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Public-Private Partnership As Tool For Development Of BRICS Economic Cooperation

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On October 22-24, 2024 Kazan hosted a BRICS Summit. This international event traditionally drew attention of the whole world and once again demonstrated that the BRICS is a dynamically developing union, interested in development of both its members and states of the so-called global majority.

In 2023 the BRICS made a decision to expand the union and increase the number of its member states. In 2024 it was decided to grant partner state status to 13 states. This expansion of the union’s member states and its partners demonstrates that the forum is attractive for states from all over the world, genuinely implementing the principle of their equality and taking into account their interests. Today the BRICS could be called a core for a budding new system, where countries are building a picture of the future world. Expansion of the BRICS membership and its partner states poses new development challenges for the union in the areas of politics, economy, finance and other fields of human activity.

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However, the BRICS demonstrates significant successes in developing cooperation between its member states, especially in such areas as trade, finance, investment, digital economy. The Strategy for the BRICS Economic Partnership up to 2025, adopted in 2020, also targeted development in these areas.

Public-private partnership projects could be one of the ways to improve finance and investment cooperation between BRICS countries and business communities. Such projects are beneficial for states and businesses because they enable comprehensive regulation of project participant relations, these projects are executed for long-term periods, non-budgetary funding is raised for long-term project financing, there is targeted control by the financing organization etc. At the same time, implementation of public-private partnership projects in Russia raises specific concerns: risks of higher capital expenditures under projects (cost overruns), exchange rate and national currency volatility. However, global experience demonstrates successful public-private partnership projects in such sectors as power industry, transport, education, healthcare and regional development. It should also be noted that public-private partnership is an innovative and efficient way to overcome investment shortage, because private sector is capable of efficiently providing public benefits and services.

Over the latest few years experience has shown that infrastructure development is a strategic priority of Russia’s economic policy. Infrastructure market development is an important condition for ramping up growth rates of the economy, labor market and engaging additional resources to achieve strategic objectives of the country. Government support enabled growth of volumes of raised public-private investment. The volume of private investment has almost doubled.

Moscow was one of the first in Russia to develop public-private partnership and today leads the country in investments raised for such projects. This shows that Moscow offers attractive investment opportunities not only for Russian companies, but for other countries and foreign companies as well. Russia currently is actively restructuring its economic ties, reinforcing its links with the BRICS member countries. These states and their business communities could be engaged in implementation of public-private partnership projects, particularly in the areas mentioned above.

Moscow follows the global trend for public-private partnership projects and for the most part raises investments into infrastructure projects, such as transit hubs, the northern alternate route for Kutuzovsky Prospekt, cable car line construction over the Khimki water reservoir etc. Moscow is also implementing public-private partnership projects in education, for example, school construction at Skolkovo Innovations Center. Therefore, Moscow has successful cases of public-private partnership as a tool for economic development, which could be attractive for companies from other countries in their cooperation with Russia and Moscow in particular.

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BRICS member states intend to promote expansion of support to economic development of countries, based on public-private partnership principles and use of inter-governmental mechanisms for support of economic actors, because it would be beneficial for all participants. Moscow, combining its interest in raising investments for the city's economy and Russia's interests, as well as interests of other BRICS countries, could drive improvement of cooperation between countries and their business communities in this area of economic development.

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