

Public-Private Partnership in the Countries of the Eurasian Economic Union

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ABSTRACT

The purpose of this study was to examine a concept and content of a public-private partnership as a perspective tool for development of cooperation among the EEU countries. The standard and legal base and institutes of PPP development in the EEU countries are studied herein. Main problems of PPP development are determined on the basis of the analysis of PPP practice in the EEU countries. Recommendations regarding the PPP mechanism development in the EEU countries are given to develop international cooperation in PPPs and coordination among the EEU countries at the interstate level.

KEYWORDS

Public-private partnership, project, mechanism, infrastructure, cooperation

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Introduction

Currently economy development in the EEU countries is characterized by consolidated efforts of the state and private business to find new forms and methods of management and regulations of economy sectors, considered to be strategically important for the states. Though the EEU countries are considering a public-private partnership (PPP) as a cure for infrastructure-connected problems, a PPP represents a new concept for most of these countries with no experience in PPP cooperation. The EEU countries, being at initial stages of development of the national strategy of investments into the infrastructure, including as PPPs, need wider understanding, deeper knowledge, developed capacity, and also developed international cooperation and mutual coordination

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at the interstate level in the sphere of PPPs, that allows to properly develop and implement the strategy of PPP development.

Aim of the Study

The aim of this study was to work out practical recommendations on development of a public-private partnership within cooperation of the EEU countries.

Literature Review

The analysis of the theory and practice of economic development and management of countries with developed market economies proves the effectiveness of public-private partnerships in different sectors of the economy. For example, in the US, a PPP is traditionally associated with an infrastructure renewal and economic development of cities; in the UK, a partnership is identified with the Private Finance Initiative (PFI); in the post-Soviet countries, PPP projects are considered to be important tools for public services and the society development; in the EU countries, a PPP is considered as an effective mechanism to combat social inequality and a social factor in the society development.

The analysis of the literature on PPP issues has also revealed a variety in interpretation of this concept. Some scientists, using a term of PPP in their works, interpret its content ambiguously or not fully disclose an economic nature of the concept (Akintoye, 2003; Bult-Spiering, 2006; Fischer, 2009; Grimsey, 2007; Matveev et al., 2016). Existing interpretations usually do not reflect the PPP focus upon implementation of socially significant projects (Helping to eliminate poverty and achieve sustainable development through public-private partnerships in infrastructure, 2013; User Guidebook on Implementing Public-Private Partnerships for Transportation Infrastructure Projects in the United States, 2007).

Thus, some Russian researchers and practitioners, such as N. Zolotyh & B. Simonov (2003), determine a partnership of the state and business structures as an official relationship or agreements for a certain period of time between the state and a private party, when two parties cooperate in decision-making and invest limited resources to achieve specific goals.

L. Scharinger (2004) in his work concluded that a partnership between the state and business structures is the result of privatization and liberalization in the public sector. He emphasized that the partnership between the state and business structures leads to increased investments in the public infrastructure development. Thus a model of the partnership of the state and business structures does not replace but complements state investments.

The source analysis also shows that the term "public-private partnership" is used, basing on clear determination of the state's leading role, taking into account the public authorities' mentality and leading role. In addition, the state is emphasized to initiate many PPP projects.

The state (municipal) property or services provided by the public authorities to economy always serve as a subject of public-private partnerships (Varnavskiy, 2009).

In world practice, the term “public-private partnership” is considered in two meanings: “first, it is a system of relations of the state and business widely used as an instrument of national, international, regional, municipal economic and social development; secondly, it is specific projects to be implemented by the public authorities and private companies at objects of the state and municipal ownership” (Varnavskiy, Klimenko & Korolev, 2010).

In the developed foreign countries the term “public-private partnership” is understood as diverse schemes of project implementation, a wide range of business models and relations at any use of the private sector resources (capital, know-how, managers’ experience) for satisfaction of social needs (roads, parks, communication, real estate) (Likhachev, 2009).

