



MINISTRY OF HOUSING AND MUNICIPAL ECONOMY OF UKRAINE

Dealing with post-decentralization implications in the water supply and sanitation sector of Ukraine:

Roadmap with proposed activities, schedules and distribution of tasks

Development of the Roadmap was supported by the Advising-assistance Programme of the German Federal Environment Ministry for Environmental Protection in the Countries of Central and Eastern Europe, the Caucasus and Central Asia.

INTRODUCTION

National Policy Dialogue on water-supply and sanitation in Ukraine was launched in 2008.

Key partners are the Ministry of Municipal Housing Economy of Ukraine, OECD EAP Task Force and the EUWI EECCA Working Group.

Specific objectives of the Ukrainian NPD were agreed at the national level and included:

1. Analyzing the impact of decentralization on water services in Ukraine;
2. Identifying possible reform measures that can help to manage the sector more effectively and efficiently;
3. Presenting the reform measures in the form of policy recommendations.

The purpose of this work is to define the challenges of decentralization resulted from the transfer of authority from the central government to local governments for the delivery of water supply and sanitation (WS & S) services in Ukraine. These challenges could be solved mostly by aiming at inter municipal cooperation, identifying the mechanisms for cooperation of local self governments.

A first Steering Group meeting of the EUWI National Policy Dialogue in Ukraine was held in April 2009 in Kiev. A draft roadmap of reforms was discussed at the second Steering Group meeting in October 2010 in Kiev.

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I WATER MANAGEMENT ISSUES IN UKRAINE THAT CALL FOR POLICY PACKAGES UNDER THE NATIONAL POLICY DIALOGUE

1. Challenges of decentralization in water supply and sanitation

In Ukraine, according to the law, the local self governments of villages, residential settlements and cities have authority to provide water supply, wastewater collection and treatment services and to ensure quality of drinking water.

Thus, the decentralization of authority in the water sector is declared in the legislation of Ukraine as transfer of the responsibility from the state government to the local self governments. However, there is a significant difference in the decentralization effectiveness among communities of different size and socio-economic condition. The specifics of the Ukrainian legislation is that all local self governments (irrespective of size) have equal authorities in the sphere of water supply and sanitation, while a significant number of them don't have adequate resources for carrying out their functions.

1.1 Challenges created by the administrative reform; organizational issues

Administrative and territorial setting of Ukraine, inherited from the Soviet Union, was not considered to be the basis for setting the local self governments. At present the borders of the administrative and territorial units (which are Autonomous Republic of Crimea (ARC), oblasts, rayons, cities, residential settlements and villages) do not match the division of responsibilities among the local self governments. ***There are more administrative and territorial units (ATU) in Ukraine than the number of local self governments.*** As of December 2009, there were 29815 residential settlements in Ukraine, at the same time – one representative body of the Autonomous republic of Crimea (Supreme Council of Autonomous Republic of Crimea (ARC)) and 12110 of local councils (including 24 oblast councils).

This situation in the first place leads to absence of clarity in the issues of land use, which have to be solved for effective organization of water supply and sanitation. Unsolved land use issues have negative impact on the process of attracting private investors who could operate within lease or concession contracts and implement required investments into water supply and sanitation infrastructure.

More over, the excessive fragmentation of ATUs cause problems for local self governments to ensure sustainable economic development of the territories of small size with dominating share

Decentralisation is the transfer of authority and responsibility for public functions from the central government to intermediate and local governments or quasi-independent government organizations and/or the private sector

There are basically three types of decentralisation within the public sector:

- 1) **Political decentralisation** is the transfer of political power and decision-making authority to sub-national levels such as elected village councils, district councils and state level bodies.
- 2) **Fiscal decentralisation** involves a level of resource reallocation to local government which would allow it to function properly and fund allocated service delivery responsibility, with arrangements for resource allocation usually negotiated between local and central authorities.
- 3) **Administrative decentralisation** involves the

of residents of not active labor age. Local self governments have no possibilities to guarantee sustainable funding of O&M and investment needs of infrastructure without adequate economic base of the territorial community.

