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UKRAINE

SOURCE: STRENGTHENING
UKRAINE'S SUSTAINABLE
INFRASTRUCTURE PLANNING
AND DELIVERY



2022

The Sustainable Infrastructure Tool Navigator

is an online platform that connects infrastructure practitioners with over 100+ relevant tools that can assist them in evaluating and making decisions at various phases of the infrastructure life cycle. This case study demonstrates the use of a tool in a country context, to better understand the process involved as well as good practices, challenges and lessons learned.

SOURCE: STRENGTHENING UKRAINE'S SUSTAINABLE INFRASTRUCTURE PLANNING AND DELIVERY

SOURCE (<https://public.sif-source.org>) is the multilateral platform for sustainable infrastructure development, led and funded by multilateral development banks (MDBs) in response to:

- The Group of Twenty's (G20) calls to address the global infrastructure gap by improving the quality of preparation of infrastructure projects; and
- The need for governments to advance their digitalization agenda, particularly in a post-COVID context with the associated restrictions on people's mobility.

The objective of SOURCE is to strengthen the capacity of infrastructure project developers by supporting project

preparation management, infrastructure intelligence solutions, and well-prepared project pipelines. SOURCE provides a comprehensive map of considerations for preparing sustainable infrastructure, for both traditional procurement and Public-Private Partnerships (PPPs). It covers governance, technical, economic, legal, financial, environmental and social dimensions. It uses sector-specific templates that address all stages of the project life cycle, from project definition to operations and maintenance.

SOURCE is a public good, free of charge for governments, and is presented as online software hosted by the United Nations. SOURCE is easily accessible by web browser and regularly updated with the latest international best practices. It can also be adapted to local regulatory contexts and connected to existing country-specific Information Technology (IT) systems.

1. BACKGROUND

Due to the global urgency of deploying sustainable infrastructure projects at scale, in 2019, SOURCE's multilateral development bank (MDB) partners initiated a new strategy to increase the platform's impact by integrating SOURCE at the national level. This strategy aims to operationalize and customize SOURCE according to countries' regulatory frameworks and project development processes. This level of integration enables user access across national agencies involved in preparation, procurement and management of infrastructure projects. SOURCE is a free tool for governments thanks to the ongoing support from MDBs.

Efforts were undertaken to integrate SOURCE into developing economies in Europe. In 2018, Ukraine expressed its interest in using the SOURCE platform to the European Bank for Reconstruction and Development (EBRD), one of the MDBs supporting SOURCE development. Ukraine at that point was building a coherent and effective institutional and legal environment conducive to implementing Public-Private Partnerships (PPP) and improving

the overall process of public infrastructure delivery. In 2019, the PPP Unit of the Ministry of Economic Development, Trade and Agriculture of Ukraine (MEDTA) also established a "PPP Agency" that will act as the implementing body for PPP infrastructure projects. The Ukrainian government, with MDB support, developed primary and secondary legislation, manuals and operational guidelines for the implementation of the Concessions Law. Lastly, the Ministry of Infrastructure of Ukraine was engaged in the first two pilot concession projects to construct the ports of Olvia and Kherson (Sustainable Infrastructure Foundation 2021b).

Despite the efforts mentioned above, the government (before the 2022 conflict) was still at the early stages of building institutional capacity to effectively prepare and implement infrastructure projects in cooperation with the private sector. Government representatives raised some concerns about the government's capacity and the quality of project proposals, the enforcement of project appraisal and selection processes, and identification of suitable models of delivery, financing, contract management, monitoring and quality control.

2. SOURCE AS AN INNOVATIVE AND DATA-CENTRIC SOLUTION FOR PROJECT PREPARATION

The Ukrainian government was interested in using an innovative, data-centric and efficient tool to help with infrastructure project preparation. The conditions were ripe for using the SOURCE platform given Ukraine's infrastructure needs and its interest in advancing its digitalization agenda – which had already seen success with its official e-procurement system named Prozorro.

This technical collaboration, supported by EBRD, was designed to integrate SOURCE into Ukraine's national infrastructure strategy.

This collaboration entailed the following interventions:

- Develop policy and legislative solutions to make SOURCE part of the national infrastructure strategy
- Enhance the capacity to prepare and manage quality infrastructure projects
- Harmonize standards for project preparation and management and create a coherent database for ongoing infrastructure projects
- Connect various digital tools and data repositories with SOURCE, creating an end-to-end digital process for infrastructure project preparation and contract management
- Provide a clear focus on gender and inclusion issues in the SOURCE functionality to support further infrastructure sustainability from the initial design stages (Ukraine Agency on Support Public-Private Partnership 2021).

