



Public-Private Partnership in Agribusiness

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ABSTRACT

Reformation of the country's agribusiness fundamentally changes the approach to establishing the competitive enterprises in the agrarian sector, which is so far the problem of realization of the agrarian policy in conditions of ensuring economic and food security of the country. State aid to agriculture leads to increased competitiveness of the sector, the emergence of additional resources that create the corresponding part of the demand for factors of production, increase the attractiveness of the sector for credit, investment and other institutions. The transition to innovative development and modernization of the economy provides an active search for tools to encourage innovation and investment activity of private funds, while ensuring the most effective balance of interests of the state and business structures. The mechanism of public-private partnership (PPP) is used as such a tool. The main objective of the research is to study the mechanism of realization of the state-private partnership in the Russian and foreign practice of development of the agrarian sector, as well to develop of priority directions of its improvement. The authors of the article substantiated the necessity of the use of new financial tools to ensure the innovative development of the agrarian sector, such as technology platforms, venture capital funds, agro-industrial parks and rental leasing relationship. Realization of these measures will contribute to the effective development of PPP in the Russian agribusiness in the modern conditions of the unstable environment.

Keywords: Public-Private Partnership, Agribusiness, Agriculture, Foreign Experience, Program, Improvement

JEL Classifications: H54, H82, Q10

1. INTRODUCTION

Russia's accession to the World Trade Organization requires the developments of new mechanisms in the area of state support for its agricultural producers. First of all, it should be measures aimed at improving the infrastructure of the Russian agribusiness, which necessitates the creation of modern innovative projects that would serve as a basis for sustainable socio-economic development and food security of the country. The transition to an innovative path of development significantly increases the role of the state in the creation, regulation and support of technological progress of society. The state becomes a special institution that forms a national idea and a development strategy, creates effective mechanisms for its implementation and forming institutions of development of all sectors of the economy.

An important part of the national economy is the development of agribusiness, where the main task of the state is to organize and promote innovation in the agrarian sector of the economy. It is obvious that under the current conditions of systemic crisis in agribusiness, its specific sectors and business entities are not able to provide a solution to this problem at the expense of their own capabilities. Active cooperation of public and private capital on the basis of a PPP can be the optimal solution.

In this context, the need to develop a system of measures to improve the use of PPP in the Russian conditions on the basis of learning and adaptation of foreign practice becomes evident.

1.1. References

Problems of development of the mechanisms of PPP are the subject of study of various sciences and scientific schools.

In world practice, the mechanism of PPP has been used for a long time and proved to be effective. The foreign scientists studying certain aspects of the interaction of the economies of private and public areas, as well as the issues of relations between business and the state, include Hale (2006), Hodge and Greve (2007), Gerrard (2001), Yescombe (2011), Murphy (2012), Osborne (2000), Herzberg (2005) and Hensley (2002).

Interest to the mechanisms of implementation of PPP in Russia, in particular to the experience of joint business projects and state structures, were an incentive for scientific research in Russia. Thus, the theoretical basis of PPP was set forth in the works of Russian researchers: Berestov (2008), Varnavskiy (2009), Vilisov (2007), Silvestrov (2008) and Shabanov (2008). Institutional, political and legal issues of implementation of PPP projects are deeply studied in the works of Belitskaya (2012), Khatayeva (2008), Yakunin (2007) and others.

There are not many works devoted to the analysis of international experience in the implementation of PPP projects in the domestic scientific segment. The researchers in this area include Yemelyanov (2012), Kabashkin (2010), Mochalnikov (2012).

In recent years, in the context of high public and scientific interest in the phenomenon of PPP, a significant number of research works emerged that analyze the effectiveness and perspectives of PPPs in a broad range of sectors, including agriculture. However, the issues of the effective use of PPPs in some sectors of the economy, which include agriculture, remain poorly understood and undeveloped.

2. METHODS OF RESEARCH

The study was based on systematization of scientific works of domestic and foreign scientists in the field of the use of PPP mechanisms.

The concept of “PPP” appeared in the early 90s of the XX century and is associated with the British PPP model. The government, represented by the Prime Minister J. Major, announced the so-called “private financial initiative” (PFI). The concept of the PFI was to transfer functions of financing the state-owned socio-cultural and industrial infrastructure to the private sector within the framework of agreements and contracts on PPP.

Experts of the world’s largest consulting company Deloitte believe that PPP is a contractual agreement between a government agency and a private company, which allows the latter to increase its participation in the provision of public services.

