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SUMMARY

of Local and Regional Development Policies in Ukraine

Implementation period:

May - July 2021

Prepared by:

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ABOUT THE PROJECT

The current summary was developed within the project **“Strengthening democratic resilience of key public institutions in Ukraine”**. The initiative is being implemented by the International Centre for Policy Studies (ICPS) in partnership with the Institute for Economic and Social Reforms in Slovakia (INEKO) and is financially supported by the Embassy of the United States in Kyiv, Ukraine. The project aims to improve the efficiency of the state administration, self-government and civil society in the area of creation and oversight of regional policies. It also aims to increase transparency and independence of key regulatory and judiciary institutions as well as transparency and financial stability of the biggest state-owned enterprises and local authorities in Ukraine.

The publication presents the assessment of policies at the local and regional level, implemented in May - July 2021. Altogether, more than 20 regulations will be gathered and ranked by the end of the project.

The main objective of the initiative is to improve the quality of regional and/or municipal regulation and legislation through publishing a regular expert assessment of the socio-economic measures proposed or implemented by local governments in Ukraine. The purpose of the evaluation is to describe and promote reform and anti-corruption practices that can be transferred to other localities as well. At the same time, the critical assessment of non-transparent and inefficient measures should discourage representatives of local and regional authorities from their implementation.

The policies included in the current summary were identified and analyzed with the support of the Evaluation Council experts who were selected by the International Centre for Policy Studies on the basis of their experience. Six experts with sufficient experience were asked to assess the chosen local measures and policies, adopted by local and regional authorities.

As a result, six local and regional measures are described in this publication.

We hope that these practices can promote good ideas and inspire their implementation throughout Ukraine.

SUMMARY

The measures described by the experts in this issue of the bulletin apply to different regions of Ukraine. Selected cases of this issue show the lack of in-depth analysis before making a decision by local authorities, ignorance of the interests of various participants in the process, as well as lack of strategic planning and vision of the results of decisions, absence of financially sound indicators and other problems.

The decision of the Sumy City Council to abolish the control over wastewater of enterprises has significant risks for the environmental situation in the city and region (and the health of citizens), as well as for the financial condition of the utility company engaged in wastewater treatment. The adoption of such a serious decision by deputies without proper justification does not comply with the principles of proper public and accountable governance, exacerbates the problem in the field of environmental protection and defends a small number of stakeholders.

The introduction of an electronic fare system is a very important task for all municipalities in Ukraine. However, in Rivne for a long time the city authorities cannot decide on the choice of provider to implement an electronic ticket system. The lack of explanation for the delay by local governments and the non-transparency of the decision-making process regarding the selection of a contractor (that is beneficial to the city) is a source of distrust and concern for the community.

During the period of the pandemic spread, the issue of providing quality educational services throughout Ukraine is also acute. In this bulletin, experts evaluated the decision to purchase laptops for teachers. The solution is good; however, such an initiative should have been introduced after the first wave of the epidemic. Tenders will stretch the buying process in time and it will not be completed until the beginning of the third wave of the epidemic. It is also important to implement a comprehensive approach to ensure the quality educational process.

Almost every bulletin contains material on the development of tourism in a particular region. This bulletin contains a block dedicated to the tourist forum held in Kropyvnytskyi. The city and Kirovohrad region have a good potential to attract tourists, which will contribute to the formation of a positive image of the region and increase the interest of tourists and business. At the same time, the management's decision-making (especially regarding the direction of budget funds) should be preceded by the calculation of the economic effect of implementation of measures and evidence that the interests of the community are taken into account in the first place.

The presence of the airport significantly increases the capabilities of any region, and, therefore, the desire of the Zhytomyr authorities to reconstruct their airport is quite understandable and logical. However, from the point of view of expediency, the priority of state support for the reconstruction of this airport may raise questions due to there are two airports in Kyiv (150 kilometers away) and the airport in Rivne (200 kilometers away), which also have international status. The decision to open the new airport should be made only after a careful analysis of the fact that this airport indeed covers an area where it can generate significant volumes of passenger traffic and can be profitable in its activities.

