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SUMMARY

of Local and Regional Development Policies in Ukraine

**Implementation period:
July 2020 - October 2020**

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ABOUT THE PROJECT

The current summary was developed within the project **“Strengthening democratic resilience of key public institutions 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 Embassy of the United States in Kyiv, Ukraine. 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. It also aims to increase transparency and independence of key regulatory and judiciary institutions as well as transparency and financial stability of the biggest state-owned enterprises and local authorities in Ukraine.

The publication presents the assessment of policies at the local and regional level, implemented in July 2020 - October 2020. The future evaluations will be made on the quarterly basis. Altogether, more than 20 regulations will be gathered and ranked 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 and promote reform and anti-corruption practices that can be transferred to other localities as well. At the same time, the critical assessment of non-transparent and inefficient measures should discourage representatives of local and regional authorities from their implementation.

The policies included in the current summary were identified and analyzed with the support of the Evaluation Council experts who were selected by the International Centre for Policy Studies on the basis of their experience. Six 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.

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

SUMMARY

The experts positively assessed the idea of renewing the airport in Chernivtsi. According to them, it will attract investors to the project and will improve the business activity in the region. It will also have a positive impact on the well-being of the population by increasing the number of jobs, attracting various types of business and promoting the tourism. However, it is not yet possible to assess the real effect of the measure due to the airport development plan and cost estimates have not been provided.

The second measure that will potentially bring economic benefits to Transcarpathia is the news that all Transcarpathian timber will be sold through the ProZorro-Sale system. This will ensure transparency in the sale of officially recognized timber, however will not solve the problem of illegal logging, in which officials are involved.

According to experts, the measure on co-financing of the Katerynopil center of primary health care took the third place. Improving hospital conditions and providing them with the necessary equipment is vital for cities and villages across Ukraine. However, while defending the idea of improving the conditions in hospitals, deputies do not provide a clear estimate or plan for activities for which they plan to spend 2.5 million hryvnias. This causes distrust of citizens and non-transparency of local budget expenditures.

According to experts, the fourth place was taken by the measure on signing a loan and grant agreement on the Project for modernization of solid waste infrastructure between KP "Spetskomuntrans" and the EBRD. The construction of waste processing plants is currently a very important issue in every region, in particular, for Khmelnytsky. Experts acknowledge that the measure is positive, however, local authorities are inappropriate in the implementation of the project. Therefore, it is necessary to implement control over the development of activities and the implementation of the plan.

The creation of the Mariupol City Council's municipal non-profit enterprise Hockey Club Mariupol was assessed negatively by the experts. The development of sports at the local level is important, however, it is a new sport for the people of Mariupol, the construction and maintenance of which will cost the local budget several tens of millions of hryvnias.

Experts negatively assessed the decision of the Odessa City Council to take a loan of UAH 500 million at a high interest rate to repay last year's loans and the current needs of the city. This decision is alarming and reaffirms that public control should be an integral part of all important local government decisions.

Members of the Evaluation Council:

1. Bereza Alyona - Regional project coordinator, Head of the NGO “Women's anti-corruption movement”.

2. Blinov Oleh - Analyst of the NGO “Center for Public Monitoring and Research”.

3. Katolyk Iaroslav - Regional coordinator of the projects.

4. Kuzko Yuriy - Executive director of the NGO "Center for Public Monitoring and Research".

5. Toponen Yulia - Community facilitator, Charity Fund Caritas Mariupol.

6. Protsenko Yulia - Economist-analyst, ICPS.

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

<i>Case</i>	<i>Quality [-3; +3]</i>	<i>Relevance [0%; 100%]</i>	<i>Final score [-300; 300]</i>	<i>Ranks</i>
Airport renewal in Chernivtsi	+2.6	74.2	192.8	I
All Transcarpathian wood will be sold through the ProZorro-Sale system	2.5	75.8	189.6	II
Approval of co-financing for the Katerynopil Center for Primary Health Care (Cherkasy region)	1.8	73.3	128.3	III
Loan and grant agreement for the Solid Waste Infrastructure Modernization Project was signed between "Spetskomuntrans" and the EBRD (Khmelnysky city)	+1.3	80,0	96,0	IV
About the creation of the municipal non-profit enterprise of the Mariupol city council "Hockey club" Mariupol"	-2.3	11.7	-27.2	V
500 million loan for Odessa	-2.2	36.7	-80.7	VI

