



# **BORDERS IN GLOBALIZATION**





## **Borders in Globalization Research Project 40**

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# **Good Governance: Assessment of Institutional Opportunities Between the European Union and Western Ukraine**

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*Ukraine moved towards a closer relationship with the European Union (EU) which encouraged Ukraine's participation in a number of cross border co-operation (CBC) programs. Besides, the country set up a regional development policy which intended to overcome the disparities between the northern and eastern territories against the Russian border and the western territories against the EU border. The aim of the paper is to characterise cooperation programs (CBC) of border regions in Western Ukraine and to find out institutional capacities and gaps to intensify cross-border cooperation with the EU in those regions.*

## Introduction

The European Commission Communication on Wider Europe (2003) set out the goal of the European Neighbourhood Policy (ENP) as “to avoid drawing new dividing lines in Europe and to promote stability and prosperity within and beyond the new borders of the Union”. The Communication proposed that the EU should aim to develop zone of prosperity and a friendly neighbourhood – “a ring of friends” – with whom the EU enjoyed close, peaceful and cooperative relations. The Ukraine Country Strategy Paper adopted in 2007 remained a valid framework for EU cooperation with Ukraine. Furthermore, the National Indicative Programme in Ukraine for 2011-2013 (NIP)<sup>1</sup> with a budget of EUR 470.1 mln included a specific appropriation to finance new actions under the Eastern Partnership (EaP), notably a Comprehensive Institution Building programme<sup>2</sup> (CIB) (a minimum of EUR 43.4 million) and Cohesion Policy (a minimum of EUR 30.8 million)<sup>3</sup>. The EU Committee of the Regions (CoR) also supported innovations in the form of new governing practices in order to meet regional challenges across borders, such as those promoted through the cross-border cooperation (CBC) programmes funded through the European Neighbourhood Policy Instrument (ENPI) and supported by the Memorandum of Understanding (MoU).

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<sup>1</sup> The programme is supporting the achievement of key policy objectives, as outlined in the EU-Ukraine Association agenda, and pursuing three priorities: (1) good governance and the rule of law, (2) facilitation of the entry into force of the EU-Ukraine AA (including the DCFTA and (3) sustainable development.

<sup>2</sup> The CIB Framework Document signed in October 2010 set out the four priority areas for support: one is ‘horizontal’ (the steering and implementation process for the Association Agreement (AA) and Deep and Comprehensive Free Trade Agreement (DCFTA)) and three are ‘vertical’ (sanitary and phyto-sanitary regulations, state aid control and migration).

<sup>3</sup> Implementation of the measures covered by previous Annual Action Programmes (AAP) from the period 2007-2009 was delayed pending timely confirmation of the improved situation in the country regarding public financial management, notably in the field of public procurement.

As a member of the Eastern Partnership (EaP) Ukraine benefited from the European Union cross-border cooperation, and various regional and inter-regional cooperation programmes<sup>4</sup>. Such partnership activities allowed for the development of good governing practices at the local and regional level through the exchange of experience, ideas and best practices<sup>5</sup>. Moreover, cross-border cooperation frameworks encouraged a creation of new spaces for the development of policy solutions to respective policy challenges. With regards to territorial and administrative division, Ukraine is subdivided into 27 regions (Ministry of Foreign Affairs of Ukraine, <http://mfa.gov.ua/en>). The administrative division in Ukraine inherited from the local republican administration of the Soviet Union, and the Ukrainian Soviet Socialist Republic had not changed since Soviet times much. Regions, cities, districts were governed by a state administration, a chief of which is appointed by the president. City municipalities were governed by a mayor and a city council (miskrada). Beside the administrative divisions, there was also a geographical division. According to this division Ukraine was split into four geographic parts: Western Ukraine, Eastern Ukraine, Southern Ukraine, and Central Ukraine. Eastern Partnership Territorial Cooperation (EaPTC) eligible regions in Ukraine consisted of Odesa in Southern Ukraine, and Vinnytsya, and Chernivtsi Oblast in Western Ukraine. Those particular regions were supported by a cross-border cooperation programme financed by the European Neighbourhood and Partnership Instrument (ENPI)<sup>6</sup>.

Ukrainian move towards a closer relationship with the European Union (EU) encouraged Ukraine's participation in a number of cross border co-operation (CBC) programs. In addition, the country set up a regional development policy which intended to overcome the disparities between the northern and eastern territories against the Russian border and the western territories against the EU border. The aim of this paper is to characterize the EU cooperation programs of border regions in Western Ukraine and to find out institutional capacities and gaps to intensify

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<sup>4</sup> Mainly in education (Tempus, Erasmus Mundus), transport and border assistance, institution building (TAIEX, SIGMA) and investments (Neighbourhood Investment Facility, NIF). In addition, Ukraine is eligible for funding under the following thematic programmes: the European Instrument for Democracy and Human Rights (EIDHR), Instrument for Stability, Instrument for Nuclear Safety Cooperation and the Development Cooperation Instrument (DCI). Thematic Instruments provide financial support to civil society, including non-state actors and local authorities. Since 2011, the civil society organisations also benefit from the Neighbourhood Civil Society Facility (CSF).

<sup>5</sup> The CoR Opinion on 'Local and Regional Government in Ukraine and the Development of Cooperation between Ukraine and the EU' (CoR 173/2010).

<sup>6</sup> 3,3 million euro available for the Moldova-Ukraine programme; Maximum co-financing rate is 90. See also Index 1 which shows programs of the ENPI in Ukraine.

cross-border cooperation with the EU in those regions. In this paper CBC projects of the EU in western Ukraine will be examined. The paper will define existing institutional and administrative barriers and opportunities for the CBC development in western Ukraine. It will also determine specific (domestic and international) conditions, under which those programs could have worked most effectively considering present institutional environment in Ukraine. *The final key question is how the change will be carried out in order to integrate public authorities around the problems and outcomes that Cross-Border cooperation is required.*

## **II. Experience in Cross-Border Cooperation: Regionalism in Ukraine.**

Ukraine's independence in 1991<sup>7</sup> pushed Russian borders further East. In 1997 after signing Charter on Distinctive NATO-Ukraine Partnership, Ukraine recognised itself as a European state actor by moving into European political mainstream. Since then Ukrainian territorial integrity and self-determination had been based on general principles of international law and guided by subsequent multilateral and bilateral agreements<sup>8</sup>. However, according to Mychajlyszyn (2008) in its post-Soviet interactions the extent to which Ukraine and its government was committed to Europe's place in its identification was advanced only when the Russia-Ukraine relationship remained stable or when the Europe-Russia relationship were cultivating. At the same time being an Associate Member of the Commonwealth of Independent States (CIS), Ukraine never supported the CIS objectives for transparent internal and jointly guarded borders. According to Paul Goode, Ukraine's drive for independence emerged from a regional perspective but then Kyiv moved to centralization of its powers consolidating the center's role with the 1996 Constitution.

