

# Euroregion as the highest organizational and functional level of cross-border cooperation

**Victor Tsekhanovych\***

<https://orcid.org/0000-0001-7199-8558>

**Abstract:** In modern conditions of expanding the processes of globalization the role of globalization is growing cross-border cooperation of regions, which opens up new opportunities for activation of economic activity in the peripheral territories and increase of economic activity in the peripheral territories their competitiveness. At the end of the last century, the regional the policy of the European Union has moved to a new paradigm-from application of mechanisms to eliminate regional development imbalances through inter-regional redistribution of resources to mobilization of course-resource potential of territories and application of the principle of subsidiarity. This one the approach was used by the contiguous border regions of Europe, which we have established mutual contacts between state and regional authorities, local self-government bodies, public organizations, and subjects management of territories, joining forces to solve common problems, and from cooperation under certain cross-border agreements we have moved on to cooperation within the framework of euroregions. Thus, the characteristic a feature of modern Europe is the rapid development of international cooperation regions – one of the most effective driving forces of European integration and bringing people together.

Cross-border cooperation should be implemented in the context of territorial organization and effective deployment of productive forces. According to European experience, the CBC helps to overcome the territorial imbalance (spatial gaps between production and consumption) of the region's economy, which is a significant factor, since there are significant developmental imbalances between the border administrative-territorial units of Ukraine and neighboring states. The implementation of this task in practice is carried

---

\* PhD-Student, Department of Economic Theory, Marketing and Entrepreneurship, State Institution Luhansk Taras Shevchenko National University, 1 Sq. Gogol, Starobilsk, Luhansk region, Ukraine, 92703.

out by complementarity, improvement and optimization of the territorial structure of the economy, functional combination and coordination of economies, industries and individual industries of border regions of neighboring states involved in cross-border cooperation. Along with this, it is fundamental to maintain a balance (optimal proportions) in the development of all spheres of life of territories on different sides of the border.

**Keywords:** cross-border cooperation, development, euroregion.

## Introduction

In the context of the practical implementation of the European integration strategy of Ukraine, issues of cross-border cooperation in particular and regional development in general are becoming particularly relevant. It is natural that attention to regional development and cross-border cooperation, especially in the border areas, has increased after the formation and functioning of the new Ukrainian-EU border.

The urgency of solving the problems of cross-border cooperation is dictated by a significant differentiation of the socio-economic development of regions, which is significantly intensifying in the current global crisis and has become the main factor not only in the economic, but also in the socio-political disintegration of the state. Currently, there are significant imbalances in the development of the border regions of our country and their cross-border partners – the border regions of the European Union countries bordering Ukraine.

## Results of the study

It is known that the modern concept of regional development policy, which is dominant in the EU countries, is based on the understanding that it (this policy) should mainly focus not so much on supporting depressed regions at the expense of donor regions, but on creating conditions for mobilizing local potential and resources, strengthening the competitiveness of regions. This thesis becomes particularly relevant when it comes to border regions that are remote from the major administrative, financial, business, scientific, and cultural centers of their countries, because the concepts of “peripheral” and “backward” in many cases have become perceived almost as synonyms.

Considerable attention paid to the problems of regional development, reducing regional economic and social imbalances in the European Union countries is

a confirmation that the state regional policy and cross-border cooperation as its important component should be developed as one of the most important mechanisms for ensuring sustainable economic growth and social harmony in Ukraine. The EU countries have gained extensive experience in regulating regional development, supporting depressed territories, and economic and budgetary development. Most European countries have come to understand the need for a balanced regional policy as one of the foundations of a national strategy. They found their own algorithm for solving regional problems. We are still taking the first steps in this direction, and, unfortunately, not always successful. We must use this experience to adapt its most significant achievements to the conditions of Ukraine.