Also, this bulletin reviews the problem of government procurement, which constantly arises in PJSC "Kryukiv Carriage Plant". The enterprise is an important object of industry of Poltava region. However, its operation depends on government orders and timely payments for the execution of orders. Due to there is no clear plan at the state level to upgrade the country's railway depot, the company cannot plan the operation of its own production facilities. This situation should direct management forces to find new ideas for the company or to find potential customers who can ensure the stable operation of the plant.

Thus, a detailed analysis, calculation of the economic and social impact of the measures will help to make better use of available resources, to consider more effective decisions and to ensure the interests of the majority of the community, which in turn will increase the trust and support of the local government and will ensure sustainable development.

Members of the Evaluation Council:

1. **Bereza Alyona** - Regional project coordinator, Head of the NGO “Women's anti-corruption movement”.
2. **Blinov Oleh** - Analyst of the NGO “Center for Public Monitoring and Research”.
3. **Katolyk Iaroslav** - Regional coordinator of the projects.
4. **Kuzko Yuriy** - Executive director of the NGO "Center for Public Monitoring and Research”.
5. **Toponen Yulia** - Community facilitator, Charity Fund Caritas Mariupol.
6. **Protsenko Yulia** - Economist-analyst, ICPS.

METHODOLOGY

Selected Measures for Evaluation

The measures were identified based on:

- media monitoring.
- advice from local activists and experts.
- direct addressing to local governments.

ICPS made final selection about which measures to evaluate. Emphasis was laid on measures widely discussed in the public as well as on measures, which are, according to ICPS, rare, innovative and/or important for the economic and social development of the country.

Evaluation Criteria

Experts evaluated all selected measures in two categories: quality (i.e. experts' acceptance) of the measure and importance/significance of the measure for the society and economy at local level.

Quality of the Measure [-3; +3]

Experts evaluated the effect of a given measure and gave it a grade. Range:

- 3 expert's absolute disapproval of the measure*
- 2 expert's moderate disapproval of the measure*
- 1 expert's minor disapproval of the measure*
- 0 status quo, no change, no effect of the measure*
- +1 expert's minor approval of the measure*
- +2 expert's moderate approval of the measure*
- +3 expert's absolute approval of the measure*

Importance of the Measure for the Society and Economy (%)

Experts expressed opinion how essential and necessary a given measure was for the society and economy, for the economic and social development at local level. This category highlights the importance of reforming a given feature of a system in the city or region. The higher the score, the more important the measure is.

Rating of the Measure

To get the Rating of the measure, the average quality grade of the measure was multiplied by a coefficient expressing the average value of the measure's importance/significance for the local society and economy. Thus, the rating valued of the evaluated measures come in range [- 300; +300]. According to these rating values, all measures are ranked in a chart. The Rating of the measure indicates the contribution of an evaluated measure to the economic and social development of the city or region.

RANKING OF BEST AND WORST MEASURES

<i>Case</i>	<i>Quality [-3; +3]</i>	<i>Relevance [0%; 100%]</i>	<i>Final score [-300; 300]</i>	<i>Ranks</i>
The airport in Zhytomyr is preparing for the reconstruction and acceptance of international flights	2.33	75	175	<i>I</i>
Organization of the educational process during a pandemic	2.17	75	162.5	<i>II</i>
Kryukiv Wagon-Building Plant: difficulties and further prospects	1.67	73.33	122.22	<i>III</i>
Development of tourism in Kropyvnytskyi	2.2	54	118.8	<i>IV</i>
Rivne territorial community and e-ticket	1.5	66.67	100	<i>V</i>
Sumy region: abolition of wastewater control of enterprises	-2.67	76.67	-204.44	<i>VI</i>

I. The airport in Zhytomyr is preparing for the reconstruction and acceptance of international flights¹

Features of the measure:

On June 30, 2021, the government approved the opening of an international checkpoint at the Serhiy Korolyov Zhytomyr Airport. Thus, this airport will be open for international flights. The newly created checkpoint will operate 24/7 for cargo and passenger air services.

