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Center for Adaptation of the Civil Service to the Standards of the European Union
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*Development of a Network of Policy Analysis Groups
in the System of Central Executive Bodies in Ukraine*

Development of Water Resource Management Policy under the “Environment” Section of the EU–Ukraine Association Agreement

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Foreword

Development of the Ukrainian State and its movement towards the European community requires establishment of modern, professional civil service that would function in accordance with the requirements of democratic governance. Civil servants of Ukraine must be politically neutral and professional, armed with modern knowledge and skills in public administration.

Among the key functions of public officials in democratic countries is the development of policy recommendations and policy alternatives to solve the existing problems in specific sectors. Civil servants also hold consultations with stakeholders and carry out monitoring and evaluation of the policy efficiency and effectiveness.

Comparing with EU practice, the system of policy coordination and development in Ukraine is not sufficiently transparent and is too centralized. Requirements to analyze policy alternatives and hold consultations with stakeholders are not always fulfilled. The Ukrainian officials often lack practical skills to analyze policy problems and their causes, possible consequences and obstacles to implementation of various options for problem solution.

In order to strengthen the capacity of civil servants to analytical support of the strategic government decisions, the Main Department of Civil Service of Ukraine during 2005–2008 supported a number of initiatives dealing with activities of a network of the policy analysis groups in the central executive bodies in Ukraine. Around 130 civil servants of top and middle managerial levels from the Secretariat of the President of Ukraine, Secretariat of the Cabinet of Ministers of Ukraine, National Bank of Ukraine, ministries and other central executive bodies received training and acquired relevant public policy skills and knowledge needed for application of democratic procedures to the decision-making process.

Results of the policy analysis groups' activities include publication of green and white policy papers. This is an effective tool used in the EU member states and other developed countries to ensure efficiency, transparency, consistency and predictability of work of public authorities.

Requirements to the quality of public policy development and implementation become even more exacerbated in the context of preparation of the EU – Ukraine Association Agreement. Success of the relevant negotiation process largely depends on the capacity of the Ukrainian officials to formulate a coherent, effective and far-sighted strategy of mutual relationships.

Given the magnitude of the obligations of Ukraine in the framework of the future Association Agreement with the European Union, in 2008 the Main Department of Civil Service of Ukraine put forward an initiative, which was supported by the Government, to expand the network of policy analysis groups and to focus their work on the issues of implementation of Ukraine's commitments under the future Free Trade Agreement with the EU.

In December 2008 the initiative on “Development of a Network of Policy Analysis Groups in the Central Executive Bodies in Ukraine” was launched by the Center for Adaptation of the Civil Service to the Standards of the European Union. It was implemented by the Center of Social Expertise of the Institute of Sociology of the National Academy of Sciences of Ukraine. 10 cross-sectoral groups were created to deal with the sectoral issue of the EU–Ukraine Free Trade Agreement and 3 policy analysis groups—to deal with issues of the civil service reform. Each of the groups consisted of 7–10 top-level civil servants (II–IV categories).

Policy analysis groups dealing with priority issues of the EU-Ukraine Free Trade Agreement:

- Development of a strategy to overcome technical barriers to trade: standardization and compliance assessment.
- Development of a strategy in the field of financial services.
- Development of a strategy in the field of trade in services: the movement of capital.
- Development of a strategy in the field of public procurement.
- Development of a strategy in the field of sanitary and phytosanitary regulations.
- Development of a strategy in the field of protection of intellectual property.
- Development of a strategy in the transport sector.
- Development of a strategy in the environment sector.
- Development of a strategy in the energy sector.
- Development of a strategy in the field of taxation.

Policy analysis groups dealing with priority issues of the civil service reform:

- Reform of the classification system in connection with the civil service compensation system.
- Introduction of new approaches for the annual performance evaluation of civil servants’ activities.
- Reform of the system of professional development for civil servants.

In 2008–2009 the main task of policy analysis groups was the development of the sectoral strategies to meet the obligations imposed by the future Association Agreement with the EU. These strategies defined objectives and steps of implementation of the Agreement, as well as resources needed to implement a strategy (financial, human, and institutional). The draft strategies, discussed with all stakeholders, will enable to prepare for implementation of future Agreement and strengthen the position of the Ukrainian party at the currently running negotiations with the EU.

Public discussions of policy options for solving sectoral problems will promote better understanding and support by the stakeholders of the government policy and provide a feedback for the government.

This year, the policy analysis groups have had a number of innovations. First of all, it is their inter-ministerial structure: representatives of the Ministry of Justice, the Ministry of Economy and the Secretariat of the Cabinet of Ministers participated in almost all policy analysis groups. Secondly, the number of involved public officials and authorities significantly increased comparing to previous years—130 civil servants from 20 central executive bodies as well as from the Secretariat of the Cabinet of Ministers and the National Bank of Ukraine took part in policy analysis groups. In addition, analytical support to members of policy analysis groups was provided by both international and local sectoral experts from the International Center for Policy Studies (ICPS) and the Ukrainian-European Policy and Legal Advice Centre (UEPLAC).

During the year members of policy analysis groups participated in trainings and seminars guided by the EU and Ukrainian experts. They mastered the methodology of development of policy documents and decision-making procedures according to the European standards. The groups organized public consultations aimed at discussion of proposed drafts strategic documents with representatives of NGOs, business community and experts. Considerable number of received comments and suggestions greatly improved the quality of the policy documents.