### **1. Cross-border cooperation as a component of euroregions**

Cross-border cooperation is an important factor in the formation of good-neighborly relations between neighboring EU member states and the western regions of Ukraine, it provides assistance in such areas as promoting political dialogue and reforms, improving legislation, promoting the rule of law, high-quality state and regional governance, sustainable development, forming joint efforts of business entities in the field of Environmental Protection, as well as social policy, protection of human rights and freedoms. A positive consequence of this for our state is the signing of the EU – Ukraine Action Plan, which outlines certain areas for the development of cooperation, as well as the development of a new European neighborhood and partnership instrument (EPI), which will contribute to the development of cross-border and interregional cooperation between EU member states and Ukraine in order to ensure integrated and sustainable development. Under the EPI, cross-border programs can be financed either within a single state or for a group of countries.<sup>1</sup>

In the law of Ukraine “On cross-border cooperation” it is defined as joint actions aimed at establishing and deepening economic, social, scientific, technological, environmental, cultural and other relations between the subjects and participants of such relations in Ukraine and the relevant subjects and participants of such relations from neighboring states within the competence defined by their national legislation. Also in this law there is a concept of euroregion, which is defined as an organizational form of cross-border cooperation carried out in accordance with bilateral or multilateral agreements on cross-border cooperation (CBC).<sup>2</sup>

---

1 L. M. Gazula, M. A. Rubish, *Realizatsiia spilnykh proektiv transkordonnoho spivvrobnytstva* [Implementation of joint cross-border cooperation projects], Uzhgorod 2015 [in Ukrainian].

2 Law of Ukraine, “In cross-border cooperation”, <https://zakon.rada.gov.ua/laws/show/2515-19#Text> [accessed 12.06.2021].

In Ukraine, cross-border cooperation is currently considered in two dimensions—as a tool for the development of border territories and as a means of implementing its European integration aspirations. The CBC of the border regions of Ukraine and neighboring countries is constrained by excessive ambition and, at the same time, unclear functions of the existence of euroregions on the borders of Ukraine and Central European states, which declare the desire to solve common problems in all spheres of public life; in comparison with European national indicators, the difference between the levels of decentralization of governance in the countries of Central Europe and Ukraine; the specifics of the Ukrainian legal system, the norms of which often conflict with the norms of the EU in the field of management, business activities.

The development of cross-border cooperation should also take into account all still known public, economic, and foreign policy points of view; be carried out on the basis of mutual assistance and Partnership; strengthen regional awareness; and help strengthen regional and public identification (self-awareness) of the population.

The development and implementation of joint cross-border cooperation strategies and the approval of regional programs for the development of cross-border cooperation helps to reduce the disparity of socio-economic development in the cross-border space and the gradual convergence of parameters of adjacent border regions of neighboring countries, which occurs in the process of borrowing, reproduction or formation of common methods and financial support. This is also evidenced by international technical assistance programs that have passed state registration with the Ministry of economic development and trade of Ukraine (as of 1.01.2015) and may directly or indirectly relate to the CBC.

A notable innovation in the field of CBC introduced in order to strengthen the Coordination of EU cross-border cooperation programs was the mechanism for implementing joint programs within the framework of the Interreg-PHARE SAF. In addition, cross-border cooperation is a priority among other areas, financial support for which is provided for by the regulations on structural funds, in particular the provision on the European Regional Development Fund.

Operational programs of cross-border cooperation INTERREG IV have a certain direction with the definition of goals and topics, and certain features (Table 1). These INTERREG IV programs have certain initiatives at different levels of cross-border cooperation, while addressing problematic issues that arise in the process of life on both sides of the border of neighboring countries.

Many cross-border cooperation programs, such as improving the competitiveness of border areas, improving the quality of life, institutional cooperation and support for local community initiatives, have opened up significant prospects for economic integration and cooperation, including business entities, as they have formed a wider range of interaction mechanisms.

**Table 1.** Operational programs of cross border cooperation between Ukraine and the EU

Title	Objective	Topic
Cross-border cooperation programs (INTER-REG IV)	Dissemination of joint initiatives of communities living in the border regions of member countries, as well as neighboring countries	Joint cross-border activities in the development of small and medium-sized businesses, tourism, cross-border trade, Environmental Protection, popularization of joint cultural activities; support for the development of urban and rural areas, improving access to transport, information, communication networks, the state of water and energy supply, waste disposal; popularization of the development and joint use of infrastructure in the field of health, culture, education; support for administrative cooperation and interaction of territorial communities in the labor market, Human Resource Development
Cross-border cooperation programs (INTER-REG IVB)	Promotion of sustainable development of territories	Cooperation in the field of water management related to environmental protection and river runoff management; improving access to cross-border branches of European transport networks and popularizing information and communication technologies; preventing natural disaster threats; scientific and technological cooperation, including communication between universities, research institutions and entrepreneurship
Interregional cooperation programs (INTERREG IVC)	Improving the effectiveness of regional policies	Cooperation and exchange of experience between authorities on identification, transmission and dissemination of “best practices”, Organization of exercises, promotion of innovations, environmental protection and risk prevention

