

Signing of Japanese ODA Loan Agreement with Ukraine

Reconstructing Kyiv's only sewerage treatment plant

On June 15, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Government of Ukraine in the capital of Kyiv to provide a Japanese ODA loan of up to 108.193 billion yen for the Bortnychi Sewerage Treatment Plant Modernization Project.

Since the change in administration in February 2014, the economic conditions in Ukraine have worsened due to conflict and prolonged energy issues. With a real GDP growth rate of negative 6.9 percent in 2014, there are concerns that the production of industries such as mining will drop, and it is predicted that the growth rate will fall to a negative 7.5 percent in 2015.

Given these circumstances, the Government of Japan announced assistance for stabilization in Ukraine, and this project will be the core of the assistance package of up to 150 billion yen announced by Japanese Prime Minister Shinzo Abe at the G7 summit held in the Hague in March 2014.

With the objective of establishing countermeasures for deteriorating infrastructure built during the Soviet era, the Government of Ukraine announced a nationwide program for reformation and development in the utilities sector in 2004, is formulating rehabilitation plans for infrastructure located in regional municipalities and is pushing for early project implementation.

The Bortnychi sewage treatment plant treats all of the sewage for Kyiv and surrounding cities, but as the facilities were constructed between the 1960s and the 1980s, major facilities have deteriorated, and many of the mechanical and electrical equipment have exceeded their service life. In addition, as the sludge field is nearly full, sludge incinerators and other facilities are urgently needed to reduce the volume of sludge. Nearby residents have complained about odors from the sewage treatment plant, and sludge overflows have occurred due to embankment breaches at the sludge treatment field.

The objective of the project is to improve sewage treatment in Kyiv by developing and modernizing the facilities at the Bortnychi sewage treatment plant, thereby contributing to the improvement of public health and living conditions for residents. Anti-odor measures, which are highly desired by local residents, are included in each component of the project, including covers for the primary water treatment and sludge treatment facilities, facility housing and deodorization facilities.

Special Terms for Economic Partnership (STEP) will be applied to this project. A belt condenser for condensing the sludge produced in the water treatment process, a screw-press dryer for drying the sludge condensate, and improved fluidized bed sludge incinerators are among the areas where advanced Japanese technologies for saving energy and reducing the environmental burden are expected to be used.

Reference

1. Terms and Conditions of the Loan

| Project title | Amount (million yen) | Annual interest rate (%) | | Repayment period (years) | Grace period (years) | Procurement |
|--|-------------------------|--------------------------|------------------------|--------------------------------|----------------------------|-------------|
| | | Project | Consulting services | | | |
| Bortnychi Sewerage Treatment Plant Modernization Project | 108,193 | 0.10* | 0.01 | 40 | 10 | Japan tied |

* Special Terms for Economic Partnership (STEP) apply.

2. Executing Agency

Kyivvodokanal
Address: 1A Leiptsyzka St., Kyiv, UKRAINE
Phone/fax: +380-044-280-5757

3.Planned Implementation Schedule

(1) Completion of project:

September 2022 – when the facilities are put into service

(2) Issuing of letters of invitation for consulting services (including construction monitoring):

January 2016

(3) Tender announcement of initial procurement package for international competitive bidding on project construction:

Procurement package title: Water Treatment Facilities, Sludge Treatment Facilities, Sludge Incineration Facilities, Other

Release date: January 2017

4. JICA Contact Information

For further information about the procurement schedule, please contact the party listed below.

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Natalie Jaresko, minister of Finance of Ukraine, and Masakazu Ichikawa, JICA vice-president, sign the agreement.