

PUBLIC-PRIVATE PARTNERSHIP IN RUSSIA

MARKET OVERVIEW, MAIN DIRECTIONS FOR
RUSSIAN PPP MARKET DEVELOPMENT
AND PROJECT CASES

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The Center is a main expert organization for PPP promotion in Russia through the introduction of digital technologies, investing in quality infrastructure and providing up-to-date analytics on the PPP market

MISSION	Facilitation of public infrastructure development investments to raise the quality of life
STRATEGIC GOAL	Increase quantity and improve quality of infrastructure projects based on PPP principles

RESEARCH & ANALYTICS



Conduction of comprehensive surveys and preparation of analytical reports

INTERNATIONAL COOPERATION



Convening largescale business events for the purpose of infrastructure development

“ROSINFRA” PLATFORM



A unique digital solution for PPP projects preparation and maintenance

ASSISTANCE IN PROJECT LAUNCHING



Expert evaluation of projects and assistance in obtaining financial and non-financial support

CAPACITY BUILDING



Educational events for regional and local project teams

45

Researches for the infrastructure market and authorities

115

Legal acts were examined by the Center

13

Years of infrastructure and PPP market development in Russia

Leading PPP development institution in Russia

No1

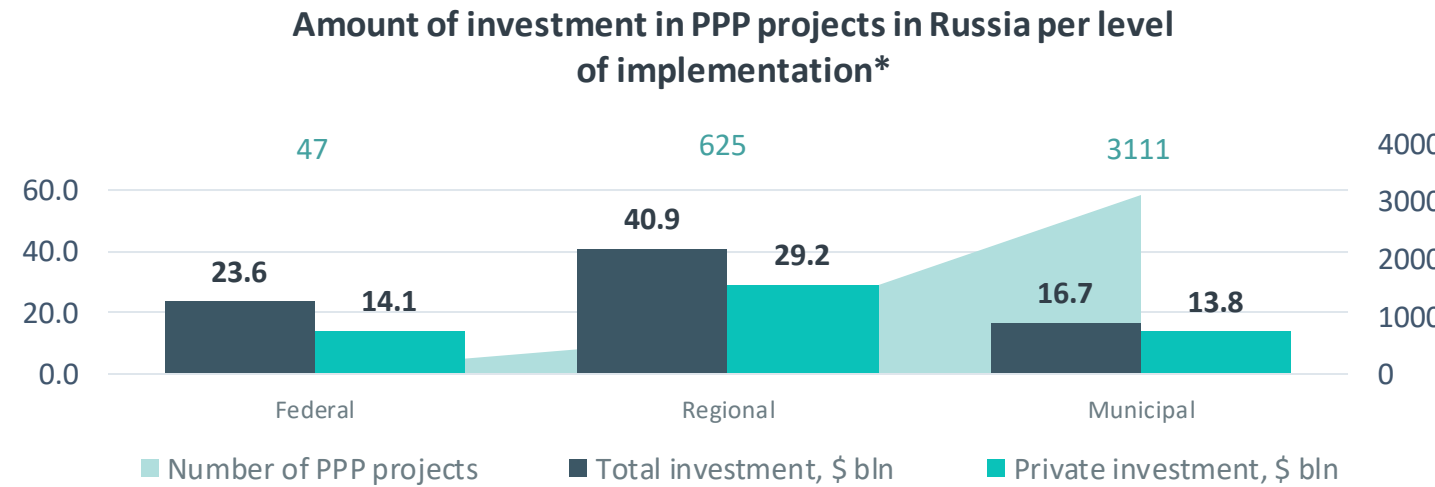
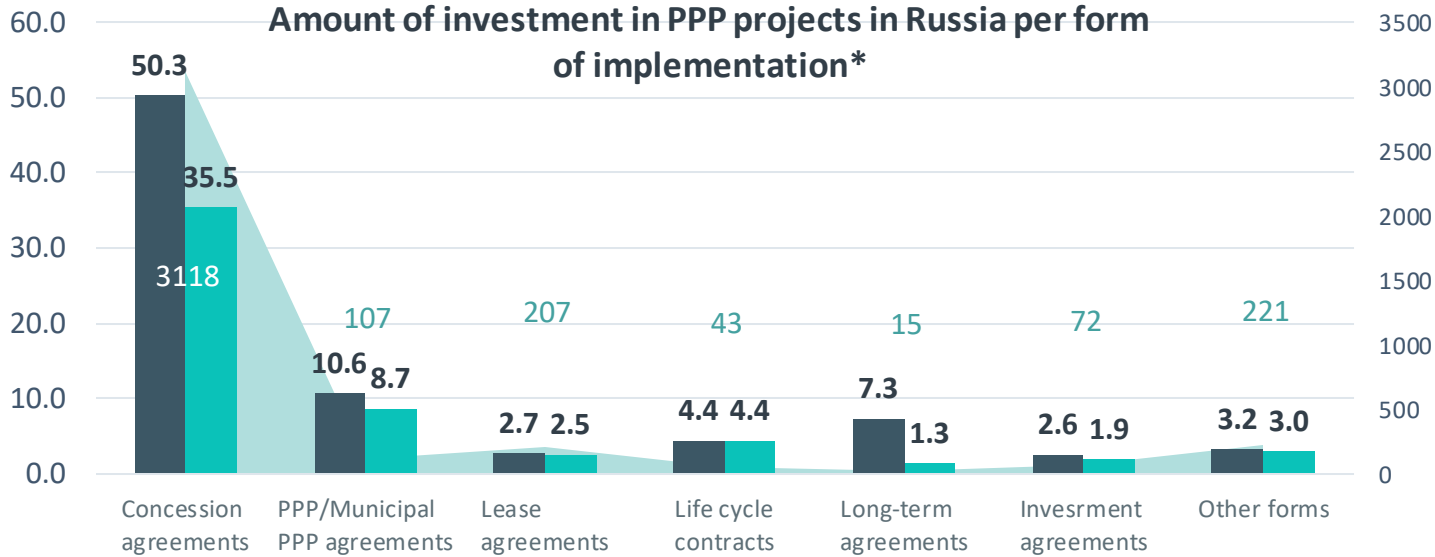
Projects have been successfully launched with our support

