

The logo consists of the letters 'S', 'E', 'I', 'L', 'N', and 'O' in a white, sans-serif font. The letter 'E' is replaced by a 3D wireframe cube with green and yellow edges. The background features a dark blue and black grid with various white icons such as gears, a Wi-Fi symbol, a double-headed arrow, and a document with a dollar sign.

SEILNO

End-to-end Digital Governance Tools for rebuilding war-damaged infrastructure of Ukraine



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Background



In 2019, the EBRD launched two technical support projects to help the Government of Ukraine to digitalize concessions, including special e-tender for concessions:

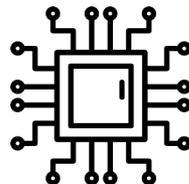
- 1) Policy paper, regulatory framework and technical concept for eProcurement for PPPs, including concessions
- 2) Localisation of SOURCE platform by Sustainable Infrastructure Foundation in Ukraine



Regulation #909 "On the procedure for conducting a concession tender and competitive dialogue in the electronic trading system" adopted August 20, 2021



Sustainable Infrastructure Foundation (SIF) prepared a localization of SOURCE platform for Ukraine



SOURCE2PROZORRO

Development of an electronic trading system started for a pilot concession projects in the field of ports and roads



SOURCE2Prozorro – A concept for an end-to-end online digital project life-cycle for PPPs/concessions

PROJECT PREPARATION

Project Preparation and International Market Consultations are supported by a new **SOURCE** platform module developed in partnership with the ETS Administrators



CONTRACT MANAGEMENT

Contract Registration, Contract Management and Service Performance Monitoring is performed by the Grantor in the new **SOURCE** platform module developed in partnership with the ETS Administrators

01

TENDER PREPARATION

Tender Preparation, Applicants Registration and launch of the tender for concession is performed through relevant ETS: Prozorro or Prozorr.Sale



TENDER PROCESS

Tendering process is delivered by the ETS functionalities, as required for the type of transaction: Online Pre-Selection or Post-Qualification; Online Bid Submission; Multi-criteria Evaluation(semi or fully automated); Contract Negotiations by Tender Committee; Contract Signing

03

04

02

Source2Prozorro for e-PPP/Concessions



Infrastructure project design and preparation

Call for proposals

Contract signature

Receipt of services

Expiration of service period and guarantees

Project Preparation & Planning

Data Room

Initial Market Consultations

Tender Preparation

NDA Data Room

Market Consultations

1 stage tender

2 stage tender



Contract Registration and Performance Management

Execution of Financing

Execution of Infrastructure

Service Performance Management

Reporting and analysis



Russian invasion significantly changed priorities

- Thousands of infrastructure objects have been destroyed or damaged in all the regions of Ukraine
- Ukraine needs significant amount of financial and technical resources to rebuild war-damaged infrastructure
- The regular procurement projects funded by the state and donors will be the main drivers of the recovery
- While the government-pay PPPs and concessions remain a key mechanism to attract private capital to the rehabilitation of Ukraine
- The general legal framework for the UA Recovery should be developed (the Recovery Law)
- The PPP and procurement procedures needs to be simplified to be effective for rebuilding
- UA requires new and comprehensive end-to-end Digital Governance Tools to ensure a unified and transparent reconstruction process



