Prospects for the development of regional investments in Russia based on the public-private partnership arrangement

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Abstract. The aim of the study is to analyze the current state of development of regional and municipal investments in Russia on the basis of public-private partnership. This topic is particularly relevant, since in terms of the number of PPP projects, and in their volume, regional and municipal projects significantly dominate over federal ones. The article deals with the features of investment projects in different regions, their experience and the results of using PPP arrangements. It analyzes the main problems and gives recommendations on the main directions for the development of regional and municipal investments using PPPs.

Introduction
In order to growth the Russian economy at the worldwide average level, it is necessary to ensure a 5-10% increase of investments into municipal, transport, energy and social infrastructure per year. The solution of this task only from the state budget resources is not possible. In recent years, 5-6 years, the situation began to change for the better due to the active development and practice of the public-private partnership (PPP) arrangements.

Public-private partnership is one of the types of infrastructure improvement and development, based on the long-term cooperation of public authorities and private business partners. For private business, this provides an opportunity to participate in the shared or full financing of the project on the basis of an agreement considering the interests of the parties. [1].

The main objectives of PPP are to involve the private sector to invest in the production of consumer goods and services, various types of work, which causes, respectively, budget savings. Besides the development of infrastructure, the use of PPP arrangements improves the efficiency of public property management and increases the financial revenue of its assets.

PPP for Russia is becoming the main key direction of reforming the economy, which opens up the possibility of transforming the public administration system and the commercial sector, forms a new concept of their relations.

Analysis of the current state of PPP in the Russian Federation in 2017-2018 shows that at the beginning of 2018 out of 1954 projects with a positive decision on implementation, 331 projects belong to the regional level and 1,623 projects belong to the municipal level. Moreover, the amount of financing the obligations of private investors is 1.336 trillion rubles out of the total number of projects for which contracts or agreements are signed. [2].

The significant shift of investment projects on the basis of PPP to the regional-municipal level is confirmed not only by their number, but also by the share of private investors funding. So, the volume...
of financing by private investors of regional and municipal PPP projects for 2017 is 1,182.6 billion rubles, while the share of federal PPP projects is 182.4 billion rubles.

Thus, in Russia the main volume and amount of investments using the PPP arrangements are at the regional and municipal level.

PPP projects are a mutually acceptable combination of interests and legal powers of partners. The public partner acts as a point man for public interests and goals, and also performs the control function. Moreover, the state as a participant in a common project seeks to obtain effective results.

The PPP arrangement is the most popular form of interaction between public and private investors, which provides a complete risk sharing between the participants.

The main PPP models of any level are:
- Concession model. Thus, by 2018 private investment in concession PPPs from the infrastructure projects that have signed contracts or agreements for 2.496 trillion rubles, exceeds 619 mln rubles. According to statistics, by the end of 2016, 2,200 projects in Russia were of this kind. The concession model is governed by the law of the Russian Federation “On Concession Agreements” [3].
- A model of PPP organized in accordance with the Federal Law “On Public-Private Partnership, Municipal-Private Partnership in the Russian Federation and Amendments to Certain Legislative Acts of the Russian Federation”. Within this model, the object of the agreement may be privately owned if the requirements of this law are observed [4].

Development of regional investments in Russia based on the public-private partnership arrangement

In recent years, great experience in the development of PPP-based investments has been obtained in regions and municipalities. This experience requires a systematic analysis of the study and further development.

Public-private partnership is an essential tool in solving the strategic tasks of the regions. In any constituent region, one can determine a positive growth trajectory of the economy using PPP. At the same time, it should be emphasized that in Russia the development of PPP in regions is far uneven. Regional investments on the basis of PPP are directly reflected in the regions rating on the use of PPP. This indicator is set in accordance with the methodology of the Ministry of Economic Development of the Russian Federation, and takes into account: the state of the fundamental rules in which economic activity is carried out in the field of PPP, the state of regulatory support, and experience in PPP implementing. According to a study by the Center for PPP Development at the beginning of 2018, in Russia out of 85 regions, the first four places are occupied by Moscow, St. Petersburg, the Moscow region, the Samara region. The regions rating table is closed by the Republic of Kalmykia - 85th place, Karachay-Cherkess Republic - 84 th place, the Chechen Republic - 83 th place.

The analysis shows that the main efforts of regional authorities are aimed at the formation of authorized PPP bodies, systemic training of specialists, improvement of interdepartmental cooperation in the preparation and review of PPP projects, and formalizing regulatory documents considering the Federal laws. These and other measures have caused the success in the development of the best regions.

It should be emphasized that a significant part of the Russian regions have the minimum indicators of the PPP development according to various planned indicators:
- out of 85 constituent regions of the Russian Federation 16 do not have regional PPP projects (the Republic of Kalmykia, the Ivanovo region, the Republic of Mari El, etc.)
- the share of private investment in the development of 11 regions is close to zero (the Bryansk region, the Kursk region, Republic of Adygeya, etc.)
- a number of regions do not have a unified specialized structure for supporting the PPP projects

These indicators can be viewed as expected “growth points” that can significantly improve the development of PPPs in the coming year.

