

# PPPS IN UKRAINE: IMPORTANCE, BOTTLENECKS AND PERSPECTIVES

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Irina Zapatrina, Chairman of the Board of Ukrainian PPP Center,  
doctor of economics, professor

Olena Kucherenko, Director of Department of the Ministry of  
Economic Development and Trade of Ukraine



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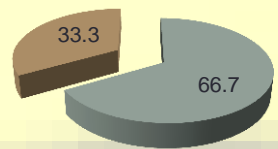


# **WATER SUPPLY AND SANITATION IN UKRAINE: THE CURRENT SITUATION**

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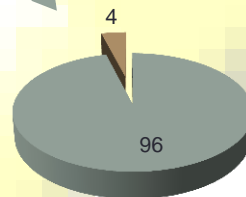
# Water Supply and Sanitation - 2013

## Availability



■ available ■ not available

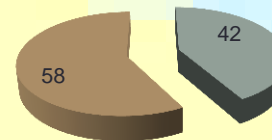
## Water supply



■ All day ■ On hours

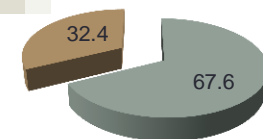
## Technical issues

### State of Water networks



■ Normal ■ In emergency state

### Losses of water

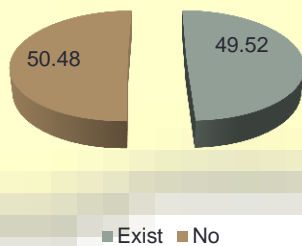


■ Consumed ■ Losses

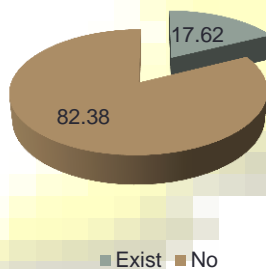
# Metering of Water and Waste Water - 2013

