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Institutional obstacles for the implementation of a River Basin Management concept in Western Ukraine

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Abstract

This paper provides results from a case study in Western Ukraine where a River Basin Management (RBM) concept for the Western Bug River has been initiated. Ukraine aims at the introduction of an integrated water resources management implemented through a river basin organizational structure based on the principles of the EU Water Framework Directive (WFD). Even though the implementation process has been initiated for the Western Bug River catchment the process came to halt. The paper aims at outlining the structural deficits that hinder a successful implementation of a RBM concept in the case study area. The results show that in Ukraine – a country still in transition - the institutional structure is not well enough established to organize a process that calls for new institutions and governance structures that challenges even industrialized countries. More precisely, the challenges for Ukraine lie within the inconsistency of the institutional framework that is made explicit when looking at the decentralization process that has been initiated right after independence but is not yet concluded.

Keywords: Transition countries, Ukraine, River Basin Management, Decentralization

1. Introduction

With the Dublin conference in 1992 and the Agenda 21 integrated water resources management (IWRM) has become an increasingly important topic worldwide (see Mitchell 2005). The importance of water management can hardly be overestimated – especially for developing countries - as it is a key factor for growth (Kemper *et al.*, 2007: 5).

Ukraine is one of the former Soviet Republics that became independent in 1991. Since that time the country went through a transformation process with several progresses but also regressions. Even thought the transformation process provided challenges for all East European countries, Ukraine faces some specific problems such as the Soviet legacy: Its relationship with the European Union (EU) on the one hand and Russia on the other as well as the critical economic situation that has been exacerbated by the current financial crisis.

As a result "Ukraine´s governmental system largely consists of vestiges of the former Soviet regime, which have been subject to somewhat piecemeal revision" (D´Anieri *et al.*, 1999: 98). In addition, the economic development in Ukraine took more time than in other countries of

Eastern Europe. Ukraine's economy did not grow during the 90ties; GDP growth just started in the beginning of the following decade (Stadnytskyi & Nobis, 2008).

Regardless of the ongoing internal struggles but fostered by the aim to establish stronger ties with international and European standards in water management, Ukraine introduced the River Basin Management (RBM) concept as part of the Water Code of Ukraine. Consequently several new institutions and governance structures had to be designed and enforced. However, until today in none of the seven outlined river basins a respective management system has been established and no management plans are developed. For the Western Bug River, a catchment in the Western Part of Ukraine, an initiative supported by the EU introduced the respective governance structures for RBM instruments such as an administrative body and a council. Though this approach did not live up to the expectations and today the situation is that the council does not meet and not RBM plan has been established.

Behind this background the approach of implementing a RBM concept in the Western Bug catchment in Western Ukraine will be analysed in this paper. It is mainly the question what are the main institutional obstacles for the implementation of a RBM concept at the Western Bug River? The focus here lies on the existing structures on the one hand and the aims and requirements for the implementation of a RBM concept on the other.

The RBM approach calls, according to the Dublin Principles, for the lowest appropriate level for the implementation. This process is a result of the failure of the centralized government to provide sufficient water services such as irrigation and water supply (Easter & Hearne, 1993). At the same time, it was intended to enhance economic efficiency by providing incentive for a more efficient resource use (Ibid). The implementation of a RBM concept requires decentralization of some competencies that normally lie with higher-level authorities at least in more centralized states such as Ukraine, but has not to be understood as a full decentralization in the sense of local self-governance. In particular for transboundary rivers higher level authorities have to be involved.

