

PD-ABL-274

95192

MFM Project

UKRAINE TRIP REPORT

By
Matt Glasser

Research Triangle Institute
1615 M Street, NW, Suite 740
Washington, DC 20036

Municipal Finance and Management
Project No. 5656
Contract No. CCN-0007-C-00-3110-0

December 5, 1994



P.O. Box 12194, Research Triangle Park, NC 27709-2194

From: MATT "Matthew D. Glasser 202-728-2472" 6-DEC-1994 11:56
To: @cidmfmua
CC:
Subj: Trip report

The following report is prompt, not pretty.

TRIP REPORT MEMORANDUM

TO: @CIDMFMUA
FROM: MATT GLASSER
RE: UKRAINE VISIT
DATE: December 5, 1994

Under separate cover, you will be getting hard copy of:

Draft work plans for the three cities

Draft performance monitoring materials for the three cities

Draft training plan materials for Kharkov.

KHARKOV: Sunday, November 20, through Wednesday, November 23, 1994

he visit began awkwardly -- Newell was unhappy with the budget figures that we had developed in the States. However, he overcame that and did some constructive work with Tom, Brenda, and me.

To begin, Newell presented his work plan and the municipal budget model that Gordon and Valeri had created. Newell had some 17 areas in which he hoped to work. We discussed characterizing the multi-faceted plan as being one basic activity: using information technology and performance management to improve the City's functionality, and where possible to improve service delivery.

During these discussions, and throughout the visit, Newell emphasized that he envisioned a two to three year plan for the City, and wanted to stay for that period.

We spent most of Monday developing a budget. Newell's thinking was non-specific as to activities -- for example he knew he wanted eight person-months of Valeri's and Gordon's time in the field and another four person-months in North Carolina, but not exactly what they would be working on. This is a legitimate phase of planning. Newell and I discussed the need to tie the budget back to planned activities -- to specify who would do what, and when. We agreed to start with his highest-priority activities, allocate resources, then move to the next-highest, and so on until the available resources were used up.

Newell ended up the visit with two principal activities: (1) an Executive Information System comprised of the budget model and other city-administrative elements and (2) a housing management and maintenance project. In addition, he had a small "flexible

response" program through which he could devote a small amount of time and resources to issues that would be chosen from proposals made by the City based on articulated criteria.

On Tuesday, Newell and I met with Amy Osborn and Felix Shklyaruk all day, including meetings with Brenda Linton, Tom Cook, and PADCO's Angus Olson. The meetings with Amy went quite well, and Amy seemed pleased with the package Newell presented. During the day she expressed doubts about the number of activities that Newell was attempting.

During the meeting with Angus Olson, the housing maintenance and management system was outlined. This will bring RTI's performance management/information system strengths into alliance with PADCO's housing strengths to create a computer-based reporting and tracking system for tenant maintenance calls. Amy is very supportive of this idea.

Newell redrafted the work plan and budget and brought his next iteration to the Ternopil meeting on December 2. Based on discussions at that meeting, and any input from RTI stateside, he will have it completed, subject to the city's review, by Mary Ann Riegelman's December 17 target.

Newell says that he is extremely frustrated, and acts it. He does not feel the system has treated him well or fairly. While he continues to do a good job with his counterparts, Newell's ability to work effectively with colleagues is very limited. He does well in presenting, but continues to do a poor job of listening. It seems that he takes much of what he hears very personally and reacts in a binary way -- seeing every comment as either glowing praise or damning criticism.

LVIV: Monday, November 28 through Wednesday, November 30, 1994

David was frustrated at the start of the visit, asking, "Who's the client?" His point was that Ted Priftis represents AID, and he understood from Ted's visit that Ted was happy. David seems frustrated by the number of people who have input on his project, and a perceived lack of consistency in the signals they give him.

We had two separate meetings with Administration Secretary Ivan Fediv: Mr. Fediv talked about his desire to see a computer network operating in City Hall. He outlined a scheme of several mini-LANs that would initially be separate, but would be later linked to a larger net. He had met with representatives of Digital Equipment Corporation, which is marketing Ukrainized software, and was very impressed with the electronic office system they propose. He emphasized network servers and copiers. Mr. Fediv showed us several charts he had prepared showing the current City organization, his planned reorganization, and the information flows within the City. He was keen on information technology as a vehicle for improving management decision-making and for helping process citizen calls. There are two reasons he feels he needs better IT:

- a. to increase the City administration's ability to retrieve, process, and respond to documents
- b. to provide timely responses and adequate information to citizens.

