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**Newly Independent States
Environmental Policy & Technology Project**

Sponsored by the U.S. Agency for International Development
Managed by CH2M HILL International Services, Inc.

**Joint Ukrainian-U.S. Forum on Proposed
USAID Environmental Assistance Initiatives in Ukraine**

Notes of Meeting Held in Kiev on 3-4 November 1994

Contract #: CCN-0003-Q-00-3165-00

Prepared by:

**CH2M HILL International Services, Inc.
NIS Environmental Policy & Technology Project Team
Ukraine, Belarus, & Moldova Regional Office**

4 January 1995

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PREFACE

Under the 1992 Freedom Support Act, the United States Congress initiated a program to provide various forms of assistance to newly independent states (NIS) of the former Soviet Union. Cooperative Agreements were signed between representatives of the U.S. government and each country in which assistance is to be undertaken. The U.S. Agency for International Development (USAID) was given responsibility to coordinate all U.S. government assistance to the NIS under the Act.

Through competitive bidding, USAID awarded a multi-year contract to a team managed by CH2M HILL International Services, Inc. (CH2M HILL) to support implementation of an environmental assistance program to republics of the former Soviet Union. Under this contract, termed the Environmental Policy & Technology (EPT) Project, CH2M HILL is to assist USAID's missions in Moscow, Kiev, and Almaty undertake a program to promote environmental improvements in the NIS. The USAID mission in Kiev supports environmental, and other, assistance programs to Ukraine, Belarus, and Moldova. These western republics of the former Soviet Union are termed WESTNIS. CH2M HILL has established an office in Kiev from which to perform services in the WESTNIS region under the EPT Project.

This report was prepared as a contractually required deliverable under the contract between USAID and CH2M HILL. Although work for this report was conducted in cooperation with the assisted governments and USAID, the findings and recommendations are those of the CH2M HILL team. They do not necessarily represent official positions of the governments of the assisted countries nor of the United States of America.

The CH2M HILL team includes the following organizations:

- Center for International Environmental Law
- Clark Atlanta University/HBCUMI Environmental Consortium
- Consortium for International Development
- Ecojuris
- Environmental Compliance, Inc.
- Harvard Institute for International Development
- Hughes Technical Services Company
- International Programs Consortium
- International Resources Group, Ltd.
- Interfax Newsagency
- K&M Engineering
- Ogden Environmental and Energy Services Company
- Price Waterhouse
- World Wildlife Fund (US)

For additional information regarding the EPT Project, contact the following:

United States of America:

Environmental Policy & Technology Project
Head Office
1919 Pennsylvania Avenue, N.W., Suite 206
Washington, DC 20006 USA
Telephone: (202) 835-1450
Facsimile: (202) 835-1463

Ukraine:

Environmental Policy & Technology Project
Ukraine, Belarus & Moldova Regional Office
20 Esplanadna Street, 10th Floor
252023 Kiev, Ukraine
Telephone: (044) 220-1367, 220-1469
Facsimile: (044) 220-0242

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GLOSSARY

CH2M HILL	CH2M HILL International Services, Inc. (a U.S.-based international environmental engineering consulting firm)
EAP	See "NEAP" below
EPT Project	Environmental Policy & Technology Project (a USAID-funded program to provide environmental assistance to Newly Independent States of the former Soviet Union)
EU	European Union
GNP	Gross National Product
ISAR	Formerly termed "Institute for Soviet-American Relations", a U.S.-based non-government non-profit organization. ISAR has a grant from USAID to provide assistance to environmental NGOs in the Newly Independent States of the former Soviet Union
MEP	Ministry of Environmental Protection of Ukraine
<i>National Program</i>	National Program on Environmental Protection and Rational Use of Natural Resources of Ukraine
NEAP	National Environmental Action Plan
NGO	Non-Government Organization
NIS	Newly Independent States (of the former Soviet Union)
oblast	An government administrative unit common in the former Soviet Union that is still in use following Ukraine's independence. A U.S.-analogue would be a cross between a state and a county.
OECD	Organization for Economic Cooperation and Development
USAID	U.S. Agency for International Development
USEPA	U.S. Environmental Protection Agency
vodokanal	A Ukrainian quasi-government organization responsible for delivering water supplies (and sometimes wastewater disposal) to municipalities. A U.S.-analogue would be a water utility company.

JOINT UKRAINIAN-U.S. FORUM ON PROPOSED USAID ENVIRONMENTAL ASSISTANCE INITIATIVES IN UKRAINE

1.0 INTRODUCTION

1.1 Background

The United States Government has initiated an environmental assistance program to the Government of Ukraine. This program is coordinated by the U.S. Agency for International Development (USAID), and includes involvement by:

- U.S. Environmental Protection Agency (USEPA)
- USAID-funded contractors (including the Environmental Policy & Technology [EPT] Project, managed by CH2M HILL International Services, Inc.)
- USAID-funded grantees, such as ISAR and the City University of New York.

Ukrainian agencies, led by the Ministry of Environmental Protection (MEP), have recently drafted Ukraine's *National Program on Environmental Protection and Rational Use of Natural Resources*. This "*National Program*" presents an outline of how Ukraine proposes to approach management of its environmental quality and natural resources.

A Forum was co-sponsored by USAID/Kiev and MEP, and organized by CH2M HILL as part of the EPT Project, to:

- discuss environmental assistance initiatives to Ukraine currently under consideration by USAID
- introduce Ukraine's proposed *National Program* to the international donor community, and initiate coordination of USAID's environmental assistance efforts, where appropriate, within the framework of Ukraine's *National Program*.

1.2 Preparation and Venue

Preparation activities included:

- negotiation and agreement between MEP and USAID representatives on the Forum agenda
- identification and invitation of Forum participants
- inspection of possible venues
- arranging for, and provision of, microphones/speakers and simultaneous translation
- arranging lunch and reception dinner.

The Forum was held at the Ukrainian Peace Council, in the east wing of the Mariinsky Palace, on 3-4 November 1994.

2.0 PARTICIPANTS AND AGENDA

The Forum aimed to engage a dialog between USAID and senior representatives of agencies responsible for environmental protection and natural resource management in Ukraine, as well as agencies responsible for funding such activities. Invitations to attend were therefore extended to the following Ukrainian agencies:

- Administration of the President
- Cabinet of Ministers
- Supreme Soviet (i.e., Parliament), Commission on Environmental Policy
- Ministry of Environmental Protection
- Ministry of Economy
- Ministry of Finance
- Ministry of Health
- Ministry of Industry
- Council on Priorities in Science and Technology
- State Committee on Water Resources
- State Committee for Hydrometeorology
- State Committee on Housing and Communal Services
- Donetsk Oblast Regional Council.

A list of invited participants is presented as Annex A, and the Forum agenda is attached as Annex B.

3.0 FORUM NOTES

3.1 Welcome

Terrence J. McMahon, Director USAID Mission to Ukraine, Belarus and Moldova explained the role of USAID, and that environmental concerns are an important component of USAID's overall program of assistance to Ukraine.

The Honorable **William G. Miller**, Ambassador of the United States to Ukraine noted that the U.S. wants to assist the Ukraine on issues that "we must all confront." He noted the significance of the environment as a barometer to measure the quality of government -- the ability to instill public trust and maintain credibility before the people. There should be legal levers, he said, to make polluters pay. He indicated that the United States has helped develop a cooperative program for Ukrainian non-government organizations (NGOs) which promotes public education; works directly on key issues; and encourages broader political and local participation. Non-governmental organizations and the government can work to find common ground for progress as they have a shared goal, he said.

