Zeszyty Naukowe UNIWERSYTETU PRZYRODNICZO-HUMANISTYCZNEGO w SIEDLCACH Nr 117
Seria: Administracja i Zarządzanie (44) 2018
ISSN 2082-5501

INVESTMENT REGULATION AND INTEGRATION: PROBLEMS AND BENEFITS FOR THE REPUBLIC OF BELARUS

REGULACJE W OBSZARZE INTEGRACJI I INWESTYCJI: PROBLEMY I KORZYŚCI DLA REPUBLIKI BIAŁORUSI

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Abstract. The aim of the article is to analyze the experience of the functioning of the economic and institutional investment regulation mechanism in the European Union, determining its structure, development trends and factors of reform, problems and benefits for countries members of the integration association. This experience can be useful for integration associations with the participation of the Republic of Belarus, in which countries interact closely enough in this area, but an investment regulation mechanism has not been created. Substantiated in the article is that the economic basis of the investment regulation mechanism is a single European financial market, identified institutional forms of investment financing, including budget financing, as well as new forms of interaction between state and private financial institutions. The necessity of using the European experience of creating investment platforms in Belarus and the EAEU countries with the aim of co-financing investment projects with participation of international financial organizations, national development banks and private investors. It is determined that a unified organizational and legal basis for the financial and economic activities of the countries of the integration association is an important element of the investment regulation mechanism. An analysis of the experience of regulating investments in the EU gives grounds to assert that it is possible to use new integration methods and tools for stimulating investments in Belarus, taking into account the specific features of the development of the EAEU countries.
Keywords: investments, financial regulation, integration association, Eurasian Economic Union, European Union, investment platform

Streszczenie. Celem artykułu jest analiza doświadczeń funkcjonowania ekonomicznego i instytucjonalnego mechanizmu regulowania inwestycji w Unii Europejskiej, określenie jego struktury, tendencji rozwojowych i czynników reform, problemów i korzyści dla poszczególnych państw członkowskich tego stowarzyszenia integracyjnego. Te doświadczenia mogą być przydatne dla stowarzyszenia integracyjnego z udziałem Republiki Białorusi, jakim jest Euroazjatycka Unia Ekonomiczna (EAUE). W stowarzyszeniu tym poszczególne kraje także ściśle ze sobą współdziałają w tożsamych obszarach, a jedynie jednolity mechanizm regulujący inwestycje nie został jeszcze stworzony. W artykule podkreślono, że podstawą ekonomiczną mechanizmu regulacji inwestycji jest jednolity europejski rynek finansowy, podkreślono rolę instytucjonalnych form finansowania inwestycji, w tym finansowania z budżetu, a także nowe formy interakcji między państwowymi i prywatnymi instytucjami finansowymi. Wskazano na konieczność wykorzystania europejskich doświadczeń w zakresie tworzenia platform inwestycyjnych na Białorusi i w pozostałych krajach EAUE w celu współfinansowania projektów inwestycyjnych z udziałem międzynarodowych organizacji finansowych, krajowych banków rozwoju i prywatnych inwestorów. Stwierdzono, że zunifikowana podstawa organizacyjna i prawna działalności finansowej i gospodarczej krajów stowarzyszenia integracyjnego jest ważnym elementem mechanizmu regulacji inwestycji. Analiza doświadczeń związanych z regulowaniem inwestycji w UE daje podstawy do stwierdzenia, że możliwe jest stopniowe dostosowywanie nowych metod i narzędzi integracyjnych do stymulowania inwestycji na Białorusi, biorąc pod uwagę specyfikę rozwoju krajów należących do EAUE.
Słowa kluczowe: inwestycje, regulacje finansowe, stowarzyszenie integracyjne, Euroazjatycka Unia Gospodarcza, Unia Europejska, platforma inwestycyjna

