

REALIZING THE POTENTIAL OF INTERREGIONAL AND INTERMUNICIPAL COOPERATION IN THE FRAMEWORK OF COHESION POLICY



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This analytical report assesses the vectors of interregional and intermunicipal cooperation's influence on cohesion policy implementation. It considers legislative regulation in this sphere, and whether and how it is taken into account in strategic regional development documents. Promising areas of interregional and intermunicipal cooperation in Ukraine are considered, and practice of realising such cooperation in Donetsk and Luhansk Oblasts is analysed. The report offers the authors' vision for regional measures designed to create favourable conditions for developing interterritorial cooperation.

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CONTENTS

ACKNOWLEDGMENTS	4
1. The territorial dimension in state cohesion and regional development policies	5
2. Regulatory framework on interregional and intermunicipal cooperation in Ukraine.....	8
3. Promising areas of interregional and intermunicipal cooperation	12
4. Practice in realising interregional and intermunicipal cooperation in Donetsk and Luhansk Oblasts	19
5. Means and tools for establishing interterritorial cooperation	22

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We are confident that the discussion and examples of successful cooperation have already provided motivation to solve common problems, find ways to reduce limitations and, through synergy, do more to improve our own well-being.

The project team hopes that approaches which have proved effective for residents of Luhansk and Donetsk Oblasts will attract the attention of all communities establishing new connections.

Sincerely,
Olha Kovalenko, UCIPR Project Coordinator

REALIZING THE POTENTIAL OF INTERREGIONAL AND INTERMUNICIPAL COOPERATION IN THE FRAMEWORK OF COHESION POLICY

Nationwide cohesion policy should be implemented in multidimensional space, covering all existing and emerging points of community interaction. This helps create favourable conditions for defining and formulating common interests, and the joint process of satisfying these interests should ensure a basis for cohesion.

Territorial cohesion is the basis for formulating cohesion policy. It is impossible to set nationwide goals on which to focus constructive interaction between citizens and communities, without establishing integral local communities which are capable of taking harmonised action leading to favourable conditions for community life and optimal fulfilment of local development potential.

However, it has been repeatedly observed¹ that territorial cohesion, guaranteeing harmony of action taken by community members, is an important but insufficient condition to achieve country cohesion goals. Thus, it is vitally important to facilitate widespread harmonised interaction among territorial communities (intermunicipal cooperation or IMC) and among regions (interregional cooperation or IRC) which will increase the effectiveness of national cohesion policy.

1. The territorial dimension in state cohesion and regional development policies

Joint action by territorial communities lays the foundation for cohesion, as well as for better involvement in addressing pressing local or national development issues, ensuring stronger regional and nationwide identity.

Intermunicipal cooperation is becoming of special importance for achieving cohesion in Donetsk and Luhansk Oblasts, considering the new reality in these regions.

¹ The respective approaches are described in detail: Zhalilo Ya. A.: Coherent Country Priority in Dimensions of Regional Strategies, Kyiv, UCIPR, 2020, 32 pages. [Electronic resource]. Access mode: <https://u.to/PtSJGg>.

Significant variation in territorial communities in government-controlled areas of these oblasts (in terms of opportunities, risk levels, pressing social, economic and environmental problems), and disrupted interaction between communities caused by the Russian occupation, often force the building of substantively new intermunicipal relations. Moreover, the depth of problems to be solved often means there is no alternative to establishing intermunicipal relations.

The significance of interregional cooperation for implementing cohesion policy in Donetsk and Luhansk Oblasts has multiple dimensions.

Firstly, it is necessary to reset interaction between the two oblasts, which was predominantly based on industrial value chains and correspondingly related points of contact between these regions. Currently, the majority of the oblasts' industrial potential is in temporarily occupied territory, but this does not eliminate common problems that need to be addressed by interregional cooperation, for which new drivers must be found.

Secondly, for the same reasons, interaction between Donetsk and Luhansk Oblasts and other regions of Ukraine lacks a practical basis. Nevertheless, this interaction is extremely important in the context of nationwide cohesion policy in order to renew (and, to a great extent, establish missing) integral and comprehensive perceptions of Donetsk and Luhansk Oblasts by other regions of Ukraine, and to “reopen” other regions of Ukraine to Donetsk and Luhansk Oblast residents, businesses and economic operators.

Thus, the importance of interregional and intermunicipal cooperation goes far beyond the political purposes of cohesion.

First and foremost, **cooperation among regions and communities significantly expands the possibilities of fulfilling regional and local economic potential**, increases the capacity of available markets, and enables optimisation of interterritorial resource flows. As a rule, interaction is developed among business entities in response to objective economic processes. Economic cooperation among companies with different regional localisation can become a strong basis for further interaction between communities and their regions. As described below, if regional and local authorities purposefully encourage this type of interaction, it can speed up development in certain spheres and create favourable conditions for involving private companies in the services market. Thus, for the purposes of this research, **interregional and intermunicipal cooperation will be considered as formalised and non-formalised interaction among local self-government authorities of various regions and communities.**

It is also important to stress that no form of IRC and IMC in any way means competition for centralised financial resources (budget subsidies and subventions or re-

gional tax benefits) or compulsory additional financial burdens for some territories in favour of others. Key factors in initiating and realising cooperation are to define and implement joint projects which will help achieve common beneficial development aims, and respectively demonstrate positive results to all cooperation participants based on more favourable conditions for fulfilling local potential.

Cooperation among regions and communities also makes an important contribution to increasing the efficiency of state regional development policy, by²:

- encouraging stronger regional and community capacity to formulate and implement development initiatives and projects to create the relevant infrastructure for encouraging development. The agency of regions and communities is strengthened as a result, discharging the state from a significant part of its regional development management functions and contributing to moving towards a new European-type regional policy;
- creating a basis for implementing, through state aid, large interregional projects expanding project implementation resources potential as well as the scope of positive effects from the results, and, consequently, the efficiency of state aid for regional development;
- availability of organisational mechanisms for consolidating projects developed and realised at regional and local levels avoids division of limited funds available to communities, thus gaining a cumulative effect from these projects;
- opportunities to ensure the complexity of territorial development policies through more reasonable approaches to their formulation, and options to create “embedded” projects through cooperation at interregional and intermunicipal levels.

Consequently, there are reasons to consider interregional and intermunicipal cooperation development as a process which should be practically supported by regional and community local self-government authorities as well by state legislative and strategic support.

