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ECONOMIC DIPLOMACY AND CROSS-BORDER PROJECT COOPERATION UNDER WARTIME

Abstract

The aim of this publication is to identify the key approaches and contextual factors shaping the development of local democracy as a driving force behind cross-border project cooperation and economic diplomacy in the context of war and transformations caused by integration. The article examines why and how local policymakers are increasingly developing responses to global challenges based on local realities, thereby transforming the institutional environment in which local communities operate. The study analyses the general need for fairness in contexts of cooperation and competition including citizen engagement, promoting integrity, and awareness of community priorities. The study demonstrates that participation, autonomy, and effectiveness are the core principles of local democracy, and argues that these principles significantly strengthen the international agency of cities and communities in multilateral and bilateral cross-border relations.

This study highlights the growing role of economic diplomacy, which is developing within the framework of multilevel systems involving both state and non-state actors at both territorial and non-territorial levels. It is noted that local democracy, economic diplomacy, and cross-border project

cooperation together form a new paradigm of regional development, in which communities act not as passive recipients of policy, but as active international actors capable of shaping development trajectories and addressing global challenges through solutions developed at the local level. Polish-Ukrainian cross-border relations are used in the study as an illustrative example reflecting broader European trends, rather than as the primary subject of the study.

The methodological approach combines elements of multilevel governance analysis, contextual interpretation of decentralization reforms and cross-border projects, enabling the authors to determine how local democracy contributes to the development of economic diplomacy and cooperation within the framework of cross-border projects cooperation under wartime and EU integration.

Keywords: local democracy, cross-border project cooperation, economic diplomacy, regional development, civic participation, multilevel governance, European integration, transformation in wartime.

Formulation of the scientific problem. In a broader sense, local democracy refers to the right and the actual opportunity for residents to participate in the management of local affairs. Local democracy is designed to ensure that local policies reflect the needs and preferences of local communities. It guarantees that local policies consider the needs and preferences of the community and are based on the fundamental principles of participation, autonomy, and effectiveness. Effective local democracy strengthens civic engagement, improves service delivery, fosters community resilience, and ultimately ensures more sustainable development outcomes. However, in today's context, these functions cannot be carried out in isolation.

Ukrainian Human rights defenders and experts of the Local Human Rights Index Natalia Yesina and Taras Shcherbatyuk researching local democracy, emphasize that: "...the decentralization reform took place, we have formed new territorial communities and we have much more opportunities for local residents to influence the same local politics, to be participants in those processes, participants in the development of territorial communities themselves, participants in the protection of their rights and, in general, the residents of communities. So, all this has appeared, all this they can use with the help of mechanisms of local democracy, which are defined both by local regulatory and legal acts, and by national ones."¹

Some basic issues for "retracing the road path to local democracy" have been introduced by Agustí Fernández de Losada. Agustí Fernández de Losada mentioned that the path for local democracy has been paved since the end of the 1980s on the fundamental role local governments play in processes of democratization and sustainable development. This consensus has been aided by the political and financial support provided by key multilateral operators, including United Nations agencies like UN-Habitat, the Council of Europe and the European Union itself, which has for years funded significant support programs for local democratic governance. In 1985, the member states of the Council of Europe adopted the European Charter of Local Self-Government, which is among the most important regulatory milestones related to decentralization in the international sphere. The Charter, incorporated into the legal system of the 47 member states of the Pan-European organization and implemented in various ways, expresses the conviction that the degree of autonomy local authorities enjoyed by local authorities can be seen as the cornerstone of true democracy. In 1996, the Istanbul Declaration adopted in the framework of the Conference on Human Settlements (Habitat II) recognized the need to advance decentralization processes through democratic local authorities. Then, in 1999, the Governing Council of UN-Habitat promoted the creation of the United Nations Advisory Committee of Local Authorities (UNACLA) with its greatest achievements, the decentralization and strengthening of local governments approved in 2007.²

¹ Nataliia Yesina and Taras Shcherbatyuk, "Mistseva demokratsiia prostymy slovamy abo yak vplyvaty na zhyttia hromady?," January 26, 2022, accessed April 4, 2025, <https://hro.org.ua/index.php?id=1643193773> [in Ukrainian].

