



Public-Private Partnership Based Projects as a Mechanism to Form Social Infrastructure in the Regions of the Russian Federation

Proyectos basados en asociaciones público-privadas como mecanismo para formar infraestructuras sociales en las regiones de la Federación Rusa

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ABSTRACT:

The article analyzes the federal districts of the Russian Federation in terms of subjects for the sectors in which projects are implemented on the principle of public-private partnership (PPP) in the social sphere. This analysis was carried based on the indicators of monetary investment volume and the number of approved and implemented projects. A mechanism for the formation of social infrastructure within regions with the help of PPP projects as well as the regulatory and legal framework for the formation and implementation of PPP projects are described. The PPP projects of the social sphere were chosen as an object of research, since they occupy a large share of all PPP projects approved in the Russian Federation. The ranking of regions of the Russian Federation is analyzed according to the level of development. The dynamics of the PPP

RESUMEN:

El artículo analiza los distritos federales de la Federación de Rusia en términos de temas para los sectores en los que los proyectos se implementan sobre el principio de la asociación público-privada (PPP) en la esfera social. Este análisis se llevó a cabo con base en los indicadores del volumen de inversión monetaria y el número de proyectos aprobados y ejecutados. Se describe un mecanismo para la formación de infraestructura social dentro de las regiones con la ayuda de proyectos de PPP, así como el marco regulatorio y legal para la formación e implementación de proyectos de APP. Los proyectos de PPP de la esfera social fueron elegidos como objeto de investigación, ya que ocupan una gran proporción de todos los proyectos de APP aprobados en la Federación de Rusia. La clasificación de las regiones de la Federación de Rusia se analiza según el nivel de

mechanism development as a factor in the formation of the regional infrastructure is established. Problems encountered in the implementation of PPP projects at the regional level are identified.

Keywords: social infrastructure, infrastructure projects, public-private partnership, regional economy of the Russian Federation

desarrollo. Se establece la dinámica del desarrollo del mecanismo PPP como un factor en la formación de la infraestructura regional. Se identifican los problemas encontrados en la implementación de proyectos de APP en el nivel regional.

Palabras clave: infraestructura social, proyectos de infraestructura, asociación público-privada, economía regional de la Federación de Rusia

1. Introduction

The problem of the regions' infrastructure formation and the ways of its development becomes most relevant due to the fact that the Government reduces investments in infrastructure intended to create facilities, and increases the repair or modernization costs. Therefore, new ways of solving the construction of regional infrastructure facilities are needed to create a complete regional infrastructure.

The economy infrastructure is an interconnected set of material objects and spheres of activity that create common conditions for public reproduction in the way of rendering services to establish effective interaction of economic entities (Lippman, McCardle & Tang 2013; Oreshin 1986).

One of the most effective tools for developing regional infrastructure is the implementation of infrastructure projects through public-private partnership.

Public-private partnership (PPP) is one of the ways to develop public infrastructure, based on long-term interaction of the Government and business, in which the private party (business) participates not only in the creation (design, financing, construction and reconstruction) of the infrastructure objects, but also and in its subsequent operation and/or maintenance on behalf of the public side as well (Shaidullin, Ulesov, Shigabieva & Safiullin 2013; The Federal Law No. 224-FZ of July 13, 2015).

