

Investment Strategy of the City of Moscow
for the period up to 2025
(updated version)

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I. General provisions, principles, and sphere of application of the Investment Strategy of the City of Moscow for the period up to 2025

The Investment Strategy of the City of Moscow for the period up to 2025 (hereinafter the Investment Strategy, the Strategy) is a document determining the long-term objectives and anticipated results of the Government of Moscow's actions to create a favourable investment climate in the City of Moscow.

The Investment Strategy is the main guideline document setting the principles for implementing the investment policy in Moscow.

The Investment Strategy was developed in consideration of the provisions and requirements of:

1. Orders of the President of the Russian Federation of 07.05.2012 No. 596 "On the long-term State economic policy" and of 07.05.2012 No. 601 "On the main direction for improving the State governance system".

2. Concept for long-term socio-economic development of the Russian Federation for the period up to 2020.

3. Standard of ANO "Agency for strategic initiatives to promote new projects" for the activities of executive bodies of a constituent entity of the Russian Federation in ensuring a favourable investment climate in the region.

4. State programmes of the City of Moscow.

5. State programmes of the Russian Federation.

The objective of the Investment Strategy is to determine the areas of the investment policy of the City of Moscow for the period up to 2025 for providing for the dynamic socio-economic development of the City of Moscow and transforming Moscow into a city that is convenient to live in.

In order to achieve this target, the Investment Strategy:

1. Determines the current competition positions of Moscow as a site for investment.

2. Sets the strategic goals of investment policy.

3. Assesses factors impacting on Moscow's investment appeal, economic potential, and investment potential.

4. Sets the tasks of the City of Moscow's investment policy and determines the indicators of their fulfilment.

5. Determines the sectoral and territorial priorities of the investment policy.

6. Forms a system of measures and mechanisms for implementing the Strategy.

7. The action plan for implementing the Investment Strategy is adopted for three years specifying the measures, indicators of how successfully they are implemented, and those responsible for their implementation.

II. Moscow's Investment Declaration

The Investment Declaration of the City of Moscow was elaborated for the purpose of creating a favourable investment climate, forming a stable economic basis for doing business and balanced development of the urban environment as a place to live in.

The State authorities, entrepreneurs, and entities involved in investment activities (investors) collaborate on the basis of the following principles:

1. A non-discriminatory approach to all investors within the scope of the established system of priorities, development of fair competition, mutual responsibility of the city and investors under agreements concluded.
2. Participation by investors in decision-making by City of Moscow authorities on matters of interest to them and in assessment of how these decisions are implemented.
3. Accessibility of documented information of City of Moscow authorities (other than restricted information).
4. Introduction of best practices for collaboration between State authorities and investors in improving administrative procedures.

In accordance with the effective legislation of the Russian Federation, the City of Moscow guarantees protection for investments, as well as the rights and interests of entrepreneurs and investors, including:

- an equal attitude towards all entrepreneurs and investors;
- participation by entrepreneurs and investors in decision-making and assessment of decision implementation (including through representation in collegial bodies set up for the purpose of improving the investment climate);
- access to public information of City of Moscow executive authorities;
- absence of restrictions on project implementation within the bounds of the effective legislation;
- safety of doing business and investing on the territory of the City of Moscow;
- protection of capital investments;
- non-interference by government bodies and officials in conclusion by the investor of agreements (contracts), selection of partners and determination of obligations.

Legal relations connected with investment activities (investment) on the territory of the City of Moscow are regulated by the Constitution of the Russian Federation, federal laws and laws of the City of Moscow, and other regulatory and legal acts.

Acting in accordance with the existing legislation of the Russian Federation and Moscow City Government by-laws and regulations, the City of Moscow creates a favourable environment for

entrepreneurial and investment activity and facilitates the implementation of investment projects, including:

- taking steps to reduce processing times and simplifying the procedures for issuing permits
- providing equal access to city infrastructure for the purposes of implementing investment projects
- supporting investment projects through “one-stop shop” arrangement
- providing information and advisory support

Moscow has by-laws and regulations in place that govern the measures of State support it offers investors, including the forms, terms, conditions and procedures of such support, including:

- tax breaks or reduced tax rates for corporate property tax, land tax and corporate income tax to the extent levied by the City of Moscow, and lease payments for land owned by the City of Moscow
- subsidies, including those intended for financing R&D and production operation
- instalment plans for land lease payments and payments for the change of permitted land use
- additional guarantees and compensation for investors carrying out priority investment projects of the City of Moscow, etc.

For the purpose of improving the investment climate and providing for feedback from entrepreneurs and investors, Moscow has

- an Ombudsman for the protection of the rights of entrepreneurs in the City of Moscow
- an Office for protection of the rights and legitimate interests of entrepreneurs and investors in the City of Moscow, headed by the Mayor of the City of Moscow.

III. Specific features of implementing the Investment Strategy in 2016–2018

1. Introduction

Adopted in February 2014, the Investment Strategy of the City of Moscow until 2025 is a document that directs the Moscow City Government’s efforts to improve the investment climate and attract investments.

The Investment Strategy is based on an assessment of Moscow’s investment attractiveness and its current competitive positions in the global market. As such, it has set out strategic investment policy goals, developed a system of steps, set sectoral and territorial priorities and provided quantitative estimates of expected results.

The Investment Strategy’s long-term goals remain unchanged, namely:

1. Improving the investment climate for all types of investment (taking into account the city’s urban development and social priorities).

2. Increasing the size and share of competitive investments as part of the total investments in Moscow (creating the necessary conditions and attracting investments for which Moscow can compete on an equal basis with leading global megalopolises; attracting investments in manufacturing goods and providing services that are not solely focused on the local market).

3. Attracting private investments into infrastructure sectors (including those in addition to public investments).

2014 and 2015 were extremely challenging years in terms of implementing the investment policy. Economic slowdown, coupled with an unstable foreign trade and foreign policy situation, as well as the cautious attitude towards investing in the Russian economy all called for the Moscow City Government to take additional steps to improve the investment climate.

While the new economic reality does not necessarily call for a revision of long-term priorities, it does require a review of medium-term objectives and an adjustment of methods used to implement the strategy. These are based on the Moscow City Government's efforts to carry out the Plan for Sustainable Development of the Economy and Social Stability in Moscow for 2015, as well as a number of legislative initiatives passed in late 2015 and early 2016.

2. Moscow's competitive positions

Key challenges

The macroeconomic instability has held back the growth of investments and created the potential for contraction. The slowdown of investment activity can be best observed in industries driven by end-consumer demand (such as retail, services, or real estate development).

While potential long-term returns on investment are rising, the general uncertainty over the investment climate has increased too, and it is impossible to evaluate the current risks of implementing a given investment project with any degree of certainty because of:

- the uncertainty of the economic situation in Russia in general
- restricted access to, and the rising costs of, debt financing, as well as the contraction of cash turnover
- shrinking solvent demand as inflation rises and real household incomes decline

New opportunities

Not only is the current situation fraught with objective challenges, but it also presents new opportunities to attract investments, above all competitive investments.

Since late 2014, Moscow has gained additional price advantages over the leading global megalopolises. The cost of doing business declined 30–50% in US dollar terms. On some cost measures, Moscow is becoming one of the world's most attractive cities, with costs such as labour and rent down substantially.

As costs plunge dramatically, export-oriented companies (primarily those outside the CIS) and industries with high added value find themselves in the most advantageous positions.

Rising prices for imports caused by the devaluation of the rouble have given another edge to industries geared towards import substitution and meeting domestic demand.

That said, Moscow retains some crucial non-price competitive advantages as well:

- a large domestic market capacity (despite contracting demand), with some 20 million people living in the Greater Moscow area
- with a population of around 200 million consumers, Moscow is an inbound gateway for the Russian and CIS markets, and an exit point for export markets
- high-quality human resources: more than 50% of people in employment have a higher education
- scientific and educational potential: Moscow is home to around one third of Russia's scientists and research institutions, and to some one million university students
- a high level of information and communication technology
- large utilities infrastructure reserves
- a rapidly developing transport infrastructure, increased public spaces and high-quality urban environment

In order to seize and fully capitalise on the new opportunities, the Moscow City Government's key tasks are:

- to attract competitive investments into the real economic sector as a foundation for long-term employment
- to reduce the uncertainty clouding the investment climate by improving the qualitative parameters of the business environment as much as possible while keeping costs down

In the absence of severe external shocks, it should be possible to adapt to low commodity prices within the next two to three years. If this happens, economic growth can resume on a more sustainable foundation.

3. Economic policy tools

In order to support investments, it is necessary to maintain a pro-active State policy with regard to improving Moscow's competitiveness in areas where the city has influence, including making the best use of newfound competitive advantages.

More or less all economic policies are geared towards attracting investments:

- a stable fiscal policy aimed at providing the markets with liquidity, public spending on infrastructure development (above all social and transport infrastructure), and promoting the competitiveness and transparency of municipal contracts

- a stimulating tax policy geared towards levelling the playing field and shifting the focus of taxation from income and onto assets, transitioning from an administrative to an economic model of labour migration, and offering tax incentives for businesses operating in the real economic sector
- a balanced tariff policy aimed at capping the growth of utility tariffs and placing limits on cross-subsidising
- an active investment policy: creating favourable conditions for attracting competitive investments from various sources

4. An active investment policy

4.1. Systemic measures of support for industrial manufacturing

Developing industrial potential and encouraging innovative manufacturing and R&D are key investment policy objectives.

