



NATIONAL CENTER
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PPP AND POST COVID-19 ECONOMIC RECOVERY: CURRENT STATE OF PLAY IN THE RUSSIAN FEDERATION

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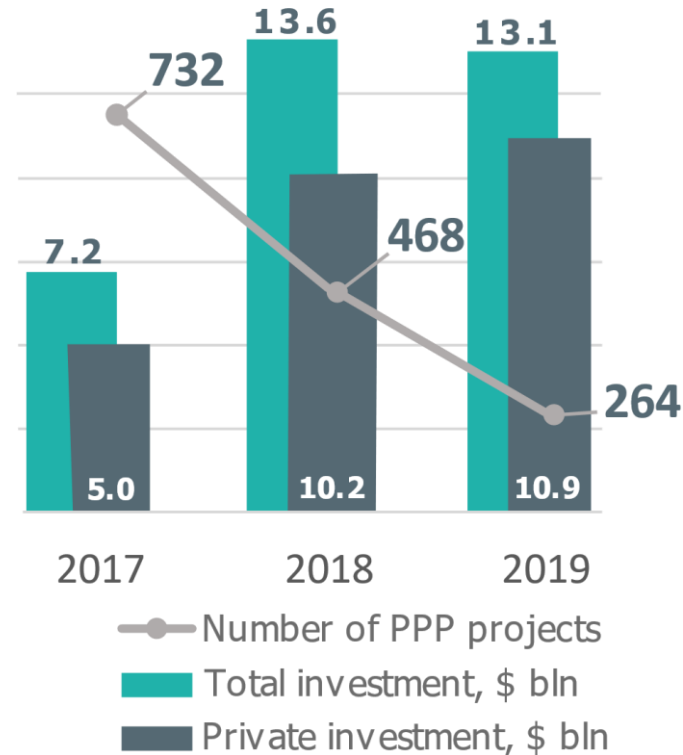
RECENT PPP MARKET DEVELOPMENT IN RUSSIA

Changes in the Russian PPP Market

Before 2017

- The PPP market used to grow by an average of **35 %** every year
- Since the beginning of the **2000s**, the PPP market had increased **8-fold**
- The growth in the social sphere was over **4.5-fold**
- The growth in healthcare was over **8.5-fold**

█ Average project size has increased from **\$ 9.8 mln** to **\$ 49.6 mln** since 2017