The [explanatory note](#) to the government project states that Zhytomyr Airport is now a viable enterprise that can provide landing, take-off, parking and maintenance of aircraft, passengers and cargo. However, this was not always the case. Despite the fact that the airport in Zhytomyr has existed since 1947, after the collapse of the Soviet Union, it was used for a long time only by aviation enthusiasts. In 2011, it was even excluded from the register of civil airfields, after which it had the status of a runway. However, in December 2015, Zhytomyr Airport received a new certificate of the airport, and in January 2016 the first aircraft landed there after 25 years of inactivity.

In order to meet the level of the international airport, its reconstruction is also planned. On June 18, 2021, the Department of Capital Construction of the Zhytomyr City Council announced an open tender in the ProZorro system for "Reconstruction of the aerodrome complex at the address: Zhytomyr region, Zhytomyr, Aviator Street, 9" with an expected value of 476.3 million hryvnias (<https://prozorro.gov.ua/tender/UA-2021-06-18-013357-c>). It is planned to use 446.3 million hryvnias from the state budget and 30 million hryvnias from the local budget. As of today, the procurement is at the stage of submitting tender proposals.

Under the terms of the tender, it is necessary to carry out construction and installation works, drainage works, installation of external electric lighting, reconstruction of the aerodrome surface, arrangement of the anti-ice protection site, cable communication line, landscaping and more.

¹ Investigated by: Kuzko Yuriy - Executive director of the NGO "Center for Public Monitoring and Research".

Remarks

The presence of the airport significantly increases the capabilities of any region, and therefore the desire of local authorities to have their own airport is quite understandable and logical. The airport also promotes economic development through channels such as increased trade, increased productivity and new investment and tourists, but in turn, economic development also increases the demand for air transport and therefore makes it more affordable. However, from the point of view of expediency, the priority of state support for the reconstruction of this airport may raise questions due to there are two airports in Kyiv (150 kilometers away) and the airport in Rivne (200 kilometers away), which also have international status. The decision to open an airport should be made only after a careful analysis of the area where it can generate significant amounts of passenger traffic and be profitable in its activities.

Scores: Quality [2.33] Relevance [75%]

II. Organization of the educational process during a pandemic ²

Features of the measure:

Distance learning to combat the spread of COVID-19 and the new requirements for the educational process have become a challenge for the national education system. Classroom teaching was replaced by lessons in Zoom classrooms, however the teachers were not provided with the necessary equipment for classes.

In July, Kyiv began preparations for the third wave of the epidemic, which, according to the experts estimate, is expected this summer. Educational institutions will again work distantly.

Taking into account the situation, in July, the state budget allocated additional funding in the amount of 980 million hryvnias for the purchase of 60,000 laptops for teachers under the framework of combating against COVID-19 and its consequences during the educational process in secondary schools. Procurement of equipment should be carried out in accordance with the [recommendations of the Ministry of Education and Science](#), and the use of the subvention will be carried out on a co-financing basis from the state and local budgets. To ensure the transparency of the process, the Ministry of Finance has developed a [special dashboard](#) to track the purchase of laptops throughout the country. Also, the department is working on the digitalization of education and plans to introduce electronic journals and diaries.

Kyiv and Kyiv region has received 127 million hryvnias under the state subvention. Kyiv region has received a subvention of 54.8 million hryvnias, of which 53.9 million was allocated for the purchase of laptops for teachers. 952.7 thousand hryvnias will be allocated as consumption expenditures for the purchase of means of protection necessary for the organization of anti-epidemic measures during the main and additional sessions of the external independent evaluation in 2021.

In turn, the Kyiv City State Administration [received a subvention](#) of 72.2 million hryvnias for the organization of the educational process in the city of Kyiv. 70.6 million hryvnias will be used to purchase laptops, and 1.5 million hryvnias will be used to purchase protective equipment.

