

Integrational Models and Forms of Inter-State Public-Private Partnership: Aspects of Financial Convergence

Integrační modely a formy spolupráce veřejného a soukromého sektoru: aspekty finanční konvergence

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Abstract

In the article we examined the main models and forms of public-private partnership, their role in the socio-economic development and deepening of financial convergence of countries-participants of the partnership. The attention was paid to decentralization of inter-state forms of public-private partnership as the basis of cross-border and transnational partnership. The scientific research, described in this publication, have found their practical application in the realization of the project within Euro-region "Bug". This project has founded a joined Ukrainian – Polish institution of labor migration administration and also of granting necessary permissions for realization activities within Ukraine.

Keywords

partnership, state and private partners, migration, cross-border and transnational cooperation, convergence, taxes, financial systems

Abstrakt

V článku jsme zkoumali hlavní modely a formy vztahů veřejného a soukromého sektoru, jejich role v socio-ekonomickém rozvoji a zvyšování finanční konvergence mezi spolupracujícími zeměmi. Pozornost byla věnována decentralizaci mezistátních forem kooperace jako základu přeshraniční a nadnárodní spolupráce. Vědecký výzkum, popsáný v tomto článku, našel praktické uplatnění při realizaci projektu „Bug“ v rámci Euro-regionu. Tento projekt založil ukrajinsko-polskou spolupráci v oblasti migrace pracovních sil a také udílení nezbytných povolení k realizaci aktivit na území Ukrajiny.

Klíčová slova

spolupráce, státní a soukromí partneři, migrace, přeshraniční a nadnárodní spolupráce, konvergence, daně, finanční systémy

JEL Codes

F5, F15, F22

Introduction

The basis of socio-economic relationship that is formed on the base of production, sharing, exchange and consumption of social product is a question of ownership. In this case, under conditions of inevitability of globalization of world economics its market model

needs implementation of modern institutional models of state administration that is oriented at interaction of a state and private partners – body corporates and individuals, whose participation in formation of social product has to promote improvement of well-being and social protection of citizens. At the same time, structural non-reformation of management system of economics of some countries doesn't facilitate strengthening of their national economics, and accordingly does not provide social standards with financial resources which are applied in many developed countries. Available asymmetries of convergent development of some countries lead to deepening of negative influence of financial and economic crisis – reducing citizens' level of life, aggravation of socio-political situation and other negative phenomena. In this question Ukraine is not an exception, unsatisfactory modernization and high level of shading of economic sector, absence of effective reformation of country management system cannot fully ensure a quite wide range of state social insurance arrangements with their own financial resources. Under these conditions searching of new models and forms of inter-state public-private partnership has quite an important or even determining meaning in wide understanding of this notion.

Analysis of the studies of the problem. The question of integration models of PPP and state-private partnership (SPP) is an object of scientific studies of R. Baro (USA), V. Varnavskiy (Russia), P. Druker (USA), H. Etzkowitz (USA), K. Ohmae (Japan), B. Danylyshyn, I. Zapatrina, E. Libanova, D. Lukyanenko, V. Mamutova, A. Poruchnyk, I. Storonyanska, O. Simson, V. Chuzhykov (Ukraine) and others.

Aim and tasks of the article are to consider the main models of inter-state public-private partnership, to analyze their role on the modern level of development of socio-economic relations. According to the results of scientific studies, practice of legal regulation and materials of the own research of realization of the inter-state project about creating the trans-border infrastructure of the control of labor migration within euro-region "Bug" we proposed more effective forms of such partnership, which will create conditions for reducing the level of illegal labor migration and increasing positive effect onto the state of national financial systems.

Main scientific and theoretical methods of the research: the method of systematic and logical analysis, the method of comparison, the method of structural modelling, the method of logical approach and others.

Methodology of the research. According to scientific researching and statistic data of international and public organizations we studied active systems of SPP and their interaction, and an effect onto the state of public financial resources.

1 Partnership of Public and Private Sectors of Society as Forms of Cooperation

Events of the latest years that were connected with consequences of world financial crisis have substantially changed approaches to affectivity of socio-economic relations in Europe and the world. In conditions of all-rising globalization of world economy the prob-

lems of competition, unemployment and keeping of proper level of social guarantees and social protection of citizens make governments of states and management bodies of over-national associations look for new approaches concerning priority of directions of development of integration processes not only at national and over-national levels, but also at a regional level.

