



Ministry
of Economic Development
of the Russian Federation



Technologies
of Trust

Public-Private Partnerships in Russia

2023 Results and Key Trends



Disclaimer

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Unless indicated otherwise, all conclusions, estimations and forecasts represent the author's opinion and are reliable at the date of publication hereof.

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Moscow, June 2024

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Introduction



Public-private partnership (PPP) arises when public and business interests meet and the parties confirm their intentions by investing funds. PPP efficiency in Russia is underpinned by an extensive regulatory framework and wide scope of application from social projects and utilities to major megaprojects for high-speed core network development. Today, leading players in the PPP market founded AICC to make decisions among new economic challenges together with the Government.

Igor Koval

AICC, Chairman of the Management Board
Avtodor State Company,
First Deputy Chairman of the Management Board



On the back of the current macroeconomic environment, public-private partnership remains a key mechanism for cooperation between the state and business. In 2023, the volume of contracted PPP investments reached its record high of almost RUB 1 trillion demonstrating that this mechanism is in great demand among investors who implement infrastructure projects. This achievement, among other things, resulted from Federal Law No. 296-FZ, a systemic PPP regulation adopted on 10 July 2023 and developed by the Russian Ministry of Economic Development as a PPP regulator alongside with businesses, state agencies and experts. Currently, we have new ambitious tasks, including the development of PPP mechanisms in space industry and manufacturing. By achieving these we will launch public private partnership to a new level of cooperation between the state and business.

Ilya Torosov

First Deputy Minister of Economic Development of the Russian Federation



Russian PPP market is dynamically growing as it adapts to changes in economy. This survey shows current trends in Russia' infrastructure development, conditions and perspectives for implementing PPP projects as well as key amendments to respective legislation and law enforcement practice. We hope that the information provided will help market players to plan, launch and implement their PPP projects successfully.

Mikhail Bazhenov

Partner, Infrastructure and Debt Advisory

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PPP market at a glance

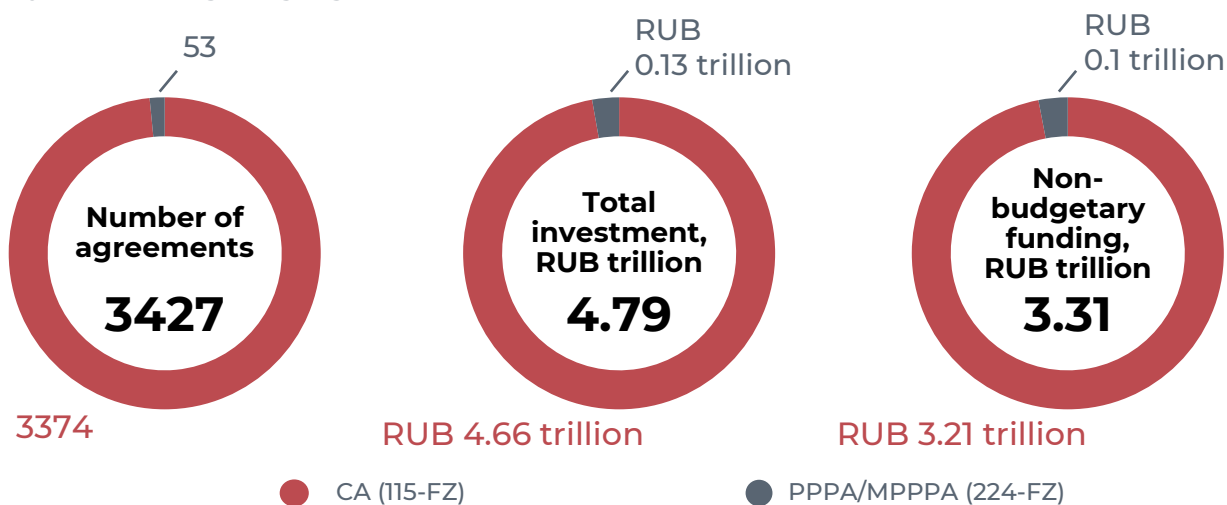
Following 2023, Russia has 3,247 ongoing agreements* on implementing PPP projects to the total amount of RUB 4.8 trillion, including RUB 3.3 trillion of non-budgetary funding. On average, one project amounts to RUB 1.4 billion out of the total investment.

Most PPP projects are implemented under concession agreements (3,375 agreements amounting to RUB 4.7 trillion). 53 projects with a total amount of RUB 133 billion are implemented under PPP (Municipal PPP) agreements

	 Number of projects	 Total investment	 Non-budgetary funding
Total projects (all years)	4,207	4.8 RUB trillion	3.32 RUB trillion
Ongoing PPP agreements	3,427	4.79 RUB trillion	3.31 RUB trillion
PPP projects completed upon agreement expiry	780	11 RUB billion	8.8 RUB billion

Sources: Russian Ministry of Economic Development (2024).

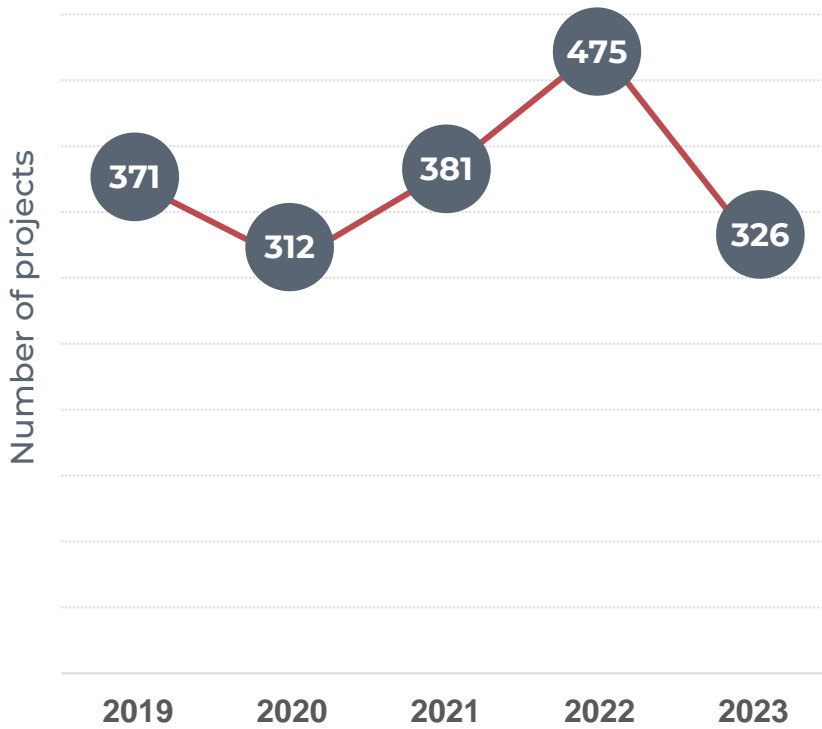
Types of ongoing agreements



* In the form of concession agreements (Federal Law No. 115-FZ of 21 July 2005 115-FZ, hereinafter "CA") and public-private partnership agreements/municipal public-private partnership agreements (Federal Law No. 224-FZ of 13 July 20015, hereinafter "PPPA/MPPPA").
Sources: Russian Ministry of Economic Development (2024).

In 2023, 326 PPP projects were launched to the total amount of RUB 955 billion, where RUB 620 billion (65%) constitute non-budgetary funding. The average amount of total investments per project is RUB 3 billion. A year earlier, 475 PPP agreements were signed to the total amount of RUB 924 billion. Since 2019, 373 projects were launched each year to the amount of RUB 640 billion.

Implemented projects with commercial close in a respective year



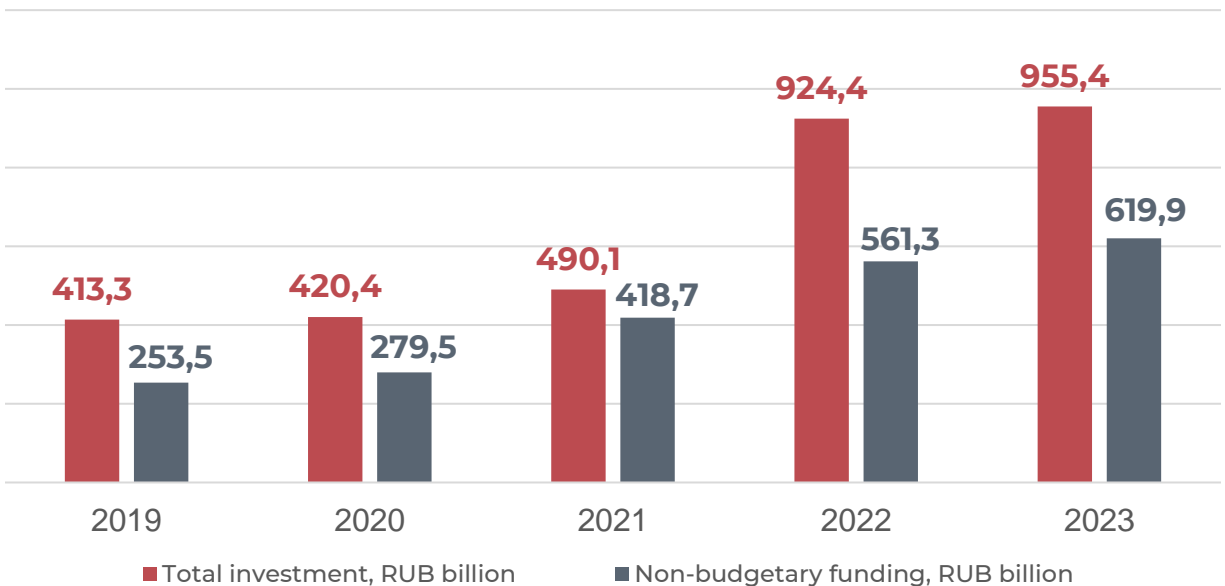
Commercial close in 2023

326 effected agreements

RUB 955 billion of total investment

RUB 620 billion of non-budgetary funding

Sources: Russian Ministry of Economic Development (2024).



Sources: Russian Ministry of Economic Development (2024).

Most PPP projects are implemented in housing, utilities and power supply (2,763 agreements amounting to RUB 1.2 trillion). Around 14% of projects (489 agreements to the amount of RUB 0.9 trillion) are currently implemented in social support (education and science, healthcare, sports, culture, leisure and tourism). The highest investments have been contracted for transport projects (117 agreements for RUB 2.4 trillion).

