

SUMMARY

of Local and Regional Development Policies

in Ukraine

Implementation period:
July 2019 - September 2019

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ABOUT THE PROJECT

The current summary was developed within the project "Promoting transparency and implementation of anti-corruption measures in state-owned enterprises and local governments in Ukraine". The initiative is being implemented by the International Centre for Policy Studies (ICPS) in partnership with the Institute for Economic and Social Reforms in Slovakia (INEKO) and is financially supported by the Official Development Assistance of the Slovak Republic (SlovakAid). The project aims to improve the efficiency of the state administration, self-government and civil society in the area of creation and oversight of regional policies, administration of state-owned enterprises, and monitoring of budgets and information openness of local authorities in Ukraine.

The publication represents the third edition of the series of assessment of policies at the local and regional level, implemented in July 2019 - September 2019¹. Altogether, more than 20 regulations will be gathered and ranked on a quarterly basis by the end of the project.

The main objective of the initiative is to improve the quality of regional and/or municipal regulation and legislation through publishing a regular expert assessment of the socio-economic measures proposed or implemented by local governments in Ukraine. The purpose of the evaluation is to describe practices that can be transferred to other localities as well.

The policies included in the current summary were identified and analyzed with the support of Evaluation Council experts that were selected by the International Centre for Policy Studies on the basis of their experience. 12 experts with sufficient experience were asked to assess the chosen local measures and policies, adopted by local and regional authorities.

As a result, six local and regional measures are described in this publication, three of which are addressing the infrastructural issues and three are social projects, including the government, business and civil society cooperation initiative. Two of them are innovative and may have positive significant impact on the economic and social development of Ukraine.

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

¹ The first publication can be found by the link:

http://icps.com.ua/assets/uploads/images/images/eu/local_measures_ukraine_march_2019_.pdf

The second publication can be found by the link:

http://icps.com.ua/assets/uploads/images/files/ineko/local_measures_ukraine_june_2019_ukr_1_.pdf

SUMMARY

Among the six local and regional measures provided to the experts for evaluation, the first and the last places were taken by infrastructural projects. Two social projects appeared in the middle of the ranking, while having the neutral scores.

The vast majority of experts noted the importance of implementing of such an infrastructural project as the "Implementation of a comprehensive city lighting program in Mukachevo". Moreover, this measure received almost unanimous expert approval (+2.4 points out of 3.0 possible) as it has significant synergistic effect. Experts believe that after the implementation of this measure, the city will receive not only the greater security and tourist attractiveness, but also will increase its energy efficiency (the project envisages the lighting of 14 zones and replacement of outdated electricity networks and lamps).

Second by importance and expert approval is the project for creating a platform for cooperation between government, business and civil society. Joining the CoST (Construction Sector Transparency Initiative), according to expert opinion, will ensure transparency of implementation of infrastructural projects and conduction of monitoring of the road sector to inform the community about the improvement of local infrastructure. The experts noted such a measure to be a project with future perspective and with considerable potential for the implementation of the public-private partnership form.

Among the two social projects on promoting the gender equality and supporting small businesses (third and fourth place respectively), the project with the aim of Accession to the Charter of equality between women and men (Zhytomyr) received the highest score. The measure will have a positive impact on ensuring the equal rights and opportunities for the Zhytomyr community. However, the lack of any planned practical steps for further implementation under the project have led to relatively low experts' assessments.

The lowest (even negative) expert evaluations were received by two infrastructural projects regarding the construction of a private road to the port (Odessa) and the activities of PJSC "Ukrzaliznytsya" (Chernivtsi region). Experts believe that the results obtained from the implementation of these projects will be weakly linked to the declared solution of structural problems of the regions.

The lobby of the city administration is clearly seen in the first case. Therefore, experts have commented remarks on decision-making procedures and possible corruption risks. In the second case, the attempt of PJSC "Ukrzaliznytsia" to solve its financial problems by transferring them to the state and society is seen. The closure of railway stations throughout the Chernivtsi region will have a negative impact on the economic situation in the region, and may create long-term social challenges. Consequently, this measure has received the lowest ranking points and was ranked the last.

