PUBLIC-PRIVATE PARTNERSHIP IN RUSSIA
MARKET OVERVIEW, MAIN DIRECTIONS FOR RUSSIAN PPP MARKET DEVELOPMENT AND PROJECT CASES

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**NATIONAL CENTER FOR PPP**

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.

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| 45 |
| Researchers for the infrastructure market and authorities |

| 115 |
| Legal acts were examined by the Center |

| 13 |
| Years of infrastructure and PPP market development in Russia |

| №1 |
| Leading PPP development institution in Russia |

| 300 |
| Projects have been successfully launched with our support |

| $12 bln |
| Total value of investments in the projects supported by the Center |
RUSSIAN PPP MARKET

**Amount of investment in PPP projects in Russia per form of implementation***

- Concession agreements: 3118
- PPP/Municipal agreements: 107
- Lease agreements: 207
- Life cycle contracts: 43
- Long-term agreements: 15
- Investment agreements: 72
- Other forms: 221

**Amount of investment in PPP projects in Russia per level of implementation***

- Federal: 47
- Regional: 625
- Municipal: 3111

**Number of Ongoing PPP Projects in Russia per area**

- **TRANSPORTATION**
  - 222 projects
  - $45.4 bln total investment
  - $27.3 bln private investment

- **UTILITIES**
  - 2680 projects
  - $13.8 bln total investment
  - $12.5 bln private investment

- **SOCIAL**
  - 606 projects
  - $11.4 bln total investment
  - $7.1 bln private investment

- **OTHER**
  - 275 projects
  - $10.7 bln total investment
  - $10.4 bln private investment

**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**
- 2005г. 
- 2006г.
- 2013г.

**Revision of the 115-FZ, gradual removal of restrictions**

**Adoption of the Law on PPP agreements**
- 2014г.
- 2015г.
- 115-FZ becomes the main PPP instrument in Russia.
RUSSIAN PPP MARKET TRENDS

Trends in the Russian PPP Market

Around 95% of private investment accrues to large-scale projects worth more than $10 million.

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

Transport infrastructure accounts for the largest share of total investment. 63%

Utilities and energy sector dominates in terms of the number of projects. 73%

$35.7 bln Investment in the main transportation infrastructure

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.
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 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
**BORDER BRIDGE ACROSS THE AMUR RIVER NEAR BLAGOEVESHCHENSK (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

<table>
<thead>
<tr>
<th>Technical and economic parameters</th>
<th>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</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total investment</td>
<td>~ $3,6 bln</td>
</tr>
<tr>
<td>Implementation phase</td>
<td>Operation</td>
</tr>
<tr>
<td>Form of implementation</td>
<td>PPP/Municipal PPP Agreement</td>
</tr>
</tbody>
</table>
“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

- 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

* 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**
  - 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

https://rosinfra.ru/rosinfra/office
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 CERTIFICATION PROCESS:

1. The Initiator of the project conducts in-house assessment of the project
2. The Verifier checks the results of in-house assessment and generates the score of the project
3. The IRIIS Operator checks compliance with verification rules
4. The Methodological Centre approves the final score of the project and certifies the project

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

*IRIIS – Impact and Responsible Investing for Infrastructure Sustainability
**PILOT PROJECT**

**“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.

<table>
<thead>
<tr>
<th>Technical and economic parameters</th>
<th>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</th>
</tr>
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<tbody>
<tr>
<td>Total investment</td>
<td>~ $550 mln</td>
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<tr>
<td>Implementation phase</td>
<td>Construction</td>
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<td>Form of implementation</td>
<td>Concession Agreement</td>
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ASSESSMENT OF BUDGETARY RISKS IN PPP

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

Model algorithm

Collection and accounting of information on PPP projects ➔ Assessment and forecasting of the volume of budgetary obligations and possible budgetary risks ➔ Management of budgetary obligations and making decisions in the implementation of PPP projects with direct and contingent budgetary obligations
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