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Executive Summary

Overview

From 1992 to 1997, PADCO, Inc. delivered a program of technical assistance and training in the housing sector, encompassing land and housing privatization and reform of tariffs for municipal services. The activities of this five-year program, the Housing Sector Reform Program 1 (HSRP1), accelerated the pace of privatization, economic restructuring, and democracy building in Russia. Geographically, HSRP1 served large parts of the Urals and Siberia: four "resident advisors" established project offices in eight cities in these two extensive regions. An important goal of the program was to institutionalize knowledge and expertise to sustain these reforms beyond the horizon of HSRP1. Several of the housing reform programs have been turned over to local nongovernmental organizations (NGOs) and newly established private firms. By the end of project activities, PADCO had provided assistance to 40 cities, disseminated information to more than 140 cities, and hired and trained approximately 30 Russian specialists and support staff to continue and expand the reform initiatives.

Visible Results and Measurable Impacts

Property management and maintenance costs were reduced and the efficiency of services was improved, thus contributing to economic restructuring and movement toward market pricing for housing and communal services. Restructured maintenance providers who bid for competitive contracts typically decreased their administrative staffing and introduced pay incentives to improve worker performance. Surveys showed real increases in resident satisfaction.

Private owners of apartments gained real benefits from privatization once they organized in condominium associations. One group of homeowners organized a condominium as part of their successful strategy to defend their land parcel from encroachment by an aggressive developer. Another group of owners who had contributed money to build a shared water pipe then formed a homeowner association to share the maintenance costs and administration of the billing for the water. The general meeting of a homeowner association formed in a new apartment complex voted to levy a common charge to pay for security fencing of their parking lot. Homeowner associations are "mini-democracies" that demonstrate the tangible benefits of community involvement.

Water companies (vodokanals) raised the consumption norms on which residential water prices are based after the Orenburg water metering pilot project showed that they had underestimated consumption. To reduce administrative costs and delays some vodokanals started to bill residential consumers directly, and, as a result, collections increased to 90 percent of payments due.

Several cities realized revenues from land sales, while the private developers who purchased the sites built housing for sale in newly established housing markets. Novosibirsk reversed its former ardent opposition to private ownership of land, now formally endorsing privatization and using auctions as the principal mechanism to allocate land for development.

Housing Privatization

Two principal goals guided the housing privatization component: first, to demonstrate the benefits of private ownership and to help owners gain these benefits through condominium conversion and formation of homeowner associations; and, second, to restructure property management and maintenance (PMM) to a market-oriented model characterized by competitive contracting and leading to privatization and demonopolization of the PMM industry.

Accomplishments

- Models of condominium-enabling legislation, charters, and registration documents tailored to Russian law, municipalities, and housing conditions were developed and enacted in more than 12 cities of Siberia and the Urals.
- Promotional campaigns spread awareness and knowledge of condominium concepts — and the benefits of private ownership of housing — to millions of homeowners.
- Condominium registration procedures were developed and put into practice through direct technical assistance (TA) and training provided to municipal staff and homeowner groups.
- More than 180 condominiums were registered and homeowner associations formed, including approximately 15,000 apartments housing 45,000 residents.
- Municipalities were persuaded to formally transfer to homeowner associations the full authority to manage condominium property.
- Management boards of homeowner associations were trained in property management, procurement, leadership, financial planning, accounting and auditing, and tenant relations.
- Concepts and knowledge of property management and maintenance as activities of the private sector were promoted to municipalities, PMM enterprises, and homeowners.
- Several cities established "customer boards" as independent bodies to procure PMM services, and several cities adopted regulations to require competitive contracting for PMM services.
- Model PMM contracts and procurement processes were developed and applied.
- Training in property management, procurement, and contracting was given to municipal and private sector counterparts.
- At least 20 competitive tenders for management or maintenance of more than 118,000 units were conducted in the Urals and Siberia, demonstrating the benefits of privatization, demonopolization, and competitive contracting.
- Tools, techniques, and supporting training materials for privatization of PMM enterprises were developed. PMM enterprises were given training and TA to develop business plans and privatization strategies.

Capacity Building

- Consulting and training skills in demand by municipalities, PMM providers, homeowners, and housing developers were transferred to local "successors," including NGOs and private firms.
- Successor NGOs and firms are receiving grants, teaming with other firms to bid and win contracts, and are securing contracts directly with municipalities, builders, and developers.

- Russian professionals who developed expertise through the project are invited to participate in national and international conferences and training events.
- At least two of the regional associations of homeowner associations have started newsletters — one has published its eleventh bimonthly issue with a circulation of more than 500.
- Municipalities were assisted in conducting strategic planning for the housing sector, were shown the value of monitoring housing indicators, and participated in regional conferences on housing reforms.
- TA and training were provided to accelerate the development of the local real estate markets and to organize the industry via professional associations.

Transferable Models

- Condominium-enabling legislation, charters, and other registration documents
- Condominium promotional materials: seminars, flyers, radio advertising, TV public service announcements
- Numerous training materials and handbooks for homeowner associations
- Model legislation and contracts for competitive contracting of property management and maintenance
- Training curriculum, courses, materials, and handbooks for property management in a competitive market
- Training materials for privatization of PMM enterprises and "how-to" manuals for PMM business planning
- Training materials for "Training of Trainers" (two courses), "Management Skills," and "Association Building" of general interest beyond the housing sector.

Land Privatization and Reforms

The land component focused on stimulating privatization and the transition to land markets. To achieve these ambitious objectives, PADCO provided TA and training designed to transfer practical tools to Russian professionals who had little or no prior experience with private ownership of land. The resulting program of pilot projects and practical demonstrations had the effect of demystifying land market operations, thus decreasing deeply ingrained local resistance to the private ownership of land.

Accomplishments

- Cities were shown the value of their land assets, the potential contribution these assets could make to economic development, and the benefits of private land ownership. As a result, several cities adopted active approaches to manage and sell land in a market economy.
- Model bid documents, contracts, and legislation were developed to enable municipalities to sell land by competitive market mechanisms.
- Cities sold land to private individuals or firms (typically builders or developers) using transparent and competitive market mechanisms, such as auctions and sealed bids. The contractual

sale of development rights in Ekaterinburg was the first of its kind in the new Russian Federation.

- Bidders competed on price, purchasing land by sealed bids submitted in response to tender documents (some methods developed by this project were adopted in other cities, for example, where PADCO provided TA with USAID/World Bank funding).
- Cities were shown the benefits of giving developers flexibility to propose designs suited to the preferences of buyers in the market and subsequently revised building controls or zoning systems to be more responsive to the new "market realities."
- An approach to centralized registration of land titles was developed and implemented, including a computerized system to register and access titles.

Capacity Building

- Local professionals received training in property appraisal (delivered in collaboration with the Eastern European Real Property Foundation).
- Builders and developers were trained in market-based housing development, with particular emphasis on calculating the price to bid for land.

Transferable Models

- Model documents for land tenders were developed and published in a handbook documenting the process of sales by competitive closed tender.
- A training course was developed to show how builders and developers work in a private housing market and how they can calculate the price to bid for land.
- The automated land registration system developed in Irkutsk can serve as a model for Siberia and the Far East.

Local Government Finance

Communal services, such as water and sewer, heat, and electricity, are part and parcel of the local housing system. They also command a significant share of the municipal budget for operating expenses and capital investment. This component of the project was designed to analyze the true cost of providing water to residential customers and to recommend how tariffs and procedures could be reformed to move toward full cost recovery.

Accomplishments

- Water meters were installed and monitored as part of a pilot project to determine actual patterns of consumption and water loss in residential buildings.
- The cost and revenue structure (and performance) of a vodokanal was analyzed to identify the basis for costs and pricing.
- The pilot project showed that water consumption was at least 20 percent higher than assumed by the vodokanal, and that as much as 20 percent of water supplied to residential buildings was lost through leaking plumbing.

- The vodokanal increased consumption norms to reflect actual consumption, and so increased its cost basis.
- A city-wide metering program was introduced to allow a gradual shift to billing based on actual consumption rather than normative estimates.
- The structure of tariffs was changed (and changes continue) to reduce cross subsidies from business and industry to residential consumers.

Capacity Building

- The steps taken by Orenburg Vodokanal (see above) have helped establish the responsibility and capacity of the vodokanal to achieve financial self-reliance.

Transferable Models

- The Orenburg Water Metering Pilot Project and Tariff Reform Study are well documented, serving as models for the reform of other vodokanals (and other communal service providers).

Military Housing

The United States agreed to provide assistance to the Russian Federation to re-house Russian officers demobilized from the Baltic Republics. The goal of this work was to provide housing to facilitate the return of the officers and their families.

Accomplishments

- A competition for U.S. and Russian builders to supply housing to demobilized officers was designed and implemented.
- PADCO provided construction management assistance to USAID in managing the pilot project, which resulted in construction of 370 housing units that were completed and occupied by officers and their families.
- Based on the lessons learned from the pilot project, USAID implemented a larger program for 5,000 housing units.

PART ONE
RUSSIA

Housing Sector Reform Project 1

1 Overview of Project and Activities in Russia

1.1 Introduction

Early in 1992, Housing Sector Reform Program 1 (HSRP1) activities were initiated in Ekaterinburg and Novosibirsk to spread housing reforms outside western Russia. Both cities had been "closed cities" during Soviet times; however, under the Russian Federation, both were opened to foreigners and welcomed contacts with the outside. Ekaterinburg had been selected in part because it is the main city of the Urals region and is the capital of the Sverdlovsk Oblast, a region larger than France. At the time HSRP1 activities started, the U.S. Embassy was actively taking steps to establish a consulate in Ekaterinburg. Novosibirsk is the largest city in Siberia and has one of the largest scientific and educational establishments outside western Russia. At one time, it had been considered as a possible location for a new capital for the Soviet Union.

Thus, both locations were selected as sites for HSRP1 activities for strategic reasons as well as for their need for housing reform.

1.2 Siberia Regional Project

Located east of the Ural Mountains and extending to the Russian Far East, Siberia constitutes the vast majority of the land area of Russia, with a population of 30 million. Many large, industrial cities have developed in Siberia, particularly during and after World War II, when defense industries were relocated to Siberia for security reasons. Novosibirsk is the largest city in Siberia, with a population of 1.5 million. It is the third largest city in Russia in land area and the eighth largest in population. Because of its size and central location, Novosibirsk has evolved as the unofficial capital of Siberia and is regarded as such by other Siberian cities. Unlike several cities in Siberia that are viable based on exploitation of natural resources (such as oil, coal, lumber, and diamonds) or agriculture, Novosibirsk is the principal city in the region because of its size, its central location, its role as a transportation hub, and its highly skilled work force. Novosibirsk State University (by reputation, the third-best university in Russia) and more than 20 scientific research institutes are located in the city. Given its primary position among Siberian cities, Novosibirsk was given early consideration for participation in HSRP1. Four other cities in Siberia ultimately were included in the program: Omsk in western Siberia, population 1.2 million; Barnaul in the Altai Republic of south central Siberia, population 800,000; Novokuznetsk in the Kuzbass region (major coal mining area in central Siberia), population 600,000; and Irkutsk in eastern Siberia, population 650,000.

Cities throughout Russia had and to a large degree continue to have primary responsibility for housing their citizens. This responsibility includes all phases of housing, from development to ongoing management and maintenance. In 1991, the role of cities began to shift, as privatization of housing units got under way and as funds for housing development declined. Still, cities continue to be public owners of most of the housing stock and retain the burden of management of the stock. HSRP1 activities were targeted at reducing this burden by developing models for and expertise in using competition to ensure low-cost/high-quality management and maintenance and

by developing condominiums to enable cities to transfer multi-family housing into private ownership.

HSRP1 milestones in Siberia are summarized below. More detailed descriptions of the program and results follow.

Major Milestones in the Evolution of HSRP1 in Siberia		
Year	**Month**	**Milestone**
1992	Jul.	Arrival in Novosibirsk of Resident Advisor R. O'Sullivan. Management assessment of municipal housing maintenance organizations conducted. Report: "Management and Maintenance of Municipal Housing in the City of Novosibirsk " (Working Paper No. 2)
	Oct.	Working group of municipal officials established to conduct a competition for a contract to maintain municipal housing. Site selected for demonstration project. A five-month program of TA and training in property management and procurement and contracting implemented for local officials and prospective bidders.
1993	Mar.	Competition conducted for a one-year contract to maintain 2,200 municipal housing units. Seven newly formed private maintenance firms participate in bidding.
	Jul. & Dec.	Two additional competitions conducted for one-year contracts to maintain 7,000 municipal housing units. Five firms participate in bidding. Ongoing monitoring of contracts implemented. Report: "Management and Maintenance of Municipal Housing in Novosibirsk: Present Condition and Public Opinion" (Working Paper No. 6) Report: "The Housing and Communal Services Economy in Novosibirsk: The System of Ownership and Management, and Labor Organization and Wages" (Working Paper No. 7) Report: "Novosibirsk Housing Management Demonstration Project Monitoring: Resident Assessments and Indicators After 6 Months" (Working Paper No. 8)
	Aug.	Report: "Novosibirsk Housing Indicators Report 1990-92"
1994	Feb.	Condominium Regulation drafted and submitted to the Mayor of Novosibirsk.
	Aug.	Mayor signs Condominium Regulation. Program of TA to resident groups to organize condominiums implemented. Registration of the first condominium in Siberia (Comfort, Novosibirsk Oblast).
	Oct.	Strategic Planning Training series initiated for municipal housing sector officials in Novosibirsk. Report: "Introduction to Strategic Management: A Practical Guide For Leaders In Emerging Market Economies"
1995	Feb.	Intensive institutionalization program implemented. Report: "Analysis of Institutional Capacity for Training in Novosibirsk and Ekaterinburg"

Major Milestones in the Evolution of HSRP1 in Siberia		
Year	**Month**	**Milestone**
	Mar.	Arrival of Resident Advisor D. McCormick. HSRP1 office opened in Barnaul. TA to assist the city with condominium policy development and to organize condominiums begins in Barnaul. Start of concentrated "institutionalization" activities. City of Novosibirsk conducts land auction. No bids received; Land Committee requests TA to evaluate land auction procedures.
	Jul.	Siberia Regional Conference on Housing Reforms, Novosibirsk. Series of seven brochures: "Housing Sector Reform: Results of the Novosibirsk Experiment"
	Aug.	HSRP1 office opened in Omsk. Condominium Management Demonstration Project designed.
	Sep.	Omsk Condominium Management Demonstration Project implemented to develop management skills of boards of four "model" condominiums. TA provided to evaluate city of Novosibirsk land auction procedures.
	Oct.	HSRP1 office opened in Novokuznetsk. TA to assist the city with condominium and maintenance policy development and to organize condominiums.
	Nov.	Report: "Review of Auction Documentation for Novosibirsk"
1996	Jan.	NGO Center for the Support of Housing Sector Reform registered in Novosibirsk.
	May	NGO Center for the Support of Housing Sector Reform awarded three grants to continue housing sector reform activities. Book: *Market Experiment in the Housing Economy of Russia*
	Jun.	Milestone: More than 25,000 housing units managed and maintained in Novosibirsk by nine contractors.
	Aug.	NGO Altai Condominium Center registered in Barnaul. Milestone: 110 condominiums registered in Siberia.
	Sep.	Project offices closed: Novosibirsk, Barnaul, Omsk, and Novokuznetsk. Report/Pamphlet: "Omsk Condominiums: The Way to Success" Report/Pamphlet: "The Future of Housing: Barnaul's Successful Condominiums. Housing Sector Reform Program (USAID)"
1997		Several TA and training activities continued through FY97, but results and impacts were not closely monitored as program execution in FY97 was largely via Russian grantees and subcontractors. Refer to Section 1.4, Continued Institutionalization, for information about FY97 activities.

1.2.1 Evolution and Expansion of Program

Following an initial reconnaissance regarding HSRP1 conducted in early 1992 by USAID staff and consultants in various cities in Russia, Novosibirsk was selected as one of three cities in which to implement the program.[1] A Memorandum of Understanding (MOU) between USAID and the Mayor of Novosibirsk was signed under which USAID, through its contractor PADCO, Inc., agreed to place two Resident Advisors (RAs) in Novosibirsk for two years to provide TA to the mayor's office: one to advise on housing maintenance and management issues and the other to

[1] Ekaterinburg was the other city outside Moscow selected for initial HSRP1 assistance.

advise on land title registration systems and other land-related issues. Shortly after the arrival of the housing maintenance RA, USAID determined that funding was not available to field the expert on land issues. Therefore, the program has focused on housing maintenance and management with the targets of reforming the state-operated housing management and maintenance industry and organizing condominiums. These activities suffered because the city of Novosibirsk had no vision for the housing sector once market reforms were complete and had no coherent strategy for implementing housing sector reform. To address this, short-term consultants successfully provided training and assistance to housing sector officials in strategic management.

With the extension of the program's time frame from two to four years — based on the success of the program to reform housing maintenance and management through competitive bidding for municipal maintenance services and to organize condominiums in Novosibirsk — HSRP1 was expanded to greater Siberia with the establishment of satellite offices in Barnaul, Omsk, and Novokuznetsk. To assist in the expansion, a second RA expert in housing issues was recruited and established residency in Barnaul.

During the first two years of HSRP1, Novosibirsk officials continued to request the assistance on land registration systems referenced in the MOU. Due to USAID constraints, this assistance was not forthcoming until year three of HSRP1. However, the city of Novosibirsk, having experienced a prolonged period of political instability, was then unable to accept the offer of assistance. The Novosibirsk RA therefore negotiated an MOU on behalf of USAID with the city of Irkutsk, where a program of assistance in land title registration systems was carried out.

While these activities were under way, it became clear to USAID and PADCO that a critical component of the program had to be the institutionalization of reforms to ensure that reforms would be cemented in place before HSRP1 ended. Although expertise among Russian staff and municipal officials and staff had been developing from the very beginning of HSRP1, a program of assistance targeted at institutionalizing reforms was started only in years three and four of HSRP1. The institutionalization has proven to be a very successful component of HSRP1.

A detailed description of the major program activities undertaken in Novosibirsk and Siberia is provided below.

1.2.2 Major Program Activities — Description of Program and Scale

Management and Maintenance Industry Reforms

Municipal housing (more than 60 percent of the housing stock in Novosibirsk) is managed and maintained by hierarchical and extremely bureaucratic maintenance organizations directed by the mayor's office through its Committee on Housing Maintenance and Communal Services (*Komitet zhilishchno-kommunalnogo khozyaistvo* [KZhKKh]). That body, in turn, supervises *Trests* or REMPs (*Raionnoye ekspluatatsionoye municipalnoye predpriyatiye)*, district-level housing maintenance organizations that maintain a monopoly on vehicles, heavy equipment, skilled labor, and emergency services. The *Trests* or REMPs supervise ZhEUs or ZhEKs (*Zhilishchno-ekspluatatsionnoye upravleniye* or *Zhilishchno-ekspluatatsionnyi komitet*, respectively), housing

maintenance organizations at the micro-district level. This structure is multitiered, overstaffed, and highly bureaucratic, resulting in costly, inefficient, and ineffective maintenance of housing. TA was needed to provide models of cost-effective and efficient maintenance service provision.

Assistance in Novosibirsk focused on organizing, implementing, and monitoring a private property management demonstration project under which municipal housing officials were trained in competitive procurement and contracting in a market environment. Municipal maintenance organizations, individuals, and private firms were then identified and trained to prepare bids in response to the city's invitation to bid for a one-year contract to manage and maintain 33 buildings (2,200 units) of municipal housing.[2] The level of effort for this project was six months of intensive TA and training followed by close monitoring of project accomplishments.

Project results were apparent within six months: resident satisfaction had increased by 65 percent and maintenance productivity had increased by 180 percent. The project was replicated almost immediately at two additional sites in Novosibirsk. Subsequently, adjustments were made to the original program design by the KZhKKh that restored major elements of the bureaucracy and created disincentives to competition in contradiction to the demonstration project's purpose. After the demonstration project was conducted, some restructuring of the city's maintenance organizations occurred: the KZhKKh now has no direct authority over *Trests*, which now are directly supervised by district administrators. Three of the 10 district administrators have moved forward with a modified competitive contracting approach (competition is conducted among privatizing ZhEUs; private firms are not invited to bid), and more than 40,000 municipal and enterprise units are now being maintained by contractors. Former HSRP1 staff continue outreach activities on competition in housing maintenance by conducting informational seminars, distributing brochures and a book prepared on demonstration project results, and conducting courses on procurement and contracting for municipal officials and enterprise directors.

When HSRP1 was regionalized beginning in 1994, no city with which discussions were held, including the cities finally selected for HSRP1 (Barnaul, Omsk, and Novokuznetsk), was willing to replicate the Novosibirsk experience. None was interested in confronting the municipal maintenance organization monopoly head on. Instead, they hoped to break up the monopoly through the back door by developing a market for private maintenance service providers through condominium formation. However, the decline in municipal budgets during 1994–96 persuaded the cities of Omsk and Novokuznetsk to establish policies on competition in maintenance, which were carried out in late 1996 and 1997.

[2] Apartments in Soviet style multistory housing are typically organized around vertical circulation systems (stairs and elevators) that open onto a single entrance. A typical building consists of several self-contained entrances each serving a vertical stack of apartments. In the Novosibirsk pilot project, a typical building had 66 apartments and three or more entrances.

Housing Privatization Support through Condominiums

Condominium creation has been the most successful reform begun under HSRP1 in Siberia. More than 110 new condominiums (with 17,000 units) were established in Siberia during the last two years of the project. RAs and staff assisted HSRP1 cities, as well as several other cities in the region that participated in regional conferences and seminars, to develop local legislation, policies, and condominium registration procedures and model documents. TA activities included:

- introducing condominium concepts to municipal and enterprise officials and decision-makers who are the principal owners of housing;
- drafting local enabling legislation and policies, model charters, and other condominium foundation documents;
- assisting "initiative groups" of owners of privatized units to form and register condominiums;
- developing and conducting seminars and training courses; and
- providing TA and training to condominium boards to assure long-term sustainability through sound condominium management.

In Omsk, a condominium demonstration project was developed and implemented in which the RA and staff worked closely with four condominium boards to develop fully operational, efficient, and effective condominiums. These were to serve as models for the 50+ condominiums in the city that had previously been condominiums on paper only. Although registered as condominiums, they did not function as condominiums because they had no boards and continued to be managed and maintained by municipal ZhEUs. Training seminars and workshops presented modules in condominium organizing, managing, contracting and procurement, bookkeeping, and leadership. During the final phase of this project, a brochure on the demonstration project's results was prepared and distributed to all registered condominiums and initiative groups in Omsk and throughout Siberia.

In Barnaul, a television, radio, and newspaper advertising campaign reached an estimated audience of 110,000 people in a market area in excess of 1.5 million. As a result, the number of older buildings registered as condominiums increased. Follow-up workshops gave respondents condominium organizing and registration training.

In nearly half of the newly formed condominiums, maintenance and repair services are privately contracted. This has resulted in lower operating costs and higher levels of resident satisfaction and has contributed to the development of a private market in property management and maintenance, an important goal of city officials.

Support to Emerging Land Markets

As previously mentioned, USAID funding limitations and political instability in Novosibirsk meant that little activity in support of emerging land markets occurred during the four years of HSRP1. On an *ad hoc* basis, the RA and various short-term consultants who were in Novosibirsk for other purposes (e.g., legal and strategic planning consultants) spent many hours responding to officials on land-related issues and concerns. In addition, the Ekaterinburg RA conducted a

seminar in Novosibirsk on the Ekaterinburg experience in conducting land auctions. Subsequently, HSRP1 responded to a request for assistance from Novosibirsk by providing short-term assistance to evaluate the city's approach to conducting land auctions. In 1995, USAID authorized land title registration system TA for Novosibirsk. However, this assistance was offered coincidentally with hotly contested gubernatorial elections in Novosibirsk Oblast, the results of which could have had significant impact on the mayor, who was an appointee of the governor at that time. The TA therefore was respectfully declined by the mayor as he focused on campaign politics.

Assistance was then offered to the city of Irkutsk where city officials, having achieved a degree of political stability in earlier years and having benefited from other USAID programs related to land reform, welcomed land title registration assistance. This assistance was provided during the period April 1996 to August 1997. It included an evaluation of the city's current land registration systems and legal structure, establishment of a central multiuser office for land title registration, provision of computer hardware and development of appropriate software, and training of all relevant city staff and other prospective users of the land title registration system. Irkutsk officials fully cooperated with the short-term consultants who carried out the program and provided extensive assistance, including financial support to furnish and upgrade utilities for the registration office. The project took longer than originally anticipated because of difficulties that the city had in obtaining federally owned digitized maps of the city. For nearly eight months, federal authorities refused to release the data to the city due to security concerns. Ultimately through the intervention of the mayor, the data was released in segments. It took another three months before data covering the entire city was finally released to the city agencies responsible for the system.

Back in Novosibirsk, efforts had not been in vain, however. As the program office was closing in September 1996, the chairman of the Land Resources Committee reported to the RA that his committee and the mayor had changed 180 degrees in their thinking on the issue of private ownership of land (for a very long time, they had clung to the notion that land should remain in public ownership) and are now privatizing land as well as site improvements for major enterprises in the center of the city, e.g., TsUM, the Central Department Store.

Institutionalization of Housing Sector Reforms

A key challenge to HSRP1 was leaving institutions in place to carry on and expand the program's successes once the program ended. During the first two years of the program, staff development and training of municipal officials and staff and private sector participants of program activities were the principal institutionalization activities. Beginning in program year three, a concerted effort was made to strengthen capacity in Novosibirsk for continuing housing reform in the Siberia region following HSRP1 completion. Tasks included identifying and helping partner institutes carry out training programs related to housing reform, training trainers in adult training techniques, developing course curricula in cooperation with local institutes and trainers, and encouraging the formation of housing reform-oriented NGOs, businesses, and representative associations.

Forging relationships with local institutes proved difficult due to their bureaucratism, dependence on government subsidies, and lack of vision. Despite these handicaps, two institutions in

Novosibirsk, the Novosibirsk Construction Academy and the Novosibirsk Management Center, participated in training of trainers and are beginning to experiment with entrepreneurial approaches to the provision of training.

However, the greatest success in institutionalization efforts was in the development of trainers (both PADCO and institute staff) and curricula. Twelve Novosibirsk trainers are now expert in adult training methods and curricula development and in conducting training programs as a business. Staff in the satellite offices are fully competent to conduct informational seminars and workshops on a number of topics related to condominium formation and privatization of maintenance. (See page 17 for a detailed discussion of the training of trainers program.) The other significant success of institutionalization has been the establishment of NGOs in Novosibirsk (the Center for the Support of Housing Sector Reform [CPR]) and in Barnaul (the Altai Condominium Center [ACC]), to carry on reform activities, and associations representing resident and newly privatized housing owner interests in Omsk, Barnaul, and Novokuznetsk.

1.3 Urals Region

East of the River Volga, but west of Siberia, the Urals region comprises five oblasts and two autonomous republics in an area larger than Ukraine, with a population of roughly 20 million. The region is important commercially, owing to its rich mineral resources and well-educated workforce. Primary cities of the region are as follows.

City Oblast/Republic	Approximate Population
Ekaterinburg (HSRP1 Urals Main Office) Sverdlovskaya Oblast	1.6 million 4.7 million
Perm (HSRP1 Urals Branch Office) Permskaya Oblast	1.3 million 3 million
Chelyabinsk (HSRP1 Urals Branch Office) Chelyabinskaya Oblast	1.25 million 3.7 million
Orenburg (HSRP1 Urals Branch Office) Orenburgskaya Oblast	650,000 2.2 million
Kurgan Kurganskaya Oblast	356,000 1.1 million
Ufa Republic of Bashkortostan	1 million 4 million
Izhevsk Udmurt Republic	650,000 (?)

Just five years ago (1992), the housing stock was almost exclusively in public ownership — by appointed and elected bodies of the federal and oblast government, state enterprises, and municipalities. Only a small percent of housing units were in private ownership, mainly traditional wooden housing lacking modern conveniences. In the five years since 1992, more than 30 percent

of the housing stock has been privatized, and today more than 226 privatized enterprises, organizations, and institutions are significant owners. The municipality remains the major owner of housing, partly comprising the residual nonprivatized units, plus the mass of former state enterprise-owned housing transferred to the city during restructuring and privatization of state enterprises.

1.3.1 Evolution and Expansion of Program

A reconnaissance mission to Ekaterinburg in August 1992 recommended that RAs execute a housing and urban development demonstration project in Ekaterinburg. The proposed project would accelerate the transition to housing markets and would especially shift the production of new housing to the private sector. The mechanism for this would be the establishment of a public "development corporation" that would generate funds by selling public land for new housing development. Ekaterinburg requested that USAID provide TA to "stimulate housing construction from non-budget sources."

The RA arrived at the beginning of 1993 and conducted a feasibility study that identified lack of housing finance and poor access to land as the most significant obstacles to the growth of the construction industry and to the emergence of private land and housing markets.

Based on this study, it was decided that a demonstration project by which the city administration could develop an approach to selling land by competitive tendered bidding should be conducted. This allowed the city to test the market for land sales (there had been neither a market nor land sales previously) and, at the same time, allowed USAID/PADCO to test the commitment of the city to the objectives of the wider project. This was important since land sales and private ownership of land were then highly controversial.

The Land for Housing Demonstration Project was the dominant activity in Ekaterinburg in 1993, culminating in the sale of development rights (convertible to private ownership) to a private developer who began constructing the first townhouses in 1996. The city budget realized more than US$140,000 from the sale of 1.1 hectares of land. In addition, five families that occupied obsolete housing as municipal tenants were relocated to modern apartments at the developer's expense, thus increasing the value of the sale to the city, as these families were then removed from the housing waiting list.

The approach was replicated and improved in 1994, but the city could not sell the five parcels offered because it simultaneously undercut land sales by continuing to give away land at virtually no cost. The city compounded this mistake by overpricing the parcels offered for sale. In early 1994, the city administration unfortunately decided it could not abandon the process of free-of-charge land allocation in favor of more transparent, market-oriented mechanisms. Nevertheless, municipal counterparts had learned how to sell land by closed tender, and numerous builders and developers learned to estimate land prices and make bid proposals.

Increasing privatization of the housing stock led to the Condominium Pilot Project conducted in 1994, which introduced condominium concepts to municipal counterparts and to various groups

of homeowners. The joint PADCO/city team developed local legislation, model foundation documents, promotional materials, and training courses for support of condominium registration and operation. The enabling legislation for Ekaterinburg was passed in October 1994, followed by registration of the first condominium and homeowner's association in the Urals in November 1994.

Following the successful pilot project, the focus of activity shifted to generating widespread publicity of condominium concepts and benefits and to assisting homeowner associations in better management of their property and activities. The Condominium Publicity Campaign featured video public service announcements (PSAs), distribution of flyers and newspaper articles, and short seminars for various homeowner groups. Support to homeowners featured advisory (consulting) services to "initiative" groups of homeowners, development and distribution of publications and model documents for condominium registration, and development and delivery of training courses for condominium boards.

A second RA was added to the Urals team in 1995, to adapt and replicate the property management pilot projects tested in Novosibirsk and Moscow, Russia, and Odessa, Ukraine. The major achievements include the development of a program for competitive contracting for maintenance services, including a model bid package, contracts, local legislation and supporting documents, and training seminars and courses. The intended result of this work is to gain the advantages of competition, namely, better value for money spent on maintenance. The city of Ekaterinburg conducted its first competitive bid for maintenance contracts in mid-1995, resulting in the award of contracts on three sites. Baseline and follow-up surveys reveal that the number of requests by residents to the maintenance provider dropped by half after the first six months of work under the new contract, and the following increases in performance were shown.

- The share of problems solved by the provider increased from 32 percent to 45 percent.
- The share of problems solved immediately increased from 54 percent to 71 percent.
- Resident satisfaction with the quality of work increased from 69 percent to 80 percent.

Another significant achievement of this work is the progress made toward separating the "municipal customer" responsible for procuring and monitoring maintenance services from the public maintenance bodies that provide the services, thus paving the way for better accountability and control by municipal and private owners.

In 1995 and 1996, the geographic scope of the project was expanded by opening branch offices in three other primary cities. In all three locations, the project sought to replicate the condominium and housing maintenance and management (M&M) demonstration projects, with varying degrees of success.

- The city of Perm now leads the region in numbers of registered condominiums and homeowner associations and is currently preparing to conduct its first competition for maintenance contracts.
- Chelyabinsk has the best-developed "customer board" and several homeowners' associations already registered.

- Orenburg has already conducted two competitive bids for maintenance contracts and established a condominium department that has registered more than 10 homeowner associations.

Outreach to secondary cities included dissemination of printed materials, personal visits to conduct seminars, and consulting by telephone, resulting in condominium registration in several cities and growing interest in competitive contracting for maintenance services.

Based on good relations developed with the city administration and the positive attitude of municipal officials and to reinforce upcoming World Bank lending, it was decided that a new pilot project in collaboration with the city of Orenburg should be conducted. The Communal Services Pricing Reform Project worked with the Orenburg Vodokanal (the provider of water and sewer services) to promote cost recovery for water and thus to improve the financial viability of this important communal service. Financial analyses and a complementary water metering demonstration conducted from September 1995 through April 1996 resulted in many recommendations for tariff reform and the preparation of an analytical model that can be replicated in other cities.

Also, during 1995 and 1996, increasing attention was paid to "institutionalize" the capability to continue TA and training in support of housing sector reforms beyond the end of the project. The project associated with several outside "training partners" to help develop new training courses oriented to the needs of the emerging housing market. Former staff of PADCO in the Urals also established four new NGOs or noncommercial partnerships that seek to continue supporting housing reforms and private ownership.

Major Milestones in the Evolution of HSRP1 in the Urals Region

Year	Month	Milestone
1993	Jan.	Arrival of Resident Advisor M. Brown. Review status of housing and land markets; assess feasibility of land and housing delivery in a competitive market.
	Mar.	Report: "Promoting Private Sector Land and Housing Development in Ekaterinburg, Russia: A Feasibility Study" Design of a demonstration project for sale of land development rights by competitive bidding. First training event: "Land Market Seminar"
	Jul.	Ekaterinburg administration commits two sites for land demonstration project.
	Aug.	First discussions with Ekaterinburg administration re: condominium pilot project. Report: "Housing Indicators Report 1993"
	Sep.	First seminar on M&M reforms (re: Novosibirsk Private Property Management Demonstration Project).
	Dec.	First competitive tender for land development rights (two parcels). City negotiated sale of both parcels to a single bidder. City and developer sign contract for sale of development rights.
1994	Feb.	Report: "Sale of Land Development Rights by Tendered Bidding in Ekaterinburg"
	Mar.	Start of Condominium Pilot Project.

Major Milestones in the Evolution of HSRP1 in the Urals Region		
Year	**Month**	**Milestone**
	May	Start of two-week Real Property Appraisal training course, jointly sponsored by the project, the Eastern European Real Property Foundation, and the Society of Appraisers.
	Aug.	First project activities in city of Chelyabinsk.
	Oct.	Developer UralMonolit, who bought development rights for two parcels in 1993 tender, completed its payment for the land.
	Nov.	Registration of the first condominium in the Urals (Malachite, Ekaterinburg). Ekaterinburg's second tender for sale of five land parcels failed to attract any bids, mainly owing to overpricing by the city and poor quality of some sites.
1995	Jan.	Handbook: *Formation and Registration of Condominiums* Handbook: *Sale and Lease of Land by Tendered Bidding*
	Feb.	Arrival of Resident Advisor M. Lynn. First project activities in the city of Perm. Start of concentrated "institutionalization" activities.
	Mar.	First project activities in city of Orenburg. HSRP1 office opened in Chelyabinsk.
	Apr.	Report: "Housing Indicators Report 1994"
	May	Urals Regional Conference on Housing Reforms, Ekaterinburg.
	Jun.	HSRP1 office opened in Orenburg. Urals Chamber of Real Estate Broker signs protocol for cooperation with the Eastern European Real Property Foundation.
	Aug.	First competitive maintenance contracts (three) awarded in Ekaterinburg.
	Sep.	Start of Communal Services Pricing Reform Project in Orenburg.
	Oct.	First competitive maintenance contract awarded by city of Orenburg.
	Nov.	HSRP1 office opened in city of Perm.
1996	Feb.	Handbook: *Bidding for Maintenance Contracts* Handbook: *Financial Planning for Condominiums*
	Apr.	NGO Urals Regional Association of Homeowners registered in Ekaterinburg. Milestone: 100+ condominiums have been registered in Urals.
	May	NGO Urals Center for Training and Consulting registered in Ekaterinburg, wins NET follow-on training contract. Urals Regional Association of Homeowners obtains three grants. Report: "Orenburg Vodokanal: Improving Cost Recovery, Tariff Reform, and Metering Demonstration Project" Handbook: *Financial Control and Reporting for Condominiums*
	Jun.	Second maintenance tender in Orenburg.
	Aug.	NGO Shelter Sector Support registered in Ekaterinburg.
	Sep.	Project offices closed in Ekaterinburg, Orenburg, Perm, and Chelyabinsk.
1997		Several TA and training activities continued through FY97, but results and impacts were not closely monitored as program execution in FY97 was largely via Russian grantees and subcontractors. Refer to Section 1.4, Continued Institutionalization, for more information on FY97 activities.

1.3.2 Major Program Activities — Description of Program and Scale

Housing Privatization Support through Condominiums

The successful Condominium Pilot Project conducted in Ekaterinburg during 1994–95 included the following general types of activities:

- introducing condominium concepts to municipal authorities, decision-makers, owners, and balance holders of housing;
- writing local enabling legislation, model charter, and other foundation documents;
- assisting city administration in the adoption of legislation and registration procedures;
- assisting "initiative groups" with the formation and registration of condominiums;
- developing seminars and training courses; and
- providing TA and training to condominium boards to assure long-term sustainability of sound property management and other condominium operations.

Significant achievements of the pilot project include:

- passage of local condominium enabling legislation;
- development of a model charter, declaration, and bylaws suited to Russia;
- publication of a handbook of information and registration documents;
- registration of the first condominiums in the Urals, including former municipal and enterprise housing, cooperatives, and new privately financed construction;
- adoption of condominium registration procedures at the Office of Registration of Legal Entities and the Bureau of Technical Inventory (BTI), and change in the way the BTI records the type of property and ownership in its computerized registry;
- transfer of condominium buildings to the balance of the associations (full authorization to the association to manage the property on behalf of the owners);
- transfer of housing subsidies to condominium bank accounts by the city administration; and
- development and delivery of Condominium Concepts seminars and the training course Condominium Operations and Board Management, including many submodules.

Following the pilot project, work continued in the following areas:

- replication of the pilot project in other Urals primary cities (Perm, Chelyabinsk, Orenburg, Kurgan) and through regional seminars in secondary cities;
- publicity campaign to increase awareness of condominiums and their benefits — four PSAs of two-minutes duration were produced and broadcast more than 100 times in Ekaterinburg in the spring of 1996; and
- further development and delivery of training modules to sustain and improve condominium management.

By mid-1996, more than 120 condominiums were registered in the Urals, and condominium enabling legislation was passed in at least seven cities. Forty-four seminars were delivered to more

than 1,400 participants, and more than 400 participants attended 16 training courses. Public awareness of condominium associations increased from less than 5 percent of households to more than 25 percent of households.

Management and Maintenance Industry Reforms

The Ekaterinburg Demonstration Project started in February 1995, encompassing the following general activities:

- introduction of concepts of competitively bid maintenance to municipal and oblast officials and owners of private maintenance firms;
- development of model legislation and bidding mechanisms that offer local cities and oblasts a systematic approach to competitive contracting;
- assistance to local officials to adopt legislation;
- development and delivery of seminars and training courses;
- TA and training to government and private firms to foster a sustained transition to competitive bidding for maintenance contracts;
- development and delivery of training courses designed to help in the privatization of the maintenance industry (either conversion or new start-ups) and to develop management skills; and
- expansion of the program to other cities in the region outside Ekaterinburg.

Significant achievements of the demonstration project include:

- development of the Program for Competitive Contracting for Maintenance Services, which offers a phased implementation of competitive contracting, including scopes of work, a model bid package, contracts, model local legislation, and training seminars and courses;
- passage of enabling legislation authorizing competitive bidding for contracts in four cities — Ekaterinburg, Orenburg, Chelyabinsk, and Perm;
- conducting competitions for maintenance services in two of the four cities, bringing the total number of units under contract to more than 60,000;
- replicating bidding process on additional sites in two of the four cities;
- development of seminars and training courses to promote and support competitive contracting for maintenance;
- delivery of nine seminars to 340 participants and 18 training courses to more than 485 participants;
- delivery of six training courses on business planning and management skills to more than 118 participants; and
- capacity building and institutional development that made available local expertise in the housing management and maintenance sphere.

By the end of September 1996:

- seven contracts for maintenance of 30,867 units had been awarded competitively in Ekaterinburg;
- four contracts for maintenance of 12,502 units had been awarded competitively in Orenburg; and
- five more competitions for maintenance contracts on 36,000 units were currently in progress in Perm, Orenburg, and Chelyabinsk.

Support to Emerging Land Markets

Before 1992, no land market existed since land was almost entirely in public ownership. There was also no market in development rights, except that they were occasionally transferred between state enterprises in exchange for undisclosed, probably illegal payments (cash and in-kind). In 1992, massive restructuring and privatization of the construction industry took place, and, by 1994, a rapid decline of public investment in new housing construction occurred. The result was a change from a few large construction enterprises (*kombinats*) to many firms of various types and sizes. Many of them were faced with becoming housing developers in order to survive.

Beginning in 1993, TA to the city of Ekaterinburg focused on improving developer access to land in order to support the emerging land market and private construction industry. The resulting Land for Housing Demonstration Project comprised the following general activities:

- analysis of land allocation and development processes and land markets;
- development of land disposal methods oriented to the private market, using competitive tendered bidding to set a market price;
- demonstration of competitive bidding for land by conducting a closed tender for two parcels and training of municipal staff to replicate the process; and
- training of private developers to calculate realistic bid prices and to prepare competitive bid proposals.

In 1994, the project helped the city of Ekaterinburg offer additional land parcels for sale and lease on a competitive basis, adopt model sale and lease contracts, and streamline further the land allocation process, thereby making it more suitable for housing development in a market economy.

Techniques developed by the project in Ekaterinburg were disseminated by seminars and publications and adopted elsewhere in Russia.

The project also collaborated with the Eastern European Real Property Foundation (EERPF) and the Russian Society of Appraisers to conduct the first Introductory Certificate Course on Real Property Appraisal in the Urals. Subsequently, the project brought together the Urals Chamber of Real Estate Brokers and the EERPF, resulting in an agreement under which the EERPF now provides TA to the chamber.

Project staff gave occasional TA on diverse topics to a variety of public and private sector counterparts. Some specific areas of assistance included:

- the adoption of commercial leases for municipal property;
- reform of land use controls leading to the adoption of a new system of zoning and land use controls;
- commentary on draft municipal legislation relating to land and housing; and
- analysis of local real estate markets and dissemination of information on market activity and pricing to various users.

Fourteen seminars and training courses were delivered on topics related to land and housing development in a market economy, attended by more than 250 participants.

Institutionalization of Housing Sector Reforms

The aim of this activity was to develop sustainable local sources of TA and training to support housing reforms. Before HSRP1, there were no local housing experts with the requisite combination of knowledge and skills, together with the orientation to delivering them in the market, and with the ultimate objective of reforming property and land management. Existing training institutions were largely moribund, lacking all three important characteristics needed to support housing reforms and privatization, namely:

- training skills appropriate to adult professional trainees;
- orientation to the emerging market for services; and
- knowledge of land and housing markets and of practical steps to support reforms and stimulate emerging markets.

One major achievement of the project was to establish new sources of TA and training — individual experts and institutions — oriented to providing TA and training in the housing sphere. The experts we leave behind, who were formerly staff members or "training partners," have acquired the capacity to provide these services, together with a completely new appreciation of how their knowledge and skills can be supplied to a variety of clients in the market.

Institutionalization was specifically targeted as a focus of intensive TA and training beginning in January 1995. An initial survey of local training providers showed a general lack of market orientation between local institutes and firms. None of those interviewed was active in the housing sphere, few showed any awareness of training techniques appropriate to continuing professional education of adults, and none had any practical orientation to working in a competitive market or business environment.

A program of TA and training was designed to develop training capacity — training skills and the ability to deliver training as a business. Principal targets of this activity were several PADCO staff and several outside trainers, two from the Institute of Economy and two independent trainers working in the business management sphere. All these "training partners" showed keen interest in developing their training skills and business acumen.

The following three main objectives were adopted:

- to develop local training capabilities;
- to enhance the abilities of local training providers to survive and operate in the local market for training services; and
- to promote the establishment of local NGO/associations in the housing sphere and to support their growth and development through capacity building activities.

Three "training of trainers" courses were conducted with participation by staff and other "training partners" from the Urals and Siberia. These resulted in significant improvement in the quality of training and in the ability of trainers to develop new training programs and to evaluate their results. It also proved effective to use short-term U.S. consultant expertise to develop new training modules that were first delivered with local trainers acting as observers and co-trainers, and later to further adapt the materials for the Russian context and independent delivery by the local trainers.

Several training events were delivered to help training partners develop their "training as business" skills:

- Training course: "Training as Business"
- Seminar: "Marketing in the Service Sector"
- Workshop: "Promoting the Image of an NGO/Association through Press Releases and Press Conferences"
- Workshop: "Preparation of Promotional Materials for NGOs/Associations"
- Workshop: "Accounting and Taxation for NGOs/Associations"

The third track of institutionalization — promoting the formation of professional associations — was supported by short-term consultant expertise and by the three workshops listed immediately above.

The entire "institutionalization" effort was complemented to good effect by USAID's NET training program. Several trainers and directors of NGOs/associations gained valuable knowledge and skills by participating in observational tours to the United States.

The cumulative result of encouragement and guidance, TA, and training to NGOs was the formation and registration of four new NGOs in the housing sphere:

- Urals Regional Association of Homeowners, a foundation created in April 1996 on the initiative of members of partnerships of homeowners (condominiums) to represent and protect the interests of owners of real estate and to organize training and other forms of assistance to support housing self-management in the Urals;

- Urals Center for Training and Consulting (UCTC), a noncommercial foundation staffed by expert trainers, dedicated to the delivery of high-quality professional training in the housing sphere and in business management skills[3];
- Housing Sector Support (HSS), a partnership engaged in implementation of the state program of housing sector reform; and
- Urals Western Association of Homeowners, created in Perm to represent the interests of home-owner associations and to develop and control a small loan fund for repairs and capital improvements to condominiums.

An additional stimulus to sustainability was USAID's requirement to move toward cost recovery for skill-oriented training courses delivered during FY96. This forced PADCO's training partners to develop firsthand experience of marketing, costing, and budgeting for training events. Measures of success in moving toward full cost recovery for training can be seen in the following table.

Status of Cost Recovery on Training Courses — HSRP1 in the Urals

Course Name	Date Place	Strategy for Pricing	No. Paid/ Amount Paid	No. Unpaid/ Value*	Course Cost**	% of Cost Recovery
Management Skills	Dec. 1995 Ekaterinburg	Registration Fee Only	17 $294	5 $86	$1,776	17%
Management Skills	Dec. 1995 Ekaterinburg	Registration Fee Only	21 $363	4 $69	$1,913	19%
Business Planning	March 1996 Ekaterinburg	Registration Fee Only	17 $350	5 $103	$1,071	33%
Management Skills	April 1996 Ekaterinburg	Full Cost Recovery	13 $883	1 $68	$1,860	47%
Condominium Operations and Board Management	April 1996 Ekaterinburg	Registration Fee Only	16 $241	2 $31	$308	78%
Business Planning	April 1996 Magnitogorsk	Full Cost Recovery	22 $1,579	0	$1,579	100%
Business Planning	April 1996 Ekaterinburg	Registration Fee Only	23 $463	1 $20	$825	56%
Business Planning	May 1996 Chelyabinsk	Full Cost Recovery	30 $1,070	0	$1,070	100%
Condominium Board Management	June 1996 Ekaterinburg	Partial Cost Recovery	18 $358	0	$808	44%

Notes: * The number of nonpaying participants invited by PADCO, for example, staff members.
** Course cost excludes trainer fees, as all trainers were PADCO staff.

[3] Under Russian law, there is no equivalent to what we call nonprofit organizations in the United States. All organizations have the same corporate structure. However, such organizations as UCTC and Housing Sector Support that have been established for other than "for profit" motives have the status of noncommercial enterprises. These enterprises have the same organizational structures as "for profit" companies except that their stated aims are not to receive profits. Maintaining this nonprofit status is quite difficult. The enterprise must demonstrate in each quarter that it has fully expended all funds that it received other than advance payments in the form of grants.