Out of all agreements executed in 2023, 71% (232 agreements) pertain to housing, utilities and power supply. The highest amount of investments (RUB 373.5 billion) has been contracted for social support.

Ongoing PPP agreements in breakdown by key infrastructure areas

Housing, utilities and power supply



2,763	agreements
1.2	total investment, RUB trillion
1.04	non-budgetary funding, RUB trillion

Education and science



200	agreements
626	total investment, RUB billion
361.2	non-budgetary funding, RUB billion

Culture and leisure



125	agreements
68.5	total investment, RUB billion
51.7	non-budgetary funding, RUB billion

Transport infrastructure*



117	agreements
2.4	total investment, RUB trillion
1.5	non-budgetary funding, RUB trillion

Sports and tourism



109	agreements
151.8	total investment, RUB billion
100	non-budgetary funding, RUB billion

Healthcare



55	agreements
141.8	total investment, RUB billion
107.4	non-budgetary funding, RUB billion

Digital infrastructure and communication



18	agreements
37.3	total investment, RUB billion
37.3	non-budgetary funding, RUB billion

Engineering and technical facilities



15	agreements
12.2	total investment, RUB billion
11.4	non-budgetary funding, RUB billion

Area landscaping



10	agreements
5	total investment, RUB billion
4.2	non-budgetary funding, RUB billion

Manufacturing



4	agreements
35.1	total investment, RUB billion
35.1	non-budgetary funding, RUB billion

Miscellaneous



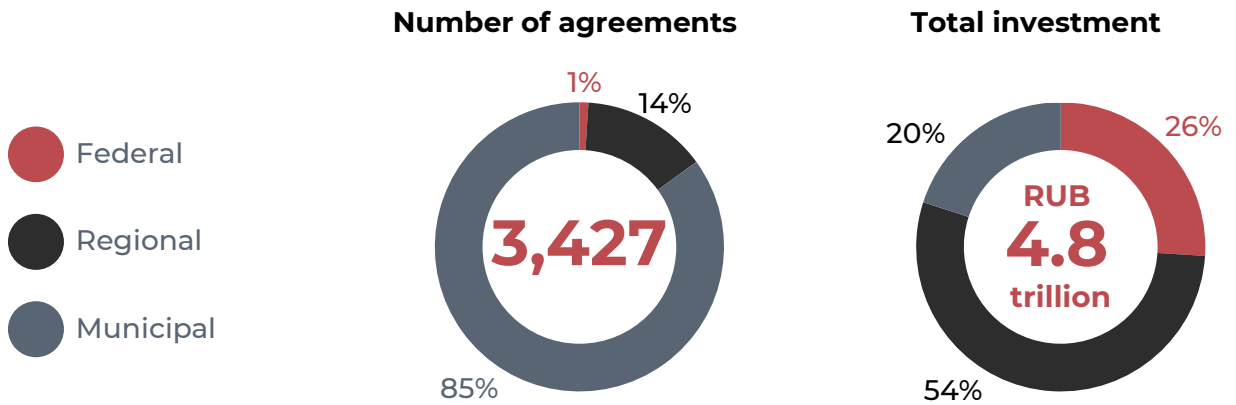
11	agreements
58.5	total investment, RUB billion
58.3	non-budgetary funding, RUB billion

* Includes infrastructure facilities of public urban transport.

Sources: Russian Ministry of Economic Development (2024).

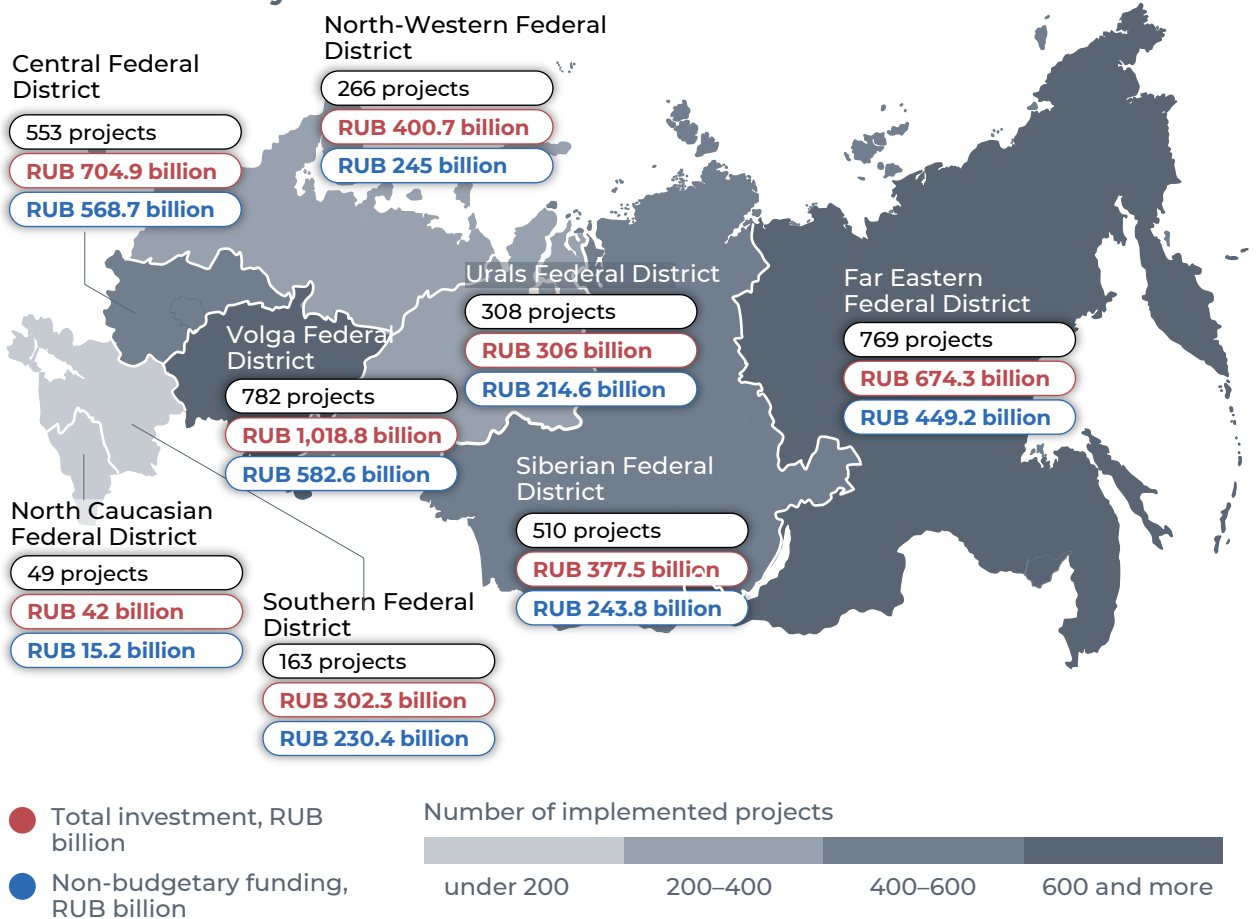
Most PPP projects (85%) are implemented at a municipal level (2,907 agreements amounting to RUB 1.3 trillion). 493 agreements to the total amount of RUB 2.6 trillion are currently in effect at a regional level. Also, 27 federal-level projects amounting to RUB 0.9 trillion are underway. The highest number of current PPP projects is registered in the Volga Federal District and Far Eastern Federal District: 782 and 769 projects respectively. The highest amount of investments (RUB 1 trillion) has been contracted for social support.

Ongoing projects in breakdown by administrative levels



Sources: Russian Ministry of Economic Development (2024).

Number of implemented agreements and total investments in breakdown by federal districts



Sources: Russian Ministry of Economic Development (2024).

Key PPP market development trends



Trunk transit infrastructure

By the end of 2024, the Government will update the spatial development strategy concept focused on enhancing territorial connection between regions and improving reach to the Asia-Pacific and Middle East. PPP mechanisms will help to implement major investment projects. Investments mainly focus on construction of motorways, high-speed trunk railroads, ports and airports.



High-potential high-speed networks

	Estimated cost, RUB trillion	Reduced travel time, hh:mm
Moscow – Saint Petersburg	1.7	2:15 ← 4:00
Moscow – Nizhny Novgorod – Kazan – Ekaterinburg	4	6:36 ← 23:45
Moscow – Voronezh – Rostov-on-Don – Adler	3.2	7:50 ← 23:30
Moscow – Smolensk – Minsk	1.9	3:04 ← 7:00



Priority federal highways

	Total GDP impact, RUB trillion
Dzhubga – Sochi highway	2.2
Extension of M-12 Vostok via Ekaterinburg to Tyumen by 2025	1.8
South-Western Trunk Line high-speed highway route	2.3
High-speed motor road encircling Saint Petersburg (KAD-2)	0.5



Airports

RUB 250 billion by 2030 to modernise 75+ airports



Marine and river ports

RUB 400 billion by 2030 to build new and expand existing ports

Sources: Russian President's Address to the Federal Assembly (2024), Avtodor State Company (2024), Rosmorport (2024), Russian Government (2023).



Technology and manufacturing

Manufacturing infrastructure construction and modernisation plans by 2030



Sources: Russian President's Address to the Federal Assembly (2024), Russian Ministry of Finance (2024).

By 2030, Russia plans to enter the top 4 of the largest economies by promoting industrial production and supporting investment projects aimed at achieving technological sovereignty and structured adaptation of the economy.

PPP projects in manufacturing have access to subsidised loans and other means of support under the Project Finance Factory regime (VEB.RF), loans on preferential terms from the Industry Development Fund (IDF), special investment contracts cluster investment platforms and commercial mortgage for industrial facilities.

At the same time, the Government is developing laws and regulations to expand the capacities for industrial production enhancement based on PPP principles. Many of these initiatives remain unavailable for investors due to current limitations and restrictions. The State Duma is examining a draft law that will allow to implement PPP projects for private manufacturing facility re-construction and to create industrial production facilities on privately-owned land plots. As of now, a PPPA/MPPPA may be signed only for the re-construction of state-owned industrial facilities.