992
educational
institutions

580
healthcare
facilities

30 ths km
roads

35 mln m²
residential
buildings

156
industrial
warehouses

5 ths km
railroads

7
TPP/GES

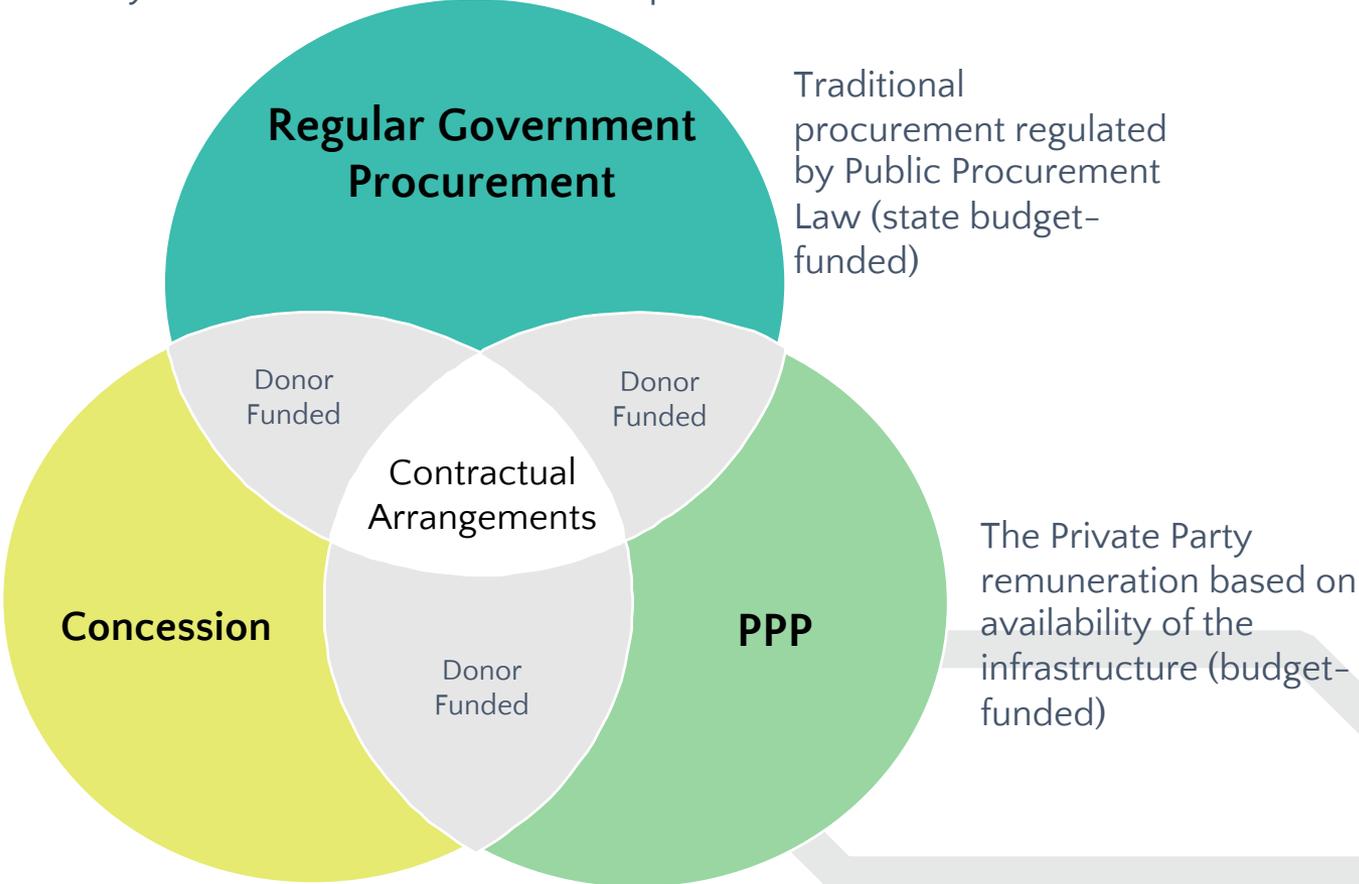
22
airports

295
bridges

Source : KSE, as of May 11, 2022

How digitalisation can help

Digital tools shall allow for more effective infrastructure project preparation, procurement and contract management, including contracts awarded under public procurement laws and funded by government), contracts funded by MDBs/donors and by direct private investment



The donor-funded (co-funded) projects may require to follow separate procurement rules, as set up by international agreements between UA and donors.

EU Fund and other donor funding are expected to be a main source of co-financing and financing long-term liabilities

The EU Fund is created for a long period of time with constant renewal of contributions from donor countries

The EU Fund can service long-term liabilities

Stability

Ukraine participates in co-financing of the fund (at the expense of taxes)

Ukraine participates in the management of the fund

Co-financing

Capital from the fund is procured in line with new special legislative framework for reconstruction

Minimum procurement standards of 2012 WTO GPA shall be respected

The EU-harmonized Ukrainian legislation on public procurement shall be used as applicable

Special attention is paid to the employment of Ukrainians and local small business