² Investigated by: Toponen Yulia - Community facilitator, Charity Fund Caritas Mariupol.

Tenders for the purchase of equipment for the needs of schools in [Kyiv](#) and [Kyiv region](#) have already been announced. The recommended cost of one laptop by the Ministry of Education and Science and the Ministry of Culture is UAH 20,040. However, the announced price in the tender is higher - 25,667 hryvnias in Kyiv, 22,500 hryvnias in Kyiv region.

The regional administration said that the purchase of laptops and personal protective equipment will be centralized, after which the laptops will be distributed among secondary schools. The subvention is not distributed by the local budget.

The Department of Education and Science of the Kyiv City State Administration has been appointed as the administrator of funds.

Remarks

The purchase of laptops and equipment for classes is a good initiative of the authorities. However, this issue is complex. The purchase of equipment for teachers does not mean an improvement of the situation in the field of education, this issue must be addressed comprehensively:

- a significant number of teachers may need appropriate courses on the use of these devices and the opportunities they provide;
- this initiative does not solve the problem of poor quality of Internet communication in a number of settlements (in particular, in villages that are remote from regional centers);
- the lack of appropriate gadgets for socially vulnerable groups of the population limits the access to education for some pupils. It may increase social inequality;
- the school curriculum should be adapted to the use of computers in the learning process both online and offline;
- you need to carefully monitor the characteristics of laptops that will be purchased, in order to avoid overpricing, or resale of obsolete models, or those that were in use under the guise of new and modern;
- customers who receive a subvention for the purchase of laptops will be forced to hold tenders, which will stretch the purchase process in time; until the beginning of the third wave, it is likely that purchases will not be made in full. The purchases occur before the third wave, but

not after the first wave.

In general, the initiative is correct, however it had to be implemented immediately after the first wave of the epidemic. Now there is a need for quality public control over the procurement process.

Scores: Quality [2.17] Relevance [75%]

III. Kryukiv Wagon-Building Plant: difficulties and further prospects³

Features of the measure:

According to the results of the first quarter of 2021, the Kryukiv Wagon Building Plant (KVBZ) suffered a net loss of over UAH 72 million. For comparison, in 2020 during the same period more than 75 million hryvnias of net profit were received.

In early June, the director of the corporate governance department of KVBZ stated the critical situation in the industrial sphere, noting that in Poltava region 50% of gross value added is provided by industry. In 2020, the output decreased by 3 times. There are very few orders for the production of wagons in 2021. This affected the reduction of employees' salaries and, accordingly, the implementation of deductions to the budget (in 2021 the amount of deductions amounted up to 34% of the amount paid for the same period in 2019). This situation has led to an outflow of highly qualified personnel.

Back in March 2020, the President of Ukraine Volodymyr Zelensky, while visiting KVBZ in Kremenchug, stressed the need to support national manufacturer and promised to place a state order for 3 diesels and 90 passenger wagons. In the summer, the Prime Minister of Ukraine Denys Shmygal visited the plant and announced that Ukrzaliznytsia plans to purchase passenger wagons worth UAH 1 billion from the plant.

At the beginning of 2021, a [tender](#) for the purchase of passenger wagons was announced, however, no bidding took place (only one company was admitted to the auction). In addition, Ukrzaliznytsia did not pay KVBZ for three new diesel trains, which were ordered three years ago, and for compartment sleeping wagons worth UAH 589 million.

To draw attention to the problem and to improve the situation in the industry, the head of the state administration of Poltava region announced the initiation of a meeting with the Minister of Infrastructure and the management of Ukrzaliznytsia.

The following proposals were submitted for discussion:

- to fulfill the purchases of wagons and diesel trains promised by the President;

³ Investigated by: Protsenko Yulia - Economist-analyst, ICPS.