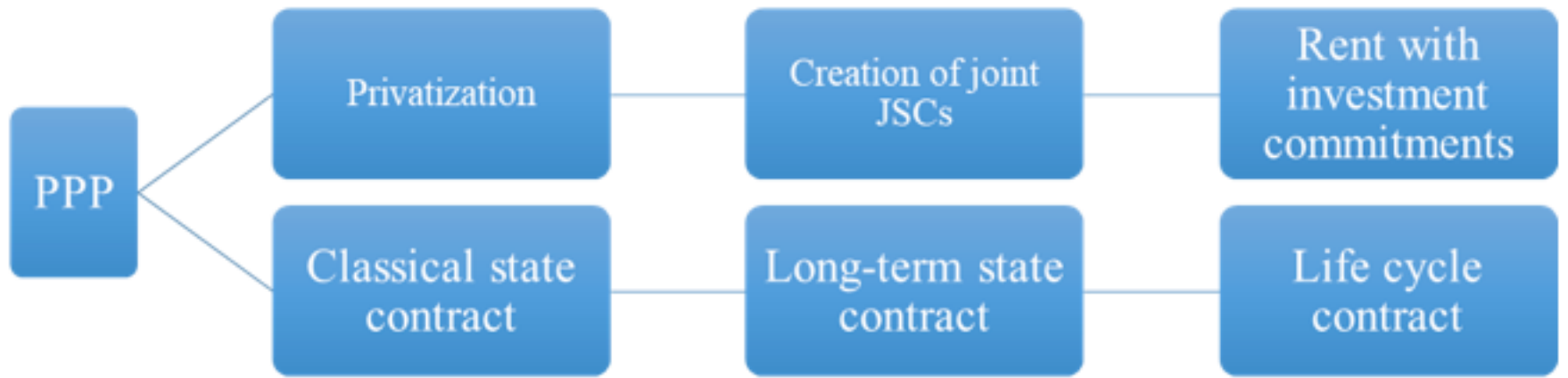
The works of many scientists both in the domestic (I.A. Babkin, V.S. Bazhenova, E.M. Bukhvald, L.V. Goriainova & V.V. Glukhov, et al. 2014, N.G. Bagautdinova, E. Tsaregorodtsev, I. Kulalayeva & N. Arzhantseva 2014, V.G. Varnavskii, A. V. Klimenko & V. A. Korolev 2010, R. Gainova, R. N. Shaidullin, L. N. Safiullin & E. M. Maratkanova 2013, V.V. Glukhov 2013, K.I. Kolesnikov 2008), and in the foreign literature (J. Austin 2000, R. Wettenhol 2010, J. Delman 2009, G. Kay, J. W. Paul & P. Shilpa 2008, D. Clerck, E. Demeulemeester & W. Herroelen 2012, G. Fandel, A. Giese & B. Mohn 2012) are devoted to studying the mechanism of PPP and its application.

2. Methods

To analyze the implementation of PPP projects in social infrastructure in the regions of the Russian federation, the following methods and scientific approaches have been used: historical and evolutionary, interdisciplinary, integrational, process and situational. Methods of retrospective, categorical, factor, system and cluster analysis, modeling and forecasting have been used.

3. Results

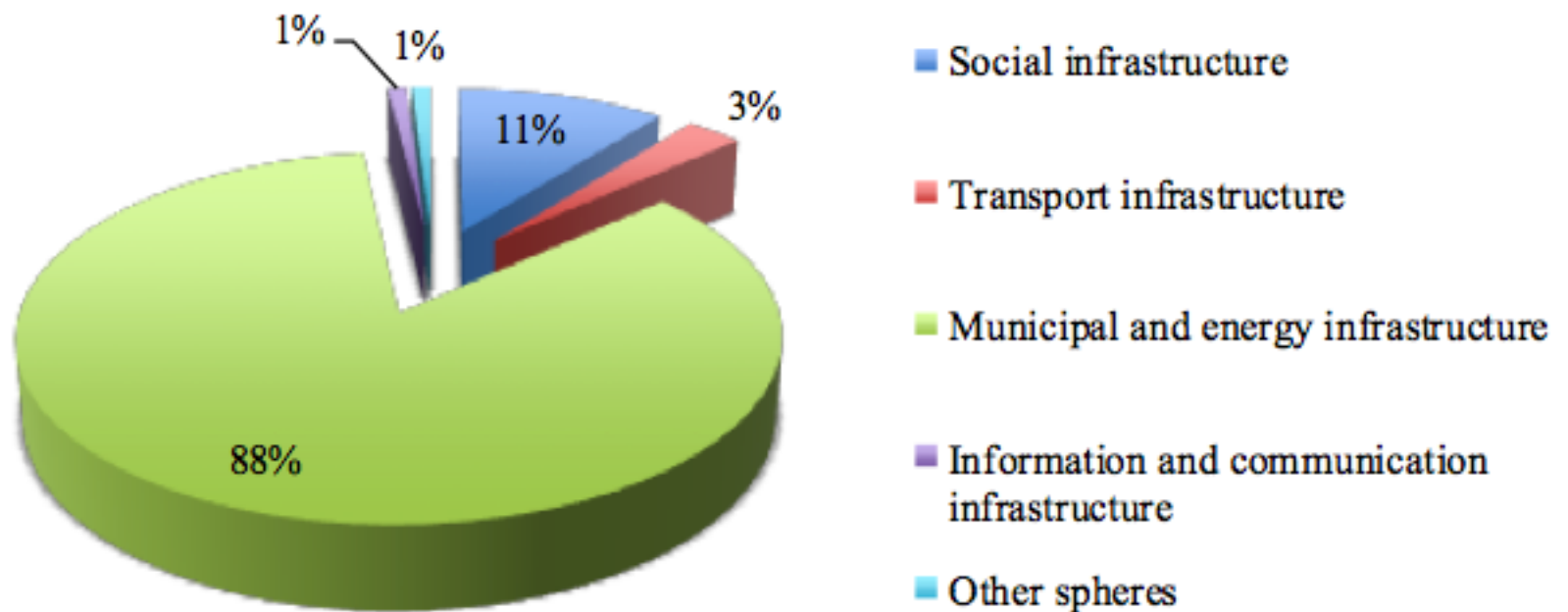
PPP projects are considered to be the most effective in the world practice for the construction of expensive and long-term facilities, since the Government not only financially participates in the implementation of a particular project, but also sets the strategic vector for the development of a certain industry, which even a large company is not always capable of building. At the same time, the Government not only builds infrastructure as such, but also allows businesses to develop, where project work is usually much more efficient and faster. The interaction of the Government and business institutions proceeds according to the scheme shown in Figure 1.



