

**SME SUPPORT & ECONOMIC DEVELOPMENT IN EUROPEAN CROSS
BORDER REGIONS: POSSIBILITY OF APPLICATION OF EUROPEAN
MODELS IN UKRAINE**

Annotation

This paper gives a background analysis of the still ongoing planning process of the European Union's cross border cooperation programs on the inner and outside border between 2014 and 2020, with a special focus on the role small and medium enterprises (SMEs) in the economic development of a border region. The paper cites an example from inside the Union, where on the Hungarian-Croatian border the direct support of SMEs can be a reality by using the so called "PPLight" system, going around binding state aid rules. It gives another example from the outside border of the Union, where the planned measures lack all economic development goals, despite the low level regional cross border economic cooperation between Romania and Ukraine. Finally the paper makes a try to suggest possible future enhancements of economic development programs in the EU-Ukraine border regions.

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**ПІДТРИМКА МАЛОГО І СЕРЕДНЬОГО БІЗНЕСУ ТА ЕКОНОМІЧНОГО
РОЗВИТКУ ЄВРОПЕЙСЬКИХ ПРИКОРДОННИХ РЕГІОНІВ:
МОЖЛИВІСТЬ ЗАСТОСУВАННЯ ЄВРОПЕЙСЬКИХ МОДЕЛЕЙ В
УКРАЇНІ**

Анотація

У цій статті подано довідковий аналіз діючого процесу планування програм прикордонного співробітництва Європейського Союзу з внутрішніми і зовнішніми кордонами між 2014 і 2020 роками. Особлива увага акцентується на ролі малих і середніх підприємств (МСП) в економічному розвитку прикордонних регіонів. У статті наводиться приклад прямої підтримки малого і середнього бізнесу на угорсько-хорватському кордоні з використанням так званої системи «PPLight», обходячи обов'язкові правила державної допомоги. Це дає ще один приклад із зовнішнього кордону Європейського Союзу, де заплановані заходи мають недостатньо цілей економічного розвитку, незважаючи на низький рівень регіонального прикордонного економічного співробітництва між Україною та Румунією. Стаття робить спробу запропонувати можливі майбутні удосконалення програм економічного розвитку в прикордонних регіонах України та ЄС.

Introduction & historical background of cross-border cooperation in Europe. There is now a long history of cross border cooperation initiatives in

Europe. The story of what we mean under cross border cooperation in Europe has started just after the end of the Second World War. Europe was in ruins and it seemed obvious, that ultra nationalist, national socialist and even communist ideologies brought only war, destruction and suffering for most of the nations. The German policy of isolationism, theoretical protection of the home market by closing the gates (borders) and the "one nation" ideology failed dramatically before the whole World's eyes. Everyone who survived the most destructive war in European history was looking for peaceful measures for cooperation with other nations. With other words: everybody was looking for ways to keep peace in Europe for every price. First of all, the Germans were aware, that they have to change their whole world view, as very few parts of their national ideology could be transmitted to the after WWII era.

The times of the two World Wars brought an era of closed borders and strict border controls following a relatively free and liberal European period before WW1. This era of closed borders remained so in the Eastern part of Europe for a long time, but in the West just after 1945 the nations started to lower the barriers between each other, which process induced a larger project: the European integration itself.

No wonder that the first ideas of institutionalized cross border cooperation programs came from the post WWII Germany itself and the first official cross border region (CBR) the "EUREGIO" came to life on the German-Dutch border near Enschede (NL) and Gronau (D) in 1958. [See Perkmann (2003) or Scott (2013)] An additional specialty of this first example, that when this paper is written in 2015, the EUREGIO is still functioning and very much alive. Probably the same reason of post WWII reconciliation lead to the foundation of the first association of cross border regions, which has been founded in 1971 in Bonn, Germany with the name "Association of European Border Regions" (AEBR) and which is also still functioning in 2015. Similar cooperation and associations have been started also on the German-French and German-Swiss borders in the same period. [European Commission (2000)]

So it is maybe not a coincidence, that first of these projects were initiated in Germany, which can be explained by the theories of effect – counter-effect, so the formerly most isolation-focused nation became the most open-up for cooperation as a counter-effect of World War II.

