

LACE PHARE CBC

DRAFT ASSESSMENT REPORT

Poland-Ukraine

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1. PROFILE OF THE CROSS-BORDER REGION¹

1.1. Definition of the cross-border region and map² (see Annex 1)

The length of the border between Poland and the Ukraine is 526 kilometres.

The **Polish part** of the border region is represented by two regions (*Województwo Lubelskie and Podkarpackie*) with capitals in Lublin and Rzeszów respectively and a total population of 4,4 million. The administrative unit equivalent to NUTS III level after the Polish administrative reform of Jan 1, 1999 is a county ("*powiat*") The number of counties directly adjacent to the PL-UKR border is 8³ and their total population amounts to 0,6 million. There is no official definition of a "border region" in Poland. According to the Phare CBC operational definition of a zone of two counties adjacent to the border, the Polish border region would include a total of about 19 counties and population of about 1,6 million.

The **Ukrainian part** is represented by three provinces (*Volynska, L'vivska and Zakarpatska oblasti*) with capitals in Lutsk, L'viv and Uzhgorod respectively, with a total population of 5,2 million. Ten districts of these three provinces are directly adjacent to the Polish border³.

1.2. Political/administrative structures

The local and regional authorities are:

In Poland: Regional Council and Executive Committee (regional tier), County Council and Foreman (county tier), Town or Municipality Council with Mayor (local tier). All the authorities are elected by popular vote for four years. The Governor ("*Wojewoda*") is a representative of the central government in his/her region and is responsible mostly for supervising the legality of actions of elected bodies and supervising several 'special administrations', not subject to control exercised by elected representatives.

In the Ukraine: Provincial, District and Town Councils with their Heads constitute the regional/local governments. The main powers are at disposal of provincial Governors, who are appointed by the President of the Ukraine. The Ukrainian system is quite centralised which has its impact on the cross-border co-operation.

1.3. Main socio-economic characteristics

The Polish border region is mostly rural (almost 60% of population lives in villages, with national average 38%), with small towns and only two cities with population above 100.000. The capitals of the provinces (Lublin and Rzeszów) are important regional centres of Eastern Poland, both cities are also seats of several universities. Other important regional centres are the historical cities of Przemyśl and Zamosc, as well as Krosno, Stalowa Wola, Chelm and Tarnobrzeg. Due to the rural characteristics of the region, agriculture is an important part of the economy; but only a small part of farms is self-sustainable. Farming activity in the most attractive parts of the region more and more often gives way to farm based tourism. The main branches of industry are: food processing, chemical (e.g. sulphur, glass and plastic production, natural oil processing, pharmaceutical), automobile (buses, tyres, car parts), metallurgy, aviation, timber processing industries. The average unemployment is 10,6%. More than 90% of the companies are private, but the biggest job providers are still companies under some control of the State. Several industrial plants have been closed in the recent years, which was partly because of the collapse of trade with the former USSR. This vacuum was only partly filled with cross-border trade activity between individual people and small businesses. The small border trade has been growing since the beginning of the 90-ties, providing job alternative to many fired industry workers living in small towns situated close to the border and farmers of small, non-competitive farms. However, due to the introduction of customs limitations by the Ukrainian authorities, since 1998 the volume of the trade is gradually declining. The region belongs to the ones with the cleanest environment in Poland. Its south-eastern part is an especially attractive tourist region, with the wild and picturesque Bieszczady Mountains.

The spatial characteristics of the Ukrainian regions is similar to the Polish ones – they are mostly rural, the biggest cities are the capitals of the provinces: L'viv (about 900,000 inhabitants), Lutsk, Uzhgorod. The economy of the Ukrainian regions is, like the rest of the country, undergoing a structural crisis. The main sectors of economy are agriculture and food production, timber, machine and construction industries, as well as coal mining and natural oil and gas extraction (L'viv province). The natural weakness of the post-communist economy, which was not given any real market therapy makes the Ukrainian businesses (mostly state-owned) unable to compete successfully in a market environment. Their exportation capabilities are limited and the main

¹ the main characteristics of both euroregions existing in the cross-border region have been presented separately in respective parts of the Report.

² A map attached at Appendix 1

³ For a list of Polish counties and Belarus districts adjacent to the border see Appendix 2

part of the Ukrainian export to Poland consists of raw materials. Apart from that the main cross-border trade exchange concerns consumer goods imported from Poland by small companies or individuals. The lack of stability, bureaucracy and difficulties with efficient crossing the border make many Polish business withdraw from the business activity in the Ukraine.