The key to successful implementation of this initiative was a permanent monitoring and evaluation of the results of policy analysis group's work. According to the survey, most participants consider such trainings in policy analysis as very useful and effective because they provided opportunity to get equipped with skills in policy analysis, cost-benefit analysis and effective communication in the context of the requirements posed by the process of adaptation of the Ukrainian legislation and norms to the EU norms and standards, taking into account national interests of Ukraine.

Moreover, activities of policy analysis groups generate a multiplication effect; they become a basis for the new quality civil service and new administrative capacity of the central executive bodies. Despite the fact that only about ten civil servants are official participants of the policy analysis group, the practice shows that the number of public officials involved into the process of development of strategic policy documents is actually bigger.

In 2008, the School of Senior Civil Service was established, the task of which is to create institutional conditions for developing leadership in the civil service and public administration reform. Given the fact that policy analysis groups have proved their effectiveness as a progressive form of the civil servants' on-the-job training, the follow-up initiatives relating to policy analysis groups are planned to be carried out on the basis of the School of Senior Civil Service. This will contribute to further development of both policy analysis groups' network and strengthening of the in-service training system of the civil servants.

Introduction

The purpose of the development of this document is to plan the process of introduction in Ukraine of the Directive 2000/60/EC of the European Parliament and the Council, which sets the framework for Community actions in the field of water policy in the process of negotiations on the Association Agreement between the EU and Ukraine.

Water Code of Ukraine states that management of water resources should be based on the basin principle, but there is no clear strategy for implementation of this principle in the form of a plan with defined deadlines.

The strategy of integrated water resources management after the UN international conference in Johannesburg (2002) gains rapid expansion in the regions and countries of the world and, in particular, this strategy is the basis of the EU water policy, formulated in the EU Water Framework Directive 2000 (WFD).

The purpose of implementation of the Directive is to define measures for protection of land surface water, trans-boundary waters as well as coastal and underground waters in order to prevent their further deterioration, and to protect and improve the status of aquatic ecosystems, terrestrial ecosystems and wetlands directly dependent on aquatic ecosystems, as well as facilitate sustainable water use based on long-term protection of available water resources.

One of the main factors of environmental stress situation of water resources in Ukraine is an outdated system of water resources management, which provides for water resources management on the basis of administrative and territorial division including some elements of the basin principle.

The process of developing of the strategy and participants to this process (description of the ministerial groups, positions and fields of responsibilities of individual ministries in the strategy framework)

As this document has an interdepartmental nature, representatives of all interested bodies of state power were involved into development of the strategy: Cabinet of Ministers of Ukraine, Ministry of the Environment and Natural Resources, Ministry of Building, Architecture, Housing and Communal Economy, State Committee for Water Saving, Ministry of Finance, Ministry of Economy, Ministry of Justice and Ministry of Public Health.

On May 27, 2009 public consultations with stakeholders on finalizing the draft policy document were held at the Ministry of Environment. During consultations representatives of the structural departments of the Ministry of Environment and the State Committee of Water Resources provided comments to the document, which were taken into account during its final preparation.

Definitions of terms used in the document:

Surface water – internal waters, except of groundwater, as well as trans-boundary and coastal waters (from the point of view of the chemical composition this term also means territorial waters).

River Basin – a land area from which surface water run-off moves through a series of streams, rivers and, possibly, lakes into the sea through a single river mouth, estuary or delta.

Waste water – water that is formed in the process of domestic and industrial activities (except mine, quarry and drainage water), as well as water diverted from the built up areas, where it was accumulated as a result of precipitation.

Water resources – the amount of surface, groundwater and marine waters available at the relevant territory.

Water reservoir – an artificial water storage structure with capacity of more than 1 million cubic meters, built to create a reserve of water and regulate river flow.

Canal – artificially created terrestrial waterway.

Drinking water – water which according to its organoleptical characteristics, chemical as well as microbiological composition and radiological indicators meet state sanitary standards and requirements of sanitary legislation.

1. Description of the Situation

In Ukraine, the problem of water is critical because judging by the available stocks of local water resources (1 thousand m³ per 1 resident), Ukraine is considered to be one of the least provided with water countries of Europe. Generally it is recognized that if this figure is below 1,000 m³ per capita, the country faces shortage of water.

All functions related to regulation of water resources, their protection, use, including used water discharge, as well as prevention of ravages of water, are tightly bound together. Therefore, treating use of water resources and their managing as a system has some peculiarities.

According to long-term observations, potential water resources of river water make up 209.8 cu. kilometers, of which 25% is formed within Ukraine and the rest comes from Russia, Belarus, and Romania.

A characteristic feature of the surface water resources is their uneven territorial distribution and variability of river flow volume during each year. Share of the spring water flow is 60–70% of the annual in the North and North East and 80–90% in the Southern Ukraine.

Regional distribution of water resources does not meet the location of the existing water using economic complex. The largest share of water resources (58%) is concentrated in the basin of the Danube River and in the border areas of Ukraine, where demand for water does not exceed 5% of its total available reserves.

Least provided with water are Donbas, Kryvorigizhia, Crimea and the Southern regions of Ukraine (see Fig. 1) where the largest consumers of water are concentrated. Almost 80% of water resources is the Dnieper River Basin water resources and this basin provides water to about 2/3 of the population of Ukraine.



Fig.1. Regions of Ukraine with the lowest availability of water resources (shaded regions).

Water resources available for a wide use are formed mainly in the basins of the Dnieper, Dniester, Seversky Donets, Southern and Western Bug, and small rivers of the Azov Sea and the Black Sea regions.