² Interregional cooperation in the system of new regional policy of Ukraine. Bila S. O., Babets I. H., Valiushko I. V., Zhalilo Ya. A. and others, edited by Zhalilo Ya. A. Kyiv, NISS, 2011, page 8.

2. Regulatory framework on interregional and intermunicipal cooperation in Ukraine

Unfortunately, legislative regulation of IRC and IMC in Ukraine is still inadequate.

Intermunicipal cooperation is regulated by Law of Ukraine No.1508-VII “On cooperation of territorial communities” dated 17.06.2014.

The law defines territorial community cooperation as “relations between two or more territorial communities maintained on a contractual basis in forms defined thereby and aiming to ensure socio-economic and cultural development of territories, to increase the quality of services rendered to the population based on common interests and purposes, to effectively exercise powers by local self-government authorities defined by legislation”³.

Article 4 of the law describes five forms of community cooperation, which differ in the extent of intermunicipal interaction (Figure 1).

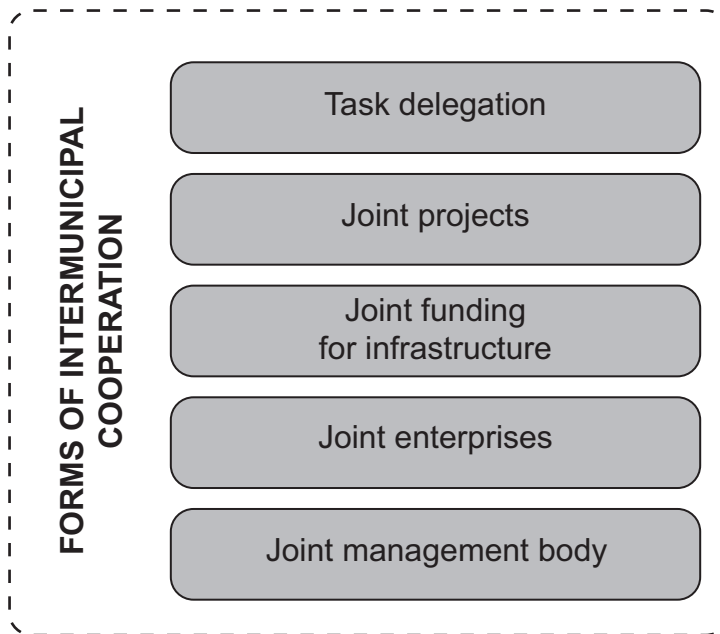


Figure 1. Forms of intermunicipal cooperation

³ Law No.1508-VII “On cooperation of territorial communities”. The official portal of the Verkhovna Rada of Ukraine [Electronic resource]. Access mode: <https://zakon.rada.gov.ua/laws/show/1508-18#Text>.

“Cooperation is available in the form of:

- 1) the delegation of one or several tasks to one cooperation entity by other cooperation entities with transfer of the respective resources to that cooperation entity;
- 2) the implementation of joint projects, requiring that the activity of cooperation entities be coordinated and that they accumulate resources for a certain period of time in order to jointly take the respective actions;
- 3) joint funding for (maintenance of) public utility enterprises, institutions and organisation as infrastructure facilities by cooperation entities;
- 4) the establishment of joint public utility enterprises and institutions, and organisation as infrastructure facilities by cooperation entities;
- 5) the establishment of a joint management body by cooperation entities in order to jointly exercise powers defined by legislation”⁴.

However, interregional cooperation is still not regulated by legislation. The term is mentioned in legislation only in the context of cross-border cooperation, which leads to its inconsistent interpretation in the context of practical interaction between regions.

The draft law “On aspects of regional development stimulation”⁵ submitted by the Cabinet of Ministers in June 2021 provides for establishing an institution of interregional cooperation contracts. However, Article 6 of the draft law sets only a short list of IRC areas: “... interregional cooperation is performed within the powers of the Verkhovna Rada of the Autonomous Republic of Crimea, oblast councils, Kyiv City and Sevastopol City Councils with respect to economic development, municipal solid waste treatment, common transport functioning for residents of adjacent regions, preservation of historical heritage and environment.”

Therefore, legislative regulation of interterritorial cooperation (where it exists) sets quite strict limits for areas and forms of cooperation. The rationale for such an approach is understandable, as clear regulation allows to effectively manage the use of state financial aid. Meanwhile, a significant number of forms of interregional and intermunicipal cooperation are omitted and thus cannot be provided with intended financial aid; in addition, no information and methodological support is provided at central and regional levels. It becomes difficult to apply such “easy” forms as IMC and IRC to strategizing regional development.

⁴ Law No.1508-VII “On cooperation of territorial communities”. The official portal of the Verkhovna Rada of Ukraine [Electronic resource]. Access mode: <https://zakon.rada.gov.ua/laws/show/1508-18#Text>.

⁵ The draft law “On aspects of regional development stimulation” (registration No. 5649). The official portal of the Verkhovna Rada of Ukraine [Electronic resource]. Access mode: http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=72199.

The 2021–2027 State Strategy for Regional Development⁶ approved on 5 August 2020 pays significant attention to interregional and intermunicipal cooperation despite the fact that the latter is not legislatively regulated.

Thus, the strategy distinguishes “Support for interregional cooperation programmes and for exchanges among regions of Ukraine” which provides for the following:

“1. To ensure the development of cross-border, intermunicipal and macroregional cooperation in the sphere of development and implementation of common sustainable development projects.

2. To strengthen institutional support for interregional cooperation, particularly as regards to development of an action plan for effective IRC implementation and property and land dispute settlement.

3. To ensure that information campaigns are held and interregional cooperation organised for regions to take joint action aimed at [*the list is structured by the report authors*]:

- economic development;
- (the development of) tourism and recreation;
- (the development of) transport infrastructure;
- use of the economic complex;
- reduction of anthropogenic impact on territories;
- launch of modern technologies for municipal and manufacturing waste recycling and disposal;
- launch of integrated territory management principles.

4. To create conditions motivating regions and territorial communities to cooperate and implement joint interregional projects.”

The priority of applying IRC and IMC to achieve the Sustainable Development Goals is identified in operative goal 2 of the strategy — “Building horizontal and vertical coordination of state sectoral policies and state regional policy”, which, inter alia, stipulates the following: “To ensure that the Sustainable Development Goals, which must be integrated in policy formulation at all levels horizontally (sectoral programmes and strategies) and vertically (at base, subregional, regional and macroregional levels as well as at intermunicipal cooperation level), be achieved.”