In the Ukrainian border region lives a significant Polish minority (especially in the province of L'viv), in the Polish part of this cross-border region there is a smaller Ukrainian community too. In the Transcarpathian province of the Ukraine there are also Hungarian and Romanian minorities.

1.4. Degree of cross-border co-operation

Cross-border co-operation exists on a regional/local level and has been developing since the beginning of the 90-ties. Several twin city agreements and other bilateral co-operation agreements between local governments exist. Two euroregions operate in this cross-border region covering the whole length of the border; these euroregions were among the first such structures created in Poland (1993 and 1995). Generally, due to very good interstate relations between Poland and the Ukraine in recent years – the atmosphere for co-operation is good. The EU support for cross-border projects was not available at all till 1998, and since that time its size was very small. Due to the profile and weakness of the region's economy, the financial base for cross-border projects in the region is insufficient. Because of the bad economic situation in their country, the Ukrainian partners are primarily interested in cross-border projects with some economic impact.

1.5. Barriers to cross-border co-operation

Insufficient infrastructure (border crossing points, bad quality of roads leading to them); long lasting procedures at crossing the borders; lack of resources for cross-border projects, including difficulties in meeting the minimum required own contribution (the situation is bad in Poland, and dramatically bad in the Ukraine); various competencies and level of independence in making decisions in both countries, centralism in the Ukraine; domination of the Ukrainian governmental administration on every activity, few possible alternative partners of co-operation from the Ukrainian side. The willingness to co-operate is not matched then by funding opportunities and flexibility and compatibility of structures.

The ethnic minorities issues, although do not constitute major problems or tensions at present, contribute to the complexity of the situation and call for very cautious approach of euroregions.

An issue worth to be mentioned separately is an incompatibility of the EU channels of funding (Phare/TACIS).. The paradox of today is that the Ukrainian partners, being eligible to TACIS program are theoretically eligible to receive some EU support designed especially for cross-border activities through the TACIS CBC program, while the Polish border regions do not have any EU funding earmarked to support cross-border co-operation (in the form of CBC programs) at their disposal (after completion of the small programs of Credo and SPF). The experience shows, that funding that could be available for Polish border regions under general Phare programs is almost never used for cross-border projects.

2. STRUCTURES

2.1. Cross-border structures

The **Carpathian Euroregion (CE)** established in 1993 encompasses the Southern part of the PL-UKR border⁴.. It is a multinational organisation, involving also border regions from Hungary, Romania and Slovakia. The total territory exceeds 150 thousand sq. km (PL – 17,926, UKR – 56,600) and the population exceeds 15 million (PL – 2.1; UKR – 6.4 million).

The CE has a network of national offices; the Polish office is located in Krosno, while the Ukrainian office has its seat in Uzhgorod; due to the vast territory of the Ukrainian part of the CE, creation of the second office in L'viv is under preparation.

The CE extends the definition described in point 1.1 by incorporating also the Ukrainian regions of Ivano-Frankivs'k and Cernivci, which do not have direct borders with Poland.

The CE structures are composed of the Council (15 members; 3 representatives per country), network of National Offices with the central Secretariat (at present in Hungary) and 5 thematic working commissions. The offices have normally from 1 to 3 employees; every National Party contributes an equivalent of 35,000 USD a year to the CE budget.

⁴ a map of the Carpathian Euroregion attached at Appendix 3A

The **Euroregion Bug (EB)**⁵, was established in 1995 and occupies the Northern part of the PL-UKR border; it is a tri-party euroregion based on co-operation of regional/local authorities. As the EB involves also the border regions from Belarus, it is also referred to in the Assessment Report concerning the Polish-Belarus border. The EB covers the territory of 82,212 sq. km (PL – 29,269, UKR – 20,143) inhabited by 5,26 million people (PL – 2.7; UKR – 1.1 million).

Until 1998 the EB was a bilateral Polish-Ukrainian euroregion, as the Belarus province of Brest has joined the Euroregion Bug three years after its creation.

From the Polish side the EB used to be composed of five former provinces with capitals in Lublin, Tarnobrzeg, Chelm, Zamosc and Biala Podlaska. After the reform the former Polish part of the EB still belongs to four new regions. Most probably in the coming months a re-formulation of the territorial scope of the Polish EB part will take place; according to the most probable scenario, the Polish EB part will be identical with the new Lubelskie region.

