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New Program to Develop Domestic Seeds and Genetics

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Report Highlights:

A new Federal Scientific and Technical Program for Agricultural Development in 2017-2025 was adopted via Russian Government decree No. 996 on August 25, 2017. The Government believes the Program should help decrease Russia's dependence on imports of technologies, seeds, diagnostic and plant protection products, medicines for veterinary use, and other resources. The Program foresees financing from the federal budget of 26.1 billion rubles (\$438 million) until 2025 to be redistributed from five existing state programs in agriculture, industry, science and technology. The other 25 billion rubles (\$419 million) are to be provided by provincial budgets and non-budget sources. The Program's efficiency will be assessed on the basis of its target indicators and goals such as increased investment in agriculture, growing production of new domestic seed varieties, livestock genetics, feeds and feed additives, etc.

General Information:

On August 25, 2017, the Russian Government issued [decree No. 996](#) approving a new Federal Scientific and Technical Program for Agricultural Development in 2017-2025. The Program foresees financing from the federal budget of 26.1 billion rubles (\$438 million¹) until 2025. The other 25 billion rubles (\$419 million) are to be provided by provincial budgets and non-budget sources. The Government believes the Program should help decrease Russia's dependence on imports of technologies, seeds, diagnostic and plant protection products, medicines for veterinary use, and other resources. The Program's efficiency will be assessed on the basis of its target indicators and goals such as increased investment in agriculture, growing production of new domestic seed varieties, livestock genetics, feeds and feed additives, etc.

Automated English translation of the key parts of the Program including its "Passport" and three annexes summarizing the Program's activities, indicators, and financing in the form of tables, is [attached](#).

Overview of the Program:

Financing

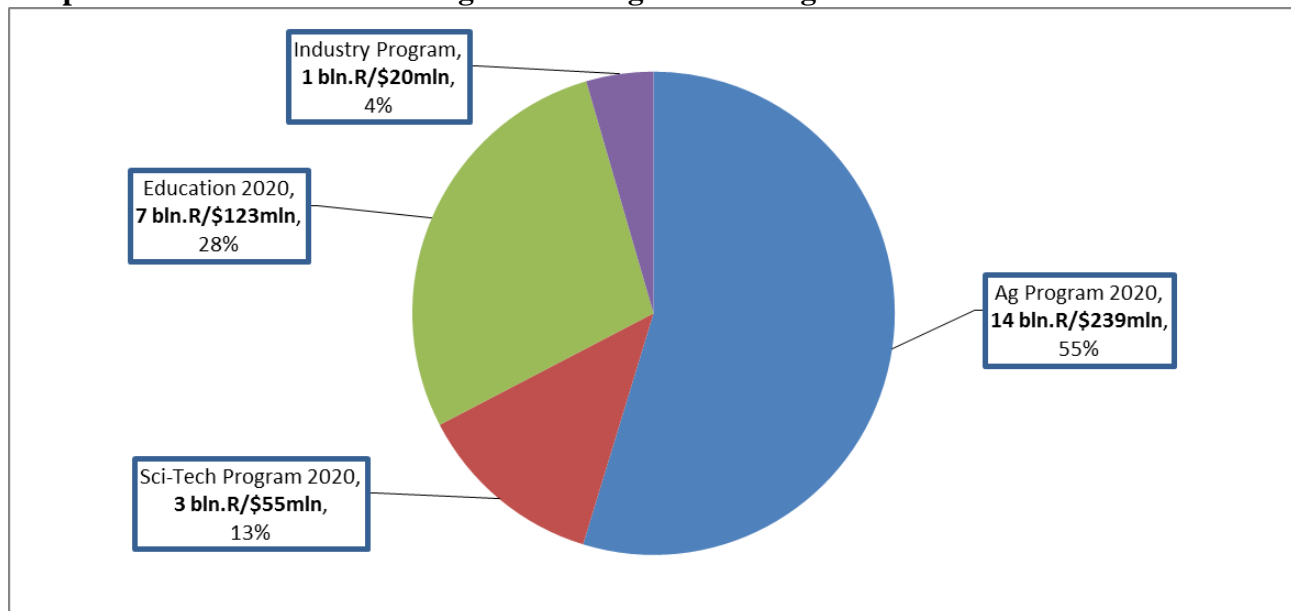
The Program envisages total federal budget allocations in 2017-2025 at 26.1 billion rubles (\$438 million). According to the [Passport](#) of the Program, federal budget financing will come from the following five existing state programs:

- the State Program for Development of Agriculture and Regulation of Agricultural Commodities Markets in 2013-2020 (Ag Program 2020);
- the State Program for Development of Science and Technologies in 2013-2020 (Sci-Tech Program 2020);
- the State Program for Development of Education in 2013-2020 (Education 2020);
- the State Program for Development of Industry and Improving its Competitiveness (Industry Program);
- the State Program "Information Society" (2011-2020).

However, currently, according to the financial plan of the Program detailed in [Annex N3](#), no funding is projected to come from the State Program "Information Society", with all 26.1 billion rubles of federal financing expected to come from the other four programs over 2017-2025, as follows:

¹ For all calculations the average exchange rate of 59.65 rubles per \$1 calculated by the Central Bank of Russia for August 2017, was used.

Graph 1. Sources of Federal Budget Financing for the Program in 2017-2025



The Program also counts on 25 billion rubles (\$419 million)² to be provided by provincial budgets and non-budget sources. Non-budget sources will include funds provided directly by or borrowed from the “state scientific and educational institutions, agricultural commodity producers, other organizations of the agro-industrial complex, as well as other organizations of various forms of ownership, including small innovative enterprises, interdisciplinary research centers, development institutions, and technological platforms”.

Thus, currently, no new budget financing on top of what has already been included in the five programs listed above, is planned for the Program. Apparently, the programs will have to be amended to re-distribute the planned budget financing in order to take the Program into account, potentially cutting budget financing for some of their other planned and approved activities.

At the same time, the Program notes that its funding can be adjusted when subprograms are approved. Additionally, it says non-budget sources should account for at least half of the cost of integrated scientific and technical projects.

Implementation Mechanism

The Program will be implemented through subprograms which are yet to be developed and approved in the form of a draft GOR document. According to Deputy Prime Minister Arkady Dvorkovich, two subprograms have already been drafted – for potato seeds³ and hatching poultry eggs. Overall, there are

² In fact, annual amounts of expected financing from provincial budgets and non-budget sources indicated in the [Passport](#) of the program add up to 26.15 billion rubles (\$438 million). The reason for the discrepancy is unclear.

³ According to the current draft decree approving the subprogram for potato seeds, federal budget financing for the subprogram in 2017-2025 will be 12.3 billion rubles (\$206 million), or 47% of the total federal funding projected for the Program.

plans to draft around 20 subprograms to also include such products as sugar beet seeds, vegetable seeds, sunflower seeds, and corn seeds.

Subprograms will consist of “integrated scientific and technical projects” – public-private partnerships (PPPs) approved by the council of the Program. The goal of PPPs will be to obtain scientific and/or technical results in the framework of a subprogram and transfer them for commercial production.

The Program’s management team will be chosen on a competitive basis in accordance with the Russian law On the Contract System of the Federal and Municipal Procurement of Goods, Works and Services. Additionally, expert groups will be set up for each area of the Program’s implementation to ensure expert support for the development of subprograms and their implementation. Such expert groups will include representatives of federal and local agencies, federal scientific and educational institutions, agricultural companies and associations.

Target Indicators and Expected Results

The following four target indicators were defined for the Program:

- increase of innovative activity in agriculture (by 30% in 2025);
- attraction of investments in agriculture (those 25 billion rubles (\$419 million) to be provided by provincial budgets and non-budget sources);
- increase in the level of provision of the agro industrial complex with infrastructure facilities (by 25% in 2025);
- provision of the industry with training programs for new and promising areas of training and professions in demand on the labor market (up to 100% by 2025).

