

Opportunities for Agricultural PPPs in Ukraine

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Session Overview

1. Review of Definition of “PPP” and key stages of the PPP Project Management Cycle
2. Understanding the Potential Benefits of PPPs in Agriculture for Ukraine
3. Potential Opportunities for PPPs in Agriculture in Ukraine
4. Key Strategies for Developing PPP Opportunities for Ukraine
5. Understanding PPP “Bankability” Requirements
6. Discussion Questions for Next Steps

1-Review: Definition of PPPs

- Definition:

Public-Private Partnerships (PPPs) are a form of legally enforceable contract between the public sector and private sector, which requires new investments by the private contractor (money, technology, expertise/time, reputation, etc.) and which transfers key risks to the private sector (design, construction, operation, etc.), in which payments are made in exchange for performance, for the purpose of delivering a service traditionally provided by the public sector.

Review: The PPP Project Management Cycle

Phase 1:
PPP Project
Initiation,
Screening, &
Selection

Phase 2:
PPP
Feasibility
Analyses &
Proposed
Risk-Allocation
Structure

Phase 3:
PPP
Tendering
&
Procurement

Phase 4:
Final PPP
Contract
Signing
&
Financial
Closure

Phase 5:
PPP Contract
Management
Performance
Monitoring

2-Potential Benefits of PPPs in Agriculture for Ukraine

- Provide more new investment in Agricultural infrastructure, services, and facilities than the public sector can do on-its-own.
- Provide access for Ukraine's agricultural exporters to more foreign markets
- Better Value for Money: Improve quality of services, efficiency and reliability

3-Potential Opportunities for Agriculture

PPPs in Ukraine

- ✓ Construction, Operation & Management of Irrigation Projects:
- ✓ Construction & Management of networks of Cold Chain Storage Facilities:
- ✓ Construction & Maintenance & Management of Marketplaces for fruit, vegetable, & local agriculture products:
- ✓ Construction & operation of agricultural storage facilities
- ✓ Recycling of Agricultural Wastes/BioFuels

4-Key Strategies for Developing PPP Opportunities in Agriculture in Ukraine

- **Build the Pipeline:** Identify a Pipeline of PPP candidate projects in the Agriculture Sector
- **“Full PPP Feasibility Studies, Not just Project Concepts”:** PPPs need feasibility studies that analyze and allocate ALL project risks in detail.
- **Prepare to Share Risks:** Allow specific options for the public sector to share certain risks in Agriculture PPPs, that the private partner cannot control or manage (especially market/demand risks)
- **Transparent Governance:** Ensure fair and competitive procurements for Agricultural PPPs
- **Stakeholder Inclusion & Management:** Political leadership to ensure that all public sector stakeholder organizations & end-user stakeholders (farmers, cooperatives, agro-transport operators, etc.) are involved in and committed to the sustainability of the PPP.
- **Standardization:** Develop consistent/model PPP Contracts and PPP Bid Packages, etc.

5-“Bankable” PPP Projects:

- A “bankable” PPP investment is one that:
 - Has been thoroughly studied, and all risks have been identified, analyzed, and allocated through clear PPP contracts
 - Has clear performance requirements (output levels of service) from which private developers can confidently develop their own cost proposals.
 - Offers expected/attractive returns for private investors (Returns on Equity) and commercial lenders (interest rates & debt service coverage ratios)
 - Other, similar PPPs in the country or sector indicate that private investors and lenders are already making money.

6-Discussion Questions: Next Steps

- Which Agricultural sub-sectors in Ukraine are the most important priorities for attracting new investments from PPPs?
- What are the most important risks to PPPs in Agriculture in Ukraine, and how should they be allocated?
- Will Ukraine's public sector organizations be able to provide the risk-sharing mechanisms needed to make Agriculture PPPs "bankable" to private investors?
- What is the biggest challenge to bringing all the key stakeholders together to support PPPs in Agriculture in Ukraine?