Regionalism had always been strong in Ukraine because of its significantly different historical experiences and economic development. Ukrainian regions varied in their history, political and

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<sup>7</sup> The former USSR was dissolved relatively peacefully by using a process based on a constitutionally recognized equality of the separating units and retaining the sovereignty in the union through exercising their constitutional right of exit.

<sup>8</sup> **Charter of the United Nations**, Art. 2, §4 “ all Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state”; **Articles 2,3 of the Treaty on Friendship, Cooperation, and Partnership between Russia and Ukraine (signed in 1997)** promised border recognition removing all Russian territorial claims against Ukraine. The stumbling blocks of the Treaty were the division of the Black Sea Fleet and the federal status of Sevastopol. The Treaty contained guarantees that the two sides will build their relations on the non-use of force or the threat of force, “including economic means of pressure”. FBIS, Doc number FBIS-SOV-97-124; **1994 Budapest Agreement**, US-Russian-Ukrainian trilateral Agreement which provided Ukraine security assurances in exchange for the dismantling and destruction of all nuclear weapons.

cultural traditions, language, economic development, religion, and perceptions of Ukraine's cooperation in relations with the West and Russia. (Serhiy Maksymenko, 2001). According to Strezhneva (1998) the central issue of the Ukrainian national culture was inner heterogeneity. On the one hand, one part of Ukraine was still tied to Russia in terms of cultural, structural, organizational and societal similarities, as well as by a strong connection between business elites and ordinary people. On the other hand, historically, being a part of the Polish-Lithuanian state, Western Ukraine was involved in the formation of a governance culture representative for the time being in Central Europe. Major political differences could be distinguished between the part that experienced the late-medieval culture of self-governance based on the Magdeburg rights (West, North, and Centre) and the remaining part (South and East). Strong cultural (including religious) cleavages between catholic Galicia in the West and the orthodox and Russian-speaking, as well as more industrially-developed, East and South existed for long period of history of Ukrainian land. As a result, culturally and politically, Ukraine had been divided into a pro-EU part and a pro-Russian part.

Strezneva (1998) also pointed out that political, economic and cultural divisions in the Ukrainian West and the Russian-speaking East have long been the source of political competition and rivalry. On the one hand, part of Ukraine remained tied to Russia in terms of cultural, structural, organizational and societal similarities, as well as by a strong connection between business elites and ordinary people in areas of gas supplies, unsettled border issues, trade conflicts, and common history, etc. There was a strong Russian language diaspora and important economic links in the Eastern Ukraine: defense industry, agriculture, heavy industry (Garnett, 1997). On the other hand, there was a connection to Europe: common culture, such as religion, family ties, trade links and traditional farming.

Regarding governance issues, the historical legacy of the Soviet culture of governance remained obvious in all parts of Ukraine and in all elements of politics and public administration. Now EU has borders with 6 regions (oblasti) with Ukraine<sup>9</sup>. The location of them at the border with the neighbouring states importantly influenced the level of social and economic development of those territories. The character of such an influence depended on the level of economic

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<sup>9</sup>Odessa, Chernivetska, Ivano-Frankivska, Lvivska, Zakarpatska, Volynska.

development of the neighbouring country and industrialization/urbanisation level<sup>10</sup> of the region itself. The people who lived in the EU frontier territories, e.g. Zakarpattya, had more possibilities to generate additional income owing to the local foreign economic activities. According to results of the analysis of the State Statistics Committee of Ukraine, the majority of rayons, which border on the member countries of the European Union, had higher than average growth (State Statistics Committee of Ukraine 2013, 2014). The poorest agricultural regions like Vinnytsia and Volyn were also all border regions. Vinnytsya located on the border of Romania, Volyn had a border with Poland and Belarus. Among the less developed regions Volyn had one of the best geographical positions as it had direct border with the EU through Poland.

The management of CBC programmes<sup>11</sup> was assigned to a local or national authority jointly selected by all participating countries<sup>12</sup>. CBC<sup>13</sup> used an approach largely built on the Structural Funds' principles such as multiannual programming, partnership and co-financing, adapted to take into account the specificities of the EC's external relations rules and regulation. One major innovation of the ENPI CBC can be seen in the fact that the programmes involving regions on both sides of the EU's border shared one single budget, common management structures, a common legal framework and implementation rules giving the programmes a fully balanced partnership between the participating countries. TAIEX, Twinning, SIGMA and recent comprehensive institution-building programmes (CIB)<sup>14</sup>, those were existing EaP Instruments of the Institution-building which supported the authority's administrative capacity to implement

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<sup>10</sup> BRIDGE, International Project co-financed by the European Commission, EuropeAid. Fostering mutual understanding and cooperation of the EU with Belarus, Moldova and Ukraine 2008-2012.

<sup>11</sup> Cross-border cooperation programs (component CBC ENPI –program on trans-border cooperation «Hungary – Slovak Republic –Romania-Ukraine», «Ukraine-Poland-Belarus», «Ukraine-Romania- Moldova» and regional program «Black Sea».

<sup>12</sup> The Cross-Border cooperation will be also financed by the European Regional Development Fund (ERDF). For example, EaP Territorial Cooperation Support Programme promotes sustainable cross-border cooperation between border regions of the EaP countries by building the capacities of local and regional authorities to effectively manage future cross-border programmes in the region. Timeframe 2012-2015. Budget: €5.5 million, [http://www.enpi-info.eu/maineast.php?id=465&id\\_type=10](http://www.enpi-info.eu/maineast.php?id=465&id_type=10)

<sup>13</sup> Cross-Border Cooperation within the European Neighbourhood and Partnership Instrument (ENPI), <http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/enpi-cross-border/>, Regulation of the European Parliament and of the Council on ENPI; Executive Summary of the ENPI CBC Strategy Paper.

