



Moscow Investment Strategy until 2025

investmoscow.info
MOSCOW INVESTMENT PORTAL



Moscow
Government

2019

Moscow Investment Strategy until 2025

Adopted in February 2014.

Annually updated and discussed with the business community.

Strategic priorities

1) IMPROVEMENT OF INVESTMENT CLIMATE

with account of urban planning and social priorities

2) INCREASE OF COMPETITIVE INVESTMENT AMOUNT AND SHARE

in total investment in Moscow

- measures to support investment in the real economy
- development of infrastructure for innovative and high-tech industries (technoparks, special economic zone (SEZ), community centers, etc.)
- creation of conditions through tax and tariff policy measures

3) INCREASE OF PRIVATE INVESTMENT

in infrastructure sectors, replacement of budget investment by private investment

- public-private partnership (PPP) tools
- involvement of the city property in economic turnover

SWOT Analysis of Moscow's Position

	Potential business opportunities	Business conditions	Place to live
Strengths	Economic, political and business center of Russia and the CIS	Availability of skilled workforce, high proportion of population with higher education	Positive dynamics of public space development
	Largest sales market	Developed financial market	Leisure opportunities
	Favorable geographical position, regional transport center	"Russia's gates to the world "	Rich historical heritage
	Significant and balanced city budget	Availability of an advanced IT infrastructure	High security level
	Potential of " new territories "	High scientific potential	Low cost of living for foreign specialists
Risks	Increasing international competition for investors Position enhancement tools: <ul style="list-style-type: none"> Promotion in international rankings (FDI - Financial Times, SmartCities, PwC, Mercer, ATKearney, etc.) Positioning as an FDI-attractive global metropolis Competitive benefits for investors 	Established views on Russia's problems in the field of property rights protection and the judicial system operation Position enhancement tools: <ul style="list-style-type: none"> Promotion as a convenient place for business with transparent legal mechanisms Removal of administrative barriers 	Need for large-scale investment in infrastructure to ensure the sustainable and integrated development of urban areas Position enhancement tools: <ul style="list-style-type: none"> A large-scale urban infrastructure development program (TIP) Modern urban planning approaches, best international practices (MUF)
	Increasing competition for skilled labor force Position enhancement tools: <ul style="list-style-type: none"> Improvement of education quality, living standards and income 	Limited access and increasing cost of debt financing, incl. on international capital markets Position enhancement tools: <ul style="list-style-type: none"> Subsidy mechanisms and access to concessional project financing 	Need to improve the quality of social infrastructure and certain public services (medicine, education, etc.). Position enhancement tools: <ul style="list-style-type: none"> Special programs and projects (IMC, Moscow Longevity), PPP in the social sphere

Investment Strategy Implementation Mechanisms

Strategic documentation system

- Investment strategy
- Investment strategy implementation plan (for 3 years)
- Investment strategy implementation report (annual)

Unified Investment Portal www.investmoscow.ru

- Information infrastructure for the interaction with investors

Moscow government programs

- 15 government programs
- Targeted investment program

Specialized investor organizations

- City Investment Agency and other regional development institutions
 - Interact directly with investors
 - Support projects in priority sectors
- Business protection headquarters
- Organizations to interact with certain business categories:
 - Innovation Agency, Industrial Development Agency, Moscow Small Business, Moscow Export Center, etc.

Improvement of Investment Climate

Improvement of Investment Climate

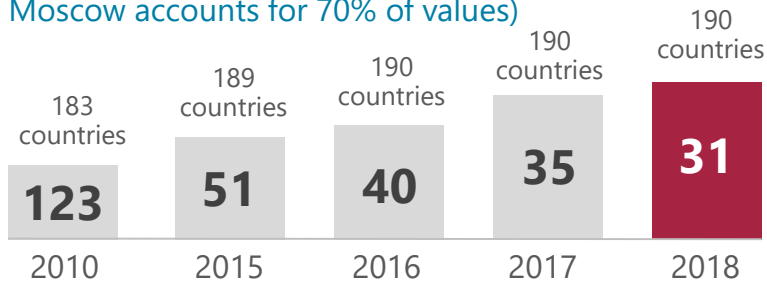
- 1. Reduction of business administrative barriers:** regulatory framework and procedure improvement, digitalization, control and supervision reform
- 2. Introduction of regional investment standards, best practices and target models** to simplify business procedures and to increase investment attractiveness.
- 3. Development of competition and establishment of transparent "game rules":** Competition Development Standard, RIA and AIA, improvement of the government procurement process, promotion of high-tech product demand.
- 4. Enhancement of dialogue with business:** activities of the Business Protection Headquarters - Project Office for Investment Climate Improvement, investment and business information support.

