

SUMMARY REPORT REGARDING AUDIT OF HANDLING OF BUDGETARY FUNDS ASSIGNED FOR THE STATE PROGRAM ON PROTECTION AND RECREATION OF AZOV AND BLACK SEAS' ENVIRONMENT DURING 2001-2002

International aspects

Azov and Black seas are the most distant ones from the World Ocean on the planet. Their catchment basin reaches more than 2 millions square kilometers. At the moment the environments of Azov and Black seas are affected by considerable exceeding of contaminants over assimilation ability of marine ecosystems.

***Note: point and diffuse** sources are serious factors of pollution of rivers that flow into Black and Azov seas. The main point sources of pollution of major Ukrainian rivers (such as Dnepr, Siversky Donets, Dnestr and Southern Bough) are the numerous industrial enterprises situated along the rivers' coastline (mainly these are metallurgic, chemical and power industry enterprises) and a number of populous cities. In general, on territory of Black sea basin states there are 50 point sources which cause the largest damage to the sea (so called "hot points"). Reduction of industrial emissions by these point sources is of primary significance. There are 10 of such hot points in Ukraine and Turkey, 9 - in Bulgaria, 8 - in Russia, 7 - in Georgia , 6 – in Romania.*

The catchment basins of major Ukrainian rivers involve lots of agricultural holdings which are the main diffuse sources of pollution caused by washing off the organic and non-organic stuffs into rivers that flow into the seas.

*Numerous industrial enterprises and populous cities are the main pollutants of water objects with the **reverse waters**.*

Atmospheric precipitation is also dangerous source of diffuse pollution of Black and Azov Seas. 189,6 thousand tones of nitrogen and 17,2 thousand tones of phosphorus come in seas yearly by this way exceeding pollution with these stuffs through the Dnepr river run-off.

Negative influence on sea ecosystems is also caused by emergency situations relative to navigation.

*In the coast area processes of destruction mainly take place, the main one is a mechanical abrasion as a result of sea waves and sea currents effects. Over 2,6 thousand kilometres coastline are constantly affected by **erosion and destruction**.*

The Convention on Protection of the Black Sea Against Pollution (1992, Bucharest, Romania) is the principal international document to framework general principles on issues of protection, recreation and natural resources of Black Sea. The Bucharest Convention was signed by Ukraine in 1992 and ratified by the Parliament of Ukraine on February 4, 1994. The object of Convention is to provide auspicious conditions for carrying common activities on protection of Black Sea's environment and natural resources. The Convention sets out prioritised measures concerning prevention, reduction and supervision of sea pollution created by sea and land activities, as well as ways of cooperation in cases of emergency. It also outlines terms of cooperation if emergency occurs. 11 European states (including Ukraine) are the parties of the Convention. It is provided by the Convention that contracting parties individually or together take all measures necessary, in accordance with international legislation, to protect and monitor sea environment and prevent it's further pollution.

The Ministerial Declaration on the protection of the Black Sea (Odessa, 1993) lays down the political framework for Convention. Implementation provisions of the Ministerial Declaration were defined concretely during Ministerial Conference (Istanbul, Turkey, October

1996) through the drafting the Strategic Action Plan, which was signed in 1996 by representatives of Bulgaria, Georgia, Romania, Russia Federation, Turkey and Ukraine. Strategic plan of activities, as the principal document on Convention implementation in Ukraine, provides the number of political and economical actions directed on reduction of pollution by sources situated on territory of Ukraine, pollution with dangerous stuffs and transboundary transportation of hazardous cargoes.

to bring Ukrainian environmental legislation currently in force in accordance with international commitments the State is engaged in, it was adopted during 1992-2002 the following:

- Water Code of Ukraine (1995)
- Law of Ukraine “On protection of environment” (1991)
- Law of Ukraine “On the state program on development of national environmental network during 2000-2015” (2000)
- Law of Ukraine “On state policy for water management development” (2002)
- Law of Ukraine “On ratification of Convention for cooperation and protection of Danube river” (2002)
- Resolution of Parliament on “ National Program for Environmental Rehabilitation of the Dnipro Basin and Improvement of Drinking Water Quality” (February 27, 1997)
- Resolution of Parliament on “ Adoption of the state program for development of shipping safety during 2002-2006”

