

Construction of a plant for the production of soda ash and other derivatives

Project description													
Project initiator	New Slovyansk Soda Ash Plant, state institution "State Scientific Research and Design Institute of Basic Chemistry (state institution "NIOCHIM")												
The essence of the project	<p>Construction of a plant for the production of soda ash and other derivatives in the Sloviansk city, Donetsk region.</p> <p>Planned product range of the company's marketable products:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: center;">№</th> <th style="text-align: center;">Product name</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Soda ash (light and dense)</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Construction lime</td> </tr> <tr> <td style="text-align: center;">3.</td> <td>Baking soda (sodium bicarbonate)</td> </tr> <tr> <td style="text-align: center;">4.</td> <td>Calcium chloride</td> </tr> <tr> <td style="text-align: center;">5.</td> <td>Cooking salt</td> </tr> </tbody> </table>	№	Product name	1.	Soda ash (light and dense)	2.	Construction lime	3.	Baking soda (sodium bicarbonate)	4.	Calcium chloride	5.	Cooking salt
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Project goal	Replacing imports of strategically important chemical products to Ukraine with products of national production with high added value, ensuring the development of industry in the Donetsk region, and creating new jobs.												
Compliance with strategic documents and assignation of priorities	<p>The project goals correspond to:</p> <ul style="list-style-type: none"> - Sustainable Development Goals of Ukraine for the period up to 2030 (paragraphs 8,9), approved by decree of the president of Ukraine "on Sustainable Development Goals of Ukraine for the period up to 2030" dated September 30, 2019 No. 722/2019. - Task 1.2.3. "Support for industries with economic and innovative development potential" operational goal 1.2. "Smart Specialization based on knowledge and innovations" strategic goal 1 "updated competitive economy" of the Donetsk Region Development Strategy for the period up to 2027. 												
Study of the problem that will be solved as part of the project implementation	<p>Until recently, there were 3 soda companies operating in Ukraine – in Lysychansk, Luhansk region, Sloviansk, Donetsk region and Krasnoperekopsk (Crimea), which produced a total of more than 1 million tons of soda per year. In 2003, due to physical wear and tear of technological equipment, the Sloviansk plant was liquidated. In 2009, due to the depletion of raw material reserves, the Lysychansk soda plant was also shut down and liquidated. After the annexation of Crimea, Ukraine was temporarily left without its own soda production, and therefore domestic soda consumers are forced to import this product. Thus, the volume of soda ash import in 2019 amounted to 246 thousand tons, sodium bicarbonate – 26.5 thousand tons, calcium chloride – 7 thousand tons.</p> <p>In addition, there is a steady trend towards an increase in global demand for soda ash by at least 1 million tons per year.</p> <p>Thus, within the framework of the project, it is possible not only to solve the issue of import substitution of a strategic product, but also to resume its export, ensuring the receipt of foreign exchange earnings to the country of up to 75 million euro per year.</p>												
Estimated project cost	21300 000 thousand UAH, including for the creation of production facilities -15 800 000 thousand UAH, for the construction of a thermal power plant -5 500 000 thousand UAH.												
Project Implementation Arrangement	The project is supposed to be implemented by attracting a private investor with active state support (providing a state guarantee of investment, tax, customs and other preferences for investment).												

Key financial figures of the project implementation	Estimated financial figures of the project:	
	Name of the figure	Value
	Net present value of the project (NPV), mln euro	813.5
	Average annual sales without VAT, mln. euro	143.6
	EBITDA (average annual), mln euro	69.2
	Profitability index (PI)	1.1
	Internal rate of return (IRR)	9,6%
Payback period (PP), years	9.2	
Project implementation term	The project implementation period is 36 months.	
Indicative funding sources to finance the project	Sources of financing for the project include private investment and debt money from financial institutions.	
Project Implementation Arrangement	Feasibility study is being developed	
Interested parties and expected result of the project implementation	<p>The beneficiaries of the investment project are:</p> <ul style="list-style-type: none"> - investor by generating income from the products sale ; - the state by solving the problem of import dependence of strategically important types of chemical products and obtaining additional foreign exchange earnings to the country; - territorial community of the place of creation of production by creating new jobs (1980 new places), filling the regional budget, solving social problems. 	
Characteristics of an object (existing or newly created)		
Location of the object	The priority site for the construction of enterprises is the territory of the village of Raihorodok in Sloviansk, Donetsk region, undeveloped and free from main engineering networks. The development area is located outside the populated areas of the city to provide the necessary sanitary zone.	
Description of existing objects or those that are proposed to be created as part of the project implementation	<p>There are no available objects</p> <p>A visualization of the objects that are planned to be created as part of the project is given in Appendix 1.</p>	
Form of property	The current form of ownership of the land plot is public and private, after the project implementation, the form of ownership of the object will be private.	
Related infrastructure	<p>Features and advantages of the proposed construction site:</p> <ul style="list-style-type: none"> • the presence and proximity of existing brine fields and chalk quarries and the possibility of their further development (the Raigorodsky brine field is in 8 km, the Raigorodsky chalk quarry is in 2 km). The availability of raw materials for production is 100 years; • the possibility of using existing storage devices for soda production waste, which reduces investment in construction (the nearest existing storage device is in 8 km); • availability and proximity of a water supply source (distance to the Kazennyi Torets River – 2 km); • availability of transport and engineering infrastructure (distance to road and railway – 2 km). 	

Land area, hectare	60 ha
Land plot status	Managers of the proposed lands are the Donetsk regional state administration, private owners. Intended use: industrial land
Levelling of land	

Appendix 1. Visualization of objects



Appendix 2. Placement scheme

Расположение индустриального парка 60 га в районе Райгородка