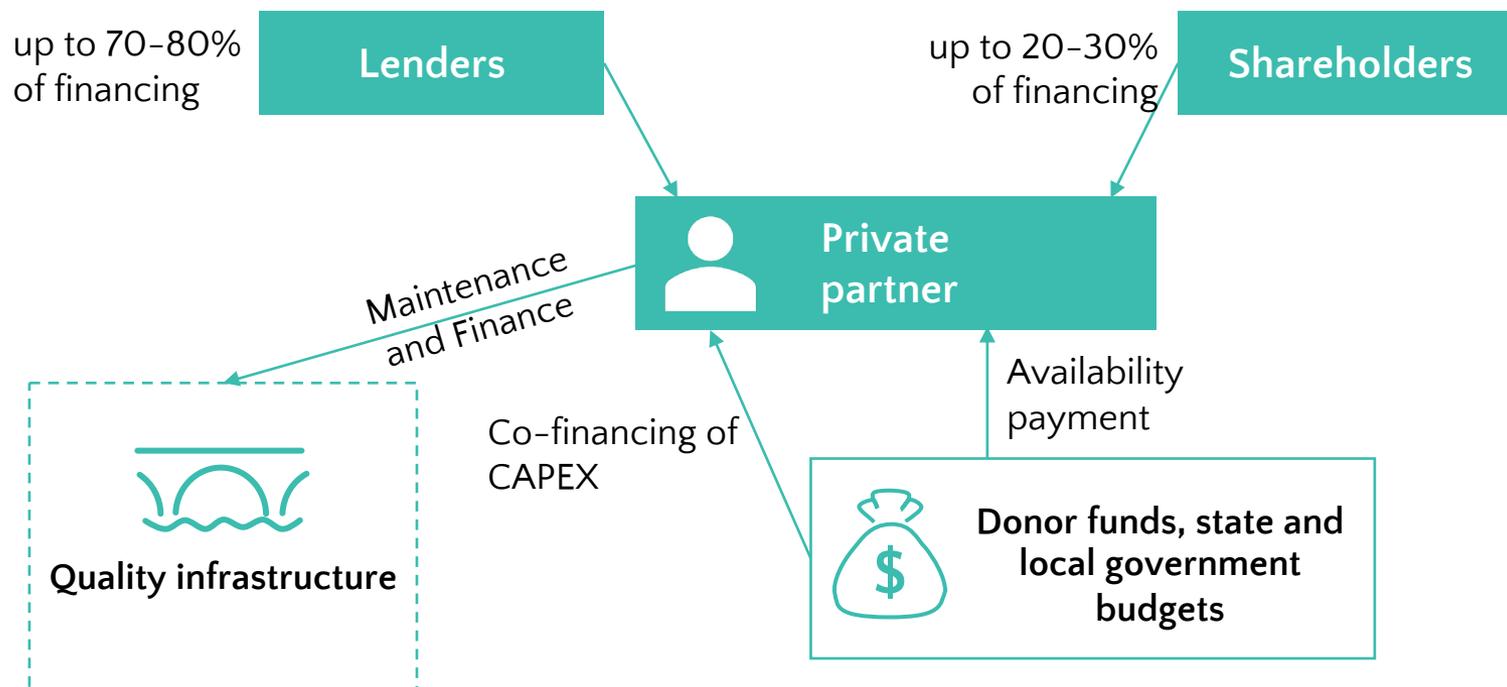
Transparent procurement

The fund provides grants to cover part of the capital expenditures

The Fund makes long-term commitments under the PPP, issues debt instruments

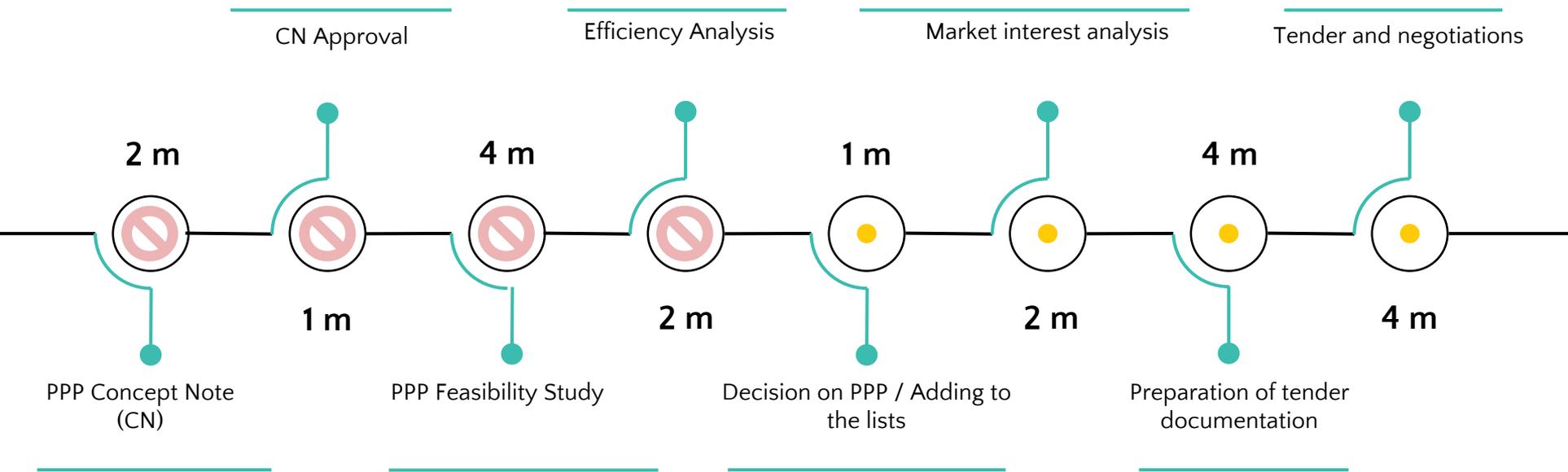
Funding and financing

Case study (1) –The government-pay PPPs



- Majority of the financing comes from the EU Fund and other countries in the form of grants during construction, and the rest is covered by state central and local budgets in installments over 10-15 years in the form of a fee for operational readiness.
- The private partner finances the part of the construction cost that is not covered by the grant. It receives an availability payments if the project meets the quality requirements after the commissioning (payment depends solely on the efficiency of the private investor)