Autonomous Republic of Crimea has a special legal status, and on its territory the authorities of state and local self governments intercept with the authorities of the republican government. In the sphere of water supply and sanitation, lack of clarity in these issues mostly reveal in such areas as tariff setting on the territories of the local self governments, issuance of land use permits and use of natural resources. The city of Sevastopol, which is located in Crimea, has its own system of interrelationships of public authorities and spheres of their influence. While the general provisions of the national legislation, applied in Sevastopol as throughout Ukraine, that refer to tariff setting and private sector participation, do not reflect the specifics of the public authority system in the city.

1.2 Capacity issues

Lack of qualified personnel

As a result of decentralization, the local self governments appeared “one on one” with the problems of legal character due to absence of required legal support for carrying out regulatory functions (with respect to the activity of natural monopolists); without technical staff needed for coordination of water supply and sanitation services, planning of budget financing of capital investments and carrying out control over drinking water quality.

Attracting of private sector on parity conditions is almost unreal for small communities. The reason for this is lack of basic legal and economic knowledge related to carrying out of lease and concession contracts by the local self government staff.

No development oriented planning at the community level

The State strategy of regional development until 2010 declared that one of the principles of implementing policy of regional development is interrelation of long term strategies, plans and development programs at the national level and at the level of ATU. However, planning at the level of ATU, and specifically the level of villages, residential settlements, and towns of rayon subordination practically does not exists, since the local self governments of such communities have no adequate staff and financial capacity for carrying out a planning function.

When we look at the maintenance requirements for water supply and sewage infrastructure, there is no difference in needs of technical staff and material capacity for the utilities of various sizes. However, the material capacity and qualification of technical personnel of rural water utilities significantly differ from those of the large utilities. Current operational and maintenance needs, as well as, liquidation of accidents by small operators (in the Ukrainian context we may even refer to one private entrepreneur) are a problem today. The reason for this is high weighted costs (per customer or 1 m³ of water sold or sewage disposed), which are needed for solving the problems in a small residential settlement. ***Economic feasibility of quality water services can only be achieved by expanding the service territory up to a certain scale.***

1.3 Fiscal and budgetary issues

A gap between administrative and fiscal decentralization creates a considerable problem for local self governments of small and medium size communities.

Fiscal decentralization, which is declared by the Constitution of Ukraine, being a key component of decentralization, has not been implemented in a way to ensure capacities of local self governments to carry out their responsibilities. Fiscal capacity of local councils of villages, rural

settlements and towns of rayon subordination is minor due to restrictions set by law and the Budget Code of Ukraine in particular.

The needs of local self governments do not correspond with the existing possibilities to mobilize funds both from local sources and inter budgetary transfers.

At the end of 2009, 715 ATUs had direct relations with the state budget. Meanwhile, over 12 thousand local councils have budgetary authority. Thus, not all budgets of local self governments have direct links with the state budget. Specifically, the budgets of territorial communities of villages, rural settlements and towns of rayon subordination are *dependant from the rayon* (rayon council and rayon administration). A rayon has excessive (from the point of fiscal decentralization) managerial leverages on a budgetary process and allocation of budgetary resources that come as transfers from the state budget.

In their turn, very small and fiscally weak communities can not maintain adequate administration and ensure financing of current needs. Within current administrative and territorial status of Ukraine this situation does not allow establishing direct financial and budgetary relations between the state and communities.

As a result of such inter-budgetary relations water supply and sewage systems of villages and rural settlements' (with minor exceptions for ARC1) have been dropped out from the lists of objects for funding from the state budget over a number of years (1994-2006). At the same time, the budgetary authorities of local self governments of small communities are not provided with the required resources. Such a problem is enforced by the legal ban for borrowing that exists for local self governments of villages, rural settlements, rayon and oblast councils.

Measures, which the state has been trying to apply for solving the existing problems of publicly owned utilities, can hardly be called efficient:

- During 2004-2008, the state budgetary funding was channeled on a non revolving basis for investments into objects of public ownership of cities; local self governments of which have more possibilities for attracting investment capital than local self governments of villages, rural settlements, rayons and oblasts.
- For a number of years the state has been subsidizing water supply and sewage utilities that are publicly owned for recovery of operating losses, resulting from tariff setting below cost recovery level.

These measures of the state budget support actually demotivate local self governments to effectively carry out their functions in the water supply and sewage sector. As a result, the activity of water utilities has been chronically loss making. The investment needs are not funded as well. Accidents that occur in the systems as a result of wearing out of the infrastructure objects are being liquidated from the state budget funding as emergency situations.

