



European Bank
for Reconstruction and Development



Ministry of Transport and Communications
of the Republic of Belarus



*M-10 highway
PPP pilot project
in the Republic of Belarus*
Preliminary Information Memorandum



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Introduction

The purpose of this document is to provide preliminary information on the M-10 highway PPP project (the “Project”) to potential Project stakeholders who may be interested in the Project including developers, investors, lenders, etc.

This document has been prepared by the Ministry of Transport and Communications of the Republic of Belarus (“MoTC”, “Ministry of Transport” or “Public Partner”), and the consortium of MoTC’s advisors (PricewaterhouseCoopers, Ove Arup & Partners International Ltd, CMS Cameron McKenna Nabarro Olswang LLP and Egorov Puginsky Afanasiev & Partners) appointed by EBRD to assist MoTC in the development and procurement of the Project.

The document is presented on behalf of MoTC in good faith and on the basis of information provided thereto that is believed to be accurate, complete and appropriate, however no representation or warranty, expressed or implied, is given by MoTC, its representatives, MoTC’s advisors with regard to the accuracy, completeness and appropriateness of the information contained in the Preliminary Information Memorandum.

Key highlights of the PPP project

<i>Public Partner</i>	The Republic of Belarus, represented by Ministry of Transport and Communications of the Republic of Belarus.												
<i>Project scope</i>	The Private Partner will be responsible for the design, construction, finance, operation and maintenance (DBFO) of 5 sections of the M-10 highway with a total length of 85.25 km.												
<i>Capital expenditures (estimate)</i>	EUR 185.8 million.												
<i>Payment mechanism</i>	<p>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.</p> <p>It is anticipated that availability payments will be, in general, structured in two components:</p> <ul style="list-style-type: none"> • Capital component, which will provide for the amortisation of debt and the return on the invested capital. It will be paid in local currency (BYN) but will be indexed (subject to the share of foreign currencies exposure in the funding plan) to take account of fluctuations of foreign currency to local currency to mitigate currency risk on this component on the side of the Private Partner during the operational period. • Operating component, which will provide for operating, management, overhead and maintenance expenses. It will be paid in local currency (BYN) and indexed to take account of local inflation. 												
<i>Key risks allocation</i>	The Private Partner will have the responsibility for a significant part of the risk related to design, construction, operation and maintenance (availability) and financing of the Project, whereas the Public Partner will bear the demand (traffic) risk.												
<i>Contract period</i>	20 years including approx. 2 year construction period and 18 year operation period.												
<i>Preliminary timetable</i>	<table border="1"> <thead> <tr> <th colspan="2"><u>Project Phase</u></th> </tr> </thead> <tbody> <tr> <td>Prequalification (start)</td> <td>1Q 2019</td> </tr> <tr> <td>Consultations (start)</td> <td>3Q 2019</td> </tr> <tr> <td>Final Bids Submission</td> <td>1Q 2020</td> </tr> <tr> <td>Financial close</td> <td>3/4Q 2020</td> </tr> <tr> <td>Construction period start</td> <td>4Q 2020</td> </tr> </tbody> </table>	<u>Project Phase</u>		Prequalification (start)	1Q 2019	Consultations (start)	3Q 2019	Final Bids Submission	1Q 2020	Financial close	3/4Q 2020	Construction period start	4Q 2020
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Belarus - Summary information



Geography

Belarus is an industrially developed economy country landlocked in Eastern Europe. It is bordered by Russia to the northeast, Ukraine to the south, Poland to the west, and Lithuania and Latvia to the northwest. It has an area of 207,600 square kilometers and a population of about 9.5 million. Belarus is divided into six provinces, with Minsk as the capital. The official languages are Belarusian and Russian, and the currency is the Belarusian ruble (BYN).

Belarus has a moderate continental climate featuring winters with thaws and rainy, warm summers. The average temperature in January is -6°C and $+18^{\circ}\text{C}$ in July.

International integration process

Belarus is a founding member of the Commonwealth of Independent States (CIS), whose headquarters are located in Minsk.

It has retained closer political and economic ties to Russia than any of the other former Soviet republics. Belarus and Russia signed a treaty on a two-state union on 8 December 1999, envisioning greater political and economic integration. Belarus is a member of the United Nations (UN).

The country is a member of various international organizations such as International Monetary Fund, World Bank and IBRD as well as local integration associations such as the Eurasian Economic Union (EAEU) and regional Multilateral Development Bank - Eurasian Development Bank (EDB). Belarus is also a recipient country of EBRD funds.

Belarus, Kazakhstan, and Russia have continued their integration process, and, since 1 January 2015, have launched the Eurasian Economic Union (EAEU), which is considered as a further step of integration after the Customs Union of these countries. Within the EAEU, single markets of goods, services, labour, and capital, with certain limitations, are introduced. Armenia joined the EAEU on 2 January 2015, and Kyrgyzstan joined the EAEU on 12 August 2015. Currently, the integration is in pursuit of free trade agreements with numerous countries.

Key statistics and economic development

GDP - 2018 (Frcst)

USD 56.9 billion

Source: IMF

Gross External Debt, Public

USD 24.705 billion (as of July 2018)

Source: National Bank of Belarus

Credit Rating

FITCH "B" St. S&P "B" St.

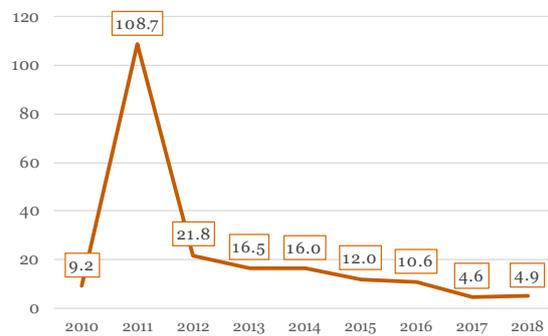
Source: tradingeconomics.com

Real GDP Growth (%)



Source: IMF

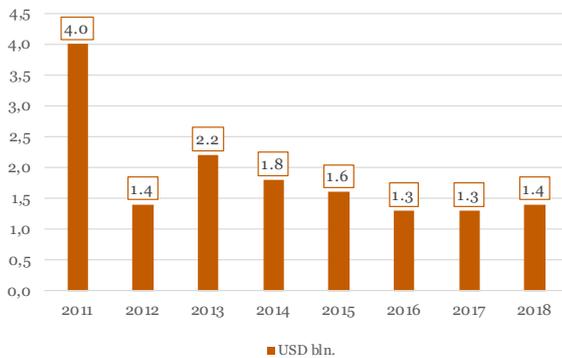
Inflation (%)