- In case of early termination of the contract the state guarantees the return of funds to creditors. It also guarantees the return of shareholders' equity in case of war risks. An effective mechanism for war / terrorism risk insurance should be created (following the example of Israel, USA)

Case study (2) – The PPP preparation timeline for post-war recovery projects

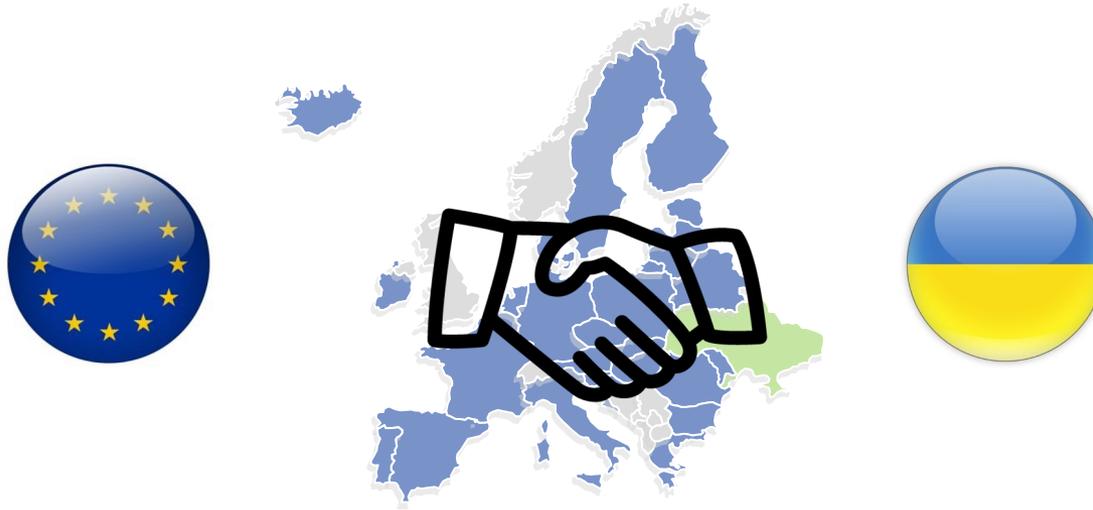


Procedure Shortened
from **20** to **11** months

Following a successful pilot, similar projects can be prepared

in **7-8** months

Ukraine becomes an EU candidate country – opportunities and commitments



Directives 2014/24/EU and 2014/23/EU of
the European Parliament and of the Council

