

Road A14 Vilnius – Utena

Project presentation, according to data from feasibility study

Vilnius /22 03 2016



MINISTRY OF TRANSPORT
AND COMMUNICATIONS
OF THE REPUBLIC OF LITHUANIA



**LITHUANIAN ROAD
ADMINISTRATION**

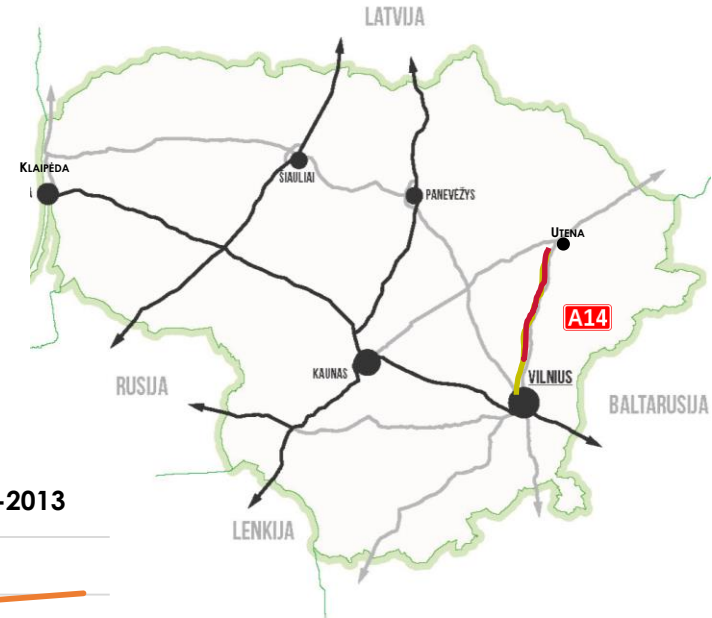


Status quo

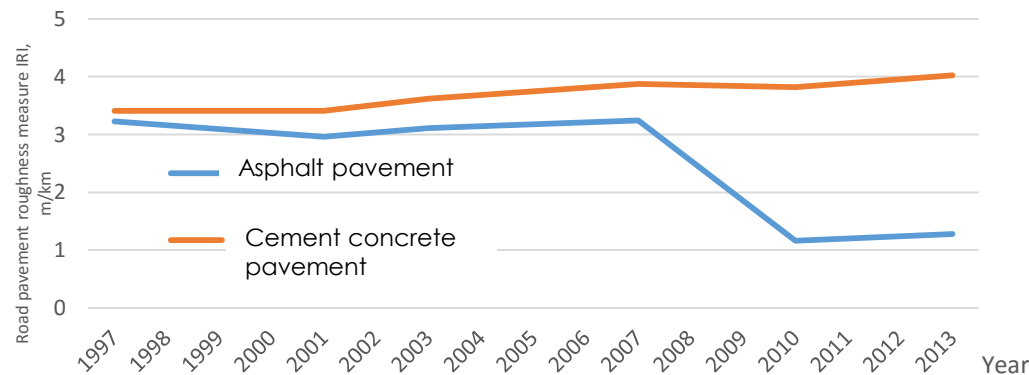
Road A14 Vilnius – Utena

- **Main traffic artery** between Vilnius and north-eastern Lithuanian regions
- Prognosed in the period of 15 years¹:
- **25% AADT**
 - In 2013 : 4,469 – 5,742 vehicles
 - Maximum registered daily traffic volumes on 28.97 km on 2 August 2013 (Friday): 10,389 vehicles (238 heavy vehicles)
 - In 2028 : up to 7,000 vehicles.
 - Factual traffic volume increase on the main roads in 2000-2013 ²: **79 %**
- Average pavement roughness: 4.0 m/km, i.e. poor road condition (road pavement condition is good when its roughness does not exceed 2.5 m/km)
- In the last 10 years 147 registered traffic accidents³:
 - 56 fatalities
 - 202 injured
- Lack of financing impacts on the degradation of this road
- Road modernization complies to the aims set in the National Transport Development Programme 2014 – 2022

Geographical position of the road Vilnius-Utena



Road pavement roughness dynamics in 1997-2013



Note 1: According to Lithuanian Road Administration data.

