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## THE AGRIBUSINESS DEVELOPMENT IN THE CROSS-BORDER COOPERATION SYSTEM BY MEANS OF EUROPEAN NEIGHBOURHOOD AND PARTNERSHIP INSTRUMENT

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*Грибінча О.І., Сотніков Ю.М., Кравченко Є.В. Розвиток агробізнесу в системі транскордонного співробітництва за допомогою Європейського інструменту сусідства та партнерства..*

В статті розглянуті існуючі програми транскордонного співробітництва за участі Одеського регіону. Запропонований проект створення та розвитку кластерних структур в Одеському регіоні.

*Ключові слова:* Європейський інструмент сусідства та партнерства, кластер агробізнесу.

*Грибінча А.И., Сотников Ю.Н., Кравченко Є.В. Развитие агробизнеса в системе трансграничного сотрудничества с помощью Европейского инструмента соседства и партнерства.*

В статье рассмотрены существующие программы трансграничного сотрудничества за участием Одесского региона. Предложен проект по развитию кластерных структур в Одесском регионе.

*Ключевые слова:* Европейский инструмент соседства и партнерства, кластер агробизнеса.

*Gribincea A., Sotnikov Y., Kravchenko Y. The agribusiness development in the cross-border cooperation system by means of European neighbourhood and partnership instrument.*

The article highlights the existing cross-border cooperation programmes with the participation of the Odessa region. Proposed a project for the creation and development of cluster structures in the Odessa region.

*Keywords:* European Neighbourhood and Partnership Instrument, agribusiness cluster.

The European Union is an active player in the world, clear evidence of what appear to support the strategic documents of individual parts of the world. For the countries-neighbours it was displayed in contracts on associations and plans of action of the European Neighbourhood Policy (ENP). With the adoption of the ENP, Ukraine has received a lot of new programs and tools aimed at modernizing public administration and support of socio-economic development. Public, private and third sectors were given more opportunities to use a huge arsenal of care provided in a geographic and thematic programs within the Community.

Financial soil of the European Neighbourhood Policy strategy is the European Neighbourhood and Partnership Instrument (ENPI), which is now the largest program of assistance from the EU to its neighbours, particularly Ukraine. Considering the logic of construction new to Ukraine to the given support, Ukraine has an opportunity to work in a mode which is characteristic for the countries staying at a stage of negotiations concerning the introduction into EU [1].

The European Union is one of the main actors providing assistance to Ukraine. During 1991-2006 the European Community has provided assistance to Ukraine in the amount of EUR 2.4 billion. Since 2007, financing to Ukraine for realisation of the European neighbourhood policy were made within the limits of the European Neighbourhood and Partnership Instrument. Considering the maintenance, the financing size and the ENPI procedure for the state bodies of different levels, public organisations, scientific institutions and other interested parties appears many the new prospects connected with possibility to take part in different ENPI programs (national, regional, thematic, transboundary). Together with means of the political initiative of EU «East partnership» throughout 2007-2013 the general help of the European Union to the countries-neighbours will exceed 12 billion euro.

Within the limits of the European Neighbourhood and Partnership Instrument Odessa region takes part in following programs:

- the Program of transboundary cooperation «Romania-Ukraine-Republic of Moldova» 2007-2013;
- the Program of transboundary cooperation «South-East Europe» 2007-2013;
- the Program of transboundary cooperation «Black sea» 2007-2013.

Let's consider each of them.

*The program of transboundary cooperation «Romania-Ukraine-Republic of Moldova» 2007-2013.* Within the limits of ENPI the Program of the neighbourhood Romania - Ukraine is transformed to the Program of transboundary cooperation «Romania-Ukraine-Republic of Moldova» 2007-2013. The program's Budget is 126718000 euro.

Comprehensible territories include:

- Districts Botoshan, Suceava, Iasi, Vaslui, Galatz and Talca in Romania;
- Chernovitsky and Odessa regions in Ukraine;
- All territory of Republic of Moldova.

Additionally introduced the new concept of "neighbouring regions." These regions will have access to all the priorities of the Programme, but in their territory will be carried out only "soft" projects.

Following neighbouring regions can participate in the Program:

- District Braila in Romania;
- Ivano-Frankovsk, Vinnitsa, Ternopol (Ternopol, Berezhansky, Podgaetsky, Terebovljansky, Monastic, Gusjatinsky, Chertkovsky, Borschevsky, Zaleshchitsky and Buchatsky districts) and Khmelnytskyi (Vinkovetsky, Chemerovetsky, Khmelnytskyi, Kamenets-Podolsk, Letichevsky, Dunaevetsky, Derazhnjansky, Novoushitsky, Jarmolinsky and Gorodetsky districts) regions in Ukraine.

Priorities and Program actions:

**Priority 1. Creation of more competitive boundary economy.**

*Action 1.1.* Improvement of productivity and competitiveness of city and rural territories of region by means of transboundary cooperation.

*Action 1.2.* Transboundary initiatives in transport and energy projects and networks.