One of such orientations is a partnership of public and private sectors of society as one of the forms of cooperation. Such form of cooperation has already been realized in many countries for more than 100 years. World leaders of public-private partnership are considered to be USA, Great Britain, France, Germany. Partnership is successfully realized in Spain, Italy, Greece, Ireland, Austria and other countries of Europe and South-Eastern Asia. In different countries of the world, cooperation that has partnership in its foundation obtains different models and forms of national and transnational scales.

P. Rozenau considers that state-private partnership appeared as a juridical form of cooperation that can eliminate "failures" of both market and state, and combine the best features of both sides in order to receive synergetic positive effect (Moro and Buriola, 2007, p. 6). Combination of interests of both independent from each other sectors – state (public) and private has to promote coordination of behavior of participants of such cooperation for the purpose of obtaining synergetic effect¹, and thereafter decreasing entropy², as a phenomenon that characterizes a level of uncertainty or chaos to which a lot of attention is paid for the last time while studying conditions of financial processes (Grabchuk, 2011).

Increasing of synergetic effect and accordantly decreasing of a level of entropy in the process of creating distribution and re-distribution of social product can be reached as the result of implementing of effective methods of management that lie in combining of interests of a state and a private sector.

In 20th century an American scientist Peter F. Druker studying the essence and role of management in business, state institutions and non-commercial organization mentioned that for reaching the effectiveness of partnership of real partners they can be joined into one united economic chain of interests (Druker, 2004, p. 117). In present conditions any

1 **Synergetics** – research area that studies connections with the elements of the structure (subsystems) that are creating in open systems thanks to intensive exchange of substances and energies with the surrounding, in dis-balance conditions. In such systems we may observe agreement of behavior of subsystems, as a result a level of its regulation increases, this means entropy reduces [Big Encyclopedia Dictionary, Moscow, 'Soviet Encyclopedia', 1991, part 2, p.351].

2 **Entropy** – (from Greek – turn, change, transformation) at first it was scientifically proved that entropy is a thermodynamic function that characterizes condition of thermodynamic system and its possible changes (notion of entropy was introduced in 1865 by Yu. U. Klauzis). With the development of statistic physics L. Boltzman proved that entropy is a measure of thermodynamic probability of macroscopic condition of a system [Ukrainian Soviet Encyclopedia, Kyiv 'Main Issue of Ukrainian Soviet Encyclopedia, 1986, part 1, pp.588-589]. In scientific research G. Gelmgolts (1883) determines entropy as a measure of disorganization that in further studies of economic processes is applied as a measure of chaos, quantity of undefined movement in the system that lost its vector nature as a result of chaotic state of this movement. It is applied as a measure of indetermination of condition of entrepreneurship, financial resources, etc.

state of the world is unable to please constantly raising needs of society at the expense of budgetary funds and that is why unification of efforts of state (public) and private partners is possible in their economic relations under conditions of consolidation of economic interests of the participants of the partnership in accordance with legally regulated conditions and rules. The main aim of such mutual activities is searching the ways of involving investments, saving budgetary funds, getting profit, fair sharing of risks, social and other aspects of partnership.

2 Relationships of State and Private Sectors of Society. Subjunctive State of the Relations of these Two Sectors

Taking into account that the basis for socio-economic relations in market conditions is an effective balance of ownership not only of created social product, but also of other spheres of social life, there is still an important problem of regulation of the relations (of partnership) of private and public sectors of the society.

For more thorough studying of the problem it is important to discover a structure of subjects of these relations of both sectors. Public sector includes subjects of state form of ownership (state institutions, enterprises, companies and organizations), municipal form of ownership (local authorities and their associations, enterprises, organizations and institutions in local (municipal ownership). The private sector includes private entrepreneurs and legal entities, which are based on the private form of ownership. Stefan Linder (Harvard Law Review) treats state-private partnership as an institutional agreement that implements such agreement about cooperation of state organizations and private sector in which a state has one or more private partners (Pidgayets, 2011).

Economic and legal relations of a state (local government administration) and a private partner don't have the only determination and use for today. The analysis of development of public-private partnership and scientific studies on the question give us grounds to the conclusion that organizational function of setting up of partnership with the private sector belongs to a state, the essence of which lies in formation of economic common profitable legal environment of partnership implementation, using and developing different models and forms of such cooperation. A special direction of public-private partnership is a wide conception of partnership in scientific and innovational spheres that first of all is connected with a new state function that becomes in a direct sense more "a partner" than "a regulator" in that meaning that one-side influence foresees. In Simson's opinion a state appears in state-private partnership not as a subject of authority, but as an equal partner, as an entrepreneur who is ready to share the risks of innovative activity (Simson, 2011, p. 227). At the same time the role of the state in SPP is quite understated, as this is the body of State Authority who determines the legal frames of any activity in the state, together with local governments and public organizations they guarantee the observance of rights and freedoms of citizens, that's why the possibilities of the activity of private sector are limited by legal frames and other causes. In most of public-private partnerships the main aim of cooperation is pooling of great amounts of financial resources of a state and business for realization of important investment projects. At the same time,

on the present stage of socio-economic development of most countries, including highly developed ones, there is a question of partnership at decentralized level in social sphere where a state has to appear not only as a financial partner concerning business, but as a customer of social services that are guaranteed by a state or determined by local government administration. From the position of role priority and importance of a state in the partnership with a private sector, to our mind, in the practice of many countries terminology of state-private partnership is applied.