In addition to the measures stipulated in the Investment Strategy, in late 2015 and early 2016, the Moscow City Government drafted several legislative bills aimed at streamlining and expanding the measures of State support for green-field investment projects, as well as for existing efficient industrial enterprises operating within the city limits. The final versions of the laws have incorporated certain provisions drafted by the Moscow City Government after consultations with investors, industrialists and experts.

The key goals of support for manufacturing include:

- Encouraging efficient industrial enterprises to create high-paid jobs and to use land in an efficient and compact manner; encouraging localisation and import substitution processes.
- Encouraging R&D, IT and hi-tech manufacturing activity, increasing the output and export of high-value added products.
- Encouraging the implementation of green-field investment projects aimed at building and reconstructing industrial facilities and developing industrial manufacturing in appropriately zoned city areas.

An integrated system of support for existing enterprises that have been granted the status of an industrial complex or technology park provides a 10–25% reduction in the overall tax burden (including property tax, profit tax, land tax, lease payments, etc.), as well as legal protection for investments. It also simplifies administrative procedures.

Green-field investment projects for establishing industrial enterprises in priority industries (under special investment contracts) benefit from a 25% reduction in the tax burden. Additional support measures include guaranteed protection against non-commercial risks, including nationalisation, unlawful acts of officials, or any new laws that substantially interfere with the activities of investors.

4.2. Expanding private investment opportunities in areas traditionally financed using public funds

Establishing “long-term assets” in the economy, involving city-owned property in the economic turnover and attracting private investments into social and infrastructure sectors remain important investment policy areas.

The city will keep up its efforts to systemise legal relations in the land and urban development areas, including improving the property registration system (cadastre), and to revise investment contracts.

Moscow has extensive experience carrying out public-private partnership projects and contracts with investment clauses of all shapes and sizes amounting to more than RUB 500 bn in 2013–2015 alone. Moscow will continue to involve businesses in developing decisions that will benefit of the city through PPP mechanisms, such as concessions, lifecycle contracts and property leases contingent on mutual obligations. The city has embarked on a strategic journey towards detailed specification of legal and economic terms and conditions of long-term projects that will determine the new investment cycle for years to come (construction of transfer hubs, the Moscow Ring Railway, the Northern Bypass for Kutuzovsky Avenue, etc.).

The city’s territorial priorities include involving industrially zoned lands in active production turnover and redeveloping old industrial areas and land plots that are being used inefficiently (such as ZiL or Serp i Molot).

The development of newly attached territories is one of modern Moscow’s development drivers. More than ten large centres for business and economic activity with hundreds of thousands of quality jobs are planned for New Moscow. Investors will now have plenty of opportunities to implement projects in a whole range of areas, from innovative manufacturing to services and social infrastructure facilities.

4.3. Investment climate improvement

Systemic investment climate support measures have become extremely important in the challenging economic conditions.

Improving the quality of the business environment is an absolute priority for the Moscow City Government. The city will continue to take steps to reduce the costs of doing business, simplify administrative procedures, offer government services in electronic format, and develop regulatory and actual impact practices.

One of the key areas of efforts to improve the business climate involves the establishment of a competitive environment (a system of “lifts”) for the development of small and medium-sized businesses, including:

- developing honest competition through tax policies (a patent-based system of taxation, tax breaks for newly registered individual entrepreneurs)
- expanding SME access to city contracts
- discounted lease rates and preferential rights to purchase city-owned property

Moscow has established and efficiently operates a number of investor relations institutions: Moscow City Investment Agency, Moscow City Innovations Agency, Small Business of Moscow, Anti-raider HQ and HQ for Involving Property in Economic Turnover. Their briefs include coordinating the interests of investors with the capital city's development priorities and offering the business community lucrative projects and transparent mechanisms for cooperation with the city.

The task of promoting and explaining Moscow's competitive advantages and recent legislative initiatives to prospective investors has become extremely important.

The relevant infrastructure was put in place in 2013–2014: The Moscow Investment Portal, a “one-stop shop” investment project support system, and a hotline for investors.

IV. Current status of investment activities, Moscow's competitive positions and strategic investment policy goals

Moscow is traditionally a city with investment appeal. From 2010 to 2014, investment in fixed capital rose by 52.2% in comparable prices. Moscow accounts for about 11% of all investments in fixed capital in Russia. The dynamics of investment in Moscow are substantially better than those for the country as a whole (rapid growth in 2010–2014 and growth in 2015¹ against a fall nationally).

At the same time, the structure of investments in Moscow is not optimal from the perspective of competition with the leading cities in the world.

59% of investments are demand-driven. These are investments that, as a rule, come into a region irrespective of the circumstances and do not require special support measures. For Moscow, these are primarily investments in residential and office real estate and trade. While attractive to private investors, such investments create, at the same time, a significant additional burden on the city's infrastructure and are detrimental to the urban environment. Accordingly, demand-driven investments should be supplemented by a substantial volume of investments in the infrastructure.

26% of investments are infrastructural (typically, budgetary) investments. These play catch up to demand-driven investments: the greater the investments in housing, office and retail real estate, the greater the demand for additional investments in the transport, utility and social infrastructure.

Only about 15% constitute competition-driven investments, for which Moscow competes fully with other cities both in Russia and abroad. These are investments in production of goods and services oriented not only towards the local market. It is precisely such investments that ensure the conditions for long-term, sustainable economic growth.

The relatively small proportion of such investments is determined by **Moscow's current competitive position** in relation to competing cities globally. Until mid-2014, Moscow was ahead of the world's leading cities in terms of price competition but fell behind when it came to quality (business

¹ Results for the end of the first nine months of 2015.

environment, transport infrastructure, quality of life)². Moscow won out against the Russian regions and Eastern Europe in terms of quality but lost in relation to the costs of doing business, above all payroll.

The unstable external economic conditions that began in late 2014 and continued throughout 2015 and the development of negative trends have all contributed to the slowdown in investment activity in Russia, which is feeling pressure as a result of adverse conditions (low worldwide prices for energy resources, curtailed domestic consumer demand, difficult access to and higher cost of borrowing) will continue to exert an impact in 2016.

Meanwhile since the end of 2014, Moscow has gained additional advantages in its competitive struggle with the world's leading metropolises for competition-driven investments. The weakening of the national currency and, as a consequence, drop in internal costs of doing business (in USD terms in international comparison) have boosted potential returns on direct investments. The falling costs of doing business additionally allow active development of, among other things, export-oriented and import-substituting industrial production.

Moscow also retains its vital non-price competitive advantages: qualified personnel, a high educational and scientific potential, a substantial spare utility infrastructure capacity, etc.

In order to seize the opportunities opening up under the conditions of the unstable economic market situation and make full use of them, strengthening of Moscow's competitive positions in the medium term must be linked with improvement of the business environment quality parameters while cost rises are curtailed.

Moscow's current structure of investment and competitive positions determine the following **strategic investment policy goals**:

1. An improved investment climate combined with establishment of clear and transparent rules in consideration of the city's urban planning and social priorities.
2. A greater volume and proportion of competition-driven investments in Moscow's total investments.
3. A greater volume of private investments in infrastructure sectors, including for the purpose of replacing public investments.

In order to determine specific tasks and a system of measures for attaining these strategic goals, thorough analysis is required of the factors deciding Moscow's investment appeal and identification of the relevant strong points and risks.

² IBM-PLI "Assessment of Moscow's competitiveness in raising direct foreign investment and attracting highly qualified manpower", 2013.

At the same time, it should be remembered that Moscow has limited opportunities for affecting the investment climate. A substantial proportion of factors of importance for investors, above all foreign ones, are determined by external circumstances or impact at the federal level. Only about 35% of the investment climate factors investors deem important are directly determined by city policy. This requires joint liability and close collaboration between federal and city authorities.

V. Trends in the development of the world and the global economy, and assessment of the factors determining Moscow's investment appeal

Moscow is one of the world's biggest cities; it is the cultural, political, economic and transport centre of Russia, towards which other cities and regions of the country gravitate. For Russia, Moscow is the key link with the rest of the world, setting the rate and standards for a new life. The capital promotes, to the greatest degree, Russia's effective integration into the world economy and raising of international investments.

The strategic factors influencing Moscow's investment appeal have been analysed on three main planes:

1. Potential opportunities for business.
2. Conditions for doing business.
3. A place for living.

Investment appeal factors are assessed in consideration of trends in both the Russian and the global economy³. Moscow is a global city, so Moscow's investment appeal should be determined not only in accordance with other Russian regions, but also with competitor cities around the world⁴. A SWOT-analysis matrix of the factors impacting on Moscow's investment appeal is provided in Appendix 1 to the Investment Strategy.

1. Potential opportunities for business.

Moscow provides broad opportunities for developing business.

Moscow is the economic, political and business centre of Russia and the CIS.

Moscow is the centre for making the key economic and political decision not only in Russia, but also largely for the CIS. The main State authorities of Russia, representative offices of international organisations, and the head offices of most major Russian companies are concentrated in Moscow.

³ In accordance with the Scenarios for long-term forecasting of the economic development of the Russian Federation up to 2030, the World Bank forecast of development of the world economy.

⁴ Materials used from the PwC report "SWOT-analysis of the competitiveness of Moscow as a developing international financial centre", 2012; BCG "Development of the concept for organising management of investment management in Moscow", 2013; IBM-PLU "Assessment of Moscow's competitiveness in raising direct foreign investment and attracting highly qualified manpower", 2013.

Moscow is one of the world's Top-10 cities in terms of gross regional product⁵ (GRP), and it accounts for over 20% of the gross added value of all Russian regions.