I. Airport renewal in Chernivtsi¹

Features of the measure:

In early 2016, the Cabinet of Ministers of Ukraine adopted a resolution "On approval of the State target program for the development of airports until 2023." According to it, seventeen airports in fifteen regional centers (as well as in Kryvyi Rih) should double the total passenger traffic in the coming years (to the level of 24.3 million passengers by 2023) and capacity, bring the level of service in line with international standards.; reduce the time for ground maintenance of each aircraft to 35-40 minutes; attract investors, develop "non-aviation activities" (up to 40 percent of total airport revenues); increase the number of low-cost carriers to 30 percent of the total air transportation market; create at least 1000 additional jobs.

Chernivtsi International Airport started to function in 2016 after a long break. The company had salary debts. As of 2020, no new flights have appeared at the airport, the airport serves only one regular UIA route to Kyiv and one seasonal route to Bergamo, Italy. According to the results of 2019, Chernivtsi International Airport named after L. Kadenyuk increased passenger traffic by only 5%, serving a total of 76.8 thousand passengers.

Earlier this year, the Investment Atlas of Ukraine was published on the Government portal. Potential investors are invited to take the "Chernivtsi" airport in the concession and invest 43-45 million dollars in the development of the airport. In particular, it is necessary to build a new passenger terminal and to reconstruct and expand the runway. This will increase passenger traffic to 400 people per hour, will create more than a thousand of new jobs. In general, it will help to increase the tourist potential of the region.

During his last visit to Chernivtsi region in October 2020, President of Ukraine Volodymyr Zelensky noted: "Airport and roads. Everything else will be done by business." Deputy Head of the Office of the President Kyrylo Tymoshenko noted that next year it is planned to resume full operation of the international airport in Chernivtsi. However, the airport is a part of more global infrastructure business that can contribute to the development of an entire region. At

¹ Investigated by: Blinov Oleh - Analyst of the NGO "Center for Public Monitoring and Research".

the same time, it must be developed on a sufficient principle. The consequence of too significant investment in the infrastructure will be an increase in the cost of the maintenance. Ultimately, this will reduce the attractiveness and profitability of the airport in the eyes of airline executives.

The direct economic impact of the renewal of the airport is the creation of new jobs and increase of economic activity in the aviation industry, the development of the tourism business (more than 52% of international travel is carried out by air). Due to the multiplier effect that takes place in the aviation industry, every 100 jobs created by aviation generates additional demand for 600 jobs in other industries. Indirect economic impact is the creation of jobs and increased economic activity in related industries, which will ensure the supply of goods and services to economic entities in the aviation industry. For example, catering companies that supply food and beverages on board aircraft, audit and law firms in the field of air law, suppliers of aviation fuel, etc.

The developed aviation industry contributes to increasing the investment attractiveness of the country and expanding the opportunities for international companies to operate on its territory. After all, the decision to invest and locate the production is greatly influenced by the availability of convenient transport links, including air connection. Countries and regions with a high level of development of aviation infrastructure and network of air routes are very attractive both for the location of new business and for the development and expansion of existing enterprises.

Remarks:

Experts believe that the renewal of the airport is an important investment in the development of the region and involvement of labor resources. However, so far there are only promises of the authorities. To assess the effectiveness of the project and its transparency, it is necessary to study and analyze the airport rehabilitation plan, the cost of the necessary investment and financial return.

Scores: Quality [+2.6] Relevance [74.2%]

II. All Transcarpathian wood will be sold through the ProZorro-Sale system²

Features of the measure:

Oleksiy Petrov (Head of the Zakarpattia Regional State Administration), Ihor Kotsur (Head of the Zakarpattia Regional Department of Forestry and Hunting), and Director of the State Enterprise "ProZorro. Sales" Oleksiy Sobolev signed a memorandum of cooperation to create a transparent, open and accessible market for raw wood. The task of the latter is to transfer all the sales of untreated wood by forestries of the Zakarpattia region to the ProZorro.Sale system.