Results evaluation/monitoring:

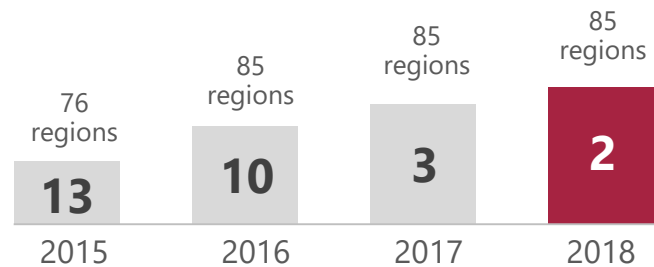
Moscow's position in ASI National Rating, Doing Business Rating, etc.

Moscow in Investment Climate Ratings

Doing Business Rating
(in the Russian rating,
Moscow accounts for 70% of values)



National **investment climate** rating (ASI)



Rating of the Ministry of Economic Development
**"Development of public-private partnership in
Russia's territorial entities"**



1st place

Leading for three years in a row: from 2016 to 2018



1st place

among Eastern European cities

6th place

among European cities

Investment Portal: Development of Business Communication Channels

> **6 m** visits since 2014

2.4 m in 2018

Dynamics:

	2017	2018
Unique visitors a day	5,100 users	>7,000 users
Foreigners	~20%	~25%
Registered users	14,020	>20,000

Direct Line for Investors :

Processed appeals

1,285 2017

1,539 2018

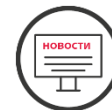
Most visited sections



Auctions



Investor's Guide



News&Events.



Industry&Innovation



City Investment Map

Increase of Competitive Investment Amount and Share

Attraction of Competitive Investment

1. **Benefits** for effective existing enterprises and new projects in the real economy.
2. **Financial support for projects** through targeted subsidies, concessional financing and guarantee support.
3. Localization **infrastructure development** (SEZ, technoparks, MTIP).
4. **Localization promotion** through long-term procurement contracts with investment commitments (offset contracts).
5. One stop **project support**

Results evaluation/monitoring:

Investment amount and structure statistics, Moscow's position in international investment attractiveness ratings (AT Kearney, FDI, etc.)

New Government Support Mechanism for Real Economy

Special status for existing enterprises

Industrial complex



Technopark



Industrial park



Regional tax burden reduction*

17-25%

Investment priority project to create

Industrial complex



Technopark



Industrial park



25%

* income tax, land tax and land rent benefits

Currently Supported Companies

	TOTAL	Industrial complexes	Technoparks	Anchor residents
Companies	85	44	34	7
Investment,* ₽ bn	87.9	30.9	51	6
Revenue, ₽ bn	345.7	237.3	84.1	24.3
Jobs,* thous. people	103.5	49.8	49.9	3.8

* for the last 5 years

Project Financial Support: Subsidies

C&A	Interest on loans, construction and assembly work	▶	
Equipment	Interest on loans to purchase certain types of equipment	▶	up to ₱ 200 m a year
	Interest under financial lease contracts	▶	up to ₱ 100 m a year
Networks	Utility connection	▶	50% (no more than ₱ 100 m)

Focus: Technopark and SEZ residents, IPP status holders, export-oriented companies, etc.

For reference: ₱ 398 m of subsidies were provided in 2018 for equipment purchase

Additional Support for Investors

2. Preferential loans from the Moscow Fund for Industry and Entrepreneurship Support



Granting loans for a period of **up to 5 years**



from 10 to ₺ 200 m
(no more than **70%** of the project financing)



2% per annum

Technopark and SEZ residents, special IPP status holders



3-5% per annum

All industrial and scientific enterprises of Moscow

Loan objectives: purchase of equipment, working capital financing, R&D and R&T expenses, etc.

Additionally for exporters: expenses related to exhibitions, conferences, certification and patenting abroad

Additional Support for Investors

3. Guarantee support of Moscow Small Business Credit Assistance Fund



ФОНД СОДЕЙСТВИЯ
КРЕДИТОВАНИЮ МАЛОГО
БИЗНЕСА МОСКВЫ

The largest RGO in Russia.
Expert RA "A ++" Rating, 68 partner banks and 6 leasing companies.