Because river basin councils and river basin management authorities are important actors for the establishment of river basin management plans, decentralization of certain competencies is necessary. The implementation of a RBM concept will therefore be analysed from the point of view of the decentralization process, though it is not the aim to look at the most suitable level of implementation, but the question is whether the overall decentralization criteria for an RBM approach are fulfilled in the Western Bug catchment and what might be alternative solutions. The analysis has a strong focus on the political economy because decentralization

approaches have to be accompanied by an efficient distribution of competencies in a political but also financial sense. For the analysis of the current institutional setting for the implementation of a RBM concept two frameworks were merged: Kemper *et al.* (2007) have developed a framework for analysing decentralizing processes for the implementation of integrated river basin management concepts. Furthermore, parts of a fiscal federalism[1] framework will be applied that focus on aspects of decentralization from a political economy point of view and provides interesting insights in incentive structures that might either foster or hinder decentralization processes.

The analysis is based on a literature review and an analysis of relevant legal documents as well as expert interviews with relevant stakeholders within the process of the design but also implementation of the RBM concept in Western Ukraine.

2. Decentralization and the River Basin Management (RBM) Concept

The scope of water governance has increased over the years and nowadays water governance takes place on several different levels: On the one hand an upscaling towards a more global or at least regional (e.g. EU) level took place caused by e.g. climate change on the other hand downscaling processes can be observed especially in the case of environmental policy where local actors play an important role (Moss & Newig, 2010).

About 20 years ago voices came up that there is a "need for decentralization of decision-making and the active involvement of stakeholders, the assumption being that decisions taken by and with stakeholder would be better informed and would allow negotiation among stakeholder groups in order to come to more rational and equitable solutions. Such processes might also lower resistance to sometimes difficult decisions." (Kemper *et al.,* 2007: 4). However, the approach of decentralization concerning RBM does not imply "full decentralization at all costs", but decentralization has been followed according to the local situation, "with some decisions being devolved to stakeholders, and others being kept at central, state, or provincial levels, when and as appropriate" (Ibid.: 4).

[1] Fiscal decentralization does not solely focus on fiscal transfers between different levels of government, but is defined as „the process of transferring functions, powers, competencies and responsibilities from the central government to the local governments. Such a transfer of powers and functions must be accompanied with a transfer of the necessary financial resources to exercise these powers by introducing local taxes or transforming or allocating a share of overall state taxes to local budgets that have been granted new powers. Fiscal decentralization is also the transfer of powers from higher levels of government to lower ones, such as from regional to municipal or local governments" (International Centre for Policy Studies, 2006: 7).

The RBM concept became more popular with the establishment of the Dublin Principles in 1992 and is also mentioned in the Agenda 21, where it reads in article 18 that "Integrated water resources management, including the integration of land- and water-related aspects, should be carried out at the level of the catchment basin or sub-basin". The European Union (EU) took up the concept by introducing the WFD. Here article 2 (15) states that the river basin is "the main unit for management of a river basin". The argument that water resources are best managed within boundaries of river basins has first of all ecological reasons. In addition, the decentralized approach enables local actors to be part of decision making and give attention to local problems by tailoring instruments to specific local conditions. The importance of this institutional change is the shift from governance structures orientated at administrative structures towards the orientation on biophysical and more territorial boundaries (Dworak & Kranz, 2005; Klauer *et al*., 2008). This of course provides challenges for the adaption of current institutions to the new spatial requirements. Young (2002: 20) argues that in terms of sustainability the performance of institutions depends on the fit between the ecosystem and the institutional system. In the EU the concept has been applied with a focus on a more participatory approach, integration of different sectors and information transparency, moving away from top-down command and control policies (Moss, 2004: 86). The approach of river basin management can be seen as a response to problems concerning spatial fit (Ibid.).

The RBM concept also raises several problems: Many institutions at levels such as the national or sub-national do not fit with the new institutional boundaries, because they are not orientated along current institutional settings, but focus on institutions that are tailored to river basins and which are not drawn along the line of administrative units but of biophysical borders (Moss, 2003: 85). One example, where the new institutions for RBM cause problems with the existing administrative boundaries, is Germany where the water authorities are still mainly orientated at the territorial boundaries (von Keitz & Kessler, 2008: 355). Concerning the application for the river basin concept as it is defined in the WFD, von Keitz & Kessler (2008) outline several shortcomings: The assignment of competencies to the river basin level is a difficult task. Secondly, especially in the case of transboundary river management, economic problems regarding water tariff policies for efficient water resource use arise especially in federal states such as Germany. Tariffs are set at different levels in each country which constraints the authorities at river basin level. The same can be said for legal instruments which are decided on at the respective level in the member states and not at the level of a – in many cases transboundary – river basin. Moss (2003) adds that: socioeconomic

aspects have sometimes been neglected because the focus of the approach lies on ecosystem boundaries. Hence, there is a broad discussion on the right scale for RBM management[2].

