

PD ABU-096
90936

MFM Project

TRIP REPORT-LVIV & KHARKOV

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

4/29-4/30; 5/6-5/7, 1996



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

MUNICIPAL FINANCE AND MANAGEMENT PROJECT

An important aspect of the transition from a centralized political and economic political system to a pluralistic, democratic form of governance is the devolution of power to the local level, where citizens have a greater prospect of participating in government. Countries of the Newly Independent States (NIS) are at a very early stage in this transition:

- local authorities are still unpracticed in democratic processes;
- local authorities have not been fully empowered to govern; and
- local authorities lack many of the requisites of an effective democratic structure.

The Municipal Finance and Management (MFM) project is helping redress these deficiencies by strengthening those basic institutions of local government that promote openness, participation, and accountability.

The MFM project has three overall objectives:

- (1) Introduce municipalities in the NIS to the best available techniques and systems for municipal management, budgeting, and finance in the context of democratic local governance and a free market economic system.
- (2) Introduce automated management information systems to support this kind of local municipal management and governance.
- (3) Establish and conduct training programs locally and in the United States to orient our counterparts to the techniques and skills needed to make the systems work.

MFM is helping counterpart cities in Russia, Ukraine, Kazakhstan, and Kyrgyzstan in the following ways:

Building Expertise in Financial Management. Open and responsive systems of governance require accurate and credible financial data as a basis for citizen participation in decision making. MFM helps local professionals to develop expertise in sound financial management in the following ways:

- *Improving financial practices.* We are helping City Managers to identify and quantify municipal income, expenditures, and assets in order to produce realistic budgets and objective, auditable financial statements.
- *Access to the facts.* Once a budget reflects full information on revenues and expenditures, city managers can provide the public and all decision-makers with the necessary facts to allocate resources responsibly.
- *Public participation.* MFM encourages public hearings, focus groups, and task forces on municipal issues to widen the base of stakeholders in improving community life.
- *Introducing capital finance.* MFM experts are familiarizing city finance experts with the legal frameworks for issuing and selling municipal bonds and for enforcing covenants, all of which require open financial reporting.

Stronger Local Government and Citizen Empowerment. The MFM project is revolutionizing the approach to municipal-level decision-making, as we help cities make strategic decisions for the first time about their own finances and management. Because budget decisions on the delivery of basic public services profoundly impact the living conditions of city residents, MFM is fostering increased citizen attention to and influence on city spending priorities.

And MFM is not limited to finance and budget. It tackles municipal management in other important ways geared to making the city more responsive to the needs of people. Transportation improvement, capital improvements, local economic stimulation, strategic planning, personnel management, handling citizen complaints, conflict resolution, public relations and performance monitoring--all are areas where MFM is making an impact.

Demonstrating Democracy -- Seeing and Doing. Cities selected for MFM participation are interested in making the transition to democracy and a free market. MFM brings officials from each project city on study tours of US cities, where the practice as well as the theory of participatory government can be demonstrated. Participants observe American democracy and its market economy in action. On return home, these officials continue to advance those precepts through practical applications. MFM provides most project cities with their first experience in competitive purchasing, a practice so novel that in some places it has received television and newspaper coverage. Public hearings on budget, accountability in spending and openness in information sharing are intrinsic to MFM's finance and management.

Information is Power. Under the Soviet system, information was tightly held and controlled by the power elite. MFM cities are changing the old habit of hoarding information with the introduction of computers and computer networks, linking units of government to common databases and transforming the way information is handled.

The Economics of Democracy. For democracy to succeed, local government needs the support of its constituents. This support will not come if economic conditions do not improve; therefore, the MFM program in many cities has an economic development component.

Diffusion and Monitoring of Results. MFM's contributions to democratic and free market transition do not stop at the boundaries of the cities in which it works. In Ukraine, MFM is the key support to the nascent Mayor's Association, which recently sent 25 members to see how U.S. cities organize and lobby for their interests. Moscow, which has a powerful influence on general trends in Russia, sent its entire City Council to the U.S. to see democracy in action. Also in Russia, MFM stimulated the convening of a national conference of cities, and is providing direct support to conference discussions of democratic transition and "reinventing government."

MFM has set up a system of performance monitoring for all of its cities which clearly defines results in terms of democratization and progress toward adoption of a free market economy. Through this system, the successes and lessons of MFM will be captured and shared.

**ПРОГРАМА МУНІЦИПАЛЬНОГО ФІНАНСУВАННЯ ТА
УПРАВЛІННЯ**

RTI Municipal Finance & Management Project USAID

KYIV OFFICE

TRIP REPORT

Lviv 4/29-4/30; Kharkiv 5/6-5/7, 1996

These visits were made by the COP to review project activities and prepare for the close of Phase I of the Ukraine MFM project.

Lviv

It has been planned to close the Lviv MFM office on May 31, 1996 at which point the services of the RTI long-term advisor, David Bauer, and most of the local office staff would end. The major remaining project activity is completion of installation, customized software, and training for the LIHS. CDV Apple computer company is under contract to deliver the equipment and perform the software development and training work. The end date for the CDV Apple contract is December 30, 1996. Hardware delivery is on-schedule and the majority of the hardware will be on user's desks by end May. The network wiring and electrical wiring will begin in early May with an expected completion date of June 30.

Monitoring and supervision of the ADP system installation, services and training is to be performed by a city based committee which will include members from the computer department, major user departments, the computer expert (Juri Sinitsky) from the MFM office and be headed by Ighor Parasiuk, Director of International Relations and Information Services Department. Dan Goetz, the LTA from Ternopil will serve as an adjunct advisor to the committee. He will authorize payments to CDV Apple as contract work is completed and accepted. A trip by Myron Weiner, ADP consultant to Lviv was planned for May to assist the city establish the ADP committee and to train city staff in managing the LIHS. [Due to an illness, this trip will be delayed and will fall under proposed Phase II activities in Lviv (see below).

Although installation of the PBX system and the link to the dispatch office is 90 percent complete, obtaining the final services (all equipment has been delivered and installed) from AT&T has resulted in disagreements between the vendor and city that must be resolved. See attachment A. An approach to resolving the issues was discussed at a meeting with Mr. Parasiuk on April 30. The final payment to AT&T is being held until satisfactory resolution.

The status of other activities is as follows:

- Water '98 - the next meeting with the World Bank was planned for late May but will probably take place in the first half of June. This will be followed by a meeting in September-October which will prepare for the final agreement between the city and WB expected after January 1, 1997. The Water Task Force continues active participation. MFM's advisory role to the Committee will end, but assisting the city to respond and meet its obligations is a possible area of continued cooperation discussed below.
- Tourism and economic development - this activity has been taken over in part by the CIME project. The planned consultancy in tourism promotion will not take place. The city council has failed to take action allocating a portion of the hotel tax to tourism promotion. This was a pre-condition for supporting the tourism consultancy.
- Municipal budget and finance - a final version of the report on finance improvements will be completed by May 31. At a meeting with the Finance Director (Luybov Maxamovich) she indicated interest in implementing some recommendations (she has reviewed an early draft), but remains convinced that major changes in city finance require changes at the national level. Although the city will be seriously under funded in 1996, she feels they received a fair fraction of the resources available to the oblast.