Electronic auctions in the ProZorro.Sale system have already brought more than UAH 29.5 billion of revenues to the state budgets of different levels. Moreover, since February 1, 2020, a pilot project for electronic auctions for the sale of raw wood has started. It was approved by the Government Resolution of December 4, 2019 № 1178. This resolution approved the "Procedure for the implementation of a pilot project for electronic auctions for the sale of individual batches of raw wood", which envisages that timber will be sold through the electronic trading system ProZorro.Sale and through other electronic auctions. The decree stipulates that some share of wood must be traded through the electronic system ProZorro.Sale (not less than 25% of the monthly planned volumes of unprocessed timber). In this case, the lots must be formed of wood of one type in the amount of not less than 150 cubic meters or at the starting price of the lot not less than 200 thousand hryvnias. Forest users have the opportunity to trade all the rest volumes of wood on any other e-platforms.

In turn, the signed memorandum stipulates that all 100% of unprocessed wood in Transcarpathia will be sold through the electronic system ProZorro.Sale. This will increase the number and price of sales, make the buying and selling process even more transparent, while completely moving away from the practice of concluding the direct contracts.

Currently, electronic auctions in the ProZorro.Sale system allow Transcarpathian forestries to sell unprocessed wood transparently and efficiently. For example, the State Enterprise "Berehivsky Forestry", as a result of the auction, concluded a contract of sale in the amount of UAH 430,000, while the initial sale price was UAH 335,268; 5 participants took part in the purchase.

² Investigated by: Kuzko Yuriy - Executive director of the NGO "Center for Public Monitoring and Research".

Remarks:

Experts consider this measure positive, because it:

- will allow the potential buyers of untreated wood to be sure that all wood will be sold through the state electronic platform ProZorro.Sale;
- will provide equal opportunities to all market players;
- will help reduce corruption risks in this area;
- timber purchases will be transparent.

This initiative needs to be spread throughout Ukraine.

However, we are talking only about officially harvested wood. In turn, the media often publish news about illegal logging, in which officials are involved. If the signed Memorandum provided more effective measures to combat the illegal logging, the importance of the measure could be assessed higher.

Scores: Quality [+2.5] Relevance [75.8%]

III. Approval of co-financing for the Katerynopil Center for Primary Health Care³

Features of the measure:

In 2020, almost 150 million hryvnias were allocated from the state budget for the repair of rural medical institutions in the Cherkasy region. Out of this sum, according to the decision of the Cherkasy Regional Council, nearly two and a half million hryvnias were allocated for the overhaul of the Katerynopil Center for Primary Health Care. Mykola Tkachenko, Assistant Consultant of the People's Deputy of Ukraine Andriy Strikharskyi, informed the audience about this at the session of the Katerynopil District Council. This subvention is provided for the co-financing of projects from local budgets in the amount of 10%. Therefore, Mykola Tkachenko made a proposal to allocate UAH 250,000 from the district budget to co-finance this project, arguing that in August there will be a certification of the primary field of medicine and the repair work will add points to it. Deputies did not support this proposal.

Representatives of the district state administration said: “This project was prepared in 2019, two and a half million was provided, however in 2019 there was a different situation with co-financing. Currently, we have a budget deficit of 338 thousand UAH”.

After the discussion, the district council reached a compromise by submitting three requests to the region for the allocation of funds for the Katerynopil Center for Primary Health Care. The first one was addressing the repair work (replacement of windows and doors in the amount of one million UAH), the second one was addressing the purchase of two cars (one million UAH), the third one was addressing the purchase of telemedicine kits (330 thousand UAH). In this case, 130 thousand UAH are needed for co-financing the project from the district budget (co-financing is not required for the purchase of cars).

Deputies supported this proposal, which is currently being considered by the regional state administration. The issue remains open, the district council does not publish any additional information.