The Harvard Law Review, referring to the work by Stefan Linder, defines a PPP as an institutional arrangement that embodies this agreement on cooperation between the government and the private sector to set a joint venture company, and the state has one or more private partners. (Harvard Law Review notes, 2003).

The World bank considers a PPP as agreements between public and private parties on production and provision of infrastructure services for the purpose of attraction of additional investments, and that is even more important as a remedy to increase the budgetary financing efficiency (Varnavskiy, Klimenko & Korolev, 2010).

The similar approach to PPP definition as an agreement is described by J. Delmon (2010) when a PPP stands for any contract or legal relations between the government and private structures to improve and/or expand infrastructure services, excluding contracts under government orders (Government Purchases).

The OECD committee for scientific and technological policy considers a PPP as cooperation: any official relations or agreements for certain/infinite period of time between the state and private participants when both parties interact during decision-making and invest limited resources, such as money, human resources, equipment, and information for achievement of specific goals in a certain sphere of science, technology, and innovations (Likhachev, 2009).

According to the Green Paper on public-private partnerships (Green Paper on PPPs, 2004), certain general characteristics uniting all public and private partnership projects are inherent in a PPP, namely:

— A rather long term of relations which provides cooperation of partners representing the state and private sectors in different aspects of the planned infrastructure project.

— A method of the project financing, partially at the expense of the private sector, sometimes by more complicated schemes involving different parties. Nevertheless, in some cases, public funds are sufficient and can supplement financing provided by the private sector.

— An important role of the economic operator acting at different stages of the project (design, introduction, financing). The partner, who represents the public sector, focuses, mainly, upon definition of the purposes to be achieved in the context of public interests; provided service quality, and the price policy; also takes the responsibility for monitoring of compliance with the set purposes.

— Distribution of risks between partners representing the state and the private sector. Though the partnership between the state and the private sector

do not necessarily means that the partner who represents the private sector assumes all or even most of risks. Exact distribution of risks is defined in each case according to the parties' ability on assessment, control, and risk management.

— Also the PPP project has to provide for design, construction, using of fixed assets with private financing. During the PPP project term, the state partner shall make payments to the private partner and coordinate with the level and quality of actually provided services.

In many countries of the world, the following roles in the system of economic relationship of the state are assigned to the PPP institute which implements socially significant projects: (Guidelines for Successful Public–Private partnership, 2003):

- formation of joint investment resources of the state and private sector for achievement of socially significant results;
- increase in efficiency of the use of state ownership objects on the entrepreneurial motivation;
- creation of new management methods;
- creation of a value added for consumers and a society in general;
- objective definition of the market's needs;
- optimum use of resources.

For development of PPP relationships, it is important to understand its potential benefits for the state, the private partners and the society in general, who are being motivated to participate in these projects (Table 1).

Table 1. Potential benefits of PPPs

Participant	Opportunities appeared through the PPP mechanism
The state	Budget savings, additional resources - financial, material, managerial experience. Implementation of socially important projects, which would be hardly possible under other conditions. Improvement of the quality and scope of public services and goods, costs reduction, stimulation of modernization in key areas. Access to new technologies, attraction of foreign investments. Control and influence on the overall strategy of the object development. Saving/creation of work places. Integration of science, education and production; coordination of public and private research and development institutes, commercialization of their results.
The private partner	Expansion of a niche market, relationships with the public authorities. Raising the project status through the public partner' participation; possibility of soft loans against state guarantees, attracting budgetary funds into the project, guaranteed investment return; accelerated improvement of the regulatory base due to "state - business" feedback
For the society in general: higher quality of products /services at lower prices (resulted due to saving in scopes, introduction of new technologies, reducing overhead costs); accelerated construction /modernization of the infrastructure.	

Source: it is compiled by the author

Taking into account the analysis of the scientific concepts (Burger, Hawkesworth, 2011; Ham, Koppenjan, 2001; Hammami, Ruhashyankiko, Yehoue, 2006; Savas, 2001; Spackman, 2008) in the field of PPPs and also



existing practices in using this tool in developed and developing countries, a PPP is better to understand as a specific kind of activity of the government and entrepreneurial structures in the form of integration of state and private interests and competences which, on the one hand, gives a chance of more effective realization of entrepreneurial potential considering expansion of the investment process and increase in profit, and on the other hand, gives a chance to the state to solve all-economic and social problems considering successful development and functioning of objects of the production and social infrastructure.