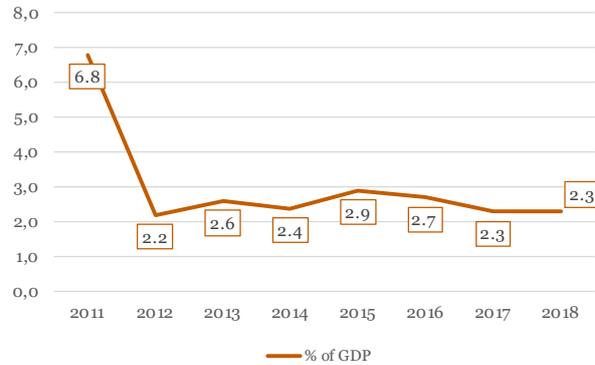
Oct 2018 compared to Oct 2017 is displayed for 2018

Source: National Statistics Committee

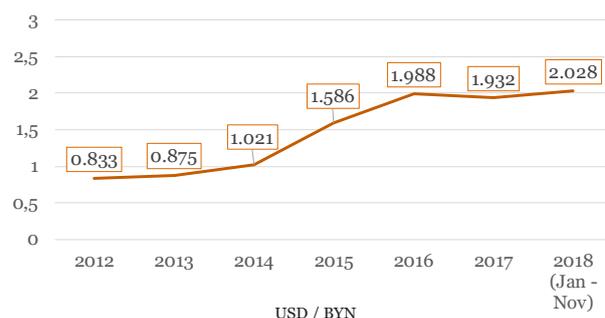
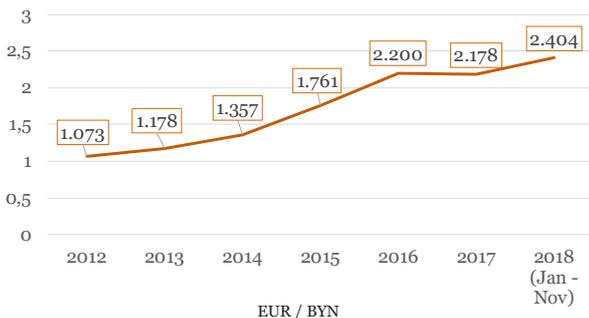
Development of foreign direct investments in Belarus



Source: Ministry of Economy



Development of exchange rate - EUR / BYN , USD / BYN (average for the period; in BYN)



Source: National Bank

Public Partner

Ministry of Transport and Communications acting on behalf of the Republic of Belarus

The Public Partner for the Project will be the Republic of Belarus acting through the MoTC, which is subordinated to the Council of Ministers of the Republic of Belarus and is responsible for the transport sector development and regulation - civil aviation, road, rail, sea, inland waterway, including corresponding infrastructure.

Within MoTC's structure, the Main Road Administration (GUAD) is responsible for the development and implementation of the state's transport policy.

MoTC will authorize the State Entity "Belavtostrada" to act on behalf of MoTC within the realization of M-10 PPP project. Besides acting as an implementing agency for the Project, Belavtostrada performs other functions, as follows:

- Charging for tolls on toll roads.
- Acting as an asset holder of the electronic tolling system (ETS) on toll roads of the Republic of Belarus.
- Representing the owner of the electronic tolling system (ETS) from the side of the Republic of Belarus according to the provisions of investment agreement signed between the Government of Belarus and Kapsch TrafficCom AG.
- Acting as an asset holder and operator of the Weigh-In-Motion system.

Strategic objectives of the Project set by the Ministry of Transport:

- To improve safety, improve traffic access, reduce travel time and environmental impact and thus improve the quality of life.
- A successful pilot PPP project – affordable and bringing best value for money, creating a positive image of the PPP in the Republic of Belarus domestically and internationally.
- Demonstrate the possibility of funding by the private sector of an infrastructure project in Belarus.
- Leveraging on the best PPP experience in the road sector from Europe and the CEE region.
- Bankable structured project documentation attracting wider interest from experienced developers/ lenders and investors.
- Provide a defined level of service for road users through regulated operation and maintenance.
- Foster value engineering and innovative approaches in design, construction, maintenance and operation of Project Road.
- Obtaining the optimum combination of construction and life-cycle costs from the Private Partner maximizing value for money.
- Through an appropriate payment mechanism achieve opening of the Project Road as soon as possible and minimize impact of closures during operation and maintenance.
- Hand back of the Project Road to a defined standard and quality to MoTC at the end of the Project PPP Period.

Strategic context

Transport infrastructure is a strategically important sector in Belarus, especially given the geographical situation of the country being located between the European Union and Eurasia.

Historically, transport infrastructure development has been funded from the State's budget and carried out only by the public sector. However, due to the high demand for infrastructure development, the positive impact of infrastructure on sustainable long-term economic growth and the budget constraints to implement the necessary projects, the role of private investors has become very important.

To facilitate involvement of the private sector in the development of infrastructure, the Government of Belarus launched capacity building programme for public officials and other stakeholders in order to procure viable infrastructure projects using the PPP model and the national PPP unit was set up (which currently is being a part of the National Agency for Investment and Privatization). In addition, on 25 May 2014, Resolution No.508 "On Interministerial Infrastructure Coordinating Board" ("IIB") was passed, which established the collegiate authority for coordination of the long-term development of infrastructure and the key principles on PPPs. IIB also formed the basis for the preparation of a National Infrastructure Strategy for 2017-2030, aimed at setting out a clear and detailed strategy for infrastructure development in Belarus.

Overall, 18 road projects have been identified in the NIS, totaling USD 1 bln and comprising 43% of the NIS top 100 projects by estimated value of investments. One of the high priority project identified in NIS - Reconstruction of M-10 road: the border of Russian Federation (Selische) – Gomel – Kobrin (the "Project") has been selected as a pilot PPP project.

M-10 is a fundamental part of the Eastern Partnership strategic road network. The strategic importance of the M-10 is also underlined by the fact that, on the western side, it connects the North Sea – Baltics core Trans European Network Transport corridor and, on the eastern side, it provides connectivity to the M3 highway connecting Moscow with Ukraine via Bryansk (near Russian - Belarus borders) being part of the Russian's Avtodor aim to implement the "Silk road" concept.