- to stop importing rolling stock with expired service life from the Russian Federation;
- to introduce medium-term planning (for at least three years) for the purchase of rolling stock;
- to plan the renewal of the railway warehouse: to draw up a plan for the purchase of freight wagons in the amount of 12-15 thousand annually (for 5 years) and a schedule for writing off old cars (there are 20 thousand of such wagons in Ukraine);
- to ensure localization of at least 30% when importing railway products to Ukraine.

According to KVBZ estimates, the implementation of the program will increase GDP by 2.3%; if taking into account the effect of multiplication, - by 8%; revenues to budgets of all levels - more than 31 billion hryvnias per year. Also, 15 thousand jobs will be created in wagon construction and 30 thousand jobs in the related industries.

As a result, on June 25, 2021 JSC "Ukrzaliznytsia" and PJSC KVBZ signed an agreement for the supply of 100 passenger wagons. However, according to the [KVBZ website](#), for the first time in the history of Ukraine such a number of wagons will be purchased at the expense of the state budget.

In the near future KVBZ is ready to present new promising models of passenger rolling stock to the scientific and technical council of Ukrzaliznytsia: locomotive traction wagons, high-speed electric trains, which may replace trains of the EKr1 series, suburban electric trains, diesel trains. In addition, in three years KVBZ is ready to create a new model line of electric trains for the suburban passenger company "Slobozhanshchina", which is proposed to be launched on a public-private partnership with the Kharkiv region within the project "Large-scale construction in the railway sector."

Remarks

The initiative of the head of Poltava region to restore a powerful enterprise deserves a positive assessment. However, it is difficult to say to what extent these actions influenced the receipt of such necessary orders for the plant.

The lack of payment by Ukrzaliznytsia for previously manufactured diesel trains and compartment sleeping wagons raises some doubts about the feasibility of the signed agreement,

as well as the plant's ability to perform the ordered amount of work within the timeframe set by the parties. However, this is an opportunity for the plant.

For the stable operation, the company needs to look for additional potential buyers and to further change / supplement activities to attract new customers and to reduce the risk of financial instability.

Scores: Quality [1.67] Relevance [73.33%]

IV. Development of tourism in Kropyvnytskyi ⁴

Features of the measure:

On June 24, 2021 the first regional tourist forum “Domestic and inbound tourism. Realities and possibilities of today. Development prospects” was held in Kropyvnytskyi

This is the first regional tourist platform aimed at the development of tourism in the Kirovohrad region. The forum was organized on the initiative of the head of the Kirovohrad Regional State Administration Maria Chorna. The forum discussed the tourist attractions of the region, as well as elaborated the strategies for tourism development in the region, for the legal regulation of tourism, for the digitalization of this industry and the cultural and tourist potential of communities.

Currently, the region is working on creating a [tourist portal](#) and on developing a new tourist program of the region for 2022 and subsequent years.

Among the existing tourist sites, potentially interesting for travelers were defined, in particular, 29 [museums](#), more than 5,000 monuments, and many nature reserves. Important tourist magnets in the region are the [park-hotel "Scythia"](#) on the banks of the river Black Tashlyk and the hotel "Pearl of Tavria" in Kirilovka, near the Sea of Azov. Both hotels are former recreation centers of the “Radiy” plant, which have been turned into modern hotels.

Park - Hotel "Scythia" covers an area of over 50 hectares. Part of the park hotel is ready, and the rest is being finalized. The hotel has cascading lakes, a small zoo, an arena complex for about 1,300 spectators, where festivals can be held, as well as a smithy, a pottery workshop, a Scythian-style bakery. After the construction is completed, master classes will be held there. All construction works on the territory of the park of the hotel "Scythia" are planned to be completed in 2-3 years. In total, the investor plans to invest UAH 2 billion in this tourist and entertainment facility. Kirovohrad Regional State Administration also assists in carrying out the repairs of the road to this tourist facility.

In addition to "Scythia", there are also ambitious plans to implement the project of the tourist base "Kemeria" and "Fairytale Valley" with planted sakura, camellias, lilacs.