Results

Public-Private Partnership development in the EEU countries

In recent years, specific interest to a PPP has been observed in the EEU countries, which is gradually being formed as an independent institute. There is an exchange of opinions between the public power and the EEU experts concerning acceptability of certain mechanisms, widely used in the world, conditions of their application in the former Soviet Union, estimations of negative and positive consequences of PPP use in various spheres of the economic activity (International program of support of public-private partnership, 2013). The international organizations, such as the European Bank for Reconstruction and Development, the International finance corporation, the European Investment bank (through EPEC), UN Economic Commission for Europe, the World bank (through PPIAF, WBI) actively participate in these processes.

The EEU member countries "have to keep going in the direction of PPP development, including formation of the legislative base of the EEU member states regulating an order of PPP mechanism application on the basis of the best practices" as noted in Decision of the Supreme Eurasian economic commission of May 29, 2014 No.70 "On the main directions of the macroeconomic policy of the EEU countries for 2014-2015" (The decision of the Supreme Euroasian economic commission, 2014).

The large-scale project on construction of the "Western Europe-Western China" international transit corridor planned to be completed in 2020 can be named as a successful example in implementation of PPP international projects with participation of the EEU countries. 2700 km across Kazakhstan and also in Russia and Belarus which attended to this project in 2012? (The decision of the Supreme Euroasian economic commission, 2012)

In Russia, a PPP was integrated in the times of Peter the Great. When he visited the Netherlands to learn how to build ships, first of all he acquainted with the agreement on the public-private partnership between the Dutch government and the private owners of ships. The concession seemed to be immature. The ship owners had their own tasks: to own ships and to protect the bodies of water from enemies. Protection from enemies was the paid service, provided to the French and British governments.

Although economic and legal rules and principles that govern partnerships between the state and private sector, as well as specific forms of cooperation between the state and entrepreneurs have been significantly changed since then,

nevertheless common understanding and recognition of the need for such cooperation has become more responsible and aware.

In 2002, in Russia, the PPP became a subject of serious discussions, as the main instrument of the industrial policy. It was upon understanding that in the next decade, the Russian economy would develop in a positive external shock – high prices for oil and other raw materials. Although granting of preferences and privileges to "domestic producers" did not become the state's economic ideology, however neither competitiveness was supported. The government stated that it began to revive high-tech sectors, to restore science, to create an innovative infrastructure. At the same time, along with changes in the legal regulation of the economy to stimulate development of high-tech industries, to support them financially, the government had to act as the direct subject of the economic activity. As a result, PPP tools appeared quite soon (within five years).

The PPP development in Russia began with the law "On Concession Agreements" adopted in 2005 followed by establishment of the Investment Fund of the Russian Federation and development of the regional legislation on public-private partnerships.

Certain steps in the PPPs development in Russia were made in April 2013, when a draft of Federal law of April 26, 2013 No.238827-6 "On principles of state-private partnership in the Russian Federation" was adopted by the State Duma.

On January 1, 2016, Federal Law of July 13, 2015 No.224-FZ "On public-private partnership, municipal-private partnership in the Russian Federation and the amendment of certain legislative acts of the Russian Federation" came into force.

The adoption of the PPP law, together with the improved concession legislation creates an effective tool to attract the private sector to the public infrastructure development.

The Republic of Kazakhstan is not actually experienced in effective PPPs. The main scope of the PPP application is the projects in formation and management of the energy and transport infrastructure.

For effective PPP use in Kazakhstan, several normative legal acts were adopted. Until recently, imperfection of the domestic legislation has been one of the main obstacles hindering active involvement of private capital in infrastructure sectors of the economy.

The first law of the Republic of Kazakhstan "On concessions", approved in December 1991, regulated the legal terms of the objects concession in the country only to foreign investors.

