New forms of public-private partnership for sustainable development of the fuel and energy sector

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Abstract. Public-private partnership (PPP) as a form of interaction between the public and private sectors contributes to the improvement of social and economic situation in the country. PPP is viewed in a broad context and is presented as a system of financial and non-financial relations between government and business. A number of legislative initiatives contributed to the emergence of a new form of PPP that is a special investment contract (SPIC). In the Russian regions there are legislative initiatives that provide differences in terms of contracting. In a number of regions a federal-specific volume of mandatory investment has been reduced to attract investors, while there are regions where this volume is higher than at the federal level. Monitoring of regional legislation showed that the authorities of the constituent entities of the Russian Federation are striving to obtain guarantee obligations to create jobs and receive salaries above the average in the region. Measures to encourage investors have been determined, and the benefits to the government and business from the implementation of a SPIC have been shown.

1. Introduction
On the agenda of the Russian economy there is the task of finding new development instruments and new management solutions. The formation of a favorable investment climate is now becoming one of the key tasks of the government policy of the Russian Federation, the regions of which have different development potentials and need a differentiated approach to the choice of a development instrument. Such an instrument can be various forms of cooperation between government and business. However, their areas of interaction in key resource-rich sectors of the economy have been limited by legislative changes and need to find new solutions.

2. Methods of research
Methods of analysis, comparison, generalization, and expert evaluation have been used as a methodological basis.

3. Results and discussion
After amending certain legislative acts of the Russian Federation and adopting amendments to the Law on Concession Agreements, PPP projects in the field of subsoil use were excluded from the list of projects as not in accordance with the law. From 1285 PPP projects in 2015 only 5 projects could be attributed to the sphere of subsoil use [1]. Part 1 of Article 3 of the Law on PPP expressly prohibits the conclusion of PPP agreements for subsoil use [2]. The licensing nature of subsoil use limits the ability
to create PPP projects in the fuel and energy complex (FEC) and under the Law on Concessions. Another legislative barrier for the development of PPP in the FEC is defining a private partner in PPP projects given in part 3 of Article 3 of the PPP Law, according to which state and municipal unitary enterprises, state companies, as well as non-profit organizations and subsidiaries of state companies cannot be private partners in PPP projects. This restriction automatically makes it impossible for most large oil-and-gas and coal companies to participate in PPP projects in which a significant share of the shares belongs to the state. Whereas, some elements of PPP can be used, including those for the development of the fuel and energy complex. The latter include such forms of cooperation between government and business, in which the state's participation is indirect, non-financial. With this approach, the concept of PPP is significantly expanded and becomes a real institution of economic development [3, 4].

PPP is formed as a system of relationships of business entities and authorities, so the idea of public-private partnership is much broader and involves various forms of their interaction [5]. The realization of cooperation can be involved through financial and non-financial mechanisms. Financial mechanisms are represented by the state’s financial participation (direct investments, subsidies, etc.), not financial mechanisms are benefits, guarantees, inducements for business.

Recently, in view of the limited budget possibilities, the most interesting are non-financial mechanisms for implementing forms of partnership between government and business. These include SPIC, rent, concession and production sharing agreement. In Russia, from the non-financial mechanisms, the most interesting is a SPIC, since it is based on equitable terms for all investors (table 1). The rules for concluding a special investment contract with the participation of the Russian Federation are established by the Decree of the Government of the Russian Federation of July 16, 2015 No. 708 [9].

Table 1. The main incentive measures for investors within the framework of SPIC [6].

| Directions of incentives / level of benefits | Types of benefits | Objective |
|---------------------------------------------|-------------------|-----------|
| Simplified access to government orders / federal | Possibility to be the only supplier of products produced under a SPIC | Creation and promotion of the market for products (especially important for the innovative products implementation) |
| Tax benefits / federal and regional | Non-deterioration of tax conditions at the time of contract conclusion; the possibility of reducing the federal and regional part of the income tax rate to 0%; accelerated depreciation for fixed assets | Creation of stable conditions for the investment environment (especially important for the innovative technologies introduction) |
| Russian product / federal | Accelerated and simplified procedure for obtaining the status of a Russian manufacturer | Production localization and foreign investors attraction |
| Other measures / sectoral and regional | Other benefits, such as the provision of land owned by state and municipalities without a tender. | Production localization, use of regional reserves. |

The implementation of a SPIC is beneficial not only to business; the state as a result of the agreement also receives a number of benefits. Both of them are basically related to the controlled process of active and passive industrial policy (table 2).
Table 2. Benefits for government and business from the implementation of a SPIC [6].

| For government | For business |
|----------------|-------------|
| Growth of industrial products, which have no analogues in Russia; | Privileges on taxes, fees and benefits for customs payments; |
| Development of industries of priority importance; | Privileges on rent payment for use of state and municipal property, including land plots; |
| Implementation of the best available technologies; | Other benefits and preferences established by law; |
| Creation and development of high-tech products manufacture; | Guarantees against adverse changes in the legislation in force. |
| Localization of production in the required volume in Russia; | |
| Creation of industrial infrastructure. | |

The SPIC has received its legislative form in the regions. As of May 1, 2017, out of 85 constituent entities of the Russian Federation 68 have a separate normative act defining the rules and procedure for concluding a SPIC on behalf of the entity, which formed regional differences.