CBC policies at both local and national level in Ukraine<sup>15</sup>.

Active policy tools of the EU aimed to influence all partner states' transition processes towards democracy and stability, while at the same time improve their institutional and organizational capacity<sup>16</sup>. Depending on the nature of specific projects the EaP initiative allocated funds to various beneficiaries: for CIBP<sup>17</sup> projects – those are public administrations of partner states, EU member states (MS), and EU institutions involved in training and other institutional reform programs by using specific instruments (e.g. twinning, Technical Assistance and Information Exchange instrument (TAIEX), EU advisory missions); for PRDP<sup>18</sup> – those are public administrations of partner states, local authorities, Small and Medium Enterprises (SMEs) and Non-Governmental Organisations (NGOs)<sup>19</sup>. EU missions were organised in April –May 2011, to inform stakeholders about the concept of PRDPs, and a seminar was prepared in Brussels in June 2012 with representatives from partner countries and EU Delegations to launch the programme.

For EaP multilateral dimension beneficiaries were commercial companies which won in public tenders, as well as non-governmental organisations (NGOs) and other organizations which received grants through public calls for proposals, and public administrations of partner and member states. Furthermore, Ukrainian Regional State Administration Fund (RFSE) acted as a “tool” for financing business-plans of small-scale enterprises. During 9-years period, more than 140 business-plans of micro enterprises were financed, totally valued at 6,3 millions UAH,

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<sup>15</sup> For more programs of the ENPI, see Index 1.

<sup>16</sup> In this paper both EP and ENP instruments will be examined. European Neighbourhood Partnership Instrument (ENPI) is the financial instrument employed for European Neighbourhood policy (ENP). It is addressed to ENP partner countries including Russia and offers co-funding for promoting good governance and equitable social and economic development process. The ENPI also supports cross-border and trans-regional cooperation as well as gradual economic integration of recipient countries with the EU beneficiary countries.

<sup>17</sup> **Comprehensive Institution Building Programs (CIBP)** are expected to develop and improve the capabilities of the partner states' public institutions. CIBP will focus on capacity building in the EaP countries, identifying weak spots and addressing these through training, technical assistance and equipment where necessary. The aim is to help the partner-countries more intensively than before to achieve the reforms where necessary.

<sup>18</sup> **Pilot Regional Development Programmes (PRDP)** inspired by the EU cohesion policy experience, partner countries will be able to develop and support regional development strategies aimed at reducing disparities and funding projects which will help in overcoming structural deficiencies.

<sup>19</sup> Funding was foreseen in the amount of 75 mln euros); It started in 2012 from 2012/2013 ENPI budget in the amount of 62 mln euros, where Belarus is not a participating member.



contributing to the creation of over 1200 new jobs. In 2010 RFSE<sup>20</sup> became an associate partner in the Project “Increasing entrepreneurial potential in the cross-border region by setting up enterprise support institutions”. During a period from 2011 up to 2015 EU also developed various policies programmes aimed at strengthening regional cultural links and dialogue within the Eastern Partnership region, and between the EU and ENP Eastern countries' cultural networks and actors. The programmes supported those regional initiatives, which demonstrated positive cultural contributions to economic development, social inclusion, conflict resolution and intercultural dialogue in Ukraine.

### **III. Experiences in cross border cooperation: Western Ukraine.**

Questions about the kind of local government Ukraine needs would certainly define the quality of Ukrainian democracy, the ability of the Ukrainian public sector to provide essential services to citizens, and the capacity of Ukraine to integrate with the European Union in the future.

Although there were many disputes concerning the division of Ukraine, it was convincing that separatist attitudes and moods rapidly turned into extreme separatist movements in the eastern part of Ukraine. According to Goode, in Ukraine centralization began immediately following Kuchma's elections in 1994, yet regionalism remained a prominent feature of national politics up to that day which current critical situation in Ukraine clearly demonstrated. The Law of Ukraine “On the cross-border cooperation” from July 22, 2004<sup>21</sup> defined the legal, economic and organizational principles of cross-border cooperation. Cross-border cooperation is defined in law as a sequence of actions aimed to establish and intensify economic, social, scientific, technical, environmental, cultural and other relations between territorial communities and their representative bodies, local executive authorities of Ukraine and similar public institutions of other states.

In 2011-2012 ENPI (European Neighborhood and Partnership Instrument) – Cross-border Cooperation Program with a budget of 500,000 EUR implemented a project with a focus on training activities which enabled job placement for the disadvantaged population in Beregovo (Ukraine) and Miskolc (Hungary)<sup>22</sup> The overall objective of the action was to contribute to the

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<sup>20</sup> Hungary–Slovakia–Romania–Ukraine European Neighborhood and Partnership Instrument Cross-border Cooperation Programme 2007-2013.

<sup>21</sup> Verkhovna Rada newspaper, 2004 Nr.45, p. 499. [www.kmu.gov.ua](http://www.kmu.gov.ua). The Concept approved by the Cabinet of Ministers of Ukraine.15.08.2010.Nr.1838-p

<sup>22</sup> Hungary and Ukraine 2011-2012. ENPI (European Neighborhood and Partnership Instrument) – Cross-border Cooperation Program. Project title: Training activities enabling job placement for

intensification and deepening of cooperation between institutions in Zakarpatska, Ukraine and Miskolc in Hungary. As a result unemployed people (especially Roma, women and disabled) gained new skills in order to successfully apply for job in Miskolc and Zakarpatska region and as a result, strengthened regional and institutional cooperation among Miskolc and Beregovo.

