

## **COMPREHENSIVE OVERVIEW OF THE POLISH-UKRAINIAN CROSS-BORDER COOPERATION**

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**Abstract.** The article is dedicated to the comprehensive analysis of the cross-border cooperation between Polish and Ukrainian border regions, which are involved in euroregions, established on their basis. The analysis covers theoretical aspects, financial issues of the cross-border collaboration, as well as socio-economic aspects research of the investigated territories development. Authors' aim is to compare the principles and tendencies of territories development within cross-border Polish-Ukrainian regions in order to provide a comprehensive vision of the cross-border cooperation between Ukraine and Poland within Carpathian Euroregion and Euroregion Bug.

**Key words:** euroregions, cross-border cooperation projects, socio-economic analysis, Poland, Ukraine

### **INTRODUCTION**

Interstate relations between Ukraine and Poland have very long and rich history, and have been developing on the local, regional and state levels. New era of them has started in year 1991 after Polish Republic was the first to recognize Ukrainian independence. But in terms of interregional cooperation the connection was officially set up in 1992, when Agreements on Friendly Relations and Cooperation<sup>1</sup> (May 5) and on Border Inspection

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<sup>1</sup> Agreement between Ukraine and the Republic of Poland on Friendly Relations and Cooperation ratified by the law of Ukraine, No 2611-XII (2611–2612). Ratification date – 17.09.1992. Source: [http://zakon4.rada.gov.ua/laws/show/616\\_172](http://zakon4.rada.gov.ua/laws/show/616_172).

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Posts<sup>2</sup> (May 18) were signed, touching borderline issues. In 1993 the interstate relations were enforced, when the parliaments of both countries signed Agreement on Legal Regime of the Ukrainian-Polish State Border and Mutual Help in Border Issues<sup>3</sup> (January 1), and an Agreement about Interregional Cooperation<sup>4</sup> (May 24). Later on the legal basis started its development more actively and now includes around 40 legislative documents covering the border issues.

Ukraine and Poland, possessing their specifically advantageous geopolitical and geoeconomical potential, could have established a strong cross-border territory, benefiting both from the EU side and from being close to CIS markets. Thus, through creating euroregions the cross-border cooperation has become a key point for Ukrainian policy within its eurointegration strategy [Wspólna polsko-ukraińska... 2005]: 42% of experts surveyed consider euroregions to be the helping factor for the Ukrainian strategy to join the EU [Scharba 2009] and for the EU this kind of cooperation is an important element within the policy of strengthening its eastern borders. The boundary territories have always been peripheral, least-developed and characterized by inefficient farming, weakly-developed industry or infrastructure, irrational exploitation of natural resources, low investment rate, high levels of poverty and unemployment, and – as a result – active inter-regional migration of people.

At the present moment Poland is involved in several kinds of cross-border accords such as unions, associations, etc. and 16 basic euroregions<sup>5</sup>. Ukraine is involved in 10 euroregions<sup>6</sup> and two of them include Polish territories: Carpathian Euroregion (1993, Lvivska and Zakarpatska regions (Ukraine), Podkarpackie Voivodship (Poland)) and Bug (1995, Volynska region and 2 districts of Lvivska region (Ukraine), Lubelskie Voivodship (Poland)). Those euroregions have certain achievements in cultural, economic, environmental, educational and other spheres. Even more, Carpathian euroregion is considered to be the most successful one, being the first which included Ukrainian border regions in cross-border cooperation on the officially recognized level.

It has been already a long time for the Polish-Ukrainian cross-border cooperation development within euroregions, and it shows practically valuable effectiveness of their existence, as well as the necessity to explore the experience obtained by those border regions. That's why the article is dedicated to the research of the present state and tendencies of the cross-border cooperation processes within euroregion structures, created between Poland and Ukraine, mainly focusing on the theoretical and financial cross-border collab-

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<sup>2</sup> Agreement between Government of Ukraine and Government of Polish Republic on Border Inspection Posts, No 616\_004 from 25.03.1993. Source: [http://zakon4.rada.gov.ua/laws/show/616\\_004](http://zakon4.rada.gov.ua/laws/show/616_004).

<sup>3</sup> Agreement on Legal Regime of the Ukrainian-Polish State Border and Mutual Help in Border Issues, No 616\_208. Ratification date – 14.07.1993. Source: [http://zakon4.rada.gov.ua/laws/show/616\\_208](http://zakon4.rada.gov.ua/laws/show/616_208).