Mr. Fediv said that City officials need to make decisions in public

-- there need to be publicly accessible records of decisions that are taken. Both he and Mr. Parasyuk stressed the importance of Ukrainian language systems and interfaces. Most of the software now available is only in English, and they cannot ask the entire City staff to learn English in order to use the computers. They have begun work on conceptualizing their new management structures and the related information system needs, but said they would need help with equipment, training, service agreements, and consultants to move to the next step.

We met on Monday with Pavlo Kachur and Igor Parasyuk. Mr. Kachur was unequivocal that work on computerization and communications technology is the City's top priority. He says this must be linked with greater clarity in the decision-making process and with more openness and accessibility of the City administration to citizens. His goal is for the City to make clear decisions within established time frames, with credible explanations for why a given decision, and not some other decision, was made. Kachur said that everything other than computerization can wait, even tourism. He said that Mr. Fediv will be in charge of the computerization project (Fediv later told us that he would be in charge of all projects, but this is not confirmed). Kachur was impatient with any discussion about audit and budget, because he said the City has no legal right to even set its own budget. He said local taxes were a joke because it costs more to collect them than the revenue they yield.

This emphasis on computerization is a major change in our expectations for the project. The City has stated a clear priority for the first time. David reported feeling a sense of relief that there is now a priority from the City, that he doesn't need to work on many different fronts. Paul Hoover has agreed to come to Lviv next week to better define the issues we would refer to a computer specialist such as Gordon Cressman.

On Wednesday, we met at length with Mayor Kuibida. He expressed a willingness to meet with David on a weekly basis, and suggested that they get together on Fridays to review the preceding week's work and plan for the following week. He confirmed the management information systems emphasis we had heard from Fediv, Parasyuk and Kachur. The Mayor was keen on the concept of a central dispatch point, i.e. a point of information on everything happening in the City. He sees this as connected with computerization, because the dispatcher point can be a network server to keep everyone informed.

We had lunch in the City's executive dining room with Mayor Kuibida and Messrs. Kachur, Fediv, and Kopets. This was followed by a meeting with advisory committee, which again focused on management information systems, and the "dispatcher point."

Vasyl Shovka, in David Bauer's office, has very strong feelings about what is important for the project, and would like the project to be the keystone for most of the City's activities and plans. Shovka is ambitious, and there is a danger that he will be seen as speaking for the project, even when his views are different than David's.

David and Mickey are unhappy about the 18 month limitation. They report they were told by Eric that the project was at least 18 months, but would likely be two years or even longer. They have sublet their apartment in NY for two years.

David was initially a little wary, but warmed to the task during the course of our visit. The dramatic paring of his work plan by the City's decision to focus on computerization is good. Now we need to (1) define how management can be improved by computerization, and (2) provide adequate support to be sure that the computers get into the field and in use. Procurements for Lviv have been slow in the past.

TERNOPIL: Wednesday, November 30 through Friday, December 2, 1994

Paul met us at the train station and gave us copies of his work plan. Both Tom and I were very impressed with its quality and focus. The format is excellent, and it should serve as a model for other work plans. He had included budgets, performance indicators, a time line, and everything else needed to clearly express what he hoped to do, when, and with what resources. During our visit, he presented the Ukrainian translation of his plan to the Mayor and the members of the City administration who had participated in the study tour for their comments and review.

There are three principal areas to Paul's work plan: economic development, municipal management improvements, and public services improvements (including equipment purchases). In addition, Paul has identified a fourth area to work in as time and resources permit: the development of a strategic plan for the city.

Friday was mostly taken up by meetings with AID's Amy Osborn, Ivan Shvets, and Felix Shklyaruk. The morning was devoted to GIS, and the afternoon to a presentation of work plans and status updates. Separate meeting notes for those meetings are Attachments A and B to this memorandum.

Paul and I discussed increasing the emphasis on his CC² status. This could be especially helpful to me if I am to take on a broader management role. When it comes to AID procedures and expectations, Paul is certainly the most experienced of the advisors. Paul is willing to assume more of a leadership role, including mentoring the others through finalization of their workplans, but doesn't want to impair his ability to be substantively effective in Ternopil.