⁴ Investigated by: Blinov Oleh - Analyst of the NGO “Center for Public Monitoring and Research”.

The region produces organic craft products that should also interest travelers. In particular, successful tourist products of the region were presented at the forum: honey brand "Bee and More", [craft wine](#) brand "KorusWine", farm and cheese factory "[Forest Goat](#)", tourist and sports projects "[Velokrop](#)" and "[KropRiverTour](#)".

The forum was attended by government officials, communities, local tourism companies, owners of local craft businesses and public tourism projects. The forum also signed a memorandum of cooperation between the regional state administration and public tourism organizations.

Remarks

The improvement of the tourism industry can be a significant factor in the development of any city, so the government should pay a serious attention to this area. At the same time, the adoption of management decisions by the authorities (especially regarding the direction of budget funds) should be preceded by the calculation of the economic effect of their implementation. So far nothing has been presented regarding it. Last but not least is the status of the mentioned objects, the development of which is planned to be carried out at the expense of budget funds: communal objects (for example, communal hotels), which can be used by tourists and, accordingly, bring additional income to the community or region. Or private property, which can be perceived as support for private business at the expense of taxpayers, and therefore as direct lobbying. The interests of the community must come first.

Signing a memorandum and holding a forum is not a fact of implementation of these projects. Therefore, it is necessary to monitor the work in this direction and to evaluate the results.

Scores: Quality [2.2] Relevance [54%]

V. Rivne territorial community and e-ticket⁵

Features of the measure:

On July 15, 2021, “Symboltransport” company arrived in Rivne. [According to the official Facebook page of the city council](#), this company is one of the leaders in the implementation of the e-ticket system in a number of regional centers of Ukraine. The company has experience in implementing similar projects in Ukraine and abroad. “Symboltransport” now operates in four countries, two capitals and 16 cities. However, the source of such information, unfortunately, is not specified.

The letter from the local self-government body also states that the company's representatives demonstrated their own software and hardware solution during the meeting: validators, a mobile application, citizen card capabilities and more.

[According to the official Symboltransport website](#), their automated fare payment system (ASOP) “is designed to organize non-cash fare payment and to create a technological basis for the implementation of various new passenger service schemes. ASOP is a new round of passenger transport development. It allows you to translate payments for travel in non-cash form, a large amount of collected data on travel allows to analyse, and further optimize the work of transport, taking into account the needs of the city, passengers and transporters. ASOP converts the work of all participants in electronic form, electronic systems have a greater effect, a modern look and a completely different approach to the organization of work.”

However, in the message of the mayor's office and on the company's website, for some reason, information was omitted regarding what benefit this company wants for itself, - which is an extremely important aspect.

The letter of the Rivne City Council also states that "transport renewal and installation of e-ticket is the direction in which we are now actively moving so that citizens feel the benefits of using these innovations, and the transport system become as transparent as possible." At the same time, there is no information on the selection of any

⁵ Investigated by: Bereza Alyona - Regional project coordinator, Head of the NGO “Women's anti-corruption movement”.

campaign to implement this direction. Thus, the city hall still thinks how to go in this direction.

In April this year, the mayor also met with representatives of “HERZ”, who then presented their automated fare payment system on public transport. At the same time, the mayor noted that they were "open to the proposals of other companies involved in the implementation of a single electronic ticket." This company is introducing an electronic ticket in Khmelnytsky. However, it happens with problems. This can be confirmed by the fact that only from July 1, the city's electric transport introduced an exclusively non-cash form of fare. That is only in trolleybuses. Prior to that, the deadline for the transition was repeatedly postponed. There are also problems with the production of plastic cards, travel with which costs 5 hryvnia, not 6 hryvnia as through the QR-code of the “Privatbank” application (and here another question - why such payment is not considered non-cash?). And to buy a piece of plastic is a whole quest. They are brought to each press-kiosks in a number of ten. They are quickly sold out, because people are deprived of an alternative method.