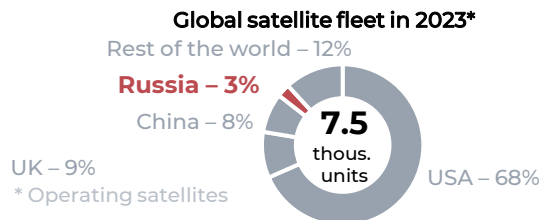
Space facilities and infrastructure

\$1 billion

global satellite Internet access market in 2030

\$5.2 billion

global satellite sensing market in 2030



Sources: UCS Satellite Database (2024), Fortune Business Insights (2024), The Insight Partners (2024).

Foreign experience shows that PPP principles may contribute to successful implementation of complex and capital-intensive projects in space industry. Examples of such projects include Space X in the US, UK's Skynet-5, Arianespace in France and production of launch vehicles in Japan.

Currently, the State Duma is examining a draft federal law that will allow to use CAs and PPPAs for implementing space projects. This includes space systems and their components, space vehicles and space infrastructure facilities. The amendments will not affect military and double-purpose projects. State Space Corporation ROSCOSMOS will be appointed as the concession provider and public partner.

According to expectations, PPP instruments will help Russia to create a fully functional orbital fleet of space vehicles and will open new avenues to business. Broadband Internet access and remote sensing of Earth are the top priority projects.



Tourism and leisure

140
millions of visits

Russia's tourist potential by 2030

53
millions of visits

New tourist visits

2.5%

RUB 400 billion
tourism support by 2030

5%

of GDP
Growth of the tourism segment in economy by 2030

In the recent years, active recreation has been rising in demand with growing interest in various types of tourism, including eco-tourism, mountain skiing and gourmet trips. Hotel room capacity and respective infrastructure need to be expanded accordingly to meet this demand.

PPP projects in tourism increasingly gain in scale and complexity. Special emphasis has been placed on creating tourist clusters and "anchor projects" as well as systemic development of tourist attractions.

Russia is implementing several dozens of tourist PPP projects which make 10% of the total number of all social PPP projects. CA and PPPA may be signed for developing tourist facilities, sports and fitness infrastructure, children camps and health centres.

Sources: Russian Government (2024), Russian Ministry of Economic Development (2023).



Integrated development of territories

516

ongoing CTD contracts

1,200

territories in development

215

million sq. m urban development potential

155

million sq. m residential area

Sources: Russian Ministry of Construction (2024).

The comprehensive territory development (CTD) mechanism has found a wide application in urban development for the renovation and enhancement of urban environment and infrastructure. In addition to residential and commercial development, CDT also provides for construction of schools, children day-care facilities, public utilities, roads and other supporting infrastructure. PPP mechanisms may help parties to a CTD arrangements share their expenses.

Big Ivanovo Manufactory (BIM) is a good example of a successful mix between PPP and CTD. The project has been implemented in two stages: first involved construction of the campus, while the second – properties for public recreation, tourism and hotel accommodation. CA on the campus construction to the total amount of RUB 10 billion was signed in 2023.

At the same time, PPP and CTD instruments are not fully compatible so far. In order to align them to each other, a few statutory limitations need to be removed. Also amendments have to be introduced that will make it possible to sign CA or PPPA without a tender if a respective CTD is implemented by a concession holder or private partner.



Public transport

Key plans under the federal plan for urban electric transport modernisation

Plan budget:
RUB 252 billion

Plan coordinator:
VEB | RF

10 regions involved

Purchase:
647 trams

286 electric buses

Create:
109 charging stations

Lay:
620 km of tramlines

Construct:
11 tram depots

96 substations

Sources: VEB.RF (2024), Infrastructure Initiatives of Businesses Forum (2024).

Starting 2021, VEB.RF took part in a federal plan for urban electric transport modernisation covering 10 regions: Volgograd, Kursk, Lipetsk, Nizhny Novgorod, Perm, Rostov, Saratov and Yaroslavl Regions as well as Krasnodar and Krasnoyarsk Region Territories.

Regional concession holders were created by 3 regions – in Nizhny Novgorod, Volgograd and Saratov – to implement the investment projects for the purposes of this plan. In other 7 regions, federal players Movista Group and Sinara Group became the concession holders.

Sinara Group implements projects in 4 cities including a tram project CA in Rostov-on-Don (RUB 61 billion), Krasnodar (RUB 28 billion) and Taganrog (RUB 13.5 billion) as well as a tram project in Chelyabinsk (RUB 10.3 billion).

In addition to a tram concession in Verkhnyaya Pyshma that is already in progress (RUB 1.8 billion billion), Movista Group develops tram infrastructure in 5 cities of the regions participating in the federal programme, including Krasnoyarsk (RUB 24.2 billion), Kursk (RUB 12.9 billion), Lipetsk (RUB 14.5 billion), Perm (RUB 16.3 billion) and Yaroslavl (RUB 19.7 billion).

Currently, there is a possible plan under review to expand reduced-rate leasing benefits for commercial shipbuilding until 2035. In summer 2023, Russian President Vladimir Putin instructed the Russian Government to allocate finance from the Russian National Wealth Fund starting 2025. The investments will be used to build at least 200 passenger vessels, including electric ships.

Moreover, in the President's Address to the Federal Assembly, dated 29 February 2024, Vladimir Putin announced that regions will receive RUB 150 billion by the end of 2030 to introduce electric bus lines and other hi-tech urban transport.



University campuses

University campus construction programme under the Science and Universities national project

To be built by 2030
25 campuses

Launched
17 projects to the amount of RUB 200 billion

Sources: Russian Government (2023).

In accordance with the programme, campuses may be created on the basis of CA with federal budget funding (in the form of a capital grant and concession provider payment). Russian Ministry of Education and Science approved a list of 11 key and 6 additional criteria for selecting projects to create modern world-class university campuses.

Following the results of two tender-based selections, 17 projects were launched with a total funding of around RUB 200 billion. The allocations were made from the Federal Budget. The third project selection stage will take place in 2024, applications may be made up to 27 September. At this stage, updated selection criteria will be used, while campus projects will be integrated into urban development master plans. All property under construction will be subject to a new construction monitoring system.



Housing and utilities

RUB 4.5 trillion
Cost of the housing and utility modernisation plan by 2030

Programme outcomes:

↓18.4% reduced breakdown rate

150 thousand km network replacement

3.3 thousand facilities infrastructure modernisation

Sources: Russian Government (2024).

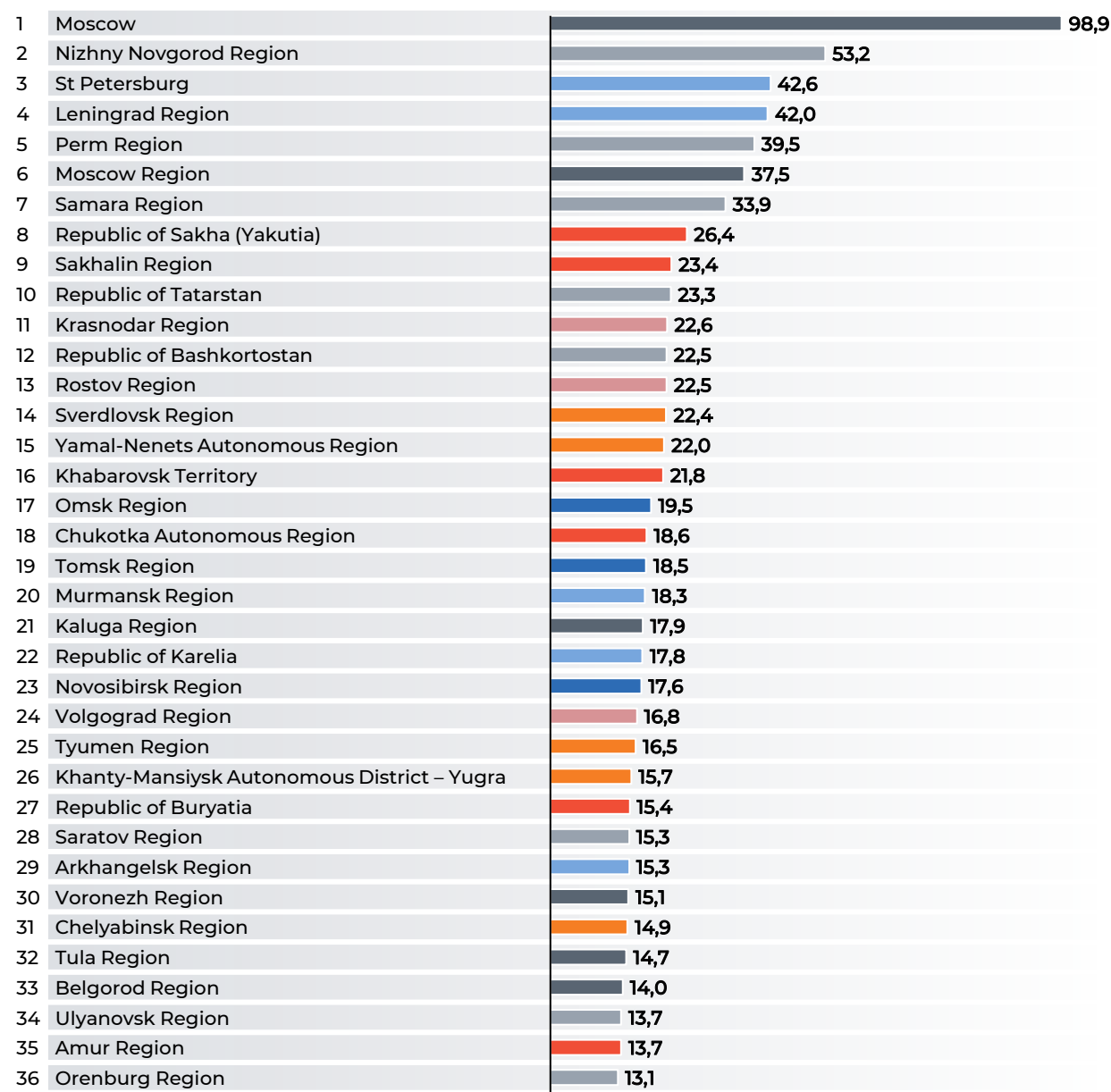
Over 80% of PPP projects are implemented in housing, utilities and power supply (2,763 agreements to the total amount of RUB 1.2 trillion). Housing and utility infrastructure development is a priority for the Government.