At the same time, taking a look at the composition of subjects of partnership relations, a public component of a concept includes subjects of jural relationships of state and municipal (communal) ownership. It is necessary to point out that subjects of municipal ownership don't belong to state sector and are a special social (community) form of ownership or common ownership of territorial community of villages, settlements, towns, communes and other administrative-territorial units. In spite of considerable changes of these categories in practice the term "state-private partnership" is used most of all where authorities of local governments are equal to state partners.

3 The Essence of the Terms "Public-Private Partnership" and "State-Private Partnership"

At the same time, paying attention to the essence of terminology, in an English equivalent "Public-Private Partnership" a word "Public" is interpreted a little bit wider than just a simple complex of authorities that perform authoritative functions. It includes not only central and local government authorities, judicial authority, law and order authorities, armed forces, but also cultural, educational, academic and other organizations, also social institutions that play informal and very important role in the development of social process (Varnavskiy, 2011, p. 45).

In Ukrainian legal reality they use the term "state-private partnership" that was caused by traditionally big role of a state in social relations. Usage of the word combination "public-private partnership" not only reflexes participating of subjects of public and private law in partnership, but also is a proof of interaction of interests – both public and private. From this point of view usage of the term "public-private partnership" is more specific (Simson, 2011, p. 230).

According to the law of Ukraine "About state-private partnership" that was passed by Verkhovna Rada of Ukraine on July 1, 2010, the Autonomous Republic of Crimea and territorial communities as local government administration are referred to state partners even though they are not state institutions. To our mind one of the reasons of such generalization is the fact that territorial community cannot be an independent unit of public-private partnership as it doesn't possess all necessary instruments of law realization for local self-government. Such situation can be explained by nonreformation of the institute and model of local self-government that existed at the time of resolving Constitution of Ukraine that are characterized by preserving of mechanisms of centralization of authoritative powers and resources.

In Ukraine for a quite long time there are projects of Conception of introduction of changes to Constitution of Ukraine and Conception of reforming of local self-government and territorial authorities in Ukraine with the participation of representatives of state institutions, public organizations of local self-government and scientific organization. These documents provide strengthening of juridical, organizational and material capacity of territorial communities and local government administrations of district and regional levels, conducting their activity with adherence to principles and stipulations of European Charter of local self-government – realization, regulation and management of considerable part of social affairs that belong to their competence considering interests of local population³ within the law that will give us possibility of wider usage of public-private partnership.

European developed countries have a positive practical experience of project realization of public-private partnership, where similar projects has been being applied since 80s of 19th century in a wide range of economic activities: building and airport exploitation; automobile roads, ports and railways; housing and communal services; providing administrative services; health care; education and sport; jails servicing, etc. To our mind German experience is very useful, where since the second part of the 80s of the previous century for replacing of previously applied projects, they have started the introduction of huge ones of renewing and rebuilding urban infrastructure of the land of North Rhine-Westphalia with participation of private partners and projects from cooperative building.

Nowadays on both European and national levels in Germany they discuss the question in what way state-private partnership can be defined and which rules of regulation there should be in this field.

On European level they refused the limited definition of state-private partnership that had existed by this time: the Conception of state-private partnership doesn't have clearness in interpretation on the co-partnership level. The term usually refers to forms of cooperation between state authorities and private companies for the purpose of financing, building, reconstruction, management and keeping infrastructure or service providing (Europäische Kommission, 2004).

4 Models and Forms of Public-Private Partnerships

The experience of implementing public-private partnership of the USA and European countries and analysis that was conducted by Eastern Europe Fund that was provided by USA Agency for International development within the project of "Local investments and national competitive ability" and studies of leading Ukrainian and foreign scientists show that different models and forms of public partnership are implemented for capital raising for modernization and development of economic and social sectors. In most European countries the model of cooperation of private and public sectors is public-private partnership, in France – "concession" and others. The model of creation of state-private

3 *Materials of council-seminar of All-Ukrainian association of local government administrations and Ukrainian association of district and regional councils (2013). Sudak, October 17-20.*

partnership by means of project financing of public infrastructure with private funds was developed with participation of governments of Australia and Great Britain at the end of 1980 - "Private finance initiative" that was widely used in Australia, Great Britain, Spain and different variants of this model are used in many other countries as a part of wider neo-liberal program of privatization and financing that are caused by increasing need of accountability and effectiveness for state expenses (Barlow, Roehrich and Wright, 2010).