Overall, the Program is expected to reduce Russia’s level of import dependency and yield the following commercialization results:

- increased production of seeds of new domestic varieties of agricultural plants;
- increased volume of production of domestic breeding products (materials);
- increase production of domestic high-quality fodder, feed additives for animals;
- increased production of domestic medicinal products for veterinary use;
- increased production of modern diagnostic tools for pathogens of crops;
- increased production of domestic pesticides and agrochemicals of biological origin;
- increased number of technologies for processing and storing agricultural products;
- increased number of methods for quality control of agricultural products, raw materials and food, and examination of genetic material.

Comment:

The Federal Scientific and Technical Program for Agricultural Development in 2017-2025 currently looks more like a framework document with more substance to be added to it as product-focused subprograms are drafted and approved. However, with no new federal budget financing planned for the Program, it will have to compete for funds from the five existing programs identified in the Program, which creates additional risks of underfinancing in the tight Russian federal budget environment. Moreover, the first subprogram that is currently pending government approval, called “Development of

potato breeding and seed production in the Russian Federation,” already projects to spend almost 50% of all federal financing planned for the Program as a whole. Thus, it is not clear how feasible and practical current plans are to develop dozens of subprograms given the declared level of financing.

Similarly, it is unclear how likely it is that the Program’s activities will be able to attract the other half of financing, expected to come from provincial budgets and non-budget sources, including interested business. If one of Russia’s biggest agricultural exhibitions, Golden Autumn, is any indication, business has been conspicuous by its absence at the key events of the forum’s agenda devoted to the Program.

BEGIN UNOFFICIAL AUTOMATED TRANSLATION:

Passport of the Federal Scientific and Technical Program for the Development of Agriculture for 2017-2025

- Name of the Program - Federal Scientific and Technical Program for the Development of Agriculture for 2017-2025
- Basis for the development of the Program - Decree of the President of the Russian Federation of July 21, 2016 No. 350 "On Measures for the Implementation of the State Scientific and Technical Policy for the Development of Agriculture"
- State Program Coordinator - Ministry of Agriculture of the Russian Federation
- Responsible executors of the Program - Ministry of Agriculture of the Russian Federation, Ministry of Industry and Trade of the Russian Federation
- Executors of the Program activities - Ministry of Education and Science of the Russian Federation,
Ministry of Industry and Trade of the Russian Federation,
Ministry of Agriculture of the Russian Federation,
Federal Agency of Scientific Organizations (FANO)
- Co-implementers of the Program activities - The Ministry of Communications and Mass Communications of the Russian Federation, interested federal executive bodies, the federal state budgetary institution "Russian Academy of Sciences", the highest executive bodies of state power of the constituent entities of the Russian Federation, the funds for the support of scientific, scientific and technical, innovation activities and other development institutions and organizations
- Purpose of the Program - ensuring a stable growth in agricultural production, obtained through the use of seeds of new domestic varieties and breeding products (materials), technologies for the production of high-quality fodder, feed additives for animals and medicines for veterinary use, pesticides and agrochemicals of biological origin, processing and storage of agricultural products, raw materials and food, modern diagnostic tools, methods of quality control of agricultural products raw materials and food and expertise of genetic material
- Objectives of the Program - formation of conditions for the development of scientific, scientific and technical activities and obtaining the results necessary for the creation of technologies, products, goods and services that ensure the independence and competitiveness of the domestic agro-industrial complex;
attraction of investments into the agro-industrial complex;
creation and introduction of technologies for the production of seeds of higher categories (original and elite) of agricultural plants, pedigree products (material) in the areas of domestic crop production and animal husbandry, which currently has a high degree of dependence on seeds or pedigree products (material) of foreign production;

creation and introduction of technologies for the production of high-quality fodder, feed additives for animals and medicines for veterinary use; the development of modern diagnostic tools for plant pathogens;

creation and introduction of technologies for the production of pesticides and agrochemicals of biological origin for use in agriculture;

creation and introduction of modern technologies of production, processing and storage of agricultural products, raw materials and food;

development of modern methods of quality control of agricultural products, raw materials and food and expertise of genetic material;

improvement of the system of training and additional professional education of personnel for the agro-industrial complex, aimed at rapid adaptation to the requirements of scientific and technological progress