IRC is also considered an effective tool to carry out tasks of the strategy differentiated on a macroregional scale. Thus, operative goal 2 stipulates the following tasks:

⁶ Resolution of the Cabinet of Ministers of Ukraine No. 695 “On approval of the 2021–2027 State Strategy for Regional Development” dated 05.08.2020. The official portal of the Verkhovna Rada of Ukraine [Electronic resource]. Access mode: <https://zakon.rada.gov.ua/laws/show/695-2020-%D0%BF#Text>.

“6. To create an effective system of cooperation among states, regions and communities located within the Carpathian macroregion, and to take joint action within interregional and cross-border cooperation...”

11. To support interregional cooperation projects of coastal oblasts and territorial communities in the sphere of environment preservation and regional economy development related to the use of sea and coastal areas.”

Operative goal 3 “Creating conditions for reintegration of the temporarily occupied territories of the Autonomous Republic of Crimea and Sevastopol City, and the temporarily occupied territories in Donetsk and Luhansk Oblasts into the Ukrainian environment” contains the following task: “5. To involve national enterprises and organisations in restoration work on the basis of interregional cooperation.”

The positions mentioned above should also be realised in subsequent strategic documents.

Currently, **the 2017–2020 State Target Programme for Recovery and Peacebuilding in the Eastern Regions of Ukraine**⁷, intended to create conditions for social and economic development of territorial communities in Donetsk, Luhansk, Zaporizhzhia, Dnipropetrovsk and Kharkiv Oblasts, does not refer to IMC and IRC.

The **2030 Strategy for Economic Development of Donetsk and Luhansk Oblasts** developed in 2021 mentions only one task: “...building partnership in communities, namely community authority and business partnership, intermunicipal and interregional cooperation, private and public partnership and cluster initiative support will facilitate local economic development in communities⁸.”

Ukraine currently has no detailed strategies for IRC and IMC development. Therefore, systematic and consistent mechanisms for supporting interterritorial cooperation should be developed. In recent years, IRC and IMC has been developing actively but spontaneously.

A subsequent state policy should take into account well-established areas of community cooperation as those that meet the most pressing community and regional needs. **But it is also necessary to make adjustments, especially when applying interregional and intermunicipal cooperation in the framework of systemic policies including cohesion policy.**

⁷ Resolution of the CMU No. 1071 “On approval of the 2017–2020 State Target Programme for Recovery and Peacebuilding in the Eastern Regions of Ukraine” dated 13.12.2017. The official portal of the Verkhovna Rada of Ukraine [Electronic resource]. Access mode: <https://zakon.rada.gov.ua/laws/show/1071-2017-%D0%BF#n86>.

⁸ https://www.kmu.gov.ua/npas/pro-zatverdzhennya-strategiyi-ekonom-a1078r?fbclid=IwAR3j_PhYsrJgMyUeRIFh-6p7CvDrM_Ua1P0zaQ-NV0hfHEisDRP758vuxGg

3. Promising areas of interregional and intermunicipal cooperation

It is probably not appropriate to make an exhaustive list of areas of IRC and IMC in effective or draft regulatory frameworks. In various circumstances, almost any sphere of community life can be the basis for interterritorial cooperation.

The selection of certain priority areas in this research is advisory only, and is based on analysis of the existing practice of interterritorial interaction and assessment of its development prospects.

Experts have identified key criteria which areas of regional activity should meet in order to become a basis for interregional cooperation. This refers to areas which⁹:

- require coordinated action of authorities and local self-governments in several regions;
- require large amounts of funding which one region cannot provide;
- contribute to solving problems which are common to several regions;
- allow to capitalise resources (natural, human, geostrategic, scientific and technological, etc.), the capacity of which significantly exceeds the potential of a single region.

We consider this set of criteria to be rational for intermunicipal cooperation.

Regarding the specific breakdown of interterritorial cooperation subjects by area, it can be assumed that:

- **intermunicipal cooperation** will primarily fulfil specific tasks which are relevant to integral systems (ecological, economic, infrastructure, social, etc.) covering adjacent communities and which can be fulfilled by combining the efforts and resources of adjacent communities;
- **interregional cooperation of neighbouring regions** will apply to common problems of adjacent communities from various oblasts or of oblasts in general, which require large-scale projects with costs that cannot be compensated by positive results in one oblast only;
- **interregional cooperation of non-adjacent regions** will focus on receiving common benefits from complementary mobilisation of certain resources, which will be higher than the benefit of using resources within one region.

⁹ Interregional cooperation in the system of new regional policy of Ukraine. Bila S. O., Babets I. H., Valiushko I. V., Zhalilo Ya. A. and others, edited by Zhalilo Ya. A. Kyiv, NISS, 2011, page 32.

Therefore, there are a number of interterritorial cooperation areas which are more appropriate for IMC (between two or more communities) or, alternatively, for IRC. As the main difference between IMC and IRC is in the scope of tasks to be fulfilled, certain areas can be qualified as those where either IMC or IRC can be potentially applied, or which call for “concluded” projects – in other words, the consolidation of IMC projects within regional and interregional projects/programmes.

Analysis of completed and current regional development strategies, and empirical interregional and intermunicipal cooperation experience with a focus on Donetsk and Luhansk Oblasts, allowed the researchers to distinguish eight existing and promising areas for interterritorial cooperation (Figure 2).

1. Environment

- *Municipal solid waste (MSW)* treatment, sorting and recycling. MSW recycling refers to interregional-level macroprojects, but these projects (especially to become cost-efficient) should drive smaller projects which will provide recycling facilities with raw materials, including initial waste collection by communities.
- *Manufacturing waste* treatment is of current interest to old industrial territories in Donetsk and Luhansk Oblasts. The risk level related to unresolved problems is quite high, so this area can be considered a priority for nationwide policy, especially when communities “inherit” waste storage sites from defunct enterprises.
- *Environmental monitoring* through a network of automated surface water, ground water and air pollution control centres. Their work is important especially when data are systematically received within a certain region and used operatively to adopt decisions on addressing risks at region and community level.

2. Public utility sector

- *Local energy* – creating electric and thermal power generation centres, especially when “traditional” generation is lost after liquidation or structural rationalisation of large industrial enterprises. After the respective generation facilities have been transferred to communities, the best solution is often to switch to alternative energy generation. Creating an economically sound pool of customers for generation capacities or energy resources generated within a community (for example, fuel pellets) and consolidating a resource base (energy-related material production, waste recycling, biogas usage, etc.) can be a basis for IMC.