1.4 Legal and institutional frameworks: need for reforms continuity

Within decentralization context, from the legal and institutional point of view the following areas require reforms continuity:

- Economic regulation of the activity of natural monopolies

¹ In 2007, total of UAH 91 610.6 thousand of budget financing for the Crimean water supply sector, the rural water supply sector received UAH 22 020 thousand, or 24% of total financing for this sector/ [“The Assessment on the Status of Decentralisation and Services Provision in the Water Supply Sector in Selected Locations in Ukraine” \(October 2008\)](#).

- Ensuring the quality of drinking water

National Regulating Commission for Communal Services

As of July 2010, since enactment of the Law of Ukraine “On National Regulating Commission for Communal Services” the regulation of utilities providing services of centralized water supply, sewage and district heating is carried out at two levels: national and local.

The Law defines two stages of implementation – before January 1, 2011 and after this date. Until January 1, 2011, the National Electric Energy Regulating Commission (NERC) will carry out regulatory functions at the national level, after that, the National Regulating Commission for communal services (NCRCS) will take over this function from NERC. The NCRCS should be formed during the first stage.

At the national level, the regulator has authority to set tariffs, to issue licenses for centralized water supply and wastewater activity and to define the norms of technological water losses (water lost before supply to the water distribution network). The National Commission regulates water utilities that serve more than 100 thousands inhabitants, or whose systems are located on the territory of two or more oblasts/regions and utilities with foreign investments.

At the local level the regulatory functions split among respective authorities as following:

- the local self governments set tariffs for all other utilities, as well as set norms of water losses;
- [the oblast/region administrations](#) issue licenses for water utilities not covered by the national regulator.

As preliminary estimated by the Ministry of housing and communal economy of Ukraine, only 68 utilities in the water supply and sewage sector can be regulated by the National Commission, while hundreds of other water companies will be still following the imperfect tariff setting procedure. This procedure is set by the Cabinet of Ministers of Ukraine. Such a procedure does not envisage any benchmarks that the regulator might set for the regulated companies towards reduction of water losses, or inefficient costs for energy and labor resources. The current tariff setting limits possibilities of communities to attract private sector investments, does not motivate customers to use water rationally and has deficient formula of tariff adjustment for inflation indexes.

It is difficult to provide a definitive answer (due to absence of practice) if the new law on the national regulator will be able to regulate utilities that serve more than one territorial community with the population below 100 thousand inhabitants. As of today, each local self government should approve (or agree on) the tariff for a water utility that provides services on its respective territory. Such legislative provision has negative impact on the activity of the oblast or rayon water companies that serve customers on territories of several communities and subordinate to the oblast or rayon councils; as well as for utilities that are operating the republican infrastructure of the ARC and subordinate to the Ministry of housing and communal economy of the ARC.

Procedures on approval of tariffs for water supply and wastewater is long and complex. Almost five months may take from the date of calculation of costs until tariff approval by the respective local self government. Before the law on the national regulator, it was easy to demonstrate the complexity of applying such procedure at the example of water utility formed

by the Donetsk oblast council «Company «Water of Donbas», which serves 179 ATUs, and had to get tariff approvals from each local self government where it operates.

Currently, it is hard to assess a whole spectrum of issues, which have to be solved at the national and local level for ensuring effective implementation of the provisions of the new law on the national regulator and a number of amendments that the law will require.

In addition to the above mentioned problems of tariff regulation, there are existing problems that relate to issuance of various kinds of permitting documents to the operators. These permitting documents include: license on centralized water supply and wastewater activity, [permits for special water use and use of earth's interior](#). Since operators have to obtain a lot of permitting documents at the rayon, oblast or at the level of republican authorities (e.g. in Crimea, Ministry of housing and communal economy of ARC) a considerable number of rural water supply operators do not have licenses for their activities; only few of them have permits for special water use. To obtain an [earth's interior use permit](#) the operator has to conduct a geological exploration, which significantly increases the costs of obtaining a permit. As a result, only few operators in the rural settlements have such permits. Meanwhile, the operators can be drawn to administrative, material (civil) and criminal liability for water supply without permitting documents that has been specified.