Financing of hospitals is carried out within the framework of the Law of Ukraine "On Improving the Availability and Quality of Medical Care in Rural Areas", which envisages the

³ Investigated by: Protsenko Yulia - Economist-analyst, ICPS.

equal access of rural residents to quality medical services. Bodies of state power, local self-government, public associations, scientific organizations, and various non-governmental structures should be involved in the implementation of the Law. However, the information regarding the planned repairs and estimates of these works are not published. This does not allow the community to join the project and to compare the agreed amount of funding and co-financing with the amount of the work planned.

Remarks:

Experts support the proposal to attract the state subvention to finance the hospital due to a large number of hospitals in the regions need significant investments for the reconstruction and purchase of modern equipment. Current year, this issue is especially relevant, because the quality of health services depends on the quality of public health. The positive thing is that the deputies of the district council do not unanimously agree to the proposal of their colleagues, but make important decisions for the community taking into account the situation with the budget.

On the other hand, it is a question of allocation of funds for the construction of a ramp, which has already been done, and for the replacement of windows, doors. In order to assess the feasibility of such an investment, local authorities should publish cost estimates on their website. However, the lack of information about the condition of the hospital and the plan for the reconstruction of the facility does not allow to assess the correctness of the decision of the deputies.

Scores: Quality [+1.8] Relevance [73.3%]

IV. Loan and grant agreement for the Solid Waste Infrastructure Modernization Project was signed between "Spetskomuntrans" and the EBRD⁴

Features of the measure:

On October 7, 2020, a credit and grant agreement were signed online between the Khmelnytsky utility company Spetskomuntrans, the European Bank for Reconstruction and Development and the European Union's Neighborhood Investment Platform on the Solid Waste Infrastructure Modernization Project. This was preceded by an event that took place on September 2, 2020: a meeting of the Board of Directors of the European Bank for Reconstruction and Development took place in London, at which a decision was made to grant this loan.

The project will last for three years with a total cost of 36.5 million euros. In addition to the loans from the European Bank for Reconstruction and Development in the amount of 28.5 million euros, the city will receive grant funds in the amount of 5 million euros. Co-financing from the city budget will amount up to 3 million euros.

The loan from the EBRD itself does not provide the receipt of actual funds, but only provides the payment of works and goods that will be purchased by the Khmelnytsky utility company after the tender procedures.

If we talk not about the financial part, but about the essence, the project includes two stages. The first provides the meeting the city's urgent investment needs for the reconstruction of the existing landfill, the construction of a new map of the sanitary landfill according to EU standards and the purchase of new equipment, as well as improving solid waste collection and transportation under co-finance from the city budget. The second stage will include the construction of a new waste processing plant for inorganic waste and a separate composting station for sorted organic waste. Such support for recycling and the creation of a modern solid waste management infrastructure (sorting and composting) should lead to a reduction in the amount of waste that will eventually end up in the landfill.

⁴ Investigated by: Bereza Alyona - Regional project coordinator, Head of the NGO "Women's anti-corruption movement".

In the office of the project “Smart Environment. Khmelnytskyi” and the Spetskomuntrans utility company it is noted that this is one of the first such projects in Ukraine. This is a project that will help solve the problem of the Khmelnytsky landfill, which has long time been in a catastrophic state and should not have been functioning.

However, since 2017 the people of Khmelnytsky have been hearing from the city authorities about the construction of a waste processing plant to be built by 2020. Currently. It is the year is the year 2020 in the yard, and, so far, people can only hear that the first works are planned to start only in 2021. Particularly it is about the purchase of a filtrate treatment machinery, which will provide a treatment system (reverse osmosis). The design of the plant itself is going to start only after that.

It is also worth mentioning the interesting story that evolved around the acquisition of land for the construction of a recycling plant. Firstly, it is an agricultural land and people live near it. Of course, modern European waste processing plants are being built even in the city center, however it is important which method of waste processing is chosen. From what is known from the plans of the city authorities that they do not plan a “mega-modern” waste processing plant (without residual waste). Secondly, this land plot was purchased not at the market price, but at a margin of about 3 million hryvnias. Prior to that, it was re-registered between people and legal entities from the environment of deputies who are members of the commission on urban planning and land relations of the Khmelnytsky City Council (which considers the issue).