PricewaterhouseCoopers and CMS Cameron McKenna consider the concept of PPPs more broadly, defining it as any transaction, “the structure of which involves the joint work of public and private sector to achieve a common goal.” In general, the majority of both Russian and foreign authors agree with this position in the interpretation of the concept.

In the early works of Varnavskiy, one of the first Russian scientists in the field of PPPs, this concept is defined as “an institutional

and organizational alliance between government and business in order to implement national and international, large-scale and local, but always socially significant projects and programs in a wide range of areas of activity: From the development of strategic industries and research and development (R and D) to ensuring public services” (Varnavskiy, 2005).

Using the method of system analysis in the work allowed to reveal the main strengths and weaknesses of the mechanism under study and to evaluate the possibilities of its use for the Russian agribusiness. The findings were the basis for developing a set of proposals of measures to form an effective mechanism for the implementation of PPP projects in the agricultural sector. System method also allowed to identify the best practices of foreign experience of state regulation and to justify their application in the Russian level using a program-target method.

The basis for the empirical study was data of the Federal Service of State Statistics of the Russian Federation, materials from the media and published national reports of foreign countries on the development of PPP. The results led to the conclusion about the general trends in the development of PPP in the Russian and foreign practice.

3. RESULTS AND DISCUSSION

In foreign practice, government support in agriculture goes beyond the development of business and uses individual entities of the private sector to create public goods. Many foreign governments and development agencies recognize that the public sector needs to work with business entities relying on the comparative advantages of each of them to create public goods (Hartwich, 2012). Such direct cooperation can benefit both partners, it is particularly preferred in areas such as the provision of environmental services, as well as the innovation and introduction of new technologies in the agrarian sector.

Since the agrarian area largely suffers from significant underfunding of research and the impact of external factors, the use of PPPs allows to reduce the risk for the individual private partners and at the same time contribute to the adaptation and dissemination of new research findings and existing knowledge and technologies. Such cooperation helps overcome the problems of underfunding and accelerates technological progress.

The significance of PPP for the Russian Federation is confirmed by the historical experience of PPPs within the concessions of the NEP period (Kochetkova, 2015). More than 2700 PPP projects were established in the developed countries of Western Europe and developing countries back in the 90s of the XX century. During the last two decades, thousands of successful projects have been implemented within the PPP abroad. The leaders in the field of PPP are the UK, the USA, France and Germany, where concession agreements and contracts are the main form of partnership. Common features of foreign practice of PPP implementation is a broader and better-ordered regulatory framework governing contractual relations in the various sectors and allowing to most fully take into account the variety of conditions of operation in various areas.

To date, the world practices of PPPs are quite extensive, and certain preferences when choosing specific areas, forms and methods of partnership of the state and private business have been designated. We must note that each country makes its own choice in the priority of the sectors for the implementation of PPPs independently (depending on the degree of importance and feasibility). The most preferred sectors of the economy where PPP projects are implemented in Europe are education (34%), transport (21%) and healthcare (17%). “Many countries in the world create modern agrarian business structures based on PPP principles to solve the problem of providing their populations with food” (Pinaud, 2007). For example, \$10 bln is annually allocated as guarantees in the US. In addition, the Agricultural Technology Innovation Partnership was approved in 2007, which is implemented by the Agricultural Research Service under the jurisdiction of the USDA and ensures the conditions for cooperation between the private and public institutions. It should be noted that the US has a long practice in the area under study and in active stimulation of innovation development, as the early forms of PPP emerged more than 200 years ago. A distinctive feature of the formation of the American innovation system in the late XIX-early XX century was a close link between industrial corporations and universities.

The possibility of providing the population with better services, including in agriculture, emerged thanks to PPP mechanism in Israel as well. Here, a PPP is an alternative to a fully public provision and is especially effective in cases of lack of public funds. In this case, business is able to provide a wide range of services under the well-established rules and the agreed rates for a long time (20-30 years).

Various forms of PPPs are adapted in practice of the developing countries. Thus, PPP is developed in India through the strengthening of cooperation between industrial companies and universities in R and D. The process of PPP development in the agrarian sector began with mechanisms such as consulting, provision of contractual services, the commercialization of products and processes placed through the Indian Council of Agricultural Research. It should be noted that the National Agricultural Research system includes the Central University of Agriculture and 40 state agrarian universities. Thus, one of the most important factors of social development is knowledge that defines the rapid development of innovative economy.