<sup>4</sup> Agreement about Interregional Cooperation, No 616\_171 from 27.10.1993. Source: [http://zakon4.rada.gov.ua/laws/show/616\\_171](http://zakon4.rada.gov.ua/laws/show/616_171).

<sup>5</sup> Nysa, Carpathian, Sprewa-Nysa-Bóbr, Pro Europa Viadrina, Tatry, Bug, Pomerania, Glacensis, Niemen, Pradziad, Bałtyk, Śląsk Cieszyński, Silesia, Beskidy, Puszcza Białowieska, Euroregion Łyna-Ława.

<sup>6</sup> Bug, Black Sea Euroregion, Carpathian, Donbas, Dnister, Dnipro, Lower Danube, Upper Prut, Slobozhanshchyna, and Yaroslavna.

oration issues, as well as socio-economic aspects analysis of the territories involved. The task is to enlighten the general picture of cross-border cooperation of Ukraine and Poland, covering the issues of legal background, problems in financing the cross-border cooperation activities and current socio-economic indices, taken for the period of 2008–2011, problem key points and potentially strong sides to be developed in the future.

## **MATERIAL AND METHODS**

Analyses, carried out in the paper, cover the period of 2008–2011, which became the very important time in the development of cooperation of both countries: Ukraine had received a push by the political Orange revolution and Poland has entered the EU. Research period and selection of indices were also determined by the availability of data from Polish and Ukrainian sides. Two Euroregions including Polish and Ukrainian territories: Carpathian Euroregion (1993) and Bug Euroregion (1995) are an object of complex investigation.

The data about the socio-economic aspects, theoretical and financial issues of the cross-border cooperation between Polish and Ukrainian border regions were taken from the official sources of the EU (CBC and ENPI program web-sites), of Poland (Central and Regional Statistical Offices) and Ukrainian ones (Main Statistical Department, relevant central state authorities – Ministry of Foreign Affairs of Ukraine, Supreme Council of Ukraine), etc.

The descriptive and comparative methods were used in the research, as well as the simple statistical method in order to analyse the problem from the economic point of view.

The article starts with the presentation of the basic theoretical aspects of the cross-border cooperation between Polish Republic and Ukraine and such form of cross-border cooperation development as euroregions is characterized. Later the main principles and problems of the cross-border collaboration involving Ukrainian and Polish border regions are enlightened. In the last part, the evaluation of socio-economic aspects of the cross-border cooperation between Poland and Ukraine within the Carpathian Euroregion and Bug Euroregion is done; finalizing and applicable conclusions are offered.

## **RESULTS AND DISCUSSION**

### **Administrative-political determinants of the Ukrainian-Polish Cross-border Cooperation**

There are no doubts about the need in further development and support of the cross-border cooperation programs and all kinds of cross-border collaboration forms (euroregions, cross-border agreements, bilateral agreements between regions and voivodships, partner agreements between city and village councils, focus groups, etc.). Mostly because the number of the spheres affected is quite wide as well as the range of the beneficiaries: local governments at all levels, entities and agencies nominated or created by the state

governors/local governments to provide public services, non-governmental non-profit organizations, chambers: economic, trade and crafts, universities, institutions conducting public education activities and research, cultural institutions, churches and religious associations, etc.<sup>7</sup>.

Along with the euroregions Ukraine and Poland were involved into several new forms of cross-border cooperation, such as: “European Groupings of Territorial Cooperation”, “Cross-border Partnerships”, “Cross-border Clusters”, “Cross-border Industrial Zones”, “Cross-border Innovative Projects”, etc. Thus, there was a Euroregion “Black sea” established as the European grouping of territorial cooperation with the participation of Odessa region of Ukraine. At the moment Ukrainian-Polish touristic and recreational cluster is being formed. Several relevant projects have been applied for receiving additional financing within the Cross-border Cooperation Program “Poland-Belarus-Ukraine” (2007–2013)<sup>8</sup>. There was also launched a “Lublin Ecoenergetic Cluster”, becoming a cross-border one through involving Ukrainian partners – “Centre For Alternative and Renewal Energy Sources” and a subdivision of the joint enterprise “LLC ComEcoLviv” [Mikula and Matvyeyev 2011].