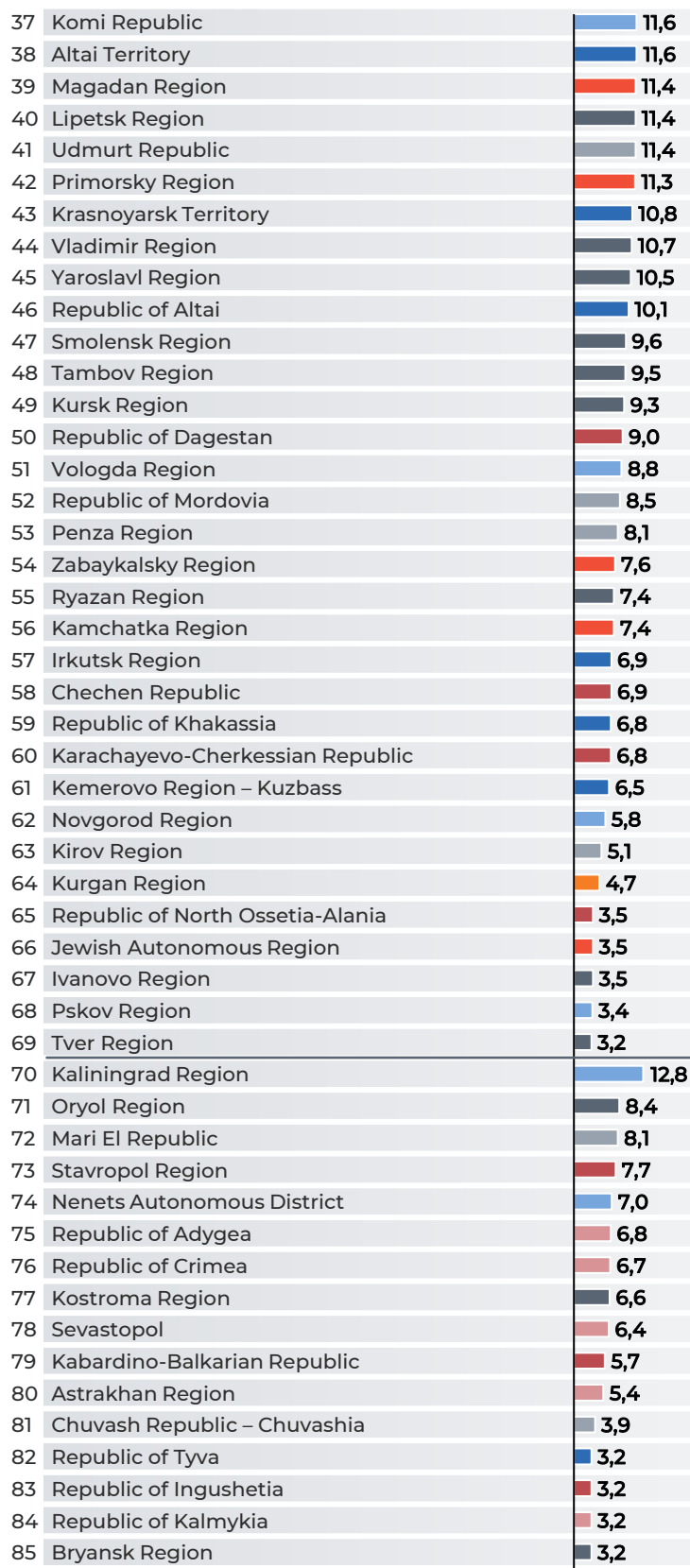
In 2024, Russia plans to launch a housing and utility modernisation programme to the total amount of RUB 4.5 trillion. For the purposes of the programme, VEB.RF will introduce a new infrastructure loan mechanism starting 2025. Housing and utility projects of RUB 3 billion and more will receive loans issued jointly with commercial banks for a term of 20 years with a fixed interest rate of approximately 7% p. a. The first wave of projects will be selected this year, while the plan will launch next year. According to expectations, this mechanism will help to finance projects to the total amount of around RUB 1 trillion.

PPP development rating of Russian regions

Below we show key ratings of Russian regions in terms of PPP development in 2023 (85 regions surveyed in total). The data is based on calculations by the Russian Ministry of Economic Development involving AIC, TeDo and other expert institutions. The value of *PPP Development Level in the Russian Region* is determined using the methodology approved by Russian Ministry of Economic Development Order No. 816 of 19 December 2019 based on three assessment factors:

- ▶ PPP project implementation dynamics in the reporting year (2023)
- ▶ Accumulated experience of PPP project implementation in previous years (before 2023)
- ▶ The state of the regulatory and institutional environment





Regions in the rating are distributed in 2 groups based on assessment factors:

- 1st group of regions (1-69) has positive rating in dynamic factors and accumulated experience
- 2nd group of regions (70-85) has positive rating in accumulated experience only

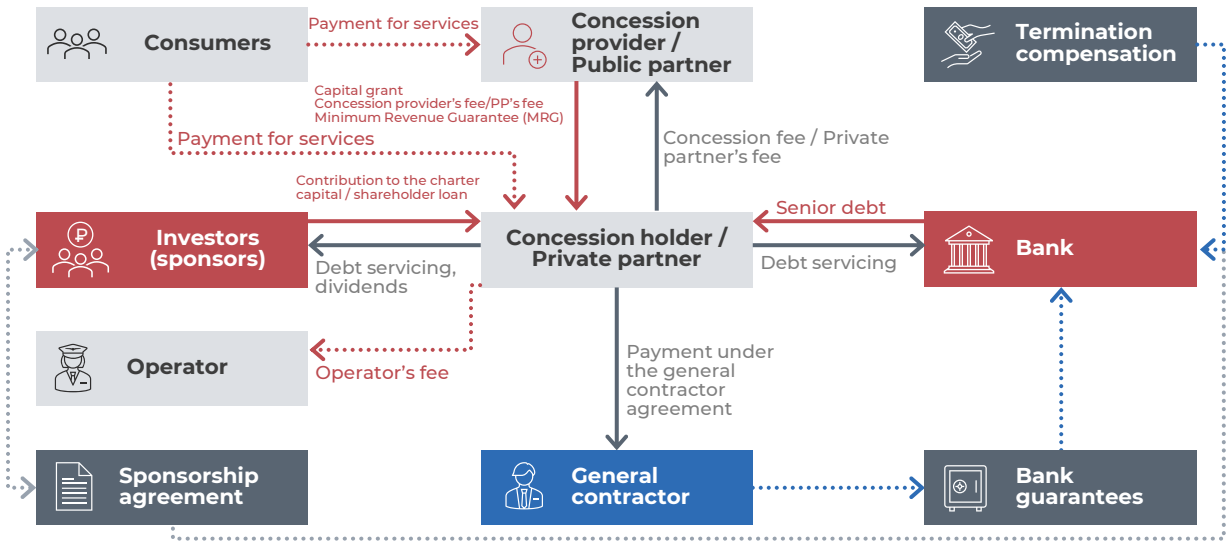


PPP vs government procurement

When preparing an infrastructure project, it would be reasonable to compare the efficiency of various implementation methods in order to find the optimal one. Such evaluation, including global practice, implies that projects should be compared against each other in terms of financial and economic parameters, risk allocation between the parties thereto as well as their social and economic impact.

PPP implementation structure is more complex than that of a private investment project or state procurement as it involves a higher number of parties, each having their own interests.

Standard PPP project structure



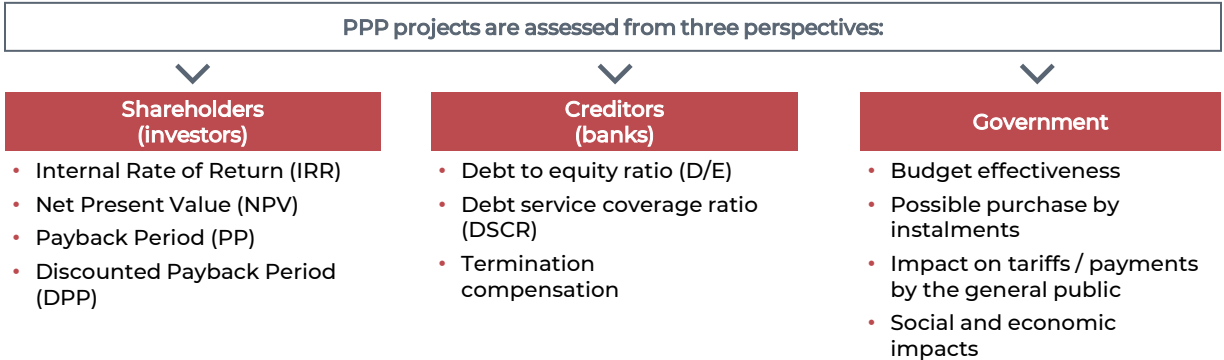
The Government may take financial participation in a PPP project alongside with investors and creditors. In addition to participation in the investment stage in the form of a capital grant, the state may ensure the project's economic efficiency for investors and creditors at the operation stage via such vehicles as minimum revenue guarantee (MRG) or concession provider's fee/public partner's fee. The main factor for selecting the payment mechanism, is whether the project meets an actual consumer demand.

Key payment mechanisms for a PPP project

	Direct fee collection from consumers	Minimum revenue guarantee	Concession provider's fee / Public partner's fee
Demand risk	Investor	Government	Government
Fee collection	Investor	Investor	Investor / Government
Credentials	M11 (15-58 km) Odintsovo Bypass	Western High-Speed Diameter	Central Ring Motorway (Sections 3, 4)
Low consumer demand	>	>	<ul style="list-style-type: none"> Concession provider's fee / Public partner's fee Minimum revenue guarantee
High consumer demand	>	>	<ul style="list-style-type: none"> Direct fee collection from consumers

In such case, the implementation of PPP projects should maintain balance of interests between the state, investor and creditors. At the same time, each project participant assesses their effectiveness differently.

