Public-Private Partnership as the Mechanism for the Development of the sphere of Culture and Mass Communications of the Russian Federation

Deputy Minister of Culture and Mass Communications of the Russian Federation

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Structure

1. Problems in the sphere of culture and mass communications of the Russian Federation
2. Role of Public-Private Partnership in the Russian Federation
3. Achievements and Experience in the sphere of the Public-Private Partnership realization in the Russian Federation
4. Obstacles
5. Support of the UNECE for the realization of Public-Private Partnership
1. Problems in the sphere of culture and mass communications of the Russian Federation
Indicators of socioeconomic development of the Russian Federation for the period 2008-2010

Ministry for Economic Development and Trade of the Russian Federation

GDP Growth, %

Year 2007 2008 2009 2010

GDP Growth, %

5.61 5.4 5.17 5.29
Expenditure changing rates in reference to the previous year for the period 2006-2010, %

in reference to the previous year, %
Total expenditures for the culture, cinema and mass media in reference to the total federal budget expenditures in 2008

Total Federal Budget Expenditures
235,26 billion $

Ministry of Culture Expenditures
2.67 billion $

Including Federal Targets Program «Culture of Russia 2006-2010» – 442,51million $,
incl. the Bolshoy Theater – 133,98 million $
Mariinskiy Theater – 81,08 million $
Dynamic of the expenditure share for the sphere of culture and mass communications in reference to the total federal budget expenditures for the period 2005 - 2010, %
Some indicators of the situation in the branch
(the following results will be achieved by the existing level of the financing during 2008 – 2010)

<table>
<thead>
<tr>
<th>№</th>
<th>Indicators</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Share of <strong>the cultural heritage objects</strong>, which situation may be described as <strong>satisfactory</strong>, in reference to the total amount of federal cultural heritage objects, %</td>
<td>27,0</td>
<td>28,0</td>
<td>30,0</td>
<td>31,0</td>
<td>33,5</td>
</tr>
<tr>
<td>2</td>
<td>Share of <strong>archive documents</strong>, kept in <strong>specified conditions</strong> that provide timeless keeping, in reference to the total amount, %</td>
<td>18,5</td>
<td>19,0</td>
<td>19,5</td>
<td>20,0</td>
<td>21,0</td>
</tr>
<tr>
<td>3</td>
<td>Share of <strong>restored unique archive documents with grate value</strong>, in reference to the total amount of the documents that are to be restored, %</td>
<td>1,0</td>
<td>1,5</td>
<td>2,0</td>
<td>2,5</td>
<td>3,0</td>
</tr>
</tbody>
</table>
## Wage level

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Wage Level in Russian Federation</th>
<th>Average Wage Level of Employees of Federal Cultural Institutions</th>
<th>Average Wage Level in Federal Archive Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>8,530</td>
<td>4,277</td>
<td>50%</td>
</tr>
<tr>
<td>2006</td>
<td>11,070</td>
<td>5,195</td>
<td>47%</td>
</tr>
<tr>
<td>2007</td>
<td>12,785</td>
<td>6,178</td>
<td>26%</td>
</tr>
<tr>
<td>(forecast)</td>
<td></td>
<td>3,022</td>
<td>24%</td>
</tr>
<tr>
<td>2008</td>
<td>14,952</td>
<td>6,924</td>
<td>48%</td>
</tr>
<tr>
<td>(forecast)</td>
<td></td>
<td>3,582</td>
<td>24%</td>
</tr>
<tr>
<td>2009</td>
<td>17,208</td>
<td>7,449</td>
<td>46%</td>
</tr>
<tr>
<td>(forecast)</td>
<td></td>
<td>3,876</td>
<td>23%</td>
</tr>
<tr>
<td>2010</td>
<td>19,706</td>
<td>7,731</td>
<td>43%</td>
</tr>
<tr>
<td>(forecast)</td>
<td></td>
<td>4,140</td>
<td>21%</td>
</tr>
</tbody>
</table>

- Average Wage Level in Russian Federation
- Average Wage Level of Employees of Federal Cultural Institutions according to unified wage rate scale
- Average Wage Level in Federal Archive Institutions according unified wage rate scale

The graph above illustrates the wage levels over the years from 2005 to 2010, with forecasts for 2007, 2008, 2009, and 2010.
2. Role of Public-Private Partnership in the Russian Federation
2. Role of Public-Private Partnership in the sphere of culture and mass communications in the Russian Federation (1)

Public-Private Partnership – **mutually beneficial cooperation** between public and private sectors through the participation in realization of range and long term infrastructure **projects**

✓ **Public-Private Partnership** is **effective mechanism of investment attraction** for the sphere of cultural and mass communications of the Russian Federation
2. Role of Public-Private Partnership in the sphere of culture and mass communications in the Russian Federation (2)

✓ In the framework of Public-Private Partnership:
State and municipal assets are available for the private sector on temporary or permanent basis. The parties use the mutual experience and resources in the framework of planning, formulation, realization and financing of projects.

