INSTITUTIONAL PROBLEMS OF WATER SUPPLY AND WASTEWATER OF UKRAINE AND THE WAYS OF THEIR SOLUTION

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ABSTRACT
The article analyzes the institutional problems of the water supply and wastewater system of Ukraine. Government-created institutions have a direct or indirect effect on the state and development of the water supply and wastewater sector, determine the processes for its modernization, as the water supply and wastewater sector itself has a certain influence on the institutions, creating the basis for their modernization, transformation or liquidation. The author argues that in order to be effective in implementing the state policy in the field of water supply and wastewater, it has to be consistent with the goals of state economic policy in other areas - social, environmental, tax, energy, financial and economic, housing, national security, etc. The article analyzes how the uncoordinated state policy of the country in the social, environmental, tax, financial, energy, foreign economic sphere affects the sphere of water supply and wastewater and its consequences. The author defines the problems of institutional provision of state policy in the field of water supply and wastewater and describes them. The author argues that the influence of institutional problems on the state and development of the water supply and wastewater system is so great that, no matter how efficient the management and regulation in the field of water supply and wastewater, the result will not meet expectations. In the article the author suggests ways of solving some institutional problems in the field of research.

KEYWORDS
state policy,
state institutions,
the efficiency of public administration,
the sphere of water supply and wastewater

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Introduction. Proved is the fact that there is a close inextricable link between the institutions created by the state, the state of the economy and the level of development of the country: the better institutions, the more effective the economy and the higher level of development of the country [24, p. 45]. That is, effective management of the economy in the context of achieving the goals of structural reforms in the field of water supply and wastewater can only be said when the state creates effective institutions for this, in particular those providing both the state and the enterprises of water supply and wastewater, appropriate incentives for activities, determine their desirable behavior from the point of view of certain directions of structural transformations, have an internal system of coercion, rewards and penalties for the correspondence of the resulting result in the activities set goals [6].

The effectiveness of institutions created by the state, the state itself, as an institution, determines not only the internal parameters and conditions of the country's development and the structural profile of its production, but also the competitiveness of the country in the world economy.
Low ratings of most factors of competitiveness of the country testify to the poor quality of existing institutes in Ukraine and, first of all, formal institutes created by the state [11, p.145]. That is, inefficiency of institutions is a manifestation of inefficiency of the state itself in the sphere of water supply and wastewater (and other areas of the economy). The state-created institutions have a direct or indirect effect on the state and development of the water supply and sanitation sector, determine the processes for its modernization, but the sphere of water supply and wastewater itself has a certain influence on the institutions, creating the basis for their modernization, transformation or liquidation.

Unfortunately, in conducting institutional transformations in Ukraine, the existence of interdependence and interdependence of institutions and the state of production was not actually taken into account. Under the influence of the recommendations of foreign experts, the reform of institutions was adopted as an end in itself, which had a detrimental effect on all spheres of economic activity in the country [11, p.146]. Copying successful models of reforming the economies of developed Western countries and transferring their tools and methods to Ukraine did not provide the expected effect. The reason for this was a certain substitution of the concepts and depersonalization of the state, the relation to the state as an impersonal abstract subject of economic policy, which acts exclusively in the interests of the whole country. The state is represented by quite real individuals, united in institutions of state power and endowed with powers of authority. They act on behalf of the state (just as abstract and impersonal), and make decisions based not only on the interests of society and the country, but also on their own motives and interests, or on the interests of certain groups that "delegate" them to power, by issuing these interests for state [11, p. 148]. It is this factor that influences the efficiency and effectiveness of the implementation of state policy in Ukraine in all spheres of economic activity, including in the field of water supply and wastewater.

**Purpose of the study.** The purpose of the article is to identify the institutional problems affecting the development of the water supply and wastewater sector in Ukraine and, accordingly, the state of state policy in this area, as well as proposals for their solution.

**Research results.** The effectiveness of the state policy in the field of water supply and wastewater in Ukraine also depends on the quality of institutions in the country, as the most important precondition for the growth of the country's economy is political stability, the reliability of the system of enforcement of laws, highly professional bureaucracy, rational administration system and information system, which are determined by balanced the system of organization of institutions of power and justice [3; 11, p.67].

State policy in the sphere of water supply and wastewater is possible only in the presence of all its subjects: the state, local governments, water supply and wastewater companies and consumers, interconnected formal and informal ties that will affect the formation of a certain type of economic and social I will be in the country.

