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PRIOR INVESTMENT NEEDS FOR THE WATER SUPPLY AND SEWAGE SECTOR

The system of centralized water supply and sewage system is an important part of the utilities sector as it provides for meeting the vital needs of the population. However, despite the large volume of services provided to consumers, it is characterized by a large number of problems caused by the lack of regulation of the process of management and financial support, the low level of payment for the services provided, the lack of investment.

Determining the strategic priorities for reforming the financial activities of water and sewerage companies is an urgent task that is to create the legal, economic and organizational conditions for the provision of utilities. In this regard, it is important to improve the financial support of water supply and sewerage companies by exploring the possibilities of developing and implementing a multi-channel financing mechanism to improve the reliability and quality of services that meet the standards and cost-effective tariffs sufficient to operate effectively in market conditions relations.

In the economic sector of Ukraine, for a long time there has been a significant shortage of financial resources needed to provide quality services. The state of the

economy is caused by certain shortcomings in the legislative regulation and organization of the sector's operation, which has led to difficulties in attracting the necessary investments. Meanwhile, investment needs are steadily rising due to economic problems and insufficient service to the sector.

District heating is a critical sector in terms of social value and huge multi-million dollar investment needs. About 2/3 of the homes in Ukraine are covered by district heating, which is provided by about 900 utility companies [1, p. 69].

Heating through district heating and individual boilers accounts for the largest volume of natural gas in Ukraine. Obsolete funds and inefficient operation of the sector account for 60% of losses in generation, transmission and final consumption networks [1, p. 70].

The financial problems facing the sector remain complex and interconnected. The poor financial condition of the thermal power companies is due to the lack of working capital. Which, in turn, is caused by inappropriate tariffs and defaults.

Efforts to attract investment are limited by the low creditworthiness of thermal power companies and local authorities. Private equity faces certain legal and financial barriers. Any significant investment by an international financial institution or government requires a comprehensive strategy to determine the best option for attracting the necessary investments by local authorities and heat utilities.

With regard to water supply and sanitation, the current state of affairs in Ukraine indicates that:

- in most local authorities, the level of related services remains low. Many businesses in the sector cannot provide round-the-clock water supply;
- often the water quality is not stable and periodically deteriorates (in particular during floods);
- water supply and sewerage networks are in very poor condition due to lack of investment in maintenance and repair.

Priority investment needs of the water and wastewater sector should be directed to:

- reduction of electricity consumption;

- reduction of technical and commercial losses;
- bringing water quality up to higher standards.

Restoration of sewage and sewage treatment systems is aimed at mitigating the negative impact on the environment and reducing electricity consumption. Priority should be given to investments that have the greatest potential for energy conservation (for example, upgrading of pumping equipment), and to those that promote the commercialization of water utilities and the rational consumption of resources (for example, the introduction of metering systems).

References:

1. Preparation and implementation of public-private partnership projects: A practical guide for local authorities and business / S. Gryshchenko. Kyiv: FOP Moskalenko O.M., 2011. 140 p.