OVERALL CONCLUSIONS

1. The advisors, except for Paul, are still struggling to finish their work plans. RTI has not done a very good job of preparing its field advisors. Before they were sent into the field, they should ideally have been given:
 - a. budget parameters for their City
 - b. instructions about the need and timing for work plans, and the content and focus that would be expected.
 - c. sample work plans and budgets
 - d. a clear understanding of the role the home office would play and the role they should play

RTI and AID have given these advisors mixed signals, at times encouraging them to go ahead on a variety of fronts and more recently insisting that they focus on one or two key projects. The advisors have not heard a consistent, strong, unified

4

signal insisting on focus and specificity.

3. Our strategy of using study tours to further the work depends on identifying the right counterparts, and on those counterparts remaining in place. In the case of Kharkov, most tour participants will not be central to development or implementation of the work plan. In the case of Lviv, most participants are no longer in their old jobs, or even employed by the City. The time spent on the study tours may in fact have impaired the development of the work plans in those two cities.

ISSUES

1. With management information systems in the forefront in all three cities, what can we do to support the advisors to the extent necessary? Paul can carry a lot of the ball in Ternopil, but David and Newell will both need help. How much time can we get out of Gordon? Should we find someone to work on contract to supplement Gordon in specifying, procuring, installing, trouble-shooting, and providing user support for, the systems being proposed?
2. What can we do to get set up to do the large procurements implicit in these projects as quickly as possible?
3. Does RTI have, or can we implement, systems adequate for the work to be done? What systems are needed? More on this separately.
4. Amy Osborn may leave by September for a new post. Even before then, the arrival of the new mission director could bring changes. Amy is trying to set a meeting with the new mission director, RTI, and PADCO for the 5th or 6th of January. How should we prepare for these meetings?

ATTACHMENT A

GIS meeting -- Ternopil -- December 2, 1994

Amy Osborn
John Barrett
Felix Shklyaruk
Ivan Shvetz
Paul Hoover
Viktor Rakevich
David Bauer
Galyna Dzijadyk
Newell Cook
Nika Ivanova
Bill Valletta
Yuri Kolesnik
Matt Glasser
Tom Cook

1. Ko: GIS is progressing in Ukraine, with or without USAID help.
 - a. law mandates cadastre, which is often done with GIS -- Ministry of Construction and Architecture has 99 forms recently prescribed that range from legitimate questions to questions about cucumber production.
 - b. many cities are starting GIS systems now.
 - c. Bill: we can help with advice -- but the advice may be that you're getting into too much, too deeply. Take a piece of it. The right piece is probably not cadastre. Start simple.
 - d. Ko: You could start with cadastre if you do it simply.
 - e. Paul: Because GIS is going on, we can't ignore it -- we need to work with it. Try, e.g. to urge a single set of software in any locality.
 - f. Ko: cadastre is moving forward in Lviv
 - g. Bill: also in Chernigiv, although the institute doing it has a dispute with the city about whether they have a contract.
 - h. Newell: Kharkov seems to be starting with a single-layer GIS system. In the long run, this may be a mistake.

2. Ko: We don't want to do GIS, per se. We want to do things, e.g. titling, zoning, utility location, tax assessment, economic development, etc. that may require GIS.
 - a. Matt: why are we considering helping with GIS? It can be used for many things. Which applications are we interested in supporting?
 - b. Amy: the reason to do GIS is for efficiency in delivery of services, maybe long-term. We're looking for specific applications where you can have impact in the shorter term, but we're also looking for ways to address the rapid pace of computerization and to be helpful in avoiding pitfalls.
 - c. Newell: the only reason for us to think about GIS is for MIS purposes -- how can we improve management?

Amy: the question is whether PADCO or RTI can give any help to Ukraine's ongoing GIS efforts without getting involved in long-term, data-intensive, resource-intensive projects.

- a. Newell: we should write a primer for GIS users, in Ukrainian and Russian. It could be distributed through