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Introduction

The experience of regulating the investment process in the context of Eurasian integration with the participation of Belarus, Russia, Kazakhstan, Armenia and Kyrgyzstan is currently an insufficiently studied academic area. Three years have passed since the signing of the Treaty on the Establishment of the Eurasian Economic Union (EAEU) (the agreement was signed in 2014, and in fact began to work from 2015). This circumstance makes it vital to study the experience of implementing social and economic processes, including the laws governing the mechanism for regulating investments in well-established integration associations, in particular in the European Union (EU). The feasibility of this research is of practical importance for the Republic of Belarus, as an active participant of the integration processes, not only in the EAEU, but also in other integration associations (the Commonwealth of Independent States, the Union of Russia and Belarus). In addition, the scientific interest in this issue is determined by the following characteristics:

- common factors contributing to and impeding the development of investment in various countries, based on the processes of globalization and integration,
- The proximity of territorial borders, the scale of foreign trade, as well as the implementation of joint (including cross-border) projects between the Republic of Belarus and EU countries,
- The existence of experience of a multilevel system for regulating the investment process using supranational mechanisms in the EU and EAEU.

The aim of the article is to analyze the experience of the functioning of the investment regulation mechanism in the EU, determining its structure, development trends and factors of reform, problems and benefits for countries of the association. This experience can be useful for integration associations with the participation of the Republic of Belarus, in which countries interact closely enough in this area, and a single investment regulation mechanism has not yet been formed. The conclusions in this article will be an incentive for creating the institutional foundations of a single investment regulation mechanism in the EAEU, which will serve as an integration reserve for investment growth for Belarus.

It should be noted that the EAEU states are connected by strong ties of cooperation in the economic sphere and have basically stable development indicators (Table 1).

Table 1. Gross Domestic Product EAEU in 2001-2017 (as percentage of the previous year)

Name of the country	2001	2005	2010	2014	2015	2016	Jan-Apr 2017
Armenia	109,6	113,9	102,2	103,6	103,0	100,4	106,5
Belarus	104,7	109,4	107,7	101,7	96,2	97,4	100,5
Kazakhstan	113,5	109,7	107,3	104,2	101,2	101,0	103,4
Kyrgyzstan	105,3	99,8	99,5	104,0	103,9	103,8	107,7
Russia	105,1	106,4	104,5	100,7	97,2	99,8	100,5

Source: Commonwealth of Independent States in 2016. Digest of preliminary statistical results/ Interstate Statistical Committee of CIS. – M., 2017. – 377 p, P. 37.

From Table 1, we can see that for 15 years in the EAEU states, GDP growth was observed except for the periods associated with the consequences of the financial crisis 2009 and sanctions against Russia 2014. The interdependence of the EAEU states is also reflected in the indicators of their mutual trade (Table 2). Almost 100 percent of the mutual trade in the union falls on Russia, Belarus and Kazakhstan. Russia being the main exporter in the region, Belarus is in second place in export. In terms of import operations, Belarus ranks first among the EAEU countries.

Table 3 shows the indicators of investment activity in the region, which indicate the need to find additional incentives for investment. Thus, the volume of investments in the EAEU countries is unstable and tends to decrease. The above data show that the highest growth rates of investment in these countries were accounted before the crisis. After 2010, all countries except Kyrgyzstan had a negative growth rate of investment in fixed capital.

The need to formulate common approaches to investment regulation is associated not only with the existing problems, but also with the identity in the structure of the sources of investment financing (Table 4).

Table 2. Share of the Countries of The EAEU in Total Volume of Mutual Trade in 2016 (as percentage of total)

Name of the country	**Exports**		**Imports**	
	2015	**2016**	**2015**	**2016**
Armenia	0,6	1,0	2,1	2,5
Belarus	24,2	27,2	37,5	37,3
Kazakhstan	11,4	9,3	24,9	22,9
Kyrgyzstan	0,8	0,8	4,2	3,8
Russia	63,0	61,7	31,3	33,5
EAEU, total	100	100	100	100

Source: Commonwealth of Independent States in 2016. Digest of preliminary statistical results/ Interstate Statistical Committee of CIS. – M., 2017. – 377 p, P. 137.