Today, the law sets that the authority of the licensing body for water companies (national regulator and oblast administrations) override the authority of the public infrastructure owners (local self governments) within the framework of the concession contracts. The licensing body can cease the license for water supply and sanitation activity of an operator, and such decision will be a basis for immediate termination of the concession contract. In such situation, the local self government has no influence on the contract performance despite the fact that it is a party of such contract. In case of a conflict between the local self government and the state/oblast administration, the private operators envisage a risk of regulatory interventions aimed at breaking the concession contract. This factor adds unjustified risks to the private operators and restricts them from entering into the water supply and wastewater sector.

Quality of water and treatment of sewage

The law defines the responsibility of local self governments for ensuring drinking water quality control. The state sanitary and epidemiological supervision of the Ministry of health protection of Ukraine keeps the control over sanitary and hygienic rules and norms in the sphere of drinking water supply. However, problems of drinking water quality in many cases result from the fact that technological systems that are used at water intake do not meet level of pollution of water source (high level of bacteriological, nitrate pollution; excessive hardness of water; iron concentration) or the problems related to land flooding. These problems have most acute need for solution in the rural areas.

Referring to the sewage treatment in the rural areas there should be mentioned a problem of outdated systems of sewage treatment, as well as lack of adequate organization of collection of sewage and its removal; clogs in the networks.

The above mentioned problems can not be solved by one community. It could only be solved in cooperation with neighboring communities or with state support. The expenses related to obtaining of various permitting documents for small operators (which have the same requirements as the operators of large municipal systems) are quite high and not justified for being recovered through tariffs. Large private investors are reluctant to invest into systems that serve small number of customers.

II. POTENTIAL POLICY PACKAGES

The challenge that calls for policy packages is the need to provide the local self governments with the access to the required resources (land, financial and other) and the right to make decisions needed for carrying out their functions. It concerns authority of local self governments in the field of planning, operating and financing of public infrastructure, economic regulation of water utilities (tariff setting) and control over quality of drinking water.

The decentralization of authority from the state government has a comprehensive nature, and, thus, requires different packages of measures targeted at:

1. Creating incentives for inter-municipal cooperation aimed at establishing aggregated ATUs and ensuring efficient management and investment.
2. Assisting local self governments in attracting private capital on lease or concession agreements.
3. Implementing a practice of development oriented planning of aggregated ATUs (in particular in the sphere of providing drinking water supply and sewage services to customers).
4. Assisting local self governments to ensure an adequate quality of drinking water that is supplied to residents of villages, residential settlements, towns, where quality of water at a source and in the systems of centralized water supply does not meet drinking water standard.

In order to implement the packages of policy initiatives it is necessary to:

- conduct discussion of the policy packages
- organize meetings with donors and IFIs to present the packages of reforms and to understand their interests and possibilities to support them;
- establish an inter agency working group (with participation of donors, NGOs) for developing of an implementation plan and adjustments of policy packages

International and local partners

In Ukraine, there is a number of organizations, donors that provide technical and financial support to the process of decentralization in water supply and sewage sector and implement technical assistance projects, among them are:

- European Commission
- Federal Ministry of Environment of Germany
- United States Agency for International Development (USAID)
- SIDA, Despro project in Ukraine
- Advisory Support to Improve Budget Planning and Mid-term Budgeting and Methodology Support for Programme Based Budgeting (2010-2011), Word Bank and SOFRECO
- Ukrainian social investment fund
- IRD
- Canadian agency for international development (CIDA)
- GTZ in Ukraine
- KfW
- NEFCO

- Embassy of Netherlands in Ukraine
- UNDP in Ukraine
- SDC
- World Bank, joint project with OECD on establishing water academy for EECCA countries

The following public organizations can play a leading role in supporting discussions of the policy packages and implementation of the reforms:

Association «Ukrvodokanal ekologia»

Association «Drinking water of Ukraine»

Association of Ukrainian cities and communities

Implementation of the proposed policy packages is presented in the form of a road map that covers a period from October 2010 through December 2015. This time frame is defined by the state program for reforming and developing housing and communal economy of Ukraine for 2009-2014, the State program “Drinking water of Ukraine for 2006-2020”, and by the State strategy of regional development until 2015.

Policy Package No.1. Creating incentives for inter-municipal cooperation, aimed at establishing of aggregated ATUs to ensure efficient management and investments into objects of public infrastructure.

(a) *Rationale*

As a result of over fragmentation of administrative and territorial system of Ukraine the negative consequences of decentralization can be overcome not only by amendments to the national legislation but by promoting cooperation between local self governments aimed at joint solving of problems. The state, from one side, can be an initiator of this process, while on the other hand it can be a party that will be providing incentives to the local self governments through the mechanisms of fiscal support and state regulation.