3. INTEGRATING SOURCE INTO UKRAINE'S NATIONAL INFRASTRUCTURE STRATEGY

Integrating SOURCE into the Ukrainian national infrastructure project preparation framework was conducted along three workstreams:

- **Policy:** targeted at verifying that SOURCE was compatible with national laws and legislations. A review of the primary and secondary legislation in Ukraine was conducted. This aimed to determine whether the implementation of SOURCE would potentially conflict with existing legislation, and to generate recommendations on regulatory amendments. After this first analysis, SOURCE templates and milestones were reviewed to ensure compliance with the requirements of Ukrainian legal frameworks.
- **Process:** centred on identifying and mapping current processes within the project cycle in Ukraine, with a particular focus on procurement. This process informed the development of a roadmap for optimizing project processes based on the use of SOURCE. Gender and inclusion aspects and the inclusiveness of procurement processes were also assessed.
- **IT:** included a focus on the technical integration of the SOURCE platform and connections to existing IT systems, translation into Ukrainian, testing and user training. Piloting SOURCE in two local contexts is also planned, which will assess project technical scope and help prepare for the technical assistance phase, including a roll-out to a broader number of projects.

Due to the impact of the COVID-19 pandemic in 2020, the project was eventually delayed and took from Q1 2020 to Q4 2021 (see Figure 1). The normal timeline for the application of SOURCE is 9 - 12 months.

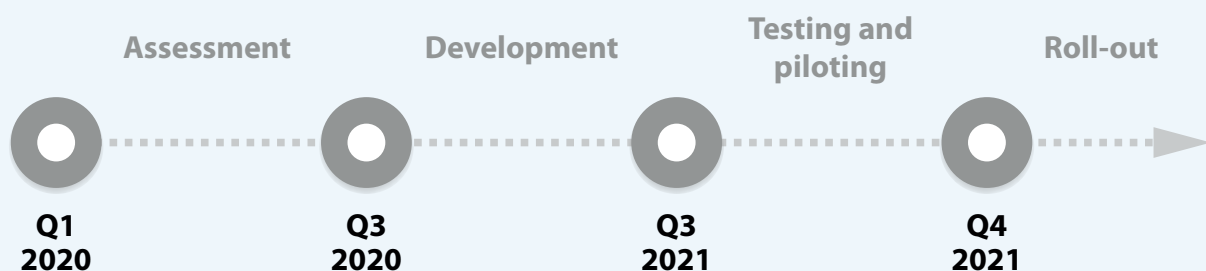


FIGURE 1 - PROJECT TIMELINE

4. RESULTS

The specific process-mapping exercise conducted by the Sustainable Infrastructure Foundation (SIF), the not-for-profit institution that coordinates the operational provision of SOURCE, in collaboration with SPILNO, the PPP Management Office of the Ministry of Infrastructure, led to over 20 scenarios that addressed a range of phases, from project definition to financial close. These scenarios are specific depending on: i) project origin, ii) applicable legal framework, iii) government support, iv) project sector, v) contractual arrangements, and vi) type of tender.

Integrating SOURCE within Ukraine's national infrastructure project preparation framework yielded several specific results and benefits. These include:

- 1) **Better coordination between agencies and customization of SOURCE to the Ukrainian regulatory framework.** The Sustainable Infrastructure Foundation (SIF) worked with government counterparts through its local consultant and EBRD to customize:
 - a. More efficient timeline management that
 - (i) reflects the government's regulatory requirements and procedures within the identified project cycles to customize project milestones on timelines for PPP and concession schemes, and
 - (ii) maps key project milestones to critical considerations like gender and inclusion and customized reporting at the project and portfolio level. SIF has translated the full process map and individual milestones into SOURCE's process, see Figure 2 below. All workflows were reviewed by technical experts from EBRD and confirmed with SPILNO.