It still took some time however to raise the level of cross-border cooperation initiatives to a multi-national organizational build up. The first multi national organization to support cross-border cooperation between its members was the Nordic Council. It supported legal, cultural, social, economic, as well as logistical and environment protection cooperation between Denmark, Finland, Island, Norway and Sweden. (Helsinki Treaty 1962)

On European level the Council of Europe has focused on the issue for the first time, by establishing the Outline Convention on Transfrontier Co-operation or Madrid Convention in 1980. [Perkmann (2003)] The convention only tackles with the role of the state authorities in the cooperation across borders and not influencing the role of non-governmental organizations (NGOs) or private business. As of today 38 European countries have ratified the Convention and have it as a part of national legislation. The 1995 extension of this Convention mentions however the first time, a possibility to set up a common, but legally independent body for dealing with trans-frontier issues in a border region. From this definition grew the idea, which was realized by the European Union in 2006: the legal possibility to create a European Grouping of Territorial Cooperation (EGTC). This grouping, if realized could function as a cross-border territorial district of both participating countries to tackle or to take over some tasks from the national and local governments. It's quite true, if I say this could be the highest level of territorial cooperation between two European countries, if realized. But as we see the reality, it's not very common, that European regions, even in the Schengen area, would be ready to give up some of their national independence to support a cross-border idea with another country. In theory there is the possibility to have common hospitals, common fire brigades and common transport companies, etc. to raise efficiency in a cross-border area of the European Union. However it is still rarely a reality and only a far dream on the outside borders.

The reality is still far from the above mentioned examples and ideas of deeper cooperation. Perkmann even says in his cited article of 2003: "Compared with the Council of Europe, the CBC-related activities of the EU are primarily financial." This is not anymore true. We can say that back in 2003 the political role of the European Union was still not clear, but in the time of writing this article (2015), the European Union is already aiming a higher level of political cooperation of its members. And as it is, the development programs of the Union, including the cross-border cooperation programs on the inner and outside borders, have and are not only financial measures. They are based on common interests of the member states to keep European level of prosperity alive, keeping peace and cooperation the basic way of existence in all border regions.

Also the realizations of cross-border programs are not to imagine without deeper understanding between the partners across borders. Limiting programs only for spending money and raising cross border infrastructure without people to people connections, will lead to brand new, but closed and empty cross-border roads, as it has already happened in some border regions.

Understanding the role of SMEs in some European border regions. If we are taking into account, what possible measures can help the better

cooperation between European border regions, we can find many issues, which need improvement. There are border regions, where we have problems even on organizational and cultural level of connections. Because of lack or limitation of freedom of movement on the outside border of the Union, also people to people connections have limited possibilities.

However, if we think about regional development, we usually regard it as an economic policy, which ensures regional economic growth. Of course if there is lack of organizational or cultural intercourse through the border, there is usually also lack of economic activity. If we take any European border region into account, the precondition to have significant economic relation on the regional level is to have a renewal of historic coexistence on the two sides of any borders.

The same precondition is to have a basic cross-border regional infrastructure, which enables the freedom of movement of persons and goods. On the outside border of the Union the density and availability of international and regional border crossings is still a very important factor of the possible cross-border relations, meaning at least an average of one crossing on every 20 kilometre of the border being a densely connected border. When the density of border crossings is between 20 and 50 kilometres, after my definition, the border has a limited connectivity and over 50km average, as it is still the case in some remote regions, the border is poorly permeable. As for connections there are also other factors, like the opening hours and access of heavy traffic through the border stations e.g., but we can mention also the availability of cross border public transport and other cross border public services.

If the above mentioned basic preconditions of cross-border activity are existent, as there are available physical and spiritual (people to people) connections, then we can step forward looking deeper into the possibility of "booming" the economic relations across a border region. Of course for the development of economic ties we need partners, whom we can connect. In this sense, the density of local businesses get an important role, i.e. the number of businesses divided with the average number of a country, a wider region or the border region itself. These businesses connected can make a difference.

