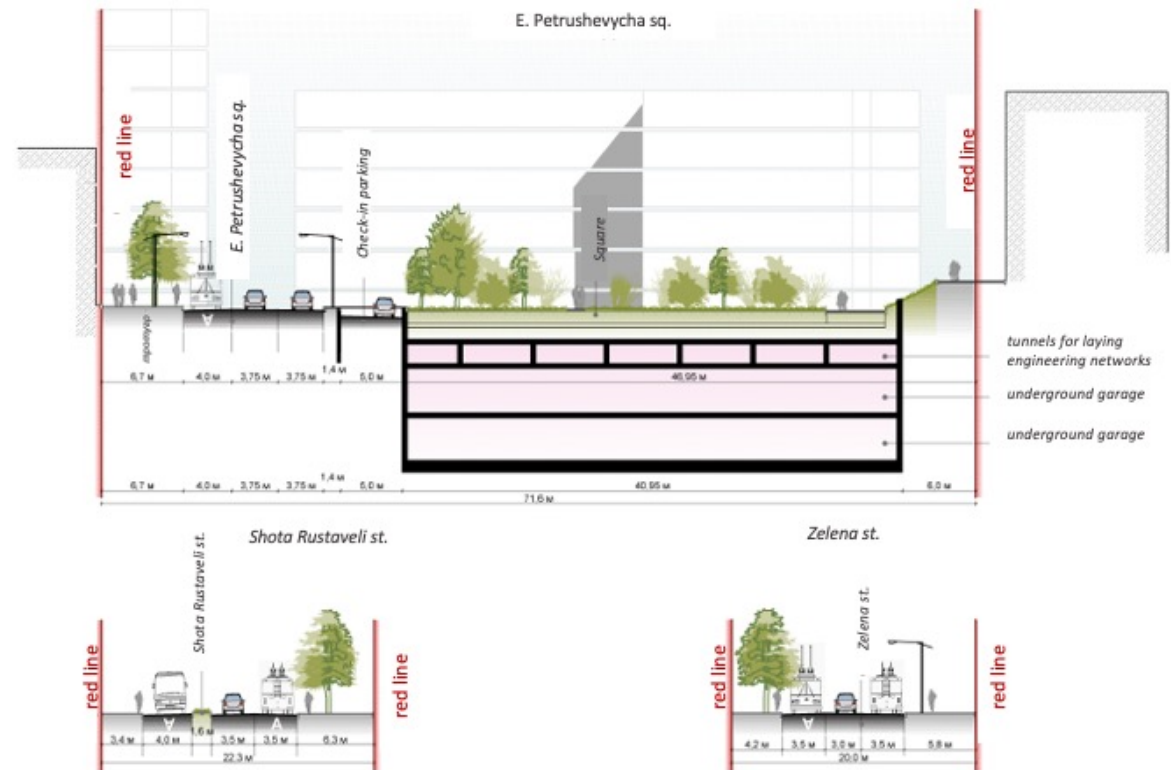
District N°3076: minimum number of parking spaces - 390, maximum - 544

# Underground Multilevel Parking Construction in L'viv

TOTAL CAPEX

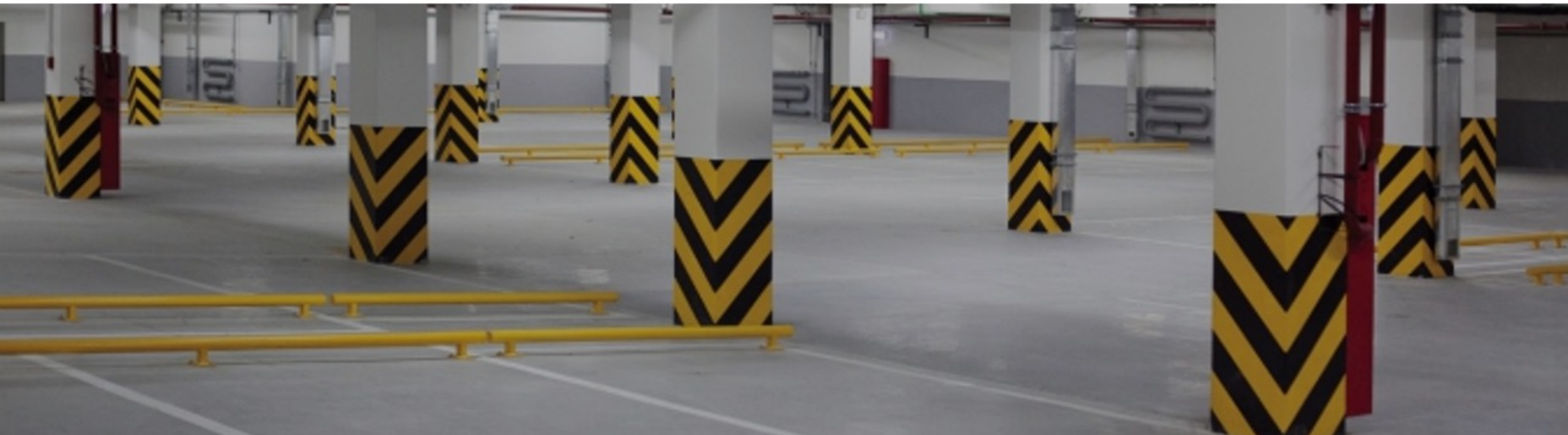
USD 10 MM

- ✓ **Underground multilevel parking construction** under E. Petrushevycha sq. (construction area 7015 sq. m) for **350 car parking spaces**:
  - 332 car parking spaces;
  - 18 parking spaces equipped by electric vehicles charger.
- ✓ **Engineering facilities relocation**
- ✓ **City square renovation** (total sq. 0,5381 ha) (possible to install a temporary construction – commercial facility) with the subsequent regulation of traffic.



