

## VEGAS LEX ON FUNDING SOURCES FOR ROAD INFRASTRUCTURE PROJECTS IN RUSSIAN REGIONS

**On June 9, 2016, VEGAS LEX organized a roundtable, *Development of regional road infrastructure: funding sources*, bringing together representatives of the Ministry of Transport, the Federal Road Agency, the federal company Dorogi Rossii (Roads of Russia), regional authorities and the banking sector.**

On June 9, 2016, the VEGAS LEX law firm hosted a roundtable, *Development of regional road infrastructure: funding sources*, co-sponsored by the Ministry of Transport, the Federal Road Agency and the federal company Dorogi Rossii (Roads of Russia). The meeting convened regional transport ministers and their deputies, heads of regional transport departments and administrations, and road development authorities. The event was devoted to a new mechanism for funding regional concession projects introduced by the Russian Government. Subsidies will be provided through the federal road fund from the automated toll collection system, PLATON. The purpose of the meeting was to organize a constructive dialogue between regional officials, representatives of the federal government and funding organizations on an independent platform.

The participants, representatives of Russian regions, were given answers to all their questions concerning the new mechanism for financing regional projects. Experts from the Ministry of Transport and the Federal Road Agency noted that well-structured projects will always be able to attract finances, including federal funding. Representatives of funding organizations agreed with the regulators, adding that private bank resources can also be considered, not just state-owned banks, as private banks could offer more attractive conditions for the regions. Banks are interested in participating in road infrastructure development projects, especially at a profit. The financing conditions, reflected in InfraONE whitepaper, *Investing in Infrastructure 2016*, correspond to the current market offers. Representatives of funding organizations also noted the need for the regions to cooperate with banks, and not only with potential concessionaires. This approach should expand the funding opportunities for regional infrastructure investment projects, reducing the negative effect of the shortfall of corporate investment in the region.

In addition to the unique opportunity to communicate with experts, the participants received a VEGAS LEX guide, *FAQ on Structuring Concession Projects*, which summarizes the most frequently encountered issues, with due account for the complexity of the concession projects in question.

The participants agreed on the need to regularly organize such events to help remove the existing barriers for cooperation while addressing regional road infrastructure development through federal funding and building up the industry's efficiency.

The event was attended by representatives of Russian regions, including the Bryansk, Vologda, Kaliningrad, Novgorod, Novosibirsk, Ulyanovsk, Yaroslavl Regions; the Republics of Mordovia, Tatarstan, Tuva, Udmurtia; and St. Petersburg.

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