Moscow is a major centre for direct foreign investment, with about half the direct foreign investment in Russia accounted for by companies registered in the city.

In terms of the number of Greenfield-projects financed with the help of direct foreign investments during the 2010–2014 period, Moscow comes eighth in the world. The volume of direct foreign investments in Greenfield-projects for the 2005–2014 period amounted to USD 32.5 bn⁶.

Moscow is distinguished by a high density of global companies and banks, media, diplomatic, and trade representations. Over 60% of major international companies have representative offices in Moscow, making the city one of the Top-10 global business hubs in this respect, ahead of Dubai, Paris, and New York.

Among the 28 biggest Russian public companies on the Forbes Global 2000 rating in 2014, 19 have their headquarters in Moscow.

From the perspective of context, formation of the Customs Union and the Common Economic Space might, in the near future, drive growth of commodity turnover, creation of new value-added chains and establishment of large holding companies oriented towards global leadership in their respective fields. In the long term, on the basis of strengthened economic ties within the scope of the Common Economic Space, a common financial market might be created of Russia, Belarus, and Kazakhstan and this, in turn, would strengthen the role of Moscow as a regional financial centre.

Major sales market.

The population of greater Moscow numbers over 16 m (the 15th most populated urban conglomeration in the world) and, if the population of the Moscow Region is added, about 20 m or 14% of the entire population of Russia.

In terms of consumer outlays (USD 217 bn in 2014), Moscow comes third in Europe (14th in the world). The city accounts for 17% of Russia's retail trade turnover.

Moscow is characterised by stable solvent demand:

- stable growth of consumer expenditures (on an average of 10% a year from 2011 through 2015);
- a low level of public credit burden (19% — ratio of loan debt to deposits as of Jan 1st, 2015).

Beneficial geographical location, international transport centre.

From the point of view of geographical proximity and or time zones, Moscow is situated in a location of strategic convenience for both domestic and foreign investors between the European and

⁵ 2014, according to purchasing power parity, data from the Global metro monitor, Brookings Institution

⁶ According to The Financial Times

Asian trading areas. It takes less than four hours to fly to Europe's financial centres (London, Zurich, Frankfurt am Main).

Moscow is the country's key logistics hub, with railways radiating from it in 11 directions and highways in 19. The Moscow railway hub is one of Europe's biggest.

Moscow is located at approximately equal distances from the major markets of Eastern Europe, the CIS and the Baltic States. It takes no more than 20 hours to drive along public roads to the sea ports of both the Baltic and the Black Seas, as well as the regional centres of Russia's European part and the Volga area.

Four of the country's airports, with a 2015 passenger flow of almost 78 m, are located in the Great Moscow area. Moscow has direct air links with all of European and with many other world capitals. Moscow's Domodedovo and Sheremetyevo airports are Russia's biggest and among the Top-20 in Europe.

Moscow is situated at the intersection between the North-South and West-East international transport corridors. Roughly 40% of all the freight passing through the city (about 4 bn tonnes) is in transit, consisting up to 60% of exports and imports.

In order to realise fully the advantages of the city's geographical location, development of the transport infrastructure must remain among the city's main development priorities.

The potential of the "new territories".

Through addition of the Novomoskovskiy and Troitsk administrative districts, in 2012 the capital's area increased by 148 thou. hectares, or 2.4-fold. Moscow received substantial territorial reserves for creating new growth centres and forming long-term employment clusters.

The land use structure on the new territories is totally different. Within Moscow's previous borders, primarily developed land accounts for 64.4% and undeveloped for 35.6%, whereas the relative figures for the attached territory are 19.8% and 80.2%. As a result of attachment of the new territory, the proportion of developed territory within the city's new boundaries fell to 30.4% and that of undeveloped — to 61.6%.

The new territories provide unique opportunities for comprehensive development of the economic and social spheres. The territorial plans of New Moscow envisage that, by 2035, the population will reach 1.5 m, 1 m jobs will be created, 600 km of roads and 40 km of Metro line will be built.

The city's substantial and balanced budget.

Moscow has a balanced budget and a low debt, which amounted in 2015 to almost RUB 1.7 trn. Moscow's debt in relation to the GRP has fallen over the last several years by more than half: from 3.6% of GRP in 2010 to 1.4% of GRP in 2014. For comparison, the relevant figures for Shanghai and Dubai are 40% and 56%, respectively.

Moscow's exclusive political position created the conditions for 80% of the country's financial turnover and investment in commercial real estate to be concentrated in the city.

Although the main Russian exports are not made in Moscow, the oil majors are traditionally registered in Moscow and pay taxes in Moscow. Within Moscow's GRP, the biggest proportion consists of the trade sphere, including trade in fuel and energy resources (15.5% of GRP in 2012). Over the last five years, the share of corporate profit tax has dropped substantially in the structure of Moscow budget tax revenues, from 47% in 2011 to 34% in 2015 (including that through a reduction in the share of the oil & gas sector from 16.5% to 4%). At the same time, Moscow's tax revenues have been growing slower than countrywide. Even given the current budget restrictions, the Moscow Government's priority tasks still include increasing the sustainability of the city budget, forming a stable tax base, including by promoting priority types of economic activity and creating new, highly productive jobs.

Strengthening international competition for investors.

The growing competition for investors against the shrinking overall investments in the world is an essential factor taking into consideration in determining the strategic priorities and measures for implementing Moscow's investment policy.

In the Financial Times "fDi's Global Cities of the Future" global rating of the investment appeal of cities round the world, Moscow is among the Top-25 of 130 world cities in terms of appeal to foreign investment. Moreover, among the 24 cities in the world with populations of over 10 m (metropolises), Moscow is in the Top-10 in 4 of the 5 indicators: development of human capital, economic potential, transport accessibility, and business environment.

Moscow competes actively with the major metropolises on the international investment market. Apart from the price factors of investment appeal (the cost of doing business and return on investments), non-price competitive advantages are acquiring an increasingly significant role: skilled manpower, convenient transport infrastructure, level of development of information and communications technologies, and the quality of the urban landscape.

The investment policy should be geared, among other things, to creating favourable conditions for doing business and creating a comfortable living environment.

Conditions for doing business

Skilled manpower

Moscow's economically active population numbers over 7 m, an indicator that is growing by the year. Among other things, Moscow attracts the most competitive and skilled workers from other regions of Russia and the CIS.

Moscow is a highly educated city, more than 42% of the working-age population having a higher education. In these terms, Moscow is ahead of most competing cities. According to the study "Cities of Opportunity — 2014" conducted by PricewaterhouseCoopers, Moscow takes eighth place among the

world's biggest cities in terms of the proportion of the population with a higher education. The city also has about 1 m students, with over 220 thou. graduating each year.

Moscow enjoys an extremely low level of unemployment: less than 2% according to the ILO methodology, which is less than the majority of major metropolises, and less than 0.5% registered unemployment. The average wage of those working in Moscow is almost double the Russia-wide average.

Manpower from Russia and the CIS gravitates towards Moscow. Yet the city's position in the competition for skilled manpower on the global market is not so strong.

The anticipated drop in the population of working age owing to objective demographic trends means even greater competition for labour resources and a need to develop the branches of the economy creating highly-paid and highly-productive jobs.

A developed financial market.

Moscow's financial sector is the biggest in Central and Eastern Europe and the CIS.

Moscow accounts for over 80% of the country's finance flows and more than half of Russia's banking capital. Almost 90% of the headquarters of foreign banks and international financial institutions operating in the Russian Federation are located in Moscow and virtually all the securities trading is concentrated in the city. Moscow is also home to nearly a third of all the insurance organisations and the sums of insurance premiums and insurance payments constitute about 2/3 of the country's total.

Virtually all the securities trading is concentrated in Moscow: the MICEX-RTS trading platform, one of the Top-20 in the world in terms of capitalisation, is located here. In the volume of trading, MICEX-RTS is the biggest exchange on the territory of the CIS, Central and Eastern Europe, with non-residents accounting for a third of the turnover on the Russian stock market.

Foreign political factors and internal problems of the Russian economy have been responsible, since the end of 2014, for a shortage of resources for financing investment, though this negative factor might be overcome in the medium term.

Availability of a developed ICT-infrastructure.

Moscow has a well-developed ICT-infrastructure and in terms of Internet and mobile phone coverage, the city holds leading positions in the world. According to the Broadband Quality Score, Moscow's Internet availability is on par with the world's developed metropolises.

Utility infrastructure availability

Moscow has a substantial utility infrastructure capacity reserve, this creating a potential for attracting major energy consumers, including in the industrial sector.

Installed electric capacity amounts to over 13 thou. MW and, at the end of 2014, the OAO MOESK reserve capacity for connecting new consumers was at least 5.9 thou. MW (including 2.8 thou. MW in Moscow).

Up to 2025, it is planned to create distributed co-generation in the Troitsk and Novomoskovskiy administrative districts based on ten energy complexes with varying installed capacity.

The installed capacity of heating sources in Moscow amounts to over 60 thou. GCal/h, the city's total reserve heating capacity being estimated at 25%.

At the end of 2014, the capacity of the structures and drinking water reservoirs of regulating hubs was substantially greater than the city's water consumption, with a reserve of over 50%.

A developed real estate market

The territory of Moscow accommodates more than 110 thou. structures with a total area of about 450 m squ.m.

The city's non-residential real estate fund amounted, at the end of 2015, to over 75 thou. Structures, with a total area of about 200 m sq m.

At the end of 2015, the total fund of quality office space in Moscow reached 15.5 m sq m, including 3.7 m sq m of class A offices.