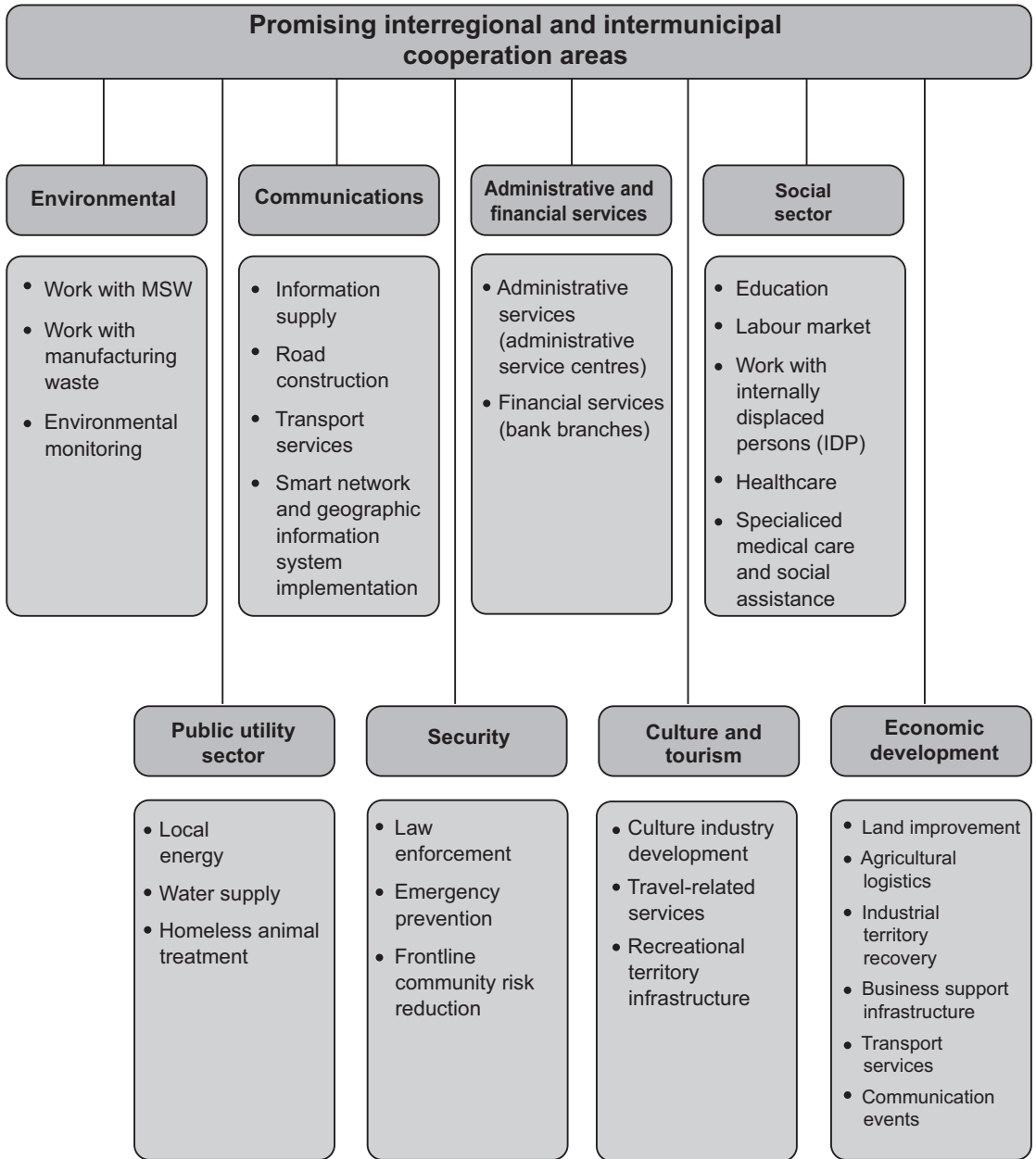


Figure 2. Promising interregional and intermunicipal cooperation areas

- **Water supply** is a pressing problem for a significant number of communities in Donetsk and Luhansk Oblasts which do not have their own drinking water sources or capabilities to maintain water supply enterprises that have been transferred to them. Some territories can solve this problem only through interregional cooperation, namely by receiving water from other regions.
- **Homeless animal** treatment is one example of a systemic problem, whose resolution in accordance with European standards incurs significant expenses which should be distributed among several regions.

3. Communications

- The development of information supply networks which are vitally important for promoting integration and cohesion policy (Ukrainian broadcasting) as well for rendering administrative, education and medical services (Internet access) effectively creates grounds for further implementation of smart community and region management technologies.
- **Road construction:** cooperation among regions and communities is important to create well-balanced infrastructure even within the implementation of nationwide projects (for example, reconstruction of road M-14 Odesa—Melitopol—Novoazovsk or the connection with Lantarivka—Kindrashivska-Nova branch line set in strategic plans). However, interregional and intermunicipal roads and roads in populated areas can be the subject of IRC and IMC agreements, especially those synchronised with hub school and hospital district network development. In turn, availability of such roads can become the basis for further IMC agreements in respective sectors.
- **Transport services** meeting current passenger and cargo transport needs for administrative, education, medical, cultural and other services. Practice shows that facilitating transport within agglomerations belonging to different communities is a pressing topic. IMC can solve the problem of maintaining small railway stations. Increased network load on transport networks of communities close to the demarcation line, due to travel by residents of the temporarily occupied territories, is an issue specific to those communities. It is time to restore accessible air transport for residents of Donetsk and Luhansk Oblasts, which can be organised only from airports located not less than 100 km from the demarcation line.
- **Smart network implementation** by forming data sets which are appropriate for ensuring management decision-making and control at the level of several

communities, regional or interregional levels (for example, in the spheres of power and water supply, transport logistics, environment quality, crop control, etc.); geographic information system (GIS) implementation for the same purposes.

4. Security

- Community coordination in the area of *law enforcement*. Despite the established opinion that law enforcement issues do not fall under community responsibility, communities can do much to increase the quality of law enforcement bodies' performance, particularly to improve the technical equipment of community police officers and other support services, arrange early warning systems and centralised alarm and video control (that functions more effectively when used systematically). These and other activities can absolutely be the subject of IMC.
- Preventing *natural and man-made disasters* and liquidating their consequences can be more effective if communities with analogous risk types (requiring special equipment and remedies) pool their efforts, hold joint training, make mutual assistance agreements, etc.
- Harmonised action related to *specific risks common to frontline communities*, for example demining or combating illicit arms trafficking, are promising areas of community interaction (particularly information exchange and protection of civilians) which should be determined by the respective competent bodies.