Note 2: 2000-2013.

Note 3: section between 21.5 to 93.65 km of road Vilnius-Utena.



Status quo

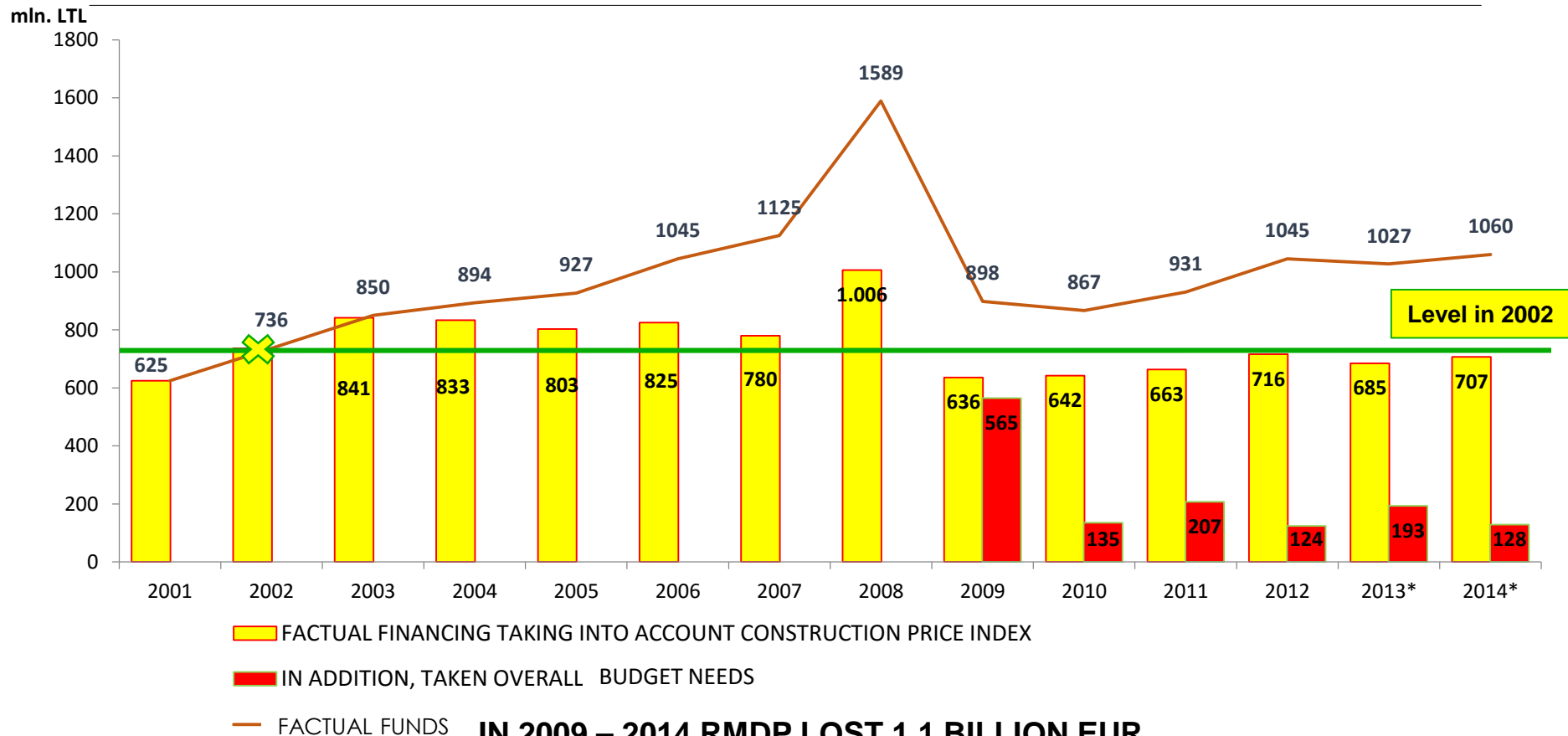
Infrastructure of the Road Vilnius-Utena