Table 3. Volume Indices of Investment in Fixed Capital in 2001-2016 (as percentage of the previous year)

Name of the country	**2001**	**2005**	**2010**	**2014**	**2015**	**2016**
Armenia	106,2	141,1	97,5	100,2	98,8	89,2
Belarus	96,5	120,0	115,8	94,2	82,5	82,1
Kazakhstan	144,7	134,1	97,0	104,2	103,7	105,1
Kyrgyzstan	85,5	105,9	90,8	124,9	114,0	103,8
Russia	111,7	110,2	106,3	98,5	89,9	97,7

Source: Commonwealth of Independent States in 2016. Digest of preliminary statistical results/ Interstate Statistical Committee of CIS. – M., 2017. – 377 p, P. 79.

Table 4. Structure of Investment in Fixed Capital by Sources of Financing (current prices, as percentage of total investment in fixed capital) in 2011-2016

Name of the country	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Armenia	100	100	100	100	100	100
budgetary funds	15,4	17,7	17,7	15,4	15,3	9,7
own funds of enterprises	51,8	47,6	36,6	41,1	39,5	44,0
funds of foreign investors	13,5	9,8	12,4	14,2	16,1	17,8
means of population	15,3	20,4	28,9	23,5	24,1	25,1
other	4,0	4,5	4,4	5,8	5,0	3,4
Belarus	100	100	100	100	100	100
budgetary funds	12,4	16,1	20,7	15,8	13,1	24,5
own funds of enterprises	37,8	40,0	37,8	38,5	38,9	38,5
credit of domestic banks	29,7	24,7	19,1	17,5	13,3	13,7
funds of foreign investors	9,7	6,5	9,5	14,3	17,9	5,0
means of population	5,9	6,8	8,3	10,0	12,0	13,2
other	4,5	5,9	4,6	3,9	4,8	5,1
Kazakhstan	100	100	100	100	100	100
budgetary funds	21,0	20,8	16,9	20,3	18,5	15,2
own funds of enterprises	40,8	48,8	47,2	52,0	51,9	54,1
credit of domestic banks	11,9	13,9	11,6	9,8	8,8	23,2
funds of foreign investors	21,5	12,3	19,8	13,1	15,0	0,9
means of population	4,8	4,2	4,5	4,8	5,8	6,6
other	-	-	-	-	-	-
Kyrgyzstan	100	100	100	100	100	100
budgetary funds	11,6	5,2	4,6	3,9	4,9	8,5
own funds of enterprises	37,4	40,2	35,5	33,6	29,4	**26,4**
credit of domestic banks	0,7	1,2	0,9	1,0	1,0	0,04
funds of foreign investors	22,6	29,7	33,8	36,8	38,6	39,8
means of population	24,2	20,4	22,5	22,3	23,5	24,4
other	3,5	3,3	2,7	2,4	2,6	2,7
Russia	100	100	100	100	100	100
budgetary funds	19,2	17,9	19,0	17,0	18,3	13,6
own funds of enterprises	41,9	44,5	45,2	45,7	50,2	53,6
credit of domestic banks	12,6	13,3	15,1	14,4	13,0	2,7
credit of foreign banks	1,8	1,2	1,1	2,6	1,7	-
other	24,5	23,1	19,6	20,3	16,8	15,9

Source: Finances, Investment and Prices of the Commonwealth of Independent States 2011-2015/ Statistical Abstract/ Interstate Statistical Committee of the CIS/. – M., 2016. – 272 p., P.90-91, Commonwealth of Independent States in 2016. Digest of preliminary statistical results/ Interstate Statistical Committee of CIS. – M., 2017. – 377 p, P. 78.

The largest share of the sources of investment financing in the countries of the region is by their own funds of enterprises, population funds and the budget. Foreign sources of investments occupy a relatively small share (the exception is Kyrgyzstan). The investment resources provided by the credit system are used, but their volume is low. These figures testify to the potential opportunities that the EAEU countries can obtain using the tools of a single financial market; therefore, a theoretical and practical analysis of the experience of stimulating investment in the EU is quite relevant for Belarus and the EAEU countries.