## Technological

Water Supply

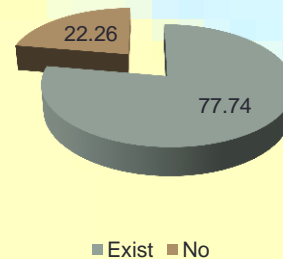


Sanitation

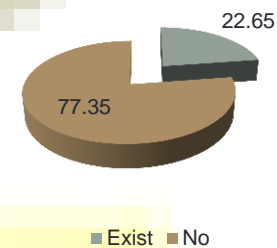


## Commercial

Water - individual private buildings

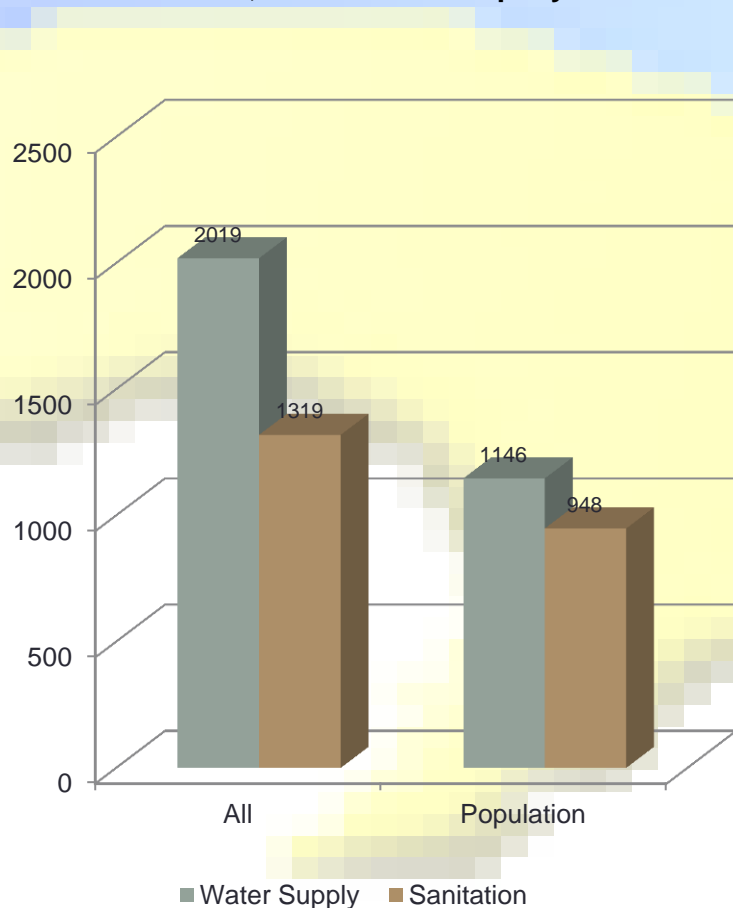


Water - Multi-apartment buildings

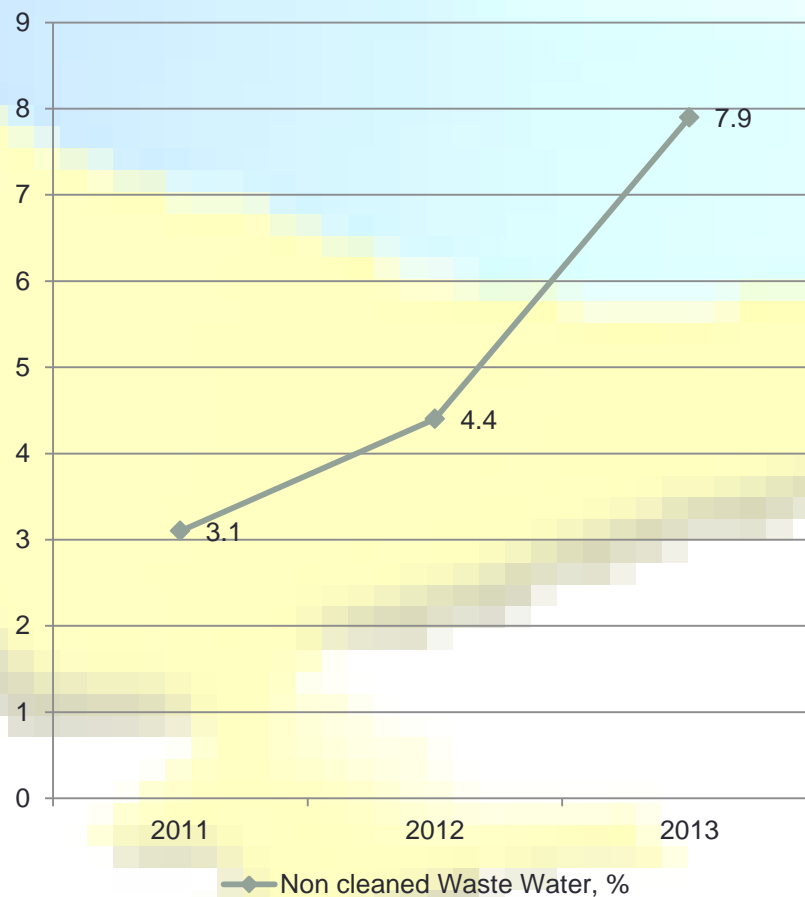


# Situation with Sanitation - 2013

Volumes, mln cub. meters per year



Untreated Waste Water, %



# Plans for investment in Water Supply and Sanitation for 150 utilities, 2014

Tariffs for Water Supply and Sanitation (covering the cost, %)

	2013	2014
Water Supply	60	100
Sanitation	81	100

The National Regulation Commission has adopted 104 investment programs for 2014 on total value approximately \$95,4 mln

Projected savings – 95,4 mln kW of electricity per year

# PPP Contracts on Water Supply & Sanitation

**76 contracts** have been signed on Water Supply and Sanitation (73 concession contracts and 3 joint activities' contracts), **56** of which were concluded in the Crimea, temporarily occupied by Russia. Unfortunately, today is not possible to make an analysis of implementation of public-private partnership projects in Crimea.

Water concessions have been implemented in the settlements with population from 0.5 to 200 thousand.