² Agustí Fernández de Losada, "Retracing the Road Path to Local Democracy," https://www.cidob.org/en/articulos/cidob_report/n_10/retracing_the_road_path_to_local_democracy.

In its general formulation – and in connection with the research key challenges of the field as well as the applied tasks driven by the pressing demands of contemporary societal development – the authors of this publication refer to the idea that supporting decentralization and strengthening local governance is inseparable from a foundational commitment to advancing democratization processes on a global scale. It sets political agendas and includes thematic programs such as specific geographic area-based programs (i.e. URBAL, MED-URBS and AsiaURBS), and a set of means of support for local authorities.

In historical retrospective, in 2008, the first Global Observatory on Local Democracy and Decentralization reports (GOLD I) on “Global Report on Decentralization and Local Democracy in the World” was published.³ It provides a snapshot of the state of local democracy and decentralization in the mid-2000s and can measure future progress and retreat against it. In the GOLD I Report it has been grounded that the world is undergoing a quiet democratic revolution. Also, in this report the place and role of local authorities in each continent have been analyzed under three main themes: the evolution of territorial structures; responsibilities and power, management and finances, and local democracy.⁴ Later the GOLD V Report “The Localization of the Global Agendas” for the second half of 2019 provides a detailed assessment of the implementation of the Global Agenda in 142 countries (accounting for 86% of the world’s population) and provides an up-to-date global mapping of the process of global agenda localization.⁵

The growing interdependence of border regions and the complexity of today’s societal challenges call for new forms of regional partnership within the framework of cross-border cooperation. Thus, local democracy becomes not only a mechanism for internal inclusivity but also a driving force for joint regional governance, enabling communities on both sides of the border to jointly address shared problems, coordinate development strategies, and build collective capacity to ensure sustainability.

The aim of this study is to identify and conceptualize the main approaches and contextual factors that shape the development of local democracy as a foundation for economic diplomacy and cross-border project cooperation in the context of deepening regional integration. This publication explores why local policymakers are increasingly creating solutions to global issues by considering their own realities. By doing so, they turn local democracy into a strategic resource for regional growth and international cooperation, especially during times of military conflict and changes brought about by integration efforts.

The methodology of this study is based on an interdisciplinary approach that reflects the complex nature of local democracy, economic diplomacy, and cross-border project cooperation. The study combines:

- 1) analysis of documents and policies within the framework of the European Union, national decentralization policy, and sustainable development programs, with the aim of examining the institutional context that shapes local democratic practices in the context of wartime and integration-driven transformations;
- 2) case-based reasoning, which allows for the use of specific empirical examples to highlight broader conceptual and structural trends observed in Europe’s border regions;
- 3) a contextual and interpretive analysis used to examine wartime changes, shifts in regional capabilities, and the evolution of local perceptions of global risks that directly impact cross-border cooperation and economic diplomacy.

This combination of methods allows the authors to go beyond descriptive analysis and formulate a concept of how local democracy serves as a driving force for regional development and international cooperation. This methodological framework is particularly relevant in wartime, when official institutions, informal practices, and multilevel governance structures interact with one another in dynamic and unpredictable ways.

³ *Global Report on Local Democracy and Decentralization (GOLD I): Decentralization and Local Democracy in the World*, <https://www.gold.uclg.org/reports/gold-i?qt-reports=0#qt-reports>.

⁴ Ibid.

⁵ *GOLD V Report, Global Observatory on Local Democracy and Decentralization*, <https://www.gold.uclg.org/reports/gold-v>.

Analysis of Recent Research and Publications. In the connection of European Union frameworks, national decentralization policies, and sustainable development agendas, let us state that on Europe Region-Web resource the Agenda for Sustainable Development is a vision for People, Planet, Peace and Prosperity to be discussed through Partnership and solidarity. Frédéric Vallier, Secretary General of the Council of European Municipalities and Regions, stated that “Europe will have a crucial role to play in ensuring a smooth and efficient implementation across its territory, as it is still lagging in reaching many of the targets. The European Union’s response will have to become more ambitious, inclusive and multilateral, to make the 2030 Agenda a real transformative process for the European continent and the world”.⁶