Material and methods

Dialectical and system analysis methods are used: the unity of historical and logical, quantitative and qualitative approaches, induction and deduction, evolutionary, dynamic approach for determining the essence of economic processes, methods of comparative analysis and groupings.

Application of the above methods together with analysis of relevant academic literature has made it possible to determine that the EU has a single investment regulation mechanism, which is implemented in the following areas:

- Having common goals and instruments selection for the implementation of the investment policy within the EU,
- Formation and functionality of a supranational regulatory mechanism that facilitates investment,
- Creation and reformation of the institutional and legal and regulatory framework,
- Stimulation of the flows of investment, based on the overall socio-economic development goals of the EU member states, accounting for national interest,
- Development of governmental and business interrelations for widening the sources of investment financing,
- Creation of a favourable investment climate within the integration association.

At the heart of the coordinated investment policy in the integration association lies the process of integration of financial markets, which includes the creation of the organizational, legal and institutional foundation. This process involves combining banking systems, the insurance sector and the securities market. The EU has a long way to form an integrated financial market and a mechanism for its regulation, and this process is constantly being improved.

One of the priorities of the integrated financial market of the EU has always been and remains *regional development*, implemented through a policy of adjusting the level of national economic and financial systems for higher consistency. There are also publications about the crisis of the Eurozone itself within the EU structure. Thus, J. Stiglitz notes the shortcomings of the institutional organization of the Euro area, the structure of the EU and the supranational policy of the European Commission. It, with the support of the International Monetary Fund (IMF) and the European Central Bank (ECB), imposes a policy of austerity of public spending to less developed countries in the Eurozone. Such decisions become disastrous for member states in conditions of a recession and aggravation of global competition. (Stiglitz, 2016). The uneven development of the Eurozone is confirmed by the following figures: the real GDP of the 12 founding countries of the Eurozone in 2016 exceeded the indicator of 2008 by only 2.7% and GDP per capita by only 0.3%. Germany's GDP grew by 8.2%, while the average GDP growth rate of the EU countries outside the Eurozone was 11.4%. These figures characterize the relative disadvantage of the economies of a number of Eurozone countries. (Klinov, 2017). It is not accidental that the inflow of investments into various regions of the EU continues are uneven (Figure 1). Inconsistency associated with the inflow of investments into the EU remains and does not change radically during the six-year period. At the same time, in the Eurozone, the inflow of investments is decreasing, although for a group of old EU members and in general, for unification after 2014 there is a positive trend in investment growth. The gap in the volume of investment between old and new EU members continues to be maintained at a high level.