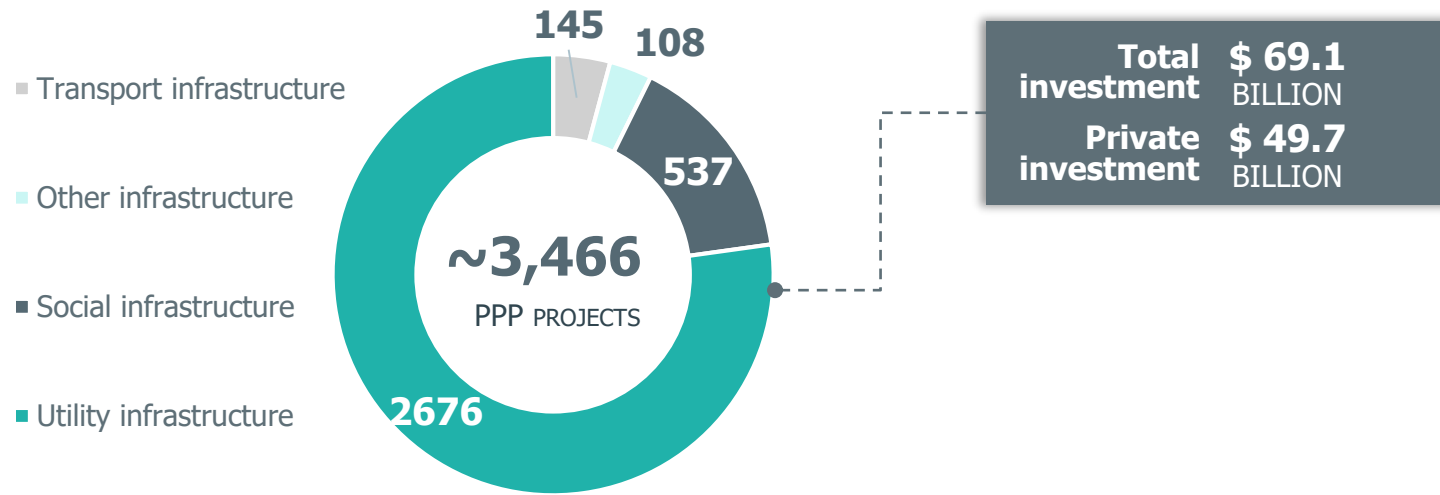


Trends in the Russian PPP Market

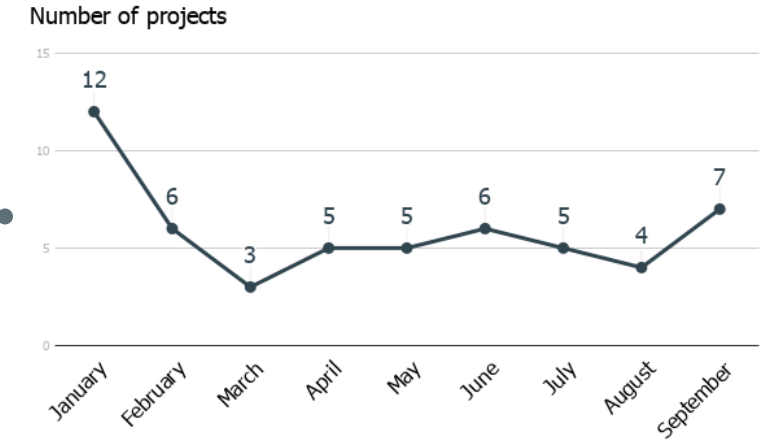
- Around **90%** of private investment accrues to **large-scale projects** worth more than **\$14 million**
- **Transport infrastructure** accounts for the largest share of total investment (**62%**), whereas the number of implemented projects in transport sphere is quite insignificant (**5%** of total number)
- **Utilities and energy sector** dominates in terms of the number of projects (**78%**)
- The vast majority of projects are implemented **at the municipal level**, whereas the largest part of investment is concentrated **at the regional level**
- Projects achieving commercial close are fewer in number every year, have **an increasingly sophisticated structure** and require more financing
- **Unified and standardized financial products and services**, including off-the-shelf solutions, come into use in the PPP market
- **PPP mechanisms are extended to new spheres**, such as information technology, agriculture and industry
- In the **social sphere**, an increasing number of projects via dedicated Federal Law № 224 on public-private partnership in the Russian Federation is being actively launched
- A wide range of **quasi-PPP forms** is employed

RUSSIAN PPP MARKET IN 2020 (1)