Members of the Evaluation Council:

- 1. Bereza Alyona** - Head of the NGO “ZhAR”.
- 2. Blinov Oleh** - Analyst of the NGO “Center for Public Monitoring and Research”.
- 3. Katolyk Iaroslav** - Regional coordinator of the projects, assistant to the people`s deputy of Ukraine.
- 4. Kuzko Yuriy** - Regional coach of the Odessa region of the International Development Law Organization (ILDO) and State Enterprise “ProZorro”.
- 5. Markevych Kateryna** - Expert of Economic Programs of the Ukrainian Centre for Economic and Political Studies named after O. Razumkov.
- 6. Pototsky Sergii** - Co-founder of anti-corruption NGO “The Center of Monitoring of State”.
- 7. Piontkovsky Kostyantyn** - Head of the NGO “The Center of Monitoring of State”.
- 8. Rozlutska Anastasiya** - Chief Editor of Mind lab magazine.
- 9. Simka Myroslav** - NGO “Center for public monitoring and research” - Chairman of the board.
- 10. Sinchenko Dmytro** - Head of the NGO “Association of Political Sciences”.
- 11. Solovyova Zhanna** - Head of the Regional HUB of CSO’s development (UNDP program), expert of a regional development, U-LEAD with Europe Program.
- 12. Subochev Alexei** - Associate Professor of the International Finance Department, Kyiv National Economic University.
- 13. Ziuzin Vitalii** - Project Manager in Operative Sociology Llc, Head of NGO "Local Strategies".

METHODOLOGY

Selected Measures for Evaluation

The measures were identified based on:

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

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

Evaluation Criteria

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

Quality of the Measure [-3; +3]

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

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

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

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

Rating of the Measure

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

RANKING OF BEST AND WORST MEASURES

Case	Quality [-3; +3]	Relevance [0%; 100%]	Final score [-300; 300]	Ranks
Implementation of a comprehensive city lighting program (Mukachevo city)	+2,4	75	+180	I
Joining the CoST Initiative (Khmelnyskyi oblast)	+1,7	41,2	+72,2	II
Towards equal opportunities - Accession to the Charter of equality between women and men (Zhytomyr city)	+1	22	+22	III
The planned opening of the business support centers (Chernihiv oblast)	+0,6	16	+9,6	IV
Permission for construction of a private road to the port (Odesa city)	-0,8	35	-28	V
Struggle between Regional State Administration and JSC "Ukrzaliznytsya" which closes non-profit stations (Chernivtsi oblast)	-1	37	-37	VI

I. Implementation of a comprehensive city lighting program (Mukachevo city)²

Features of the measure:

A large-scale project on lighting the streets of Mukachevo city is at the final stage. Back in 2017, experts from the Polish “LUG” company developed a project for streets and driveways lighting in the city. It is not only about replacing the supports, but also providing for the installation of LED lamps. In total, the lighting project covers 14 areas in the city, including all streets and driveways in Mukachevo. The project also provides for the laying of new cable lines, dismantling of old ones and installation of new supports. As of today, the installation of 4558 LED lamps on the 279 streets of the city has been completed by employees of the municipal enterprise “Repair and Construction Management”. The city has already spent more than 2 million hryvnias for the purchase of luminaires. These are 26, 30, 50 and 100W LEDs.

As a result of this project, the number of lamps in Mukachevo city has almost doubled compared to last year. Instead, electricity costs for street lighting have decreased. If for the whole of last year 2.7 million UAH was paid for street lighting, then for 8 months of 2019, taking into account the increase in the number of lamps twice - only 1.4 million UAH.

High-quality street lighting is not only a decoration of the evening landscape of the settlement, but also the safety of traffic, the prevention of hooliganism, comfort for anyone who walks the streets in the evening and at night. In addition, because of the low efficiency of obsolete lamps and other equipment, local governments incur high costs.

Stakeholders of these changes are the citizens of Mukachevo, who have received more illuminated and safe city streets, and saved money on electricity for street lighting can be aimed at addressing other citizens' needs.

Remarks:

The implementation of this project made it possible for the citizens of Mukachevo and vehicles to move around the city more safely in the evening and at night, as well as increased security in places where people were crowded. As a consequence, one can expect a decrease in

² Investigated by: Kuzko Yuriy - Regional coach of the Odessa region of the International Development Law Organization (ILDO) and State Enterprise “ProZorro”.

the number of accidents on the roads, violations of public order, avoidance of theft of personal property of citizens, preservation of communal property. In addition, the city has a better aesthetic appearance and become more comfortable to live. Also, saved money on electricity for street lighting can be aimed at addressing other citizens' needs.

However, experts mentioned that if this project was implemented under European grant or project, in particular through various options for cooperation between local authorities and the European Union and other institutions (low interest loans, replacement of lamps by investor for future savings, etc.), such efforts could be assessed even higher.

