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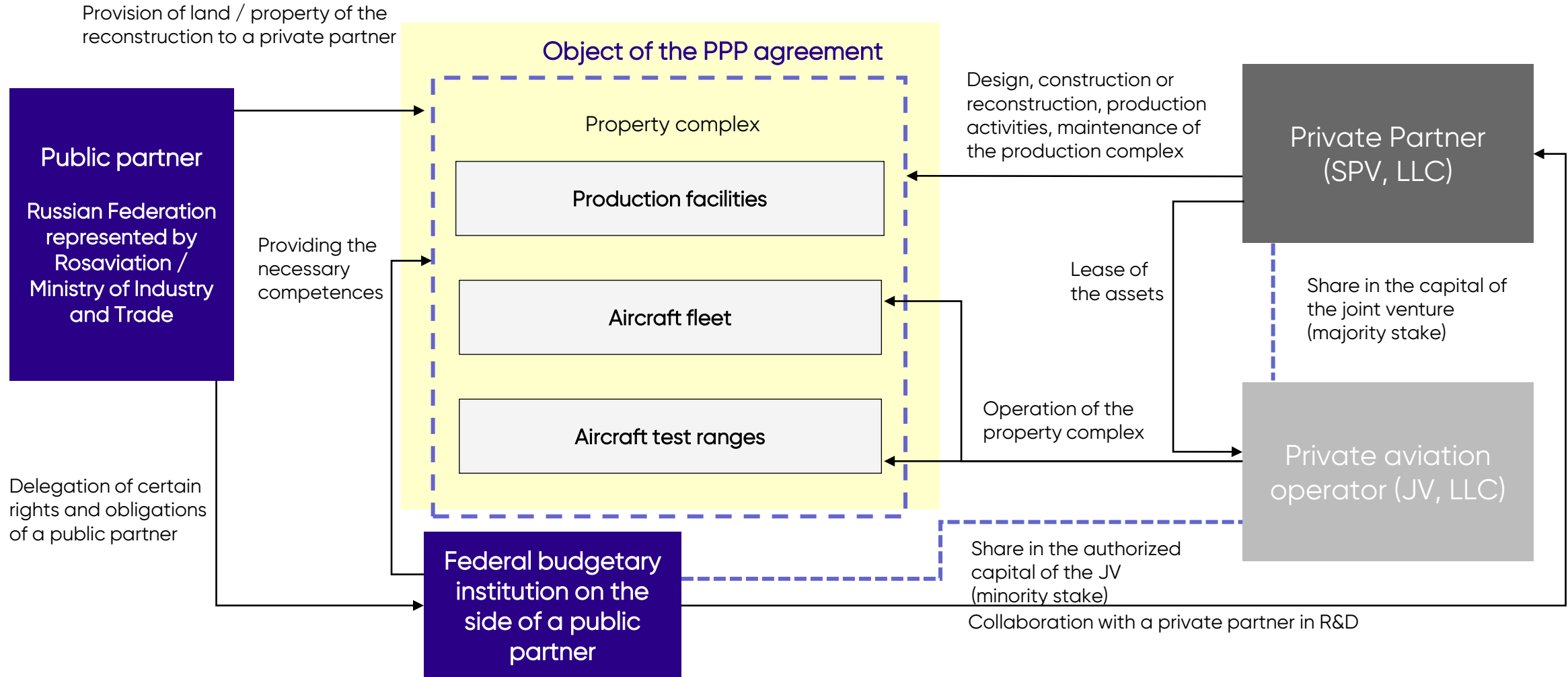
PPP Mechanisms for Development of Aviation industry

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18 October 2024 XIII Air Law Conference, Dubai



Example of legal model for federal industrial PPP (224-FZ)



Main advantages of industrial PPPs in Russia

PPP (concessions and PPP agreements) – the most flexible and developed mechanism for implementing complex long-term projects in relation to public infrastructure and production facilities with the participation of a private investor

The private partner can obtain **guarantees of long-term project financing** from the budget to recover investment and operating costs (capital grants, availability payments, etc.).

The investor receives guarantees of the public partner's assistance in the implementation of the project, income guarantees, guarantees of protection against changes in legislation and other political risks (e.g., actions and decisions of authorities preventing the construction/operation of the project)

The public party receives the necessary guarantees and leverage over the private partner (investor)

For the bank and the investor the use of the PPP model may be preferable to other models when considering an equal amount of collateral provided by the private partner and its participants (on a limited recourse basis)

Solving strategic tasks of state institutions – the production infrastructure can be used also for own needs of the state budgetary institution, including new scientific developments, commercialisation of IP without attracting budget funds

On 19.08.2024 Federal Law No.302 came into force: It became possible to conclude a PPP both in relation to a production facility owned by a public partner and in relation to an asset owned by a private partner. The second case has its own specifics (e.g. special criteria to be met by the project, simplified procedure for concluding the agreement, etc.).

Main eligibility criteria and requirements for federal industrial projects in accordance with 302-FZ

For PPPs in the industrial sector, exceptions are provided for from the general legal regime for the preparation, conclusion, execution and termination of agreements, as well as additional requirements for such agreements, provided that they meet **the following criteria**:

- the project meets the requirements of technological sovereignty or structural adaptation of the economy of the Russian Federation - Government Decree N603 of 15.04.2023 namely mentions:
 - Production of civil and cargo aircrafts, engines and their components, aircraft structural components (from fuselage to seats and windscreen heating system), aircraft controls, life support systems and rescue elements
 - Production of spacecrafts, including satellites
 - Production of unmanned aerial systems, unmanned aerial robotic platforms and related infrastructure solutions
- the amount of financing for construction or reconstruction (CAPEX) of the facility is **at least 10 billion RUB**;
- the amount of project financing **from the private partner's own funds is at least 15% of the total project financing**;
- **the amount of financing by the public partner** does not exceed in the aggregate the amount of financing (at the expense of own or borrowed funds) by the private partner of the specified activities and (if any) the amount of the private partner's fee for the period of validity of the agreement.

Obligations of public and private partners in industrial PPPs

Private partner	Public partner
To construct / reconstruct a facility that is privately owned by a private / public partner	Provide land and a public facility for reconstruction (if applicable)
<p>Carry out operation and/or* maintenance of the facility</p> <p><i>* If the project is implemented under Federal Law No. 302, the private partner is obliged to sell the goods produced within the period specified in the agreement, as well as to comply with the requirements to the quality of these goods (works, services), i.e. it operates the facility</i></p>	Ensuring the operation of the facility by the government institution (if applicable, not applicable for federal PPPs under 302-FZ)
Provide full or partial financing for construction / reconstruction of the facility	Provide partial financing for construction / reconstruction of the facility (capital grant)
Provide full or partial financing for the operation and maintenance of the facility	Provide income and other guarantees on the operation phase
Transfer the facility into the ownership of the public partner (if applicable)	

Thank you for your attention!



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