For this account, I pull the large companies out of the research, as even if a large company would have its seat in a border region, its economic impact will play a role in a whole national level and we cannot focus on the regional activities any more. Also the product distribution system and employment structure of the large companies are usually independent from regions or even nations, if we take the multi nationals into account. If we want to connect businesses on a regional cross-border level, then we have to focus on micro, small and medium enterprises (SMEs), being sometimes even the medium ones too large for this scale. So for local economic development view I narrow the focus and take into

account only the SMEs, which have a seat in a border region and have or willing to have cross border business contact or co-operation on the other side of the border. The density of SMEs, and of course their proportion of companies willing to and able to “internationalize” themselves with the other side, form the base of a possible economic arm of any cross-border cooperation programme. Their importance in this approach is unquestionable.

To better understand, what we mean under the term of SMEs in Europe, the following chart shows the exact definition of the European Union, which is harmonized in the legislation of all member states and will be sooner or later harmonized by all states having applied or are in process of applying for a membership:

Table 1

European SME definition*

Enterprise category	Headcount: Annual Work Unit (AWU)	Annual turnover	Annual balance sheet total
Micro	<10	<= € 2 million	<= € 2 million
Small	<50	<= € 10 million	<= € 10 million
Medium	<250	<= € 50 million	<= € 43 million

*Source: CR 2003/361/EC

Measuring cross border coexistence. Understanding the role of local economy and, among other factors, the importance of density and interoperability of SMEs in a border region are basic incentives for creation comprehensive cross border cooperation policies, as means used for economic development and integration of a border region. For creating more comprehensive bases of European economic policies, there is a need of deeper understanding of regions, especially European border regions. There are some theoretical methods, which give econometric answers about the qualities of coexistence in neighbouring regions, which methods can be used also in cross-border areas, when comparable regional datasets are available. Comparability is usually not any more a problem between Eurostat member countries, but it can be challenge on the outer EU border.

The concept of spatial autocorrelation helps us to find the basics of territorial analyses. By the description Getis (2008) the concept of autocorrelation has a meaning of its own. He describes correlation statistics as an instrument to show relationships between or among variables, but spatial autocorrelation as a tool for variable relations across a “georeferenced space”. He cites also a precise definition of spatial autocorrelation, which has been originally formulated by Huber, Golledge and Constanza (1981) as:

"Given a set S containing in geographical units, spatial autocorrelation refers to the relationship between some variable observed in each of the n localities and a measure of geographical proximity defined for all $n(n-1)$ pairs chosen from n ."

Using statistical methods designed for non-spatial approach, this theory connects the pairs (comparable datasets) of observations not only expressing a specified relationship by correlation calculation, but by putting them in a spatial or territorial context.

These calculations can show us some picture about the coherence or non-coherence of the development of territories in focus with positive or negative autocorrelation results. Another popular measure to analyze territorial interdependence or independence is the so called β – convergence, which is based on neoclassical Solow model, and has a definition, that the per capita growth rate in a closed economy "tends to be inversely related to the starting level of output or income per person." [Barro, R. J. – Sala-i-Martin, X. (1992)] If there is β – convergence between regions, it means that the lower GDP economies grow faster, than the higher GDP ones pursuing their own regional balance if the regions show interdependence in a given period of time. If there is no show of this convergence, it usually shows that the regions have no common economic balance whatsoever and means a lack of interoperability. If we measure this in a cross-border region, we can prove the lack of co-movement of the economies of cross border regions. The lack of β convergence can show in this case, the need of economic policy measures to create, indicate or kick off regional cross border economic movement, as no possible integration is imaginable without pursuing interdependent economic balance between bordering, but until now still independent regions. (In this term independency being an economically unsustainable scheme, as integration is the only possible way for interdependent growth.)

Creating regional cross-border economy. All the above described measures, among other detailed background materials of the basic statistical analysis and territorial research are usually prepared to justify possible economic policy measures in national-, EU-level development plans, as well as cross border cooperation programs. These are usually describing the current interoperability of regions, including correlation and convergence. Many background materials even find large disparities in some European border regions, as well as the deep interconnectedness of others, usually in the more developed ones. But analyses lead to the question of possible political measures to tackle the problems changing the current situation and of course to the questionable source of financing of these policies. Even the best regional development plans, even the best measures based on full scientific

research and even the best uncorrupted political will is powerless without realization and realistic budget of realization.