Scores: Quality [+2,4] Relevance [75%]

II. Joining the CoST Initiative (Khmelnyskyi oblast)³

Features of the measure:

Voluntary stakeholder initiative - CoST (Construction Sector Transparency Initiative), with a secretariat in London (UK), is designed ensuring transparency and accountability of construction, which is carried out at the expense of public funds. The initiative brings together government, public and business representatives to:

- ensuring transparency and accountability of the construction of public infrastructure facilities, carried out at public expense;
- increase of efficiency of use of public funds;
- reduction of inefficient management during construction and operation of infrastructure facilities and overcoming corruption.

In Ukraine, the CoST initiative was launched in November 2013, when Ukravtodor became a member, and began its active work in summer 2015 with the support of the World Bank and the active position of the Government of Ukraine, in particular the Ministry of Infrastructure. The pilot project of the CoST Road Initiative was launched in November 2015 following the signing of a Memorandum of Cooperation between the CoST International Secretariat, the Ministry of Infrastructure of Ukraine, Ukravtodor and Transparency International Ukraine.

The purpose of the CoST Initiative in Ukraine is to create an effective platform for cooperation between government, business and civil society.

On July 29, 2019, Khmelnytskyi oblast made an important step towards ensuring publicity and openness of use of funds in the road industry: the region joined the Construction Sector Transparency Initiative (CoST). The Memorandum of understanding between CoST National Secretariat, Khmelnytskyi Regional State Administration, Department of Regional Development and Construction of the Regional State Administration, State Enterprise "Local Highways Service" and Transparency International Ukraine was signed by the Head of the Regional State Administration Volodymyr Kalnichenko, the head of Regional Development Department for Construction and Infrastructure of the Regional State Administration Vira Brygadyr and the head of "Local Highways Service" Sergiy Duda. Khmelnytskyi Regional State Administration became the 8th among oblasts of Ukraine which joined the CoST Initiative.

³ Investigated by: Bereza Alyona - Head of the NGO "Zhar".

The project monitors the road market, and the relevant results are published on the basis of “ProZorro” data. The processes that take place in this area are analyzed, how contractors work, what funding in which areas is allocated, on what works. By joining the CoST Initiative, the Khmelnytskyi region has agreed to disclose up-to-date local road repair data that will be made available online on the CoST Transparent Infrastructure public portal.

Remarks:

The decision to join the CoST initiative was made to ensure transparency in the repair and construction of public highways of local importance in the Khmelnytskyi region and to implement international CoST Initiative standards to ensure accountability and open access to information during the construction of infrastructure facilities of public funds.

This information has been covered on several regional Internet portals, the official site of the Khmelnytskyi Regional Council and on the CoST Transparent Infrastructure public portal. The signing of the memorandum is an important step towards publicizing the use of budget funds in the repair of local roads, which for some reason is extremely problematic since the beginning of this year.

Due to the portal, civil society will receive a convenient tool for public monitoring and control of road repairs. Journalists will receive convenient access to objective and up-to-date information on project implementation, comparison and analysis of information for preparation of materials on road construction in Khmelnytskyi region.

The oblast authorities will have the opportunity to ensure the transparency of the implementation of infrastructure projects and monitor the road sector in order to inform the community about the improvement of the local infrastructure.

For business, openness will demonstrate the level of market openness and useful statistics on the implementation of infrastructure facilities, the level of competition and increase the investment attractiveness of the region.

Unfortunately, the contribution of the public sector of Khmelnytskyi region to the implementation of this initiative has not been publicly disclosed. Both HODA and CoST under the measure showed a full desire to cooperate with each other, however, earlier this year, the leadership of the region sent letters to representatives of a voluntary initiative, signed by the head of the profile management, about the lack of need for this cooperation, because the region

sufficiently covers this issue on its site. And it was precisely the members of the public who managed the parties to sit at the negotiating table, which resulted in the signing of memorandum.

After signing of this memorandum, not a long time has passed, which is why this is probably the reason that information on the Khmelnytskyi Regional Administration is not yet available on the special site. It is hoped that it is at this time it is filled with the necessary information, which in accordance with the signed obligations should be made public.

In addition, the experts noted that the initiative would be higher assessed if there were foreseen some levers to prevent inefficient spending or the possibility of business appeal in the case of illogical or biased actions by the authorities.