Directions of
Program
implementation

- creation and introduction of domestic competitive technologies in the following areas:

plant growing and livestock breeding;

feed, feed additives for animals and medicines for veterinary use;

diagnostics of pathogens of agricultural plants;

production of pesticides and agrochemicals of biological origin for use in agriculture;

production, processing and storage of agricultural products, raw materials and food;

quality control of agricultural products, raw materials and food, and examination of genetic material

The term of the
Program
implementation
Volumes of
financing of the
Program

- 2017-2025

- at the expense of the federal budget in the amount of 26,094,816.5 thousand rubles, including:

in 2017 – 862,020.6 thousand rubles;

in 2018 – 3,107,726.9 thousand rubles;

in 2019 – 3,048,981 thousand rubles;

in 2020 – 3,057,773 thousand rubles;

in 2021 – 3,268,631 thousand rubles;

in 2022 – 3,243,631 thousand rubles;

in 2023 – 3,218,631 thousand rubles;

in 2024 – 3,168,631 thousand rubles;

in 2025 – 3,118,631 thousand rubles;
at the expense of extra-budgetary sources in the amount of 24,993,052 thousand rubles,
including:
in 2017 – 870,130 thousand rubles;

in 2018 – 3,115,050 thousand rubles;

in 2019 – 3,056,610 thousand rubles;

in 2020 – 3,064,512 thousand rubles;

in 2021 – 3,273,560 thousand rubles;

in 2022 – 3,250,320 thousand rubles;

in 2023 - 3,220,040 thousand rubles;

in 2024 – 3,175,660 thousand rubles;

in 2025 – 3,123,330 thousand rubles;

at the expense of the budgets of the constituent entities of the Russian Federation

Sources of financing of the Program - The State Program for the Development of Agriculture and Regulation of Agricultural Products, Raw Materials and Foodstuffs for 2013-2020 , the state programs of the Russian Federation "Development of Science and Technology" for 2013-2020 , "Development of Education" for 2013-2020 , "Development of Industry and increase of its competitiveness " , " Information Society (2011-2020) " ;
budgets of the constituent entities of the Russian Federation;

Target Indicators of the Program - extra budgetary sources
- increase of innovative activity in agriculture;
attraction of investments in agriculture;
increase of the level of provision of the agro industrial complex with

infrastructure facilities;

providing the industry with training programs for new and promising areas of training and specialties in demand on the labor market

Expected results of Program implementation - decrease in the level of import dependency due to introduction and use:

technologies for the production of seeds of higher categories (original and elite) of agricultural plants - not less than 30 percent;

technologies of production of breeding products (material) - not less than 20 percent;

technologies for the production of high-quality fodder, feed additives for animals - at least 25 percent;

technologies for the production of medicinal products for veterinary use - not less than 50 percent;

means of diagnostics of pathogens of agricultural crops by increasing the number of domestic diagnostic tools - by 20 units;

technologies for the production of pesticides and agrochemicals of biological origin for use in agriculture - not less than 20 percent;

technologies of production, processing and storage of agricultural products, raw materials and foodstuffs by increasing the number of competitive domestic technologies - by 60 units;

modern methods of quality control of agricultural products, raw materials and food and expertise of genetic material - at least 50 percent;

an increase of at least 25 percent in the number of organizations providing services for scientific, scientific, technical and innovative activities in the field of agriculture, approbation of technologies and management of rights for such technologies in the areas of implementation of the Program;