1.4 Continued Institutionalization — FY97

The last year of PADCO's HSRP1 work focused on support of continued institutionalization of housing reforms through support of four NGOs, two established in Ekaterinburg and one each in Novosibirsk and Barnaul. In each city, PADCO held competitions to carry out scopes of work aimed at continuing reform. The competitions also gave the NGOs experience in competitive environments that will be faced in the future. Requests for Proposals (RFPs) were sent to various private housing organizations that had worked with the PADCO team over the past four years and to the four NGOs previously described. Not surprisingly, given the highly specialized nature of the work, only the NGOs responded, though there was competition among two of them for one of the contracts.

Being new organizations, all four groups experienced various degrees of problems in establishing themselves. Market conditions are generally hostile environments to NGOs. Unlike the West, there are no tax benefits for supporting nonprofit organizations. Thus, a major source of funding is not available to them. Further, tax laws are not particularly favorable for NGOs. In order for a noncommercial organization to prove that it is nonprofit, it must show that it has fully spent all revenues that it has received at the end of each quarterly tax reporting period. This alone makes it difficult for a noncommercial organization to sustain itself; it must spend all its cash flow in each accounting period, rather than retain earnings for financing future operations. In addition, the local administrations with whom PADCO RAs worked in the past generally are not used to procuring services from NGOs, similar services either having been provided in the past free of charge or from within the local administrations themselves.

Despite these problems, all four NGOs continue to further housing reforms in their respective regions and have gained a fair measure of respect among local administrations and private groups for the quality of services they provide. In Ekaterinburg, UCTC continues to provide assistance to the local administration in formulating local decrees to implement national level condominium laws. Similarly, HSS continues to provide assistance to REMPs to privatize and is conducting a series of fee-based training seminars on maintenance and management practices.

In Novosibirsk, CPR is regularly consulted by oblast- and city-level committees on establishing housing and communal services policy. Significantly, the Oblast Housing Committee of Novosibirsk has asked CPR for assistance in preparing an oblast-wide housing and communal services program in response to the President's Decree "About Reforms of Housing and Communal Sector of Russian Federation" (Decree #425, April 28, 1997).[4] In Barnaul, the Altai Krai has asked ACC to expand its activities beyond Barnaul to other cities in the region.

All four groups are beginning to receive fees for services rendered to developers and middle-to-upper-income groups wishing to establish condominiums. Equally significant, the four groups have continued to foster reform activities in each of their cities. Condominiums continue to be

[4] Under the provisions of this decree, subjects of the Russian Federation have three months to develop and issue a program implementing the decree.

registered in each city. Developers are starting to hire the groups to help establish condominiums in newly completed buildings.

Still, there is concern that these groups may not exist after the end of HSRP1. Thus, in the final series of contracts with two of the Ekaterinburg groups, a matching funding formula was proposed to encourage them to find other non-USAID sources of funds. Under these purchase order contracts, PADCO is providing only about 50 percent of the costs of their services; the remainder of the costs must be matched from sale of brochures, seminar fees, and consulting fees from developers and others.

While it is too early to tell whether the four groups can survive after HSRP1, they are certainly attempting to build client bases from which they can draw future revenues. All four have found markets for their services among developers and, to a lesser extent, public sector clients needing skills training. Equally important, all four have shown that they can continue advancing housing reforms through the media, paid seminars, and lobbying with local administrations.

Accomplishments during FY97

NGO/Location	Accomplishments
CPR/Novosibirsk Siberia Region	Drafted a mayoral decree on transferring subsidies to condominiums, issued January 5, 1997. Distributed the quarterly newsletter *Okno*, which provides information and news on housing sector reform issues, throughout Siberia. Conducted six condominium informational seminars to resident groups in Novosibirsk. Assisted five resident groups in older, mixed-income buildings to organize and register condominiums. These will serve as models to counteract the image of condominiums as appropriate only for newly constructed buildings. Conducted five roundtables of city officials and resident groups to respond to condominium issues and concerns. At the request of attendees, these roundtables have become regularly scheduled events conducted at least quarterly. Provided information and TA on condominiums to numerous individuals and resident groups, which resulted in 21 additional condominiums registered in Novosibirsk Oblast. Drafted a program on implementing the President's June 30, 1997 Decree on Reforms of Housing and Communal Services at the request of Novosibirsk Oblast officials; serve as member of Oblast Working Group implementing the program. Conducted three maintenance and management informational seminars and two procurement and contracting courses promoting the use of competition in maintenance of municipal housing. Assisted city and oblast officials and condominiums in conducting competitions, which have increased the number of units under competitive contracts from 25,000 in 1996 to more than 40,000 (eight private companies and seven municipal enterprises are managing more than 36,000 units and 4,000 units are in privately managed condominiums). Conducted the First Annual Siberia Region Conference on Housing Sector Reform. Developed an automated maintenance and management employment/contracting clearinghouse, a database of condominiums, maintenance firms, property managers, and others interested in private sector management and maintenance; operates on a user fee basis.

Accomplishments during FY97	
NGO/Location	**Accomplishments**
ACC/Barnaul Siberia Region	Conducted three condominium informational seminars on an Altai Krai-wide basis with a total of more than 200 attendees. Conducted 14 condominium informational seminars in eight Altai Krai cities and 3 training courses for property managers. Drafted condominium policies and procedures for 10 Altai cities, all of which have been formally adopted by those cities. Assisted resident groups in the organization and registration of 35 condominiums (5,000 units). At the request of Barnaul and Altai Krai officials, drafted housing sector reform programs for the city and for the Krai. Serve on the Altai Krai's Committee to Implement Housing Reform; provide condominium technical assistance to Altai cities on a fee basis at the request of the Altai Krai Governor and the Krai Committee to Implement Housing Reform. Provide regularly scheduled fee-based property manager training to the Altai Krai Employment Center in Barnaul; to date, all trainees have been placed as property managers for condominiums.
UCTC/Ekaterinburg Urals Region	Assisted the city of Ekaterinburg in drafting a mayoral decree to implement the federal condominium law, which was issued in May 1997; copies of this decree with comments were distributed to several Urals region cities who are using them as models in drafting their own decrees. Provide ongoing assistance to Ekaterinburg housing, land, privatization, and registration officials on housing reform issues. Operated a condominium information "window" providing information and assistance on a daily, walk-in basis. Provided TA on implementing the condominium law to Sverdlovsk Oblast and six Urals region cities, one on a consulting fee basis. Conducted 10 condominium concepts and management seminars and training session, some on a fee basis. Developed and distributed throughout the Urals region the quarterly newsletter on housing reform, *Tovarischestvo*. Awarded a grant by the USAID Housing Reform Small Grant Program to support publication of this newsletter. Assisted developers and initiative groups to organize, conduct necessary meetings, prepare charters and other required documents, and register 22 condominiums in Ekaterinburg and the region. Conducted a publicity campaign in the region for housing reform, which included distribution of thousands of informational flyers; regular broadcasts of previously developed PSAs; and frequent newspaper, TV, and radio coverage. At the invitation of an American association of cooperatives, UCTC's Director, N. Kovalyeva, made a presentation on HSRP1's and UCTC's contributions to the success of housing reform in Russia at the association's annual conference held in Honolulu, Hawaii.

Accomplishments during FY97	
NGO/Location	**Accomplishments**
HSS/Ekaterinburg Urals Region	Assisted one Ekaterinburg REMP in the development of a detailed business/investment plan in preparation for privatization. Provide on-call assistance to REMPs and ZhEKs who are analyzing possibilities for privatization. Developed and published a detailed "how to" handbook on privatizing municipal maintenance organizations that is being distributed widely on a "for sale" basis. Conducted five regional seminars on maintenance and management concepts. Conducted five training courses on "New Forms of Managing Real Estate in Russia" in Ekaterinburg and in four secondary cities in the Urals region. Conducted two workshops on "ZhEK Privatization." Developed a training module on monitoring, inspecting, and reporting on maintenance contractors, including all necessary materials and trainer notes and delivered five sessions of the course. Developed a handbook on monitoring maintenance contractors, which is being distributed on a "for sale" basis. Conducted two Business Planning courses on a fee basis. Developed, published, and widely distributed a monthly newsletter on privatizing maintenance and management services and a variety of housing reform issues. Conducted a publicity campaign for housing reform contributing to newspaper articles published in a number of cities in the region and widely distributing informational flyers. Provide policy guidance and other TA in privatizing municipal maintenance organizations and in organizing competitions for maintenance services to the Ekaterinburg and Sverdlovsk Oblast Housing Maintenance Committees; by the end of FY97, these services will be provided on a fee basis. Assisted the city of Magnitogorsk in preparing for and conducting a competition for elevator repair services in municipal housing, a major first step toward breaking up the elevator repair monopoly. Assisted the cities of Ekaterinburg, Kranoturinsk, Sukhoy Log, Perm, and Kamensk-Uralsky, and several other secondary cities in the Urals in preparing to conduct competitions for maintenance services in municipal housing. Also assisted Perm and other cities in organizing Unified Customer Boards to let and administer contracts for maintenance of municipal housing. Awarded a grant by the Eurasia Foundation to partially support privatization of municipal maintenance activities. Began organizing a national conference on housing reform to be conducted by HSS, the Institute for Urban Economy in Moscow, and the Russian Federation Housing Ministry in the fall of 1997.
Total FY97 accomplishments: 94 condominiums with 14,000 units and 20,000 units under private maintenance contracts.	

1.5 Communal Services Pricing Reforms

1.5.1 Communal Service Pricing Reforms in Orenburg

Communal services comprise a package of urban services needed to make municipal housing function. In the former Soviet Union, these services include water supply, sewerage, solid waste disposal, electricity, gas supplies for cooking or water heating, domestic hot water, heating (in the form of hot water or steam delivered to the apartment from centralized heating plants), maintenance, and housing. Except for the last two, communal services are supplied by municipal enterprises usually owned by the city and regulated by either the city or oblast.

At the start of HSRP1, residents paid only about 2 percent of their income for all communal services. Over the course of HSRP1, the federal government recognized that the subsidies to communal services were unsustainable and initiated a series of policy steps aimed at making the sector financially independent. Presently, the federal government is targeting the year 2002 as the date when all subsidies will be removed. Achievement of these targets is largely a local responsibility. When PADCO started work in Orenburg, some progress had been made in removing subsidies, but households continued to pay only 40 percent of communal service costs. The remainder was subsidized through transfers from higher levels of government or cross-subsidized from higher tariffs charged to enterprises. Though a targeted subsidy program existed, few needy citizens benefited from it. Rather, all residential customers of communal services receive subsidies even if they are able to afford the cost of services.

In September 1995, the PADCO team began work in Orenburg with the Vodokanal to determine what it would take to achieve full cost recovery. The following characterized the Orenburg Vodokanal and, to a large extent, most other communal services providers in the country.

- The utility has almost no autonomy within which to operate. It does not set tariffs or collect payments from residential customers. Its employees are essentially city employees, though the utility has the form of an independent company. Furthermore, the Vodokanal only operates and maintains city-owned infrastructure assets. All investment needed for major system expansion and large-scale capital repair is financed by the city.
- Average tariffs do not recover the costs of system expansion, contain adequate provisions for bad debts, or provide for system expansion through debt. Since the Vodokanal does not collect payments from residential customers, the tariff also does not include collection or enforcement costs.
- Due in part to federal guidelines, residential customers pay only 40 percent of the costs of communal services. The rest of the Vodokanal's costs are financed through cross-subsidies charged to enterprise customers. In Orenburg, the enterprise tariff was about six times that charged to residential customers. This policy makes the operating costs of enterprises higher, and these higher operating costs are, in turn, passed on to their customers, making products more costly than they might otherwise be. Furthermore, it results in large enterprise defaults, as many are unable to pay the full tariffs charged to them.[5]

[5] Under the Russian Civil Code, these cross-subsidies charged to enterprises are illegal since it is illegal for a monopoly to charge one class of customers more for the same standard of service.

- Collection rates are very poor. Much less than what is billed is actually collected and even less is collected in cash. The rest of collections are barter and offset transactions. Often, the Vodokanal is paid in promissory notes that may or may not be backed by some sort of financial securities.
- Residential billing is based on city-wide norms established in part through federal guidelines. These norms do not reflect actual consumption patterns and provide no incentives to conserve water. Thus, losses are very high.
- By far, enterprises and budgetary organizations are the largest debtors, owing large sums to all utility providers. Often this debt is several years old and should be written off, but cannot be due to federal accounting standards.

During the project, the PADCO team conducted a pilot metering project in Orenburg in which a sample of buildings representative of the general building types found in Orenburg were fitted with building-level water meters. (Installing apartment meters was deemed uneconomic because of the plumbing of most buildings. Most apartments would require at least two meters and many older buildings could require up to four meters. Furthermore, the plumbing in most buildings is quite old. Installing apartment water meters could result in serious damage to the building plumbing, a cost beyond the scope of the project.) The pilot metering project showed that actual consumption was at least 20 percent higher than the norms and in some buildings considerably higher. It also demonstrated that the lack of consumption controls meant that as much as 20 percent of the water supplied to residential building was lost through leaking plumbing. This building loss combined with system losses suggested that total system losses were 40 percent or more of the total water provided to Orenburg's water supply system.

Because of the study, Orenburg undertook the following measures to rectify the situation.

- First, norms were increased to reflect actual consumption in an attempt to capture more of the costs of services.
- Next, a city-wide metering program was introduced so that all future billing could be based on metered consumption, not norms.
- Steps have been initiated to reduce cross-subsidies from enterprises through increasing the tariffs charged to households. This process is still under way, but large tariff increases have been undertaken.
- The city is hoping to apply to international lenders to receive financial assistance to renovate the supply network and sustained assistance to restructure its Vodokanal into a more efficient public utility.

1.5.2 Pskov and Novgorod Communal Services Projects

Based on the successes in Orenburg, in the fall of 1996, PADCO communal service experts undertook projects in two additional cities: Novgorod, in which the city asked for assistance in evaluating the performance of its heating utility, and Pskov, where assistance was provided to the Pskov Vodokanal.

To a large extent, the conditions in the two cities were similar to Orenburg: the utilities were experiencing large losses in their networks, thereby increasing costs. Collection rates were poor and the utilities were far from full cost recovery.

The situation in Pskov, however, was unique in that the city had made steps toward privatizing the management of its water and waste water systems. In 1991, the Pskov Vodokanal had formed an employee-owned partnership that managed the system under a leasing arrangement with the city. Under the arrangement, the city retained ownership of the water and wastewater network, but allowed the privatized Vodokanal to operate it under contract. When the PADCO team arrived in Pskov, there was considerable controversy over the operation of the privatized Vodokanal because the local Duma had illegally restricted the composition of expenses that could be included in the tariff, and the city had concerns that the water and wastewater system was not being well managed.

Upon review of the situation in Pskov, the PADCO team pointed out that losses were a major problem, increasing operating costs and making full cost recovery even more elusive. In addition, the team pointed out that the partnership needed to reorganize into a joint stock company to comply with the newly enacted Federation Civil Code. Furthermore, significant tariff increases were needed to reduce cross-subsidies and to improve the financial performance of the Vodokanal. Significantly, at the time the team was completing its work, the World Bank announced a US$300 million water and wastewater rehabilitation loan earmarked for smaller cities. This financing provided the impetus the city needed to embark on a reform program recommended by the PADCO consultants.

Novgorod heating was a different situation. First, the heating system serves mainly residential customers. Thus, the Novgorod Heating Utility cannot cross-subsidize household costs through higher charges to enterprises. The difference in costs is financed out of the city budget from local taxes and transfers from higher levels of government. In addition, the total costs of central heating are significantly higher than those of water supply. Thus, the likely subsidy element is much greater. Like water supply, losses in the form of network heat losses and lost heated water are a significant factor in increasing the total costs of central heating. Russian apartments also lose considerable amounts of heat supplied to them through poor insulation and the inability to control heat within an apartment.

Nevertheless, the PADCO team found that through more efficient management of the heating utility, including possible privatization of portions of the network, it might be possible to finance improvements to the heating network through energy savings. In Novgorod, the PADCO team recommended separating the heating network into smaller, self-contained networks that could be partially or fully privatized. These small networks could operate more efficiently than a single, large network. In them, the energy savings from reducing heating losses would be sufficient to finance system rehabilitation and expansion without tariff increases.

In both cities, the PADCO team reviewed the social safety net that was put in place to help low-income households. In neither case was the Housing Subsidy Allowance Program fully opera-

tional, as only 4 percent of Pskov households and 6 percent of Novgorod households received subsidies. Up to 50 percent of households in both might qualify for partial subsidies if costs were fully recovered from households. While it was outside the scope of the PADCO work to help these cities in operationalizing their housing allowance programs, targeted subsidies are needed to support low-income households as communal services move toward full cost recovery and excessive, and illegal, cross-subsidies are removed.

Before the team's arrival, Pskov had already installed meters in more than 80 percent of its housing stock. However, as intermediaries collected tariffs from households based on norms, households had no incentives to reduce consumption and losses remained high. Nevertheless, financial losses to the Vodokanal were reduced as they billed the intermediaries according to actual consumption and the city financed the difference between metered consumption and bills based on norms.

Through discussions with the PADCO team, the cities of Pskov and Novgorod recognized the need for changes in tariff policies and institutional arrangements with their utilities. In Pskov, a series of tariff increases was imposed to make the Vodokanal more financially solvent and reduce enterprise cross-subsidies. Steps have been taken to convert the Vodokanal from a partnership to a closed joint stock company. Finally, the city has requested assistance from the World Bank to repair the network in an attempt to reduce losses.

Analysis of the costs of providing services in both cities showed that reductions in system losses could be used to finance debt servicing costs required for loans for system rehabilitation. The city of Pskov is hoping to qualify for a World Bank loan to rehabilitate its water supply network and improve sewage treatment. Meanwhile, Novgorod has applied to both the World Bank and the European Bank for assistance for its water supply and heating networks.

1.6 Other HSRP1 Projects

1.6.1 World Bank Projects

From 1994 to 1997, PADCO's HSRP1 project has supported the development of World Bank housing-related projects. This project is presently being implemented by the World Bank and the Government of Russia in St. Petersburg, Novgorod, Tver, Nizhny Novgorod, and Barnaul. Originally, Rostov-on-Don was a participant city, but, due to project preparation problems, it was dropped prior to loan appraisal.

The first of these projects was the World Bank Housing Sector Reform Project, a US$400M loan to the Government of Russia to support housing reforms in six Russian cities and generally throughout Russia. In support of that program, PADCO undertook a series of task orders, which started with providing financial and planning assistance to the participant cities in the use of computer spreadsheets in the preparation of land development projects (TO 73). Next, PADCO provided a long-term advisor to assist in the preparation of the building materials component of the loan (TO 32). Training and assistance were then provided to participant cities in preparing land auction tender procedures and documents and in preparing tender documents for the infra-

structure component of the loan (TO 75). These task orders built on the experiences of the Ekaterinburg PADCO team in auctioning land rights.

All of the World Bank land task orders met their delivery objectives, but many suffered from a series of coordination problems between the World Bank and the Government of Russia and between the Moscow and Washington management of the World Bank. As this was the first World Bank loan with Minstroi (the federal construction ministry), both parties proceeded cautiously and required considerable clarification in loan terms, causing delays in USAID project implementation. In hindsight, this delay may have been unavoidable as both the Bank and the Government were new to donor lending in Russia. Nevertheless, the delays, particularly when caused by problems in internal Bank management, could have been minimized.

After completion of assistance in preparation of the World Bank Housing Sector Reform Project, PADCO worked on a short task order to help define options for the first phase of the St. Petersburg Downtown Rehabilitation Project (TO 83). This work defined pilot projects that could be implemented during the first phase of the loan and would provide experience in implementing the main loan.

Presently, building on the work carried out in Orenburg, Novgorod, and Pskov, PADCO is providing financial and institutional assistance to the World Bank in preparing its Water and Wastewater Sector Loan (TO 87).

USAID/PADCO has carried out the water and wastewater utility loan feasibility assessment in eight Russian cities. The loan feasibility assessment was made in support of the World Bank loan program to strengthen water and wastewater utility management, financial sustainability, and capital improvements viability. The loan feasibility assessments were carried out in the cities of Gagarin, Kansk, Nalchik, Orel, Pechora, Pskov, Smolensk, and Votkinsk.

The loan feasibility assessment methodology looked at three general areas:

- institutional issues and problems;
- financial statement restatement and analysis; and
- loan projections based on financial analysis.

Institutional Analysis

Each vodokanal enterprise was reported on separately. In addition, there was a general report that summarized information on appropriate topics for all eight cities. Institutional analysis looked from the perspective of two levels of institutional concerns. The first was that of the vodokanal enterprise's organizational structure, charter, and contractual relationships with the city, as well as managerial and financial practices of the enterprise. The second was from a perspective of the regulatory environment of the utility, especially with respect to the tariff approval process and full cost recovery.

Financial Analysis

The financial assessment started with a review of the vodokanal enterprise's books of account and restating its financial statements in conformity with generally accepted accounting principles (GAAP) and international accounting standards (IAS). This procedure was carried out in order to give the World Bank a common basis from which to consider making loans and from which to begin negotiations of specific requirements (such as cash collection levels).

Loan Projections

The final part of the loan feasibility assessment was to project specific loan amounts that the vodokanal enterprise could afford, given specific institutional and financial management reforms, including tariff reforms.

1.6.2 Military Housing Projects

To ensure the independence of the Baltic Republics and avoid conflicts between them and the Russian Federation, the United States agreed to provide assistance to the Russian Government to house Russian officers who were to be demobilized from the Baltic Republics. Under the agreement, USAID was requested to implement the program on behalf of the U.S. Government. USAID, in turn, requested that PADCO implement the program under its Housing Sector Reform Project. Assistance was provided in three task orders. The first, Task Order 13, identified the project for USAID, conducted a competition among U.S. and/or Russian builders interested in constructing housing under the program, and prepared recommendations for a pilot project design. The second, Task Order 20, provided construction management assistance to USAID in managing the construction of 370 pilot project housing units in Volgograd, Nizhny Novgorod, and Tula Oblast. Projects were started in Novosibirsk and Lipetsk but were terminated because of political problems resulting from conflicts between local authorities and the federal government. A second project was also initiated in Nizhny Novgorod but later terminated because the contractor was unable to complete the project due to soaring inflation.

Based on the successes and failures of the pilot project sites, USAID embarked on a larger 5,000 unit program in which PADCO assisted USAID in conducting a procurement to identify suitable developers to construct the housing. Under Task Order 38, more than 200 project sites submitted by more than 100 American, Russian, and joint venture bidders were reviewed. Once selected as part of a separate procurement, PADCO assisted the winning general contractor in getting established and conducting a final evaluation of the top construction portion of the procurement.

Though the project's objectives were limited in scope to housing demobilized Russian officers, the experience of working with mainly Russian contractors during the economic and political upheavals going on in the country provided rare insight into the effects of reform on housing contractors. The four companies that ultimately succeed in completing pilot projects were widely different in scale and background. One was a municipally owned corporation that was just considering privatization. Another, Universalstroi, was a subsidiary of a larger St. Petersburg company. A third, located in Tula Oblast, was a loosely organized privatized *kombinat*. The

fourth, Alex Company, was a small private company that has succeeded in growing into a dominant position in the Volgograd region. All four companies, even though fully or partly privatized, retained close contacts with city and oblast administrations and, in fact, could not have succeeded without strong oblast support. Due to rampaging inflation, the successful firms all needed oblast financial support to construct supporting infrastructure and supplement USAID house construction costs. After completion of the pilot project, the four firms' fortunes have varied, partly due to their management style and partly due to political circumstances. In Volgograd, Universalstroi is on the verge of bankruptcy due to the oblast governor's election reversal and the resulting drop in oblast financial support. Alex Company, on the other hand, being more adroit in operating in a difficult economic and political environment, has continued to prosper.

All demobilized officers were able to privatize their flats once they took up occupancy. After that, they could either live in the flats or sell them and move elsewhere. Since U.S. assistance was limited to providing housing, once housed, the demobilized officers had to find employment and other support through the local economy and/or Russian military.

2 Areas of Analysis

2.1 Goal of the Housing Sector Reform Program

The overall goal of HSRP1 was to support the transition to private land and housing markets, a sound goal that still deserves strong support in the form of TA and training.

2.2 Objectives

2.2.1 Reform the Management and Maintenance Industry

Management and maintenance of municipal housing — the major part of Russian housing — are conducted by municipal organizations that are extremely monopolistic, bureaucratic, and inefficient. As a result, much of Russia's housing stock is in fair to poor condition. Given the financial strains placed on cities and citizens because of political reform and economic restructuring, it is unlikely that sufficient replacement housing will be built in the foreseeable future. Thus, it is imperative that existing housing be adequately maintained to prolong its useful life. Of course, proper maintenance has other, equally important social and economic benefits, such as contributing to the health and productivity of the workforce. However, without significant reforms, deterioration of the stock is likely to continue unimpeded.

Reforming municipal housing management and maintenance operations and developing a competitive private property management and maintenance industry were principal objectives of HSRP1. Moreover, these objectives appeared to be achievable with minimal cost and structural shake-ups in the program cities and could provide visible and replicable results very quickly. HSRP1 did help implement reforms that produced visible, cost-effective results within one year. Three bid competitions for maintenance of 10,000 units of municipal housing stock in Novosibirsk were conducted in 1993 in which nine newly organized private property management companies participated. Periodic monitoring and resident surveys indicated that resident satisfaction increased 150 percent and maintenance productivity increased 80 percent. Additionally, municipal housing

officials gained invaluable experience in organizing and conducting competitions, negotiating contracts, and administering and monitoring contracts.

This approach was then adapted and replicated in the Urals, where several cities are gradually making the transition to competitive contracting.

- In Orenburg, for example, the KZhKKh staff reports an obvious growth of interest by public maintenance bodies to become autonomous from the city and district administrations because of TA and training received during HSRP1. The city administration expresses keen interest in promoting this trend to move away from the old maintenance monopolies to a system of market pricing to effect cost reductions.
- In Chelyabinsk, the city has partially separated "the customer" from "the maintenance provider" by establishing Boards of Unified Customers, which will be authorized to contract competitively for management of the municipal housing.

Despite these and other achievements, there is yet to emerge a widespread movement toward competitive contracting, and there are few private firms capable of bidding for large maintenance contracts. Instead, the cities have taken to increasing the autonomy of the existing public sector maintenance providers, while keeping them ultimately under municipal control. Several reasons for this are cited by PADCO's counterparts and staff members.

- While the municipalities continue to subsidize housing maintenance and capital repairs, private firms are likely to be discriminated against, and those public or private providers who do win contracts are not likely to receive full payment for services, let alone earn profits, in light of municipal budget crises.
- Ordinary homeowners still believe they receive full municipal subsidies and so are content to continue to rely on the public sector maintenance providers. Although the public sector providers have ceased to provide all but the most critical emergency services, residents still hope to receive the services they have been promised (which, occasionally, they do receive).
- Decision-makers fear making a poor situation worse by experimenting with innovations that they believe have yet to prove their worth.
- The entrenched housing maintenance bureaucracies resist the necessary restructuring that they correctly perceive as a threat. Local officials are reluctant to challenge these bureaucracies in the absence of an adequate number of competitive maintenance providers in the marketplace to serve the huge volume of municipal housing stock, despite the evidence that competition reduces cost and improves the quality of service provision. As with officials at the federal level, local officials also fear the possible social upheaval that increased unemployment, the likely short-term effect of efficiency improvements brought about by competition, might have.

As a result of such factors, replication of the Novosibirsk pilot project slowed to a snail's pace within 18 months of program implementation. In the Urals region, the concepts of contracting and competitive bidding were readily embraced, but privatization of the industry was resisted as in Novosibirsk. The target of introducing competitive bidding for maintenance contracts is being attained by stages, and municipal maintenance enterprises are winning the contracts more often than private firms. However, this program objective was, and is, valid. Now, in the fourth year

of HSRP1, municipal revenues have declined precipitously, and the models developed earlier under the program are increasingly discussed for replication. Indeed, the cities of Omsk and Novokuznetsk, which had earlier declined TA in competitive contracting for maintenance, adopted policies in 1996 to implement competitive contracting.

In summary, while the objective of competitive contracting with private firms is valid, expecting the transition to occur rapidly is unrealistic in light of various obstacles identified in succeeding sections of this report. Change is proceeding in small increments, the foremost being the adoption of competitive contracting methods.

Real privatization of the industry continues to be resisted by municipal housing officials, who are not anxious to lose their monopolistic maintenance empires and the attendant budgets. The result has been refusal to allow maintenance bodies to privatize real and movable assets and discrimination against private firms that wish to compete for maintenance contracts. While it is not clear why the maintenance sector should be slower to privatize than other small enterprises — such as bakeries, hairdressers, and the like — we suppose it is principally due to the fact that government housing subsidies continue to cover maintenance staff salaries, i.e., unemployment in this sector has not occurred as yet.

On the other hand, "informal privatization" has in fact occurred on a fairly large scale, but the resulting "private firms" are so far mainly "individual private operators," working unregistered, outside the tax system (and often simultaneously employed by municipal maintenance organizations). We can say with a high degree of certainty that the market has created the demand for a large cadre of independent maintenance providers who are filling the gap left by inept public maintenance bodies. This is the other side of the coin, so to speak: subsidies from municipal budgets are being poured into municipal maintenance organizations that effectively provide no service and own no assets. In September 1995, the chairman of Ekaterinburg's KZhKKh revealed that 85 percent of the expenses of ZhEKs are consumed in wages, of which 50 percent are administrative salaries. Similar information obtained in Novosibirsk indicates a progressive increase in expenditures on administrative costs and decline in expenditures on actual maintenance (which is now provided for a fee by maintenance organization staff acting as "individual private operators"). It is no wonder that municipal housing maintenance organizations resist disassembling this "gravy train." The ever-growing municipal budget crises mean that the subsidies to ZhEKs are now declining sharply. This may spark interest in reducing the costs of maintenance of municipally owned housing. This circumstance is already occurring in Novokuznetsk and has resulted in establishment of a policy requiring the use of competitive contracting and an increased interest in privatization among the city's municipal maintenance organizations as a "survival of the fittest" process begins.

Under these conditions, we believe strongly in the need to privatize the maintenance industry, but this objective is not yet widely shared by municipal officials.

2.2.2 Support Housing Privatization through Condominium Formation

At the start of HSRP1, privatization of housing was well under way. A mechanism was clearly needed by which multiple owners could organize the maintenance of their common areas. Condominiums were the obvious solution. Forming condominiums was — and remains — a valid program objective, but it is not clear that condominium formation stimulates further unit privatization. Rather, the most significant result is to give people control over their housing so they can gain real benefits from unit privatization — benefits that they could not obtain in the absence of condominiums to represent them and act on their behalf.

In the Urals region, more than 120 condominiums had been established as of August 1996 in a cross-section of buildings by age and type, including:

- "municipal" housing;
- enterprise or "departmental" housing;
- former housing cooperatives;
- traditional wooden housing; and
- newly built apartments constructed with private financing.

In Siberia, more than 110 condominiums were formed and registered, but mainly in newly constructed buildings and former cooperatives. This has happened for two reasons.

- City officials feared the political consequences that might arise if condominiums were to be formed in buildings with the approval of less than 100 percent of privatized owners. (The roles of a majority and a minority in democratic institutions are unclear to a population with little or no experience in democracy.)
- Residents in older buildings fear that by registering a condominium they risk losing the chance to receive capital repairs executed at the expense of the former "owner" of the housing, i.e., the municipality or state enterprise.

In FY97, the program helped register five condominiums in older buildings to provide models that should reduce these fears.

2.2.3 Support Emerging Land Markets

Support for emerging land markets is one of the most essential reforms: privatization of land, registration of ownership and other interests, and development of the supportive legal and procedural environment necessary to the functioning of a land market. Yet it is one of the most difficult reforms, owing to the ideological and economic value tied up in land.

The objective is important and valid; it may be one of the last major unresolved issues of reform and one that still holds significant potential for improving the economic climate for private markets. Still, it will take many years to complete the transition to efficient land markets. Expecting quick results, given the conservative ideological nature of some local officials and the fear of others of losing control of important state assets, is not realistic. Attention must be focused at the federal level to achieve this objective, but training and other TA at the local level have built

grassroots support for land reform. A good example is the city of Novosibirsk where TA in the first two years of HSRP1 focused frequently on land issues and city officials were adamant that land should remain in public ownership. Subsequently, the city was provided assistance on land auctions and land title registration systems and several officials participated in U.S. study tours on land and housing development issues.

By 1996, the mayor and city planning officials had completely reversed themselves and were strongly promoting private land ownership by privatizing land, as well as improvements at several key sites in the city's center. Also, TA to develop a land title registration system under HSRP1 was welcomed by the city of Irkutsk, despite the lack of appropriate federal legislation and guidance. Given the general conservatism of Siberian officials, particularly in Novosibirsk, we cannot help but assume that their acceptance of land privatization will have a meaningful impact on efforts at the federal level to enact land privatization laws and regulations.

2.2.4 Improve Financial Sustainability of Water Service

Increasing vodokanal autonomy and allowing vodokanals to function in a financially solvent manner will go furthest in increasing the financial sustainability of water service. In doing so, higher levels of government must take responsibility for paying the utility bills of state enterprises and budget organizations on a regular basis. Simultaneously, a regulatory framework needs to be established that provides performance incentives for utilities to improve the quality of service and that identifies the roles and responsibilities of local administrations. PADCO's reports on communal services pricing describe a series of institutional steps that should be undertaken to improve vodokanal autonomy.[6]

Creation of performance-based service contracts between the vodokanal and the local administration is one of the most important steps that needs to be taken in establishing vodokanal autonomy. These agreements should establish performance targets that the vodokanal must meet to receive increases in tariffs. Additionally, the agreements should specify city obligations in helping vodokanals to meet those targets and in ensuring the operational autonomy of the vodokanal.

To date, budgetary enterprises are among the greatest debtors of vodokanals. These consist of two main types of enterprises: housing organizations responsible for maintenance and other types of publicly owned enterprises. Regarding the first, allowing vodokanals to direct bill residential customers would improve collections substantially. The present system of having utility bills collected through housing maintenance organizations results in delays in payments to vodokanals and often only partial payments of tariffs collected from the residential population. Rather, vodokanals should outsource collection and enforcement through competitively bid contracts. Housing maintenance organizations could compete to continue to bill residential customers, but other organizations, such as banks, should also be allowed to compete. In cities where direct billing has been initiated, residential collections have increased to 90 percent of billed amounts.

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[6] See: USAID/PADCO, "Orenburg Vodokanal: Improving Cost Recovery, Tariff Reform, and Metering Demonstration Project (1996) and USAID/PADCO, "Toward a New Model for Communal Services Provision," 1997.

All customers should be billed based on metered consumption rather than norms, as is the current case. Norms do not give consumers incentives to conserve consumption and do not necessarily reflect actual consumption. In the two cities where PADCO compared normatives with metered consumption, normatives understated actual consumption by a significant factor. Increasing norms may capture some lost revenue, but this still does not give consumers economic incentives to reduce waste. Only pricing based on metered consumption can do that.

At the federation level, a series of legal and accounting reforms need to be taken to improve the ability of vodokanals to manage their finances. Russia's current accounting systems do not provide management information as is found in the West. Rather, they were designed to capture taxes. To make accounting systems more responsive to financial management, national-level accounting and taxation laws need to be changed as follows.

- Provisions need to be made to write off bad debts when a receivable is determined to be non-performing and is nonrecoverable. Now vodokanals carry on their books up to 30 percent of their aged receivables that are more than 365 days old and for which no receipts are likely. Under current accounting rules, provisions for writing off this debt cannot be made until the debt is more than three years old.
- Assets should be revalued based on market values rather than predetermined revaluation rules. Similarly, depreciation should be based on the expected useful life of the asset. If this were done according to Western standards, assets that are now being depreciated over 100 years would be depreciated at between 25 to 40 years, thereby permitting earlier replacement.
- Operational expenses should be booked on an accrual rather than cash basis, as is the current case. Often this would result in the vodokanal showing a loss, but the situation would more correctly reflect the actual cost of service provision.
- Interest expenses related to servicing debt required for expansion and/or replacement of the utility's service network and operations should be treated as an expense and thus included in average tariff calculations, rather than subtracted from after-tax profit, as is the current case.
- Except for profit-sharing plans, employee expenses currently subtracted from profits should be treated as employment costs and incorporated into tariff-related expenses, rather than subtracted from profits, as is the current case.

Finally, the targeted Housing Subsidy Allowance Program needs to be made fully operational to provide a social safety net for low-income households. The program has existed for at least three years, but in most cities is only partially operational; most households who need assistance do not receive it.

2.2.5 Institutionalize Reforms

Institutionalization was an unstated objective of HSRP1 during the first two years of the program. Training programs were provided for public and private sector counterparts, and development of staff expertise was emphasized. However, housing reform issues are complex and not readily understood in Russia, given the complete lack of experience in private ownership of real estate, property management, and other market principles. Therefore, institutionalization of reforms was promoted to a key program objective to sustain the reforms initiated under HSRP1. Achievement

of this objective required an intensive and time-consuming effort to train trainers, develop a housing reform curriculum, provide small business development assistance to training organizations, and help in forming NGOs and other representative organizations competent to continue housing reform activities. Nevertheless, the institutionalization effort has proven to be one of the most significant products of HSRP1. This objective should have been clearly established at the very beginning of the program.

2.3 Environment in the Two Regions

"Other things Western have not yet arrived — good government, democracy, and efficiency" (Yale Richmond, *From Nyet to Da: Understanding the Russians* [Yarmouth, Maine: Intercultural Press, Inc., 1992]).

The project was conducted in an unsettled political and economic environment that complicated the pursuit of goals and objectives. Issues such as the privatization of land were — and continue to be — politically charged, and government bodies at all levels have yet to articulate clear policies for reform in this sector.

During the project period, there also were significant changes in the balance of power among the federation, oblasts, and municipalities, and several cities and oblasts experienced abrupt changes in elected or appointed leaders. Furthermore, the unique political character of each city and oblast means that challenges and frustrations were not always similar across the cities. It would be a mistake to assume that conditions in Moscow are indicative of the environment outside the capital, let alone east of the River Volga.

2.3.1 Relationships between Federation and Local Levels of Government

There seems to be a yawning gulf between federal legislation and its local implementation, which is a major obstacle on the road to economic reforms. By its very nature, the civil law system of Russia seems to give laws much more influence than does a common law system (as in England and the U.S.). Virtually any action must be specifically authorized by law in Russia, whereas the practice under common law is to legislate mainly against undesirable activities. Admittedly, our understanding of this difference is unsophisticated. However, the practical result is that the lack of a law, or delay in enacting local legislation in response to Russian Federation law, can be used to delay or obstruct reforms.

While local decision-makers apparently have considerable legal authority over housing as a local prerogative, our local experience suggests that the whole federal legal superstructure and traditions do not give local authorities much scope to act independently. This is evident in the lack of progress on such issues as eviction for nonpayment of rents and privatization of land. We suppose this may result from several factors, including the following.

- Local decision-makers coming from the "old system" simply do not appreciate that they now have increased scope to legislate on local affairs, such as housing.

- Local decision-makers are averse to taking political risks with local voters and within the structure of shifting regional and national party politics; therefore, they are not likely to champion reforms.
- Those in power derive personal benefits from resisting reforms or by implementing them selectively.

The difficulty of promoting reforms via federal legislation is aggravated by the decline in funding flowing from higher to lower tiers of government. It is not clear how the federal government can enforce new policies without funds to disburse (or to withhold for noncompliance). Not surprisingly, local authorities often ignore federal decrees that do not involve funding incentives or penalties, particularly if the decree is not seen as in their best interest. This raises some interesting questions. For example, what can residents do if federal law authorizes the municipality to set tariffs for housing maintenance and the municipality discriminates against them (for instance, denying housing subsidies to cooperatives and condominiums while paying them to municipal housing)?

To understand intergovernmental relations better, it may also be useful to note the following.

- Oblast housing management committees may be able to influence housing sector programs in the secondary cities, although it is not clear whether they can enforce their policies in light of declining funding. In our experience, there has been little interaction between oblast and city housing committees.
- Relations between the oblast administration and the administration in the primary city are typically very bad, with fierce infighting over political turf and scarce budget/fiscal resources.
- Recent moves by the federal government to grant increasing autonomy to oblasts and republics were greeted with enthusiasm in the Western press, but many of our municipal counterparts complain that the oblast governments are using their new powers to strangle the primary cities. Also, autonomy does not necessarily mean that oblasts or local governments are free to tax as they might deem necessary or to retain an increased share of federal tax revenues collected. Again, the decline in funding limits the federal government's ability to influence oblast and local policies and, in fact, may strengthen oblast and local government resistance to change.
- Moscow and St. Petersburg appear to have disproportionate access to power and funding, owing to their special status as "federal cities." Certainly their elevated conditions make them less relevant as demonstration sites for the rest of the country. Local officials outside Moscow tend to dismiss "Moscow experience" as irrelevant to their needs, but this is, at least partly, a common affectation.
- Housing conditions (problems) have not yet become political issues — at least not to rival the big issues of the day, including "crime" and "Chechnya." Thus, they have not become part of "interest group politics."
- Communication among the federal, oblast, and local governments is very poor; for example, PADCO occasionally provided local governments copies of federal decrees.
- The quality of legislative drafting is poor at all levels of government.

2.3.2 Culture and Traditions

Russians are far less "empowered" than Americans or Europeans. To some extent, empowerment was an implicit goal of HSRP1 — empowerment of individuals as owners and as buyers and sellers of goods, services, and property in a market economy. Ultimately, "restructuring" and "economic reforms" should change the balance of power among individuals, institutions, businesses, and the state. Yet individual empowerment is at odds with some fundamental character traits that have deep roots in Russian culture, reinforced by recent Soviet history.

- Many Russians neither understand nor believe that as nonprofessionals they can control the activities of specialists, such as property managers. They have little experience in buying professional services in a competitive market and thus do not understand that in a market it is the buyer who sets the price and the terms of the contract. Legal contracts do not work to protect buyers by controlling the relationship between buyer and seller. For instance, homeowners often do not believe that a condominium board comprising volunteers and other ordinary residents is capable of contracting for management and maintenance services. They doubt their ability to assess their maintenance needs or to control the work of a service provider.
- Residents are accustomed to "Soviet era" living standards and, although there were phenomenal improvements in the housing stock from the 1960s through the 1980s, Western standards of housing quality — as measured by cleanliness, safety, security, and availability of space — are alien to the experience of most Russians. Given the uniformly poor condition of common spaces and the lack of contrasting firsthand experience (e.g., from international travel), few people have any superior image or model to which they can aspire.
- Residents have come to accept poor-quality maintenance. They sometimes seem indifferent to the quality of the living environment beyond the door of their apartment. Actually, most are unhappy with their living conditions, but the idea that they can influence the quality of maintenance is almost completely foreign.
- Russia lacks some of the institutions that support the empowerment of individuals, such as NGOs and an independent media that asserts itself as a watchdog for public and private interests.
- Accountability, such as that of public officials to an electorate and that of parties to the terms and conditions of a contract, is absent at all levels.

The strong tradition of communalism that predates the Soviet era works against democratic and market principles. Character traits such as individualism and creative dissent, which Americans feel essential for the health of democracy, were not viewed as virtues in Russian communal society. Yet the marketplace (and many Western approaches to stimulate reforms) depends on inputs, opinions, and feedback from end consumers — the very traits that Russians have been conditioned to suppress by their communal history and recent repressive Soviet state.

On the other hand, communal traditions provide an opportunity to define or depict a housing complex (condominiums, cooperatives) as a "modern communal village" in which all residents share in decision-making to protect their property and benefit their families. It is an approach that emphasizes the responsibility of the individual to the group or commune, and it may raise a new community spirit or pride in the place of residence.

Russians typically do not admire individualism, and when it surfaces, for example in the form of entrepreneurial success, the envy of the population can be vicious. Indeed, the state itself severely repressed innovators and punished risk-takers during major periods of the Soviet era. Naturally, then, risk-taking is not the norm. Additionally, Russians tend to be very pessimistic and skeptical about possibilities for a "better life," which has been an unfulfilled promise since the revolution. Only since *glasnost* have the Russian people come to understand that their life is far more difficult than in other "developed" countries. This discovery has only served to deepen pessimism and skepticism. The blow to the national psyche caused by the fall of the Soviet Union cannot be overstated.

These factors were serious impediments in the early stages of HSRP1: few local leaders or ordinary citizens were willing to be pioneers in implementing and replicating the private property management demonstration project or in forming condominiums. Fortunately, once projects did get off the ground and models had been established, i.e., someone else had taken the risk and results were seen to be in the self-interest of the population or local government, then replication of the models became less difficult.

Solutions that successfully attracted pioneers to take risks included:

- pilot project "kickoff" workshops and seminars attended by a variety of counterparts (primarily officials), giving them the opportunity to influence the program at an early stage, but also serving to "bring them up to speed" on the context and objectives;
- study tours for counterparts and local clients of all sorts that expose them to the context and specific examples related to a pilot project (e.g., private property management and condominium-related observational tours to the United States); these events increase the knowledge of participants and can elevate them in the eyes of their peers, giving them greater confidence in dealing with the issues, and they also generate goodwill, which makes counterparts more supportive; and
- finding those stakeholders who have the most to gain from a pilot project, for example, developers who want better access to land, disgruntled coop members who can use condominium conversion to change the management structure of their housing, developers who want to set up homeowner associations to escape responsibility for maintenance in newly constructed apartment buildings.

The Russian people are extremely hospitable and gracious. Unfortunately, this means that often leaders and others will say "yes" even when they have no intention of following through rather than risk offending their "guests." Some program delays occurred because this was not fully appreciated at first. Understanding that actions speak louder than words in Russia is important. Without specific action, one can assume that "yes" really means "no" or at best "not now" with the "when" remaining very unclear.

2.3.3 Changing Political Situation

Beginning with the unsuccessful "parliamentary coup" of the federal Duma in October 1993, political instability in Novosibirsk became the norm. The governor and mayor were "bumped up" following the firing of the oblast governor by President Yeltsin, and Vice Mayors for Housing were appointed and transferred four times. Each new appointment required a new round of rapport building and selling of HSRP1. As a result, every program initiative was either slowed (privatization of maintenance and management, condominium formation, and strategic planning) or postponed indefinitely (land title registration assistance). Likewise in Novokuznetsk, shortly after the program started, the oblast governor fired the mayor and replaced him with an unpopular and inexperienced Communist, who was less than cooperative with the program.

Numerous elections also slowed reform activities. Between 1994 and mid-1996 in Siberian oblasts and cities, elections were scheduled and conducted for the State Duma, the Oblast Duma, the City Duma (twice in Novosibirsk), the governor (two stages in Novosibirsk), the mayor (canceled by the oblast governor in Novokuznetsk), and the president (two stages). Each election significantly disrupted work because officials either were pulled away for election campaigning or were anxious about possible changes in the power structures or because the elections provided a convenient excuse to postpone reform. This was particularly true during the period between the December 1995 State Duma elections, in which the Communist Party took the lead, and the June/July 1996 presidential elections, as officials either feared or hoped that reforms would be reversed.

In contrast, political stability in the other Siberian and Urals cities, where local elections were held early and leaders were elected with little controversy, aided the establishment of professional relationships between PADCO staff and local officials and strengthened support for the reform process.

Overall, the Soviet lack of accountability to voters was often evident in the actions of city governments before elections and in citizens' inexperience in influencing the political system. The former negatively affected replication of the private property management demonstration project, since officials cared more about retaining the reins of authority over housing than they did about responding to resident dissatisfaction with housing conditions. The latter affected condominium formation, since residents felt unable to influence city policies.

Lacking popular pressure in support of reforms, the project often found valuable support from specific stakeholders with stronger influence. For example, builders and developers with good connections in city hall proved adept at lobbying for condominium legislation that would help them shed their responsibility for maintenance of newly built housing. Additionally, it was advantageous to hire local staff with good connections in the government structure who could take on the role of communicating (and lobbying) on behalf of the project with key officials.

Despite the major inconvenience of frequent elections (mayor, governor, etc.), each election reinforced the growing power of voters to hold government accountable and to influence government policy. As this experience deepens, reform activities will quicken. Similarly, as residents

learn to solve housing problems collectively through homeowner associations, they will be more likely to promote their housing problems as political issues.

2.3.4 Changing Legal Environment

The legal environment in Russia is in flux. "Rule of law" is still the exception. For example, both parties to a maintenance contract often will unilaterally ignore responsibilities that are clearly spelled out in the agreement; enforcement and penalties are not applied. Organized and semi-organized criminals often dominate sectors of a city's economy and local officials, thus stifling entrepreneurial activities. Even when this is not so, the government's oppressive tax policies inhibit new business development (e.g., private property management or maintenance companies) or encourage a shadow economy that darkens each day in the absence of legal and tax reforms.

> More than 90 percent of the participants of the First All-Russian Congress of Small Enterprises said that the biggest problem they face is the tax system. Eighty-three percent reported they had experienced extortion by officials, 67 percent said conditions for small businesses were unsatisfactory, and 38 percent said that no one supports the development of small businesses. ("Russian Business Ventures," *Russian Business News*, [April 1996])

Fundamentally bad legislative drafting is another obstacle to the rule of law; new laws and especially local regulations are often ambiguous and internally contradictory. Conflicting laws are rarely amended or repealed. For example, owning an apartment is possible for a foreigner, which may be part of a condominium that includes a land parcel, but it is illegal for the same foreigner to own land in Russia. Another example is the tendency to say in law that something should or must be done, but not to specify how it is to be done.