One of the central tasks in the sphere of cooperation for the region was also the development of direct ties with trade partners at the level of regions, which contributed to the widening of the cooperation and increasing of goods turnover. For example, Ukrainian Rivne Regional Administration<sup>23</sup> concluded a number of agreements at the interregional level, among them the agreement about trade and economic cooperation between Rivne region of Ukraine and Warmino-Mazurske Province of Poland (Rivne Regional Administration). That agreement anticipated the establishment of joint ventures, trade firms, commercial centres, evaluation of the possible investment projects, establishing the system of direct currency and financial clearing-off. Likewise, Ukraine and Slovakia share the common border. Slovakia's transformation, transition and integration experiences is the main value added of Slovakia to the EaP. Slovakia launched National Conventions for European Integration in Moldova and Ukraine and the Centre of Transfer of the Slovak Experiences from the Accession Process at the Ministry of Foreign Affairs in Bratislava. The future of the EaP was also discussed at the V4 ministerial meeting with all Eastern partners. Using standard tools and additional financial capacity the International Visegrad Fund (IVF)<sup>24</sup> started with flagship projects aimed at the promotion of Slovak Democratisation and Transformation experience, development of the regional cooperation and support of civil society in Ukraine and Moldova. The V4 countries provided various forms of assistance to Ukraine and its people by prioritizing the strengthening of the rule of law, the efficiency of national government and local self-governments, the transparency of public procurement, the reduction of state regulation and, last but not least, the fight against corruption.

The Cross-border Cooperation Programme Poland-Belarus-Ukraine 2007-2013<sup>25</sup> under the European Neighbourhood and Partnership Instrument (ENPI) broadened the cooperation in the

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the disadvantaged population in Beregovo and Miskolc. Duration: 2011-2012 (24 months). Budget: 500,000 EUR. Donor: European Commission/National Development Agency, <http://www.segelyszervezet.hu/en/hungary-and-ukraine-2011-2012>.

<sup>23</sup> Rivne Regional Administration of Ukraine, [http://www.rv.gov.ua/sitenew/en/Rivne\\_region.htm](http://www.rv.gov.ua/sitenew/en/Rivne_region.htm)

<sup>24</sup> Source: Ministry of Foreign and European Affairs of the Slovak Republic

<sup>25</sup> In accordance with the Regulation (EC) No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument \*ENPI\*. The coordinating role conferred on the

border zone areas of the three countries, which was developed within the framework of the Neighbourhood Programme Poland-Belarus-Ukraine INTERREG IIIA / Tacis CBC 2004–2006 (Neighbourhood Programme). The programme enabled cross-border cooperation by bringing the different actors – people, institutions and organisations, enterprises and communities – closer to each other, in order to use the opportunities offered by the joint development of the cross-border area. The program was further elaborated by the Joint Task Force, which consisted of representatives of central and regional authorities of the three countries. The programme area included the following administrative units in Ukraine: Lvivska, Volynska, Zakarpatska Oblasts and neighboring cooperation areas: Rivnenska, Ternopilska and Ivano-Frankivska Oblasts.

Among the ENPI projects with the Western Ukrainian partnership was the Project «Lubaczów - Yavoriv two potentials, joint opportunity» with the priority on increasing competitiveness of the border area aiming at tourism development. Another project «Underground city: development and popularization of cross-border tourism by the creation of cross-border tourist route in the underground routes of Lviv, Rzeszów, Lublin» was led by Office of Historical Environment Preservation of Lviv City Council (Ukraine) (interviews Spetember-November 2014, Lviv City Council, Ukraine). Common actions implemented within the project also contributed to cooperation between local authorities in the field of cross-border tourism development. One more project «Clean Water at the Bug Estuary - A Cross-Border Water Supply System for Hrubieszów and Volodymyr Volyns'kyi»<sup>26</sup> under increasing competitiveness of the border area priority leaded by the Urban Commune of Hrubieszów (Poland) in partnership with the Town authorities of Volodymyr Volyns'kyi (Ukraine). As the result of the project, both towns obtained knowledge in the needs for water supply and actual state of investment structure for water supply.

In the period of 2007-2013 the Hungary Slovakia-Romania-Ukraine ENPI Cross-border Cooperation Program<sup>27</sup> was to be implemented on the external border of the participating EU Member States with Ukraine. In August 2011 representatives from Hungary, Slovakia, Romania

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**Ministry of Regional Development of Poland** to be the Joint Managing Authority of the programme. Total Programme budget: 202,9 million EUR (including 186,2 million EUR of the EU co-financing.)

<sup>26</sup> Cross-Border Cooperation Programme, Poland, Belarus, Ukraine 2007-2013.

<sup>27</sup> The Programme entered into force on 23 September 2008, after the approval of the European Commission. The programme allocated 68.638.283 € of ENPI funding for the seven years. The Programme offers a wide range of opportunities to the potential Beneficiaries through the four priorities -Economic and social development, Enhance environmental qualities, Increase border efficiency and Support people to people cooperation.

and Ukraine made decisions on the 260 project applications which had been received within the Second Call for Proposals. As a result, 46 new projects were approved for funding in the framework of the HUSKROUA ENPI CBC Program requesting about 17 million EUR co-financing from the European Neighbourhood and Partnership Instrument (ENPI), complemented by the state co-financing of the three member states and the own contribution of the Applicants and Partners. The Joint Operational Programme Romania-Ukraine-Republic of Moldova 2007-2013 (JOP RO-UA-MD) was also one of the EU's new ENPI financing instruments, which was implemented on the EU's external borders during the programme period 2007 – 2013. It aimed at creating “bridges” among the three countries involved, in order to help the border areas overcome their similar development challenges, by working together and finding common solutions.

Regional State Administration Regional Fund (RFSE) was one of the main and regular participants to the Regional Program for the Support and Development of the Entrepreneurship in Ukraine. Within the Program, RFSE organized free of charge seminars and round-tables for small-scale enterprises on a quarterly basis, and maintained a „hotline business consultation“ facility. RFSE was well thought-out “tool” for financing business-plans of small-scale enterprises. During 9-years period, more than 140 business-plans of micro enterprises were financed, totally valued at 6,3 millions UAH, contributing to the creation of over 1200 new jobs. In 2010 RFSE became an associate partner in the Project<sup>28</sup> “Increasing entrepreneurial potential in the cross-border region by setting up enterprise support institutions” (Hungary–Slovakia–Romania–Ukraine European Neighborhood and Partnership Instrument Cross-border Cooperation Programme 2007-2013).

