



TRACECA Investment Forum

ID: GE01

TRACECA PROJECT FICHE

DEVELOPMENT OF LOGISTICS CENTRE IN TBILISI ON THE BASIS OF PUBLIC-PRIVATE PARTNERSHIP

1 BASIC INFORMATION

TITLE: Development of Logistics Centre in Tbilisi on the basis of Public-Private Partnership

SECTOR: Logistics

LOCATION: Georgia, Kumisi





TRACECA Investment Forum

ID: GE01

2 OBJECTIVES

2.1 OVERALL OBJECTIVES

Development of logistics services in Georgia; Strengthening transit and logistics potential of the country

2.2 PROJECT PURPOSE

- Future development of a modern and state-of-the-art Logistic Centre near Tbilisi as a nucleus and logistics cluster;
- Capability of this Logistics Centre to position itself as a logistics hub for East Georgia as well as the South Caucasus Region;
- Settlement of local and international logistics companies as well as logistics-intensive trade and industries in accordance with the planned two development stages;
- Attraction of capable investors, operators and financiers;
- Strengthening and support of the further regional economic and social development of the country

2.3 CONTRIBUTION TO NATIONAL DEVELOPMENT PLAN

Project is in line with Country Social-Economic development Strategy (“Georgia 2020”)

New logistics centre will promote the development of logistics services in Georgia, including value added services, increase the country’s transit and logistics potential and will also encourage export. New jobs will be created and the country will receive additional foreign direct investments.

2.4 CROSS BORDER IMPACT

The logistics centre will promote international transportation. It will be located in the South-East of Tbilisi close to the traffic junction to Armenia and Azerbaijan.



TRACECA Investment Forum

ID: GE01

The planned Logistics Centre will have direct access to the Baku-Tbilisi-Kars railway line as well as the Poti/Batumi-Tbilisi-Yerevan railway line, which makes the location unique.

3 DESCRIPTION

3.1 BACKGROUND AND JUSTIFICATION

Along with major country reforms to improve the business climate and governance, Georgia has successfully implemented a series of fundamental reforms and interventions in the transportation and logistics sector over the last ten years. The country has radically improved its value proposition as a transit country by modernizing its transport infrastructure, improving border clearance procedures, and liberalizing the provision of services in many key sectors that ensure better international connectivity with global markets. Georgia is also renovating and expanding its transportation infrastructure, which includes a growing national highway system, newly expanded railway routes, three newly renovated international airports and seaports/ terminals (Tbilisi, Kutaisi, Batumi). Despite these achievements, many challenges remain for Georgia to become a regional transit-logistics hub.

3.2 LINKED ACTIVITIES

.....

3.3 LESSON LEARNT

.....

3.4 ACTIVITIES

As part of the East-West Highway Corridor Improvement Project financed by the World Bank, the Ministry of Economy and Sustainable Development of Georgia (MoESD) carried out a feasibility study for the creation of logistics centers.



TRACECA Investment Forum

ID: GE01

3.5 RESULTS/DELIVERABLES

Based on the feasibility study the best two locations were identified in Eastern (Kumisi) and Western (Kutaisi) parts of Georgia. Moreover, market analysis and forecasts, preliminary design, environment and social impact assessment and business model have been prepared for each LC.

4 PROJECT ORGANISATION

Investment project

4.1 INSTITUTIONAL FRAMEWORK

MOESD on behalf of the Government of Georgia shall announce Expression of Interest

4.2 OWNERSHIP/IMPLEMENTING PARTY

Ministry of economy and Sustainable Development of Georgia

4.3 ORGANISATION STRUCTURE

.....

5 DETAILED BUDGET (EUR/\$)

Attribute	LC Stage 1	LC Stage 2	LC Stage 1+2	Container Terminal
Area Size	39.8 ha	12.9 ha	52.7 ha	7.9 ha
Building Area	98,800 sqm	35,000 sqm	133,800 sqm	



TRACECA Investment Forum

ID: GE01

Throughput Capacity	733,600 t/a	224,000 t/a	957,600 t/a	59,200 TEU/a
Approximate Capex	60.7 Mio USD	19.6 Mio USD	80.3 Mio USD	15.1 Mio USD

6 RISK ASSUMPTIONS AND CONSTRAINTS

.....

7 IMPLEMENTATION SCHEDULE

7.1 PHASE 1

Stage 1: 2020-2025 (starting of operation in 2022)

7.2 PHASE 2

Stage 2: 2026-2031

8 ENVIRONMENT

Preliminary Environmental Impact Assessment was conducted within the scope of Feasibility Study.

9 RATES OF RETURN

9.1 FINANCIAL RATE OF RETURN (PERIOD OF ANALYSIS IN YEARS):

Financial performance for the investor in Likeliest Scenario:

- IRR -16.5%
- NPV-13.5
- Payback period – 6th year from starting of operation



TRACECA Investment Forum

ID: GE01

- Period of analysis: 15 years

9.2 ECONOMIC INTERNAL RATE OF RETURN (PERIOD OF ANALYSIS IN YEARS):

Performance Indicator	Tbilisi LC		
	Best	Likeliest	Worst
Economic IRR (%pa)	25%	21%	17%
NPV (\$ million)	49.7	35.7	21.5
Benefit: Cost Ratio	2.34	1.80	1.42

Period of analysis: 15 years

9.3 HAVE THE FEASIBILITY STUDIES BEEN COMPLETED AND WHEN:

Feasibility study completed by Dornier Consulting International in June 2017.

9.4 ECONOMIC ASSESSMENT

10 INVESTMENT CRITERIA

10.1 SOURCES OF FINANCING

Investor selected by the Government of Georgia will be responsible for attracting debt and/or equity financing. Government of Georgia shall have significant contribution, amount of which will be specified in near future.

10.2 CO-FINANCING

Government of Georgia shall have significant contribution, amount of which will be specified in near future.



TRACECA Investment Forum

ID: GE01

10.3 ADDITIONALITY

.....

10.4 PROJECT READINESS AND SIZE

.....

10.5 SUSTAINABILITY

.....

10.6 CONDITIONALITY AND SEQUENCING

On November 15, 2017 the MoESD announced the Expression of Interest for selecting an investor for the development of Tbilisi Logistics Center. EOI is available at the home page of the MOESD (www.economy.ge). All interested companies or group of companies (consortiums) may participate.



TRACECA Investment Forum

ID: GE01



TRACECA Investment Forum

ID: GE01