In the terms of realization of economic policies, the possibilities of European states are still quite diverse. Even between the member states of the European Union, there is huge disparity in economic potential and the gap becoming even wider, if we look further and include non member, but integration focused countries like Georgia, Moldova and Ukraine into our research. The European Union funds and policies are aiming to close or minimize these gaps, but as we approach the outer border of the Union this gap remains still quite visible. The community financed cross-border cooperation programs on the inner and the outside borders of the EU are one of the many initiatives, which at least try to move out some remote regions from point zero. They are usually not aiming giving THE solution, but are trying to introduce the results of the history of cooperation between the core EU states, described in the first part of this paper, also in other European regions.

Most of the CBC programs have the possibility to include some regional economic development schemes, but as the planning of the programs are based on core democratic European values, it is usually up to the representatives of the border regions and their governments, to choose the exact measures, policies and allocated financial resources. In the following part of the paper, I will give two regional examples and I will show the current status of the planning of these programs for the new programming period 2014-2020 and I will try to draw some consequences from them, related to possible cross-border economic development with focus on the SMEs. The first example is from inside the Union (Hungary-Croatia CBC); the other is on the outside border. (Romania-Ukraine ENI CBC) Both programs have similar budget, same length, but quite different focus.

Hungary-Croatia Cross-border Cooperation Programme 2014-2020 (HU-HR CBC). By the recently submitted programming document (to the European Council) we can see that after the closure of the former IPA programme, the new period has been started with some pioneering thematic objectives, in cooperation of now two equal member states. (Viz. Croatia has joined the Union on 1st July 2013 as a full member, before that as a candidate member had limited access to EU funds.) The Priority Axis 1 of this programme is directly aiming to help the SMEs in the border region, by having the thematic objective of "Improvement of the competitiveness of SMEs" (TO3)

Settled by the EU Regulation No. 1303/2013, the planning committees of each cross-border programmes from inside the Union can choose from the following list of Thematic Objectives. The choosing of specific Thematic

Objectives have to be specified and translated into priorities, specific to each European Structural and Investment Funds (ESI):

- (1) Strengthening research, technological development and innovation;*
- (2) Enhancing access to, and use and quality of, ICT;*
- (3) Enhancing the competitiveness of SMEs, of the agricultural sector (for the EAFRD) and of the fishery and aquaculture sector (for the EMFF);*
- (4) Supporting the shift towards a low-carbon economy in all sectors;*
- (5) Promoting climate change adaptation, risk prevention and management;*
- (6) Preserving and protecting the environment and promoting resource efficiency;*
- (7) Promoting sustainable transport and removing bottlenecks in key network infrastructures;*
- (8) Promoting sustainable and quality employment and supporting labour mobility;*
- (9) Promoting social inclusion, combating poverty and any discrimination;*
- (10) Investing in education, training and vocational training for skills and lifelong learning;*
- (11) Enhancing institutional capacity of public authorities and stakeholders and efficient public administration.*

The total estimated budget of the programme is approximately 67 million euro with an additional 15% national co-financing. After the available draft programme [HU-HR CBC (2014)] the allocation of this budget allows around 20% to be spent on the SME development related first Priority Axis. By giving such a large percentage for a Programme element never tried in this region before, the creators of the programme expressed their views on importance of development of small and medium enterprises and their cooperation in this border region. [Suvák et al. (2014)]

As described in the programming document, the intervention areas of the programme, in addition to the technical task of setting up an SME development consortium, cover the following areas (according to the plans, through "de minimis" supports available for SMEs):

- Joint technology, service and product development and internationalisation;*
- Joint development of energy efficiency;*
- Joint development of tools and services used for marketing, promotion and shows;*
- Participation in training courses for the successful operation on foreign markets (language skills, cultural habits, technical skills, challenges of succession).*



Map 1: Programming area of the Hungary-Croatia CBC 2014-2020*

*Source: <http://www.huhr-cbc.com/>

In all countries and all EU programmes the definitive question about supporting SMEs is the basic one: how to avoid corruption? Especially in countries of Central and Eastern Europe the question of corruption in connection between state and private sector remains an important issue on the table of politics. However we have no possibility to step forward to a better economy and a better quality of life, if we are afraid to do the necessary steps for introducing new, even pioneering measures. Also the experts, who were preparing the HU-HR CBC, were aware of dangers to let flow direct EU money into the private sector. However understanding the special regional needs and being aware, that based on many research the private sector can solve some issues more effectively and more enhanced, than any public institution, they decided to create a new scheme for direct support of cross-border cooperation of SMEs through a common consortium. They also wished to tackle the other common fear, that the program doesn't find sufficient number of SMEs in the region, who are able and capable for this kind of cooperation.