The Australian government issues competitive grants and provides tax benefits to promote and facilitate the mechanisms of PPPs, increase the share of research and improve the interaction between the different actors of the innovation system. Thus, innovations become a sustainable factor in the development of effective cooperation and the translation of research results into economic, social and environmental benefits.

Foreign experience shows that the transition to innovative development is based on effective interaction between the state and private business in the area of science and innovation. One of the mechanisms for this interaction is the development of various forms of PPPs throughout the innovation cycle, from conducting research and commercialization of research and technology to the production of high-tech products. Thus, the development potential

of PPPs contributes to the formation of agricultural innovation systems and is achieved through market-oriented policies.

The study of foreign experience in the PPP development allows to determine promising areas and mechanisms of innovative development of the agrarian sector in the Russian practice when promoting the kinds of agricultural products for which there are competitive advantages in Russia.

At the present stage, PPP in the Russian agrarian sector is implemented mainly through the realization of targeted sectoral programs in accordance with one of the models: “State-agricultural producer,” “State-agricultural holding (integrator-investor),” “State-self-regulatory organizations.”

Despite the fact that Russia does not have a long history of implementation of PPP projects, there is a positive experience of partnership between the state and business in a number of sectors of the economy, including in agribusiness. The PPP practice involves a fairly wide range of legal forms of public organizations (government agencies, state unitary enterprises, state-owned corporations, financial and industrial groups, non-profit partnerships, autonomous non-profit organizations, foundations). It should be noted that the institutions of PPPs established to date (public corporations, Russian Venture Company, special economic zones, technology transfer centers, innovation and technology centers, industrial parks, etc.) are not used in a systemic way.

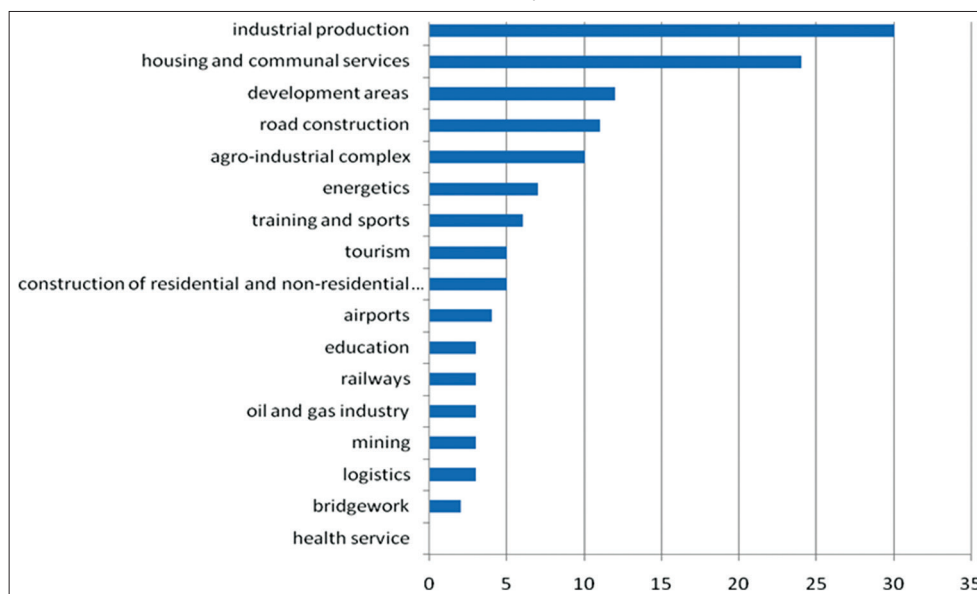
Analysis of investment projects implemented in the Russian Federation allowed to identify the areas of priority for the government and those attractive to the Russian business (Figure 1). Agribusiness is among the five sectors where the greatest number of investment projects on the basis of PPP have been realized.

One of PPP instruments that are actively used in the Russian practice is federal target programs that involve co-financing of the companies’ costs of innovative products creation. The first program designed to attract extra-budgetary resources for the commercialization of new developments was the Interagency innovative program “Biotechnology for medicine and agribusiness” (2000).