The EB structures are composed of the Council (10 representatives per country) and its Presidium (1 representative per country), National Offices of the Secretariat and 7 thematic working commissions. The Polish Secretariat is located in Chelm and the Ukrainian one in Lutsk. No indication on membership fees and budget was available at the time of writing this report, the funding principles remain unclear partly due to the transition period resulting from the administrative changes.

Before the administrative reform in Poland, the characteristic feature of the euroregions situated at the Eastern border of Poland (including CE and EB) was the involvement of the State administration (through its regional branches) in the euroregional co-operation and structures. With the creation of a regional tier of self-government the practical involvement of Governors is expected to be transformed to a more advisory participation.

These regional/local structures are supplemented by the Polish-Ukrainian Intergovernmental Co-ordination Council for Inter-Regional Co-operation.

2.2. Other structures/authorities/social partners engaged in CBC⁶

Other actors involved are: municipalities and counties, especially those involved in twin relationships, regional governments, chambers of commerce, regional development agencies, cultural establishments, universities (e.g. Association of Carpathian Region Universities), NGOs (e.g. Carpathian Foundation).

2.3. Activities/services

The euroregions play an important role in promoting the idea of cross-border co-operation and bringing the partners from both sides of the border together. They constitute an institutional framework and a permanent forum for exchange of information and preparation of joint undertakings. Their main activities include then monitoring, information exchange, finding of partners for institutions interested in cross-border co-operation, promotion of the idea of cross-border co-operation. The euroregions undertake also initiatives aimed at promoting their regions to the outside markets, especially in tourism. The work of the euroregional offices/working groups is done on a principle of networking and collaboration with regional/local governments and other regional/local partners. Scope of practical activities of the euroregional structures might be significantly broader, if not for the very small financial resources that they have at their disposal.

2.4. Awareness of cross-border co-operation issues/knowledge of CBC programs

Until 1998 the Polish border region was not eligible to any EU CBC programs, so the awareness of mechanisms of such programs was low. For obvious reasons, of course, programs like Interreg are not known at all.. The launching of the CREDO program in 1998, in spite of generally poor evaluation of the program has contributed to gaining information and experience by several actors involved in cross-border co-operation, primarily by the Euroregions. In 1999 the Polish-Ukrainian frontier could benefit from a small size EU support awarded through Small Projects Funds. The programs – both CREDO and SPF were administered by the Carpathian and Bug Euroregions.

Undoubtedly further activities are needed to spread the information about EU programs to local communities. Special attention should be paid to explaining the long term planning, programming and strategy building aspects. At the Polish-Ukrainian border, projects with tangible economic results would be especially welcome and could significantly encourage the Ukrainian partners and motivate them to become practically involved in

⁵ a map of the Euroregion Bug attached at Appendix 3B

⁶ a list of regional/local institutions attached at Appendix 4

cross-border co-operation. Taking into account the expertise gathered by the euroregions, they can be used as “antennas“ in getting through with information and advice to regional/local communities.

However important is the knowledge of EU CBC programs, the basic issue remains eligibility to these programs. At the moment, after completion of the 1999 SPF round the region will not be eligible to PHARE CBC or any other EU cross-border co-operation program except for TACIS CBC, which due to its specific requirements does not play a bigger role in the cross-border co-operation.

This situation will be of course changed with the Polish membership in the EU, when the Polish border regions become eligible to Interreg and their counterparts – to some future version of PHARE or TACIS CBC. At the moment, however, there is a lack of special CBC programs that would help the border regions to accumulate experience, which is necessary for these regions to be able to make an efficient use of the European funding in the future. If such transition instruments are not made available in the years preceding the Polish membership in the EU, there is a serious risk that the coming of INTERREG will find the Eastern regions of Poland and their counterparts completely unprepared. The strategic importance of this particular border as a part of the future EU Eastern border makes this issue especially momentous.

The continuing lack of practical EU support for cross-border co-operation (and thus lack of tangible results) together with the fears linked to the future incorporation of the Schengen rules by Poland – very common in the Ukraine – can put to jeopardy efforts which have been undertaken in the last decade to bring the communities closer to each other and contribute to the development of this cross-border region.