The volume of investments in the amount of less than 750 million rubles is presented in 36 regions of the Russian Federation. The lowest volume is in the Republic of Khakassia with 10 million rubles. In 5 subjects of the Russian Federation (Altai Territory, Sevastopol, Bryansk Region, Ivanovo Region, Ryazan Region) it makes up 50 million rubles. The increased volume of investments is set in the Moscow region, where the amount of investment is 1 billion rubles. The largest amount of investment is set at 1 billion 500 million rubles in the Kaliningrad region for 3 years. In seven regions of the Russian Federation (the Altai Territory, the Komi Republic, the Udmurt Republic, the Republic of Chuvashia, Perm Krai, Orenburg Region, Saratov Region), there are the requirements for the number of jobs created. The minimum number of jobs is in Altai Republic and the Orenburg region (50 jobs); the maximum number of workplaces retained until the end of the project is in the Perm Territory and Orel region (250 jobs). Thus, the mechanism for attracting investments becomes an instrument for localizing not only production, but also human capital.

By 2017, 8 special investment contracts had been concluded in Russia and another 10 are under consideration (table 3).

Table 3. List of special investment contracts of federal level (end of 2016) [6].

| No. | Name of an industrial investor | Subject of the contract |
|-----|--------------------------------|-------------------------|
| 1   | DMG MORI AG Concern, Ulyanovsk region | Construction of the Ulyanovsk machine-tool plant |
| 2   | HMS Livgidromash, JS, Oryol region | Localization of pumps production for oil refining |
| 3   | Tomsk Technologies of Mechanical Engineering LLC, Tomsk Region | Mastering the serial production of domestic anti-surge and control valves, electric drives and electrical appliances |
| 4   | MAZDA-SOLLERS | Constriction of a plant producing engines intended for motor vehicles export |
| 5   | CLAAS LLC, Krasnodar Krai | Modernization of CLAAS agricultural machinery plant in Krasnodar |
| 6   | EuroChem-UKK LLC, Perm Krai | Establishment of the Usolsky potash plant, an industrial production with 2.3 million tons of 95 % KCL from Gremyachinskoye field per year |
| 7   | EuroChem-VolgaKaliy, | Mining and enrichment plant for extraction and enrichment |
Volgograd region
Mercedes-Benz RUS JSC, Moscow region

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Creation and development of industrial production of Mercedes-Benz wheeled vehicles

| SPICs under consideration | Volgograd region | Transneft-Siberia JSC, Tyumen Region | Biocad Closed Joint-Stock Company, St. Petersburg | GEROPHARM LLC, St. Petersburg | Hyundai Motor Manufacturing Rus LLC, St. Petersburg | Golitsyn Bus Plant Holding Company JSC, Moscow region | Novo Nordisk Production Support LLC, Kaluga Region | RED JSC, Chelyabinsk region | CNH Industrial Russia LLC, Republic of Tatarstan | OKTAFARMA–FARMIMEX LLC, Moscow | Hamilton Standard-Science Joint-Stock Company, Moscow |
|---------------------------|------------------|-------------------------------------|-----------------------------------------------|-------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|
|                          | of potassium salts with capacity | Creation and development of equipment industrial production for operation, maintenance and repair of main oil pipelines objects | Organization of biological substances and finished dosage forms production | Organization and development of insulin and insulin analogues, organic substances (active pharmaceutical substances and pharmaceuticals) which have no analogues | Building a multi-model Hyundai factory in St. Petersburg | Establishing the production of high-tech agricultural machinery | Design, construction, equipping and commissioning of a new workshop for the assembly of pre-filled FlexPen® syringes | Setting up an industrial production and development of high-voltage electric motors | Modernization and production development of New Holland agricultural machinery | Construction of a full cycle plant for the production of biopharmaceuticals and substances from human plasma | Production of heat exchangers for air conditioning systems |

4. Conclusions
The implementation of this instrument in Russia requires a comprehensive and clear study of all the aspects relating to real operation and achievement of the set goals, including [10]:

- developing a mechanism of interest and attracting investors to the industry ready to assume and fulfill social and economic obligations;
- developing a mechanism for detailed identification of investors involved in the development of a certain type of industry;
- developing regional normative legal acts regulating the conditions for the conclusion of SPICs and the standard forms of a SPIC for each individual industry in such a way that ultimately the results achieved can be compared with the stated objectives (possibly through a regulatory impact assessment or an impact assessment).

Nevertheless, the potential of a SPIC for investors is great, namely it is a Russian product, the only supplier, tax incentives; for government is an instrument for attracting investments, localizing the investor on its territory with a 10-year guarantee, jobs and no necessity of budget investment, as well as creating an additional product in the economy with the subsequent development of service industries.

SPIC as a development tool has comparative advantages and can become a full-fledged form of cooperation between government and business in the fuel and energy sector.
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