Source: www.miestai.net

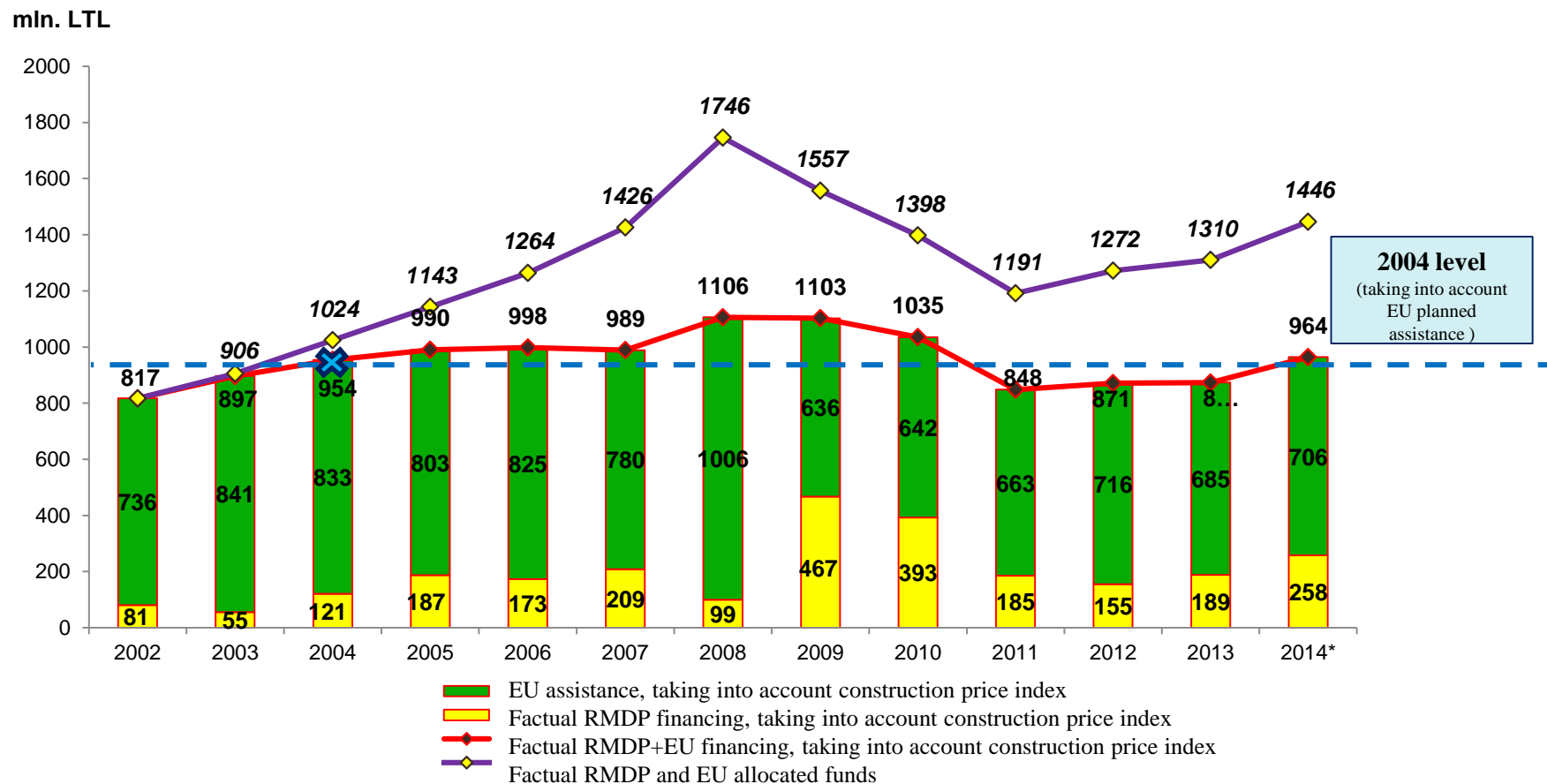
Status quo

Financing of National and Local Significance Road Sectors from RMDP, Taking into Account Construction Price Index