Proposal for Phase II work in Lviv:

A meeting was held with Mayor Kuybida to discuss the status and close-down of the MFM project. Mayor Kuybida expressed considerable concern about losing the services of the MFM project, particularly at what he feels is a critical juncture in the modernization of Lviv city administration and in efforts to improve the city's capacity to deliver services. He felt that if the MFM office cannot be continued in its present form including an expatriate advisor, then he would like assistance forming an office within the city executive to continue some of the functions of the MFM office. He asked Mr. Bauer to prepare a SOW for such an office.

The draft SOW has been prepared and is Attachment B. The proposed title for the office is "Office of Strategic Planning and Analysis (OSPA)". It is proposed that the financing of local staff, consultant visits, and office expenses be covered by the MFM project (Phase II) through December 31, 1996. As of January 1, 1997 the City would assume all costs associated with the office. Carry-over funds from Phase I in Lviv are sufficient to cover the costs of the proposed office and consulting support through December 1996. Once all contracted obligations are met, the estimated level of carry-over funds for Lviv is about \$58,000 out of an initial Phase I budget of approximately \$1.9 million.

My analysis of the situation leading to this request is as follows. The MFM office has performed a critical service to the city by assigning a staff member as an advisor to each task force. These advisors have helped keep the task forces focused, located and prepared materials, helped draft reports, and helped city officials and staff respond to requests by consultants and representatives of donor organizations. However, this role and capacity has not been institutionalized within the city administration. In fact, several of the leading manager level officials in the Kuybida administration have had to resign due to conflicts with the City Council. The Mayor is rightly concerned that city departments generally, and the central administration as well, are not adequately prepared to meet their obligations, particularly in relation to interactions with the rapidly growing number of donor financed projects. In my view, his proposal to create a city office to assist the city executive oversee this work is a good idea and worthy of support.

Equipment turnover:

If the proposal for Phase II activities in Lviv is approved, it is proposed to turnover all MFM office equipment and furniture to the City as called for in the MOU on December 30, 1996. This is also the planned formal turnover date for the equipment purchased under the contract with CDV Apple. Turnover of the PBX equipment will occur as soon as the contract with AT&T is concluded. All equipment is listed on inventory forms and formal turnover documents have been prepared.

Phase I report:

A report on Phase I of the MFM project in Lviv is in preparation. It will summarize the work plan, activities, accomplishments, and lessons learned. It is written from the perspective of the LTA and will be incorporated in an overall Ukraine report on Phase I of the project.

Kharkiv

The Kharkiv office will continue into Phase II. However, it will evolve into a Ukrainian staffed "outreach office" beginning August 1996. In addition the LTA, Ken Mahony, will be seconded to the MFM project in Karakol, Kyrgyzstan from mid-May to mid-June and again, after mid-July. In his absence, Sheila Keys from the Washington DC MFM office will stand in to oversee completion of Phase I work and the initial steps in implementing Phase II. One purpose of the visit by the COP was to prepare for these staff changes. (Sheila Keys arrived May 9th in Kharkiv. Ken Mahony leaves for Karakol on May 14th.)

The status of project activities in Kharkiv is as follows:

- ADP delivery, installation and training - All 40 user systems have been delivered and are being distributed to those users and departments that have received training. A list of departments receiving systems is

Attachment C. Those "checked" received their systems as of April 30. The file server is clearing customs. User training continues, both in classes (this activity is now fully operated by the City), and on-site in departments. Network and electrical wiring will begin May 11th with expected completion about end of June. The network will become operational about July 15. A city "Users group" has been formed headed by the Director of the city Information Resources Department (IRD). The IRD continues to be the weakest element in information system development for the city. However the Mayor's Chief of Staff is taking an active role in pushing the IR Department. It is proposed to continue supporting the MFM systems manager on secondment to the IR Department to provide needed technical capacity as the network is installed and brought into operation. Low city salaries are a major barrier to recruiting and retaining technical staff.

- City wide ADP plan - the tender for undertaking development of a city wide ADP plan has been released and bids are due in June. The cost of plan development is being covered by the City. MFM assisted development of the tender which is attached as Attachment D.
- Application development - 5 applications are in various stages of completion and use:
 - Business Registration - in operation at the central office and in 9 rayons, documentation complete and training materials prepared; result is that only 24 hours are required from application for registration to issuing of a business registration certificate. Data is distributed on disk daily to Tax Inspectorate and licensing authorities. This application is ready for distribution to other cities.
 - Personnel System - operating for central administration (900 employees) as a beta test. When testing is complete, will be distributed to rayons and other city departments such as education and health.
 - Bank transactions - application operational and documented. It provides daily records of expenditures and deposits. Can be distributed to other cities.
 - Budget preparation and execution - this application is completed and being tested in Sumy. Although developed initially for Kharkiv, resistance on the part of the Director of the Finance Department to using it, has prevented its installation in Kharkiv.
 - The parts inventory application developed in Ternopil is being adapted for the Kharkiv electric bus company and has a planned installation date of June.

- Desktop publishing capability is being established in the Economic Development Department and in the Office of Public Information.
- Economic development - the Economic Development Department (EDD) has been operational for about 18 months, has 26 staff and a wide range of responsibilities including some that are carry-overs from the previous Economics Department. However, with assistance from MFM the EDD has established activities supporting business development, business investment, trade promotion and foreign investment. The EDD is also the department which prepared the recent municipal bond issue by Kharkiv. The 1995 department report and an ED promotion brochure in four languages just off the press are included as Attachment E. Ternopil and Kharkiv will be primary working examples used in instructing new MFM cities on economic development.
- The field work for the 10 city poll of public opinion in East Ukraine focused principally on local government is completed. Raw data reduction for the 1000 interviews conducted in Kharkiv has been completed and is underway for the other cities. Focus groups will be held to respond to the poll results and a roundtable of mayors of the 10 cities is planned for June 15. The roundtable is being organized by Mr. Bakirov, Vice Rector of Kharkiv University, Professor Nikolevsky, Deputy Head of the Sociology Department and Angelina Soldatenko, Head of the Kharkiv City Press Office. More detailed analysis will follow to investigate differences among age groups, between genders, among income classes and so on. This is the most complete and extensive public poll concerning local government conducted in East Ukraine since independence. Approximately 7,000 interviews were conducted in all. The raw results from Kharkiv are very sobering in terms of public distrust of government, lack of confidence in the capacity of government to meet crucial needs, and doubts about the wisdom of having declared independence. A rough translation of the Kharkiv raw results is available.

A brief meeting with Mayor Kushnaryov was held to review the upcoming changes in the LTA position in the MFM program. In terms of Phase II in the East region, Sumy is proceeding with ADP related work and is awaiting approval of payment for about \$30,000 in ADP equipment bid together with the primary Kharkiv procurement. Sumy will likely be the first city to formally sign a MOU for Phase II. Visits to Donetsk, Poltava, and Lughansk have been made to investigate interest and appropriateness for inclusion in Phase II. A small city, Lubna, is very interested and will be considered.

A Phase I report outline has been completed and work on the report is proceeding. ADP equipment turnover will occur as systems are distributed and staff adequately trained to operate and maintain the systems.

