



Committee of the Regions

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**OPINION
of the
Committee of the Regions
on
LOCAL AND REGIONAL GOVERNMENT IN UKRAINE AND THE
DEVELOPMENT OF COOPERATION BETWEEN THE EU AND
UKRAINE**

THE COMMITTEE OF THE REGIONS

- notes that following the events which led to the “Orange Revolution” at the end of 2004, Ukraine has pursued an agenda of ambitious reforms to root democracy and the market economy firmly in the country and to bring Ukraine closer to the EU; takes note nonetheless that these reforms are still in a fragile state of development;
- welcomes that EU and Ukraine opened negotiations on a new Enhanced Agreement in March 2007;
- awaits with interest implementation of the next stage of the Ukrainian Administrative Reform Plan, with particular emphasis on the competences of local and regional authorities, fiscal decentralisation, and territorial reform;
- welcomes the proposed establishment of an institutional platform to facilitate consultation of civil society actors in the EU and Ukraine, in the context of the ongoing negotiations on the new Enhanced Agreement; but regrets that currently no provision has been made to ensure the same level of consultation of cross-border and regional cooperation actors, and therefore invites the European Commission to establish a similar institutional platform committee for EU and Ukrainian local and regional authority representatives;
- recommends that, with practical help from the European Commission, and in compliance with the Partnership and Cooperation Agreement signed by the EU and Ukraine, it could draft a framework agreement on cooperation with local and regional authorities in Ukraine and EU Member States; such an agreement could form the basis for cooperation between local and regional authorities in EU Member States and their counterparts in Ukraine;
- recalls that allocation of funds for cross-border cooperation on the eastern border of the EU represents only 5% of the ENPI; is of the opinion that the allocation of funds for the whole ENPI is insufficient and requests that at least 10% of the ENPI funds are dedicated to supporting cross-border cooperation programmes.

Reference document

I. POLICY RECOMMENDATIONS

EU-Ukraine relations' strategy and main challenges

THE COMMITTEE OF THE REGIONS

1. would like this own-initiative opinion to contribute to promoting democracy in Ukraine on both regional and local levels, and also to instigate and to add impetus to tangible efforts in the context of the Strategic Partnership and the EU-Ukraine Neighbourhood Action Plan, in the framework of the new European Neighbourhood Policy (ENP) already underway. This own-initiative opinion should therefore more specifically focus on opportunities for solving common problems through increased cross-border and regional cooperation between the regional and local authorities of the EU and Ukraine;
2. is of the opinion that the EU has an important strategic interest in Ukraine's political stability and economic development, but the case for closer relations between the two entities has become even greater following the enlargement and adhesion of two new states that have land or maritime borders with Ukraine. There is no doubt that Ukraine can best achieve comprehensive development by strengthening its position as a prosperous market for EU exports and investments, as well as a stable, predictable and cooperative partner for peace and security in Europe. These factors all have major influence on stability, security and prosperity in the EU;
3. recalls that Ukraine is currently engaged in self-governance reform, so practical examples and models from EU Member States would certainly be welcome. An important next step is, however, to ascertain how consistently and how transparently the legislation is being implemented. This includes institutional capacity-building, which is necessary to ensure the development of democracy as well good governance and compliance with the European principles of subsidiarity, proximity and partnership. These concepts are all pivotal to sustainable economic development, which is the aim, not only of Ukraine, but of the EU as well;
4. recalls that as the shared border with the EU becomes substantially longer, Ukraine, along with other NIS countries, will become an even more prominent and strategic EU neighbour; and that the EU needs to develop good and balanced relations with Ukraine – its second biggest neighbour – and it should therefore promote good governance and democracy in this country, not only on the national level, but also on the regional and local levels. Practical and tangible steps should be taken in order to address the dynamic changes and new challenges posed by the ten plus two new EU Member States, which have significant ramifications for the EU's relationship with Ukraine;