Provision of guarantees (additional collaterals)
for loans, bank guarantees, leasing contracts

▶ **up to ₹ 100 m**
(no more than 70% of the
total collateral need)



₹ **9.9** bn

the Fund capital



₹ **70.3** bn

guarantees granted

Infrastructure Development: Technopolis Moscow SEZ

207.5 ha

SEZ area

50

Residents

~5600

Jobs

₽ 16.8 bn

Investment

Special tax and customs conditions

↓ 47% Regional tax burden reduction

0%

- Income tax*
- Property tax*
- Land tax*
- Transportation tax*

Free customs zone

0% VAT and import duties

Preferential terms for land purchase and utility connection



Free utility connection



Preferential land purchase

Brown field projects

76,800 m²

Green field projects

7 Vacant plots
with a total area of 5.4 ha

* benefits validity period is 10 years

Infrastructure Development: Technoparks



34
technoparks

32
technoparks

+

2
technopolises

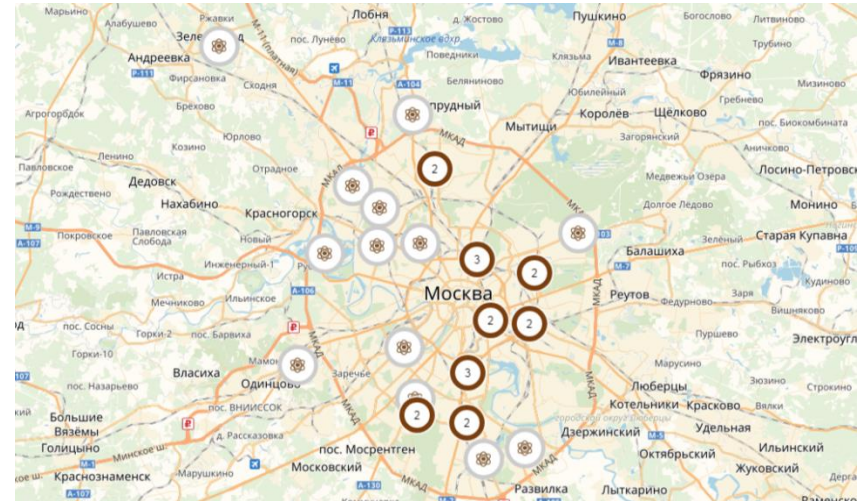
> 1,750
residents

> 49,000
jobs



> ₺ 49 bn
of investments

Located all over the city:



Broad industry specialization:

- Preferential leasing conditions
- Tax benefits for anchor residents

Localization Platforms: Large-scale Investment Projects

Support measures

land lease without bidding

₽ 17 bn

is total planned volume of investments

30 land plots

are approved by UPLC

> 500,000 sq. m

is the maximum possible area
of capital construction

Examples of ongoing projects

Printing technopark



57,000 sq. m

Moscow Packing Center JSC

North-West Administrative District,
Proyektiruyemy pr. 727, 24, bld. 1

Manufacture of stamped and assembly products for automotive industry



45,000 sq. m

AAT JSC

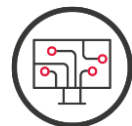
Southern Administrative District,
Proyektiruyemy pr. 5307

Offset Contracts

New localization support tool

Possibility of concluding long-term government contracts with the supplier's counter obligations on investments (offset) is stipulated in 44-FZ (open tender).

Promising fields:



Key contract conditions

up to **10** years

contract duration

> **₽ 1** bn

investment in creation,
modernization and/or development
of production

Russian-manufactured products to be purchased

Investment Project Support

- **One stop investor support**

free services
for investors

- **Legal and organizational support**

specialized business services

Moscow City Investment Agency

www.investmoscow.ru

Business Protection Headquarters

Thematic portals:

www.zakupki.mos.ru, www.mbm.ru,
www.imoscow.mos.ru, etc.

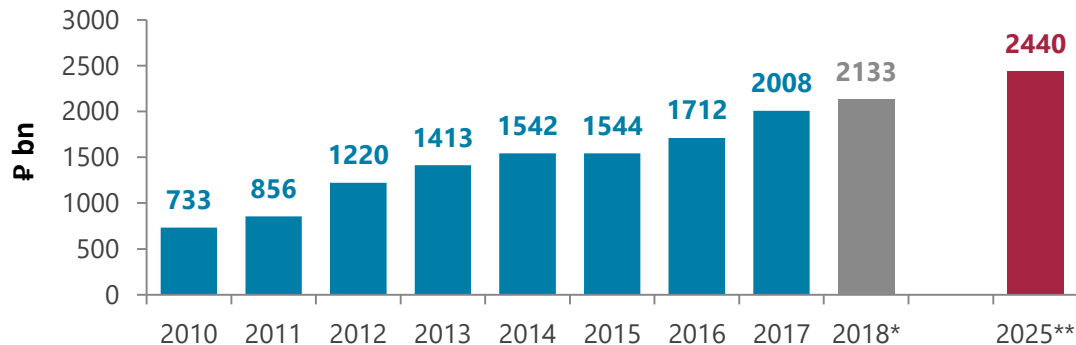
Investment Dynamics and Structure



+80%
investment growth
in 2011 - 2017
in comparable prices
against 2010



~50%
Moscow's share in
accumulated FDI
in Russia



	2010	2017	Growth
Total	100 %	100 %	
Industrial and high-tech sector ***	13.8 %	22.0 %	+8.2 pp
Transport	17.8 %	25.8 %	+8 pp