increase by at least 5 percent of the number of high-tech jobs at enterprises of the agro-industrial complex;

conclusion by enterprises of at least 50 licensing agreements with scientific and educational, as well as other organizations that carry out and (or) contribute to the implementation of scientific, scientific, technical and innovative activities in the field of agriculture;

up to 100 percent of the level of provision of the vocational education system with educational programs for new areas of training and specialties created in the areas of the Program;

increase by at least 25 percent of the number of protected intellectual property results in the field of agro-industrial technologies, including at least 10 percent

abroad;

an increase of at least 20 percent in the number of publications on research and development in scientific journals

Appendix N 1
to the federal scientific and technical
program of rural development
economy in the years 2017-2025

List of measures of the Federal scientific and technical program of agricultural development for 2017-2025 years

Event	Artist events	Subcontractor activities	Sources of financing
1. Creation of scientific and (or) scientific and technical results and products for agriculture	FANO Russia	interested federal executive bodies, executive bodies of subjects of the Russian Federation, the Russian Science Foundation, Russian Foundation for Basic Research, the Foundation to promote innovation, the Foundation for Development of the Center and the commercialization of new technologies	federal budget
2. The transfer of scientific and (or) scientific and technical results and products for practical use, and training participants of the scientific and technical support for agricultural development	FANO Russia, Ministry of Education of Russia	interested federal executive bodies, executive bodies of subjects of the Russian Federation, the Russian Science Foundation, Russian Foundation for Basic Research, the Foundation to promote innovation, the Foundation for Development of the Center and the commercialization of new technologies, stakeholders	federal budget non-budget sources
3. Commercialization of scientific and (or) scientific and technical results and products for agriculture	Russian Ministry of Agriculture, Ministry of Industry and Russia	interested federal executive bodies, executive bodies of subjects of the Russian Federation, financial and credit institutions, the Foundation to promote innovation, the Foundation for Development of the Center and the commercialization of new technologies, stakeholders	the federal budget, the budgets of the Russian Federation, non-budgetary sources

Appendix N 2
to the federal scientific and technical
program of rural development
economy in the years 2017-2025

Targets and indicators of the Federal scientific and technical program of agricultural development for 2017-2025 years

Targets and indicators Program	Unit measurements	Value								
		2017	2018	2019	2020	2021	2022	2023	2024	2025
I. Targets										
1. Increase innovation activity in agriculture	percent	-	-	2	3	5	10	15	20	30
2. Attracting investment in agriculture	thous. rubles	870130	3115050	3056610	3064512	3273560	3250320	3220040	3175660	3123330
3. Increasing the level of security of agriculture POIs	percent	-	6	8	12	14	16	18	20	25
4. Providing industry training programs on demand in the labor market, a new and promising directions of preparation and specialties	percent	-	-	-	10	20	50	65	80	100
II. Indicators										
1. The event "Creation of scientific and (or) scientific and technical results and products for agriculture"										
5. The increase in the number of publications on the results of research and development in scientific journals indexed in the Scopus data base, or in a database "network science" (WEB of Science), in relation to the previous year	percent	-	12	14	15	15	16	17	18	20
6. Increasing the number of	percent	-	6	8	12	14	16	18	20	25

	intellectual activity in the sphere of agriculture in relation to the previous year's technology protected results										
7.	Increase the number of protected results of intellectual activity in the sphere of agriculture technology abroad in relation to the previous year	percent	-	1	2	3	4	5	6	7	10
8.	Number of license agreements with companies scientific and educational, as well as other organizations engaged in and (or) contributing to the implementation of the scientific, scientific-technical and innovative activity in the field of agriculture	units	-	1	3	5	10	15	25	30	50
	2. The event, "the transfer of scientific and (or) scientific and technical results and products for practical use, and training participants of the scientific and technical support of the development of agriculture"										
9.	The level of the vocational education system educational programs on new areas of training and specialties created by the directions of the Program implementation	percent	-	-	-	10	20	50	65	80	100