Despite the critics, Moss (2003: 90) states that nowadays the river basin management concept has "matured into an informal and fundamental institution, in the sense of becoming a guiding principle for the water management community in many countries." Moreover, the approach has been covered and applied by many states worldwide and currently seems to be the most sufficient approach in international water governance.

3. Analytical framework

Based on the above outlined argument for decentralization for RBM this chapter aims at providing an analytical framework to grasp the essential requirements. Even though Kemper et al. (2007) established their framework for investigating what is the most appropriate level of decentralization, which is not the focus of this paper, the framework is generally applicable as it provides the respective factors for analyzing obstacles for a decentralization process[3]. Concerning their framework they argue that "institutional analysis in a case study setting consists largely of determining which institutional factors in what combination appear to have been linked to outcomes" (Kemper *et al.*, 2007: 14). Also economists do have a stake in this field especially when it comes to the incentive structures provided by the institutions for decentralization processes. An important approach is fiscal federalism to describe and explain performances of federal systems (Oates, 2005; Weingast, 2007 and 2008)[4]. The relevant aspect underlying both frameworks is that a successful establishment and implementation of a RBM concept is an efficient institutional setting, including the assignment and distribution of competencies as well as monitoring capacities. Efficient management of river basins cannot be provided without institutional security for the actors at river basin level. This is mainly a question of competence and fiscal assignments.

[2] Dombrowsky *et al.* (2010) provide an example of a river basin in the Middle East, where the RBM approach can not be regarded as the best management approach.

[3] Kemper *et al.* (2007) argue in their article that the provided variables are not directly addressing the question whether or not the decentralization process was successful or not.

[4] The term "fiscal" does not imply a solely monetary view on the subject. The approach is mainly focusing on the assignment of competencies and the incentives they provide for more a more efficient resource allocation.

3.1 Institutions and governance structures

A sustainable institutional setting[5] and the respective governance structures[6] are a prerequisite for the introduction of a RBM approach. Rules and especially the assignment of property rights are of major importance. For the implementation and monitoring of rules the respective local governance structures need to be in place. One important aspect in this respect is the capacity of authorities for enforcement and monitoring. In cases where actors are aware that these structures are not in place, they will probably not obey the rules. The state level plays a major role, because it sets the frame for further distribution of competencies. If rules and norms at this stage are not well enough defined, local and regional authorities might be unable to make decisions or decisions are based on a weak basis and might be overruled. With respect to property rights, local level actors need to have a solid basis to act on; otherwise, they are unable to enforce regulations. According to Ostrom (1990) they are a key factor for sustainable resource use and river basin governance. Competencies need to be clearly assigned otherwise institutional instability might increase. Besides the assignment of theoretical responsibilities for decision-making, the transfer of fiscal competencies is of the same importance. Financial autonomy is important for self-governance entities, for example to independently decide upon water tariffs and at the same time make consumers more accountable for their actions (Kemper *et al.,* 2007).

In order to secure the decentralization process it is important that it is not just a theoretical approach, but it needs to be implemented and local authorities have to have the authority as well as the responsibility for the resource management (Kemper *et al.,* 2007). The freedom to which the respective basin authorities are allowed to set own rules in regards to tailoring a "particular physical, social, and economic setting" is an important factor for effective river basin management (Ibid: 11). The extent of leeway local communities have has an enormous impact on the performance of a RBM because river basin management calls for cross- and inter-jurisdictional cooperation and this can only be guaranteed with the respective autonomy. This autonomy would also attract local stakeholder to participate in actions and decision-making concerning RBM.