The so called "PP Light Scheme" (abbreviation stands for Project Partner) is a solution based on a Dutch-Belgian (NL-B) CBC model, which involve "not yet known SMEs" into the first stages of the program, along with the creation of a cross-border consortium responsible for the realization of the program and for creation as many connection between SMEs, as possible. In this model the consortium will act as Lead Partner in the respective projects and the SMEs,

who wish to participate in project realization, will be able to join as project partners at any time of the duration of the project, which can be several years. The most important part of the scheme that the consortium takes over the basic application process, releasing the not experienced SMEs to go through this for every project, which could be depletive and costly for them or would even prevent the smaller entrepreneurs to ever apply.

At the launch of the project, it won't be needed to know all the SMEs, who will later participate in the realization of the project and there will be also more time to find cross-border SME partners by the help of the consortium. The consortium itself can be created on the bases of an existing business development organization or chamber of commerce in a participating region, or in an ideal case on an existing cross-border institution, like an EGTC, as described in the introductory part of this paper.

As for financing the projects, the scheme goes around the problems with state aid regulations, which would prevent most of the realization by setting the maximum of EU support 50%, when involving the private sector. The realization of support in the Hungary-Croatia program, will be introduced by the "de minimis support" of the Union, which enables even 100% support for SMEs with the precondition, that one organization cannot receive more than 200 thousand euro during a period of three fiscal years from one member state, summarizing all sources of EU support by country. This exception is possible, because the European Commission considers that public funding to a single recipient of up to that amount and over this period of time, has a "negligible impact on trade and competition", and hence does not require notification, as state aid. [EC regulation No 1407/2013 (de minimis aid regulation)]

As I have already described in Suvák et al. (2014), the main opponents of the introduction of this SME support system argue with the high operational costs of consortium creation of the first place, which after plans can reach up to 35% of designated support of 10 million euro in the Hungary-Croatia CBC. They can be right, but there is no guarantee, if we choose the traditional project generation scheme with direct SME participation, that the success and first of all participation rate will be sufficient. However if the model of "light" project partner succeeds, it can become even self sustaining by a consortium lending wide variety of cross border information and financial services in the long term. On the other hand for the next programming periods we also have to start thinking about SME support programs, where we let the hand of entrepreneurs go and handle them as grownups also in terms of EU support. Though for that we might have to ease also on some EU rules, to make the funds more efficient and accessible while keeping a sophisticated system for controlling realization and preventing all kinds of misuse.

Romania-Ukraine European Neighbourhood Instrument (ENI) CBC Programme 2014-2020. This programme is also still “under construction”, but after the closure of public consultations in Spring 2015, the final draft will be submitted to the European Commission during the Summer of the same year. The EU financial allocation for this initiative is 60 million euro defined in the related Programming Document and the minimum co-financing to be ensured by the two countries is 10% of the EU contribution.

The programming territory includes the regions of Zakarpattia, Ivano-Frankivsk, Chernivtsi and Odesa in Ukraine and Satu Mare, Maramures, Suceava, Botosani and Tulcea in Romania, including historically important cross border regions like Maramarosh, Northern and Southern Bucovina and Southern Bessarabia. (See Map 2.)



Map 2: Programming area of the Romania-Ukraine ENI CBC Programme 2014-2020*

*Source: Romania-Ukraine Joint Operational Programme 2014-2020 (<http://www.ro-ua.ro-ua-md.net/>)

This programme is one of the three ENI CBC initiatives Ukraine is participating in and the successor of the trilateral Romania-Ukraine-Moldova (RO-UA-MD) European Neighbourhood Partnership Instrument (ENPI) CBC Programme in the preceding programming period of 2007-2013. The European Commission decided to return to bilateral programmes in this region, as it was the case with the before 2007 PHARE Neighbourhood Programme Romania-Ukraine between 2004 and 2006. The most probable scenario for this change is that the lobby power of the participating member state (Romania) was high enough to separate an own program with Moldova, where they share language culture and common interests. However in some terms this change can bring also a positive impact for the cooperation

between Romania and Ukraine as a bilateral program can be more focused on Ukraine related issues and can be even more effective not forcing Ukrainian and Romanian partners to involve a symbolic Moldovan partner, as it was the case in some projects before. On the other hand even if the planned source allocation of 60 million euro for this border cut is higher, than ever before it is hard to justify, why the shorter Romania-Moldova border region got more, than 25% higher support (see Annex 1.)