Other means of transport were not affected by such innovations in Khmelnytsky. Cash and non-issuance of tickets continue to thrive in taxis and communal buses. Representatives of the relevant department do not even say the date of their transition to the e-ticket.

Previously, back in February 2021, representatives of CityCard, who introduced an automated payment system in Lutsk, spoke about their advantages in Rivne. According to “CityCard” representatives, the equipment is installed at their expense. Every day, money for the passage of passengers goes to the account of carriers, and 10% is transferred to the company "CityCard". The approach to service is not unique - the company provides equipment together with a system provide, and takes a percentage of the payment.

And this is typical for all private companies of this kind. And here it would be worthwhile for the city authorities of any city to think about how to allow such a "monopolist" for such a segment. Who does guarantee that in a month or two or a year the company will not start talking about the disadvantages of this amount of interest for services and will not require the mayor's office to review it? And the equipment? It's all private. The company can take it off and leave at any time. For example, in Khmelnytsky from July 1, the cost of the card increased by 20 hryvnias to 60 hryvnias for one. And all this on the

background of the impossibility of buying it at all.

The city authorities of Rivne should consider the case of the neighboring city of Zhytomyr. A tender was held there in autumn 2016. In March, the utility received payment terminals and software needed to operate the system. The introduction of an e-ticket in this city is held by a utility company. In March 2017, they replaced paper travel tickets with electronic ones. In the summer of the same year, trolleybuses received stationary validators, and in September, alternative payment methods began to work: since then, passengers have been able to use bank-cards. The funds go to the account of KP "Zhytomyrtransport".

No one can predict what will happen and what way the city authorities will choose for Rivne residents. By our thoughts, we are not saying that these companies are bad. However, the recorded problems in Khmelnytsky, unfortunately, lead to the revival of specialized utilities, or to the creation a favorable format of cooperation between utilities and the selected company as something mediocre.

Residents should already be actively interested in the introduction of an electronic ticket in their city, and the mayor's office should weigh everything well before making a decision.

Remarks

The introduction of an electronic fare system is a very important task for all municipalities in Ukraine. After all, it will affect the quality of life of people on a daily basis. It is important not just to make the transition from unaccounted cash to electronic payment, but to change the logic of payment for transportation to the format of payment for transport services by city budgets. The system should provide adequate conditions for the city and transparency (including the financial one).

Scores: Quality [1.5] Relevance [66.67%]

VI. Sumy region: abolition of wastewater control of enterprises⁶

Features of the measure:

On June 30, 2021, Sumy City Council adopted a decision "On partial cancellation of the decision of the executive committee "On approval of the Rules of acceptance of wastewater into the centralized drainage systems of the city of Sumy" (#4 from 15.01.2019). By this decision, the city authorities, in fact, abolished the control over the quality of wastewater of enterprises that fall into the city sewerage system.

The [decision](#) states that the Rules of acceptance of wastewater into the centralized drainage systems of the city of Sumy (hereinafter - the Rules) were adopted without compliance with the principles of state regulatory policy, without preparing a proper analysis of regulatory impact, including objective calculation of expected costs and benefits for business entities, citizens and the state; the calculation of expenditures of enterprises did not correspond to real volumes. It is also indicated that the adopted Rules were based on unsubstantiated and unreliable information based on the results of consultations with representatives of micro and small businesses to assess the impact of regulation. All this, according to the majority of deputies, led to the establishment of economically unreasonable indicators of the permissible concentration of pollutants in wastewater and, in general, to unreasonable control of the permissible concentration of pollutants in relation to total mineralization (dry residue) in wastewater.

Interestingly, neither the text of the decision nor the minutes of the session indicate what the unfoundedness of the indicators is and what permissible concentrations of pollutants should be considered. The only document referred to by the deputies was a letter from the State Regulatory Service of Ukraine to the city council, sent in response to a request from one of the city's enterprises. At the same time, the municipal enterprise "Miskvodokanal" stated that the findings of the institution were based on incorrect information from the applicant company, and that the circumstances had not been fully investigated. Therefore, the company stated that the requirements of the State Regulatory Service of Ukraine are unfounded and unsatisfactory.

