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The financial support improving of the Resource Conservation Programs in the Region

Annotation: The theoretical principles and practical recommendations for grounding mechanism to improve resource efficiency of the resource programs financing in the region are examined in the following article. It is concluded that the use of resources is only possible with the help of effective means in resource conservation through the use of market instruments and government regulation of the economy.

Keywords: environmental tax, measures to preserve resources, costs expenditures, private investment, state budget, environmental projects financing

Introduction: Actuality to increase the domestic economy resource conservation is well recognized by the government institutions, enterprises and organizations as well in the public opinion.

The rational using of resources is only possible with the effective means of the resource conservation through the use of market instruments and government regulation of the economy.

Materials and methods: The theoretical and methodological basis of the study is the dialectical method of cognition and systematic approach to investigate the economic processes and regulations of Ukraine, the scientific works of local and foreign scientists and economists, the research institutions recommendations and the implementing of energy-saving measures based on the international practice. Dialectical and abstract logical methods, as well as monographic, statistical and other ones are used accordingly.

Resources condition and the resource potential formation in the fields of agriculture are investigated in the studies of A. Plaksin [7, p. 63], V. Rossokha [8]. The monograph O. Oksanich [6] interprets theoretical problems of resource and energy conservation as a form of the production intensification, shows the main directions of rational consumption when the new economic conditions exist. However, the main problem of the study is the developing of an effective mechanism for resource conservation, stimulation of the investments to the energy saving technologies and the implementation of energy-saving programs, creation of their reliable support.

The purpose of the research is theoretical concepts' developing and practical recommendations for improving the efficiency of resource funding programs.

Financial programs on the environmental and energy-saving purposes in Ukraine are based on using different sources such as: central and local financial budgets, enterprises and organizations resources, ecological funds, ecological insurance funds, banks crediting, charity investments of the native and foreign judicial persons and others.

The Comprehensive Dictionary of Economics treats the resource as “a form of reserves realization associated with maximum economizing in the production of material resources, which is carried out in the following areas: reduction of material consumption per unit of production through the use of modern equipment and technology, increasing the yield of the final product from used raw materials, reducing the consumption of materials and labor in the production process, maximum utilization of secondary resources” [1].

So resources conservation is the part of the general concept of “greening of production”. Greening production includes resource conservations stimulating, searching for fundamentally new energy sources, low-waste production, recycling, and the process of commercial products' production and using.

Results: Major industrial cities of Ukraine experience an acute problem of waste management. According to the Law of Ukraine “On Waste” [2] the waste – is any substances, materials and things that appeared during the production or

consumption, as well as goods (products) that wholly or partially lost their consumer properties and have no further using at the place of their creation or discovery and of which their owner intends to or must get rid of them by recycling or disposal.

The analysis of the waste quantity I-III hazard classes in Ukraine shows that during 2000-2008 it was significant and slightly fluctuated within this period from 2370.9 thousand tons in 2006 (minimum figure) to 2613.2 thousand tons in 2000 (maximum figure). In 2009 we can state their significant decrease to 1230.3 thousand tons.

Let's analyze the analogous figure in the Dnepropetrovsk region, which is a developed industrial area (Figure 1).