For the effectiveness of the implementation of the state policy in the field of water supply and wastewater, it should be consistent with the objectives of state economic policy in other areas - social, environmental, tax, energy, financial and economic, housing, national security, etc. The mutually agreed state policy in various spheres of economic activity will contribute to the effectiveness of the state policy of the country as a whole.

In particular, the state social policy is aimed at raising the level and quality of life of certain segments of the population, which water supply and wastewater companies provide paid services. The overloading of water and sanitation enterprises with social obligations (discounts, privileges, exemptions from payment for services, etc.) can undermine the overall efficiency of the economic activity of water supply and wastewater enterprises. In particular, recent changes in the state social policy in terms of subsidies led to a significant increase in debt to water supply and wastewater companies [7]. Therefore, in meeting the goals of social policy and state policy in the field of water supply and wastewater, it is important to balance the maintenance of minimum social guarantees and the efficiency of the economic activity of water supply and wastewater companies.

When formulating the tax policy, the state, by increasing or decreasing the state tax revenues, changes in tax forms and tax rates, tariffs, exemption from taxation of certain industries, territories, and population groups, may contribute to the growth or decline of economic activity, to create a favorable market situation, conditions for development of priority sectors of the economy, implementation of balanced social policy, which directly affects the efficiency of enterprises of water supply and wastewater.

The main source of income for water supply and wastewater companies is the cost of consumers for the services received from centralized water supply and wastewater. The factor that influences the amount of proceeds from the implementation of services for centralized water supply
and wastewater is the establishment of tariffs for centralized water supply and wastewater services. In the structure of the cost of services for centralized water supply and water disposal, the main items of expenditure are labor costs and electricity. Their shares make up 36% and 32% in water supply and 50% and 27% in wastewater respectively. Other significant components of cost include depreciation, repair costs, reagents and lubricants, as well as costs for paying taxes and fees, including fees for special water use (rent), fees for the use of subsoil for the extraction of fresh groundwater [9]. This means that any change in the state policy in the energy sector, the chemical industry (reagents), fuel and lubricants, and labor remuneration affects the cost of centralized water supply and wastewater services and the efficiency of the water supply and wastewater enterprises.

Lobbying the interests of business structures of certain spheres of economic activity, due to or without taking into account the state policy of the sphere of water supply and wastewater, directly affects the state and development of the sphere, while reducing the role of the state and the state regulator. In particular, during the calculation of the cost of services for setting tariffs for centralized water supply and wastewater by water supply and wastewater companies, cost planning is implemented using the regulatory method based on the state and industry standards for the use of material and fuel and energy resources, norms on wages, norms of management expenses and production service based on actual indicators of previous periods and forecast of indices of changes in industrial producer prices first products for the planning period. Costs, the objective standardization of which is impossible, are planned taking into account economically justified expenses for previous periods on the basis of estimates. That is, practically, when forming tariffs for centralized water supply and wastewater, the cost of electricity is taken by the state regulator at the level of actual electricity consumption for the pre-planned year and the tariffs that acted at the time of calculation, taking into account the prognosis index of industrial producer prices, which is on average about 5%. What, in fact, differs significantly from reality. In particular, electricity tariffs grew in 2018: for the first class of consumption - by 16%, for the second class - by 15%, the cost of chlorine from July 2018 increased by 193% According to the Gosstat of Ukraine, the producer price index in 2018 was 14.3% [5; 4; 9; 10]. These losses are not reimbursed to water supply and wastewater companies.

Lobbying for the interests of the energy sector. According to the Law of Ukraine "On the Electricity Market" (2017, April 13), water supply and wastewater enterprises should enter the electricity market with a 100% prepayment and conclude new contracts with energy supplying organizations. Water supply and wastewater companies will not be able to provide 100% prepayment for water supply and wastewater enterprises (most enterprises are unprofitable); 2) economic unreasonableness of tariffs (the tariff does not cover all expenses of enterprises); 3) the cost of electricity in the tariff is on average 35%; 4) tariffs for centralized water supply and wastewater services are reviewed less frequently than the cost of electricity increases (when an increase in the cost of electricity occurs, there is no automatic increase in the cost of electricity in the tariff); 5) the procedure for adjusting the components of tariffs is too long in time; 6) the majority of water supply and wastewater companies did not receive repayment of the difference with the difference in tariffs that was formed before 01.01.2016 (before the tariff reform); 7) untimely reimbursement of the amount of benefits and subsidies; 8) significant deterioration of technical condition and high energy consumption of equipment of water supply and wastewater enterprises; 9) lack of funds for modernization, renewal of fixed assets and introduction of energy saving technologies, etc. [25].