The Honorable **Yuriy Scherbak**, Ambassador Designate of Ukraine to the United States, affirmed his intention to enhance the relationship between the United States and Ukraine on the environment when he assumes his duties in Washington.

Minister **Yuriy Kostenko**, Ministry of Environmental Protection, noted that the ability of a government to deal with environmental problems is a measure of its strength of character. He indicated that USAID was the first to reach-out to provide environmental assistance to Ukraine, which an initial agreement reached in 1992. A number of programs of U.S.-Ukrainian collaboration are already in place in areas such as: radiation, water management, education, and information exchange. He hoped that the Forum will provide additional grounds for cooperation.

3.2 Introduction to the Forum

James Osborn, USAID/Kiev, noted that both USAID and MEP have been developing proposed environmental management programs. The Ministry's program on environmental protection and rational use of natural resources in Ukraine will receive scrutiny in the coming months at various levels of government and by the public. The Ministry requested some expert review and discussion of their *National Program* document. USAID's process of defining interests and focusing planning has reached the stage where discussion with Ukrainian experts is due. The Forum provides the opportunity for frank discussion.

There are two objectives to the Forum. The first is to generate enlightening and useful comments on and criticisms of each of the program documents and the ideas they contain. The other is to explore the harmony between and mutually supporting nature of the two programs and of the perceptions, analyses, and philosophies underlying them. The structure of the Forum was then described.

3.3 Ukrainian Program

3.3.1 Introduction to the National Program on Environmental Protection and Rational Use of Natural Resources of Ukraine

[Note: The terms "National Program on Environmental Protection and Rational Use of Natural Resources", "National Environmental Action Program (NEAP)", and "Environmental Action Plan (EAP)" were interchangeably used during the Forum]

The *National Program* was introduced by Minister **Yuriy Kostenko**, Ministry of Environmental Protection. He initially outlined the situation in Ukraine:

- significant environmental problems
- close link between Ukraine's environmental problems and the past and current economic, political, and legal situation
- legacy of totalitarianism that focussed on economic production and improper use of natural resources
- no ownership rights
- heavy industry: 61% of Ukraine's economy versus only 34% in European Union: resulting in significantly increased amount of pollution in Ukraine when compared with EU countries

- to produce one unit of Gross National Product in Ukraine requires 9 times more energy than in OECD countries.

He then stated that there was only one possible solution to the current environmental situation, and that was that economic and environmental reforms need to be addressed in a single program where environmental protection will facilitate economic prosperity. Minister Kostenko said that the main features of such a program should include:

- transition to a market economy, including no price determinations, no subsidies for energy production and use of natural resources, demonopolization, and so on
- emission and discharge decreases because of decline in economic output
- attraction of investments, using a "win-win" approach
- increase of payments for pollution (now only 1.5-2% of enterprises' profit)
- payments for special use of resources
- financial management of environmental measures, including local and national budget, extra-budgetary funds, enterprise funds, foreign investment, etc.
- national environmental budget should be no less than 0.9-1% of GNP
- overall environmental expenditures should be 3-5% of GNP
- separate "environmental line-item" in national budget
- protection of environmental funds from inflation.

Minister Kostenko said that Ukraine has initiated an integrated economic and environmental management program by preparing the draft *National Program of Environmental Protection and Rational Use of Natural Resources*. The *National Program* was prepared by Ukrainian specialists and international assistance including experts from the World Bank, France, and Poland. Priorities of the *National Program* are:

- guaranteed environmental safety of nuclear facilities and radiation protection of population and environment
- minimization of Chernobyl consequences
- improvement of the state of environment of the Dnipro River and quality of drinking water
- improvement of the environmental situation in industrial centers of Donetsk-Dnipro region
- pollution prevention of Black and Azov Seas and environmental improvement of these seas

- implementation of environmental technologies
- restructuring of industry and creation of a rational system of resource use
- creation of new environmental legal system
- development of national environmental management system which will enable, particularly, to raise the status of the Ministry of Environmental Protection, to make it possible to meet requirements of existing and future basic environmental laws, and to avoid overlapping with other government agencies.

Minister Kostenko concluded his remarks by stating that Ukraine's environmental problems are in fact global environmental problems.

3.3.2 U.S. Expert Response and General Discussion

Dan Thompson, USEPA, noted that the process of implementing a national environmental action plan (NEAP) program was being carried out in countries across Central and Eastern Europe as part of the so-called "Lucerne Process". He praised the Ukrainian Ministry of Environmental Protection for its efforts in drafting the *National Program*, and indicated that this would be an accomplishment that would be duly noted when the environment ministers reconvene in Sofia in October 1995.

Thompson highlighted how major components of the Lucerne NEAP process are addressed in the Ukrainian *National Program* which call for policy reform, institutional strengthening, and environmental investment. Thompson called attention to the workshop that was sponsored about one year ago by the World Bank, and noted that it is important for the Ukrainian government to hold conferences like this which will include all donors so that their efforts can be best coordinated to focus on Ukraine's priorities.

The most important achievement of the Ukraine's *National Program*, according to Thompson, is the present gathering (i.e., in the Forum) of diverse ministries, committees, and other decision-makers at the national level because before any national program can be implemented, it must have the support of the entire government, and, he added, of the public and environmental groups, and industry. Thompson urged MEP to maintain the momentum of the Forum and for the government to commit itself to continue the process by establishing an ongoing mechanism such as an inter-ministerial working group. He urged the national ministries to involve, to an even greater extent, regional and local authorities, facility managers, schools, and the public. Thompson noted that public participation should not be viewed only as a means for holding the government accountable, but for the government agencies to increase their capacity for implementation and for managing environmental protection by assisting in data collection, education, enforcement, and policy analysis.

Thompson recognized that for Ukraine the most important factor in improving the environment would be economic restructuring and privatization. It is more effective to regulate a private sector than state enterprises, privatization will encourage owners to see waste (i.e., pollution) as lost resources, and market reforms will permit the use of incentives for voluntary action on the part of industry. Economic incentives, however, would be ineffective without first establishing an enforceable regulatory regime that is aimed at

pollution reduction and compliance, and not satisfied just through the application of pollution fees.

Thompson praised MEP for its efforts to set priorities based on the risk to human health and the ecology, but he noted that risk assessment was not widely understood. He indicated that solutions to the problems from air pollution often are deferred because the risk is not appreciated and the remedies are expensive.

Regarding specifics of the draft *National Program* document, Thompson noted that it would be distributed among appropriate departments of USEPA and the U.S. government for review. He underscored three priorities for action that are called for in the *Program*. The first, no/low cost actions to improve management and efficiency while reducing the discharge of pollutants could go on while policies and legislation are developed, that is, immediately. The second, being improved monitoring, analysis and information management, would be needed to have a more accurate assessment of the extent and magnitude of environmental problems as well as to reduce costs by eliminating redundancies in the system. Thompson stressed the importance of wide dissemination of monitoring data and encouraged the establishment of a uniform system with reliance upon self monitoring and reporting by industry, with enforcement mechanisms. Third, Thompson noted that the *National Program's* call for legislative reform was well founded. He stressed that the most immediate task is to establish enforceable standards and to clarify the authorities of national, regional, and local bodies to avoid overlapping jurisdictions.

Thompson raised the issue of the role of MEP, particularly whether all environmental and natural resource authority should be consolidated within the Ministry. Thompson noted that creation of USEPA was accompanied by some consolidation of authority, but that many authorities, especially in the field of natural resources management, were outside of USEPA's jurisdiction. Thompson indicated that the division of regulatory authority was a national decision that the Ukrainians would necessarily have to resolve with respect to their own institutional and governmental structure. He noted that there were many models and cautioned only against leaving responsibility for enforcement of environmental protection in the hands of government agencies responsible for production of resources and energy because of the inherent conflict of interest that such a relationship would represent.