Status quo

Financing of National and Local Significance Road Sectors from RMDP and EU Funds, Taking into Account Construction Price Index



Status quo

Condition of National Significance Road Pavement in 2014

National significance road condition

Good traffic conditions on 53% of main roads (925 km)

Good traffic conditions on 32% of national roads (1,577 km)

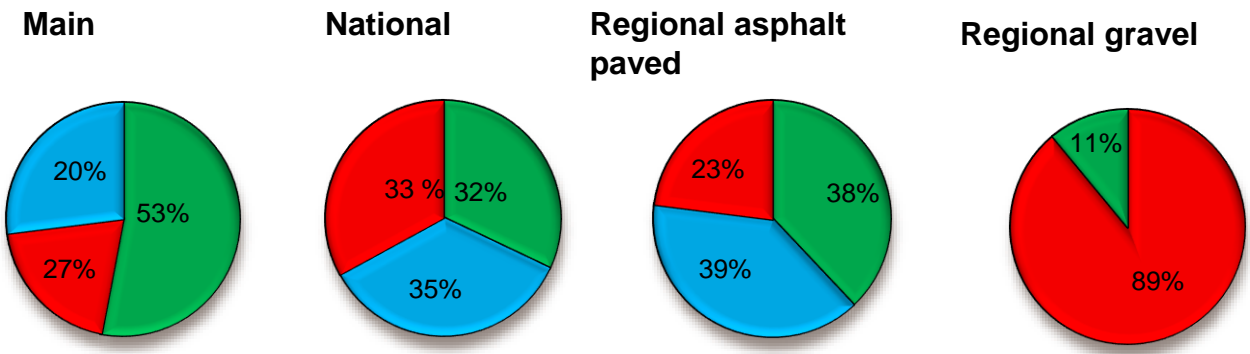
Good traffic conditions on 38% of regional roads (2,774 km)