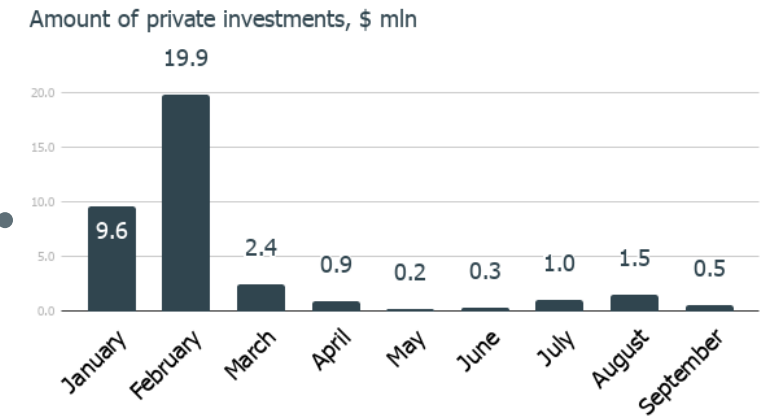
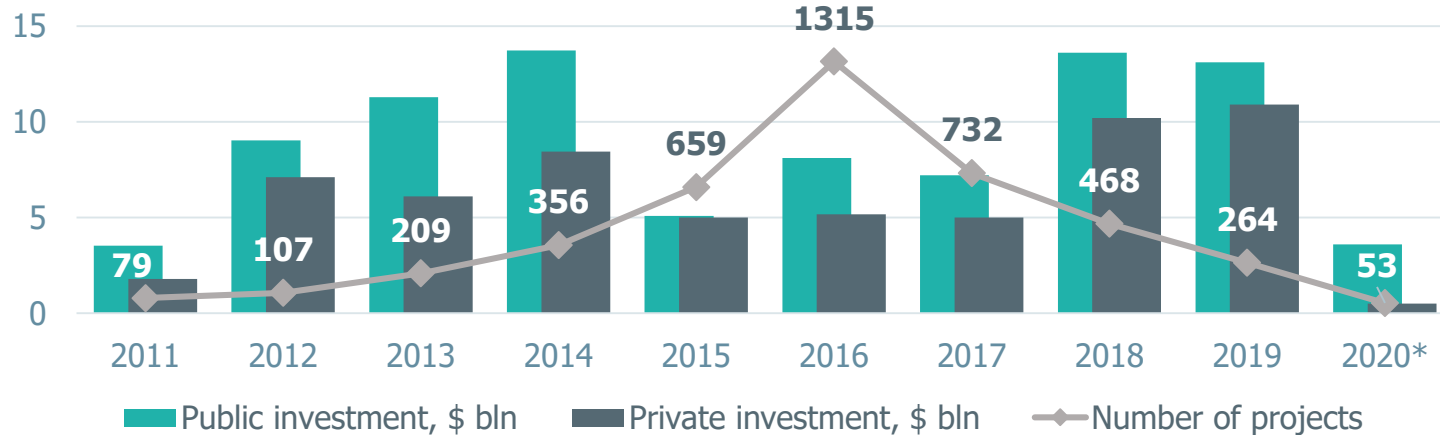
Number of Ongoing PPP Projects in Russia per Sphere*



Commercial Closes in Russia, January-August 2020



Commercial Closes in the Russian PPP Market, 2011-2020



* Forecast

RUSSIAN PPP MARKET IN 2020 (2)

Major Factors of Impact on the Crucial Spheres of Infrastructure



The **decrease in traffic volumes** threatened the financial sustainability of **transport projects**, especially those that implied commercial activities of the private party



User non-payments undermined the economy of projects in public **utility infrastructure**



Social infrastructure projects were directly affected by the **lockdown** which prevented people from visiting social facilities



Foreign exchange risks took a toll on the projects, which relied on **imported** services, materials and equipment