According to the information of British Government they realize about 80 projects of PFI in the country annually that guarantee 17% of saving of country's budget. With the usage of PFI they built a tunnel under the English Channel, Sidney port tunnel, Confederation Bridge in Canada, airports in Hamburg and Warsaw, New York Central Park, projects of Ministry of Defense of Great Britain (barns, buildings of headquarters, training of pilots and sailors, air services of in-flight refueling, etc.). Private capital raising for supply of municipal activity is quite widespread. According to the information of National Council Public-Private Partnership in the USA for basic kinds of municipal activities (water supply system, sewerage system, scavenging, school education, exploitation of parking lots, etc.) an average city uses private companies for 35% (Cabinet of Ministers of Ukraine, 2013).

The practice of European countries proves that for the last decades the most common form of public-private partnership has been the investing of a private sector into municipal activity – building, reconstruction and modernization of the infrastructure and providing with social services. Scientists V. Babayev, T. Momot, Ye. Shevchenko have analyzed and generalized studies of British (Partnership UK) and international experts of the World Bank, European Bank of Reconstruction and Development and as a result they distinguished four main groups of partnership:

1. Management and Leasing Contracts in the form of a management contract;
2. Concessions in the forms of:
 - Rehabilitation, operation, transferring;
 - Rehabilitation, leasing or rent, transferring;
 - Building, rehabilitation, operation, transferring;
3. Greenfield (new) projects in the forms of:
 - Building, leasing, transferring;
 - Building, operation, transferring;
 - Building, ownership, operation;
 - Commercial project;
4. Partial privatization of assets – purchasing a part of a block of shares of an enterprise that is in state or communal ownership (Babayev, Momot and Shevchenko, 2012).

At the same time European Commission mainly distinguishes two forms of state-private partnership:

- Contractual state-private partnership where a partnership exists between a state and a private sector and occurs between independent legal entities;
- Institutional state-private partnership where cooperation occurs between state and private sectors within a separate subsection⁴.

Taking into account that state and municipal partners belong to a public sector of society European Commission defined the forms of state-private partnership that are considered to be a main model of public-private partnership.

At once, the practice of implementing of public-private partnership of the last decade proves the necessity of usage of the third model of partnership – mixed that is wide spread in the countries of Central-Eastern Europe which are members of the EU in 2004 and 2007. By 2008 private-public partnership in Poland had been regulated by separate legal acts: about railway transport, roads, tax on individual income, public transport, organization of agricultural markets, etc. In December 2008 Parliament of Poland passed the law “About Public-Private Partnership” that determines the significance of public subject of partnership:

1. Organizations of public financial sector according to legislation about public finances;
2. Other legal entities except for organizations of public financial sector that are founded by organizations of public financial sector that don't have industrial or marketing aim of foundation, directly or by means of other subjects;
3. Relations of subjects defined in points 1 and 2 (Kancelaria Sejmu, 2008).

The characteristic peculiarity of the law is that partnership subjects are admitted to be legal entities that have a right to dispose public finances according to legislation and also their relations. The law also regulates the participation in public-private partnership of private partners – legal entities, participants of property and financial deposits of public and private partners. All mentioned above has a possibility of usage of public-private partnership according to the practice of its applying by the EU. Concerning applying public-private partnership in its country the legislation of Poland gives a great possibility to state jurisdictions and local government administration as the main subjects of such partnership to use different models and forms of cooperation including so-called mixed ones.

According to the law of Poland “About public-private partnership” they considerably exaggerated the legal framework concerning the possibility of participating in the partnership on the rights of participants of not only public and private partners, but also contributors of property deposits and proprietary interests that are defined by the civil code, to carry out payments by means of participation of public and private partners in charges or financing after-payments to services through a public partner. The relations of public partners are defined as a separate subject of public-private partnership that broadens possibilities of cooperation in information providing, usage of common data bases that are necessary for realization of projects of public-private partnership.

⁴ Vgl. Europäische Kommission (Fußn. 1), 9.

