



TRACECA Investment Forum

ID: KZ03

TRACECA PROJECT FICHE

CONSTRUCTION/ACQUISITION AND OPERATION TWO UNIVERSAL FERRIES

1. BASIC INFORMATION

TITLE: "Construction/acquisition and operation two universal ferries»

SECTOR: Maritime

LOCATION: Kazakhstan, Aktau, Mangystau region

2. OBJECTIVES

2.1. OVERALL OBJECTIVES

Creation of Kazakhstan's own ferry fleet, development of transport potential of the Republic of Kazakhstan. Organization of international shipping of Kazakhstan and transit cargo by Kazakhstan vessels.

2.2. PROJECT PURPOSE

- enhancing the transit capacity and competitiveness of the Asia-Europe Maritime transit route.
- increase in the share of transportation of Kazakh and transit cargo by Kazakh ferries.

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.
- Plan of the Nation - 100 steps to implement five institutional reforms:



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"Step 65. Integration of Kazakhstan into international transport and communication flows. The launch of the project on creation of a MULTIMODAL TRANSPORT CORRIDOR "TRANSCONTINENTAL EURASIAN CORRIDOR", which will allow for the unimpeded transit of

goods from Asia to Europe through the territory of Kazakhstan, from Khorgos and to the port of Aktau, further down the Caspian sea to Azerbaijan and then through Georgia.»

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

Transit of goods from Asia to Europe through the territory of Kazakhstan, then to the Caspian countries.

3. DESCRIPTION

3.1. BACKGROUND AND JUSTIFICATION

Today, the port of Aktau provides export-import relations with the South Caucasus and the countries of the Near and Middle East, and through the system of rivers and canals with European countries. The growing cargo traffic through this port 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 products, consumer goods, equipment and components for the mining and processing industries are also growing. The maximum use of transit corridors passing through the territory of our Republic by neighboring countries also increases cargo flows and traffic volumes. It should be noted that today Kazakhstan does not have its own ferry fleet, and therefore, the development of this type of vessels under the flag of Kazakhstan is required.



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3.2. LINKED ACTIVITIES

Road, rail transportation.

3.3. LESSON LEARNT

The "lessons" of such projects in the Maritime industry are the visual results of the development of marine infrastructure in the Republic of Azerbaijan. This is the optimization of transportation by reducing the distance of transportation and the time and cost of delivery through the Caspian sea. In turn, these factors affect the reduction of transport costs, which affects the facilitation of transportation conditions and increase the attractiveness of the 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 ferry.

3.5. RESULTS/DELIVERABLES

Saving transport costs by eliminating the cost of transshipment in ports of loading (unloading) compared with transportation on traditional courts;

Reduction of the way and time of the passage of goods compared to rail and road.

4. PROJECT ORGANISATION

4.1. INSTITUTIONAL FRAMEWORK

The project is expected to be implemented with a loan from international financial institutions, or using the public-private partnership mechanism.

4.2. OWNERSHIP/IMPLEMENTING PARTY

The owner and the selling party will be LLP "NMSK "Kazmortransflot", which will operate the ferries and receive the corresponding income.

4.3. ORGANISATION STRUCTURE

LLP "NMSK" Kazmortransflot " will act as an organizer in search of a potential investor or loan financing for the project.



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5. DETAILED BUDGET (EUR/\$)

The estimated cost of the project is 73 million US dollars. The final cost will be determined on the basis of adjustments to the feasibility study and Project documentation .

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 1.5 years. The final terms of implementation will be determined on the basis of the decision on the financing of the Project.

8. ENVIRONMENT

The introduction of innovative technologies, the use of liquefied gas will not have a negative impact on the environment. No emissions to the environment (CO₂, NO_x, SO_x).

9. RATES OF RETURN

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

IRR is 17%, NPV \$ 22.3 million, payback period is 13 years.

In this case, the final dimensions of these parameters will be determined on the basis of the FEM project adjustment.

9.3.HAVE THE FEASIBILITY STUDIES BEEN COMPLETED AND WHEN:

Feasibility study of the project is developed, there is also Project documentation for the construction of ferries.



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10. INVESTMENT CRITERIA

10.1. SOURCES OF FINANCING

The source of financing is assumed to be borrowed funds.

10.2. CO-FINANCING

CO-financing is not expected.

10.3. ADDITIONALITY

Additional sources of funding are not expected.

10.4. PROJECT READINESS AND SIZE

10.5. SUSTAINABILITY

The main conditions of the project are to attract a loan from international financial institutions and the availability of long-term transit cargo flows through the ports of Kazakhstan.