If Ukraine expects to become an EU member state and receive the co-financing from the EU Fund, laws of PPPs/concession and public procurement must comply with the EU policies on concessions and public procurement

Integration of existing and new systems is key

01. Damage Register

Extent the KSE register tool to identify destroyed infrastructure and needed upgrades

03. Sector Tools

e-Construction and other dedicated tools to be developed for the market participants

05. ETS Prozorro

Use of existing capacity of Prozorro

07. Contract Management in SOURCE

Upgrade the public contract register, and add contract performance management

09. e-Monitoring systems

Dedicated OCDS-based analytical tools for government and civil society monitoring infrastructure projects

02. Portfolio management

Develop the prioritization tools against a consistent set of criteria for rehabilitation and upgrades

04. Project Preparation in SOURCE

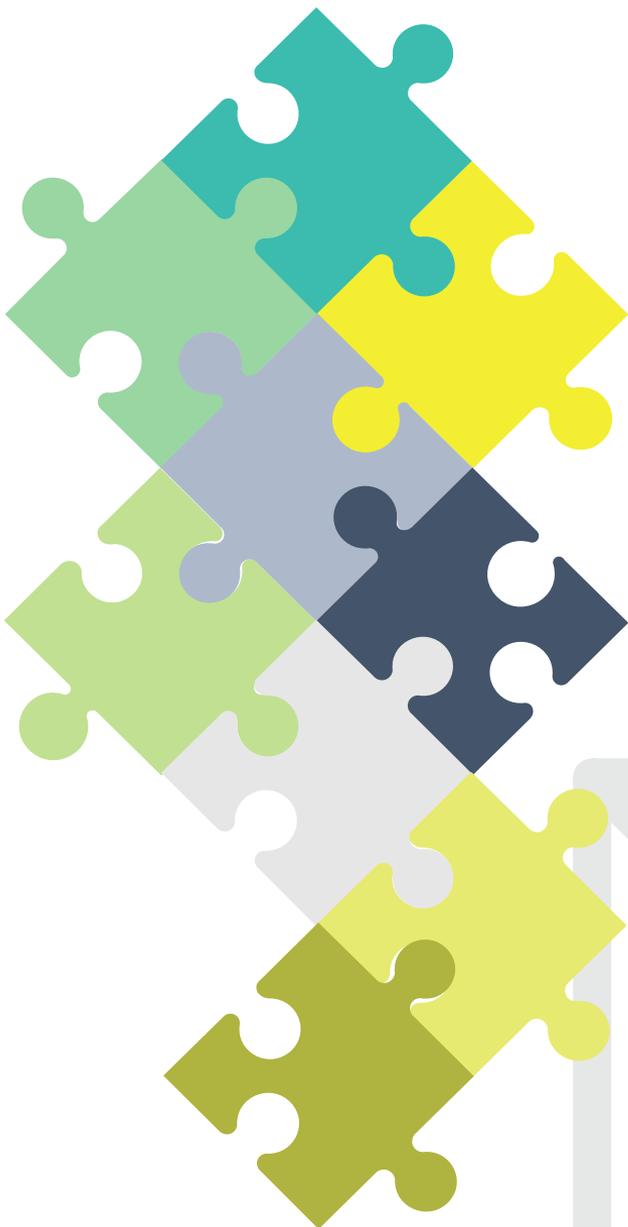
Update the Project Preparation Module for Ukraine: Identification, appraisal, structuring