The problem of dual retention of the commission for receiving payments from consumers of centralized water supply and wastewater services arose as a result of unregulated water supply and wastewater services with the market for acceptance of cash payments from consumers. The mentioned problem is highlighted in the numerous appeals of consumers to various state authorities for several years in a row, but ineffectual. The market of services for accepting cash payments from consumers for consumed services for centralized water supply and wastewater is a regional market. The main providers of payment acceptance services from individuals - banks, UkrPoshta USPSC; Consumers of these services are individuals. Banking Institutions, UkrPoshta UDPEI maintain a commission fee from consumers when receiving payments for centralized water supply and wastewater services (and other utilities) in accordance with established tariffs, while the specified commission fee is included in the tariff (in particular, the Tariff Settlement Procedures for services of centralized water supply and wastewater in the structure of the tariff for centralized water supply and wastewater as part of sales.
costs, there is provided the costs for payment of bank services and other facilities for receiving and transferring money from customers for services of centralized water and / or wastewater) [8; 13].

Regional policy has a direct impact on the development of water supply and wastewater as a local market for services. Influence of local self-government bodies, as owners of fixed assets, on water supply and wastewater companies in the part of registration / non-registration of land documentation, technical and legal documentation on integral property complexes, on the basis of which water supply and wastewater companies are formed. Most state and municipal enterprises do not have documentation on the land plot and fixed assets used in their activities (for various reasons from mismanagement to financial problems), which in turn affects the efficiency of calculating tariffs and the efficiency of the activities of water supply and wastewater enterprises. In addition, regional policy envisages the development of the region, the placement of productive forces, the creation of enterprises, the development of housing and industrial construction, the development of infrastructure that affects the state of the water supply and wastewater region.

Defense and national security policy is directly related to state policy in the field of water supply and wastewater, since water supply and wastewater companies are critical infrastructure objects. Improving the security and stability (reliability) of the national critical infrastructure in relation to all risks and threats is a strategic objective of the national security policy, since it is the critical infrastructure that provides vital services for the population, society and state, without which it is impossible to exist and develop [16; 20].

The foreign economic policy of the state also affects the development of the water supply and wastewater sector. This is due to the following factors: firstly, the international obligations of Ukraine that arise when concluding loan agreements with the IFIs regarding the financing of measures to restore communal infrastructure, environmental development, socio-economic development; secondly, the international obligations of Ukraine within the framework of the Association Agreement between Ukraine and the EU, part of which is the reforming of the environment; thirdly, the impact of globalization and the transnationalization of the world economy and the water sector, the construction of world schemes with the involvement of individual countries, especially those with economies in transition. French and British water giants (water trans-corporations) have long been helping governments of states and local authorities with investments that are accompanied by certain reforms in the water sector [1; 2]. These factors lead to a gradual reduction of the state's ability to independently make economic decisions and influence its own economy in the current and in the long term. Reducing the real leverage of the impact on the economy leads to an increase in distrust of the population of the country to the state institution as such, which may lead to an increase in the threats of social conflicts.

In general, the selection and specification of the objectives of the state water and sanitation policy in terms of their ability to achieve them should be based on a detailed analysis of the four key systems that form the core of any state policy, in terms of their individual elements and the institutional and organizational design of interconnections between them: 1) system of subjects as a set of state and local authorities, enterprises, scientific, educational and public organizations that can influence the development of the water supply and wastewater sector; 2) the system of state regulatory and organizational and managerial support that influences decision-making by the subjects on the development of the water supply and wastewater sector; 3) system of objects as a set of enterprises, organizations, institutions, legal entities and individuals, implementing reproductive functions in the field; 4) systems of objective objective results, presented by a set of indicators, which will as much as possible reflect the quantitative and qualitative changes that occur in the operation of water supply and wastewater companies [11, p. 53].

Among the disadvantages of institutional provision of state policy in the field of water supply and wastewater, it is possible to determine the following:

1) the deformation of the institution of ownership in the state and the problem of the formation of an effective owner in the communal sphere. In particular, in 1991 the state refused to manage state enterprises of water supply and wastewater, passing it to local governments. At the same time, state and communal property was not properly delimited, guarantees of the institute of property and protection of property rights were not defined, etc. The development and regulation of the property institute directly determines the efficiency of the economic system of the country, the ability of the latter to develop in the desired direction, avoiding the threat of self-destruction as a result of internal conflicts on the grounds of disorderly, insecure and blurred property rights;