Because of imperfection of the law and problems with implementation of the PPP projects, the new (currently valid) law "On concessions" was adopted in the country in July 2006. It allowed to transfer the rights to create state property objects within the PPP to legal entities of Kazakhstan.

During execution of the law of Kazakhstan "On concessions" the following disadvantages were revealed, both in the legislation and in the institutional system: poor commercial attractiveness of the concession objects; limited public support for concessionaires; need to strengthen the institutional component and the quality of the economic expertise of PPP projects.



Therefore, to improve the PPP mechanism and attractiveness of concession projects, on July 5, 2008, the law of Kazakhstan "On the amendments and supplements to certain legislative acts on the concession issues", which allowed to agree some concession issues in the Kazakhstan legislation.

The legal framework for concession agreements were improved in July 2010, when the concession legislation was amended. The changes concerned the objects transfer in concession, expansion of the state support measures, and increase in attractiveness of concession projects.

According to experts, the turning point of the PPP development in Kazakhstan was in 2011, when the first policy document in the field of PPPs was adopted for the period till 2015.

On October 31, 2015, in Kazakhstan, the law "On public-private partnership" was adopted, which was based on international experience in implementation of public-private partnership projects and included many state support measures for investors, including foreign ones.

Head of State stated in his Message on November 30, 2015 to Kazakhstan people that the public-private partnership mechanisms should be actively applied to "unload" budget expenditures. Additional measures should be worked out as well to encourage private investments into priority sectors of the economy. It is important to attract private investors, not only to construction of roads, pipelines, hospitals, schools, and other objects, but also to their reconstruction and maintenance.

The PPP value in solution of tasks of the economy development is recognized in the Republic of Belarus at the state level. It was reflected in certain policy documents: Belarus Presidential Directive No.4 "On the development of entrepreneurship initiative and stimulation of business activity in the Republic of Belarus," in the State Program of innovative development of the Republic of Belarus for 2011-2015, the Program of socio-economic development of the Republic of Belarus for 2011-2015.

The following measures have been taken for the PPP development in Belarus:

— The EU /UNDP project of "Strengthening national capacity in the application of public-private partnership mechanisms in the Republic of Belarus" is implemented.

— On July 2, 2016, law No.345-Z "On public-private partnership" of 30.12.2015 came into force. The law defines the sectors for PPP projects implementation: utilities and public services, health, social services, agro-industry, traffic and transportation. In addition, government guarantees of the private partner's rights (the rights to benefits and preferences) are stipulated, as well as the procedure for resolution of disputes between private and public partners is established.

— The Interagency Infrastructure Coordinating Council and the PPP center at the Economic Research Institute of the Ministry of Economy are established.

— The National infrastructure plan of the Republic of Belarus for 2016-2030 is developed, identifying 100 infrastructure projects, priority for the Republic of Belarus, with total investment of over 3 billion dollars. Certain

projects are planned to be allocated from the top 100 projects list in the future, which can be implemented under the PPP principles.

Thus, the effectiveness of the socio-economic development of the EEU countries currently depends on the new tool for the economic development and modern models of the interaction between business organizations and public entities.

Practice of Public-Private Partnerships in the Russian Federation

Currently in the Russian Federation, a PPP is considered as an important tool for attraction of the domestic and foreign private capital required for satisfaction of infrastructure needs. The public and municipal authorities are responsible for the development of the infrastructure of transport, municipal economy, and social sphere. The development of objects, which are part of this infrastructure, are always associated with high expenses. The financing amount goes beyond the regional and city budgets. These problems have to be solved because the infrastructure development provides the economic growth. The quality of the state services also is believed to be an important issue. Therefore the power attracts entrepreneurs to solve the tasks and come in partnership with them. For businessmen, the partnership with the power authorities means decrease in long-term risks of business.

According to the World Bank, by investment number and amount, the projects connected with telecommunications (186 PPP projects) and electricity (102 PPP projects) are at the first place in the structure of the PPP infrastructure projects in the Russian Federation (Fig. 1-2).