(6) *Work to be undertaken*

Implementing of the tasks under PP No.1 may include the following measures:

- provision of financing for investment from the state budget on revolving basis (through establishing a management company for administering the fund that is formed with the budgetary financing);
- with IFI's support creating an instrument of providing partial guarantees to the operating water companies that serve more than one community;
- establishing of a single regulator for tariff setting and licensing of utilities that serve more than one territorial community;
- provision of financing from the state budget for geological exploration to facilitate water permits issuing for the water companies serving more than one territorial community;
- simplifying the procedure for registering of legal entities and obtaining of permitting documents required for activity in the sector of centralized water supply and sewage following the principle of "one-stop shop" at the level of oblast administrations.

(c) *Lead agencies and*

The following state government agencies can play a leading role in initiating the reforms:

- Ministry on housing and communal services issues of Ukraine
- Ministry of regional development and construction of Ukraine
- Ministry of finance of Ukraine
- Ministry of economy of Ukraine
- Ministry of housing and communal economy of ARC
- Ministry of construction policy and architecture of ARC

(d) *Time schedule*

2010 -2011

Policy package No.2. Assisting local self governments in attracting private capital on lease or concession agreements

(a) *Rationale*

Local self-governments in Ukraine are authorized to involve private business into maintenance of communal infrastructure (management, lease, concession conditions, as well as participation at corporatization of communal enterprises). For this purpose, they are governed by general requirements of legislation on these issues. Shortage of competent staff at local self-governments representing territorial communities of villages, settlements, cities of rayon subordination, and absence of resources for involving skilled consultants do not allow local self-governments negotiating with private business subject to equal partners conditions. The state can organize a methodological support for local self-governments to facilitate contacts with private business, as well as create the information base for potential investors regarding local self-governments that would unite to solve common problems and implement joint projects.

(b) *Work to be undertaken*

Implementation of package No.2 may include the following activities:

- provision of state support to develop methodological materials on organizing tenders, drafting agreements, etc., which can be distributed through the national and regional investments facilities (the sort of Investments Attraction Agencies);
- organization of a regular publication of information materials summarizing experience of local self-governments in cooperation with private sector; distribution of the materials through the regional and rayon administrations;
- forming a register of aggregated ATUs (which have joined forces to solve joint problems and identified joint projects) for placement through the Investors Servicing Bureau, Chambers of trade and commerce, "Agency for the Housing and Communal Economy Development", etc.;

(c) *Leading agencies*

Ministry on housing and communal services issues of Ukraine

Ministry of regional development and construction of Ukraine

Ministry of economy of Ukraine

(d) *Time schedule*

2010 -2015

Policy package No.3. Implementing the practice of *development oriented planning* of administrative and territorial units (in particular, in the field of providing consumers with drinking water-supply and sewage services).

(a) *Rationale*

Absence of the planning practice at the level of ATUs due to lack of proper staff or financial opportunities, does not leave any chances for implementation of the regional development policy. Expedience of planning water resources management and sewage for several ATUs could

be proved with results of cost-benefit analysis: implementing the joint planning *vs* planning for one ATU out of a selected group. The state can participate in the process of planning of water resources management when investment needs for one community significantly exceed its financial opportunities, in such case, joint inter-municipal solutions might become affordable.

(b) Work to be undertaken

Implementation of package No.3 tasks may include the following activities:

- Organizing a regular training in strategic, financial and technical planning in the field of water resources management and sanitation; drafting the curricula (e.g. on the basis of the Water Academy for EECCA countries);
- A pilot testing of the development oriented planning through drafting a uniform plan (program) for an aggregated ATU (using financial planning models, etc.);
- Development of the cost-benefit model to assess implementation of the joint planning for aggregated ATU *vs* planning for one ATU from a selected group.