[5] According to North (1990: 3) institutions are defined as "the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction".
[6] Governance structures are instruments to implement and enforce institutions and they are important „for guaranteeing rights and duties and their use in coordinating transactions" (Hagedorn, 2008: 360).

Forums for the exchange of information as well as the communication between different stakeholders are key factors "to reducing information asymmetries and promoting cooperation" (Ibid.: 14). This also enhances the identification of actors with new institutions.

3.2 Contextual factors

Community attributes are soft factors but are also of high importance as constraining factors for RBM concepts. Such community attributes could be "behavioral norms, the level and nature of the common understanding shared by potential participants, the extent to which those living in the community have homogeneous preferences and the distribution of resources" Ostrom (1998). According to Ostrom (1998) "culture" is one of the terms used to summarize community attributes. These behavioural norms are especially important in transition countries of the former Soviet Union, because during Soviet times, water was provided for free and now consumers have to pay for it – this calls for a change of mentality. North (1997: 4) argues that it is "routines, customs, traditions, and culture" that characterize "persistence of informal constraints". These informal constraints are quite often found in former socialist countries and hinder the transformation to institutionalize democratic structures. On aspect regarding RBM is whether local actors especially from civil society get involved or are reluctant to get involved because they are not used to it or are disaffected.

An important aspect for the establishment of a RBM concept is the provision of a financial basis by the central government – at least during the first phase of the decentralization process. However, this is dependent on the overall financial situation of a state. On the other hand, local stakeholders within a river basin also have to contribute to some extend if they are able to do so. The distribution of resources between local stakeholders regarding political and financial resources also plays a role

The extent of experience local level authorities have with local self-governance is also an important factor for success or failure of RBM approaches because at the local level actors have to "organize and sustain institutional arrangements" (Kemper *et al*, 2007: 11). Transaction costs are reduced when already existing institutions at the local level are respected, even though new organisations have to be designed and implemented in order to secure to enforce communication and integration across administrative units in a catchment area (Ibid).

Another aspect is time, which refers to the fact that it might take decades to finally institutionalize river basin institutions because it also involves a learning process as well as building of trust between actors (Ibid).

3.3 Characteristics of decentralization approach

It is important whether decentralization is a predominantly symbolic act or if stakeholders gain the respective competencies and responsibility to act autonomously, especially when it comes to designing new institutional arrangements at river basin level (Kemper *et al*., 2007: 10f.). Weingast (2007: 276) adds that federal systems are not sustainable per se, "if they depend solely on the discretion of the highest political authority, because that delegation of power can always be reversed". An additional factor is reliability on central government commitment to decentralization and this might be contested by changing governments (Kemper et al., 2007). Weingast (2007: 276) also argues in this direction: "A sustainable system of federalism" has to ensure that the central government does not interfere into matters of local governments that have been granted certain rights. However, there are of course differences between federal systems and centralized systems, because in federal systems the distribution of power is manifested explicitly in the constitution, whereas in centralised systems powers and competencies are regulated by law and can be taken back by central government decisions.

4. The River Basin Management approach for the Western Bug River

This chapter provides the results from the case study of the Western Bug catchment. The results are presented according to the categorization of the framework and based on the analysis of the legal framework, a literature review as well interviews with respective experts from politics, administration, industry and NGOs at the national, regional and local stakeholder that have been conducted in May 2009.

From the point of view of flora and fauna the Western Bug River is one of the few rivers in Europe where the natural character is mainly preserved and where biodiversity is only partly impacted by human disturbances (Zingstra et al., 2009). However, the organic pollution of the river is relatively high, caused by the tributaries such as the Poltva that discharges highly polluted wastewaters, primarily from the wastewater treatment plants in Lviv into the Western

Bug (Ertel *et al*., 2010; UNECE: 2002). The importance of the Western Bug River lies within the fact that the river crosses the border to Poland and there it becomes subject of the EU WFD.