The substantial volume of commercial real estate commissioned in 2013–2014 provided both a reserve of office space (20% of all Moscow's office real estate is vacant and is available for lease or sale), and a gradual fall in rental in dollar terms. The drop in the rouble exchange rate has boosted this process. As a result, from 2012 through 2015, class A office rentals fell in dollar terms by over 40%.

A high scientific potential

Over 20% of all the organisations in Russia conducting R&D and almost a third of the country's scientific workers are concentrated in Moscow. The city hosts many leading Russian and global innovative companies, innovation clusters have taken shape in Troitsk and Zelenograd, and Skolkovo is developing actively.

According to Rospatent, in 2014 Moscow accounted for 33% of the patents issued for utility models and inventions.

In the 2thinknow rating of innovative cities, in 2015 Moscow ranked 45th out of 500 world cities (a 147-place rise since 2011 — 192nd place) and 19th in Europe.

Yet Russia as a whole and Moscow in particular are well behind the leading world economies in such key parameters of innovative activity and development as R&D expenditures (as a percentage of GDP), the proportion of organisations producing innovative goods, the share of innovative goods in total production, revenues from technology exports and the number of patents.

The business climate

The city's significant development reserves are connected with formation of a competitive environment and lowering administrative barriers. In recent years, serious successes have been achieved in this sphere: a complex of measures has been implemented to cut the costs of doing business, simplify administrative procedures and improve the tax and tariff policies.

In Moscow, there are successfully operating institutions for collaboration with investors, their purpose being to coordinate the interests of investors with the city's development priorities, to offer the business community profitable projects and transparent mechanisms for co-operating with the city.

Largely thanks to the efforts of Moscow, at the end of 2015 Russia rose to 51st place in the World Bank's Doing Business rating. The greatest success has been achieved in "Connection to Electricity grids" (29th place among 189 countries, up 159 places since 2012) and, in terms of simplicity of property registration, Russia was among the best ten countries in the world (8th place).

In 2015, Moscow figures among the group of regions with convenient conditions for business in the ASI rating of constituent entities of the Russian federation, taking 13th place among the 76 regions analysed, with improved positions for "Regulatory environment", "Institutes for business" and "Support for small enterprises".

The Moscow Government's absolute priorities include a further simplification of administrative procedures, wider access to the infrastructure and development of the competitive environment.

Improvement of the business climate is beyond the scope of just a single region. In such areas as improving tax administration, antitrust regulation, immigration legislation and greater property rights protection, Moscow will continue working with the federal authorities.

Moscow's investment image

The experience of major cities throughout the world shows that, alongside creation of the infrastructure and favourable conditions, a major role is played in drawing investments by formation of the city's image and communications with the international community. There is a gap in how Moscow is perceived: those who do not work here perceive it much worse than it is in reality. For instance, international companies with experience of investing in Russia on average assess the favourability of Moscow investment climate factors 50% higher than those lacking such experience⁷.

According to the Z/Yen analysis centre, the perception of Moscow by respondents is often worse than evidenced by the quantitative indicators of the investment climate. Moreover, IBM-PLI research indicates that international investors are often oriented towards information sources that do not present the factors of Moscow's investment appeal in full.

In this connection, it is an important task to foster among the international business community a realistic perception of the level of risk and opportunity associated with investing in the city's economy and to provide international rating agencies with accurate information on the various indicators of the city's development.

A place for living

The competition for manpower on the global market imposes special requirements on the quality of life in the city. Moscow still attracts manpower both from elsewhere in Russia and the CIS, and from

⁷ Research by FTI consulting, 2014.

the global manpower market. Accordingly, investment policy should be not only geared for developing economic potential but also for improving the urban environment.

Moscow as a major cultural centre

Moscow has over eight thousand items of cultural heritage, including globally renowned monuments of world history and culture, some of them included on the UNESCO World Heritage List.

There are over 360 museums in the city. According to a study by the World Cities Culture Forum 2014, Moscow is at the top of the list of 24 countries studied in the number of museums. In 2014, there was a 70% increase in museum visits, to 17.8 m visitors a year, compared to 2010.

Moscow is a city of more than 240 theatres, with a rich repertoire of performances and attended by over 7 m theatregoers a year.

Moscow is a city of readers, having over 500 libraries with 3.4 m registered users. Each year, more than 60 m books are issued by the library fund, or an average of 5 books per Moscow inhabitant per annum.

Moscow has more than 110 cinemas (585 screens), making it comparable with the majority of major cities in the world and having the potential to develop in terms of provision of screens for the population (there is an average of 48 screens per 1 m of Moscow's population).

The most diverse cultural events are held regularly in the city.

Moscow welcomes about 6 m foreign tourists every year.

Positive development of public spaces (parks, pedestrian zones)

In Old Moscow, green plantings account for about a third of the entire area of the city, comparable with London. If New Moscow is taken into consideration, the area of green plantings has increased to 122 thou. ha, or 49% of the area of Greater Moscow, which is more than even the "greenest" cities in the world — Sydney and Singapore.

In 2011–2015, large scale work was carried out in Moscow to revive and landscape the city's parks, and a city standard was developed and introduced. Moscow has over 140 natural parks, including more than 100 parks within walking distance, 16 city parks of culture and rest, 8 museum estates and 8 children's parks.

2011–2015 saw a substantial increase in the number of pedestrian zones, creation of a unified system of street and transport navigation and an infrastructure of bicycle lanes (over 250 km) and cycle parking places (including 300 bike rental points).

A relatively high level of safety

The city has over 140 thousand CTV cameras (on average, 55 cameras per sq km within Moscow's new boundaries). The safety of the capital's residents and visitors is ensured by over 60 thousand police officers, which is comparable, in relation to the population, with New York and London.

According to research by the international company Frost & Sullivan, Moscow is among the world's Top-10 cities equipped with advanced ICT-solutions in the area of city security.

As a result of the policy pursued in Moscow for ensuring public safety, in 2011–2014 the number of registered crimes dropped by 10% (1500 crimes per 100 thou. residents in 2014).

The introduction in Moscow in 2012 of an intellectual transport system has reduced the number of RTAs. Overall, in 2011–2014, the number of RTAs fell by 9% to the 2010 level (93 RTAs per 100 thou. residents in 2014).

An overloaded urban (primarily transport) infrastructure

Given Moscow's high population density, the transport infrastructure is woefully inadequate. More than 40% of workplaces are concentrated in the central core of Moscow. The overloading of the centre is exacerbated by the traditional radial-ring road network. Overall, the proportion of the city's area occupied by roads is less than a third of the norm for global cities of a comparable size with Moscow. Given the rapid rise in the number of cars, the low level of comfort and overloading of public transport has reduced the average traffic speed to 20 km/h or less.

In recent years, Moscow has achieved certain success in improving the transport situation. In 2011–2015, over 400 km of roads were built, over 100 flyovers and tunnels and 18 new Metro stations; paid parking was introduced in the central part of the city, bus lanes and park-and-ride parking lots near the biggest Metro stations organised and the number of legal taxis raised to 55 thousand.

The measures taken have resulted in a more even distribution of the load on the city infrastructure and a change in Muscovites' transport behaviour model. Introduction of paid parking within the Third Ring Road reduced the number of cars entering the central part of the city by 8–12% and increased the use of park-and-ride parking lots on working days to 90%. There has been a 22% rise in the number of Metro passengers and a 49% increase in the passenger flow of overland city transport within the Third Transport Ring. Public transport speed has also gone up (20–30% faster in bus lanes than the main traffic flow). Traffic speed in paid parking areas has risen by 12%, on outbound routes by 8% and on the Outer Ring Road by 15%. Overall, the average traffic speed on Moscow's roads has risen by 15–20%.

Research by TomTom shows that, in terms of traffic intensity, by the end of 2014 Moscow had dropped from the top of the rating (where it stood in 2012–2013) to fourth position (after Istanbul, Mexico City and Rio de Janeiro), with road network loading dropping from 66% to 50%.

Accordingly, one of the priorities of the city's investment policy over the coming decade is to continue lifting infrastructure restrictions through comprehensive development of the transport system and a balanced urban planning policy.

Quality of social services

The quality of life, the quality of Moscow education, healthcare and the level of social support make the city an attractive place to residents of other Russian regions.

Yet, from the perspective of competition with other world cities, Moscow's position is not strong enough.

In the segment of educational and healthcare institutions that can offer quality services to foreign specialists, there is considerable potential for development. At the beginning of 2015, for instance, Moscow had only four educational institutions that were members of the Council of International Schools (CoIS) and 11 schools offering an International Baccalaureate (IB).

There is also a considerable potential for development of the hotel economy and the public catering infrastructure. At the beginning of 2015, Moscow had in the order of 400 hotels and there were about 45 seats in public catering establishments per 1,000 residents, while the urban planning norm is 60.

VI. Investment policy tasks

Proceeding from the strategic goals of the investment policy, analysis of the factors affecting Moscow's investment appeal, its strong and weak points, the following tasks, sector and territorial priorities have been determined for the investment policy.

Investment policy tasks

Strategic Goal #1: *To improve the investment climate while setting clear and transparent rules in consideration of urban planning and social priorities.*

Tasks:

1.1. Further simplification of administrative procedures.

1.2. Establishment of clear and transparent Rules of the Game for investors, development of the competitive environment.

Strategic Goal #2: *To increase the volume and proportion of competition-driven investments in Moscow's total investments.*

Tasks:

2.1. Creation of the conditions for competitive investments by means of tax and tariff policy, development of the infrastructure for innovative and high-tech production facilities.