FIGURE 2 – TIMELINE DEFINITION PROCESS IN SOURCE

Define timeline

Parameters

Will the project be tendered as a PPP/Concession?
Yes

Project initiation
Public initiated

Legal framework
State Property

Support
Government Support

Contractual arrangement(s)
Select contractual arrangement(s) -

Tender process
Two Stage with prequalification

Preview

Project Definition

Project Definition

<input checked="" type="checkbox"/>	Identification of project team	1
<input checked="" type="checkbox"/>	Project description (outline technical solution)	2
<input checked="" type="checkbox"/>	Identification of needs/benefits of the project	3
<input checked="" type="checkbox"/>	Identification of stakeholders	4
<input checked="" type="checkbox"/>	Assess suitability of proposed solution	5
<input checked="" type="checkbox"/>	Preliminary economic analysis	6
<input checked="" type="checkbox"/>	Preliminary financial analysis	7
<input checked="" type="checkbox"/>	Preliminary legal and regulatory assessment	8
<input checked="" type="checkbox"/>	Environmental and social screening	9
<input checked="" type="checkbox"/>	Preliminary project risk assessment	10
<input checked="" type="checkbox"/>	Project Management Plan preparation	11
<input checked="" type="checkbox"/>	Assessing/Justify capabilities and needs for further project implementation	12
<input checked="" type="checkbox"/>	Concept note preparation	13
<input checked="" type="checkbox"/>	Submit the Concept Note to the Ministry of Economy (MEDT) and the Ministry of Finance (MoF) for their review and comments	14
<input checked="" type="checkbox"/>	Concept note discussion	15
<input checked="" type="checkbox"/>	Decision on expediency/not expediency of the Feasibility Study (FS) preparation (Preliminary approval of Project Definition)	16

Project Preparation

Tender Process

Construction

Operation and Maintenance

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FIGURE 3 – SOURCE PROJECT PREPARATION TEMPLATES IN UKRAINIAN

b. Another element that has been customized is SOURCE's templates for data points identification. This helps to add new questions to be answered by the project during its preparation phase. See Figure 3 below for the project preparation templates in Ukrainian.

2. **Transparency and greater alignment with the Open Contracting Data Standard (OCDS), which facilitates interoperability with Prozorro.** SIF worked with its local consultant, a gender expert and the Ukrainian government to map data fields on inclusive procurement. This will also ensure the replicability of the approach with other similar e-procurement platforms based on the Open Contracting Partnership (OCP) standards.
3. **Translation of SOURCE into Ukrainian (phase 1).** As part of SOURCE's integration into the Ukrainian national infrastructure project preparation framework, key elements of the platform (including the full set of questions from the sectoral templates, the full set of tasks and milestones for PPP and Concession projects, and the full set of parameters to define an appropriate workflow) were translated into Ukrainian. SIF will translate the full user interface in the coming months and in parallel with the pilot phase.

5. CAPACITY-BUILDING

Staff training was organized with the assistance of SIF's local consultant. Several workshops were conducted, covering SOURCE's features, practical exercises and case studies. These helped SIF and the Ukrainian government identify pilot projects and enter project details into SOURCE. EBRD is now launching an assignment to support phase 2 of the SOURCE pilot. Phase 2 will involve further assistance to help Ukraine adopt SOURCE as an end-to-end management system to aid project development, execution and contract administration. This will also include various financing, procurement and contract types, and will be able to communicate across Ukraine's Electronic Trading System (ETS) for concessions and digital contract management.

6. LESSONS LEARNED

The development of SOURCE's Application Programming Interface (API) strategy is central to the provision of an end-to-end platform that supports Ukraine's digitalization agenda. There is much value for users in seeing SOURCE connect across other IT tools such as the procurement platform Prozorro. Data collected in SOURCE on project preparation, contractual management and the procurement process are now aligned with the

OCDS format, which will facilitate interoperability and data standardization. Lastly, for SOURCE to be maximally impactful, it is paramount that its use is integrated within the country's regulatory framework and enforced by national rules, standard operating procedures and other regulations.

7. REPLICABILITY

The process of adapting SOURCE to a national framework can be replicated by countries that express interest to SIF. Thanks to ongoing support from MDBs, SOURCE is a public good for governments to use free of charge.

KEY INSIGHTS



- > There is no one-size-fits-all approach to sustainable infrastructure. SOURCE was customized to the Ukrainian regulatory context by collaborating with the government. This process was of great importance for incorporating sustainable practices into infrastructure projects.
- > For SOURCE to be successfully applied, it is necessary to fully understand current national processes. Proper interoperability requires mobilizing and engaging existing procurement platform IT departments in advance, before any integration process begins.
- > Capacity-building and collaborative workshops are of paramount importance to ensure the correct implementation of the SOURCE platform at the country level.

FEEDBACK

“As an IT tool, SOURCE supports us in preparing well-structured projects in PPP, concessions and standard procurement. SOURCE also improves coordination between agencies by accessing best practices, prioritizing transparency, and promoting the infrastructure pipeline in Ukraine”

Taras Boichuk, Head of SPILNO PPP Office, Ukraine

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