Fig 2. The biggest rivers of Ukraine.

To overcome territorial and temporal variation of water distribution, supply of water in Ukraine is carried out with the help of 1,160 water reservoirs with a total storage capacity of 55 cubic km, over 28 thousand ponds, 7 major canals. For this purpose, created on the Dnieper River were six large reservoirs (Kyiv, Kaniv, Kremenchug, Dniprodzerzhynsk, Dniprovsk and Kakhovka water reservoirs) with total combined volume of 43.8 cubic km. Also built were seven major canals:

Name of Canal	Length ,km	Discharge, m ³ /sec
North-Crimean Canal (NCC)	400.3	300.0
Main Kakhovka Canal (MKC)	129.7	530.0
Dnieper-Donbass Canal	263.0	120.0
Seversky Donets-Donbass Canal	132.0	43.0
Dnieper-Ingulets Canal	40.0	37.0
Dnieper-Kryvyj Rig Canal	42.95	40.0
Danube – Sassyk Canal	13.0	130.0

As the main waterway of Ukraine, the Dnieper River is the only guaranteed source of water supply not only for consumers of water, located in its basin, but also for major industrial and agricultural areas of the country – Kharkiv oblast, Donbas, South Ukraine. Flow of the Dnieper river is characterized by sharp volatility in the long-run terms and annually, by season. During spring floods formed are 60–70%, and in some years up to 80% of annual river water flow. Given such water flow variation, existing cascade of 6 reservoirs allows to solve the problems of municipal and industrial water supply, land irrigation (for which required is strict compliance with needs for adequate volume and regime of water supply) as well as supply of water for hydropower, navigation, fisheries and recreation. Creation of these reservoirs secured provision of more than half the volume of water consumption.

In 2007, abstracted from natural sources was 15.729 million m³ of water (fresh – 14,804), of which 2,175 million m³ – from underground water sources, including 774 million m³ of mine and quarry waters. Comparison of these water abstractions with those in the previous years is presented in Fig. 3.

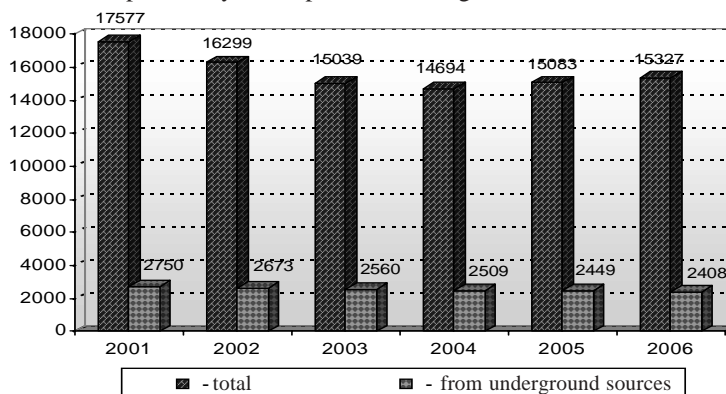


Fig. 3. Variation of water abstraction from the surface and underground water sources of Ukraine, in million m³.

Total water use in 2008 for different needs was 9,340 million m³, including drinking water – 2,581 million m³, technical water – 6,758 million m³, with 517 million m³ of

drinking water used for production needs, including 212 million m³ withdrawn from municipal water supply systems (ie water, specially treated to drinking quality level).

In 2008, used was 353 million m³ of effluent water, 105 million m³ of collector and drainage water and 56 million m³ of mine and quarry water. The systems of recycled and re-used water usage used 46,260 million m³ of water. Losses during water transportation reached 2,255 million m³ of water (14% of abstracted).

Domestic and communal sector accounts for half of the volume of water lost (55%). Share of losses in this sector is 35% (compared with the year 2007 water losses increased by 1.8% due to increased abstraction of water by the sector). It must be emphasized that the majority of water that is lost in the communal sector had been already prepared for consumption.

Almost all surface water sources in Ukraine in 2008, and in general, during the last ten years is subject to intensive pollution. Because of low quality of wastewater treatment discharge of polluted water into the surface water bodies fails to decrease, although the use of water, compared with water use in the beginning of the 1990-ties decreased more than in two times.

In total, in 2008 discharged into the surface water bodies was 8,342 million m³ of waste water which is 237 million m³ less than in the year 2007. Discharge of waste water according to its pollution category was:

- polluted water – 2,728 million m³ (1,126 million m³ less than in 2007), including untreated polluted water – 616.3 million m³ and partially, insufficiently treated waste water – 2.112 million m³;
- treated waste water – 1,357 million m³ (112 million m³ more than in 2007);
- untreated, but normatively clean water - 4.257 million m³ (at 778 million m³ more than in 2007).

Table 1

Dynamics of waste water discharge into surface water bodies by principal sectors of economy of Ukraine, in million m³

Economy branch	2000	2001	2002	2003	2004	2005	2006
Industry, total	6466	6024	5708	5205	4914	4858	4817
including: polluted	1829	1776	1759	1677	1703	1731	2259
without treatment	542	578	622	565	544	671	1248
Agriculture, total	1142	976	1012	948	927	2734	1007
including: polluted	99	56	44	70	54	58	48
without treatment	96	55	43	69	52	56	46
Domestic and municipal, total	3306	3096	3085	2906	2821	2718	2619
including: polluted	1371	1164	1109	1195	1562	1646	1575
without treatment	116,8	111	115	168	157	163	130
Total for Ukraine	10517	10136	9613	9028	8697	8554	8484

It should be noted that the quality of wastewater largely does not meet established standards for MAD (maximum allowable discharges), and in a number of regions there observed is substandard operation of sewage treatment works and, sometimes they do not function at all.