In 2007, the European Neighbourhood Policy (ENP) started to replace former cross-border cooperation programs. One of the main goals of the ENP was to intensify cross-border cooperation between EU border regions and their neighbouring regions. The EU launched calls for proposal for IBPP projects in the context of the TACIS programme: 16 of those for Ukraine. For example, Association Energy Efficient Cities<sup>29</sup> was financed by the European Commission within the framework of the Partnership Programme for Institutional Development (TACIS,

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<sup>28</sup> [www.rfpp.ua/](http://www.rfpp.ua/).

<sup>29</sup> Main partners include: Minister for Housing and Communal Services of Ukraine; National Agency of Ukraine for efficient use of energy resource; Association of Ukrainian cities; Association of European Local Authorities Energy-Cities. <http://www.enfcities.org.ua/en>. As well as Covenant of Mayors, the initiative of the EC which directly targets the local authorities and their citizens to take the lead in the fight against the global warming.

IBPP). Because a major part of a country's energy was consumed within the urban landscape, local authorities' joint, coordinated efforts in improving resource allocation allowed local communities to advance forward in a more confident, and more effective manner. Through the cross-border programme another project «Renewable sources of energy – method of improving the quality of natural environment within the area of the Lubaczów district and Yavoriv region» under priority on improving the quality of life was led by The District of Lubaczów (Poland) in partnership with Regional Council of Yavoriv (Ukraine) and aimed at natural environment protection in the borderland.

Within a period of 2006-2008 Ukraine TACIS Institution Building Partnership Programme (IBPP) - Support to Civil Society and Local Initiatives (with a budget of 252,175 EUR) provided assistance to marginalized groups of the population, institution-, and network building in Ukraine. Hungarian NGO, Hungarian Interchurch Aid (HIA) had been present in Ukraine, Transcarpathia since 1998 to provide assistance to the victims of floods. While implementing the program HIA realized shortcomings of basic social services and decided to implement long-term development programs in the region. In 2000 HID together with HEKS (Swiss Protestant Relief Organisation) established Beregovo Social Fund<sup>30</sup>, a new civil organisation aimed to carry out social and training programs. General objective of the project was (1) to promote the social integration of unemployed people especially Roma and disabled individuals. Further important objective of the program was (2) to provide capacity building to ADVANCE, HIA's partner organisation and (3) promote the establishment of a new NGO network<sup>31</sup>.

In the period of 2007-2013 The Hungary Slovakia-Romania-Ukraine ENPI Cross-border Cooperation Programme was implemented on the external border of the participating EU Member States with Ukraine. The Programme entered into force on 23 September 2008, after the approval of the European Commission. It allocated 68.638.283 euro of ENPI funding for the

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<sup>30</sup> The Fund has been renamed in June, 2006 and now is called ADVANCE – Transcarpathian Advocacy and Development Center. The project contributed to the institutional development of ADVANCE through organizing professional training for its staff both locally and in Hungary. Beside transfer of knowledge in person, assistance and counselling through phone and e-mails were continuously provided during the program. Capacity building and transfer of know-how included the following: how to write and submit applications, fundraising possibilities, techniques, division of labour/specialization, project-based book-keeping, bank transfers, exchange rates.

<sup>31</sup> Following the 2 years' work and 4 network-building conferences the ACCORD (Association of Cooperating Organizations for Development in Western-Ukraine) network was established. A total of 22 organizations signed the network agreement and expressed its intention to work together with the member organizations in the frame of the network.

seven years. The Programme offered a wide range of opportunities to the potential beneficiaries through the four priorities: economic and social development, enhanced environmental qualities, increase border efficiency and support people to people cooperation. As a result, 46 new projects were approved for funding in the framework of the HUSKROUA ENPI CBC Programme requesting about 17 million EUR co-financing from the European Neighbourhood and Partnership Instrument (ENPI), complemented by the state co-financing of the three member states and the own contribution of the Applicants and Partners. The Joint Operational Programme Romania-Ukraine-Republic of Moldova 2007-2013 (JOP RO-UA-MD) is one of the EU's new ENPI financing instruments which was implemented on the EU's external borders during the programme period 2007 – 2013 and aimed at creating “bridges” among the three countries involved, in order to help the border areas overcome their similar development challenges, by working together and finding common solutions. Hence, instead of dividing, the border united the areas concerned.

Twinning was one of the other institutional building instruments to help beneficiary countries to harmonise, approximate and implement *acquis*. Twinning developed quickly in Ukraine and there was a good number of issues under consideration<sup>32</sup>. The participants of the TP were Ministry of Economy, Ministry of Foreign Affairs, the Ukrainian Twinning Programme Administration Office, and the Delegation of the European Commission to Ukraine. For example, the purpose of Twinning might be to help a beneficiary country to implement a value added tax (VAT) or to have its veterinary or border control service function up to the same standards as those in the Member States. There was also a Twinning Light which was a lighter form of Twinning. It was used to tackle any institutional issue if the task is smaller and less complex than for a standard Twinning. Twinning Light<sup>33</sup> consisted of the provision by a MS of well-defined public sector expertise, generally involving the delivery of short or medium term expertise by officials (civil servants), and/or, less frequently, civil servant experts staying for longer periods. Given their limited scope and duration, Twinning Light projects fell short of building longer term structural links between public administrations.

### **III. Europeanisation Literature debates and Institutionalism**

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<sup>32</sup> Twinning are institutional-building projects and are not fully represented in this paper due to their wide scope.

<sup>33</sup> EC Tacis project Implementation of Twinning Operations in Ukraine (ITO).  
[www.center.gov.ua/twinning](http://www.center.gov.ua/twinning)  
[www.twinning.com.ua](http://www.twinning.com.ua).

Territorial transformation at a global scale, and the deinstitutionalization of territories in eastern Europe and elsewhere have, once again, raised questions relating to boundaries and territorial identities. Without the institutions capable of enforcing the rule of law and lacking impartial bureaucracy resistant to business and political influence democratization produces ineffective governance and ultimately experiences a reversal (Fukuyama, 2011). Yanukovich's presidency uncovered the weakness of Ukraine's state institutions. The aim of using the Europeanisation literature in this paper is to distinguish different mechanisms of democracy promotion and to see if they are relevant in Eastern European countries. There is a tendency in parts of the literature on transition to exaggerate the EU impact. For example, scholars working on democratisation have tended to assume that the EU has vigorously encouraged democratization by pressing the CEE countries into implementing human rights and open political systems (e.g. Linz and Stepan, 1996). Conditionality and socialisation have always been structural components of the EU's transformative strategy towards EaP countries. Socialisation strategy acknowledged actors who generated behavioural changes by creating reputational pressures through shaming, persuasion and efforts to socialize state actors (Vachudova 2005, Manners 2002).