Four temporary provisions relative to organizing emergency activities in marine zone of Ukraine were implemented;

Also it was developed: a Draft Law of Ukraine “On ratification of Agreement on Immunity of Committee for Black Sea Protection Against Pollution”; a Draft Law of Ukraine “On Ratification of Protocol for Water and Health of Convention on Protection and Exploitation of Transboundary Waters and International Lakes”; a Draft Law of Ukraine “On Environmental Audit”; Regional integrated program for Black Sea monitoring; International standard “Goals and Standards for Black Sea Environment”; Draft Strategy for monitoring and evaluation of marine environment;

Following bodies were established: the State Inspection for protection of Azov and Black Seas; Centre for monitoring and evaluation of pollution which coordinates activities of all Black Sea region states.

Besides all mentioned, Ukraine ratified or accessed to a number of international agreements, in particular: Convention on Biological Diversity (ratified in 1994); the Bern Convention on the Conservation of European Wildlife and Natural Habitats (ratified in 1996); Bonn Convention on the Conservation of Migratory Species of Wild Animals; the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); “Convention on Protection and Exploitation of Transboundary Waters and International Lakes”

In accordance with Program for economic cooperation between Ukraine and Russian Federation for 1998-2007 the legislative background for bilateral cooperation was developed in area of environmental management. In particular, 5 interstate Agreements in this field were adopted, also the Program for interregional and boundary cooperation between Ukraine and Russian Federation was adopted.

It should be mentioned, that Ukraine can develop the bilateral activities for improvement of Black Sea and Azov Sea environments through the following activities:

- cooperation of different industry branches using funds granted by Global Environmental Fund and TACIS Program

- bilateral and multilateral cooperation between Black Sea basin countries through the implementation of agreed environmental and economic policy in the field of protection, management and rehabilitation of Black and Azov Seas' environment5s;
- participation in task forces within the Convention framework;
- activities of the Centre for monitoring and pollutions evaluation (Odessa, Ukraine);
- development of activities on protection and rehabilitation of Black and Azov Seas' environments.

With this objective the Cabinet of Ministers of Ukraine adopted the Concept for protection and recreation of Azov and Black Seas' environments (July 7, 1998). The concept provides that under modern economic conditions to be implemented only activities foreseen with state and regional environmental policies. The Concept states that it is expedient to systematize activities mentioned in order to implement the Convention on Protection of the Black Sea Against Pollution, the Ministerial Declaration on protection of the Black Sea and Strategic Actions Plan on recreation and protection of the Black Sea.

The State Program on recreation and protection of the Black Sea (the Program) implemented by the Law of Ukraine of March 3, 2001 – is the first national program in the Black sea region to be the Actions Plan for dealing with number of environmental issues mentioned above.

Legislative and organizational backgrounds of Program implementation

The goal of the Program is to work out state policy, strategy and actions plan for preventing the man-caused influence on Azov an Black Seas' environments, encouraging the development of non-polluting activities in Azov-Black seas region, reservation and rehabilitation of Biological Diversity and natural resources, providing favourable conditions of habitat and recreation of population.

The object of the Program is Azov and Black Seas' region within the internal marine waters, territorial sea waters and coastal line. The term of the Program implementation is 2001-2010. Two stages of implementation are provided: 2001-2005 and 2006-2010.

In order to resolve the most important environmental problems in the region, like the following:

- marine waters pollution;
- menace of irreplaceable damage to biological diversity and biological resources;
- decrease in fishery and sea products;
- decrease in quality of marine recreation resources;
- effects of seashore erosion and washing-away of soil;
- lack of environmental management in coastal area;
- menace of endangered species vanishing;
- decrease in breeding valuable species of fishes;

the Program provides for carrying out following activities in Donetsk, Nikolaev, Zaporizha, Odessa, Kherson regions and Autonomous Republic of Crimea:

- **Immediate capital-intensive** (development of drainage system, liquidation of negative affects caused by refuse dumps);
- **Non-capital-intensive** (reservation and recreation of biological diversity, decrease in sea pollution, development of integrated environmental management system, scientific researches etc.);
- **Sea and estuaries shores consolidation;**
- **Development of monitoring systems** to evaluate the level of sea environment pollution.