Finally, Thompson questioned whether the *National Program* document as it currently exists is able to be implemented. He called for an explanation of how criteria were set for establishing priorities and for more specificity in assigning tasks and responsibilities. He suggested that Sections 3 and 4 of the *National Program* document could benefit from a sector-by-sector review in small working groups.

Kenneth Baum USAID/Washington noted that USAID objectives are guided by a new Agency environmental strategy issued in March 1994. The focus is on such global issues as global climate change and biological diversity as well as on helping to sustain economic development through technical expertise, planning, and public participation. He said that in any *National Program* for Ukraine it is important to establish priorities. He indicated that the time of economic transition is a difficult one and commended Ukraine for the courageous task of developing its *National Program*. The areas of concern he cited include air quality (point and non point), water quality (waste water, potable, and agricultural runoff), hazardous wastes (radioactive/Chernobyl), need to preserve forests/biodiversity, and the need to identify environmental financing sources (internal and external). It is important to recognize the

environment as having value. The next step should be to view the national environmental action plan as a process -- to continue to revise, evaluate different implementation mechanisms, shifting focus were necessary as priorities and conditions change.

Areas that could be strengthened in the *National Program* according to Baum are: focusing on sequence (what should happen when and by whom); economic restructuring (market economy, privatization, what is context for change); impacts of working in a world economy (international trade); environmental financing/revenue arrangements; public participation to build support and consensus; strengthening the private sector; decentralization (what can best be done at the local level); prices (regulatory framework/enforcement/monitoring); property rights; and institutional strengthening.

Ties van Kempen, EPT Project, congratulated Ukraine on its initiative in preparing the draft *National Program*, but expressed concern that the *Program* did not appear to spell-out the steps required for its implementation. He suggested that Ukraine consider the following issues with regard to the *Program*:

- The *National Program* is very broad, identified many tasks to be implement, but provided few details with respect to how each task was to be implemented. In view of funding limitations, it would be beneficial if tasks were prioritized. Consideration should be given to revising the *Program* so that it initially targets environmental "hot spots" instead of having a broad, but unfocussed approach.
- The *National Program* would benefit with inclusion of a description of steps needed to refine and initiate implementation of the *Program*, including schedule, personnel, costs, sources of funding, responsibilities, performance review of *Program* development and implementation, and monitoring of measures of success once each aspect of the *Program* has been implemented.
- The *Program* document could be improved by reorganizing it to avoid apparent duplication (and possible confusion) of many goals and tasks. For example, Section 3 of the *Program* document addresses environmental issues in terms of economic sectors (e.g., industry, mining, etc.), while Section 4 addresses environmental issues in terms of natural resources (e.g., air, land, water). The *Program* is not clear as to whether environmental improvement actions should be undertaken in terms of economic sector or natural resource.
- The administrative structure regarding *Program* management, and its relation to the MEP should be clarified. For example, Section 5 of the *Program* document makes a recommendation to create an "ecological service structure" within the system of executive power, but the relationship of such a structure to MEP is unclear. This point is also important with regard to the role of MEP, i.e., whether it should be an agency responsible for the "ecological safety of humans" [a term used in the draft *Program*], or should it also include responsibility for nature conservation and resource management.?
- In Section 6 "Mechanisms of Realization" of the *National Program*, considerable discussion is given to greatly expanding environmental legislation. Yet consideration should be given to improving compliance with existing environmental legislation, which is already quite complex, before adding new requirements. Further,

consideration should be given to reducing the number of environmental statutes and relaxing some standards in order to encourage compliance. It is difficult for polluters to comply with stringent pollution limits if they do not have access to affordable and readily available pollution control technology. Greater consideration should be given to establishing policies and incentives that encourage improved environmental management, instead of relying on regulations and standards that are unenforceable.

- Section 7 "Ecological Expertise" of the *National Program* document states that new projects will be prohibited if an ecological review conducted for such projects is unfavorable. Projects that have unfavorable environmental consequences may still have very favorable economic consequences, such as providing large employment and hard currency benefits. Consideration should be given to revising this stipulation in the *National Program* to, for example, one where results of ecological reviews are taken into consideration when deciding whether or not a project should be approved. Project decision-makers could then impose conditions that would help reduce the extent of environmental damage.

Jonathan Spaulding, ISAR, indicated that NGOs and the public were left out of the process of the preparation of the *National Program*. He noted that ISAR received the document two days earlier and that it had only then been reviewed by the National Eco Center, ECO-Pravo, and the Institute for Occupational Health. He requested that comments from these reviewers be read aloud at the Forum. The major points made by these evaluations are:

- In place of a proper accent on citizen rights and democratic participation (which was present in the "Draft Conception of a National Program for Environmental Protection" published in *Ukrainska Hazeta* #14, 2-15 Sep 93), this *National Program* is based on a ministerial-industrial approach stressing governmental command and control. There is little or no mention of the role of the public or of non-governmental organizations, and no mechanism for guaranteeing their democratic right to information. This is a *Program* of the State, by the State, and for the State, as opposed to being a *Program* of the People, by the People, and for the People.
- Section 1 of the *National Program*, despite being entitled the "State of the Natural Environment", is in fact primarily a summary of the state of various branches of industry, and virtually ignores environmental impact on human health. Having inadequately stated the problem, the document cannot but come to inadequate solutions.
- The plant world, viewed at a unified resource, was completely ignored.
- The *National Program* document fails to clarify the division of responsibility among government structures for various aspects of environmental protection.
- The *National Program* leaves MEP and other responsible structures without legal protection from other branches of the State, and thus entirely dependent on the whim of more powerful bureaucracies (such as funding of environmental protection activities).

- The *National Program* fails to lay-out a plan for supplying the technology and equipment necessary for its successful implementation. Building in-country capacity for supplying such instruments should be a priority of any such program.

Valery Kuhar, Council on Priorities in Science and Technology, questioned a number of priorities, noting that environmental protection should be approached as harmony between man and nature. He stated that radioactive contamination is not as big an issue as stated in the *Program* document. He noted that environmental research must be conducted by all branches particularly with regard to impacts on health. He also indicated that risk assessments need to be done for major projects. He believes that the *National Programs* is a "concept" not a "program".

Kemali Aliev, Deputy Chairman, State Committee on Water Resources, noted that major issues are water pollution and potable water. In Ukraine, water resources are scarce. The main priority should be balance of norms -- economic for environmental protection (fees). He noted that deterioration of water resources needs to be stopped and emphasized the need to improve river basin protection. He supported development of a natural resource fee system.

Victor Kapshchak, from the People's Deputies of Ukraine (Dnepropetrovsk Region), stated that the *National Program* needed to be better-grounded. He commented that at present there is little State-level funding for environmental protection, as funds are desperately needed for fuel purchases. To be successful, the *National Program* needed full State-level support.

Yuriy Bondar from the Ministry of Economy considered the *National Program* a "concept" instead of a "plan". He stated that the *Program* lacked specifics on how it was to be implemented.

Dan Thompson asked the question as to whether the *National Program* is a "concept" or a "program". He questioned whether the *Program* contained sufficient mechanisms to ensure its effective implementation.

In response, **Vassyl Shevchuk**, MEP Deputy Minister, noted that he was a member of the team which developed the *Program*, that the team was diverse in its views, and work began a little less than a year ago. He said that it was more of a "program" than a "concept", and that it included means for its implementation. He noted that, notwithstanding the lack of data, the approach taken was justified. He took exception to earlier remarks about radioactive pollution from Chernobyl being exaggerated. The *Program* will be submitted to the Parliament in November-December for review and hopefully, approval.