2.2. Improvement of Moscow's investment image.

2.3. Balanced development of the residential, transport and social infrastructure of Moscow, a better urban environment.

Strategic Goal #3: *To increase the volume of private investments in infrastructure sectors, including those intended to replace public investments.*

Tasks:

3.1. Involvement of city-owned property in economic turnover.

3.2. Expansion of the opportunities for private investments in spheres traditionally financed primarily by budgetary means.

Attainment of the goals and fulfilment of the tasks of the investment policy are ensured by a complex of measures of a systemic nature and specific ones applied in priority sectors. Moscow's strategic investment policy goals will be attained by implementing the measures specified in the current State programmes of the City of Moscow, the Targeted Investment Programme (TIP), plus a complex of additional measures.

VII. The system of measures for implementing the Investment Strategy: systemic measures

The comprehensive mechanism for providing investment support in Moscow envisages a range of systemic measures geared to increasing Moscow's investment appeal as a whole and specific measures for attaining the strategic goals by supporting priority sectors. The specific action plan for Investment Strategy implementation is adopted for three years.

This section covers systemic measures for implementing the Investment Strategy.

1.1. Further simplification of administrative procedures.

A reduction in administrative pressure on business is a necessary condition for increasing Moscow's investment appeal.

For the purpose of responding promptly to problems that entrepreneurs and investors might face, an Office for protection of the rights and legitimate interests of entrepreneurs and investors in the City of Moscow was set up. This body's terms of reference include rapidly eliminating administrative barriers and methodological problems encountered by businessmen, providing advice on collaboration with various State structures and infrastructure companies.

In 2012–2015, considerable work was performed to optimise procedures included among the Doing Business rating criteria, the result being that Russia went up to 51st place in the rating (the main indicators are calculated for Moscow and St Petersburg).

Work on regulating and speeding up administrative procedures will continue, including that with respect to all procedures of importance for business, irrespective of whether they are taken into consideration in international ratings. In particular, the priorities of the Moscow Government include simplification of administrative procedures associated with technological connection of construction facilities and simplification of the procedures for registering legal entities with the tax authorities.

The second line of the work to optimise administrative procedures consists in transferring State services (including in the sphere of enterprise) into electronic format.

By 2017, 100% of State services that could be provided in electronic format will be provided in such way (against 74% in 2014). The number of State services available to legal entities in electronic format will reach 73 (against 55 in 2014).

This should result in Moscow gaining better positions in the international ratings of ease of doing business, growing private investments and business activity.

1.2. Development of competition and establishment of transparent Rules of the Game.

An effective investment policy is impossible without a developed competitive environment. The main measures for developing competition presuppose:

— further improvement of the system of public procurements on the principles of openness, specificity and efficiency. The regulatory and legal framework for public procurements will be brought in line with the federal legislation. Currently, the entire cycle of purchases for State purposes in Moscow is regulated and 95% of orders are placed openly. At least 90% of goods, works, and services are procured by competitive tenders;

— greater competition in land and property tenders. Over the last two years, the land plot tender procedure has become substantially more transparent. The procedure has been simplified for participating in land auctions: participants need to submit only three documents in their applications. Information about tenders being held (describing the facility, providing photographs and a situation plan) is posted on the Unified Investment Information Portal. A road show of all land plots put up for bidding has become an integral part of the application campaign. All tenders are organised within the framework of a common trading platform. The practice will be developed of providing advance information to potential participants through the Unified Investment Information Portal;

— the city is interested in further increasing the number of tender participants, the target being at least six applications per lot;

— unified and transparent Rules of the Game. The Moscow Government guarantees establishment of unified and transparent Rules of the Game for all market players. At the same time, the city will monitor and control observance by investors of the terms of the contracts. It is the task of the Moscow Government to ensure a balance of interests of the city and its investors. A transparent mechanism has been implemented for canceling previously concluded contracts and compensating for investors' costs. For new investments, such as within a concession framework, the mutual obligations of the city and investors are precisely fixed and a mechanism is being introduced for current monitoring of fulfilment of contractual obligations. Sanctions are envisaged for failure to do so.

2.1. Creation of the conditions for competition-driven investments using tax and tariff policy methods, development of the infrastructure of innovative and high-tech production.

A gradual transformation of tax policy will create incentives for investing in high-tech production and making effective use of property. The accent in taxation policy will be gradually shifted from economic activities towards taxation of assets.

In order to foster development of priority sectors, use will be made of tax benefits, tax holidays and other support mechanisms. Tax incentives for enterprise investment activity, including support

measures for existing industrial enterprises based on economic performance, will continue being developed and implemented.

Extensive use will be made of the patent system for taxation of individual entrepreneurs.

It is planned to assess and modify the effectiveness of the measures taken on an annual basis.

Within the scope of optimising tariff policy, the main spheres of activity are:

— long-term tariff planning. Tariffs for electricity supply and gas transportation services have already been approved for the long term. Transfer to long-term tariffs in the areas of heat and water supply and water removal will be made by 2018;

— tariff optimisation. On one hand, tariff policy presupposes tariff restrains (cost optimisation below the inflation level). On the other hand, tariffs will be set in consideration of the future development of the infrastructure. To ensure that tariffs are kept down but cover outlays connected with investment in developing the infrastructure, the key task is to cut the costs of services by using effective new technologies, revamping utility facilities (financed out of the budget and by enterprises themselves), and creating incentives to optimise the costs of infrastructure companies (a gradual transition to incentive-based tariff-setting models);

— expert review and monitoring of investment programmes of natural monopolies;

— involvement of utility user representatives in tariff planning. Representatives of resource users (electricity, water, heat, and gas) do not currently have any institutional opportunities to influence formation of long-term tariffs. Involvement of business representatives in the work of the Public Expert Council of the Regional Energy Commission will be a step towards resolving this problem.

To ensure investment in the real sector of the economy, the city will continue raising private investment in creating the infrastructure of industrial parks, technoparks and industrial zones and will introduce a mechanism of additional guarantees for minimising non-commercial risks.

This should result in incentives for higher labour productivity and innovative development, attraction of investment into the priority sectors, higher competitiveness of Moscow from the perspective of the costs of doing business, and greater stability and predictability of the conditions for doing business.

2.2. Improvement of Moscow's investment image.

One major task is to foster a realistic perception of the risks and opportunities associated with investing in the city's economy in potential investors.

The Government of Moscow will be introducing measures to promote the city as one offering business opportunities, including:

— establishment of direct communications with and feedback from investors (through advisory bodies, the Unified Investment Information Portal and direct lines, the Office for protection of the rights and legitimate interests of entrepreneurs and investors in the City of Moscow, surveys of entrepreneurs

working in Moscow and investors considering Moscow as a potential investment location, and other channels);

- promotion of Moscow as a place for doing business in the international arena: participation in exhibitions, road shows, advertising of Moscow as a city with investment appeal in key business media (FT, Bloomberg, WSJ, The Economist and others), participation by the Moscow Government in events and activities of foreign trade business associations, and participation by Moscow in associations and councils of European cities;

- formation of the Moscow brand as a city convenient for doing business and living (similarly to the brands of such cities as New York, London, and so on);

- work with international information sources (including rating agencies) for provision of full and accurate information about Moscow;

- maximum openness and convenient provision of information about the city and business opportunities through the multi-language Unified Investment Information Portal.

The result should be a better perception by foreign investors of Moscow as a place for business and investment.

2.3. Balanced development of Moscow's residential, transport and social infrastructure, an improved urban environment.

Moscow must become a city that not only attracts investments but also provides a comfortable living environment. The gap between the level of business activity and the quality of the urban environment must be closed.

The following systemic measures will be implemented in order to achieve this:

- implementation of a balanced urban planning policy, amendment of the urban planning rules and regulations, polycentric development of the new territories (comprehensive development of housing, the social infrastructure, and jobs), a balanced urban planning policy within New Moscow;

- expansion and revamping of the transport infrastructure, including creation of a fundamentally new Metro infrastructure, modernisation of the system of overland urban transport, development of commuter railway transport and organisation of passenger traffic on the Minor Ring of the Moscow Railway Ring, construction and renovation of highways and transport hubs, construction of logistically optimal transport and transit hubs, development of parking areas, transition to an intelligent traffic management system;

- development of public spaces: landscaping and upgrading of existing planted rest areas and creation of new parks, pedestrian zones, sports facilities within walking distance for people living in different parts of Moscow, improvement of the city's outer appearance;

- comprehensive territorial development (including redevelopment), including construction of the residential, social, trade and other infrastructure, creation of jobs;

- development of the infrastructure for modern educational and medical services, including that for foreign specialists working in Moscow;
- a high level of public safety;
- development of Moscow as a cultural centre;
- retention of the city’s historical appearance, including that by raising private investments to restore the city’s cultural legacy.

This should all make Moscow more attractive as a place to live, optimise traffic flows and cut commuting time.

3.1. Involvement of city-owned property in economic turnover

One condition for Moscow’s development consists in effective use of the available, limited land resources and real estate.

In 2013, an Office was set up in Moscow for involving property belonging to the City of Moscow in economic turnover. The Office engages in activities to involve inefficiently used city-owned property in economic turnover. This applies primarily to the social sphere: educational, healthcare, culture, leisure, and sports facilities. In 2014–2015, the Office held 23 sessions to consider 966 facilities, including those within the scope of priority social programmes (subsidised lease of educational and cultural heritage facilities, the “Doctor Nearby” project).