In general, this is a positive measure for the city of Khmelnytsky due to something had to be done with the Khmelnytsky landfill decades ago. Moreover, it requires significant funds. However, it is alarming that the loan has a grace period of three years and the city will be forced to repay the body of the loan and the interests from the local budget. In addition, there are the already not quite positive cases when the city loses budget funds, for example, during the acquisition of land for the construction of a waste processing plant. However, there is a hope that such things will not happen in the future, and the utility enterprise will be responsible for the implementation of this project.

Remarks:

Experts support the importance of modernizing the infrastructure for solid waste disposal / recycling due to the accumulation of garbage leads to adverse environmental consequences and deterioration of public health. However, the inappropriate attitude of local authorities to the project implementation is alarming. After all, regardless of the purpose for which it will be spent, the community must repay the cost of the loan at the expense of the paid taxes. Therefore, it is necessary to establish public control over the planning of plant construction and targeted use of funds.

Scores: Quality [+1.3] Relevance [80.0%]

V. About the creation of the municipal non-profit enterprise of the Mariupol city council "Hockey club" Mariupol"⁵

Features of the measure:

On August 28, 2020, at the session of the Mariupol City Council, a decision was made to establish a municipal non-profit enterprise "Hockey Club Mariupol".

At the beginning of the project, the construction of an indoor skating rink for 220 spectators with a total cost of 20 million hryvnias was announced. After that the budget was increased to 94 million hryvnias.

The funding was divided into two separate areas: the construction of a skating rink and a hockey club. The amount of expenses announced at the official level is 94 million hryvnias. 60 million was provided by former Deputy Prime Minister Borys Kolesnikov (currently the president of hockey club "Donbass" and one of the few people in Ukraine who finances the hockey sport), the rest of sum was allocated from the city budget. Decisions were not publicly discussed and the issue was not raised by the commissions.

Borys Kolesnikov called a Youth Hockey League Mariupol a "municipal club with a significant share of private investors" and denied reports that he would partially form the team's budget from its own fund or business assets. However, the information on the amount of financing by private investors is not disclosed. The club's charter states that the salaries of players and coaches, rental payments will be partially financed from the budget.

According to the updated document "Directions of activity and measures of the city target program "Mariupol sports for 2018-2022" (on the website of the city council), budget financing of activity of teams for the years 2020-2022 was increased by 41 million hryvnias in comparison with the published document before the creation of YHC "Mariupol".

Currently, the names of 17 hockey players, with whom YHC Mariupol has signed agreements for the Ukrainian Hockey League championship, are known. However, no official publication about the composition of the Mariupol YHC team indicates the origin of the hockey

⁵ Investigated by: Toponen Yulia - Community facilitator, Charity Fund Caritas Mariupol.

players who will play in the municipal club with the budget funding and which is located in the city a few tens of kilometers from the demarcation line.

Remarks:

The development of sports is a good idea; however, hockey is not a priority sport in Mariupol. The support from the city can be provided in the form of exemption of the club from rental and other mandatory payments. The city should not take on the responsibility of financing the members of the sports club (especially foreigners from Russian Federation). In addition, it is necessary to control the availability of the ice rink not only for the members of the hockey team, but also for the other athletes.

Creating a hockey club is an expensive pleasure for the residents of Mariupol. Experts prefer to direct these funds to those areas of city life that will have a social or economic effect.

Scores: Quality [-2.3] Relevance [11.7%]

VI. 500 million loan for Odessa⁶

Features of the measure:

On July 22, deputies of the Odessa City Council decided to borrow funds from the Alfa-Bank for the city budget in the amount of UAH 500 million for three years without collateral and at 11% per annum, with the possibility of revision every 6 months in case the discount rate is changed by the National Bank of Ukraine.

According to the mayor's office, the city needed credit funds due to non-fulfillment of the revenue part of the budget. Thus, in the first eight months of 2020, due to the COVID-19 pandemic and the economic downturn, the Odessa budget have not received almost UAH 544 million, and by the end of the year it is expected to be short of UAH 986 million (in particular, income tax (670 million), single tax (196 million) and land tax (84 million UAH)). Due to this, the city lacks funds to perform the entire volume of the planned activities.