89% of regional gravel roads (6,500 km) do not meet minimum requirements

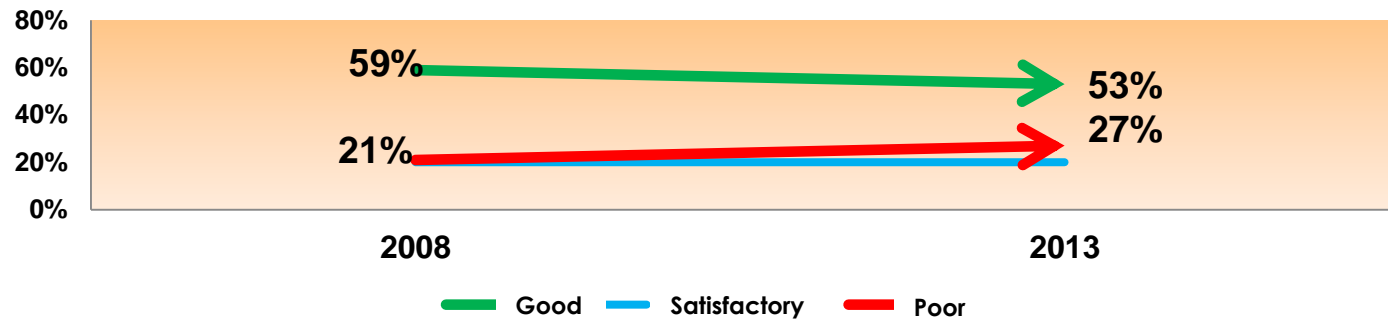
Excellent

Satisfactory

Poor



Dynamics of the main roads' pavement condition in 2008 - 2013



Status quo

STRATEGIC AIMS IN 2020

- **TRAFFIC SAFETY IMPROVEMENT MEASURES;**
- **VIA BALTICA DEVELOPMENT:**
 - A) COMPLETION OF KAUNAS-POLISH BORDER (AM), ≈1.13 BILLION LTL (≈330 MLN. €);
 - B) KAUNAS-LITHUANIAN-LATVIAN BORDER (2+1) ≈0.4 BILLION LTL (≈170 MLN. €);
- **VILNIUS – KAUNAS – KLAIPĖDA;**
- **PRESERVATION OF NATIONAL AND REGIONAL ROADS;**
- **GRAVEL ROAD ASPHALT PAVING;**
- **BYPASS CONSTRUCTION AND TEN-T CORRIDOR DEVELOPMENT;**
- **ITS IMPLEMENTATION IN TRAFFIC MANAGEMENT, FOR SOCIETY NEEDS, MEASURES FOR CONTROLLING EXCEEDING WEIGHT AND OTHER DIMENSIONS**
- **GRAVEL ROAD RESTORATION;**

Total funds required to attain the strategic aims above: 6,815 Billion LTL (≈2 Billion. €),

OUT OF WHICH:

ES funds: 1.605 Billion LTL (≈ 0.5 Billion €).

Deficient funds from RMDP: 5,21 Billion LTL (≈ 1.5 BILLION €).

Public and private sectors' partnership is one of possible forms of infrastructural financing, which improves our road condition, stimulates the country's economy and serves Lithuanian society at large.

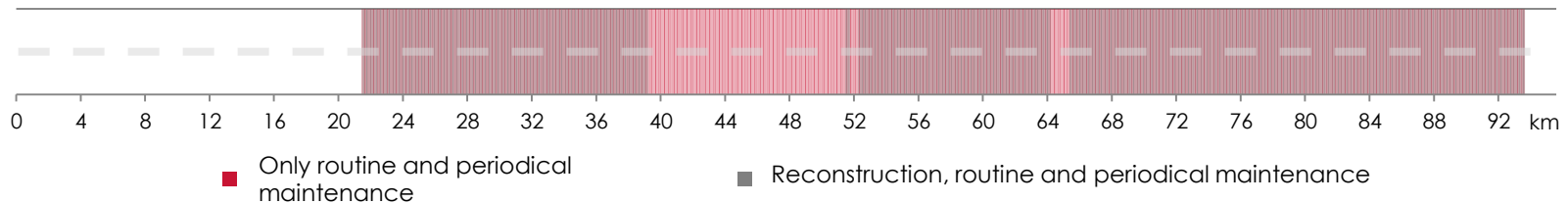


Problem solution

Project's Scope and Optimal Implementation Alternative

- **Preparation/ correction** of reconstructed road sections' **technical projects**
- **Reconstruction of 58.10 km of the** road Vilnius – Utena
- **Routine and periodical (repair) maintenance of 72.15 km** (from 21.50 km to 93.65 km) road sections

Road Vilnius-Utena sections under reconstruction and maintenance



**Recommended road cross-section.
Road technical category - II**



Project implementation schedule

| Activity | Year | | | | | | | | |
|---------------------------------|------|---|---|---|-----|----|----|----|----|
| | 1 | 2 | 3 | 4 | ... | 10 | 11 | 12 | 13 |
| Design and implementation | X | X | X | | | | | | |
| Routine maintenance | X | X | X | X | ... | X | X | X | X |
| Periodical maintenance (repair) | | | | | | | | | X |



Major Property Obligations of the Project in 13 Years

Nominal¹ investment prices

• 229.34 million LTL excl. VAT or 277.5 million LTL incl. VAT (66.41 million € excl. VAT or 80.36 million € incl. VAT)

Nominal periodical maintenance expenditures

• 55.3 million LTL excl. VAT or 66.9 million LTL incl. VAT (16 million € excl. VAT or 19.4 million € incl. VAT)

Nominal periodical maintenance (repair) expenditures

• 43.8 million LTL excl. VAT or 53.0 million LTL incl. VAT (12.69 million € excl. VAT or 15.35 million € incl. VAT)

Nominal private investor's costs related to financing (loan), administrative and other expenditures

• 171.24 million LTL excl. VAT or 207.2 million LTL incl. VAT (49.6 million € excl. VAT or 60 million € incl. VAT)

Major project's predicted property obligations in 13 years

• 499.68 million LTL excl. VAT or 604.6 million LTL incl. VAT (144.7 million € excl. VAT or 175.1 million € incl. VAT)
Remark: according to Act of Parliament No.XII-2227 of December 22th 2015 - 169.3 million € incl. VAT.