Involvement of Moscow City property in economic turnover presupposes use of a variety of tools (sale, lease, beneficial lease, concession agreements and so on) for sharing the risks between the city and the investor and encouraging development of priority sectors of the economy. Separate attention will be focused on the further development of the public–private partnership mechanism (including adoption of the requisite regulatory acts).

Moscow will go ahead with the privatisation of city-owned property: sale of non-residential premises and land plots; stakes in the capital of enterprises owned by the city. Long-term privatisation plans will be drawn up.

The result should be more efficient use of the land resources and property in the city.

3.2. Higher investment appeal of sectors previously financed primarily out of the budget.

Moscow offers a set of measures for attracting investors into sectors previously financed primarily out of the budget: education, healthcare, and transport. The investment-raising measures include:

- equal access for private and State organisations to public funds allocated for provision of relevant services. Projects will be implemented to allocate subsidises to private educational institutions and attract private medical institutions into rendering Mandatory Medical Insurance services;
- concession and other PPP mechanisms in the sphere of transport, healthcare, utilities, and other sectors;
- beneficial lease mechanisms in priority sectors.

This should result in greater private investments in areas traditionally financed primarily out of the budget.

VIII. Sector and territory priorities

Sector priorities

Sector priorities are determined in consideration of the existing structure of the Moscow economy and the city's strategic development goals.

Sectors are classed as priority ones if they comply with one or several of the following criteria:

- the sector is a “bottle-neck” getting in the way of attaining and the strategic goals and tasks of the investment policy;
- the sector currently makes a substantial contribution to the GRP and employment (including socially significant branches of industry) but special measures are needed to increase its efficiency (including by reducing the negative impact on the urban environment);
- the sector is a promising one from the perspective of Moscow's international competitiveness (on consideration of its strong and weak points) and a higher quality of life;
- the sector is a promising one from the perspective of import substitution and localisation of production.

Identification of priority sectors means that the Government of Moscow will take special steps to encourage investment in the given sectors and provide support to investors.

At the same time, Moscow is also interested in investment in other sectors. By implementing system-wide measures to improve the investment climate, Moscow is endeavouring to create attractive conditions for investment in all sectors of the economy.

1. Development of the transport infrastructure.

The objectives and principles behind drawing private investments into the sector:

- improved traffic situation in Moscow;
- smoothed over peak budget loads;
- broad use of public–private partnership mechanisms;
- incentives to introduction of new technologies, including managerial ones;
- creation of a unified transport system throughout the Moscow metropolitan area.

Priority areas for private investment:

— development of the Metro, including construction of new lines and stations and modernisation of the existing infrastructure. Private investments will be drawn into the sphere of rolling stock procurement (life-cycle contracts);

— modernisation of the aboveground public transport system, including renewal of the vehicle fleet and modernisation of tramlines. Private investments will be drawn into rolling stock procurement (life-cycle contracts);

— creation of a fundamentally new urban and commuter railway transport system, organisation of passenger carriage on the Minor Ring of the Moscow Railway. Private investments will be drawn into rolling stock procurement (life-cycle contracts) and construction of transport interchange hubs;

— construction of transport interchange hubs convenient for passengers. It is planned to involve private investments through PPP projects;

— construction and upgrading of the road system and transport structures (interchanges, bridges, viaducts, etc.) PPP projects have been launched for construction of transport structures (the Northern Bypass of Kutuzovsky Prospekt).

2. Development of the social sphere, above all investments in healthcare and education.

The objectives and principles behind drawing private investments into the sector:

— incentives to development of the private segment, development of competition, higher quality and lower prices;

— cuts in place shortages;

— involvement of foreign investors, above all with competencies missing (in short supply) in Moscow, introduction of international service standards (education, healthcare);

— elaboration of project implementation conditions that appeal to the private investor in consideration of the city's interests.

Priority areas for private investment:

— renovation and technical refitting of existing healthcare institutions, including those made through PPP mechanisms;

— support for construction of new private healthcare institutions, including the support done at the expense of foreign investors;

— involvement of private investments in construction of kindergartens and schools, including those made through PPP mechanisms;

— raising of private investments in the sphere of general secondary and professional education;

— promotion of internationally recognised educational programmes (the IB programme).

3. Development of science-driven and high-tech industries (the branches of so-called "New Economy").

The objectives and principles behind drawing private investments into the sector:

— creation of highly productive and highly paid jobs;

— strengthening of scientific research potential;

— raising of competition-driven investments (by global investors);

- increase in production and export of high-tech output with high added value;
- creation of the infrastructure for developing high-tech and science intensive production units — technoparks, technopolises, and special economic zones;
- implementation of State support programmes for priority sectors (tax incentives, benefits and rental payment deferral, guaranteed protection against non-commercial risks).

Priority areas for private investment:

- pharmaceuticals (in relation to R&D);
- manufacture of medical goods;
- aviation and aerospace engineering;
- IT;
- biochemical sector;
- microelectronics.

The list of “new economy” sectors is not closed in view of the current high rate of technological development.

4. Modernisation of “traditional” industry: technical refitting and higher labour productivity.

The objectives and principles behind drawing private investments into the sector:

- optimisation of the territorial distribution of industrial facilities, their greater density;
- import substitution, promoting exports;
- a bigger number of competitive production units;
- system of additional city guarantees to minimise non-commercial risks for both Russian and foreign capital when organising new industrial production facilities on the territory of Moscow.

Priority areas for private investment:

- modernisation of existing enterprises, higher productivity of labour through use of incentive benefits;
- involvement of Russian and foreign investors in creating new industrial facilities on the territory of Moscow;
- implementation of projects under special investment contracts as well as offset contracts, above all in pharmaceuticals (offset contracts are transactions including investment obligations of the supplier to create an enterprise on the buyer’s territory, localise production and purchase specific types of equipment).

5. Development of the financial sector and the sector for modern business services.

The objectives and principles behind drawing private investments into the sector:

- involvement of global companies, including the purpose of creating international (regional) headquarters and unified service centres of international companies;
- development of Moscow as an international financial centre.

Priority areas for private investment:

- creation of the infrastructure for an International Financial Centre through private and State sources of finance;
- raising of private investments in construction of modern office premises outside the city centre and on adjacent territories.

At the same time, the possibilities for building office and other commercial real estate in the city centre are limited.

*6. Development of tourism, including business tourism.*The objectives and principles behind drawing private investments into the sector:

- greater appeal of Moscow as a tourist centre through improvement of the urban environment;
- greater domestic and foreign tourism flows.

Priority areas for private investment:

- improved hotel services, development of a network of varying-format hotels;
- improved tourist services, creation of new tourist and excursion products.

*7. Development of trade and logistics.*The objectives and principles behind drawing private investments into the sector:

- greater provision of the population with retail space within walking distance;
- limited negative impact of retail real estate on the convenience of the urban environment, transport situation and the city's appearance.

Priority areas for private investment:

- construction of modern logistics centres, including agricultural produce cluster facilities, paid for by private investments;
- construction of small stores within walking distance;
- development of mobile retail forms, including installation of vending machines.

*8. Development of communal infrastructure.*The objectives and principles behind drawing private investments into the sector:

- better quality and accessibility of the utility infrastructure;
- transfer to financing of the utility infrastructure by resource-supply organisations;
- conclusion of long-term service contracts.

Priority areas for private investment:

- electricity, heat and gas supply;
- development and modernisation of collector facilities;
- development of the water supply and sewage system;
- purification and processing of wastewater;
- development of a unified light environment.

9. Improvement of the urban environment.

The objectives and principles behind drawing private investments into the sector:

- creation of highly developed areas within walking distance;
- development of conditions for implementing projects economically attractive to the private investor in consideration of the city's interests.

Priority areas for private investment:

- comprehensive redevelopment of territories;
- restoration of cultural legacy facilities;
- involvement of dilapidated and decrepit facilities in economic turnover.

Territorial priorities

1. Comprehensive development of the new territories.

The priority is comprehensive development of the attached territories, this presupposing creation of social, utility and transport infrastructure facilities at a faster speed than residential development. Creation of highly productive jobs directly on the newly attached territories.

The plan is to create 12 growth points on the new territories in the vicinity of the following population centres: Rumyantsevo, Mosrentgen, Vnukovo, Kommunarka, Ryazanovo, Troitsk, Kievskiy, Yartsevo, Shchapovo, Voronovo, Klenovo and Rogovo.

The growth points are being formed in consideration of the following principles:

- availability of free, undeveloped land plots adjacent to the population centre;
- consideration of the transport structure of the territory with the possibility of organising transport services;
- availability of a utility infrastructure for the territory;
- proximity of the territory to major forest tracts that can be used for organising recreation zones, parks, squares, etc.

At the growth points, it is planned to create clusters combining in a unified, comprehensive structure, organisation of new jobs by type of activity, in the numbers required by the city.

2. Redevelopment of old industrial and inefficiently used territories.

Moscow possesses a considerable potential of ineffectively used territories: ZIL, Tushino aerodrome, Mnevniki, industrial zones along the Moscow River, the Minor Ring of the Moscow Railway. The Moscow Government's task is to procure comprehensive development of the industrial zones and introduce industrial purpose land into active production turnover. For some territories, the optimal solution is comprehensive redevelopment retaining both a production profile and development of the residential and social infrastructure, combined with creation of public spaces.

3. Development of the Zelenograd Special Economic Zone.

The objective is to form an industrial and innovation cluster on the territory of Zelenograd for developing science intensive technologies.

Organisations resident in the Zelenograd special economic technical and innovative zone will enjoy tax incentives.