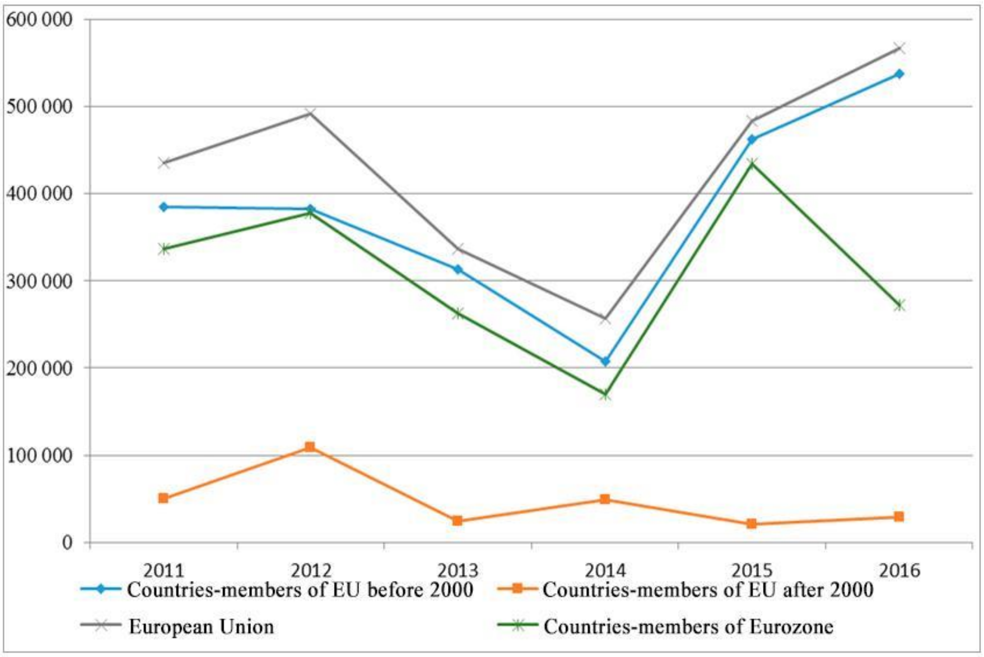

Figure 1. Inflow of investment in selected groups of EU countries (mln. USD) Own development according to: World Investment Report 2017 [electronic source], http://unctad.org/en/PublicationsLibrary/wir2017_en.pdf

In these conditions, the importance of the study of the experience of implementing the investment policy of European countries in the field of adjusting the development levels of regions and individual countries is increasing, which is also relevant for the countries of the EAEC. In the EU, the solution to this problem is of paramount importance for the countries of Central and Eastern Europe (CEE), as the new Eurozone members. The Maastricht edition of the Treaty of the European Union included a special section on "Economic and social cohesion". Its goal was to promote the harmonious development of the entire Community as a whole, that is, the transformation of the entire EU into an economically developed zone.

Since the 90's XX century CEE countries pursued an active policy in the investment sphere, which is conditioned by the need to attract foreign direct investment from Western European countries. It was important in narrowing the gap between individual groups of countries in terms of technology development and business organization through the transfer of innovation. First of all, CEE countries liberalized national regulations of the cross-border movement of capital. At the same time, restrictions were lifted on the activities of foreign investors in virtually all spheres of the economy of the relevant states. These were linked to the banking sector, insurance markets and securities. The national governments of the CEE countries have abolished compulsory obtaining of permission of the national authorities for direct foreign investment, withdrew limits on the share of foreign investors in the capital of companies. Foreign investors were given full access to the real estate market. Guarantees of free transfer abroad of profits, dividends, wages, after payment of taxes were fixed. Free repatriation of the invested capital was allowed after companies' liquidation, protecting investors from nationalization and expropriation of property. In essence, these measures were brought in line with EU norms and helped improve the investment climate in the CEE countries.

The system of encouraging foreign investment has also been preserved in the CEE countries after their joining the Eurozone. Investment incentives have become actively included in the number of instruments of employment policy, regulation of regional development and innovation process. The main impetus to increased inflow of foreign direct investment into CEE countries was the right for foreigners to participate in the privatization of state assets within the transformation period (Glinkina, Kulikova, 2016 - I). These events have played a positive role in shaping legal and organizational conditions in the EU to stimulate investment in specific regions and countries.

The process of financing investments, organizing it, identifying priority areas for regional development is implemented in the EU through a *system of* *budgetary financing*. Budgetary resources are distributed through five specialized structural funds of the EU (ESI Funds). The total budget of structural funds is approximately 450 billion Euro for EU funding for the period of 2014-2020. The funds are transferred through the mechanism of national co-financing of long-term targeted programmes. At the same time, only programmes that exceed the national capacities of individual countries are funded. Structural funds are supported mainly in the form of grants, loans, guarantees, as well as direct investments in equity.

Structural funds support for national programmes focuses on the following priority areas: innovative research, information and communication technologies, promotion of competitiveness in the small and medium-sized business (SME) sector, environmental protection and efficiency of natural resources, employment and labour mobility, poverty reduction and social development, education and some others.