Estimated Losses of the PPP Market in Russia due to the Coronacrisis*

TRANSPORT

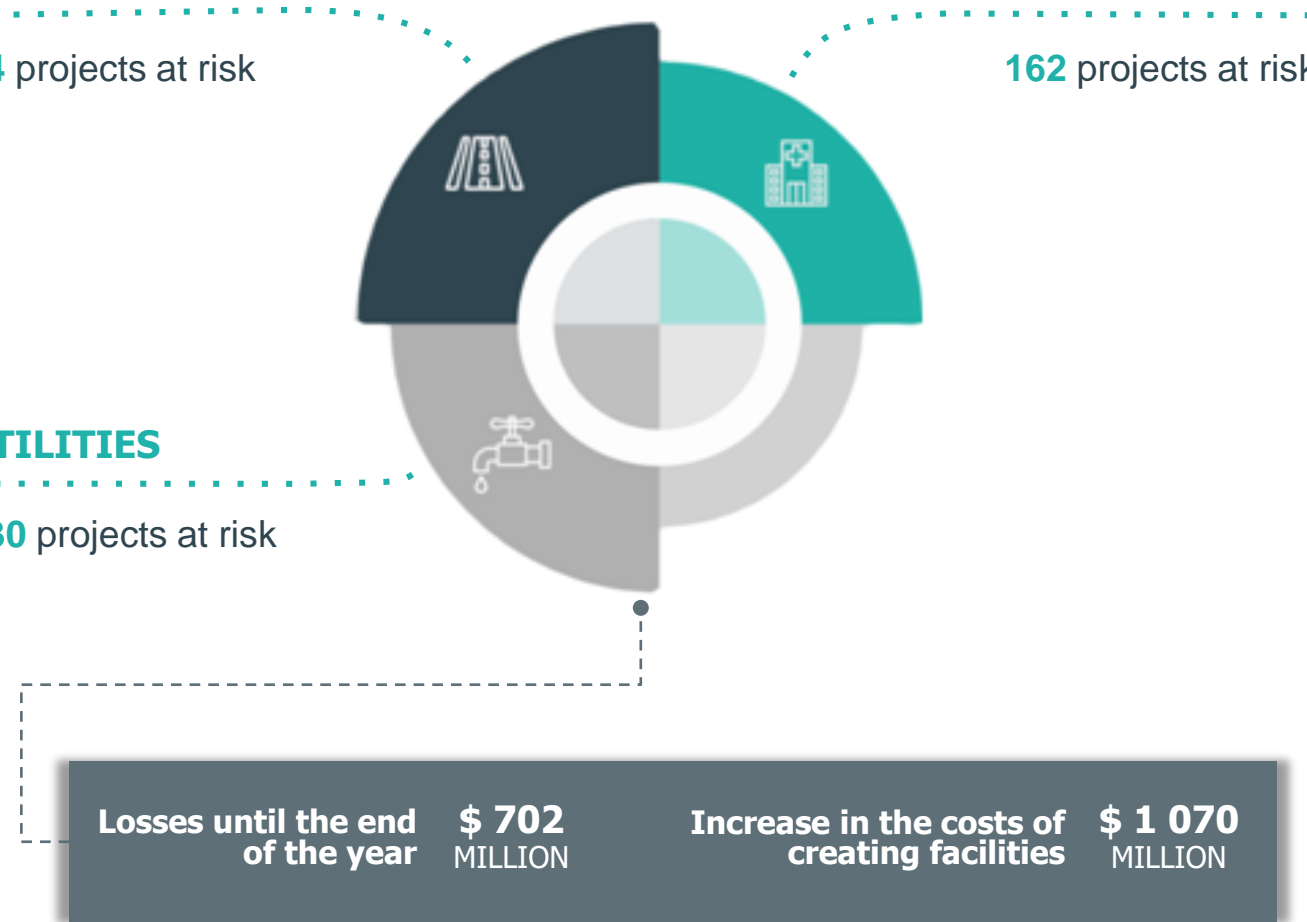
54 projects at risk

SOCIAL

162 projects at risk

UTILITIES

130 projects at risk



* April 2020 estimations. PPP and concession agreements only

ANTI-CRISIS PPP PROJECT SUPPORT PROGRAMME

The National Center for PPP and VEB.RF have launched a regional program of anti-crisis support aimed at providing free expert and consulting assistance for the Russian regions in the preparation and launch of PPP projects implemented at the regional and municipal levels.

The program is being implemented with the help of the digital platform in support for infrastructure projects "ROSINFRA"



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ROSINFRA
PLATFORM FOR INFRASTRUCTURE
PROJECTS SUPPORT



53 regions

have already joined the program and submitted

over **340** project proposals

totalling to **\$ 13 billion**

Experts of the National Center for PPP and VEB.RF:

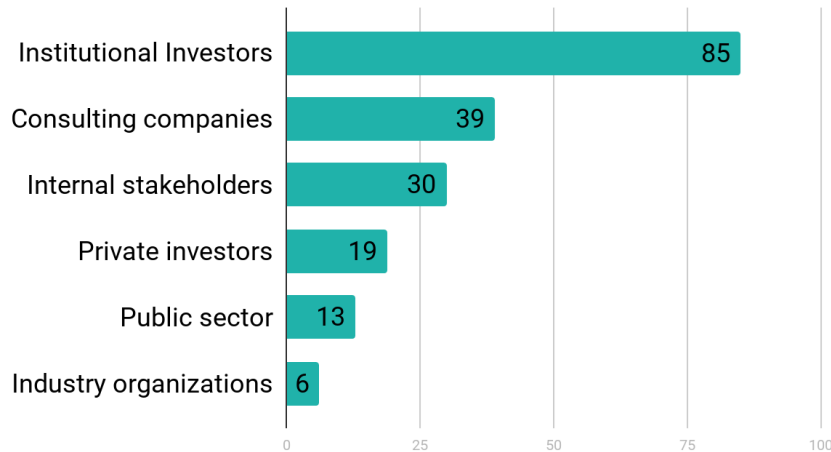
- Select bankable project proposals in various infrastructure sectors
- Consult and guide a project team from the concept stage to a commercial and a financial close