The priority national project “Development of agribusiness,” which was implemented in 2006-2007 and subsequently transformed into the State program of development of agriculture and regulation of markets of agricultural products, raw materials and food existing in 2008-2012 and prolonged for 2013-2020, was equally important for the modernization of the Russian agrarian sector. The state carries out the organizational and economic function of agribusiness development, organizes and coordinates the development of the target governmental, departmental and regional programs and innovative investment projects, ensures the formation of an innovative infrastructure, without executing the agribusiness function (Akimova and Kochetkova, 2015).

The tool of formation of innovative agribusiness system and development of PPP in the near future should be the technological

Figure 1: Number of investment projects implemented in the Russian Federation on the basis of public-private partnership in the sectors of economy



platforms as the most modern form of PPP aimed at harmonizing the priorities of scientific and technical policy of development of agriculture and processing industries between business, science and education in order to improve competitiveness of agribusiness as a whole and of individual areas, complexes and organizations. For example, a technology platform “Technology of the food and processing industry of agribusiness-healthy food” has already been formed on the basis of FGBOU VO “Voronezh State University of Engineering Technology.” It includes 108 organizations (including the small-scale industry of agriculture and processing sectors of agribusiness, Research Institute of the Russian Academy of Agricultural Science, etc.).

The most preferred form of implementation of the PPP mechanism both in the Russian and foreign practice is a contractual form of PPP and its specific types-investment and concession agreements, which is caused by the presence of well-developed legal framework and transparent mechanism of interaction between the parties. About 500 concession agreements are registered in the country (Kochetkova, 2015).

Regions rely both on large farms and small business and rural cooperatives when developing direct interaction with entrepreneurs. Authorities assist large producers in the allocation of land, building of the necessary communications, provision of guarantees on loans. Payments from the state budget take different forms: Appropriations, subsidies, grants, subventions.

There are also various forms of monetary policy, which involve the use of methods of indirect influence of the Central Bank on the elements of market economy through optimization of the mechanism of the market impact. The tools include: Limits on lending, change of bank rate, direct regulation of interest rate, etc. In addition, there are other forms of influence on the economy, such as lending, investments, tax mechanism (Polushkina, Akimova, Kochetkova, Kovalenko, Yakimova, Avtaikina, et al., 2015).

In domestic practice, in addition to the reviewed forms, the implementation of major PPP projects is mainly carried out in the form of the use of the Investment Fund of the Russian Federation and other sources of financing for large investment projects corresponding to the main areas of the strategic development of the Russian Federation. From all the investment projects to be implemented under the terms of PPPs in Russia, only 8 belong to the agribusiness sector, of which 4 are realized in Tambov region, 2 in the Republic of Mordovia, one in Bryansk region and one in Altai region (Table 1).

Of the total number of projects, only two have been realized in full. Tambov region is leading in terms of the number of implemented projects (4 projects). The volume of investments amounted to 80% of all projects implemented by the Investment Fund of the Russian Federation (37,787.02 mln rub.). All of them are aimed at the transformation of the regional economy through the creation of new high-tech agricultural productions.

2 investment projects were implemented in the Republic of Mordovia for the total amount of 1,870.26 mln rub., the share of the Investment Fund of the Russian Federation in financing amounted to 19.5%. The project of the construction of an animal feed mill in Ruzaevsky district, where the share of businesses in the total amount of the project was 91%, became one of the first realized agribusiness projects.

These data indicate a low share of the PPP projects in the agribusiness sector. This is due to lack of development of PPP at the regional level, the lack of experience in implementation of such projects, and the lack of creditworthiness of the regions. At the same time, there have been positive trends in the development of PPPs in the Russian regions and the increase in the number of investment projects over the past 3 years. Ratings of PPP regions are compiled every year since 2012 (Table 2).

Table 1: Investment PPP projects in the agribusiness sector, realized with the participation of the Investment Fund of the Russian Federation, as of 2015 (Kochetkova and Moiseyeva, 2016)