Poland has eastern neighbours which possess a great geopolitical and economic potential forming a promising business opportunity. They have historically tight relations with other Eastern countries and big territories offering capacious markets of consumers and people ready to travel for spending money abroad [Borko 2002]. More of that, border regions of all the post-USSR countries, bordering on Poland (these are: Ukraine, Russia and Belorussia) have always been peripheral, least-developed. They have insufficient agriculture development, under-developed industry and infrastructure, low investment rates, high levels of poverty and inter-regional migration of people because of enormously high rates of unemployment<sup>9</sup>. Thus, we may stress on the differences of the nature of the borderline role and understanding in Eastern Europe [Kennard 2004]. While the EU has been working over eliminating the physical and fiscal sense of borders for around 20 years already, for most Eastern European countries borders has always been in need for protection and as political instruments in order to influence the neighbour first of all economically. From the other hand borderline infrastructure has never been renovated properly and sometimes, as it is in case of Ukrainian-Russian political relations, had been made a physical/bureaucratic obstacle for cross-border communication of the average boundary regions’ citizens.

The most productive cross-border cooperation on the eastern border of Poland, being the longest one belonging to one EU country, refers to Ukraine. The start of this process was given in 1995 by the establishment of the first in Eastern Europe euroregion named Bug. The comparison of the bilateral cross-border relations between Poland and Ukraine and between Poland and Belorussia or Russia shows much lower dynamics within the second ones. This may be explained not in the least expand by the political and legal

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<sup>7</sup> <http://www.interreg.gov.pl/20072013/EWT/transgraniczne>.

<sup>8</sup> The Cross-border Cooperation Programme Poland-Belarus-Ukraine 2007-2013, under the European Neighbourhood and Partnership Instrument (ENPI). Source: <http://www.pl-by-ua.eu/en,3,24> or <http://www.cpe.gov.pl/pliki/127-pl-by-ua-eng-5b1-5d.pdf>.

<sup>9</sup> Border Regions – <http://exborealex.isd-network.org/border-regions>.

difficulties between these countries. The other issue is that part from cooperation on the governmental or regional level, most cross-border activities are introduced and organized by local authorities<sup>10</sup>.

At the moment Ukraine has the most developed interregional net of cooperation namely with its western neighbour – Polish Republic. Practically all regions of Ukraine and voivodships of Poland had established the agreements on cooperation – absolutely all 16 Polish voivodships have a partner region on Ukrainian territory. The biggest numbers of Ukrainian partners have Podkarpackie, Lublińskie, Łódzkie, Sielskie and Mazowieckie voivodships. As for Ukrainian side, the most active were Lvivska, Odeska, Ivano-Frankivska, Vinnytska and Volynska regions. And, should be noted, this process has a tendency to grow.

The legal basis of Polish-Ukrainian cooperation is built not only on the micro level. There are also international legal acts (e.g. Declaration on Regionalism in Europe, Nordic Agreement on cross-border cooperation between municipalities, the European Outline Convention on Trans frontier Cooperation between Territorial Communities or Authorities, the European Charter of Borderline and Cross-border Regions), inter-state bilateral agreements (examples were mentioned above), and national legislative acts covering the border issues<sup>11</sup>.

As for the institutional component of the cross-border cooperation provision in Ukraine and Poland, we should mention two different levels: central state bodies and bilateral bodies. Thus, the following state structures work with the cross-border issues in Ukraine<sup>12</sup>: Ministry of Foreign Affairs, Ministry of Economic Development and Trade and Ministry of the Regional Development, Building and Utilities. From the Polish side we can name the following: Ministry of Interior, Ministry of the Regional Development and Ministry of Foreign Affairs.

Within the intergovernmental level there has been established an Ukrainian-Polish Intergovernmental Coordination Council, which is empowered to take decisions concerning the key interregional cooperation issues, it also defines the general directions and main principles of their development, offers recommendations to the relevant state bodies of Ukraine and Poland, elaborates mutual activity plans. There are also several commissions created within the Council, working with the border posts, border infrastructure, territory planning, cross-border cooperation issues<sup>13</sup>. Within the State Program of Cross-border Cooperation Development of Ukraine for the period of 2011–2015<sup>14</sup> a Joint

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<sup>10</sup> Border Regions – <http://exborealux.isd-network.org/border-regions>.