Scores: Quality [+1,7] Relevance [41,2%]

III. Towards equal opportunities - Accession to the Charter of equality between women and men (Zhytomyr city)⁴

Features of the measure:

In summer of 2019, during the session of Zhytomyr City Council, the deputies made a decision “On joining the European Charter for Equality of Women and Men in Local Life”. The draft decision on support for the Charter of Equality was prepared by the Department for Family, Youth and Sports of the City Council and the permanent deputy group "Equal Opportunities", according to which an analysis of urban development programs (in the fields of education, transport, culture, infrastructure, etc.) is envisaged for the presence of a gender component.

In total, over 1600 municipalities from 32 countries have already joined the Charter. Among the Ukrainian cities, Vinnytsia city was the first, and accordingly Zhytomyr will become the second city where the European Charter for Equality of Women and Men in Local Life is officially supported.

Also, according to the official website of the Zhytomyr City Council, it is reported that the Department for Family, Youth and Sports of the City Council has been working on the implementation of gender competencies among employees of the executive committee, representatives of public organizations, the population since 2012, including a number of projects successfully implemented such as “Gender Portrait of Zhytomyr City Council”, “Gender Coffee House”, “Gender Diary of a Local Government Official”, etc.

According to the European Charter for Equality of Men and Women, to which Zhytomyr has joined, it is prohibited to discriminate on any grounds of sex, race, ethnic or social origin, genetic characteristics, language, religion or belief, political or other views, belonging to national minorities, property status, place of birth, disability, age, or sexual orientation. The Charter “calls on Europe’s local and regional governments to commit themselves to use their powers and partnerships to achieve greater equality for their people”. By joining the Charter, the Zhytomyr City Council has committed itself to ensure the implementation of the Charter within its authority.

⁴ Investigated by: Markevych Kateryna - Expert of Economic Programs of the Ukrainian Centre for Economic and Political Studies named after O. Razumkov.

Remarks:

The measure will have a positive impact on ensuring equal rights and opportunities for citizens of Zhytomyr community.

On the other hand, according to experts, signing the Charter does not mean that something will be seriously changed for the better in the city or even in the municipality. In particular, they did not see any planned practical steps of the city administration.

Scores: Quality [+1] Relevance [22%]

IV. The planned opening of the business support centers (Chernihiv oblast)⁵

Features of the measure:

Chernihiv region is considered to be a rather depressed economic region of Ukraine, this is why local authorities' efforts with the help of international support are aimed at supporting and creating favorable conditions for doing business in the region. For this purpose, the initiative to establish business support centers on the basis of administrative service centers of Chernihiv, Nizhyn cities and Kozelets village is being introduced. This pilot project of launching a network of Entrepreneurship Support Centers (ESCs) will be implemented in four regions of Ukraine with the support of the Small and Medium Business Development Office of the Ministry of Economic Development, Trade and Agriculture of Ukraine and the FORBIZ international project.

Currently, it is planned to sign a Memorandum of Cooperation on the implementation of the project for the ESC establishment in Chernihiv region. This initiative will allow receiving appropriate training to specialists from these local communities of Chernihiv region, where they are currently receiving training on the development of small and medium-sized enterprises, business support infrastructure and typical ESC information package, etc.

In particular, it is envisaged that the relevant centers will provide free information and advisory services, primarily for micro and small businesses, as well as for those planning to start their own business.

Remarks:

In general, it should be noted that the implementation of such an initiative will contribute to the formation of a favorable business development system in Chernihiv region, facilitate the access of SMEs to information and consulting support, stimulate the establishment of a dialogue between business and local authorities.

However, experts mentioned that without signing the Memorandum and further steps, it is not possible to highly assess this initiative. Experts also doubt that officials can help with business development (especially through consultations).

Scores: Quality [+0,6] Relevance [16%]

⁵ Investigated by: Markevych Kateryna - Expert of Economic Programs of the Ukrainian Centre for Economic and Political Studies named after O. Razumkov.

V. Permission for construction of a private road to the port (Odesa city)⁶

Features of the measure:

On September 18, the deputies of the Odesa City Council have leased to “HADZHYBEY-2” LLC for 49 years of 6.6824 hectares of land for the construction of the road and its maintenance. The new road should connect the trestle of the Odessa Sea Commercial Port with the bypass road and ultimately unload the city roads from the stream of trucks (in Odesa the port is in the city center). It will be constructed at the expense of “Euroterminal” LLC, and the preliminary cost of the works is \$ 5-6 million.