2) poor quality legal support for the functioning of the water supply and wastewater sector. In particular, legal and technical errors in regulatory acts, lack of mechanisms for their implementation in the laws; conflict between norms governing the laws governing one issue; the existence of empty legal norms (an independent rule for non-existent acts); untimely review or non-revision of regulatory acts
in order to bring them into line with innovations; the declarative nature of laws that are not intended to be implemented; non-compliance with the rules of laws, etc. [11, p.158];

3) underdevelopment of the judicial system and its ineffectiveness (deformation of the rule of law principle);

4) ineffective financial and economic policy of the state;

5) ineffective administrative reform of the state, lack of succession in the state apparatus. In particular, the central executive body, which forms and implements the state policy in the field of water supply and wastewater, has been reorganized more than five times over the past ten years; accordingly, the position of the central executive body on state policy in the field has been constantly changing, the ideas and achievements of the "precursors" "Criticized and changed. Another issue of ineffective administrative reform is the violation of the principle of legality. This principle, unfortunately, has long been transformed into a principle of purely declarative nature. And the law itself is used as a means for solving personal or political issues, far from the urgent issues of the industry and the state. In particular, the establishment and functioning of the state regulator in the field of communal services (NEURC), which interferes in the economic activity of enterprises, accounting for 72% of the market of services for life support of the country, was in violation of the Constitution. The legal status of the NEURC is defined by a separate Law of Ukraine "On the National Commission that carries out state regulation in the fields of energy and utilities". NEURC is a permanently acting independent state collegiate body whose purpose is state regulation, monitoring and control over the activity of economic entities in the fields of energy and utilities. The regulator is a legal entity of public law, has separate property that is state property, accounts in bodies that carry out treasury service of budget funds, a seal with the image of the State Emblem of Ukraine and its name [26]. However, no theory of state and law contains such a definition as an "independent state collegial body" in the system of state authorities (state apparatus). Namely, the level of development and efficiency of the state apparatus and public administration depends on the level of development of state bodies, their interaction, the clarity of powers. Especially when it comes to state regulation of business entities. The cornerstone in determining the status of NEURC is its independence, which each perceives in different ways and tries to secure in various ways, even in violation of the Constitution of Ukraine. The creation of independent regulators in the national markets of natural monopolies is a mechanical embodiment of regulatory models in developed countries. Regulatory independence is a prerequisite for successful market liberalization and sector reform, but within the law. Regulatory bodies were created to regulate monopolistic activity and promote the development of market mechanisms in production and sales, controlling the conflict of interests between executive authorities and enterprises. The reason for the establishment of an institution of an independent regulatory authority is to attempt to isolate the regulators not only from the influence of regulated companies but also from political interference, since it is important for the public to receive stable, safe and affordable utilities; That is why governments (the executive!) are involved in regulating the communal sector, making decisions and setting prices, etc. Independence of regulators is independence and independence in decision-making. What is achieved is not a violation of the law (deformation of law), but a system of checks and balances. The legal status of the state body is linked to the constitutional status of this body, since the constitutional status ensures the stability of the state apparatus, consolidation of the law in its activities, and is a prerequisite for the dynamism of the legal status of the state body, which is reflected in the acts of the legislation. Under these conditions, one of the most important principles of the organization and operation of the state apparatus is realized - the principle of the division of power. And many inconsistencies, according to experts, directly depend on understanding the issues about the system of state authorities, the nature of state power and principle of its division in Ukraine. State power is an indivisible category, for the implementation of which various functions are provided to certain bodies and individuals. The constitutional guarantee of the principle of separation of state power should be not only a kind of a fence of usurpation of power, but also a clear scheme of interaction between public authorities. Therefore, in order to legalize the legal status of the NEURC, the prosecutor's office, the President of other state bodies, another principle should be introduced which, taking into account the traditional features of the state and the law, historical conditions of existence of the state, can be fully realized, namely: the principle of separation of functions of power, which is possible only by amending the Constitution of Ukraine [12; 21];

6) the formation of a distorted public ideology. In particular, when the state declares the principles of violation or non-compliance with the law, etc. As a result, it affects public confidence in the state, state bodies, state policy, water supply and wastewater companies, perceptions of reforms, etc. [14];
7) institutional failure of the authorities. In particular, the adoption of laws is not aimed at regulating socially important issues, but in order to lobby for private interests and the interests of business groups. Ignoring and non-observance of the established rules of the game in the sphere of water supply and wastewater by the bodies of state power and lack of responsibility for such behavior;

8) low level of social culture. Abstentions of reforms, lack of awareness of citizens in their rights and responsibilities, etc. [15];