300

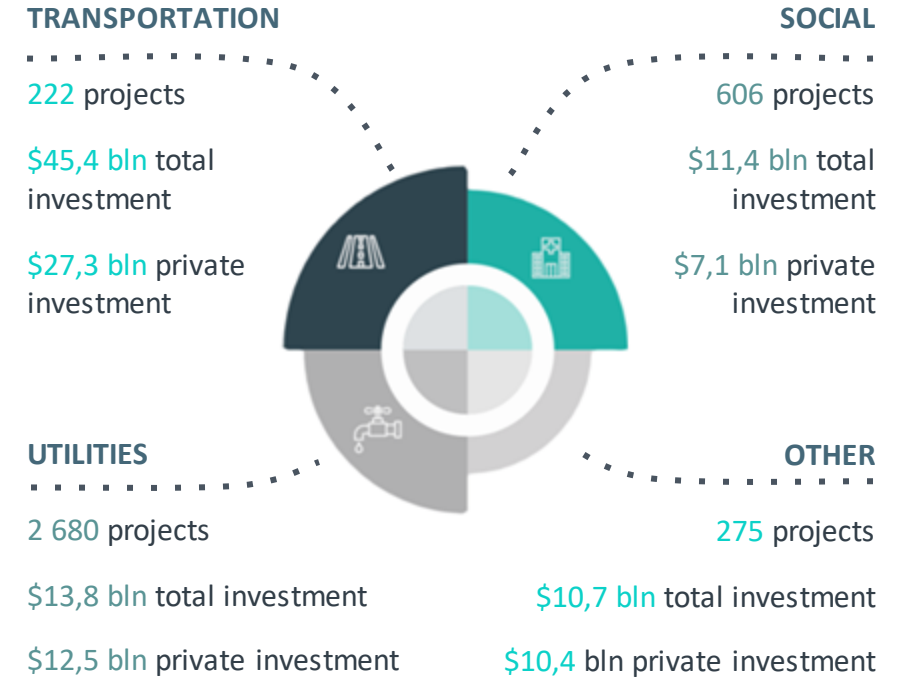
Total value of investments in the projects supported by the Center