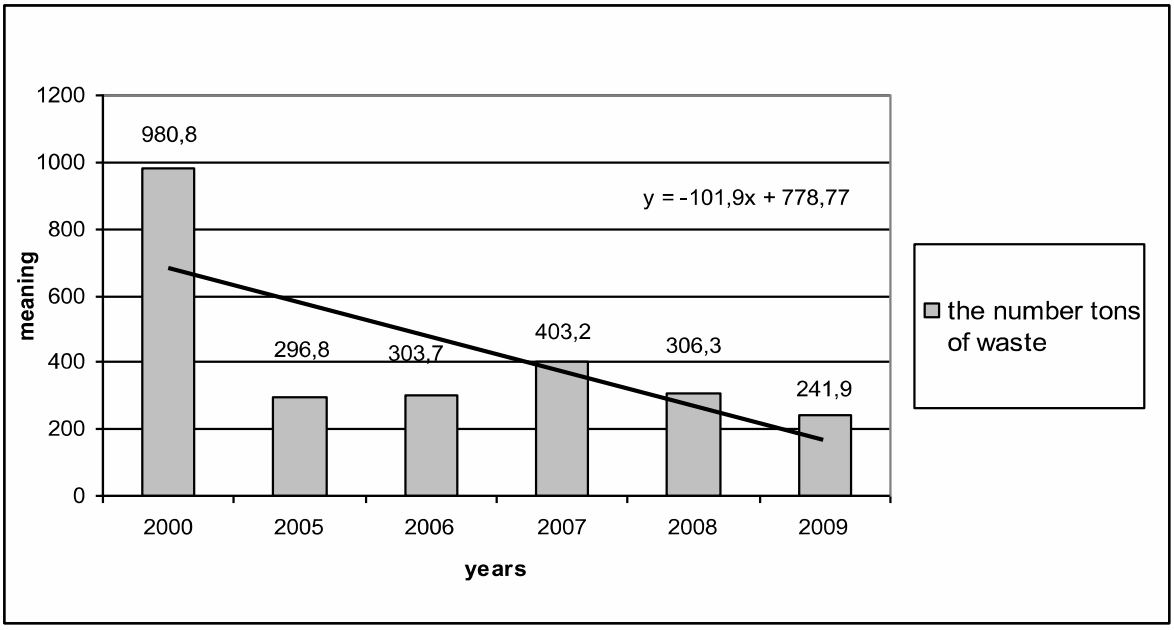

Figure 1: Dynamics of waste I-III hazard classes in the Dnepropetrovsk region

Since 2000, which was observed as the peak amount of waste in the whole Dnepropetrovsk region (980.8 thousand tons), their quantity gradually began to decline and since 2005 this positive trend has been going on. In 2009, the waste was 241.9 thousand tons, which is less than 1.7 times in comparison with 2007, and 1.3 times in comparison with 2008.

Despite this, the situation in Ukraine in the field of waste production and consumption can be estimated as uncontrollable, which makes a real threat of the state ecological security. Figure 2 shows the amount of the disposed waste in Ukraine.