A positive counterpoint to this is the formulation and adoption in 1995 in Ekaterinburg of the Rules for Urban Development, designed as a handbook for effective regulation of city development, replacing the previous 1972 Master Plan. The authors of the plan, several of whom participated in HSRP1 training courses and study tours, intentionally set out to provide a single volume containing all the rules controlling development in the city. The document is published in a loose-leaf binder so that it can be modified in response to the changing needs of the city. The very fact that it was published and distributed indicates a new degree of openness in the Office of the Chief Architect. (The previous city Master Plan was a restricted, secret document.)

In general, however, the civil law approach may be a major stumbling block to private initiative and self-management. A practical illustration of this is the tendency we have seen that each and every maintenance competition needs its own specific authorizing mayoral resolution and packet of documents, rather than the mayor simply authorizing the KZhKKh or customer board to do competitive bidding using an approved, standardized approach. Another example is the desire of some cities to register each and every condominium by its own mayoral resolution. Viewed as a whole, the legal and regulatory apparatus seems to aim less at protecting the rights of citizens than at maintaining the monopoly of state power in people's lives. The cumulative effect of these small "frictions" that inhibit individual initiative is to restrain the growth of land and housing markets.

The courts are an ineffective remedy for citizens' complaints against the state owing to inadequate separation between the judicial and administrative systems and the traditional presumption of guilt ascribed to complainants. Thus, the courts do not seem to play the role of an objective arbiter in disputes between citizens and the state (administration). In this situation, the odds are against shifting power from the state to individuals and private institutions. High cost and lengthy procedures are the two reasons commonly cited for people's reluctance to seek remedies through the courts; a third seems to be the presumption that "you cannot win a fight with the state." The entrenched bureaucracy is not impartial and is poorly equipped to sit in judgment over many aspects of privatization of state property and the transition to democracy. While the situation may be improving, it is not clear that the courts work equitably yet for ordinary citizens. Certainly this is the common perception.

This situation has negatively affected the pace of reform. The successes achieved could expand geometrically and rapidly if the legal bases were clear and enforceable and if tax policies were transparent and fair.

2.3.5 Work Environment

Conditions for conducting business are relatively undeveloped outside Moscow. Communications are extremely difficult. Telephone service is of poor quality and very unreliable. E-mail has proved to be the most reliable communications mechanism, but it, too, is dependent on the phone system. Equipping and maintaining an office was challenging at times, and buying basic office supplies like file folders, paper, tape, etc. only became reliable in 1996, though by then the cost of supplies had become exorbitant. Office equipment is expensive and difficult to service and supply.

Travel in Russia is problematic. Flights are frequently canceled or delayed, and many locations are served only by rail or rather poor quality bus service. The quality of Russian hotels is inconsistent, and often a letter from the local FSB (former KGB) office is required before a foreigner can book a room. However, if the local administration made the request on our behalf, there was usually little difficulty. In general, restaurant and other services are of poor quality or nonexistent. In recent years, the cost of hotels has far outpaced the rate of improvement in the facilities or their management and operation (for example, there has been a six- or seven-times increase in the dollar cost of a room at the Magister Hotel in Ekaterinburg and the Hotel Sibir in Novosibirsk between 1993 and 1996, with rates now exceeding the maximum USAID lodging allowance).

2.3.6 The Transition Environment

There are unique problems associated with the period of transition from an autocratic command economy to a democratic market economy. Some of these problems arise from the lingering existence of the old system. Some reforms and new approaches are simply not viable while the old system survives. For example, there is little sense for a municipality to sell land parcels at "market prices" while the same administration continues to flood the market with land parcels given away free or at heavily subsidized prices.

While the economy itself shows signs of "turning the corner," the period of transition in the economy and the control of the economy is a disaster in many respects, suffering the worst characteristics of three different systems: the command economy, the transition economy, and the market economy. The resulting chaos is costly and inefficient, often patently unworkable, and has sapped public confidence in the reform movement.

During the early 1990s, newly elected "democrats" had an agenda to pursue reforms. Yet this "new regime" was impeded by lack of knowledge, experience, and connections and by the need to pay off the persistent old regime. The democrats also could not form coalitions around common objectives, and thus the local legislative assemblies often were impotent. Most of these original "people's deputies" elected in 1992 have vanished from the political scene.

Remnants of the persistent old regime continue to fight for survival, with notable success in some places, all the while taking advantage of the "confusion of transition" to convert state wealth to personal wealth before their well-established networks crumble. Perhaps the recent federal decision to prolong the "transition period" owes as much to decision-makers' pecuniary self-interest in extending the window to reap personal and private benefits as to the desire to soften the blow of reforms on ordinary Russians. Leaders are making out better by exploiting the flaws of the transition process than by promoting real reforms (with their risks and uncertainties). Whether or not this is an accurate assessment is almost beside the point, as it is a widely held belief that impedes the progress of reform.

In contrast to this, there also are signs of progress. For example, municipal officials and staff working in housing management had earlier shown reluctance to open the competition for contracts to private firms for fear of losing control of maintenance and the associated assets. They never seriously considered the possibility that a private firm would win a contract. But this fear is gradually being overcome. Adoption of Regulations for Transfer of Assets, which were developed jointly by PADCO staff and the Ekaterinburg City Property Management Committee, show that the city is coming to accept the idea that property management assets might be privatized. Another similar example is the joint activity of PADCO staff and the Ekaterinburg Housing Management Committee (UZhKKh) to develop a set of documents and model contracts for use by the newly established customer boards — thus showing the growing willingness of the city to transfer authority to the boards.

2.4 Program Design

2.4.1 RAs Moving toward Regional Russian RAs

In both regions, a single expatriate was under pressure to show tangible results almost from the first moment he or she stepped off the plane. The work could have been accelerated if we had started with a bigger team (two RAs in each region from the start, as originally proposed). When it was decided to halve the number of RAs initially proposed, the structure of staffing the whole project should have been reexamined, and one or more long-term resident technical staff (strategic and administrative) operating in support out of Moscow should have been added.

While the need to demonstrate concrete achievements as early as possible is well-understood, our ultimate impact might have been magnified if we had simultaneously undertaken some kind of strategic planning exercise at the beginning of the project. This would have resulted in (a) a better understanding of the objectives of reforms and pilot projects, (b) a more integrated policy environment for the project among various counterpart bodies, and (c) a stronger commitment by counterparts to the goals of the program.

Instead, it was necessary to focus the scope of the projects very narrowly at the outset to be assured of achieving concrete results as early as possible. This did have the positive effect of building the credibility of the projects, as the initial activities were mainly successful.

Bringing in the second RAs (one each in the Urals and in Siberia) in program year three allowed regional expansion and a rapid quantitative increase in program results (e.g., the rapid increase in the number of condominiums between 1995 and 1996 and the spreading of maintenance reforms), but this could have occurred sooner.

Transfer of program responsibilities to Russian national staff might have occurred sooner had institutionalization been more clearly identified as an objective from the very beginning of the program. It is possible that RAs could have been repatriated at the end of FY95 had there been two RAs from the outset and had institutionalization been a major program component from the beginning of the program. But it is important to note that moves to "spin off" the local staff in the form of private firms or NGOs were fiercely resisted by the staff, fearing risk and competition, until the last nine months of the program.

Attracting highly qualified Russian local housing sector advisors would have helped us get started faster and would have given us a more solid core of expertise around which to institutionalize the technical staff for long-term sustainability. Although we did try to find and recruit local housing sector experts, we did not succeed for various reasons.

- Suitably qualified experts did not exist in the two regions.
- Other professionals did not want to leave comfortable government jobs to work in a risky new environment.
- As employees of government or enterprises, potential staff had invested years moving up in the waiting list for housing and could not be attracted away at the cost of their place on the waiting list.
- We were unable to offer long-term contracts to potential employees that might have at least offered a modicum of security — enough to entice some of the candidates to come on board for the long term. The notion that one might work for several employers during one's career was alien to most professionals early on.
- We had to find bright Russian staff from generally unrelated disciplines and train them in the program areas.

2.4.2 Pilot Projects Moving Toward Roll-Out

The basic program design requiring development of demonstration projects followed by replication and broad public education on results was appropriate. "Seeing is believing" is particularly important in an environment in which there is no basis of personal experience in a market economy with private ownership of land, housing, and related industries.

Roll-out or replication of the pilot projects has happened to some extent. A positive example is that some secondary cities have started to register condominiums based on receiving a set of model documents or attending a regional seminar. They have taken the initiative with good results, and approximately half of all condominium associations registered in the Urals are outside the primary cities. But widespread replication is hampered by our inability to clearly demonstrate the benefits of reforms in concrete terms (i.e., we cannot show unequivocal, real results yet, or they are still tenuous).

It would be fair to say that our success in implementing the pilot projects owes at least as much to the cachet of "doing something with the Americans" as it does to local counterparts understanding the benefits of reforms or their interest in implementing federal law or programs. Nevertheless, the process of reform continues through the support of the four NGOs established prior to RA departure. Furthermore, now that clearer federal legislation on housing and communal services is beginning to emerge, local administrations have less ability to impede reforms citing the lack of federal guidelines.[7]

2.4.3 Move from Local Governments to Private Sector

There was no alternative but to deal with the government as one of the chief counterparts of the project. All housing and maintenance was state-owned and -controlled. The bulk of new private firms (e.g., maintenance providers) is likely to be formed from existing governmental bodies, once the playing field is leveled to give the private sector a better chance.

Today, the government is still a dominant player. If there is a moderate shift of workers in the maintenance sphere to the private sector, it is mainly to the informal private sector, since small businesses are at a competitive disadvantage owing to taxes, organized crime (Mafia), overregulation and licensing, etc.

The city of Ekaterinburg was openly biased against private bidders during the first maintenance competition, although prospective private bidders were available and willing to participate. A similar bias occurred in other Urals region cities. This was not the case initially in Novosibirsk, but once officials realized they had lost some control over funds (i.e., profits went into the pockets of the private contractors rather than those of the officials), pressure was placed on private firms to reorganize as municipal enterprises.

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[7] The most recent was the Presidential Decree on "Housing and Communal Sector Reform in the Russian Federation," No. 425 of April 28, 1997.

Experience suggests that different sequencing of activities might have had a more profound impact. For example, the advertising campaigns conducted by PADCO in both regions proved effective in attracting interest in condominium formation and resulted in a dramatic increase in the number of condominiums registered in the cities and the surrounding territories. The impact might have been even greater if this activity had been started earlier, in parallel with the development of local legislation and training of staff to assist homeowners. This would have provided broad education to both residents and city officials and generated a great deal of interest early on. With the exception of Barnaul, the cities took very little interest in augmenting or supporting the advertising done by HSRP1, and, even when they did wish to assist, they were often helpless to secure "free" PSA air time.[8]

2.4.4 Geographic Design of Program

The hub-and-spoke system we used to extend our activities to the regions was useful and effective. Being located in hub cities at the geographic center of the two regions (the Urals and Siberia) within one day's travel of other primary cities facilitated roll-out, troubleshooting, etc. The right cities — Novosibirsk and Ekaterinburg — were selected as hubs. Despite political and other problems experienced in implementing the program in these cities, they have proven to be wise choices because they are the capitals of very large regions in Russia and as such are viewed as models by smaller cities in the regions. This "regionalization" has contributed more to replication of the reform models than the Moscow experience, since municipalities outside Moscow often regard that city as having more resources and more access to the federal government. If something is done in Moscow, officials in other cities assume it can only be done there because of the special privileges or funding (federal city status) granted to Moscow. Therefore, local and regional experience are very valuable.

There could have been a stronger process of endorsement by the Russian Federation and USAID when the field office cities were established in the hub cities, e.g., stronger promotion of the MOUs, stronger MOUs, or simply some kind of "programmatic" oversight and encouragement by Russian Federation authorities serving to emphasize the importance of the program. While we feel that one of the strengths of the project was its close association with municipal bodies outside the embrace of the federal government, we wonder if the residual momentum of the old command system could not have been used by federal officials to impress on both Novosibirsk and Ekaterinburg officials the "importance" of HSRP1 activities. USAID (or, perhaps more properly, mainline State Department staff) apparently did not work with federal counterparts of HSRP1 to make this initial overture to the hub cities at the outset of the program. At a minimum, there should have been Russian Federation/USAID coordination in developing goal-oriented MOUs written to hold the participating cities to a definite level of performance.[9]

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[8] Given the lack of tax incentives, local media's refusal to provide free broadcasting time for PSAs is understandable. Nevertheless, reform activities were often covered as news items in the press and were the subject of broadcast interviews with the Resident Advisors and then members of the four NGOs.

[9] Certainly in the World Bank projects implemented under HSRP1 and other USAID programs carried out by PADCO, active participation in the programs by federal agencies facilitated progress at local levels.

At the onset, USAID should have assigned the main contracts so as to give both contractors working in Russia (The Urban Institute and PADCO) a foothold in Moscow. Without a significant project-operational presence in Moscow, PADCO was often either "out of the loop" or suffered from a slow and incomplete flow of information about legislation, reports, etc. Given that PADCO had no project-related presence in Moscow in the first three years, USAID might have done more to ensure coordination between PADCO and The Urban Institute for efficient dissemination of information, sharing of successes, lessons learned, and federal legislation.

2.4.5 Action-Oriented Pilots, Then Public Education

We should have done more to inform our counterparts and potential clients about the activities and successes of the project. For example, we could have published a quarterly flyer or newsletter about significant achievements and challenges and sent it out to the governors, vice-governors, mayors, vice mayors, heads of committees, and other officials. It might have been similar to the newsletter *PADCO Perspectives*, but in Russian and with more input from the field. Of course, there are some risks of having a higher profile, apart from the need to spend valuable level of effort (LOE) putting these things together, but in retrospect it would have been beneficial.

We should have started earlier to conduct widespread publicity campaigns to provide background awareness complementing the objectives of the project. In the early stage, if there is no specific message, it still would be helpful to promote general themes, such as empowerment through privatization. It is not clear, however, if PSAs (social marketing) would result in popular political pressure for more rapid or progressive change, since ordinary Russians have no history of participatory government (interest group politics do not work yet). Possibly other USAID projects have relevant experience in this area. Conducting a broader publicity campaign via TV and radio would require more funding than we had available — or reallocation from activities with lower priority — since Russia apparently has no tradition of unpaid PSAs (virtually all advertising is paid advertising). There might have been some scope for negotiating with the municipalities to provide, that is, pay for, PSAs if this had been negotiated prior to signing the MOUs.

We also feel that there is great scope for more productive coordination among different programs funded by the U.S. Government, for example, to use the United States Information Agency (USIA) to promote messages that complement housing reform themes.

The NET/AED program was both a boon and a fiasco, aggravated by incomplete communication on the part of USAID about, among other things, the program, its objectives, its timing, misinformation about the numbers of participants, and the role and obligations of the contractor. This program demanded extensive support from RAs and local staff and caused endless frustration for RAs and participants, resulting in a bad image for USAID and the United States. Despite this, the program was successful in exposing counterparts to alternative approaches to property management, condominium operations, and other housing-related activities. This translated into their direct support for program objectives upon returning to Russia.

2.4.6 Project Management, Administration, and Coordination

The local staff members hired to run the three Urals field offices (Chelyabinsk, Orenburg, and Perm) found it difficult to be "Lone Rangers" and expressed the common belief that they would have been more productive working in pairs. Their assessment is valid, but budgetary considerations prevailed. Both maintenance and management and condominium project replication could have been accelerated had there been funds to support more than a single representative in each city. Multiple staffing in Barnaul and Omsk, where staff costs were lower than in the Urals, certainly reaped good results and most likely would have done the same in other roll-out cities.

USAID should have assigned an intern or hired a local firm or contractor to be a hub of information, taking advantage of modern technology, for example, to set up a conference on e-mail or the Internet, where new laws and announcements about upcoming conferences and training events could be posted and updated. This would have promoted better understanding of issues by staff being trained in both regions and would have sped up the standardization and use of materials for training.

We think there was scope for more active project leadership by PADCO, especially to promote more effective cross-pollination between the geographically diverse project offices in Ukraine and Russia. For example, activities in the NIS region could have been looked at as a whole in order to coordinate training modules among all Russian and Ukrainian offices, organize strategic conferences, etc. Project-wide (NIS) promotional materials are being developed after the departure of the RAs to link information on goals and objectives, pilot project activities, and specific benefits realized by counterparts. If taken as a whole, the HSRP1 project could produce high-quality promotional flyers on the positive impacts of housing reform (beyond the capability/capacity of any single city or pilot project).

There should have been better coordination between The Urban Institute and PADCO. At times, the two firms ended up competing for information, prestige, and resources with USAID. While this is probably inevitable, we did not see that USAID took any steps to discourage it. The result was a squandering of valuable information and occasional duplication of effort. Toward the end of the RAs' stay in Russia, steps were taken by USAID contract staff (PSCs) to improve coordination. Semiannual meetings among the contractors were instituted and held at The Urban Institute and PADCO offices. These proved very useful in discussing common problems that emerged across Russia in implementing housing reforms.

2.5 Tasks Remaining and Next Steps

The most obvious next step is to replicate as widely as possible the successful models developed during HSRP1. There is considerable opportunity for the introduction of condominium ownership and competitive bidding for maintenance in secondary cities of Siberia and the Urals. FY97 activities continued to make good progress in this direction. After the end of HSRP1, it is anticipated that some reform activities will continue on their own momentum under the purview of government counterparts, NGOs/associations, and other "successor" groups.

USAID should continue to play a role in promoting housing sector reform in the Siberian and Urals cities, since the successor groups are young, relatively inexperienced, and face numerous challenges. In the absence of HSRP1, activities of the following sort would be effective and relatively easy to implement:

- disseminating information on new and continuing programs in the housing sector to counterparts and successor organizations (e.g., technical information, RFPs for consulting, training and other services, notification about seminars);
- actively involving training partners and successor organizations in new housing-related activities (for example, national conferences or seminars, as subcontractors);
- playing a role in coordinating activities, such as USIA seminars or NET training courses with the HSRP1 training partners and successors;
- monitoring the flow of information and resources from donor agencies to NGOs in the housing sphere to assure that they do not get absorbed entirely in Moscow and St. Petersburg (this was perceived to be a problem in the provision of TA and resources by the EERPF to professional associations in the real estate brokerage sphere, very little of which has apparently trickled out of Moscow and St. Petersburg); and
- making periodic contacts with HSRP1 counterparts in the oblast and municipal administrations to continue monitoring the implementation of housing sector reforms.

Perhaps more importantly, we wonder what consideration has been given by USAID and federal counterparts to any follow-up activities that might be executed by federal authorities. We suppose that just as we made a significant effort to "institutionalize" TA and training at the local level, there should be a similar effort to sustain reforms at the highest levels of government. USAID has initiated steps to build a supporting national framework for NGOs working in the housing sphere (e.g., the St. Petersburg NGO Conference and USAID's Small Grants Program for Housing Reform). But it is not clear to our successor NGOs and we see no evidence from our government counterparts that there is any "state apparatus" being developed to champion the continuation of reforms that were started under HSRP1 (as we also understand that HSRP2 will not work in the HSRP1 cities). While we would be loathe to suggest the development of another grasping, stifling bureaucratic body, there seems to be potential to think creatively about federal systems of monitoring, incentives, and dissemination of information to support the embryonic reform activities of the project. If USAID served as a key source of "intelligence" and guidance for housing reforms during the past four years, then which Russian "successors" will take up this vital function as HSRP1 1 terminates? As yet, we have seen no evidence in the field of this kind of institutionalization.

Below are some important housing sector reforms that should be considered for new TA and training should funds become available. Funding could be directed to the housing reform NGOs.

2.5.1 Capital Repairs

There is massive, ongoing deterioration of the Russian housing stock with a growing percentage of the stock becoming "obsolete." Capital repairs, such as roof replacement or repaving of parking lots, are unaffordable to many residents and most homeowner associations. Yet, due to the harsh climate and poor quality of construction materials and methods, capital repairs are needed more frequently in Russia than would be the case in Western Europe or the United States.

The specter of deferred, expensive capital repairs continues to deter privatization and formation of homeowner associations, especially in older buildings. A strategic approach to financing and managing capital repairs is needed.

There are several possibilities to begin solving this problem. First, homeowner associations could set up reserve funds, contributing funds on a monthly basis over several years in anticipation of the "rainy day." But few people have any faith in banks and vehicles for savings and investment. Inflation and bank closings in the last few years have cost many people their life savings. Therefore, it is unlikely the fund would be placed in a bank. Saving the reserve fund in cash outside a bank could invite corruption or theft and, while high inflation persists, the value of the reserve fund will rapidly erode. This solution will become increasingly attractive as inflation abates and real incomes grow.

As an alternative, residents and homeowner associations can borrow funds at the time repairs are needed, but bank loan interest rates are in double or triple digits and thus the affordability to ordinary residents is questionable.[10]

An additional agenda for reform in the "capital repairs sector" is to promote competitive contracting for capital repairs and ultimately privatization of the industry, which would contribute significantly to reducing capital repair costs.

There may be opportunities to use World Bank credit or USAID loan guarantees as a "carrot" to speed sector reforms, ensuring a quicker adoption of competitive bidding and privatization.

There also may be scope for small loan funds, perhaps administered through municipal district administrations or state savings banks.

2.5.2 Energy Conservation

If any climate demands energy conservation it is Russia's. Yet existing multi-family housing is fraught with inefficiency. Utility providers and their customers must be convinced of the need for conservation. They and residents need to be introduced to energy conservation materials and methods. Furthermore, economic pricing of communal services would give providers and their customers greater incentives to undertake necessary repairs aimed at improving energy efficiency.

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[10] Since preparation of this report, interest rates have begun to fall. Nevertheless, medium- to long-term credit from lending institutions is still largely unavailable to most Russian households.

This may require pressure from the top, such as federal legislation or tax incentives combined with programs to assist homeowners to retrofit their residential infrastructure. Without reforms in these areas, there will be few changes in older buildings, and essential capital repairs and measures to conserve energy will continue to be deferred, resulting in gross energy inefficiency and communal services prices that do not reflect the quality of the services being provided.[11]

2.5.3 Banking

As described above, Russians have little confidence in banks, fear bank failures, and are frightened away by high interest rates on loans. The solution to these problems requires action at the federal level. Deposit insurance is essential to rebuild faith, and participating banks must, in turn, be tied to necessary reforms in their business practices. A reduction in interest rates is critical, particularly for mortgage lending and short-term loans. This, however, is dependent on a stable currency, sound lending criteria, and effective foreclosure practices.

2.5.4 Information Center on United States and Other Donor Organizations' Program Activities

An information center, perhaps on a Web site, is needed to give NGOs, local governments, and interested citizens access to information about private and public resources — TA, training, technical information, funding and grants — that may be available to support housing sector reforms and empowerment of individuals and NGOs.

2.5.5 Legislation and Policy

High priority should be given to develop legislation and programs on the following policy issues:

- setting a deadline for free-of-charge housing privatization;
- termination of housing subsidies for all households and a shift to targeted income-qualified housing allowances;
- getting municipalities out of the property management and maintenance business;
- eviction laws;[12]
- providing tax relief to encourage small business development in the maintenance sphere;
- abolishing normatives for staffing and tariffs in housing maintenance;
- unifying housing (buildings) and land under the concept of real estate for purposes of registration of ownership and encumbrances, easements, mortgage, liens, etc.; this would remove some ambiguities about restrictions on ownership, use, transfer of real estate (housing and land are treated quite differently, but they are, for all practical purposes, indivisible); and
- practically unifying condominium property to give ownership of land parcels to the owners of the housing in order to clarify title and land values (easier to mortgage), while removing the

[11] See also PADCO/USAID, *Toward a New Model for Communal Services Provision,* 1997.

[12] Under current laws, residents cannot be evicted for failure to pay mortgages or communal rents. Some developers get around this problem by not transferring title until all payments are made, a risky business since the buyer risks losing his entire investment if all payments are not made.

possibility that the city, as monopolist owner of land, will increase land lease prices in order to generate revenues, at the cost of making housing less affordable.

2.5.6 Maintenance Sector Reforms

The market for private management and maintenance services is beginning to develop, but it will take some time before the majority of residents can choose from multiple providers competing on price and performance. The most progress has been made in the shift to the informal sector for such services. It might be useful to try to stimulate consolidation of individuals into small businesses and to improve the business environment for small maintenance businesses by providing for a reasonable tax structure, minimizing the burden of licensing, etc. These reforms are urgently needed in order to:

- improve efficiency in the delivery of services so as to improve overall housing affordability,;
- make rent reform (increases) more palatable to residents (quality should at least stay the same and not continue to decline while costs are rising); and
- extend the useful life of the housing stock given the lack of housing finance opportunities for the majority of Russians.

Further, the government might stimulate privatization of municipal maintenance organizations by, for example, making loans or lease-purchase agreements on favorable terms. A strategic approach to restructuring would involve:

- transferring assets to the ownership of the maintenance bodies in order to make them more autonomous and attractive for privatization;
- encouraging privatization by shifting entirely to competitive contracting for maintenance services (bidding could be restricted to private firms only); and
- conducting retraining of managers to assist them to be managers and entrepreneurs in a private sector/market environment.

2.5.7 Public Housing Strategy

Municipalities need TA and training to develop strategies to wisely manage publicly owned real estate assets, including residual state or municipal housing remaining in public ownership following completion of housing privatization, as "corporate assets" of the municipality. The goals and objectives of a project might be the following.

- Goals:
  - Increasing municipal revenues (improved collection of rents and other fees)
  - Savings through more efficient property management
  - Extending the useful life of the housing stock, thus ensuring an adequate supply of affordable rental housing
  - Cities managing their assets more efficiently and transparently, thereby increasing their ability to finance capital repairs
- Objectives:
  - Rationalize management of municipal real estate to make the best use possible of scarce resources

- Spur further privatization of housing and other real estate
- Privatize management of real estate (commercial, residential)
- Restructure and redefine (streamline and downsize) public bodies involved in housing policy and property management
- Build capacity for more sound financing of capital improvements
- Rationalize the land allocation, including titling, avoiding the splintering of land parcels, writing in easements, etc., in order to simplify management and transfer of assets
- Raise the technical and managerial capabilities of property managers
- Develop solid demonstrations in three or four cities; then develop materials for replication and conduct workshops
- Institutionalize the capacity of Russian consultants to replicate the process

2.5.8 Social Marketing

The concept of social marketing should be developed, especially to get free air time on radio and TV for public purposes, such as stimulating privatization and restructuring and disseminating knowledge to promote attitudinal change. Already, advertising is being used to promote consumption of consumer goods. A similar approach should be taken to create resident demand for housing reforms. The PSAs developed during HSRP1 were a good first step. For a minimal investment, the PSAs reached as many as 250,000 households during prime time. But these need to be augmented by other PSAs that emphasize that households themselves can take positive steps to improve their housing.

USAID should commission a 30-minute professionally produced video — an infomercial — about successes in competitive contracting and bidding (based on successful pilots and demos) and formation of homeowner associations. The ultimate goal should be to show the benefits of reforms and privatization.

2.6 Conclusions

> "Unless there's first a functioning civil society, the market can produce economic results for a very short time — maybe three to five years. For anything beyond those five years, a functioning civil society — based on community organizations like churches, independent universities, or peasant coops — is needed for the market to function in its economic role, let alone its social role.
>
> "Where those traditions exist — the best example is the Czech Republic with its old tradition of a strong and healthy community — the market produces the needed economic results. Where those traditions do not exist — and they do not exist in most of the old Soviet Union, in most of China, in most of India, let alone in most of tropical Africa — the market by itself does not produce democracy and does not even produce a healthy and growing economy." (Peter Schwartz and Kevin Kelly, interview with Peter Drucker, *Wired*, [August 1996])

HSRP1 achievements in housing sector reform are many and varied. In the Urals and Siberia regions, more than 30 cities received valuable assistance in organizing condominiums and using competitive bidding to solicit management and maintenance services for municipal housing.

Several have received assistance and training in land reform, including assistance to conduct land auctions in Ekaterinburg and Novosibirsk and development of a land title registration system in Irkutsk. More than 220 condominiums have been organized and registered in the two regions, and 12 competitions have been conducted for maintenance of municipal housing. More than 300 cities have received information on HSRP1 successes in the two regions, and thousands of officials, professionals, and ordinary citizens have received training in a wide variety of housing reform topics. Hundreds of thousands have been exposed to housing sector reform concepts through carefully organized media campaigns. Finally, an infrastructure and the capacity for continued change have been developed through the organization of four Russian housing sector reform NGOs (two each in the Urals and in Siberia) and several city-wide associations of homeowners.

Detailed information on program achievements is provided in Appendix B. See also Appendix C for an annotated bibliography of program reports.

Apart from these (more or less) tangible results, the project should be considered successful if it stimulated the transition to a civil society, as indicated by strong and healthy communities, active community groups, and a "proper" (productive) balancing of the roles of people, institutions, businesses, and state. Although it is unrealistic to expect that the civil society that "works" for Russia should resemble the U.S. economy and polity, it seems certain nevertheless that the new ideas and expertise brought by the project have contributed to this goal.

Practically speaking, we can identify several different ways in which this occurred.

- By dissemination of information and publicity and through routine personal contacts, we helped a vast range of Russians develop positive visions of the future in which they realize real benefits from privatization.
- The project developed substantial expertise in local counterparts to solve technical, managerial, and administrative problems that obstruct the transition to housing and land markets.
- Perhaps most important, the development of both vision and skills in officials, NGOs, private firms, and individuals builds their confidence that they can take control of their housing and achieve positive results (a.k.a. "empowerment").

Despite these successes, government apparatus at all levels of the Russian Federation still resists meaningful reforms in order to retain power as long as possible. For example, they trade off potential gains in efficiency and productivity that might result from competition in a private market for services in order to sustain public sector employment (actually underemployment).

What is wanted (from a Western perspective) is to curtail the role of the state in the economy and daily life. This means far more than simple privatization. Obviously, what is needed is fiscal reform, rule of law (rather than administrative rule), and a relaxation of the government's grip on daily life (e.g., stop licensing everything, stop planning the city down to the smallest detail).

With this in mind, the project was designed to equip government officials and others with tools to implement reforms on the assumption that counterparts are committed to the reform process.

But the stimulus for Russia's latest "revolution" came not from those in power but from the people, and many officials who appear "progressive" or "reformist" are simply opportunists without real vision or democratic principles. Their motives are largely to gain or maintain power and wealth and not to promote democracy, capitalism, and good governance.

We were probably naive to expect entrenched politicians and bureaucrats to be committed to concepts like "reform," "privatization," and "competition." Perhaps our own eagerness to promote these concepts caused us to neglect a deeper analysis of motivations. This was complicated by the fact that officials verbally endorsed our objectives but then dragged their feet and generally frustrated the reform process. For example, was it a conceptual flaw to expect the city to try to break the maintenance monopoly when city administrators/officials are the monopolists and benefit from well-established (often corrupt) procedures? There was probably no way to assess their "level of commitment" without arriving on the scene and starting real work.

Progress in economic reforms is obstructed by cronyism and ordinary bureaucratic conservatism. Bureaucrats are rarely interested in changing the status quo, and this inertia has been reinforced in Russia by the historical tendency to punish nonconformists rather severely.

Those leaders who have a genuine desire to pursue reforms face serious obstacles. Incumbents and newcomers alike lack a vision and understanding of a future state in which they can benefit from privatization and other economic reforms. Thus, they are not highly motivated to promote change. For example, career monopolists (not only ex-Communists) control maintenance bodies and communal service suppliers. There is a natural tendency to resist privatization, decentralization, or other restructuring and other innovations, such as competition, that threaten to disrupt the established order.

Those who are visionary reformists are likely to be newcomers from outside the system who thus lack an established power structure within the bureaucracy. They are ineffective as a result. Few of the "people's deputies" elected in 1992 overcame this, and it remains a critical obstacle that frustrates the municipal Dumas.

The prospects are not entirely negative, as there are progressive, "reformist" individuals working at various levels in every municipal government. Some of them occupy positions of considerable power or influence. Unfortunately, they have yet to reach a critical mass such that sufficient numbers of leaders share a common vision to overcome the inertia of the entrenched bureaucracy. This coin has two sides. The electorate is understandably not well-developed. While ordinary people may know what they want to change from, they don't know what they want to change to, and they lack confidence that their own efforts can result in positive change. At the same time, officials (politicians and bureaucrats) who have some capacity to effect change lack either or both the necessary vision or motivation.

To sustain change and deliver on the promise of reform requires a popular vision and mechanisms to articulate that vision through effective democratic political processes. While many Russians reap benefits from economic reforms, increasing numbers are conscious of losing out, which

results in frustration and disillusionment. Unfortunately, this has given "reform" a bad name among a sufficient share of Russians to risk frustrating the process in general.

Enlightened, public-spirited leaders could play a key role in developing and channeling popular vision, yet Russia apparently lacks these leaders in sufficient numbers, or they have not yet found their voice through the political system. Those genuine reformists who exist may already have risen to the top to occupy federal posts, leaving a shortage in oblast and municipal governments.

Given the difficulty of stimulating change from within the government structure, projects such as HSRP should pay more attention to developing popular support for change. If successful, this would result in leaders and residents developing a shared vision of the future.

But hindsight is always better than foresight, and we believe the program proceeded in the only way possible, in the pursuit of valid and vital goals. While this report criticizes in places the headlong rush to implement programs and achieve results, we also recognize that delays in project execution would have reduced USAID's ability to take advantage of the momentum for reform that existed immediately after the dissolution of the Soviet Union. We were able to take advantage of the early naiveté of officials to develop models that now are able to stand alone untouched by officials' "second thoughts." As a market economy and democratic institutions take firm hold in various regions of Russia at varying paces, these models are readily available to assist in strengthening and expanding housing sector reform.

Appendix A
Map of Russia

Appendix B
Targets of Main Program Areas

1 Siberia Regional Project

1.1 Results of the Program — Achievement of Targets and Indicators

1.1.1 Management and Maintenance Industry Reforms

Achievement of Targets

Targets: Management and Maintenance Industry Reforms		
Target	**FY**	**Status and Comments**
Private Property Management Demonstration Project implemented: property management firms trained; all policies and documentation developed, approved, and in place to conduct competition to maintain municipal housing; competition conducted; contract awarded.	93-94	**Exceeded Target.** Three competitions were conducted; nine private firms competed; three contracts were awarded to manage and maintain 6,000 municipal housing units.
Monitor progress of Property Management Demonstration Project	93-96	**Fully Achieved.** Resident, employee, employer, and officials surveys were conducted before implementation and at six-month, one-year, and two-year intervals following implementation of the first property management contracts.
100,000 units under private management	95-96	**Exceeded Target.** 118,500 units under private management: 16,000 municipal; 6,000 enterprise; 96,500 condo/coop.
20 private maintenance organizations established and operating	95-96	**Fully Achieved.** Nine private companies are established and operating in Novosibirsk; several hundred private individuals and informal, sub-rosa private maintenance organizations are providing services to condos and coops in Siberia.
12 enterprise maintenance departments privatized	95-96	One enterprise maintenance department has been privatized. With few exceptions, enterprise housing was transferred to municipal governments; enterprise maintenance organizations were either absorbed by the municipal maintenance organizations or dissolved.
Increased satisfaction of residents with services	93-96	**Fully Achieved.** As measured during monitoring surveys, resident satisfaction at the Private Property Management Demonstration Project site improved 156%, and staff productivity increased 80% — a significant improvement given that the number of repair requests from residents almost doubled when residents came to believe their requests would be fulfilled.
A regional association of private management and maintenance companies providing a flow of information and services to its members	94	**Fully Achieved.** The Public Center for the Support of Housing Sector Reform, registered in 01/96, represents the interests of and distributes information to private management and maintenance companies.

Deliverables and Products

Deliverable or Product	Status	TO	FY
Private Property Management Company Demonstration Project	**Complete**	3	93
Monitoring reports on the results of the Private Property Management Company Demonstration Project	**Complete**	3, 63, 77	93-96
Property management training curriculum	**Complete**	3	93
Property management course and workshops	**Complete**	3	93
Property management course and workshops, three informational packets on management and maintenance	**Complete**	63	95
Three presentations on maintenance and management	**Complete**	63	95
Revised property management course materials	**Complete**	77	96
Outreach seminar information packet	**Complete**	77	96
Eight property management workshops in four cities	**Complete**	77	96
80 property management outreach seminars	**Complete**	77	96
"How to" privatization manuals for enterprise housing maintenance organizations	Enterprise housing was transferred to municipalities.	77	96

Indicators of Success

- Nine newly organized private property management companies participated in the three competitions conducted under the Novosibirsk Private Property Management Demonstration Project. Three were awarded contracts to manage 6,000 units.
- As of 09/30/96, more than 25,000 units are maintained by the City of Novosibirsk under contracts with nine private property management firms.
- In three of 10 districts in Novosibirsk, district administrators have implemented policies to privatize ZhEUs, and five former ZhEUs now are maintaining municipal housing under contract to the district administration. District administrators are using HSRP1 model documents to contract for maintenance and other services.
- In addition to Novosibirsk, the cities of Omsk and Novokuznetsk have adopted policies to contract for maintenance of municipal housing and were provided training in procurement and contracting.
- More than half of the registered condominiums and cooperatives in the four HSRP1 cities in Siberia procure maintenance and management services from the private sector rather than from the municipal housing maintenance organizations, despite the fact that some cities will provide subsidies to condominiums only if they contract with the municipal maintenance organizations. This was the case in Omsk, but evidence obtained there under HSRP1, that condominiums that use private sector maintenance providers pay lower rates for services than municipal (subsidized) residents pay, is persuading some cities to reevaluate their subsidy policies.

1.1.2 Housing Privatization Support through Condominiums

Achievement of Targets

Targets: Housing Privatization Support through Condominiums		
Target	**FY**	**Status and Comments**
In Novosibirsk, develop and implement a new construction condominium pilot project to include TA and training in market-based feasibility analysis as well as organization and management of condominiums	94-95	Because the city determined it was unable to provide land and infrastructure for the project, the feasibility analysis component was not implemented. TA was provided to several new construction projects in condominium organization and management.
Continue the development of condominium associations in Novosibirsk and in Barnaul	93-95	**Fully Achieved.** Enabling legislation was developed and passed in Novosibirsk; efficient condominium registration procedures were established in Barnaul. More than 25 initiative groups were provided technical assistance in both cities. Three condominiums were registered in Novosibirsk, 25 in Barnaul. Conducted a regional seminar on housing reform, including workshops on condominiums, which was attended by 70 representatives from 17 cities and sub-regions of Siberia; distributed condominium informational materials/model documents to seminar participants.
110 fully functioning condominiums in four cities in Siberia in municipal and enterprise buildings	96	**Fully Achieved.** More than 110 condominiums registered as follows: Novosibirsk, 11; Omsk, 55; Barnaul, 39; more than 6 in secondary cities. • Draft condo resolutions and model documents developed for Novokuznetsk. • Policy guidance provided to mayors in Omsk and Barnaul. • Intensive TA provided to condominiums in Omsk, Barnaul, and Novosibirsk that now serve as models of fully functioning condominiums. • Conducted more than 80 condominium informational seminars for officials and resident groups. • Conducted two condominium management courses in each of four HSRP1 cities: Omsk, Novosibirsk, Novokuznetsk, and Barnaul. • Provided ongoing TA in management to registered condominiums and cooperatives converting to condominium. • Conducted a TV, radio, and print media campaign for an audience of several million to stimulate condominium formation.

Deliverables and Products

Deliverable or Product	Status	TO	FY
Draft condominium law and mayor's decree for Novosibirsk that subsequently became the model used by several Siberian cities	**Complete**	3	93
Model documents and information packet to assist replication of new construction condominium feasibility analysis; instructional materials on purchase and sale of condominium units	City of Novosibirsk decided not to do project to develop a new construction condominium; model documents for condominium formation addressing purchase and sale of units, for newly constructed condominiums, were developed under TO 77.	63	95
One information packet on condominium concepts	**Complete**	63	95
15 condominiums formed and functioning in Novosibirsk	11 condominiums formed	63, 77	95-96
3 condominiums registered in Barnaul	**Complete** (36 condominiums registered)	63, 77	95-96
Adapted and modified training course materials	**Complete**	63	95
Video advertising on condominiums	**Complete** (adapted from TO 78 video)	77	96
Outreach seminar information packet	**Complete**	77	96
8 condominium management workshops in 4 cities	**Complete**	77	96
80 condominium outreach seminars	**Complete**	77	96

Indicators of Success

- Model condominium laws and registration procedures and documents, including model charters, have been developed for four Siberian cities. These are replicable and are being distributed throughout the Siberia region.
- More than 110 condominiums have been registered in Siberia as a result of TA provided by HSRP1. Many others are forming in secondary cities as a result of conferences, seminars, and media campaigns.
- Several cities, including Omsk, Barnaul, and Novosibirsk, require all newly constructed multifamily buildings to register as condominiums prior to occupancy.
- A curriculum on condominium management has been developed for condominium boards of directors and is being delivered by NGOs in Novosibirsk and Barnaul on a fee basis.
- A majority of condominiums select private individuals or firms to manage their buildings, thus contributing significantly to the breakup of the municipal maintenance organization monopoly, particularly in Omsk and Barnaul.

1.1.3 Land Registration

Achievement of Targets

Targets: Land Registration		
Target	**FY**	**Status and Comments**
Automated land titling system operational; 100 titles registered	96	**Fully Achieved.** A pre-project evaluation was conducted in Novosibirsk, but the city declined continued TA due to multiple elections held in late 1995 and early 1996. Novosibirsk land officials did participate in land registration study tours and maintained communication with the RA on land registration issues and adapted land registration systems based on these discussions. TA was offered to and accepted by the city of Irkutsk, where the program was fully implemented.
One site auctioned in Novokuznetsk in fair and open tender	96	The city of Novokuznetsk declined TA due to political turmoil following oblast governor elections in early 1996. The city of Novosibirsk was provided TA to evaluate documents and procedures used by the city to conduct a land auction. Recommendations provided to the city were incorporated into subsequent land auctions.

Deliverables and Products

Deliverable or Product	Status	TO	FY
Report evaluating Novosibirsk's land titling and registration system	**Complete**	63	95
Seminar on land titling systems	Project transferred to Irkutsk under TO 82		
Report on evaluation of Novosibirsk land auction process	**Complete**	63	95
Land auction seminar and post-bid evaluation report	Officials not available and auction not conducted during period of multiple elections	63	95
Written reports on (i) all assessments of land and building information and titling and registration systems and (ii) initiative to adopt legislation on a unified system of title registration	**Complete**	82	97
Operational titling and registration system developed; hardware and software installed; standard procedures for running a title office developed; and recommendations for adaptability and self-financing mechanisms offered	**Complete**	82	97
Municipal personnel trained on the titling and registration system	**Complete**	82	97
Novokuznetsk land auction documents and evaluation of tender	Novokuznetsk decided not to conduct auctions	77	96

Indicators of Success

- Several cities in Siberia, having participated in U.S. study tours on land issues sponsored by USAID, fully understand the need to develop a transparent system to record real estate transactions.
- The city of Irkutsk implemented an automated land registration system that will serve as a model for the Eastern Siberia and Far East regions, if not the whole of Russia, as the 1997 federal law "On State Registration of Rights in Real Estate and Transactions" is implemented.
- The city of Novosibirsk is developing an automated land registration system that will provide the transparency recommended in an evaluation of its current and proposed systems conducted under HSRP1.
- The city of Novosibirsk has incorporated recommendations provided by HSRP1 into their land auction documentation and procedures. Auctions now are the principal mechanism used by the city to distribute land.
- In 1996, the mayor of Novosibirsk adopted the policy of privatizing land as well as improvements to the land. Similar policies are in place in the smaller cities of Irkutsk and Barnaul.

1.1.4 Institutionalization of Housing Sector Reforms

Achievement of Targets

Targets: Institutionalization of Housing Sector Reforms		
Target	**FY**	**Status and Comments**
12 different core curriculum training modules are prepared; trainers are using modules on a repeat basis to train diverse target groups	95-96	**Fully Achieved.**
6 trainers delivering training	95-96	**Exceeded Target.** Twelve trainers were provided extensive trainer training; six are conducting ongoing training on housing topics and six are applying knowledge gained in courses conducted at the Novosibirsk Construction Academy, Novosibirsk Technical University, and the Siberian Management Center.
5 providers capable of managing and delivering fee-based training on behalf of HSRP1 and other clients	95-96	**Fully Achieved.** The Novosibirsk Center for the Support of Housing Sector Reform, the Altai Condominium Center, the Siberian Management Center, the Novosibirsk Construction Academy, and the Novosibirsk Technical University are managing and delivering fee-based training to serve housing sector and other clients.
2 associations conduct needs assessments	95-96	**Fully Achieved.** Seventeen persons representing three associations participated in association development training; two associations conducted needs assessments.
2 associations prepare and adopt business and activities plans	95-96	**Fully Achieved.** Four associations, one in each of the four HSRP1 cities, registered as NGOs. Two prepared and adopted business and activities plans.

Deliverables and Products

Deliverable or Product	Status	TO	FY
One regional conference to raise awareness among practitioners and residents of HSRP1 activities in privatization of municipal maintenance, formation of condominiums, and land privatization	**Complete** Two-day conference held in Novosibirsk attended by more than 70 persons from 17 subregions of Siberia.	63	95
One association of condominium associations	**Complete** Organizations in Novosibirsk, Barnaul, and Novokuznetsk represent condominiums and management and maintenance providers; one association of condominiums in Omsk and one in Barnaul.	77	96
One association of management and maintenance providers	**Complete**	77	96
One seminar to associations on the goals and functioning of a membership association	**Complete**	77	96
One seminar and TA on business planning, association building, membership needs assessments, and management of training	**Complete**	77	96
Two "Training of Trainers 1" courses	**Complete**	72	95-96
One "Training of Trainers 2" course	**Complete**	72	96
Evaluations of trainer trainees	**Complete**	72	96

Indicators of Success

- Four housing-related NGOs/associations were established in three of the four HSRP1 cities in Siberia: one in Novosibirsk, two in Barnaul, and one in Omsk. In the fourth city, Novokuznetsk, an existing NGO/association has adopted housing reform as a key component of its lobbying and education program.
- The Novosibirsk Public Center for the Support of Housing Sector Reform and the Altai Condominium Center in Barnaul have been awarded two grants each to support activities in condominium formation. In the process of successfully competing for these grants, these NGOs gained valuable grantsmanship experience, which is critical to the sustainability of their organizations.
- Trainers who received training as trainers are fully competent to design, develop, and deliver training programs. They now conduct adult training programs in housing, business development, and other fields that are provided on a fee basis by the Novosibirsk and Barnaul NGOs and by the Novosibirsk Construction Academy, Novosibirsk Technical University, and the Siberian Management Center.
- NGOs/associations in Novosibirsk and Barnaul have established excellent reputations for providing high-quality consulting and training services. On the basis of their reputations, these organizations have developed good rapport with local officials, and they very effectively influence the pace and direction of housing sector reform in their cities and in the Siberia region.

1.1.5 Miscellaneous, Management and Administration

Achievement of Targets

Target: Miscellaneous, Management and Administration		
Target	**FY**	**Status and Comments**
Provide experience in strategic planning under market conditions to the City of Novosibirsk	94-95	**Fully Achieved.**
Assist Novosibirsk officials in developing a strategy for housing sector	94-95	**Achieved.** A draft strategy and action plan were developed.
Assist USAID/Moscow and Novosibirsk in identifying demonstration projects to implement the strategy	94-95	Many possible projects were discussed, but reduced funding and political instability in Novosibirsk prevented achieving this target.
Housing Indicators Report	95	Housing Indicators Report was produced in 1993. It was determined that a follow-up report in 1995 would not yield useful information, as statistics still were not being maintained in a manner to adequately assess the housing market in Novosibirsk.
Ad hoc assistance to Siberian officials on housing and land issues	92-96	**Fully achieved.**
Monitor housing and urban sector in Novosibirsk and Siberia region to measure progress toward HSRP1 objectives	92-96	**Fully Achieved.**

Deliverables and Products

Deliverable or Product	Status	TO	FY
Work plan	**Complete**	3	93
Strategy	**Complete**	3	93
Weekly reports	**Complete**	3, 63, 77	92-96
Monthly reports	**Complete**	3	92-93
Quarterly reports	**Complete**	3, 63, 77	92-96
Memorandums of understanding with five cities	**Complete**	63, 77	95-96
Work plans for four cities	**Complete**	63	95
Report on strategic management in Novosibirsk	**Complete**	36	96
Strategic planning workshop in Novosibirsk	**Complete**	36	94
Establish city policy task force	**Complete**	36	94
Long-term policy/action plan	Draft complete	36	95
Design for demonstration project	Not completed due to city political instability and lack of funding	36	95
Final report	Draft complete	77	96

Indicators of Success

- HSRP1 project offices in four cities in Siberia were staffed with Russian nationals who developed extensive expertise in housing and land reform issues and in training and curriculum development. These staff continue to provide technical assistance and training in HSRP1 issues following the departure of resident advisors through NGOs/associations established in the four cities.
- Housing sector reform information was and continues to be distributed throughout Siberia. Reform is expanding both in the HSRP1 cities and in several secondary cities in Siberia where condominiums are forming and privatization of municipal maintenance organizations and land is under way. Information and models are available to enable cities to implement reforms quickly and easily once cities experience the combination of a municipal budget squeeze and political stability that stimulates interest in reform.
- The city of Novosibirsk has implemented policies and actions included in the draft strategic plan prepared for the housing sector, and officials continue to apply the strategic management techniques they learned in managing their departments and in managing the city's budget, policies, and programs.