**Priority 2. Calls of environment and readiness for extreme situations.**

*Action 2.1.* Answer to strategic transboundary ecological calls, including readiness for extreme situations.

*Action 2.2.* Water supply and waste regaining.

**Priority 3. Cooperation in a format «People to People».**

*Action 3.1.* Local and a regional government: support of a civil society and local communities.

*Action 3.2.* Educational, social and cultural exchanges [2].

The next program in which the Odessa region takes part, **the Program of transboundary cooperation «South-East Europe» 2007-2013.** The program budget makes 206692000 euro. Comprehensible territories include all territory of Albania, Austria, Bosnia and Herzegovina, Bulgaria,

Croatia, the Former Yugoslavian Republic Macedonia, Greece, Hungary, Moldova, Montenegro, Romania, Serbia, Slovakia, Slovenia, and also separate regions of Italy and Ukraine (the Odessa, Chernovitsky, Zakarpatye, Ivano-Frankovsk regions).

Priorities and Program actions:

Priority 1. Assistance to development of innovative activity and business:

- Development of technological and innovative networks in separate branches;
- Creation of favourable conditions for innovative business;
- Creation of a basis and improvement of conditions for realization of innovative activity.

Priority 2. Protection and environmental improvement.

- Improvement of the integrated water resources management and transnational system of prevention of flooding;
- Improvement of system of prevention of the risks connected with environment;
- Assistance to cooperation in the field of management of natural resources and reserved territories;
- Increase of power and resource efficiency.

Priority 3. Increase of level of availability of communications.

- Cooperation strengthening in creation and management of transport communications;
- Creation of strategy on increase of level of access of the population to a network the Internet.

Priority 4. Adjustment of transnational cooperation for maintenance of a sustainable development of regions.

- The Solving of the urgent problems connected with city territories;
- Creation of the balanced plan for development of territories;
- Assistance to development of cultural values [3].

And the third Program is the Program of transboundary cooperation "Black sea" 2007-2013. The budget of the program for 2007-2013 is 17 million euro. Comprehensible territories include regions of following countries: Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, the Russian Federation, Turkey, Ukraine.

Priorities and Program actions:

**Priority 1. Assistance to social and economic development in frontier regions.**

*Action 1.1:* Joint activity is directed on development of countryside of the sea on cross-border markets.

*Action 1.2:* Creation of tourist networks for integration and advancement of initiatives of development of tourism.

*Action 1.3:* Development of trade and business relations for the purpose supports of average and small business.

*Action 1.4:* Increase of administrative ability for local development.

**Priority 2. The decision of the general problem questions**

*Action 2.1:* Decisions of the general problems of protection of environment, namely sea systems.

*Action 2.2:* Assistance to researches and introduction of innovations in sphere of revaluation and environment protection in natural reserves.

*Action 2.3:* Assistance to introduction of innovations in technology and management sphere waste processing systems.

**Priority 3. Cooperation in a format «contacts between people».**

*Action 3.1:* Encouragement of cultural unity and an exchange between communities of Black Sea. [4].

Thus, the European Neighbourhood and Partnership Instrument acts as the important financial assets for the Odessa region which induces us to search for ways of its use.

One of alternative ways is the project offered by us on creation and advancement cluster structures in the Odessa region within the limits of the Program of transboundary cooperation «Romania-Ukraine-Republic of Moldova» 2007-2013.

Today one of the most effective instruments of a sustainable development, increase of competitiveness and investment appeal of regions in Europe and all over the world is cluster model of business development. Its implementation allows to give to corresponding sector of economic activity an essential impulse of development of all business structures functioning in this sector.

The carried out preliminary analysis has shown, that region of Northwest Black Sea Coast including a southern part of the Odessa area, a southern part of Republic of Moldova, Black Sea and Low-Danube regions of Romania have similar climatic characteristics. It causes similar agricultural structure, and as consequence – the problems identical to agribusiness on either side of border. The cores from them are resulted more low:

The preliminary analysis showed that the region of North-West Black Sea region including the southern part of Odessa region, the southern part of Republic of Moldova and Black Sea and Low-Danube region of Romania similar climatic characteristics. This leads to a similar structure of agricultural production, and as a consequence - the problems are the same for agribusiness on both sides of the border. The main ones are listed below:

1) low efficiency of productive forces in agribusiness: insufficient qualification of a personnel reserve, obsolete capacities;

2) irrational use of economic potential of the Odessa region;

3) low level of interrelations of entities of agribusiness sector, especially between representatives of business located on the different sides of the border;

4) insufficient awareness of entities of economic activities on features of transboundary (cross-border) cooperation in agrarian and industrial complex sphere;

5) deficiency and irrational use of a labour in agrarian and industrial complex sector;

6) insufficient level of innovations and researches which stimulate manufacture of new products;

7) low competitiveness of economic entities in agribusiness sphere.

By the current moment these problems demand the fast and effective decisions. In the project's participants opinion these problems can be solved by the creation of the Agribusiness Development Cluster Agency (ABCDe), as a base element of the highly effective cluster in the Odessa region.