IMPROVING QUALITY OF INFRASTRUCTURE INVESTMENT (1)

Global investment market shifts towards implementing sustainable development principles

Investors prefer quality projects that take into account the principles of sustainability, transparency, social and environmental responsibility

Interest in sustainable investments, %



Principles for Quality Infrastructure Investment (QII)



Economic Efficiency in View of Life-Cycle Cost

Strengthening Infrastructure Governance

Environmental Considerations Integration in Infrastructure Investment

Resilience Against Natural Disasters and Other Risks

Social Considerations Integration in Infrastructure Investment

Compliance with Sustainable Development Goals

To attract infrastructure investments and implement QII principles in practice, it is necessary to create a tool for assessing the quality of infrastructure projects

Source: KPMG, AIMA, CAIA Association, Sustainable Investing, 2020

IMPROVING QUALITY OF INFRASTRUCTURE INVESTMENT (2)

IRIIS | Impact and Responsible Investing for Infrastructure Sustainability System for Assessment and Certification of Infrastructure Projects



- Allows for assessment of crucial aspects of a project's quality: "Economy and Governance", "Quality of Life", "Ecology and Climate"
- Fully corresponds to internationally acclaimed standards and best practices
- Incorporates the requirements of international investors, development institutions and financing organizations
- Embodies and develops G20 QII Principles and UN SDGs

To be launched in
2021-2022

Strategic Partner:
AECOM

With the Participation of:



World Bank



OECD



LTIIA



WWF



Harvard University

With Expert Involvement of:



Analytical
Credit Rating
Agency



Expert Rating
Agency



KPMG



Project
Management
Institute

DIGITALIZATION OF INFRASTRUCTURE AND PPP MANAGEMENT (1)

PLATFORM «ROSINFRA»

In **2019**, the National Center for PPP digitalized the project data, analytical materials, experience and expertise it has been accumulating for over **10** years and launched the platform "ROSINFRA", the unique digital solution for preparation and launch of infrastructure projects



3466

ongoing projects



64

industry experts



1166

project proposals



5460

stakeholders



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



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



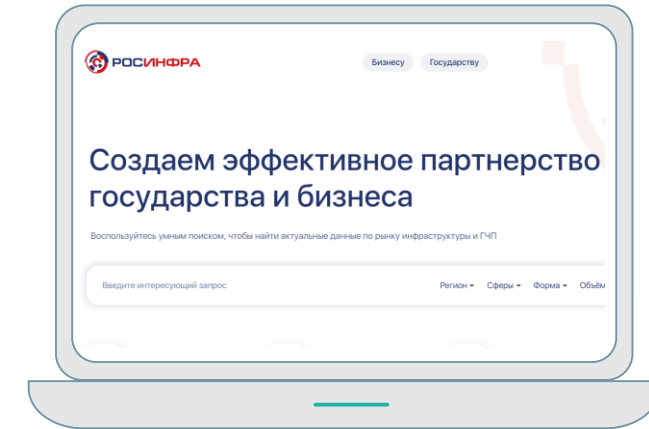
Raises the quality of projects through the experience and expertise of the leading industry experts