- the Mayors' Association.
- b. Amy: Ko and I had talked about seminars and conferences to identify issues that cities should look out for, as they get started on GIS. Cities could benefit from some training on what the issues are, what the hardware and software costs are, what the long-term costs will be of maintaining the system.
 - c. Paul: A well-recognized system can be put together on a PC platform for \$25,000. The real cost is the long-run expense of putting the data in, maintaining the system. It is important to avoid multiple systems in the cities.
4. David: In Lviv, e.g., they are interested in housing. They'd like a GIS that lets you know condition and location of housing, having current information about who's where.
- a. Amy: Isn't that just reinforcing the police state? Isn't that what you'd like to avoid?
 - b. Paul: Lviv operates 165,000 units of public housing, and don't have the systems in place to do it. Data is at ZhEK level. The fact is that privatization has essentially stopped.
 - c. Amy: But why is that GIS? Newell and Angus are working on housing management and maintenance programs, but that's got nothing to do with GIS.
 - d. David: Every time we talk about increasing mechanization, the question of how to avoid the police state becomes a problem.
 - e. Paul: In Egypt, we installed a network specifically to see how it opened things up, and increased horizontal communication. It worked. Information became available to more people.
5. Tom: how can we measure improvements in service delivery within the time remaining in this project? We don't want to be caught in the bind of not being able to show impacts. We are doing rapid feedback evaluations now -- sometimes the impacts are immediate but indirect.
6. Amy: where do we want to go? The PADCO land titling approach in the recent Justin Hall report is hardware-intensive, and unlikely to be replicable.
7. Bill: The concept behind the PADCO report was to demonstrate that it is possible to use information technology to increase speed of land privatization effort. That's why they're recommending scanning things in.
- a. A hold-up in land privatization is in the lack of accurate surveying, in the speed with which traditional institutes can act. The concept is that the scanned data would substitute for a full survey, and that a formal survey would be done at the time of the first private-to-private transfer.
 - b. There are also legal processes that need to be speeded up. Applications for issuance of "state acts" which privatize land come in to the city, are reviewed by chief architect and others, referred out to a state institute of surveying which assembles the file, returned to chief architect who refers it to city executive committee for action.
 - c. Ko: the question is whether the expensive scanner system

is justified.

- d. Matt: the threshold question is whether the existing books have adequate descriptions for an initial transfer. If so, you can move forward without expensive scanners, and incorporate a reference number which refers to the existing descriptions into a cheap GIS system.
8. Newell: we have agreed that we will:
- a. do an education program in GIS/LIS/MIS programs
 - i. assessment
 - ii. seminar(s)
 - iii. paper(s)
 - b. support GIS/LIS/MIS applications on a case by case, MIS/output, evaluation (i.e. based on what it's used for, and expected impact, as well as on long-term compatibility). Amy: also, whatever we're doing needs to be easily replicable.
9. Bill: World Bank said they wanted to play the role of bringing everyone together.
- a. Amy: that's fine -- let's work with them in Kiev to see that they convene a meeting. Some will agree with our approach, some won't.

ATTACHMENT B

ADVISOR'S MEETING -- TERNOPIIL -- December 2, 1994:

Amy Osborn
Paul Shvets
Felix Shklyaruk
Paul Hoover
David Bauer
Newell Cook
Nika Ivanova
Matt Glasser
Tom Cook

1. Amy: Kevin Kelley of MAR's office says in FY 95 there is \$4.46 million available for MFM in Ukraine, \$2.3 for Russia, balance for Ukraine (not sure of these figures -- get copy of memo from Amy). There is an overall figure of \$6.76 million -- where does it come from? How do these figures match Jim McCullough's budget? It sounds like less.
2. Paul:
 - a. 18 month issue -- we ought to stretch RA for a longer period of time. Amy interested, wants to know how much it costs.
 - b. Let's pad the budgets by 20% to protect Ukraine against other budget pressures.

Paul: procurement takes time. If we award in March, it will be April-May when the equipment is delivered. By the time we begin training, we've got little time left. Therefore, we should not phase procurements. Newell disagrees, thinks he can get computers 60 days from date of order.

 - a. Amy: can't we do a single procurement with staged deliveries? Ask Jerry Krystal in our mission office.
4. Amy: Effective March 1, they would move COTR to field, i.e. me. Not clear what this means. I've had one e-mail on this, but am not necessarily in favor of it.
5. Matt: We are thinking of strengthening the COP role for Paul. More of the administrative and strategic management of the project can shift to the field. E.g. budget tracking, mentoring.
 - a. David: I think it's a good idea.
 - b. Newell: I work well with Paul. I'm in favor.
 - c. Amy: I think it's a good idea, especially with COTR responsibilities coming out here.
 - d. Paul: I don't want to short-change the work I've got to do here in Ternopil. I'm willing to give some reasonable time to it, but I can't damage what I'm doing here. On budget tracking, I'll consolidate the budget, expenditure, and encumbrance information and ship it to DC and to Kiev.
6. Paul: contract says no city is supposed to have more than \$1.25 million for systems.