The target groups of this project are legal entities and individuals.

Legal entities - economic entities of different legal forms of organization of the Odessa region (private enterprises, rural (farm), agricultural associations, agricultural cooperatives, etc.).

Individuals - young professionals in the field of economics of agribusiness, agro-industry managers, competent staff of the regional and district state administrations and farmers.

The project is actual and relevant, because it:

- provides additional possibilities for the use of available agrarian potential of the Odessa region;
- provides all target groups with the information on possibilities of transboundary (cross-border) cooperation in agrarian and industrial complex sphere;
- facilitates the promotion of entrepreneurship in a regional cluster of agribusiness;
- provides increase of the competence of key experts in region by means of trainings, training etc.;
- provides information services in the implementation of cluster formations in the agribusiness sector of the Odessa region.

ABCDe will promote:

1) strengthening and deepening of a good-neighbourhood between territorial communities, business and the authorities of Odessa region and other ones, presented in the project;

2) the creation the agribusiness cluster in Odessa region;

3) improvement of internal and international competitiveness of cluster members.

4) development of transboundary (cross-border) cooperation concepts in production and marketing of agricultural products, including organic products, and modern agricultural techniques and technology (a joint initiative of the processing and association studies to improve the quality of agricultural products);

5) support for agricultural businesses;

6) agriculture modernizations;

7) formation of investment attractiveness of the region's agribusiness, through the creation and improvement of infrastructure.

8) The project will play an important role abroad. It will consist in:

- the interchange of the best clustering experience between representatives of target groups of

Ukraine (the Odessa region) and other ones, presented in the project;

- training of specialists capable to take an active part in the formation processes of clustering and the formation of cluster structures in agribusiness;
- promoting and sharing information with partners with prospect of establishing of similar institutions and the cluster structures on their territory.

The description of the project and its efficiency. Overall project aim is to achieve sustainable development, competitiveness and investment attractiveness of the Odessa region that will be achieved through the creation of new and existing development means to create a new integrated market of agricultural products, development of information and resource base of the agriculture, to harmonize with the existing infrastructure and the development of international cooperation in order to revive the agricultural potential of the region.

Achievement of an overall aim of the project will allow to receive a number of results, among which:

- 1) The Analysis of experience in the organization and functioning of clusters in the Odessa region.
- 2) The Analysis of experience in the organization of the clusters, agrarian (agricultural) clusters in Europe.
- 3) The Developed Concept of ecological, safe and competitive agriculture (agribusiness) in the Odessa region on the cluster basis.
- 4) Improvement of sphere of agrarian and industrial complex in the Odessa region and management of biological and industrial resources.
- 5) Formation of positive, attractive, competitive, agrarian image of the Odessa region.
- 6) Trained staff to work in the field of cluster formation and agribusinessю
- 7) New developed technologies of production and processing of agricultural products.

Also, realization of the offered project will lead to reception of material results, among which:

- 1) A report on the current state of agrarian and industrial complex sphere in the Odessa region and supervising principles on its optimization.
- 2) The Concept of development of ecological, safe, competitive agriculture (agribusiness) in the Odessa region.
- 3) The Book about agrarian potential of the Odessa region.
- 4) The Newsletter.
- 5) The Methodical guide for the organization and agribusiness introduction.
- 6) The Film.

7) The database coordination in agribusiness in the border regions of Ukraine and its partners.

Hypothesis at the implementation stage and after: ABCDe can serve as a starting point in forming a new neoinstitutional structure of the international integration processes in the project area.

Stability after the completion of the project will be provided by:

- the creation of the cluster concept, adapted to the features of agribusiness and state regulation in the Odessa region;
- coordinated interaction partners;
- interest of target groups to obtain information;
- the creation of such institutional and cluster structures throughout the project area and their functioning in the territory as a single system.

Thus, the main financial instrument for implementing the European Neighbourhood Policy, which is based on the strong interest of the European Union into a powerful economic development and stability, as well as improving the quality of a country's neighbors, is a European Neighbourhood and Partnership Instrument.

Creation of new clusters in Ukraine will contribute to productivity growth and innovation activity of enterprises belonging to the cluster, as well as increased intensity of development of small and medium-sized businesses, increased investment, accelerated socio-economic development of placing clusters, eventually will increase the number of workers locations, salaries, and revenues in the budgets of all levels, increase sustainability and competitiveness of regional economies.

One step towards improving the competitiveness of agriculture in Odessa region may be the creation of cluster structures. This task may take us a proposed agribusiness cluster development agency, which is one of the most effective tools for improving the competitiveness of agriculture Odessa, through innovative forms of business, including Agribusiness cluster.

Agencies need to create a cluster development of agro-supported initiatives and priorities number 1 Joint Operational Programme Romania-Ukraine-Moldova 2007-2013, namely, "to create a more competitive border economy."

Creating Agency leads to better economic performance in agriculture in the program area by forming a cluster of agriculture, modernization and diversification of cooperative activities in this direction.

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