XI. System of measures for implementing the Investment Strategy: specific sector support measures

Priority sectors will be supported using the following key tools. The correlation of priority sectors and key tools used is provided in Appendix 2.

1. Tax incentives.

Tax incentives will be used specifically to support a number of priority sectors within the scope of the overall policy of shifting the taxation focus away from economic activities to assets.

A complex of economic performance-related tax benefits will be developed and introduced for industrial enterprises, technoparks, industrial parks, and new investment projects.

In 2015, tax holidays were introduced for the period of 2015–2020 for newly registered individual entrepreneurs transferring to a patent or simplified taxation system and operating in the production, science or social spheres.

City tax benefits are not set once and for all. Work is carried out in Moscow every year to assess the effectiveness of tax benefits established by the city legislation and tax benefits are either cancelled or modified on the basis of this analysis.

2. City guarantees and subsidies.

A mechanism will be implemented of additional city guarantees to minimise the risks for both Russian and foreign capital when organising new and/or high-tech production units on the territory of Moscow.

The main focus of the subsidy programme will be on supporting import substitution, export oriented innovative and competitive companies and production units, as well as small businesses, primarily in the areas of innovation and production.

Similarly to tax benefits, periodical assessment of effectiveness and modification based on the relevant results are envisaged for subsidies, too.

3. Use of city-owned property.

The strategic task is to bring the property of the City of Moscow into economic turnover, including for the purpose of supporting private investments in priority sectors. At the same time, the openness and competitiveness principles must be strictly observed. The main mechanisms for raising investment include sale, lease, beneficial lease, concession agreements and other PPP mechanisms.

For the purpose of drawing private investors into the social sphere, since 2012, auctions have been held for the right to lease kindergarten premises at a rate of RUB 1 per annum per square metre, on

observance of the following conditions: provision of educational services in the scope equal to at least the minimum number of places established by the starting conditions for holding the auction of each lot; implementation of a basic general education preschool programme for at least 80% of children between the ages of 3 and 7 years registered by the registration authorities at their place of residence in the City of Moscow. The programme will be expanded for other educational institutions.

Auctions are and will be similarly held for lessee rights to participate in the programme for restoring cultural heritage facilities in a dissatisfactory condition. Following restoration, the rental will be RUB 1 per annum per square metre.

In addition to beneficial leases, private investments of importance to the city will be supported by use of other beneficial regimes for provision of city-owned property, in particular concession mechanisms and other PPP schemes in the spheres of education, healthcare and transport.

The terms on which city-owned property is sold and leased out will be used for optimising the territorial location of various facilities (trade, office, etc.) in order to achieve the objectives of supporting priority sectors, improving the quality and convenience of the urban environment and ensuring balanced territorial development.

The main principles on which city-owned property is provided will remain competitiveness and control over observance of contractual conditions by investors.

4. Infrastructure for real production

In the next few years, in order to attract competition-driven investments, the city will itself assume a significant share of the costs of infrastructure development of production units providing for import substitution and creating high-tech and highly-paid jobs.

The infrastructure is being created for businesses of different types and scales: from start-ups (business incubators) to production on an industrial scale (industrial parks).

In order to make it easier for entrepreneurs to create a high-tech business, the city is organising technoparks and technopolises. Technoparks are created for small and medium-sized enterprises engaged in R&D and pilot production units based on R&D. Technopolises bring together research, innovation and production enterprises. Enterprises of technoparks and technopolises gain access to a modern infrastructure and an opportunity to concentrate fully on their own business.

An accessible infrastructure will be created for technological and creative business in each district.

For major investors, modern industrial parks will be set up in place of bleak industrial zones.

At the end of 2015, Moscow counted 18 technoparks and 2 technopolises and their number is rising.

In the medium-term future, when the infrastructure is set up for technoparks, technopolises and industrial parks, a transition will be made from budget financing to financing entirely from non-budget

sources, including through involvement of management companies and introduction of fees on investments.

5. Public investments.

Moscow is continuing to make substantial public investments in ensuring a high standard of living in the city and a due quality infrastructure.

Public investments will be used primarily for creating the infrastructure elements that hold back Moscow's development Moscow as a city for doing business and living. Public investments should drive private ones, including in spheres traditionally financed out of the budget.

Three-year target investment programmes adopted by resolution of the Government of the City of Moscow and updated annually will remain the chief tool for planning public investments.

For 2016–2018, within the scope of the Target Investment Programme of the City of Moscow (TIP) investments of RUB 1,155 trn are planned. In total, the TIP envisaged construction of over 2300 facilities. Investments out of the city budget will be made primarily in creating and maintaining the infrastructure required for improving the quality of life and encouraging business activity. Over RUB 800 bn (almost 70% of the TIP funds) are to be spend on developing the transport infrastructure.

Public funds within the scope of the TIP will also be spent on construction and revamping utility and social infrastructure, sports and culture facilities.

6. Subsidies for provision of services.

Moscow will use the city budget to finance social services, above all in education and healthcare, provided by private institutions and, in the future, those rendered by public institutions, too, on the same terms.

In 2013, a decision was taken to grant subsidies out of the city budget, within the scope of beneficial leases, to non-State preschool educational institutions providing services to those on the waiting list.

Under PPP projects in medicine, private healthcare institutions receive funding to provide Mandatory Medical Insurance services.

7. Long-term public procurements.

Moscow is to make broad use of long-term contracts with suppliers to ensure quality and optimise the cost of goods and services purchased. In particular, life-cycle contracts will be used extensively for purchasing rolling stock (Metro carriages, trams, etc.). In the future, life-cycle contracts may also be used in other sectors.

Moscow will be active in implementing projects within the scope of concluding offset contracts with subsequent localisation of production in priority sectors.

8. Improvement of the personnel training system.

Particular attention will be focused on the personnel professional training and retraining system involving new specialisations in demand by modern production units. Moscow will support the endeavours of private businessmen to open educational institutions and continue granting benefits to employers that train and retrain personnel at their own expense.

Since 2013, a transition has been under way from direct financing of secondary professional educational institution out of the State budget to subsidising employers, who will, in turn, pay for training of their personnel by secondary professional educational institutions.

The outcome should be the maximum balance of employers' real requirements and the activities of educational institutions, and successful adaptation of the educational system to the changing conditions on the labour market.

Although higher educational institutions on the territory of Moscow are mostly in federal subordination, Moscow will foster collaboration between Moscow employers and such institutions in drawing up programmes for training and retraining in the specialisations in demand in the city.

9. Non-financial support measures.

Non-financial support is provided to investors, including provision of advice and information. Any potential investor is entitled to basic support. For the convenience of investors, the capital has the Unified Investment Information Portal of the City of Moscow. Since 2015, the resource has been available in Russian, English, German, Spanish, Chinese and Arabic. Institutes for collaboration with investors have been set up and are now effectively operating: City Investment Management Agency, Centre for Innovative Development, Office for Protection of Business, and the Office for involving property of the City of Moscow in economic turnover.

Special individual support programmes within the scope of specialised organisations for working with investors will be developed for priority projects and sectors.

X. Anticipated results of implementing the Investment Strategy

Implementation of the Investment Strategy should strengthen Moscow's competitive positions as a global city. Moscow must become a convenient place for doing business and for living.

The Investment Strategy should have the following main results:

- sustainable growth of investments in Moscow's economy;
- a change in the investment structure: increase in the share of competition-driven investments;
- a change in the city's economic structure and an increase in the sphere of high-tech production in the GRP;
- greater labour productivity and rapidly rising personal incomes;
- better quality urban environment and infrastructure;
- Moscow's greater competitiveness compared to other global cities;

— a drop in the proportion of imports in priority sectors.

Appendix 3 provides the system of indicators of strategic goal and task attainment.

XI. Participants in and mechanisms for implementing the Investment Strategy. Managing change

The mechanisms for implementing the Investment Strategy are:

1. State programmes of the City of Moscow, including the Target Investment Programme.
2. State programmes of the Russian Federation.
3. Public–private partnership tools developed on the basis of federal and city regulatory and legal acts.
4. Investment programme of natural monopolies.
5. The system for collaboration with investors via the Unified Investment Information Portal and specialised organisations for working with investors.
6. The system of State support measures in effect in the City of Moscow.
7. Amendment of the regulatory and legal acts of the City of Moscow and the federal legislation.

The participants in implementing the Investment Strategy are: commercial entities operating (planning to operate) on the territory of Moscow, Moscow State authorities, local government bodies, territorial bodies of federal State authorities, public associations and other organisations.

It is the Government of Moscow that exercises comprehensive management over implementation of the Strategy.

The Mayor of Moscow approves the Investment Strategy of the City of Moscow. Annually, the Mayor gives an address on the investment climate in the City of Moscow, reflecting the results of Investment Strategy implementation, determining the spheres and priorities for Moscow’s investment policy and announcing the key measures required in the coming year for attracting investments and improving the conditions for doing business in the region.

The Moscow Government:

1. Determines the effective ways to achieve the strategic goals of Moscow’s investment policy.
2. Coordinates the work of those implementing this Strategy.
3. Takes steps to raise non-budget sources of finance for the Investment Strategy measures.
4. Adopts the Target Investment Programme of the City of Moscow for three years.

The body coordinating implementation of the Investment Strategy is the **Office for protection of the rights and legitimate interests of entrepreneurs and investors in the City of Moscow**.