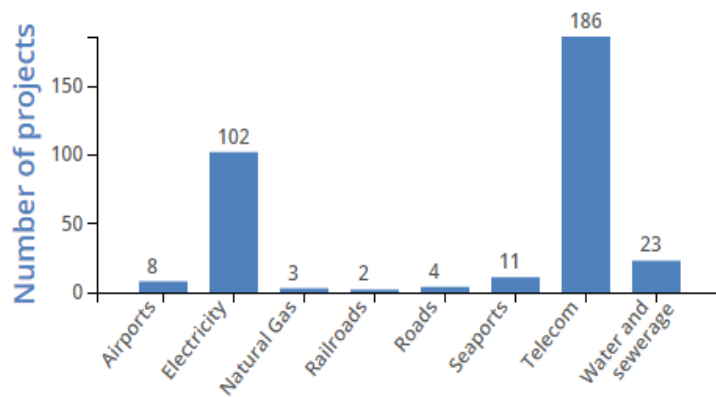


Figure 1. Projects reached the financial closure by sectors in the Russian Federation 1990-2015

Source: Private Participation in Infrastructure (PPI) Project Database.

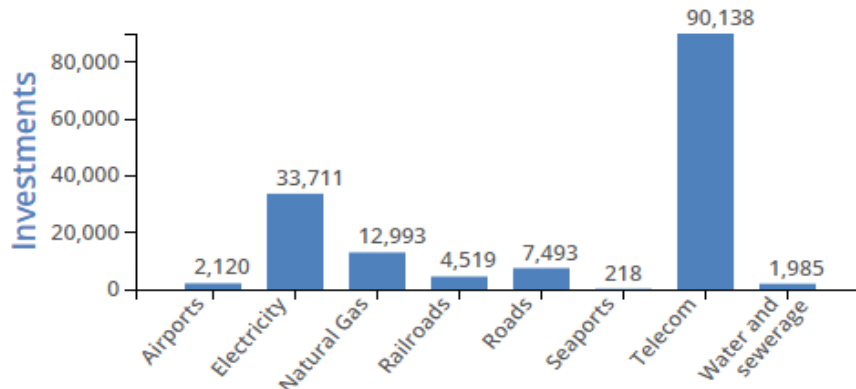


Figure 2. Investments into projects by sectors in the Russian Federation, 1990-2015, US\$ million

Source: Private Participation in Infrastructure (PPI) Project Database, from <http://ppi.worldbank.org>

The first PPP successful project in Russia was the Pulkovo airport development project, which investment program included the following works:

- construction of the new passenger terminal adjoining the existing Pulkovo-1 terminal;
- reconstruction of the existing buildings and engineering facilities;
- construction of the support infrastructure (a business center, parking, access roads);
- reconstruction of a sector of the existing airfield infrastructure.

Another example of implementation of the PPP successful projects in Russia is the Western High Speed Diameter project which is the Russian first project of the urban toll road, which implementation sets the following tasks:

- construction of a high-speed highway connecting the southern, central and northern parts of the city with the further connection with the federal and regional highways;
- decreased load of bridges and street road networks in the center of the city;
- reduction of vehicle idle time in traffic jams;
- increased traffic safety.

One of the first federal projects implemented within the concession agreement is the “M1 Federal Highway Belarus (Moscow-Minsk)” project. The main disadvantages of inefficient implementation of this project are connected with its insufficient preparation and structuring that have led to the low competition in tenders. Organizational problems have led to a construction delay.

Besides, some projects, implemented on the basis of concession agreements, can be allocated as well (Table 2).