Duration of concession contracts is from 10 to 50 years

2 concessions have been terminated:

- Lugansk – 2008-2013
- Berdyansk – 2008-2013

# Potential for Small and Medium PPPs

Size of settlements	Water Supply & Sanitation Utilities		Population in settlements (among those in Ukraine which have Water Supply & Sanitation)		Population that has no centralized water supply & sanitation, mln persons
	Quantity	Part of total in Ukraine, %	Number, mln persons	% of total	
More than 100 thousand	67	4,2	22,5	75	
Less than 100 thousand	1528	95,8	7,5	25	15



# Potential for Small PPPs

Size of settlements	Water Supply & Sanitation Utilities		Population in settlements (among those in Ukraine which have Water Supply & Sanitation)		Population that has no centralized water supply & sanitation, mln persons
	Quantity	Part of total in Ukraine, %	Number, mln persons	% from total	
More than 30 thousand	150	9,4	26,7	89	15
Less than 30 thousand	1445	90,6	3,3	11	

# Some conclusions

- Ukraine's Water and Sanitation System urgently needs modernization
- As results of the recent events in the East of Ukraine the situation with Water Supply & Sanitation has been deteriorated very much
- Most problems of water supply and sanitation are in a small and medium-sized settlements which have no money, knowledge and institutional capacity

# BOTTLENECKS

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# PPP legal environment

- Objects of Water Supply & Sanitation are in municipal ownership and can not be privatized
- Ukraine has PPP legislation (Concession Law of 1999, PPP Law and Law on peculiarities of concession in Water & Sanitation – of 2010)
- Legal regulation of Water Supply & Sanitation in Ukraine is imperfect and now is under reforming
- No project has been implemented using PPP Law since 2010
- Concession legislation is not perfect, but could be used for implementation of PPPs

# Institutional environment

- We have the National State Regulation Commission on Energy and Communal Services which regulates (licensing, tariffs setting, quality) water supply and sanitation services – for settlements with more than 30 thousand people
- The Ministry of Regional Development, Construction and Housing & Communal Service due to the legislation has to adopt main contract conditions for Water Supply & Sanitation PPPs
- Ministry of Economic Development and Trade is a specially authorized body, which forms the state policy in the PPP sphere. It has a special unit that is responsible for the PPP at the national level. Also, this unit is responsible for the PPP methodology and training
- Regional state administrations and Municipalities have no PPP units and specialists having necessary knowledge on PPPs. As a rule all issues related to PPP are prepared by the specialists from Regional or Municipal Investment Departments
- Ukraine has established practice of attracting External Consultants for PPP development from International Donors (USAID, WB). However public authorities do not deem as acceptable to finance consultants from the state and local budgets. In their opinion it is not an efficient way to spend public funds

# Weaknesses

- Some PPPs in Water Supply & Sanitation have been positive, some - negative, others have just started
- Lack of information about positive experience of PPPs in Water Supply & Sanitation in emerging economics and lack of understanding of mechanisms that could be suitable for Ukraine
- Lack of experience of cooperation between politics/public authorities and people, between politics/public authorities and business
- Public authorities (especially at the state level) are afraid to meet misunderstanding of population and opposition in their wish to start PPPs (to attract private business in infrastructure)

# Some conclusions

- Small and Medium Water PPPs are mostly demanded in Ukraine now. It is much more easy to implement them in the current political and economical situation (less risks, less conflict of interests, more trust from population to local authorities)
- Local authorities have no institutional capacities and facilities to prepare good PPP projects (lack of knowledge and money for consultants)
- Local authorities, local business and population have insufficient information on successful PPP experience in Water Supply & Sanitation in emerging markets. Their understanding of PPP opportunities are very restricted