It should be noted that to date the experience of implementing investment programmes in the EU through structural funds differ to some degree in their effectiveness. This is to some extent due to the flaws in centralized financing. In particular, the insufficient targeting of the financial resources mobilization, overfunding of individual projects, and sometimes - dispersion of funds. There are also shortcomings in organization, implementation and management of investment programmes: mostly linked to weak technical and economic evaluation of project applications, bureaucracy in the applicational process as well as lobbyism. As S. Glinkina and N. Kulikova point out, the experience of recent years has shown weak ability of the integration model of economic growth practiced in the CEE countries. Under such conditions, it is difficult to guarantee the macrodynamics that countries need to overcome their economic and social backwardness. The significant transfers made by the EU from structural funds and the Cohesion Fund to the new EU countries (in the total volume of 2.6% of their total GDP) could not stop the tendency to increase the heterogeneity of the European space (Glinkina, Kulikova, 2016 - II). The funds of structural funds, as noted, are mainly directed at solving environmental problems and infrastructure development, but not always applied to realize the socio-economic projects that countries really need.

Results and discussion

Budgetary financing for regional and sectorial development is an important, but not the only source of stimulation of investment within the EU. The subject of our analysis is that part of it covers the *regulation of investment flows for the purposes of economic growth*. This direction is carried out at the integration level - through the European Commission (EC) and the European Investment Bank (EIB), and at the national level - through the banking and budgetary systems, as well as the financial institutions of individual countries, and that the regulatory mechanism created is constantly being reformed. The reflection of these actions is currently the adoption of the so-called Junker Plan (Investment Plan for Europe, 2015). It is prepared by the European Commission and the European Investment Bank to stimulate investment within the European economy (Junker plan: Poland has sixth place in the EU, 2018). The need to adopt this document was the economic recession in Europe, caused by the recent financial crisis. As a result of the crisis, investment in the European Union has decreased by about 15% compared to the pre-crisis year 2007. In this regard, the main objective of the Investment Plan is to increase European investment in the sector of basic research and practical development. The main aims are to develop the infrastructure, increase competitiveness, and increase the number of jobs and economic recovery within the SME sector (Junker plan: European Strategic Investment Fund, 2018).

The investment plan of Europe consists of three elements:

1. Increase in the financial resources available for public and private investment by at least 500 billion Euro. The main instrument here would be the European Strategic Investment Fund (EFSI), which provides support in two areas: infrastructure and innovation projects and stimulating the SMEs. The Fund will operate until 2020 and, in partnership with the European Investment Bank (EIB) and the European Investment Fund (EIF) - (the "EIB Group"). It will provide additional financing for investments with a higher degree of risk.

2. Providing potential investors with information on investment projects in Europe, as well as access to public and private organizations for a wide range of consulting and technical assistance programmes. The main instruments in this area are the European Investment Projects Portal (EIPP) and the European Investment Advisory Center (EIAC) working as part of the EIB Group. Their goal is to ensure the transparency of investment projects.

3. Improvement of European norms and unification of national investment rules in a single European space. The aim of this measure is to carry out

structural reforms of the member countries of the EU in order to eliminate bottlenecks in the implementation of investments and also to improve the investment climate.

The most important element of the financial provision of the Investment Plan is the *European Strategic Investment Fund* with an initial resource of 21 billion euros (16 billion Euro from the EU budget and 5 billion Euro from EIB's capital). This amount of resources will allow investors to create a pool of additional funds for investments, that will be managed by the EIB (for supporting infrastructure and enterprises) and the EIF (to support the SME sector).

The task of the EFSI is to provide EU guarantees for financing projects needed to facilitate further economic growth, carried out mainly within the private and public sectors. Thus, long-term investments are supposed to be carried out without the attraction of budgetary funds of member states, i.e. without creating a public debt. Support for investment projects will be implemented for EU members, potential EU members, as well as for cross-border projects in which the Republic of Belarus also participates. Since 2007 and up to the present time, Belarus has successfully implemented several cross-border projects with the participation and direct involvement of the EU countries.

Within the Investment Plan, the scope of financing of investment projects has been expanded. These include: research and practical development of innovative projects, including research infrastructure, the transfer of knowledge and technology, projects based on renewable energy sources, energy efficiency, the development and modernization of energy infrastructure, transport infrastructure, information technology: in particular, digital services, telecommunications infrastructure with high-speed and broadband networks; environmental protection: investments in infrastructure, measures that are directed against climate change; human capital development, culture and health, in particular such areas as education and training, innovative solutions in the field of health, social infrastructure and tourism.