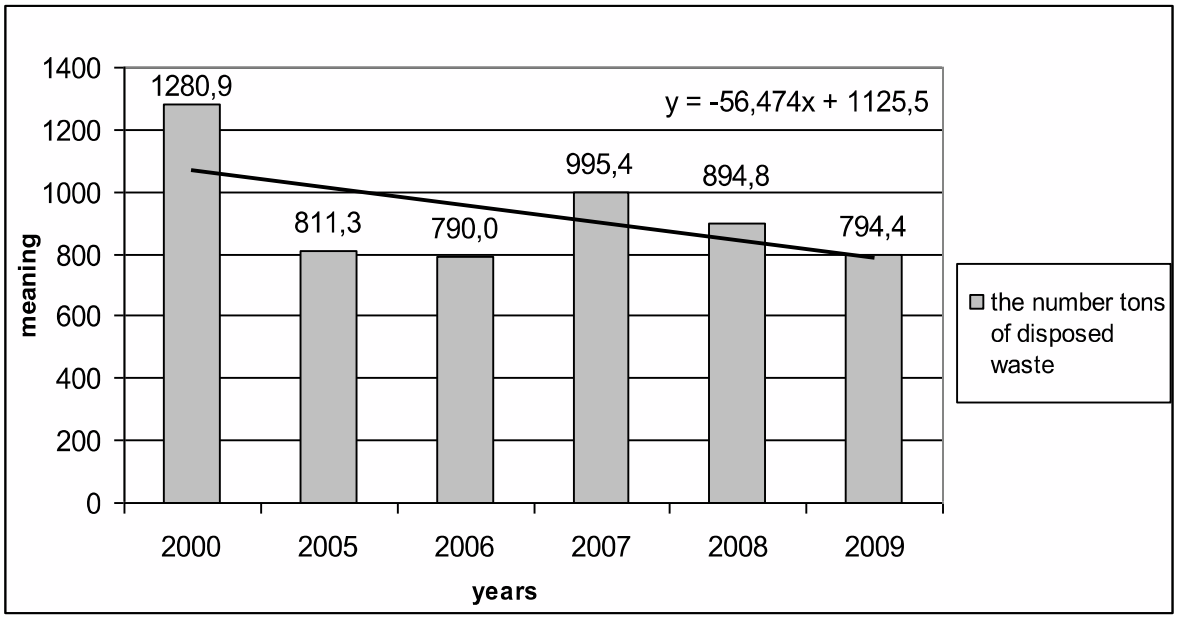

Figure 2: Dynamics of I-III hazard waste classes utilization in Ukraine

As can be seen from Figure 2, the amount of the recycled waste I-III hazard classes decrease in dynamics, which is a negative trend.

This also causes significant economic losses. The main reasons for this situation are, first, the dominance of mining, resource and energy sectors in the total structure of economy, the use of outdated technology in most sectors of commodity production and in the field of waste management, lack of waste technologies. Second, the lack of management structure to coordinate activities and to monitor the waste management and the related infrastructure, the stable sources of funding the special educational and research institutions. Thirdly, up to now it has not been created an integral system of monitoring the amount of waste during its formation and treatment. Fourth, the insignificant amount of waste using as a secondary raw material for commercial production of goods. The developed countries work out the concept of the integrated waste management, with a leading role of the public in its implementation. The best international experience in this area should be established in Ukraine. For this purpose the single-minded media explanatory work should be implemented. So the national policy on waste management should be changed essentially, a key element of which should be creating of a unified system of all waste types management with an appropriate legislative regulation.

The negative trend of recycling for this period is seen in the Dnepropetrovsk region as well (Figure 3).

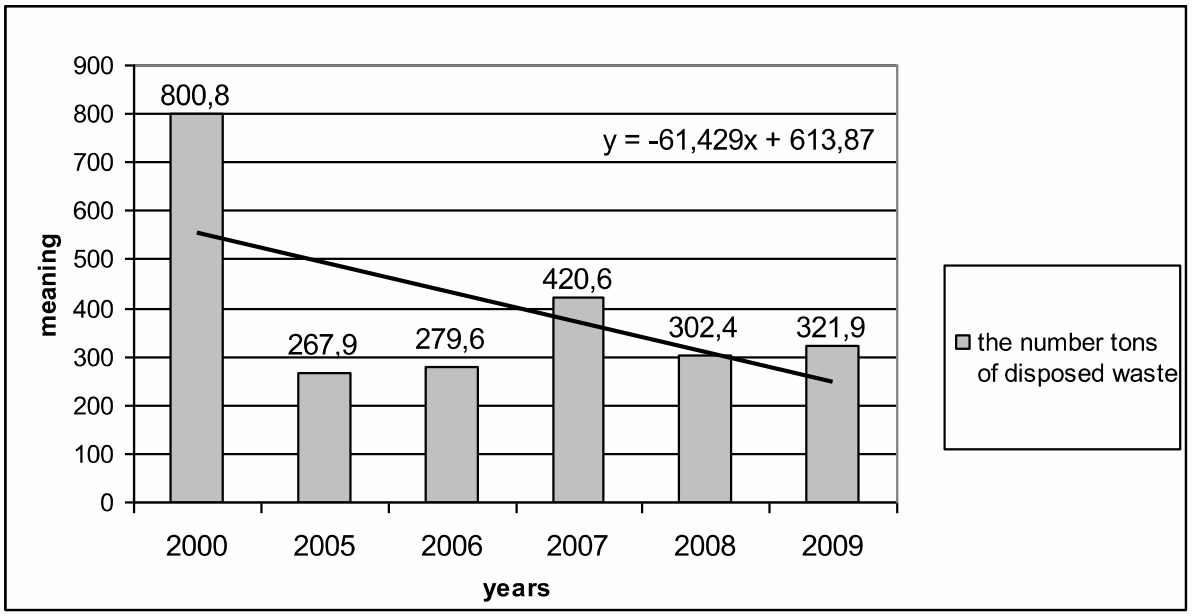

Figure 3: Dynamics of the utilized waste I-III hazard classes in Dnipropetrovsk region, 2000-2009

The trend line, and the equation that describes it, shows a further reduction in the amount of waste that was disposed of.