Table 2. PPP Projects in the Russian Federation

PPP project	Agreement	Project cost	Status
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term			
Social infrastructure			
Reconstruction of the maternity hospital in Novosibirsk	22 years	97 million roubles	Operation
Reconstruction of the dental clinic in Novosibirsk	20 years	7 million roubles	Operation
Reconstruction of Moscow hospital No.63	49 years	5.5 billion roubles	Implementat ion
Construction of the children's clinic in Tver region	12 years	149 million roubles	Operation
Reconstruction of hospital No.9 in the Republic of Tatarstan	15 years	15 million roubles	Operation
Utility infrastructure			
Arrangement and operation of the Municipal solid waste landfill in the Balakhninsky district, Nizhny Novgorod region	25 years	750 million roubles	Operation
Energy infrastructure			
Reconstruction of boiler house No.1 in Petropavlovsk-Kamchatsky	12 years	1350 billion roubles	Implementat ion
Transport infrastructure			
Construction and maintenance of the toll highway "Western High-Speed Diameter"	11 years	120 billion roubles	Implementat ion
Construction of the high-speed highway Moscow-St. Petersburg in an area from 15 to 58 km	17 years	66 billion roubles	Operation
Road interchange on the federal highway M-9 "Baltic"	15 years	300 million roubles	Operation

Source: Practice of application of concession agreements for development of the regional infrastructure in Russia // the Center of public-private partnership development. Moscow 2014.

As the researches have demonstrated, the main problems of introduction of the PPP projects in Russia consist in the following:

— in misunderstanding of the concept public-private partnership. In most cases a PPP is considered to be the state's transfer of a certain social load to business that is wrong;

— entrepreneurial structures don't understand how they can build infrastructure objects which do not belong to them, and who will return the money invested for 20-30 years. To make entrepreneurial structures attend to the PPP projects, one of the most important conditions should be a full guarantee of the profit within an invested project.

The most difficult obstacles of functioning of the PPP projects market in Russia are: the imperfect federal Russian legislation, including on the state guarantees of the state's long-term obligations; lack of transparent and effective procedures of the PPP projects selection; lack of monitoring for their execution and punishment mechanisms in case of non-execution by private partners of their contractual obligations.

Practice of Public-Private Partnership in the Republic of Kazakhstan

The Republic of Kazakhstan has insignificant experience of PPP. According to the World Bank, in the Republic of Kazakhstan, the projects connected with



electricity prevail by number (16 PPP projects), and by investment amount – telecommunication projects (Fig. 3-4).

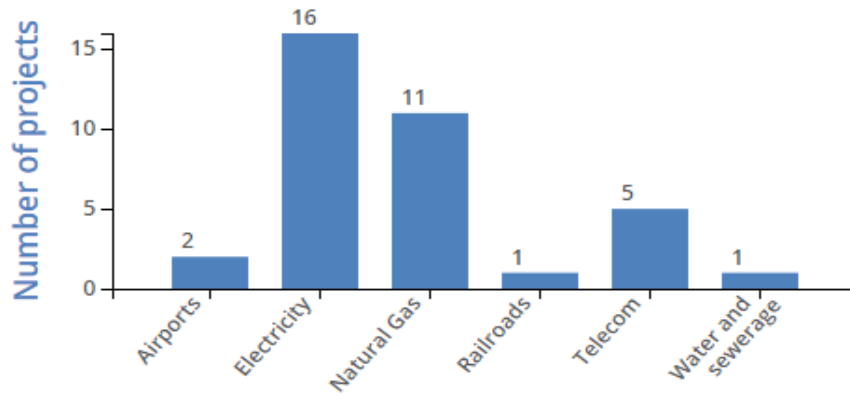


Figure 3. Projects reached the financial closure by sectors in Kazakhstan, 1990-2015
Source: Private Participation in Infrastructure (PPI) Project Database.

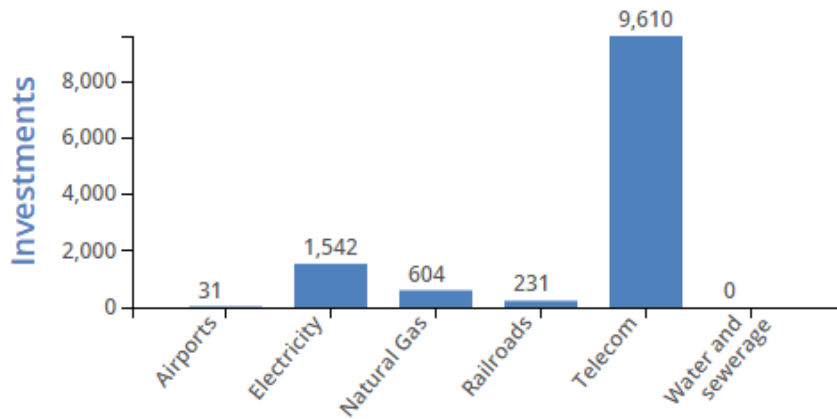


Figure 4. Investment in projects by sectors in Kazakhstan, 1990-2015, US\$ million
Source: Private Participation in Infrastructure (PPI) Project Database.