ATTACHMENT A

RTI, Apt 32, 10 K.Marx St.,
Kyiv 252001, UKRAINE

ph/fax (38 044) 229-7295, 228-4608
E-mail: Rtikiev@aol.com

Subj 5/10 Re: Plaudits and phone system question
Date: 96-05-10 12:40:46 EDT
From: david@rtih.lviv.ua (David J. Bauer)
Reply-to: david@rtih.lviv.ua (David J. Bauer)
To: matt@rti.org
CC: RTI/SSIDMS1/BRUNTON@SSIDMS1.RTI.ORG, RTI/SSIDMS1/ERIC@SSIDMS1.RTI.ORG,
RTI/SSIDMS1/HJJ@SSIDMS1.RTI.ORG, RTI/SSIDMS1/MSD@SSIDMS1.RTI.ORG, NMH@rti.org
rtikiev@aol.com

5/10/96 -- 18:08

Matt:

In Regards to your letter <01I4HXBDF2JG003SWT@RCCW21.RTI.ORG

I believe we are on the same wave length. I comment on each item below. We presently owe AT&T about \$20,000.

David

>Thanks for the update. I want to play it back to you to see if I've
>understood it correctly. Here's what I would like to tell Ted:

>

> 1. The City has done its part, and the system has been connected.

CORRECT

> 2. AT&T has not yet provided training called for by the contract, and
>we will hold money out until they do.

CORRECT

> 3. The "advanced level of operation" and messaging system are not yet
>properly connected, and we will hold out money until they are.

CORRECT

> 4. David expects to get things all sorted out before he leaves in Jul

CORRECT. ONE MORE THING MENTIONED IN THE CONTRACT IS THAT WE
TEST THE SYSTEM. THE CONTRACT ALSO SAYS THAT WE DO THE TEST
BASED ON WHAT IS LEARNED IN THE TRAINING. IPSO FACTO, WE ARE
NOT IN A POSITION TO ACCEPT THE SYSTEM UNTIL THE TRAINING IS
COMPLETE. AT&T IS TALKING ABOUT SCHEDULING THE TRAINING IN
JULY.

>If I've got that part right, there are still a few things I don't understand

>

> 1. Is some of the phone system operational? Say 60%?

CORRECT. WHAT I DO NOT HAVE STRAIGHT YET IS THE POINT AT WHICH
THE CITY WILL BE RELIEVED BY THE PHONE ENTERPRISE FOR PAYING
FOR BOTH THE OLD TRUNKS AND THE NEW TRUNKS. AS A BASIC PHONE

11'

SYSTEM IT IS OPERATIONAL AS A RESULT OF THE WORK DONE BY AT&T LAST WEEK. NOW THE CITY HAS TO GET THE INTERNAL PHONE NUMBERS OUT TO THE USERS, AND THEN THE PHONE ENTERPRISE WILL MAKE THE CHANGE TO THE NEW NUMBERS. OF COURSE, FIRST THINGS FIRST -- WE ARE NOW CELEBRATING THE END OF THE GREAT PATRIOTIC WAR, WHICH TAKES THREE DAYS, AT LEAST AND SUPERCEDES ANY THING ELSE.

> 2. What is the "advanced level of operation?"

IT HAS TO DO WITH THE SPEED AND SECURITY OF OPERATION. THE NEW PBX IS CAPABLE OF MORE AND THE PHONE ENTERPRISE IS CAPABLE OF MORE, BUT KYIV AT&T LACKS THE CERTIFICATION TO GET THE NEW PBX TO PERFORM.

> 3. What are your letters of 4/16 and 4/18 about? Did Nynka say bad >things about RTI and we want them retracted?

YES. I will email separately my two letters.

>
>Heather has briefed me on some of your frustrations with AT&T, and I see it >in your note, too. Is there anything we should be doing at this end?

THERE IS SOME CONFUSION WITH THE SPLIT OF AT&T INTO THREE COMPANIES. AT&T/ KYIV IS NOW LUCENT/ KYIV. LUCENT /MOSCOW IS TO HAVE A LETTER PUTTING LUCENT TECHNOLOGIES INTO THE PICTURE. RTI/NC IS SUPPOSED TO HAVE RECEIVED SUCH, AND LUCENT/MOSCOW HAS NOW AGREED TO SEND ME A COPY.

I HAVE OUTLINED THE PICTURE ORALLY TO LUCENT/MOSCOW. I NOW HAVE THE ADDRESS FOR LUCENT NEW JERSEY HQ. DEPENDING UPON THE RESULTS OF OUR LAST WEDNESDAY COMMUNICATION WITH LUCENT/KYIV I WILL DECIDE WHETHER TO PROCEED WITH EITHER MOSCOW OR NEW JERSEY. IDEALLY LUCENT/ KYIV WILL FINISH READING THE CONTRACT AND DO THE WORK. LESS IDEALLY, EITHER MOSCOW OR NEW JERSEY WILL PERSUADE KYIV. AS A TOTAL BREAKDOWN WE WILL HAVE TO SEEK THIRD PARTY INVOLVEMENT IN DOING THE INCOMPLETE WORK, BUT THAT WILL PUT THE CITY INTO AN AWKWARD POSITION.

IN THE MEAN TIME, THE BEST THING RTI CAN DO IS TO RESIST ANY EFFORTS TO PAY THEM THE REMAINING \$20,000. IF THINGS STAY THE WAY THEY NOW ARE, I WILL FEEL COMFORTABLE AUTHORIZING NO MORE THAN \$5,000 AT SUCH TIME AS NYNKA SWALLOWS HARD AND AGREES TO WHAT I HAVE ASKED HIM FOR.

David J. Bauer
david@rtih.lviv.ua or david@rti.lviv.ua
T/F 0322 27-11-34 for office
T 0322 74-43-57
Outside the NIS, use country code 38, inside NIS use 380

Subject: PABX and phone system question
Date: 96-05-09 03:28:52 EDT
From: david@rtih.lviv.ua (David J. Bauer)
Reply-to: david@rtih.lviv.ua (David J. Bauer)
To: matt@rti.org
CC: RTI/SSIDMS1/BRUNTON@SSIDMS1.RTI.ORG, RTI/SSIDMS1/ERIC@SSIDMS1.RTI.ORG,
RTI/SSIDMS1/HJJ@SSIDMS1.RTI.ORG, RTI/SSIDMS1/MSC@SSIDMS1.RTI.ORG, NMH@rti.org
PSH@rti.org

5/9/96 -- 8:48

Matt:

In Regards to your letter <01I4GR60QT9A014GU5@RCCW21.RTI.ORG

In essence, I am running into the situation, now quite obvious, that AT&T, in many ways, is still as arrogant now as they were before the system breakup (which is slowly being stitched back together).

In simple terms, the connections have been completed, as of May 6, but I am not satisfied. This following is a draft of what I will put into the AT&T requested Certificate of Completion (and will adjust the next payment request accordingly)

2. The installation was made qualitatively with the following exceptions:

- a) RTI is unable to complete the testing called for in Section X of the Contract prior to the outcome from the training outlined in that section
- b) Utilization of the more advanced level of operation available from the local telephone system at the time of connection by AT&T is yet to be done
- b) The utilization of the message answering equipment needs to be raised from the 90% under utilization level.

4. Customer has the following reserved claims concerning the PBX Installation work and features:

- a) schedule of training of L'viv City employees yet to be provided. The training will be comprehensive in the testing, use and future capabilities of the equipment, including AUDIX voice mail, and the best operation of the Emergency Dispatch Center.

- b) A letter from Nestor Nynka in the terms outlined in the April 16 and 18 letters from David J. Bauer, RTI Resident Technical Advisor, and acceptable RTI, to be delivered to the RTI/L'viv office prior to the signing of this certificate by RTI.

6. PABX DEFINITY for _____ subscribers is accepted by Business Communications Systems Eastern Europe, Ltd. on behalf of AT&T Central Europe Ltd.) for warranty purposes. The warranty term is for a three year period

from the date the work described in #2 and #4 above has been completed.