2 Urals Regional Project

2.1 Results of the Program — Achievement of Targets and Indicators

2.1.1 Housing Privatization Support through Condominiums

Achievement of Targets

Targets: Housing Privatization Support through Condominiums		
Target	**FY**	**Status and Comments**
Start the process of condo conversion and make an efficient, expedient registration process	94	**Fully Achieved.** Enabling legislation was passed in Ekaterinburg in 1994.
25 condominiums registered and operating on a sustainable basis in Ekaterinburg and targeted regional cities, including buildings with mixed municipal/private and enterprise/private ownership, fully privatized former municipal or enterprise housing, new construction, and mixed-use buildings	95	**Fully Achieved.**
100 viable housing partnerships (condos)	96	**Exceeded Target.** (110 condos as of 05/15/96)
10,000 units in housing partnerships (condos)	96	
10,000 (former enterprise) units registered in housing partnerships	96	About 500 units in five condos were formerly enterprise housing.

Targets: Housing Privatization Support through Condominiums		
Target	**FY**	**Status and Comments**
Generate widespread awareness of benefits of condos and privatization of maintenance services	94	**Exceeded Target.** Publicity activities started in 1994. Four condo video public service announcements were produced during FY96 and broadcast more than 40 times in Ekaterinburg. One PSA was distributed nationally via InterNews. Household surveys showed more than 21% aware of condos by 06/96.
One condominium video broadcast at least 12 times	95	
Raise awareness of condos from 5% to 20% of households by the end of 1996	96	
One regional association of condominium associations providing a flow of information to its members and others	95	**Fully Achieved.** Urals Association of Home-owners registered in 04/96. Association took over publication and distribution of newsletter *Tovarishestvo* beginning with Issue No. 4 in 08/96.
15 cities adopt condo enabling legislation	96	Condos have been registered in at least 10 cities of the Urals as of 07/96, in some cases without local enabling legislation.
50% of new starts in multi-unit housing registered as housing partnerships	96	Some new construction condos have been registered in Ekaterinburg, Chelyabinsk, and Perm. Cities generally delayed setting up procedures for new construction condos pending passage of RF Condo Law (06/96).
Simplified condo registration procedures are adopted in Ekaterinburg and elsewhere as needed	96	**Achieved.** Ekaterinburg has simplified registration by dropping requirement for a specific mayoral resolution for each condo. Orenburg revised its condo enabling legislation with input from PADCO. Training on real estate sales involving condos was provided to chambers of notaries in three cities.
Assist condo owner groups in improving maintenance quality and reducing prices through competitive contracting	94	**Achieved.** Progress made toward this target, difficult to measure quantitatively.
Condo member satisfaction increases	96	Not measured.
Budgets (of condos for property management and maintenance) more efficiently used	96	Not measured.
15 housing partnerships adopt financial controls and a "clean" annual audit is approved by board	96	Not measured.

Deliverables and Products

Condominium Deliverables and Products			
Deliverable or Product	**Status**	**TO**	**FY**
Three condominiums registered	**Complete**	40	94
Owner associations formed for 3 condos	**Complete**	40	94
Training course: Condo Operations and Board Management	**Complete**	64, 40	94
Municipal registration procedures adopted	**Complete**	40	94

Condominium Deliverables and Products			
Deliverable or Product	**Status**	**TO**	**FY**
Facilitators trained to assist condo registrants	**Complete**	40	94
Recommendations to improve condo enabling legislation	**Complete**	40	94
Revised and updated condo informational booklet	**Complete**	64	95
13,000 condo promotional flyers distributed	**Complete**	78	96
12,000 condo promotional flyers distributed	Dropped	78	96
Training module: Condo Concepts Seminar	**Complete**	64	95
12 deliveries of Condo Concepts Seminar	**Complete**	78	96
3,000 Condo Registration Packages disseminated	**Complete**	78	96
2,000 condo registration packages distributed	**Complete**	78	96
2 information packets on condo registration and management (1 brochure was published, revised 3 times)	**Complete**	64	95
260 condo information packages distributed	**Complete**	78	96
Condo promotional and informational video(s) of 5 minutes duration	**Complete**	79	96
15 broadcasts of condo promotional video(s)	**Complete**	79	96
50+ broadcasts condo promotional video(s) *additional product not in TO	**Complete**	79	96
Training Module: Condos for New Construction	**Complete**	78	96
3 deliveries of Condos for New Construction seminar	**Complete**	78	96
2 deliveries of Condos for New Construction seminar	**Complete**	78	96
Training Module: Condo Facilitators Training Course	**Complete**	64, 78	95, 96
8 deliveries of Condo Facilitators Training Course	**Complete**	78	96
4 deliveries of Condo Concept and Registration Practices (Facilitators Course)	**Complete**	78	96
Training Course: Condo Board Management	**Complete**	64, 40	95
8 deliveries of Condo Board Management course	**Complete**	78	96
Training Course: Condo Conversion for Coops	**Complete**	64	95
Report: Condo Conversion for Large Housing Cooperatives * additional product not in TO	**Complete**	78	96
Model contract: Purchase and Sale Contract for Housing Unit in Condo * additional product not in TO	**Complete**	78	96
Handbook: *Accounting and Auditing for Housing Partnerships*	**Complete**	79	6
Training Module: Accounting and Auditing for Housing Partnerships	**Complete**	79	96
Two deliveries of Accounting and Auditing for Housing Partnerships (condos)	**Complete**	78	96
Three deliveries of Accounting and Auditing for Condos	**Complete**	78	96

Condominium Deliverables and Products			
Deliverable or Product	**Status**	**TO**	**FY**
Training Module: Maintenance Contracting for Housing Partnerships	**Complete**	78	96
Two deliveries of Maintenance Contracting for Housing Partnerships seminar	**Complete**	78	96
Nine deliveries of Maintenance Contracting for Housing Partnerships seminar	**Complete**	78	96
Training Module: Condo Commercial Space	(insufficient numbers of condos with commercial space)	79	96
Five deliveries of Condo Commercial Space	(see above)	79	96
Training materials: Condo Sales Practices for Brokers and Notaries seminar	**Complete**	64	95
One delivery of Condo Sales Practices for Brokers and Notaries seminar	**Complete**	78	96
Two deliveries of Condo Sales Practices for Brokers and Notaries seminar	**Complete**	78	96
Handbook: *Financial Planning and Budgeting for Condos*	**Complete**	40	95

Indicators of Success

- Awareness of condominiums and housing partnerships increased from 5 percent of households in September 1995 to 21 percent of households by June 1996, according to household surveys conducted in Ekaterinburg.
- More than 100 housing partnerships were registered in the Urals, composed of approximately 10,000 units, in all types of housing (construction types, residential and commercial, former municipal, enterprise, coop and private construction, etc.).
- Housing partnerships are registered in new, multi-unit construction, and most builders and developers are aware of the benefits of establishing condos before selling the units.
- Laws and administrative procedures for registering associations of homeowners were written and adopted in at least seven cities of the Urals region. Associations were registered in some towns even without passing local enabling laws. Four oblasts in the Urals have started to write legislation to promote registration of associations in secondary cities.
- Facilitators were trained in municipal and oblast governments and in the private sector; these facilitators can assist in all aspects of condominium conversion.
- Public bodies, such as the Bureau of Technical Inventory, KZhKKh committees, and housing privatization agencies, promote and facilitate registration of associations of homeowners.
- Some associations have been proactive in organizing residents to achieve such goals as improving maintenance, constructing new common facilities, or solving problems relating to land allocation and other issues.

2.1.2 Management and Maintenance Industry Reforms

Achievement of Targets

Targets: Management and Maintenance Industry Reforms		
Target	**FY**	**Status and Comments**
2 companies in Ekaterinburg profitably working under contracts to provide management and maintenance services	95	No companies are working at a profit, but ZhEKs "plan" for a 10 % profit for "contingencies" and earn significant sums by offering outside services to residents. The Ekaterinburg City Property Management Committee (CPMC) and KZhKKh will not agree to pay profit or management fees to maintenance providers.
2,000 units maintained under private competitive contracting	95	**Exceeded Target.** 17,500 units are being serviced by municipal enterprises (quasi-private firms) selected by competitive bids conducted in FY95.
2 contracts executed and work started	95	**Exceeded Target.** Three contracts were negotiated and executed in Ekaterinburg. Winners were the incumbent public maintenance organizations.
Policies and incentives in place to support and promote ongoing privatization of the sector (privatized ZhEKs and ZhEUs and private "start-up firms"), and information on privatizing ZhEKs and ZhEUs disseminated to regional cities interested in privatizing management and maintenance	95	Presidential decrees and federal laws are improving, but do not have teeth yet. Local governments ignore Russian Federation laws in favor of parochial interests. Tax structure discourages private firms. Cities fear loss of control over private firms working under contract (or that Mafia will control such firms).
2 former ZhEKs or ZhEUs privatized in Ekaterinburg	95	No ZhEKs or ZhEUs were privatized in Ekaterinburg as a direct result of HSRP1 TA. (1) Some ZhEUs were effectively privatized during privatization and restructuring of the parent enterprises, but this is not always entirely legal. (2) The Ekaterinburg CPMC has prevented the privatization of maintenance bodies. (3) HSRP1 has developed and delivered business planning training to prepare public sector maintenance bodies for privatization.
Reforms enacted in Ekaterinburg resulting in better management of housing measured by increased satisfaction of residents and cost savings (better value for money)	95	Residents do not yet report better maintenance, although improvements are visible at the sites. PADCO staff believe there has not been sufficient time for results to be felt by residents. Household and focus group surveys showed that residents feel they are taken for granted by maintenance organizations. Positive changes have occurred among the maintenance providers.
Demonstrated increase in resident satisfaction (10% target increase) on demonstration sites	96	
100,000 units under competitive contracting for maintenance	96	Approximately 65,000 units are serviced under contracts awarded competitively.

Targets: Management and Maintenance Industry Reforms		
Target	**FY**	**Status and Comments**
10 private contractors working under contract	96	No private contractors are working as yet.
Adoption of standardized financial report by customer board(s)	96	**Achieved.** The standardized financial report has been adopted by maintenance providers rather than customer boards, since the providers are still responsible for financial reporting.
7 districts in Ekaterinburg are given responsibility to manage competitive contracting	96	**Achieved.** Mandated by local mayoral resolution, but only four of seven districts started to implement the change in an affirmative, aggressive fashion.
Competitive contacting activities in 50 service areas	96	Competitive contracting has occurred on six service areas in the Urals.
20 cities adopt competitive contracting methods	96	Seven cities have adopted contracting methods by mayoral resolution. Approximately 30 secondary cities have received training, which produced strong interest in adopting such methods.
1 REMP or ZhEK prepares, submits, and implements a privatization plan	96	One REMP prepared a privatization plan. Implementation was delayed due to the REMP Director's serious illness.
15% of participants in M&M privatization planning take action based on new skills, adopt new business plan or reorganize, or apply to privatize	96	
50% of participating ZhEKs (15 ZhEKs) apply to privatize	96	
1 private M&M provider viable in the market	96	Several are viable but are not considered "legal" firms from a tax standpoint.
M&M info kits distributed to 100% of public maintenance entities (in Urals primary cities)	96	**Achieved.**
20 cities authorize ZhEK privatization (enabling legislation).	96	National legislation is in place; local adoption is spotty and tentative throughout Russia.
5 enterprises assess business viability of maintenance department	96	Some ZhEUs were effectively privatized during privatization and restructuring of the parent enterprises, but this is not always entirely legal and cannot easily be measured. PADCO surveyed 30 enterprises, five of which had already set up independent maintenance bodies. They will be targeted for business planning training in the future.
5 ZhEUs convert to private maintenance firms	96	
Mayoral resolution with timetable for competitive contracting (all cities)	96	**Achieved.** Resolution passed in each of four principal cities.
Increasing willingness of residents to pay housing costs: nonpayment for maintenance services decreases 15% (based on survey results)	96	There was no demonstrated change in accounts receivable in municipal housing for payment of maintenance services.

Targets: Management and Maintenance Industry Reforms		
Target	**FY**	**Status and Comments**
Replicate competitive contracting in other cities according to progress of roll-out activities	96	Four regional seminars were held in the southern Urals (Magnitogorsk, Buguruslan, Yuzhnouralsk, and Chelyabinsk Oblast) and in Perm Oblast. TA has been provided to seven secondary cities to prepare for competitive contracting, and one of these (Magnitogorsk) has announced but not yet conducted a competition. Political uncertainties prior to July 1996 delayed repeat competitions and replication in all cities.
Increase number and quality of media events delivered by local officials	96	**Achieved.** Media events in the four core cities were strong when initially introducing the competitive bidding program, but sporadic thereafter. PADCO staff produced 24 articles on M&M for local press and conducted five interviews with broadcast media.
Control of public sector maintenance assets: transfers to private provider, ultimate aim being private ownership of assets authorized by local enabling legislation	96	Ekaterinburg municipality formed a committee to discuss the issue, but no conclusion has been reached yet.
New mission statement adopted and implemented by Ekaterinburg KZhKKh Committee	96	Indicator abandoned with mutual concurrence of KZhKKh.
KZhKKh restructuring is replicated in 3 cities.	96	All four cities have set up customer boards. Chelyabinsk has advanced the farthest, developing a true customer orientation to performance measures, such as quality and price. Other core cites see varying roles for the KZhKKh, with some having a stronger role administering housing allowances or participating in homeowner associations.
M&M providers demonstrate their sound business practices by successfully winning new and repeat maintenance contracts	96	Providers have restructured staffing and work assignments to save money. They have also created "work units," loose versions of "quality circles."
Resident satisfaction increases (survey results) 15%	96	The general tendency in measurement of the first two surveys and the special focus report in Ekaterinburg show no measurable change in resident attitudes.
Restructuring decisions are made to retain/divest maintenance bodies based on sound business/economic principles	96	Ekaterinburg has been slow to restructure maintenance organizations.

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Deliverables and Products

Property Management & Maintenance Reforms Deliverables and Products			
Deliverable or Product	**Status**	**TO**	**FY**
5 buildings under private contracts for maintenance	**Complete**	64	95
Establish procedures for competitive contracting of M&M	**Complete**	64	95
Training course materials on procuring/bidding/executing M&M contracts	**Complete**	64	95
Training of private maintenance firms	**Complete**	64	95
Spreadsheet for management reporting on maintenance contracts	**Complete**	80	96
M&M promotional & informational video(s) of 5 minutes duration (was combined with condo video PSAs)	**Complete**	80	96
15 broadcasts of M&M promotional video	**Complete**	80	96
Training Course: Business Planning and New Business Startup	**Complete**	80	96
4 deliveries of Business Planning and New Business Startup course	**Complete**	78	96
2 deliveries of Business Planning and New Business Startup course	**Complete**	78	96
11 deliveries of New Forms of M&M course (formerly Bidding for M&M)	**Complete**	78	96
Distribute Competitive Contracting Information Package to 80 cities	**Complete**	78	96
18 M&M newspaper articles	**Complete**	78	96
6 M&M newspaper articles	**Complete**	78	96
Training Module: Management Skills	**Complete**	72	96
3 deliveries of Management Skills course	**Complete**	78	96
4 deliveries of Management Skills course	**Complete**	78	96
Training Module: M&M Concepts (formerly Competitive Contracting for Housing Maintenance)	**Complete**	78	96
5 deliveries M&M Concepts seminar (formerly Competitive Contracting for Housing Maintenance)	**Complete**	78	96
3 deliveries of M&M Concepts *additional product not in TO	**Complete**	78	96
Resident satisfaction survey (six-month)	**Complete**	80	96
Final resident satisfaction survey at M&M contracting site(s)	**Complete**	80	96
Resident satisfaction focus group interviews and report *additional product not in TO	**Complete**	80	96
Model legislation to implement REMP/ZhEK privatization	**Complete**	78	96
Information kit: ZhEK Privatization	**Complete**	78	96
1 REMP or ZhEK privatized	REMP privatization begun	78	96
Training Module: ZhEK Privatization	**Complete**	80	96
9 deliveries of ZhEK Privatization seminar	2 seminars delivered	78	96
Distribution of ZhEK privatization kits to 270 governmental maintenance	In progress	78	96

Indicators of Success

- Four primary cities in the Urals (more than 4.5 million residents) adopted policies and incentives to promote widespread competitive contracting for maintenance services.
- Maintenance competitions were conducted in two Urals cities. The number of units coming under competitive contracting totaled more than 65,000 units in seven service areas of the two cities.
- In the second round of bidding in Ekaterinburg (August 1996), 11 bids were received, 6 of which were made by private firms (for four different sites/contracts).
- A systematic approach was undertaken to educate all levels of decision-makers in cities, from the mayoral/vice mayoral level to ZhEKs and potential private sector providers of maintenance. Over two years, participation at seminars and training events remained high, with public officials encouraging participation by subordinate staff members.
- Four cities developed key (model) documents (as many as 12 items) and time tables for pending competitive bidding in addition to the contracts already concluded. These documents form a basis for replicating the approach in other cities and can be used in the future. The success of this activity is also indicated by the fact that several cities have adapted procedures developed for maintenance contracting to other sectors, such as procurement of construction supplies.
- In Ekaterinburg, all three maintenance bodies involved in the demonstration project reported cost savings as a result of reorganized staffing and improvements in work flow. Results and techniques used to reduce costs varied among them.
- A few private firms have emerged, such as Vysotnik, which performs capital repairs under subcontract to Leninsky REMP in Ekaterinburg. Despite bias against private firms openly demonstrated by the municipalities, those firms that did participate in seminars, training courses, and bid competitions express confidence and optimism about the future of the private property management and maintenance industry. Such firms as Vysotnik, Milta, and Parma will be strong contenders for maintenance and repair contracts in the future.
- The competitive contracting process is gradually decentralizing with legal authority and actual responsibility moving to district-level customer boards. As HSRP1 closes, the customer boards are trying to exert greater influence in organizing and conducting maintenance competitions. Customer boards are imperfect owners, but they represent a positive, incremental step in the transition to private ownership and market-driven maintenance.
- Counterparts are starting to divide maintenance work into specialized single purpose contracts, to be let by competitive bid. For example, the customer board in Orenburg conducted bidding for repair of boilers only among private firms and concluded a contract with a new private firm. In Ekaterinburg, the Leninsky District REMP has developed a rapid response team for winter emergencies. The Leninsky REMP sells this specialized service to other *Trests* and ZhEKs in the City of Ekaterinburg. Such practices will permit greater specialization in the future (better products) and give purchasers of services options among providers (choice of providers and selection of a "value" provider).
- An entrepreneurial spirit is developing, even among ZhEKs and REMPs. All three of the demonstration maintenance organizations are developing new or alternative sources of income.

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For example, ZhEK #14 claims to be derive up to 21 percent of its income from "other services," such as legal consulting services, hiring of trucks for moving residents, special repairs (repairs that are not government-funded that residents wish to pay for). The other two organizations yield at least 5 percent from this "other income" category.

- Maintenance providers that won the demonstration contracts restructured their staffing structures. Workers were selected on merit and retained on individual labor contracts that specified a zero tolerance for alcohol or drug abuse or a lax attitude about perfecting quality work. Work groups were created to discuss and improve work flow as well. For example, Iset 95 cut staff by one-third without a reduction in service.
- Resident participation in maintenance has been enhanced, both for those residing in buildings that have established association of homeowners and for residents in the municipal demonstration sites managed by customer boards. Although resident participation is in its infancy, there is a strong indication that residents are willing to give their constructive opinion and input regarding maintenance and property management in their complexes. Maintenance providers and customer boards involved in the demonstration projects have expressed keen interest to improve communication with residents their ultimate customers.

2.1.3 Support to Emerging Land Markets

Achievement of Targets

Targets: Support to Emerging Land Markets		
Target	**FY**	**Status and Comments**
Develop and demonstrate a private sector-oriented land development process, modify existing process by which builders and developers get access to land	93	**Fully Achieved.** First "competition" completed with five bids received; winning bidder purchased development rights to two parcels of land.
City of Ekaterinburg supports emerging private sector developers and builders by disposing more land through the land disposal program developed under the 1993 demo project, and simplifying and improving the process	94	**Achieved.** The city conducted a second competition using improved methods, but overpriced the parcels and did not receive any bids, did not sell the parcels, and so received no revenues.
Generate public revenues through a strategic program of land sales designed to match market demand and capture the "development gain" from serviced parcels	94	
Increase the technical capabilities of the city to guide and modify the land disposal program (institutionalize the process)	94	**Fully Achieved.** Numerous training events were conducted; increasing responsibility to manage sales was shifted to counterparts in the second competition.
Institute steps to reduce land-related risks to developers by improving security of tenure, enabling free transfer of land ownership interests, making land use controls more flexible, and increasing the transparency of the disposal process	94	**Achieved.** Counterpart staff were trained in land leasing fundamentals and familiarized with modern development controls. In the second competition, the city offered some sites for long-term leasehold using an improved land lease.

Targets: Support to Emerging Land Markets		
Target	**FY**	**Status and Comments**
Work with the Ekaterinburg City Administration to change its approach to the free allocation of city-owned land	94	The city started a process to formulate a land policy and land disposal strategy but did not carry out the work, owing, we believe, to political considerations and resistance from the self-interest of entrenched bureaucrats. Vice Mayor expresses interest to continue when federal legal basis improves.
Teach property appraisal concepts and techniques to 20–30 local trainees from banks, the property tax department, and the city administration	94	**Fully Achieved.** The project organized the first Real Property Appraisal course in the Urals and conducted it in collaboration with the EERPF and the Russian Society of Appraisers (ROO).
Train local trainers to repeat the Property Appraisal course and prepare training materials	94	**Fully Achieved.** It was decided to use Moscow-based trainers provided by the ROO. Two associations of appraisers were established that now organize training courses.
Ekaterinburg successfully disposing land sites at market prices through competitive bidding, and using improved sales and lease contracts	95	The city chose not to change from the traditional methods of allocation with exactions. The Vice Mayor has expressed interest in continuing with new land sales when the Russian Federation legislative basis improves.
Make Ekaterinburg land development controls simpler, more flexible, and with less discretionary control exerted by the administration compared to prior land allocation and development control practices. Developers (and builders, ultimately homeowners) benefiting from reduced costs and uncertainty in the approval process.	95	**Fully Achieved.** Techniques were demonstrated, and training was conducted. The second competition used simpler, more flexible development controls for five sites. The city developed a new, simpler development code (guideline) for developers partly as a result of training events and technical documents provided by HSRP1.
Information and training on land disposition and market development available to regional cities	95	**Fully Achieved.** Seminars were conducted in several cities; municipal staff participated in several NET courses; a booklet *Sale and Lease of Land by Tendered Bidding* was disseminated to more than 50 secondary cities in the Urals Region.

Deliverables and Products

Privatization of Land Deliverables and Products			
Deliverable or Product	**Status**	**TO**	**FY**
Concept plan for an Ekaterinburg housing, infrastructure, and land development project (Working Paper No. 4)	**Complete**	8	93
Promoting Private Sector Land and Housing Development in Ekaterinburg, Russia: A Feasibility Study (Working Paper No. 5)	**Complete**	7	93
Trip report (for feasibility study)	**Complete**	7	93
Feasible demonstration project design and plan	**Complete**	78	93

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Privatization of Land Deliverables and Products			
Deliverable or Product	**Status**	**TO**	**FY**
Approval from city for use and development of site for demo project	**Complete**	78	93
Agreement with city on project implementation	**Complete**	78	93
Issue Request for Proposals (RFP)	**Complete**	7, 8, 24	93
Training materials on bid preparation, bid evaluation, and contract management	**Complete**	7, 8, 24	93
Fair and open review of proposals and selection of winning bidder	**Complete**	7, 8, 24	93
Negotiation of agreement with winning bidder for 45-unit townhouse development	**Complete**	7, 8, 24	93
City participates in and evaluates positively Land Privatization Workshop	**Complete**	78	93
Outline of goals and objectives for city's overall land policy/strategy	The Mayor had second thoughts and stopped this activity.	8	93
Land Policy Statement for Ekaterinburg adopted by mayoral resolution		64	94
Publicity for Land Policy Statement through print and broadcast media		64	94
Specifications for land information system	Minor activity complete, USAID stopped this activity.	8	93
Sale of at least 10 sites	Seven sites were offered, of which two were sold.	24	93
Private developer's project proposal (UralMonolit)	**Complete**	24	94
Construction loan application (UralMonolit)	**Complete**	24	94
Report and information package: Sale of Land Development Rights by Tendered Bidding in Ekaterinburg (Working Paper No. 9)	**Complete**	24, 64	94
Residential land market assessment and disposal strategy	**Complete**	24	94
Training workshop: Fundamentals of Land Development Controls	**Complete**	64, 24	95
Training workshop: Land Lease for Residential Development	**Complete**	64, 24	94
Training course: Housing Development in a Market Economy	**Complete**	24	94
Revised training module: Housing Development in a Market Economy	**Complete**	64	95
Land disposal strategy (1994)	**Complete**	64, 24	94
Model land lease and sale contracts for Ekaterinburg	**Complete**	64	95
Training materials: Real Property Appraisal	**Complete** (used ROO materials)	64	94
1 delivery training course: Real Property Appraisal	**Complete**	64	94
Trainers trained in Real Property Appraisal	**Complete** (used outside trainers from EERPF and ROO)	64	94

Indicators of Success

- The city of Ekaterinburg successfully disposed two land sites at market prices through competitive bidding. The sites are now being developed by the buyer and the first units were scheduled to be completed in late 1996.
- In conducting the second competition, the city took a much more flexible (market-oriented) approach to specifying the land use and permitted development and offered parcels for sale or leasehold.
- Several developers who attended the training course Housing Development in a Market Economy subsequently participated in the "construction finance" component of HSRP2.

2.1.4 Institutionalization of Housing Sector Reforms

Achievement of Targets

Targets: Institutionalization of Housing Sector Reforms		
Target	**FY**	**Status and Comments**
Counterparts and clients sent to NET courses will have acquired additional knowledge and firsthand experience that is complementary to, and reinforcing of, the local training and TA delivered by the Project in Ekaterinburg	95	**Fully Achieved.**
At least three training institutes and various consultants or companies will be successfully managing and delivering training for which there is a fee-paying local market	95	**Fully Achieved.**
A minimum of 10 training sessions conducted by Russian nationals.	95	**Fully Achieved.**
Association of Condominium Associations will serve needs to membership in training and information	95	**Fully Achieved.**
At least three associations of associations; and professional associations enabling homeowners and service providers to unite to procure special training and consulting services that they could not afford individually and to conduct lobbying and marketing activities	95	**Exceeded Target.** Urals Regional Association of Homeowners Urals Center for Training and Consulting Western Urals Association of Homeowners Housing Sector Support
At least three associations of associations and professional associations with the capacity to operate independently	95	
One association of housing partnerships formed, functioning, and offering training and advisory and lobbying services	96	
One association of M&M professionals and providers formed, functioning, and offering training and advisory and lobbying services	96	
Two associations conduct member needs assessments	96	**Fully Achieved.**
Two associations prepare and adopt business and activities plans	96	**Fully Achieved.**
Twelve different core curriculum training modules are prepared; trainers are using modules on a repeat basis to train diverse target groups; seven trainers are delivering training in local market	96	**Fully Achieved.**
Three training/consulting providers capable of managing and delivering fee-based training on behalf of HSRP1 and other clients	96	**Fully Achieved.**
Promotional materials are produced by three providers (training partners)	96	**Fully Achieved.**

Deliverables and Products

Institutionalization Deliverables and Products			
Deliverable or Product	**Status**	**TO**	**FY**
1 delivery of Training of Trainers 2 course	**Complete**	72	96
1 delivery Training of Trainers 1 course * additional product not in TO	**Complete**	72	96
Revised training packets (modules)	**Complete**	72	96
Evaluations of trainee trainers	**Complete**	72	96
Training course materials etc. for professional associations	**Complete**	72	96
Inaugural convention (workshop) for professional associations	**Complete**	72	96
Work programs for associations	**Complete**	64	95
Founding charter of association of condo associations	**Complete**	64	95
Promotional materials (for associations)	**Complete**	64	95
Establish links among NGO/associations	**Complete**	72	96
Business plans, marketing plans (for training partners), publicity information for courses	**Complete**	64	95

Indicators of Success

- Three housing-related NGOs/associations were formed in Ekaterinburg and one in Perm.
- The Urals Association of Homeowners obtained two grants and one donation to support its core programs.
- The Urals Center for Training and Consulting won a bid to conduct training jointly with a U.S. firm and successfully delivered two workshops.
- Trainers who were trained by the project are fully capable of designing, developing, and delivering training courses. They can accurately estimate costs for training events and have proven capable of selling the courses to customers. The trainers also demonstrated ability to adapt and "Russify" imported materials to be appropriate and more easily understood by Russian audiences.
- Staff trainers collaborated with four outside "training partners" to develop and deliver training courses (this shows a degree of business sense and maturity).
- More than 50 percent of costs were recovered through registration fees on nine skill-oriented training events, including full cost recovery on several of them.
- Trainers received consistently high scores when evaluated by trainees.
- Russians who visited the U.S. on observational tours, such as the NET program, have consistently proven to be leaders in experimenting with reforms after they return.

2.1.5 Miscellaneous, Management and Administration

Achievement of Targets

Targets: Miscellaneous, Management and Administration		
Target	**FY**	**Status and Comments**
Learn from and potentially replicate housing finance, housing allowance, and infrastructure finance programs being carried out by AID in other cities in Russia and NIS	93	**Fully Achieved.**
Disseminate information and training on alternative building design and materials	93	**Fully Achieved.**
Monitor Ekaterinburg's housing and urban sector in order to measure progress toward HSRP1 program objectives	93	**Fully Achieved.**
Work with representatives of banks to prepare a plan for TA leading to the establishment of mortgage lending by local banks	94	Some Ekaterinburg banks received TA from the Urban Institute.
Obtain approval and funding from USAID for the mortgage lending TA	94	
Produce second Housing Indicators Report, improve its quality, and reduce direct input by RA	94	**Fully Achieved.**
Preparation of five information packets	95	**Fully Achieved.**
Delivery of information packets to 25 secondary cities in the Urals region	95	**Exceeded Target.**
At least five broadcasts of five informational videos will raise public awareness of reforms and generate demand for condo conversion, private contracting for property management and maintenance, etc.	95	**Exceeded Target.**
City officials will have improved understanding of the different aspects of privatization on which to base decisions (as a result of a conference)	95	**Fully Achieved.**
City officials will be able to measure progress in housing sector and have a baseline against which to measure all future programs and activities	95	**Fully Achieved.**
200 participants from 35 cities in region (regional conference on housing reforms)	96	Dropped due to lack of funding.

Deliverables and Products

Miscellaneous, Management and Administration Deliverables and Products			
Deliverable or Product	**Status**	**TO**	**FY**
Plan for collecting and analyzing information for Housing Indicators Report	**Complete**	8	93
Work plan	**Complete**	8	93
Strategy	**Complete**	8	93
Weekly reports	**Complete**	8	93
Housing Indicators for Ekaterinburg, Russia 1990-92	**Complete**	8	93

Miscellaneous, Management and Administration Deliverables and Products			
Deliverable or Product	**Status**	**TO**	**FY**
Second Housing Indicators Report	**Complete**	8	94
Household Survey and Report	**Complete**	8	94
Training of staff to monitor housing indicators	**Complete**	8	94
City participates in Urban Institute Housing Allowance Workshop	**Complete**	8	93
City participates in Ukraine Local Finance Workshop	**Complete**	8	93
City participates in regional housing finance workshop	**Complete**	8	93
Mayor Chernetsky visit to U.S.	**Complete**	12	93
Participation in Alternative Housing Materials Workshop	Not held	8	93
Memorandums of Understanding with three cities	**Complete**	64	95
Work plans for three cities	**Complete**	64	95
Progress reports	**Complete**	64	95
5 Shelter Sector Reform Information Packets	**Complete**	64	97
Disseminate reform info packages in three oblasts other than Sverdlovskaya	**Complete**	64	95
Evaluation Report on dissemination of information packages via oblast administrations	**Complete**	78	96
Regional Housing and Land Reforms Conference	**Complete**	64	95
Regional Conference on Housing Reforms	Not held	78	96
Weekly reports	**Complete**	78	96
Monthly reports	**Complete**	8, 64	94, 95
Quarterly reports	**Complete**	78	96
Final project report for HSRP1 Urals	**Complete**		96

Indicators of Success

A considerable amount of information was disseminated cost-effectively through mass media and other channels. This resulted in growing awareness of housing reforms (e.g., condominiums) and also in periodic requests for TA and training from municipalities, enterprises, housing associations, and individuals from throughout the region.

Appendix C
Annotated Bibliography of Selected Reports

Siberia Region

1. Management and Maintenance of Municipal Housing in the City of Novosibirsk, Working Paper No. 2. Prepared by Ruth O'Sullivan. January 1993.

   Recommends that the city of Novosibirsk develop a long-range housing strategy to define and implement goals for the housing sector in a market economy. Also recommends that a long-term advisor assist the city in implementing a number of management improvements to the municipal housing maintenance organization system and in developing a demonstration project to stimulate the development of private property management companies in Novosibirsk.

2. Novosibirsk Housing Indicators Report 1990-1992. Prepared by Olga E. Bessonova and Svetlana G. Krapchan. July 1993.

   Provides baseline data on the status of housing in Novosibirsk for the time frame referenced. Includes characteristics of housing: size, division according to age, types of construction, and form of ownership; infrastructure costs and housing construction and maintenance costs; social-demographic characteristics of households; rate of housing privatization; municipal revenues and their sources; land and housing development costs.

3. Management and Maintenance of Municipal Housing Stock in Novosibirsk: Present Condition and Public Opinion, Working Paper No. 6. Prepared by Olga E. Bessonova, Svetlana G. Krapchan, and Ruth O'Sullivan. March 1994.

   Documents the results of a survey of residents of 33 municipal buildings in Novosibirsk that participated in the Private Property Management Demonstration Project implemented with USAID technical assistance. Data served as baseline information for use in the ongoing monitoring of the demonstration project. Information was obtained on resident attitudes regarding the quality and quantity of municipal housing maintenance services, the demonstration project, and the volume and composition of the effective demand for housing services.

4. Novosibirsk Housing Management Demonstration Project Monitoring: Resident Assessments and Indicators after Six Months, Working Paper No. 8. Prepared by Olga E. Bessonova, Svetlana G. Krapchan, and Ruth O'Sullivan. March 1994.

   Contains the results of a survey of residents of 33 buildings participating in the Private Property Management Demonstration Project conducted six months after the project was implemented. Documents survey findings and provides a comparative analysis of resident attitudes before implementation of the project and six months after a private property management company began providing maintenance services at the site, replacing the municipal housing maintenance organization.

5. The Housing and Communal Services Economy in Novosibirsk: The System of Ownership and Management, and Labor Organization and Wages, Working Paper No. 7. Prepared by Olga E. Bessonova, Svetlana G. Krapchan, and Ruth O'Sullivan. April 1994.

   Provides an account of the types of housing ownership existing in Novosibirsk and the particular varieties of housing maintenance organizations pertaining to each. Includes data on staffing, wage rates, and other expenses for municipal housing maintenance organizations, enterprise housing maintenance organizations, cooperative housing, and individual (single-family) housing. Provides an analysis of compensation and productivity.

6. Analysis of Institutional Capacity for Training in Novosibirsk and Ekaterinburg. Prepared by Stephen S. Fuller, PhD. March 1995.

   Provides an assessment of the potential and interest of institutes and universities in Novosibirsk and Ekaterinburg to undertake training in support of private housing market development and their ability to manage such training programs, including the marketing and financial capabilities of these institutions to support such programs. Includes findings on the availability and technical qualifications of available trainers in these institutions relative to the proposed training programs.

7. Housing Sector Reform: Results of the Novosibirsk Experiment. Prepared by Olga E. Bessonova, Svetlana G. Krapchan, and Ruth O'Sullivan. July 1995. (Russian Only)

   A series of seven brochures describing the survey methodology employed to evaluate the Novosibirsk Private Property Management Demonstration Project, a summary of the results of surveys conducted at various times at demonstration project sites, and an analysis of these findings over the period 1992-95.

   - The Housing Sector Management System Before Reform
   - Customer Evaluation of Housing Services Before Reform
   - What Residents Think about the Experiment and Housing Privatization
   - The Housing Sector Management Model Based on the Contract/Agreement System
   - The Dynamics of Customer Evaluation of the Housing Services in the Process of Reform
   - The Technical Condition of the Housing Fund in the Pilot Project Area
   - The Basis for Social/Economic Monitoring.

8. Introduction to Strategic Management: A Practical Guide for Leaders in Merging Market Economies. Prepared by W. Donald Campbell. March 1996.

   Though not a comprehensive "how to" manual, the guide does include a list of readily available publications for use in implementing a local strategic management effort.

9. Review of Auction Documentation from Novosibirsk. Prepared by Andy Nelson. November 1995.

   Provides detailed recommendations to the city of Novosibirsk to improve procedures and documentation for auctioning land parcels in order to increase potential interest from

developers, proceeds from land sales, and the likelihood of successful land sales. Auctions were an important first step in the development of a land market in Novosibirsk.

10. Market Experiment in the Housing Economy of Russia. Prepared by Olga E. Bessonova, Svetlana G. Krapchan, and Ruth O'Sullivan. August 1996. (English and Russian)

    Prepared following introduction of strategic management methods to housing sector leaders in Novosibirsk, the paper is a practical introduction to strategic management for leaders in emerging market economies. Provides results of monitoring surveys on the Private Property Management Demonstration Project conducted in Novosibirsk between 1993 and 1995. Findings are analyzed in terms of the transformation of institutions to a market economy within the context of unique economic aspects that have operated in Russia throughout its history.

11. Omsk Condominiums: The Way to Success. Prepared by Daniel McCormick, Alexander Lozhkin, and Anna Desyatnichenko. September 1996.

    This pamphlet profiles four condominiums that participated in the Condominium Management Demonstration Project. Included is information on building type, form of management and maintenance, and budget information. A comparison is made between the actual management and maintenance costs at the condominiums that are privately managed and maintained and the costs of equivalent service provided by the municipal maintenance organizations.

12. The Future of Housing: Barnaul's Successful Condominiums. Housing Sector Reform Program (USAID). Prepared by Daniel McCormick, Olga Glushkova, and Tamara Grinenko. August 1996. (English and Russian)

    In this pamphlet, the evolution of condominium formation in the Siberian city of Barnaul is described. Detailed profiles of four condominiums, including information on building type, management type, resident income, and maintenance expenditures for the buildings as compared to municipal maintenance expenditures for the same building type, are provided. In addition, results of resident satisfaction surveys are given.

Urals Region

1. Concept Plan for an Ekaterinburg Housing, Infrastructure, and Land Development Project, Working Paper No. 4. Prepared by W. P. McCulloch. March 1993.

   Recommends that long-term advisors provide TA and training to develop and support a project to shift housing production from the public to the private sector, using financing from sale of leasehold interests in land and foreign and domestic credit for infrastructure expansion.

2. Promoting Private Sector Land and Housing Development in Ekaterinburg, Russia: A Feasibility Study, Working Paper No. 5. Prepared by M.R. Brown, D. Dowall, and E. Slingsby.

   Documents the results of a two-month study to design and test the feasibility of conducting a private sector land and housing delivery demonstration project in Ekaterinburg. Reviews

market conditions and assesses the institutional environment. Contains outline Plan for Implementation of the demonstration project.

3. Ekaterinburg Housing Indicators Report 1993. Prepared by M. Brown.

   Indicators to show progress of land and housing reforms, including characteristics of housing: size, division according to age, types of construction and balance holders; availability of utility/infrastructure, social-demographic characteristics of households; ownership of real estate by households; dynamics of housing privatization; land use and dynamics of privatization; real estate market volume and prices.

4. Ekaterinburg Housing Indicators Report 1994. Prepared by ExMedia Center.

   An update on the 1993 Housing Indicators Report.

5. Handbook on Formation and Registration of Condominiums. Prepared by M. Brown, N. Kovalyeva, J. Gardner, and P. Mayfield. (Russian only)

   A collection of general information about condo concepts and benefits; model municipal legislation; detailed outline of registration process and steps; and model charter, bylaws, rules, etc. As of July 1996, the Handbook has been reprinted in four editions, each with slight revisions and additions.

6. Sale and Lease of Land by Tendered Bidding. Prepared by Burdakin, Noudel, Bonz, and Brown. January 1995. (Russian only)

   A compilation of numerous materials related to the sale of land by competitive tendered bidding, aimed to provide practical information that will be of use to local government officials and staff engaged in the process of selling land for development. Some of the materials were produced during competitions already conducted in the city of Ekaterinburg, and others collected from diverse sources are included as additional examples.

7. Handbook: Bidding for Maintenance Contracts. Prepared by M. Lynn. January 1996.

   A "how-to" book for local officials interested in implementing competitive bidding, based on Ekaterinburg and Orenburg pilot projects.

8. Handbook: Financial Planning for Condominiums. Prepared by P. Mayfield. January 1996. (Russian only)

   Presents a four-stage process for financial planning by condominiums, leading to the preparation of an annual budget. Includes a process for identifying maintenance needs and priorities (of members) and an annotated model budget for a homeowner association.

9. Handbook: Financial Control and Reporting for Condominiums. Prepared by E. Nickerson, J. Katz, A. Babichev. May 1996.

   Explains the need for and approaches to operating a system of internal and external financial controls (accounting and reporting) for homeowner associations. Includes sample auditing and

reporting forms and a checklist of questions to assess the effectiveness of financial controls in homeowner associations.

10. Report: Household Survey Results, Ekaterinburg. Prepared by ExMedia Center.

    Description of sampling method and questionnaire, preliminary analysis of results, and tabulation of basic statistics gathered during a survey of 500 households conducted in May 1994.

11. Business Planning for Privatization of Public Sector Maintenance Bodies. Prepared by M. Lynn, F. Rivkin, E. Lukovnikov, and Y. Koksharova. December 1996. (English and Russian)

    A training handbook providing step-by-step guidance to municipal maintenance organization to assist them to make logical, financially sound decision regarding privatization, i.e., on forming viable firms that can compete successfully in the changing maintenance market. Contains necessary and required legal documents for privatization and a sample business plan.

12. The System of Evaluating a Contractor's Execution of a Municipal Housing and Utility Services Order. Prepared by Y. Orgutsova and F. Rivkin. August 1997. (English and Russian)

    This handbook provides recommendations for procedures to monitor and control contractors maintaining municipal housing. It is intended for use by customer boards and other "owners" of housing and utility services, as well as staff of the State Housing Inspectorate. Policy guidelines proposed are based on Russian Federation legislation on Housing and Utilities Reform approved by Presidential Decree No. 425 dated April 28, 1997.

Other Project Reports

1. Orenburg Vodokanal: Improving Cost Recovery, Tariff Reform, and Metering Demonstration Project. Prepared by Samuel Coxson, Alexander Krishtop, Eugene Gurenko, and Ernest Slingsby. 1996.

   As a first attempt at looking at the communal services sector, this report reviewed the tariff cost and cost recovery policies of the Orenburg Vodokanal. During the project, a pilot metering demonstration project was implemented that demonstrated that official "consumption norms" used to bill customers significantly understated actual consumption and apartment building wastage resulting in large revenue losses for the Vodokanal. The report makes a series of institutional, technical, and financial recommendations aimed at improving cost recovery practices and making the Vodokanal more autonomous.

2. Communal Services Pricing. Novgorod TeploEnergo and Pskov Vodokanal: Toward a New Model Communal Services Provision. Tariff, Technical, and Institutional Assessment and Recommendations to Improve Cost Recovery and Financial Sustainability. Prepared by Alexander Gamota, Alexander Krishtop, Ernest Slingsby, Robert Kehew, Michael Sinclair, and Samuel Coxson. 1997.

This report presents the results of a tariff, technical, and institutional assessment aimed at improving the cost recovery and financial sustainability of MUP Novgorod TeploEnergo and TOO Pskov Vodokanal. In a market economy, cost recovery occurs when service providers calculate costs, set tariff structures, bill customers, and collect revenues that fully capture the true costs of providing services while encouraging efficient use of the service being provided. This report recommends measures that the heating utility in Novgorod and the water utility in Pskov can use to achieve financial sustainability while encouraging more efficient consumption of the services they provide to their customers.

3. Final Report — Housing Sector Reform Program 1. Prepared by Mark Brown, Michael Lynn, Daniel McCormack, Ruth O'Sullivan, and Ernest Slingsby. 1997.

   Provides detailed summaries of projects conducted under USAID's Housing Sector Reform Program 1 in Russia, principally in the Urals and Siberia regions, during the period 1992–97. Contains an analysis of program goals and objectives and the effects on program results of the environment in which the program was conducted and an analysis of program design. Finally, a discussion is included on tasks remaining and suggested next steps for USAID assistance in housing sector reform in Russia.