In addition in present conditions more and more attention is paid to researches oriented at the applying of mixed forms of partnership in a social sphere that are mainly decentralized, with the help of which on the local level it is possible to make influence on specific problems of service providing, to widen and to improve variety of products in an innovative way (Piontkowski and Steidle, 2007). Such form of partnership can be useful for Ukraine, but for its full implementation there is a necessity of most social services that are guaranteed by a state to pass the fulfillment to local councils and to leave state control over observance of legally established standards.

No matter what models and forms of partnership will be applied in every specific project where the main aim is increasing the final product (services amount) and receiving the income as a result of contractual relations of not only state, municipal and private partners, but also a huge role in these relations belongs to public organizations and charitable trusts. Mostly according to the valid legislation the role of these subjects of partnership is limited, insufficiently attention is paid to scientific developments and studies of this question. At the same time public organizations and charitable trusts, taking an active part in all spheres of social life of all countries, de facto are direct participants of such partnership that exceeded the national bounds of such cooperation and under conditions of globalization has the signs of dimensions and internationalization that is the process that foresees exceeding something that used to be only internal out of its initial limits; or cooperation of action of couple of subjects of the world economy and politics around generalized for them tasks, aims, kinds of activities (Voloshyn, 2010). Internationalization of public-private partnership includes cooperation of such partners as a state, local self-government, private sector, science, banking sector, the public through public organizations, law enforcement and judicial authorities, migration services, statistics authorities, media, etc.

According to the most wide-spread definition of scientists, globalization is an internationalization of economic life that takes a form of transnationalization, of mutual entering economics, and global measures. At the same time it is also a universalization, homogenization of life when under the influence of exchange of people, goods, capitals, culture values the world strives for uniform standards, principles, values (Kolesov and Os'mova, 2000, p. 6). Internationalization of public-private partnership foresees not only the creation of common international, multinational goods manufacturing and service providing companies, but also international associations that carry out socio-beneficial functions for modern global problems solving.

A striking example of transnational public-private partnership can be quite recently established in 2000 The Global Alliance for Vaccines and Immunization (GAVI Alliance). Donors of the Alliance are public and private participants from more than 20 countries of the world as USA, Canada, Germany, France, Japan, Russian Federation, etc. and also the EU. Among the international funds and private persons the famous sponsors of the Alliance are charity trusts of the head of the Microsoft Company and his wife Melinda Gates (The Bill and Melinda Gates Foundation), OPEC Fund for International Development (OFID), Lions Club International Foundation (LCIF), the Children's Investment Fund Foundation (UK).

The Alliance carries out the charity work that is oriented at solving of the global problem of life protection and children's health by means of vaccination and immunization. At the GAVI's conference that was held in London in June 13, 2011 they discussed the questions of financing of purchasing of vaccines against diarrhea and pneumonia. According to the conclusions of the conference this problem is the main threat to lives of 240 millions of children from the developing countries that is why the Alliance sponsors' donations added up 4,3 instead of planned 3,7 million US dollars for realization of this global project. In the structure of financial resources of GAVI's public-private partnership for the period of establishment of the Alliance 2000 – 2012, 71% are the deposits of governments of countries-participants, 29% - from the funds, corporations and individuals. Deposits from the private sector become a significant component of any GAVI's financing strategy⁵.

Modern globalization processes define the new era, changes which lie in the fact that people mostly depend on regulations that exist on the world market (Ohmae, 1990) that are characterized by free investment flow and labor force. Changes in the world economy together with urgency of structural reforms of state and municipal administration demand deep convergence of national economies and financial systems. Convergence of economies of countries of the world constantly changes national economic relations, an important part of which is migration processes that are closely connected with international economic relations. In this context the most serious point for many countries became questions of employment, overcoming unemployment, competition on the world labor market, combating illegal labor activity, etc. Increasing of citizens' welfare and a citizen's right for decent working conditions are connected with possibilities of realization of own working potential by citizens both in a native country and abroad.

According to the data of the Department of Economic and Social Affairs of United Nations Organization general number of migrants in the world equals 215,8 million people that is 3,2% of the general number of citizens. For the last 30 years (in comparison with 1980) the number of migrants doubled (International Labour Organization). The downfall of the USSR had a significant influence on migration dynamics in the world, most of the former Union republics couldn't use the possibility of realization of effective structural changes and modernization of economics and as a result the level of the value in a produced product, reward for work and level of social guarantees stayed much lower than in the EU countries and other developed countries of the world. These and other reasons caused the growth of unemployment. At the same time citizens are employed abroad by getting right for free movement outside the native country.