However, in many cases (e.g. in 2008, in one of the largest enterprises of ferrous metallurgy “Azovstal” steel mill) when permits for special water use are issued, the norms of MAD are subject to unjustified relaxation (or temporary norms of MAD are granted) which enables water users to shift their effluents from polluted category to category of normatively treated waste water without any change in quality of the existing technological processes of waste water treatment.

The biggest volume of polluted waste water discharge was by water users of Dnipropetrovsk region – 613.4 million m³, Donetsk region – 614.5 million m³, Lugansk region – 147.4 million m³, Zaporizhzhia region – 378.2 million m³, Odessa region – 187.6 million m³ and the city of Kyiv – 366.3 million m³.

Major water polluters are industrial enterprises – 1,367 million m³ (mainly, by effluents discharge by electric power producers, steel metallurgy and coal industry in the cities such as Zaporizhzhia, Dnipropetrovsk and those of the Donetsk region) as well as by the housing sector and municipal utilities – 1,320 million m³ (mostly by public utilities of the city of Kyiv – 366.3 million m³, Dnipropetrovsk – 161.6 million m³, of Odessa – 157.7 million m³, Kryvyj Rig – 70.5 million m³, Zaporizhzhia – 63.9 million m³ and Lviv – 43.9 million m³).

Strategies / programs in water sector:

- National Program of Environmental Rehabilitation of the Dnieper River Basin and Improvement of the Quality of Drinking Water, approved by the Decision of the Verkhovna Rada of Ukraine, dated 27.02.1997, ¹ 123/97-VR;
- Protocol on Water and Health, Ratified by the Law of Ukraine, dated 09.07.2003, ¹ 1066;
- Draft Concept of the National Program on Water Resources Protection;
- Draft Strategy of National Environmental Policy until 2020;
- Section “Environment” of the Agreement on Association between Ukraine and the EU.

Public institutions responsible for water sector.

Cabinet of Ministers, Ministry of Environment and Natural Resources, Ministry of Building, Architecture, Housing and Communal Economy, Ministry of Agrarian Policy, State Committee on Water Resources Saving, State Committee of Fisheries, Ministry of Finance, Ministry of Economy, State Tax Administration, Ministry of Justice, Ministry of Public Health, State Committee of Ukraine on Issues of Technical Regulation and Consumer Policy, Ministry of Transport and Communication.

Main target groups (stakeholders).

According to the current Ukrainian legislation, specifically authorized bodies performing public administration in the use and protection of water and reproduction of water resources include central executive authorities in charge of protection of the natural environment, water economy, geology and use of mineral resources, their local authorized branches and some other bodies.

Such management system is mostly based on industrial and administrative-territorial water management principle (rather than on the basin principle), which results in existence of both imperfect and unbalanced mechanism of water usage, water protection and reproduction of water resources. Observed also is overlapping and duplication of functions in the implementation of some managerial functions.

In order to improve management system and mechanisms for regulation of usage and protection of water resources, it is necessary to ensure transition from operation at the level of departmental authority to basin-based bodies of water resources management and development relevant economic, legal, institutional and social foundations management tools. Representatives of all stakeholders, including nongovernmental organizations, should be included into the structure of such basin authorities.

Therefore, at the present time the key stakeholders are the Cabinet of Ministers, Ministry of Environment and Natural Resources, Ministry of Building, Architecture, Housing and Communal Economy, Ministry of Agrarian Policy, State Committee on Water Resources Saving, State Committee of Fisheries, Ministry of Finance, Ministry of Economy, State Tax Administration, Ministry of Justice, Ministry of Public Health, State Committee of Ukraine on Issues of Technical Regulation and Consumer Policy, Ministry of Transport and Communication, public organizations, local self-government authorities, businesses and population living within the territories of water body basin.

2. Identification of Major Problems

Current system of water use management, protection and reproduction of water resources, the efficient of functioning of which is a necessary prerequisite for ensuring environmental security, sustainable economic and social sectors development, needs to be reformed.

The reforms are needed due to the fact that in the past large-scale transformation of natural water systems, use of significant volumes of water for the economy, water pollution as well as changing conditions of natural river flow formation caused deterioration of the water resources availability potential of Ukraine. Significant anthropogenic pressure led to further deterioration of the conditions of aquatic ecosystems and decrease of water quality in water bodies.

The main reasons that led to the deterioration of the ecological state of water bodies and the need to improve existing system of water use, protection and reproduction management are:

- shortage of water resources which meet the norms of environmental safety of water use;
- sharp changes in hydrological regime due to deterioration of hydro-chemical, hydro-biological hydro- morphological quality indices of the most natural of natural watercourses and water bodies and worsening of ecological conditions of the water bodies associated ecosystems;
- excessive level of river flow regulation;
- increase of the risk of destruction of hydraulic structures and facilities, lack of effective protection from the ravages of natural waters;
- lack of sufficient budget financing of governmental programs aimed at improving the ecological state of river basins;
- lack of attractive investment climate in the water sector;
- low size of charges and fees for special water use;
- poor application of economic incentives for water protection and lowering the volume of water consumption;
- overly centralized and insufficiently coordinated system of the use, protection and reproduction of water resources; duplication of functions of the central executive authorities and absence of a single body responsible for water protection and effective ecologically oriented water use management;
- lack of water management based on river basin principle.