7. Amy: the information you have about numbers and the information I have does not match. We need to keep each other informed.
8. Newell: these shifting numbers are baloney. I want a written statement of what I've got to budget.
9. All: we need information on what the composition of the field advisor costs are. How were these figured? Are they fungible? Newell: if I can save \$5,000 or \$10,000 in "remont" or rent, can I use it for substantive activities?

Work Plan Reports:

10. David: my "work plan" had many possible activities, based on Truskovets work and observational tour priorities. Recently, I've gotten more specificity and focus from the city. The first stage of focus was to get it down to 6 activities. Now, with Matt's and Tom's visit, City has concluded that they want information systems/MIS, and some tourism/e.d. World Bank will help with some of the other items, so city is relaxing somewhat.
 - a. Amy: Bank may be moving now that basic conditionality is being satisfied. Up to now, they've been very slow, but politically they may be in a position to move now. I met with Blinkhorn twice last week, and with Yoshine Uchi-mura. Bank is asking if we can work with them to leverage their money into Ukraine. They are trying to negotiate a budget with us for a \$30 to \$40 million housing loan. We'll take some PADCO money to meet conditions, if the World Bank is serious.
 - b. David: by mid-December we'll have tourism report. If City agrees, we'll have someone back for one to two months to help initiate things.
 - c. Amy: How does this tie in to people's lives?
 - d. David: e.g. citizen call tracking, housing.
 - e. Amy: shouldn't you be thinking about something that ties into management and maintenance of housing stock -- focusing on a particular problem within information systems field?
 - f. David: we want to put in the system that will let them make better decisions.
 - g. Amy: I'm not keen on the idea of information systems for the sake of information systems.
 - h. Paul: I'm concerned that City has a history of dodging from one thing to another. I am worried about information systems without a quid pro quo from Lviv. It should be linked to their making certain changes that are programmatic in character.
 - i. David: I've said that the conditions to automation would be:
 - i. they'd have to be able to support it after we've gone, and
 - ii. they've got to justify it in terms of cost savings, improved service delivery, etc.
 - j. Tom: reviews performance indicators for Lviv.
 - k. Amy: you're only trying to get information to the citizen, you're not trying to change the system.
 - l. Paul: citizen complaint system is a real improvement. But more generally, David, you're not a computer person.

What are you going to do if the main emphasis shifts to computerization?

- ni. David: I shepherded the NY public library's transition to a computer system. I can manage it, even if I'm not a computer expert.
11. Newell: we have a lot of opportunities. On Wednesday, Matt and I struck 90% of the individual items off the list and focused on two items: (1) EIS and (2) housing management and maintenance. We have good performance indicators. EIS is budgeting, registration of businesses, and a payroll/personnel system.
- a. Paul: are we reforming or merely automating?
 - b. Newell: information systems should produce reforms. They have in the US. No US cities are still using ward systems, except NYC. We're talking about voice and data system, with PBX. Inter-raion communication system. We are building the information infrastructure. We dropped other things, but will keep them as possibilities, subject to the city's ability to design a work-plan with clear statements about what's to be done, a budget, performance indicators, etc. We may not spend any money on these, but if they come in with plans, we are prepared to reallocate from integrated information system if there is initiative from the City.
 - c. Amy: we should have a contract. If the city does not deliver, we don't deliver.
 - d. Paul: I'll have a cover page on my final work plan that will be signed off by both parties, and will be a contract. It's useful to have a chart that identifies resources needed, and the sources of those resources -- what comes from RTI, what comes from the city.
12. Paul: three major task areas: (1) economic development modeled on US cities we visited, based on dire economic situation. We will create an ED office, establish an ED commission and prepare a strategic plan, determine feasibility of creating ED authority to leverage city land; (2) municipal management improvements, i.e. computerization, communications, and employee training; (3) public services improvement, i.e. improve electric bus system with one-time infusion of spare parts to improve rolling stock, and create a sustainable spare parts fund through surcharge, through increasing collection rate. We'd use a couple of computers for management, scheduling, personnel. I want an expert to come in, who's a real nuts and bolts expert.
- a. Amy: I think Olgun Erskenkal is good, but please check out what happened in Odessa. He and Jeff Martin had some problems. Check with Jeff before you bring Olgun in.
 - b. Paul: key is to spend \$200,000 as "supplies" for spare parts. Don't ask for permission, just fit it under supplies. Optional tasks are in public service areas: solid waste, heating, hot water. Another optional task is strategic planning for 1996-2000, but it depends on resolution of local authority issues.
 - c. Amy: like Newell, you've got a lot of balls in the air. I'm not sure how realistic it is to get all of these balls in the air.