PPP project efficiency for various parties



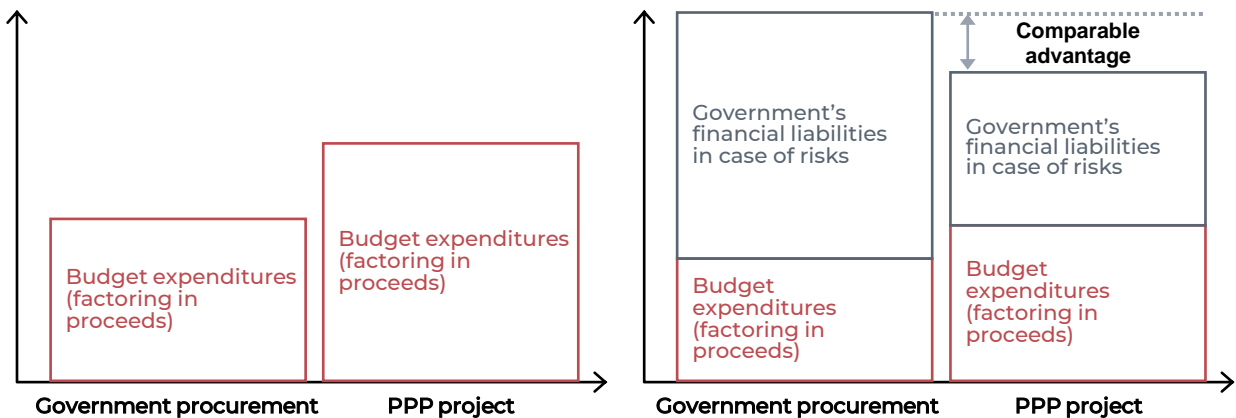
In practice, investors pay attention to the following indicators of PPP project effectiveness: IRR at **15–25%**, NPV > 0, payback period of **5–15 years**, discounted payback period not exceeding the project implementation term. In turn, creditors consider service coverage ratio of at least **1.2** and financial leverage, generally, at **80:20** as key indicators.

Public-private partnership is a flexible tool that ensures fair allocation of infrastructure project risks between the Government and businesses. Therefore, PPP stands out as a more efficient mechanism as compared to government procurement where the state bears all associated risks.

Alexander Kirevnin, Director of Department for Financial and Bank Operations and Investment Development Ministry of Economic Development of the Russian Federation

On the Government side, the amount of expenses incurred on PPP project implementation may, in certain cases, include compensation for interest and yield, as well as expenditures on holding a tender to engage consultants. The calculations are made on the basis of net present expenditures of the budget taking account of project proceeds. At the same time, the public party of a PPP project transfers a part of risks to the private party (e.g., risks of extended construction term, capital and operation expenditure risks, risk or reduced planned revenue), which fact is documented in the agreement. For government procurement, potential budget expenditures pertaining to materialisation of risks are higher as compared to PPP projects as it is the state that bears all expenses in this case. This difference is called “comparable advantage” when comparing PPP project efficiency against a government procurement*.

What is more expensive in terms of net present budget costs? Why choose PPP?



* Under Federal Law No. 224-FZ.

There is also an alternative approach to implementing PPP projects when an assumption is made that the public funds invested in a project under a government procurement have their specific value, e.g. equal to the cost of the government loan (federal loan bonds or bonds issued by Russian constituent regions and municipal units). In such case, the PPP model becomes comparable to a government procurement in terms of the total amount of project expenses, or may even become cheaper due to earlier financing and subsidized rate.











Example of project expense comparison (including the cost of budget financing)

Budget costs in various models of project implementation as presented against the 100% base (government order)	Government procurement	PPP: 50% budgetary, 50% non-budget	PPP: 0% budgetary, 100% non-budget
A. Value of budget funds is 0%, loan funds are 10,5% (key rate + 3%)	100%	141%	183%
B. Value of budget funds is 10%, loan funds are 10,5% (key rate + 3%)	100%	105%	110%
• Effect from subsidized interest rate (reduced loan rate at 4%)	–	(1%)	(3%)
• Effect from project timeframe shift 3 years “leftwards” due to earlier financing; inflation-based economy	–	(15%)	(15%)
Total effect	100%	89%	93%

Sources: AIC analysis based on the key rate of 7.5%.

Another important aspect of a PPP project is that, as public funds are limited, private capital provides for quicker construction of facilities that sooner start to give budgetary, social and economic yield. For example, such projects contribute to gross regional product increase from relying on local products and local contractors, promote growth of wages and purchasing power of the employees involved. These effects occur already at the investment stage and multiply exponentially as the project is put into operation.

Examples of social and economic impacts of an investment project

- 1**  Better quality of available services
- 2**  Reduced general transport expenses (time input and monetary cost)
- 3**  Less pollutant emissions
- 4**  Agglomeration effect
- 5**  Adjacent area development
- 6**  New jobs
- 7**  Increased availability of services for the public
- 8**  Less car accidents
- 9**  Impact on state companies and other related parties
- 10**  Impact on national project implementation

In total, the PPP model gives certain advantages to the state as compared to government procurement and allows for flexible planning of infrastructure development through possible private investments and private expertise involvement. PPP helps to allocate project risks between the parties throughout the whole life cycle and build facilities within the established deadline in line with the current needs in the social and economic sphere. The Government also may invest non-utilised public funds to develop projects in other fields and areas.


Key PPP advantages for the Government


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| <div style="background-color: #f0f0f0; padding: 10px; border: 1px solid #ccc;"> <div style="background-color: #c00000; color: white; padding: 5px; text-align: center; font-weight: bold; font-size: 1.2em;">3</div> <p>Total value comparable to government procurement (factoring in the value of budget funding)</p> </div> | <div style="background-color: #f0f0f0; padding: 10px; border: 1px solid #ccc;"> <div style="background-color: #c00000; color: white; padding: 5px; text-align: center; font-weight: bold; font-size: 1.2em;">4</div> <p>Efficient project management by a private partner and high quality of infrastructure services</p> </div> |


/// Such well-known and widely cited downsides of the PPP model as price increase and low project implementation rate seem to have less impact when the comparison is made on a complex basis with regard to the whole spectrum of factors, including the value of money over time, inflation as well as additional social and economic effect of the project. On the one hand, the use of non-budget funding for a consideration actually increases project cost. On the other hand, taken that the Government also pays for the funding raised for the federal budget on debt markets and that the PPP model helps to launch the investment phase one or two years earlier and achieve economy against inflation-based increase in construction costs, a PPP project appears more attractive.

Konstantin Pesotsky, Senior Managing Director, Director of Key Account Crediting Department, Sberbank

In the future, the approaches to evaluating the efficiency of the PPP model may develop in the following directions as Russian infrastructure market is becoming more mature and both the public and private parties of such projects get more experience and expertise.

- 

Enhancement of a tool to evaluate the comparable advantage (Value-for-Money), including by means of collecting historical data in the state systems on the actual cost of creating and operating infrastructure facilities as well as risk factors in breakdown by industries and various project implementation models: PPP, government procurement etc.
- 

Finding an approach to determine an optimal form for implementing infrastructure projects with regard to availability of public funding and current social and economic needs at an early stage of planning, including by means of a “PPP Filter”.
- 









Practical application of an approach to determining the value of budget funding when assessing the budgetary efficiency of projects.

Establishing government-business partnership beyond separate projects to solve strategic and methodological tasks and develop the infrastructure market will help to boost the efficiency of various project implementation models which cater for all factors involved.






Key PPP projects underway

Below please find a description of major current agreements on PPP project implementation as well as a list of landmark Russian projects involving companies that have membership with AIIC. Almost all of these projects pertain to transport infrastructure. The biggest project launched in 2023 is the construction of a latitudinal high-speed highway in the Leningrad Region (RUB 110.2 billion of total investment).

Top-10 major PPP projects underway

	Project name	Agreement date	Implementation stage	Total investment, RUB billion
	Solntsevo – Butovo – Vidnoye – Kashirskoye Shosse – Molokovo – Lytkarino – Tomilino – Kraskovo – Zheleznodorozhnyi highway	2020	Construction/re-construction	157
	Togliatti bypass highway with a bridge overpass across the Volga River as part of Europe – Western China international transport route	2019	Construction/re-construction	140.4
	Latitudinal highway of high-speed traffic in the Leningrad Region.	2023	Construction/re-construction	110.2
	Alekseevskoe – Almetievsk highway as part of Shali (M-7) – Bavly (M-5) federal toll motorway	2022	Construction/re-construction	102.5
	Central Ring Road in the Moscow Region, start-up facility No. 3*	2016	Operation	98.8
	Sheremetyevo Airport	2018	Construction/re-construction	98
	Central Ring Road in the Moscow Region, start-up facility No. 4	2017	Operation	93.2
	A bridge crossing motorway over the Lena River in Yakutsk	2020	Construction/re-construction	79.3
	Moscow – Saint Petersburg high-speed motorway, sections at km 543 – km 646 and km 646 – km 684	2014	Operation	77
	Moscow – Egorievsk – Tuma – Kasimov public motorway, section between Lyubertsy municipal district and Kosherovo village	2021	Construction/re-construction	69

Five major commercial closes in 2023

	Project name	Total investment, RUB billion
	Latitudinal highway of high-speed traffic in the Leningrad Region	110.2
	Relief road for Gagarina Pr. in Nizhniy Novgorod (2nd and 3rd stage)/Nizhny Novgorod Region; Relief road for Gagarina Pr. in Nizhniy Novgorod (4th stage)/Nizhny Novgorod Region	64.4
	Tram infrastructure in Rostov-on-Don	61
	Modern cross-university campus in Tomsk	47.3
	Facilities for electric power transmission (lines) Cape of Nagleynyn – Bilibno – Baimskiy GOK	46.1

* The investments are stated in accordance with the project passport (approved by Russian Government procurement No. 310-p of 27 February 2015)

Note: All projects are implemented as CA (Federal Law No. 115-FZ of 21 July 2005)

Sources: Russian Ministry of Economic Development (2024).

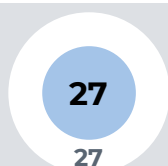
Project cases involving member organisations of AIIC

Wastewater disposal facilities for sewage sludge treatment

Public party:  Moscow Government

Private party:  ООО Greentech

Investments,
RUB billion*



* Completely non-budget funding

Form of implementation: Concession agreement (115-FZ)

Date of agreement: 24 February 2021

Term of the agreement: 21 years and 3 months

Financing party: DOM.RF Bank

Form of debt financing: Credit, shareholder loan

Financial close: 20 August 2021

Key results

Better life quality for **2 million citizens** in Moscow and Moscow Region

Achieving "import-independence" (i.e. self-sufficiency based on domestic production) by focusing key technology and production hubs on capacities of Russian enterprises and EAEU partners


Satisfying Moscow's needs for sewage sludge treatment at least at **900 thousand tonnes** per year

First and largest PPP utility and housing project in Moscow

Sources: DOM.RF (2024).