Kenneth Baum of USAID/Washington observed that mechanisms are limited for successful transition from a centrally planned command economy to a market economy. He suggested that research on effective environmental management during this transition could be a good collaborative project between MEP and USAID.

Viacheslav Lipinsky, Head of the Committee for Hydrometeorology, said there is regulatory basis in place for implementation of the *National Program*. Only problem is financing, and he suggested that payments be made for natural resource use. He noted that the *National Program* is a "program", and not a "concept".

Valery Mazur, Deputy Minister, Ministry of Industry, noted that the *National Program* needs to better-refine its priorities. A monitoring system needs to be developed. The *Program* must also reflect economic problems and must include greater integration into the international community.

Kemali Aliev of the State Committee for Water Resources said that the *National Program* did not necessarily have to be too specific, as it was possible for regional-level environmental action plans to fill gaps.

Volodymyr Skubchenko, a department head with the State Committee on Housing and Communal Services, stressed the need for economic and financial mechanisms and noted that implementation had not been addressed in the *National Program*. He stressed the severity of sewage problems and noted the need for improvement of water treatment facilities and treatment for household waste (solid waste).

People's Deputy **Anatoly Sirota**, Deputy Chairman of Supreme Soviet's Commission on Environmental Policy (he was substituting for Georgiy Filipchuk, Chairman), stated that the *National Program* should be more constructive, with real mechanisms for its implementation. He noted that it should also pay more attention to biodiversity conservation.

3.4 Proposed U.S. Program

3.4.1 Introductory Remarks

This was introduced by **James Osborn** of USAID/Kiev:

The U.S. cooperation and assistance program in Ukraine has three emphases -- development of the market economy, growth of democratic institutions, support of the social safety net during the transition. Environmental protection is included in each.

The U.S. environmental assistance program has limited resources to offer and limited means in which to cooperate and assist. Technical assistance, training, and equipment which can be provided through contractors, cooperating U.S. agencies and grantees, can make a difference by opening up opportunities and by creating conditions for sharing of experience.

The U.S. grant programs can set the stage for more impressive assistance for international development finance institutions.

Because of the limited size of the U.S. program -- projected at US\$12-17 million over three years, it has to be concentrated in order to make an impact. Our proposal, Osborn said, is to support MEP to adapt and adopt additional tools for environmental management at the national scale which responds to the emerging market economy. He said that we feel that environmental management is largely a place and system-specific activity. It is on the ground that the difference is made and locally where public interest and benefits occur. Therefore discussions around the country have led USAID to geographically concentrate much of its proposed assistance on the Donetsk Oblast, as well as a systematic or resources concentration on water management.

Osborn noted that the Ukraine needs one paramount governmental entity entrusted with environmental protection -- the Ministry of Environmental Protection -- and that is where

U.S. cooperation should be concentrated. We stand ready to help MEP equip itself better to carry out its responsibilities for the future, he said.

Osborn then stated that environmental progress is difficult under current economic conditions with an economic system inherited from the Soviet era where too little respect was given to the environment as a key ingredient in national economic and social health and welfare. The refusal to attach proper value to resources and to provide incentives to their conservation and sustainable use is one of the main reasons for the current environmental difficulties in some parts of the Ukraine. USAID would like to cooperate with Ukraine in helping make the most of the coming market economy under which the environment can be better managed.

3.4.2 Panel Discussions

3.4.2.1 National Policy & Institutional Development Cooperation

James Osborn, USAID/Kiev, opened the panel discussion by noting that the elements USAID suggests for its environmental assistance component on national policy and institutional development address three functions of MEP. Assistance and cooperation, while not comprehensive, can help restructuring of the Ministry's operations as it adapts itself and its programs to transition to a market economy. U.S. contributions would consist of technical consultations and training, technical assistance and equipment.

The first function involves the elaboration of strategies and action plans, with the development of implementation tools. This could include: cooperative development of economic instruments and environmental-economic policy, a biodiversity conservation strategy, aspects of the *National Program*, and the organization of additional international support for Ukraine's *Program*.

The second function is environmental monitoring and analytical information for decision making, involving monitoring equipment (for example, USAID at the request of Minister Kostenko is providing through the U.S. Environmental Protection Agency a mobile radiation and environmental monitoring laboratory) and various forms of environmental information and management technologies. It is important that Ukrainian authorities have reliable, current information and can take decisions having the confidence that they are fully and reliably informed.

The third function involves the adaptation and testing of pollution reduction and mitigation technologies for application in Ukrainian industries and utilities within a market-driven incentive/disincentive regulatory scheme, with particular application at the local and enterprise level.

USAID also expects to continue its support to Ukrainian environmental non-governmental organizations and their information programs through the USAID grantee, ISAR, and to continue support for information programs and staff training of MEP provided by the USEPA, through the Environmental Education and Information Center.

Osborn raised three issues for discussion:

- (1) Is there real national support for improved environmental management in Ukraine and a major effort to restructure and equip MEP to carry out its assigned responsibilities?

If so, are the elements of a U.S. assistance program to be indicated at the Forum on the right track?

- (2) Are there greater needs for public information and support for non-governmental organizations' efforts in environmental protection than the MEP and other organizations now recognize in their programs? If so, what particular directions should USAID's assistance and cooperation take with respect to NGOs?
- (3) What would be the best arrangement for environmental information to be collected, organized, and disseminated for decision-making in the institutional setting of Ukraine?

MEP Deputy Minister **Vasyl Shevchuk** supported the need for improved environmental management in Ukraine.

Vyacheslav Oleshchenko, Chief Environmental Advisor to the Supreme Soviet's Commission on Environmental Policy, welcomed cooperation from the U.S. on environmental matters. Important issues for which cooperation would be beneficial included:

- development of mechanisms for implementation of international environmental agreements
- development of a biodiversity conservation strategy, especially as Ukraine was about to ratify the "Earth Summit's" Agenda 21 biodiversity component
- advise in formulation of new environmental Ukrainian legislation, such as a new "Water Code" currently being drafted
- environmental information management with regard to effective environmental decision-making.

William Maggs, of the EPT Project stated that the current and future role of MEP did not appear to be well-defined. Over the past 3 months he had been evaluating Ukraine's current environmental management structure. During discussions with various officials, he found that the issue of whether MEP is, or should be, an environmental regulatory agency or also a resource management agency appeared not to have been adequately addressed by legal statute, government policy, or MEP management. He further noted that Ukraine's development of the following was still in the early stages, and might benefit from U.S. assistance:

- environmental standards
- environmental data management, including collection and information-sharing
- hazardous materials and waste management
- public participation
- the role of regional environmental agencies.

Sergiy Schidlovski, director of an environmental department of the Cabinet of Ministers, stated that U.S. representatives at the Forum were being "too polite" in their comments regarding Ukraine's current and proposed approach to environmental management. He stated that the U.S. has a highly developed approach to environmental management, resulting from many years of dealing with environmental issues. He challenged Ukraine to accept U.S.

environmental assistance, as he felt that Ukraine was far from being able to readily cooperate. He noted that the Supreme Rada (parliament) was not very concerned about environmental issues, and that no Vice Premier had assumed responsibility for the environmental ministry even though other ministries had been assigned to various Vice Premiers.

3.4.2.2 Donetsk Regional Management Cooperation

Ties van Kempen of the EPT Project in Kiev led the panel discussion.