\$12 bln

RUSSIAN PPP MARKET



Number of Ongoing PPP Projects in Russia per area



TOTAL INVESTMENT \$81,2 BLN
PRIVATE INVESTMENT \$57,2 BLN

~3,783 PPP PROJECTS

* Ongoing projects including those implemented as quasi-PPPs (offset contracts, lease agreements etc.)

PPP LEGAL FRAMEWORK OF RUSSIA (1/2)

The main elements of PPP legal framework of Russia:

Law on Concession Agreements (115-FZ)

Facilities are always transferred back to the public when the contract expires

In some cases, the concessionaire has a preferential right to purchase the object after the expiration of the agreement

Designated operation is required

Minimal duration of agreement is not set

Law on PPP Agreements (224-FZ)

Facilities are transferred to private ownership from the moment of the conclusion of the agreement

The objects remain in the ownership of the private partner after the agreement expires if the private partner has invested over 50% of the total volume of investments

Maintenance-only contracts are allowed (no designated operation required)

At least 3 years of agreement duration are required

Different forms of quasi-PPP

- investment contracts (agreements)
- special investment contracts
- life cycle contracts or long-term public / municipal contracts with investment commitments
- energy service contracts
- lease agreements
- corporate partnership forms

Traditional procurement in the Russian Federation

Federal Law (44-FZ, 2013)
Federal Law (223-FZ, 2011)

Adoption of the Law on concession agreements

115-FZ becomes the main PPP instrument in Russia

2005 г

2006 г

2013 г

2014 г

2015 г

Revision of the 115-FZ, gradual removal of restrictions

Adoption of the Law on PPP agreements

Trends in the Russian PPP Market

Around 95 %

of private investment accrues to large-scale projects worth more than \$ 10 million

63 %

Transport infrastructure accounts for the largest share of total investment

73 %

Utilities and energy sector dominates in terms of the number of projects

\$35,7 bln

Investment in the main transportation infrastructure

Average project size has increased from \$6.7 mln to \$19.9 mln since 2017



The vast majority of projects are implemented at the **municipal level**



The largest part of investment is concentrated at the **regional level**



Unified and standardized financial products and services, including out-of-the-box solutions, **enter the PPP market**



PPP mechanisms are extended to **new spheres**, such as information technology, agriculture and industry



HIGH-SPEED HIGHWAY M-11 "MOSCOW - ST. PETERSBURG"

The project of the M-11 high-speed highway "Moscow - St. Petersburg", launched in 2009, is one of the major toll roads in Russia and is the first the first project partially financed by loans and bonds. The implementation of the project allowed to increase passenger and cargo traffics

Technical and economic parameters

The total length of the constructed sections is 669 km. The construction is divided into 9 stages, of which 8 are completed
Number of lanes: 4, 6, 8, 10

Total investment

~ \$7 bln

Implementation phase

Operation

Form of implementation

Concession Agreement



KEY TRANSPORT PROJECTS (2/2)



BORDER BRIDGE ACROSS THE AMUR RIVER NEAR BLAGOVESHCHENSK (RUSSIA) - HEIHE (CHINA)

Concession agreement aimed at the construction of a cross - border bridge connecting Russia and China. The project has influenced trade facilitation

Technical and economic parameters

The length of the bridge over the river is 1080 m. The total length reaches 20 km: 6 km of road in China and 13 km of roads in Russia with 278 m of the bridge over the Kanikurganskaya Channel. The bridge on the Russian side begins on the island

Total investment

~ \$250 mln

Implementation phase

Operation

Form of implementation

Concession Agreement





A SYSTEM OF DIGITAL LABELING AND TRACKING (MONITORING) OF THE TURNOVER OF GOODS

Creation of an unified national system of digital marking and tracing of goods

Technical and economic parameters

Labeling is the application of a special DataMatrix code to the packaging and the entry of this unit of goods into the database. The digital code guarantees the authenticity and quality of the goods. Anyone who has “Chestniy Znak” mobile app can use the system