Strategic importance of the project on local, national and international levels, its suitable size and length with rather relatively easy technical solution as well as its advanced stage of development were critical for selecting it as a Pilot. On 26 November 2018, the president of the Republic of Belarus signed special Decree* approving the Project and providing specific support for its implementation.

Investment highlights

● Political Will

Strong political support and a well-defined Government policy to promote the M-10 and other PPP projects

● Political Stability

Project is being supported on all the levels of the Government, including adoption of project specific Presidential Decree and Council of Ministers Resolution

● Optimal Risk Structure

*Remuneration based on availability payments, traffic risk borne by the public partner
Currency risk borne by the public partner*

* [Decree of the President of the Republic of Belarus of November 26, 2018 No. 461 " On the reconstruction of the highway"](#)

M-10 as a PPP pilot project in the road sector

The Private Partner will be responsible for the design, construction, finance, operation and maintenance (DBFO) of 5 sections of the M-10 highway with a total length of 85.25 km and CAPEX estimated at EUR 185.8 m.

The Project provides for an increase in the number of lanes from two to four, an increase in the permissible axle load from 10 to 11.5 tons, and an increase in the speed limit for light vehicles from 90 km/h to 120 km/h and for heavy vehicles from 70 to 100 km/h.

Figure 1: The M-10 (from A to D - Whole Length of the Road, from B to C - Project Road)



● **Support from IFIs**

Strong interest from multilateral lenders such as EBRD, IFC and Eurasian Development Bank (EDB) to finance the project

● **PPP Framework**

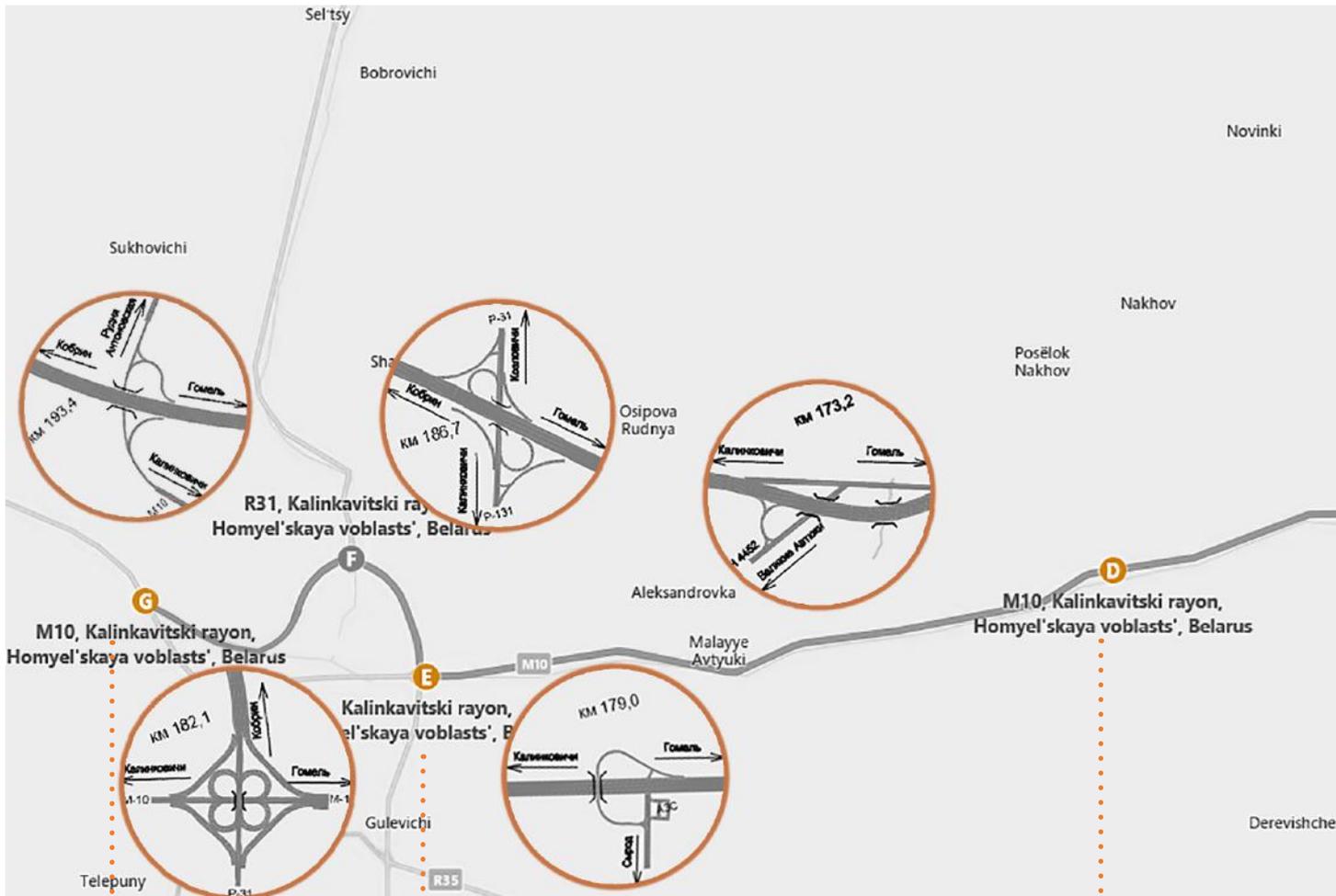
Established institutional framework – PPP law and by-laws enacted, Interministerial Infrastructure Board and PPP Centre set up

● **International Experience**

*Transaction structure based on international best practices
Government assisted by a group of reputable and experienced advisers*

Technical overview of the Project

Figure 2: The section of the M-10 that is widened as part of the Works



Description of route

Section 5b from F to G

Starts at km 186.700 and ends at km 195.150 with the total length - 8.450 km*.

New D2 (2+2) carriageway.

Section 5a from E to F

Starts at km 182.800 and ends at km 186.700 with the total length - 3.900 km*.

Widening of the existing R-31.