Within PPPs in the Republic of Kazakhstan, mostly the projects connected with construction of airports and railway lines are at an implementation stage (Table 3).

Table 3. PPP Projects in Kazakhstan

PPP project	Project cost	Construction period	Operation period	Status	Government support measures
Construction and operation of the Light rail line in Almaty	521 million US dollars	2.5 years, 2016-2018	27.5 years	under development of the concession proposal	compensation of investment costs
Correctional facility for 1500 people in Shymkent	98 million US. dollars	3 years, 2016-2019	27 years, 2019-2046	under development of the concession proposal	compensation of investment costs
Construction and operation of a bypass road in Shymkent	65 million US dollars	5 years, 2016-2022	19 years 2023-2042	under development of the concession proposal	compensation of investment costs
Construction and operation of the multidisciplinary hospital in Aktau, Mangistau region	72 million US dollars	3 years, 2016-2019	27 years, 2019-2046	under development of the concession proposal	compensation of investment costs of concessionaire, according to the budget law of the Republic of Kazakhstan
Construction and operation of the multidisciplinary hospital in Oskemen, East-Kazakhstan region	60 million US dollars	2 years	28 years	development of the tender documentatio n	compensation of investment costs of concessionaire, according to the budget law of the Republic of Kazakhstan
Construction and operation of the children's city hospital in Semey, East-Kazakhstan region	39,2 million US dollars	2 years	28 years	development of the tender documentatio n	compensation of investment costs of concessionaire, according to the budget law of the Republic of Kazakhstan
Construction and operation of Almaty ring road (BAKAD)	672 million US dollars	4.5 years	15.5 years	in April 2015 the first stage of the tender for the BAKAD project was held. For the second stage, 5 consortiums out of 9 bids received for qualification were officially admitted. Currently the project is at the second stage of the tender	payment availability
Construction of a bypass railway line pass railway junction of Almaty station	297 million US dollars	3 years	26 years	on August 24, 2015 the Kazakhstan PPP Center sent without considering	compensation of investment costs



					the concession project proposal. under development of the concession proposal	
Construction and operation of a bridge across Bukhtarma reservoir in Kurchum district of East-Kazakhstan region	112 million US dollars	2.5 years	26 years		on October 15, 2014, the Kazakhstan PPP Center issued conclusion to rework the tender documentation.	compensation of investment costs, profit from the toll road
Construction and operation of the multidisciplinary hospital at the State Enterprise "Kazakh National Medical University named after SD Asfendiyarov" in Almaty	61 million US dollars	170 US dollars	3 years	17 years	under development of the concession proposal	payment availability

Source: PPP in Kazakhstan.

The research has shown that practice of use of the PPP mechanism is at the initial stage in the Republic of Kazakhstan. The program documents, currently being approved, contain measures for development of a concession form of partnerships, all range of the PPP models isn't considered.

Discussions

The efforts directed to introduction of approaches which would allow the EEU countries to develop the PPP mechanism are a subject of discussion of the international organizations, especially at the UN Economic Commission for Europe, the World bank.

UN Economic Commission for Europe has made the following recommendations about development of the PPP mechanism in the EEU countries: (UNECE PPP Assessment Report, 2013)

1. Studying of the international experience of implementation of the successful PPP projects.
2. Creation of one Ministry or department responsible for implementation of the PPP mechanism.
3. Implementation of the PPP mechanism directed to transfer of the Eurasian countries to "green economy".
4. Strengthening of the PPP Department at the Ministry of Economics by means of allocation of additional resources – both human and financial – to make this department execute its liabilities in the best way, and so that the new knowledge in the field of PPP was applied in implementation of stable infrastructure projects.