<sup>11</sup> The law of Ukraine “On Cross-Border Cooperation” No 1861-IV from 24.06.2004, Law of Ukraine “On local self-government in Ukraine” No 280/97-DH from 21.05.1997, Law of Ukraine “On Local State Administrations” No 586-XIV from 09.04.1999, Law of Poland “On Municipality’s Self-government” Journal of Laws Year 2001 No 142 item.1591, Law of Poland “On Poviat’s Self-government” Journal of Laws Year from 2001 No 142 item 1592, Law of Poland “On Voivodship’s Self-government” Journal of Laws Year 2001 No 142 item 1590, etc.

<sup>12</sup> <http://poland.mfa.gov.ua/ua/ukraine-pl/regions>.

<sup>13</sup> <http://poland.mfa.gov.ua/ua/ukraine-pl/regions>.

<sup>14</sup> Cabinet of Ministers Decree on Approval of the the State Program of Crossborder Cooperation development for the period of 2011-2015, # 1088-2010-п from December 1, 2010. Source: <http://zakon4.rada.gov.ua/laws/show/1088-2010-%D0%BF>.

Commission for the Cross-border Cooperation Support was created for preparing decisions and recommendations concerning the state budget support of the approved cross-border cooperation projects<sup>15</sup>.

### **Financial issues of the cross-border cooperation between Poland and Ukraine**

Theoretically, according to the Law of Ukraine “About the Cross-border Cooperation”, the size of the state budget financing directed for the state support of the cross-border cooperation is defined yearly within the Law of Ukraine “About the State Budget of Ukraine”. This should be done for the certain period in accordance with the state cross-border cooperation programs, which are annually listed by the Ministry of Economic Development and confirmed by the Cabinet of Ministers (the government). However, it should be noted, that since the year 2004 till 2012 there were no financing foreseen in these law [Mikula and Zasadko 2012]. Some officials explain it with an inappropriate fulfilment of requirements in terms of financial maintenance or central authorities’ experts didn’t assume that those projects contained some cross-border element.

Financing of the bigger infrastructural projects involving Ukrainian border territories is received in form of the technical support coming from EU under the ENPI cross-border, inter-regional and regional programs. In recent years financial support of the cross-border cooperation projects has been maintained through the following programs: INTEREG, PHARE CBC, TACIS CBC, PHARE CREDO, MEDA, CARDS, LACE [Bil 2008], as well as civil cross-border initiatives may receive grant support from such international foundations as: Soros, Eurasia, Rockefeller, Charles Stewart-Mott, etc. There is also a financial assistance to Ukraine from the EU countries: it is provided by Sweden, the United Kingdom, Denmark, Germany, the Netherlands, the Slovak Republic and Poland. Poland supports Ukraine approximately with EUR 3–4 million per annum, in the areas of public administration reform, support for local government and economic reforms<sup>16</sup>.

At the moment collaboration of Ukraine and Poland on cross-border issues benefits from the following CBC program within the European Neighbourhood and Partnership Instrument (ENPI)<sup>17</sup>: “Poland-Belarus-Ukraine”<sup>15</sup>, total sum of which for the whole program in 2007–2013 is EUR 202,959 million, EUR 186,201 million of which is provided by the EC and the rest is provided by the projects participants’ co-financing (which is, according to the program rules, 10% of the amount granted). The priority areas of financial support flows are: competitiveness of the border area, the life quality, networking and people-to-people collaboration. Thus, in 2009 environment improvement areas had a total funding of EUR 133.1 million or 37% of the total funding for the cross-border cooperation.

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<sup>15</sup> The Cross-border Cooperation Programme Poland-Belarus-Ukraine 2007-2013, under the European Neighbourhood and Partnership Instrument (ENPI). Source: <http://www.pl-by-ua.eu/en,3,24> or <http://www.cpe.gov.pl/pliki/127-pl-by-ua-eng-5b1-5d.pdf>.

<sup>16</sup> European Neighbourhood And Partnership Instrument – Ukraine: Country Strategy Paper (2007–2013).

<sup>17</sup> <http://www.pl-by-ua.eu/en,3> The European Neighbourhood an Partnership Instrument (ENPI) or European Neighbourhood And Partnership Instrument – Ukraine: Country Strategy Paper (2007–2013).