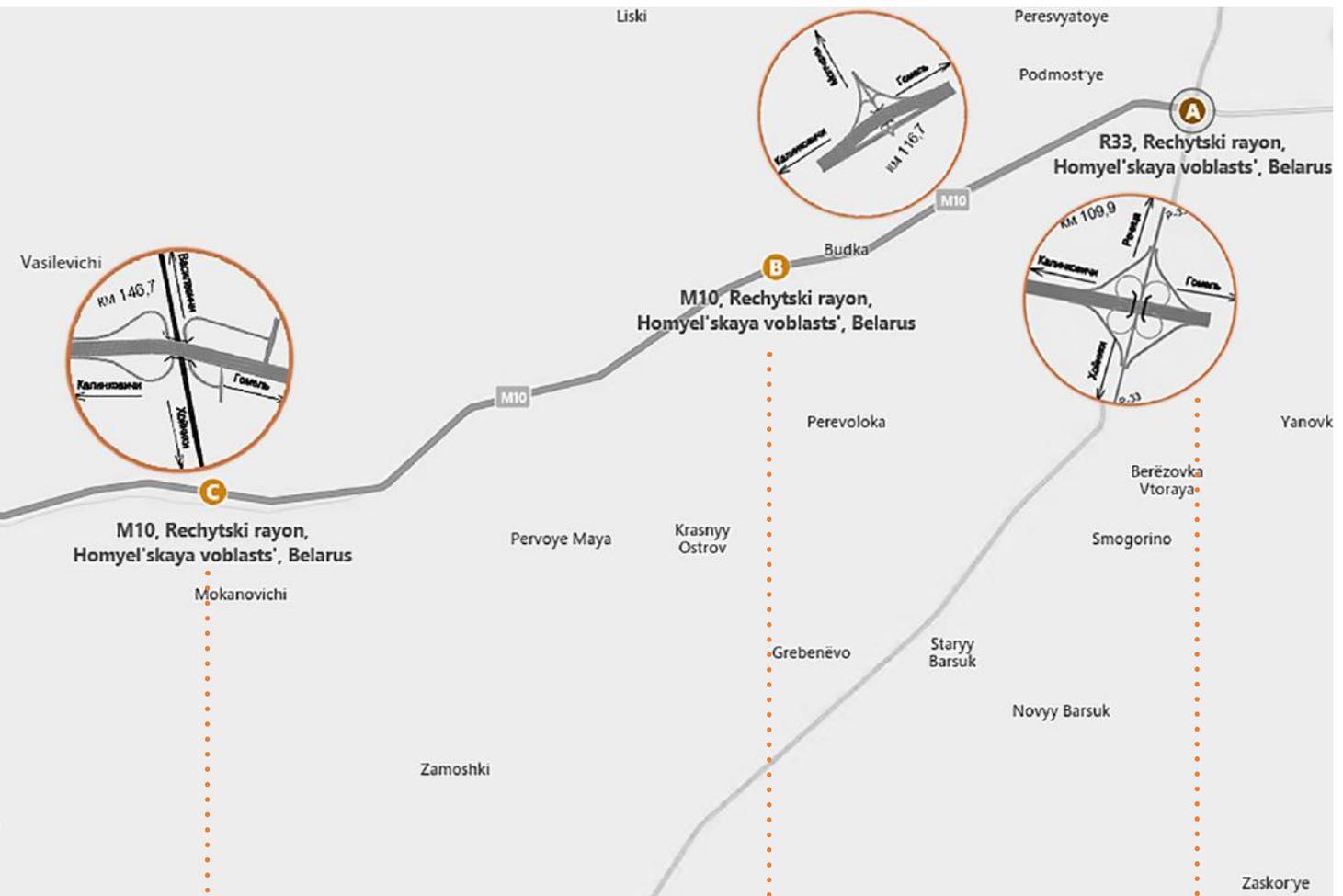
Section 4 from D to E

Starts at km 158.415 and ends at km 182.800 with the total length - 24.385 km*.

Widening of the existing 2 lane M-10 road.

* For the purposes of this document, the length of Sections is indicated according to the plan length and may differ from the construction length the Belarus authorities utilise in the design documentation.

The Project Road starts at a new grade-separated junction constructed to replace the existing at-grade roundabout that connects the M-10 and the R-33. The start of the Project Road ties in with the existing dual-2 (2+2) M-10 carriageway. The Project terminates at km 195.15 at the extended Kalinkavichy bypass's junction with the existing single 2-lane M-10 carriageway.



Section 3 from **C** to **D**

Starts at km 144.422 and ends at km 158.415 with the total length - 13.993 km*.

Widening of the existing 2 lane M-10 road.

Section 2 from **B** to **C**

Starts at km 126.000 and ends at km 144.422 with the total length - 18.422 km*.

Widening of the existing 2 lane M-10 road.

Section 1 from **A** to **B**

Starts at km 109.900 and ends at km 126.000 with the total length - 16.100 km*.

Widening of the existing 2 lane M-10 road.

Section 1

Section 1 runs from km 109.900 to km 126.000. It starts at a new grade separated junction that replaces the existing at-grade roundabout with the republican road R-33 (from Rechitsa to Khoiniki). It contains 15 junctions with 2 of these being grade separated. This section runs through the Rechitskoye oil field and parallel to the “Gomeltransneft Druzhba” trunk oil line. It passes through the Korostan, Kaporovka, Budka, Prudistche and Tishkovka settlements.

Table 1: Overview of Section 1

Element	
Length	16.100 km
Number of grade separated junctions	2
Number of at-grade junctions westbound	6
Number of at-grade junctions eastbound	7
Number of bridges and pedestrian underpasses	2
Rest Areas	0
Service Areas	0

Section 2

Section 2 runs from km 126.000 to km 144.422. It starts after the Tishkovka settlement. It contains 14 junctions which are all at-grade. This section passes the Korovatichi settlement and runs parallel to the “Gomeltransneft Druzhba” trunk oil line.

Table 2: Overview of Section 2

Element	
Length	18.422 km
Number of grade separated junctions	0
Number of at-grade junctions westbound	6
Number of at-grade junctions eastbound	8
Number of bridges and pedestrian underpasses	1
Rest Areas	0
Service Areas	0

Section 3

Section 3 runs from km 144.422 to km 158.415. It contains 15 junctions. This section runs through Zastchebie settlement and passes over the “Vasilevichi to Khoyniki” railway. The alignment diverts from the existing line from km 151 to 152.5 to increase the distance from the oil line “Druzhba” and to improve the horizontal alignment. The road passes through the Glinnaya Sloboda settlement where an at-grade junction is provided.

The section includes a bridge over the “Vasilevichi to Khoyniki” railway at km 146.7, a pedestrian underpass at km 147.0 and a bridge over the River Vit at km 152.4.