He said that USAID was ready to undertake its environmental assistance activities by building onto good efforts already commenced by Ukraine. One of these was to design and implement the *National Program* at the regional level. He noted that Donetsk Oblast appeared to have the most advanced regional-level environmental action plan in Ukraine. Its plan had been announced, and included the requirement for 63 of the largest polluters in the Oblast to prepare facility-specific clean-up plans. These plans are then to be reviewed and approved by the Oblast-level MEP office prior to implementation. He stated that USAID could assist Donetsk Oblast as follows:

- provide an environmental advisor, with a background in institutional development and environmental engineering, to assist the MEP Oblast office in defining and undertaking its responsibilities
- prepare demonstration environmental clean-up plans for one or two industrial facilities
- assist the MEP Donetsk Oblast office review facility-specific clean-up plans
- arrange several activities to demonstrate effective no/low cost environmental management and clean-up techniques for major industrial polluters in Donetsk Oblast.

He noted that a major aim of USAID's assistance to the MEP Donetsk Oblast office was to provide tools and techniques in order to demonstrate how MEP will become viewed by industry as source of information on how to lower production costs by conserving resources (water, electricity) and reducing raw material purchases through waste minimization.

Sviatoslav Kurulenko, director of MEP's Donetsk Oblast office, noted that the oblast had the highest population density and industrial output of Ukraine, and therefore had the most severe environmental problems. More than 800 large production amalgamations and enterprises of chemical, transport, coal, and metallurgical heavy industries are located in the oblast. During the last decade, birth rate has declined by 2.1% and death rate increased by 2.8%, which he attributed to severely degraded environmental quality. He stated that the most advance environmental data collection effort of the former Soviet Union was undertaken in the oblast in 1988, but now needed to be updated. He welcomed USAID's offer of assistance, and promised close cooperation. He would particularly like USAID assistance to focus on:

- addressing the large accumulation of toxic and hazardous wastes within the oblast
- updating the environmental database, and presenting the information using geographic information system techniques

- providing environmental quality monitoring techniques and equipment
- training of oblast MEP office technical personnel in tools and techniques of environmental impact assessment, waste management, biodiversity management, and public awareness and public involvement.

Gennadi Molodan, deputy director of MEP's Donetsk Oblast office, stated that in view of Ukraine's current financial situation, very little major environmental management efforts could be undertaken. He stressed the need not only to focus on industrial pollution control, but also nature protection. He emphasized the need to strengthen the Ecological Inspectorate branch of MEP.

John Kerr of USAID stressed that environmental management in the oblast should be undertaken using an integrated approach to resource management.

People's Deputy **Anatoly Sirota**, Deputy Chairman of Supreme Soviet's Commission on Environmental Policy, stated that he came from Donetsk Oblast and was very concerned about the high level of water pollution and poor management of water resources, including disposal of saline mine water.

3.4.2.3 Water Management Cooperation

Janelle Daane, USAID/Kiev, led this discussion.

She noted that there appeared to be problems in Ukraine with reliability of monitored data: concerns by testing laboratories about data quality, stringent effluent standards, and the ability to measure for pollutants; and the ability to make sound environmental decisions based on the unreliable data. She and **Alan Schultz** of the EPT Project outlined that USAID was interested in providing assistance on various water-related issues, examples of which include the following:

- Improving water management and water resource decision-making. One example was the Kaniv Reservoir waste load allocation study recently initiated by USEPA and a steering committee of various Ukrainian environmental and water management agencies.
- Assistance with reviewing and commenting on the draft Water Code.
- Developing a "model" approach to river basin management whereby water resources are controlled at the basin-level instead of the national level.
- Developing a "model" approach to operating a vodokanal, that included aspects such as "cost recovery" of infrastructure establishment and operational and maintenance expenses, efficient allocation of water resources, and being accountable to water customers.
- Operational simulation modeling of river basins, in order to better manage the limited water resources against conflicting and cumulatively excessive water demands.

- Developing means of remediating the numerous large wastewater ponds that are polluting surface and ground water resources.

Steven Fry of the EPT Project outlined a USAID proposal to assist with improving Ukraine's ability to analyze water quality samples, while **Brad Carr** of the EPT Project described a current USAID program of water and sanitation assistance to repatriated Tatars in Crimea.

Anatoly Yatsyk, Director of the Institute of Water-Related Environmental Problems, hoped that cooperation on water resources issues would be developed within the context of the Ukrainian-American program. Specifically the Dnipro River is a priority for water consumers. He emphasized the problem of financing. He also indicated that a concept was needed for water management in Ukraine, and that U.S. experience could be used in its development. Monitoring is important to solve water problems. Economic principles must be used for water management and a payment system for water management should be developed. He noted that one body should control water resources.

Janelle Daane, USAID/Kiev, asked that with the proposed change from State to communal ownership of vodokanals whether tariffs for domestic water services would now go to support the operation and maintenance of vodokanals or would go to the State budget.

Volodymyr Skubchenko responded that there is currently inadequate funding to cover the cost of vodokanals given the high cost of energy. He cited the structure of payment for drinking water as follows: industry consumes about 17-20% of water, with the balance going to domestic consumption, yet only 25% of the cost was borne by domestic consumers and 75% paid by industry. Subsidies are provided from the local government. Daane indicated that USAID could provide assistance in the area of water pricing so that vodokanals could recover the cost of developing supply infrastructure, and operation and maintenance.

In discussing issues related to the function of the Ministry of Environmental Protection, **Ulian Bilotkach**, a department head at the State Committee on Water Resources, noted that this is a serious question. If one were to assume that MEP were to have both environmental protection and resource use functions, this would necessitate putting water, hydroelectricity, fishery, and forestry resource management into MEP. It would become a huge organization that would be difficult to manage. If one went back to the system before MEP was created, where there were dozens of ministries covering environmentally related sectors with no coordination, then nobody was responsible for anything. The solution is, therefore, in between. He proposed to retain environmental protection within the MEP, and have it control relevant activities of other resource-oriented ministries.

Mykola Babych, a department head at the State Committee on Water Resources, agreed with Ulian Bilotkach. MEP should take functions of recovery and control. There is no one currently responsible for economic functions. The MEP should play a coordinating role -- it should not only control but manage.

Mykola Stetsenko, Director of the Department of Protected Areas and Biological Resources, Ministry of Environmental Protection, noted that a division of responsibility is needed for water resources management to enhance economic efficiency. Forestry resources can be managed as an ecosystem or as forestry. Management is more efficient than control and protection. He emphasized the difficulty of coordination of functions such as protection and

control and said that MEP should have the authority to make decisions regarding management, use, and recovery.

MEP Deputy Minister **Vasyl Shevchuk** indicated that **Stetsenko** was voicing a personal opinion. He further noted that the authorities at MEP did not think that assuming a coordinating role was an impossibility. MEP must integrate coordination, control, and management.

3.4.2.4 Additional Comments

James Osborn of USAID/Kiev focused on several discussion points that needed further elaboration, including whether assistance from the U.S. would be helpful on enhancing management of environmental and economic data in Donetsk (to **Kurulenko**) and on the view of MEP as to whether collaboration with the United States would be useful in the refinement of a biodiversity strategy for Ukraine (to **Stetsenko**). **Sviatoslav Kurulenko** (MEP Donetsk Oblast office) noted that Donetsk has unique information but that much is obsolete and needs an update. Assistance could be helpful in computerization of information. Information could be used to strengthen monitoring efforts. Computerization to support monitoring efforts would be very important. **Stetsenko** said that U.S. assistance on the biodiversity strategy could include: technical assistance (experts) in the preparation of documents on specific biological problems and in the determination of priorities. He also welcomed the opportunity of working with U.S. experts in conducting seminars, training, and exchange of experience. He indicated that a general strategy has already been formulated for biodiversity in Ukraine and that U.S. assistance could be helpful in finding donors and funds for implementation.