Cooperation in the area of cultural and artistic projects had funding amounting to EUR 76.8 million that amounts 21% in total funding. It is worth to admit, that only 58.7% of the previous similar program funding, that was planned for the period of 2004–2006 were used (EUR 50,425.1 thousand). It may be explained by the lack of knowledge of the potential beneficiaries about the financial possibilities for their activities support, as well as by the low level of skills concerning meeting the program requirements of the application process. Still, almost 50% of the amount of money used, were directed for the border infrastructure improvement, 28.9% – for the cultural cooperation and 20.4% for environmental issues<sup>18</sup>.

The Cross-border Cooperation Program Poland-Belarus-Ukraine 2007–2013<sup>5</sup> is not implemented smoothly mostly because of different levels of financial provision of Polish and Ukrainian sides and thus – much more active participation of the Polish side. This may be demonstrated by the fact that, for example, in the result of the first selection of the cross-border projects for the program financing, 18 of them were prepared by the Polish applicants and only 2 by Ukrainian<sup>19</sup>. There are several factors explaining such an unfavourable position of the Ukrainian participants, defined by the Ukrainian scientists-practitioners [Mikula and Zasadko 2012]:

- The biggest financial problem is connected with the system of money transfer within the program granting: this is usually made as a reimbursement of the project expenses. Bearing in mind that most cross-border initiatives in Ukraine are introduced by state bodies or institutions, which are financed within the state budget limits, one may assume that the mentioned money reimbursement mechanism is not applicable for Ukrainian realities;
- There is no possibility to involve private investors in the program projects because the rules set up by the Joint Technical Program Secretariat prohibit the profit organizations to apply or be the partners within such cross-border projects. This issue is worsened by the lack of knowledge/skills or even desire of the Ukrainian potential activists for the project implementation, financial management or for fundraising search and partners network development;
- There is no mechanism for financing the cross-border activities through bank loans in Ukraine<sup>20</sup> and until 2012 not all the city councils have been allowed to get foreign loans for infrastructure development projects from the international financial institutions. According to the Budget Code of Ukraine<sup>21</sup> the size and conditions of such loans should be confirmed by the Ministry of Finance of Ukraine, which is, by the way, doesn't bear any financial obligations in this case. Of course, it means one more "circle of bureaucracy";

<sup>18</sup> Border Regions – <http://exborealux.isd-network.org/border-regions>.

<sup>19</sup> The Crossborderer (інформаційний бюлетень) 1/2011. Source: [http://pl-by-ua.eu/upload/pl/The%20Crossborderer%20No%201\\_2011.pdf](http://pl-by-ua.eu/upload/pl/The%20Crossborderer%20No%201_2011.pdf).

<sup>20</sup> It should be noted that in Poland the banks offer loans for the individuals and organizations which apply for receiving the International and European granting that demands their own input. Of course, this is almost a 99% guaranteed loan for the bank, but still it's a good solution for increasing the number of crossborder projects applicants on the Polish territory.

<sup>21</sup> Budget Code of Ukraine, No 2456-VI from 08.07.2010. Source: <http://zakon2.rada.gov.ua/laws/show/2456-17>.

- The other sensitive point is losses caused by the exchange rate changes of euro, which is the currency of grant tranches and differences in fiscal EU and Ukrainian systems, that influences the mobility of the project transfers coming to the Ukrainian side. That's why in most cases project partners declare the Polish side to be main beneficiary and Ukrainian partners could only monitor or be involved in the project direct implementation [Borshch 2012];
- There is no complex and effective monitoring system for the projects being implemented on the territories of the participating countries, there is only general Program monitoring system which doesn't allow enlightening local weak point and problems to be eliminated within the Program adopted for the next period. This is enforced by the absence of the cross-border statistical information from the Ukrainian side what makes impossible to analyze the state of cross-border cooperation with Poland, work out any strategy or define the possible spheres needing the improvement.