Sq. E. Petrushevych is located **near the historic city center** with architectural monuments nearby ⇒ the option of **underground parking** was chosen

# Indicative Timeline





# HEALTH CARE

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# Improving the quality of medical services on the basis of the L'viv Emergency Hospital

Potential  
Investment  
Opportunity

- **Public partner** – L'viv City Council
- **Potential pilot:**
  1. Hospital consolidation PPP
  2. Laboratory PPP
  3. Imaging PPP
- **Demand potential:**
  - 0.8 MM population in L'viv
  - 1 MM population in the L'viv agglomeration
  - 2.5 million population in L'viv region
  - medical tourism
- **Integrated PPP model:** Private partner is contracted to **design, build, finance, operate** facilities and deliver nonclinical and clinical services
- Preparation of the **Pre-feasibility study**. In case of positive feedback from investors and respective decisions by L'viv City Council to launch the project, preparation of the feasibility study might start before the end of 2021 and the tender might be launched in the summer of 2022



Potential services provided by  
the private partners

# Hospital consolidation PPP

Construction of a new multi-profile hospital at the site of the L'viv Emergency Hospital (LEH)

## The concept

- ➔ The model envisions attracting a **private investor to finance, design, build, equip and maintain a new multidisciplinary hospital (PFI model)** via consolidation of existing outdated public hospitals.
- ➔ Under the model, the **staff and other resources** of the old public hospitals **will be consolidated** and will continue delivering clinical services in the newly constructed hospital.
- ➔ **The new hospital should have around 1,000 beds**, and should be developed as multi-profile acute care facilities with additional bed capacity for psychiatry and TB
- ➔ **Indicative total CAPEX** - over EUR 50–60 MM





# Laboratory PPP

## Construction of a network of laboratories using hub-and-spoke model

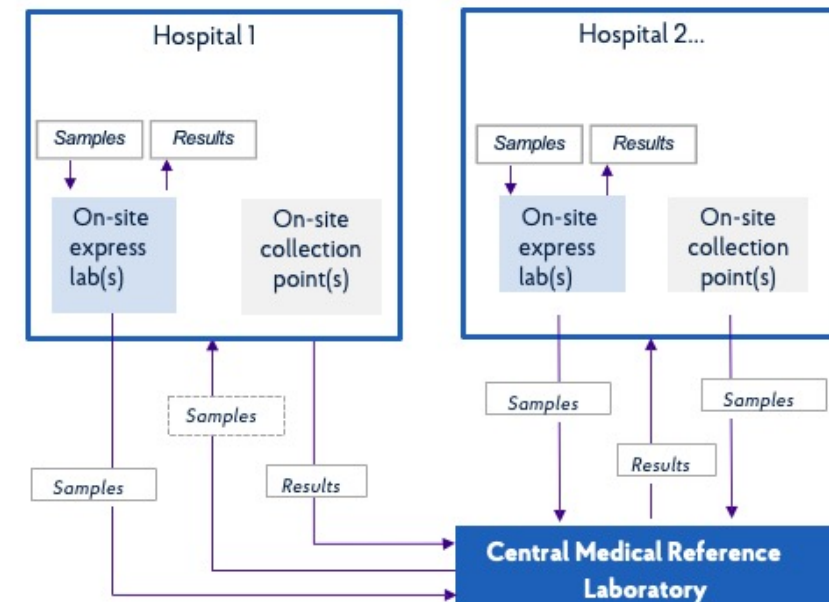
### The objective

Develop modern laboratory services including Biochemistry, Pathology, Histopathology, Haematology, Cytology, Immunology, Microbiology and Modern molecular-biology services across the L'viv oblast.

The the Project **envisions a private investor**

- ➔ to **build, equip and operate** a network of laboratories using **hub-and-spoke model**
- ➔ and **delivering** a wide range of quality **medical tests** to participating public healthcare facilities in L'viv
  - to patients referred and reimbursed for by public facilities (the “**Public patients**”) and
  - patients paying out-of-pocket and/or referred by private clinics or self-referred (the “**Private patients**”) )

### The concept



# Imaging PPP

Construction of a central imaging center or a network of imaging departments which will serve LEH and other hospitals

## The objective

Develop a central diagnostic imaging center or a network for LEH and other selected hospitals through a **hub-and-spoke model**. This would provide the required range of diagnostic imaging services, partially interpreted through a telemedicine-based IT solution, efficiently and under a quality assurance framework.

The the Project **envisions a private investor**

- ➔ to **finance, equip, maintain, operate a network of imaging centers**
- ➔ and to **deliver imaging diagnostics services** to public and private patients and hospitals, part of which could be interpreted through telemedicine-based IT solutions

## The concept





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