Dnepropetrovsk region has a large number of regional programs, including [4]:

1) The regional integrated waste management program,

2) The program of Environment, the Dnepropetrovsk region 2005-2015,

3) The program of formation and development of the national network of the Dnepropetrovsk region 2006-2015,

4) The program to improve the ecological state of the Dnepropetrovsk region by reducing pollution of major enterprises for 2007-2015 and others.

Among the regional programs only one is devoted to solving the problem of waste management. The planned financing program and its changes are presented in Table 1. According to the data in Table 1, after the approval of the Program in 2006, it has been revised three times and amended on funding. The community does not know about actual allotted funds planned or how effectively they were expended. The responsibility for the results of the program is not clearly defined.

Table 1

Overall program of waste management funding in Dnipropetrovsk region in thousand UAH

Year	The planned financing (The Regional Council decision on March 22, 2006)	Changes in funding (decision of the Regional Council on June 10, 2009)	Changes in funding (decision of the Regional Council on May 10, 2010)	Changes in funding (decision of the Regional Council of October 21, 2011)
2007	8970,0			
2008	14797, 0			
2009	14577,0	2000,0		
2010	7682,0	49800,0	64766,0	64766,0
2011	7687,0	55950,0	59800	62930,0
2012	-	-	10000,0	10000,0
2013	-	-	10000,0	10000,0
2014	-	-	10000,0	10000,0

For example, let's consider financing of the other programs – program on environmental protection and nuclear safety, which is financed from the city budget and its results are available (Table 2).

Table 2

Financing of environmental protection budget of Dnipropetrovsk

Year	Planned from the city budget, million UAH	Actual funding, thousand UAH	Percentage of actual financing	Actually implemented, thousand UAH	Percentage of actual implementation
2006	1396,9	439,4	0,031	220,0	0,016
2007	1916,6	476,4	0,025	466,0	0,024
2008	2776,9	295,2	0,014	220,0	0,008
2009	2795,9	62,2	0,002	51,0	0,002
2010	2889,3	34,1	0,001	-	-

As it can be seen from Table 2, only the portions of thousands of Dnipropetrovsk budget were spent on the implementation of this program, and even less money are developed.

With this level of financing the program objectives cannot be achieved. The reasons for under-funding programs are in a small amount of the funds received from the environmental taxes and their improper using. Another reason is the lack of institutions to manage the realization of the program.

Financing of the environmental programs is a part of the overall financial state strategy, designed to support the goals of a stable development.

For improving the implementation of the program and efficient financing of the environmental activities it seems appropriate to use the already world practice experience and convert this positive experience to the specific conditions of Ukraine.

Conclusions: One of the important element of the state policy as for resource conservation mechanism is the system of financing. How it is reliable and effective largely depends on the rational use of natural resources and environmental condition in the country and its regions.

The presence of various financial instruments in regulating of resource conservation is essential not only for accumulation and compensation of costs for the purposes of environmental management, but also is an important lever to ensure promotion of the environmental activities.

Financial mechanism of environmental protection is a complex of various financial and economic instruments aimed at stimulating activities of resource conservation. These instruments include environmental tax policy, environmental insurance, improving pricing environment-friendly products, resource conservation technology, etc.

Reforming Ukraine's financial system at the national and regional levels should be carried out in two interrelated areas:

- Purposeful using of all costs from the environmental taxes. In addition, these payments should provide revenues that become sufficient for the environmental sphere's financing;

- The creation of institutions to manage environmental taxes in the Taxes and Duties of Ukraine. Its main task should be the improvement of stimulating function aimed at the resource conservation. After all, success may be achieved only when the balance between sanctions for the environmental violations and benefits from environmental protection and resource conservation take place. Only the economic growth will not be accompanied by degradation of nature.

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