3. PROGRAM RELATED ACTIVITIES

3.1. Strategy development

The development strategies of local and regional governments are only partly completed; especially in Poland, after the administrative reform of Jan 1, 1999 very few of the newly created units (regions, counties) have already prepared their strategies. Normally the cross-border co-operation should be a part of such a strategy. There is no information about strategy work being done in the Ukrainian regions.

With regard to strategies of euroregions, important steps have been made in both euroregions. The Carpathian Euroregion has prepared, with expert support from the Euregio Maas-Rijn a Framework Development Concept. Due to the vast territory of this euroregion the planned next steps include elaboration of crossborder action programs on bilateral basis between respective national parts of the Euroregion.

The Euroregion Bug has already prepared a comprehensive Development Strategy, which was elaborated within a project initiated by the Lublin universities and financially supported by the Polish Committee for Scientific Research.

3.2. Programming, especially PHARE CBC related

As the PHARE CBC program for the Polish-Ukrainian border is not envisaged by the EC regulation from Dec 18, 1998, no programming preparation was done so far.

3.3. Management of program implementation

3.3.1. Small Project Funds

Both euroregions: Carpathian and Bug have been administering one round of the SPFs in 1999. The budget was 120.000 euro per euroregion. Altogether 19 (CE) and 9 (EB) projects were awarded grant support ranging from 2,500 to 31,000 euro. Of course, as both euroregions are multiparty organisations, some projects were done without the involvement of the Ukrainian partners, but with participation of the Belarus or Slovak partners only. The Euroregions were responsible for launching calls for proposals, adjusting some requirements to their specific situations, establishing Steering Committees, choosing the projects, signing contracts with beneficiaries and supervising implementation of the projects, providing financial management and oversight. All this was co-ordinated and supervised by the PHARE CBC Implementing Authority in Warsaw.

3.3.2. Other aspects of program management

The administration of Phare SPF program included the whole range of management tasks. This included also day-to-day contacts with the applicants, providing them with information and advice and then the contacts with the selected beneficiaries, providing them with advice and support in implementation and financial reporting of the projects.

Both euroregions have been also involved in the CREDO Program in 1998. The EB was a Credo Secretariat for the border between Poland and Belarus, while the CE was responsible for the Polish-Ukrainian border. Compared to the SPF, the involvement of Euroregions in CREDO program was limited to providing technical support for the program's implementation, preparing the work of the Regional Border Committee; launching call for proposals, gathering the proposals, performing formal conformity check and submitting projects to program's PMU for further evaluation. The Regional Border Committees were presenting to the European Commission via PMU their recommendations. In Credo the Euroregions were neither involved in final selection process nor participated in supervising implementation of approved projects.

3.4. Project development and implementation

Altogether about 20 small and micro projects and one hard project (Phare contribution ca 280,000 euro) have been implemented with the Phare support (1998-99) in the PL-UKR border region. The beneficiaries of these projects have gone through all the phases of project planning, implementation and reporting. The same is true of the euroregions themselves, who have prepared and implemented some own projects, mostly dedicated to promotion and strengthening of euroregional structures. This process has revealed some lack of experience among regional partners and difficulties in gathering the funds to match Phare support, but at the same time it proved to be a good learning experience. The SPF model, being genuinely decentralised have proved to be much more efficient than the highly centralised CREDO system.

4. SPECIFIC/SECTORAL ACTIONS

4.1. Economic development

trade fairs and exhibitions; business forums, trade missions

4.2. Tourism

Maps, promotional activities (publications, www pages), concepts of cross-border tourist trails;

4.3. Training, Education and Labour markets

internet contests for schools; meetings of teachers; youth exchanges, seminars; training centres for cross-border tourism

4.4. Environment

sewage system investment on a border river (Credo funded hard project); conferences on environmental education, International Biosphere Reserve "East Carpathians" (PL-UKR-SK) [UNESCO MaB program].

4.5. Socio-cultural

cultural events; folk culture events; cultural diversity events; sports competitions;

4.6. Transport

Few projects were directly undertaken by local partners, mostly because of the division of competencies which requires decisive and funding involvement of the governmental administration. The local border communities were in several cases successfully involved in lobbying efforts for opening new local border crossing points. The same concerned building of roads leading to those border crossing points

4.7. Other infrastructures

4.8. Other

Scientific projects (cultural heritage, history), meetings of leaders of local governments