5. stresses that the impact of EU enlargement does not only affect Ukraine's relations with the current EU Member States, but also Ukraine's relations with other NIS and Russia. Therefore, the state of current cooperation structures and other networks have to be reassessed and improved in a way which avoids disruption and first and foremost allows for more tangible progress in the field of democratic stabilisation, genuine decentralisation and territorial cohesion. Furthermore, it is important to note that with accession of the new Member States the prospects for the area surrounding the Black Sea will change dramatically. Politically and economically these new challenges need to be addressed;
6. outlines that in the past the EU has assisted in the development of local democracy and effective local administration in central and eastern European countries. This has, for example, happened through the TACIS and Twinning framework programmes. The coordination between programmes, however, has been insufficient and it would therefore like to support a more efficient approach to the administration of the new EU external aid programmes such as the new European Neighbourhood and Partnership Instrument (ENPI) and new Neighbourhood Investment Fund. The linkage between all the old and new policies and especially the programmes and financial instruments attached to them needs to be clarified from the perspective of local and regional authorities;
7. recalls that the twinning between local and regional authorities is especially recognised by the EU and it has proved to be a useful way to increase administrative efficiency and people-to-people contacts. It would therefore like to see such partnership schemes continue and possibly be expanded in order to address the special needs of local and regional institution building in Ukraine and this geographic area. Furthermore, local and regional democracy is a key instrument for further development of democratic institutions and capacity-building in Ukraine and should send out a message of conformity not least with the principles of the European Charter of Local Self-Government adopted on 15 October 1985. The debate must therefore involve all parties concerned, including local and regional organisations as well as sub-national authorities;
8. believes that a credible partnership should build on a strategy and on a practical agenda based on common interests, in order to pursue the policy goals which have been set. To this end, specific practical measures must be adopted which are capable of responding to changes and new challenges in relations between the recently enlarged EU and Ukraine. At local and regional level, it is vital to ensure growth, given that it is the foundation of future prosperity; also, development must be adapted to the various tasks of local and regional authorities. Education, environmental protection, transport, business development based on public-private cooperation, social services and healthcare are the main aspects of regional development able to deliver growth in Ukraine and the EU and bring about closer cooperation between local and regional authorities;

9. recommends that the EU must also pay close attention to regions in particular need of growth and development; for example, European Neighbourhood Policy Instrument must be used to help areas which are lagging behind in economically depressed Ukrainian regions. It is also important to focus on adapting the principles of European structural and cohesion policy to local conditions, taking into account the need for improved living conditions, sustainable development and enhanced regional competitiveness;
10. recalls that it intends to give priority to areas falling within local and regional competences. National authorities are responsible for issues affecting society as a whole, whereas local and regional authorities focus their activities on areas of importance for individual sections of society and which are close to citizens' daily lives;
11. notes that through close cooperation at the level of individual projects, the EU can help to ensure that reforms of public administration and services are launched in a balanced way at national, regional and local levels. Thus, at the level of projects the EU can help to build up human capital through developments within individual sectors. The EU must continue developing personal relations in this area, in particular through partnerships forged in the field of education.

EU-Ukraine relations: recent developments

12. notes that following the events which led to the “Orange Revolution” at the end of 2004, Ukraine has pursued an agenda of ambitious reforms to root democracy and the market economy firmly in the country and to bring Ukraine closer to the EU; takes note nonetheless that these reforms are still in a fragile state of development;
13. notes that the policy objectives defined in the Partnership and Cooperation Agreement (PCA) of April 1998 and the EU-Ukraine Action Plan of February 2005 remain an important basis for the development of cooperation between the EU and Ukraine. The Agreement lays down a framework for bilateral cooperation and establishes the main forums and decision-making bodies, to ensure that matters of common interest are dealt with at all levels, information is exchanged and conflicts are resolved;
14. welcomes that EU and Ukraine opened negotiations on a new Enhanced Agreement in March 2007. The main aim of the new Enhanced Agreement, reflecting the strategic importance of developing EU-Ukraine relations, is to draw Ukraine closer to the EU, enhance political co-operation, increase trade and investment and thus contribute to economic development and prosperity in Ukraine;
15. welcomes the proposed establishment of an institutional platform to facilitate consultation of civil society actors in the EU and Ukraine, in the context of the ongoing negotiations on the new Enhanced Agreement; but regrets that currently no provision has been made to ensure the same level of consultation of cross-border and regional cooperation actors, and therefore

invites the European Commission to establish a similar institutional platform committee for EU and Ukrainian local and regional authority representatives;