Project name, region	Implementation period, years	Investment size, mln rub.	Share of the investment fund of the Russian Federation in financing (%)	Level of the project completion, (%)
Construction of the complex for the production of 30,000 tons of pork meat in live weight per year with an animal feed mill on the territory of Morshansky district of Tambov region with the capacity of 120,000 of animal feed per year	2012-2013	3982.45	23.6	26
Construction of the complex for the production of 90,000 tons of pork meat in live weight with an animal feed mill with the capacity of 290,000 tons of animal feed per year on the territory of Znamensky and Sampursky districts of Tambov region	2012-2014	16,801.82	11.4	84
First stage of the Tambov region agribusiness development program	2009-2012	13,532.94	5.8	93
Second stage of the Tambov region agribusiness development program	2011-2015	5910.66	10.5	82
Creation of a pig farm in Talmensky district of Altai region	2011-2012	2508.67	8.3	99
Construction of the plant for the production of frozen cooked potatoes and potato flakes in Bryansk region	2012-2014	4856.41	4.2	22
Construction of an animal feed mill in Ruzaevsky district of the Republic of Mordovia	2009-2012	537.07	7.4	41
Creation of the communal and energy infrastructure in the Republic of Mordovia in order to create a cheese factory for the production of hard cheese with capacity of 250 tons of milk/day	2009-2013	1333.19	12.1	100

PPP: Public-private partnership

The data for compiling the rating were provided by 83 regions of the Russian Federation. Leading positions are occupied by St. Petersburg and the Republic of Tatarstan, which have the highest investment attractiveness and extensive experience in the implementation of regional PPP projects, as well as a developed institutional environment.

The category of regions with high potential includes 17 regions of the Russian Federation with the development of PPP at a consistently high level. The top 10 regions with a high level of PPP development in 2015 include Samara, Sverdlovsk, Moscow and Voronezh regions, but their levels of PPP development do not exceed 60% and, therefore, they do not claim to be the leading regions at the moment.

The group of regions with an average potential of PPP (35-45%) in early 2015 included 16 regions in which the level of investment

attractiveness (average) and the institutional environment are sufficient for replication of projects but require further refinement, taking into account the specificity of each region. Leaders in growth in this group as compared to the previous year were Vladimir region, the Republic of Sakha, the Republic of Buryatia and Khabarovsk region.

The group with low PPP potential includes 28 regions with a low level of PPP development, as it is at an early stage of development, which is described by the gradual establishment of the necessary conditions for the implementation of PPP projects.

The group of regions with a very low level of PPP development includes about 20 Russian regions.

It is obvious that the regional government should focus on creating an investment climate in agribusiness of the region to attract the

Table 2: Rating of VFD regions by level of development of public-private partnership (Kochetkova and Moiseyeva, 2016)

Region of Russia	Position of the region of Russia by years			Performance of the region by years, %		
	2014-2015	2013-2014	Change	2014-2015	2013-2014	Change
Regions leading by level of PPP development (60-75%)						
Republic of Tatarstan	2	2	0	66.7	70.6	-3.9
Nizhny Novgorod Region	5	5	0	61.5	62.3	-0.8
Regions with high level of PPP development (45-60%)						
Samara region	7	8	+1	59.6	54.3	5.3
Republic of Bashkortostan	11	16	+5	54.3	48.7	5.6
Ulyanovsk region	12	72	+60	52.5	17.7	34.8
Perm region	14	14	0	50.0	49.4	0.6
Republic of Udmurtia	15	24	+9	49.6	42.6	7.0
Regions with average level of PPP development (35-45%)						
Orenburg region	26	23	-3	44.5	42.9	1.6
Chuvash Republic	28	60	+32	42.5	25.4	17.1
Regions with low level of PPP development (25-35%)						
Saratov region	41	71	+30	34.2	18.9	15.3
Penza region	44	54	+10	32.8	28.0	4.8
Kirov region	52	25	-27	30.5	42.3	-11.8
Republic of Mordovia	64	53	-11	26.1	28.8	-2.7
Regions with very low level of PPP development (0-25%)						
Mari El Republic	69	52	-17	24.0%	28.9	-4.5

*Source: Compiled according to the Ratings of PPP regions 2013/2014 2014/2015. VFD: Variable-frequency drive, PPP: Public-private partnership

private business sector. According to research conducted by Sokolov S.L. (2013) to identify the dependence of attractiveness of PPP from the degree of development of agriculture by the districts of the Russian Federation, the following pattern was established: The districts leading in bulk yield of certain crops and having favorable conditions for the development of livestock and crop production have not yet implemented any PPP projects in agribusiness. It can be noted that the development of the object has no impact on the attractiveness of PPP, or maybe it does not need it, so the need for joint projects is minimal. The situation is explained by large capacity of the market of agricultural products in these districts, which allows a business to develop independently and bring profit. Attractiveness of PPP in agribusiness depends on the degree of influence of specific factors: High capital intensity of agriculture, low capital turnover rate, strong exposure to territorial, climatic, biological, ecological and technological risks. All this makes agribusiness less attractive for investment in comparison with other relevant socio-economic sectors and reinforces the need for PPP-based joint projects.