3. Objectives of the Strategy

Strategy objectives are aimed at the achievement of compliance of the national principles of water resources management with requirements of the EU and implementation by Ukraine of its international obligations in respect to introduction of the river basin principle of water resources management through introduction of the standards of the Water Framework Directive, set out in the section on “Environment” of the Association Agreement between the EU and Ukraine.

4. Main Directions of Activities Aimed at Achievement of Specified Objectives

Efficiency of river basin management lies in creation and securing proper maintenance of such financial mechanism that ensures a direct connection between the payment for use of water and the financing of priority water protection measures within the river basin.

Among the main principles of introduction of the river basin management system are the following:

- step-by-step approach to creation and improvement of the system;
- emphasis on prioritization of the need for legislative support to establishment of river basin management system (development and approval by the Verkhovna Rada of the principal directions of state water policy, introduction of appropriate changes to the Water Code and other legislative acts of Ukraine);
- provision of the follow-up normative and methodological support of new system of management (secondary law regulations of the Cabinet of Ministers of Ukraine, ministries and other central executive bodies of the executive power with their stage-by-stage introduction through establishment and further development of river basin based principle of water resources management);
- maximal use of the positive foreign experience in creating organizational support infrastructure for new management system.

According to provisions of the Law “On the National Program of Water Economy Development” (2002) full transition to water resources management in Ukraine on the river basin principle is envisaged to be achieved by the year 2010. Due to delay in enforcement of this Law, complete shift to the river basin principle of water resources management may be achieved only in the year 2015.

The main objectives of water resources management on river basin principle.

The main long-term objectives of the government policy in respect to water management on river basin principle are:

- creation of a system for assessment of conditions of water bodies, planning and monitoring implementation of measures aimed at protection and use of water;
- stage-by-stage institutional and functional reorganization of the existing system

of state management of the use and protection of water on the river basin principle and provision of the relevant organizational support to such system;

- creation of effective mechanism for financing and economic incentives for water river basin management;
- introduction of changes and amendments to existing and development of new regulations and norms concerning introduction of the mechanism of integrated management of water resources use, protection and reproduction.

To perform these tasks a set of measures must be realized dealing with:

- development of the Program of integrated water use and reproduction for relevant river basins; the main element of such Program should be development of a scheme of water resources management at the given river basin and a long-term (15 – 20 years) target-oriented river basin programme for restoration of self-purification and self-rehabilitation potential and capacity of rivers of the river basin in question and related to it aquatic ecosystems;
- creation and organization of proper functioning of the system of the bodies of the state management of river basins; integration and development of bilateral and multilateral inter-governmental cooperation between Ukraine and other countries on problems of protection and use of trans-boundary water areas of river basins and improvement of the institutional support for such cooperation;
- gradual and systematic reform of financing mechanisms and economic incentives for measures relating to management of water use and protection on the river basin principle, including:

at the initial stages, financing of measures to develop and implement plans for river basin water resources management should be implemented within the limits of the existing financial resources allocated from the state budget, local budget and other sources;

burden on the state budget, which arises in connection with creation and operation of the state river basin authorities, can largely be reduced by structural and functional adaptation of the central bodies of executive power (first of all of those who are in charge of environmental protection, water economy, emergency situations) to the needs and requirements posed by river basin water resources management and market economy;

alteration of the existing system should be implemented without any increase in budgetary spending for the personnel running water management systems. This is possible only by shifting employees from the existing administrative territorial bodies (regional, district and other bodies of water resources management) to the basin authorities (to be employed as technical

staff of the basin authorities (councils) or as employees of Water Agencies).

At further stages, budget for river basin management could be formed by the following means:

use of money received as fees for special water use and pollutants discharge into water bodies of the river basin;

financial inputs from investors, who are assigned to implement specific investment projects, and through target financial inputs of water users and other legal entities, including the subjects of general water use;

allocations from the state budget intended for financing of measures envisaged by the national program of integrated development of river basins of Ukraine and relevant activities which are an integral part of other national programs;

allocations from the local budget;

international investments, loans, grants, programs and projects undertaken by the international bodies and organizations, as well as compensation for the damage to the Ukrainian part of trans-boundary water courses by the neighboring countries;

allocations from other sources not prohibited by the existing laws.

All other funds coming to the budget of the river basin authority (Water Agency), are enlisted (excluding the profit tax) on the Water Fund financial fund account and can be spent only for funding environmental measures in the river basin, including for granting low-interest or interest free loans to individual water consumers (water users) for improvement of manufacturing technologies aimed at reduction of water abstractions from water bodies and reduction of polluted waters discharge:

all financial expenditures of the Water finance fund of the river basin are reviewed and approved by the Basin Council;

effectiveness of proposed the most radical changes in the mechanism of support of management, use, protection and restoration of water resources must be subject to preliminary tested at 2 or 3 river basins.

- introduction of amendments and additions to the Water Code of Ukraine and to the Law of Ukraine “On Protection of the Natural Environment”, and preparation of separate legislation to regulate legal relations related to management and protection of waters on the river basin principle. In particular, the Water Code of Ukraine should be supplemented by articles on the National Water Coordination Council, River Basin Council, River Basin Water Agency as well as by law provisions regulating river basin planning, economic relations between water user (water consumers) and Water Agency; on the size of financial transfers to the State budget (the latter may not exceed profit tax

amount); on financial fund of river basin. All above-mentioned new legal acts should be accompanied by development of the secondary law norms and regulations.

