



TRACECA Investment Forum

ID: KZ02

TRACECA PROJECT FICHE

## Conversion of MCV vessels to container ships

### 1. BASIC INFORMATION

**TITLE:** "Conversion of MCV vessels to container ships"

**SECTOR:** Maritime

**LOCATION:** Kazakhstan, Aktau, Mangystau region

### 2. OBJECTIVES

#### 2.1. OVERALL OBJECTIVES

Cargo transportation by 20 and 40-foot containers on the Aktau-Baku line.

#### 2.2. PROJECT PURPOSE

Increasing the share of transportation of various cargoes by Kazakhstan vessels, development of the transport potential of the Republic of Kazakhstan. Organization of international shipping Kazakhstan and transit cargo by Kazakhstan vessels

Reducing the cost of transportation over long distances.

#### 2.3. CONTRIBUTION TO NATIONAL DEVELOPMENT PLAN

- State program of development and integration of transport system infrastructure of the Republic of Kazakhstan till 2020 from 12.02.2014.

Action plan for the implementation of the program "Nurly Zhol" for 2015-2019:

"Bringing the share of Kazakhstan in the sea transportation of dry and ferry cargo from the ports of Aktau and Kuryk to 30% by 2019".

#### 2.4. CROSS BORDER IMPACT



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Transit transportation of various types of cargo from Aktau to the Caspian States.

### **3. DESCRIPTION**

#### **3.1. BACKGROUND AND JUSTIFICATION**

The growing cargo traffic, transshipped through the port of Aktau, indicates the need for the creation and development of the domestic merchant fleet. Along with the increase in exports of raw materials and products from Kazakhstan, imports of food, consumer goods, equipment and components for the mining and processing industries are also growing.

Reliable, inexpensive and the most popular way of cargo delivery by sea is container transportation. Within the framework of multimodal transportation, it will increase the flow of goods through transit corridors passing through the territory of our Republic.

#### **3.2. LINKED ACTIVITIES**

Road and rail transportation

#### **3.3. LESSON LEARNT**

The “lessons” of such projects in the maritime industry are the visual results of the development of maritime infrastructure in the Caspian countries. This is the optimization of transportation by reducing the distance of transportation and the timing and cost of delivery across the Caspian Sea. In turn, these factors affect the reduction of transport costs, which affects the facilitation of transportation and increase the attractiveness of trans-Kazakhstan routes for the transit shipper.

#### **3.4. ACTIVITIES**

The main and only activity is supposed to carry out sea transportation of various types of cargo by specialized container ships.

#### **3.5. RESULTS/DELIVERABLES**

Development of sea container transportation.

### **4. PROJECT ORGANISATION**



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### **4.1. INSTITUTIONAL FRAMEWORK**

The project is expected to be implemented at the expense of own funds of LLP "NMSK "Kazmortransflot" or with a loan from international financial institutions.

### **4.2. OWNERSHIP/IMPLEMENTING PARTY**

The owner and the implementing party will be LLP "NMSK "Kazmortransflot", which will operate specialized container ships and receive the appropriate revenues.

### **4.3. ORGANISATION STRUCTURE**

LLP NMSK Kazmortransflot will act as an organizer of debt financing for the project implementation.

### **5. DETAILED BUDGET (EUR/\$)**

Not defined

### **6. RISK ASSUMPTIONS AND CONSTRAINTS**

The assumed risks are related only to operational factors (implementation of the transportation process according to the approved requirements).

### **7. IMPLEMENTATION SCHEDULE**

The implementation period is 2019-2020. The final stages of implementation will be determined on the basis of a feasibility study and tender procedures.

### **8. ENVIRONMENT**

The expected environmental impact is not negative

### **9. RATES OF RETURN**

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

#### **9.3.HAVE THE FEASIBILITY STUDIES BEEN COMPLETED AND WHEN:**

Absent

### **10. INVESTMENT CRITERIA**



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### **10.1. SOURCES OF FINANCING**

The source of financing is assumed to be own or borrowed funds.

### **10.2. CO-FINANCING**

CO-financing is not expected

### **10.3. ADDITIONALITY**

Additional sources of financing are not expected

### **10.4. PROJECT READINESS AND SIZE**

### **10.5. SUSTAINABILITY**

The main conditions for the implementation of the project is the availability of long-term transit cargo flows through the ports of Kazakhstan.