In 2015 and 2016, world leaders came together to set a historic milestone in multilateral cooperation with the adoption of global agreements towards sustainable development. The 2030 Agenda and the 17 Sustainable Development Goals, the New Urban Agenda, the Paris Agreement on climate change, the Sendai Framework on Disaster Risk Reduction and the Addis Ababa Action Agenda on Financing for Development all demonstrated the global will to address today’s global challenges through the adoption of a robust rights-based approach. Local and regional governments (LRGs) have risen to the scale of the challenge, demonstrating their commitment to the realization of the global agendas by putting elaboration, adoption and implementation processes in place. From their perspective, the global agendas are interlinked and cannot be achieved in isolation. All sustainability actions to address the highly interrelated challenges affecting our regions and cities must be fully integrated and inclusive. The 2030 Agenda is widely accepted across the region and takes an important step in terms of ambition, universality and complexity regarding the Millennium Development Goals (MDGs). The interrelationship of the Sustainable Development Goals (SDGs) provides the best shot in addressing the multidimensional challenges facing our society. Besides significant step-up in policy-making efforts and the adoption of a truly integrated approach that ensures that ‘no one and no place are left behind’ (that is a UN ‘whole-of-government’ and ‘whole-of-society’ approaches to development) should be adopted, encompassing a truly multilevel and multistakeholder governance system that puts people at the centre of development.⁷

This study examines the differences and complementarities between models of economic diplomacy and cross-border relations as exemplified by Polish-Ukrainian cooperation. A review of current research in the field of Ukrainian-Polish cross-border relations, regional development, and local democracy allows us to conclude that profound transformations have been brought about by the war and dynamic trends toward the deepening of European integration processes.

Contemporary literature identifies several trends in Polish-Ukrainian relations.

First, research indicates a shift in Polish-Ukrainian relations from the exceptional solidarity of 2022 toward a more complex partnership based on the parties’ economic interests, which is becoming fraught with political, economic, and social tensions. These processes lead to structural instability, as noted by Yuliia Korotia in her policy brief “Necessary Neighbors: Poland and Ukraine Must Stabilize Their Strained Partnership” (2026): “a partnership once characterized by exceptional solidarity has shifted toward mounting tension and structural fragility, and threatens not only bilateral cooperation but also the broader architecture of regional stability, including military logistics, EU cohesion, and regional resilience.”⁸

Second, contemporary analysts note that bilateral relations are increasingly shaped by strategic considerations rather than symbolic unity. As reported in the analytical report “Kyiv’s Regional Geopolitics: How Ukraine’s Relations with Its Neighbors Have Changed”, cooperation and competition currently coexist, influencing the environment in which local and regional actors operate. From 2022 “providing humanitarian corridors, military assistance, financial support, and political advocacy within

⁶ *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions*, https://ec.europa.eu/regional_policy/sources/reports/cohesion9/Communication_9th_Cohesion_Report.pdf.

⁷ *The Localization of the Global Agendas, How local action is transforming territories and communities, The GOLD V Regional Report on Europe*, <https://www.gold.uclg.org/sites/default/files/ENG-EUROPA%20REGION-WEB.pdf>.

⁸ Yuliia Korotia, *Necessary Neighbors: Poland and Ukraine Must Stabilize Their Strained Partnership*, German Marshall Fund, accessed March 12, 2026, <https://www.gmfus.org/sites/default/files/2026-01/Poland%20Ukraine%20V2.pdf>.

the EU to 2025–2026, when “bilateral relations have shifted from solidarity-driven cooperation to a more interest-based and strategically calculated partnership”.⁹

Third, the 2025 European Commission communication on the Interreg Poland–Ukraine 2021–2027 programme introduces the Small Project Fund “Cooperation” (with over EUR 5 million in funding) where it has been indicated that, despite geopolitical instability, institutionalized cross-border cooperation continues to expand. The establishment of the Small Projects Fund and the selection of numerous local initiatives illustrate how interpersonal contacts, cultural exchange, and micro-projects contribute to building trust and stability at the community level “aimed at fostering people to people contact, cultural exchange, collaborative micro projects, and community-driven initiatives”.¹⁰

Fourth, the Interreg project portfolio demonstrates a significant focus on environmental sustainability, climate change adaptation, emergency preparedness, public health, and tourism, reflecting a consensus that cross-border regions are becoming a testing ground for innovative approaches to shared risks.¹¹