10.	Increasing the number of high-tech jobs in the agro-industrial complex in relation to the previous year	percent	-	-	-	1	1	2	2	4	5
11.	Increase in the number of organizations engaged in the provision of services for scientific, technical and innovative activity in the field of agriculture, tested technology and management rights to such technology in the directions of the Program in relation to the previous year	percent	-	6	8	12	14	16	18	20	25
3. The event "Commercialization of Scientific and (or) scientific and technical results and products for agriculture"											
12.	The increase in the volume of production of seeds of new domestic crop varieties with respect to the previous year	percent	-	-	-	5	10	15	20	25	30
13.	The increase in the volume of production of domestic breeding production (material) with respect to the previous year	percent	-	-	-	-	-	5	10	15	20
14.	The increase in domestic production of high-quality feed, feed additives for animals in relation to the	percent	-	-	-	-	5	10	15	20	25

	previous year										
15.	Increased production of domestic drugs for veterinary use in relation to the prior year	percent	-	-	20	25	30	35	40	45	50
16.	Increased production of modern diagnostic crop pathogens	units	-	-	-	3	5	7	10	15	20
17.	The increase in domestic production of pesticides and agricultural chemicals of biological origin in relation to the previous year	percent	-	-	-	-	-	5	10	15	20
18.	Increasing the number of processing technology and storage of agricultural products	units	-	-	-	10	20	30	40	50	60
19.	Increase the number of quality control of agricultural products, raw materials and food, and the examination of the genetic material in the framework of the Program in relation to the previous year	percent	-	-	20	25	30	35	40	45	50

	of Russia	Education" for 2013-2020									
3.	Ministry of Agriculture of Russia	The state program of agricultural development and regulation of markets for agricultural products, raw materials and food for 2013-2020	264050	1216080	1214100	1214102	1125000	1125000	1125000	1125000	1125000
Commercialization of scientific and (or) scientific and technical results and products	Russian Ministry of Industry	State program of the Russian Federation "The development of industry and increase its competitiveness" ¹	-	-	-	-	300000	275000	250000	200000	150000
		Total for the Program ²	1732150.6	6222976.9	6105591	6122245	6542191	6493951	6438671	6344291	6241961
		the federal budget - just including:	862020.6	3107926.9	3048981	3057733	3268631	3243631	3218631	3168631	3118631
		The state program of	514050	1844895.2	1766489.8	1766491.8	1677389.8	1677389.8	1677389.8	1677389.8	1677389.8

agricultural development and regulation of markets for agricultural products, raw materials and food for 2013-2020 ³									
State program of the Russian Federation "Development of science and technology" for 2013-2020	347970.6	359056.7	370116.2	370116.2	370116.2	370116.2	370116.2	370116.2	370116.2
Russian State Program "Development of Education" for 2013-2020 the budgets of the Russian Federation ⁴	-	903975	912375	921125	921125	921125	921125	921125	921125
extrabudgetary sources ⁵	870130	3115050	3056610	3064512	3273560	3250320	3220040	3175660	3123330

¹Estimated funding activities under the state program of the Russian Federation "The development of industry and improving its competitiveness" .

²Financial support for implementation of the Program may be adjusted depending on the amount budgeted by the federal law on the federal budget for the corresponding fiscal year and planning period, the budget appropriation regional budgets and off-budget sources provided in routines.

³The federal law on the federal budget for the corresponding fiscal year and planning period does not provide budgetary resources necessary for the creation and implementation of the activities of the Program Directorate and the formation and maintenance of information systems.

⁴The volume of the budgets of the Russian Federation established the Russian Federation subject based on the number of complex scientific and technical projects in the region of the Russian Federation, and is defined in subprograms.

⁵Off-budget sources account for at least 50 per cent of the total cost of the integrated scientific and technological project and defined in subprograms.

END UNOFFICIAL AUTOMATED TRANSLATION.