Functions and rights of main management bodies.

The system of state bodies in charge of river basins management includes representative national and river basin level structures and specially authorized central and river basin executive bodies acting as public authorities.

River basin representative body is established in the form of the **Basin Council**, to which, on equal terms and in equal numbers, included are representatives of central and territorial bodies of executive power, local governments, local councils and local self-government bodies, water users, public organizations, water related scientific community and legal profession. The legal basis for establishment and activity of a Basin Council is a typical regulation stipulating regional cooperation and setting of Basin Council, approved by the Cabinet of Ministers of Ukraine, Agreement between the governing bodies of all above-listed categories of the subjects of a river basin as well as some relevant norms and legal acts.

Basic principle of Basin Council activity is harmonization of interests and coordination of activities of the bodies involved into management and use of water resources. Basin Council is an effective institutional and organizational mechanism for implementation of the measures envisaged by the long-term, target-oriented program for improvement of water quality and ecological rehabilitation of the river basin.

Executive River Basin Authority - River Basin Water Agency – is established in order to implement state policy in the field of management of water resources within river basins and is viewed as separate body of the executive power. River Basin Agency is created by the decision of the Cabinet of Ministers of Ukraine. Its activities are directed (but not managed directly) by a specially authorized central body of the executive power in charge of environment protection which introduces relevant norms and regulations.

The main function of the state management of waters resources of a river basin is creation and organization of implementation of a river basin water resources management Plan, which is approved and controlled by the respective River Basin Council.

In order to ensure proper coordination of operation of individual river basin councils, study and finding solution for outstanding common issues and objectives and, first of all, for approval of the measures to be included into national target-oriented programmes, established also is a representative body of the national level – **National Coordination Council for Water**.

5. Stages of Introduction of the Basin Principle of Management of Water Usage, Protection and Reproduction

Introduction of the river basin principle into practice of state management of water resources should be carried out on phase-by-phase basis in accordance with an action plan, which had been subjected to in-detail elaboration, and is aimed at achievement of the main objectives of the Water Framework Directive of the EU.

The first phase (3 years after approval of the Ukraine – EU Association Agreement).

Main tasks of this initial phase should be:

- creation of a system of legislative, normative and technical base, including, in particular, provisions, work schedules and decision-adoption procedures for Basin Councils and Water Agencies of river basins;
- facilitation of regional cooperation, signing inter-regional agreements on joint management of water resources of the shared river basins and creation of Basin Councils with definition of their powers;
- establishment of Water Agencies for river basins on the basis of the existing river basin departments of water resources management incorporated into the system of the State Committee for Water Resources Saving (in the basins of Dnieper, Desna, Ros, Dniester, Seversky Donets, Western Bug, Southern Bug rivers and, as well, rivers of the Crimea, Danube, Upper Tisza as well as rivers of the Azov and Black Sea regions);
- implementation of preparatory works related to conclusion of multilateral agreements ensuring effective coordination of international efforts to solve the problems of protection and use of water resources in the trans-boundary river basins;
- elaboration and approval decision on development and implementation of plans and programs to ensure practical implementation of the strategy of integrated management of water resources;
- conduct on the basis of 2–3 river basins organizational and economic experiment involving practical testing the proposed model of management

and protection of water resources on the river basin principles;

- provision of information to population in order to raise public awareness; advocacy, among the subjects of water resources management, a methodology of integrated approach to water resources management.

The second stage (6 years after approval of the Ukraine – EU Association Agreement).

During these years implemented should be measures for full implementation in Ukraine of the river basin principle for management of use and protection of water resources. During this period it will be necessary:

- to complete development and introduction the full package of laws, norms and regulations which would govern legal relations of water resources management subjects and will ensure practical enforcement of legal norms and requirements relating to administrative, institutional, financial, economic and, as well, information and methodological conditions for practical implementation of the basin principle for management of use and protection of water resources;
- to define and set boundaries of river basins in Ukraine, including the river basin boundaries at the international water bodies;
- to complete creation and to ensure full-scale functioning of the state system of bodies in charge of river basins water resources management;
- to analyze characteristics of river basins watersheds, to evaluation state and conditions of use and protection of water resources, to identify environmental management objectives, to improve the monitoring system and to create electronic databases;
- on the basis of the results of organizational and economic experiment, acquired domestic and foreign experience, to adjust programs and action plans aimed to ensure implementation of the river basin principle of management of water resources use and protection.

The third stage (8 years after approval of the Ukraine – EU Association Agreement).

- develop and ensure implementation of water management plans for each river basin, including schemes of river basin principle of management of water resources of river basin and long-term target-oriented basin-wide programmes of integrated development of water resources;
- based on actual monitoring data depicting real ecological state of river basins and organizational monitoring of implementation of measures stipulated by the relevant programs and plans for implementation of integrated management

of water use and protection to identify a strategy for further gradual improvement of the state and conditions of water bodies of Ukraine and upgrading state system of water resources management in the future;

- extensive consultations with the general public, publication of the plans for management of river basins.

During this period, also measures aimed at formation of such water resources management system implemented should be which would adequately meet new requirements posed by legal, economic, financial, institutional, organizational, scientific, technical, methodological, information and other prerequisites of appropriate state governance in the field of water resources protection in Ukraine in order to stop the increase in the level of pollution of surface and ground associated with river basins of Ukraine and to secure further sustainable reduction of water pollution and increase of the number of surface and ground water bodies included into the category of “good” water bodies.