The two most important regulation concerning water management in Ukraine is the Water Code of Ukraine. It claims the adaptation of EU principles regarding the protection of waters from pollution (Kuhrt, 2008). Besides the cooperation agreements between the EU and Ukraine - as well as international agreements signed by Ukraine - there is no external pressure on Ukraine regarding the implementation of sustainable water use and/or river basin management approaches[7].

Currently seven river basins are defined for the Ukrainian territory of which the Western Bug River Basin is one. However, no regulation exists that directly addresses the establishment of river basins and requires the set-up of river basin management concepts. Article 13 of the Water Code of Ukraine provides a basis for river basin management: "The state management of water resources use, protection, and restoration is carried out according to the river basin principle on the basis of national, international, and regional programs for water resources use, protection, and restoration". Despite the fact, that the legal foundation for a river basin approach in Ukraine is quite weak, international organisations and especially the EU started to establish RBM concepts for the river basins in the Ukraine.

4.1 Institutions and governance structures

Concerning the current legal framework in Ukraine, the results of the "rocky" transition process play an important role: The transition period did not follow the consequent path of for example Poland and other new EU member states. One result is that Ukraine entered a "third way" of transformation which is between capitalism and communism by on the one hand establishing "social democracy" but on the other hand secure "national protectionism of the state producers" (Stadnytskyi & Nobis, 2008: 33). The results are still visible today in an intransparent allocation of responsibilities between several different administrative levels as

[7] Despite the fact that Ukraine is a European state and a neighbouring country of the EU, it has not yet been offered membership and is far from becoming an EU member state in the future. The whole process of EU-Ukrainian relations differs from other East European States and one important instrument is missing: Conditionality (Kubicek, 2005; Wolczuk, 2009). Conditionality in European Union politics is an instrument to transfer democracy and in the case of accession countries the acqui communautaire to the respective countries by offering financial, technical assistance or even EU membership (Schimmelpfennig and Sedelmeier 2004). However, the relationship between Ukraine and the EU seems to be on a path that differs from other EU third country relationships: In 2009 the EU and the Ukraine started to work out an Association Agreement, which will not have EU accession as an option, but it will provide for closer political and economic between the EU and Ukraine.

well as different bodies at the national level. The confusing legal basis makes it hard to successfully implement legislation. In the case of water enterprises problems occur in several cases for example when "water and wastewater utilities serve more than one municipality; where the facilities of the utilities are located in different cities; where a communally owned utility is operated by a leasing company or a concessionaire which by definition is not owned by a territorial community" (Ibid: 74).

The state is highly centralized despite the fact that the Law on Local Self-Governance does provide for a more decentralized approach. The administrative structure consists of four different levels: national, regional (Oblasti), districts (Raions) and municipalities. All levels have their own legislative branches. However, the regional and district levels do not have their own administrations with executive powers, instead the state administration at the respective level fulfils the administrative obligations. The municipalities have self-governance authority but only in certain less important areas and they often miss resources, capacity and money to execute power. The legal basis for municipalities is weak because laws and regulations are sometimes contradictory and as a result, enforcement is almost impossible[8]. Especially powerful actors perceive legal guidelines not as necessarily binding and the reputation of the jurisdiction is tarnished by several scandals and corruption (Bredies, 2009).