Bridge crossing over the Lena River in Yakutsk

Public party:  Government of the Republic of Sakha (Yakutia)

Private party:  Eight Concession Company (part of VIS Group)

Investments,
RUB billion*

Total

129.5

* Includes VAT (the total value will be clarified after the state expert check of DED as pertaining to the third final stage of construction)

Form of implementation: Concession agreement (115-FZ)

Date of agreement: 13 February 2020

Term of the agreement: 25 years

Financing party: Sberbank

Form of debt financing: Credit

Financial close: 17 December 2020

Key results

Total impact on the region's GRP growth – up to 3% annually

Unprecedented project in global bridge construction due to technical specifics of the cable structure

14.5 km of total track length Bridge length of 4.6 km with 2.5 km of cable structure

Throughput capacity of **5,300 vehicles per day**

Sources: VIS Group (2024).

Central Ring Road, start-up facility No. 3

Public party:  Avtodor State Company

Private party:  Avtodorozhnaya Stroitel'naya Korporatsiya

Form of implementation: Concession agreement (115-FZ)

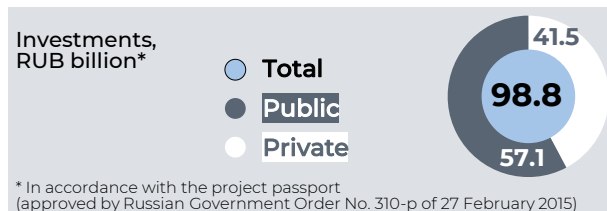
Date of agreement: 16 September 2016

Term of the agreement: 30 years

Financing parties: DOM.RF, Gazprombank, Sberbank, EDB, VEB.RF

Form of debt financing: Syndicated loan, bond-secured loans, shareholder loans

Financial close: 01 March 2017



Key results

Establishing link motorways along international transport corridors East – West and North – South

Payment of toll for actually covered distance based on the Free Flow system

105.3 km
total motorway length

Estimated speed
140 km/h

Sources: Avtodor State Company (2024), AVTOBAN Road Construction Company (2024), DOM.RF (2024)

M-4 Don motor highway at the section bypassing the town of Aksay

Public party:  Avtodor State Company

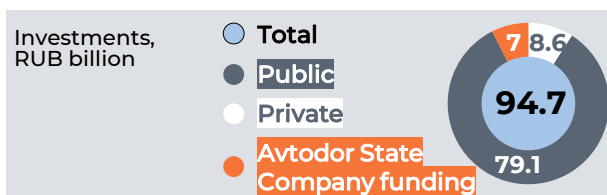
Private party:  OOO NPS Aksay

Form of implementation: Long-term investment agreement (223-FZ)

Date of agreement: 11 September 2020

Term of the agreement: 30 years

Form of debt financing: Shareholder loan, credit agreement



Key results

35.5 km
total length of the new road construction area

Unique facilities complex:
5 bridges, 8 crossovers, 3 road junctions

Relief for a toll-free road section passing through the town of Aksay

Drawing transit transport flow away from Rostov agglomeration

Sources: Avtodor State Company (2024), Natsproektstroy Group (2024).

Togliatti bypass with a bridge overpass across the Volga River

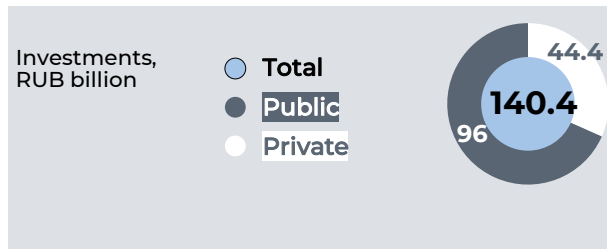
Public party:  Samara Region Authorities

Private party:  AO Concession Company "Togliatti Bypass"

Form of implementation: Concession agreement (I15-FZ)

Date of agreement: 16 October 2019

Term of the agreement: 20 years



Financing parties: SOPF Infrastructurnye Obligatsii (Infrastructure Bonds) DOM.RF Bank, Sberbank, EDB

Form of debt financing: Borrowings, credits, including shareholder loans

Financial close: 30 September 2022

Key results

Part of Europe-Western China international transport corridor

New technology used (floating concrete plant, alternative technology for assembling floating caisson bottoms)

99.3 km
total motorway length

Estimated speed
120 km/h

Sources: AVTOBAN Road Construction Company (2024), DOM.RF (2024).

Vinogradovo – Boltino – Tarasovka high-speed link road in Mytishi

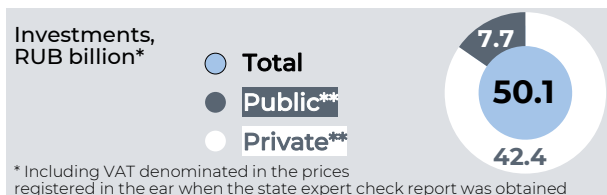
Public party:  Moscow Region Authorities

Private party:  Fourth Concession Company

Form of implementation: Concession agreement (I15-FZ)

Date of agreement: 30 January 2018

Term of the agreement: 20 years



Financing party: Gazprombank

Form of debt financing: Credit

Financial close: 12 December 2019

Key results

Biggest transport project in Moscow Region

1 hour less travel to Moscow

51.2 km
total motorway length

Payment of toll for actually covered distance based on the *Free Flow* system

Sources: VIS Group (2024). ** Data from the Russian Ministry of Economic Development (2024).

Lytkarino toll motorway

Public party:  Moscow Region Authorities

Private party:  Lytkarino Toll Road

Form of implementation: Concession agreement (115-FZ)

Date of agreement: 12 February 2020

Term of the agreement: 29 years

Investments,
RUB billion*

Total

159.7

Financing parties: Gazprombank

Form of debt financing: Credit

Financial close: 22 July 2022

Key results

2.5 times less travel time between the region's towns

Reduced load on the Moscow Ring Road (MKAD) via the closest relief road

45 km
total motorway length

Estimated speed
120 km/h

Sources: Gazprombank (2024).

Construction of a motorway bypassing Khabarovsk (13th–42nd km)

Public party:  Khabarovsk Territory Authorities

Private party:  Regional Concession Company (RCC)*

Form of implementation: Concession agreement (115-FZ)

Date of agreement: 12 December 2016

Term of the agreement: 15 years

Investments,
RUB billion*

Total

47

Financing party: Gazprombank

Form of debt financing: Credit

Financial close: 05 April 2019

Key results

First transport-related PPP project in the Far East. Biggest PPP project in Khabarovsk Territory

Throughput capacity of
25,000
vehicles per day

27.1 km
total motorway length

Estimated speed
120 km/h

* According to the company's official web-site.

Sources: Gazprombank (2024).

Cross-university IT campus in Nizhniy Novgorod

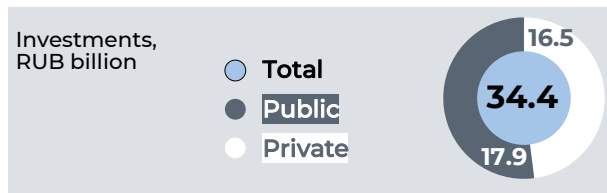
Public party:  Nizhny Novgorod Region Authorities

Private party:  OOO Development of Innovative Projects

Form of implementation: Concession agreement (115-FZ)

Date of agreement: 05 October 2022

Term of the agreement: 30 years



Financing parties: Sberbank

Form of debt financing: Credit

Financial close: 06 October 2023

Key results

Focus on most promising industries, including microelectronics and artificial intelligence

Sports and recreation centre with a swimming pool for **500 visitors**

156 thousand m² of hotel space
Conference centre with floor area of 2 thousand m² for 1,000 seats

52.5 thousand m²
of educational and laboratory space for 7,000 students

Sources: Sberbank (2024).

Pulkovo Airport

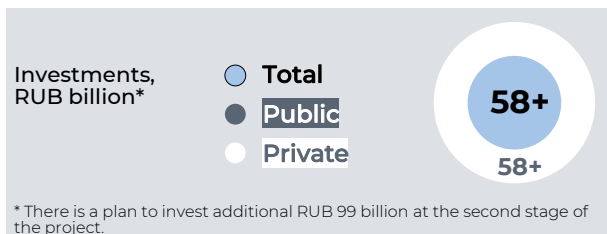
Public party:  St Petersburg Authorities

Private party:  Northern Capital Gateway Consortium

Form of implementation: PPP agreement (regional legislation)

Date of agreement: 30 October 2009

Term of the agreement: 30 years with possible extension for 50 years



Financing party: EBRD, IFC, VEB.RF, EDB, NIB, BSTDB, UniCredit, re-financed by VTB and Alfa Bank
Shareholders: VTB, Fraport

Form of debt financing: Credit, shareholder loan

Financial close: 28 April 2010

Key results

First PPPA project in Russia (region-wide)

Ensuring **Optimal level** of servicing under IATA standards

Increasing passenger flow up to **35 million** people per year

First Russian airport with **the 7th "freedom of air"**




























Sources: VTB Bank (PAO) (2024).

Support measures navigator

In Russia, the state is offering complex support to PPP projects implemented in the form of CA and PPPA/MPPPA as well as offset contracts (44-FZ), life cycle contracts (44-FZ, 223-FZ), corporate partnerships and in other forms that imply PPP application.

State authorities
















Federal subsidies and other cross-budget transfers

 University campuses	 Science and technology development in Russia	115-FZ	224-FZ	Capital grant
 Russian Ministry of Education and Science	 VEB.RF	 • Regional		Public party fee
 Popular sports	 Physical training and sports development	115-FZ	224-FZ	Capital grant
 Russian Ministry of Sport		 • Municipal  • Regional		Public party fee
 Solid waste management	 Environment protection	115-FZ	224-FZ	Capital grant
 Russian Ministry of Natural Resources		 • Regional		Public party fee
 Motor roads	 Transport system development	115-FZ	224-FZ	Capital grant
 Federal Road Agency Rosavtodor		 • Regional		Public party fee
 Public transport	 Transport system development	115-FZ	224-FZ	Capital grant
 Russian Ministry of Transport		 • Municipal  • Regional		Public party fee
 Far Eastern and Arctic Concession	 Far East and Arctic Development Corporation	115-FZ	224-FZ	Capital grant
 Ministry for Development of Russian Far East		 • Regional		Public party fee

 Programme supervisor  State programme  Government agent  Levels of implementation

Note: The support programmes are shown that continue to receive application.