**Source:** G. O. Shamborovskyi, *Rehionalna Polityka Yevropeiskoho Soiuzu* [Regional policy of the European Union], Kyiv Znannia 2011 [in Ukrainian].

The law of Ukraine “On cross-border cooperation” euroregion is defined as the organizational form of cooperation of administrative-territorial units of European countries, carried out in accordance with the two or multilateral agreements on cross-border cooperation.<sup>3</sup>

In Ukraine along the western border with Central and Eastern countries Europe has created such euroregions as “Carpathian Euroregion”, “Bug”, “Lower Danube”, “Upper Prut”. The development of euroregions makes it possible to Ukraine should test its European integration potential in practice. The purpose of creating these euroregions is to organize and coordinate a common activities, promotion of economic, scientific, environmental, educational cooperation, as well as support for individual development projects.

3 *Ibidem.*

Streamlining the infrastructure of adjacent territories, promoting the development of contacts between citizens of the member countries of euroregions, identifying potential clients areas of multilateral cooperation of the participating countries. Euroregions they should become a link and promote cooperation between their countries – members with international organizations, institutions and departments.

Unfortunately, the overall results of the functioning of the euroregions can be seen it is noted that the formation of interregional associations occurs with large complications of both organizational and political nature.

Among the economic reasons for such a slow deployment of activities those euroregions refer to the financial insolvency of the participating regions, which means that due to the difficulties of the transition period. A good reason is experience in establishing interregional relations. And organized educational institutions believe that the experience of Western Europe in this area is for us hardly acceptable.

As a result cross border cooperation within euroregions with the participation of the regions of Ukraine it practically did not differ from the existing forms interaction in other regions of Ukraine. Thus, the activities of concentration associations so far, she has only been preparing proposals to government agencies on the following issues: increasing the number of border crossings and developing cross-border infrastructures. Business forums on cross border issues were also held-cooperation, the work of scientific seminars was established, there were annual meetings of university rectors and so on. Observed and up to sit active contacts in the field of culture, art and sports. However, for this one during this period an extremely small number of joint economic projects were implemented projects.

Based on this, euroregions can be considered the highest form of cross-border cooperation, which ensures cooperation between several states at the level of local self-government bodies. Euroregions are a form of cross-border cooperation between territorial communities or local authorities of regions that share a common border. They are created for the implementation of special measures in various spheres of life of the population in accordance with the norms of international law and national legislation.

In accordance with the goal, the main objectives of the euroregions' activities are implemented:

- development and implementation of regional and local programs for the development of euroregions; coordination of the implementation of state sectoral, regional and target programs possible within the framework of euroregions in order to effectively use the resources of state and local budgets;
- improvement of Ukrainian legislation in the field of cross-border cooperation and development of euroregions;

- creation of a system of monitoring, control, information support for the development of euroregions; creation of conditions for the development of transport, customs, border infrastructure, *etc.*<sup>4</sup>

In addition, euroregional cooperation, which is one among the main elements of the European integration strategy The EU ensures that the relevant regions are treated by the public The EU, as a certain form of their involvement in the EU structures of the United Europe. Consequently, euroregional initiatives have also received their support at the highest level at the national level in Ukraine, because they performed their own role native political lever in the implementation of European integration aspirations of our state.