PPP project

Comparison of Road Construction & Reconstruction Works in 2012-2014 (million LTL/km; million €/km)

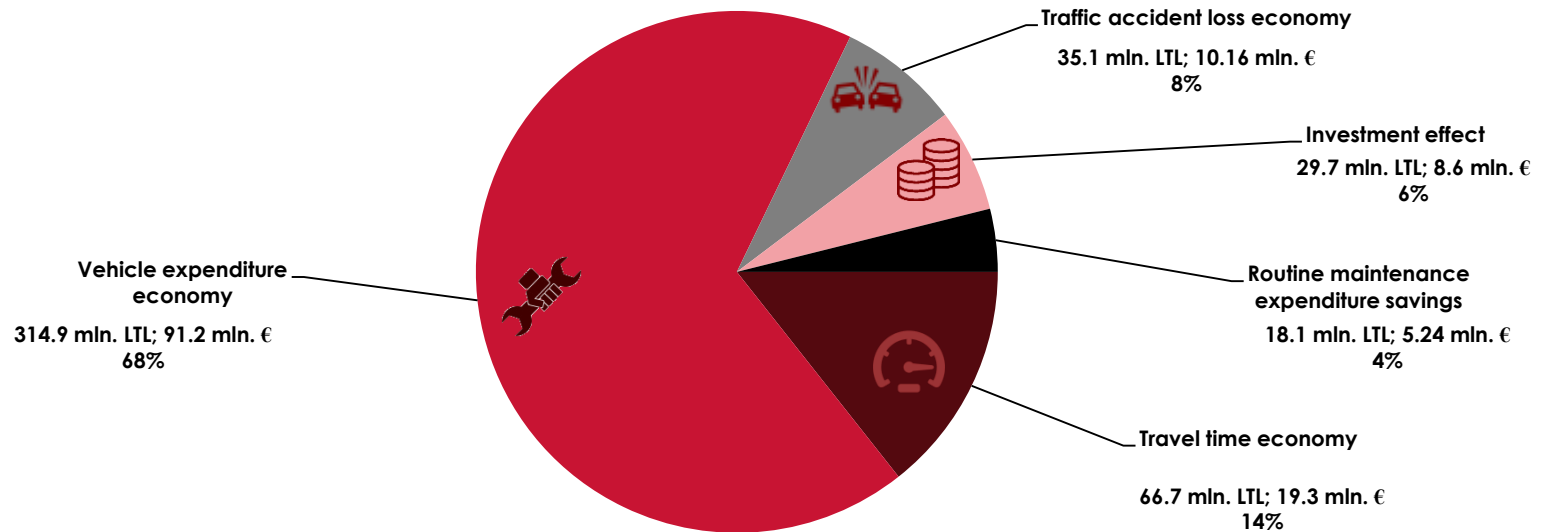
| Project Type of works | Type of road | Road category | 1 km price incl. VAT, million LTL | 1 km price incl. VAT, million € |
|--|-------------------|---------------|-----------------------------------|---------------------------------|
| Vilnius southern bypass A19 (section 0.18-7.55 km), reconstruction&construction | Main road | I | 2.,9 | 8.67 |
| Vilnius city western bypass III stage (5.4 km), construction | City express road | I | 47.1 | 13.64 |
| Vilnius-Minsk A3 (section 21.86-32.91 km), reconstruction | Main road | II | 4.01 | 1.16 |
| Palanga bypass (length – 8.25 km), construction (VPSP) | Main road | II | 4.89 | 1.416 |
| Road A14 Vilnius–Utena (poor quality sections, total length of 58.1 km), reconstruction (VPSP) | Main road | II | 3.91 | 1.132 |
| No 115 Ukmergė-Molėtai (section 2.43-19.40 km), reconstruction | National road | III | 3.11 | 0.90 |
| No 122 Daugavpils-Rokiškis-Panevėžys (section 0.00-8.75 km), reconstruction | National road | IV | 3.88 | 1.12 |
| Gravel road asphalt paving | Regional road | IV | 1.3 | 0.376 |
| Double surface dressing on unbound base course (gravel pavement), where heavy transport <15% | Regional road | IV | 0.85 | 0.246 |
| No 136 Vinčai-Pilviškiai-Vilkaviškis (section 16.660-17.575 km and 17.865-30.300 km), reconstruction | National road | V | 3.11 | 0.90 |