Among the PPP projects that have passed the decision-making stage on the implementation, there are 17 federal level projects; 238 regional level projects; and 2191 municipal level projects.

The largest share in the number of approved PPP projects belongs to the social projects (Fig. 2), since this is the sphere, which the Government (as a social institution) puts in priority in connection with the insufficient development in the regions of such social sectors as education, health and sanatorium-resort treatment, social services for the population, tourism, physical culture and sports, culture and leisure, and restoration of cultural heritage sites.

Figure 2
Structure of approved PPP projects in Russia by their number



4. Discussion

Social infrastructure including, in particular, schools, colleges, hospitals, is a factor affecting competitiveness, since the availability of high-quality social infrastructure can affect the decision to invest and start a business. The social infrastructure supports social cohesion in the region and allows the full use of the human potential available in it.

The leading federal districts in terms of attracted investment in the implementation of social projects are the Central Federal District and the Volga Federal District. The volume of attracted investments in the Central Federal District amounts to 45% of the all-Russia volume (114,224,971 thousand Rubles) (Study on Public-Private Partnership in Russia 2016-2017: Current Status and Trends, Regions' Rating, 2016).

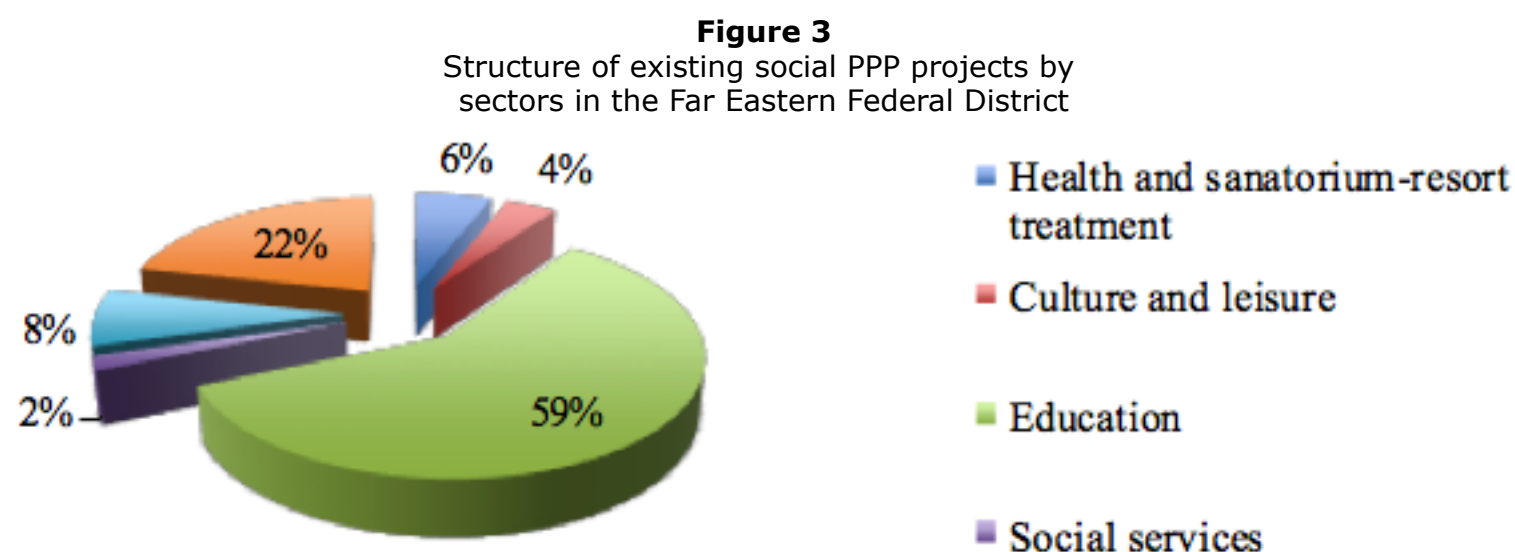
In the Volga Federal District, their volume makes 22% of the all-Russia volume (55,470,442 thousand Rubles). However, in terms of the number of social infrastructure projects implemented, the Volga Federal District is the leader (25% of the number of all-Russian

projects), despite the fact that it is inferior to the Central (24% of the number of all-Russian projects) in terms of attracted investments.