Current socio-economic situation in Ukraine is similar to many others states, especially former-socialist that in a short-term perspective doesn't let predict fundamental changes on the domestic labor market and reducing the number of citizens who are working or are looking for a job abroad because of economic reasons. Only in European countries there are hundreds of thousands of registered working labor migrants from Ukraine (Lukyanenko, 2008), and according to different sources their total number equals from 1,5 to 6 million people. Migration processes that occur on the world labor market are an important factor of formation of gross domestic product and national budgets of the countries of job

5 Gavi Alliance, [on-line], Available at: <http://www.gavialliance.org>

placement, and annual money remittance to Ukraine is an important source of income of social security of their families and incomes to the budget.

Taking into account the urgency of solving the existing problems the Cabinet of Ministers of Ukraine adopted an order "About approval of a plan of activities about integration of migrants into Ukrainian society for the years 2011-2015" (Cabinet of Ministers of Ukraine, 2011). Mostly the order concerns refugees, foreigners of non-Ukrainian origin who are willing to integrate into Ukrainian society. Concerning Ukrainian labor migrant who came back to Ukraine the order has a regulation about providing with help in employment, professional training, retraining, professional development, informing migrants about employment, entrepreneurial activity, social security and health care; and psychological support by employment centers. At the same time all these activities are not enough, as in order to return labor migrant from abroad it is necessary to create more favorable conditions of employment in Ukraine than they have abroad and more possibilities of self-actualization in the domestic market. Otherwise labor migration will have one-sided character and will be more oriented towards constant emigration from Ukraine.

To our mind the state direction of activity is more promising that is aimed at regulation of processes of labor migration from the position of circulation (*Migrazione circolare*) – system of rules and procedures in which migrants move periodically between the country of birth and a country of destination and give knowledge and experience achieved abroad at the disposal of their own country. Within a circle of European politics they often cite one of possible measures for reducing the negative phenomenon of "brain drain" (Etzkowitz, 2008, p. 71). This direction of activity in integration context is much more effective for the countries with a high level of migration that foresees approaching of labor conditions, salaries to European standards. This makes possible to speed economics reforming and providing benefits for all subjects of the process of labor migration.

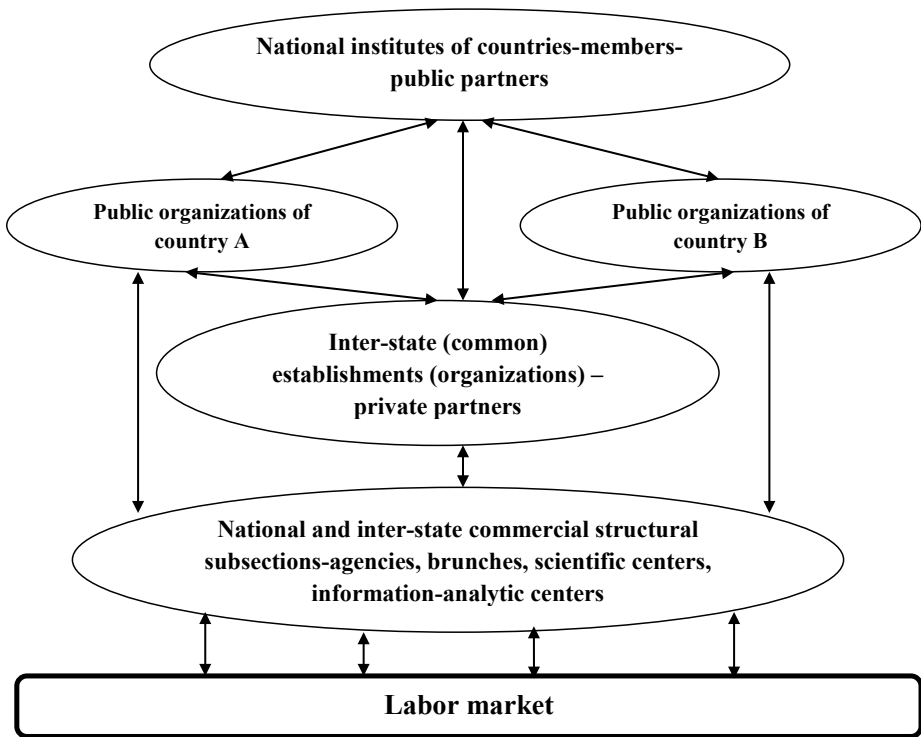
Such area of activities in realization of the national programs of migration politics corresponds to the global aims of the United Nations Organization and the program of the International Labor Organization concerning the fight against poverty by means of ensuring citizens with worthy job that foresees equal possibilities for men and women for productive work and ensures freedom, equality, security and human dignity (International Labour Organization). For a quite small period the Conception of a worthy job became a steady system of regulations, standards, indexes and gradually becomes one of the main field of activity of international institutions of separate countries and public organizations in the sphere of labor and social politics. Signing in 2006 of the Ministerial Declaration on ensuring of complete and manufacturing employment and decent work by Economic and Social Council of United Nations Organization started the transformation of the Conception of decent work into a new global aim. For the development of the ideas of this Declaration in 2007 they signed the agreement about cooperation between the Program of development of United Nations Organization and International Labor Organization according to which decent job must become the central element of the programs that are passed by United Nations Organization in member-countries (author translation) (Lukyanenko, Poruchnyk and Stolychuk, 2013, pp. 148-149), including labor migration.