Preferential debt financing

Infrastructure-related reduced-rate loans	Urban electric transport with VEB.RF
 max   max 15+ years % 3	 max   max 20 years % 4.3
Reduced-rate loans by DOM.RF	Reduced-rate loans by the Territory Development Fund
 max   max 30 years % 	 max 150 RUB billion  max 25 years % 3
 Loan amount of at least RUB 300 million  Only for urban infrastructure facilities	 Only for projects in utility and housing

 Max amount of financing

 Max term of financing

% Interest rate per annum

 Defined on an individual basis

To investors

Preferential funding

VEB.RF Project Finance Factory	Cluster-based investment platform
 max   max 20 years %  <p>Available mechanism for hedging the key rate growth through a state subsidy</p>	 max 100 RUB billion  max  %  <p>Rate = key rate × 0.3 + 3% Preferential loan term: starting from the financial close date and until expiry of 2 years after the end of the investment stage</p>
Commercial mortgage	Preferential loans from the TDF: development projects
 max 0.5 RUB billion  max 7 years %  <p>If the key rate is ≤ 10%: • 3% – for technology companies • 5% – for other borrowers If the key rate is > 10%: base rate + key rate - 10%</p>	 max 1 RUB billion  max 5 years % 3–5 <p>5% – base rate 3% – upon obtaining a bank guarantee and guarantees from VEB.RF, SME Corporation or a regional guarantee organisation 3% – when purchasing Russian hardware/software amounting to ≥50% of the loan</p>
Preferential loans from the TDF: component parts	Preferential loans through PPK REO bonds
 max 1 RUB billion  max 5 years % 3–5 <p>5% – base rate 3% – upon obtaining a bank guarantee and guarantees from VEB.RF, SME Corporation or a regional guarantee organisation</p>	 max 23.75 RUB billion  max 12 years % 5–7 <p>The rate is determined through a formula taking account of the region's credit rating and budget obligations under the agreement</p>
PPK REO: purchasing bonds from investors	PPK REO: charter capital participation
 max 3 RUB billion  max 10 years %  <p>Rate equal to at least 50% of the key rate</p>	 max 3 RUB billion  max 10 years %  <p>Rate equal to at least 50% of the key rate</p>

 Max amount of financing

 Max term of financing

% Interest rate per annum

 Defined on an individual basis

Tax and other benefits

SZPK	SPIC 1.0/2.0	Territorial (OEZ, TOR, SPV)
<ul style="list-style-type: none"> Stabilisation clause Repayment of costs to the amount of tax liabilities: <ol style="list-style-type: none"> up to 50% for the support infrastructure (5-year term) up to 100% for the related infrastructure (10-year term)* <p>* The facility should be transferred to state (municipal) ownership or to ownership of a regulated organisation</p>	<ul style="list-style-type: none"> Tax benefits Made in Russia label Accelerated depreciation** Infrastructure creation by Russian constituent regions (SPIC 2.0) Special conditions for land plot lease (SPIC 2.0) <p>** With a multiplier not exceeding 2, as per Article 259.3 of the RTC</p>	<ul style="list-style-type: none"> Income tax exemption (rates up to 0%) when purchasing land plots and making insurance contributions Full exemption from property and land tax (5-year term or more) Free customs zone regime Other preferences (depending on the territory)

Please note that only key benefits are mentioned here.

Trends in policy-making and law enforcement

New requirements to draft resolutions on signing federal concession agreements and PPPA for a period exceeding the term limit for budgetary obligations

Starting 1 January 2024, Russian Government Regulation No. 2015 of 29 November 2023 “On Approving Rules for Adopting Resolutions to Provide Recipients of Federal Budget Funds with Rights to Assume Expenditure Liabilities out of the Federal Budget Funds for a Term Exceeding the Approved Term Limits Set for Budgetary Obligations” (the “draft resolutions”).

This regulation replaced an enactment that was in effect previously and regulated, among other things, adoption of resolutions to sign federal CA and PPPA for a period in excess of the term limits set for budgetary obligations (Russian Government Regulation No. 1071 of 26 November 2013 “On Approving Rules for Signing, on Behalf of the Russian Federation, of State Contracts for Supplying goods, Performing Work, Providing Services in Order to Meet Federal Needs, Public-Private Partnership Agreements and Concession Agreements for a Term Exceeding the Approved Term Limit for Budgetary Obligations.”)

Key changes:

- Draft resolutions should include, among other things, the estimated (maximum) amount of budgetary funding of planned expenditures of the CA/PPPA project, procedure for determining such amount (if any) as well as funding allocation by years.
- After the introduction of the new rules, all draft resolutions are subject to approval by the Russian Ministry of Economic Development and Ministry of Finance.
- CA/PPPA subsidies in the following financial year and planned period should not exceed the amount of respective public allocations provided for in the federal budget for the next financial year and planned period of granting the CA/PPPA subsidy. An excess over the budgeted amount will require amendments to the consolidated budgetary breakdown of the federal budget.

For projects implemented in programme areas:

- If the annual amount of CA/PPPA subsidies exceeds the amount of funding under the state support programme for a respective year, it should be proposed to re-allocate the budget funding, against an obligation to prevent arising of accounts payable, and allocate additional funds.
- Outside of the planned period, CA/PPPA subsidies should not exceed the parameters set for the financial support under the state programme during the term of its implementation.
- If the term of the state programme implementation has run out, while the long-term projection of the Russian budget is still in effect*, subsidies allocated to each year should not exceed the amounts provided for by the federal budget for the state programme’s final year.
- If such subsidies exceed the said amounts and/or go beyond the deadlines (i.e. exceed the planned period and term of the state programme implementation), a memorandum to the project should specify information on the financial sources from which such excess is funded.

For projects implemented in non-programme areas:

- Draft resolutions should contain a name of such non-programme area of operations.
- According to a general rule, draft resolutions may not provide for subsidies beyond the term of effect of the long-term projection of the Russian budget, while the annual amount of subsidies outside of the planned period may not exceed the amount reserved in the federal budget for the provision of subsidies as pertaining to respective non-programme areas in the second year of the planned period.
- In case of a failure to meet the deadline and excess over the subsidy amount, sources for such funding should be substantiated in a memorandum to the project.

* In accordance with Article 170.1(3) of the Russian Budget Code, the long-term projection of the Russian budget is prepared each 6 years for a term of 12 and more years based on the forecast of social and economic development of the Russian Federation for a respective period.

More details on the new requirements:



New rules for filing applications to participate in a tender for the right to sign CA/PPPA and securing obligations under CA/PPPA.



Subject matter of the regulation and date of entry into force

Russian Government Regulation No. 2367 of 29 December 2023 ("Regulation No. 2367") approves:

- Requirements for irrevocable bank guarantees provided as security for an application to participate in a tender for the right to sign CA/PPPA (the "application BG");
- Requirements for irrevocable bank guarantees provided as security for the settlement of obligations of a concession holder / private partner under CA/PPPA (the "CA/PPPA BG");
- Requirements for banks and insurance organisations providing services for securing obligations (in particular, provision of an application BG and CA/PPPA BG, opening a bank deposit for a concession holder / private partner, liability risk insurance) under Federal Law No. 115-FZ of 21 July 2005 "On Concession Agreement" ("115-FZ") and Federal Law No. 224-FZ of 13 July 2015 "On Public-Private Partnership, Municipal-Private Partnership in the Russian Federation and On Amending Separate Statutory Regulations of the Russian Federation" ("224-FZ") (the "services for securing obligations under 115-FZ/224-FZ").

That said, Regulation No. 495 of 15 June 2009 ("Regulation No. 495") was abolished. Previously, Regulation No. 495 regulated a narrower scope of matters pertaining to requirements for the banks where a bank deposit of a concession holder may be opened as well as for the insurance companies with which a concession holder could sign a liability risk insurance agreement.

At the same time, Russian Government Regulation No. 1188 of 19 December 2013 will remain in effect. This regulation governs requirements for bank guarantees provided if the subject matter of a CA constitutes heat supply facilities, centralised hot/cold-water supply systems and/or wastewater disposal systems as well as separate components of such systems ("Regulation No. 1188").

Amendments to the legislation regarding CA and PPPA in part of mandatory compliance of a bank guarantee to the requirements set by the Russian Government came into force on 1 January 2024. Yet, it is unclear what requirements should be met by the bank guarantees to be granted after 1 January 2024 for the CA/PPPA signed before 1 January 2024.



Differences between Regulation No. 2367 and Regulation No. 495

Regulation No. 2367 covers certain matters that were previously governed by Regulation No. 495, but Regulation No. 2367 also governs a wider subject matter (through new amendments to 115-FZ and 224-FZ). Below we detail key differences between Regulation No. 2367 and Regulation No. 495

Item No.	Governed matter	Regulation No. 495 (void)	Regulation No. 2367 (new)
1.	Requirements for banks that provide services for securing obligations under 115-FZ/224-FZ	<ul style="list-style-type: none"> The bank should have a license issued by the Central Bank of Russia (duplicates a requirement of the bank activities law*) The bank's period of operations is at least 3 years after the date of its state registration There is a positive auditor's opinion 	<ul style="list-style-type: none"> Requirements for banks that provide services for securing obligations under 115-FZ/224-FZ are limited by a certain credit rating that the bank has
2.	Requirements for insurance companies that provide services for securing obligations under 115-FZ/224-FZ	<ul style="list-style-type: none"> A license for insurance operations (duplicates a requirement of the insurance law**) There is a positive auditor's opinion The insurance company's period of operations is at least 3 years after the date of its state registration The period of operations of a branch of a foreign insurance company should be at least 3 years after the date of its accreditation by the Central Bank of Russia (if the foreign insurance company conducts insurance activities in Russia) 	<ul style="list-style-type: none"> Requirements for insurance companies remain the same
3.	Requirements for an application BG	<ul style="list-style-type: none"> Non-regulated (before 1 January 2024, a bank guarantee could not be used as a security for the tender application bid) 	<ul style="list-style-type: none"> Approved requirements for the bank guarantees provided as security for the tender application bid
4.	Requirements for CA/PPPA BG contents	<ul style="list-style-type: none"> Non-regulated (there were no requirements for the bank guarantee contents) 	<ul style="list-style-type: none"> Approved requirements for CA/PPPA BG contents
5.	List of documents provided by a concession provider / public partner to the guarantor simultaneously with the request to pay a monetary amount under the application BG and CA/PPPA BG	<ul style="list-style-type: none"> No list of documents specified for CA/PPPA BG*** 	<ul style="list-style-type: none"> Approved a closed list of documents to be provided by a concession provider / public partner to the guarantor simultaneously with the request to pay a monetary amount under the application BG and CA/PPPA BG Approved form of a request to pay a monetary amount under an application BG and CA/PPPA BG

In the sources below, please find more details on requirements for credit rating of banks, requirements for application BG and CA/PPPPA BG, comparison of Regulation No. 2367 and Regulation No. 1188 as well as the standards applicable to CA/PPPPA BG that will be provided after 1 January 2024 for CA/PPPPA signed before this date:



* Article of Federal Law No. 395-1 of 2 December 1990 "On Banks and Banking Activities."