The multifold study of the problems and prospects of development of PPP and risk reduction in the implementation of investment projects in the agribusiness of the regions allowed to state that it is very important to optimize the shapes and models of the PPP at the present stage. Of all the variety of PPP forms, the ones should be selected that will rely on the financial capacity and administrative resources of public authorities since the initial stage of the project. Later, when the equity or private business in this project makes a profit, it will pay out the state share of the invested capital until the privatization of the entire property complex.

Agriculture in Russia is currently at the stage of its development. According to expert estimates, the investment potential of

agribusiness through to 2020 will amount to more than 4 tln rub. A large part of this investment will be financed by credit funds. In coming years, the significance of mechanisms of financial support for agribusiness, including through PPP mechanism, will only increase. This necessitates mastering of new forms of partnership between public research and educational institutions, authorities and self-regulatory organizations represented by associations and unions, which include agrobusiness, taking them into account in the development of strategies and programs of development of industries and regions. The most expedient solution, in our opinion, is the organization of PPP between the authorities, farmers in the regions of the Russian Federation and small agricultural enterprises. The Association "Agricultural Education and Science" is an example of such a well-functioning association.

Under the current economic conditions, it is necessary to carry out legal regulation of the operation of enterprises, organizations and groups, which includes enforcement of the fundamental guarantees of the institution of property and legal support for equality of economic partnership.

At the present stage, the innovation and technological improvement of the system of sustainable food security is very important, which implies attaching innovation to the organizational structure that provides a solution to this problem, as well as a set of measures and forms of action. The following may be a priority:

1. Promotion of production of high-quality, environmentally friendly products
2. Budgetary provision of the seed multiplication system
3. Promotion of measures to expand the range of food products
4. Support of innovative activity at the municipal level
5. Encouraging the introduction of advances in science and

- technology and the practice of cooperation with research institutes
6. Cooperation with universities in the region to form a highly qualified staff for agribusiness in the region
 7. Cooperation with the institutions of advanced training of agribusiness staff
 8. Promotion of import substitution and production of landmark products.

It is suggested to create a trilateral agreement between research institutes, government and small business entities within the framework of PPP and MPP (Figure 2).

Key measures of government support for agribusiness are: Reimbursement of the share of expenditures of producers on insurance premiums for agricultural insurance contracts; reimbursement of the share of expenditures on interest on loans; grants from the federal budget for the implementation of promising innovative projects. The state may grant loans to agricultural producers for investment projects at a reduced rate, as well as to fund them through the Investment Fund.

The use of PPP mechanism has a number of benefits for all parties.

Benefits for the public sector:

- Development of the region's agrarian labor market and increasing employment in this area
- Increase in the level of income
- Development of the system of rural self-government
- Improvement of citizens' access to low-cost, high-quality food.

Benefits for the private sector:

- Improvement of rural producers' access to material, financial, information, land resources and markets for products
- Possibility to use and own the created food sales outlets
- Additional funding (state guarantee) and tax incentives (long-term tax holidays).

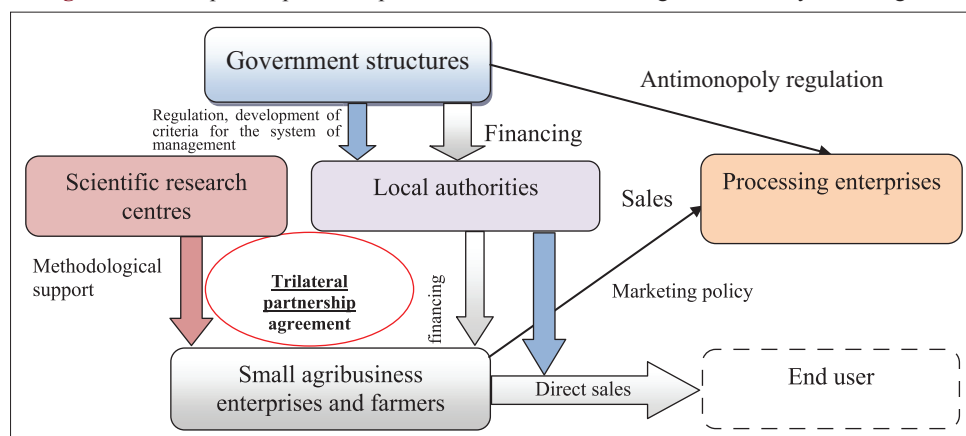
The main obstacle to the effective implementation of PPP projects in Russia in general are issues of socio-political and legal nature, the lack of efficiency of the public authorities and the insignificance of the growth of the investment climate.