## 2. Mechanisms for the development of cross-border cooperation

Thus, the development of relations between members is complicated by the different socio-economic level of the countries whose regions are included in these interregional associations. What is common is that euroregions include underdeveloped regions that were traditionally peripheral in the past. For the Ukrainian part, the inertia of local authorities, their lack of real powers to implement joint regional investment projects, as well as the lack of funding from the state and their own funds for such purposes have a negative impact on the development of interregional relations. Differences in customs, tax and other legislation are also a deterrent – the absence of financial authorities that specialize in making settlements between partners in national currencies, providing loans and borrowings to fulfill certain cross-border obligations projects, providing guarantees to foreign investors for their capital investments in joint business facilities of neighboring regions, *etc.* Times the economic situation on both sides of the border is also difficult thoughtfulness, agriculture of the border regions of Ukraine and partners in the euroregions have experienced a sharp transition to a market economy, it is associated with many negative social consequences, including job cuts.

Financing of certain regional projects and cooperation programs within euroregions is carried out at the expense of local budgets and other sources that are not prohibited by law. State support for the development of euroregions can be provided by:

- providing legal, informational, methodological and organizational assistance to local executive authorities and local self-government bodies regarding participation in cross-border cooperation and development of euroregions;

4 Ya. Malyk, *Transkordonne spivrobotnitstvo Ukrainy z Yevropeiskym Soiuzom* [Cross-border cooperation of Ukraine with the European Union], "Democratic Governance" 2014, issue 13 [in Ukrainian], [http://nbuv.gov.ua/UJRN/DeVr\\_2014\\_13\\_4](http://nbuv.gov.ua/UJRN/DeVr_2014_13_4) [accessed 22.06.2021].

- financing of relevant activities in accordance with the established procedure at the expense of the state budget;
- participation in the implementation of projects supported by foreign countries and international organizations;
- assistance in attracting international technical assistance and funds from specialized funds of international organizations.

The analysis of cross-border cooperation and, in particular, the financial mechanism for ensuring programs for the development of cross-border cooperation between Ukraine and the European Union has shown that efforts to finance the border territories of Ukraine are initiated mainly unilaterally by the EU, and therefore there is a slowdown in the processes of cross-border cooperation in Ukraine.

The efficiency of financial and investment cross-border ties is also low. A taking into account the future entry of the central and Eastern countries Europe to the EU an economically profitable strategy for Ukraine could be creation of joint projects on the border territories of the member countries of the euroregions and subsidiaries with the participation of Ukrainian capital. Controlled the export of capital would make it possible to gain a foothold on the territory of another country, take advantage of the Western European market without incurring non-tariff and tariff restrictions.

The mechanism for the functioning of euroregions must be effective, regardless of the specific persons representing the territory. After all, ideally the euroregion must be built on common security interests ethnic tolerance, environmental security, harmonious spatial development, rather than around personal contacts, which undoubtedly play a role not a decisive role at the stage of formation of cross-border associations. And it is possible to achieve tangible results of cross-border cooperation only if these initiatives are treated as daily hard work.

Thus, with the participation of the Ukrainian regions, the euroregions (“Carpathian”, “Bug”, “Upper Prut” and “Lower Danube”), in comparison with other similar structures in the EU, do not sufficiently use the potential of cross-border cooperation to level the impact of peripheral deployment on the socio-economic development of border territories, increase the competitiveness of their economies and improve the living standards of residents. In addition, euroregional structures with the participation of the regions of Ukraine have not yet become an organizational and financial platform for coordinating cross-border cooperation in the regional management system, as is typical for EU countries. To date, the potential of regional cooperation between Ukraine and the EU is not sufficiently used.

These problems manifest themselves in a number of aspects:

1. There is a low level of influence of euroregions on the activation of cross-border cooperation and socio-economic development in the context of border regions in comparison with adjacent territories of neighboring countries, which is primarily due to different organizational approaches to the formation of euroregional structures.