Table 3: Overview of Section 3

Element	
Length	13.993 km
Number of grade separated junctions	1
Number of at-grade junctions westbound	7
Number of at-grade junctions eastbound	7
Number of bridges and pedestrian underpasses	3
Rest Areas	0
Service Areas	0

Section 4

Section 4 runs from km 158.415 to km 182.800. It contains 32 junctions with 3 of these being grade separated. The section includes a bridge over the River Zakoldovanka at km 172.5; an underpass near the village of Malye Avtyuki km 173.2; a structure at the Syrod settlement at km 179.0 and a bridge with the republican road R-31 “from Bobruisk to Mozyr to the Ukrainian border”.

Table 4: Overview of Section 4

Element	
Length	24.385 km
Number of grade separated junctions	3
Number of at-grade junctions westbound	14
Number of at-grade junctions eastbound	15
Number of bridges and pedestrian underpasses	5
Rest Areas	1
Service Areas	0

Section 5

Section 5 runs from km 182.80 to 195.15. It starts after the grade separated junction with the republican road R-31 “from Bobruisk to Mozyr to the Ukrainian border”. The Section diverts northwards from the line of the existing M-10 Highway to bypass Kalinkavichy town and ends at the bypass junction with the existing road at km 195.15, that corresponds to km 193.3 of the existing M-10 Highway. It contains 13 junctions with 2 of these being grade separated.

Section 5 is split into two separate sections namely Section 5a, 3.90km in length, which is the widening of the existing R-31 and Section 5b which is an 8.45km length of new dual carriageway linking the widened R-31 to the existing M-10 Highway.

Table 5: Overview of Section 5

Element	
Length	12.350 km
Number of grade separated junctions	2
Number of at-grade junctions westbound	6
Number of at-grade junctions eastbound	5
Number of bridges and pedestrian underpasses	5
Rest Areas	0
Service Areas	0

Fibre optic ducts and highway technology

In addition to the installation of ducting and defined highway technology (DIS, CCTV, fibre optic cabling, etc) on the Project Road, the Private Partner will also be responsible for the installation of fibre optic ducting and highway technology to be located adjacent to the existing M-10 between the start of the Project Road at km 109.9 eastwards for 71 km towards Gomel to allow for CCTV images to be relayed back to Gomelavtodor’s O&M centre in Gomel. The Private Partner is responsible for the design, planning and construction of both the ducts and the fibre optic cable for this connection.

Once completed all the ducting, fibre optic cable and highway technology to the east of the Project Road is to be transferred to specified third parties.

Status of approvals

All 5 Sections of the Project have been submitted for, and obtained, Pre-Investment, Architectural and Construction Design stage approval. The approvals, including the Reference Design and other data submitted to obtain these approvals, will be issued to the Bidders for review at the consultation stage. The Private Partner will be required to adopt the Reference Design and hence will undertake their own independent design review and bear the design risk for the Project. Should the Private Partner suggest changes to the Reference Design then they will also be responsible for obtaining or updating any required permits.

Table 6: Historic traffic levels

	AADT	Index
2005	2,143	100.0
2010	3,885	181.4
2015	5,861	273.6

Table 7: Historic Traffic by vehicle type

	Cars	Trucks	Buses	Total
2005	1,496	617	30	2,143
2010	2,842	1,000	43	3,885
2015	4,391	1,429	41	5,861

Traffic forecast

Information provided in the Pre-Investment and Architectural Design, which was approved by GosExpertise, show that the Annual Average Daily Traffic (AADT) on the M-10 increased by a factor of 2.73 between 2005 and 2015, equivalent to an average annual rate of increase of 10.6% per year. The information on traffic levels by vehicle type, as indicated in the table below, shows that car traffic grew the fastest, by an average annual rate of 11.4% per year, whilst truck traffic grew at the lower average annual rate of 8.8% per year.

AADT values, including the associated growth indices and annual average increases over different time periods, are shown in Tables 6 to 10 below.

The traffic forecasts from the HDM methodology used in the Pre-Investment and Architectural Design are shown in Tables below (approved by the State Expertise).

Technical due diligence documentation

With respect to the site and existing structures associated with all the Project Sections, it is envisaged that the following documentation and surveys will be provided in Russian to Bidder during the tender phase of the Project:

- State Expertise approval reports.
- Reference Design as contained in the documentation that was issued for State Expertise approval (or as amended following any recommendations made as part of the State Expertise approval (if any) plus all associated files that formed part of the approval procedure.
- Bridge surveys (for any existing bridges to be retained).
- Existing pavement survey (whilst the surfacing is to be replaced on the M-10 it is anticipated that elements of the lower layers of the existing road construction could, where applicable, be re-used).
- Utility drawings and the correspondence with the utility companies.

Table 8: Summary of historical and projected AADTs

	2015 actual	2020 forecast	2030 forecast	2040 forecast
AADT Historic	5,861			
AADT Forecast		8,954	12,139	16,457

Table 9: Historic Traffic: Growth Index (AADT: 2005=100) Table 10: Historic Traffic growth % p.a.

	Cars	Trucks	Buses	Total
2005	100.0	100.0	100.0	100.0
2010	190.0	162.1	143.3	181.3
2015	293.5	231.6	136.7	273.5

	Cars	Trucks	Total
2005 - 2010	13.7%	10.1%	12.7%
2010 - 2015	9.1%	7.4%	8.6%
2005 - 2015	11.4%	8.8%	10.6%

Current state of existing infrastructure



Picture: Existing roundabout at km 109.9 that will be replaced by a grade separated junction





Picture: Bridge at km 172

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Picture: Gas pipes and production derricks (km 115 - km 169)

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Envisaged approach to Project structuring

Envisaged risk allocation

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

The PPP Agreement will require that the Project Road sections be handed back after the expiration of the Project PPP Period in a condition which will not require disproportionate spending by MoTC on renewals or maintenance immediately after the hand back. The provisions of the PPP Agreement will cover inspection regimes, renewal programmes, hand back inspections and associated commercial arrangements. The Project Road will be in the legal ownership of the Republic of Belarus.

Table 11: Risk Matrix

Risk category	Risk allocation		
	Private	Public	Shared
Land acquisition		X	
Design	X		
Construction	X		
Unknown utilities		X	
Unknown contamination		X	
Operation / Maintenance	X		
Financing	X		
Changes in interest rates after financial close	X		
Changes in the rate of inflation during operation		X	
Forex risk		X	
Legislation and tax changes – general	X		
Legislation and tax changes – specific		X	
Force majeure			X

Payment mechanism

Introduction

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. It is also envisaged that an “O&M payment” will be made during the construction period to cover operating expenses in relation to the operation and maintenance of any part of the Project Road that is open to the public but not fully complete, i.e. either as the existing single carriageway (1+1) or for the new carriageway whilst the existing carriageway is being reconstructed.