# PERSPECTIVES

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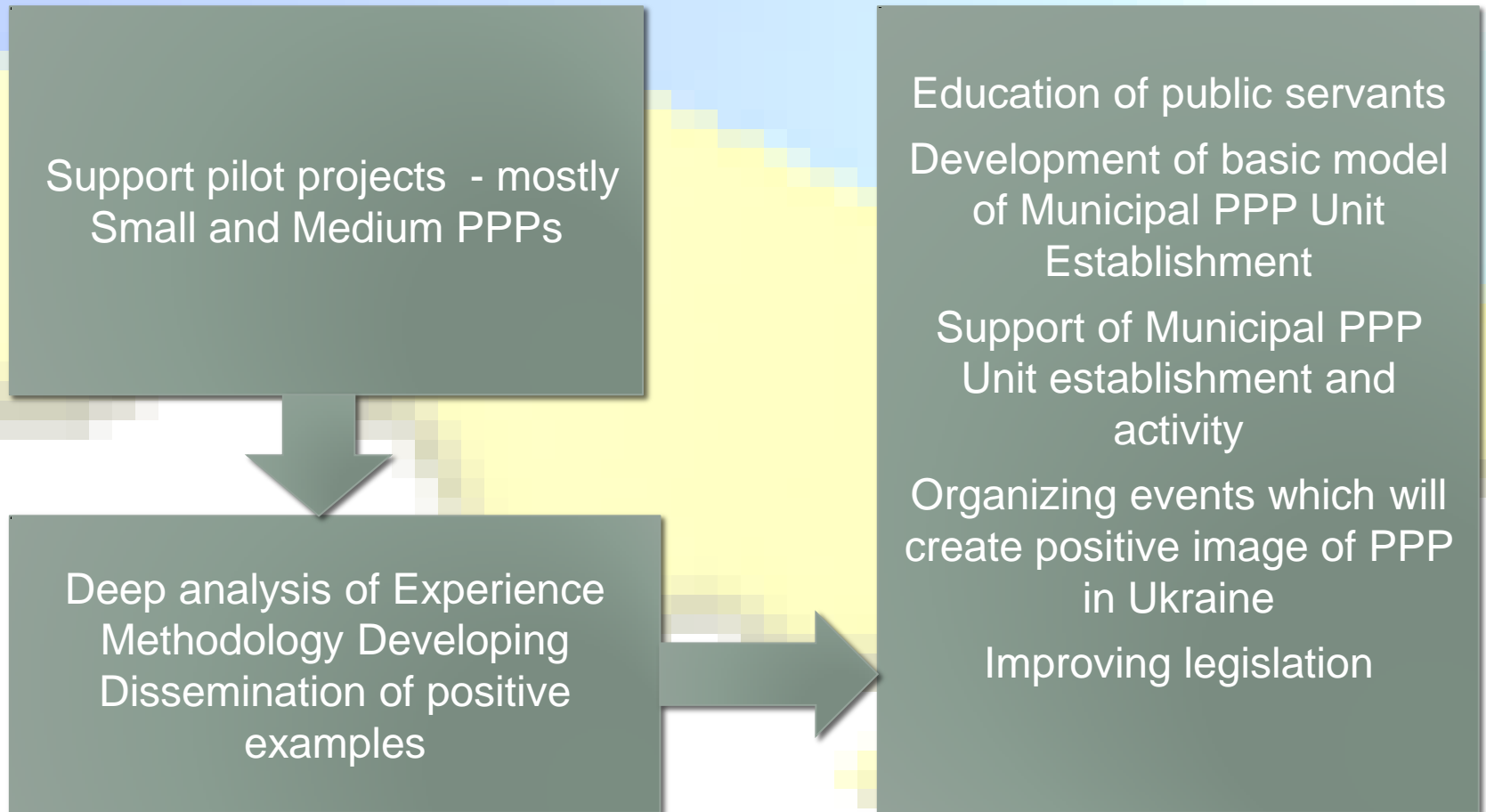