Now, there are certain issues which will be the subject of more conversation

and I have made contact with Moscow tentatively on the matter, and will go up to New Jersey if I have to. I will be in L'viv until 7/9, and we should have matters in hand by then.

For me one of the critical issues has to do with 4b. That deals with some allegations Nynka made to Ihor Parasuik about RTI.

I wish now that I had followed my original thought and had the contract given to Northern Telecom.

David

>I had a good meeting with Ted today.

>

>He did ask about the PBX system. I'm sorry I'm not more in the loop on >this, but can you give me a quick update? Ted worries that "if they can't >get it in while Bauer's there, what chance is there that they'll do it after >he's gone?"

David J. Bauer
david@rtih.lviv.ua or david@rti.lviv.ua
T/F 0322 27-11-34 for office
T 0322 74-43-57
Outside the NIS, use country code 38, inside NIS use 380

----- Headers -----
From cscdua!rtihua!rtih.lviv.ua!david@sivka.carrier.kiev.ua Thu May 9 03:28:46 1996
Return-Path: cscdua!rtihua!rtih.lviv.ua!david@sivka.carrier.kiev.ua
Received: from rccw21.rti.org (rccw21.rti.org [152.5.128.21]) by emin09.mail.aol.com (8.6.12/8.6.12) with ESMTTP id DAA17827 for <rtikiev@aol.com>; Thu, 9 May 1996 03:28:45 -0400
Received: from DIRECTORY-Daemon by RCCW21.RTI.ORG (PMDF V5.0-5 #11231) id <01I4HK0C9D0W003JKX@RCCW21.RTI.ORG> for rtikiev@aol.com; Thu, 09 May 1996 03:28:32 -0400 (EDT)
Received: from burka.carrier.kiev.ua by RCCW21.RTI.ORG (PMDF V5.0-5 #11231) id <01I4HK04F8RK003B31@RCCW21.RTI.ORG> for PSH@rti.org; Thu, 09 May 1996 03:28:20 -0400 (EDT)
Received: from sivka.carrier.kiev.ua (root@sivka.carrier.kiev.ua [193.125.68.130]) by burka.carrier.kiev.ua (Sendmail 8.who.cares/5) with ESMTTP id KAA00621 for <PSH@rti.org>; Thu, 09 May 1996 10:28:06 +0300
Received: from cscdua.UUCP (uucp@localhost) by sivka.carrier.kiev.ua (Sendmail 8.who.cares/5) with UUCP id KAA17468 for PSH@RTI.ORG; Thu, 09 May 1996 10:14:52 +0300
Received: by cscd.lviv.ua (uumail v1.5/ache) with UUCP id AA19433; Thu, 09 May 1996 09:58:24 +0300

ATTACHMENT B

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11

ift

**A Plan for the Continuation of the Work
Lviv Municipal Finance and Management (MFM) Project
Within the Lviv City Government**

Goal

To establish in the Lviv City Administration an office operating under the direct supervision of the Mayor. The office shall be known as the Office for Strategic Planning and Analysis (OSPA). The OSPA will:

1. Develop for the Mayor and the Executive Committee plans for the improvement of the services provided to the citizens of the city
2. Follow the execution of the plans adopted by the Executive Committee to assure that both the quality of the execution and the timing of the work meet the desires of the Committee. In the beginning this duty will be based on the unfinished portions of the work plan used to guide the original MFM project carried out by the City and the Research Triangle Institute (RTI) under the USAID contract.
3. Create a Plan of Work for the next 12 months. The original Plan of Work for the OSPA shall include the following:
 - A. Full installation and operation of the systems and equipment under the AT&T contract.
 - B. Full installation and implementation of the systems, programs and equipment under the CDV Apple IMC contract.
 - C. Completion of the work leading to the final agreement with the World Bank on the loans for water/waste water improvement program.
 - D. Completion of the work leading to the final agreement with the World Bank on the completion of partially built housing and the site improvement program for housing development.
 - E. Completion of the preliminary work involved in the "Chris Beck" project for solid waste, water, and waste water improvement.
 - F. Serving as the the primary contact point between the City and foreign donor organizations, to be sure that the responsible City agencies move expeditiously on the cooperation work with foreign agencies.
4. Carry on a continual program to analyze the work of the several parts of the City Administration to assure that the highest levels of honesty, performance and cost/benefit are obtained

Organization

1. As of January 1, 1997, the City shall assume full responsibility for the oversight and financing of the staff and work of the OSPA. To the extent possible, staff of the MFM project shall be offered the opportunity of joining the staff of the OSPA. Subject to approval by USAID, through December 31, 1996 RTI will continue to provide oversight and general direction to the work, within the limits of the available USAID funds for the MFM project.

Project Operation

05/05/96

2. The existing Resources Use Control Division (RUCD) shall be included within the OSPA, and the staff of the RUCD shall continue as employees of the City of Lviv.

3. The nine member Advisory Committee established under the MFM project will continue. The Advisory Committee shall include as ex officio members representatives of each department and task force during the time they are involved in current OSPA projects.

Procedure

The work included within the Goal set forth above shall be performed as follows:

1. The OSPA shall prepare a Plan of Work for a minimum of the next 12 months. Each month this plan shall be updated and extended in time. The Director of the OSPA shall report regularly (at least monthly) to the Mayor and the Executive Committee on the progress on meeting the Goals and Plan of Work established for the Office.

2. Once a project has been approved by the Mayor, all units of the city government shall give their full cooperation to the OSPA in developing the plan to complete the project.

3. To the fullest extent possible, any project entered into by the OSPA shall include, as resources and advisors, members of the units affected by the project.

4. Any action plans developed under the sponsorship of the OSPA shall be referred to the Advisory Committee. Upon approval by the Advisory Committee, plans shall be the subject of a public hearing. After changes that are appropriate based on the public hearing, plans shall be presented to the Executive Committee.

Staff

The MFM staff available for the remainder of 1996 includes the following:

Lesja Kuybida—attorney, finance project analyst
Areta Lutsyshyn—interpreter, process analyst
Ruslan Nyzhnyk—interpreter, process analyst, accountant
Lev Seketa—computer technician
Yuri Sinitsky—computer administrator
Vasil Zhovka—project coordinator

The staff of the RUCD includes the following:

Mykola Bandera, Head

Project Operation

05/05/96

Municipal Finance and Management Project (MFM)
Research Triangle Institute (RTI) Contract #CCN-0007-C-00-3110-00

Job: Development of Local Ability to Carry on the MFM project

Duration: June 1, 1996 to December 31, 1996

Scope of Work: The job may be described as follows:

Provide the basic elements of an Office for Strategic Planning and Analysis (OSPA) as part of the Office of the Mayor, building upon the local staff and training involved in the L'viv/MFM project. Mayor Kuybida has been impressed by the success of the MFM project and wants to maintain the momentum, both in finishing certain partially completed subsets of the MFM project, and in bringing into existence some of the management techniques recommendations developed by the MFM project.

The process will be to organize six of the local RTI staff into a self sustaining operation which, combined with the relatively docile internal auditing office recently created by the City, will give the Mayor and Administration a competent and vigorous management tool.

The intent is to provide a modest amount of oversight by RTI staff, both with present RTI staff in L'viv for six weeks at the start, with RTI staff based in Ternopil and Kyiv during the seven months, and with RTI staff from elsewhere for two concentrated two week periods in late summer and at the expected end of the LIHS work in December.