Total investment

~ \$3,6 bln

Implementation phase

Operation

Form of implementation

PPP/Municipal PPP Agreement



“ROSINFRA” DIGITAL PLATFORM

“ROSINFRA” Digital Platform is a unique digital solution for the preparation, implementation and maintenance of infrastructure projects



3 765

ongoing PPP projects*



1 777

planned PPP projects



600

analytical materials



18 000

registered users



Росинфра



Provides access to continuously updated data about ongoing projects and project proposals



Helps to build field-specific competencies and expertise for the project launching



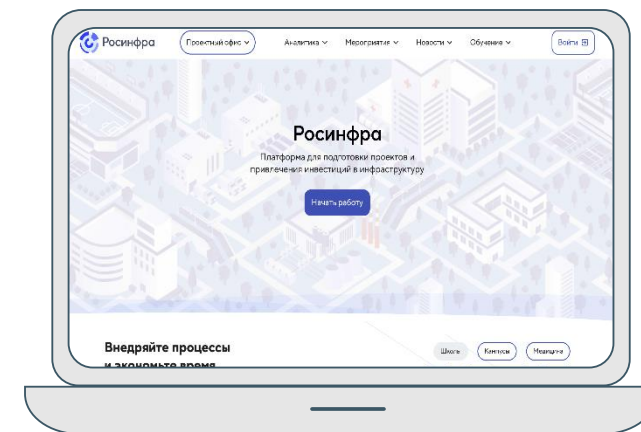
Raises the quality of projects through the experience and expertise of the leading industry experts



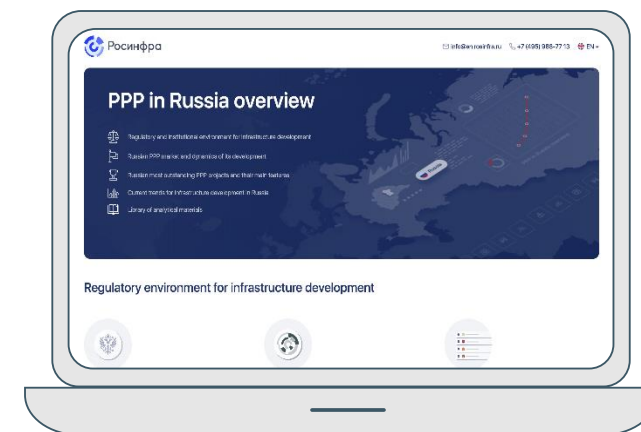
Facilitates search and engagement of prospective investors and strategic partners



Provides up-to-date information about the PPP market and developments in its regulation and governance



[ROSINFRA.RU](https://rosinfra.ru)



[EN.ROSINFRA.RU](https://en.rosinfra.ru)

* Except for projects in industry and agriculture

A digital project office is a service through which regional and municipal authorities, investors, consultants and funding organizations will be able to jointly participate in the preparation and implementation of PPP projects

Main services



Unified task tracker



Unified storage



Project team



Unified communication system

Unified task tracker

Allows:

- to monitor the process of project implementation. Shows the life cycle of the project in **9 sections**.

In each section it is possible:

- to create tasks
- to assign roles and deadlines

Unified storage

Allows:

- to store documentation in a single space
- to create independent folders
- to restore or permanently delete a file or folder within 30 days

Project team

Allows:

- to see all the participants working on the project
- to add new team members with an indication of the role and completeness of access to information

Unified communication system

Allows:

- to chat of the project team
- to connect the team with the experts of the National PPP Center
- to communicate with consultants on the technical functionality of the platform

IRIIS* SYSTEM

IRIIS is a system for assessment and certification of infrastructure projects which allows to evaluate three aspects of infrastructure project: "Economics and Management", "Quality of Life", "Ecology and Climate"

IRIIS is applicable to transport, social, utility infrastructure, power generation and telecommunication facilities