# Main tasks in Water Supply & Sanitation Systems Modernization

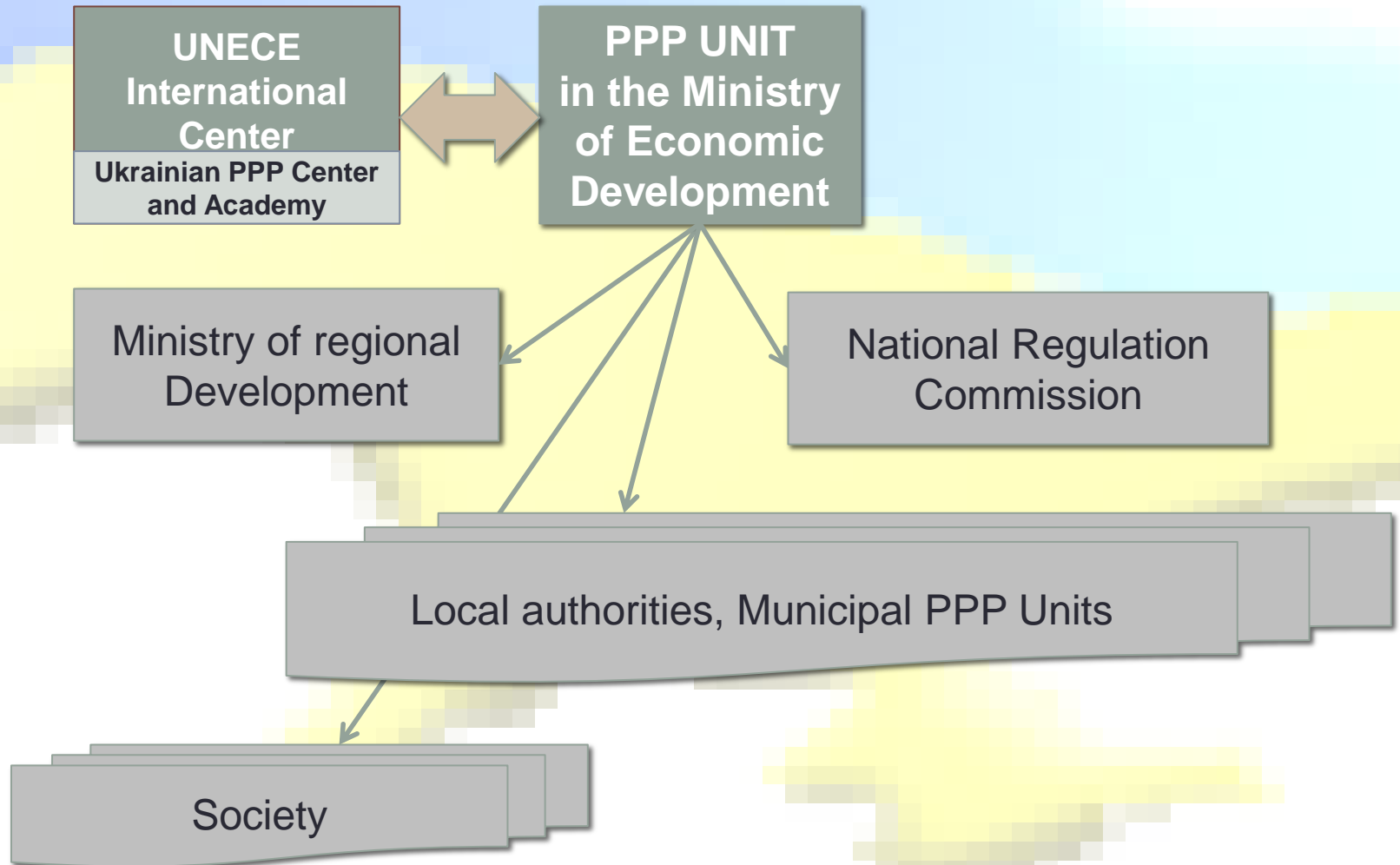
Attracting private business (local and foreign) to Water Supply & Sanitation System modernization is extremely important for Ukraine today. Especially it is important for the East of Ukraine where these systems have been partly destroyed in connection with the military operations. It will allow us:

- to provide population with clean water and as consequence to improve health and productivity of population, and increase the lifespan
- to provide population with sanitation services and as consequence to improve the quality of life and environment
- to increase employment, decrease social tension in society, create the basis for Sustainable Development of Ukraine
- to build trust in society, decrease political instability

# What should be done to speed up PPP in Ukraine



# Implementing Water PPPs in Ukraine



## **We would be grateful for assistance in:**

- Acquaintance of an experience on Water and Sanitation Small & Medium PPPs in countries with emerging economies
- Acquaintance of an experience on successful Municipal PPPs organizing and activity
- Acquaintance of encouraging external consultants for PPP design in countries with emerging economies
- Support with preparation of Manuals adopted for Ukraine Conditions
- Participation of representatives of municipalities from countries with the best practices in PPP events in Ukraine
- Presentation of successful foreign experience in this area for Ukrainian local authorities

# Thank you for your attention



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