### **Socio-economic aspects of the cross-border cooperation involving Polish and Ukrainian border regions**

The Ukraine-Poland border area is about 100,000 square kilometres of land area and of 9 million inhabitants who live here. The borders are very complex and unique in geographical, historical and political terms. First, most of them are located in an area of Europe that is considered by many to be the geographical center of the continent. One of these regions, Zakarpatska, is the only region on the new eastern border of the EU that has borders with four EU states. The location of these territories has always given them some advantages in terms of the development of a variety of forms of cross-border communication (such as trade, technical and technological exchange, and cultural cooperation) [Powęska 2011]. These border regions have a very complicated geopolitical history. Additionally, should be pointed out that these lands have always been peripheral, least-developed areas characterized by inefficient, subsistence farming, under-developed industry and infrastructure, excessive exploitation of natural resources (particularly over-harvesting of forests), low investment, high overall levels of poverty, high inter-regional migration of people, and high rates of unemployment<sup>22</sup>.

The Polish-Ukrainian borderland comprises Lubelskie and Podkarpackie voivodships as well as Lvivska, Volynska and Zakarpatska regions (Table 1). They occupies 97,770 square km of area, of which the majority is in the Ukrainian part (over 56%). The voivodships bordering on Ukraine occupies 13.8% of Poland's area, and the mentioned regions constitute 9.1% of Ukraine's total area. The number of Ukraine's population is higher than Poland's. In 2008 the discussed Polish-Ukrainian borderland area is inhabited by more than 8.7 millions of population, of which 51% lived on the rural areas and 55% reside in the Ukrainian part. During research period, due to demographic changes this different decreased. An analysis of migration in the Polish-Ukrainian borderland in 2008 showed a negative net migration in all its regions except Volynska region. During next years a tendency change and only in Podkarpackie and Zakarpatska regions could

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<sup>22</sup> Border Regions, <http://exborealux.isd-network.org/border-regions>.

Table 1. Main characteristic of the Polish-Ukrainian borderland

Description	Poland			Ukraine		
Territory (thousand sq. km)	42.97			54.80		
Part of the country (%)	13.80			9.10		
Voivodship/oblast	Lubelskie	Podkarpackie	Lvivska	Volynska	Zakarpatska	
Population (thousand)	2008	2 161.83	1 784.57	2 552.90	1 036.20	1 243.40
	2011	2 171.86	2 128.69	2 541.73	1 038.55	1 250.52
Part of the state population (%)	2008	5.67	4.68	5.53	2.25	2.69
	2011	5.70	5.58	5.51	2.25	2.71
Percentage of population living in urban areas (%)	2008	46.50	40.90	60.61	51.41	37.15
	2011	46.47	41.37	60.81	51.90	37.20
International migration (people)	2008	-315.00	-772.00	-33.00	49.00	-357.00
	2011	-176.00	35.00	38.00	196.00	-70.00

Source: Central Statistical Office GUS – Poland and Main Statistical Department – Ukraine.

be observed negative net migration. In Lubelskie and Podkarpackie voivodships most on population lives on rural areas (56%). On the Ukrainian side 51% of inhabitants are the urban population and only in Zakarpatska region majority of habitant lives on rural areas (63%).

The number of economically active population in the Polish-Ukrainian borderland area equalled, in 2011, 4,106.30 thousand people, of which 50.8% came from the Ukrainian part and 49.2% form Polish part (Table 2). The higher unemployment registered level was observed in the Podkarpackie Voivodship (146.21 thousand of people) and the lowest in the Volynska region (12.7 thousand of people). When analysing the

Table 2. Labour market of the Polish-Ukrainian borderland

Voivodship/Oblast		Lubelskie	Podkarpackie	Lvivska	Volynska	Zakarpatska
Economically active population (thous. persons)	2008	1 080.00	951.00	1 087.20	441.40	553.20
	2011	1 080.00	941.00	1 104.20	440.40	540.70
Unemployment registered level (thous. persons)	2008	101.56	115.57	32.80	17.90	18.10
	2011	122.44	146.21	26.80	12.70	14.10
Registered unemployment rate (%)	2008	11.20	13.00	3.00	4.10	3.30
	2011	13.20	15.50	2.40	2.90	2.60
Share of the registered unemployed persons in the population in the working age (%)	2008	7.50	8.70	2.10	2.90	2.40
	2011	8.90	10.70	1.70	2.10	1.90

Source: Central Statistical Office GUS – Poland and Main Statistical Department – Ukraine.

registered unemployment rate and the share of the registered unemployed persons in the population in the working age, it is advised to focus on relatively higher levels of those indicators the rates of the respective countries. The higher rates was noticed in the Podkarpackie Voivodship and the lowest in Lvivska region.