It is anticipated that availability payments will be structured in two components:

(1) Capital component, which will provide for the amortisation of debt and the return on the invested capital. It will be paid in local currency (BYN) but will be indexed (subject to the share of foreign currencies exposure in the funding plan) to take account of fluctuations of foreign currency to local currency to mitigate currency risk on this component on the side of the Private Partner during the operational period; and

(2) Operating component, which will provide for operating, management, overhead and maintenance expenses. It will be paid in local currency (BYN) and indexed to take account of local inflation.

Convertibility

In relation to foreign currencies, there were certain restrictions in the past levied by the National Bank of Belarus. Since 2017, the National Bank has been implementing a programme of reforms to liberalize the foreign currency trade aiming at the elimination of restrictions.

As a result, a large number of restrictions were removed and purchases and holding of foreign currencies are now unrestricted. Repatriation of income is also without restrictions. Purchases of the foreign currency are only subject to registration for statistical purposes in the National Bank in accordance with the relevant regulations.

Availability payment deductions

The availability payments will be made subject to **(1)** deductions for unavailability and **(2)** deductions for failing to maintain the required performance standards.

The level of deductions for unavailability will reflect the relative significance of the unavailability and will consider aspects such as:

- Duration of unavailability.
- The length of the Project Road affected.
- The number of lanes directly affected.
- The use of a contraflow.

- The traffic levels during the closure period.
- Unavailability during specifically defined days of the year (e.g. national holidays).

Deductions for failing to maintain performance standards will take into account the qualitative parameters defined in the contractual documentation, including items such as: quality of maintenance, operating procedures, response times, accuracy of data recording, reporting, etc.

For both types of deductions, the contractual documentation may include reduced and/or zero deductions for certain agreed relief and compensation events. In addition, for deductions that occur for reasons outside the private partner's control (e.g. accident), an agreed rectification period may be included during which the deductions are not applied.

The payment mechanism will be developed in detail to ensure a clear and measurable link between Project outcomes and the way in which the eventual Private Partner is incentivised. A draft payment mechanism will be circulated as a part of the tender documentation at the consultation stage.

Financial structure

MoTC envisages a typical project finance structure where a special purpose vehicle (the Private Partner) secures finance by way of non-recourse debt. To date, international finance institutions such as EBRD, IFC and Eurasian Development Bank have expressed strong interest in considering financing the Project.

It is envisaged, that the Project Road will be part of the heavy vehicle national toll system. In this case, the development, implementation and operation of the tolling technology, revenue collection and related risks will be outside the scope of the Private Partner. No demand risk will be borne by the Private Partner.

Legal structure

Project Structure

It is envisaged that the special purpose vehicle (the Private Partner) shall be established under the laws of Belarus and that the Project structure shall follow international best practice model:

Figure 3: Project Structure



PPP Agreement

The PPP Agreement will define a risk allocation that is based on international best practice, including:

- Design and Construction Obligations.
- Operation and Maintenance Obligations (including performance monitoring).
- Compensation Events, Relief Events and Force Majeure.
- Payment Mechanism.
- Termination (Private Partner Default, Public Partner Default, Voluntary Termination and no fault termination).
- Refinancing.

- Compensation on Termination (levels and conditions for the compensation to be determined by type of termination).

The parties to the PPP Agreement shall be MoTC and the Private Partner.

The Governing Law of the PPP Agreement will be the Law of the Republic of Belarus, and the language shall be Russian (although certain draft documentation will also be prepared in English for information purposes only).

Once a Preferred Bidder is appointed and negotiations with it are held (if needed and possible), the final PPP Agreement will be concluded and executed. The final PPP Agreement is subject to approval by relevant authorities.

* Direct agreement will also include Private Partner

Contract structure

The principal Project Documents will be as follows:

Table 12: Contractual structure (illustrative)

Contract	Envisaged parties to the contract	Brief description
PPP Agreement	(1) Public Partner (2) Private Partner	The principal agreement between the awarding authority and the private entity governing the project. The Public Partner for the Project will be the Republic of Belarus acting through the MoTC. MoTC will authorize the State Entity “Belavtostrada” to act on behalf of MoTC within the realization of M-10 PPP project.
Design and Construction Contract	(1) Private Partner (2) D&C Subcontractor	The contract between the Private Partner and the D&C Subcontractor in which the Private Partner subcontracts the design and build obligations.
Operating and Maintenance Contract	(1) Private Partner (2) O&M Subcontractor	The contract between the Private Partner and the O&M Subcontractor in which the Private Partner subcontracts the maintenance and operating obligations.
Interface Agreement	(1) Private Partner (2) Beldorsvyaz (3) [D&C Subcontractor] (4) [O&M Subcontractor]	Beldorsvyaz is the entity which will maintain and replace the roadside communication equipment (DIS stations, CCTV, traffic counters) following construction. This agreement will regulate the relationship between the Private Partner, its subcontractors and Beldorsvyaz, to address certain issues, for example, rights of access on the Project Road during the Project Term for Beldorsvyaz to maintain and replace the equipment.
Interface Agreement	(1) Private Partner (2) Belavtostrada (3) Kapsch Telematic Systems (4) [D&C Subcontractor] (5) [O&M Subcontractor]	An agreement to regulate the relationship between the Private Partner, its subcontractors, and the owner and the operator of the Beltoll System respectively.
Interface Agreement	(1) Private Partner (2) Gomelavtodor (3) [D&C Subcontractor] (4) [O&M Subcontractor]	An agreement to regulate the relationship between the Private Partner, its subcontractors and Gomelavtodor, to address certain issues, for example, the operation and maintenance interface arrangements between the Project Road and the adjacent Gomelavtodor maintained roads.

Subcontracts

As part of the tender process, Bidders will be required to submit their proposed subcontracting arrangements.

Interfaces

It is envisaged that interface agreements will have to be developed between the Private Partner, its subcontractors and the following parties:

- Belavtostrada and Kapsch Telematic Services - the owner and the operator of the Beltoll System respectively).

- Gomelavtodor - the state entity currently responsible for the operation and maintenance of the Project Road.
- Beldorsvyaz - the entity which will maintain and replace the roadside communication equipment (DIS stations, CCTV, traffic counters, etc) following their initial installation by the Private Partner.