It is the intent of Mayor Kuybida to utilize the OSPA staff on an ongoing basis to be the planning and motivating organization to continue improving the administrative capability of the City which has been started during the MFM project.

Staff Involved:

David J. Bauer for up to ten weeks

Daniel L. Goetz for one week

Deliverables:

Three reports on the developing situation—end of July, end of October, and end of December.

Level of Effort:

David J. Bauer for up to ten weeks

Daniel L. Goetz for one week

Project Operation

05/05/96

14

ATTACHMENT C

OFFICE SET HARDWARE ALLOCATION

Department	Desktop Computer
Council Chairman	
Chairman's Support	
Control Inspectorate	
Press Service	
PD Budget and Finance	1
PD Planning and Statistics	
PD Economic Development	
PD Land Resources	
PD Education and Youth Problems	
PD Healthcare and Social Issues	
PD Humanitarian Issues	
Foreign Relations Department	
Deputy Council Chairman	
PD Housing, Utilities, Heating, Energy, Ecology	
PD Transport, Communications, Road Management	
PD Construction and Architecture	
PD Consumer Market	
Secretariat Chief	
Department for Organization of Council Work	
PD Personnel and General Issues	
Personnel Department	
Organizational Department (typing pool, chancellery)	
General Department	
City Archive	
Financial and Logistics Department	
Department for Citizen's Appeals	
PD Administrative and Legal Affairs	
Department of Registration and Unified City Register	
Civil Status Registry	
Department of Public Security and Defence Work	
Juridicial Department	
Service 005	
Information Resources Department	1
Computer Class	
MFM Project Office	4
Ukrainian State Property Fund	
Raion Business Registration Offices	
Raion Budget and Finance Offices	
Unallocated Equipment	-
Total	6

STARTER SET HARDWARE ALLOCATION

Department	Desktop Computer
Council Chairman	
Chairman's Support	1
Control Inspectorate	
Press Service	1
PD Budget and Finance	1
PD Planning and Statistics	
PD Economic Development	1
PD Land Resources	1
PD Education and Youth Problems	1
PD Healthcare and Social Issues	1
PD Humanitarian Issues	
Foreign Relations Department	
Deputy Council Chairman	
PD Housing, Utilities, Heating, Energy, Ecology	
PD Transport, Communications, Road Management	
PD Construction and Architecture	
PD Consumer Market	
Secretariat Chief	1
Department for Organization of Council Work	
PD Personnel and General Issues	1
Personnel Department	1
Organizational Department (typing pool, chancellery)	
General Department	
City Archive	
Financial and Logistics Department	
Department for Citizen's Appeals	
PD Administrative and Legal Affairs	
Department of Registration and Unified City Regist	1
Civil Status Registry	
Department of Public Security and Defence Work	
Juridicial Department	
Service 005	
Information Resources Department	
Computer Class	8
MFM Project Office	
Ukrainian State Property Fund	
Raion Business Registration Offices	
Raion Budget and Finance Offices	
Sumy Gorispolkom	3
Total	14

ENGINE SET HARDWARE ALLOCATION

Department	Desktop Computer
Council Chairman	
Chairman's Support	2
Control Inspectorate	1
Press Service	1
✓ PD Budget and Finance	2
PD Planning and Statistics	
✓ PD Economic Development	3
✓ PD Land Resources	2
PD Education and Youth Problems	
•✓ PD Healthcare and Social Issues	3
PD Humanitarian Issues	
Foreign Relations Department	1
Deputy Council Chairman	1
PD Housing, Utilities, Heating, Energy, Ecology	3
✓ PD Transport, Communications, Road Manageme	2
PD Construction and Architecture	
PD Consumer Market	2
Secretariat Chief	
Department for Organization of Council Work	
PD Personnel and General Issues	
✓ Personnel Department	2
✓ Organizational Department (typing pool, chancellor	3
General Department	
City Archive	2
Financial and Logistics Department	1
Department for Citizen's Appeals	
PD Administrative and Legal Affairs	1
Department of Registration and Unified City Regist	2
Civil Status Registry	
Department of Public Security and Defence Work	1
Juridicial Department	
✓ Service 005	1
✓ Information Resources Department	4
Computer Class	
MFM Project Office	
Ukrainian State Property Fund	
Raion Business Registration Offices	
Raion Budget and Finance Offices	
Unallocated Equipment	-
Total	40

ATTACHMENT D

Kharkov City Hall

City Management Integrated Information System (IIS-City)

Terms of the Tender

Kharkov 1996

This document has been elaborated to establish terms of the tender for development of a city management integrated information system (IIS-City) and contains all relevant materials.

BEST AVAILABLE COPY

CONTENTS

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2. General Approach to the Project's Implementation	4
3. Source Data	5
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Supplements

1. The City Hall organizational Structure	
2. Basic Functions of the Departments	
3. Planned Backbone Network, Basic and Computer Software	
4. Request for Proposal	
5. Company CV Form	
6. Bid Request Sample	

1. PURPOSE OF THE CITY MANAGEMENT INTEGRATED INFORMATION SYSTEM

The IIS-City Project aims at improvement of city management via bettering the information services rendered to the city hall staff members, key officials and decision-makers first and foremost.

Intended to improve economic management, the IIS will provide for efficient planning, financing, accounting, decision-making. Efficiency is to be achieved through computerized

- accumulation, processing, and delivery of relevant information to department and division heads;
- financing, auditing, economic analysis;
- compilation of statistical reports.

The IIS-City will

- improve administrative information systems, facilitate implementation and subsequent support of information systems infrastructure;
- provide civil servants with analytical support in their everyday activities;
- better the general data processing; add to the possibilities provided by administrative information systems;
- increase, within legal limits, general availability of information.

2. GENERAL APPROACH TO THE PROJECT'S IMPLEMENTATION

The project must be elaborated with regard to

- this document;
- city management methods and structure;
- current practices of documents turnover;
- the operational requirements of already existing city hall computer networks and workstations;
- international experience in setting up state-of-the-art city management information systems, including global and local networks (GN and LN), database management systems (DMS), and document processing (DP);
- the need for processing graphic information (maps, etc.);
- backbone network, computer and basic software requirements.

Setting up the system, the sub-systems functional structure must be developed, the objectives determined, their interrelation established; the out- and in-going city hall documents turnover studied along with the interdepartmental cooperation patterns, interaction of the city hall departments and district executive committees, municipal enterprises, etc.

The following functions needs computerization:

- accumulation of data on management objects by integrated databases;
- analysis of the said objects' change and development;
- modeling, multilateral analysis, and decision-making;
- production of statistical and auditing documents;
- record-keeping; registration of in- and out-going documents, their turnover; implementation of the city hall resolutions, etc.;
- departmental E-mail;
- setting up and serving legislative databases, providing all users with a quick and reliable access to any legal text;
- accountancy and auditing; human, material, and financial resources management;
- distribution of the city budget; its realization in accordance with predetermined purposes and objectives.

Changes and amendments can be introduced in this function list while the system is being developed.

3. SOURCE DATA

The City Hall organizational structure, number of staff members indicated in corresponding boxes, is given in Supplement 1. Basic functions and responsibilities of departments and divisions are listed in Supplement 2. The scheme of backbone network to be set up, as well as computer and basic software thereof, can be found in Supplement 3.