Fifth, in their strategic assessments, Anatolii Holovka and Volodymyr Khymynets (National Institute for Strategic Studies) emphasize the importance of the ECT, strengthening project management capabilities, inclusive governance, and stable government support. The researchers emphasize that cross-border cooperation is currently an important mechanism for addressing economic, humanitarian, and environmental challenges – the “prospects for strengthening Ukrainian-Polish cross-border and interregional cooperation”.¹²

Sixth, a recent analysis of the state of Ukrainian-Polish cross-border relations in the context of the war indicates that the border has become an extremely important logistical, humanitarian, and economic corridor. At the same time, the pressure caused by the war reveals systemic problems – obstacles to exports, capacity constraints, and communication gaps – that require coordinated bilateral solutions.¹³

In this context, the Polish-Ukrainian case serves as a demonstration of how local democracy and economic diplomacy interact in practice. This example serves as an empirical illustration of the broader trends analyzed in the article.

Unresolved aspects of the issue. Despite growing academic interest in issues of cross-border cooperation and regional development, certain aspects of this topic remain under-researched. The existing literature rarely addresses how local democracy can significantly contribute to the development of economic diplomacy and cross-border project cooperation, even though decentralization reforms and mechanisms of multilevel governance are granting municipalities, regions, and local communities increasing authority to act as international actors; and “demonstrate a dual dynamic: while state-level relations between Poland and Ukraine have become more complex and interest-driven, local and regional cooperation tools – such as Interreg and the Small Project Fund – remain essential stabilizing mechanisms”.¹⁴ Furthermore, the academic literature does not pay sufficient attention to how economic diplomacy at the local level serves as a driving force for regional development, enabling municipalities to diversify their economies, promote local products internationally, create innovative ecosystems, and reduce disparities between the centre and the periphery.

Finally, the wartime conditions in Ukraine reveal an even deeper divide: academic research has yet to answer the question of how local actors reinterpret global challenges – security risks, climate threats, migration pressures, and market upheavals – through the lens of their own life experiences. This shifting,

⁹ UA.NEWS, “Kyiv’s Regional Geopolitics: How Ukraine’s Relations with Its Neighbors Have Changed,” <https://ua.news/>

¹⁰ European Commission, “New Interreg Initiative Strengthens Polish-Ukrainian Cross-Border Cooperation,” June 10, 2025, accessed March 23, 2026, https://ec.europa.eu/regional_policy/whats-new/newsroom/06-10-2025-new-interreg-initiative-strengthens-polish-ukrainian-cross-border-cooperation_en.

¹¹ *Technical corrections in the assessment grid of the regular project*, <https://pl-ua.eu/en/technical-corrections-in-the-assessment-grid-of-the-regular-project>.

¹² Anatolii Holovka and Volodymyr Khymynets, *Spromozhnist hromad do uchasti v transkordonnnykh proiektakh YeS: potochnyi stan ta shliakhy zmitsnennia. Analychna dopovid* (Kyiv, 2025). Also published as: *The Capacity of Local Communities to Engage in EU Cross-Border Projects: Current Assessment and Prospects for Enhancement*, accessed March 24, 2026, <https://doi.org/10.53679/NISS-analytrep.2025.12>.

¹³ Pavlo Kravchuk, *Analytical note Ukraine-Poland border: cooperation and challenges*, https://english.europewb.org.ua/wp-content/uploads/2024/01/AN_Ukraine-Poland-Border_eng.pdf.

¹⁴ European Commission, “New Interreg Initiative Strengthens Polish-Ukrainian Cross-Border Cooperation.”

localized understanding of global issues is radically transforming local democracy, influencing cross-border behaviour, and reshaping the international agency of communities.

Main Findings and Analysis. Today, local self-government bodies are regarded as the primary institutions for the realization of democracy – that is, the institutions that are closest to citizens and manage local affairs in accordance with the principle of subsidiarity. This allows democracy to function more effectively, where the participation of residents serves as a straightforward means of implementing local democracy based on the principle of majority rule. The spread of democracy from the ‘bottom-up’ through local authorities participating in the process of democratizing society is characterized as local democracy with multilevel governance, a territorial approach to local development (TALD), decentralization, and institutional independence.¹⁵

i. In this context, multilevel governance is understood as decision-making based on a coordination mechanism that distributes state powers and responsibilities vertically and horizontally in accordance with the principle of subsidiarity and with respect for local autonomy. This system recognizes that there is no single optimal level of decentralization, and that the implementation and expansion of powers depend to a large extent on specific conditions; a complete division of responsibilities and outcomes in the policy-making process is unattainable, and governance at different levels is interdependent.