However, the deal failed. Alfa-Bank refused to provide the mentioned funds at a fixed interest rate. On the terms of the mayor's office, the bank was ready to provide only 200 million hryvnias and only with a repayment date of February 1, 2021. However, according to Svitlana Bedreha, deputy mayor and director of the municipal finance department, the city could not physically return the money so quickly. As a result, the offer was rejected.

Later on, the city authorities urgently began negotiations with the state "Oschadbank". Although the Ministry of Finance has not yet approved a new loan, deputies decided (at a plenary session on September 16, 2020) to borrow 500 million hryvnias from "Oschadbank" for three years. The concluded agreement defines a floating rate: discount rate of the NBU (at the time of the decision: 6%) + 5% by the bank, while in general not more than 25%.

The mayor's office plans to direct credit funds for the replacement of elevators, reconstruction of several iconic streets and roads for Odessa, overhaul of outdoor lighting, etc.

It should be noted that this is not the first loan taken by the Odessa City Council. Currently, the city is paying off to "UkrGasbank", from which it took two loans of one billion

⁶ Investigated by: Katolyk Iaroslav - Regional coordinator of the projects.

hryvnias, and to “Oschadbank” (another billion hryvnias). The municipality borrowed money at rather high interest rates (17.5%-22.5% per annum), and the peak of payments will happen in the next two years. As of July 1, 2020, the city returned 551 million hryvnias of the body of the loan and more than 281 million hryvnias of interest payments to Ukrgasbank for the first billion loan. These funds were used to modernize and replace elevators, repair heating networks, repair and build educational institutions, medical facilities, and restore the facades of some historic buildings. At the same time, these activities did not solve any systemic or vital urban problems and did not aim to provide savings or generate additional income.

In addition to agreeing to receive a loan (at the same plenary session), the deputies also considered the issue of interest payments on the first billion loan. Due to the fact that the National Bank has reduced the discount rate more than twice this year (up to 6%), the Odessa City Hall asked Ukrgasbank to reduce the fee for the first billion loan which was taken in 2017. When the bank agreed, the deputies (without any discussion) voted to reduce the tariff rate from 17.5% to 16.5% per annum.

For two other loans, the mayor's office has already reduced the interest rates. The interest rate was reduced to 17.9% on the loan that the city took in December 2018 in Ukrgasbank (at 22.5% per annum). In addition, the interest rate was reduced to 16% on the third billion loan that the City Council took in summer of the year 2019 in Oschadbank (at 19.5% per annum).

It should be noted that the idea of directing the funds of the new loan to solve the current problems of the city did not cause unanimous support of the deputies. In particular, the deputies were asked to spend a new loan to repay the old ones, because its interest rate is significantly lower than of the previous one. However, the deputies did not support this initiative.

It is worth noting that the term of office of the Odessa City Council of the VII convocation is coming to an end: the local elections will be held on October 25, as a result of which the city authorities will be renewed. So, in fact, the deputies of the current convocation of the city

council deliberately took a loan before the elections: it will be paid by their colleagues of the next convocation.

However, after agreeing to receive a new loan, the mayor's office failed to approve the city's financial constitution for next year, which would take into account the 500 million loan. The Ministry of Finance of Ukraine forbade the executive committee to approve the city budget for next year, while insisting that this should be done by the new composition of the executive committee formed after the elections. Thus, now the deputies of the new convocation of the Odessa City Council will have to deal with this issue.

Remarks:

Experts agree that the loan itself is not a bad idea to finance the development of the city. However, before taking expensive loans, it is necessary to analyze the credit market. Thus, the EBRD provides loans for specific infrastructure projects at a small interest rate for the use of funds. However, the EBRD controls the use of funds. In this case, it seems that officials do not have a clear vision of how the loan will be used. The justification for a loan for the current needs is questionable, given the previous loans, the debt for which has not yet been repaid.

Scores: Quality [-2.2] Relevance [36.7%]