4. REQUIREMENTS TO THE SYSTEM

The system must

- computerize basic functions of structural divisions management with regard to interdepartmental cooperation patterns, interaction of the city hall departments and district executive committees, municipal enterprises, etc.;
- permit real time data exchange within the city hall LNs and global telecommunication networks;
- facilitate cut-down on the number of city hall staff members;
- possess a pliant, accessible, well-documented software support that would permit the Customer to maintain it without the Designer's help;
- provide for reliable storage and restoration of data after hardware failures and possible operation errors;
- include information security applications;
- provide a simple and reliable interface;
- provide a possibility for user training.

Software support systems (SSS) must include

- applied software support;
- database management systems and document processing applications; software means for developing SSS. ORACLE_7 is suggested as the principal database management system; DELPHI for WINDOWS 95 will serve development purposes. WINDOWS NT will maintain local networks while OC for workstations can be provided by WINDOWS 95. Russian version of Microsoft Office for Windows 95 will serve as the software support system basis.

Complex programs must be implemented within integrated instrumental environments.

Technically, the system is a local computer network designed to serve an estimated 200 city hall-based workstations. Telecommunications means will provide for computer connections with other city hall departments housed in other buildings, district executive councils, regional and international computer networks. The Client-Server architecture of the local network includes network support servers, file server, and a database. Terminals (workstations) will be installed at city hall officials' workplaces, while the servers must be concentrated at the premises of the information resources department.

All specifications and relevant documents must be compiled in accordance with government standards and handed over to the Customer as provided for by the GOST 34.201-89 standard, or similar regulations related to the intermediate stages of design.

Specifications for software programs must meet the requirements of the Unified Software Documentation System (USDS) and include:

- programs complex specifications;
- user's manual;
- program and methods of testing;
- description of programs complex algorithms;
- texts of the programs;
- texts of programs' runtime modules;
- technical requirements to the programs complex.

This list can be corrected or amended in compliance with the Technical Requirements for Information Systems and must be approved by the Customer.

5. TECHNICAL REQUIREMENTS TO THE BIDS

Technical propositions presented by the bidders must determine the general approach to the system, set up basic requirements and principles, determine the system's overall structure; its components and their interrelations; information and software support structures as provided for by the adopted network architecture; stages of development; performance standards.

Technical propositions submitted for consideration must

- explain the bidder's approach to setting up of the information system and meet the requirements set forth by this document;

- provide a comprehensive description of each design stage, of the testing procedures and of how to put the system into operation;
- contain an approximate list of project documents and their structural scheme.

6. DEVELOPMENT STAGES

The information system will be designed, tested, and put into operation gradually; development stages are as follows:

- elaboration of technical requirements;
- determining the successful bidder;
- minute preliminary inspection of the city hall premises to specify and correct the existing technical requirements;
- complex development of the system's detailed structure (amended program complexes, specified objectives, structure and composition of the system interfaces, standard-setting and reference documentation, technical specifications, organizational structure of the system functioning); preparation of a technical design.
- elaboration of technical requirements for software complexes; presenting the documentation for the Customer's approval;
- preparation of necessary documents; development, design, and autonomous testing of program complexes;
- elaboration of procedures and methods of testing the software
- preparation of city hall premises for the system's installation; assembling, testing, and putting the system into operation;
- testing of software complexes and revision of the documents (the Customer participates);
- compiling system databases;
- training users;
- test operation of program complexes and subsystems in autonomous mode;
- designing information technologies for departmental interaction via computers; assembling the equipment, checking up network software support;
- joint testing of software complexes within the network;
- test operation of the system and handing it over to the Customer.

Although the tender implies setting up the entire information system by the successful bidder, the Customer is entitled to terminating the contract with the latter at any time and any stage of the system's development, suspend the implementation of the project, or entrust another firm with finishing the system.

7. OWNERSHIP RIGHTS TO THE RESULTS

The Customer enjoys full scope of rights to the results of the project; can use, employ, and manage them at will and liberty.

8. BIDDING TERMS

Kharkov City Executive Committee (City Hall) is hereafter referred to as the Customer. Company, firm, joint venture, organization, or consortium of legal entities that submits for tender the list of documents given below is hereafter referred to as the Bidder. The successful Bidder becomes Contractor.

Bid documents will be submitted at the time and place indicated in the bid announcement; they must conform to the requirements set forth in this document and include:

1. Written request for participation.
2. Company CV form.
3. Technical propositions.
4. Contract for development of the IIS-City system and the supplements thereof.
5. Work schedule.
6. Budget description.
7. Company reference list.
8. Any other additional documents at the Bidder's choice and discretion.

All bid documents must contain the name, post address, and phone numbers of the Bidder, as well as the compilation date and the manager's signature confirmed by seal or stamp. With the exception of Company CV form (see Supplement 5), the documents can be structured at will. A sample of bid request is given in Supplement 6.

Kharkov City Hall

City Management Integrated Information System

(IIS - City)

REQUEST FOR PROPOSAL

for computerization of the City Hall Secretariat

(CHC - Secretariat).

Kharkov 1996

Designer

M. E. Fradkov

- accompanying card;
- reminder.

The above-listed forms are used at different stages of citizens' letters turnover, they duplicate information contained in ARCCs, and require much time and toil to fill in and process. Reports and statistic memos are also compiled on the basis of ARCCs information; therefore, the amount of routine work is quite considerable.

Letters by firms and organizations are mainly dealt with at the City Hall reception office. Over 1995 their number equaled 3,000. The processing and turnover technology is sufficiently complicated and involves almost every City Hall department, as well as many city organizations. Therefore, turnover control and relevant reports to key officials constitute a formidable task.

Close attention is to be paid to monitoring discipline and evaluating performance. Computers will unburden key officials and a lot of employees by rendering innumerable reminders in written and over the telephone unnecessary. Besides, a strict computerized control will enhance discipline and make the sense of responsibility more acute.

2.2 Computerized Functions: Description.

We plan to use computers while

- entering information about the city executive committee's resolutions (including texts and names of persons responsible for implementation);
 - entering information into the electronic image of ARCC;
 - entering information about letters turned in by organizations;
 - creating templates for the rest of the currently used documents that duplicate available information;
 - distributing E-mail reminders and getting answers within the local City Hall network;
 - compiling various report and statistic forms on the basis of available information;
 - informing key City Hall officials of any progress or setback in the implementation of their resolutions via displaying data on the relevant monitors;
 - assisting in performance evaluation at all administrative levels.

3. Principal Requirements.

The system must render the operations listed in 2.2 automatic. Labor-saving will be effected through considerable reduction of data-duplication when filling in different forms and through computerization of turnover control (E-mail, etc.), as well as by dint of electronic report compilation.

To implement the system, certain organizational and technical changes are needed. For example, departments preparing documents should produce both a computer-stored form and a hard copy thereof. This will not present a problem since computers permit instantaneous printing out of any document.

1. Grounds for Implementation.

- Information Resources Department work plan.
- Requests by the Secretariat subdivisions heads.

2. Basic Trends.

We aim at computerizing the most routine and time-consuming aspects of processing documents, whose average annual turnover equals:

- resolutions - 3000-6000;
- incoming private requests and pleas - 6000;
- business letters - 3000;

Our first priority lies with computerizing the above-listed data processing and subsequent turnover of the information. Non-computerized processing is effected by the Head Department for Personnel and General Issues. Once available, computerized workstations (CWS) intended for personnel management and monitoring will provide a possibility to set up an integrated and comprehensive information subsystem (CHC-Secretariat) which will serve as the core of a larger integrated information system intended to address the entire City Hall's needs (IIS - City).