In the Central Federal District, the leaders in terms of attracted investments are Moscow (90,892,100 rubles received from 5 projects, which is only 7% of the total number of projects being implemented in the Central Federal District), the Moscow Region (12.06%) and the Ryazan Region (3.7%). The smallest share belongs to the Ivanovo Region, where the volume of investments in the social sphere is 0.01% of the total volume in the Central Federal District for the amount of 8,758 thousand Rubles from 4 approved projects.

In the Volga Federal District, the Saratov Region (54.48% of the total Volga Federal District volume), the Samara Region (15.17%) and the Ulyanovsk Region (14.48%) are the leaders in terms of the volume of investments in the social sphere.

In the Far Eastern Federal District, the implementation of PPP projects in the social sphere is present in five entities out of nine and the total volume of investments from the implementation of PPP projects in the social sphere for the entire period of their formation and implementation is 14,409,969 thousand Rubles, which is 6% of the total investment in the implementation of social infrastructure projects with PPP. However, the Sakha (Yakutia) Republic, which is the leader in the Far Eastern Federal District by the amount of attracted investments in the sphere in question (94.1%) received from the implementation of 26 social PPP projects, has a significant share. Besides, an insignificant share of investments attracted to the implementation of PPP social projects also belongs to the Khabarovsk Territory (4.92%) with 11 PPP projects, the Magadan Region (0.69%) with one project, the Primorsky Territory (0.17%) with one project, and the Amur Region (0.11%) with two projects. These projects are implemented in the following sectors of the social sphere: education (30 projects), tourism (4 projects), health and spa treatment (3 projects), culture and leisure (2 projects), social services (1 project), physical culture and sport (1 project) (Fig. 3).



The North Caucasus Federal District implements PPP projects mainly in healthcare sectors (50% of attracted investments of the federal district) and tourism (45%). The total investment in PPP projects of the social sphere in the North Caucasus Federal District is only 1% of the all-Russia volume and is implemented in 7 PPP projects. 50.35% of investments in infrastructure projects in the social sphere of the North Caucasus Federal District fall on the Republic of Dagestan, where two PPP projects in the field of health care are being implemented, and 49.62% of investments fall on the Stavropol Territory, which in 2017 has approved a tourist project on the reconstruction of the Old Lake water facility in the city of Kislovodsk (Platform for supporting infrastructure projects "ROSINFRA")

Besides, the tourist focus of PPP projects prevails in the Siberian Federal District (53% of the total investment in PPP projects in the social sphere of the federal district). In the Siberian Federal District, all three PPP tourism projects are implemented in the Novosibirsk Region.

5. Conclusion

After analyzing PPP projects in the social infrastructure of the federal districts and in the context of industries, it can be confidently said that this mechanism is actively developing in Russia at the regional level.

It is worth noting the most active role of PPP projects in the formation of social infrastructure in the Volga and Central Federal Districts. It can also be said about a fairly balanced development of this mechanism in other federal districts. This type of partnership is actively used to eliminate infrastructural regional problems, involving extrabudgetary funds to their solution, while intensifying the private sector and stimulating it with economically advantageous conditions for cooperation.

However, it is necessary to note several problems that arise as a result of the preparation, introduction and implementation of the project. First, in the implementation of infrastructure projects, executives receive questions from the Federal Antimonopoly Service about the dominance in the market.

Secondly, it is necessary to legislatively implement the methodology for evaluating the effectiveness of each project, which will identify the risks in its implementation. Similar methods have already been proposed, however, they have not been approved due to the subjectivity of the criteria. This methodology is also necessary to assess the benefits of PPP projects against public procurements. However, the PPP mechanism is a great way for the Government to attract extrabudgetary funds into the infrastructure.

Thirdly, during the implementation of projects, internal problems arise in the company in such areas as project management, decision making, risk management, change management, financial indicators, granting benefits, and timely project management. The problems of monitoring the results of PPP projects have already been solved by creating a PPP project in the platform, which is updated in real time.

Fourth, it is necessary to form long-term programs for the development of PPP projects and to normatively fix the conceptual framework (strategy) for the development of the PPP sphere. Currently, it is proposed to include the mechanism of PPP based projects into the investment strategy, as well as the development and adoption of the PPP development concept in the constituent entities of the Russian Federation.

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