Multilevel governance requires that information be exchanged at all levels, that key actors make every effort to obtain it, and that each level be able to manage horizontal relationships with relevant stakeholders in a transparent and accountable manner and optimize policy outcomes.¹⁶

ii. The territorial approach to local development is defined within the context of national development policy, which views local development as an endogenous, progressive, spatially integrated, and multi-level process and recognizes the primary responsibility of local authorities for planning, managing, and financing such local development (i.e., empowering autonomous and accountable local authorities to create public goods and services adapted to local realities, with the involvement of stakeholders operating at various levels).

This adds value to national efforts in the field of local democracy.¹⁷

iii. Decentralization refers to the existence of local authorities – as opposed to state authorities – which are granted by law the right to exercise a certain degree of autonomy in carrying out their assigned duties; the legitimacy of their decisions is underpinned by a representative, elected local democratic structure that determines the manner of exercising authority and ensures the accountability of local authorities to citizens within their jurisdiction.

Decentralization consists of “the transfer of powers, responsibilities, and resources from the central government to subnational authorities, which are defined as separate legal entities, elected on the basis of universal suffrage, and endowed with a certain degree of autonomy”.¹⁸

iiii. Institutional autonomy is defined as a necessary condition and guarantee of effective democratic governance: local authorities provide services in areas such as planning, culture, housing, and education.

Autonomy allows local authorities to provide these services under their own responsibility and in accordance with national interests.

Local authorities must have the authority to mobilize local resources in accordance with the principle of alignment between powers, responsibilities, and the availability of resources. The principle of subsidiarity underpins the decentralization process.¹⁹

In fact, focusing on local democracy is an issue that needs to be addressed in the process of decentralization reform legislation. It states the legislation’s focus of local democracy in the context of European integration,

¹⁵ *Global Report on Local Democracy and Decentralization (GOLD I), Decentralization and local democracy in the world*, <https://www.gold.uclg.org/reports/gold-i?qt-reports=0#qt-reports>.

¹⁶ *Fourth Global Report on Local Democracy and Decentralization. Co-creating the Urban Future’ UCLG (2016)*, <https://www.gold.uclg.org/reports/gold-i?qt-reports=0#qt-reports>.

¹⁷ European Commission DEVCO (2016), ‘*Supporting decentralization, local governance and local development through a territorial approach*’, https://capacity4dev.europa.eu/library/supporting-decentralisation-local-governance-and-local-development-through-territorial-approach_en.

¹⁸ World Observatory on Subnational Government Finance and Investments, <https://www.sng-wofi.org/>

¹⁹ UN Habitat, *International Guidelines on Decentralisation and Access to Basic Services for All* (2009), https://www.uclg.org/sites/default/files/guidelines_0.pdf; UCLG, *Third Global Report on Local Democracy and Decentralization* (2013).

as well as the position, role, structure, organization, authority and funding of local democratic institutions and processes. The main legal acts regulating the problems of local self-government at the international level in this connection are the European Charter of local self-government and the World Declaration of Local Self-Government. As for the “Charter of Local Self-Government”, the Congress of Local and Regional Authorities of Europe represented the local and regional authorities of the Council of Europe that created the rules for the member states of the Council of Europe and it has signed the Charter aimed at ensuring the approval and protection of political, administrative and financial management in the local self-government bodies. The application of these rules is carried out in accordance with the domestic laws of each country. This Charter is an important protection of the rights of local authorities, which play a fundamental role in the development of local democracy and effective governance. In this sense, the Charter emphasizes several important points, in particular, the autonomy of local authorities must be guaranteed by law and the Constitution: local authorities must have financial resources that correspond to their needs.²⁰

The legal basis for cooperation between the EU and Ukraine in the area of regional development, regional and cross-border cooperation is laid down by the provisions of the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Ukraine, of the other part, in particular in Chapter 27 (Cross-Border and Regional Cooperation) of Title V (Economic and Sector Cooperation). The priority areas of the new cross-border cooperation programmes between the EU and Ukraine include: the environment (in particular, access to clean drinking water); sustainable transport; energy education; public health and culture; economic and tourist cooperation as well as resolving cross-border issues in various sectors.