Appendix D
Annotated List of Training Modules

HSRP1 Training Modules								
		Languages: English = E Russian = R						
MODULE NAME	**DURATION TYPE**	Trainer Notes	Handouts	Overheads	Flipcharts	Evaluation	Announcement	Workbook
M&M Concepts	three-hour seminar	E/R	E/R	E/R	R	R	E/R	
New Forms of Managing Real Estate (five modules)	1–2 day training course	E/R	E/R	E/R	R	R	E/R	
Management Skills	four-day training course	E/R	E/R		R	R	R	
Business Planning and New Business Startup for M&M Companies	two-day training course	R	R	R	R	R	R	E/R
Basics of Business Planning for M&M Firms	three-day training course		R	R		R	R	
Condominium Concepts	four-hour seminar	E/R	E/R	E/R	R	E/R	E/R	
Condominium Concepts for Cooperatives	four-hour seminar	E/R	E/R	E/R		R	E/R	
Condominium Registration Practices	1-1.5 day seminar	E/R	E/R	E/R		R	E/R	
Condominium Concepts in New Construction	four-hour seminar		R	R			R	
Condominium Board Management: Roles and Responsibilities of the Board	2.5-hour training course	R	R	R	R	R	R	
Condominium Board Management: Contracting for Maintenance	four-hour training course	E/R	E/R	E/R	E/R	R	R	
Condominium Board Management: Budgeting, Financial Management, and Reporting	five-hour training course	R	R	R	R	R	R	R
Condominium Board Management: Preparation for a General Meeting	two-hour training course	R	R	R	R	R	R	

HSRP1 Training Modules

MODULE NAME	DURATION TYPE	Languages: English = E Russian = R						
		Trainer Notes	Handouts	Overheads	Flipcharts	Evaluation	Announcement	Workbook
Condominium Board Management: Risk Management	two-hour training course		R	R				
Contracting and Procurement	two-day training course	E/R		E/R	E/R		R	
Training of Trainers I: Basic Adult Training Skills	one-week training course		E/R	E/R	R	E/R		R
Training of Trainers II: Intermediate Skills and Preparation of Training Materials (Advanced)	four-day training course		R			E		
Training as Business	2.5-3-day training course		E/R		R			E/R
Marketing of Training Programs in Housing	one-day training course		R	E/R		R	R	
NGO Association and Coalition Building	one-week workshop		E/R				R	E/R
Preparation of Advertising and Promotional Materials/Brochures	1.5-day workshop		R	R			R	
Developing and Promoting the Image of an NGO/Association	four-hour workshop		R	R				
Housing Development in a Market Economy	four-day training course		E/R	E/R			E/R	
Monitoring Contractors	one-day workshop	R	R	R	R	R	R	R
ZhEK Privatization — Legal Issues	four-hour workshop	R	R	R	R	R	R	R

Appendix E
Principal Contacts List

1 Ekaterinburg

LAST NAME, First Name, Patronymic	Position	Phone
CHERNETSKY, Arkady Mikhailovich	Head of Administration	(3432) 56-29-90
POPOV, Victor Vasilievich	Vice Mayor (Housing and Construction)	51-73-44
KULIK, Vladimir Deomidovich	Vice Mayor (Communal Services)	51-52-82
ISHUTIN, Anatoly Vasilievitch	Deputy Head of Administration (Economics)	58-96-29
ZOLOTOREVSKY, Naum Grigorievich	Head, City Housing Dept.	58-93-86
KOMAROVSKY, Edouard	Deputy Head, City Housing Dept.	51-33-14
BUGERA, Natalia Ivanovna	Chief of Maintenance Finance Group, Finance & Budget Dept.	51-65-21
BURDAKIN, Vladilien Vladimirovich	Chief Engineer, Office of the Chief Architect	51-26-27
VYATKIN, Mikhail Borisovich	Deputy Chief Architect (Acting Chief Architect)	51-28-78
LYZHINA, Nadezhda Vasilievna	Deputy Chief Architect	58-94-39
CHEPRASOVA, Olga Platonovna	Chief, Bureau of Technical Inventory	51-44-47
CHERNISHOVA, Natalya Mikhailovna	Chief of Legal Department, BTI	51-14-86
SOKOLOV, Genady Fedorovitch	Head, Department of Registration of Legal Entities	58-94-75
KANAEV, Yuri Viktorovich	Deputy Head, Department of Registration of Legal Entities	51-97-31
KUDRIN, Alexandr Yurievich	Director, "Kupe" Real Estate Agency	29-60-18
PAVELUK, Yurii Nikalaevich	State Building Inspector	61-30-06
RAGOZINNIKOVA, Nellie Nikolayevna	Chief Expert, City Housing Management Department	51-33-14
SHAMOVA, Valentina Grigorievna	Chief Economist, City Housing Management Department	51-19-59
MAYOROV, Yurii Kirillovich		24-02-39
RAICHLIN, Anatoly Zalimanovitch	Director, UralMonolit (developer)	56-98-32
SJOMIN, Victor Nikolaivitch	Deputy Chairman, City Assembly	51-44-86
SIMONOV, Victor Nikolaivitch	Chief Specialist (Lawyer), Dept. of Housing Distribution and Policy	51-74-47

LAST NAME, First Name, Patronymic	Position	Phone
UDATCHIN, Ilya Vladimirovich	Director, Center ExMedia (market research firm)	55-05-46
DERECHA, Vladimir Yakovlevich	Chief Engineer, "PARMA 1" Co. (private maintenance firm)	55-63-32
TRIFONOV, Sergeii Vasilievich	Director, "Veresk Ltd." (private maintenance firm)	57-28-26
ANTOSHKIN, Oleg Nikolayevich	Director, "Vysotnik Ltd." (private maintenance firm)	56-93-59
GALAYEV, Rustam Damirovich	Executive Director, Urals Guild of Realtors	42-19-09
KOVALYEVA, Natalia Evgenevna	Director, Urals Center for Training & Consulting (& President, Urals Regional Association of Homeowners)	22-47-01
RIVKIN, Felix Moseivich	Director, Housing Support Services	59-88-84
BOGDASHEVA, Irina Yurievna	Former PADCO staff	52-49-72

2 Orenburg

LAST NAME, First Name, Patronymic	Position	Phone
DONKOVTSEV, Gennady Pavlovich	Head of Administration (Mayor)	(3532) 47-50-55 721153 (fax)
KARPOV, Yurii Nikolayevich	First Vice Mayor (Housing & Communal Services)	
BULGAKOV, Valery Nikolayevich	Head, KZhKKh & Customer Board	47-28-93
YUMATOVA, Natalia Ivanovna	Deputy Head (Chief Economist), KZhKKh Committee	47-20-16
IOSPA, Evgenii Rafailovich	Head, Housing Privatization, Policy & Exchange Agency	47-81-96
KOZYREVA, Lubov Vyacheslavovna	Head, Condo Dept. (within Housing Privatization Agency)	47-90-54
KOROBOVA, Marina Sergeyevna	Lawyer, Condo Dept. (within Housing Privatization Agency)	47-90-54
KOSTRYUKOVA, Olga Borisovna	Condo Specialist, GazProm	41-27-59
CHUBAREV, Vladimir Mikhailovich	Head, Housing Management Dept., GazProm	41-27-59
MANGUSHEVA, Valentina Yakovlevna	Municipal Enterprise "Valentina" (winner of maintenance competition)	47-96-87
STADNICHENKO, Nikolai Vladimirovich	Head, Planning Dept., MP "Valentina"	35-41-42

LAST NAME, First Name, Patronymic	Position	Phone
PESHKOV, Yurii Mikhailovich	Chief Engineer, DU-4, KECh (military housing)	41-16-98
CHUMBAYEV, Vladimir Nikolayevich	Director, Central District Trust	41-44-83
CHUFISTOV, Sergei Vasilievich	Chief Engineer, Dzerzhinsky District Trust	36-94-94
KALYANOV, Pavel Petrovich	Director, Dzerzhinsky District Trust	36-78-39
LAZAREV, Alexei Vasilievich	Head, Orenburg Vodokanal	
BREZHNEV, Ivan Iliych	Former PADCO staff member	33-69-42(home)

3 Chelyabinsk

LAST NAME, First Name, Patronymic	Position	Phone
TARASOV, Vyatcheslav Mihailovich	Mayor	(3512) 33-38-05
ANOSHIN, Dmitri Alexeivich	Deputy Mayor	33-41-82
SKROBOT, Evgeni Vladimirovich	Chief Specialist, South Urals LPC	66-81-61
YEZHOV, Valery Fyodorovich	Director, City Customer Board	33-12-04
BARANOVSKY, Alexander Konstantinovich	PADCO staff member	75-56-46 (home)

4 Perm

LAST NAME, First Name Patronymic	Position	Phone
FIL, Vladimir Emelyanovich	Head of Administration	(3422) 32-40-84
DMITRIEV, Gennady Sergeivich	Chairman, City Property Management Committee	32-67-21
KHLEBNIKOV, Vladimir Petrovich	Deputy Head of Administration (Housing and Communal Services)	34-17-35
PEREPLYOTOV, Igor Anatolievich	Chief Expert, Deputy Head of Oblast Housing Management Committee	39-44-98
PETROV, Alexander Georgeivich	City Housing Management Committee	34-49-55
UDYAEV, Nikolai Vasilievich	Chairman, City Land Committee	32-68-36
NEDOPYEKIN, Evgeny Ivanovich	PADCO staff member	

5 Other Urals Region Cities

LAST NAME, First Name, Patronymic	Position	Phone
PRIKOZHEVA, Larissa Gennadievna	Lawyer, City Housing Management Committee Magnitogorsk	(3511) 32-03-65
TERYOSHKIN, Gennady Konstantinovich	Vice Mayor, Buguruslan	(3535) 22-39-73
LADYZHNIKOV, Oleg Semyonovich	First Vice Mayor, Krasnokamsk	(3427) 33-44-34
BARRANIKOV, Gennady Timofeyvich	Chairman, City Property Management Committee (and Vice Mayor on Economics) YuzhnoUralsk	(234) 52-6-32
YOUSHINA, N.P.	Deputy Head of Administration, Orsk	(3537) 22-38-16

6 Novosibirsk

LAST NAME, First Name, Patronymic	Position	Phone
TOLOKONSKI, Viktor	Mayor	(3832) 22-51-20
DRAGUNOV, Leonid V.	Vice Mayor	22-05-02
SANDAKOV, Vladimir L.	Chair, International Relations Department	22-51-20
MITYAYEV, Mikhail E.	Chair, Housing Maintenance and Communal Services Department	22-00-62
TIMENOV, Viktor A.	Chair, Land Committee	22-20-69
LABUR, Rima I.	Director, Privatization Agency	22-66-15
ANISIMOV, Vladimir A.	Administrator, Leninsky District	44-08-46
KOBUK, Svyatoslav P.	Dean, Siberian Management Center	10-22-14
MITASEV, Valery M.	Professor, Novosibirsk Construction Academy	66-27-93

7 Barnaul

LAST NAME, First Name, Patronymic	Position	Phone
GERMANENKO, Vladimir Sergeivich	Vice Governor, Altai Krai	(3852) 22-88-21
SANNIKOV, Igor Vasilievich	Deputy Governor on Housing, Altai Krai	As Above
KALININ, Alexander Vasilievich	Deputy Governor on Economics, Altai Krai	As Above
GUSELETOVA, Galina Vladimirovna	Head of Property Management Committee	24-02-22
BAVARIN, Vladimir Nikolaevich	Mayor	23-65-41
KOLGANOV, Vladimir Nikolaevich	Vice Mayor	23-12-36

LAST NAME, First Name, Patronymic	Position	Phone
PEREMAZOV, Igor Petrovich	Deputy Mayor on Construction	23-36-56
STAN, Stella Ivanovna	Deputy Mayor on Legal Issues	24-29-53
ARGUNOVA, Raisa Sergeivna	Land Committee Chairman	22-20-37
DROBISHEV, Nikolai Vasilievich	Housing Committee Chairman	23-79-09
BURLAKOV, Alexander Vasilievich	Housing Maintenance Committee	25-38-26
GURSKI, Sergei Illarionovich	Head, Bureau of Technical Inventory	
POTAPOV, Sergei Grigoryevich	Head, Western Siberian Privatization Center	24-34-64
LYADOVA, Lyubov Pavlovna	Head, Altai Employment Migration Center	24-57-47

8 Omsk

LAST NAME, First Name, Patronymic	Position	Phone
GREBENSHIKOV, Vasily G.	Chair, Housing Maintenance and Communal Services Department	(3812) 30-66-10

9 Novokuznetsk

LAST NAME, First Name, Patronymic	Position	Phone
CHIZH, Nikolai Vikentovich	Vice Mayor for Environment	(3842) 46-41-83
PANTYUCHOV, Nikolai I.	Vice Mayor	(3842) 46-41-83
DYOMIN, Vladimir M.	Chair, Housing Committee	46-84-55
TITOV, Sergei	Deputy Chair, Housing Committee	46-84-55

10 Other Siberia Region Cities

LAST NAME, First Name, Patronymic	Position	Phone
ZELENIN, Sergei Petrovich	Head of City Administration Aleysk	(3852) 22-23-71
BUKVIN, Valery Anatolyevich	Head of City Administration Belokuriha	(3852) 22-32-73
KARPUSHKIN, Gennady Grigorievich	Head of City Administration Beysk	(3852) 22-26-28
OSHERIN, Leonid Afanasyevich	Vice Mayor Irkutsk	(3952) 34-07-93
PAKHOMOV, Leonid Petrovich	Chairman, Land Committee Irkutsk	(3952) 34-07-93

LAST NAME, First Name, Patronymic	Position	Phone
GOROZHANKIN, Valery Alexandovich	Head of City Administration Kamen-on-Ob	(3852) 22-13-75
YANIN, Alexander Nikoaevich	Head of City Administration Novoaltaisk	(3852) 22-14-01
MASZHUHIN, Anatoly Vadimirovich	Head of City Administration Rubtsovsk	(3852) 22-30-22
ILVAKOV, Vladimir Ivanovich	Head of City Administration Slavgorod	(3852) 22-10-50
TOMILOV, Vladimir Petrovich	Head of City Administration Yarovoye	(3852) 23-12-82
EVDOKIMOV, Sergei Nikolaevich	Head of City Administration Novitchiha	(3852) 22-22-71

PART TWO
UKRAINE

Housing Sector Reform Program 1

1 Overview/Strategy in Ukraine

Since October 1992, PADCO, Inc., under the USAID Shelter Sector Reform Services contract, has assisted the Government of Ukraine (GOU) in three program areas:

- housing privatization;
- land privatization; and
- local government finance.

PADCO began work at the national level with an office in Kiev and at the local level with an office in Kharkiv. In February 1994, PADCO established a third office in Odessa and another in Lviv in June 1995. By 1997, these four offices were operating on a regional basis and providing assistance to more than 196 cities in Ukraine. To accomplish this significant expansion, four expatriate Resident Advisors (RAs), one in each of the four regional cities, employed and trained approximately 80 Ukrainians who are now experts in shelter reform issues.

The PADCO team has effected significant changes in the past five years as Ukraine makes the transition from its previous socialist system to a new market-oriented economy. Further, PADCO has created strong momentum for major reform in land and housing privatization and municipal finance and has laid the foundation for further reforms in even broader areas. Program accomplishments have contributed significantly to achieving USAID's Kiev Mission Strategic Objectives for Ukraine.

1.1 USAID Strategic Objectives

The goals and objectives of the Shelter Sector Reform Program reflect the overall strategy for USAID technical assistance (TA) in Ukraine. Two principles of the national strategy are that assistance be carefully targeted to serve as an effective catalyst for reform and that development be sustainable, fostering a market-based economy and a democratic political system that will endure. PADCO's program of work stressed these principles. It also reflected the national strategy's emphasis on training key actors as an investment in people with significant potential to advance change and on seeking out local areas where concentrated, small-scale programs could provide synergistic models for effective action at the national level.

Three objectives of the overall NIS economic assistance programs are democratic transition, formation of a market economy, and social sector reform. PADCO worked to fulfill all three objectives in Ukraine. The effort to develop a strong market economy was supported by the PADCO team's work in privatization of land, in privatization of housing maintenance and management services, and in reforming the organization and pricing structure of communal services. Formation of condominium associations (COAs) among owners of privatized units in multi-family housing is a strong contribution to implementation of democratic processes and institutions. Finally, PADCO's work to develop and implement a housing subsidy program as an important component of a means-based social safety net contributes significantly to social sector reform.

PADCO's work focused on the specific USAID Kiev Mission Objectives listed below. A discussion of PADCO's strategy tie-in follows.

Strategic Assistance Area I: Economic Restructuring

Strategic Objective 1.1: Increased Transfer of State-Owned Assets to the Private Sector

IR 1.1.3 Residential buildings are privately owned.
- IR 1.1.3.1 Condominium owner associations are functioning.
- IR 1.1.3.2 Housing laws are enacted and regulations are enforced
- IR 1.1.3.3 Housing units are privately owned.
- IR 1.1.3.4 Clear rights to land are established.

IR 1.1.4 Land is privatized (urban, rural, and agricultural)
- IR 1.1.4.1 Land auctions and tenders are held.
- IR 1.1.4.2 Urban land is zoned.
- IR 1.1.4.3 Land titling and registration system is functioning.
- IR 1.1.4.4 Legal framework enables land privatization.

Strategic Objective 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Policies

IR 1.2a Rationalization of government transfers to state-owned enterprises, leading to reduced subsidies, increased budget transparency, and improved accountability

IR 1.2.b Broad-based reduction of government subsidies, with a policy shift from generalized to targeted subsidies

Strategic Objective 1.3: Accelerated Development and Growth of Private Enterprises

IR 1.3.2 Improved application of market-driven business skills
- IR 1.3.2.1 Business training widely available

Strategic Assistance Area II: Democratic Transition

Strategic Objective 2.3: More Effective, Responsible, and Accountable Local Government

IR 2.3.1 Improved management
- IR 2.3.1.1 Improved strategic planning
- IR 2.3.1.2 Improved financial management

IR 2.3.3 Increased citizen participation
- IR 2.3.3.1 Increased information regarding government operations
- IR 2.3.3.2 Improved nongovernmental organization (NGO) organizational skills
- IR 2.3.3.3 Increased access to decision-making forums

Strategic Assistance Area III: Social Stabilization

Strategic Objective 3.2: Improved Sustainability of Social Benefits and Services

IR 3.2.1 Redefined public sector role
- IR 3.2.1.2 Improved targeting of public sector and social benefits processing
- IR 3.2.1.3 Policy, legal, and regulatory framework for private and public sector roles defined

1.2 PADCO Strategy Tie-In

PADCO's strategy integrated national and local efforts for reform and privatization in each of the three program areas. The strategy was to work on national policy issues with key Ukrainian counterparts while undertaking local pilot projects to demonstrate ways to carry out reform. The national effort was to create a framework of policies and legislation to support local activities; the local projects were to showcase specific approaches, with their success shaping changes in policy and law nationwide.

The strategy at the national level entailed:

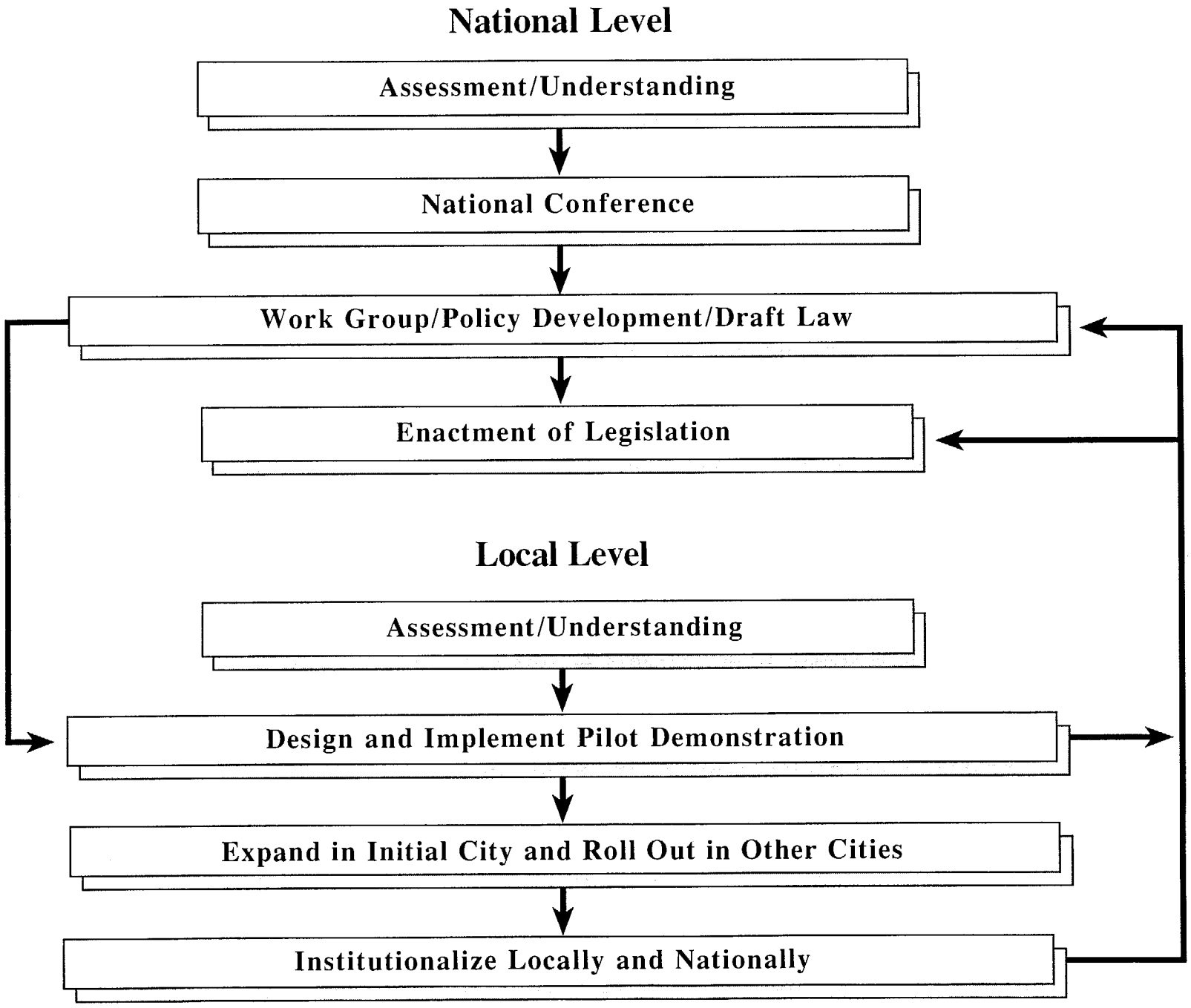
- identifying and understanding the issues;
- holding a national conference to define the scope of reform;
- forming a core group of key officials to develop policy changes and draft new legislation; and
- enacting and implementing new policies and laws.

Simultaneously, at the local level, the strategy involved:

- developing an understanding of the problem and possible solutions;
- initiating pilot projects to test new approaches;
- refining and expanding the model in the pilot city, then replicating it elsewhere; and
- institutionalizing the approach by training Ukrainians to implement the model, locally and nationwide.

Implementation of the strategy at the national level proved problematic as it relied heavily on relative stability in a reform-minded national government, which was not the case in the early years of the program, and it also assumed a level of knowledge and experience on the part of counterparts that often did not exist. In fact, program activities at the local level effected change at the national level and rarely the reverse. Pilot programs were effective and persuasive as they provided proof that our objectives could be achieved. This bolstered changes at the national level. Regional roll-out of the local programs was particularly effective in broadening support for reform and in creating demand for more accurate and effective legislation as the decentralization process increased the challenges faced by local governments.

Ukraine Housing Sector Reform Strategy



2 Results Summary

Due to USAID funding problems for programs in Ukraine, some targets in PADCO work plans could not be met, and some program activity areas were eliminated. Also because of budget constraints, PADCO could not hire additional staff, which the goals as originally projected would have necessitated. PADCO also could not purchase additional equipment to fully support either new or existing staff. Despite these handicaps, PADCO achievements were significant and are summarized below.

2.1 Summary by Program Area

Note: Information provided in the chart below is current as of September 30, 1997.

Summary of PADCO Program Achievements under HSRP1	
National Level Housing	National Housing Finance Conference conducted February 24-March 6, 1993
	Two workshops and a seminar on national housing issues conducted in 1993 and 1994
	State Committee for Housing and Municipal Economy (SCHME) developed an implementation strategy for the decree on rents and communal service pricing with PADCO assistance
	National Housing Conference in Kiev, conducted December 7-9, 1994
Private Maintenance and Management of Housing	69 competitive contracts between private firms and cities let for maintenance and management of municipal housing
	55 cities/areas implementing Privatization of Maintenance and Management (PMM) and 91 micro-districts with PMM programs
	142 new cities introduced to PMM program
	38 city resolutions on PMM passed

Summary of PADCO Program Achievements under HSRP1	
Housing Privatization into Condominiums	202 cities implementing condominium association program
	622 associations (60,721 units) registered
	498 associations (41,643 units) in formation process
	Condominium resolutions adopted by 136 cities
	61 Condominium bureaus formed to expedite condominium registration
Land Privatization	21 land auctions held
	US$1.6 million raised through land auctions
	Established a functioning, fee-supported title registration office in Vishgorod and compiled a list of 10 sites in which that effort could be replicated
Communal Pricing/ Vodokanal Reform	Institutional arrangements for water and wastewater service adopted in memorandum by Mayor Kuibida, Vasyl Kravciv, Head of the Lviv City Administration Engineering Department, and Volodymyr Sulypa, Director of the Vodokanal
	In August and September 1996, on the advice of the PADCO consulting team, the Vodokanal terminated service to several industrial customers and about 60 multi-family buildings with overall collection rates over the previous several months of 10 percent or less, resulting in collection of about 30 percent of the overdue bills and promissory notes for the remainder.
	In July 1996, the Lviv Council of People's Deputies approved the creation of the Water Fund, which will collect portions of the city's and oblast's shares of taxes paid by the Vodokanal and dedicate these revenues to capital repairs and improvements of the water and wastewater system.

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Summary of PADCO Program Achievements under HSRP1	
Local Government Finance/Housing Subsidy Program	Designed national program with key senior Ukrainian officials, and Housing Subsidy Program opened within three months of conception in 714 offices nationwide to receive applications for targeted assistance
	The Housing Subsidy Program allowed the prices of housing and utilities to be increased during 1995 at 10 times the rate of inflation — in the face of strong political opposition to reforms — increasing the percentage Ukrainian families pay for the cost of utilities and housing maintenance from 4 percent in 1994 to 80 percent in 1997.
	By spring 1997, almost 5 million families are helped as a result of the Housing Subsidy Program — 3.7 million families receive monthly assistance averaging US$20 each and a further 1.2 million rural families receive annual assistance in purchasing coal, liquid gas, and other heating fuel through a system of vouchers.
	Developed strong Ukrainian professional staff
World Bank Revolving Loan Fund	PADCO team, fielded in 1995, determined that: • sufficient demand existed to construct and sell housing at market rates; • private developers were successfully operating despite the scant availability of commercial credit and significant obstacles in obtaining materials; • private banks were interested in providing such financing, but would require significant technical assistance to be able to evaluate proformas and administer a revolving loan fund; and • the current legal basis and financial reporting systems would severely hamper the potential for the long-term success of a revolving loan fund.
	Developed complete package of legal documents to establish revolving loan funds tailored to existing Ukrainian law
	Conducted seminars on the basics of proforma preparation for private developers and bankers; one participant, a Ukrainian financial specialist, went on to work for the Western NIS Fund

2.2 Laws/Decrees Enacted

The Private Maintenance and Management technical assistance program is reflected in several decrees that highlight the need for competitive, contractual housing maintenance. In September 1996, the Draft Cabinet of Ministers Decree titled "On Measures for the Development of Competition in the Housing Maintenance Sphere" was developed by PADCO for submission to SCHME for consideration as part of the legislative agenda of the Cabinet of Ministers Intergovernmental Coordinating Committee. This decree was aimed at breaking the monopoly of the state maintenance organizations by recommending that all housing maintenance be carried out on a contractual basis.

The assistance program in condominium formation has had a significant impact on both national and local legislation. The 1992 Law on Housing Privatization provided for co-ownership of the common areas of multi-family buildings and for the formation of co-owners associations, but was too vague to have a significant impact. However, the Cabinet of Ministers Decree passed in July 1997 mandates association formation in all buildings where two or more units have been privatized, approximately 95 percent of the multi-family housing stock. In addition, a number of other significant pieces of housing legislation have been developed with PADCO's input since the program started, and the legal basis for COAs has greatly improved. Local legislation plays a very important role because the monumental amount of national-level legislation being generated results in local governments frequently picking and choosing which ones they plan to implement. A local resolution can be so specific as to include action items with deadlines and personnel assignments or as broad as a simple statement that the local government plans to implement a higher-level law. The table below outlines the pieces of legislation related to this program where PADCO had an important impact.

PADCO Specialists' Assistance to the Government in Drafting Legislation Related to Shelter Sector

Legislation	PADCO Assistance	Result
Concept of the State Housing Policy	Recommendations in formation of Multi-Family Building Co-Owners' Associations and private housing maintenance firms	Ratified by Cabinet of Ministers, June 30, 1995 and recognized as one of the main objectives "the creation of conditions for competition in construction, repair, and maintenance of the housing stock."
Cabinet of Ministers' Decree #588 "On Approval of Regulations on Organization and Operation of Associations Formed by the Owners for Management, Maintenance and Use of Common Property in Residential Buildings"	Recommendations in further drafting decree and lobbying of the state structures for its adoption	Adopted by the Cabinet of Ministers on July 31, 1995 recognizing the importance of residential building management and maintenance
Regulations on State Registration of the Multi-Family Building Co-Owners' Associations (Partnerships)	Assisted SCHME in drafting regulations	Ratified by Order #28/389 of SCHME and State Property Fund of April 5, 1996
Regulations on adjacent territories borders establishing and fixing and transfer of land plots for common usage or in joint common property for construction of residential buildings	Member of Working Committee that drafted the regulations	Ratified by Order #31/30/53/396 of the State Committee of Urban Development, SCHME, and State Property Fund of April 5, 1996
Model bylaws of the Multi-Family Building Co-Owners' Associations (Partnerships)	On behalf of cities, lobbied SCHME on the need for models; provided samples from several other countries; provided a forum for discussion during four regional seminars; and reviewed and revised SCHME drafts	Ratified by Order #28/389 of SCHME and State Property Fund of April 5, 1996
Recommendations of Participants of Lviv Regional Seminar-Conference on Formation of Multi-Family Building Co-Owners' Associations and Development of Private Housing Maintenance Enterprises	Conducted the seminar; coordinated compilation of comments and submitted to SCHME	Ratified by SCHME on February 15, 1996

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Legislation	PADCO Assistance	Result
Housing Code of Ukraine	Reviewed numerous drafts, facilitated input from local level by distributing copies of drafts; routinely included discussion sessions in conferences; prepared position papers on various issues; and edited portions	The draft Housing Code is submitted by the Cabinet of Ministers to the Supreme Rada (Parliament) for consideration
Law on Amendments and Additions to the Law of Ukraine "On Privatization of the State-Owned Housing Stock" and comparative chart	Reviewed drafts and submitted recommendations to SCHME	Materials submitted to SCHME; no legislation has resulted yet, but GOU has recognized the need to take action of some type
President's Decree "On Formation of the Multi-Family Building Co-Owners' Associations (Partnerships) and Development of Competition for Housing Maintenance and Management" and Memorandum to it	Assisted SCHME in drafting decree	GOU changed strategy and passed Cabinet Decree #588 instead
Cabinet of Ministers' Decree "On Formation of the Multi-Family Building Co-Owners' Associations (Partnerships) and Development of Alternative Housing Maintenance Enterprises Network"	Commented on SCHME drafts	Submitted to SCHME; enterprise issues are still under discussion
Draft Cabinet of Ministers' Decree "On Introduction of Contractual Relations in Communal Services Sector"	Assistance in drafting decree (being drafted by SCHME, Ministry of Economics, and State Property Fund)	Proposed several times and held up by SCHME; latest draft submitted October 1997; Cabinet of Ministers has expressed interest in issuing it once they receive it from SCHME
Order of SCHME on Ratification of Model Contract for Sale of Residential Units in the Multi-Family Building Co-Owners' Associations under Construction and Model Bylaws of the Developers' Associations	Provided assistance in preparation	PADCO provided to SCHME the Russian document, "Draft Contract on Sale of a Condo Unit in a Building under Construction"; SCHME rejected idea and developed draft decree "On Developers' Associations and the Bylaws of Such Associations"
Draft Report to the Cabinet of Ministers on the results of the regional seminars in Odessa, Kiev, and Kharkiv	Conducted the seminars; coordinated compilation of comments and submitted to SCHME	Catalyst for passage of Land Territory Regulations and Model Bylaws that were enacted
Draft "Resolution on Conversion of the Existing Housing Construction Co-Operatives in the Multi-Family Building Co-Owners' Associations"	Assisted Housing Cooperatives and Apartment Owners' Association in drafting (discussed at the Odessa Conference on November 16-17, 1995)	Draft Resolution of Odessa City Executive Committee Passed first reading; preparing for second reading; not yet adopted

Legislation	PADCO Assistance	Result
Decree No. 93 2/11/94	Provided assistance in drafting	Created a schedule for increasing the prices for housing and communal services to cover 20 percent of the costs of production during 1994, 40 percent during 1995, and 60 percent by the end of 1996. The decree required implementation of price increases to be suspended until there had been national reform of wages and salaries. It was not implemented. The decree also called for the creation of a social protection system for low-income families.
Decree No. 88 2/4/95	Provided assistance in drafting	Set the schedule for increasing prices: 20 percent from February 1, 30 percent from May 1, 40 percent from July 1, and 60 percent from September 1.
Decree No. 89 2/4/95	Provided assistance in drafting	Created the housing subsidy program.
Decree No. 295 4/19/95	Provided assistance in drafting	Set the percentage of income families would be required to pay for housing and communal services before receiving a subsidy at 15 percent.
Decree No. 313 5/3/95	Provided assistance in drafting	Denied subsidies to families with working-age adults who were not working (Regulation 4), gave oblasts the right to regulate the recalculation process (Regulation 11), and required ZhEKs and others to inform housing subsidy offices about families failing to pay on time.
Decree No. 477 6/30/95	Provided assistance in drafting	Included acquisitions of liquid gas and solid fuel among the communal services covered by the housing subsidy program.
Decree No. 848 10/21/95	Provided assistance in drafting	Included a monthly norm of electricity use under expenditures eligible for subsidies, added 10.5m2 to the norm of space for which subsidy payments would be provided, allowed for the automatic recalculation of subsidies when tariffs are increased; added "stove fuel" to eligible expenditures; and simplified application process for pensioners and invalids.

2.3 Institutionalization

Institutionalization and capacity building were strongly emphasized from the beginning of the PMM and condominium programs. As a result, the program will continue following completion of PADCO's contract under the Housing and Municipal Reform Center (HMRC), a new NGO managed and staffed by PADCO's Ukrainian staff. Additionally under the program, individuals

from local educational institutions in each region with PADCO offices have been trained to conduct portions of the program training and now do so on a contractual basis or under sponsorship of local governments. Institutionalization efforts were enhanced by tying into the existing government housing maintenance training network. This network of trainers and classrooms was used during Soviet times to train employees of housing management and maintenance monopolies. The network remains in place and will continue to play a key role until all housing ownership and maintenance has been privatized. The technical training offered to government counterparts, staff, and trainers was augmented by training of trainers in interactive teaching techniques, thereby enhancing trainer effectiveness.

Localities were urged to form housing reform offices or condominium bureaus to facilitate the implementation of housing privatization. This technique was very successful in institutionalizing the housing programs, because it created a single point of contact for coordinating implementation and monitoring activities. Vested in these offices was the power to arbitrate contractual disputes, hold regular progress meetings, and expand the programs to new districts. To date, 55 localities have created housing reform offices for PMM and 61 localities have created condominium bureaus in Ukraine.

Institutionalization of housing privatization can be seen in the readiness of localities to launch new programs. Since the first demonstrations in Kharkiv and Odessa, PMM has been rolled out to 142 localities and the condominium program has been rolled out to 202 localities. Many cities are currently implementing both programs.

The success of institutionalization can also be seen in those localities that expanded upon initial PMM experience and opened more districts to competition. Kharkiv is a prime example of expansion: Starting in 1995, with three demonstrations comprising 8,000 units, the City Executive Committee adopted a resolution in August 1996 to expand PMM to all districts. To date, 91 localities have decided to expand upon their initial PMM efforts.

Institutionalization was an important aspect of other components of the TA as well, including communal services pricing work with vodokanals, housing subsidy program development, and land work. (The roll-out of the vodokanal program in 30 additional cities was completed under a different contract vehicle.) Conscious effort was made to pair Ukrainian staff and counterparts with short-term U.S. consultants, and a capacity building component was incorporated into all consultant work programs. Finally, RAs, short-term consultants, and U.S.-based trainers contributed significantly to achieving a market economy by instilling a strong work ethic in program staff, in addition to providing technical training in shelter sector reforms.

3 Process of Implementation

3.1 Regional Work Plan

PADCO's work plan for the region was divided into the three program tracks of housing, land privatization, and municipal finance.

The work plan for housing called for pilot projects and subsequent roll-outs, initially focused on the municipal owner of housing. However, as housing privatization levels increased, the focus shifted more and more to the private owner and to the formation of COAs to manage the now privately owned multi-family stock, the principal form of housing in Ukraine. The PMM and condominium programs complemented each other by offering homeowners greater control over the quantity and quality of maintenance of the common elements of their buildings. Such control was a powerful incentive to condominium formation and as COAs reached critical mass in number, private homeowners began to drive the PMM process. New homeowners wanted alternatives to the poor-quality state-provided maintenance, and the PMM goal of providing private maintenance alternatives established a mutuality of interest between homeowners and PMM.

The goal of the land privatization work in Ukraine was to foster the development of a real estate market appropriate to the Ukrainian context. The approach to this goal was multi-faceted, consisting of undertakings in the areas land auctions, regulatory reform (zoning), land titling and registration, and national legislation.

In each of the four areas, initial meetings were held to identify key players at both the national and local levels. This was followed by work on local regulations in preparation for auctions, zoning reform, and land titling and registration.

The municipal finance programs dealt primarily with the expense side of the municipal balance sheet, focusing on improving the efficiency and effectiveness of municipal services. The policy goals of USAID with respect to municipal finance were to implement projects that would (1) demonstrate the feasibility of communal service pricing reform to achieve full cost recovery, (2) illustrate the potential to attract investment for significant system improvements, (3) demonstrate the feasibility of increasing the degree of local control over operations, (4) illustrate the replicability of communal service pricing and institutional reform for other state-owned utilities and in other geographic regions of Ukraine, and (5) exemplify USAID's response to local priorities. In many cases, PADCO assisted USAID in supporting World Bank lending efforts.

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3.2 Highlights of Work Plan Implementation

PMM Program

Date	*Event*
1994	
February	Odessa: PMM pilot initiated
March–May	Odessa: Adoption of enabling resolution, training, procurement
June–July	Odessa: Drafted model documents, signed contract for PMM in one central district comprising 1,668 units
	Kharkiv: PMM pilot initiated
July	Kharkiv: First PMM national conference held
August	Odessa pilot under way
	Kharkiv Steering Committee worked on enabling resolution, model documents
September	Kharkiv: Mini-study tour of officials to Moscow to learn about Moscow PMM; search began for sites
October	AED/Net Training of 20 Ukrainian officials in U.S.: "Private Housing Markets"
October–November	Kharkiv: Sites selected, budgets developed, documents and enabling resolution finalized, municipal officials trained, city-wide housing survey conducted, before surveys conducted
December	Kharkiv: Enabling resolution tabled by Executive Committee, pending further study
1995	
January	Kharkiv: Executive Committee subcommittee studied PMM plan
	PMM promotional video produced
February	Kharkiv: Executive Committee adopted PMM resolution; press conference held inviting private firms to bid for PMM contracts
March–April	Kharkiv: Pre-bid conferences held, bids received, bidders interviewed, and three firms selected to maintain 8,000 units in three districts

Date	*Event*
May	Kharkiv: PMM work under way in three districts
	Kiev: PMM training conducted in Shevchenkovskiy district
	Second AED/Net training of 17 Ukrainian officials in U.S.: "Housing: Private Management and Finance in Ukraine"
June–August	Kiev: Sites selected, pre-bid conference held, bids received, contracts signed for three districts totaling more than 11,000 units
	Recruiting and hiring of PMM program specialists took place
	Kharkiv: Second PMM national conference held
September	Kharkiv: Conducted training of PMM program specialists
	Kiev: PMM work under way in three districts
October	PMM specialists trained in U.S. with real estate counterparts
	PMM how-to manual released
November–December	PMM nationwide roll-out under way using PMM specialists and regional office network
1996	
January, February, April	PMM and condominium regional seminars held in Lviv, Kiev, and Kharkiv
April	Kharkiv: Mini-study tour held for SCHME officials
May	Kharkiv: City-wide expansion of PMM under way
June–August	Kharkiv: After surveys completed
September	PMM training materials published

Condominium Formation Program

Date	*Event*
1993	
August	Program concept developed as part of the work of PADCO RA
1994	
April	Demonstration program started in first city: Kharkiv
August	SCHME requested assistance in drafting condominium law
October	National Program Technical Advisor/RA placed in Odessa
October–November	Assistance provided to SCHME in drafting condominium law
November	Demonstration program started in second city: Odessa

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Date	*Event*
November	National housing conference, sponsored by USAID and GOU, presents the concept and its benefits
1995	
January	Kharkiv demonstration program resolution passed and first program-assisted association registered
February	SCHME formally proposes Condominium Law in the form of Cabinet of Ministers' Decree
June–October	Team of nine Ukrainian specialists hired and trained to expand the program nationwide
July	Decree passed mandating COA formation
November	Municipal guide to association formation published by PADCO that started widespread discussion on the need for additional legislation
November–March 1996	PADCO conducted four regional conferences co-sponsored by USAID and SCHME
November–July 1996	Ukrainian specialists disseminated information nationwide, conducting over 100 seminars; worked to resolve local issues, and formed and trained departments to coordinate related work
1996	
May	Momentum in the association registration rate became evident
September	PADCO lobbied GOU on the need for additional legislation Odessa Oblast resolution passed Odessa City resolution passed First Odessa program-assisted association registered
1997	
December	Forecast of 1,120 associations registered, with the residents of more than 102,364 units enjoying the benefits of better housing through privatized ownership and competitive management

Communal Pricing/Vodokanal Reform Programs

Date	*Event*
1995	
July	Pricing Strategies Program: Workshop for city administration, oblast administration, and vodokanal officials on vodokanal financial condition and alternative tariff structures and methodologies
October	Pricing Strategies Program: Workshop for city administration, oblast administration, and vodokanal officials on methods for improving cost recovery
December	Development of Demonstration Projects Program: Workshop (presented jointly with Booz-Allen & Hamilton International) for city administration, city council, oblast administration, and vodokanal officials on vodokanal institutional reorganization alternatives and recommendations
1996	
March	Development of Demonstration Projects Program: Workshop (presented jointly with Booz-Allen & Hamilton International, COWI, and CH2M Hill) for city administration, city council, oblast administration, and vodokanal officials on vodokanal tariff and cost recovery, technical and organizational issues, and recommended actions
May	Development of Demonstration Projects Program: Workshop (presented jointly with Booz-Allen & Hamilton International) for city administration and city officials on vodokanal institutional reorganization alternatives and recommendations
June	Development of Demonstration Projects Program: Workshop for members of USAID/Government of Ukraine National Urban Water and Wastewater Work Group on vodokanal cost recovery and institutional reorganization alternatives and recommendations
September	Development of Demonstration Projects Program: Workshop for city administration, city council, oblast administration, and vodokanal officials on vodokanal institutional reorganization alternatives and recommendations, including presentations by representatives of city of Gdansk (Poland) and private operator SAUR Neptun Gdansk and by representatives of Khvylia Joint Stock Company, private operator of Gorlivka (Ukraine) Vodokanal

Local Government Finance/Housing Subsidy Programs

Date	*Event*
1994	
February	Ukraine scheduled increases in monthly payments for housing maintenance, gas, heat, water, hot water, and wastewater disposal from the level at which they covered 4 percent of costs to a level covering 60 percent of costs over three years. Although embodied in a decree by the Cabinet of Ministers, reforms were not implemented at that time.
October	The IMF agreement accelerated the schedule as a condition for financial assistance, requiring payments to reach 60 percent cost recovery by July 1995.
December	Analyses showed that many families could not afford higher prices. The Cabinet of Ministers chose to replace subsidies for all families with a system of subsidies targeted at low-income families.
1995	
February	Cabinet issued Decree #89 creating a housing subsidy program under which families would pay no more that 15 percent of their gross incomes on housing.
May	Throughout Ukraine, 714 housing subsidy offices staffed by 4,000 trained personnel open and begin processing applications.
1997	
September	2.7 million of Ukraine's 18 million households enrolled in housing subsidy program.

Land Privatization Program

Date	*Event*
1993	
October	Developed the conceptual framework and outline for new Ukrainian Code on land and related legislation.
1994	
January	Completed training of local officials; drafting of local resolution; preparation of documents for auctions (Kharkiv). 2 long-term leases auctioned off in Kharkiv.
June	3 long-term leases auctioned off in Kharkiv.
October	7 long-term leases auctioned off in Kharkiv.

Date	*Event*
December	2 long-term leases auctioned off in Lviv. 2 long-term leases auctioned off in Odessa; 2 parcels sold. 5 long-term leases auctioned off in Chernihiv. Draft of Code on Land submitted to USAID in draft form. Draft of Law on Titling and Registration submitted to USAID in draft form. Draft of Law on Territorial Planning submitted to USAID in draft form.
1995	
January	Documentation for fall auctions in Kharkiv, Chernihiv, Odessa, and Lviv sent to USAID. 2 long-term leases auctioned off in Kharkiv.
February	2 gas stations sold through auction in Lutsk.
May	2 long-term leases auctioned off in Kharkiv. 1 long-term lease auctioned off in Lviv.
June	1 long-term lease auctioned off in Zaporozhya.
July	4 long-term leases auctioned off in Nikolaev.
September	3 long-term leases auctioned off in Kolomiya.
November	8 long-term leases auctioned off in Lviv. 2 long-term leases auctioned off in Zaporozhya. 1 parcel sold; 1 medium-term lease auctioned off in Poltava. 4 parcels sold through auction in Kiev.
December	3 leases auctioned off in Kharkiv. 2 parcels sold through auction in Kostopel. 1 parcel sold through action in Kremenchung.
1996	
January	1 medium-term lease; 1 short-term lease auctioned off in Poltava. Established functioning, fee-supported title registration office Vishgorod. Developed training materials for relevant municipal employees. Created outline paper on national implementation of unified system of title registration. Submitted list of 10 sites for roll-out to USAID
March	Documentation of all land auctions sent to USAID. 2,000 copies of "how to" manuals developed and distributed to cities and private entities. Chernihiv zoning regulations to be established and map for territories completed. Produced and distributed "how to" manual on zoning. Conducted study tour to U.S. for zoning officials.
August	Poltava zoning regulations and maps completed.

3.3 Tie-In to Strategy

PADCO's work in Ukraine has contributed to support all three of USAID's overall goals and specific strategies as outlined below.

Strategic Assistance Area I: Economic Restructuring

Strategic Objective 1.1: Increased Transfer of State-Owned Assets to the Private Sector

In Ukraine, 40 percent of residential buildings were privately owned as of September 1997, and clear rights to land have been established through a series of pieces of legislation. USAID/Ukraine target UKR65: Market-oriented national housing strategy and policy, which promotes the development of private housing adopted by government by July 1995, was achieved June 30, 1995 with the ratification of the Concept of the State Housing Policy.

More than 622 condominium associations, with 60,721 units, are functioning throughout Ukraine as a result of PADCO's work. The national condominium program has been very successful in achieving its goals. (See Section 4.1.3 for more details.) Several housing laws supporting private ownership have been enacted and regulations enforced. (See Section 2.2 for more details.)

USAID/Ukraine target UKR64: Law on Condominium ownership to permit transfer of buildings from State Ownership to Associations of Homeowners (private owners of apartments) enacted by the Housing Office by April 1995 was achieved in July 1995 with the Passage of Cabinet of Ministers Decree #588.

One segment of PADCO's strategy is land privatization, which includes urban, rural, and agricultural land. USAID/Ukraine target UKR5: Competitive mechanisms for transfer of land ownership (such as land auctions or RFP/tenders) introduced in four cities by December 1994 and operational in 50 Ukraine cities by December 1997 was partially achieved. Twenty-one auctions were held in 12 cities in Ukraine over the past 3.5 years, five of them occurring before December 1994. It is unlikely that 50 Ukraine cities will operate land auctions or RFP/tenders until the national legislation is adopted.

Zoning regulations were established and maps for territories were completed in Chernihiv and Poltava during March and August of 1996.

A land titling and registration system has begun functioning in Ukraine. USAID/Ukraine target UKR8: Simplified titling and land registration demonstrated by pilot project in October 1995 was achieved three months behind schedule. A functioning, fee-supported title registration office was established in Vishgorod in January 1996.

A legal framework enabling land privatization has been presented to the GOU, but has not yet been adopted. USAID/Ukraine target UKR13: Packet of core land laws completed in draft by April 1995 was achieved four months ahead of schedule. PADCO prepared the draft Code on Land, the draft Law on Titling and Registration, and the draft Law on Territorial Planning and

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submitted them to USAID in December 1994. Although it was beyond PADCO's control to force adoption of these national laws, because of local-level legislation, land reform has begun.

USAID/Ukraine target UKR14: Presidential Decree on privatization of nonagricultural land to permit broad-based private land markets to develop in municipalities prepared by December 1994 and issued by President by July 1995 was achieved in full when the President's Decree on Nonagricultural Land Parcel Privatization for Business Activity was issued in July 1995.

Strategic Objective 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Policies

All of PADCO's programs have stressed the importance of increasing the soundness of fiscal policies and fiscal management policies. The PMM and COA Programs have encouraged the ZhEKs to become more competitive and responsible. The land programs have established open and transparent auctions and transfers of land. The Vodokanal Program has established clear fiscal policies to strive for.

Government transfers to state-owned enterprises were rationalized, leading to reduced subsidies, increased budget transparency, and improved accountability. PADCO's Social Sector Restructuring Program enabled a broad-based reduction of government subsidies, with a policy shift from generalized to targeted subsidies.

USAID/Ukraine target UKR63: Issuance of Presidential Decree #93 and subsequent Cabinet Resolution #89 by specifying a national schedule of price liberalization for housing and communal services to move from approximately 3 percent of production costs in August 1994 to 80 percent in October 1995 was accomplished in 1997 by PADCO's Social Sector Restructuring Program.

Strategic Objective 1.3: Accelerated Development and Growth of Private Enterprises

PADCO's PMM Program has directly contributed to the improved application of market-driven business skills through the establishment of open competitions to provide PMM services. Even the ZhEKs are improving their business skills in order to be able to compete with the private firms.

Business training has been widely available, first from the PADCO offices located in Ukraine and now from the NGO. PMM directly contributed to reaching USAID/Ukraine target UKR80: 20 public-public partnerships for delivery of various products and services, such as road maintenance and garbage collection, by private sector businesses to meet public sector or municipal needs initiated by December 1996. In the roll-out of PMM, viable alternatives to state housing maintenance were provided to municipalities and homeowners alike. Maintenance quality was improved, while, at the same time, private maintenance costs did not exceed the cost of public maintenance. In addition, a new business sector for private maintenance contractors was created. The prospects for future growth in this sector are significant. The success of local PMM initiatives also reinforced the need for a national policy on competitive maintenance, and, as a result, a Draft National Competitive Maintenance Decree is now on the SCHME agenda. UKR80 is also supported by COA formation by increasing demand for such organizations and thus increasing the likelihood of their financial success.

The NGO is not only an example of the development and growth of a private enterprise; it also extends training to others.

The Vodokanal Program provided training to the vodokanals to increase their market-driven business skills and efficiency in general.