** Para 2, Part 2 of Article 4.1 of Federal Law No. 4015-1 dated 27 November 1992 "On Organising Insurance Business in the Russian Federation".




*** In part of the list of documents for application BGs (before 1 January 2024, a bank guarantee could not be used as a security for the tender application bid)

Comparison of PPP and government procurement : practices adopted by courts and anti-trust authorities



The matter of PPP and government procurement comparison has been repeatedly considered in the court practice and anti-trust practice. Recently, the “Tuva case” has been the most resonating cases in practice (item 6 in the table below). The court assessed whether the disputed CA constituted a contract that should be signed by the parties under a government procurement procedure prescribed by Federal Law No. 44-FZ of 05 April 2013 “On the Contract Framework in Procurement of Goods, Work, Services for Meeting State and Municipal Needs” (“44-FZ”). Most often, courts and the anti-trust authorities emphasize full compensation of the private party’s expenses under the project.


Below we provide a chronological description (new to old) of cases in the current legal enforcement practice related to PPP and government procurement comparison.


Item No.	Document details	Disputed agreement	Key conclusions by courts/Federal Anti-Trust Service	Market impact
1.	Urals District Arbitrazh Court Resolution No. Ф09-5679/23 of 11 October 2023 on Case No. А50-23169/2022 (Russian Supreme Court Judgement No. 309-ЭС23-29023 of 31 January 2024 denied escalation of the case to the Russian Supreme Court Chamber for Commercial Disputes for a re-trial under the cassation procedure for the above resolution)	CA No. 01-44-9/1 of 22 June 2022 between Perm Region and ООО Klinika Innovatsionnykh Issledovaniy for creating an oncology treatment centre in the city of Perm and its further operation for medical aid purposes	The court refused to declare the CA invalid. When the public party pays for all expenses incurred by the private party in connection with the facility creation, this does not serve as a criterion for differentiation between PPP and government procurement. Signing of a CA based on which a concession provider pays for all expenses incurred by the concession holder in connection with the creation of the CA subject matter (facility) does not constitute a circumvention of the procedure prescribed by 44-FZ.	
2.	Bashkortostan Department of Russian Federal Anti-Trust Service Resolution of 27 June 2023 on case No. 002/01/16-1861/2022	CA of 11 November 2022 between Kumertau municipal district, the Republic of Bashkortostan and AO Bashkom-Munenergo as pertaining to heat power supply facilities of Kumertau municipal district	Actions performed by the concession provider to sign the CA were qualified as provision of property to the company in circumvention of tender procedures set by 44-FZ When differentiating between PPP and government procurement, attention should be paid to the following: <ul style="list-style-type: none"> the absence/presence of state/municipal need for the facility construction; allocation of budgetary funds for the facility under a regional special-purpose investment programme. 	

Item No.	Document details	Disputed agreement	Key conclusions by courts/Federal Anti-Trust Service	Market impact
3.	8th Arbitrazh Appellate Court Resolution No. 08АП-4313/2023, 08АП-4501/2023 of 07 June 2023 on Case No. A75-20291/2021	CA No. 17-10-511/9 of 26 December 2019 between Surgut municipal district and OOO Domtekhno-Stil for financing, design and construction of a secondary school in Surgut, local community 30A.	<p>The court refused to declare the CA invalid.</p> <p>The following circumstances/conditions do not constitute criteria for differentiating between PPP and government contract signed under 44-FZ:</p> <ul style="list-style-type: none"> the public party pays for all expenses incurred by the private party in connection with the facility creation*; the absence/presence of state/municipal need for the facility construction; co-financing of construction expenses under the state programme. <p>The above-mentioned circumstances and conditions provide for signing a CA and do not require executing an agreement under the procedure determined by 44-FZ.</p>	
4.	North Siberian District Arbitrazh Court Resolution No. Ф04-7694/2021 of 19 January 2022 on Case No. A75/2020 A75-19248/2020 (Russian Supreme Court Judgement No. 304-ЭС22-6061 of 05 May 2022 denied escalation of the case to the Russian Supreme Court Chamber for Commercial Disputes for a re-trial under the cassation procedure for the above resolution)	CA of 19 June 2019 between Nyagan municipal authorities and OOO Sotsialnaya Infrastructura for creating and operating of a secondary school for 1,135 students in the Easter local community of Nyagan	<p>The court did not qualify activities of Nyagan municipal authorities as a violation in part of inappropriate definition of the tender type.</p> <p>The following circumstances/conditions do not constitute criteria for differentiating between PPP and government contract signed under 44-FZ:</p> <ul style="list-style-type: none"> the public party pays for all expenses incurred by the private party in connection with the facility creation*; the absence/presence of state/municipal need for the facility construction; co-financing of construction expenses under the state programme. The above-mentioned circumstances and conditions provide for signing a CA and do not require executing an agreement under the procedure determined by 44-FZ. 	
5.	Decision of Tyva Department of the Russian Federal Anti-Trust Service on refusal to initiate a court procedure	CA of 18 June 2020 between the town of Chadan and Mongush Sole Proprietor as pertaining to a combat sports centre	<p>No violations have been identified in the execution of the CA.</p> <p>Does not serve as a criterion to treat the agreement as a government contract signed under 44-FZ, co-financing of construction expenses under the state programme.</p> <p>When differentiating between PPP and government procurement, take account of the signs pointing at the fact that the public party delivers an order for a certain type of work.</p>	

* Currently effective version of Federal Law No. 115-FZ of 21 July 2005 "On Concession Agreements" ("115-FZ") sets limitations for financial participation of the concession provider. According to Part 2, Article 10.1 of 115-FZ, the maximum amount of the concession provider's financial participation should be less than the total amount of expenses for creating and/or re-constructing the subject matter of the concession agreement as well as for the use (operation) of the subject matter of the concession agreement and other property transferred by the concession provider to the concession holder under the concession agreement.

Item No.	Document details	Disputed agreement	Key conclusions by courts/Federal Anti-Trust Service	Market impact
6.	<p>East Siberian District Arbitrazh Court Resolution No. Ф02-2370/2020 of 6 August 2020 on Case No. A69-3122/2019</p> <p>East Siberian District Arbitrazh Court Resolution No. Ф02-2597/2020 of 22 June 2020 on Case No. A69-3115/2019</p> <p>East Siberian District Arbitrazh Court Resolution No. Ф02-162/2020 of 14 February 2020 on Case No. A69-2242/2019</p>	<p>CA of 19 June 2019 between the Republic of Tyva and OOO Megastroy as pertaining to the Centre of Youth (with a stellarium) in the town of Kyzyl A number of CA signed in the period from 24 June 2019 through 27 June 2019 between the Republic of Tyva and concession holders OOO Megastroy, OOO Planeta. OOO Olchey as pertaining to pre-school care centres</p> <p>A number of CA signed in the period from 17 April 2019 through 19 April 2019 between the Republic of Tyva and concession holders OOO Benkons, OOO Olchey, OOO Tarys, OOO Monolit Stroy as pertaining to educational facilities</p>	<p>In all three cases the court ruled that the signed agreements should qualify as contracts which must be signed under the procedure established by 44-FZ.</p> <p>When differentiating between PPP and government procurement, attention should be paid to the following:</p> <ul style="list-style-type: none"> • lack of focus on attracting investments to Russian economy, ensuring efficient use of the property in state or municipal property, based on the terms and conditions of the agreement, increasing quality of goods, work, services provided to consumers; • the public party actually finances the work to create the facilities; • construction of facilities for state needs out of the subsidies and subventions from the federal budget under a state programme*; • lack of clause to use the subject matter of the agreement for economic benefit of the private party**. 	
7.	<p>9th Arbitrazh Appellate Court Resolution No. 09АП-33753/2017, 09АП-34801/2017 of 4 September 2017 on Case No. A40-23141/17</p>	<p>Tender to sign a CA for financing, construction, re-construction and operation of a regional public motorway in the Republic of Bashkortostan (Sterlitamak – Kaga – Magnitogorsk)</p>	<p>The actions committed by the tender organiser were qualified as legitimate.</p> <p>When the public party pays for all expenses incurred by the private party in connection with the facility creation, this does not serve as a criterion for differentiation between PPP and government order***.</p>	

 The conclusions made in the resolution may highly likely have a positive impact on the PPP market development.

 The conclusions made in the resolution may highly likely have an adverse impact on the PPP market development.

The most adverse impact on the market could be made by resolutions of the East Siberian District Arbitrazh Court issued in the course of the “Tuva case”. Yet, according to the table, the topics set in these resolution has not been included in the newer court practice. At the same time, similar conclusions can be found in the current practice of the anti-trust authorities.

* In the “Tuva case”, the court substantiated its position by Article 13 of 44-FZ stating that the customers perform procurement for state and municipal needs, namely for the purposes of achieving goals and implementing the measures established by the state programmes. Nevertheless, this statutory provision became void starting 1 October 2019 (Federal Law No. 152-FZ of 27 June 2019).

** This conclusion is contained in 3rd Arbitrazh Appellate Court Resolution of 06 December 2019 on Case No. A69-2242/2019 but was not included in the court order of the cassation authority.

*** This conclusion was made by the appellate authority and contradicts the conclusion made by the first instance in its ruling on this case. Moscow Arbitrazh Court Resolution of 8 June 2015 states that such way of financing when all expenses on creating (re-constructing) and operating the subject matter of the CA are borne by the concession holder actually eliminates the distinction between CA and government contract. Therefore, as the first instance mentioned, when signing CA in accordance with which the concession holder pays for all expenses on construction and/or re-construction, operation of the subject matter of the CA, procurement shall be performed in accordance with the legislation on the contractual system.




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