* assessment according to the Moscow socio-economic development forecast for 2019 and a planned period of 2020 and 2021

** target value of Investment in fixed assets in 2025

*** the industry and high-tech sector includes manufacturing, communications, research and development

Increase of Private Investment in Infrastructure Industries

Priorities of Moscow PPP Policy

1. **Support of investment initiatives regardless of the scale** (including SMEs).
2. Not only attracting financial resources, but also **attracting competencies** is in **focus**.
3. **Using best practices and international experience** to solve specific problems the city is facing.

Key drivers for attracting private investment in infrastructure:

- A large-scale urban infrastructure development program
- Moscow megaprojects - creation of basic conditions for private investment projects
- Multiplicative effects - private and city investment synergy

Results evaluation/monitoring:

PPP projects/concluded PPP contracts statistics, Moscow's position in the PPP development rating of Russian regions

Development of PPP Mechanisms

> **₽ 850 bn**

volume of PPP project contracts
from 2013 to February 2018

1st place

in PPP development rating of
Russian regions



13th place
2013

3^d place
2015

1st place
2016/2017/2018

INCLUDING:

₽ 65 bn

Concession projects

₽ 434.8 bn

Life Cycle Contracts (LCC)

₽ 232.4 bn

Long-term contracts with an investment
component

₽ 113.8 bn

Corporate PPP

₽ 16.8 bn

Real estate lease with Investment
commitments

Moscow Megaprojects as Investment Driver

₽ 1.6 tn

Moscow TIP for 2019-2021

> 70%

Transport infrastructure



Development of Moscow Central Circle (MCC)



Moscow Housing Relocation Program



International Medical Cluster (IMC)

₽ 1

of the city investment

~

₽ 3

of private investment

Budget investment to create **conditions for private and PPP projects**

Construction of Transport Hubs (TH)



at metro and urban railway lines and stations, both existing and under construction

≈ **14** m sq. m

TH town planning potential

> **₹700** bn

estimated private investment in TH



16 TH

already transferred to investors



₹ **113.8** bn

expected capital expenditures of private investors



1.45 m sq. m

permitted capital construction volume

Preferential Lease with Investment Commitments

Project scope

City premises repair/restoration at the investor's expense with the subsequent operation thereof as social and cultural facilities (preferential lease for 20 and 49 years)

PPP principle

- **Market rent rate** (bidding) **before commissioning** (repair/restoration)
- **₽1 per m2 a year after commissioning** (investment phase completion)

113 ongoing projects

57 facilities opened/restored



> ₽5 bn

of private investment

New Transport Concessions: "Cable Way"

Creation of a modern cable way between the Skhodnenskaya and Rechnoy Vokzal metro stations at the expense of a private investor



₽4 bn

investment
(no city investment)



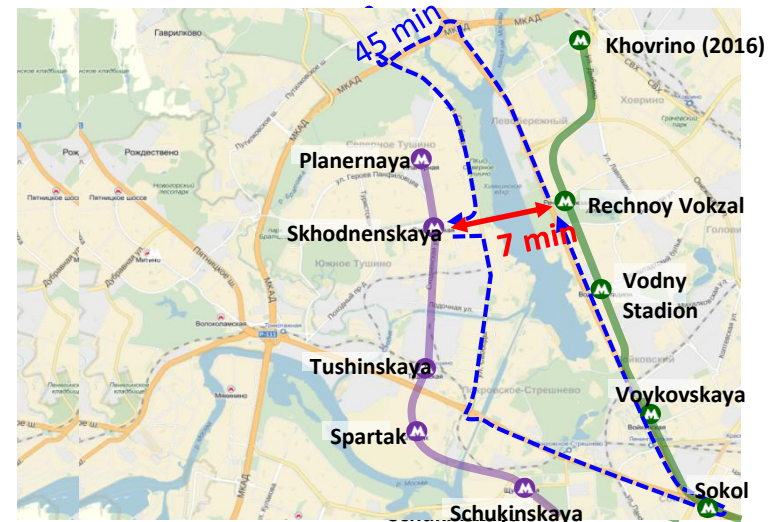
2.5 years

construction time

Project payback



The facility payback and maintenance by the investor through direct ticket sale, advertising and commercial space use



Thank You for Your attention!

We invite You to invest in Moscow!



**Moscow City
Investment Agency**

Government of Moscow

www.investmoscow.ru

investmoscow@mos.ru