Strategic Assistance Area II: Democratic Transition

Strategic Objective 2.1: Increased, Better-Informed Citizens' Participation in Political and Economic Decision Making

PADCO's programs, including PMM, COA, Vodokanal, and Social Sector Restructuring, have all distributed copies of new legislation. They have also spread information through television, radio, and newspaper/newsletter articles. A great deal of housing legislation would never have been adopted if it weren't for public support.

Strategic Objective 2.2: Legal Systems That Better Support Democratic Processes and Market Reforms

See the legislation section for examples of PADCO assistance toward new legal systems and enacted improvements that better support democratic processes and market reforms.

Strategic Objective 2.3: More Effective, Responsible, and Accountable Local Government

Under the Land Program, public lands are transferred to the private sector on a transparent and competitive basis.

Practically all of PADCO's programs have contributed to USAID/Ukraine target UKR81: As a result of the institution of market-based housing and communal services pricing, municipal revenues are measurably increased.

The PMM, COA, Vodokanal, and Social Sector Restructuring Programs have also all actively distributed new legislation to raise public awareness and better educate the citizens regarding government operations.

The PMM and COA Programs have worked directly to improve NGO organizational skills. See the institutionalization section for more details on training programs. They have also worked to increase citizen access to decision-making forums.

Strategic Assistance Area III: Social Stabilization

Strategic Objective 3.2: Improved Sustainability of Social Benefits and Services

All of PADCO's programs in Ukraine have worked to redefine the role of the public sector in order to improve the sustainability of social benefits. The PMM and COA Programs have decreased the role of the public sector in housing and improved it by making it more competitive. The Vodokanal Program has worked to improve the efficiency of water and wastewater services. The Social Sector Restructuring Program has improved targeting of the public sector and social benefits processing.

USAID/Ukraine target UKR60: Housing subsidy program, replacing housing and communal subsidies for the whole population with a targeted non-cash subsidy to low-income households based on payment of 15 percent of net income for housing and related communal services of water, sewer, and heat has been achieved and was even extended beyond its original scope by the Social Sector Restructuring Program.

Additionally, the policy, legal, and regulatory frameworks for private and public sector roles has been better defined by the PMM, Condominium, Vodokanal, Land and Social Sector Restructuring Programs.

4 Program Areas

4.1 Housing

4.1.1 National Level

4.1.1.1 Description/Background

The governments of the United States and Ukraine signed a Memorandum of Cooperation on November 10, 1992 to support the Government of Ukraine in the creation of private land and housing markets at both the national and local government levels. Specifically, the program provided technical cooperation in four areas: (1) a legal and institutional framework to create and implement land and building markets, (2) the privatization of housing, (3) the privatization of land and population centers, and (4) local government finance.

The main objectives of the national strategy for housing privatization and reform were:

- to develop legislation to define a comprehensive right to private property in housing;
- to achieve privatization of the majority of Ukraine's government-owned housing stock;
- to develop mechanisms for transferring housing among private parties;
- to create and encourage viable market-driven institutions for management and maintenance of the housing stock during and after privatization;
- to encourage reform and decentralization of housing pricing decisions, with the provision of adequate social protection; and
- to create a framework for construction.

To achieve these objectives, PADCO took on:

- preparing a document setting forth necessary laws, sub-laws, and institutional arrangements to create private land and building markets;
- assisting in the preparation of a draft condominium law;
- making arrangements for land privatization and local government finance workshops;
- defining an appropriate housing reform program at the local level in Kharkiv that corresponded to the areas of technical assistance contemplated under the Memorandum of Cooperation;
- establishing and maintaining a fully functioning project office in the Ministry of Construction and Architecture;

- continuing ongoing work under the republic-level Memorandum of Cooperation and the April 15, 1993 Work Program; and
- identifying, designing, and implementing new areas of cooperation as contemplated in the Memorandum of Cooperation and Work Program.

4.1.1.2 Targets and Achievements

USAID/PADCO worked with SCHME to undertake a comprehensive evaluation of Ukrainian housing policy and to develop a coherent approach to reform. They supported the development and work of a national organization of realtors, in cooperation with the Eastern European Real Property Foundation (EERPF). They continued collaboration with the State Committee to finalize, adopt, and implement the national Condominium Law, through subcontractor OKM. "How-to" manuals were distributed throughout Ukraine on the formation and management of COAs. PADCO collaborated with SCHME to develop an implementation strategy for the decree on rents and communal service pricing, including the development of techniques for estimating production costs and the design of a social safety net to target subsidies to low-income households. PADCO conducted an intergovernmental workshop on housing policy to build consensus on approaches to individual housing policy issues, such as privatization, financing, housing rehabilitation, and a training visit on housing management and maintenance to the U.S. for 20 to 25 Ukrainian national and local government officials.

Several conferences, workshops, and study tours were held for national and local government officials as well as Ukrainian staff, including:

- Housing Finance Conference, conducted February 24–March 6, 1993;
- Workshop on "Privatization of Land and Urban Development," conducted May 11-14, 1993;
- Workshop on "Local Government Finance and Infrastructure Development," conducted June 29–July 1, 1993 in Kharkiv;
- Seminar on "Housing Policy Formulation," conducted February 24, 1994;
- Observational tour to the United States on housing management and maintenance, conducted by subcontractor AED in October and November 1994;
- National conference on housing held in Kiev, December 7–9, 1994;
- Condominium study tour to the U.S., conducted by subcontractor AED, September 1995; and
- PMM study tour to the U.S., October 1995.

4.1.1.3 Lessons Learned

In retrospect, it has become clear that it was not as effective or powerful to start with the national program. Instead, PADCO found that it was much more successful beginning at the local level with pilot projects. After their success, the programs were rolled out to other cities and regions. This demonstrated that our programs were successful and worthwhile. Also, once national government officials witnessed how popular these programs were, drafting and supporting new legislation became less difficult.

4.1.1.4 Deliverables

The detailed list of deliverables for this project divided by task order are included as an appendix. Legislative results are included in the Legislation section. Some deliverable highlights for the National Level Housing Program are:

- working papers from the various conferences, workshops, and study tours listed above;
- draft document titled "Legal Framework for the Creation and Operation of Laws and Real Estate Markets in Population Centers in Ukraine";
- drafts of Condominium Law eventually replaced with Decree #588; and
- draft portions of housing concept papers and draft sections of revised national housing code for Ukraine.

4.1.2 Private Maintenance and Management

4.1.2.1 Description/Background

Until recently, maintenance of the vast municipally owned housing stock in Ukraine was provided by small state enterprises called ZhEKs. Despite large municipal subsidies, the quality of maintenance service remained low. When privatization of municipally owned housing was introduced in 1992, poor maintenance of common areas diminished the value of housing assets and served as a disincentive to ownership. Housing sector assessments performed in 1992 indicated that municipalities could no longer afford to subsidize ZhEKs and that new homeowners were willing to pay more for high-quality maintenance. To reduce costs and improve housing maintenance, PADCO assisted Ukrainian municipal governments in testing the feasibility of private maintenance of the public and private housing stock.

Ukrainian cities fostered competition through market-based bid solicitations for private housing maintenance. In 1994 and 1995, the practice was implemented in Odessa, Kharkiv, and Kiev. Cities were trained in transferring housing management responsibility to private sector companies. They held competitions to select private contractors to maintain packages of 1,500 to 2,000 housing units. Changes in resident satisfaction were assessed through "before and after" attitude surveys. Based on positive demonstration results, the practice was expanded across Ukraine. Regional seminars introduced the concept to housing officials and professionals, forming a nationwide information network. Model documents, such as bidding procedures and contracts containing results-oriented performance standards, were widely disseminated, and a "how-to" manual was developed to assist local officials in implementation. No national legal reforms are required to privatize housing management and maintenance; local governments adopted enabling resolutions permitting local ZhEKs to be replaced by private contractors and agreed to fund the contracts. No additional local or state funds are required, as contractors are funded at the same level as the ZhEKs and are profitable because they are typically more efficient.

The strategy for implementing PMM consisted of three parts:

1. identifying one or two major cities (preferably regional centers) that were committed to testing the feasibility of PMM through pilot programs;

2. showcasing the pilot results to recruit additional oblasts and cities to launch additional PMM programs; and
3. facilitating the development of a private maintenance sector by providing business opportunities.

The basic components of a private maintenance program are as follows.

- **Training.** This includes training of the housing owner (municipal and private) in the principles of general management and real estate management and training of private firms in how to function as a profitable housing management business in the emerging housing market. This training is critical because owners and private managers did not exist in the past and, before entering into private management programs, they need to understand their respective roles.
- **Competition.** This includes organizing and conducting a competition to procure the services of a private management firm. This process was designed to announce the program to the community and to draw the attention of potential bidders for the work. It is also educational in that potential bidders are exposed to the program components and trained in how to write a bid proposal. The hallmark of the private management program is strict adherence to fair and objective competition in the awarding of all contracts. It is this critical difference — competition — that distinguishes private management from monopolistic (noncompetitive) forms of housing management. The end product of competition is the signing of a contract between the owner and the private contractor.
- **Monitoring.** This includes measuring the private contractor's performance against well-defined performance criteria specified in the contract. Monitoring is a feedback system. It requires frequent meetings between owners and private contractors, with regular field verification of work results. Monitoring assesses the responsiveness of private contractors and the effectiveness of the contractor's work plans. It evaluates the performance of work within specified funding and budget parameters and examines the relationship between the contractor and the customer by using scientific surveys to assess customer (tenant or owner) satisfaction with private management. Monitoring allows the owner to reward exceptional work with bonuses or to take corrective actions for unsatisfactory work. Corrective options include reducing or withholding contractor payments and terminating contracts for chronically unsatisfactory work. A critical difference between private management and traditional management is that private contractors can be terminated for unsatisfactory performance and replaced by firms that perform up to the owner's standards.

Milestones in the local implementation process include:

- creating a steering committee;
- training of municipal owners, associations, and private contractors;
- selecting the bid packages;
- calculating the funding for each bid package;
- issuing a press release and conducting a press conference;
- issuing the Request for Proposals (RFP) and soliciting bids;

- conducting the pre-bid conference;
- receiving the proposals (bids);
- convening an interview/selection committee, analyzing the proposals, conducting interviews, and rating the bidders;
- selecting the winners of the competition;
- negotiating contracts with the winners;
- inspecting the buildings;
- executing contracts;
- notifying tenants/owners;
- issuing the "Notice to Proceed" with the work; and
- performance monitoring.

Pilots were conducted in Odessa and Kharkiv. The pilot cities were chosen based on their strong commitment to try PMM and because they were regional centers that served as models to other cities. Odessa and Kharkiv also had PADCO regional offices staffed by long-term resident advisors specializing in PMM and COAs. Pilot sites served as examples to the roll-out cities; representatives of roll-out cities often visited pilot sites to see PMM results firsthand and to exchange program information with counterparts.

4.1.2.2 Targets and Achievements

The national targets for PMM roll-out at the end of FY96 were:

- 70,000 units under private management;
- 15 private contractors engaged in delivery of private management services; and
- 30 micro-management districts under private management.

The national achievements for PMM by the end of FY96 were:

- 84,478 units under contract and under the procurement process;
- 28 firms under contract by the end of FY96; 69 firms by September 30, 1997; and
- 23 cities/areas with PMM programs; 32 micro-management districts under private management by the end of FY96; 55 cities/areas and 91 micro-management districts by September 30, 1997.

The following activities supported the achievement of the targets by September 30, 1997:

- 133 local and regional seminars held;
- more than 500 PMM how-to manuals distributed;
- 38 enabling resolutions passed by localities by September 30, 1997;
- 30 PMM training courses held.

The following chart is cumulative as of September 30, 1997.

Region	Contracts between private firms and cities	Cities/areas implementing PMM	Micro-districts with PMM program	Competitions conducted	New cities introduced to the program	Four-day training for 30 people	0.5-1 day seminars for municipalities for 35 people	City resolutions passed
Central (Kiev)	21	12	25	8	47	7	18	6
Western (Lviv)	10	7	12	11	13	7	20	3
Eastern (Kharkiv)	20	29	42	11	56	7	63	23
Southern (Odessa)	18	7	12	11	26	9	32	6
TOTAL	69	55	91	41	142	30	133	38
Before Oct '96	*28*	*23*	*32*					
After Oct '96	*41*	*32*	*59*					

Tenant satisfaction was the most critical measure of PMM success. All other indicators may have pointed to success, but if tenants or owners were not satisfied with the results, a major goal of the program would not be achieved. To assess tenant satisfaction, surveys of samples of units included in the Kharkiv demonstration were conducted to measure "before" and "after" results. "Before" surveys were taken before private management began to assess satisfaction with ZhEK services. "After" surveys were taken to assess satisfaction with contractors after the program was established.

An experienced survey team assisted with drawing a sample of units and with conducting the surveys. Team members were recruited from the Kharkiv State University sociological faculty, and they were trained in surveying techniques as a part of the Kharkiv City-Wide Housing Survey (conducted in 1994 under the Kharkiv work plan). The city-wide survey provided reliable baseline data for the Kharkiv housing stock and established that units in PMM contract areas were not significantly better or worse than the Kharkiv stock as a whole. The team provided analyses of data in the form of a report.

Evidence of the positive attitude toward competitive maintenance may be seen in the following highlights from a typical Kharkiv "after" survey.

- Sixty-eight percent of the residents in District 1 (Saltovka) prefer private maintenance over the ZhEK maintenance.
- Eighty-five percent of the residents in District 2 (Chervonozavodskoi) prefer private maintenance over ZhEK maintenance.
- In "before" versus "after" comparisons, the number of residents dissatisfied with maintenance decreased from 69 percent to 43 percent in District 1, and from 55 percent to 47 percent in District 2.
- In "before" versus "after" comparisons, the number of residents complaining about the lack of lighting in entryways in District 1 decreased from 74 percent to 56 percent, and in District 2 from 28 percent to 23 percent.

- In "before" versus "after" comparisons, the number of residents who were satisfied with the condition of courtyards, walkways, and playgrounds increased in District 1 from 7 percent to 29 percent, and in District 2 from 33 percent to 40 percent.
- In "before" versus "after" comparisons, the number of residents satisfied with the cleaning of their entryways increased in District 1 from 66 percent to 70 percent, and in District 2 from 60 percent to 89 percent.

4.1.2.3 Lessons Learned

Use "model" documents whenever possible. That way, municipal and private owners do not have to reinvent the wheel every time they need a request for bids, a contract, or a press release. Sample documents are available and can save them a lot of time and effort. Of course, these documents are just suggestions — a starting point — for programs; owners may adapt materials however they wish to suit their specific circumstances.

Local public education is critical to success. Residents are naturally skeptical of any new program. Educating the consumer about the program and what it has to offer is important. Much fear and misinformation can be dispelled through good educational programs. Many times, the rumor has started that the program is a plot to steal buildings away from residents and sell the property for profit. Without public education, consumers may believe such gossip.

Consider the number and size of buildings when asking for bids from private maintenance firms. It may not be economically beneficial for a contractor to manage a building of 100 units; but if 10 buildings of 100 units each join in an "association of associations" with a total of 1,000 units, qualified bidders may view the work as economically feasible.

Demand competition when selecting private maintenance firms. If there is one precept in private maintenance programs, it is the need for competition. It takes more time and effort to organize a competition, but owners will reap many benefits later on; competition ensures that consumers get the best work at the lowest cost.

Inspect buildings before private firms begin work. The owners need to know the existing condition of the buildings or else there will be no accountability for the private firm.

Do not split micro-districts when implementing private maintenance, leaving part under ZhEK control and transferring part to a private contractor. This approach has never been successfully implemented. Why? The ZhEK has always undermined the work of the private contractor. In some cases, sabotaged is a more appropriate description. Some examples of problems: How do you split office, warehouse, and workroom spaces between the ZhEK and the private contractor? How is equipment shared between the ZhEK and the contractor? Who gets control of the dispatcher's point? If the ZhEK controls the dispatcher's point, will service requests be properly referred to the contractor? Who gets paid first, the ZhEK or the contractor? What happens when the ZhEK takes all of the rubbish from its territories and dumps it onto the territories of the private contractor? These are just some of the difficulties encountered in this scenario.

Explore partnerships that benefit both owners and private firms. For instance, a private firm may take a maintenance contract for very low profit if the owner can sweeten the deal with something the firm wants. This may be as simple as allowing the firm to use basements to create a shop. The shop can yield extra revenues for the firm, thereby decreasing the amount owners have to pay for maintenance, and create a convenient shopping area for the residents.

Stipulate clear performance standards in maintenance contracts. In fairness to both owners and contractors, each party's responsibilities should be well-known. The beauty of private maintenance is that you can replace a lackluster firm with a better one, but you must define the performance standards.

Do not focus all capacity building on the owners (or demand) side of the market. Training for private firms (or ZhEKs trying to convert to private firms) is important. If the demand for private maintenance is high, you need to ensure that an adequate supply of private firms exists. Technical training in maintenance, e.g., for plumbers, is not within the realm of this program, but "management maintenance management skills" and business development training materials are available. Disseminating materials on how to write business plans and how to become a service-oriented business can facilitate market development.

Do not superimpose unrealistic expectations on the private maintenance program. Private maintenance is a dramatic improvement, but it is not a panacea for the deferred maintenance and low resident morale that have accumulated over the years. Before the housing sector becomes a true market, other service providers (such as rubbish removers and elevator maintainers) must also be demonopolized. Municipalities and COAs cannot realistically expect private maintenance to "fix" all that is wrong with the system overnight — it will take time, and a transition period is to be expected.

4.1.2.4 Deliverables

How-To Manual. A PMM how-to manual was written and published in October 1995. Mayor Y. Kushnaryov from Kharkiv wrote the foreword to the manual, and more than 500 copies were distributed nationwide. The manual, as written, was applicable to all homeowner categories: municipal, private, cooperative, and enterprise. The manual supplements USAID/PADCO technical assistance components, but was also used as a stand-alone guide to implement PMM without any direct TA from PMM program specialists. The manual format was a step-by-step, detailed outline of how to implement a PMM program. It also stressed the benefits of PMM from multiple perspectives — the municipal official, the housing professional, the renter, and the private homeowner. A comprehensive exhibit section includes model documents that can be used to assist program implementation.

Training Curriculum. A comprehensive, 14-part training curriculum was developed for owners and contractors. The transition to private management markets required new management techniques and attitudes toward the workplace. Training was an important step in the private management process and was available for both owners and private contractors as a technical assistance option from USAID/PADCO. The focus of the training was on the treatment of real

estate as an asset and that the value of that asset can be preserved through the exercise of good management techniques. The training emphasized that shelter is a basic need and that property management/maintenance is an important part of satisfying that need. The training premise was that property management/maintenance is a business that should be respectable and profitable.

Training took one week of intensive classroom time, using a team of five trainers trained by PADCO. The training team was mobile, and training occurred in the host jurisdiction where PMM was being implemented. The training materials are available in both Russian and Ukrainian. The training materials incorporated many practical exercises tailored to real-life situations in Ukraine. Certificates were awarded to participants designating them as housing management specialists. Regional training resources were developed over the course of the technical assistance contract, including a list of regional resources, such as institutes, academies, etc.

Model Documents. A complete set of model documents to facilitate the implementation of PMM roll-out was available as part of the USAID/PADCO technical assistance package. The list of model documents included (please refer to the how-to manual exhibit for examples of these documents):

- glossary of real estate terms;
- procurement/contracting schedule;
- authorizing resolution;
- training curriculum and materials;
- sample press release;
- sample invitation to bid;
- Request for Proposals (RFP);
- pre-bid conference;
- remarks and plan for conducting the pre-bid conference;
- bid tabulation sheet;
- interview and selection guidelines;
- interview rating work sheets;
- model contract;
- building inspection checklist;
- announcement to the tenants; and
- Notice to Proceed.

4.1.3 Housing Privatization into Condominiums

It is projected that by December 1997 more than 1,120 buildings containing more than 102,364 units will have formed COAs. This projection (see chart on page 36) is based on the fact that more than 498 buildings (41,643 units) have started the formation process and that 202 cities are promoting COA formation. This process will be sustained by the 10,822 government officials and 13,729 residents trained as part of the program.

Although the GOU has yet to adopt a formal procedure to track the number of registered COAs, when the demonstration programs started, according to the GOU practically no associations had been registered. PADCO staff tracked the number of associations formed by following up with government counterparts and attempting to follow up with residents who attended seminars. However, this approach resulted in under reporting because roughly 40 percent of those who attended the seminars do not have telephones in their homes and the mail system is unreliable.

4.1.3.1 Description/Background

Until 1992, local governments or state-owned enterprises owned all multi-family housing in Ukraine. Government or enterprise organizations called ZhEKs maintained all the housing owned by their respective parent organization. A housing privatization decree passed in 1992 provided families with a one-time right to privatize the flat they occupied, with some normative restrictions, for a nominal fee. The same decree stated that privatized unit owners became the co-owners of the common areas of the building. The decree also granted the ability to create COAs, but provided only a very weak legal basis and no procedure for creating such organizations. Unit owners were left with no practical way in which they could exercise their common area ownership rights or impact decision making related to their building.

The national and local governments who were anxious to transfer responsibility for housing maintenance to the residents became frustrated with the slow rate of unit privatization and with the virtual lack of formation of COAs. The few groups of apartment owners who wanted to form associations were obstructed at the local level due to a widespread lack of understanding of the concept, a lack of formal procedures, and the government's desire to transfer all financial responsibility without transferring the existing financial resources.

City officials in Kharkiv and Odessa recognized that even though enabling legislation was present, few if any COAs had been registered in their cities. They discussed the situation with PADCO representatives. The result of these discussions was to undertake a demonstration program in each city to register several associations with the hope of using the results of the program as a basis to expand the registration effort. When the goal of registering condominiums and training facilitators was established, the assumption was that the majority of the effort would be in educating and working with homeowners. In fact, however, the greatest labor was in setting up a registration process and addressing the issues that were left unresolved in the enabling legislation or that were within the sole authority of the city administration.

The national government requested USAID's assistance in establishing demonstration programs to introduce the concept in the cities of Kharkiv and Odessa, and USAID agreed to conduct the demonstration programs.

The results of the demonstration programs were then rolled out throughout Ukraine through the four PADCO offices used as regional bases. In the course of the demonstration programs and the roll-out, successful local methodologies were developed, but the need for additional legislation and other support at the national level became even more evident. PADCO then coordinated four regional conferences to provide national and local housing leaders a forum in which to introduce

the concept on a widespread basis, to showcase the demonstration programs, to provide local-level officials with the opportunity to express their national support needs, and to discuss proposals for addressing the gaps in legislation.

Working with the government was only half of the equation. Overall, residents are aware of their right to privatize their flat, but hesitant to do so for a number of reasons, including those outlined below. The Ukrainian proverb "What is mine is mine, but what belongs to everyone is no one's" is clearly borne out in multi-family buildings. Corridors are dirty and unlit, and elevators often broken or used as urinals. However, stepping over the threshold into a flat brings one into a different world of bright, clean conditions and frequently face to face with the evidence of significant personal investment in decoration and repair by the individual resident. Once owners decide to privatize, many are eager to form an association, because it provides a structure that they can use to improve the quality of their housing and protect the investment that they have made within their flats. These resident leaders, however, have a difficult time building consensus among their neighbors and then pushing the registration of the association through the convoluted process that involves upwards of 15 steps in numerous government agencies. Authority to define the registration process rests with the municipality, making it difficult to streamline the process through national initiatives. In practice, districts within each city control specific aspects of the registration process and this further complicates the process.

Those who privatize their flats pay the same housing maintenance and utility fees as those who have not privatized, while the government has increased the residents' share of those costs from 4 percent in 1992 to 80 percent in 1997, even while raising the total cost of such services. Although this has been a hardship for lower-income families, it has served as the primary motivator for residents to want to take control of the maintenance of their housing and the payments for their utilities. (In many cities, payments collected from residents by ZhEKs on behalf of the utility companies are commingled with other city income. The utility companies are not paid in a timely fashion, resulting in widespread outages and an increased resistance by residents to pay for the services that they do not receive.)

The types of support needed for residents were:

- streamlining the registration process;
- providing copies of legislation and training materials;
- facilitating their task of educating the very heterogeneous population in their building;
- assistance in overcoming unique issues in individual buildings;
- assistance in drafting registration documents and budgets; and
- in limited situations, acting as an outside technical expert in negotiations between the government and individual associations.

Discussions with homeowners and city officials served as a basis to identify the obstacles to privatization and association formation and to further clarify the issues that the city administrations needed to resolve.

Obstacles to Privatization

- Financial penalties for ownership, as compared to renting, in the form of real estate taxes
- Fear of future discriminatory legislation against owners
- Political uncertainty
- No deadline to privatize
- Few concrete advantages to privatization unless one plans to sell one's flat or form an association

Obstacles to Association Formation (in General)

- Lack of a model registration process or of a single municipal entity with the authority to establish such a process
- Incomplete and conflicting legislation
- Lack of understanding of the concept, benefits, and rights
- Lack of policy and laws on issues key to real estate ownership and association formation

Obstacles to Association Formation (Residents' Perspective)

- Difficulty in enforcing fee payment and foundation document provisions
- Fear that association formation will result in reducing the likelihood that the former owner will honor his/her obligation to complete capital repairs
- Excessive registration fees in the form of payouts to government staff to process various documents
- Fear that the city will abandon associations by not honoring its agreements with them both as the municipality (subsidies and services) and as the owner of the nonprivatized units
- Seriously deteriorated condition of housing stock, which results in inordinately high maintenance costs and lower perceived value

Obstacles to Association Formation (Municipal Perspective)

- Lack of experience/understanding of basic real estate ownership concepts
- Gaps in related legislation in areas, such as civil rights, land, taxes, and utility pricing
- General opinion that residents are ill-equipped to make decisions related to their housing
- Fear that privatization will result in loss of power and possibly employment
- Fear that the city will lose income from commercial space that exists in many buildings
- Lack of funds to fulfill municipality's obligations, such as capital repairs and administrative work to transfer property
- Fact that forming an association greatly streamlines residents' ability to protect their rights as homeowners and that residents will begin to take legal action to force the municipality to fulfill its long-neglected obligations related to housing.

Work with the local government was very successful and caused municipalities, oblasts, and residents to demand that action be taken by the national-level government on a number of issues, including the need for additional, more complete legislation specific to COA formation and operations; drafting model documents; and working with other government agencies to address COA issues in an integrated manner.

In August 1995, the Cabinet of Ministers passed Decree #588, which mandates association formation in all buildings with two or more privatized units. Estimates are that at this time more than 95 percent of all multi-family buildings fall into this category.

PADCO provided TA in the drafting of the law and was successful in convincing the GOU of the need to cover the following issues:

- membership defined as part and parcel of ownership of a flat rather than an option;
- defined rights and obligations of owners and tenants;
- special provisions to keep the municipality (as owner of all nonprivatized units) from blocking privatized unit owners' ability to form and register an association;
- criteria of specific information that must be contained within founding documents adopted by the association; and
- provisions that will facilitate associations' ability to obtain property insurance, once it becomes widely available.

PADCO was unsuccessful in its arguments for:

- assignment of responsibility for formation;
- phased deadlines for registration;
- division of the municipality's responsibilities as owner of nonprivatized units from its civic responsibilities, such as registrar of ownership;
- clear requirements for registration of common area ownership as part and parcel of registration of an apartment;
- procedures or authority on dividing ownership of utility lines;
- procedures or authority on dividing land in situations where conflicts exist; and
- the concept of granting and registering easements.

A strong, nationwide base to register condominiums has been laid through transferring the technical knowledge to more than 10,822 government officials in 144 cities. The Housing and Municipal Reform NGO is prepared to continue to support the municipalities and national government in their efforts to continue the work.

4.1.3.2 Targets and Achievements

Demonstration Phase

The initial objectives of the demonstration programs were to facilitate the registration of condominiums in each city and, in the process, to train the COAs and city leaders to ensure the associations' long-term operational success and to enable the newly trained local facilitators to replicate the process.

The sub-goals of this phase were:

- investigating and resolving obstacles to condominium conversion;
- establishing a procedure for organizing owner groups and assisting them through the condominium conversion process;
- building the capacity of those in the city administration responsible for registering condominiums to better evaluate registration documents and to conduct the registration process as efficiently as possible;
- raising awareness of the meaning and benefits of condominium ownership among owners, public authorities, and residents in general;
- developing a procedure for the COAs to privatize the management of their buildings;
- training the association leaders to ensure the associations' long-term operational success; and
- training local facilitators to replicate the process.

Roll-Out Phase

The next overall objective of the program was to roll out the results of the demonstration program to a large number of cities nationwide. This involved hiring and training a team of Ukrainians to fully devote their time to working with housing counterparts in the roll-out cities.

The sub-goals of this phase were:

- developing and implementing a roll-out plan that integrated the involvement of the local, regional, and national government;
- hiring and training Ukrainians who would work in PAHCO's regional offices and lead the program in those regions;
- identifying existing local institutions that could support the needs of cities in the long run and provide them with training;
- working with oblast-level government staff as a means to expedite program expansion and as a bridge between the local and national levels;
- encouraging cities to make structural changes that better address their changing role in housing ownership and management;
- working with the national government to address the obstacles to privatization, gaps in legislation, and other issues that could not be addressed at the local or regional level; and
- supporting owner groups in the association formation process and providing training materials for their long-term operation and self governance.

Throughout the program, the number of associations registered, the number of people trained, and the impact on legislation at the local, regional, and national levels were monitored. In addition, a number of benchmarks were monitored. These included items that the program was not directly charged with addressing, but that indicated certain integrated impacts of the program.

CUMULATIVE RESULTS OF THE NATIONAL COA PROGRAM IN UKRAINE
(as of September 30, 1997)

Region	Number of cities/raions implementing the process	Number of associations registered*		Total associations in formation process		Resolutions adopted**	Condo-minium bureaus formed***	Seminars for officials		Seminars for residents		TA to formed associ-ations
		Assoc.	Units	Assoc.	Units			No. of sem.	No. of ppl.	No. of sem.	No. of ppl.	Total hours
Lviv	36	53	3,223	98	3,594	31	17	54	1,821	36	2,008	124
Odessa	79	148	7,486	67	4,591	61	7	125	3,982	119	4,843	546
Kiev	32	77	5,639	26	3,284	10	6	41	1,193	28	624	70
Kharkiv	55	344	44,373	307	30,174	34	31	133	3,826	133	6,254	528
TOTAL	**202**	**622**	**60,721**	**498**	**41,643**	**136**	**61**	**353**	**10,822**	**316**	**13,729**	**1,268**

* Under the Ukrainian legislation, the association is considered formed when it is legally registered with the local government. The process of registration may take from five days to one month.

** When the local government adopts a policy resolution on the issues of association formation and registration, the process can be greatly streamlined. Such a document first of all strengthens the national legislation and states the local acknowledgment of the need to implement it and serves as an instrument for local housing officials in the process of association formation and registration. It may be detailed enough to outline the specific local procedures and to give concrete plans and deadlines for association formation or it may simply repeat the national legislation and underscore the importance of its implementation on the local level. It may take from one month to one year to get such a resolution adopted.

*** Condo bureau: A department or section in the local government that deals with the issues of association operation and formation.

Capacity building was integrated into all aspects of the program. This included forming and training a cadre of Ukrainians who could provide the technical assistance required on a full-time basis. It was determined early on that an independent group was needed for this role, given the lack of resources and competing priorities at the various government levels. This group in turn trained individuals from three other groups: government staff, staff of existing institutions that were identified as willing and able to play a long-term support role, and resident group leaders.

Training for city officials and/or resident leaders was conducted in four basic ways: in workshops or seminars; in small discussion groups, often in a resident's unit; as a matter of course during discussions and meetings; and on a day-to-day basis when working alongside U.S. consultants and foreign or NIS experts. The institutionalization section of this report contains a chart that outlines the different courses offered.

The widespread dissemination of materials was another tool that was used to increase the efficiency of the USAID resources in the program. Early in the program, it was determined that all written materials provided to residents were widely shared with others; each document was shared with three to five other people. The control of information under the previous political system had placed a high value on written information, and the appreciation of written materials was exploited by both residents and government staff. Counterparts were asked what was needed, materials were drafted, drafts were reviewed by counterparts, and then large quantities were

printed by local firms with an emphasis on volume rather than high-quality presentation. The low-cost of printing in Ukraine meant that a 200-page manual could be produced for less than US$1.00. The table below highlights the materials distributed.

Materials disseminated as of September 30, 1997:		Number of copies:
1	Municipal guide to creating associations	7,676
2	Operation Manual	4,104
3	Decree #588	4,457
4	Decree #891	417
5	Condominium concept brochure	14,986
6	Condominium program flyer	81,956
7	Sample municipal condominium resolution	2,334
8	Resident Information Package	4,594
9	Model bylaws	5,312
10	Condominium registration regulations	3,431
11	Condominium land regulations	2,456
12	Condominium registration manual	7,092

Benchmarks

- Housing privatization rate rose from 5 percent in 1993 to 40 percent in September 1997.
- There were 187 unpaid press accounts of the program.
- There were 91 unpaid TV programs promoting the program.
- There were 58 unpaid radio programs promoting the program.

4.1.3.3 Lessons Learned

Foster Forums for National and Local Government Representatives to Develop Solutions

As is frequently the case, there is tension between local and national governments in Ukraine. At the national level, housing issues were handled by SCHME. A similar department exists for each oblast and city. Local governments express justified frustration with national laws that require the local government to take action and provide services, but do not provide funding sources or resolve conflicts in existing related legislation or procedures. In Ukraine, new legislation is being generated at a frantic pace. The practical response at the local level is to stack up incoming legislation with little more than a cursory review and wait for priority indications from above.

Such has been the case with much of the existing housing legislation. SCHME representatives cited laziness and misallocation of funds as the reasons that the housing privatization rate was sluggish and that a later decree requiring COA formation in 95 percent of the nation's housing

stock was ignored. Local government representatives cited poorly written and conflicting legislation as well as missing pieces of legislation and procedures required by the legislation or by practicality as additional problems.

PADCO staff recognized that the obstacles cited by the local-level workers were valid, but had little success in getting SCHME to see through its prejudices until a series of conferences were conducted. SCHME asked USAID/PADCO to sponsor a national conference whereby SCHME could emphasize to the heads of oblasts and local government housing departments that it was serious about housing privatization. Although such a gathering would appear to be a positive tool, previous experience has taught USAID/PADCO that these kinds of conferences seldom resolve inertia. USAID/PADCO instead suggested four regional conferences, meaning a smaller audience per session, but an increase in the total number of participants and the ability to include "hands-on" staff who have experience in addressing day-to-day housing privatization obstacles, rather than only top-level staff. USAID/PADCO also forced the issue of developing a format that provided significant opportunities for dialogue, rather than the typical approach (something comparable to a sermon from the mount).

The seminars were very successful. SCHME endorsed housing privatization as a top priority. Local-level staff effectively communicated in detail the obstacles and the work that was necessary at the national level. SCHME also reversed its position on the lack of need for additional laws or procedures. The direct outcomes of the conferences were a resolution on specific issues related to land allocation, model COA documents, and specific procedures that the local governments had been requesting. As was the case on several occasions, SCHME staff members who initially strongly opposed USAID/PADCO suggestions on seminar format later reported that the regional seminars were among the most effective they had ever conducted and that local-level staff members were energized by their impact on national policy.

Expansion Using Regional Offices

As options for the roll-out of the housing programs were reviewed in mid-1995, the Kiev mission indicated an unwillingness to fund offices in roll-out cities. Initially, this was viewed as a setback, but plans were revised to roll the program out through four existing regional offices. The country was divided among the four regional offices, and Ukrainian technical specialists traveled to cities within their territory. The disadvantage of this approach was the high cost of extensive travel, lodging, and meals and inefficiency caused by inconvenient public transport schedules. Overall, however, the disadvantages were outweighed by the benefits. Having a territory outside the base city allowed the staff to vary their time commitment according to the responsiveness of individual cities. It also allowed them to focus their time elsewhere until the time was appropriate for a visit.

At the end of each visit, the staff and their government counterparts would prepare an action plan for work to be accomplished before the next visit. Staff would monitor progress by phone while working in the regional base or in other cities and then, if a city had fallen behind on its tasks, postpone the next trip until the city had caught up. This process increased the value of the TA offered, in the eyes of the counterparts, because it was not as readily available as it was in the

demonstration cities with a resident office. It quickly became evident that remotely supported cities made progress more quickly than cities with a resident office.

To assist the RA in managing the activities of a staff often on the road and to train specialists how to balance requests for assistance with the high cost of travel, a one-page trip planner was developed with which the specialist outlined trip goals and planned meetings and training and the resources to be used. One particularly effective aspect of the trip planner was the costing of the staff's time, including preparation and travel, at a loaded rate. The loaded rate was the cost to operate the office per year divided by the number of specialists.

Recognizing the Motivation of Stakeholders

Initially in Kharkiv, the local ZhEKs provided lists of potential buildings for the pilot program. The agreed-upon bases for their recommendations were size, condition, and number of units privatized. As a matter of course, however, the ZhEKs picked buildings that were their showplaces or the best-maintained buildings they had. This approach was not successful because residents in those buildings recognized that the conditions in their building were comparatively good. Initially, the residents agreed to be part of the program to ensure positive relations with the ZhEK, but, as the time came to take an active role in the formation and registration, those residents lost interest.

The team then changed its approach and recruited buildings through publicizing the demonstration project to citizens. Once buildings with a group of homeowners who were anxious to set up an association and willing to work toward that goal were identified, the buildings were reviewed with city counterparts using a second set of criteria. It quickly became evident that some of the most-motivated residents were ones living in buildings with the worst conditions. Nationwide, cities that insisted on selecting buildings without significant input from residents made little progress.

Stand-Alone Materials

Wherever possible, develop stand-alone training materials that are sufficient to allow a city to proceed to implement a program or idea independent of additional technical assistance. Break apart complex programs into components that allow the same thing.

Capacity Building as a Deliverable

Pair host country national (HCN) specialists or potential specialists with expatriate advisors from the initial stages. The start-up process is invaluable in capacity building, and the risk of having wasted the training if the program does not develop as planned or the selected individual follows other opportunities in the interim is minimal as compared to the benefits. In addition, capacity building should be included in the TOR of any short-term consultant assigned to the project.

Writing for Counterparts

Offer to write for counterparts on matters related to the program. This practical type of support is of great value to them, and they will then take firmer possession of the ideas presented. We had great success in writing articles about the need for housing privatization for mayors and department heads.

In-Country Site Visits

Sponsor in-country site visits to allow counterparts from other cities to see firsthand the results of a pilot program and speak directly with the practitioners involved.

Research Stakeholder Motivating Factors in Depth

While residents widely recognized that the state housing maintenance system had declined to the point that it was only marginally functional, they placed a high value on the insurance that it provided. (If the building was hit with a calamity of severe enough proportions — a gas explosion, fire, or water main break — the state maintenance organizations would respond with significant financial support.) The value of this insurance to residents in general was not clear; had it been, PADCO would have argued at the national level to clarify local responsibilities in emergency situations.

4.1.3.4 Deliverables

The detailed list of deliverables for this project divided by task order is included as an appendix. Legislative results are included in the legislation section. Overall program highlights are:

- How-To Manual
- Handbook for Condominium Management, Volume 1: Financial Plan Preparation
- Workshop and seminar materials
- COAs Operations and Managements Training Manual
- COAs as a Way of Housing Stock Management
- Multi-Family Building COAs Registration Manual
- Recommendations for Creating a Co-Owners Association in Ukraine (in Russian and Ukrainian)

4.2 Land Privatization

4.2.1 Land Auctions

4.2.1.1 Description/Background

In Kharkiv, land privatization projects involving parcels of municipally owned land were to serve as a means of demonstrating a model approach for large-scale privatization efforts throughout Ukraine.

4.2.1.2 Targets and Achievements

Targets	Achievements
Training of local officials; drafting of local resolution; preparation of documents for auctions (Kharkiv)	Completed (all by 1/94)
Documents for June auction in Kharkiv	Auction held (10/94); documentation sent to USAID (1/95)
Documents for fall auction in Kharkiv	Auction held (10/94); documentation sent to USAID (1/95)
Documents for fall auction in Chernihiv	Auction held (12/94); documentation sent to USAID (1/95)
Documents for fall auction in Odessa	Auction held (12/94); documentation sent to USAID (1/95)
Documents for fall auction in Lviv	Auction held (12/94); documentation sent to USAID (1/95)
Documentation of all land auctions	Documentation sent (3/96)
Development and distribution of "how-to" manuals	Completed (3/96); 2,000 copies distributed to cities and private entities

Twenty-one auctions were held in 12 cities within a two-year period, beginning in January 1996. Fifty-eight land parcels were sold or leased, resulting in a total income of almost US$1.7 million for the participating cities (an average of US$79,177 per auction). The following table shows land auction accomplishments in greater detail.

Summary of USAID/PADCO-Assisted Ukrainian Land Auction Activity

City	Dates	No. of Parcels Sold	Money Raised
Kharkiv	1/94 6/94 10/94 1/95 5/95 12/95	2 long-term leases 3 long-term leases 7 long-term leases 2 long-term leases 2 long-term leases 3 leases	US$ 40,000 38,000 355,000 14,000 12,000 86,000
Lviv	12/94 5/95 11/95	2 long-term leases 1 long-term lease 8 long-term leases	5,000 3,000 176,000
Odessa	12/94	2 long-term leases, 2 parcels sold	130,000
Chernihiv	12/94	5 long-term leases	50,000
Lutsk	2/95	2 gas stations (enterprise privatization)	250,000
Zaporozhya	6/95 11/95	1 long-term lease 2 long-term leases	2,500 23,250
Nikolaev	7/95	4 long-term leases	40,000
Poltava	11/95 1/96	1 parcel sold, 1 mid-term lease 1 mid-term lease, 1 short-term lease	100,000 75,000
Kiev	11/95	4 parcels sold	225,000
Kostopel	12/95	2 parcels sold	1,100
Kremenchung	12/95	1 parcel sold	35,000
Kolomiya	9/95	3 long-term leases	1,875
		Total	**US$ 1,622,725**

4.2.1.3 Lessons Learned

The lessons learned under this program are similar to the generic lessons learned under the housing component and do not merit repeating. More specifically in this program, the primary lesson learned was that the sale of fee simple interest or title to land rather thana leasehold interest or lease rights was often unable to be achieved for two reasons: first, the cities were dependent on lease payments for revenue in the absence of property taxes, and, second, the concept of long-term lease rights is historically understood as providing suitable security.

4.2.1.4 Deliverables

The key deliverable was the "how-to" manual, *A Guide to Land Auctions in Ukraine.*

4.2.2 Zoning

4.2.2.1 Description/Background

Before this effort, the approach to territorial planning and control of land uses and development by businesses and individuals in Ukraine was designed for a regime of exclusive state land ownership. The existing combination of "target use" restrictions for each parcel and detailed master plans were imposing obstacles to the exercise of market-driven choices by individuals and businesses wishing to put land to its most-productive use. The goal of this task, then, through a demonstration project in Chernihiv followed by its replication in other cities, was to show how a zoning approach to land use planning and control could enable private land markets to function better while protecting the interests of society.

4.2.2.2 Targets and Achievements

Targets	Achievements
Chernihiv zoning demonstration project to be carried out	Completed
Chernihiv zoning regulations to be established and map for territories completed	Completed (3/96)
Poltava zoning regulations and maps to be completed	Completed (8/96)
Produce and distribute "how-to" manual on zoning	Completed (3/96)
Study tour to U.S. for zoning officials	Completed (3/96)

4.2.2.3 Lessons Learned

The lessons learned under this program component are also similar to the generic lessons learned under the housing component. Another important lesson was the relationship between the amount of general economic activity and the interest in zoning reform. If the city officials do not see the need for reform in land use regulations to support economic development, their interest in zoning reform is usually limited. Zoning reform is most successful in cities that are experiencing some economic development or rejuvenation.

4.2.2.4 Deliverables

The key deliverable was the "how-to" manual, *A Guide to Use and Development of Populated Area Lands (Zoning).*

4.2.3 Land Titling and Registration

4.2.3.1 Description/Background

As Ukraine's land regime goes through the transition from state to private ownership, it is essential that there be a comprehensive and transparent system for registering rights to land and real estate. Such a system ensures secure ownership and all that that entails, including the right to sell, lease, develop, and bequeath land and real property. Further, the ready information provided by registration systems is key to the incipient development of a real estate market.

Targets	Achievements
Model forms for titling and registration	Completed (9/95)
Establishment of functioning, fee-supported title registration office in Vishgorod	Completed (1/96)
Development of training materials for relevant municipal employees	Completed (1/96)
Outline paper on national implementation of unified system of title registration	Completed (1/96)
List of 10 sites for roll-out	Completed (1/96)

4.2.3.2 Lessons Learned

The lessons learned under this program are also similar to the generic lessons learned under the housing component. However, another important lesson is that local legislation and initiatives can often take place or lead national reform without the necessary national legal reform in place. A second lesson is related to the piloting approach taken here: if the pilot is well designed and well implemented, it will greatly simplify rolling out the program to other cities.

4.2.3.3 Deliverables

See Appendix B.

4.2.4 National Legislation

4.2.4.1 Description/Background

The GOU appointed a commission and working group charged with preparing and submitting a new law on land. The goal of the law was to authorize a comprehensive right to private property on land, to establish implementation procedures for large-scale land privatization, to create an appropriate system for recording property interests and transactions, and to put into place a mechanism for using land as collateral for the financing of housing and other private urban development activities.

4.2.4.2 Targets and Achievements

Targets	Achievements
Advise *ad hoc* "Commission on Reforming the Land Legislative Framework and Privatization of Land" and "Working Group"	Completed
Develop the conceptual framework and outline for new Ukrainian Code on Land and related legislation	Completed (10/93)
Draft of Code on Land	Submitted to USAID in draft form (12/94)
Draft of Law on Titling and Registration	Submitted to USAID in draft form (12/94)
Draft of Law on Territorial Planning	Submitted to USAID in draft form (12/94)
Development and implementation of a strategy to support the enactment of the new laws	Strategy developed, but unable to implement because laws were not enacted

4.2.4.3 Lessons Learned

This component benefited from a rare opportunity where PADCO consultants were able to work directly with the national leadership and decision makers in debating and drafting new legislation. These counterparts within the GOU were not able to marshall the support and resources to have the laws passed given the multiple priorities and political objectives within the GOU at that time. Although the draft laws were not enacted within the span of the project due to this lack of political will and coordination within the GOU to have the laws passed, significant progress was still made at the local level in Ukraine. Land reform was achieved in various local cases, demonstrating that, even without a national land code, approaching the task from the local level can lead to success. This success came, in part, because progressive players at this level identified with and pushed for the reform agenda. President Kuchma of Ukraine summed up the situation concisely: "National legislation has to catch up with local legislation."

4.2.4.4 Deliverables

- Draft of Code on Land
- Draft of Law on Titling and Registration
- Draft of Law on Territorial Planning
- President's Decree on Nonagricultural Land Parcel Privatization for Business Activity

4.3 Municipal Finance

4.3.1 Communal Pricing/Vodokanal Reform

4.3.1.1 Description/Background

The Lviv Vodokanal (Vodokanal) is the communal service enterprise that operates the water supply and wastewater system for the city of Lviv. The Vodokanal and its customers face a number of serious problems. The Vodokanal is able to supply water to most residents of the city only six hours per day. The Vodokanal is insolvent. Its bills are not based on full cost recovery. It collects less than 70 percent of its billings, and half of its collections are in the form of payments in kind rather than in cash. Few consumers pay for water based on the volume of water consumed; most pay based on norms set by the central government that often do not reflect actual water consumption. Until October 1994, residential customers paid only a small fraction (5 percent to 10 percent) of the actual production cost of water and wastewater services provided to them, while industrial and commercial customers paid a large multiple of actual cost. This heavy cross-subsidy by industry and enterprise customers to residential customers is unsustainable. The Vodokanal has a large and growing debt to its suppliers, principally the local electric utility, and is facing a reduction or termination of electrical service. Many aspects of Vodokanal operations, from accounting methods to capital investment plans, are strictly regulated by the central government in ways that may not reflect local conditions and requirements. The operational decisions of Vodokanal management, e.g., increasing tariffs to reflect the full cost of service and reducing or terminating service to customers who fail to pay their bills, are subject to great political pressure that prevents such measures from being put into effect.

The central government is no longer able to finance capital repairs and investments, and neither the city of Lviv nor the Vodokanal is able to finance them from its own revenues or to attract loans or investments from other sources. The head of the Lviv City Administration and of the Council of People's Deputies, Vasyl Kuibida, has put the improvement of water service to city residents very high on his list of political priorities.

In 1994, the World Bank began discussions with the Lviv City Administration and the Vodokanal about a possible loan to finance capital repairs to the water and wastewater system. From the outset of its discussions, the World Bank made it clear that its willingness to make the loan would depend, in large part, on the willingness of the city and the Vodokanal to create a more autonomous, financially self-sustaining utility. At the same time, based on its interest in strengthening local government institutions, USAID agreed to the request of local officials in Lviv to provide technical advice to assist with this restructuring. As a result, PADCO opened an office in Lviv in June 1995 and began to assist the city and Vodokanal with this project in July 1995.

