



**International  
Finance Corporation**  
World Bank Group



# Inland Water Transport

# Range of Opportunities for PPPs and private sector investment

- Internationally, extensive private sector involvement in terminal development
  - Integration into logistics chains
  - Investment in superstructure/ warehousing
  - Captive vs. third party cargo
  - Competition drives hinterland and multimodal integration
- Innovative models for PPPs in channel maintenance, dredging
- Globally, dominant role of private sector in logistics services and operation of barges
  - Industry structure ranging from small owner- operators (Europe) to larger integrated logistics groups (LatAm)
- Discussions this afternoon to explore applicability and constraints in India

# IFC has financed several Inland Waterways projects (I)

## Paraguay: UABL Limited

- River Barge & Terminal Operator on the international Paraguay - Parana waterway to the Atlantic Ocean
- Several rounds of IFC financing
  - **2002:** Loan of \$ 20 million and equity of \$ 5 million for expansion of barge capacity & construction of terminals for oil & forest products
  - **2008:** Loan of \$ 60 million for capex to replace existing engines, enlarge existing barges & acquire new capacity
  - **2011:** Loan of \$ 15 million to assist in optimization of UABL's operations, increase fuel efficiency and expand transport capacity in the river system

## Bolivia: Central Aguirre Portuaria S.A. (CAPSA)

- An inland river port operator with diversified terminals & intermodal facilities
- 40 year concession
- Located on Tamengo canal leading to the international Paraguay-Parana waterway
- IFC financing: loan of \$ 2.50 million to expand river port operations in 2002

## Russia: Volga (VS) & North-Western (NWS) Shipping in Russia

- Provides integrated short-sea shipping services for trade & passenger transport
- IFC Financing: Loans of US\$27 million and US\$23 million respectively to construct eight new 5000 DWT dry-cargo river & sea vessels for each company

# IFC has financed several Inland Waterways projects (II)

## China: Minsheng Shipping

- Serves the river shipping market along the Yangtze river
- IFC financing: Loan of \$ 20.75 million to purchase new vessels, optimize vessel structure, achieve efficiency gains & meet growing demands for container & Ro-Ro vessels.

## Venezuela: GMS/ACBL de Venezuela, C.A.

- Operates 2 river ports: one to unload bauxite and another to handle general cargo
- Located on Orinoco river connecting to Atlantic ocean via Boca Grande Channel
- IFC financing: Loan of \$ 8.65 million & Equity of \$ 9.11 million to construct & operate 2 terminals

## Romania: S.C. Transport Trade Services S.A.

- Provides integrated logistics & freight forwarding
- Operates on the Danube river & Constant port via 3 subsidiaries
- IFC financing:
  - **2005:** A-Loan of \$ 16.95 million to upgrade the pusher for use on Danube river and to construct a grain terminal as well as re-finance the crane located at the Constanta port.
  - **2007:** C-Loan of \$ 14.78 million & Equity of \$ 7.39 million to acquire new pushers, construct grain terminals and silos on the same river system.
  - **2012:** Equity of \$ 16 million to modernize & acquire propelled & non-propelled river vessels, capacity expansion of Constanta port & development of river facilities.

# Changing tide - growing role for innovative PPPs

## The Rio Magdalena, Colombia

- The largest Colombian river - declining role in freight movements; policy goal to reduce logistic costs for freight movements between the ports at the Caribbean Coast and the main centres of production and consumption in the Colombian inland, and establishing the Magdalena River as part of an integrated multimodal transport system
- Public Private Partnership (PPP) to upgrade navigability of the river; total investment of around US\$600 million, and maintain a depth of at least two meters over concession period

## Developments of canal locks on PPP basis - Holland and Belgium

- Locks have not traditionally been constructed under PPP arrangements
- Netherlands - Sea Lock PPP Projects Program: All eyes on the Limmel Lock PPP, first in procurement, to accommodate demands of modern large barges using the Juliana canal between Limmel and Maasbracht. Five consortia (out of nine) prequalified in January 2014 for the next phase of this EUR 60m, 33-year DBFM project, currently in BAFO stage

# Examples for a PPPs in waterway maintenance - Hidrovia Waterway Concession

**Argentina** - Rio Parana & Rio de la Plata from Santa Fe to the Atlantic Ocean, longest navigable water way concession in the world,

**Concession Duration** - 18 years (1995 - 2013), since extended and expanded in scope

## **Responsibilities of private investor**

Fairway - Capital & Maintenance Dredging

Navigation - Installation & Maintenance of Navigation aids

**Revenues** - Combination of tolls and government payment (annuity)

**Hidrovia SA (Concessionaire)** - combination of strong international expertise and and local partner (Jan de Nul NV (Belgium) & Emepa SA (Argentina))

## **Key issues**

Volume/ traffic risk - clear indication of traffic potential

Information about river and definition of river management/ dredging specs;

Assurance to shippers of draft availability



Thank you

# Diverse role for private sector in IWT

## Development, Operation & Maintenance

Fairway  
*Capital & Maintenance dredging*

River  
terminals  
*to handle cargo & passengers*

Cargo  
handling  
facilities  
*to load & unload at terminals*

Inland Vessels  
*Construction & operations (ferry services, etc.)*

## Private Sector Revenue Sources

Toll  
Revenue

Real  
Estate

Freight &  
Transport  
Charges

Tourism

Variable  
& Fixed  
Port  
Charges

**Optimal PSP Structure**  
An appropriate combination of these variables based on project specific requirements