The shortcomings that result from the decentralization process have implications for local governments because the fiscal decentralization has been left out and as a result municipalities lack the possibility to raise money from taxes in order to more efficiently provide local population with the respective public services (OECD, 2009). The different administrative levels in Ukraine have only limited budgets, because they are to a large extend "essentially "nested" within the budgets of their corresponding higher-level governments" (D´Anieri *et al*., 1999: 102). „If the degree of freedom depends on the length of one's leash, the leash in this instance refers to the financial resources left at the council's disposal" (Navruzov, 2002: 124). Furthermore, municipalities are not allowed to borrow money (OECD, 2009). However, it is not fiscal federalism alone that would be able to reduce the problems, but in addition, administrative and territorial reforms have to be initiated (Ibid). Deficits are obvious and to some extend are taken up by political actors but in many cases legal changes miss the

[8] The Law on Local State Administrations does breach the European Charter of Local Self-Government, because several guidelines are not followed. However, this does not have further implications for the central government as international agreements are not binding.

respective regulations for enforcement or in cases where they are enforced, core problems are not tackled[9].

With respect to the legal framework concerning water management Caponera (2007) points out that generally in post-soviet countries a compromise has been emerged between the old system and the need for change according to old challenges and therefore the focus is less on an integrated perspective taking the whole hydrological cycle into account but on the development of the resource and on preserving the status quo. The regulatory framework for the implementation of a RBM concept is quite weak - it is only mentioned in the Water Code of Ukraine and the Law on Potable Water and Potable Water Supply and has no independent regulatory basis. However, this alone is not a reason for failure because in case the regulatory framework leaves some space for interpretation, the implementation of a RBM approach would still be possible.

One necessary requirement for a RBM approach is information of high quality "about discharges, and water quality, and the information" that has to be available for all actors in the river basin, but this is currently not the case in the Western Bug river basin (EC, 2006: 87). "Attention must be paid to providing sufficient resources to allow accurate monitoring to take place, so all water management decisions are based on good information" (Ibid: 87). In the framework of the TACIS project an agreement has been signed between the Oblasti Lviv and Volyn[10], agreed that both councils and their administrations would work together at the level of the river basin. However, the cooperation between the different administrations is quite low. Several interviewees stated that there is no real data exchange within the Oblast and that different authorities apply different measurement techniques. This finding is also backed up by literature: Data are not yet gathered or stored with one authority but with many different administrative authorities and units (Zingstra *et al*., 2009).

In case of GIS there is a centralized database at the river basin level, but not all data are already fed into the system. This increases the difficulties for RBM because a data pool without gaps is a necessary condition for successful management[11]. Interviewees also stated that there is no sufficient money transfer from the central state to the river basin authorities,

[9] One example is the concept for reforming local self-governance: A reform program was passed by the state government, but it contained only the goals that should be reached and did not focus on the implementation – this has been delegated to the Ministry for Regional Development (Morgner, 2009). Furthermore, the reform programme does not take up necessary aspects such as the introduction of an independent administration for the Oblasti and Raioni or the restructuring of Oblasti (Ibid.).

[10] The territory of the Western Bug in Ukraine comprises tow Oblasti: Lviv and Volyn.

[11] However, this is an important requirement, Kanakoudisa & Tsitsifli (2010) show that especially the availability of data is also a problem for some EU member states that are supposed to implement the WFD.

disregarding the fact that financial contributions by the state level have been promised in order to help establishing the respective organisations. The administrative authority for the RBM is the Western Bug Basin Department of Water Resources that is under the supervision of the State Committee of Ukraine for Water Resources in Lutsk. The staff did not yet set up a sufficient RBM plan, even though this is one of their main functions. The management plan has to be approved by the State Committee of Ukraine for Water Resources. Further tasks of the Western Bug Basin Department of Water Resources are the "management of the river basin; fulfilment of basin programs and plan related to the river basin management and monitoring" (Ibid: 15).

For the Western Bug River a Council has been established as an advisory body for the Western Bug Basin Department of Water Resources: The council exists of several actors from administrations, NGOs and also water consumers. The diversity of actors involved, comes close to the participation of stakeholder in the WFD (Zingstra *et al*., 2009: 27). The Western Bug River Council consists of 50 people from administration, members of parliament, water enterprise managers, scientists and civil society representatives.

