Russian national projects and digitization of the Russian government

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November 2019
VEB.RF is the investment bank for National Projects

2024 National Development Targets

- Sustainable natural growth of the population of the Russia
- Increase in life expectancy
- Sustainable growth of citizens’ real income
- Halving the poverty level
- Improving housing conditions for at least 5 million families annually
- Accelerated technological development, increase in the number of innovative organizations
- Accelerated implementation of digital technologies in the economy and government
- Becoming one of the top-five largest economies, ensuring economic growth rates above the world average while maintaining macroeconomic stability
- Establishment of highly productive, export-oriented enterprises in basic industries (primarily manufacturing and agriculture) based on modern technologies and employing highly qualified personnel

12 national programs and 1 plan

1. Demography
2. Healthcare
3. Education
4. Housing and urban environment
5. Ecology
6. Safe, high-quality roads
7. Labor productivity and employment
8. Science
9. Digital economy
10. Culture
11. SME support
12. International cooperation and export

Integrated plan of improvement and expansion of backbone infrastructure

VEB.RF strategic priorities

- Not listed
- High-tech healthcare infrastructure
- Advanced education IT infrastructure
- Domain of DOM.RF, a part of larger VEB.RF group
- Introduction of the best available technologies based on Russian equipment, including sustainable waste treatment
- Roads and bridges
- Boosting labor productivity through investing in modern Russian-manufactured machinery
- Helping advance Russian R&D capabilities through investment in early stage technology
- Introduction of the best available technologies based on Russian equipment, support for digitization in key industries
- Not listed
- Domain of SME Corp, a part of larger VEB.RF group
- Export facilitation (together with EXIAR, a VEB.RF group company)
- Railway infrastructure, roads, port infrastructure, airport infrastructure, energy infrastructure
National program 9: Digital Economy

Cost-efficient digital breakthrough for e-government services

Government spend on digitization, % GDP

<table>
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<tr>
<th>Country</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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<td>US</td>
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UN E-government Development Index

<table>
<thead>
<tr>
<th>Country</th>
<th>2017</th>
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<th>2019</th>
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Extensive e-government ecosystem built at low cost

- **Federal Government**
  - Online, barrier-free access to services provided by Federal Government
  - 2.6 billion requests fulfilled in 2018
- **Regional Governments**
  - Online access to services provided by 85 regional governments
  - 85% adoption rate in Moscow
- **Active Citizen**
  - Channel for citizens’ initiatives and issue-reporting
  - 90% issues resolved in 8 days
- **EMIAS.info Medical Information System**
  - City-wide doctor appointment booking and Electronic Medical Records
  - 2.0 million appointments in Moscow monthly

- **Electronic Court Filing System**
  - Digital claim filing and access to trial documents among other services
  - 113 million court decisions in public database
- **Federal Tax Service**
  - Tool to manage taxable property, submit electronic tax filings, apply for deductions
  - $1 billion taxes paid online annually
- **Moscow Digital School**
  - IT solutions ecosystem used in Moscow schools: from digital textbooks to wallets for canteen
  - 1,500 schools connected
- **Federal Service of State Registration and Cadaster**
  - Tool for registration of property rights, request certificates of ownership and cadastral value
  - 74 million cadaster requests fulfilled in 2018

VEB.RF backs large-scale transformational projects for future Russia

**National program: Backbone Infrastructure Development Plan**
- **Khabarovsk Airport**
  - New passenger terminal constructed together with Japanese investors
  - Airport’s annual capacity increased by 1.7 times from 3.0M to 1.8M passengers

**National program 5: Ecology**
- **Incineration plants in Moscow Region**
  - VEB.RF provided loan financing for 4 incineration plants in Moscow region in 2020-2022
  - Opportunity for guaranteed returns with power purchase agreements with regional governments

**National program 9: Digital Economy**
- **The Honest Sign Digital Tag System**
  - Introduced since 2018 together with connected cash registers to eliminate counterfeit goods and improve tax collection
  - By 2024, all goods will have digital tags scannable with cash registers and consumers’ phones

**Financial Facts**
- **$78M** invested
  - 10% by Japanese consortium
  - 80% by VEB.RF
- **$1.1B** loan from VEB.RF of $2.3B total project cost
  - 2.2B kW·h generated from waste annually
- **$3.1B** billion of private funding secured
  - $380M provided by bank consortium, including $140M from VEB.RF
Tranche A securitized as government-guaranteed bond; tranche B – higher returns nominated in euro / US dollars

**Total cost of the project** (excluding loan interest)

- **Up to 20%** of the project cost
  - Equity investment of the project originator

- **Up to 80%** of the project cost
  - **Tranche A** – 10-40% (A+B)
  - **Tranche B** – 60-90% (A+B)

**Reserve**

- **Up to 20%** of the syndicated loan value
  - **Tranche C**

**Commercial banks and institutional investors**

**Bond Investors**

- **RUB**

**SPV**

**Government guarantee**

**Russian Ministry of Finance**

**Commercial banks**

- **RUB**
- **USD**
- **EUR**

- **Up to 20 years**
  - **RUB**
  - **RUB / USD / EUR** floating rate

**Interest-rate swap**

**Funding directly to the project entity, no mixing with other investors**

**Project Entity**

* **Tranche C** is used for loan servicing during the investment stage if project goes over budget / suffers construction delays and if the project cash flow is insufficient to cover interest/coupon payments to holders of Tranche A and B