Volynska region is inhabited by 2.26% (for 2011) of population of Ukraine and produces 1.34% of Ukrainian GDP. Gross domestic product per capita is less than average in Ukraine for 41%. In 2011 Volyn region took the 12<sup>th</sup> place in the competitiveness rates among other Ukrainian regions. Zakarpatska region is on the 17<sup>th</sup> place for population volume and on the 23<sup>rd</sup> for GDP production volume<sup>23</sup>, which is 1.4%. Gross domestic product per capita is 59% from the average index in Ukraine. The region takes the 18<sup>th</sup> place in the competitiveness rates among other Ukrainian regions. Lviv region is 5<sup>th</sup> among other Ukrainian regions in terms of population volume and the 9<sup>th</sup> for the GDP volume, which is 3.9%. Gross regional product per capita is 82% from the average index in Ukraine. In the same time Lubelskie Voivodship is inhabited by 5.64% of population of Poland and produces 3.81% of Polish GDP. Podkarpackie Voivodship is on the 8<sup>th</sup> place in for population volume and on the 12<sup>th</sup> for GDP production volume<sup>24</sup>, which is 3.7%. In both voivodships gross domestic product per capita is over 67% of than average in Poland (Fig. 1).

The whole The Polish-Ukrainian borderland was characterized by lower average wages and salaries than the average of the respective countries. The average wages and salaries varied from 75.8% in Volyn region up to 89.85% in Lubelskie Voivodship. Also it can be noticed that the average wages and salaries in Ukraine are 3 times lower than on Polish side.

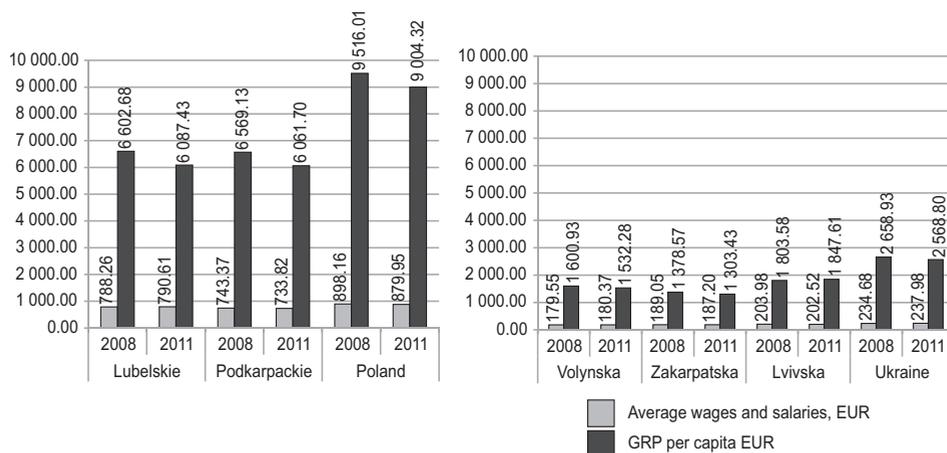


Fig. 1. Economic indicators of the Polish-Ukrainian borderland

Source: Central Statistical Office GUS – Poland and Main Statistical Department – Ukraine.

<sup>23</sup> Within 25 regions in Ukraine.

<sup>24</sup> Within 16 voivodships in Poland.

The Lubelskie and Podkarpackie voivodships of Poland bordering on Ukraine occupy 13.8% of Poland's area, and the regions, comprising the Polish-Ukrainian borderland (Lviv, Volyn and Zakarpattia regions), constitute 9.10% of Ukraine's total area. The majority of the Polish and Ukrainian administrative units' territories involved in cross-border cooperation between these two countries is in the Ukrainian part (over 56%). The mentioned area is inhabited by 9 million of population, of which 55% live on the Ukrainian part of cross-border territory [Polish-Slovakian-Ukrainian Borderland Rzeszów 2009]. Even first-glance analysis of economic interest of the researched countries shows a great potential in mutual investments (Table 3). Thus we can see, that Ukrainian investors work more eagerly with their Russian partners (Russia is the biggest geographical neighbour of Ukraine).