The Western Bug River Council did meet in 2006 after its initiation. However, no meetings have been called since that time. Interviewees stated that there are no incentives for its members to become active, because there is no financial grounding for a river basin management plan, which also reduces the incentives for stakeholders to further involve time and resources. Because the council does not meet anymore, there is no platform for information distribution and as it has already been mentioned, not even the data exchange does provide a sufficient basis.

4.2 Contextual factors

The overall financial situation of Ukraine is currently quite critical. The financial crisis hit Ukraine hard and made the state dependent on foreign assistance such as IMF support. The national level promised financial support for the establishment of a river basin council, however, the financial support is not sufficient and provision of money for the programme setting lies with the central level. According to an interviewee, currently no money is provided for the basin level, which resulted in a lack of incentives for actors to further investing time and capacities for the river basin council.

One could argue that in the case of the WFD there is also no financial support of river basins for the establishment of certain programmes, however actors at river basin level in the EU are

in many cases better equipment and several already existent programmes e.g. from agricultural policy are devoted to financing certain aspects. Additionally, the approach for the WFD is the polluter pays principle, which is not to the same extent provided in Ukraine.

Rural areas are in most cases quite poor and have not many resources to contribute. Water infrastructure is highly deteriorated and water enterprises have no sufficient monetary basis. Water tariffs are not even covering operating costs, because for short-term orientated political reasons municipalities keep "tariffs below cost recovery" (World Bank, 2006: 25). Besides the economic condition, the size and demographic structure of local units are factors that counteract sustainable economic development (OECD, 2009). It would be quite important for communities to raise taxes and to be able to set policies regarding the river basin.

Furthermore, in Ukraine no tradition of local and regional self-governance exists. As a result, actors at sub-national levels are not used to take over responsibilities and decision making power. The same holds true for stakeholder participation, which is a fairly new approach for all actors involved. At the same time higher level actors are used to being able to overrule certain decisions that are not in line with their beliefs.

Regarding the mentality, it is important to note that during Soviet times, water was not expensive and in some cases even provided for free. The transition to market economy resulted in changes in this regard and consumers are now held responsible for paying for their water use. However, because of a lack of law enforcement consumers who do not pay for their water can hardly be punished because the legal mechanisms do not work respectively. Democracy is not yet the rule of the game in Ukraine and democratic institutions and procedures became a play ball – they are played for and with (Bos, 2010: 77). Informal structures as well as personal relationships have more power than legal structures and the required resources are concentrated with the executive (Ibid.). Informal rules prevail in cases where transaction costs for actors are low.

Van Zon (2002: 404) also criticizes the missing societal grounding of decisions: "No polity has been created that is a reflection of society and that could adapt political structures to changing social needs, creating preconditions for evolutionary institutional change. The continuing deep divide between the state and society can be considered as one of the major causes of failed modernisation attempts". One factor that also needs to be taken into account when talking about environmental concerns is that the general public is concerned about water quality issues, but are more concerned about their own well-being suffering from the socio-economic crisis (Nazarov *et al.*, 2004).

4.3 Characteristics of decentralization approach

Decentralization took place in the beginning of the 90ies during system transformation. The process has been observed as a struggle mainly between new and old elites. The results are still visible today and one serious challenge from a political point of view is the outdated administrative structure, which is a result of the half-hearted transformation process. The current territorial structure goes back to Soviet times and has not essentially been changed after independence and as a result, different forms of administrative units with different competencies coexist today and in addition, these administrative units are not in line with today's economic and demographic situation (Morgner, 2010). Furthermore, "not all features of the decentralization process have been adequately implemented" (OECD, 2009: 72). Until today, no government expressed the will to finalize decentralization. In the case of Ukraine, there is no tradition of local self-governance and the institutional setting at the local level is not stable. Interviewees stated that there is a culture of communication at oblast level between different agencies, but cross oblast co-operation is not existent. However, communication is an important factor for RBM as the agencies have to work together regarding the exchange of data. In addition, several necessary institutions at local level are not existent. Municipalities have not many legislative competencies when it comes to water management - major competencies lie with the central level and only certain competencies are given to the oblast level. Several responsibilities are not straight forward distributed between different levels and this makes it easy for central government actors to interfere in local or regional affairs.