This belief in changing norms in societies also placed the strong emphasis on civil society and cooperation with non-governmental organisations. Sasse pointed out that second wave of Europeanisation literature focusing on conditionality impact framed it as a process rather than intervening or causal variable (Sasse 2009, 2010). This process showed the importance of different actor and issues over time, which affected in either positive or negative ways progress for institutional, behavioural or policy change. The main elements of conditionality identified in the literature: the incentive structures, the consistency and credibility of conditions, an underlying power asymmetry and the adoption costs (Börzel and Risse 2000, Börzel 2013, Sasse 2009, 2010, Schimmelfennig and Sedelmeier 2004, 2005). The scholarly analysis of the ENP contained active debates about EU conditionality as a 'reform anchor and motor of change' within ENP countries.

In 1995<sup>34</sup> increasing further the scope of conditions, the European Commission added a number of areas such as human rights or nuclear safety in which the Union itself does not have competences or common rules. These have been so numerous that it is possible to claim that a new enlargement method has been developed (Maniokas, 2004) and a separate 'enlargement *acquis*' has emerged including requirements for horizontal administrative reform,

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<sup>34</sup> The Madrid European Council.

regionalization, reform of the judiciary, ethnic minorities' rights, border treaties (friendship and cooperation treaties), safety of nuclear power plants and so on (Steunenberg and Dimitrova, 2007). Brusis states with regard to the Czech Republic and Slovakia that "EU conditionality existed and functioned, but was essentially complementary and instrumental in a process driven by domestic needs and interests. Rule adoption occurred because the ideas underlying these rules resonated with national political discourses" (Brusis 2003:11 in Sadurski 2004). Regarding the extent of the influence of the political conditionality, Vachudova argues that the effectiveness of importation of institutions and rules was highest where there existed significant domestic factors in the states that "favoured the importation, adoption and the maintenance of these mechanisms" (Vachudova 2005).

Her analysis assumes that the factor of the density of the previously established rules, practices, and institutions in any given area in each candidate state was also important. Schimmelfennig and his collaborators have shown how changes in the socio-political setting in different countries at different times can affect crucially the effectiveness of rule adoption. (Schimmelfennig, Engert and Knobel 2003). Europeanization literature pointed towards important role of the EU in the shaping of domestic political environment and helping to build liberal democratic institutional foundations in Eastern Partnership countries. The domestic effect is conceptualised as a process of change at the domestic level in which the states adapt their processes, policies, and institutions to new practices, norms, rules, and procedures (Sadurski 2004). Through the conclusion of bilateral and multilateral cooperation agreements/partnerships, the EU created preferential trade relations with third countries and promoted processes of economic, political and social transformation.

Domestic status quo reflects the current distribution of preferences and bargaining power in the state. EU conditionality is supposed to change this domestic equilibrium in its favour by introducing (additional) incentives to the existing ones; some of the countries have more favourable conditions, which help them to accept the rules of the game than the others with a bigger gap between 'cost-benefit calculations'. The most general proposition of the 'external incentives model' is therefore that "a state complies with the norms of the organization if the benefits of the rewards exceed the domestic adoption costs" (Schimmelfennig and Sedelmeier 2005; Schimmelfennig in Maas 2006:30). Democratic Conditionality works through using an intergovernmental or a transnational channel. Vachudova argues that transnational reinforcement has been crucial for the effectiveness of conditionality. In her opinion, "the conduits for international influence on domestic politics were the electorate and the opposition, not the government" (Vachudova 2001:5, Vachudova 2005). The strategies and policies to promote



democracy are similar, and the mechanisms and incentives to promote compliance vary only slightly with type of third country (Börzel and Risse, 2004:1-5). Despite the efforts of Western actors to promote democracy in favourable domestic environments, a significant number of regimes have remained non-democratic. The role of domestic and external factors in democracy promotion has been widely analysed in the literature, however, much of it remains debated and poorly understood. One underexplored aspect of this discussion is the role of regional powers in democratic backlash and re-emergence of authoritarianism.

Empirical problem of the Europeanisation literature represented top-down governance approach based on conditionality. Moreover, the EU cooperation with Ukraine did not have an end goal which made it open to become more political than technical cooperation. There were also governance problems: lack of coordination, absence of benchmarks, timing and follow up (assessment criteria). Korosteleva pointed out to conceptual problem in explanation of “shared values” and rule/norms transfer. According to her, ‘socio-cultural gap’ in the values existed. Sasse noticed that EU impact should be regarded as a process rather than intervening or causal variable when using mechanisms of conditionality which consisted of material bargaining and social influence. She talked about EU being entrapped in cognitive change and socialization. In the European Union, conditionality developed from a minor policy tool used in agreements with third countries, to the main pillar of EU enlargement governance and a successful tool of EU foreign policy (Smith, 2003). It is distinct from the conditionality employed by the World Bank and the IMF, as the benefits which countries receive are not only financial, but are linked to EU membership (see Dimitrova, 2005; Dimitrova and Pridham, 2004; Schimmelfennig and Sedelmeier, 2005a, b).

These were the determinacy of conditions, the size and speed of rewards, the credibility of threats and promises and the size of adoption costs (2005a: 12-3). The test of this model on the comparative cases of the new EU member states suggests that the success of the external incentives model differs depending on the type of conditionality, *acquis* conditionality working better than democratic conditionality (2005b: 212-5) The empirical analyses in Schimmelfennig and Sedelmeier’s edited volume found credibility of conditionality and the size of adoption costs to be the key variables influencing compliance. Based on the conditions set out by the EU, the government of the applicant country has two options, either to implement institutional reforms as proposed by the EU or implement an entirely domestic agenda. The characteristics of the conditions the EU sets, the reform demands, the degree of intensity and salience of conditions vary. EU conditionality is not based on a single or several related conditions (for example, economic reform, liberalization, and human rights), but is diverse. They are organized around the

EU's Copenhagen criteria and later additions such as the Madrid administrative capacity criterion (Dimitrova, 2002).