16. points out that it views cooperation under the new European Neighbourhood Policy (ENP) separately from the EU accession process, i.e. cooperation in itself does not predetermine EU membership; however, enhanced cooperation under the new ENP can promote reform processes in Ukraine and establish future long-term strategy of relations, possibly helping to bring the country closer to the EU;
17. is ready to participate constructively in identifying and developing common area, including a common economic area, a common area of freedom, security and justice, as well as cooperation on external security, and research, education and culture, as agreed at the EU-Ukraine summits in December 2005 and October 2006;
18. feels that that local and regional authorities have a legitimate stake in many aspects of the common areas, and proposes its direct participation in work on developing the common areas in issues which fall within its remit and also in those covered by the method of open coordination;
19. awaits with interest implementation of the next stage of the Ukrainian Administrative Reform Plan, with particular emphasis on the competences of local and regional authorities, fiscal decentralisation, and territorial reform, and expects progress on opportunities for cooperation between the local and regional authorities of the EU and Ukraine;
20. trusts that the principles of the European Charter of Local Self-Government of October 1985 will also be included in forthcoming legislative proposals;
21. is pleased that attention is being paid to cooperation between local and regional authorities in the EU and Ukraine, as this will mean prioritising solutions to shared problems which are close to public concerns, at the level of local and regional authorities;
22. considers that local and regional-level exchanges of information and best practice foster democracy and social and economic development;
23. is pleased to note that the positive outcomes of projects implemented jointly by EU and Ukrainian local and regional authorities have strengthened the desire for continued cooperation under favourable conditions and would emphasise that lasting cooperation between local and regional authorities is a necessary and important precondition for the role of those developing joint projects.

The decision-making process and key priorities at local and regional level

24. would strongly call on local and regional authorities in the EU and Ukraine to cooperate in areas of common interest, given that there is scope for cooperation in numerous areas, for example culture, social affairs, regional economies, environmental protection, transport, agriculture, and specific initiatives to promote private-sector research and development. These are areas of particular relevance to territorial competences for regional development;
25. feels that health and to a large extent healthcare are the main elements of society's growth potential, and are therefore important sectors within the competences of local and regional authorities which are linked to social matters and directly or indirectly impact on other sectors too; they have therefore become key components of other sectors, helping to promote and maintain social stability;
26. recommends that, with practical help from the European Commission, and in compliance with the Partnership and Cooperation Agreement signed by the EU and Ukraine, it could draft a framework agreement in cooperation with local and regional authorities in Ukraine and EU Member States; such an agreement could form the basis for cooperation between local and regional authorities in EU Member States and their counterparts in Ukraine;
27. is in favour of promoting the exchange of information and dissemination of best practices in action areas, provided that this takes place under conditions which are favourable for society as a whole; it would be willing to help organise regular debates on Ukraine to enable evaluation of EU-Ukraine cooperation and relations; such debates would make a special contribution to areas within the competences of local and regional authorities;
28. feels that the exchange of experiences and information with the European Economic and Social Committee could contribute to better mutual understanding between the EU and Ukraine in areas of common interest; it would also open up new possibilities for specific initiatives aimed at Ukraine in the form of joint workshops, seminars, meetings and conferences, given that both partners have an interest in this and would like to contribute to closer EU-Ukraine cooperation.

Cross-border and regional cooperation

29. points out that the second stage of the new neighbourhood programme is due for implementation in 2007-2013, and is likely to open the door to closer and more effective cross-border cooperation, with specific outcomes;