Let’s study a few examples of the PPP development in regions.
St. Petersburg is the leader in Russia in the interaction of the public and private sector on the basis of public-private partnership.

A committee in charge of investments, an executive body implementing the city’s investment policy and increasing its attractiveness to investors have been working in St. Petersburg since 2012.

In St. Petersburg, PPP support measures were developed and a “single window for working with investors” was organized. A regulation has been adopted for the interaction of executive authorities with investors in project support.

Forms of support for PPP projects include:
- consulting assistance required by the investor at all stages of the project, including the selection of real estate, obtaining the status of a strategic partner;
- organizational assistance in the project implementation, coordination of interaction with federal and regional authorities, obtaining permissions and approvals, interaction with credit and financial organizations;
- presentation of land plots for the implementation of the PPP project.

As an example of the implementation of the PPP investment project, one can mention the construction project “Western High-Speed Diameter in St. Petersburg”.

The project cost was 212 billion rubles. Where 82.9 billion rubles were the share of private investors. Only the central area spent 120 billion rubles, where 50.7 billion rubles were from Federal budget. The length of the road is 47 km. The road is toll and it is believed that investors will cover their expenses due to the fare.

The Rostov region today has a well-developed legislative framework for investments, the priorities of which are defined in the “Strategy for the Investment Development of the Rostov Region until 2030”. [6]

The main types and nature of partnerships under the PPP framework are reflected in the law of 22.07.2010, No. 448 “On the basis of public-private partnership”, which provides for certain obligations of the parties: the order and stages of implementation, the volume of obligations of the parties under the PPP. [5]

This resolution defines the main priorities in the investment sphere: clusters, growth poles, small and medium business, innovations, social investments.

Provision is made for the ease of infrastructure restrictions in the main areas:
- accelerated development of transport logistics and engineering infrastructure;
- elimination of administrative barriers to access to infrastructure;
- forming an effective pricing policy;
- development of investment mechanisms based on PPP.

The Government Decree of the Rostov region No. 474 formed a system of measures to involve investment projects to the region, their support and social assistance, as well as assessment of the PPP projects efficiency and monitoring of the implementation of relevant agreements.

The Rostov region has an integrated, systemic nature of the regulatory and legislative support and investment support for PPP projects.

Among the developed and existing legal documents are:
- on the authorized organization; [7]
- on the order of parties participation in the implementation of PPP projects in the Rostov region and others.

A significant role in the development of PPP is played by the Department of Investments and Entrepreneurship. It solves the issues of preparation and consideration of documents, provides consulting and methodological assistance, prepares an evaluation of the project for the competition commission. After considering the issue, an agreement on a PPP is concluded with the winner of the competition.

An example of this is the PPP project in the Rostov Region “Water of Rostov”. It provides for the construction and reconstruction of the water supply and sewerage system in the city of Rostov-on-Don, as well as in the south-western part of the Rostov region. 24.5 billion rubles out of the total
funding - 37.1 billion rubles (66%) are private investments. The project is designed for the period from 2004 to 2023.

One of the other largest projects in the south of Russia, which is worth mentioning is the PPP project of the Astrakhan region - the integrated development of oil and gas fields in the Northern Caspian. The volume of investments is 730.533 billion rubles. The implementation period is 2004-2040.

Based on the research conducted on the experience in implementing regional and municipal PPP investment projects in the Russian Federation, the following main problems can be identified:

1. The low level of institutionalization of the form of interaction between the government and business.
2. The impact of fluctuations in economic conditions and its instability, as well as the risk of laying off and closure of the project.
3. A unified methodological base for the preparation and implementation of PPP projects has not yet been formed.
4. The advanced experience in the use of the PPP arrangements in investment projects in Russia and abroad is not sufficiently used.
5. Investment companies in their activities in the regions face the following difficulties:
   - significant investor expenses for connecting to networks, a large number of approvals and procedures required to connect to the infrastructure;
   - long periods for obtaining the permissions.

Summary
Based on a study of the implementation of regional PPP investment projects in the Russian Federation, you can identify a number of directions and recommendations for optimizing the use and further development of regional PPPs:

1. We need the changes, modification and improvement of the scientific and methodological principles of the PPP and the regional regulatory framework. It is necessary to create supportive environment for the widespread use of PPP arrangements and advanced Russian and foreign experience [8, 9, 10].
2. Formation at the regional level of full-fledged structures to ensure the interaction of authorities and private partners throughout the entire period of PPP implementation.
3. Organization of specialized professional training with a strengthened economic and legal basis for work in the system of implementation of regional and municipal projects on the basis of public-private partnership.
4. It is necessary to develop a more effective insurance system for businesses involved in long-term PPP projects.
5. Increasing the investment attractiveness of the region, which depends on the following factors
   - the level of economic development of the region;
   - development of investment infrastructure;
   - demographic features of the region;
   - safety of investment activities;
   - regional specific character and sectoral structure of investment activity.

The implementation of the main directions of PPP development can give a significant acceleration to the economic growth of the regions, the implementation of infrastructure projects and the modernization of socially significant projects.

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