6. Possible Impacts of the Strategy Implementation

Implementation of the solutions defined in the policy analysis document will enable:

- to prevent pollution and improve surface and groundwater quality, to meet the growing needs of the population and economy in the required volume of good quality water, to achieve satisfactory environmental conditions in river basins, to improve activities of state bodies in charge of management of this sector through harmonization of processes of centralization and decentralization of the management with involvement of the private sector and general public, to expand the rights and powers of local communities and of their representative bodies;
- to optimize financial costs of the use, protection and restoration of water resources;
- to establish effective monitoring and information support system dealing with use, protection and reproduction of water resources;
- to ensure further development of water economy infrastructure in accordance with market economic conditions;
- to ensure more active cross-border and regional cooperation of Ukraine with the neighboring countries in the management of trans-boundary watercourses and water resources;

- to secure balanced use of financial, material and organizational resources of the state allocated for achievement of the above-stated objectives.

Performance assessment criteria that confirm achievement of objectives and changes in the given sector should also be developed.

Strategy implementation will help to decrease level of water sources pollution, improve quality of surface water, secure efficient management of water bodies, particularly, in ensuring prevention of impacts of floods and other natural disasters related to water bodies.

7. Monitoring and Assessment of the Strategy Implementation Effectiveness

Regional centers for environmental monitoring as well as information and analytical centers are created in all regions of Ukraine. They carry out collection, processing and analysis of the data provided by all subjects of the state system of environmental monitoring of the regional and national levels; maintain data banks fed by data from environment monitoring organizations including data on water resources to be provided on the river basin principle.

Information about the Activities of Policy Analysis Groups

The project “Development of a Network of Policy Analysis Groups in the System of Central Executive Bodies in Ukraine” is aimed at:

- promoting the development of democratic governance in Ukraine;
- promoting the strengthening of institutional capacity of central bodies of executive power for policy making;
- improving the coordination of public policy development;
- strengthening the strategic character and analytical support of decisions and enhancing the quality of overall government planning; and
- enhancing civil servants’ professionalism in developing policy proposals.

The legal basis for policy analysis groups functioning includes:

1. Order of the Cabinet of Ministers of Ukraine on “Activities of Policy Analysis Groups”, dated December 30, 2008 ¹ 43542/99/1-08.
2. Regulation of the Cabinet of Ministers of Ukraine “On approval of the year 2008 “EU – Ukraine Action Plan“, dated August 6, 2008 ¹ 1072-p.
3. Memorandum of Understanding between the Government of Ukraine and the Government of Canada concerning Ukrainian Civil Service Human Resources Management Reform Project, signed on May 26, 2008.
4. Regulation of the Cabinet of Ministers of Ukraine “On Ensuring Functioning of the Policy Analysis Groups in Central Executive Bodies and the Secretariat of the Cabinet of Ministers of Ukraine”, dated February 7, 2007 ¹ 32-p.
5. “Civil Service Development Program for 2005–2010”, approved by the Cabinet of Ministers of Ukraine on June 8, 2004 ¹ 746, with changes approved by the Cabinet of Ministers of Ukraine on September 3, 2008 ¹ 776.

The objectives of the project are the following:

- holding a series of practical target-oriented trainings and ensuring exchange of experience between the groups in respect to policy analysis, including methodology and practice of the comprehensive study of a situation and identification of a problem, assessment of its causes and implications, selection of alternative approaches to problem solution based on cost-benefit analysis and consideration of different stakeholders’ opinions;

- drafting policy documents relating to fulfillment of obligations imposed by the future EU – Ukraine Association Agreement with clear definition of tasks and steps for implementation of this Agreement;
- organizing public consultations aimed at discussion of proposed policy documents.

Policy documents developed by policy analysis groups in 2009:

- A policy on overcoming technical trade barriers: standardization and conformity assessment;
- Improvement of risk management in financial services sphere in Ukraine;
- Consultations on improving the investment climate of the agricultural sector of the Ukrainian economy;
- Dissemination of information on public procurement: adaptation of the Ukrainian legislation to the *acquis communautaire*;
- Strategy for the improvement of state sanitary and phytosanitary control and surveillance at state border crossing;
- Determination of optimal ways to reduce the level of piracy in Ukraine with respect to copyright and related rights in the course of circulation of copyright objects on tangible mediums;
- Harmonization of the national aviation safety system with European standards within the framework of the common aviation area Agreement. Participation of Ukraine in the European Aviation Safety Agency;
- Development of water resources management policy under the “Environment” Section of the EU Association Agreement;
- Priority efforts for the integration of unified power system of Ukraine into unified power systems of the European Union;
- Harmonization of Ukrainian legislation on the application of excise duty on alcohol and tobacco products in the context of the future Agreement on Association with the European Union.

Previous Initiatives on Policy Analysis

This project is a logical follow-up of the previous policy analysis initiatives carried out by the Main Department of Civil Service of Ukraine and international donors:

- “Public Policy Capacity Building” (1999–2003);
- “Establishing Policy Analysis Groups and an Information Resource Centre in the Government of Ukraine” (2000–2001);
- “The Activity of Policy Analysis Groups (PAGs) in Government Bodies in Ukraine” (2005–2006);
- “Strengthening the Institutional Capacity of Central Executive Power Bodies for Policy Making in the Context of the Concept Development of a Training and Consultative Center for the Highest Corps of Civil Servants” (2007–2008).