2.1. Techno-Economic Peculiarities of the Existing Administrative Structure.

The city executive committee's resolutions constitute the most important and significant part of information to be processed. This information is essential for many City Hall departments, especially the Secretariat and Personnel Department. The analysis of information volumes and traffic carried out over 1995 permits concluding that the resolutions can be stored in computer memory (about 3,000 pages/300 Mb annually). Storing this information in a centralized database accessible to every interested user will eliminate unnecessary re-entering of the same data, as well as simplify, and unify many IIS - City functions.

All type-writing is performed by the Type-Writer Section of the Secretarial Office. The Protocol subdivision registers every resolution passed by the city executive committee; the same subdivision, when requested to do so, searches for the texts of separate resolutions. Their implementation is ensured and controlled by General Issues Department.

At present, citizens' letters are dealt with by a relevant subdivision of the Personnel Department. The correspondence volume tends to increase and in 1995 equaled 6,000 letters. Simultaneously, the number of employees processing those letters was reduced by half. Hence the necessity of computerization. The appeal registration-and-control card (ARCC) serves as the basic document; the additional ones are:

- appeal control card;

Moreover, implementation of the system will entail certain changes in service responsibilities. In other words, if at present the Protocol subdivision processes only papers (hard copies), in future it will of necessity compile electronic images thereof to be entered into the database, which implies a wider scope of responsibilities and activities. Those who duplicated the information in their subdivisions, processed and analyzed it will doubtless profit from the change. The latter, by the way, does not imply organizational restructuring.

Requirements to the computerized workstations (CWS) are given in Table 1.

TABLE 1

Department/ Subdivision	CWS	Computerized Functions and Operations	Note
1. Personnel Department	1. Personnel	1. Supporting data on personnel, including information about the city and district executive committees, and other municipal structures. 2. Compiling personnel reports and other statistical documents.	To be implemented
	2. Staff Lists	1. Monitoring the City Hall organizational structure and staff lists.	To be implemented
2. General Issues Dept.	1. Decisions	1. Compilation and storage of files containing the executive committee's resolutions; file updating.	T3
	2. Monitoring.	1. Monitoring implementation of the City Hall resolutions; performance evaluation.	T3
	3. Type-Writer Section	2. Computerized processing of the City Hall resolutions and other information.	Currently implemented
	4. Letters from organizations	1. Circulating letters among persons and entities responsible for due actions. 2. Sending E-mail messages and reminders to executive subdivisions. 3. Monitoring deadlines. 4. Compiling reports and receipts.	See Work Plan
3. Department for Citizens' Appeals	Citizens' letters	1. ARCC storage and updating 2. Monitoring deadlines. 3. Sending E-mail messages and	T3

ИИС-ГОРОД

Department/ Subdivision	CWS	Computerized Functions and Operations	Note
		reminders to executive subdivisions. 4. Compiling reports and receipts.	

ИИС-ГОРОД

Department/ Subdivision	CWS	Computerized Functions and Operations	Note
1. Finance Department/ Book-Keeper	Calculation of salaries, etc.		In accordance with a separate plan
5. Key Officials	Key Officials	Obtaining information from other CWS on executive discipline, non-compliance with established deadlines, personnel shifts, wages and salaries, etc.	T3
6. All City Hall depts & subdivisions	Department or subdivision heads	1. Receiving E-mail messages and reminders. 2. Search for necessary resolutions. 3. Obtaining information on executive discipline. 4. Obtaining information on department or subdivision personnel and salaries. 5. Obtaining any other relevant information available within the system's framework.	T3
		6 Computerized processing of the City Hall resolutions concerning a given department	

The above-listed CWS will presumably be supported by IIS - City database. Its structure is given in Table 2.

TABLE 2.

Denomination	Used and updated to process...	User
1. ARCC	Citizens' letters	Key officials and other interested departments
2. ARCC reference files/codes	Citizens' letters	-
3. Registering letters by organizations	Letters by organizations	Key officials and other interested departments
4. Codes for letters by organizations	Letters by organizations	-
5. Reminders and messages	All CWS	Interested departments
6. City Hall resolutions	Resolutions	Interested departments
7. CWS Reference books/codes. Decision-making.	Resolutions	-
8. Information on the City Hall departments and subdivisions, their heads, phone numbers; similar information concerning city organizations.	Personnel	Interested departments
9. Mail-box	All CWS senders	All CWS recipients

4. Used Materials.

This Request for Proposal has been compiled after a close study of the Secretariat's daily procedures, its work with citizens' and organizations' letters; with the City Hall resolutions.

5. Implementation Stages.

Implementation Stages include the following:

- request for proposal;
 - work plan and design;
- implementation.

ATTACHMENT E

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UKRAINE
EXECUTIVE COMMITTEE
Kharkiv City Council of People's Deputies

PRINCIPAL DIRECTORATE FOR ECONOMIC DEVELOPMENT

REPORT
OF PRINCIPAL DIRECTORATE FOR ECONOMIC DEVELOPMENT FOR
1995

The Principal Directorate for Economic Development carried out the following work in 1995:

I. In the field of interaction with the state economy sector:

1. Analysis conducted of the condition of industrial production for the years 1992, 1993, 1994, and the 1st quarter of 1995 with the respective information and analytical materials worked out.
2. A program for stabilization of economy and improving social and economic situation of Kharkiv was worked out with concrete proposals addressed to the national and regional authorities.
3. A report "On Economic and Financial Situation of City's Industrial, Transport, Building, and Other Organization" was prepared for the City Council Session; proposals prepared for the oblast state administration on introducing changes into the effective tax and customs laws, as well as on delineation of powers between the central and local authorities.
4. A program aimed at eliminating the state monopoly in the sphere of providing the utilities services. The program includes concepts for denationalization of funeral services, as well as household waste collection, removal, and utilization.
5. Work was conducted in sociological polling of managers of Kharkiv industrial enterprises (over 120 enterprises examined).

II. In the field of developing enterprise, medium, and small business:

1. A draft program for development of private enterprise in the city of Kharkiv was prepared, which program provides for a wide range of measures by four functions (information, finance, organizational and logistics, and personnel) and nine main industry sectors (production of foodstuffs, clothing, footwear, building materials and structures; development of services rendered to the population, retail trade, and innovative technology; construction of housing and industrial objects).
2. A series of talks were conducted with the World Bank, Ukrainian Cabinet of Ministers, Ministry of Economy, and Ministry of Finance for the city to acquire a credit under the program Housing Construction in Ukraine at the amount of US\$1.5 million. A feasibility study was prepared for providing engineering infrastructure to build housing in Kharkiv with a World Bank credit and a credit bid was compiled with a package of necessary documents. This package was

submitted to the World Bank office in Kyiv and the Ukrainian Cabinet of Ministers.