3.5 Optimizing Financing, Support, & Management of the Ukrainian Program

MEP Deputy Minister **Vasyl Shevchuk** opened this discussion by noting that it touches on some of the most vital problems facing MEP. The lack of funding is a major obstacle. Precise means of implementation are also lacking. Beforehand, funds were available through the centralized system. Now, a clearcut program implementation mechanism is needed -- the legal framework can provide such a mechanism. Current MEP directions include: use of natural resources; protection of the environment; securing environmental protection; environmental monitoring; and legal foundation for enforcement.

Shevchuk also emphasized the need for an economic mechanism for natural resource use. Efforts have been ongoing in this area for the past two years. Payments have been introduced for forests and biological resources. Pollution fees for hazardous emissions have led to funds that finance environmental protection measures. Since 1994, a special section has been included in the budget of Ukraine (130) that deals with environmental protection. Use of funds is exercised in coordination with the approval of MEP. But these funds are not enough. Some \$60 million will be spent for the Dnipro River in 1994. **Shevchuk** noted that efforts would be made to increase the efficiency of revenue use in a more target oriented way. Funds should be protected against inflation. He indicated that steps are underway to create an Eco Bank and several other environmental funds.

The first breakthrough in these efforts recently occurred with creation of the Fund for the Rebirth of the Dnipro River. The Fund operates in parallel with the Eco Bank. **Shevchuk** noted that a system of "ecological control" is needed. The State Environmental Inspectorate

(part of MEP) has a wide range of responsibilities. It provides for enforcement and has other powers. Priority must be placed on economics.

Shevchuk saw two major directions for cooperation: regional environmental policy development, and technological decision-making particularly in the area of water management.

Anatoly Tkachev, a MEP Department Head, spoke to the regional issues point. He expressed interest in the regional program in Donetsk described by Ties van Kempen the previous day. He noted that insufficient funds are allocated for environmental protection in Donetsk. He cited regional differences existing between different branches of industry in the region and problems in relation to the distribution of natural resources. Addressing some of these problems requires policy changes at MEP on the national level. He noted that regional environmental policies should be a national priority; that power should be distributed between national and local authorities; that account should be made of the environmental interests of regions outside and inside Ukraine; and that a regional mechanism should be established for financing natural resource protection activities. This, he said, would be a good area for U.S.- Ukrainian collaboration.

Tkachev referred to the problem of water resources in Donetsk, emphasizing that a management structure must be adopted. He described a six basin system. He indicated that efforts are underway to develop a pilot project for management of the South Buh River. U.S. assistance for creation of a financial system for the implementation of such programs would be welcomed. He also indicated that laws would need to be reviewed and some feasibility studies conducted.

Regional environmental programs are needed for certain regions of the Ukraine including: Donbass; Zaporizhzhia; Dnipropetrovsk; Slobozhanshina; Polessyia; Bolan and Rivne Oblast; Carpathian region and Podilya; the Middle Dnipro area; the Black Sea; and the Crimean Peninsula.

Tkachev indicated that cooperation with the United States would be welcome with the creation of demonstration pilot projects which could include economic and market principles. He also hoped USAID would agree to help evaluate the effectiveness of laws as they affect the regions.

James Osborn indicated that he appreciated hearing the presentations on issues of management and finance by MEP. He was pleased to hear about the Dnipro Rehabilitation Fund as a mechanism for financing. He noted that Ukraine requires significant support from government mechanisms. He questioned whether a more formal partnership should exist between the United States and MEP to support further development of these proposals and the development of instruments to implement programs.

Vitaly Potapov, Advisor to the Minister for Environmental Protection, noted that the *National Program* has some problems but that the document in its present form might serve as a basis for a far-reaching environmental management program. The problem of financing, however, is both vital and complicated. Financing will be key to any successful *Program* enactment. New mechanisms will need to be created for financial support on regional, national and local levels. Assistance will be required here.

Potapov said there is a problem with introducing changes in mechanisms during a period of economic transition. Optimizing finances is premature, he said. The feasibility of *National Program* implementation in a period of transition needs to be established before financial mechanisms are discussed. The problem of financing must be adaptable to change. The transition to a market economy changes the mechanism of the *National Program* he stated. He said that beforehand, we had one central source of funding, but market conditions make government funding only one of the possible sources. He raised the issue of impact on regional/local levels. Different shares of budgetary allocations will be required as a result of the transition period.

He said that there are three directions for cooperation: (i) development of methods for financial support of programs in conditions of the transition period at various levels focusing specifically on the regional and local levels; (ii) development of mechanisms for financial support of environmental programs and to "harmonize" financial support at all levels; (iii) development of specific projects that could be basic pilot projects to address regional and local objectives and that would also take into account the priorities of the *National Program*. He also indicated that it would be expedient to institutionalize the basis for Ukrainian-American cooperation. Project development should include joint Ukrainian-American panels and meetings of experts. He cited the poor experience following last year's World Bank-sponsored conference on Ukraine's environmental issues -- despite efforts made, the World Bank fell short due to inadequate cooperation with appropriate Ukrainian counterparts.

MEP Deputy Minister Yaroslav Movchan addressed priorities he saw for the future. He noted that there are some 170 international conventions in the world, but Ukraine participates in only 20. He argued for greater Ukrainian participation in the international community with regard to environment. He also stressed that information was a priority area. Ukraine needs to connect with systems of monitoring and collection of information and to interact with the public to distribute information. He cited the need to protect biodiversity as a priority area. There are seven priorities in the Ukrainian program, Movchan said.

As a step toward institutionalizing U.S.-Ukrainian cooperation, Movchan proposed the establishment of joint Working Groups. The groups would address the following:

- optimization of *National Program* implementation
- development of mechanisms for *Program* implementation (including financial and economic mechanisms)
- address legal and enforcement aspects
- develop regional and water pilot projects
- address biodiversity and related problems
- enhance information and monitoring
- develop public relations and public awareness programs.

Movchan emphasized that information and laws are needed and that public support is vital for creating a support and legal base for *National Program* implementation. Movchan also proposed a joint Steering Committee for U.S.-Ukrainian cooperation that would oversee efforts of the Working Groups, and receive reports from such Groups, including regular forums similar to that of today.

James Osborn agreed that joint working groups or task forces would be a valuable concept for collaboration.

3.6 Optimizing U.S. Assistance

Ties van Kempen, EPT/Kiev office, introduced this session.

He noted that USAID's environmental assistance programs hoped to build upon priorities already developed by Ukraine. He indicated that the U.S. Department of Energy and the U.S. Nuclear Regulatory Commission are working on Chernobyl-related issues, and that the U.S. Department of Defense (including the U.S. Army Corps of Engineers) are involved in defence base rehabilitation and military conversion. USAID's environmental assistance program will therefore not address these issues, even though they are included in priorities established by Ukraine's *National Program*.

Van Kempen stated that the USAID environmental assistance program aims to undertake readily implementable and replicable projects. The assistance has been organized into four groups:

- (i) USAID technical and administrative personnel in Kiev and Washington.
- (ii) A cooperative agreement with USEPA to undertake various environmental projects.
- (iii) Grants to U.S.-based organizations to undertake specific environmental assistance activities in Ukraine. A grant to ISAR is for assistance to Ukrainian environmental NGOs, while a grant to the City University of New York is for the development and production in Ukraine of small water-treatment units.
- (iv) Engaging a private company, CH2M HILL, to facilitate implementation of much of USAID's assistance program, through a contract termed the Environmental Policy & Technology Project (EPT Project). CH2M HILL leads a consortium of some 15 organizations that provide expertise in areas such as science, engineering, law, and policy. With the academic institutions involved, more than 50,000 specialists can be tapped through the consortium.