The private sector may use these assets for the providing of public services, getting revenues and taking risks.
2. Role of Public-Private Partnership in the sphere of culture and mass communications in the Russian Federation (3)

**Purpose of the Public-Private Partnership mechanism**

Safe-keeping and developing of cultural heritage in the Russian Federation along with increasing of volume, diversity, quality and accessibility of services:

- Attracting investments for long-term investment projects in the sphere of culture and mass communications from extra-budgetary funds
- Application of leading innovative, engineering, financial and management experience of private investments in the sphere of culture and mass communications
- Cushioning of risks (loss of objects of cultural heritage, depreciation and other) of the activity in the sphere of culture and mass communications through the alliance of public and private experience and resources
3. Achievements and Experience in the sphere of the Public-Private Partnership realization in the Russian Federation
3. Achievements in the sphere of the Public-Private Partnership realization in the Russian Federation

2. Accreditation of the National Centre for Public-Private Partnership in the sphere of cultural and mass communications
3. Starting of the joint project with the Ministry of Culture of Germany “Safekeeping of the historic and cultural heritage on the basis of Public-private Partnership”, the project is financed by the Funds of the European Commission
4. The Federal Act from 29th December 2006 # 258-FA “About applying of changes in some acts of legislation of the Russian Federation in accordance with distribution of power”
5. Resolution of the Government of the Russian Federation from 9th February 2007 # 90 that confirms the concession for culture, sport and spare-time facilities as tourism and other social and cultural facilities
6. The Federal Act from 30th December 2006 # 275-FA “About the procedure of capital formation and application by NGOs”
4. Obstacles
4. Obstacles

Part of the society is not ready to consider the interaction with business community and to assist for the Public-Private Partnership development.

Red - tapery

Corruption
5. Support of the UNECE for the realization of Public-Private Partnership
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- Experience exchange
- Realization of educational programmes for the Public-Private Partnership development
TOWNSHIP
SEREDNIKOVO
Township includes park, bridges over ravines, unique white-stone stair leading from the main building to the pond.

In spite of the nearness to the city the township is rounded by the traditional inurbane country place.
State reserve-museum
ORANIENBAUM
Concert hall
of the State Academic MARIINSKIY THEATER
State Memorial Natural Park “Museum Township” of Lev Tolstoy “YASNAYA POLYANA”
Objects for Public-Private Partnership

International centre of Yasnaya Polyana for educational tourism and rest:
- Excursions centre (Visitor centre)
- Resources centre
- Hotel (500 places)
- Educational centre
- Festival centre

District town Krapivna
Estate of Tolstoy family «Nikolsko-Vyasemskoe»
Estate «Mansurovo» (Kaluga region)
International centre of Yasnaya Polyana for educational tourism and rest
Visitor centre

Discount rate – 13 %
Pay-off period – 7 years
Discount Pay-off period - 9 years and 9 months
Average return rate – ARR - 19,97 %
Net profit value – NPV - 13 407 556
Profitability index – PI - 1,10
Internal Return rate – IRR - 15,50 %
Priority objects for the investment
State Hermitage Headquarter
Indicators of the restore value of the east side wing of the State Hermitage Headquarter

<table>
<thead>
<tr>
<th>Item</th>
<th>Value, July 2005 (correcting of project decisions), RR</th>
<th>September 2006  (According to the Regional Centre for Price-setting in Saint-Petersburg), RUR</th>
<th>Note Value, USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st line</td>
<td></td>
<td>1 517 491 000</td>
<td>56 623000 $</td>
</tr>
<tr>
<td>2nd line</td>
<td></td>
<td>2 487 145 000</td>
<td>92 804000 $</td>
</tr>
<tr>
<td>Totally for the 1st and 2nd lines</td>
<td></td>
<td>4 004 636 000</td>
<td>149 427000 $</td>
</tr>
<tr>
<td>3rd line</td>
<td></td>
<td>1 134 593 000</td>
<td>42 336000 $</td>
</tr>
<tr>
<td>Totally for Building</td>
<td>4 380 262000</td>
<td>5 139 267 000</td>
<td>191 764000 $</td>
</tr>
</tbody>
</table>