Analysis suggested that the outcome of political conditionality in the European non-member states has been marginal mainly because of domestic conditions (Schimmelfennig, 2002, 2003, 2011; Vachudova, 2005, 2009; other). The extent of the impact of the EU democratic conditionality can be examined by testing hypothesis of Vachudova and Schimmelfennig **in domestic environment**. 'The lower the domestic political costs of compliance for the target government, the more likely conditionality will be effective' and 'the stronger the identification of the target government with the EU international community, the more likely conditionality will be effective'. Sasse pointed out that second wave of Europeanisation literature focusing on conditionality impact framed it as a **process** rather than intervening or causal variable (Sasse 2009, 2010). This process showed the importance of different actor and issues over time, which affected in either positive or negative ways progress for institutional, behavioural or policy change.

The scholarly analysis of the ENP contained active debates about EU conditionality as a 'reform anchor and motor of change' within ENP countries. The main elements of conditionality identified in the literature: the incentive structures, the consistency and credibility of conditions, an underlying power asymmetry and the adoption costs (Börzel and Risse 2000, Börzel 2013, Sasse 2009, 2010, Schimmelfennig and Sedelmeier 2004, 2005). Pressures created by the EU (both diplomatic and economic), political discourse and social learning through the EU channels draw on incentives of the compliance with the rules of the game. Brusis states with regard to the Czech Republic and Slovakia that "EU conditionality existed and functioned, but was essentially complementary and instrumental in a process driven by domestic needs and interests. Rule adoption occurred because the ideas underlying these rules resonated with national political discourses" (Brusis 2003:11 in Sadurski 2004). Regarding the extent of the influence of the political conditionality, Vachudova argues that the effectiveness of importation of institutions and rules was highest where there existed significant domestic factors in the states that "favoured the importation, adoption and the maintenance of these mechanisms" (Vachudova 2005). Her analysis assumes that the factor of the density of the previously established rules, practices, and institutions in any given area in each candidate state was also important. She pointed to the fact that the more states were of illiberal nature, the higher the resistance to the rules imported from the EU appeared in the domestic arena. In a series of case studies, Schimmelfennig and his collaborators have shown how changes in the socio-political setting in different countries at different times can affect crucially the effectiveness of rule adoption. (Schimmelfennig, Engert

and Knobel 2003).

Democratic Conditionality works through using an intergovernmental or a transnational channel. Vachudova argues that transnational reinforcement has been crucial for the effectiveness of conditionality. In her opinion, “the conduits for international influence on domestic politics were the electorate and the opposition, not the government” (Vachudova 2001:5, Vachudova 2005). EU conditionality acts as a catalyst for domestic reform. On the one hand, it is legally binding and constitutes a solid foundation for the relationship. On the other, its wording is flexible enough to allow a broad interpretation, combining dialogue with positive measures and cooperation with negative measures or pressures as a last resort (Fierro, 2003: 211). The strategies and policies to promote democracy are similar, and the mechanisms and incentives to promote compliance vary only slightly with type of third country (Börzel and Risse, 2004:1-5).

Persistence of autocratic and/or hybrid regimes and inefficiency of external democratization remains a puzzle in the academic literature. Despite the efforts of Western actors to promote democracy in favourable domestic environments, a significant number of regimes have remained non-democratic. The role of domestic and external factors in democracy promotion has been widely analysed in the literature, however, much of it remains debated and poorly understood. One underexplored aspect of this discussion is the role of regional powers in democratic backlash and re-emergence of authoritarianism. For example, what the aftermath of Colour Revolutions in the post-Soviet region have shown us again is that non-democratic regimes, especially those aspiring to maintain their dominance in the region, can play a role in proliferation or persistence of non-democratic regimes around themselves. Thus the question arises, what is the role of non-democratic regional powers in persistence of non-liberal regimes?

The conditions of institutionalisation and institutional effects will reflect the extent of the effectiveness of international influence on domestic change. EU conditionality is not based on a single or several related conditions (for example, economic reform, liberalization, and human rights), but reflects a diverse set of conditions. Those analyses are organized around the EU’s Copenhagen criteria and later additions such as the Madrid administrative capacity criterion<sup>35</sup> (Dimitrova, 2002). In general terms by the phrase ‘administrative capacity’ the Commission

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<sup>35</sup> In general terms by the phrase ‘administrative capacity’ the Commission sought the following reforms in the public administrations of the applicant states: legislation specifically regarding the civil service; the establishment of a career civil service; political neutrality of the civil service; and pay reform designed to bring public sector pay closer to that in the private sector. The Commission also reviewed capacity of applicant states to implement the *acquis* in sectoral areas.

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Christiansen (1998) seeks to examine the interrelationships between ‘three layers of change’ (at the policy-making, constitutional, and macro-societal levels), each of which operates in a different historical time frame. Historical Institutionalism combined with constructivism would endogenise “the current configuration of actors, interests and powers” (Christiansen 1998:113) to the structures within which they act. Through the medium of actors, interests and powers, structures condition the policy-making process, which conditions constitutional reforms, which contribute in turn to long-term structural (deep institutional) change. The notion of governance presupposes forms of organization that go beyond hard notions of external and internal sovereignty (Lavenex 2004: 682). In Ukraine, more so than in any other part of the world, the successful spread of EU’s external governance may end where a strong notion of traditional power reasserts itself.

According to Stefen Lehne \*Carnegie Europe\* (2014) since its establishment the ENP was plagued by conceptual flaws and implementation problems. He also noted that the ENP was not an appropriate instrument for geopolitics. Given its enormous experience in regional cooperation, the EU had a lot to offer in this area. Engaging the entire neighbourhood together did not make any sense in view of its heterogeneity (interviews 2014). Instead the EU needed a multilevel approach. According to the EU Strategy Paper 2007-2013 the EU involved various subsets of partners according to the functional requirements of the subject area at hand. Questions about the kind of local government Ukraine needed would define the quality of Ukrainian democracy, the ability of Ukrainian public sector to provide essential services to citizens and the capacity of Ukraine to integrate with the European Union. However, uneven development, without the promise of EU membership, limits the implementation of any ‘innovative policy framework’ in Ukraine.