The perspective development of agribusiness innovation system should be ensured by the established infrastructure, formed on the principles of PPP, for example, in the form of innovative clusters- the socio-economic agribusiness groups. Their formation depends on the following factors: Favorable soil and climatic conditions for the production of agricultural products and food; availability of labor and land resources for agricultural production; advancing timing of the start of the use of the results of scientific and technical activities of the scientific organization-member of the innovation cluster for the production of certain agricultural products; use of own foreign economic relations and export ties, as well as funding for the acquisition of new technologies and equipment, own trademarks and brands.

Thus, in addition to the existing mechanisms of state support of innovative development of agribusiness in the country, it is necessary to use new financial tools that have not yet been applied in this sector. The most promising should include the creation of:

1. Mega-projects or major innovative projects in agribusiness, the so-called "Technology platform," which will be the main tool of innovative agribusiness system and the PPP of the government, business and science. "Technology platform" shall mean a modern form of PPP for the formation of policy in the field of science and technology in the promising areas of technological development of agriculture and agribusiness processing industries in order to increase their competitiveness.
2. Venture fund of the regional agribusiness as the form of PPP. The main objectives of the fund's activities will be the creation of the venture investment industry in the agrarian sector of the region, the development of innovative area of agribusiness, the development of economy of the sector and the region. The functions of the fund will be investment and innovation projects implemented in the agrarian sector of the region.
3. Agro industrial parks in the framework of implementation of the state program of agricultural development and regulation of markets for agricultural products, raw materials and food for 2013-2020, which will become points of growth. Today, there are about 20 high-quality projects of agroindustrial parks in Russia worthy of state support and able to contribute to solving the problem of import substitution and offer prompt solution on technology transfer and the transfer of value-added

Figure 2: Public-private partnership mechanism in the field of agrifood security in the regions



agricultural production in the area. This is clearly insufficient for the country's agribusiness.

Formation of new institutions for regional development of agribusiness involves:

- Development of rental leasing relations formed on the basis of the transfer of the property from the state to the private sector for lease: Buildings, structures, machinery and equipment, aimed at attracting long-term investment in the development of innovative projects
- Improvement of the legal, financial, tax and estate mechanism to encourage and support small enterprises in the agribusiness sector specializing in research and development activities
- Use of new sources of funding for PPP projects (funds of non-state pension funds by using the mechanism of concession bonds)
- Changes to legislation. FZ-224 "On PPP, municipal-private partnership in the Russian Federation and introduction of amendments to certain legislative acts of the Russian Federation," which entered into force on January 01, 2016, has undergone some changes, since the following was included in the list of objects: Objects of production, primary and (or) subsequent industrial processing, storage of agricultural products included in the list approved by the Government of the Russian Federation. These changes allow to conclude agreements on PPP and concession agreements in respect of objects of agriculture, which is relevant in terms of sanctions by the EU countries and will contribute to the import substitution development. Legislative changes will increase the investment attractiveness of projects for funding entities, as well as borrowing of funds at lower rates due to the long-term nature of relations in the framework of PPP in agribusiness and increase in capital intensity of projects.

Thus, the use of organizational PPP mechanisms is the starting point for the development of a new level of relations between the state and business in the area of agrifood complex that allow to use the strengths of public and private partners in order to achieve the growth in effectiveness, resource mobilization and investment in addressing the priority tasks, implementation of innovative projects, reduction of risks.

4. CONCLUSIONS

As a generalization of the theoretical and methodological aspects of the problem under study showed, the PPP is the best form of economic organization of the process of financial support of the sectoral innovative infrastructure and industrial projects. Continuous development of forms, methods, tools, principles, approaches, models and mechanisms of PPP in the innovation and investment activity in agribusiness will improve the efficiency of agricultural production and the competitiveness of domestic agribusiness.

In conclusion, we must emphasize the state's interest in the sustainable development of agricultural production and the territories, in creating additional jobs, increase in employment and household income, food security and food import substitution.

Agribusiness, in its turn, is interested in making a profit by its members, sufficient for expanded reproduction.

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