5. Administrative and financial services

- Despite rapid dissemination of the practice of establishing administrative service centres (ASCs), a range of *administrative services* is still not available to many communities as additional equipment, authorisation and/or experts are needed to provide them effectively. In addition, providing these services everywhere in fixed locations makes no economic sense, as the number of operations is low (for example, car registration, foreign passport issuance, etc.). Establishing IMC to organise off-site sessions of authorised administrative service centres, creating remote jobs and ensuring scheduled mobile administrative service centres in populated areas can be solutions.
- Reducing the number of bank branches in small communities significantly complicates access to *financial services*. Signing joint agreements on the establishment of bank branches with limited working hours, off-site banking services, improving community digital literacy, assisting older people with online bank services, etc. can be a subject for IMC.

6. Culture and tourism

- Developing *cultural industries* by holding joint events with neighbouring communities which have a similar history, cultural preferences, traditions, etc. can go beyond meeting community cultural needs and become grounds for attracting tourists.
- Network interaction in the area of *travel-related services* by developing harmonised thematic routes, integrating travel-related services into cultural industries, educational programmes and information services, organising sanatorium treatment and summer camps for children, coordination in making use of territories' health and treatment potential, etc.
- Developing recreational *territory infrastructure* is an important IMC area, which creates preconditions for further cooperation in the spheres of tourism and recreation as well as transport, commercial and household services for tourists and, in general, for organising recreational territories with considerable seasonal population flows.

7. Social sector

- Cooperation in the *education sector* can be related to specialisation by communities and regions in preparing personnel with certain qualifications, using education facilities and resources together, inviting specialised teachers to work in hub schools in adjacent communities, holding joint extra-curricular activities, etc.
- Interaction of communities and regions in the *labour market* can ensure exchange of information on open vacancies and prospective specialist training/further training orders, simplify employee mobility (by providing temporary accommodation, establishing special intermunicipal routes, etc.) and facilitate career guidance for youth.
- *Work with internally displaced persons* (IDPs) is a specific area mostly for Donetsk and Luhansk Oblasts. Community cooperation should address employment, housing, medical and education services, and social security for displaced persons. Taking into account the nationwide nature of the issue, it is appropriate to use concentrated interregional resources to solve it.
- Cooperation in *healthcare* implies consolidation of community efforts to facilitate access to medical services (arranging off-site visits), implement differentiated approaches to diagnosis, treatment and prevention (particularly of diseases related to localised environmental influences), organise joint activities to improve public health and promote healthy lifestyles, and take consistent anti-epidemic measures during pandemics.

- *Specialised medical care and social assistance* in palliative care, treatment of drug and alcohol addiction, and inclusive rehabilitation centres which require significant funds and highly professional personnel is a separate area.

8. Economic development

The range of feasible activities at interregional and intermunicipal levels which create favourable conditions for economic development is quite wide. Practice shows that it can cover, inter alia:

- project implementation and agricultural *land improvement* services;
- the establishment of *agricultural logistics* facilities (storage, initial processing, wholesale and retail sale) for, first and foremost, small manufacturers;
- the organisation of *industrial site remediation* (environmental rehabilitation of existing industrial hubs as well as site remediation after enterprise liquidation);
- the creation of *business support infrastructure*, including industrial and technological parks, logistic centres, local development agencies, information resource centres, etc.;
- the organisation of *transport services*, especially on the basis of regional smart networks, joint support for unprofitable routes, transport cooperation, etc.;
- *communication events* to establish business contacts (forums, exhibitions, seminars, business tours, etc.), first and foremost at the interregional level.

It is evident that not all forms of cooperation mentioned above require official agreements as stipulated by effective legislation. But in order to establish these forms of cooperation, it is necessary to expand communication among regions and communities which will constitute the basis for strengthened cohesion.

4. Practice in realising interregional and intermunicipal cooperation in Donetsk and Luhansk Oblasts

Recent years have shown active IMC both within Donetsk and Luhansk Oblasts and IRC between these oblasts and with other regions of Ukraine. However, **this cooperation has predominantly developed in a spontaneous manner.**

The 2027 Development Strategy for **Donetsk Oblast** does not currently envisage applying IMC and IRC as organisational mechanisms. The 2021–2027 Development Strategy for Luhansk Oblast is more sophisticated in this matter: it states that “interregional cooperation should take a key integrating place in the system of a new oblast regional policy.” But neither strategy provides for systematic measures to facilitate and implement interregional and intermunicipal cooperation.

Donetsk Oblast made nine cooperation agreements with Ukrainian regions even before 2013, but Oblast State Administration representatives say that those agreements are on paper only. In 2021, launch of a large-scale cooperation project with Ivano-Frankivsk Oblast was announced. It focuses, inter alia, on mass media cooperation, and interaction in the spheres of education and culture, local economic development, small and medium-sized enterprise development, civil society institutions, and local self-government authorities¹⁰.

Luhansk Oblast appears to be more active in IRC. Since 2014, it has signed a range of memoranda with other regions on promoting experience exchange in economic, scientific and technological, humanitarian and cultural spheres. Culture and tourism cooperation memoranda have been signed with Rivne and Lviv Oblasts, as has an arrangement with Kherson Oblast on establishing an international logistic centre.

Intermunicipal cooperation has been developing more actively: as of June 2021, the official contract register¹¹ contained two intermunicipal cooperation agreements signed by communities in Donetsk Oblast and four intermunicipal cooperation agreements signed by communities in Luhansk Oblast. It is worth noting that IMC is only within oblasts; no IMC among oblasts is recorded.

Modernisation of thermal power supply facilities in Velyke Dobropillia (Dobropillia and Bilytske Town Councils, Novodonetske Settlement Council) and healthcare services in Kramatorsk (Kramatorsk Town Council) for residents of Andriivka Village Community are among the subjects of **intermunicipal cooperation** agreements in

¹⁰ Ivano-Frankivsk and Donetsk Oblasts will launch a large-scale interregional cooperation project. Government portal [Electronic resource]. Access mode: <https://www.kmu.gov.ua/news/ivano-frankivska-ta-donecka-oblasti-rozpochnut-masshtabnij-proekt-mizhregionalnogo-spivrobotnictva>.

¹¹ The register of territorial community cooperation agreements. The official website of the Ministry for Communities and Territories Development. [Electronic resource]. Access mode: <https://www.minregion.gov.ua/napryamki-diyalnosti/rozvytok-mistsevoho-samovryaduvannya/rejestr/rejestr/>.

Donetsk Oblast.