Since 2015, the "EIB Group" has already been carrying out operations within the EFSI to provide financing for economically viable projects, including projects with a higher risk than the usual EIB activities. Financial resources are made available to companies, individuals, public organizations, small and medium-sized enterprises, banks, financial institutions and state organizations.

The peculiarity of the EFSI concept is that it is based on *financial instruments of recurrent nature.* At the same time, its main instrument when attracting loans and other forms of investment from financial intermediaries is the EU guarantee. The amount of funding provided by the EIB should cover only part of the project costs. Additional resources come from national public and private investors. The latter should attract a reduction in the risk of those projects due to the received EU guarantee and participation of governmental organizations, which also positively affects the level of risk.

At the first stage of the implementation of a major investment project with the support of the EFSI, the national development bank of any EU country (NDB) becomes a partner of its financing and shares with the EIB the responsibility for implementing this project. Cooperation between the EIB and the NDB can be implemented in one of three ways: the first is to provide the European Investment Bank with partial financing of projects within the framework of national government programmes. In the second - the source of financing are additional loans for the implementation of projects that are provided with the guarantee of the EIB. In some cases, the NDB would cover the need for a loan with its own funds. The third option is based on the attraction of indirect loans, which can be supported either fully or partially by loans or guarantees of the EIB.

As stated before, the EFSI finances companies in the small and medium-sized business sector (companies employing up to 500 staff). *The European Investment Fund (EIF)* is responsible for the implementation of this part of the Investment Plan. To achieve this goal, the European Commission and the European Investment Bank allocated 5 billion euros. In addition, the European Commission reserved an additional 500 million Euro to aid the project.

The European Investment Bank (EIB) is responsible for stimulating investments in «infrastructure and innovations», which, depending on the scale of the project, can invest in three options: directly, either through financial intermediaries or through investment platforms. The choice of the financing option depends on the scope of the project, the level of investment risk and some other factors. To finance medium-sized projects (up to 25 million euros), as well as for projects with high added value, the EIB developed a portfolio approach, creating so-called investment platforms. Those are joint platforms for collective investment.

Therefore, the new Investment Plan provides an opportunity to apply different *options for sharing the resources of the EFSI and structural funds* to finance priority projects within the EU. The first option provides co-financing, when the support of structural funds programmes covers part of the cost of the project. For example, a national investor provides a portion of the initial investment amount. The remaining part of the financial resources is covered by the structural funds in the form of a grant, and the remaining part of the resource is covered by the loan from the EFSI.

The second option reflects the situation when the money available from the structural funds provide the basic financial need of an investment project through an international or cross-border financial instrument, in the form of a loan or a guarantee. The support of the EFSI is ensured by the EU guarantee. The internal investor also participates in the financing, therefore making the project more attractive due to the guarantee and credit provided by the structural fund.

The third option involves co-financing structural funds and the EFSI at a higher level than individual projects through the formation of *an investment platform* into which the EFSI and other investors channel their resources in the form of a multi-level fund. Thus, the investment platform accumulates capital from the EFSI and separates funds from the structural funds programmes, as well as their investment in specific projects, in which domestic (national) investors can also participate.

Co-financing of projects through the investment platform is carried out in the following ways:

- A new investment platform is being created in which the EFSI and other investors function as a multi-level fund,
- Structural funds support the existing investment platform created based on the resources of the EFSI or national development banks at the national, regional, international or transboundary levels. Then the investment platform finances consumers, with the possible participation of other investors.

As it was noted earlier, national development banks can participate in schemes co-financing investment projects as subjects, providing risk reduction, alternatively they can act as creditors. The NDB takes part in co-financing in the following forms:

- Directly as a financial intermediary for issuing loans through the European Strategic Investment Fund;
- Through contributions to the creation of an investment platform,
- Through direct contributions to the project, i.e. direct financing along with loans to the EFSI.