Currently, trucks without traffic violations can enter the port only one way - by the Hadzhybey road, which ends with the “Dry Terminal” square of “Euroterminal” company, to which the trestle of the port closes. This private company charges a fare for the port, whether or not the carrier intends to use the services of the enterprise. In general, it's about \$ 17 from one machine. There is no official alternative for carriers, and journalists associate the company with people close to the Odesa city hall.

The situation began to escalate after the city hall in March 2016 forbade trucks to reach the port through the streets of the city, and “Euroterminal” became the only economic entity through which, without violating traffic rules, it was possible to get into the port. However, often trucks still went under the prohibitory signs, since the fine for such a violation was still smaller than the official payment from “Euroterminal”. The problem is so acute that not only truck drivers have been destroying road signs that forbade them from going to the port for free, but even former head of the region Mikheil Saakashvili.

“Local residents” (suspected by a number of media supported by “Euroterminal”) protested, they began to block the banned sections of road for their protection and their homes from being destroyed by the passage of overloaded trucks. Even some kind of checkpoints were set up and 24-hour duty shift was arranged by residents, leaving only one official road for trucks through “Euroterminal”. Truck drivers began to look for alternatives through other surrounding settlements, as a result of which other residents joined the protest, who were not satisfied with the huge flow of multi-ton trucks destroying their roads and located roads near houses.

⁶ Investigated by: Katolyk Iaroslav - Regional coordinator of the projects, assistant to the people's deputy of Ukraine.

The Antimonopoly Committee of Ukraine, which conducted its own investigation, was also interested in the situation. It acknowledged that charging by “Euroterminal” from freight forwarders (carriers) for travel to the port was an abuse of monopoly status and imposed a fine of 5 million 369 thousand UAH on the company. In addition, the ACU obliged “Euroterminal” to provide freight forwarders with free access to the port. The company disagreed with the decision and challenged it in court, but in 2018 the Court of Appeal (Kyiv) confirmed the ACU's correctness. Nevertheless, unobstructed access to this time has not appeared, and the freight forwarders continue to be charged.

In July, the ASU, city officials and stakeholders sat down to negotiate about a new road to the port, parallel to the existing Hadzhybey road. Many people had hoped that an alternative to “Euroterminal” services will finally emerge. But no - as it turned out, the city hall, in fact, gave the right to a new road to this company closest to itself. Of course, the road will be built at the company's own expense and should unload the city roads, significantly reducing their destruction, but it will be paid and will lead to the same paid "Dry port" square. Accordingly, there will be little change for freight forwarders.

It is interesting that the Administration of Seaports of Ukraine also submitted documents for obtaining a land plot for the construction of its own road, but at the session of the city council this project was not submitted. Officials explained that due to the fact that the ASU project was not discussed by the working group and the planned road crossed a number of backbone networks.

But the mayor of Odesa Gennady Trukhanov publicly supported the project of the “Euroterminal”, saying that it is attractive both from an investment point of view and from a technical point of view, since the road will not cross underground and ground communications. In addition, the mayor said that today more than half of stevedoring companies, working in the port, without problems cooperate with the “Euroterminal”.

However, it was promised in the city hall at the next plenary session to consider the issue of allocation of land for the ASU so that it could build its own road to the port. It will also be paid, which is why it was even claimed in the city hall that there was no point in another port road. However, as journalists have found out, it will be much cheaper to travel on the port roads than on the “Euroterminal`s”.

So far, the Administration of the Ukrainian Seaports has sent to “Euroterminal” LLC a draft agreement on establishing an easement for unobstructed (that is, free) transportation of heavy goods vehicles to the territory of the Odesa seaport and back. However, it is unknown at this time that “Euroterminal” will agree to sign it.

Remarks:

On the one hand, an alternative road is really needed. This relates to the issue of reducing the traffic jams on urban roads, preserving the roads from overloaded trucks, as well as environmental issues (trucks will not stand in traffic jams and will emit less pollutants).

However, on the other hand, the experts noted that even in this situation, the lobbying of the city administration and the attempt to give "its" company a monopoly position are clearly seen: there are big issues regarding the decision-making process and possible corruption risks.

Scores: Quality [-0,8] Relevance [35%]

VI. Struggle between Regional State Administration and JSC “Ukrzaliznytsya” which closes non-profit stations (Chernivtsi oblast)⁷

Features of the measure:

At the beginning of 2019, JSC “Ukrzaliznytsya” published its own analysis of cargo stations operation in the second half of 2018. On this basis, the rating of low-load cargo stations - the volume of loading and unloading on which did not exceed 2.34 wagons per day - was made. That is, the cost of maintaining such stations is greater than the profit from their use. In this list were 13 stations in Chernivtsi region.