For general planning of ENI programmes for the programming period 2014-2020, the task force representatives had to choose a maximum of 4 from the list of thematic objectives (see ANNEX 2.) related to the 3 overarching strategic objectives of:

A. Promote economic and social development in regions on both sides of common borders;

B. Address common challenges in environment, public health, safety and security;

C. Promotion of better conditions and modalities for ensuring the mobility of persons, goods and capital.

When we examine the possible selection of thematic objectives (TOs), in a view of regional economic development, we see that only the first thematic objective ("Business and SME development") has a direct aim of enhancement of economic cooperation. (See ANNEX 2.) Comparing to the possible objectives of inner CBC (Interreg) programmes of EU (See chapter on HU-HR CBC), we see there have almost all objectives also an economic impact. The ENI on the other hand is focusing mainly on old school intergovernmental and inter organizational cooperation, maybe with exception of the above mentioned TO1. This relatively low focus on economic development of course can lead to new programs almost entirely without economic goals and indicators.

As we check out the selected TOs of the Romania-Ukraine ENI CBC, we see that it is exactly what happened in this case. I list here only the selected TOs by the draft programming document [RO-UA CBC (2015)], which are on the other hand 100% identical to the ones in the Romania-Moldova ENI):

- *Support to education, research, technological development and innovation (TO2, Strategic objective: A)*

- *Promotion of local culture and preservation of historical heritage (TO3, Strategic objective: A)*

- *Improvement of accessibility to the regions, development of transport and communication networks and systems (TO 7, Strategic objective: C)*

- *Common challenges in the field of safety and security (TO 8, Strategic objective: B)*

As we see TO1 was not selected and only TO 2 and TO3 can have some very limited impact on SMEs. The TO2 makes possible for SMEs to participate in education programmes, which is far from supporting them in realization of any cross-border projects and TO3 can only support traditional jobs of a region, which maybe can give some source for micro SMEs, not detailing however the methods and obviously limiting the economic impact once again.

We can regard this decision as a step back especially if we regard the trilateral ENPI programme of the previous period. [RO-UA-MD CBC (2008)] One of the most important priorities of this programme was: "*Priority 1. Towards a more competitive border economy, concentrating on improving the economic performance of the border area through the diversification and modernisation, in a sustainable manner, of the border economy.*" This aimed directly to make a better cross-border connection between SME and have some successful project examples. As reasons of discontinuation of these kinds of programs, the current task force and planning consortium raised the limited success of the previous program, however it isn't clear, how the abolishing of some functioning program elements without a substitute in the field of SME development can lead to economic growth in this border region. The answer most probably lies in the conflicting European views on the need of strengthening border control on the outside borders of the Union on the one hand, and still enhancing cross-border integration on the other. In this case with main focuses on infrastructure development and border security cooperation, parallel with abolishing existing SME cooperation programmes, obviously the first view is the winner. The question remains however, how can we imagine the future of deeper integration with the most, than ever Europe oriented Ukraine, if we not aiming more local economic integration in such important cross border cooperation programme as this one? We need to find a way in the future to be able to compile these above mentioned goals and have both security and deep integration on the outer borders, especially with Ukraine.

Summary with focus on Ukraine. In this paper I have made an attempt to summarize the historical background of European cross-border initiatives and tried to highlight their importance in ensuring a peaceful future in our continent. I described also the relevance of the CBC programme's substances, as only with a balanced focus between people to people (P2P), inter-organizational, infrastructure and economic (including SME) development programs can lead to a sustainable growth even in remote cross-border regions. The programmes lacking one these 4 elements are in my opinion not sustainable and not serving the original goal to revive formerly divided regions, building up long forgotten, but profitable economic ties and last, but not least recreating the trust between once alienated citizens on both side of a border.