In 1999 European Council adopted “the Tampere plan” (European Parliament, 1999) that defines the main courses and priorities of migration politics. In Chapter 1 of the plan “Partnership with countries of origin” it says about the necessity of complex approaches to migration processes for the purpose of fighting against poverty, improving living conditions and possibilities of employment, preventing conflicts and strengthening of democratic principles of countries, securing human rights, especially rights of minorities, women and children. Realization of “Tampere Plan” has to guarantee justified attitude to migrants and giving to them rights and duties the same as for citizens of a country of their employment. The stress is made on strengthening of non-discrimination in economic, social and cultural life.

A huge hindrance in receiving of worthy job of citizens is illegal labor migration that is caused in many countries by applying discriminating working conditions to illegal labor migrants by employers, by paying them a salary that is in several times less, depriving them of decent living conditions and social security, etc. Considering the current state of labor migration processes in the system of the world labor market there is still an important question about the effectiveness of methods of management of these processes on inter-state level. One of these courses, that is foreseen by Ukrainian legislation, is international cooperation in the sphere of securing of social protection of citizens who work abroad, securing of cooperation of the central executive agency that realizes state politics in the sphere of public employment and labor migration, market participants who provide mediation services in employment, other employment intermediaries in employment sphere and establishments of social, professional and labor rehabilitation of disabled persons, centers of social services for the youth and others. Such form of cooperation can be effective under conditions of its implementation on the terms of public-private partnership with the usage of mixed (hybrid) model of partnership that foresees participation of besides public and private partners also funds and public organizations on the rights of subjects.

Socio-demographic disbalances of the countries lead to forced and spontaneous, uncontrolled forming of labor migration, the result of which can become a total immigration with a further change of nationality. This is the loss of able-bodied population for the country, brain drain, creating corruptible structures of labor migration administration and as a result there is total nakedness of citizens abroad (Kulai, 2014). That’s why it is evident that the solving of the mentioned problems is possible only with a help of making collective decisions, which are regulated with the norms of international law. Only in such way countries-members of integral unions and countries which are not involved to them, will control the administration of labor resources of migrants. With the growth of globalization processes that are taking place on the labor market the role of cross-border and transnational cooperation increases aimed at implementation of a coordinated management system of labor market that should have in its basis inter-state public-private partnership and its institutional environment built in accordance with mechanisms of state-public partnership and trans-border infrastructure of labor circulation administration, that can be fulfilled only by a state, international institutes, business and public organizations (see Figure 1).

Figure 1: Project model of the institutional environment of labor migration administration in conditions of interstate PPP (author's building within a pilot project).



The essence of such cooperation lies in coordination of activities of state authorities that provide realization of state politics in the sphere of population employment and regulation of migration process, and private structures concerning conducting of socio-oriented activity aimed at observance of right and interests of labor migrants in case of their employment abroad, formation of favorable business environment through the widening of existing national and international institutions and public organizations.

The special role in this relationship is played by the international institutions: EU Institutions, the United Nations, international financial organizations, public consumption funds and so on. The activity of the International Migration Organization (IMO), the mission of which has been working in Ukraine since 1996, purposes to develop the understanding of possibilities and problems of migration in the Ukrainian context, to increase these possibilities and to minimize the problems caused by the migration movements, to resist the human traffic, to give Ukraine the help in improving its administration system of migrations processes and so on. At the same time the mission of the IMO in Ukraine takes part in studying and stimulating the formations of legal channels of job placement for the Ukrainian migrant workers, using the potential of development of migration and integration of migrant workers, popularizing the cultural variety and opposing the xenophobia

and intolerance. For last 18 years of the activity in Ukraine the IMO has helped more than 300 000 migrants, the potential migrants and people who suffered from human traffic and other vulnerable groups directly or through their representatives/partners in the projects. Nowadays the very actual point is using the international models and forms of the international public-private partnership in the sphere of labor migration considering the military incident in the East of Ukraine caused by the intervention of Russia.