9) low activity or lack of a public position that strengthens the role of the state in the field of water supply and wastewater. The position is very simple, in the case of strengthening social activity and the community’s efforts to manage and control all processes in its territory, it leads to an increase in the role of the local self-government body (implementation, the so-called decentralization of power). Conversely, in the case of an inertial position of the community, the role of the state in the process of regulation is intensifying. In particular, one of the reasons for NEURC formation is to reduce the level of corruption in tariff policy or, at least, to move it to another level;

10) politicization of tariff formation procedures and procedures. In particular, by 2011, tariffs for water and wastewater services were approved by local self-government bodies, which manipulated their authority to approve tariffs for the sake of political image or other personal goods. Since 2011, tariffs for large water supply and wastewater companies, representing 74% of the market of services, are approved by NEURC, which is also a politicized body. But in practice, the water supply and wastewater company is easier and cheaper to “agree” with the issue of setting tariffs with one authority of the NEURC than with the deputies of the city council;

11) orientation of the state policy to address the interests of influential business structures. Orientation of public policy measures for quick profit, rather than long-term modernization of the sphere [18];

12) lack of personnel policy of the state, both at the level of state authorities, and at the level of specialists in water supply and wastewater companies. Today, enterprises of water supply and wastewater establish the fact of the outflow of personnel from 15%-20%. Such a dynamics will lead to the fact that nobody will serve the production. In addition, in the state policy of the water supply and wastewater sector, there is no human and competent approach [17; 19; 22; 23].

The impact of these institutions on the state and development of the water supply and wastewater system is so great that, no matter how efficient the management and regulation of water supply and wastewater companies is, no matter how effective and proven developed Western countries have not been models and tools for management and regulation, the result will not be in line expectations Therefore, taking into account national peculiarities, the quality of the country's institutions, economic, cultural, political and social standards of the country, it is impossible to invent or adopt a universal model for the formation of an effective state policy in the field of water supply and sanitation (as well as in other spheres of economic activity). But this does not mean that the state does not have to formulate a strategy for development of the country and strategies for the development of certain spheres of economic activity, in particular water supply and wastewater. The approach to defining the vectors for the development of the water supply and wastewater system on an example of the developed countries of the world based on an analysis of the evolution of their state policy is quite justified.

Conclusions. The effectiveness of institutions created by the state, the state itself, as an institution, determines not only the internal parameters and conditions of the country's development and the structural profile of its production, but also the competitiveness of the country in the world economy. The state-created institutions directly or indirectly influence the state and development of the water supply and wastewater sector, determine the processes for its modernization. The simple copying of successful models of reforming the economy of developed Western countries and the transfer of their tools and methods to Ukraine did not provide the expected effect. The reason for this was a certain substitution of the concepts and depersonalization of the state, the relation to the state as an impersonal abstract subject of economic policy, which acts exclusively in the interests of the whole country. State policy in the sphere of water supply and wastewater is possible only in the presence of all its subjects: the state, local governments, water supply and wastewater companies and consumers, interconnected formal and informal ties that will affect the formation of a certain type of economic and social I will be in the country. For the effectiveness of the implementation of the state policy in the field of water supply and wastewater, it should be consistent with the objectives of state economic policy in other areas - social, environmental, tax, energy, financial and economic, housing, national security, etc. The mutually agreed state policy in various spheres of economic activity will contribute to the effectiveness of the state policy of the country as a whole. The problematic issues of the institutions of the water supply and wastewater sector of Ukraine include: the deformation of
the institution of ownership in the state and the problem of the formation of an effective owner in the communal sphere; low-quality legal support for the functioning of the water supply and wastewater sector; deformation of the rule of law principle; ineffective financial and economic policy of the state; ineffective state administrative reform; the formation of a distorted social ideology; institutional failure of the authorities; low level of social culture; low activity or lack of public position; politicization of tariff formation procedures and procedures; orientation of the state policy on solving interests of influential business structures; lack of personnel policy of the state. The solution of these problems lies in the sphere of state institutional reforms by introducing amendments to the Constitution and laws of Ukraine, revision of the state policy in other spheres and coordination with the directions of the state policy in the field of water supply and wastewater, the establishment of clear mechanisms for monitoring, assessment and control in the field of water supply and sanitation and strengthening of weak institutions. Thus, the established state policy in the field of water supply and wastewater should be reviewed taking into account the shortcomings identified in the process of its implementation over 20 years of sector reform, as well as taking into account the current problems of the industry.

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