The Moscow City executive authorities envisage measures to improve the investment climate in Moscow when elaborating and fulfilling State programmes of the City of Moscow and participate in implementing the measures of this Strategy. Personal responsibility for carrying out the measures of this

Strategy and achieving the target values of the plan indicators is borne by the heads of the Moscow executive State authorities Moscow in accordance with the action plan for implementing this Strategy.

Implementation of the Investment Strategy is monitored by the **Department for economic policy and development of the City of Moscow**, which exercises quarterly control over the plan indicators of this Strategy and annually, by June 30th of the following reporting year, post a report in Strategy implementation for the reporting year on the Unified Investment Information Portal.

By August 1st of the year following the reporting year, the Moscow Department for economic policy and development updates the provisions of this Strategy.

The Moscow Department for economic policy and development, in conjunction with other Moscow executive State authorities, draws up and annually updates the action plan for implementing the Investment Strategy for three years and evaluates the organisational and financial resources required for the given measures. The Moscow Department for economic policy and development considers proposal put forward by business and the expert community when drawing up and updating the action plan for implementing the Investment Strategy and introducing amendments to the Investment Strategy.

Direct collaboration with investors is the responsibility of specialised organisations for working with investors. The main principle on which the work is based is a multitude of “entry points” for investors under unified collaboration regulations.

The key specialised organisations:

— **Moscow City Investment Agency**, which supports investors, finalises investment projects in order to balance the interests of the city and investors, and provides back-up for major investment projects;

— **Moscow City Innovations Agency**, the leader in the area of investments in innovation, coordinates initiatives for promoting investment in high-tech sectors and provides advice on all programmes and zones for high-tech innovation.

The information infrastructure for investment activity consists in the **Moscow Investment Portal**.

Commercial organisations, public associations of businessmen and individual entrepreneurs participating in investment processes are entitled in conducting these activities to be guided by the provisions of this Strategy, to monitor its implementation, propose and take an active part in discussing changes to the Investment Strategy and the plan for implementing it, to place public information about investment projects they are undertaking on the official website determined by the Government of Moscow.

Scientific and educational organisations and public associations of entrepreneurs are engaged as experts to decide matters associated with implementing the Investment Strategy.

SWOT matrix of the factors influencing Moscow's investment appeal

Competitive advantages (strong points)	Internal restraining factors (weak points)
<p>Potential opportunities for business:</p> <ol style="list-style-type: none"> 1. Economic, political and business centre of Russia and the CIS. 2. Major sales market. 3. Beneficial geographical location, regional transport centre. 4. Substantial and balanced city budget. 5. Potential of the “new territories”. <p>Conditions for doing business:</p> <ol style="list-style-type: none"> 1. Availability of skilled manpower, high proportion of the population with a higher education. 2. “Russia’s gates to abroad”: virtually all international companies operating in Russia are represented. 3. Availability of a developed ICT infrastructure. 4. Substantial scientific potential. 5. Lower costs of doing business compared to competitor cities in other countries. <p>A place for living:</p> <ol style="list-style-type: none"> 1. Rich historical legacy. 2. Broad leisure opportunities. 3. Positive development of public spaces (parks, pedestrian zones). 4. Relatively high level of safety 	<p>Potential opportunities for business:</p> <ol style="list-style-type: none"> 1. Low share of manufacturing units in the structure of the GRP. 2. Low level of innovative development. 3. Shrinking consumer demand. <p>Conditions for doing business:</p> <ol style="list-style-type: none"> 1. Restricted nature and rising cost of access to borrowed capital for investors. 2. Low level of knowledge of foreign languages and of business education (compared to global competitor cities). <p>A place for living:</p> <ol style="list-style-type: none"> 1. Overburdened city infrastructure (above all transport). 2. Inadequate quality of social services compared to global competitor cities.
<p align="center">Opportunities of the external environment</p>	<p align="center">Threats from the external environment</p>

Potential opportunities for business:

1. Russia's strengthening role among the former Soviet republics in connection with formation of the Customs Union and the Common Economic Space.

2. Growing opportunities for sale of products provided by Russia joining the World Trade Organisation.

Conditions for doing business:

1. Implementation of measures to improve the business climate in Russia as a whole.

A place for living:

1. Low personal tax rates
2. Falling cost of living in Moscow compared with competitor cities.

Potential opportunities for business:

1. Deteriorating foreign economic situation.

2. Growing international competition for investors.

3. Falling economic growth rates of Russia as a whole.

4. Negative demographic trends.

Conditions for doing business:

1. General Russian problems connected with the low level of protection of private property and widespread non-economic methods of competition. Ineffectiveness of the judicial system.

2. Growing capital outflow.

3. Deterioration in the image of the Russian business climate abroad, unattractiveness of the Russian jurisdiction.

4. Restricted access of Russian companies to foreign capital markets.

A place for living: Rising quality of life in competitor cities.

System of measures for implementing the Investment Strategy and sector priorities

	Specific support measures							
	Tax benefits	State guarantees and subsidies	Property	Public investments	Subsidies for provision of services	Concessions, long-term purchases (Lifecycle Contracts), other forms of PPP	Personnel training	Intangible support measures
Transport infrastructure		Guarantees against non-commercial risks		TIP		Lifecycle Contracts for purchase or rolling stock, Concessions in road building, PPP in construction of transport and transit hubs		Project support
Education, healthcare		Guarantees against non-commercial risks	Beneficial land and real estate lease	TIP	Subsidies to private kindergartens; in the future — to other private educational and medical institutions	Concession agreement for renovation of healthcare establishments		Project support

Science-intensive and high-tech production	Benefits to residents and operators of technoparks, technopolises and industrial parks	Subsidies, guarantees against non-commercial risks	Allocation of land for technoparks, technopolises, etc.	Construction of the infrastructure for technoparks, technopolises, etc.				Project support
“Traditional” industry	Benefits based on economic efficiency. Benefits in exchange for investment.	Subsidies, city guarantees against non-commercial risks	Introduction of industrial-purposes land into active production turnover				Subsidies to employers for training specialists with a secondary professional education, employer clusters	Project support
Financial sectors and business services			Lease, sale (with location restrictions)	Urban environment, infrastructure GFC	Development of IB programmes, medical services of international standard			
Tourism (including business)			Lease, sale of property	Urban environment				
Retail and wholesale trade			Lease, sale (with location restrictions)					
Utility infrastructure		Guarantees against non-commercial risks		TIP		Concession agreements		Project support
Urban environment		Guarantees against non-commercial risks	Beneficial lease	TIP		Different forms of PPP		Project support

System of strategic goals, and tasks and indicators of their attainment

Indicator	2012	2016	2020	2025
Indicators of the final results of Investment Strategy implementation				
Investments in fixed capital (bn RUB.)	1220	1553	2074	2440
GRP per capita (in current prices, % to 2012)	100	128	170	200
Proportion of competition-driven investments in total investments in fixed capital, %	15	20	25	30
Position in the Innovation Cities Index (2thinknow), Moscow's place	74/445	45	40	35
1. Improvement of the investment climate on establishment of clear and transparent rules				
Business community satisfaction with the conditions for doing business, %	57 (2014)	63	70	75
1.1. Further simplification of administrative procedures				
Effectiveness of procedures for issuing construction permits, points (the Doing Business data on the number, length and cost of procedures evaluated on a 100-point scale)	39	50	55	60
Effectiveness of procedures for connection to electricity grids, points (the Doing Business data on the number, length and cost of procedures evaluated on a 100-point scale)	39	50	58	62
1.2. Establishment of transparent and clear Rules of the Game for investors				
Number of participants in property tenders and land auctions per lot	3.7	4.8	5.6	6
Volume of procurements of goods, works and services using competitive means to determine suppliers, contractors, service providers, %	74	87	92	92
2. Increase in the volume and proportion of competition-driven investments in total investments in Moscow				
Proportion of competition-driven investments in total investments in fixed capital, %	15	20	25	30

2.1. Creation of the conditions for competitive investments using tax and tariff policy measures, development of the infrastructure				
Ratio of average tariff rise for organisations to inflation	0.96	0.99	1	1
Proportion of organisations transferring to long-term tariff regulation, %	19.1	91.4	91.4	91.4
Number of specialised territories (industrial parks, technoparks, technopolises) created in the City of Moscow (cumulative, units)	3	20	40	60
Occupancy rate of facilities on specialised territories of the City of Moscow (cumulative, %)	29 (2013)	90	97	97
2.2. Strengthening of Moscow's position as a global city, improvement of Moscow's investment image				
Moscow's place in the Global Cities Index (A. T. Kearney)	19/66	14	12	10
Moscow's place in the investment appeal rating of global cities, fDi's Global Cities of the Future (The Financial Times)	25/130 (2014)	23	20	15
2.3. Balanced development of Moscow's residential, transport and social infrastructure Moscow, improvement of the urban environment				
Moscow's position in the Quality of Living Survey (Mercer)	154/221	130-140	100-110	70 – 80 (level of Prague and Seoul)
Number of educational institutions implementing international standard educational programmes	10	15	15	15
Demand for services of medical institutions on the part of leading global insurance companies	4	10	12	12
3. Increase in the volume of private investments in infrastructure sectors				
Investments raised under long-term contracts with an investment component, RUB bn,	77 (2013)	650	1000	1200

cumulative				
3.1. Involvement of city-owned property in economic turnover				
Proportion of non-residential facilities in turnover in the total number of facilities of the non-residential funds owned by the City of Moscow (%)	78	93	96	99
3.2. Expansion of the opportunities for private investments in spheres traditional financed primarily out of public funds				
Investments raised within the scope of long-term contracts with an investment component, RUB bn, cumulative	77 (2013)	650	1000	1200