06. New process engine and automation for ETS Prozorro

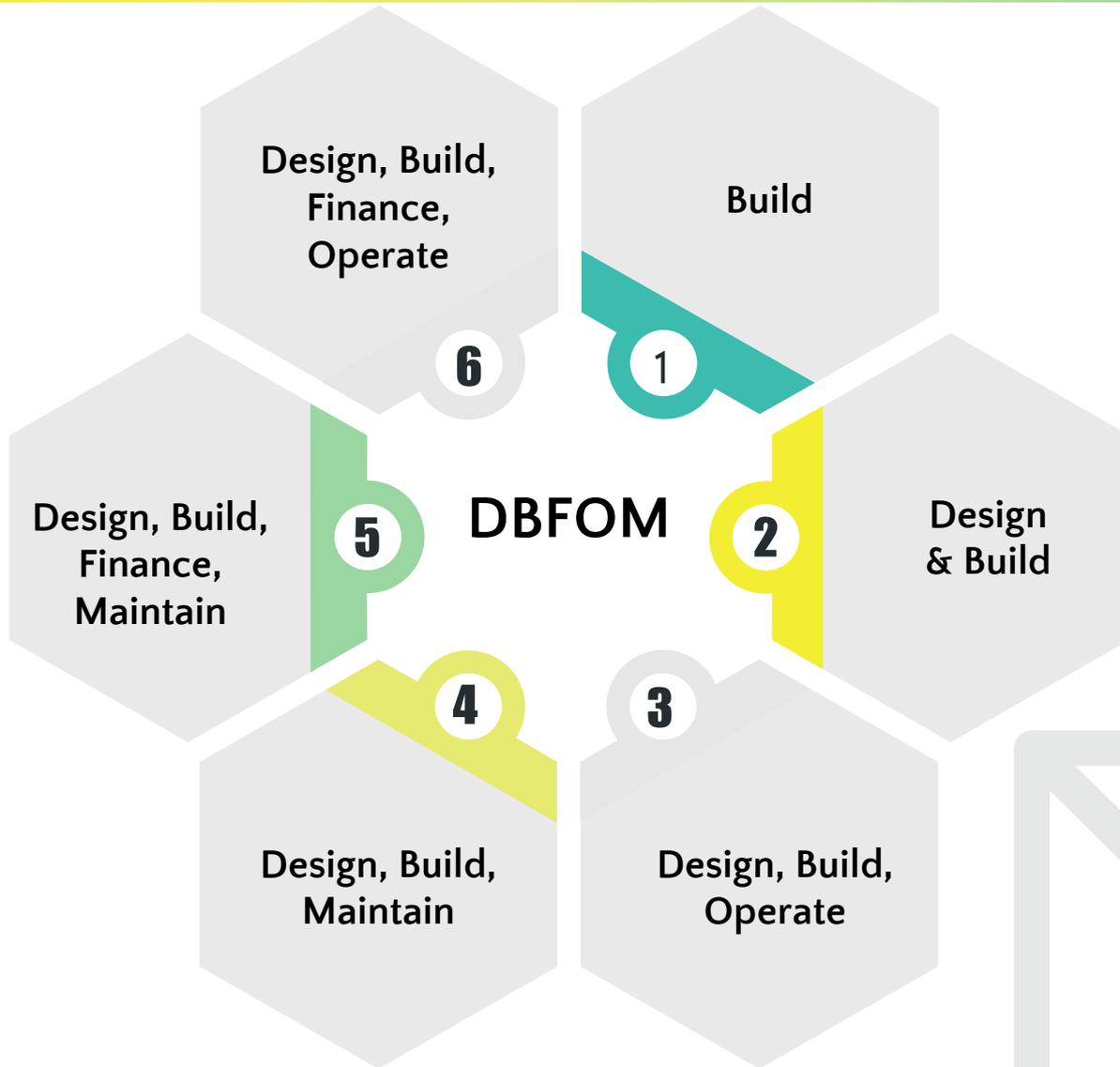
Online ESPD-based qualification and selection and online multi-criteria evaluation

08. e-Reporting modules

Dedicated project and portfolio-level reporting including reporting to donors



All reconstruction contracts can be managed digitally



The SOURCE2Prozorro ETS is designed to support several infrastructure contract models, from Build (B), to Design, Build, Finance and Operate (DBFO) and Design, Build, Finance, Operate, and Maintain (DBFOM)

Transition to digital PPP/concessions in line with EU Directives 2014/24/EU and 2014/23/EU

- Project Definition
- Project Appraisal
- Project Structuring
- Market Sounding
- Tender Preparation

Pre-tendering



- Tender Launch
- Pre-Qualification
- Application & Verification
- Bid Submission
- Bid Verification
- Tech & fin evaluation
- Defining a Winner

Tendering, on-line contract, contract register



- Contract administration
- Financial closure
- Pre-project activities
- Project activities
- Construction and commissioning
- O&M and Hand Back

Post-tendering



- Analytical tools for statistical analysis, reporting and monitoring

Projects preparation module

Planning and market communication module

Online submissions module

Online multi-criteria qualification module

Online automated multi-criteria evaluation module

Contract awarding module

e-Contract module

e-Contract management module

Digital Infrastructure Project Life Cycle in Ukraine