The policy goals of USAID with respect to this program were to implement a project in Lviv, whether or not the World Bank loan was actually made, that would demonstrate (1) the feasibility of communal service pricing reform to achieve full cost recovery, (2) the potential for attracting investment in the Vodokanal for significant system improvements, (3) the feasibility of increasing the degree of local control over Vodokanal operations, (4) the replicability of communal service

pricing and institutional reform for other state-owned utilities and in other geographic regions of Ukraine, and (5) USAID's response to local priorities.

USAID's original project design contemplated five tasks, two of which were to be implemented by PADCO[13]:

- improvement of the Vodokanal's systems of financial information; and
- evaluation of the legal basis of powers and duties of the Vodokanal and the creation of new legal and institutional arrangements that allow more effective delivery, marketing, and management of water and wastewater communal services.

During the early stages of project implementation, several elements were modified to better reflect local realities and priorities. A Peace Corps volunteer working with the Vodokanal in 1994 and early 1995 had helped Vodokanal personnel improve their bookkeeping and accounting systems, including computerizing the database and report production. Ukrainian law mandates the use of a specified accounting system, with no provision for use of international accounting standards except when required by foreign "partners" and then only when Ukrainian accounting standards are observed for purposes of reporting to Ukrainian tax and other authorities. Therefore, accounting standards can be brought into compliance with international standards only if there is a change in national law, and PADCO/Lviv did no work on improving the Vodokanal's accounting system.

Instead, PADCO short-term consultants working under the Pricing Strategies to Increase Cost Recovery for Water Provision Program (Pricing Strategies Program) performed a general analysis of the financial condition of the Vodokanal (cost structure, revenues and expenses, collection rate, ability to support debt, etc.) and identified areas needing improvement. They also initiated a discussion of alternative tariff-setting methodologies; Ukrainian law currently mandates only one price-setting methodology and allows no alternatives. Therefore, no alternative methodology can be implemented without a change in national law.

In addition, the coordinating role of CH2M Hill was changed to a consultative role. PADCO/Lviv and CH2M Hill coordinated their work with one another, and both coordinated their work closely with COWI Engineers and Planners, AS and Booz-Allen & Hamilton International (Warsaw), the World Bank's consultants, in such a way as to minimize overlap. At the same time, they all worked together to develop and present to the Vodokanal, the Lviv city administration, the Lvivska oblast state administration officials, and others a coherent, comprehensive, and consistent set of problem definitions and proposed solutions for local implementation. For example, after completion of the work under the Pricing Strategies Program, the World Bank's consultant charged with the analysis of the Vodokanal's financial condition used the background information and recommendations developed by PADCO extensively, as well as the work by PADCO under

[13] Three other related project components were to be accomplished by CH2M Hill, working under USAID/Kiev's Environmental Policy and Technology. All five project components were to be coordinated by CH2M Hill.

the Development of Demonstration Projects at the Local Level Program (Development of Demonstration Projects Program).

The Development of Demonstration Projects Program covered the work of the PADCO/Lviv RA and his staff on the second component of PADCO's work, as described in the original USAID project design: creation of new organizational and intergovernmental arrangements that allow more effective delivery, marketing, and management of water and wastewater communal services. The goals of this component of the project were to create organizational and institutional arrangements that would enable the Vodokanal to deliver water and wastewater services more efficiently, effectively, transparently, and autonomously.

The first step in this work was to understand and describe the legal and institutional environment of the Vodokanal, that is, the laws (local, regional, and national) and institutional arrangements that affect the way in which the Vodokanal operates. This included the laws and institutional arrangements governing tariff setting, accounting and reporting, relations with customers, etc. This task was substantially completed by mid-December 1995, but has continued since that time as the relevant laws and institutional arrangements change and as the understanding of these issues by the PADCO/Lviv staff has become more sophisticated.

The next step was to understand and describe the ways in which this legal and institutional environment affected the actual operations of the Vodokanal, particularly with regard to tariff setting, tariff collection, selection, implementation and financing of capital repair and improvement projects, and ownership and control of operating assets. These findings, and recommendations for improvements, were initially presented in a joint workshop by PADCO/Lviv and Booz-Allen & Hamilton International (Warsaw), at which alternative institutional arrangements for the Vodokanal were first discussed.

In late 1995, at the urging of PADCO/Lviv, the Lviv Executive Committee adopted a resolution forming an interdepartmental Vodokanal working group to act as the principal counterpart for all USAID and World Bank consultants and to develop a consensus on behalf of the city administration and the Vodokanal regarding institutional and financial reforms. This working group has met periodically since its formation in response to requests for meetings by various consultants.

Under the Pricing Strategies Program, PADCO short-term consultants, with the support of the PADCO/Lviv RA and staff, focused on the first of the two tasks assigned to PADCO under the project design. They performed a general analysis of the financial condition of the Vodokanal (cost structure, revenues and expenses, collection rate, ability to support debt, etc.) and identified areas needing improvement. They also initiated discussion of alternative tariff-setting methodologies and coordinated their work with COWI in support of the World Bank project.

The goals of the work under the Pricing Strategies Program were to realize the following major objectives:

- assist the Vodokanal in moving toward sustainability of water services by heightening its appreciation of the costs of service and by developing a pricing strategy that addresses full cost recovery;
- ensure the sustainability effort by providing the Vodokanal with increased analytical capacity and a procedure for price setting and analyzing the performance of user charges; and
- addressing replicability by developing recommendations and a manual for similarly assisting other vodokanals.

The work under the Pricing Strategies Program began with intensive data collection in Lviv regarding Vodokanal costs, revenues, and pricing policies over a three-year period. The team also gathered data in Lviv regarding levels of service, metering, and other aspects of service provision. The team then estimated the total cost of providing water service, including a cost recovery analysis, a revenue per unit of service analysis, and a collection efficiency analysis.

In Washington, DC, the team developed new alternative pricing strategies, compared them, and developed a manual and guidelines for Lviv to help the Vodokanal ensure sustainability of water services.

The team then returned to Lviv to present its conclusions and recommendations to local officials and to assist them in implementing the recommendations.

USAID/PADCO assisted the city and the Vodokanal in preparing for implementation of the institutional changes that were agreed to by local officials. These changes included establishment of a new joint stock company to provide water and wastewater services, a lease of the operating assets from the city to the new company, a performance agreement between the city and the new company, and approval of a law or decree authorizing the formation of an independent local water and wastewater regulatory body.

The anticipated impacts and results of these changes are:

- a more autonomous, financially self-sufficient and transparent water and wastewater utility;
- greater ability on the part of the restructured utility to achieve full cost recovery through tariffs;
- greater ability on the part of the restructured utility to control the capital repair and investment planning, budgeting, and execution process and to attract capital financing;
- a clearer definition of the roles and responsibilities of the city and new utility in providing water and wastewater services;
- more transparency in the operation of the water and wastewater utility and more input from customers in its operations, through a local independent regulatory body; and
- improved water and wastewater services to customers.

4.3.1.2 Targets and Achievements

The staff of PADCO's Lviv Office, together with local officials and the Vodokanal, created an interdepartmental working group, including representatives of relevant city departments and the Vodokanal, to consider, discuss, and develop consensus regarding restructuring. This working group achieved consensus among local officials:

- to create an autonomous, financially self-sustaining, transparent water and wastewater services company;
- to engage a private operator to manage the restructured utility, through a competitive international tender; and
- to clarify the respective rights and obligations of the city and the restructured utility through a clear and specific performance agreement setting levels of service, tariff policies, billing and collection policies, and capital repair and investment policies.

Pursuant to Cabinet of Ministers Decree #93 (2/15/94), housing and communal service prices paid by consumers were required to reach 60 percent of actual production cost in 1996. Cabinet of Ministers Decree #733 (10/21/95) and subsequent amendments to that decree resulted in 80 percent cost recovery, required as of July 1, 1996.

The PADCO/Lviv RA and staff recommendations under the Development of Demonstration Projects Program focused on "corporatizing" the Vodokanal as a mechanism to allow it to function more effectively, efficiently, autonomously, and transparently. In summary, PADCO/Lviv recommended that the Vodokanal be reorganized in a way that would give it greater operating autonomy from the city administration, while at the same time giving the city administration clearer, legally based control over major Vodokanal policies. PADCO/Lviv also recommended that the ownership and control over Vodokanal operating assets be clarified and that the water and wastewater capital repair and investment funding and implementation process be clarified to give the Vodokanal greater control.

Following the recommendations of PADCO/Lviv and Booz-Allen & Hamilton International, in June 1996, Mayor Kuibida, Vasyl Kravciv, head of the Lviv City Administration Engineering Department, and Voldymyr Sulypa, director of the Vodokanal, signed an informal memorandum outlining the elements of this "corporatization," radically altering the institutional arrangements for water and wastewater service. As described above, a new joint stock company will be formed to operate the utility infrastructure. The Lviv Council of People's Deputies, which owns all of the operating assets, will lease them to the new company. The new company will enter into a performance agreement with the Lviv Executive Committee, setting out goals for levels of service, tariffs, capital repairs and investments, collections from customers, and other basic operational and financial parameters. When a private operator is selected, that operator will enter into an operating contract with the new company. In the future, when Ukrainian law permits, the relationships between the new company and the city will be overseen by a new local, independent regulatory body, which will resolve disputes regarding the parties' performance under the lease and the performance agreement and which will review and approve tariffs and changes to the performance agreement.

In August 1996, PADCO/Lviv began to discuss the details of this reorganization with relevant representatives of the Lviv City Administration and the Vodokanal and to develop a "time and responsibility" chart that showed the documents to be prepared, the responsibility for preparing them, and a schedule for their preparation.

In September 1996, PADCO/Lviv began to prepare the documents necessary to accomplish this reorganization and continued that work through early 1997 under another contract. This reorganization served as a model for the roll-out of this program during FY97.

After the initial data-gathering and analysis phase of the Pricing Strategies Program, it became clear that the critical step for improving the Vodokanal's cost recovery was to improve the collection rate. After the tariff collection and payment enforcement system is strengthened, this effort should be followed by a gradual introduction into the tariff structure of costs that reflect the true costs of service, including adequate maintenance and repair budgets, adequate depreciation allowances, and adequate salaries to allow upgrading of personnel. The third and last phase of improving cost recovery should be a new tariff-setting policy to ensure more efficient and effective rate structures. This last phase should begin when permitted by changes in applicable national laws and policies.

The consulting team also recommended that the Lviv City Administration dedicate revenues from certain user charges exclusively to improving the water systems and that the city administration coordinate city-funded capital improvements to the system with the Vodokanal.

At the national level, the consulting team recommended that the central government allow vodokanals to adopt a more commercial approach to water provision. This should include allowing vodokanals to improve tariff collection and payment enforcement, establish automatic payment mechanisms for collections from customers, and other measures.

The Lviv Vodokanal adopted most of the recommendations of the consulting team. Beginning in August 1996, the Vodokanal began a policy of terminating water service to selected customers with the worst payment records and who, in the Vodokanal's judgment, could afford to pay at least a portion of their overdue bills. During 1996, the Lviv City Administration and the Vodokanal reached a consensus that termination of service to nonpaying customers is a necessary and acceptable policy to improve collections. In August and September 1996, the Vodokanal terminated service to several industrial customers and approximately 60 multi-family residential buildings with overall collection rates over the previous several months of 10 percent or less. The result was collection in cash of approximately 30 percent of the overdue bills from the industrial customers and the receipt of promissory notes for the balance — thereby making debt that was previously legally uncollectable, because of the expiration of the deadline for commencing a lawsuit to collect it, a collectable obligation. The Vodokanal intends to continue to use service termination in the future, in appropriate cases.

The Vodokanal also focused on improving the level of its collections from ZhEKs, the local housing maintenance organizations. Residential customers are billed for water and wastewater

services by ZhEKs, which are also responsible for collection of these bills. In July 1996, the Vodokanal began to investigate the relationship between water and wastewater bills paid to ZhEKs by residential customers and the amount of these payments actually forwarded by ZhEKs to the Vodokanal. The Vodokanal found that residential customers were paying approximately 60 percent of billed amounts, but that ZhEKs were transferring to the Vodokanal less than 60 percent of the amount collected. As a result, the Vodokanal decided to eliminate ZhEKs as an intermediary and to bill and collect directly from its residential customers. As of September 1996, the Vodokanal was billing and collecting directly from approximately 30 percent of its residential customers and is increasing its Water Sales Department staff and computer capacity with the goal of billing and collecting from 100 percent of residential customers by January 1, 1997. The Vodokanal has been steadily approaching this goal, but will not reach it without additional changes.

The Vodokanal also began to increase its budgeted expenditures for maintenance and repairs.

At the city level, in July 1996, the Lviv Council of People's Deputies approved the creation of the so-called "water fund," which will collect a portion of the city's share and a portion of the oblast's share of taxes paid by the Vodokanal and dedicate these revenues to capital repairs and improvements of the water and wastewater system.

At the national level, in May 1996, the President of Ukraine instructed SCHME, the agency responsible for overall policy in the water and wastewater sector, to develop a set of policy recommendations to resolve the crisis in the water and wastewater sector. In July 1996, SCHME produced a document outlining its view of the problems of the sector and recommending policy solutions. Unfortunately, most of these solutions involved greater centralization of control over the sector by SCHME and increased funding from the central, oblast, and city budgets, and were based on questionable assumptions about the cost of capital repairs and capital investments necessary to solve these problems. However, some of the policy recommendations were consistent with the recommendations of the PADCO consulting team, including improving collections from customers and the use by every vodokanal of dedicated funds for capital repairs and improvements, financed with revenues from customers. Nevertheless, it is unclear what, if any, action the GOU or the Supreme Rada is prepared to take to implement these or any other policies aimed at improving conditions in this sector.

4.3.1.3 Lessons Learned

The specific problems encountered in introducing innovative practices included overcoming hostility among local officials seeking to assign blame for deterioration of water and wastewater issues, including the Vodokanal director and deputy mayor in charge of water and wastewater service issues, and countering the prohibition, in current Ukrainian law, against "privatizing" vodokanals and their "core production assets."

To deal with these circumstances, two modifications were made. To overcome the hostility and distrust between city and Vodokanal officials and to overcome the effect of frequent changes of personnel, numerous workshops and seminars that focused on identifying the problems faced by

the Vodokanal and on developing a consensus regarding options to solve them were held with a broad range of local officials. This was also done through interaction with a local interdepartmental working group formed at the initiative of PADCO/Lviv. These efforts resulted in broad dissemination of knowledge about the existing problems among local officials (mitigating the effect of personnel changes) and the development of a consensus about their possible solutions. Second, instead of "privatizing" the existing Vodokanal and its operating assets, which is not permitted under current Ukrainian law, a new joint stock company will be formed, and the operating assets will be leased by the city to the new company. Depending on the outcome of negotiations between the city and the new company, assets other than the "core production assets," which may be legally "privatized," will be sold to the new company.

It is essential to understand the country-specific local and national legal and institutional framework within which communal service sector reforms are proposed to be introduced. Western models that are not adapted to this framework either will not work at all in the current legal environment of Ukraine and other CEE/NIS countries or are likely to meet with very limited success.

The notion of developing broad consensus on major reforms through internal, multidisciplinary working groups and pubic consultations is not yet widespread in Ukraine. The analytical techniques for formulating and evaluating alternative financial and institutional models are not well known. Therefore, significant time needs to be spent on introducing these and other management techniques to enable local counterparts in Ukraine to identify and solve problems of institutional reform.

The central government of Ukraine is increasingly shifting financial and management responsibilities in the housing and communal service sector from central to local governments. However, there has not been a corresponding expansion of local governments' decision-making authority or of their control over local revenues and expenditures. In the existing legal and institutional framework, the ability of local governments to apply locally developed solutions to solve local problems is therefore very limited. Proposals for legal and institutional reforms in the water and wastewater sector on the local level are highly dependent on development and acceptance of coordinated reforms at the oblast and central government levels.

Restructuring water and wastewater utilities and other local communal services through "corporatization" and full or partial privatization, combined with tariff reform and regulatory reform, is likely to be highly replicable throughout Ukraine, the rest of the NIS, and CEE. Legal and institutional reforms of vodokanals similar to those being implemented in Lviv are also under way elsewhere in Ukraine, as well as in Belarus, Poland, and Latvia. An effort to exchange information and experience about these reforms among local and central government officials in the region would be extremely timely and productive.

4.3.1.4 Deliverables

Development of Demonstration Projects Program Reports

- Legal Environment of Lviv Vodokanal (December 1995; revised April 1996)
- Memoranda on Vodokanal Restructuring, "Corporatization, Lease of Vodokanal-Operated Assets, and Local Vodokanal Regulatory Body" (September 1996)

Pricing Strategies Program Reports

- Volume I "Pricing Process," a report on costs and revenue performance of the Lviv Vodokanal
- Volume II "Improving Cost Recovery"
- Volume III "Manual for Improving Cost Recovery," a manual for calculating costs and analyzing revenues of water service provision
- Volume IV Report on the assignment as a whole, including recommendations for follow-on technical assistance

4.3.2 Local Government Finance/Housing Subsidy Program

4.3.2.1 Description/Background

Traditionally, Ukrainian households made only token monthly payments for housing and communal services (maintenance, hot and cold water, electricity, gas, and garbage collection). In 1994, those payments barely covered 4 percent of the production costs of the services. As a result, government subsidies necessary to cover the production costs of housing and communal services amounted to three-quarters of the 1995 national budget deficit. The GOU concluded in late 1994 that the budget deficit could not be controlled unless housing subsidies were reduced. At the same time, the GOU, as a condition of assistance from the International Monetary Fund (IMF), agreed to increase housing and utility prices substantially. The GOU faced the dilemma of how to protect low-income households from the price increases and, at the same time, reduce the subsidies to the housing and utility sectors.

With USAID assistance, the GOU decided in early 1995 to establish a national program, the Housing Subsidy Program, to target subsidies to low-income families. The program, begun in May 1995, provides assistance to families whose total housing costs exceed 15 percent of their income. The program pays the difference between 15 percent of a family's income and its monthly housing payment. To avoid paying large subsidies to small families with large apartments, the subsidies are calculated only on a normative amount of space. Subsidies are not provided in cash; eligible families receive discounts on payments and the state pays the difference directly to the utility companies.

To manage the program, 754 new offices were established throughout the country by the Ministry of Social Protection. In urban areas, the housing subsidy offices are located in raions — subdistrict local government offices. A comprehensive training program was initiated prior to the beginning of the program, and software was developed to computerize program operations. Management of the program rests with the oblast administration, and day-to-day running of the offices is the

responsibility of city and raion departments. Cities have the authority to modify the program to meet local needs at local expense (e.g., Kiev requires that families pay only 8 percent of their income for housing).

4.3.2.2 Targets and Achievements

Local Government Finance

PADCO assisted the Cabinet of Ministers and SCHME with local government finance policy, discussing and reviewing drafts of a Cabinet Decree issued in February 1994 (Decree #88), which established the GOU's policy to phase in increases in payments for housing and utilities to reach 100 percent of costs over five years.

Although the decree was never actually enforced, it served as the basis for the GOU's agreement with the IMF in October 1994 to accelerate increases in monthly payments by families, which is currently up to 80 percent of the cost.

PADCO conducted several observational tours for Ukrainian communal services experts to the United States. The training deliverer was the Atlanta Management Institute, with a couple trips organized by the Lincoln Land Institute. The trips were focused on key staff from SCHME, the State Committee for Urban Development and Architecture, the Ministry of Finance, and the Ministry of Economy, as well as some key deputies from the Supreme Rada. In addition, senior officials from oblasts participated.

Each tour involved about 20 to 25 persons from Ukraine for three weeks. The tours enabled participants to learn about municipal finance in the U.S. — mixing site visits with lectures from experts. Many participants have used their skills directly back in Ukraine since the tours. Of the participants, one is now Kiev's Mayor, one is Kiev's Finance Director, two have been Chairman of the State Committee for Housing, two have been Deputy Chairman of SCHME, four are technical staff members of SCHME, and four are Deputy Ministers in other ministries. Eleven still hold senior oblast positions, and five are Deputies of the Supreme Rada.

In December 1994, PADCO prepared a paper estimating the impacts of raising prices for housing and communal services on Ukrainian families. The paper was co-written with Deputy Chairman of the State Committee Mikola Rul. The paper demonstrated that a large portion of Ukrainian families were unable to afford the scheduled price increases. If households were asked to pay 60 percent of the cost of the housing and communal services, payments would absorb between one-fifth and one-quarter of household income. Although this is about average for most developed countries, it was an impossible burden for families struggling with escalating food, transit, and other prices. This paper was widely distributed among senior Cabinet officials and led to the Cabinet's request to USAID to provide assistance in the development of a targeted assistance program, which later became the Housing Subsidy Program.

PADCO prepared an in-depth analysis of opportunities in Kharkiv for raising municipal revenues by imposing fees and charges. Several of the recommendations were implemented by the city —

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and later in other cities when the Mayor of Kharkiv, Eugene Kushnaryov, became President of the Association of Cities.

PADCO conducted six training seminars in Ukraine at the Institute of Public Management in Kiev on issues related to local government finance and project finance and prepared papers for these seminars that were widely distributed.

PADCO also conducted an International Conference on Housing Finance in December 1994.

Housing Subsidies

The decree creating the Housing Subsidy Program was issued in February 1995. Within three months, 750 offices were opened nationwide to receive applications for targeted assistance. Two years later, 2.7 million of Ukraine's 17 million families are receiving monthly help averaging US$20 each. A further 1.2 million rural families receive annual assistance in purchasing coal, liquid gas, and other heating fuel through a system of vouchers, also part of the program. Administrative costs are low — only about 1 percent of the value of benefits provided to low-income families.

The program is being adjusted slightly to address various problems that have arisen (e.g., getting payments to utility companies and long applicant waiting lines), but a majority of the deputies to the Supreme Rada support the program. As a result of increases in housing and communal services prices and the targeted approach of the Housing Subsidy Program, the state budget deficit in 1995 had been reduced by US$600 million. While the overall costs of housing subsidies have been substantially reduced, needy families are still receiving the assistance they require.

FY95 Achievements

Policy Advice

- A USAID/PADCO representative served on the Cabinet Task Force responsible for designing and implementing the program.
- USAID/PADCO prepared drafts of enabling decrees and supporting documents.
- USAID/PADCO prepared estimates of the fiscal costs of the subsidy program to gain approval by the Ministry of Finance.
- USAID/PADCO organized and paid for a two-day trip in March of task force members to Nizhny Novgorod to view Russian housing allowance offices in operation; USAID contractor, The Urban Institute, which helped develop the Russian Housing Allowance Program, organized the Russian end of the visit.
- USAID/PADCO helped design and print the forms and legislation for the city of Kiev.
- USAID/PADCO, at the request of the GOU Ministry of Finance and IMF, prepared projections of the budget cost of the Housing Subsidy Program in 1996 and 1997.
- USAID assisted the World Bank and the GOU in preparing the application for a loan of US$2.6 million to computerize the housing subsidy system, a loan that has been approved by the World Bank, which began delivering computers in the summer of 1997.

- USAID/PADCO assisted the Ministry of Social Protection to include annual purchases of liquid gas and solid fuels among expenditures eligible for coverage under the program, which has enabled some 250,000 rural families qualify for help.
- USAID/PADCO assisted the Cabinet in streamlining the application process for pensioners and the disabled.
- USAID/PADCO assisted the Cabinet to include annual purchases of heating stove fuel among expenditures eligible for coverage under the program (enacted as Decree #848 in October 1995).
- USAID/PADCO is working with the Ministry of Economy, assisting in the development of a program to install gas meters for "high-use" residential customers.

USAID Material Assistance

- USAID has provided 400 computers and other equipment to housing subsidy offices throughout Ukraine.
- USAID has financed an average of 25 computer experts, through PADCO, to work with local housing subsidy offices to install computers and to learn how to use them to maintain caseload records.
- USAID/PADCO provided several computers, copiers, and fax machines (for a subsidy hotline) to the Ministry of Social Protection and trained staff to use them.
- USAID/PADCO designed eight different forms, printed one million copies of each, and distributed them to local offices.
- USAID/PADCO prepared, with U.S. expert assistance, 5,000 copies of the training manual describing all operational procedures that today are in use in all housing subsidy offices.

USAID Public Education Assistance

- USAID/PADCO coordinated, financed, and participated in the national training seminar in April 1995, training 170 oblast and city officials in program mechanisms.
- USAID/PADCO prepared a training video that is used to train local program staff in all 756 offices.
- USAID/PADCO developed computer software to calculate subsidies, maintain records, and prepare financial and statistical reports.
- Staff members from the Ministry of Social Protection have appeared at 50 regional Press Clubs for Economic Reform organized by USAID.
- USAID/PADCO designed, printed, and distributed 12,000 copies each of six posters for subsidy program offices, post offices, raion offices, and ZhEKs.
- USAID/PADCO prepared and distributed press kits explaining the program and successive changes in the program — source of more than 1,000 national and local stories during the past two years; kits are also distributed to all Supreme Rada deputies, oblast executives, big city mayors, and local officials.
- USAID/PADCO produced six 45-second advertisements and three documentaries about housing and communal services reform, two 10-minute "infomercials," and countless news programs,

most of which have been broadcast free on national TV and radio stations and in all regional media markets.

- USAID contractors have worked with the Ministry of Social Protection to prepare and print nine million leaflets sent to all pensioners, disabled citizens, and single mothers to explain the program.

Testimonials

Statements by Senior Government Officials about the Housing Subsidy Program

FIRST VICE PRIME MINISTER V. M. PYNZENYK

> The Housing Subsidy Program demonstrates that the Government of Ukraine's commitment to providing comprehensive social protection for the people of Ukraine is based on the needs of families. Those families that can afford to pay higher prices for housing and communal services will do so. Their payments will ensure that we can maintain housing and basic communal services to all Ukrainians while reducing the budget deficit. But those families that cannot afford higher prices will be protected.
>
> The housing subsidy program ensures that economic reforms can continue in a humane and fair way.

MINISTER OF SOCIAL PROTECTION OF THE POPULATION OF UKRAINE ARCADIY YERSHOV

> The housing subsidy program is a concrete step of transition to a system targeted to those with the lowest incomes. The new system will guarantee social protection for all families suffering economic and social hardship, first of all for pensioners, invalids, aged people, and families with many children.
>
> The Ministry of Social Protection is committed to creating a modern, efficient, and accessible program.

DEPUTY MINISTER OF SOCIAL PROTECTION N. P. NOSCHENKO

> The housing subsidy program is an example of cooperation between executive bodies of all levels in protection of people with the lowest incomes. It will be the beginning for future programs of social protection.

DEPUTY CHAIRMAN OF SCHME N. V. RUL

> Ukraine must invest more in the maintenance and expansion of the systems that provide us with housing, water, wastewater treatment, heat, gas, and solid waste disposal. These systems are vital for the health and well-being of all Ukrainian families. The only way to do it under the conditions of catastrophic budget deficit is to collect more money from the population by reform of the housing and communal services tariff system.

In the short term, certainly, the first steps of reforms for most families will lead to increase of expenses. In the long term, however, we can all expect to enjoy better housing and better quality communal services.

With the Housing Subsidy Program in place, families have no excuse for not paying housing on time. We expect local governments will take stronger measures to reduce the rate of nonpayment, which can seriously worsen the conditions and functioning of housing and communal enterprises.

4.3.2.3 Lessons Learned

Ukraine's intolerably high rate of inflation presented serious problems. Unless all aspects of the program are adjusted at the same time — payments for the use of housing, income eligibility levels, subsidies, etc. — the program could cause economic hardship to families or fiscal hardship to local governments.

Rebuilding social programs is a necessary precondition for further market reforms in Russia and its former satellites. Western advisors should not underestimate the immediate and adverse consequences for the vast majority of the population. Showing newly independent states how to set up means-tested programs — as well as showing them how to use computers to administer modern programs — is vital to making economic transition politically and socially palatable. In these areas, Ukraine is a powerful and important example.

The key is to maintain flexibility and to always keep an eye out for new opportunities and to be prepared to take advantage of them.

Related Recommendations

The following programs should be administered through agencies of local self-governments.

Electricity, Heat, Hot Water, Water, and Sewer

A program of "lifeline rates" that offers a low level of basic services to all households at low prices, but that charges much higher prices for levels of use in excess of this minimum, should be instituted. These norms should be established by the national government and would be graduated to allow for differences in family size.

Transit

Subsidized fares should be offered to specific categories of people, including the elderly, the disabled, and, perhaps, single-parent families. At least a part of the cost of providing low-cost tickets to these categories should be paid for by the national government.

4.3.2.4 Deliverables

The detailed list of deliverables for this project divided by task order are included as an appendix. Legislative results are included in the Legislation section. The key deliverables of this project are listed below.

- Municipal Finance for Ukraine Cities Borrowing to Finance Infrastructure, November 1993
- A Strategy for USAID Program on Local Government and Infrastructure Finance, October 1993: Evaluation of three finance observational tours to the U.S. and recommendations for future tours. Tours were conducted:
  - June 19–July 8, 1994
  - August 20–September 10, 1994
  - October 15–November 4, 1994
- Analysis of Housing and Utilities Pricing Policy in April 1994 for the State Committee on the fiscal and social impacts of raising prices for housing and communal services. This was based on a spreadsheet model developed by Ira S. Lowry and was the first such analysis conducted in Ukraine.
- Training workshops and documents for State Committee computer center, December 1994
- Spreadsheet models for communal services pricing, December 1994
- Legal analysis and recommendations for enforcing household payments for housing and communal services, January 1995
- Training manual for Housing Subsidy Program, June 1995
- Draft law on local government finance was replaced by Decree #89 on the Housing Subsidy Program, September 1995
- A History and Overview of Ukraine's Housing Subsidy Program, November 1995
- Final Report covering 1995 activities, February 1996

4.3.3 World Bank Revolving Loan Fund

4.3.3.1 Description/Background

The former Soviet Union historically struggled with chronic housing shortages. The housing industry remains characterized by dramatic underinvestment by the state in new construction, a growing inventory of unfinished units, an acute underinvestment in maintenance of the existing housing stock, and a very small private development market. The meager state-provided capital repair funds that were available under the old system have disappeared, and maintenance is funded to a level that supports only emergency repairs, sharply accelerating the deterioration of the existing stock.

On the private side, however, the years of pent-up demand have resulted in a strong market for new flats and single-family homes. For those who are able to accumulate enough cash, improved housing is the top priority. A new serious problem exists that, due to a lack of mortgages or commercial financing, those who wish to purchase a new home are forced to finance the projects themselves through advance payments to the developer. The lack of an effective real estate titling system and the absence of business and credit reporting systems has provided opportunities for

the unscrupulous and incompetent at the expense of home purchasers. Examples of individuals having lost significant sums that they paid as deposits on new homes are widespread and widely reported. Despite publicity, the problem is growing and is used by adversaries of reform as evidence that a market economy will not work in Ukraine.

The World Bank approached USAID to request support for their efforts to lend US$100 million for housing in four Ukraine cities. The World Bank had considered four areas for such loans: completing unfinished construction; constructing new housing through private developers; supporting existing cooperatives through financing meters and energy efficiency systems; and large-scale rehabilitation for deteriorated, city-owned housing.

USAID and the World Bank exchanged memorandums of understanding in which USAID limited its support to the private developer component and the Bank agreed to move forward with this component. A revolving loan fund was envisioned as the vehicle to support that component, given the lack of sources of financing for private developers. PADCO was asked to field a team of short-term consultants to undertake the following in two cities, Odessa and Kharkiv:

- identification of private developers and assessment of their activity and abilities;
- assessment of the demand for housing to be sold at market rates;
- development of software that private developers could use to produce proformas;
- identification of private banks to administer the revolving loan fund;
- development of the legal documents required by a revolving loan fund; and
- training of Ukrainians during the process to carry on the work.

Shortly after the end of the first phase of work by PADCO's team, the World Bank announced that it was abandoning the private developer component and all other components except unfinished construction. Given legal complications related to such buildings, the Bank determined that the large state construction *kombinats* would be the developers to complete the work. USAID was unwilling to finance a program that did not foster new approaches to housing construction and withdrew any further support.

4.3.3.2 Targets and Achievements

A team of two real estate development specialists, one finance specialist, and one real estate attorney was fielded in the spring of 1995. The team traveled to all four cities with the World Bank team and then divided themselves between Odessa and Kharkiv to complete their work.

The team's trip reports, which were delivered to USAID at the completion of their travel, contained the detailed results of their work. Highlights included the following.

- Private developers were successfully operating, despite scant availability of commercial credit and significant obstacles to obtaining materials.
- The largest obstacles faced by private developers were government intervention and policies that penalized those who identify and capitalize on a market niche.
- Sufficient demand existed to construct and sell housing at market rates.

- Private banks were interested in providing such financing, but would require significant technical assistance to be able to evaluate proformas and administer a revolving loan fund.
- The current legal basis and financial reporting systems would severely hamper the potential for long-term success of a revolving loan fund.

4.3.3.3 Lessons Learned

Despite candid discussion about priorities between USAID and the World Bank, the exchange of memorandums of cooperation prior to the start of the project, and an agreement to the contrary, the World Bank changed its priorities to one that USAID could not support.

4.3.3.4 Deliverables

The deliverables are listed in detail in the appendix of this report. Highlights include:

- legal documents for a revolving loan fund that are tailored to existing Ukrainian law;
- private developer and bank lists for two cities;
- seminars for private developers and bankers that taught the basics of proforma preparation;
- a Ukrainian financial specialist who went on to work for the Western NIS Fund trained for six weeks as part of the program;
- a Ukrainian attorney trained in producing lending documents to meet World Bank requirements and structuring documents in anticipation of the introduction of additional Western lending requirements; and
- software tailored to Ukraine to produce proformas.

5 Institutionalization of Programs and Staff Capacity

5.1 Staff Training

USAID intended from the beginning that Shelter Sector Reform Program projects would eventually be able to function independently; one of the primary program goals was sustainability. A major obstacle to achieving sustainability was the inexperience of the local Ukrainians. The GOU, once willing to implement reforms, was often unable to do so because there were too few experienced personnel to carry out the reforms. Therefore, the focus of PADCO's institutionalization efforts was to develop Ukrainian housing sector reform specialists. These efforts included technical training in shelter sector reform issues and work skills training. In addition, developing Ukrainian specialists observed working models of reform and participated in developing, implementing, and monitoring pilot programs, in order to experientially learn their role as housing sector specialists.

In spring 1995, a strategy was developed to train large numbers of Ukrainians to staff and eventually roll out the program. The strategy consisted of training two groups, one group of condominium specialists and one group of PMM specialists. Training targeted three main positions: full-time specialists, full- and part-time attorneys, and management candidates who were hand-picked by USAID. Methods used to train these specialists included in-country training, U.S. study tours,

and on-the-job training. A summary of training and other development activities for each program area is provided below.

5.1.1 PMM Specialist Training

Classroom training (three weeks) was facilitated by a U.S.-based consultant (Quadel Consulting Corporation) with extensive experience training in the NIS. Training occurred in September 1995 and included the following topics:

- Preparing a Business Plan
- The Management Proposal and Management Plan
- Organization of a Management Company
- Financial Management for Real Estate Activity
- Maintenance Management: Planning and Budgeting
- Maintenance Work Order Assignments
- Beginning a PMM Demonstration Program
- Strategies for Dealing with Local Government Officials
- Consulting, Advising Skills, and Problem Solving
- Training Techniques (including a real training session with videotaped feedback and critique)
- Personnel
- Procurement and Inventory
- Landlord-Tenant Relations
- Rent Collection

Practical training in the U.S. (also provided by Quadel) exposed Ukraine PMM program specialists to housing management and maintenance in the United States. This was accomplished through practical, on-the-job experience with property management companies in the Washington, DC area. During their three-and-a-half week "internships," the program specialists expanded on some of the issues above and learned a wide variety of private management and housing principles and techniques, including:

- marketing and leasing aspects of housing;
- lease enforcement;
- maintenance management and preventive maintenance;
- work order systems;
- unit and site inspections;
- procurement and inventory systems;
- routine, extraordinary, and emergency maintenance;
- personnel aspects of housing management;
- insurance of housing and security aspects of housing management;
- janitorial and grounds-keeping aspects of housing management;

- utility systems and metering for utilities; and
- bidding for services, supplies, and equipment.

In November 1995, the PMM specialists completed their classroom and practical training and assumed responsibility in each regional office for the nationwide roll-out of PMM.

5.1.2 Condominium Specialist Training

Implementing the COA program on a nationwide basis required a team of 10 Ukrainian specialists, some of whom would have responsibilities in other programs as well. No such specialists existed, and those with experience in the government-controlled housing sector were ill-equipped to implement housing reform programs. Therefore, in addition to technical training, emphasis was placed on work skills training. Another challenge was to demonstrate the advantages of condominium formation, since the condominium form of home ownership had not operated in Ukraine since before the revolution.

Training for the specialists involved in the condominium demonstration programs was conducted completely as on-the-job training. Once the nationwide roll-out was planned, a larger group was hired and a formal classroom training program was undertaken. Most of the training for this second group was conducted in the summer and fall of 1995, but training has been ongoing as new technical issues arise and as necessary to deepen implementation of the program. Practical training in the U.S. was conducted by OKM Associates. Training in this program included the following.

- One-Week Technical Introduction Course:
  - History, comparison of operations, experience of demonstrations programs, implementation strategy
- One-Week Work Skills Training:
  - Time management, priority setting, stakeholders identification, work plan development
- Two-Week Study Tour to U.S.:
  - Operations in a developed environment, site tours of operating buildings, physical plant, board meetings, annual meetings
- Ongoing, On-the-Job Training:
  - Pairing experienced and new employees, attending workshops, preparation and review of detailed work plans
- Ongoing Quarterly:
  - Nationwide specialists meetings
  - Review and update work strategy
  - Input to program director of resources as needed

As the program matured, demands of the staff changed, and, as RAs were withdrawn from the program, the specialists found their scope of responsibility widening. As a result, additional training was needed.

Training Type	*Audience*	*Goal*
Association Operations	All specialists and supervisors	To reinforce what was taught on the study tour in 1995 and to apply it to reality in Ukraine today
Management Skills	All specialists and supervisors	To improve their efficiency and effectiveness
Leadership and Problem Solving	All staff	To improve their ability to see themselves as leaders who can make an impact
Training of Trainers	All specialists and trainers (in-house and those PADCO routinely contracts with)	To respond to the increased training demands and improve their basic competency
Publications: Drafting, Formatting, Producing	Media coordinator (Kiev) and national program director	To give them the technical ability to organize information into effective publications
Motivating Those Over Whom You Have No Authority	All specialists	To help staff achieve results with GOU counterparts
Intermediate Condominium Law	Attorneys who regularly work with PADCO on a contract basis	To provide models for needed revisions in existing related laws and improve their ability to foresee the impact and potential problems with draft legislation

5.2 Counterpart Training

5.2.1 PMM

The Academy for Educational Development (AED), a training contractor for USAID's NET training program, provided two U.S.-based training programs related to core programs (including PMM). These study tours were:

- October 1994 — "Private Housing Markets" with 20 participants; and
- June 1995 — "Housing: Private Management and Finance in Ukraine" with 17 participants.

This training exposed participants to a broad range of housing market concepts in the United States. A diverse range of participants was screened; both local- and national-level participants were selected. Participants were selected based on their commitment to the core technical assistance programs (PMM and condominiums) and on their strategic position in implementing these reforms. Although all concepts to which they were exposed may not have been relevant in Ukraine at the time of the training, the concepts became more and more relevant as the market emerged. As housing options and policy making became more decentralized in Ukraine, localities had more flexibility in picking housing solutions that made sense in their communities; participants were urged to select and adapt the solutions (vis-à-vis their U.S. experiences) that were most relevant to their needs.

The programs had a balanced ratio of classroom training to field experience. Participants came from diverse backgrounds, and there was a core group of subjects that were addressed, including:

- Private Management and Maintenance of Publicly and Privately Owned Housing
- Housing Finance, including the secondary market and state housing finance agencies
- Housing Subsidies, including the Housing Allowance (Section 8) and Voucher programs
- Real Estate Brokerage, including cadastral, appraisal, and tax assessment techniques

- The Role of Housing Nonprofits, including community development corporations
- The Role of the Federal Government, including the Department of Housing and Urban Development and tax-driven housing incentives
- Public-Private Housing Partnerships
- Legal Aspects of Housing, including landlord/tenant law, equal opportunity housing, liability, leasing, and evictions/foreclosures

Four regional seminars (one in each region) were conducted between October 1995 and April 1996 for the PMM program. These seminars attracted more than 500 participants and introduced the core programs to the regions. The seminars were jointly sponsored by USAID, PADCO, and SCHME. One hundred sixty-six seminars on PMM were conducted at the local and oblast levels, with a total attendance of more than 5,500 people.

As an informational exchange, in March 1996, three top-level officials from the Supreme Rada and SCHME attended a conference in Warsaw, Poland, the "Conference on Privatized Housing and Condominium Development in Poland and Central and Eastern Europe."

Experiences were shared in core program areas. In April 1996, PADCO conducted the "Mini-Study Tour for SCHME Officials," which included a tour of Kharkiv PMM sites and meetings with city officials, private contractors, and COAs. This provided SCHME officials with an opportunity to see pilot program results firsthand and to get feedback from an array of PMM program participants.

5.2.2 Condominiums

For the COA program, several general types of seminars were developed and then tailored to meet different types of audiences and the specific requests of counterparts.

Training Type	*Audience*	*Goals*
Introduction and Benefits, Abbreviated	High-level city and oblast officials	To introduce the idea, convince them of its advantages, and gain their support or determine that support is unlikely
Introduction and Benefits	Government employees	To introduce the idea, explain the details, and present the benefits from their perspective
Introduction and Benefits	Residents	To introduce the idea, answer their questions, present the benefits from their perspective, and explain what their rights are
Regional Conferences	Top two levels of housing employees from an entire region	Provide a forum for SCHME to endorse the program and develop two-way communication between national and local government employees and to answer their questions and outline experience to date
How to Implement a Program	Government employees who will be responsible for implementation of the program	To instruct city officials on the necessary tasks to establish COAs, including the establishment of a condo bureau
Condominium Bureau	Condominium bureau employees	To restructure existing city hall staff in response to the city's new role in relation to COAs

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The COA program was expanded to more than 144 cities, and 353 seminars were conducted for 10,822 government staff and to train trainers from existing housing maintenance institutions. In addition, 316 seminars were developed and conducted for a total of 13,729 residents.

5.2.3 Communal Pricing/Vodokanal Reform

Numerous seminars and workshops were held in Lviv for city council members, the city administration, and vodokanal officials. These seminars and workshops were jointly sponsored by USAID and the World Bank with guest speakers from AED and private water and wastewater companies in Eastern Europe. An estimated 12-15 seminars were held with approximately 150 attendees.

5.3 Building the Capacity of Local Institutions

The primary GOU organization involved in PMM roll-out was SCHME. PADCO did extensive work with SCHME in the policy-making, legal, and training areas. SCHME was USAID/ PADCO's partner in presenting the regional seminars. SCHME identified TA in the core programs as one of their top priorities, particularly the need for assistance in the revision of the Housing Codex. As a result, PADCO facilitated the establishment of a joint SCHME/USAID Legal Working Group to pursue the revision of critical housing/land policies and laws in a coordinated fashion.

In addition to SCHME, PADCO worked with the Cabinet of Ministers Housing Department and served as a resource to the Intergovernmental Coordinating Committee studying and revising housing law and policy.

PADCO was in regular contact and served as a resource to Anatoliy Dron, head of the Supreme Rada's Housing Policy Subcommittee.

The local organizations involved in implementation were the local executive committees, district executive committees, and ZhEOs (the district level supervisor to local ZhEKs). Officials and professionals from every oblast and urban area participated in PADCO regional seminars and were exposed to new housing maintenance concepts and techniques. These PMM programs were attended by 4,025 officials and professionals.

Although a person was normally trained to be a specialist in one area, some people were trained to work in several areas.

Whenever possible and practical, PADCO worked with existing local institutions to conduct training. Such cooperation took two forms: co-sponsorship of programs and contracting with local institutions to provide services. When PADCO worked with local nongovernmental institutions, PADCO first provided training to the staff of the local organization. Preparation frequently consisted of teaching training methods and conference coordination, in addition to technical training.

Co-Sponsorship of Programs

Co-Sponsor	Task	Contribution of Co-Sponsor
International Renaissance Foundation (Soros)	Five resident seminars	US$2,810; 50 percent of all costs
GOU (national, oblast, and city)	Conferences and seminars	Meeting rooms, seminar planning, refreshments (different on a case-by-case basis)
GOU	Public education	Air time on local stations, studio time, and coverage in government-supported print media
International Renaissance Foundation (Soros)	Proposal to co-sponsor portions of training and material publications in three regions to be awarded in the fall of 1997	Proposed amounts: Total: US$129,000 Publications: 5,936 Seminars: 68,483 Equipment: 20,182 Surveys: 10,882
Individual Teachers from Odessa (2)	Resident seminars	Coordinating and conducting resident seminars; drafting publications

A restricted decision-making authority of state institutions and the resulting convoluted regulatory environment meant that if we contracted with state-controlled educational institutions the funding was lost within the organization and, as a result, the teachers were poorly motivated. The same problem occurred frequently when contracting with such organizations for classroom space.

The Vodokanal Program looked specifically at the existing institutional and legal structures of the water and wastewater utilities of Ukraine. Under the supervision of RA Michael Sinclair, the Lviv office investigated and reported on the legal and institutional environments of the vodokanals in Ukraine. These reports were distributed to the Lviv City Administration, the GOU, and vodokanal officials. The Lviv office wrote proposals to improve the efficiency and accountability of the vodokanals.

The Lviv office also assisted the Lviv City Administration in forming an interdepartmental working group, which became the coordinating group for all donor and contractor efforts regarding the vodokanal. Several institutional and legal reform proposals were put forth by the work group, including proposals on tax and tariff reform.

5.4 Changes in National and Local Government Structures as a Result of Programs

The establishment of local housing reform offices was a major change in the way localities approached their housing sectors. The institutionalization of the concept of housing maintenance as a respectable, profitable enterprise was evidenced in the formation of these offices. The emergence of a new, private maintenance business sector was a direct result of the PMM program. The changing attitudes of ZhEKs regarding the nature of housing maintenance work was also evidence of the impact of the PMM program. Rather than shrinking away from the challenges of competitive maintenance, ZhEKs began to embrace the concept as a future survival mechanism. This was evidenced by the increasing number of ZhEKs that privatized and successfully competed for work under the PMM paradigm. There are now 11 ZhEKs that have competed for and won contracts.

One of the greatest benefits of the COA program is the demonstrated success and advantages of transferring property management from the government to homeowners and private contractors.

The government played several roles in implementation of the program, including:

- formation instigator (under existing legislation, residents themselves also can play this role);
- registrar of apartment ownership and association formation;
- member of the COA for any nonprivatized units;
- supplier of management and maintenance records as former manager of the buildings;
- maintenance contractor to any associations that chose to use the former state-controlled maintenance system on a competitive, contract basis; and
- provider of subsidies for those with special privileges (e.g., veterans, Chernobyl victims) or for those eligible for subsidies targeted to low-income households.

As part of the transition, 61 condo bureaus have been established in several cities and oblasts. Typically, these bureaus are staffed by reassigned housing department employees. These employees received special training from PADCO on the condominium concept in order to be prepared to work with residents.

The other significant change brought about by the program is that, as the newly formed COAs take over the roles formally played by government entities, the flow of money expended on housing and utilities is greatly changed. Residents and tenants in nonprivatized units pay their maintenance or rent and utility fees directly to COA bank accounts, rather than to city-controlled accounts. The major benefits of this change include the following.

- Funds are clearly accounted for rather than going into large, unsegmented city accounts.
- Delinquencies are reduced, as those who collect payments have direct motivation to keep them low.
- Utility fees are paid directly to the utility provider, rather than being redirected to other municipal uses.
- Utility company operating deficits are reduced and payment sources are clear, allowing them to discontinue services to those who do not pay.
- Residents start to focus on reducing utility consumption because they can save money from doing so.
- Administrative costs are reduced, resulting in more funds available for sorely needed repairs.
- Expenditures on housing and utilities are transparent.