The management of JSC “Ukrzaliznytsya” state that the decision regarding the future of low-activity railway stations will be made in view of the economic feasibility and ability of the enterprise to maintain this infrastructure. This was stated by the first deputy director of the UZ branch “Center of transport logistics” Sergiy Pidgorodetsky. The procedure of closing stations for commercial operations related to the carriage of goods has already started at “Vashkivtsi”, “Vyzhnytsa”, “Kostryzhivka”, “Verenchanka”, “Zastavna”, “Kitsman” and “Karpachiv” stations.

Territorial communities and business are primarily interested in the operation of stations. The management of JSC “Ukrzaliznytsya” proposed local business an alternative tariff, close to the economically justified one, for transportation of goods from low-activity to supporting railway stations. You always have to choose - either the railway business earns on its activities, or optimizes and focuses on improving efficiency. Ukrzaliznytsya in the world carrier market is one of the largest players, but at the same time the least effective.

As soon as the Chernivtsi RSA officials became aware of the closure of the stations, they immediately sent letters to the Presidential Administration and the Cabinet of Ministers, the Verkhovna Rada and the Ministry of Infrastructure. They asked not to close them. However, JSC “Ukrzaliznytsya” refers to the fact that if local authorities and entrepreneurs do not subsidize unprofitable stations, then JSC “Ukrzaliznytsya” has the right to close them for six months with the agreement of the Ministry of Infrastructure. By the way, the Ministry has repeatedly sent such requests to the Chernivtsi RSA. However, officials immediately rejected them.

The local authority of Bukovyna states that this situation may adversely affect not only the profits of the enterprises and companies that use the services of the railways, but also the

⁷ Investigated by: Blinov Oleh - Analyst of the NGO “Center for Public Monitoring and Research”.

economic situation of the region. Department of forestry and hunting of Bukovyna was one of the first to protest against such decision of JSC “Ukrzaliznytsya”. They stated that the planned closure by JSC “Ukrzaliznytsya” of “Mezhyrichchya” station, located in Chudey village, Storozhynets district would lead to a sharp deterioration of production activities with a real threat of liquidation of “Storozhynets forestry” - one of the largest enterprises in the region.

“This station is the main and the only place for supply of finished goods of wood processing to our consumers, including abroad. This provides the country with stable foreign exchange earnings and self-financing forestry - the funds needed to carry out all forestry activities, pay taxes and social contributions,” director of “Storozhynets forestry” Igor Belenchuk said in his letter to the People's Deputy of 202 district Maxym Zaremsky.

Deputies of the Chernivtsi Regional Council prepared a draft appeal to JSC “Ukrzaliznytsya” asking not to close “Mezhyrichchya” railway station. This issue is expected to be considered at the next board meeting. For over a year, the Department of Infrastructure of the Chernivtsi Regional State Administration has been trying to persuade JSC “Ukrzaliznytsya” to preserve these cargo stations. Because local businesses, such as the Nepochokovetsky combine, may suffer. According to unofficial data, for the first nine months of 2018, the combine paid about eight million hryvnias to the budget.

Remarks:

Maintaining the infrastructure of the region, including railway transport, is a direct obligation of local authorities and businesses, but neither the authorities nor the business are willing to compromise with JSC “Ukrzaliznytsya” and want someone else to pay for it.

It is likely that in the near future Chernivtsi region will remain without most freight railway stations. Stations are planned to be closed: Kostryzhivka, Verenchanka, Zastavna, Vyzhnytsya, Karapchiv, Vashkivtsi, Ispas, Novoselytsya, Magala, Storozhynets, Chudey (Mezhyrichchya), Kitsman, Romankivtsi.

The closure of railway stations throughout Chernivtsi region will have a negative impact on the economic situation in the region, but it cannot be called critical. As, according to the internal study of JSC “Ukrzaliznytsya”, the volume of loading / unloading of goods is rather small - only 2.34 wagons per day. That is, the cargo can be transported by other alternative modes of transport, and close unprofitable stations.

In general, according to experts, it looks like an attempt to maximize the exploitation of the existing infrastructure, completely regardless the losses of the enterprise. It is unlikely that such a "fight" for the public interest can be evaluated as one that deserves some positive assessment. It is necessary to look for solutions to increase the stations` operation load or to somehow subsidize their activity, rather than simply informing about the non-support of the actions of the railway.

Scores: Quality [-1] Relevance [37%]