Acknowledged by:



- IRIIS METHODOLOGY
- ONLINE PLATFORM FOR PROJECTS ASSESSMENT
- TRAINING PROGRAMME FOR ASSESSORS
- VERIFICATION AND CERTIFICATION PROCEDURES



IRIIS CERTIFICATION PROCESS:



IRIIS BENEFITS:



- ▶ Quality project structuring
- ▶ Proper risk assessment and management
- ▶ Improved return on investment
- ▶ Advantage in competition for limited resources



- ▶ Compliance with technological processes, labor discipline
- ▶ Introduction of advanced approaches to design, construction and operation of the facility
- ▶ Harmonization of the project with the needs of local communities



- ▶ Careful use of resources
- ▶ Reduction of hazardous substances emissions
- ▶ Conservation of the environment and prevention of climate change



“EASTERN EXIT”: CONSTRUCTION OF AN EXIT FROM UFA TO THE M5 “URAL” HIGHWAY

“Eastern exit” project launched in 2017. The first pilot project certified by IRIIS system. The project contributes to the development of Bashkiria's transport and logistics potential

Technical and economic parameters

The project included the construction of a toll highway with a length of 14 km (4 lanes), a tunnel with a length of 1.2 km, a bridge over the Ufa River and the introduction of a toll collection system and an automated traffic management system. The commissioning of the facility is expected at the end of 2023

Total investment

~ \$550 mln

Implementation phase

Construction

Form of implementation

Concession Agreement



Problems

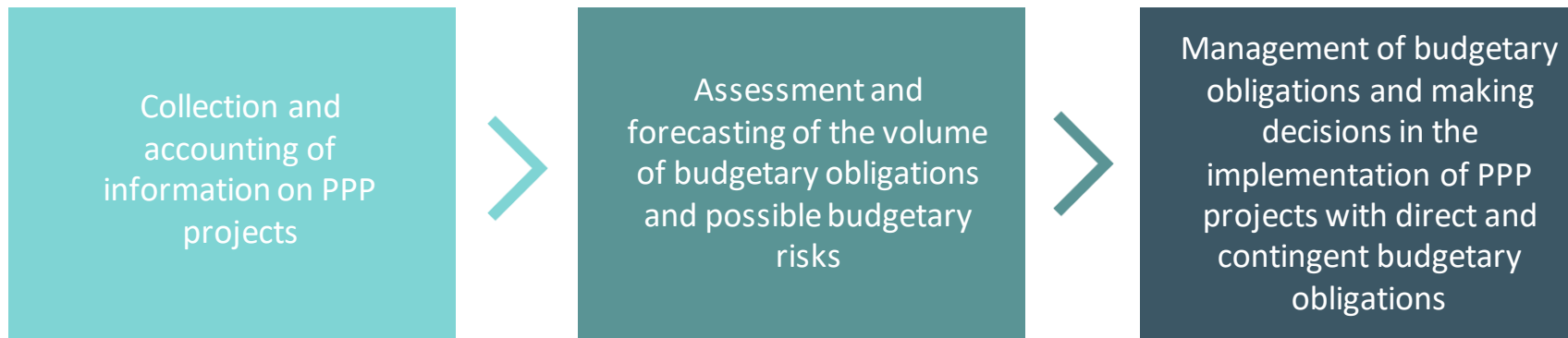
- Lack of data on types and amounts of budget liabilities made by public partners in PPP projects
- Disuse of comprehensive tools for assessment, forecasting and management of contingent budgetary liabilities in PPP projects
- The role of fiscal authorities in deciding on the implementation of PPP projects and their further monitoring is not legally fixed

System for assessing, accounting and managing budgetary obligations

The system contributes to ensuring the fiscal sustainability of the budgetary system and managing budgetary obligations arising from the implementation of PPP projects

The budgetary risk assessment model allows to forecast an impact of different macroeconomic shocks on PPP projects portfolio and assess a volume of potential guarantees to be paid. Center plans to develop a probabilistic model to assess and forecast project risks

Model algorithm



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