⁶ Investigated by: Katolyk Iaroslav - Regional coordinator of the projects.

The “Vodokanal” also disagrees with the deputies' conclusions regarding "violations" in the adoption of the Rules. An [article](#) was even published on the company's website warning about the possible negative consequences of this decision. At the same time, the article states that the legitimacy of the executive committee to approve the Rules is confirmed by the decision of the Sumy District Administrative Court № 480/3175/19, and permissible concentrations of pollutants were determined by specialists of Kyiv Science-Research and Construction-Technological Institute of Municipal Economy to take into account local wastewater treatment. “Vodokanal” emphasized that this institute was one of the developers of the All-Ukrainian Rules for Sewage Acceptance and the Procedure for Determining the Amount of Fees Charged for Excessive Dumping of Sewage to Centralized Sewerage Systems.

The article of “Vodokanal” states that non-compliance by enterprises with the Rules of acceptance of wastewater into centralized drainage systems is one of the causes of accidents on sewers (along with wear and gas corrosion). It is stated that "sewage treatment plants can barely cope with excessive load", "the city community is extremely concerned about the condition of the Psel River" (which receives treated municipal sewage), and uncontrolled dumping of contaminated wastewater, including aggressive chemicals, " will finally destroy the already worn-out sewer networks."

“Vodokanal” warned that excessively polluted wastewater could have negative consequences for the health of “Vodokanal personnel”, could disrupt the work of sewage treatment plants, could cause the death of activated sludge and create emergencies with unpredictable consequences for the city and even Ukraine.

The financial side of the issue is also important. In case of excessively polluted wastewater from enterprises entering the city's treatment facilities, “Vodokanal” is forced to spend more resources on its treatment, in particular, twice as much of electricity. Additional costs are usually paid by polluting companies as a fee for excessive dumping. Therefore, the abolition of the Rules deprives “Vodokanal” not only of the opportunity to control the quality of wastewater, but also to charge for excessively polluted sewage. Accordingly, the costs of treatment of contaminated wastewater are fully covered by ME "Miskvodokanal".

It is noteworthy that “Vodokanal” in its article indicates that it is suing LLC "Central Market of Sumy" and JSC “Sumy Plant of Pump and Power Engineering Nasosenergomash”.

The reason is the excess of permissible concentrations of pollutants. Moreover, “Vodokanal” explicitly states that the initiators of the draft decision to abolish wastewater control are, in fact, lobbying the business interests of these enterprises.

However, neither the lack of supporting documents on "violations", nor the presence of objections from “Vodokanal”, nor the appeal from the Professional Association of Ecologists of Ukraine, nor the legal opinion of the legal department of Sumy City Council, nor “Vodokanal's” explanation of the danger of abolishing wastewater control did not prevent the deputy majority to make a scandalous decision and cancel the Rules.

In turn, the deputies obliged the executive committee to approve the new rules "in compliance with the principles of state regulatory policy and to ensure proper preparation of the analysis of the regulatory impact of the draft decision." However, the object to be corrected and the deadlines are not specified in the decision. Consequently, the wastewater of enterprises without any control for an indefinite period will flow into the city's centralized drainage system, while threatening an environmental catastrophe.

Remarks

The decision of the City Council to abolish the control over the wastewater of enterprises has significant risks both for the environmental situation in the city and the region (and the health of citizens) and for the financial condition of the utility company engaged in wastewater treatment.

The adoption of such a serious decision by deputies without proper justification, while completely ignoring the warnings and positions of authoritative institutions, does not comply with the principles of proper public and responsible governance, especially given the suspicions of, in fact, the corruption component of such a decision, which have never been refuted by the municipality.

Scores: Quality [-2.67] Relevance [76.67%]