Table 3. Direct international investment between Poland and Ukraine

Volume of direct investment	As of 01.01.2009		As of 31.12.2011	
	mln USD	in % to the total	mln USD	in % to the total
Poland → Ukraine	694.7	1.9	875.5	1.8
Ukraine → Poland	46.9	0.8	48.2	0.7

Sources: [http://ukrstat.org/en/operativ/operativ2008/zd/izu/izu\\_e/izu1208\\_e.htm](http://ukrstat.org/en/operativ/operativ2008/zd/izu/izu_e/izu1208_e.htm), [http://ukrstat.org/en/operativ/operativ2011/zd/izu/izu\\_e/izu0411\\_e.htm](http://ukrstat.org/en/operativ/operativ2011/zd/izu/izu_e/izu0411_e.htm).

The main barrier of trade with Ukraine is too limited and underdeveloped border's infrastructure. Insufficient number of border crossings is inefficiently in handle border traffic. The current system of trade, which is dominated by low-value and frequent shopping in the regions along the border, cause a long queue which may discourage further purchases and cooperation [Boiko and Gazizullin 2011, Powęska 2011].

## CONCLUSIONS

As a conclusion to the research material presented authors may point out several crucial differences in the cross-border cooperation development on Polish and Ukrainian territories, involved in the same cross-border accords:

- Both partner sides have different background conditions for the participating in the joint cross-border projects within The Cross-border Cooperation Program Poland-Belarus-Ukraine 2007–2013: starting from the awareness of the cross-border cooperation possibilities, program financing opportunities, the ability to prepare the project application and finishing with the chances to draw additional financial support for fulfilment of the “10% of own contribution” Program requirement;
- Socio-economic: Polish and Ukrainian territories, involved in the cross-border collaboration initially had different levels of socio-economic development, as well as they are benefiting from this collaboration differently now. Quite low level of socio-economic development of the territories involved in the cross-border cooperation from the Ukrainian side comparing to the Polish territories as well as to the general national level inside Ukraine;

- Central state authorities of Ukraine underestimate the cross-border cooperation potential for the regional development and citizens' life level improvement, having the limited strategic vision of the tasks and perspectives of the cross-border cooperation development at the state and regional levels;
- Local authorities in Ukraine should have the same level of freedom in implementing international projects and involving external co-financing as they do in Poland; Polish experience of bank loans for international projects co-financing would have been helpful;
- There is a lack of experience (will) of cross-border regions development as well as in mutual planning of the cross-border activities by the central and local state authorities of Ukraine;
- Low level of Ukrainian civil society actors involvement in cross-border cooperation activities development, as well as private business sector actors – in sponsoring and investment of cross-border events/projects;
- Defects in the legal system concerning cross-border cooperation aspects, sensible difference in legislative provisions between Polish and Ukrainian legislation – “centralized” approach of the Ukrainian side to the legislative provision, which causes fast obsolescence of it, and “face-the-problem” approach of the Polish side. The officially prescribed rights of the local authorities in Ukraine limit their opportunities to work for their territories benefits;
- The Ukrainian partners of the cross-border cooperation projects within The Cross-border Cooperation Program Poland-Belarus-Ukraine 2007–2013 suffer from being outside the euro-zone as well as from the insufficient system of monitoring and project evaluation within the Program. Still, Ukrainian side badly needs introducing of the cross-border statistics on its borders in order to become more transparent and opened for the research and analysis.

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## KOMPLEKSOWY PRZEGLĄD POLSKO-UKRAIŃSKIEJ WSPÓLPRACY TRANSGRANICZNEJ

**Streszczenie.** W artykule przedstawiono wyniki szczegółowej analizy i oceny transgranicznej współpracy regionów przygranicznych Polski i Ukrainy, w którą zaangażowane są euroregiony. Analiza obejmuje zarówno aspekty teoretyczne, kwestie finansowe współpracy transgranicznej, jak i aspekty społeczno-ekonomiczne rozwoju badanego terytorium. Celem autorów jest porównywanie zasad i tendencji rozwoju terytoriów

w polsko-ukraińskich regionach transgranicznych w celu zapewnienia całościowej wizji współpracy transgranicznej między Ukrainą i Polską w ramach Euroregionu Karpackiego i Euroregionu Bug.

**Słowa kluczowe:** euroregiony, projekty współpracy transgranicznej, analiza społeczno-ekonomiczna, Polska, Ukraina

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