Benefits of the Project Implementation

- Social – economic benefits
 - nominal value: 446 million LTL; 129.2 million €
 - net current value : 166 million LTL; 48 million €
- Project's economic internal rate of returns: **16%**

Project's social-economic benefits¹



Note 1: Nominal value.



Risk Sharing

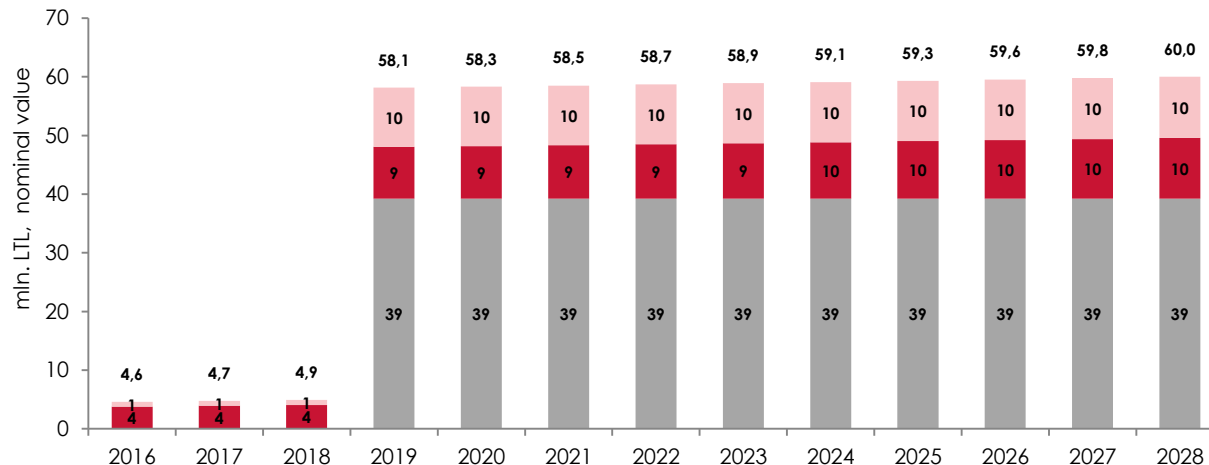
- Risk is attributed to the group which may manage it at the lowest expenditures
- PPP payments directly depend on the condition of the infrastructure handed over to the private sector; therefore, it will be interested in providing services of the required quality
- The risk of increased heavy transport volumes is attributed to the availability risk group; therefore, financial obligations of the project will have no impact on the national debt obligations

| Risk group | Public sector | Private sector | Sharing |
|------------------|---------------|----------------|---------|
| Construction | | X | |
| Availability | | X | |
| Demand | X | | |
| Political | X | | |
| Legal | X | | |
| Macroeconomical | | | X |
| Force majeure | | | X |
| Dispute solution | | | X |
| Environmental | | X | |
| Asset handover | | X | |

Annual Payment Structure

- Indexed part of annual payment makes up ca 21%
- Non-indexed part of annual payment makes up ca 79%

Structure of annual payment and payment schedule¹



| Annual salary share | | Indexed | Attributed costs |
|---------------------|------------|---------|--|
| ■ | M1 | NO | Road development costs and monetary flow of financing road development works |
| ■ | M2 | YES | Routine maintenance, periodical maintenance and other costs |
| ■ | VAT | NO | Value added tax |



Note 1: Such annual salary structure and payment schedule are based on the assumptions made in the feasibility study. If assumptions change, annual salary structure and payment schedule will change.

THANK YOU FOR YOUR ATTENTION