After proving the importance of SMEs in regional development, I take two examples of European CBC programmes for the new programming period 2014-2020. I take on from inside the Union (HU-HR CBC) and one Ukraine related programme on the outside border. (RO-UA ENI CBC) As we see from ANNEX 1 however, there are programmes on all along the outside border and the same is true for borders inside the Union. However there are large differences in focus and realization of these programmes and the above mentioned four elements. Especially in terms of economic development, there are different measures and approaches. The planners of the Hungary-Croatia programme took over the role of pioneers to even try to give some direct support for the private economy, acknowledging the role of SMEs in more effective realization border region revitalization projects. On the other hand, what we see on the outside border is that the economic development element of the new Romania-Ukraine programme is almost entirely missing mainly based on experience of unsuccessful previous programs and fear of corruption.

As for the future of Ukraine's border regions with the EU, based on all European experiences, the need of closer integration and more intensive cross border relations are essential, along with the obvious need of facilitation (easing) of border control and raising the number border crossing points themselves. As we can see from the findings of this paper, this will be only a precondition for deeper integration with Ukraine's European neighbours. This job has to be done of course with European Commission's cooperation and the EU has to find its own balance of principles of ensuring inner security with high outside border control and of building up integration with other future member countries like Ukraine, Moldova and Georgia. (Not mentioning the special case of Turkey.)

The lack of appropriate infrastructure on Ukraine's Western borders makes the projects of recreation road and rail connections towards Poland, Hungary, Slovakia and Romania a primary objectives of CBC programs, but we mustn't forget that if we don't fill these roads with the life of P2P, inter-institutional and economic connection (the other three core elements of CBC), we will only have empty roads, leading to nowhere.

Ukraine is still on an early stage of European integration, which must be accelerated however, speeding up a peaceful economic growth. Anyway for the planning of the 2020+ European development programs (including CBC), there will be enormous need for young Ukrainian professionals with knowledge of EU laws, legislations and rules of procedures. By that time Ukraine should participate in planning as an equal member of the European family, building also much stronger cross-border programmes on the Western borders as we have today.

ANNEX 1.

**ENI CBC programmes and approximate allocations on EU external
borders 2014-2020**

Land/Sea crossing/Sea basins Programme Name	Allocation ENI/ERDF (M EUR)	Percentage
Kolarctic/Russia	24,7	2,35%
Karelia/Russia	21,5	2,04%
SE Finland/Russia	36,1	3,43%
Estonia/Russia	16,8	1,60%
Latvia/Russia	15,9	1,51%
Lithuania/Russia	19	1,81%
Poland/Russia	48,6	4,62%
Latvia/Lithuania/Belarus	74	7,03%
Poland/Belarus/Ukraine	175,8	16,70%
Hungary/Slovakia/Romania/Ukraine	73,9	7,02%
Romania/Ukraine	60	5,70%
Romania/Moldova	81	7,70%
Italy/Tunisia	33,3	3,16%
Baltic Sea Region	8,8	0,84%
Black Sea	39	3,71%
Mediterranean	209	19,86%
Mid-Atlantic	100	9,50%
Programme support (TA)	15	1,43%
	1052,4	100%

ANNEX 2.

ENI Thematic objectives 2014-2020*

1. Business and SME development (Strategic objective: A)
2. Support to education, research, technological development and innovation (Strategic objective: A)
3. Promotion of local culture and preservation of historical heritage (Strategic objective: A)
4. Promotion of social inclusion and fight against poverty (Strategic objectives: A, B, C)
5. Support to local & regional good governance (Strategic objectives: A, B, C)
6. Environmental protection, climate change mitigation and adaptation (Strategic objective: B)
7. Improvement of accessibility to the regions, development of sustainable and climate-proof transport and communication networks and systems (Strategic objective: C)
8. Common challenges in the field of safety and security (Strategic objective: B)

9. Promotion of and cooperation on sustainable energy and energy security (Strategic objective: B)
10. Promotion of border management and border security, mobility and migration management (Strategic objective: C)
11. Other areas not listed above likely to have a substantial cross-border impact (case by case justification required) (Strategic objective: A, B, C)

*Source: ANNEX 1 of the ENI Programming Document

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