The subjects of **intermunicipal cooperation** among communities in Luhansk Oblast are: development of a community plan to resume operation of Pervomaiskvuhillia State Enterprise, coordination of civil–military administration cooperation (Hirske Civil–Military Administration, Toshkivka Settlement Council and Nyzhnie Settlement Council, Zolote and Katerynivka Civil–Military Administration); administrative services to be provided by administrative service centres (Lozno-Oleksandrivka Settlement Council and Pryvillia Village Council); cooperation on Novopskov Children and Youth Sports School (Novopskov Settlement Council and Bilolutsk Settlement Council, Novopskov Settlement Council and Mozhniakivka Village Council);

Meanwhile, as mentioned above, the range of practical interterritorial cooperation within Donetsk and Luhansk Oblasts reported by communities is significantly wider than the range specified in official intermunicipal cooperation agreements (see Inset).

Inset

Social protection bodies, the territorial centre and social service centre of Popasna amalgamated territorial community in Luhansk Oblast provide services to residents of Hirske amalgamated territorial community as well. Illinivka and Shakhove amalgamated territorial communities jointly maintain an inclusive resource centre which intends to start functioning in other communities in the oblast as well¹². These communities also cooperate to use children’s and youth sports school facilities and plan (together with Kostiantynivka) to create a shelter for victims of domestic violence.

Security receives considerable attention. In 2016, a National Police United Analytical Service Centre in Donetsk Oblast¹³ was opened, including 102 contact centre, a video control network (over 100 video cameras processing video and audio information, recognition, and vehicle analysis by brand, model, colour, numberplate and registration data), Police 102 mobile application, as well as a smart public transport stop in Mariupol.

In 2021, Slobozhanske territorial community in Dnipropetrovsk Oblast organised an all-Ukrainian online Secure Community Festival¹⁴ to demonstrate community security environment systems. Communities from 11 oblasts of Ukraine, including Donetsk and Luhansk Oblasts, participated in the festival.

¹² Opening the inclusive resource centre. The official website of Illinivka community. [Electronic resource]. Access mode: <https://illinivska-gromada.gov.ua/news/1555046672/>.

¹³ UASC: year with police protection. Donetsk Oblast Police. [Electronic resource]. Access mode: <http://police.dn.ua/news/view/uasc-rik-pid-zahistom-politsii>.

¹⁴ Winners of online Secure Community Festival announced. Decentralisation. [Electronic resource]. Access mode: https://decentralization.gov.ua/news/13574?fbclid=IwAR2Fx9Rc_0BSjdNA93MjeBJ5v7P2eEeY-P5ntWbAlvS7eE9lWg5ETe-6vFuo.

An automated environmental monitoring system¹⁵ with six fixed monitoring stations located in Kramatorsk, Bakhmut, Kurakhove, Mykolaivka and Mariupol (two stations) has been launched in Donetsk Oblast. The stations measure concentrations of dust, carbon monoxide, nitric oxide, sulphur dioxide, ozone, phenol, formaldehyde, benzene, toluene and ethylbenzene as well as wind speed, moisture, temperature and atmospheric pressure.

Popasna territorial community in Luhansk Oblast signed an agreement with Bakhmut amalgamated territorial community in Donetsk Oblast on removing municipal waste to Bakhmut landfill as the rubbish dump in Popasna is full.

Business representatives assign great significance to the East Expo business exhibition held since 2017 under the UN Recovery and Peacebuilding Programme, with financial support from the European Union, the governments of Denmark, Poland and Japan, the U.S. Embassy in Ukraine and in partnership with the Ministry of Digital Transformation of Ukraine, Donetsk, Zaporizhzhia and Luhansk Oblast State Administrations, Donetsk Oblast Chamber of Commerce and Industry and the Ukrainian Chamber of Commerce and Industry¹⁶. Micro, small and medium-sized business entities from Donetsk, Luhansk, Zaporizhzhia and other oblasts participate in the event and present their products.

Growing interregional forum geography, e.g. the Southern Development Strategy Forum held in Kherson Oblast in June 2021¹⁷, the Azov Regional Development Forum¹⁸ held in Melitopol and others, has significant potential to influence business in Donetsk and Luhansk Oblasts.

Ivano-Frankivsk, Lviv and Donetsk Oblasts exchange exhibitions and artworks. At the beginning of summer 2021, works were presented in Mariupol and were planned to be presented in other localities of Donetsk Oblast. Under the auspices of Donetsk Oblast State Administration, the Theatre Gate regional open festival was launched in Mariupol in 2019. Theatres from Kyiv, Ivano-Frankivsk, Mykolaiv, Zaporizhzhia, Nizhyn and Sievierodonetsk participated in the contest programme¹⁹. The second festival is planned for September 2021.

Developing actual interregional and intermunicipal cooperation in the region actively demonstrates that it is important to comprehensively promote and direct this process with central, regional and local authority support, ensuring cohesion policy goals are taken into account.

¹⁵ The automated environmental monitoring system in Donetsk Oblast. Official website of the Department for Ecology and Natural Resources of Donetsk Oblast State Administration. [Electronic resource]. Access mode: <http://ecology.donoda.gov.ua/avtomatizovana-sistema-monitoringu-dovkillya-u-doneckij-oblasti/>.

¹⁶ Exhibition of micro, small and medium-sized enterprises from the East of Ukraine. East Expo Online. [Electronic resource]. Access mode: <https://east-expo.com.ua/>.

¹⁷ The Southern Development Strategy Forum. The First International Investment Forum. [Electronic resource]. Access mode: <https://ustrategy.org/>.

¹⁸ The Azov forum fuelled the development of Melitopol Raion. Official website of Zaporizhzhia Oblast State Administration. [Electronic resource]. Access mode: <https://www.zoda.gov.ua/news/54346/azovskiy-forum-nadav-novo-go-impulsu-rozvitku-melitopolshini.html>.

¹⁹ Theatre Gate Festival launched in Mariupol. Official website of Donetsk Oblast State Administration. [Electronic resource]. Access mode: <https://dn.gov.ua/news/v-mariupoli-rozpochato-festival-teatralna-brama>.

5. Means and tools for establishing interterritorial cooperation

Effective implementation of state policy on encouraging IMC and IRC, and the use of such cooperation as an organisational tool to realise systematic policies, especially cohesion policy, will require **further improvement of the legislative environment.**

It is important to define the concept of interregional cooperation²⁰. In particular, experts from the National Institute for Strategic Studies offered to define IRC as “a mutually agreed activity aiming to initiate (or continue) contractual relations between territorial communities and state authorities and local self-government authorities of two or more oblasts in the socio-economic sphere.”²¹ This definition will make it possible to broaden the interpretation of IRC and IMC and to allocate measures of state support and international technical assistance to the processes of creating preconditions for cooperation, and not only to concluded agreements.