(c) Leading agencies

Ministry on housing and communal services issues of Ukraine

Ministry of regional development and construction of Ukraine

Ministry of finance of Ukraine

Ministry of economy of Ukraine

(d) Time schedule

2010 -2015

Policy package No.4. Providing assistance for aggregated ATUs to secure a proper quality of drinking water supplied to population of villages, settlements, cities in which the quality of water from sources and centralized water-supply systems does not meet the drinking water quality standard

(a) Rationale

The problem of supporting drinking water quality is experienced in systems with worn-out pipelines, which is characteristic today of the majority of communities in Ukraine. Moreover, process flow sheets used at a number of water pipelines do not meet the level of water-supply sources contamination and, thus, cannot provide for a proper quality of drinking water. To take a right decision on improvement of drinking water-supply systems, it is necessary to conduct a comprehensive ecological and economic evaluation. Such methods of decision-making are not affordable for financially weak communities. The state can provide a support for communities that come together for resolution of common problems related to drinking water-supply. Besides, the public budget support for investments, aimed at providing for quality drinking water supply, may be an additional incentive for inter-municipal cooperation.

(b) Work to be undertaken

Implementation of package No.4 tasks may include the following activities:

- Providing public budget support for economic and ecological assessments in case of construction of drinking water supply systems (or optimization of existing systems) for

- aggregated ATUs (constructions to be assessed vs. technological choice; ecologic and economic feasibility, including "cost-benefit" analysis).
- Budget support for investment projects (by co-funding) aimed at improving water quality, expedience of such investment projects will be confirmed by results of the economic and ecological assessment.

(c) Leading agencies

Ministry on housing and communal services issues of Ukraine
Ministry of regional development and construction of Ukraine
Ministry of finance of Ukraine
Ministry of environmental protection of Ukraine

(d) Time schedule

2010 -2015

III. ROAD MAP FOR REFORMS IN THE WATER SUPPLY AND SEWAGE SECTOR

Table A.1 contains information on roadmap activities/policy packages, timing for activities implementation, responsible Ukrainian agencies/organizations, involved international partners and organizations and main outputs to be produced. All of the measures are aimed at creating incentives for larger ATU.

N.o.	Task	Implementation mechanism	Measures	Leading agencies	International partners	Time frame
0.	Establishing a working group to support administrative decentralization in the water supply sector of Ukraine	Creating an inter-agency working group with participation of IFIs and donors	Holding a round table with presentation of a package of the political decisions and activities to be taken to support administrative decentralization in the water supply sector. Clarification of the road map.	Ministry of Housing and Communal Economy of Ukraine Ministry of Regional Development and Construction	OECD	October, 2010
1	Creating incentives for inter-municipal cooperation, aimed at establishing of aggregated <i>administrative and territorial units</i> (ATUs) to ensure efficient management and investments	1.1 Provision of financing for investments from the state budget on the revolving basis	1.1.1 Drafting the concept and provisions on the state revolving fund (managed by public company) 1.1.2 Establishing a management company to administer the fund 1.1.3 Organization of explanatory work to promote inter-municipal cooperation	Ministry of Housing and Communal Economy of Ukraine Ministry of Finance Ministry of Economy Ministry of Regional Development and Construction	World Bank IFC EBRD USAID	2010 2011 2011
		1.2 Creating an instrument of providing partial guarantees (participation of the MoF)	1.2.1 Drafting the concept 1.2.2 Creating the mechanism	Ministry of Housing and Communal Economy of Ukraine Ministry of Finance	World Bank IFC EBRD German Development Bank KfW	2011 2011-2012

		1.3 Establishing a single regulator for tariff setting and licensing of utilities that serve more than one ATU	1.3.1 Drafting the concept of the law on the regulator	Ministry of Housing and Communal Economy of Ukraine	USAID	2010
		1.4 Provision of financing from the state budget for geological exploration for the aggregated ATUs	1.4.1 Holding a round table to discuss possibilities of the state budget funding for water geological exploration 1.4.2 Drafting Cabinet of Ministers Decree on providing funding from the state budget for geological exploration to support aggregated ATUs in obtaining water permissions	Ministry of Environmental Protection of Ukraine Ministry of Housing and Communal Economy of Ukraine OSA	UNDP DesPro	2010 2010-2011
		1.5 Simplifying the procedure for registering legal entities and obtaining permit documents following the principle of the "one-stop shop" at the level of regional administrations	1.5.1 Holding a round table for discussion of the respective issues taking the example of the pilot region 1.5.2 Defining the model of administrative services provision based on the "one-stop shop" principle	Ministry of Housing and Communal Economy of Ukraine Ministry of Regional Development and Construction Ministry of Economy	UNDP DesPro	1 st half of 2011 2 nd half of 2011
2	Assisting local self-governments in attracting private capital under PPP schemes	2.1 Provision of state support through developing of methodological materials on organizing competition,	2.1.1 Drafting methodical materials and their publication 2.1.2 Conducting training on the base of	Ministry of Housing and Communal Economy of Ukraine	USAID OECD	2010-2011 2 nd half of 2011