## **Conclusion**

As an analysis of EU documents on (western) Ukraine indicated, the sub-state – regional or local – level is targeted mostly regarding socio-economic policy areas, including infrastructure and (urban) development, energy and transport, environment and water management. The following policy directions involving local and regional authorities are emphasised:

- 1) joint projects both sides of the border and cross-border;
- 2) ‘partnership and cofinancing’ in programming, managing and implementing the EU’s assistance to beneficiary states involving ‘central, regional and local authorities’ (EU/Ukraine Action Plan 2004: 4; 16), including ‘the development of local consultancy capacities’/
- 3) the form of ‘contacts among... regional and local authorities (including city-twinning programmes)’ within the frame of ‘people-to-people exchanges’ being used as an effective institution-building tool within the scope of the European Neighbourhood Policy (On strengthening the European Neighbourhood Policy 2006: 7) and further in the EaP; ‘Exchanges on a regional level regarding governance training issues’ named amongst incentives suggested for the EU approach (EU/Ukraine Action Plan 2004: 12);
- 4) ‘the institutional capacity of local and regional authorities in the EU’s partner countries’, whereby ‘local government reform are of particular importance, and are often part of national reform agendas as reflected in the ENP Action Plans’ necessary for implementing cross-border cooperation.

In particular, regional and local authorities in Ukraine are described as having ‘relatively limited power. Executive and administrative structures are characterised by a high level of centralization at all levels’ (ENPI Cross-Border Cooperation Strategy Paper 2007-2013). Moreover, they are suffering from ‘lack of administrative capacity and insufficient resources’, whereby ‘major challenge facing Ukraine is to strengthen administrative capacity at national, regional and local levels, including coordination between the relevant authorities’ (ENPI Ukraine Country Strategy Paper 2007-2013: 10; 25).

Finally, knowing that Ukraine preserved Soviet administrative division without democratic self-government, the highest leverage which the EU has can be extended to actions of individual member states. Overall, EU has relatively low leverage in Ukraine regions. Still, since it ‘sought to justify its institutional choices in the process of constitution-making by references to international norms’ (Wolczuk 2001: 209), the CoE norms focussed on the local level have been important for the sub-state institutional reform in western Ukraine and Ukrainian territory in general.

## **Annex 1**

ENPI has the following multilateral platforms for cooperation:

**Cross border cooperation.** One of the key priorities for ENPI. It comprises four directions: facilitate the economic and social development of border regions; solve common problems; assure efficient work and reliability of borders; facilitate the cooperation between nations. Budget for 2007-2013, is 1,1 billion Euro.

**Neighbourhood investment fund**, which combines grant financing from EU part and EU's member states and credits from the European state institutions, is considered an innovative instrument of European Neighbourhood policy. Oriented towards the mobilization of additional financing for infrastructure projects on the territory of neighbouring countries. Budget-contribution of the European Commission is 700 million Euro for the period 2007-2013 plus the contributions of EU member states. .

**SIGMA** (Support for Improvement in Governance and Management) Budget is 5,9 million Euro for 2008-2010. 22

**TAIEX** (Technical Assistance and Information Exchange) was implemented in ENPI region in 2006 with the purpose of providing short term support and consulting services to the partner countries for the implementation of actions plans within the framework of European Neighbourhood policy. Annual budget for assistance in ENPI countries is approximately 5 million Euro.

**TWINNING** from 2004, is applied on all the ENPI countries with the purpose of accelerating the cooperation actions. Annual budget changes and depends on the country; average amount is 1 million Euro.

**Erasmus Mundus II- Partnership**, has the goal to stimulate the exchange of students, scientists and professors for supporting their free movement from countries beyond EU in EU member states. Budget for 2009, was provided in the amount of 29 million Euro. The same amount will be granted for the

academic year 2010-2011.

**Tempus IV (Trans-European Mobility Programmes for University Studies).**

Budget for implementation of the programme in ENPI countries, annually is granted approximately 35-39 million Euro.

**CIUDAD- Cooperation in Urban Development and Dialogue.** The programme is developed for facilitating the dialogue and development between the local authorities and civil institutions in EU and beyond its borders, at the same time stimulating the efficient administration and sustainable urban development in ENPI partner-states. Budget for the period 2009-2011, constitutes 14 million Euro.

**Interviews conducted 2014:**

Kyiv : Valentina Romanova, analyst on regional integration, Institute of Strategic Studies, Kyiv, Ministry of regional development in Ukrainian only, department of European Integration. David Stulik, European Commission representation in Kyiv. More to be conducted in January 2015 by skype. Jan Tombinski ?. Ministry of Construction and Regional Development. Ilko Kucheriv Democratic Initiatives Foundation website – <http://dif.org.ua/>. Kyiv International Institute of Sociology website – [www.kiis.com.ua](http://www.kiis.com.ua). Razumkov Centre website – [www.razumkov.org.ua](http://www.razumkov.org.ua). Kyiv Mohyla Academy.

in Lviv

Maryan Manko, PhD candidate, Ivan Franko University Lviv, Department of political Science and Krakow Economic University Poland, Europe Group; Ukrainian policy experts at the Center for Political and Legal Reform, City Council Lviv, International Cooperation Bureau, CBC Lviv. Project Implementation Unit.

Interviews in Warsaw and Krakow: Instytut Spraw Publicznych – Warszawa, Stowarzyszenie Wschodnioeuropejskie Centrum Demokratyczne (East European Democratic Center) – Warszawa. Europe Group, Club Jagiellonski, experts on EaP and Ukraine.

Interviews in Minsk.

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<http://www.acdi-cida.gc.ca/cidaweb/cpo.nsf/projEn/Z020937001>The aim of the project is to strengthen the capacity of regional and municipal officials in Lviv and Dnipropetrovsk to conduct evidence-based analysis and to use the results to inform economic development plans aligned at all three levels of government (central, regional, and municipal). The project also

builds the capacity of Ukraine's National Academy of Public Administration to competently offer courses in evidence-based economic development planning, to ensure that knowledge transfer can occur in other regions and municipalities beyond the life of the project.