Legal support for equality of cooperation between cities and surrounding communities would be appropriate²². Establishing an agglomeration council, which is provided for by the draft law and is in charge of a limited range of issues related to territorial communities’ common interests (public transport, road reconstruction, city building, waste treatment, water supply and drainage, etc.²³), will help compensate for the lack of representative democracy institutions in the context of civil-military administration governance.

Based on the changes and to fulfil tasks defined by the State Strategy for Regional Development, it is necessary to **correct the state policy management mechanism for:**

- formulating state programmes on key macroregional development, specifying tasks which can be subjects of IRC;
- implementing organisational mechanisms of IRC and IMC as a means of fulfilling sectoral strategy tasks (which will be among the elements of sectoral decentralisation);

²⁰ The draft law of Ukraine “On making changes to the Law of Ukraine ‘On fundamentals of state regional policy’” (registration No. 5323). Official portal of the Verkhovna Rada of Ukraine [Electronic resource]. Access mode: http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=71562.

²¹ Stimulating Interregional Cooperation: Institutional and Legal Aspect: Analytical Note. NISS, 2012. [Electronic resource]. Access mode: <https://niss.gov.ua/doslidzhennya/regionalniy-rozvitok/schodo-stimulyuvannya-mizhregionalnogo-spivrobitnictva>.

²² The draft Law of Ukraine “On making changes to some legislative acts of Ukraine on creating legal grounds to establish agglomeration as one of the forms of cooperation among territorial communities” (registration No. 2637). Official portal of the Verkhovna Rada of Ukraine [Electronic resource]. Access mode:

²³ The agglomeration draft law is prepared for consideration by the Verkhovna Rada. Decentralisation. [Electronic resource]. Access mode: <https://decentralization.gov.ua/news/12068>.

- creating national infrastructure components which will play an integral role at the macroregional level: wholesale markets, primary treatment and storage centres for agricultural products, transport and logistic hubs, etc.

To ensure effective interdepartmental coordination, it is necessary to fully involve the potential of the government's Interdepartmental Coordination Commission on Regional Development which "contributes to forming region competitiveness, stimulating interregional integration, eliminating interregional alienation and regional participation in cross-border cooperation development programmes and projects; monitors how efficient state support tools for implementing interregional programmes and projects are launched."²⁴

Applying such a tool as a Congress of Local and Regional Authorities under the President of Ukraine, which should contribute to facilitating effective interaction between state authorities, particularly local executive authorities and local self-government authorities, also has potential. It is appropriate to add creation of conditions for interregional and intermunicipal cooperation to the congress's tasks.

The Ministry for Communities and Territories Development should play a significant role in contributing to IRC and IMC development. Wider functionality of such cooperation, witnessed by the 2021–2027 State Strategy for Regional Development, should be further developed in other legal documents and practice of the ministry. In particular, communities expect that the Ministry for Communities and Territories Development will provide methodological assistance for IMC. Regions which are finalising their development strategies, taking into account the provisions of the state strategy, also need assistance.

At oblast level it is important to define IMC priorities specifying regional development tasks described at national level and taking into account regional specifics. Thus, regions should have efficient tools to promote IMC development referred to below.

Meanwhile, the oblast coordinating and concentrating community interests can initiate interregional cooperation projects and lobby the interests of local communities and regions in general in decision-making at national level — the Ministry for Communities and Territories Development and relevant central executive authorities.

Raions currently seeking a function after they have been enlarged and almost all powers transferred to communities have the potential to participate in developing IMC, which should not be disregarded. The potential of such a role for raions in Donetsk and Luhansk Oblasts is high, considering that these regions have a large pro-

²⁴ Resolution of the Cabinet of Ministers of Ukraine No. 714 dated 16.09.2015 "On establishing the Interdepartmental Coordination Commission on Regional Development". The official portal of the Verkhovna Rada of Ukraine [Electronic resource]. Access mode: <https://zakon.rada.gov.ua/laws/show/714-2015-%D0%BF#Text>.

portion of communities which are established by administrative decision and have limited management capacity.

Raion authorities could act as a moderator of IMC among raion communities, and define promising subjects, forms and preconditions for cooperation. The experience of Melitopol Raion (Zaporizhzhia Oblast) which has signed memoranda with all 14 communities and coordinates formulation of community development strategies is a model experience. Such models can be replicated throughout Donetsk Oblast, taking into account its high rate of urbanisation (7 towns with over 50,000 population in government-controlled areas, including Mariupol, Kramatorsk and Sloviansk with over 100,000 population).

Raions as concentrators of community group interests can also contribute to strengthening cohesion at regional level. Thus, the Memorandum on Cooperation and Interaction between Volnovakha, Bakhmut, Kramatorsk, Mariupol and Pokrovsk Raion State Administrations in Donetsk Oblast was signed on the initiative of Volnovakha Raion State Administration on 1 May 2021²⁵. This document provides for cooperation in socio-economic development, education, healthcare, culture and sport, national and patriotic education, environmental protection, tourism and investment attraction in order to improve the life of community residents, render them the best-quality services and preserve cultural and education traditions.

Consultations with representatives of local self-government authorities of Donetsk and Luhansk Oblasts and territorial communities in June 2021, within the Social Cohesion and Peacebuilding in Donbas National Platform project supported by the U.S. Agency for International Development (USAID), revealed a range of the most promising areas of interterritorial cooperation:

- to facilitate passenger transport connection among communities: first and foremost, bus transport and possibly trolleybus transport in urban areas (unlike spontaneous “marshrutka” [minibus] transport that is widespread today, modern transport will require coherent work, e.g. electric bus charging stations, trolleybus line maintenance, etc.);
- to jointly maintain and reconstruct intraregional and local roads, particularly by establishing a joint enterprise in the form of IMC (a project is being prepared by Troitske, Biloukrainka and Krasnorichenske village territorial communities in Luhansk Oblast);

²⁵ Memorandum on Cooperation and Interaction signed in Volnovakha Raion. Official website of Volnovakha Raion State Administration. [Electronic resource]. Access mode: <https://volnovrda.gov.ua/news/1621596216/>.