	(lease or concession agreements)	drafting agreements, etc.	Investments Facilities, CTC, etc. 2.1.3 Holding the international conference for exchange of PPP experience in the water sector			1 st half of 2011
		2.2 Forming the register of aggregated ATUs (for operational or investment needs)	2.2.1 Decisions on the register and sources of its funding 2.2.2 Holding working meetings for organizing work on the register	Ministry of Regional Development and Construction Ministry of Economy		1 st half of 2011
3	Implementing the practice of <i>development oriented planning</i> of aggregated ATUs (in particular, in the field of providing consumers with drinking water-supply and sewage services)	3.1 Organizing a regular training in strategic, financial and technical planning in the field of water supply and sanitation (e.g. on the basis of the Water Academy for EECCA countries).	3.1.1 Holding working meetings to organize the training system 3.1.2 Drafting the curriculum 3.1.3 Establishing an institution for the staff training	Ministry of Regional Development and Construction Ministry of Housing and Communal Economy of Ukraine	OECD World Bank	2010 2010-2011 2 nd half of 2011
		3.2 Pilot testing of the <i>development oriented planning</i> for water supply and sanitation. Drafting of a uniform plan (program) for	3.1.1 Holding working meetings on reviewing the international experience 3.1.2 Drafting the concept of <i>development oriented</i>	Ministry of Housing and Communal Economy of Ukraine State Water Facility	OECD	2010 1 st half of

		<p>a pilot aggregated ATU (using financial planning models, etc.);</p>	<p>planning</p> <p>3.1.3 Choice of a pilot aggregated ATU for model designing and testing</p> <p>3.1.4 Developing the financial planning model</p> <p>3.1.5 Presenting the model at a workshop for stakeholders and roll-out of the experience</p>	<p>Ministry of Regional Development and Construction</p>		<p>2011</p> <p>2nd half of 2011</p> <p>2012</p> <p>2nd half of 2012</p>
		<p>3.3 Development of the cost-benefit model to assess a joint planning system for several ATUs vs. planning for one ATU from a selected group</p>	<p>3.3.1 Holding a workshop on the cost-benefit model to introduce the unified planning system for several ATUs</p> <p>3.3.2 Selecting a pilot aggregated ATU for testing the model</p> <p>3.3.3 Developing the model in the selected ATU</p> <p>3.3.4 Presenting results of testing the model and their roll-out</p>	<p>Ministry of Housing and Communal Economy of Ukraine</p> <p>State Water Facility</p> <p>Ministry of Regional Development and Construction</p>	<p>OECD</p>	<p>2nd half of 2012</p> <p>2nd half of 2012</p> <p>2013</p>
4	<p>Providing assistance for aggregated ATUs to secure a proper quality of drinking water</p>	<p>4.1 Providing public budget support for, economic and ecological assessments in case of construction of drinking water supply systems (or optimization of existing</p>	<p>4.1.1 Holding a conference on optimization of drinking water supply systems for aggregated ATUs (constructions to be assessed vs. technological choice, ecologic assessment and</p>	<p>Ministry of Housing and Communal Economy of Ukraine</p> <p>Ministry of Regional Development and Construction</p>		<p>1st half of 2011</p> <p>1st half of 2011</p> <p>2nd half of 2011</p>

		<p>systems) for aggregated ATUs</p> <p>economic analysis, e.g. "cost-benefit")</p> <p>4.1.2. Selecting a pilot aggregated ATU to optimize drinking water supply systems; organizing a tender to choose a company to implement needed assessments</p> <p>4.1.3. Financing of work</p> <p>4.1.4. Presentation of the results</p>	<p>n</p> <p>Ministry of Finance</p> <p>Ministry of Environmental Protection of Ukraine</p>		
		<p>4.2 Budget support for investment projects aimed at improving water quality and optimizing water supply systems (co-funding) for aggregated ATUs</p>	<p>4.2.1. Drafting the provision on funding the projects expedience of which are confirmed through economic and ecological evaluation</p>		<p>2nd half of 2011</p>