

European projects: funding sources and their possible involvement in local self-government in Ukraine

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Problem Statement

Local self-government in Ukraine is the law guaranteed by the state and the real ability of the local community – residents of a village or a voluntary association of several villages in the village community, a town, a city – independently or under the responsibility of the authorities and local government officials to solve local issues within the Constitution and laws of Ukraine.

The analysis of recent researches and publications

The suggested issue regarding European projects, funds, funding opportunities and the involvement of local self-government bodies in Ukraine has become the subject of research of Jakubowski C., Zheznik G., Kulchitsky I., Monkyevich V., Synovyets E. Bonikovska N., Mikula M. and others. However, it is important to study modern European investment projects and their implementation in local self-government in Ukraine, which is carried into practice by territorial communities of villages, towns, cities, both directly and through village, town and city councils and their executive bodies, as well as district and regional councils which represent the common interests of territorial communities of villages, towns [Law, 07.07.2011].

The main material presentation

European Union during 1991–2006 under the European Neighbourhood Policy provided Ukraine with the financial aid in the amount of 2.4 billion euros.

Since January 1, 2007 financial assistance to Ukraine has been provided by means of a new funding instrument – the European Neighbourhood and Partnership Instrument (ENPI). IFI funds come to Ukraine in the form of grants and projects. At this, every international financial institution in Ukraine uses its own financing

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mechanisms and different conditions for granting money, depending on the project objectives, the country status, the degree of risk and other circumstances.

In Ukraine, MFO investment projects are financed by World Bank, European Bank for Reconstruction and Development (EBRD), the Black Sea Trade and Development Bank (BSTDB). Recently the cooperation with the European Investment Bank (EIB) and the Nordic Investment Bank (NIB) has begun.

Investment project – is, in fact, an investment action, which implies the investment of a certain amount of money or physical (including human) resources in some legal structure in order to obtain the intended result in the form of financial profits or the solution of economic problems.

According to Ukrainian legislation investment projects are the projects of specific industries development, economy sectors, manufacturing. Such projects are financed on conditions of self-repayment and mandatory internal co-financing. The investment project is always aimed at increasing funds and improving the functioning of enterprises. The sponsors of the project can be official and private individuals. These projects are realized directly at the expense of borrowers and loans at market rates or concession which are less stringent than market rates [Law, 17.02.2011].

The basic principle that underlies programs for Ukraine is a principle of partnership to achieve social policy goals. Ukraine should be at most involved in the development of actions aimed at finding possibilities for co-financing by the Ukrainian party.

Foundation for Local Self-Government in Ukraine

The Fund is a central scientific, methodical, consultative and coordinating institution affiliated to the President of Ukraine to support local self-government in Ukraine.

The aim of the competition is the selection of projects and programs for local self-government development, which are designed to solve urgent problems of local self-government development and to spread the positive experience gained in the process of their implementation.

Basis:

Decree of the President of Ukraine “On the All-Ukrainian contest of projects and programs of local self-government development” (№ 952/2002 of 28 October 2002).

Participants – local self-government authorities

Participants in the period 2010–2013:

First category. Projects (programs) of the local self-government of villages, towns. (International Conference “Europejskie dni dobrosasiedztwa «Granica 480»” (border Malhowice (Poland) – Nyzhankovychi (Ukraine)). Przemysl. September 3–4, 2011).

Second category. Projects (programs) of the local self-government of towns, districts, districts in cities with the population up to 50 thousand inhabitants. (XI Interna-

tional Economic Forum “Economic integration – national priorities”. Truskavets, October 14–15, 2011).

Third category. Projects (programs) of the local self-government of towns, districts, districts in cities with the population from 50 thousand to 100 thousand inhabitants. (Agreement on cross-border cooperation between Drohobych and Przemysl, March 31, 2010).

Fourth category. Projects (programs) of the local self-government of towns, districts, districts in cities with the population over 100 thousand inhabitants (Regional Program for International cooperation, European integration and international technical assistance in 2011, Lviv) [Decree, 28.10.2002].

Subjects of projects (programs) in Ukraine 2009–2012

- the efficient delivery of social services to the population;
- development of effective management;
- improvement of the decision making process by local government;
- development of proposals for the distribution of competencies between local self-governments authorities of different levels;
- development and realization of investment policy of local self-government;
- reforming the system of Housing and Communal Services;
- development of public transport;
- improving the system of planning, building and good arrangement of populated areas;
- development of tourism and recreational affairs;
- implementation of mechanisms for effective use of financial, land, property and other resources of local self-government development;
- development and realization of projects (programs) for the energy and resource efficiency, including in the housing and communal sector;
- development of entrepreneurship;
- modernization of engineering infrastructure;
- safety enhancement, risk reduction of natural and technogenic accidents in the administrative and territorial unit;
- reform of healthcare, education and welfare systems;
- educational, scientific and information support of self-government development.

Priorities of the All-Ukrainian contest of projects and programs:

- development and realization of investment policy of local self-government by increasing the efficiency of land use of local communities;
- reforming of the housing and communal services system;
- development of international cooperation in the context of the introduction of European standards in the field of local and regional democracy;
- development of transborder and cross-border cooperation in the context of European integration of Ukraine [Jakubowski 2006: 37].

Regional Program for the Eastern region

For the period 2007–2010 of this program the financing was determined in the amount of 223 million euros. Regional Program in the ENPI Eastern region included seven countries in Eastern Europe and Southern Caucasus, namely Ukraine, Belarus, Moldova, Armenia, Azerbaijan, Georgia, and Russia.