He stated that USAID's environmental assistance includes three components: (i) technical assistance, (ii) training, and (iii) equipment.

Van Kempen elaborated on USAID objectives:

- environmental institutional strengthening
- promotion of democracy and public involvement in environmental decision making
- support sustainable development during transition to a market economy
- transfer of environmental technology.

He then introduced assistance proposals under each USAID objective, and outlined how they could coincide with Ukrainian priorities, as stated in the *National Program*. For example, he noted that under **environmental institutional strengthening**, MEP Deputy Minister Movchan's suggested Working Groups could be included, along with cooperation in the refinement and implementation of the *National Program*. A U.S. specialist could advise MEP in defining its role. An advisor from the U.S. could also work with the MEP's Donetsk office to advise on the Donetsk Environmental Action Plan. The EPT Project has already commenced preparation of an overview of environmental management agencies in Ukraine.

focussed on MEP, that could serve as an initial basis from which suggestions for institutional strengthening could be developed.

On **democracy and public involvement**, van Kempen stated that possible U.S. assistance projects could include collaboration with vodokanals (assisting vodokanals to become public utilities and become accountable to their customers); assistance to the Environmental Education and Information Center, and ISAR assistance to NGOs. The EPT Project, acting on a request from Dr. Oleshchenko (from the Supreme Soviet's Commission of Environmental Policy) was arranging for English-language translation of Ukrainian environmental laws. Such translations could be made available to western investors, and international donors, to provide them with a better understanding of Ukraine's environmental requirements (these will become the first official English-language translations of any Ukrainian laws and regulations). The EPT Project was also preparing an English-language directory of Ukrainian environmental organizations, agencies, institutions, and NGOs, and make this information readily available to interested parties.

He noted that assistance in refining and implementing the *National Program*, partly through the Working Groups and Steering Committee suggested by MEP Deputy Minister Movchan, would also help to **support sustainable development**, as would a U.S.-expatriate advisor to MEP. He also referred to a current EPT Project effort in Crimea to provide water and sanitation assistance to repatriated Tatar populations, which could be extended to look at how to address existing Crimean regional water shortages without developing new major water storages. There is also a possibility of assisting with biodiversity protection, especially as Ukraine was about to ratify its commitment to implementing Agenda 21 of the Rio "Earth Summit".

Concerning transfer of **environmental technology**, van Kempen stated the EPT Project is interested in helping Ukraine improve its ability to analyze environmental media (pollution analysis, and testing laboratory quality control). The EPT Project could also provide assistance by conducting a "model" river basin management program, possibly in the Siversky-Donetsk River Basin. USEPA, in conjunction with a group of Ukrainian agencies and institutions, has initiated a water quality study on the Kaniv Reservoir, which is part of the Dnipro River. That study aims to develop information in order to be able to make effective decisions regarding competing uses of water in the reservoir. At the request of Minister Kostenko, USEPA was also providing a radiological monitoring laboratory to MEP.

Dan Thompson of USEPA noted that the Environmental Protection Agency has a similar strategy of addressing priorities raised by the Ukrainian side. Assistance for example is being provided on the Dnipro River. Because funding is limited, it is important for the U.S. side to know where its assistance is most needed.

Thompson noted that USEPA is working with the Environmental Education and Information Center as part of an institution strengthening effort. He cited management training courses (audits; regulation on national, regional and local levels) that are conducted by USEPA at the Center. He noted that demonstration projects are aimed at transferring environmental technology and it is optimal that projects are able to strengthen institutional capacity as they are implemented. USEPA is also addressing public awareness issues through a grant to the Institute for Sustainable Communities to work with MEP and environmental groups to do a public awareness campaign around one selected theme. The campaign would include television and other educational efforts and is currently being developed.

MEP Deputy Minister **Shevchuk** then responded to USAID's assistance proposals. He first stated that the proposals were a comprehensive package of assistance; that he looked forward to working with USAID, USEPA, and the EPT Project, to better understand each proposal; make mutually agreed revisions where appropriate; and implement the mutually agreed proposals. He then noted that the *National Program* would be submitted to the Supreme Soviet on 7 December 1994 and, if approved, would be given to the Supreme Council for final approval. He stressed the timeliness and urgency of the *National Program*. He said that one of the most important results of the Forum is that he is assured that the Ukrainian *National Program* is real. He also said that the Forum marks the first joint step in Ukrainian-U.S. cooperation on the *National Program*. Implementation of the *National Program* will require joint effort, and that development of *Program* also makes U.S. environmental assistance efforts possible. He requested written descriptions of the assistance proposals cited earlier so that they could be discussed with other Ukrainian specialists in a proper way.

Shevchuk noted that Ukraine does not expect being given environmental technology from the United States, as such technology is costly. We also have technology here, he noted, that ranks at a world level. What would be more valuable is the development of a proper mechanism to stimulate technology transfer on a market basis -- particularly for vodokanal, and the Dnipro and Donetsk rivers. Transfer of technology raises the question "how do we pay?"

He confirmed the necessity to enhance the quality of laboratory analysis through the procurement of better equipment. Emphasis will also have to be placed on unification of standards and intercalibration methods.

He referred to the recent Ukrainian-Canadian expedition on the Dnipro River, and that intercalibration methods were discussed with Canadian, Dutch, and other experts in quality control for reservoirs. He noted that river basin cooperation efforts could be developed in Donetsk with the U.S., and added that the Dniester is also very important.

The Dnipro River is the highest national environmental priority for Ukraine. U.S. assistance in research would be welcomed. He voiced support for USAID assistance concerning the Dnipro River, and hoped that assistance in this area would be "serious". Shevchuk noted that Ukraine is carefully coordinating the efforts of the diverse donors. USEPA would therefore be encouraged to work in areas that the Canadians are not currently involved in.

Shevchuk added that Ukraine is fully aware that the solution to any problem in Ukrainian is "our problem", and that it fully expects to carry the main burden of expenses.

Sviatoslav Kurulenko, Director of MEP's Donetsk Regional office, then cited priorities for cooperation in the Donetsk Region as: problems related to development; and public relations and public information. He welcomed U.S. assistance to identify practical approaches for the region.

Mykola Stetsenko, Director of MEP's Department of Protection Areas and Biological Resources, stated that there is an urgent need regarding the development of the national biodiversity conservation and management strategy. He requested U.S. assistance on the matter, in the form of expert advice, cooperative work, joint seminars, training courses in the U.S., and some equipment.

Tkachev emphasized the need to build a financial mechanism -- we don't have the skills for this. He also indicated that MEP could list a number of projects for the Donetsk Basin. He voiced the possibility of creating a center of analysis of projects.

Yatsyk noted that the Ukrainian side must determine the most urgent priorities, discuss financing mechanisms, and have a responsible organization in charge. He emphasized the need for cooperative work in the water sector, and on the need to develop a concept for water management in Ukraine.

3.7 Conclusions

James Osborn of USAID/Kiev drew some preliminary conclusions. He noted that in environmental matters it is now clear that American and Ukrainian officials can sit down and discuss matters together in a constructive way. He welcomed the suggestion from Deputy Minister **Movchan** concerning Working Groups, and that it would be useful to conduct forums more often to discuss ideas on an equal basis. He said that the two programs -- the Ukrainian and the American -- were found by Forum participants to be intelligent and progressive in addressing serious issues. The dialogue between both sides should continue. He expressed hope that a permanent relationship can be developed between American and Ukrainian interests. He concluded that the specific match between USAID ideas and Ukrainian's *National Program* is a good one and provides the basis for concrete action.