Direct Agreement

Under the laws of the Republic of Belarus, Public Partner is able to enter into a direct agreement if required by the private partner’s lenders and Private partner.

Procurement process

Figure 4: Timeline for the Procurement Process



Procurement procedure

Due to the pilot character and complexity of the Project, MoTC contemplates using the bidders consultation procedure to procure the Project.

There will be a three-stage tender process comprising:

Stage 1 - Prequalification of Bidders

Pre-qualification documentation for the Project will be published and interested Bidders will be required to submit information on compliance with the requirements, stipulated in the Council of Ministers resolution and prequalification documentation.

Through the pre-qualification process, MoTC will emphasise selecting candidates with the appropriate competence, experience and capacity to be able to handle a Project of this type, size and complexity. It is anticipated that the qualification criteria will be focused on the following aspects:

- General criteria needed for integrity and compliance checks.
- Financial criteria: financial standing, reasonable for the purposes of realization of the Project.

- Technical criteria: participation in the implementation of PPP projects in the field of road transport infrastructure.

It is envisaged that maximum five Bidders (among the applicants) will be shortlisted and invited to participate in next stages of the process.

Stage 2 - Consultations with prequalified Bidders

Once the shortlisted Bidders have been identified, the tender documents will be issued, including the draft PPP Agreement. Bidders will be given sufficient time to review the documents and to carry out their own due diligence on the technical aspects of the Project.

Following the review period, Bidders will be invited to participate in individual bidder's consultations to discuss various aspects of the draft PPP Agreement and technical solution with tender committee, with the exemption of those aspects that cannot be changed.



Stage 3 - Determination of Preferred Bidder

Once the bidders' consultations have been concluded, MoTC's advisors shall update the PPP Agreement to amend (where relevant) any issues that were raised by Bidders and approved by MoTC.

A revised tender documentation will be issued (including the amended version of the draft PPP agreement), and it is against this documentation which Bidders submit their final bids.

Once the final bids have been received, MoTC (along with MoTC's advisors) shall evaluate the bids and appoint a Preferred Bidder.

Evaluation criteria

It is anticipated that MoTC will award the contract to the Private Partner who, based on an overall evaluation of the tender, has submitted compliant tender with the lowest value of availability payments. Value of availability payments will be the key evaluation criterion.

A more detailed specification of qualification and evaluation criteria will be available in preliminary and final tender documents.

Annex 1 - Project stakeholders and Project governance structure

Public sector Project stakeholders

Table 13: Public sector stakeholders and their role

Stakeholder	Role description
President of the Republic of Belarus	<p>Defines common state policy towards PPPs.</p> <p>Exercises general governance over public authorities and other government bodies regarding public-private partnership project implementation.</p> <p>Exercises other powers under the Constitution of the Republic of Belarus, pursuant to PPP law and other legislative acts of the Republic of Belarus.</p>
Council of Ministers of the Republic of Belarus	<p>Determines procedures of preparation and evaluation of offers concerning public-private partnership project implementation, as well as procedures of tender arrangement and conduct.</p>
MoTC	<p>Public Partner of the Project, fully responsible for the development and delivery of the Project, including Project concept, timeline for its development and those responsible for its development.</p>
Ministry of Finance of the Republic of Belarus (MoF)	<p>Key player in relation to availability payments as is to include PPP Agreement's liabilities into the Republican budget.</p> <p>During the procurement stage evaluates PPP offers, considers and aligns tender documents and participates in the tender committee through its representatives.</p>
Ministry of Economy (MoE)	<p>Key player in setting the methodology for PPP preparation (feasibility study criteria, assessment criteria of bids and tendering). In relation to PPP coordinates the activity of national governing bodies and other state organisations subordinate to and authorised by the Council of Ministers of the Republic of Belarus. During the procurement evaluates PPP offers, considers and aligns tender documents, participates in the tender committee through its representatives.</p> <p>In addition, explains issues regarding the application of the law on public-private partnership, renders methodological assistance and provides advisory services and recommendations.</p>
Ministry of Natural Resources and Environment (MoNRE)	<p>If PPP project involves environmental issues and use of natural resources clearance is required form MoNRE</p>
PPP Unit of the National Agency of Investment and Privatization	<p>PPP unit, as a department of the National Agency, provides advice and methodological support to the government in the implementation of infrastructure projects based on the principles of public-private partnership. Promotes PPP in the Republic of Belarus and interacts with Interministerial Infrastructure Coordinating Board with respect to PPP development strategy in the Republic of Belarus and the formation of the National Infrastructure Plan. PPP Unit also interacts with other stakeholders in PPP development and delivery.</p>
Interministerial Infrastructure Coordinating Board (IIB)	<p>Coordination of long-term development of infrastructure, and coordinates the preparation and monitors the implementation of the first pilot PPP projects and therefore would have an impact on the Project.</p> <p>Being responsible for implementation of NIP IIB selects new PPP projects in collaboration with the private business and international financial institutions in order to facilitate implementation of NIS.</p> <p>Improves the legal base to develop PPP and infrastructure planning.</p>
Gomel Region Executive Committee	<p>Implementation of common state policy within the administrative-territorial unit i.e. Gomel Region.</p> <p>During the procurement stage considers and evaluates PPP offers, considers and aligns tender documents and participates in the tender committee through its representatives.</p> <p>In relevant projects Public Partner in public-private partnership projects (not for the M10 project).</p>