Firstly, such initiatives were funded by foreign donors, in particular, by the Canadian International Development Agency (CIDA) and the Swedish International Development Agency (SIDA).

Within the framework of the first project “Public Policy Capacity Building” (1999–2003) students of the National Academy of Public Administration under the President of Ukraine (NAPA) were engaged in the policy analysis training. The training included the internship in Canada and drafting of policy papers. Based upon project results, a course on policy analysis was included into the Academy’s curriculum, with practical assignments in drafting policy papers on selected topics.

The next project “Establishing Policy Analysis Groups and an Information Resource Centre in the Government of Ukraine” (2000–2001) was implemented as a joint initiative of the Cabinet of Ministers of Ukraine, International Center for Policy Studies (ICPS), Open Society Institute (OSI) and International Renaissance Foundation (IRF) with financial support from IRF under the tripartite agreement on cooperation between the Secretariat of the Cabinet of Ministers of Ukraine, ICPS and the IRF. The participants of this project were 49 governmental officials of higher and middle rank from the Ministry of Economy, Ministry of Finance and the Secretariat of the Cabinet of Ministers.

The outcome of these projects was inclusion into Regulations of the Cabinet of Ministers of Ukraine of a section that set requirements to policy documents (“policy decisions”), in particular, with regard to analysis of alternative solutions.

Upon the initiative of the Main Department of Civil Service of Ukraine, the efforts towards creation of policy analysis groups in central bodies of executive power continued in 2005. The projects were implemented by the Center for Adaptation of the Civil Service to the Standards of the European Union (the former name – Center

for Civil Service Institutional Development under the Main Department of the Civil Service of Ukraine), and were financed from the State Budget. List of policy documents developed by policy analysis groups during 2005–2008, is presented in Table 1.

In 2005–2006 the International Centre for Policy Studies implemented a project “The Activity of Policy Analysis Groups in Government Bodies in Ukraine”. The Department for International Development of the United Kingdom (DFID) and the Delegation of the European Commission to Ukraine provided assistance in engaging foreign consultants and trainers. The project results demonstrated the need to modify the training programs, to create policy analysis groups in other governmental bodies and to develop the network of policy analysis groups as a permanent forum for the articulation of new policy priorities and discussion of trends and prospects of social development.

The project “Strengthening the Institutional Capacity of Central Executive Power Bodies for Policy Making in the Context of the Concept Development of a Training and Consultative Center for the High Corps of Civil Servants”, which was implemented during 2007–2008, showed the importance of enhancing professional capacity of top civil servants in policy analysis and democratic decisions-making process. The need to acquire more knowledge and skills is emphasized in the context of participation of the government bodies in the Twinning projects.

Table 1. Analytical documents prepared by the policy analysis groups in 2005–2008

¹	Central executive body	Period of activity of PA groups	Subject of study
1.	Secretariat of the President of Ukraine	2005–2006	Strategy of democratic development of Ukraine and institutionalization of public policy tools in work of central bodies of executive government
2.	Secretariat of the Cabinet of Ministers of Ukraine	2005–2006	Democratization of decision-making process and compliance with the European requirements on applying democratic procedures in the decision-making process
3.	National Bank of Ukraine	2007–2008	Building the National Bank of Ukraine on the basis of independent, open and transparent activity
4.	Ministry of Economy of Ukraine	2005–2006	Policy and procedures for the preparation of state budget as the strategy for economic development of the country
5.	Ministry of Finance of Ukraine	2005–2006	State fiscal and taxation policy

6.	Ministry of Transport and Communication of Ukraine	2005–2006	State policy of Ukraine on integration of Ukraine to trans-European transport networks
7.	Ministry of Fuel and Energy of Ukraine	2007–2008	Creation of minimum supplies of oil and oil products
8.	Anti-Monopoly Committee of Ukraine	2005–2006	Policy in respect to liberalization of the domestic market and raise of competition at this market
9.	State Tax Administration	2007–2008	Improvements in tax information exchange
10.	State Committee of Ukraine on Technical Regulation and Consumer Policy	2005–2006	Policy of adaptation of the national legislation to norms and standards to requirements of the European Union
11.	State Nuclear Regulatory Committee of Ukraine	2007–2008	Increasing safety for resources of ionizing radiation in Ukraine
12.	State Agency of Ukraine for Investments and Innovations	2005–2006	Attracting foreign investments to Ukraine: problems and solutions
13.	State Commission on Securities and Stock Market	2007–2008	Increasing the level of corporate governance in joint-stock companies and ensuring of investors' rights
14.	National Electricity Regulatory Commission of Ukraine	2005–2006	Policy on regulation of the domestic electricity market
15.	National Space Agency of Ukraine	2005–2006	Policy on institutional development of the national space industry under market conditions
16.	Administration of State Border Service of Ukraine	2007–2008	Improvement of the system of border crossing in Ukraine for persons and transport vehicles
17.	State Department for the Execution of Punishment of Ukraine	2007–2008	Identification of the most optimal ways for minimizing the number of detainees in custody, and observance of norms for detention procedures in Ukraine

Information edition

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**Development of Water Resource Management Policy under the
“Environment” Section of the EU–Ukraine Association Agreement**

developed within the framework of the “Development of a Network of Policy Analysis
Groups in the System of Central Executive Bodies in Ukraine” project

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