All euroregions on the border with the EU with the participation of Ukrainian regions are created by regional authorities, and the communities on the territory of which the euroregion operates actually remain on the sidelines from their active activities;

2. Until now, the place and role of euroregions in the regional management system remain uncertain, which determines a high level of subjectivism in managerial decision making to address common problems of cross-border regions and prevent deepening asymmetry development in a cross-border space;

The uncertainty of mechanisms for interaction and distribution of powers between state and regional institutions remains a problematic issue. We have committed ourselves to the organizational structure of the company, financial and legal support for cross-border cooperation, which does not correspond to the essence of cooperation and hinders it;

3. Low utilization rate cross-border cooperation in cross-border socio-economic development and improvement regional competitiveness;
4. Lack of financial support due to international financial structures, in particular the EU, reduced living standards of residents Ukrainian border area, compared to neighboring countries territories caused by low activity civil society in solving its own problems and problems of the community (the Ukrainian side submits only 10–30% of the number of applications, submitted by neighboring EU countries);
5. Underdevelopment of cross-border mechanisms interaction of business entities, which determines development of corruption schemes and criminal situations. The main function of euroregions is to inform the population about the rules of life in cross-border space.

Strategic guidelines of public policy in direct increase of efficiency of organizational and economic maintenance of euroregional cooperation between Ukraine and the EU should be aimed at:

- determining the place and strengthening the role of euroregions in the system of state and regional governance;
- development of institutional support for cross-border cooperation;
- providing state support for activities euro regions;
- implementation of measures aimed at increasing regional security in the cross-border area, reducing the outflow of resources.

However, despite the shortcomings in the work of euroregions, they can have a high rate of development. This can be reflected not only in cross-border cooperation programs, but also in the creation of cross-border clusters in these euroregions. This will create new jobs and attract new investments. For example, using the recreational opportunities of the euroregions “Bug” and “Carpathians”, you can create a recreational medical cluster. And also using the farmland of these

euoregions, you can create an agro-industrial cluster. Using the industrial capacities of the “Lower Danube” and “Upper Prut” euoregions, it is possible to create clusters in the field of agriculture, fishing and fish processing industries.

## Conclusions

Let's define points to consider when developing a regulatory system cross-border cooperation and which would encourage the border regions of Ukraine to be most actively involved in cooperation through the functioning of subregional associations:

1. The effectiveness of cooperation within euoregions is ensured with the priority of regional interests at the state level. With the interests of the state are realized not directly, but indirectly, through realization of the interests of the region. It is through the integration of the regions that Ukraine can integrate into the European Union;
2. The success of the implementation of euoregion programs largely depends on whether the administrative unit included in the euoregion will be a real subject of foreign economic relations. It is a question of redistribution of the power between the center and regions;
3. Mechanisms should be developed to transfer part of the functions of the central authorities in the regions when they create international associations – euoregions. Without such a redistribution, one cannot expect an effective one activities not only of euoregions, but also the implementation of agreements concluded pits. In fact, the signing of interregional agreements does not create any more favorable opportunities for expanding cooperation between the parties;
4. Interregional international cooperation can be effective only if a socio-economic in-structure for active involvement of market structures in this process. To a large extent, it is for this reason that the activities of euoregions with the participation of the regions of Ukraine do not yield significant results yet;
5. As world practice shows, decisive and extremely important factor in the formation and subsequent effective functioning euoregion is the choice of territory in terms of its optimal size and geographical location. Many euoregions are characterized by a central location in Europe (although the member regions are peripheral in their countries) and contact position. The territories of the studied euoregions can be called connecting bridges, through which pass the shortest paths to CIS and Western European countries, as well as between the Baltic and Black Sea regions.

## References

- Gazula L. M., Rubish M. A., *Realizatsiia spilnykh proektiv transkordonnoho spivrobitnytstva* [Implementation of joint cross-border cooperation projects], Uzhgorod 2015 [in Ukrainian].
- Law of Ukraine “On cross-border cooperation”, <https://zakon.rada.gov.ua/laws/show/2515-19#Text> [in Ukrainian] [accessed 12.06.2021].
- Malyk Ya., *Transkordonne spivrobitnytstvo Ukrainy z Yevropeiskym Soiuzom* [Cross-border cooperation of Ukraine with the European Union], “Democratic Governance” 2014, issue 13 [in Ukrainian], [http://nbuv.gov.ua/UJRN/DeVr\\_2014\\_13\\_4](http://nbuv.gov.ua/UJRN/DeVr_2014_13_4) [accessed 12.06.2021].
- Shamborovskyi G. O., *Rehionalna Polityka Yevropeiskoho Soiuzu* [Regional policy of the European Union], Kyiv Znannia 2011 [in Ukrainian].