30. shares the view that more technical and political support is needed to ensure permanent cross-border and interregional cooperation between the EU and neighbouring countries on the other side of the shared border over the 2007-2013 period, and that the new European Neighbourhood and Partnership Instrument (ENPI) should be used to provide firm support for territorial cooperation objectives;
31. welcomes the European Commission's ENPI Country Strategy Paper (CSP) for Ukraine 2007-2013 that recalls that cross-border cooperation as a key element for cooperation between neighbours; stresses that this form of cooperation is the best way to overcome misgivings over the introduction of the Schengen border, and also represents great benefits for border regions on both sides, irrespective of the current state of development of the EU's eastern border region;
32. recalls that allocation of funds for cross-border cooperation on the eastern border of the EU represents only 5% of the ENPI; is of the opinion that the allocation of funds for the whole ENPI is insufficient and requests that at least 10% of the ENPI funds are dedicated to supporting cross-border cooperation programmes;
33. considers – in this light - that the priorities for cross-border cooperation need to be very carefully defined to maximise synergies and avoid an unproductive dispersal of funds; such a small amount of money should not be used to support general economic and social development programmes in border regions; likewise, it is unrealistic to expect that this small financial envelope will cover other priority EU objectives such as providing effective and secure borders which must be addressed under other EU policies;
34. recommends reinforcing of three priorities of cross-border cooperation – namely a) solving common border problems including joint local infrastructure and integrated regional development, b) people-to-people contacts and c) development of human resources and support for education, science and research in border regions;
35. points out that it is advantageous to stimulate and develop an interest in cooperation - particularly in the fields of culture and education - based on cultural activities and traditions which are characteristic of indigenous local and regional cultures;
36. looks forward to the possible future role of the European Grouping for Territorial Cooperation (EGTC) legal instrument in the above mentioned areas, particularly on the fields of public health, public transport, disaster preparedness or the creation of transnational structures for tourism. Moreover EGTCs will be able to serve as an additional instrument to implement public private partnership strategies; therefore invites the competent national authorities, in Ukraine and in the neighbouring EU Member States, to take the appropriate steps for allowing the participation of Ukrainian partners to future EGTCs, as allowed by the Regulation (EC) 1082/2006;

37. considers it important for the EU to step up financial cooperation with Ukraine, in particular by means of the ENPI and by launching new instruments such as the Neighbourhood Investment Fund, which Member State institutions providing development aid could use to stimulate investment in ENP countries, and also proposes that Ukraine contribute to the signing of a joint financing agreement, to be implemented by a joint foundation;
38. emphasises the importance of town twinning programmes in contributing to the exchange of information in specific action areas;
39. welcomes the European Commission's insistence on the importance of local ownership, while assuring national-level support; but in the context of building better cooperation suggests that the implementation of bilateral programmes should also be taken into account within the EU-Ukraine Neighbourhood Action Plan;

The particular situation of regions directly bordering the EU

40. emphasises that Ukrainian regions directly bordering on the EU are most affected by international relations between the EU and Ukraine; it therefore supports closer cooperation in these regions through interregional relations and partnerships between local authorities;
41. urges a quick conclusion of bilateral agreements between Ukraine and bordering Member States, implementing the local border traffic regime established by Regulation No 1931/2006/EC;
42. emphasises the importance of helping economically depressed, backward regions to catch up, and feels that this requires a government strategy in the Ukraine which is consistent with the principles of European regional policy, as well as the development of a system of instruments and institutions; Member State regions could assist in this through knowledge transfer, with opportunities for all stakeholders to participate in specific projects, cooperate in particular areas envisaged by the EU-Ukraine Neighbourhood Action Plan, and also contribute to the dissemination of best practice. It is extremely important to make financial resources available for implementing the specific content of the EU-Ukraine Neighbourhood Action Plan; these resources must be readily accessible;

43. in multicultural regions, emphasises the importance of people-to-people contacts, particularly in the fields of culture and education, and also in cooperation between young people. It is precisely the pooling of experience and knowledge that can act as a major spur to cross-border cooperation and may help Ukraine to carry out indispensable reforms.

Brussels, 11 October 2007.

The President
of the Committee of the Regions

Michel Delebarre

The Secretary-General
of the Committee of the Regions

Gerhard Stahl

II. PROCEDURE

Title	Local and regional government in Ukraine and the development of cooperation between the EU and Ukraine
References	
Legal base	Article 265(5) TEC
Procedural basis	
Date of Commission referral	
Date of Bureau decision	5.12.2006
Commission responsible	Commission for External Relations and Decentralised Cooperation (RELEX)
Rapporteur	Mr István Sértő-Radics (HU/ALDE), Mayor of Uszka, Vice-President of the RELEX commission
Explanatory memorandum	
Date of commission debate	29.3.2007
Date of adoption by the commission	31.5.2007
Result of voting by the commission	Adopted by majority vote
Date adopted in plenary	11.10 2007
Previous Committee of the Regions opinions	Opinion of the Committee of the Regions of 14 April 2005 on the Communication from the Commission – European Neighbourhood Policy – Strategy paper COM(2004) 373 final (CdR 336/2004 fin)