However, even if municipalities would take over more responsibilities regarding water management, they still have the problem that they lack the personal capacities and expertise. An OECD (2009: 72) report further defines these shortcomings local actors face when it comes to: "(…) legal interpretation, contractual arrangements, interactions between utility providers, tariff procedures, regulatory impact assessment as well as raising external financing for infrastructure development. At the same time, the number of staff in the local state administrative bodies (at oblast/republic, rayon level) responsible for coordination and control of the water supply sector is insufficient, leading to a lack of coordination and support from the rayon (oblast, republic) state administrations".

The aspect of time seems to some extend be reasonable. However, that the river basin council did not meet for four years shows that the will of actors is missing, and that is not a question of time. Summarizing this aspect time is an important component, but in relationship to all other components, it plays a minor role.

5. Conclusions and outlook

From the point of view of decentralization the current institutional framework for water management does not fulfil the requirements for the implementation of a RBM concept. The institutional setting in the Ukrainian system in general is not transparent and a comprehensible distribution of competencies is not provided. As a result, authorities act on different regulatory principles and several regulations are not enforced because they are contradictory to other regulations. Several laws miss the regulation for implementation and are therefore never enforced. The diversity of regulations and assignment of competencies results inter alia in the fact that data are not comparable. This is a hindering factor for resource management in general and for river basin management in particular. In addition, the cooperation between different administrative units is not very distinctive because they are used to work within their boundaries and in addition, their power – especially of municipalities – to initiate action is low. Therefore, coordination was not necessary and not intended. One reason is that local authorities can not build on their authority given by central state as it is often overruled or at least influenced by higher level authorities. Oblast governments are influenced by state administrations when it comes to executing power and the oblast administrations are an important actor for data collection and monitoring. Furthermore, the Bug river management is under the supervision of the State Committee of Ukraine for Water Resources, which does not imply self-determination regarding independent decision making. Besides, local actors are not used to take over regulatory power because the Ukrainian system has historically been of centralized character. Furthermore, the lack of experience and resources makes it harder for local actors to defend their interests against interference of other actors such as national authorities.

The financial basis for the set-up of respective programs is missing: There is no financial transfer from central government, local authorities do not have the competencies to set up a respective budget and other resources such as revenues from discharging enterprises are not collected on a regular basis. This restricts the freedom to act of the Western Bug Basin Department of Water Resources and also the Western Bug River Basin Council that is an important actor regarding stakeholder involvement and information distribution. Without an active council, one important pillar of an RBM concept is already missing.

Taking all the above mentioned aspects into account it is questionable whether the RBM concept is the right approach for the Ukraine as the institutional background is not sufficient for the implementation of such a concept and the overall political and financial situation will

probably not change in the near future. Therefore, the question arises what could be practical solutions to approach at least the major hot spots in the river basin and to initiate a discussion forum. Despite the fact that Ukraine's municipalities are not vested with sufficient budgets, small projects might still be initiated. In cases of local collective actions targeting certain hot spots, the fiscal basis might not be the focal point. For example, a local initiative – which is not as restricted in its actions as the oblast level - might be able to bring together people from different sectors and to set-up - at best - small self-financing projects at a catchment scale. One of the main polluters in the area are wastewater treatment plants that discharge highly polluted wastewaters into rivers. Here financial investment needs are high and the central state does not provide for financing as municipalities are the owner of enterprises but here it could be thought of introducing higher tariffs for financing certain actions for the rehabilitation of for example treatment plants. Another possible solution could be the acquisition of foreign investments for certain projects.

Because the RBM approach as proposed by the WFD seems to be currently unrealistic given the institutional setting but - even though this might be a step backwards regarding an integrated approach - initiating collective actions on a small scale might be a starting point for an integrated water management approach.

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