3. A program was worked out for transfer to centralized bank servicing of the City Council and its executive bodies, as well as municipal enterprises and a tender among the Kharkiv commercial banks was conducted in April-May 1995 to acquire the status of municipal banks. The banks Grant and Region-Bank won the tender.
4. An agreement was concluded on implementing in Kharkiv a pilot project "Social Effects of Restructuring of Privatized Enterprises" in 1996-1997. The project which costs 4 million ecus will be financed by the European Union under the TACIS program.
5. An agreement was prepared and concluded to set up a Center for Postprivatization Support in Kharkiv in 1996-1997, this project to be financed under the TACIS program at the amount of 2 million ecus.
6. A Postprivatization Center was established in cooperation with the Branch of State Property Foundation in Kharkiv.
7. There was developed and is being implemented the Program of City Loans that was made by the City Executive Committee (resolution # 684 of 13.09.1995) and passed by the Session of City Council.
8. There were developed the projects of creation:
 - Institutional Infrastructure of Entrepreneurship;
 - Agency of Economic Development;
 - Municipal Pension Fund;
 - Foundation for the Support of Entrepreneurship;
 - Institute of Independent Socio-Economic Expertise;
 - The Center of High Technologies.
9. There were developed (together with organizations of non-governmental sector of the economy) 6 proposals for grants (total sum - 1.500.000 ecus). They were sent to the Branch of European Community in Ukraine.
10. There was prepared a task for the development of the project for creating economic-legal and architecture model of multifunctional business center "Levada". The complex group of scientists and specialists was formed and the Agreement on Project Creation was signed.
11. The Seminar "Economic Policy of the State in order to provide the Reforms"(November 1-2 1995) was carried out in cooperation with the Association for Support of Private Entrepreneurship Development in Ukraine "Ednannya", socio-political organization "Nova Ukraina", World Bank Branch in Ukraine, International Renaissance Foundation, International Foundation "Ukrainian Reforms", and the Union of Entrepreneurs of Kharkiv Region.
12. The work was done on getting the grant (\$100.000) for small business support. In November 24 1995 in Kiev the positive decision on this grant was made by World Bank. The Center of Business Support which is headed by Dudka A.A. ("PROMSSNAB"). Recently this Center has started the work according to grant conditions.

13. The Regional Training and Consulting Center for Project Managers Preparation was created in cooperation with the Directorate within Kharkiv State Technical University of Construction and Architecture. Financing was based on \$100.000 grant.
14. An organizational work was done and Foundation Documents were developed in order to create private Institute of Management and Business in Kharkiv.
15. Business Center within Polytechnical University was developed with the help of the Directorate. The financing was based on \$300.000 grant.
16. The suggestions on creation of the institution of Advisers of Kharkiv City Council Chairperson were prepared.
17. The Council of Economic Development was created under authority of the head of Principal Directorate.

III. In the field of investment attracting:

1. The Seminar "Investment: Sources, Priorities, Technologies for attracting" was organized and carried out with participation of leading Kharkiv and Kiev specialists.
2. The Seminar "Investment Policy in Kharkiv" for the heads of major executive bodies was prepared and carried out in June 9 1995.
3. The Catalog of Investment Proposals from state and private enterprises was created and is constantly being developed.
4. The package of grant proposals within the TACIS program (total sum - \$1.500.000) was prepared and directed to Athens (Greece). The confirmation about granting \$500.000 on technical assistance (education organization) to Kharkiv entrepreneurs was received.
5. With assistance of Polish Branch of Central European Department of Ukrainian Agency for International Cooperation and Investment 27 suggestions on small and medium business investment, 4 suggestions on urban investment, and 4 suggestions on crediting health care establishments with total sum \$368.055.000 were prepared and directed to Switzerland.
6. With the help of Central European Department

IV. In the Field of International Economic Affairs

1. There was developed the meeting of administrations' leaders of Moscow Region, Kharkiv Region, and City of Kharkiv with direct participation of Administration's specialists. The Agreement on Commercial, Economic, Scientific, and Cultural Cooperation was signed as a result of this meeting.
2. According to the goal of realization of the "New Marshall Plan" in Ukraine there was organized an independent expert evaluation of Kharkiv Light and Food Processing industry enterprises by the representatives of the Association of Sister-Cities Kharkiv-Cincinnati (24 enterprises were evaluated). According to the results of this work the specialists of the Administration in cooperation with representatives of the Association of Sister-Cities Kharkiv-Cincinnati have developed the Report that consist of suggestions on funding for creation of the Center of Productivity in Kharkiv, and developing the training (internship) program for two groups of Kharkiv entrepreneurs in the U.S. which

would allow to increase the quality of consumer goods and food produced in Kharkiv.

3. The organizational work was carried out in order to ensure the visit of Kharkiv entrepreneurs and industrialists to the Nurnberg Chamber of Commerce (Germany) with the goal of developing direct commercial and production contacts that would widen and develop Kharkiv entrepreneurship (not implemented because of German side).
4. The organizational work on the development of the Concept of External Economic Development of Kharkiv and Kharkiv Region, and creation of specialized Data Bank of Kharkiv Enterprises aimed to mobilization of the economists and senior-students to creating the Information Base on the state Kharkiv Industry was done in cooperation with the specialists of the Department of Socio-Economic Geography and International Economic Affairs of Kharkiv State University.

V. Seminars, Meetings, Exhibitions:

1. The 2-days Seminar on the problems of sustaining the democracy in Ukraine was organized and carried out in cooperation with Democratic Reforms Foundation (Kiev) (25.04.1995 - 26.04.1995).
2. There was prepared and carried out the Seminar "Investment: Sources, Priorities, Technologies of getting" in cooperation with Regional Center of Business Development with participation of leading Kharkiv and Kiev specialists (27.09.1995).
3. Together with International Institute of Urban Studies and Regional Development (Kharkiv) three seminars were carried out - in Myrhorod (April 1995), Sudak (July 1995), and Luhansk (November 1995). These seminars were directed to the solving the problems of the development of Management Systems of Small and Medium Cities of Ukraine.
4. The training of the Directorate employees was carried out during the Seminar prepared by the Institute of Economic Development of World Bank and Ukrainian Association of Project Management as a part of the Program of Preparation of Ukrainian Project Managers in Kharkiv State Technical University of Construction and Architecture (March 10-11 1995).
5. The scientific conference "Intellectual Property. The Rights on its Results and Regional Development" was prepared with participation of broad circle of Ukrainian and Russian scientists and specialists. In cooperation with the specialists of Ukrainian National Juridical Academy the Foundation Documents of Kharkiv Society of Copyright were prepared. This Society is aimed to defend the copyright of Ukrainian inventors.
6. The system of permanent consulting services for small and medium businesses on preparation of business-plans for getting investments was developed.
7. The Advertising Booklet about Kharkiv was prepared with the goal of spreading it out among international business circles.
8. In cooperation with Registration Department of Principal Administrative-Legal Administration the software for enterprise registration in Kharkiv was developed.

9. The Kharkiv Enterprises Data Base was created and is constantly being developed.
10. In cooperation with the Principal Directorate of Consumer Market and the Union of the Entrepreneurs of Kharkiv Region there were organized and carried out three international fair-exhibitions "Slavianskii Bazaar"(Slavic Market).
11. The exhibition - fair "Business Opportunities" (October 1995) was carried out as a part of the Project "Privatization of Bus Lines" in cooperation with The Principal Administration of Transport, Communications and Roads of City Executive Committee and representatives of USAID (Kiev).
12. According to the resolution of Kharkiv City Council Chairman the revision of activity of insurance companies, trust companies and other financial structures working with accumulation of private financial resources of City's population and registered by Kharkiv City Executive Committee was carried out in December 1995.
13. During the liquidation of the Dikanivka Sewer Treatment Plant Failure there were created and equipped 17 mobile aeration stations in order to provide the aeration of the water in Kharkiv rivers . During this period the specialists of the Principal Directorate provided constant operation of 24 stationary and 17 mobile aeration stations on Lopan, Kharkiv, Udy, and Nemyshl rivers.

Head of the Principal Directorate

A.L.Dulenko

Organizational Chart of the Principal Directorate for Economic Development (26 employees)