MEP Deputy Minister **Shevchuk** indicated that it would be worthwhile to consider signing a joint memorandum regarding further cooperation. He remarked that the Forum was conducted at a high professional level, and he thanked all participants for their interest and involvement.

ANNEX A
LIST OF INVITED PARTICIPANTS

List of Participants

Ukraine

Aliev, Kemali

Deputy Chairman, State Committee on Water Resources

Babych, Mykola

Head, Department of Water Resources Management
State Committee on Water Resources

Bilotkach, Ulian

Head of Department, State Committee on Water Resources

Bondar, Yuriy

Head of Department, Ministry of Economy

Filipchuk, Georgiy

Chairman of the Commission on Environmental Policy, Supreme
Council

Goncharuk, Mykhailo

First Deputy Minister, Ministry of Finance

Kalnik, Victor

Deputy Minister, Ministry of Economy

Kostenko, Yuriy

Minister, Ministry of Environmental Protection

Kukhar, Valery

Academician, Council on Priorities in Science and Technology

Kurulenko, Sviatoslav

Director of the Donetsk Regional Office,
Ministry of Environmental Protection

Lipinsky, Viacheslav

Head of Committee for Hydrometeorology

Marievsky, Victor

Deputy Minister, Ministry of Health

Mazur, Valery

Deputy Minister, Ministry of Industry

Minin, Leonid

Deputy Minister, Ministry of Economy

Molodan, Gennadi

Deputy Director of Donetsk Regional Office
Ministry of Environmental Protection

Movchan, Yaroslav

Deputy Minister, Ministry of Environmental Protection

Nakonechny, Volodymyr

Deputy Chairman of the Regional Council, Donetsk

Novokhatko, Leonid
Head of Department, Administration of the President

Oleshchenko, Vyacheslav
Chief Consultant, Commission on Environmental Policy, Supreme
Council

Pavlyuk, Anatoly
Director, Main State Ecological Inspectorate

Potapov, Vitaly
Advisor to the Minister, Ministry of Environmental Protection

Ruban, Yuriy
First Deputy Minister, Ministry of Environmental Protection

Rudoi, Yuriy
Head of the Department of Environmental Protection,
Ministry of Industry

Ryabchenko, Sergiy
Chairman, State Committee on Science and Technology

Scherbak, Yuriy
Ambassador Designate of Ukraine to the United States

Schidlovski, Sergiy
Department Director, Cabinet of Ministers

Serdyuk, Andriy
First Deputy Minister, Ministry of Health

Shevchuk, Vasyl
Deputy Minister, Ministry of Environmental Protection

Skubchenko, Volodymyr
Department Head, State Committee on Housing and Communal Services

Stetsenko, Mykola
Director of the Department of Protected Areas and Biological
Resources, Ministry of Environmental Protection

Tkachev, Anatoly
Head of Department, Ministry of Environmental Protection

Yatsyk, Anatoly
Director Institute of Water Related Environmental Problems

United States Embassy

The Honorable William G. Miller, U.S. Ambassador to Ukraine

Natalia Jaresko
Economics Counselor

Stephen Miller
Economics Officer

United States Agency for International Development

Terrence J. McMahon, Director
USAID/Kiev

Dr. James Osborn
USAID/Kiev

Janelle Daane
USAID/Kiev

Natalia Gordienko
USAID/Kiev

Kenneth Baum
USAID/Washington

John Kerr, Consultant
USAID/Washington

Marshall Fischer
USAID/Washington

United States Environmental Protection Agency

Dan Thompson
Division of International Programs

USAID Environmental Policy and Technology Project

Ties van Kempen
Andriy Demydenko--facilitator
Raisa Scriabine--facilitator
William Maggs
Alan Schultz
Stan Rothschild
Brad Carr
Steven Fry
Volodymyr Tikhii--facilitator

ISAR

Jonathan Spaulding

**ANNEX B
FORUM AGENDA**

Ukrainian American Forum on Environmental Management Programs

November 3-4, 1994

Mariinsky Palace, East Wing (Ukrainian Peace Council)

November 3

10:00-10:20

Welcome

– Terrence J. McMahon,
Director USAID Mission to Ukraine, Belarus and
Moldova

Opening Remarks

– The Honorable William G. Miller,
Ambassador of the United States of America

– The Honorable Yuriy Scherbak,
Ambassador Designate of Ukraine
to the United States

– Dr. Yuriy Kostenko,
Ministry of Environmental Protection

10:20-10:30

Introduction to the Forum

– Dr. James Osborn, USAID

Ukrainian Program

10:30-11:00

Introduction to the National Program on Environmental
Protection and Rational Use of Natural Resources of
Ukraine

– Dr. Yuriy Kostenko, Minister
Ministry of Environmental Protection

11:00-11:15

Coffee Break

American Program

- 11:15-12:30 U.S. Expert Response and General Discussion
- Dr. Andriy Demydenko, facilitator
- Panel:
- Mr. Kenneth Baum, USAID/Washington; Mr. Ties van Kempen, EPT Project; Mr. Dan Thompson, USEPA; Mr. Jonathan Spaulding, ISAR.
- 12:30-14:00 Luncheon at the Hotel Kiev
- 14:00-15:00 Continuation of Discussion of Ukrainian Program
- 15:00-15:30 Introduction to Proposed U.S. Program
- Dr. James Osborn, USAID
 - Ms. Raisa Scriabine, facilitator
 - Mr. Volodymyr Tikhii, facilitator
- 15:30-16:30 National Policy and Institutional Development Cooperation
- Initial issues:
- 1) Support for improved environmental management in Ukraine and role of the Ministry of Environment.
 - 2) Public information and NGO support..
 - 3) Collecting and disseminating environmental information.
- Dr. James Osborn, USAID/Kiev; Minister Yuriy Kostenko; Mr. Georgiy Filipchuk, Supreme Council; Mr. Sergiy Shydlovski, Cabinet of Ministers; Mr. William Maggs, EPT Project
- 16:30-16:45 Coffee Break

16:45-17:45

Donetsk Regional Environmental Management Cooperation

Initial issues:

- 1) Current status of Donetsk regional environmental protection program.
- 2) Current environmental regulatory compliance.
- 3) Possible Ukrainian-American cooperation initiatives.

Mr. Ties van Kempen, EPT Project; Mr. Volodymyr Nakonechny, Donetsk Regional Council; Mr. Sviatoslav Kurulenko, Ministry of Environmental Protection; Mr. Gennadi Molodan, Ministry of Environmental Protection; Mr. John Kerr, USAID/Washington

17:45-18:45

Water Management Cooperation

Initial issues:

- 1) Water quality management.
- 2) Transition for vodocanals.
- 3) Integrated river basin planning and management.

Ms. Janelle Daane, USAID/Kiev; Mr. Kemali Aliev, State Committee on Water Resources; Mr. Vyacheslav Oleshchenko, Supreme Council; Mr. Anatoly Pavlyuk, Main State Ecological Inspectorate; Mr. Ulian Bilotkach, State Committee on Water Resources; Alan Schultz; Mr. Bradley Carr, EPT Project.

18:45

Reception

November 4, 1994

Program Management

- 10:00-11:30 Optimizing Financing, Support and Management of the Ukrainian Program
- Opening Remarks: Deputy Minister Vasyl Shevchuk; Mr. Anatoly Tkachev; Mr. Vitaly Potapov, Ministry of Environmental Protection
 - Response: Dr. James Osborn, USAID
 - Discussion
- 11:30-11:45 Coffee Break
- 11:45-13:00 Optimizing American Assistance
- Opening Remarks: Ties van Kempen, EPT Project; Dan Thompson, USEPA
 - Response: Deputy Minister Vasyl Shevchuk
 - Discussion
- 13:00-14:00 Conclusions