5. Strengthening of equal participation of the public and private sectors for creation of new opportunities and active participation of the private sector in providing the state services.

The World bank gave the following recommendations about development of the PPP mechanism in the EEU countries: (Document of the World bank, 2012)

1. Creation of favorable conditions for PPPs, clear policies on the budgetary and financial support of PPPs and improvement of concessions and the relevant legislation.

2. Development of a financial model of fiscal risks management and monitoring of the conditional obligations connected with PPPs.

3. Creation of the centralized database of all PPP objects.

4. Priority – bankable projects relying on convincing financial models.

5. Those participants able to cope with risks should undertake them.

6. Accounting of all involved parties' interests.

According to the author, for to use PPPs as an instrument of development of cooperation of the EEU countries, it is necessary to:

— create a uniform terminology and principles of the PPP in the EEU countries;

— create conditions for application of the uniform list of the PPP models in the EEU countries;

— conclude a tripartite (with the further expansion) cooperation agreement between the national centers of the PPP development;

— take steps for unification of the EEU legislative base so that the public and private partners could act as residents around the Union. Removal for them not only of customs barriers, but also additional tax restrictions would promote increase in economic integration and open additional opportunities for attraction of extrabudgetary financial and other resources in the PPP projects in different branches of the infrastructure in the EEU countries;

— establish the International council on PPP problems consisting of representatives of the EEU countries, entrepreneurial and scientific community, noncommercial associations. It was recommended to establish the similar Council on international public-private partnerships at the United Nations at the Third Session of the Economic Commission for Europe on international public-private partnerships held on April 18-19, 2011 in Geneva (Switzerland). One of priority tasks of the Council – development of the Model legislation on PPPs in interstate economic cooperation;

— use practical experience in implementation of the interstate PPP projects. An example of the successful interstate PPP is the project of expansion and modernization of the international airport in Warsaw which handles a significant part of the international air passenger traffic;

— introduce the network approach to PPP development in the EEU countries and to provide coordination in this sphere. In Russia, Kazakhstan, thematic magazines in the sphere of PPP are available, scientific monographs and methodical guides are already issued, serious data portals are accessible, round tables and conferences are carried out. However at the same time, information on these projects is often in different "information fields" and only



sometimes, becomes available to specialists. According to the author, systematization of all this information, its availability to all PPP expert community is reasonable.

Implementation of the specified offers allows to lay the conceptual principles of the PPP mechanisms in the EEU countries and promotes development of the international cooperation in the sphere of PPPs and the coordination between the EEU countries at the interstate level. The coordinated policy and the same mechanisms of the PPP regulation allow to create conditions for deep cooperation between the states, to provide the stable growth of business activity and to raise the standard of living of the population.

Conclusion

The analysis of PPP practice in the EEU countries revealed that the most complex problems of the PPP project market are: imperfect legislation, the lack of the institutional basis for PPPs, of transparent and effective procedures for the PPP project selection, of necessary guarantees to ensure full coverage of investment and operating expenses of a private investor.

Uneven development of PPPs in the EEU countries is caused by the lack of international and intergovernmental coordination in the field of PPPs.

However, the infrastructure similarity, the governments' management approaches, the business culture, the linguistic environment push the PPP to a higher level of international cooperation in the context of the development of the Eurasian integration.

To use a PPP as an instrument of development of the EEU countries' cooperation, it is necessary: to create a uniform terminology and principles of the PPP in the EEU countries; to create conditions for application of the uniform list of the PPP models in the EEU countries; to conclude a tripartite (with the further expansion) cooperation agreement among the national centers of the PPP development; to take steps for unification of the EEU legislative base; to establish the International council on PPP problems; to use practical experience in implementation of the interstate PPP projects; to introduce the network approach to PPP development in the EEU countries and to provide coordination in this sphere.

Disclosure statement

No potential conflict of interest was reported by the authors.

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