It should be noted that in the process of implementing the European Investment Plan, in addition to the joint activities of the Structural Funds and the EFSI, *state assistance* is also provided. It is used to compensate for the market risks and also to encourage private investment. Such assistance is provided through structural funds or funding, which is made available by the national development banks.

Investment platforms are a relatively new entity in the financial markets. They combine the resources of state investment structures at the European and national levels, as well as involving private investors. In this process, commercial banks, investment and pension funds, sovereign investment funds and other financial institutions participate as private investors. Traditionally in Europe, this function was performed by the commercial banks. However, it is now established that banks are not always able to effectively perform their investment tasks. In this connection, attention is now focused on the direct movement of resources through financial markets. To a large extent, financial assets are accumulated in the securities market, through the issuance of bonds and other debt instruments. In such conditions, the role of financial intermediaries - subjects of the securities market significantly increases.

Within the Eurasian Economic Union, the system of regulation of the investment process is currently at the initial stage of its development. To date, there are no conditions for coordinating the actions of countries in this field and investment flows are regulated by national governments and bilateral interstate agreements. Nevertheless, by 2018 the institutional basis of the integration association has been formed. The strategic issues of the region are approved by the Eurasian Economic Council, and the Eurasian Economic Commission is the regulation structure in the EAEU. The financial mechanisms of the EAEU are implemented within the framework of the Eurasian Development Bank and the Eurasian Stabilization and Development Fund.

The main coordinating work to regulate investments in the EAEU is carried out through The Eurasian Development Bank (EADB), which was established in 2006. This institute is working to promote the development of the member states and to deepen the integration process within the union. The directions of activity of this institute are the presence of a diversified range of financial instruments, technical assistance, involvement in the process of lending to countries in the region, not only state capital, but also private sector resources. The EADB's priorities include:

attraction of new member states; financing of investment projects with an integration effect; provision of technical assistance in the implementation of projects with an integration effect; implementation of the economic integration research; - ensuring a balanced diversification of the investment. EADB carries out the following forms of financial support: long-term lending to public or private enterprises, participation in the authorized capital of organizations, issue of guarantees, both direct and indirect financing of private investment funds, and loans to commercial banks. From 2009 to 2018, EADB increased the volume of investments from 1.4 billion dollars to 6.7 billion dollars. As of 04/01/2018 at the stage of EADB, financing 71 investment projects are located, with the largest volume of investment portfolio being in Kazakhstan (44.9%), Russia (37.9%) and Belarus (12.4%) (Eurasian Development Bank, 2018). The figures indicate a fairly active investment activity of this institution, but in comparison with the system of financing investments in the EU, one can state that there is no single system for regulating investments in the EAEU, which includes both budget financing instruments and new forms of public-private co-financing of the investment projects within the union.

Conclusions

Assessment of the formation and characteristics of the mechanism for regulating the investment process within the EU makes it possible to draw a number of conclusions that should be taken into account in the process of forming an investment regulation mechanism in integration associations and which can positively affect the economy of the Republic of Belarus:

• The main goal of regulating the investment process in the integration association is the long-term investments growth of the real sector of the economy. At the same time, it is necessary to achieve financial stability of the balanced and uniform development of individual national economic and financial systems. This feature is directed at increasing sustainable economic growth and improving the welfare of the population within the integration association,

• regulation of the investment process within the framework of a regional association is a long-term dynamic process that requires constant improvement and adaptation of its methods and tools to the achieved level of socio-economic and political development of the member states. This is evidenced by the 65-year history of the European Union,

• market regulation of investment in the integration association should be based on the use of progressive financial instruments and intermediaries, the degree of activity which depends on the level of development and features of national financial markets. The formation of an integrated financial market is the determining condition of a single regulatory mechanism and provides additional sources of investment financing,

• financial participation of the state in stimulating the investment process is expedient to realize through investment platforms. This applies to joint platforms for collective investment involving international, national government investment structures, as well as private investors - banking and non-banking financial institutions.

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