As indicated in the “Questionnaire Information requested by the European Commission to the Government of Ukraine for the preparation of the Opinion on the application of Ukraine for membership of the European Union” (question 314: “Please provide a list of all regional initiatives in which Ukraine participates. Please specify which regional agreements have been signed or ratified”), the priority areas between the EU and Ukraine currently focus on the following ones:

- “participation in the Danube Commission and in the implementation of the EU Strategy for the Danube Region and the Danube Transnational Program;
- project implementation at the national level as funded by the EU financial instruments (the Neighbourhood, Development and International Cooperation Instrument (NDICI) and the European Regional Development Fund (ERDF) and by the EU financial institutions (the European Investment Bank, the European Bank for Reconstruction and Development);
- Ukraine’s participation in the Common Maritime Agenda (CMA);
- Ukraine’s participation in the U-LEAD with Europe Programme;
- participation in the implementation of the Eastern Partnership Cross-Border Cooperation programmes and Territorial Cooperation programmes;
- cooperation with the European Commission’s Joint Research Centre in the development of Smart Specialization regional strategies;
- building interaction between the representatives of local and regional authorities in Ukraine and the EU within the framework of the European Committee of the Regions (CoR);
- involvement of Ukrainian regions in the activities of the following European regional associations.”²¹

In 2021–2027, the Interreg NEXT Cross-Border Cooperation Programmes are launched in the EU. Besides, Ukraine participates in the Common Maritime Agenda for the Black Sea (CMA) aimed at providing support to governments, private investors, trade and industrial associations, research institutions and universities as well as to the public regarding opportunities for participation in the blue economy. Since 2016, Ukraine has been participating in the U-LEAD with Europe Program aimed at enhancing the capacities of key actors at the national, regional and local levels to further implement

²⁰ *Report on the status of the European Charter of local self-government in the domestic legal order*, [https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD\(2025\)049-e](https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD(2025)049-e).

²¹ *Questionnaire Information requested by the European Commission to the Government of Ukraine for the preparation of the Opinion on the application of Ukraine for membership of the European Union*, <https://eu-ua.kmu.gov.ua/news/opytuvalnyk-yes-ta-vidpovidi-na-nogo-dlya-nabuttya-ukrayinoyu-statusu-kandydata-v-yes/>

Ukraine's decentralization and related regional policy reforms (for now there are 24 regional offices in Ukraine). There is a fruitful cooperation in frame of the Moldova–Ukraine Eastern Partnership Territorial Cooperation programme. Ukraine is a member of the Organization for Democracy and Economic Development (GUAM), the Organization of Black Sea Economic Cooperation (BSEC), the Central European Initiative, the Lublin Triangle, and the Ukraine – Poland – Britain alliance”.²²

Ukraine is also a party to the following initiatives:

- Framework Convention on the Protection and Sustainable Development of the Carpathians, since 2003;
- Convention on Cooperation for the Protection and Sustainable Use of the Danube River, since 2002;
- United Nations Economic Commission for Europe – UNECE, since 1947;
- Agreement between the Government of Ukraine and the Organization for Economic Cooperation and Development (OECD) on the resumption of the Memorandum of Understanding between the Government of Ukraine and the OECD on deepening cooperation, since 2021.

The development of legislation or the implementation of large-scale reforms (such as decentralization) often occurs during a transitional period in a country's history, when the old system of governance becomes unacceptable to most of the population, and a new system is generally desired.