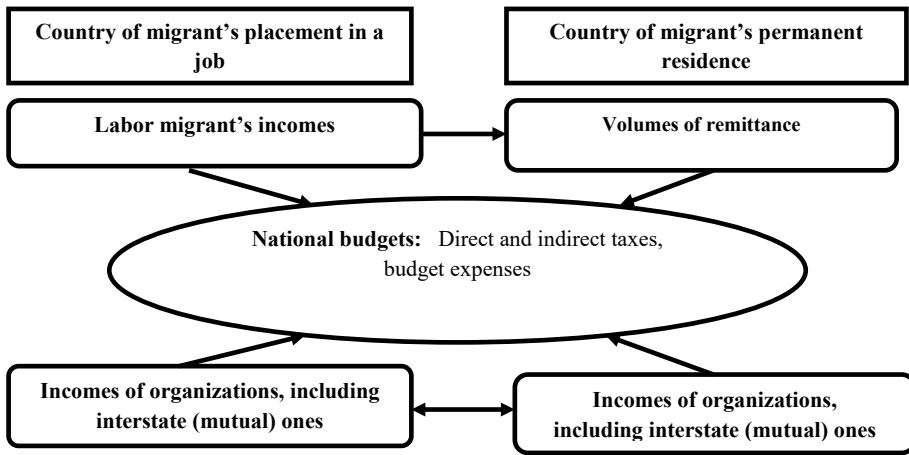
In Volyn region of Ukraine they established a pilot project about creation of such infrastructure on terms of state-private partnership within cross-border cooperation of European region "Buh" and separate provinces of the Republic of Poland.

The cross-border infrastructure of a project includes public organization and international unions, independent economic structures including joint Ukrainian-Polish companies and organizations with the share of community property of separate territorial communities. The implementation of a mixed form of public-private partnership in the project foresees cooperation on a contractual basis with Ukrainian and Polish state institutions in the field of employment of population concerning setting up and using common informational portals of national labor markets that will let us implement the employment of citizens abroad according to terminal trilateral agreements which provide the terms of labor migrant's staying abroad and define payment and labor conditions, parameters of social protection and social welfare. An extensive network of structure subsections will give the opportunity to legalize gradually financial flows, which are connected with job placement and waging of labor migrants through the payment of tax from the activity.

The essence of effectiveness of the introduced project lies in harmonization of the activity of state and non-state institutions and in legalization of financial flows which are connected with labor migration. The introduced system of contract relations of an employer and a labor migrant creates new conditions for legal activity of appropriate inter-state private organizations, and thereafter for getting profit in the country of their location and paying taxes to budget. Besides it isn't less important to fix in the contract the terms of payment for a migrant's work in the country of his stay, it makes the process of job placement and registration and taxation of such income be clear. In the country which a migrant left for employing there is a question of his registration in state authorities of social security in order to determine grounds and amounts of giving social benefits to the members of his family in their country of residence. The project stipulates concluding labor contracts before starting to place a labor migrant in a job in the country of his permanent residence, this gives an opportunity for close cooperation with local Authorities of Social Security and Migration Services about the time of migrant's staying outside the country of his permanent residence in the period of placing in a job. The scheme of financial interrelations of inter-state public-private partnership about points of labor migration is shown on the Figure 2.

For this purpose under the Project they plan to organize in Ukraine re-education of main labor professions of citizens who wish to work in both Poland and Ukraine under programs and standards of the EU. To realize this task in Ukraine it is foreseen to create the International Educational Center of re-education and adaptation of personnel on the terms of joint property of founders from Ukraine and Poland and local councils.

Figure 2: Project model of financial interrelations of inter-state public-private partnership about points of labor migration (author's building within a pilot project).



Conclusions

World experience of applying models and forms of public-private partnership proves their effectiveness in case of absolute following fair and mutually beneficial terms of partnership of all its participants in a long-term outlook. An important direction of development of inter-state public-private partnership is spreading decentralized forms of cooperation in a social sphere using a mixed form that foresees financial participation of a state (local government administration) and a private partner, co-financing expenditure responsibilities of public authorities by private partners and common informational and analytical, legal and other servicing of such projects. Projects oriented at employing labor migrant in the future will let us partially regulate migration processes that are connected with illegal labor migration in the European area, improve the condition of observing the rights and freedoms of labor migrants, their level of social security. Pooling of industrial and technological and scientific potential, financial and labor resources of participants of inter-state public-private partnership is a real step to solving existing economic and social problems and to increase the effectiveness of functioning of national financial systems.

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