Program implementation specifies use of the following means and activities:

1. **Political means** to promote the acknowledgement of necessity for providing protection and recreation of Black and Azov Seas' environments as a priority line of social and economic development of the State and to conduct activities targeted on attracting the attention of international community to the issue.

Solution of problems of protection and recreation of Azov and Black Seas' environments was defined as a priority one by the Resolution of the Cabinet of Ministers of Ukraine of October 25, 2002 "On Prediction of Economic and Social Development of Ukraine for 2002-2006". A document provides the growth of funding the environment protection measures, launch of support system for environment oriented national and regional investment projects, revision of penalty rates for the pollution of environment, development and implementation of new technologies in field of environmental protection etc.

2. **Legislative background** provides for development and implementation of Laws and regulations in order to protect recreational resources of Azov and Black seas as well as to reduce pollution level and pressure on ecosystems caused by human activities.

3. **Organizational background** to be provided by special Governmental body responsible for issues of environment and natural resources (Ministry for environment and natural resources) to cooperate with other governmental and local authorities concerned.

To develop coordinated activities of Program executors – central and local executive authorities, scientific and public organizations – it is provided for establishing an advisory body – Interministerial committee for environment of Azov and Black Seas which involves officials, scientists, representatives of Parliament's Special Committees and public organizations. According to the Program the Committee have adjusted order and sources of Program activities funding yearly when drafting the State program for economic and social development of Ukraine.

4. **Scientific background** provides scientific researches to study natural processes in ecosystems; development of economical system for natural resources management; development of environmental database and monitoring.

One of the primary goals of the Program is to develop Researches plan for studies of protection and recreation of Azov and Black Seas' environment during 2001-2005.

Proposals made by the Accounting Chamber's Collegium

1. It is recommended for Parliament of Ukraine that for the purpose of development, adjustment and specification of the Program and regulating expenditures for it's performing, State Budget funds to be provided on separate code of programs' expenditures for the State program for protection and recreation of Azov and Black seas' environment in year 2004.

2. It is recommended for Cabinet of Ministers of Ukraine:

- to draft for Parliament of Ukraine proposals of Program development, focusing fund grants on carrying the activities of primary necessity;
- to provide capital investments granting for construction and reconstruction of environment protection installations as defined by State Programs.

The proposals made by the Accounting Chamber on development of the State Program on protection and recreation of Azov and Black Seas' environment were studied by the Cabinet of Ministers of Ukraine with the assistance of Ministry of Environment and Natural resources, Ministry of Economy, Ministry of Finances, Ministry of Justice, State Audit Administration, Sevastopol city administration which resulted in:

The draft resolution of Cabinet of Ministers to provide establishment of Interministerial Committee for environment of Azov and Black Seas' and legal provisions on it were presented for the expertise by the Cabinet of Ministers;

The Ministry of Environment and Natural Resources, as requested by the Cabinet of Ministers, works out the proposals as to specification of activities within the Program;

For the purpose of concentration of funds for conducting primary activities by the Ministry of Environment and Natural Resources it was adjusted a list of objects to be provided with state centralised funds in 2004.

It is stated that in 2003 Odessa, Zaporizha, Kherson, Nikolaev regions and Sevastopol city local budgets necessary to direct 965 thousand for the Program activities fulfilment.

Therewith, Cabinet of Ministers charged central and local executive authorities to provide annually appropriate funds within state programs when preparing draft state budget.

In accordance to the Concept of program-oriented method in budgetary process, adopted by the Cabinet of Ministers, the Ministry of Finance approved an order "On Certificates of Budgetary Programs" which defines the amounts of funds necessary for the programs fulfilment and in this way shall promote higher level of state control over compliance and efficiency of State Budget funds management.

The fulfilment of activities provided within the Program are controlled by the Cabinet of Ministers of Ukraine.