

VEGAS LEX DISCUSSES CONCESSION IN ROAD INDUSTRY

VEGAS LEX PPP and infrastructure practice has organized a meeting on using concession in the road industry for employees of the Federal Road Agency (Rosavtodor) and the Roads of Russia federal government agency.

On 19 April 2017, the law firm VEGAS LEX hosted an event on the topic “Concession: what we need to know about it for the development of road industry” for the employees of the Federal Road Agency and of the Federal State Institution “Roads of Russia”.

Elena Semyonova, Head of the Federal Road Agency’s Department of Legal Support and Public-Private Partnership Projects, and **Ivan Grigorovich**, Head of the Federal State Institution “Roads of Russia” addressed the participants with welcome remarks.

Denis Shtirbu, Head of VEGAS LEX PPP and infrastructure practice, explained to the participants in detail the concept of concession and its relevance for the road infrastructure; listed the types of concessions as well as concession objectives for the investor and for the state; spoke about the specifics and advantages of concessions in the road sector; and explained the backbone of the total cost of ownership and disposal theory in relation to road projects.

Olesya Khityanik, Associate of VEGAS LEX PPP and infrastructure practice, explained how to launch the concession and how to verify the feasibility of the investment idea on a concession model. In particular, the associate highlighted the key features of a concession, the difference between launching the project as a private concession initiative or a competition; and explained which projects may not be recognized as concessions.

Irina Dolgikh, Senior associate of VEGAS LEX PPP and infrastructure practice, presented a step-by-step algorithm for developing a concession, explaining why this algorithm is necessary and what its substance is; discussed the organizational and legal model of a concession project, the project risks and the ways to identify and manage them. The participants also learnt about the contract model of a project: how to prepare a draft decision on concluding a concession agreement and draw up its terms and conditions. **Alexey Kharlamov**, Senior analyst at InfraONE, added information on the types of funding sources for a concession road project and the return on investment.

Stanislav Kochev, Senior analyst at InfraONE, and Irina Dolgikh spoke about difficulties in structuring the payment mechanism for the project, considering the variability of concession terms and budget legislation requirements, administering the concession grantor's payment and the capital grant, and also taking into account the new FAS Russia risks.

At the end of the event, **Dmitry Pitskov**, Associate of VEGAS LEX PPP and infrastructure practice, and Stanislav Kochev spoke about the concession grantor’s control over the implementation of the agreement: how the control affects the effectiveness of the project implementation, its development and evolution; the balance of control over the project and supervision of fulfillment of the concessionaire's obligations; and the principles and instruments of the concession grantor’s control.

For more information on VEGAS LEX’s services in the area of public-private partnership, please click [here](#).