According to the Eastern Regional Indicative Program ENPI in 2007–2010 assistance was provided in 5 strategic directions:

- networks, including transportation and energy efficiency;
- environment and forestry;
- border control and migration management, fight against international crime, customs;
- international contacts, information and support [Kulchitsky 2008: 57].

Interregional Program

The indicative budget of this program in 2007–2010 made up 260.8 million euros.

Interregional program focused on the following priorities:

- Promoting reform;
- Promoting higher education;
- Promoting interregional dialogue.

To facilitate the reforms there were used two tools – TAIEX (Technical Assistance and Information Exchange) and SIGMA.

The main target groups receiving aid:

- employees who work in state bodies on national and subnational levels and in local authorities;
- judicial and human rights bodies;
- members of parliaments and public servants working in parliamentary legislative councils;
- vocational and trade associations representing social partners, representatives of Trade Chambers and employers associations.

Democratic Development and Good Governance Supporting Program

Sections:

- Public administration reform and public financial management;
- law supremacy and judicial reform;
- human rights, civil society development and the local authorities;

“Human rights, civil society development and the local authorities” program consists in facilitation and strengthening of democracy, law supremacy, human rights and fundamental freedoms.

Project Objectives:

- to ensure respect of human rights and fundamental freedoms, including social sphere and the system of local government;
- to increase the involvement of citizens in the decision-making and the control, especially by civil society organizations;

- to strengthen local government structures in accordance with the standards stated in the European Charter of Local Self-Government.

As a rule, projects in this program are formed by central authorities in collaboration and cooperation with European organizations. Local self-government bodies act as target groups of individual projects or unite in associations and act as recipients of funds [Synovyets 2011: 12].

Program of cross-border cooperation

Cross-border cooperation (CBC) is the key priority for the European Neighbourhood Policy. The European Neighbourhood and Partnership Instrument implies a significant increase of cross-border cooperation in financial and qualitative aspects.

The main objectives of cross-border cooperation are:

- to promote economic and social development in regions on both sides of common borders;
- to address common problems in areas such as environmental issues, public health, prevention and fight against organized crime;
- to increase the efficiency and security of borders;
- to promote cross-border cooperation at the local level.

During years 2007–2013 Ukraine takes part in three European CBC projects, namely:

- Hungary – Slovakia – Romania – Ukraine
- Romania – Moldova – Ukraine
- Poland – Belarus – Ukraine.

Regional Program on International and Cross-Border Cooperation of European integration and international technical assistance for 2011. Participants: Lviv Regional Administration, the national representation of the Carpathian Euroregion in Lviv; representatives of the “Poland – Ukraine – Belarus” Program in Lviv in years 2007–2013, partner regions in Lviv Region [Bonikovska 2006: 156].

Information Center for Cross-Border Cooperation

The center is located in Lviv and its activities are focused on the coordination of information, educational and advisory activities for the Neighbourhood Program “Poland-Belarus-Ukraine” for the Ukrainian and Belarusian sides.

The main objective of the program “Poland-Belarus-Ukraine” consists in the support of a sustainable socioeconomic development through cross-border cooperation and integration. It meets the instructions of the European Commission to prepare cross-border cooperation within the European Neighbourhood and Partnership Institute. The main goal of the program is to be achieved while following 4 priorities which include seven measures.

According to the program the area of cooperation includes:

- Poland (subregions): Ostrołęcko-Siedlecki, Krośnieńsko-Przemyski, Lomżyński, Lubelski and Rzeszowsko-Tarnobrzescki;
- Ukraine (regions): Volyn, Lviv, Transcarpathian and adjacent regions: Ternopil, Rivne and Ivano-Frankivsk.

Enhancement of border regions competitiveness

Improvement of business conditions:

- trade and investment assistance;
- popularization and marketing of the region;
- development of small and medium enterprises;
- development of local and regional labour markets;
- improvement of the cooperation between research institutes and business.

Tourism development:

- development of tourism infrastructure and services;
- promotion of regional tourism development (including rural tourism);
- protection of cultural heritage.

Institutional cooperation and the support of local community initiatives. The improvement of cross-border cooperation at regional and local level.

- creation of institutional forms of cross-border cooperation;
- information and experience exchange;
- cooperation of state and local governments;
- development of common strategic and spatial planning;
- information and communication technologies in cross-border cooperation;

Local community initiatives:

- development of interpersonal cross-border contacts;
- cross-border cooperation between secondary schools and universities;
- promotion and development of the common traditions on cross-border areas;
- development of public society and local communities;
- elimination of cultural and language barriers [Mikula 2004: 123].

Conclusion

It can be concluded that since 1 January 2007 financial assistance to Ukraine has been provided by a new funding instrument – the European Neighbourhood and Partnership Instrument (ENPI). IFI funding comes to Ukraine in the form of grants and projects. Each international financial organization applies in Ukraine its own funding mechanisms and different terms of granting money depending on project objectives, status, risks and other circumstances. One of the forms of financing is a fund to facilitate local self-government in Ukraine. The Fund is a central scientific, methodical, consultative and coordinating institution aimed at supporting of local self-government in Ukraine.

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Projekty europejskie: źródła finansowania i ich ewentualny udział w samorządzie lokalnym na Ukrainie

Streszczenie

Celem artykułu jest analiza realizacji projektów europejskich i ukazanie ich wpływu na samorządy lokalne na Ukrainie, jak również na rozwój i realizację polityki inwestycyjnej w tych samorządach.

Jedną z form finansowania są fundusze pomocy rozwoju samorządu lokalnego na Ukrainie. Fundusz jest centralną naukową, metodyczną, doradczą i koordynacyjną instytucją dla wsparcia samorządu lokalnego na Ukrainie.

Słowa kluczowe: projekty europejskie, samorząd lokalny, inwestycje