Stakeholder	Role description
RUE "Gomelavtodor"	<p>Republican Unitary Enterprise "Gomelavtodor" is the state organization subordinated to the Ministry of Transport of the Republic of Belarus, which is responsible for the development, operation and maintenance of republican highway network, located in the Gomel region.</p> <p>The main goal is to ensure adequate transportation and operational conditions of the republican highway network and its development including comfortable and safe movement of vehicles at specified speeds.</p>
State Property Committee	<p>The main tasks of the State property Committee include: carrying out of a uniform State policy in the field of land relations, geodesic and cartographic activities, names of geographical objects, State registration of immovable property rights and transactions therewith, on property relations (including the management, disposal, privatization, evaluation and accounting of property owned by the Republic of Belarus) except for the privatization of dwellings public housing, as well as the maintenance of inventories, registers.</p>
SE "Belgiprodor"	<p>Belarusian State Institute for the survey and design of roads. Currently Belgiprodor is responsible for the Project Road design and together with Gomelavtodor.</p>
State Agency "Belavtostrada"	<p>State Agency "Belavtostrada" will be authorized by MoTC to act as implementing agency within M-10 PPP project realization. Besides acting as an implementing agency for the M-10 project.</p> <p>Currently the organization performs the functions of owner of the electronic tolling collection (ETC) system's equipment, deals with users of the toll road to carry out non-cash payments and personalizes electronic payment devices, cooperates with Kapsch Telematic Services in the collection of tolls on toll roads and deals with claims, complaints and appeals of the toll road users.</p> <p>Makes payments to Kapsch Telematic Services in accordance with the investment agreement and makes the transfer of funds received from the toll road users for the use of toll roads in the national budget.</p>
Holding Belavtodor	<p>Main specialisation is construction of road infrastructure. Produces machinery and equipment and manufactures road construction materials for road sector of the Republic of Belarus, and conducts repair and maintenance of machinery of road organizations. From 2010 to 2013 Belavtodor's companies successfully built and put into operation 3 important roads in Belarus, therefore could be treated as a potential competitor to international Bidders, but also the provider of services to Bidders.</p>
RUE "Beldorcentr"	<p>Leading Scientific and Production Organization of the Republic of Belarus in the field of construction, maintenance and operation of roads and bridges. RUE «Beldorcentr» also serves as a head office of MoTC in the field of development and implementation of ICT technologies, economic parameters analysis and forecasting. It also provides engineering support for launch and usage of modern technical systems for road operation and management.</p>

Project governance structure

Steering Committee

The role of the Steering Committee (“SC”) is to supervise the Project and keep the Government updated on the status of its implementation. SC will provide decision making support to ensure efficient, effective and timely preparation and procurement of the Project.

Steering Committee is composed of decision-making representatives of the following state bodies:

- Ministry of Transport and Communications of the Republic of Belarus.
- Ministry of Economy of the Republic of Belarus.
- Ministry of Finance of the Republic of Belarus.
- State Property Committee of the Republic of Belarus.
- Gomel Region Executive Committee.
- Ministry of Architecture and Construction of the Republic of Belarus.
- Ministry of Natural Resources and Protection of the Republic of Belarus.
- State Agency “Belavtostrada”.
- RUE “Gomelavtodor”.

Project Implementation Unit (“PIU”)

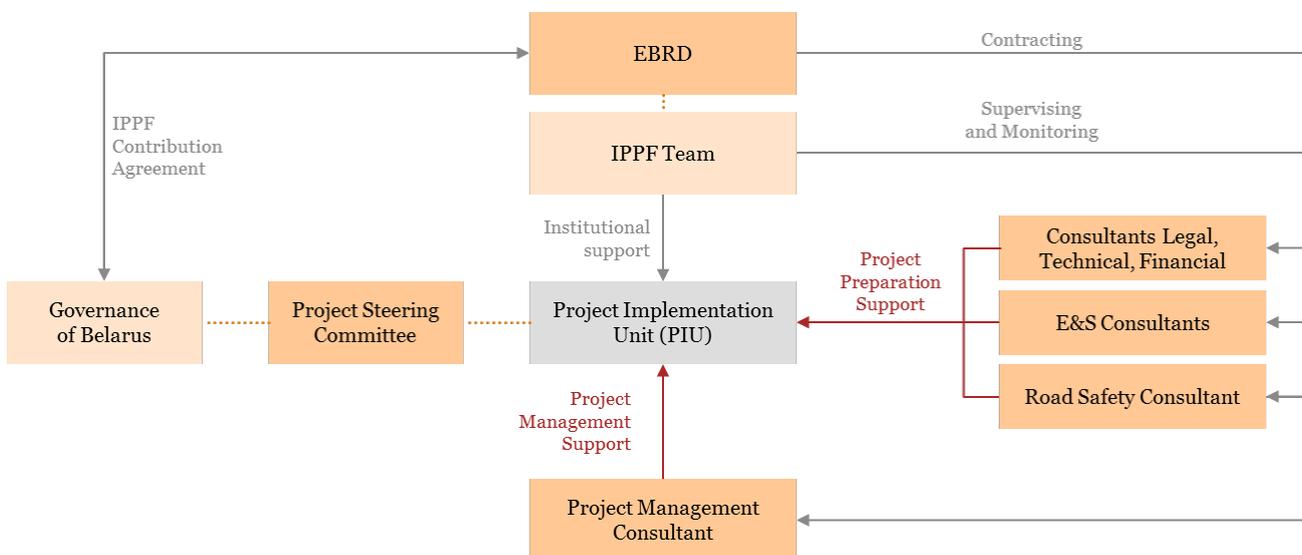
PIU includes representatives of the State Agency “Belavtostrada”, MoTC, other Ministries relevant to the Project preparation, procurement and implementation, as well as regional authorities, and RUE Gomelavtodor, responsible for roads in Gomel region.

The following institutions are represented in PIU:

- State Agency “Belavtostrada”.
- Ministry of Transport and Communication (MoTC) - Highway Department, Legal Department.
- Ministry of Natural Resources and Environment (MoNRE) - State Environmental Expertise Department.
- The Ministry of Finance (MoF) - Department of Utilities, Transport and Communication.
- Ministry of Economy (MoE) - Department for examination of investment projects and public-private partnership, Legal Department, Strategic Development and International Cooperation Department.
- PPP Unit - National Investment and Privatization Agency.
- State Property Committee - Legal Support of Legal Property Relationt, Department of Land Management.
- Gomel Region Executive Committee .
- RUE “Gomelavtodor”.
- SE “Belgiprodor”.

The following governance structure for implementation of the Project has been developed by the Government in cooperation with EBRD:

Figure 5: Project guidance structure



The Head of the State Agency “Belavtostrada” is acting as a Head of PIU. Secretary of PIU is the representative of PPP Unit. The main responsibilities of the PIU, as stipulated in the draft statute are as follows:

- Implementation of a process to facilitate the activities involving international advisers for the technical, legal and financial expertise in the preparation of the Project.
- Tracking the project implementation schedule of training and technical control of the documentation prepared by the consultants;
- Consideration of the initial draft reports or documents submitted by international consultants, the development of comments and recommendations to be changed or improved.
- Approval (within its competence) of preliminary draft reports or documents for consideration of the SC, the preparation of draft decisions to be taken by the SC.

Project Management Consultant

Project Management Consultant is responsible for the liaisons between all the parties involved in the Project delivery and for effective communication at all levels of the Project, especially for interactions between PIU, SC, EBRD and MoTC’s advisors.