In the system of local democracy, the city's role as a participant in multilateral and bilateral cross-border relations (strategic/integrated communication) is strengthened by both governmental and non-governmental actors on a non-territorial (NGOs, transnational corporations, etc.) and territorial (regions, cities, etc.) basis (the concept of the Eurocity). The states lose their monopoly on social, economic and political activities on their territory. And the development of “transnational and supranational regions” no longer has a clear distinction between national and international spheres. In this new system, new opportunities have been created, and responsibility is distributed between territorial government and non-government actors, which increases the redistribution of spheres of influence in economic, social and political activities. This usually occurs at a time when the people are demanding more from their government, both in terms of more inclusion and openness in the policy-making process and in terms of better public services and a more equitable distribution of resources (i.e. National Human Rights Strategy of Ukraine, Decree of the President of Ukraine № 501/2015 “On Approval of the National Human Rights Strategy of Ukraine”: “In cooperation with other states, Ukraine will apply a human rights-based approach and develop bilateral relations based on respect for international commitments in this area.”²³).

Cities, regions, and provinces are, by their very nature, multicultural communities. They serve as global hubs for international migration and trade and, as a result, now wield economic and political influence capable of impacting international affairs in many areas traditionally considered the prerogative of states. Local regulations affect not only local stakeholders but also extend beyond their jurisdiction. Immigration regulation is a policy area that traditionally falls within the competence of the national government. However, the idea of cities granting political and civil rights to migrants, known as “local citizenship,” has gained traction and, consequently, blurred the boundaries of the political identity of diasporas”.²⁴

In an era of global and universal interconnectedness, many domestic political issues resonate in international cities around the world, where local communities maintain deep multicultural ties.

Local communities are the first to bear the full brunt of global changes, prompting local leaders to defend the interests of their constituents (for example, the issue of climate change was at the centre of the C40 World Mayors Summit initiative, launched back in 2005). Regarding democracy and the rule of law, the “Small Visegrad Group,” formed in 2019 by the mayors of Budapest, Prague, Warsaw, and Bratislava, bypassed their national governments by advocating for pro-European policies. In international trade, regional actors have long played a key role in supporting local and cross-border trade agreements and attracting foreign direct investment.²⁵

²² *U-LEAD with Europe: Ukraine – Local Empowerment, Accountability and Development Programme*, <https://decentralization.ua/en/donors/u-lead>.

²³ *National Human Rights Strategy of Ukraine*, <https://hro.org.ua/index.php?id=1488449514>.

²⁴ Joseph D. Dalibon, *Local diplomacy: an undervalued asset in foreign policy*, <https://www.open-diplomacy.fr/blog/dalibon-joseph-diplomacie-locale>.

²⁵ C40 World Mayors Summit, C40 World Mayors Summit 2022 - C40 Cities.

Recent programme-level documentation from Interreg NEXT Poland–Ukraine 2021–2027 focuses on “how cross-border cooperation is being institutionalized and operationalized through concrete project cycles and evaluation mechanisms” for broader priorities and “regional development, environmental sustainability, and local democratic engagement”.²⁶

Andrzej Ślodki, Head of the Joint Secretariat of the Interreg NEXT Poland–Ukraine 2021–2027 Programme, emphasizes that 52.5 million euro will be allocated to road and railway infrastructure under infrastructure projects, and 5.1 million euro to the Small Project Fund – “A new programming perspective for 2028–2034” that has been already planned.²⁷

With broader trends effective cross-border governance requires formalized institutions beyond ad hoc project-based interaction: systemic national support, international projects; capacity-building measures to enhance project management competencies among local governments; inclusive, professionally supported cooperation.²⁸

Local legislators are already creating local solutions to global challenges and do have:

- 1) possibilities of local institutions/municipalities to influence the quality and improvement of the residents’ lives in this area;
- 2) practical experience of local institutions/municipalities to promote the creation of structures and organizations that are involved in solving peacebuilding and security issues;
- 3) success stories of developing international/cross-border strategies, international cooperation between local institutions/municipalities;
- 4) availability of budgetary support and technical means.

Conclusions

The general conclusion of the study is that within the system of local democracy, the international subjectivity of cities and communities is significantly strengthened. Local authorities increasingly act as autonomous actors in multilateral and bilateral cross-border relations, shaping strategic and integrated forms of communication that go beyond the traditional boundaries of state-centric diplomacy. Transparency, participation, accountability, and co-production of policies generate institutional trust an essential condition for international partners and investors in contemporary cross-border governance, and “how cross-border cooperation functions as both a driver of local development and an instrument for addressing shared economic, humanitarian, and environmental challenges”.²⁹