- to build a new airport at an adequate distance from the demarcation line, which will allow resumption of air connection with Luhansk and Donetsk Oblasts (an optimal location for the airport is being sought);
- to jointly address environmental problems (to ensure sustainable development) of river basins, primarily the Siverskyi Donets and Aidar;
- to ensure reliable and quality water supply (especially due to extension to Mariupol of the western group water supply system, which currently reaches Berdiansk in Zaporizhzhia Oblast; establishing joint enterprises for maintaining water distribution and sewage systems which are, de facto, oblast property to be transferred to territorial communities);
- to create joint social service centres, especially for rehabilitation of people with disabilities (currently, the only functioning centre for two oblasts is located in Kramatorsk, while unfortunately work with people with disabilities is highly relevant in the zone of hostilities);
- to take harmonised steps in the sphere of child rights protection: to ensure high-quality recreation, provide education services, organise the work of family-type children's homes, ensure access to remote education during pandemics; protect against violence and war-related risks, etc.

The list is not exhaustive and demonstrates the breadth of the range of issues which can be covered by IMC and IRC. **The choice of specific areas and priorities will directly depend on decisions made by self-government authorities of raions and communities in Donetsk and Luhansk Oblasts.**

Therefore, harmonised interaction mechanisms (an ecosystem) which will contribute to initiating and realising interterritorial cooperation to the greatest possible extent must be created.

We think that such an ecosystem should include two main segments (Figure 3).

Firstly, identification of community development challenges on the basis of which it is appropriate to initiate interterritorial cooperation, and actual potential to address the challenges, by:

- carrying out scientific research on regional and local development problems; commissioning scientific institutions, regional higher education institutions and research centres to conduct applied research for local self-government authorities; supporting the respective topics at national level (the Ministry of Education and Science of Ukraine, National Academy of Sciences of Ukraine, grant projects);
- generalising and grouping community development challenges, forming regional problem and resource maps, combining communities into problem and resource clusters;

- facilitating the process of informing amalgamated territorial community members of the essence of problems and community development forecasts, resource potential, decentralisation progress, aspects of the state policy for regional development, etc.;
- implementing participatory democracy tools to identify the most important problems for communities: public hearings, local referenda, participatory budgeting (it is worth stressing that participatory democracy may compensate for the absence of self-government authorities in communities and regions where civil-military administrations function, and is important for cohesion policy implementation);

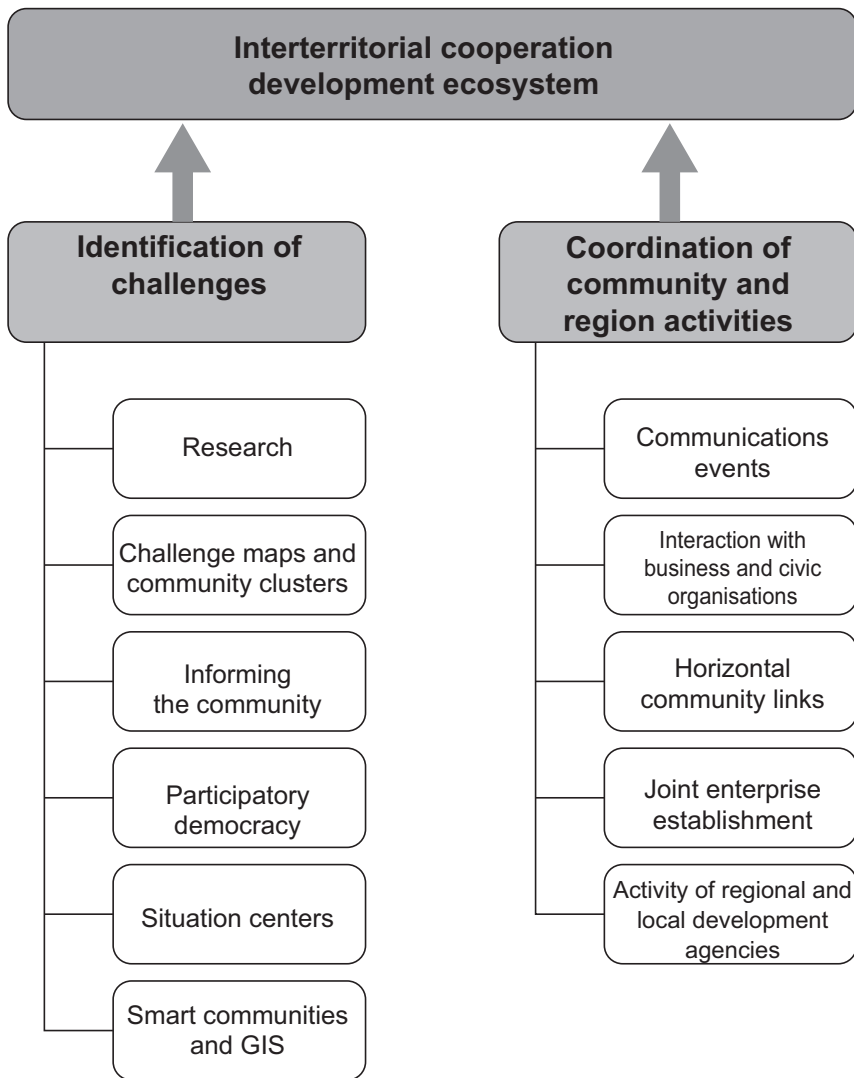


Figure 3. Interterritorial cooperation development ecosystem

- organising municipal and regional situation centres which will allow natural, man-made or social risks and problematic issues to be rapidly addressed and ensure the interaction of relevant agencies;
- launching data collection and processing technologies in order to use them in management processes in various spheres: geographic information systems, smart networks, smart cities.

Secondly, establishing institutions to coordinate community and region activities, which contribute to initiating and realising interterritorial cooperation:

- communication events to be held within macroregions in various spheres: business forums, civil society forums, cultural events, etc.;
- current interaction between local self-government authorities and civic organisations and businesses within various civic structures with advisory and consulting functions;
- establishing horizontal relations among communities and among regions: mutual trips, experience exchange, cooperation memoranda, opening cultural centres, region representative offices, etc.;
- establishment, by communities, of joint enterprises to carry out activities in spheres of common interest;
- focusing the activities of regional and local development agencies on IMC and IRC support (this will require, inter alia, that the functions of local development agencies which are currently being created in a spontaneous manner be regulated).

To form an interterritorial cooperation ecosystem is both a key task of regional and local authorities and one of the main areas of state policy for encouraging interregional and intermunicipal cooperation as effective measures to implement cohesion policy.

**Realizing the Potential of Interregional
and Intermunicipal Cooperation
in the Framework of Cohesion Policy**

Analytical Report

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