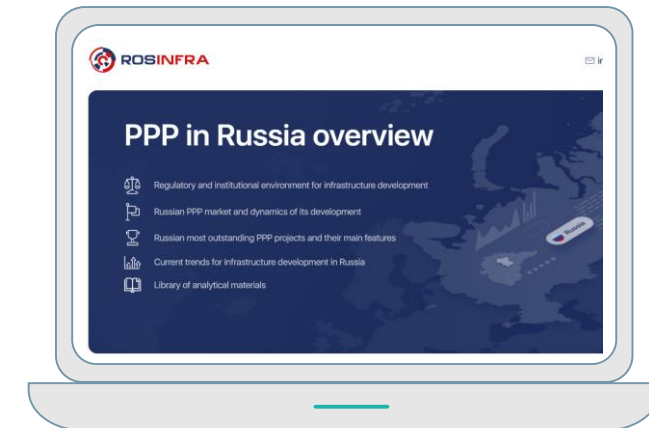
Facilitates search and engagement of prospective investors and strategic partners



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



ROSINFRA.RU



EN.ROSINFRA.RU

DIGITALIZATION OF INFRASTRUCTURE AND PPP MANAGEMENT (2)

PPP-BSTDB CENTER

PPP-BSTDB Center is a joint project between the Black-Sea Development Bank and the National Center for PPP launched in **2019** to support PPP projects in the Black Sea countries and stimulate mutual investments and capacity building



94

projects at various stages



20

Black-Sea regional experts



11

BSTDB member-countries



PPP-BSTDB Center



Complete database of infrastructure and PPP projects being implemented in the Black Sea region



Standard solutions for project preparation based on international best practice



Online library of analytical materials and interactive charts on the PPP market in the Black Sea region

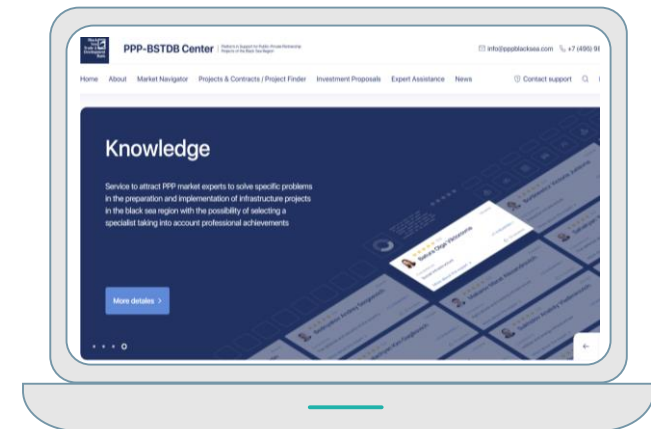


Comprehensive country datasheets describing current investment opportunities in infrastructure



Service to attract PPP market experts specializing in the Black Sea region

In Partnership with:



PPPBLACKSEA.COM

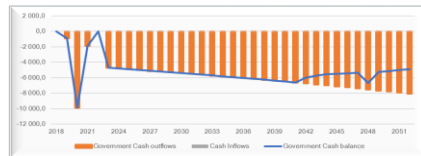
TACKLING RISKS OF CONTINGENT LIABILITIES

CURRENT PROGRESS

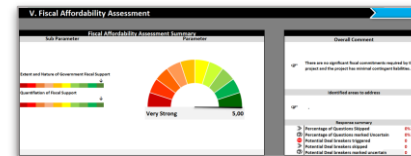
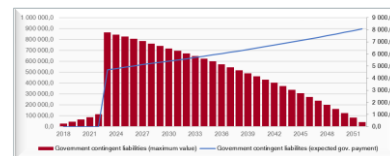
The National Center for PPP and VEB.RF supported by the Ministry of Finance of Russia actively participate in the development of the comprehensive system for PPP-related contingent liabilities management

In this vein:

- The study of **international best practice** and policy recommendations was prepared in March 2020
- The functionality and limitations of **PFRAM** and **PPP Screening tools** are being studied



PPP Fiscal Risk Assessment Model (PFRAM)



PPP Screening Tool



Management of Contingent Liabilities in PPPs: International Best Practice

- Active communication with the **international standard-setting organizations** has been established including in the form of joint expert webinars



World Bank



IMF



Eurostat



IPSASB

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