While the Polish-Ukrainian border provides a particularly salient illustration of these processes, it is employed here merely as a representative case within a broader European context. The mechanisms observed in this case strengthening local democracy, expanding cross-border project cooperation, and operationalizing municipal-level economic diplomacy reflect more general patterns that are increasingly visible across border regions in the European Union. In comparative terms, the evidence presented in this publication demonstrates that the relationship between Ukrainian and Polish approaches to economic diplomacy is best understood through the lens of complementarity rather than competition. Ukrainian economic diplomacy has become mobilization-driven, defensive, and transformative – aimed primarily at preserving economic viability under wartime conditions and accelerating integration into the European political and economic space. By contrast, Polish economic diplomacy is institutionally mature, system-oriented, and market-driven, designed to expand the influence of Polish business and reinforce the country’s economic position within the EU.

Despite these differences, the two models have strong potential to mutually reinforce one another, especially in the context of Ukraine’s post-war reconstruction, expanding cross-border cooperation frameworks (Interreg and new EU programs), and joint infrastructural, energy, and defence-industrial projects.

²⁶ Interreg NEXT Poland–Ukraine 2021–2027, <https://pl-ua.eu/en/programme/about-the-programme/>

²⁷ Andrzej Ślodki, *Focus on Ukraine: Funding opportunities and opportunities for collaboration*, https://www.clustercollaboration.eu/sites/default/files/event_calendar/09_CmR_Krakow_Day2_Andrzej%20Slodki.pdf.

²⁸ Interreg NEXT Poland–Ukraine 2021–2027, <https://pl-ua.eu/en/programme/about-the-programme/>

²⁹ Ibid.

Overall, the study shows that local democracy, economic diplomacy, and cross-border project cooperation together form a new paradigm of regional development – one in which communities act not as passive recipients of state policies, but as proactive international actors shaping their own development trajectories.

This is particularly relevant for Ukraine, whose gradual integration into the European political economic space increasingly relies on the agency, resilience, and strategic engagement of local communities as key drivers of reconstruction and economic stability.

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ЕКОНОМІЧНА ДИПЛОМАТІЯ ТА ТРАНСКОРДОННА ПРОЄКТНА СПІВПРАЦЯ В УМОВАХ ВОЄННОГО ЧАСУ

Метою цієї публікації є визначення головних підходів і контекстуальних факторів, що формують розвиток місцевої демократії як рушійної сили співпраці в межах транскордонних проєктів та економічної дипломатії в контексті війни та трансформацій, спричинених інтеграцією. У статті розглянуто, чому та як місцеві політики все частіше розробляють відповіді на глобальні

виклики, зважаючи на місцеві реалії і в такий спосіб змінюючи інституційне середовище, в якому функціонують місцеві громади. Проаналізовано загальну потребу в справедливості в контексті співпраці та конкуренції. Наголошено, що участь, автономія та ефективність є основними принципами місцевої демократії, які значно зміцнюють міжнародну діяльність міст і громад у багатоміжносторонніх транскордонних відносинах. Підкреслено зростання ролі економічної дипломатії, яка розвивається в багаторівневих системах, що залучають як державних, так і недержавних суб'єктів як на територіальному, так і на нетериторіальному рівні. Зазначено, що місцева демократія, економічна дипломатія та співпраця в межах транскордонних проєктів разом формують нову парадигму регіонального розвитку, в якій громади є не пасивними одержувачами політики, а активними міжнародними акторами, здатними формувати траєкторії розвитку та долати глобальні виклики за допомогою рішень, розроблених на місцевому рівні. Польсько-українські транскордонні відносини розглянуто як ілюстративний приклад, що відображає більш загальні європейські тенденції, а не як основний предмет дослідження.

Методологічний підхід поєднує елементи аналізу багаторівневого управління, контекстуальну інтерпретацію реформ децентралізації та оцінювання механізмів реалізації транскордонних проєктів (Interreg, EGTC), що дає змогу авторкам визначити, як місцева демократія сприяє розвитку економічної дипломатії в межах співпраці та транскордонних проєктів в умовах воєнного часу та інтеграційних трансформацій.

Ключові слова: місцева демократія, транскордонне проєктне співробітництво, економічна дипломатія, регіональний розвиток, громадянська участь, багаторівневе управління, європейська інтеграція, трансформації під час війни.

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