5.5 National Laws, Decrees, and Local Resolutions

Much improvement has been made in the legal environment to support housing reform. Below is a list of PADCO accomplishments in legislation:

- developed draft statutes, model documents, and procedures to convert publicly or state-owned housing into condominiums;

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- together with GOU, wrote Decree #588, mandating association formation in approximately 95 percent of Ukraine's multi-family buildings;
- established legislation for housing privatization mechanisms to transfer housing among private parties, to conduct market-oriented valuation of maintenance costs, and to restructure city governments to support condominium associations (three cities have created new housing divisions);
- wrote major commercial land reform legislation: the July 12, 1995 Decree on Nonagricultural Land Parcels Privatization for Business Activity, a major advance in Ukrainian land law, with special written thanks from President Kuchma;
- advised the president and Supreme Rada Committee on Land Reform to develop a consistent framework for national real estate laws and for national and local land regulation;
- participated in national work group drafting national title registration policies;
- completed drafts of a proposed charter for a vodokanal joint stock operating company and a lease of operating assets, and a draft of a proposed performance agreement between the joint stock operating company and the Lviv City Administration for submission to the Lviv Administration and the Lviv City Council;
- developed a strategy and local legislation to implement Lviv working group concept for vodokanal project;
- created and enabled a national housing subsidy program administered by the Ministry of Social Protection to assist low-income families with housing and communal services increases of up to 60 percent cost recovery within a six-week period; and
- drafted legislation passed in February of 1995 enabling a national housing subsidy program to operate.

5.6 Institutionalization of Staff (Evidence that Offices Will Function after Expatriates Have Left)

The goal of preparing to transfer implementation of the program to the Ukrainian program specialists remained a high priority throughout the program. The basis for this is now in place through use of the following assets: trained program specialists, trained support staff, operational offices including sufficient equipment, contacts with appropriate GOU representatives at the national and local level, and a network to monitor developments in similar programs throughout the former Soviet Union. One of the existing program specialists was promoted and prepared to serve as the national technical director of the program; supervision of the Kharkiv office was transferred to a Ukrainian in the fall of 1995; and supervision of two others in Kiev and Odessa were transferred to Ukrainians in the fall of 1996.

PADCO employed and trained approximately 80 Ukrainians, who are now experts in housing shelter reform issues.

Training Type	*Audience*	*Goals*
Establishing an NGO	Office supervisors	To assist them in developing an independent organization to continue program work
Grant Writing	Office supervisors	To teach them to secure funding from sources other than USAID

The four regional offices registered with the Ministry of Justice as one NGO in June 1997. The new Housing and Municipal Reform Center will continue the housing privatization activities begun by USAID/PADCO. The NGO has already demonstrated its potential as they have already applied for and received grants from other international organizations.

Four land privatization offices are now operating without USAID assistance, and Ukraine's first self-supporting land titling registration office was opened in Vishgorod. The vodokanal project was rolled out to 30 Ukrainian cities through a series of seminars.

The training of the Lviv staff proved to be quite successful. The staff are now considered to be international experts in the field of water and wastewater utilities and have been hired by Austrian and Swiss consulting firms to develop legal and institutional analyses for the preparation of World Bank loans to vodokanals in Odessa and Mariupil.

6 Comments and Recommendations Regarding Next Steps for USAID

It was surprising to learn that USAID decided in 1996 to end its support of stand-alone housing programs in the NIS, surprising because improvements in the shelter sector support all **three** of USAID/Kiev's strategic assistance areas: economic restructuring, democratic transition, and social stabilization. Given that only food is more important than shelter, reform in this sector has an unequaled potential to affect every person in Ukraine, in a manner by which they benefit every day. While it is recognized that work in the sector will continue as part of other programs, the opportunity for integrated work will likely be lost.

The integrated approach that this contract vehicle facilitated was crucial to the program's success. The greatest challenges that remain also require integrated approaches. Creating a mechanism to sell enterprise land will not solve the problem of allocating land under enterprise multi-family buildings if the city and enterprise cannot agree on who owns the buildings. Residents will let housing-related payments fall even further in arrears if the existing laws that make eviction practically impossible are not updated to reflect the new economic and political system. Work at the local level served as a catalyst to overcome inertia at the national level.

As USAID enters the next phase of assistance in the NIS, the Partnership for Freedom, the following observations may be of use.

6.1 Housing Privatization

- Provide technical assistance to the newly created NGO, the Housing and Municipal Reform Center, to expand the technical capacity development of staff, to support their strategy to provide new services, to assist in their efforts to increase cost recovery from clients, and to increase the share of their funding from sources other than USAID.
- Provide legislative and policy support to the GOU to resolve issues that have stalled housing privatization at 40 percent and that impede widespread enforcement of the decree requiring COA formation in 95 percent of all buildings.
- Recent legislation mandates transfer of enterprise housing, which many estimate to be half the housing in Ukraine, to the municipalities. Cities do not have the resources to complete this transfer or to service the housing once accepted, so compliance with the law has been limited. As a result, capital repairs and routine maintenance are in limbo, the housing stock is deteriorating at an accelerated rate, and residents are denied adequate shelter and functioning utility services. A catalyst is needed to resolve the stalemate and to provide a model to solve the problems. Likely options include forming COAs in all such buildings, so that the cities are never forced to take over the buildings, but even this solution requires solving problems of authority and overdue capital repairs.
- As the number of COAs has increased, the need to support the training and development of their leaders and board members has swelled. The Housing and Municipal Reform Center and other educational institutions that were involved in this program are poised to offer such training, but the development phase will require support from donors in the areas of curriculum development.

6.2 Land Privatization

- Roll out land title registration programs in additional Ukrainian cities.
- Create pilot projects for urban zoning to support President Kuchma's Decree on Urban Land Privatization in problematic residential and commercial areas.
- Develop a business environment favorable to attracting international investors on RFP/tender offers through development of a clear land titling adjustment system.

6.3 Communal Pricing/Vodokanal Reform

- Take the work PADCO has done with communal service suppliers and entities, like the ZhEKs in the cities, and do demonstration programs on improving the quality of communal services and products. As a result of the Housing Subsidy Program, the GOU was able to move cost recovery from 44 percent to 80 percent, but is hesitant to make the final step of increasing cost recovery to 100 percent because there has been no commensurate improvement in the quality of services in the communal service package (including rent, utilities, maintenance, etc.). The cost is increasing for residents without any visible change. Improvements in these services could make 100 percent cost recovery possible.
- Work with the GOU to change laws to permit private investment to enable vodokanals to obtain private investment for capital repairs and improvements.
- Link vodokanal and housing program reforms, including installation of water meters and equipment to improve water service in high-rise buildings, as an incentive to form COAs and

implement strategy for adopting market-oriented, self-enforcing environmental management techniques at the national level.

6.4 Local Government Finance/Housing Subsidy Program

- Respond to the GOU's request to assist the cabinet and ministry. Expand the housing subsidy into a nationwide comprehensive program of targeted social assistance. Obtain funding from the IMF and the World Bank for a social protection system, and train GOU officials in analytical skills needed to develop social expenditure policy.
- Form Ukrainian task force to spearhead continued program development.
- Continue public information campaign to expand program participation, particularly to 44 percent of families — mostly in rural areas — as yet unfamiliar with the program.
- Provide management tools to operate the Housing Subsidy Program efficiently. Acquire computers and equipment for housing subsidy offices; develop, install, and train housing subsidy program employees in software to improve audits and to link data with government Tax Inspectorate and the Pension Fund.

6.5 Areas outside This Sector

- The transfer of enterprise housing to municipalities (as outlined in the third bullet of the Housing Privatization section above) provides an opportunity for micro-enterprise development. Contained within the buildings that enterprises are mandated to transfer to municipalities are significant spaces devoted to social uses, such as day care centers, clinics, and music schools. Most enterprises are no longer able to provide such service, and the space and equipment represent an asset that is more valuable in its present configuration than if dismantled. The opportunity exists to develop a program to foster the transfer of these facilities to micro-enterprises. Given the nature of the services offered, many such micro-enterprises would be women-owned and could benefit from partnering with sister organizations in the U.S., providing links to a number of existing USAID-sponsored programs.

Appendix A
Map of Ukraine

Appendix B
List of Deliverables and Additional Products

Deliverables List

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
1	Observational tour, Kharkiv officials (C)	Conduct of Observational tour: Nov. 2-13, 1992	Nov 1, 1992	Nov 1, 1992		Planning /Development in Kharkiv (Working Paper 1)	Jan 1, 1993
		Mission Report: Sep 6-26, 1992 Ukraine	Nov 1, 1992	Nov 1, 1992		Capital Markets & Banking Housing Finance & Development Study in Ukraine	Mar 1, 1993
2	Washington Management: Eastern Russia & Ukraine (see TO 70)	Weekly reports	weekly	weekly		Background Papers for the Steering Group Meeting	Jul 1, 1992
						Novosibirsk Housing Demonstration Project (WP 8)	Mar 1, 1994
						Sale of Land Development Rights, Ekaterinburg (WP 9)	Mar 1, 1994
						Shea Trip Report Jun-94, Shea Trip Report Jul-94, Shea Trip Report Aug-94	Jul-94 Aug-94
3	Novosibirsk: long-term RA (see TO 63)	Weekly reports	weekly	weekly		Housing and Communal Services in Novosibirsk (WP 7)	Apr 1, 1994
		Strategy	Apr 93 Dec 93 Jul 94	Apr 93 Dec 93 Jul 94	Initial strategy Apr-93 to Sep-93; updated Oct-93 to Jun-94; updated Jul-94 to Sep-94	Management and Maintenance of Municipal Housing in Novosibirsk (WP 6)	Mar 1, 1994
		Work Program	Apr 93 Dec 93 Jul 94	Apr 93 Dec 93 Jul 94	Work program dated Apr-93 to Sep-93; updated Oct-93 to Jun-94; updated Jul-94 to Sep-94	Management and Maintenance of Municipal Housing in Novosibirsk (WP 2)	Jan 1, 1993
						Novosibirsk Housing Indicators	Aug 1, 1993
4	Ukraine Shelter Reform Program Implementation of the Memorandum of Cooperation (C)	"Program on the Legal Framework for the Creation and Operation of Laws and Real Estate Markets in Population Centers in Ukraine"	Nov-92: May-93	Nov-92: May-93	Substance of report covered in series of three trip reports.	Kayden Trip report	Nov 1, 1992
		Final Draft of Condo Law	May 1, 1993	-->	Initial draft of Condo law performed, additional work needed in committee	Kayden Trip report	Jan- Feb 93
		Define Kharkiv program	May 1, 1993	-->	Definition of Kharkiv program included in original Kharkiv strategy and workplan	Kayden Trip report	May 1, 1993
		Seminars (3) on private land and building markets	May-92 May-93	May-92 May-93	trip report		
5	Condominium Study Tour: Novosibirsk (conducted in conjunction with The Urban Institute)	Tour conducted Dec. 9-16, 1992	Dec 1, 1992	Dec 1, 1992	Urban Institute	Tour evaluation completed and submitted to Urban Institute for their report	Dec 1, 1992
6	Novosibirsk: Housing Management/Maintenance Demo Project short-term TA	Training session	Dec 1, 1992	Dec 1, 1992			
		Training session	Feb 1, 1993	Feb 1, 1993			
		Training materials/Quadel	Feb 93 Dec 92	X	Training materials provided by Quadel		
7	Ekaterinburg: Feasibility Study of Ekaterinburg Housing and Land Development Project	Promoting Private Sector Land & Housing Development in Ekaterinburg (WP 5)	Jun 1, 1993	Apr 1, 1993			

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TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		Trip Report for Feasibility Study for Ekaterinburg Housing & Land	Feb 1, 1993	Feb 1, 1993			
8	Ekaterinburg: long-term RA Structural Reform of Ekaterinburg's Housing and Urban Sector (see TO 64)	Work Plan	Apr 93 Dec 93 Jul 94	Apr 93 Dec 93 Jul 94	Work plan prepared for Apr-93 to Sep-93; updated Oct-93 to Jun-94; updated Jul-94 to Sep-94	Ekaterinburg Housing Indicators (2)	Aug 93 Mar 94
		Strategy	Apr 93 Dec 93 Jul 94	Apr 93 Dec 93 Jul 94	Strategy prepared for Apr-93 to Sep-93; updated Oct-93 to Jun-94; updated Jul-94 to Sep-94	Concept plan for Ekaterinburg (WP 4)	Mar 1, 1993
		Weekly reports	weekly	weekly			
9	Eastern Russia: Property Management Study Tour (tour conducted in conjunction with The Urban Institute)	Tour conducted: Jan 26 - Feb 3, 1993	Jan-Feb 93	Jan-Feb 93			
10	Ukraine: Housing Finance Conference	Conference: Utah Pratt Course: Feb 24 - Mar 6, 1993	Feb-Mar 93	Feb-Mar 93			
11	Ukraine: Workshop on Privatization of Land	Conference conducted: May 11 - 14, 1993	May 1, 1993	May 1, 1993		"Privatization of Land in Ukraine"	May 1, 1993
		"Privatization of Land and Urban Development in Ukraine" conference packet	May 1, 1993	May 1, 1993	Conference packet includes all documents from conference (see additional products for a list of conference documents)	"Town Development and Land Privatization in Ukraine"	May 1, 1993
		Policy paper: land privatization	May 1, 1993	May 1, 1993		"Alienation of Land in Urban Areas, Procedures, Methods, Problems"	May 1, 1993
						"Working Group Commission of Reforming Land Legislation and Land Privatization"	May 1, 1993
						"Private Property Interests in Private Land Markets"	May 1, 1993
						"The Role and Function of Urban Land Markets in Market Economies"	May 1, 1993
						"The Right to Land Ownership and Land Privatization in Ukraine"	May 1, 1993
						"The Legal Framework of Private Land Markets"	May 1, 1993
						"Purchase, Sale, Finance Providing..."	May 1, 1993
						"Public Private Partnerships and the Joint Venture Approach in Private Land Markets"	May 1, 1993
						"Urban Development Documentation. Its Upgrading Following Privatization of Land"	May 1, 1993
						"Market Monitoring and Valuation in Economies with Scarce Sales Data: the Case of Poland and Russia"	May 1, 1993
						"Utilization of Agricultural Lands in Towns in Ukraine"	May 1, 1993
						"Double Ownership on Land"	May 1, 1993
						"Urban Development and Land Privatization"	May 1, 1993
						"How to Realize the Right to Private Ownership of Land under the Conditions of Townbuilding of the Capitol"	May 1, 1993

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
						"Right to Land Ownership and Entrepreneur Activities: Contradictions and Perspectives"	May 1, 1993
						"Land Privatization in Ukraine"	May 1, 1993
						"Problems of Normative Guarantee of Land Privatization in Town-Building"	May 1, 1993
						"Methods of Land Privatization in the United States and Western Europe"	May 1, 1993
						"Lessons from Land Privatization in China and Poland"	May 1, 1993
						"The Role of Public Land Acquisition Private Land Markets"	May 1, 1993
						"Legal Conditions of Urban Lands in Ukraine"	May 1, 1993
12	Russia: Assessment of Housing Production	Questionnaire (2): Construction building industry and Suitability of sites	Apr 1, 1993	Apr 1, 1993			
		Questionnaire : status and capacity	X	X			
		List of qualified professionals	X	X			
		Program and program management options memo: Hansen memo	Jul 1, 1993	Jul 1, 1993			
13	Russia: Housing Sector and Building Site Assessments	Draft Report: "Russian Officer Resettlement Program"	Jul 1, 1993	Jul 1, 1993	Housing construction/building materials assessment & sites assessment		
14	Kiev: long-term RA Land, Housing, and Local Government Finance reform programs (see TO 49)	Weekly reports	weekly	weekly		Ukraine Housing Indicators, (WP 10)	Apr 1, 1994
		Work plan	July-93 Dec-93 May-94	July-93 Dec-93 May-94	Work plan prepared for Jul-93 to Sep-93; updated Oct-93 to Sep-94; updated Mar-94 to Sep-94		
		Strategy	July-93 Dec-93 May-94	July-93 Dec-93 May-94	Strategy prepared for Jul-93 to Sep-93; updated Oct-93 to Sep-94; updated Mar-94 to Sep-94		
15	Kharkiv: long-term RA Development of Demonstration Projects at the Local Level (see TO 50)	Weekly reports	weekly	weekly		"Report on Overall Condominium Progress and Achievements of the First Year Mission" (August 1994)	Aug 1, 1994
		Work plan	Apr 1, 1993	Apr 1, 1993	original work plan for Kharkiv was subsumed into the national work plan for Ukraine		
		Strategy	Apr 1, 1993	Apr 1, 1993	original strategy for Kharkiv was subsumed into the national strategy for Ukraine		
16	Ekaterinburg: Visit of Mayor Chernetsky	Tour conducted May 1 - 4, 1993	May 1, 1993	May 1, 1993			
17	Ukraine: General Technical Assistance short-term (C)	Paper for conference : "Private Real Estate Development, Infrastructure Provision and Land Use Regulation: Making Development Pay Its Fair Share"	Aug 1, 1993	Aug 1, 1993	continuation of legal support from TO 11	Trip Report: Background for August Meetings with the NIS Task Force on Privatization of Land and Local Government Finance.	Aug 1, 1993
		Paper on the structuring of the privatization of the land demonstration project in Kharkiv.	Aug 1, 1993	Aug 1, 1993			

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
18	Ukraine: Conference on Local Government Finance & Infrastructure Development in Kharkiv (C)	Workshop conducted June 29 - July 1, 1993	Jun-Jul 93	Jun-Jul 93		"Local Governments and Infrastructure Finance in Ukraine"	Jun-Jul 93
		Document on conference	Jun-Jul 93	Jun-Jul 93	Documents given to AID participants at conference (see additional products for a list of conference documents).	"Financing of Kharkiv Local Government Bodies and Infrastructure: Present Situation and Prognosis for Future"	Jun-Jul 93
						"New Approaches to Budgeting in Ukraine"	Jun-Jul 93
						"Taxes, Other Revenues, and Intergovernmental Transfers: the International Experience"	Jun-Jul 93
						"Formation of Local Budgets in Ukraine"	Jun-Jul 93
						"Capital Infrastructure and Operating Expense Budgets at the Local Level: "	Jun-Jul 93
						"Financing Local Self-Government and Infrastructure of Cities in Ukraine"	Jun-Jul 93
						"Problems of Housing and Communal Services Finance, Reform of Pricing and Tariffs for Housing and Communal Services"	Jun-Jul 93
						"Provision and Pricing of Communal Services"	Jun-Jul 93
						"Local Government and Infrastructure Finance in Lviv. The Current Situation."	Jun-Jul 93
						"Financing of the Local Government Bodies and Development of Kirovograd Economy Infrastructure"	Jun-Jul 93
						"Local Government and Infrastructure Finance in Donetsk. The Current Situation."	Jun-Jul 93
						"Price Setting in Maintaining Public Services in Donetsk. The Current Situation."	Jun-Jul 93
						"The Legal Framework for Local Government and Infrastructure Finance in Ukraine"	Jun-Jul 93
						"Payment for Land and Ways of Its Improvement"	Jun-Jul 93
20	Russia: Officer Resettlement Program Construction Management Advisors	Weekly reports	weekly	weekly	technical design of the 450 unit program was prepared for AID	Audit of contractor's expenditures and final claim for termination of the construction contract in Novosibirsk.	Mar 1, 1994
		Monthly reports	monthly	monthly		Hansen Trip Report	May 1, 1994
						Review of the construction contract and Memorandum of Understanding for Novosibirsk.	Mar 1, 1994
						Lessons learned on the Pilot Project	May 1, 1994
						Quarterly report on General Construction Costs	quarterly
21	Ukraine: TA on Policy and Legal Reform (C)	Draft Land Code	Oct 1, 1993	ongoing	Consultant continuing to revise Land Code with Parliament due to changing political situation. Work being continued under TO 41.	Trip Report	Sep 1, 1993
		Conceptual framework and outline for Ukrainian Code on Land and related legislation.	Oct 1, 1993	Oct 1, 1993			

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		Draft strategy of legal and institutional framework for private land and real estate markets.	Oct 1, 1993	Oct 1, 1993			
		Outline of policy/law choices for development of new legislation related to local government and infrastructure finance.	Oct 1, 1993	Oct 1, 1993			
		Timetable for privatization of parcels in Kharkiv.	Oct 1, 1993	ongoing	Land auctions in Kharkiv have been ongoing since January 1994.		
22	Ukraine: TA on Local Government and Infrastructure Finance in Ukraine (C)	Trip Report	Jan 1, 1994	Jan 1, 1994	Trip report entitled: Revised report on Ukraine visit Nov.-Dec. 1993 and next steps for PADCO/Pre-H project		
		Proposal/strategy for future coordination	Oct 1, 1993	Oct 1, 1993			
23	TA on Condominium Laws and Regulations in Ekaterinburg and Novosibirsk	Final draft condo regulations	Feb 1, 1994	Feb 1, 1994			
		Trip report	Oct 1, 1993	Oct 1, 1993	Sinclair Trip Report		
		Legal documents for condo formation	Oct 1, 1993	Oct 1, 1993			
24b	Russia: Promoting Private Sector Land/Housing Development in Ekaterinburg	Sale of at least 10 sites	Dec 1, 1993	-->	City only offered 5 sites in 1994, overpriced the sites (against our advice), and didn't sell any. We stopped pushing land sales.	Draft report: "Allocation of Residential Land by Tendered Bidding in Ekaterinburg"	Dec 1, 1993
		Residential land market assessment & 1994 land disposal strategy	Sep 1, 1994	Nov 1, 1994	Brown & Bonz began work, but after City failed to sell any sites in '94 and lack of reliable data on disposal of City land, "land mkt. assessment" was abandoned, and instead they submitted to City a "Diagnostic Report based on the experience of '94 offer.	Draft report "Sale of Land Development Rights by Tendered Bidding in Ekaterinburg" (WP 9)	Apr 1, 1994
		Developers seminar/training for 25 builders	Oct 1, 1993	Oct 1, 1993		Housing Indicators: Ekaterinburg (see TO 8)	Aug 93, Mar 94
		Project proposal (Ural Monolit)	Dec 1, 1993	Dec 1, 1993		RFP/Invitation to Bid	Sep 1, 1993
		Construction loan application (Ural Monolit)	May 1, 1993	May 1, 1993	Submitted to Russian American Enterprise Fund. RAEF wasn't interested in making the loan, but Ural Monolit continued to pre-sell units and built the first block of townhouses w/o obtaining a loan.	Trip Report	Dec 1, 1994
					We never received a final copy of the loan package as the loan was not implemented.	Diagnostic Report on 1994 land tender	Nov 1, 1994
						Discussion paper: Land Policy Ekaterinburg	Nov 1, 1994
						Discussion paper: Structure & Process for Ekat. Land Policy	Nov 1, 1994
						Training Course: Real Property Appraisal	Nov 1, 1994
25b	Russia: Housing Construction and Reform Project	Working group design report	Mar 1, 1994	Mar 1, 1994	Technical Cooperation and Training Plan: AID Collaboration with The World Bank Russian Housing Construction and Sector Reform Project	"Design and Preparation of Project Development and Finance Working Group Sessions" (trip report)	Mar 1, 1994

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TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
26	Ukraine: land privatization TA short-term (C)	Draft of new Ukrainian Code on Land (9302.41)	Oct 1, 1994	Oct 1, 1994	Extended deadline under TO 41; interim draft; see TO 41 & TO 59		
		Final draft of Condominium Law	May 1, 1993	May 1, 1993	law not drafted, -replaced with decree #588, copy avail.		
		Documents for January Land Auction	Jan 1, 1994	Jan 1, 1994			
		Concept plan for land titling, registration and recording systems for private land and real estate markets and tax admin.	Mar 1, 1994	Mar 1, 1994			
		Video on private land building markets in US	May 1, 1994	May 1, 1994			
		Special issue of Ukrainian construction magazine on land privatization	Nov 1, 1993	Nov 1, 1993			
		Ukrainian book on local government finance	Feb 1, 1994	Feb 1, 1994			
		Seminars at Solomon University	Mar-94 Feb-94	Mar-94 Feb-94			
27	Ukraine: Local Government and Infrastructure Finance (C)	Alternative Ways of Subsidizing Housing and Communal Services In Ukraine	Dec 1, 1993	Dec 1, 1993			
		Municipal Finance for Ukraine: Borrowing to Finance Infrastructure	Dec 1, 1993	Dec 1, 1993			
		Municipal Finance for Ukraine: Creating a Stable Revenue System	Dec 1, 1993	Dec 1, 1993			
		Education/training seminars	Nov-Dec 93	Nov-Dec 93	Conducted seminars		
28	Russia: Program Implementation Building Industry Technical Field Support (C)	Report: "Russian Officer Resettlement Program-World Bank-Building Materials"	Dec 1, 1993	Dec 1, 1993	Trip report		
29	Russia: Housing Construction and Reform Project Workshop on Cost Recovery and Affordability of Urban Land Development (C)	Workshop conducted Dec 16, 1993	Dec 1, 1993	Dec 1, 1993			
		Training materials	Nov 1, 1993	Nov 1, 1993			
30	Odessa: short-term TA in Private Property Management (C)	Briefing on US prop. management	Apr 1, 1994	Apr 1, 1994		Lynn Trip Report	Aug 1, 1994
		Identify 2000 unit project	Mar 1, 1994	Mar 1, 1994	Project identified.		
		Bid package	Jun 1, 1994	Aug 1, 1994	Bid package prepared for bidders in Odessa; copy of package will be provided as annex to final report.		
		Training of bidders	Jun 1, 1994	Jun 1, 1994			
		Bidding process	Jun-Jul 94	Jun-Jul 94			
		1 contract for private property management	Jul 1, 1994	Aug 1, 1994			
		Report: Private Property Management Demonstration Project	Jul-94 Aug-94	Aug 1, 1994	Initial draft presented in July 1994, final report completed in August 1994.		
31	Eastern Russia: USAID/IBRD TA for Six Cities	Preliminary Designs for sample sites for each city	Feb 1, 1994	Feb 1, 1994		Statistical Materials	Jan 1, 1994

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
32	Russia: Building materials Industry Advisor: Six Cities (TO extended to March 31,1995)	Work plan	Jul 1, 1994	Jul 1, 1994	Draft work plan updated July 1994 through June 1996; July 1, 1994 - September 30, 1994	Report: Support of Russian Housing Industry Restructuring	Sep 1, 1994
		Weekly reports	weekly	weekly		Equity Matching Line of Credit for Building Materials Industry Transfer Report	May 1, 1995
		Building Materials Enterprises report	Mar 1, 1995	Mar 1, 1995	EMLOC transfer report: Revised version by Bob Kehew. Submitted May 1995		
		Building Materials Enterprises privatization report	Mar 1, 1995	Mar 1, 1995			
		Anti-monopoly committee report	Mar 1, 1995	X			
		Recommendation for Technical Assistance for Building Materials Enterprises	Jul 1, 1994	Jul 1, 1994			
		Project profiles: Apex	n/a	-->	Removed as a deliverable item by AID		
		Project profiles: banking	Mar 1, 1995	Mar 1, 1995	Lyon's report - in appendix		
		Training program	Mar 1, 1995	-->	Removed as a deliverable item by AID		
33	Ukraine: Housing Policy Formulation TA (C) (see TO 54)	Draft law recommendations and assessments	Feb 1, 1994	-->	Work moved to TOs 44 and 54	"AID Shelter Sector Reform Program"	Nov 1, 1993
		Seminar: housing policy Feb. 24, 1994	Feb 1, 1994	Feb 1, 1994		"Housing Reform in Ukraine: Moving from a Socialist System to a Market System"	Apr 1, 1994
		12-month work program	Feb 1, 1994	-->	continued under TO 44 and 54		
		Agenda/program on national conference	Feb 1, 1994	-->	continued under TO 44 and 54		
34	Ukraine: TA on Fees and Charges as a Revenue Source for Local Governments (C) (see TO 57)	"Potential City-Priced Payments for Services in the City of Kharkiv"	Mar 1, 1994	Mar 1, 1994		Trip Reports: Lviv Demonstration Project (2)	Oct 1, 1994
		"Proposed Payments for Services: Suggestions for Implementation by the City of Kharkiv"	May 1, 1994	May 1, 1994			
		Project Design: Lviv Demonstration Project	Nov 1, 1994	Nov 1, 1994			
35	Ukraine: Local Government and Infrastructure Finance TA (C)	Technical asst. memorandum	Jul 1, 1994	May 1, 1994	Prepared with the Technical Analysis paper: "Technical Analysis of the Revenues Generated by Reform for Housing and Communal Services and of the Costs of Providing Targeted Subsidies to Low Income Families" (May 94)	Status of Technical Assistance to Sate Committee for Housing and Communal Services	Mar 1, 1994
		Background papers (3) local government	Jul 1, 1994	Jul 1, 1994	Background papers were prepared for the four local government finance seminars	"Housing Reform in the Ukraine: Why Pay More?"	
		"Potential City-Priced Payments for Services in the City of Kharkiv"	Mar 1, 1994	Mar 1, 1994	Report by Robert Firestein from TO 34		
		"Proposed Payments for Services: Suggestions for Implementation by the City of Kharkiv"	May 1, 1994	May 1, 1994	Report by Robert Firestein from TO 34		
		Memoranda on local implementation issues	Jul 1, 1994	May 1, 1994			
		Background papers on the development of capital markets for municipal finance including: business development and housing finance market	Jul 1, 1994	Apr-95 May-95 Jun-95			

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TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
36a	Novosibirsk: short-term TA Shelter Sector and Action Policy (extended to Sept 95 as TO 36A)	Planning workshop with the City	Oct-94 Dec-94	Oct-94 Dec-94	Task order delayed at the request of the City due to new Vice Mayor and reorganization in City. Strategic planning sessions held in October and December 1994.	Wilson Trip Report	Sep 1, 1994
		Establish City Policy Task Force	Sep 1, 1994	Oct 1, 1994	First trip report	Materials from strategic planning sessions.	Oct 1, 1994
		Statement of changes needed for moving to a market-based system	Oct 1, 1994	Dec 1, 1994	Campbell's Second trip report	Seminar on strategic planning conducted in Ekaterinburg	Oct 1, 1994
		Long-term Shelter Policy/Action Plan	Mar 1, 1995	Mar 1, 1995	deliverable be part of final report; completed FY 95	Trip report	Feb 1, 1995
		Design for one demonstration project related to policy/action plan	Dec 1, 1994	X		Campbell trip report	Oct 1, 1995
		Identification of one demonstration project	Mar 1, 1995	Mar 1, 1995		Introduction to Strategic Mgt.	Mar 1, 1996
		Final report	Mar 1, 1996	Apr 1, 1996		Training Materials	X
37	Russia: Housing Construction and Reform Project , Project Development and Finance Workshops (C)	Workshop design, execution and report	May-Aug 94	May-Aug 94		Trip Report: Design & Preparation of Project Development & Finance Working Group Sessions	Mar 1, 1994
		Two workshops: Project Development I	May-Jun 94	May-Jun 94		Trip report: Project Development workshops	Jun 1, 1994
		Two workshops: Project Finance II	Jun 1, 1994	Jun 1, 1994		Trip report: Construction Finance workshops	Aug 1, 1994
		List of topics covered	Jun-Aug 94	Jun-Aug 94	Located in trip reports		
		List of participants	Jun-Aug 94	Jun-Aug 94	Located in trip reports		
		Summary of case studies	May-Jun 94	Aug 1, 1994	Prepared for the construction finance workshop only		
		Set of training materials	May-Jun 94	Aug 1, 1994			
38b	Russia: Military Housing 4000 unit Support and Preparation Assistance for the Russia Military Officer Resettlement Project	Log record of correspondence	Oct 1, 1994	Oct 1, 1994	Submitted to the Mission directly from the field	Two Projected Cost Seminars	Jun 1, 1994
		Work plan	Apr 1, 1994	Apr 1, 1994		Document on Licensing, Building Codes, and Architectural and Planning Processes	Feb 1, 1994
		Bidders list	May 1, 1994	May 1, 1994		A legal review of the general contractor's subcontract	Aug 1, 1994
		Recommendations: Evaluation of over 230 sites in 130 proposals, Ranking and Report to USAID	Jul 1, 1994	Jul 1, 1994		Design and execution of Bidders Conferences	Mar 1, 1994
		Report: assistance evaluation	Oct 1, 1994	Jan 1, 1995	Incorporated into the Final Report.	Outline of Presentation: Bidders Conference	Mar 1, 1994
		Final report	Oct 1, 1994	Jan 1, 1995		Final Report Exhibits	Nov 1, 1994
39	Ukraine: Kharkiv condominium marketing and training program	Presentations/outline materials	Sep 1, 1994	Sep 1, 1994	Ongoing from April through September 1994. Materials presented in "How-to" manual.		
		By-laws 5 associations	Sep 1, 1994	Nov 1, 1994	See "How-to" manual.		
		Phase II work plan	May 1, 1994	May 1, 1994			
		Conference materials	Sep 1, 1994	Nov 1, 1994	See "How-to" manual.		

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		Marketing materials	Sep 1, 1994	Nov 1, 1994	See "How-to" manual.		
		TA sessions 5 per assoc.	Apr-Sep 94	Sep 1, 1994	Ongoing from April through September 1994		
		Analyze results	Sep 1, 1994	Nov 1, 1994	Kharkiv Final Report		
		"How-to" manual	Sep 1, 1994	Nov 1, 1994			
		How-to solicit private manage. firm	Sep 1, 1994	Nov 1, 1994	See final report and "How-to" manual.		
		RFP solicitation	Sep 1, 1994	Nov 1, 1994	See final report and "How-to" manual.		
		Recommendations/analysis paper	Sep 1, 1994	Nov 1, 1994	See final report.		
39c	Ukraine: Kharkiv condominium marketing and training program	Final Report	Oct 1, 1995	Nov 1, 1995	See OKM Trip & Status Report as of 6 November 1995.	OKM Trip & Status Report 10/29-11/6/95	Nov 1, 1995
		Condominium Operations Manual	Oct 1, 1995	Oct 1, 1995	in final form, in Russian or Ukrainian as determined by USAID/Ukraine		
		Outline of Model for creating city-wide "Association of Associations" w/ recommendations for expansion to regional and/or state-wide level	Oct 1, 1995	Nov 1, 1995	see OKM trip report 10/29-11/6 & additional product		
40	Ekaterinburg Condominium Training (see TO 66)	Establish 3 condo associations	Sep 1, 1994	Nov 1, 1994	1 in Ekaterinburg, 1 in Perm established; Ongoing from April through September 1994. By November 1994 two condominiums registered; See Registration of Homeowners Association in the Urals Chart in TO File.	Handbook for Condominium Management, Vol. I: Financial Plan Preparation	Aug 1, 1995
		Condo materials	Sep 1, 1994	Nov 1, 1994	Ongoing from April through September 1994. See "How-to" manual.	Condominium Marketing & Training, Phases I & II and Modules	Sep 1, 1994
		Procedures for application review	Sep 1, 1994	Nov 1, 1994	See first training module	Condo Budgeting Handbook in Russian	Feb 1, 1996
		Management procedures/RFP solicitation	Sep 1, 1994	Nov 1, 1994	See final report.		
		Recommendations local authorities	Sep 1, 1994	Nov 1, 1994	See final report.		
		Video presentation	Sep 1, 1994	-->	Not in OKM budget. To be developed through RA budget (TOs 64, 78), but difficulty in finding firm. Carried out under TO 64 by Wolfe 10/95.		
41	Ukraine: Land Privatization Phase I (see TO 59)	Draft of Ukrainian Land Code	Jun 1, 1994	-->	Work continued under TO 59.		
		Draft of Law on Titling and Registration	Jun 1, 1994	-->	see above		
		Draft of Law on Territorial Planning	Jun 1, 1994	-->	see above		
43	Ukraine: local government finance TA (see TO 56)	Strategy for the implementation of the decree on rents and communal service pricing	Sep 1, 1994	-->	Incorporated in overall Ukrainian strategy at the request of AID	Lviv Demonstration Project: Strategy and Work Plan	Aug 1, 1997
		Review of government finance materials	Sep 1, 1994	-->	Continued under TO 56	Vaughan Trip Report	May 1, 1994
		Trip report	Sep 1, 1994	Oct 1, 1994		Alternative Ways of Subsidizing Housing and Communal Services in Ukraine. report by Roger Vaughan and Matt Glasser	Dec 1, 1993
		Evaluation of three finance observational tours to US and recommendations for future tours	Jun-Sep 94	Jun-Nov 94	The first tour was conducted from June 19 - July 8, 1994; the second tour from August 20 - September 10, and the third from October 15 - November 4.		

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		Seminar at the national and local level on municipal finance issues	Sep 1, 1994	-->	Seminar not held following discussion with Mission		
		Trip report on seminar	Sep 1, 1994	-->	Seminar not held following discussion with Mission		
		Trip report on support of national legislation by each consultant in field	Jul-Sep 94	Oct-Dec 94	Five trip reports from individual consultants		
		Report on status on association of cities	Sep 1, 1994	-->	Ernstthal Trip Report		
		Training workshop and documents on housing and communal services issues	Sep 1, 1994	Dec 1, 1994	Training delivered over a 6 week period. See trip report.		
44	Ukraine: Housing Privatization and Reform Program (see TO 54)	Strategy for reform of the national housing policy	Aug 1, 1994	Jul-94 Aug-94			
		Trip report: Shea	Jun 1, 1994	Jun 1, 1994			
		Trip report: Blackburn	Jul 1, 1994	Jul 1, 1994			
		Draft portions of housing concept papers	Jun-Sep 94	Aug 1, 1994	drafted and submitted to AID and to counterparts in Ukrainian government for review		
		Draft sections of revised housing code	Sep 1, 1994	Aug 1, 1994	Ukrainian Government not prepared to start housing code in the Fall.		
		Revisions to Condominium Law	Aug-Sep 94	Aug 1, 1994	PADCO made revisions in the field on an intermittent basis.		
		Strategy for implementation of decree on rents and communal services pricing	Aug-Sep 94	-->	Activity took place under TO 43 and continued under TO56.		
		Review of government finance materials	Aug-Sep 94	-->	Activity took place under TO 43 and continued under TO 56		
		Conduct intergovernmental workshop on housing policy	Sep 1, 1994	-->	This was changed to supporting an International Conference in Dec-94. See TO 54.		
		Observational tour to US on housing management and maintenance	Sep 1, 1994	Oct-Nov 94	Conducted by AED.		
		Project documents and materials for roll-out of revolving loan demonstration project in Lviv	Sep 1, 1994	-->	Deferred to next fiscal year; see TO 54		
		Trip reports (2) on roll-out of revolving loan demonstration project	Sep 1, 1994	-->	See above		
45	Ukraine: Technical assistance for land privatization RA (see TO 52)	Documentation for all land privatization projects: incl. workshops, conferences and land auctions	Oct 1, 1994	-->	Provision of documentation is on-going process, work to be continued under TO 52.		
46	Ukraine: land privatization demonstration projects (see TO 62)	Documents for June auction in Kharkiv	Aug 1, 1994	Jan 1, 1995	Auction held October 15, 1994. documentation sent to AID January 1995.		
		Documents for Fall land auction in Kharkiv	Oct 1, 1994	Jan 1, 1995	Auction held October 15, 1994. documentation sent to AID January 1995.		
		Documents for Fall land auction in Chernihiv	Oct 1, 1994	Jan 1, 1995	Auction held December 21, 1994. Documentation sent to AID January 1995		
		Documents for Fall land auction in Odessa	Oct 1, 1994	Jan 1, 1995	Auction held December 10, 1994. Documentation sent to AID January 1995.		

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		Documents for Fall land auction in Lviv	Oct 1, 1994	Jan 1, 1995	Auction held December 3, 1994. Documentation sent to AID January 1995.		
		500 copies of "How-to" manual	Sep 1, 1994	-->	Work to be completed under TO 62 due to funding constraints.		
		Land auction training materials	Oct 1, 1994	-->	Work to be completed under TO 62 due to funding constraints.		
		Auction training video	Oct 1, 1994	-->	Work to be completed under TO 62 due to funding constraints.		
47	Ukraine: zoning/regulatory reform demonstration projects (see TO 60)	Zoning report w/ forms and suggested administrative procedures	Dec 1, 1994	-->	Work to be continued under TO 60.	Zoning Workshop Report	Jul 1, 1994
		Video on zoning	Dec 1, 1994	-->	Will not be produced due to cancellation of TO 58	Trip Report: September 12-October 1, 1994.	Oct 1, 1994
48	World Bank Soils Testing	Laboratory reports in Russian from field tests. (Seven sites in five cities)	Dec 1, 1994	Dec 1, 1994			
		Final report (English and Russian)	Dec 1, 1994	Dec 1, 1994			
49	Ukraine: Kiev Resident Advisor (formerly TO 14)	Weekly reports	weekly	weekly			
		Monthly reports	monthly	monthly	4 weeklies = 1 monthly, see weekly binder		
		Update Strategy	Oct-94 Sep-95	Sep 1, 1994	See Ukraine National Strategy and Workplan		
		Update Workplan	Oct-94 Sep-95	Sep 1, 1994	See Ukraine National Strategy and Workplan		
		Quarterly reports	quarterly	quarterly			
50	Ukraine: Kharkiv Resident Advisor (formerly TO 15)	Weekly reports	weekly	weekly		"Private Maintenance of Kharkiv's Housing Stock"	Aug 1, 1995
		Monthly reports	monthly	monthly	4 weeklies = 1 monthly, see weekly binder	"Kharkiv Housing Conditions & Attitudes Towards Reform"	Aug 1, 1995
		Update Strategy	Oct-94 Sep-95	Sep 1, 1994	See Ukraine National Strategy and Workplan		
		Update Workplan	Oct-94 Sep-95	Sep 1, 1994	See Ukraine National Strategy and Workplan		
		Quarterly reports	quarterly	quarterly			
51	Ukraine: Odessa Resident Advisor	Weekly reports	weekly	weekly			
		Monthly reports	monthly	monthly	4 weeklies + 1 monthly, see weekly binder		
		Update Strategies of Work Programs for the National Program	Oct-94 Sep-95	Sep 1, 1994	See Ukraine National Strategy and Workplan		
		Update Workplan	Oct-94 Sep-95	Sep 1, 1994	See Ukraine National Strategy and Workplan		
		Quarterly reports	quarterly	quarterly			
		Shelter Indicators Report	Sep 1, 1995	Apr 1, 1995	Report on Maintenance Survey		
		Condominium "How-To" Manual	Sep 1, 1995	Nov 1, 1994	produced see TO 39		

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
52	Ukraine: Kiev Land Advisor (formerly TO 45)	Weekly reports	weekly	weekly		End of Year Summary Sept. 95	Sep 1, 1995
		Monthly reports	monthly	monthly	4 weeklies = 1 monthly, see weekly binder	Land Privatization & Reform: TA for Land Unit Activities in Ukraine; L. Davis Trip Report	Apr 1, 1996
		Update Strategy	Oct-94 Sep-95	Sep 1, 1994	See Ukraine National Strategy and Workplan		
		Update Workplan	Oct-94 Sep-95	Sep 1, 1994	See Ukraine National Strategy and Workplan		
		Documentation for all Land Privatization projects worked on	Sep 1, 1995	Sep 1, 1995			
		Assist in Zoning Workshop report	Nov-94 Dec-94	-->	Advisor assisted consultants under TO 60.		
		Zoning seminars	Dec 1, 1994	-->	Advisor assisted consultants under TO 60; roll-out of zoning program dependent upon Ukraine funding situation.		
52a		Documentation of all projects	Sep 1, 1995	Sep 1, 1995	see weekly reports		
		Plan for Ukrainianization of the land reform program, incl. creation of Land Unit	Sep 1, 1995	Sep 1, 1995			
		Weekly reports	Sep 1, 1995	Sep 1, 1995			
		Quarterly reports	Sep 1, 1995	Sep 1, 1995			
		Update Strategies & Work Plans	Sep 1, 1995	Sep 1, 1995			
52b	Land Auctions	Documentation of land auctions	Mar 1, 1996	Mar 1, 1996	See weekly reports		
		Setup of land offices & establishment of regular land auction schedules	Mar 1, 1996	Mar 1, 1996			
		distribute how to auction manuals	Mar 1, 1996	Mar 1, 1996			
		weekly reports	Mar 1, 1996	Mar 1, 1996			
		quarterly work plans	Mar 1, 1996	Mar 1, 1996			
		update strategies	Mar 1, 1996	Mar 1, 1996			
		update work programs	Mar 1, 1996	Mar 1, 1996			
	tenders:	complete technical conditions	Mar 1, 1996	Mar 1, 1996			
		calculations for bids	Mar 1, 1996	Mar 1, 1996			
		lease approved by the city	Mar 1, 1996	Mar 1, 1996			
		setting tender procedure	Mar 1, 1996	Mar 1, 1996			
		advertising campaign	Mar 1, 1996	Mar 1, 1996			
	zoning:	complete Chernihiv zoning	Mar 1, 1996	Mar 1, 1996			
		complete zoning regulations & maps for Poltava	Mar 1, 1996	Aug 1, 1996	Proposed zoning regulations submitted and maps are available.		
		distribute zoning manuals	Mar 1, 1996	Mar 1, 1996			
		observational tour to US for zoning officials	Mar 1, 1996	Mar 1, 1996			
53	Ukraine: Lviv Resident Advisor	Weekly reports	weekly	weekly	To be fielded May 1995		

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		Monthly reports	monthly	-->	See weeklies		
		Update Strategy	Oct-94 Sep-95	Sep 1, 1994	See Ukraine National Strategy and Workplan		
		Update Workplan	Oct-94 Sep-95	Sep 1, 1994	See Ukraine National Strategy and Workplan		
		Shelter Indicators report	Sep 1, 1995	-->	USAID Mission decided not to prepare this deliverable.		
54	Ukraine: National level housing Amendment 1 (formerly TO 44)	National conference	Dec 1, 1994	Dec 1, 1994	Conference held in Kiev, Ukraine December 7-9, 1994.	Bound version of conference papers	May 1, 1995
		Conference papers	Dec 1, 1994	Dec 1, 1994	Papers presented to AID representatives at conference.	Blackburn's comments on draft housing code	May 1, 1995
		Trip Reports: Shea (Nov-94/Dec-94), Blackburn(Dec-94), Keyes (Dec-94) Sinclair (Oct-94/Jan-95)	Oct-94 Nov-94 Dec-94	Oct-94 Nov-94 Dec-94 Jan-95		Blackburn trip report May 95, Piatkowski trip report May 95, Cherniahivsky 1st and 2nd trip report May 95	
		Draft housing concept papers	Nov 1, 1995	Nov 1, 1995			
		Draft sections of revised housing code	May 1, 1996	-->	See Nechai memo to Barry Veret.		
		Revised draft condominium law	Nov 1, 1995	-->	See Nechai memo to Barry Veret.		
		Legislative enactment strategy	Sep 1, 1995	-->	AID dropped when WP revised		
		Conceptual design and strategy implementation of a social safety net program	Sep 1, 1995	-->	moved to 56		
		Strategy for housing finance program	Nov 1, 1995	-->	USAID Mission dropped this.		
		Two tours to the US	Nov 1, 1995	9/95 10/95	AED Condo Tour and PMM Tour		
		Trip reports: Blackburn, Piatkowski, Jones, Wall, and Cherniahivsky	Sep 1, 1995	Mar-May 95	Blackburn trip report Mar 95, Wall trip report Apr 95, Piatkowski trip report Apr 95, Jones trip report May 95		
		Revolving loan fund package "checklist"	Mar 1, 1995	Mar 1, 1995	Wall's checklist-Mar 95, Piatkowski's checklist Apr 95, Jones' checklist Apr 95		
		Accounting system	Nov 1, 1995	-->	Project canceled by AID; World Bank changed its program design		
55	Ukraine: Local level housing (formerly TO 30)	Revised and updated condominium "how-to" manual translated into Russian and Ukrainian	Nov 30, 1995	Oct 1, 1995	See TO 39	AHAU Business Plan written by OKM	Nov 1, 1995
		Program follow up & expansion in Kharkiv	Nov 30, 1995	-->	See Weekly/Monthly Reports from Kharkiv.	Odessa Intensive Training Program Russian/English	Jul 1, 1995
		Workshop documentation on financial management of condos	Nov 30, 1995	Nov 1, 1995		Ukrainian Condo Study Tour	Aug 1, 1995
		Housing management project documents and materials which can be used in roll-out projects	Nov 30, 1995	Nov 1, 1995	See condo formation guide, Operations Manual, Flyer and Res. Brochure and PMM Handbook.	Private Management and Maintenance of Housing in Ukraine	Sep 1, 1995
		Housing management "how-to" manual translated into Russian and Ukrainian	Nov 30, 1995	Oct 1, 1996	PMM of Housing in Ukraine: How to Design and Implement a Local Program, A Handbook for Officials, Housing Professionals, Tenants, Owners and Firms in English, Russian, and Ukrainian	Kharkiv Housing Conditions & Attitude Toward Reform	Jul 1, 1995

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		Program Expansion in Odessa & to Kiev	Nov 30, 1995	Nov 1, 1995	Program expansion in Odessa, Kiev, and Lviv; see Quarterly Reports.	Private Maintenance of Kharkiv's Housing Stock	Nov 1, 1995
		One National level condominium workshop	Nov 30, 1995	Nov 1, 1995	For economy, did four regional seminars.		
		One National level management/ maintenance workshop	Nov 30, 1995	Nov 1, 1995			
		Development of a mini seminar format that showcases the privatization of land and housing demonstration programs conducted by PADCO and outlines the materials available for dissemination	Nov 30, 1995	Nov 1, 1995	Condominium and PMM mini seminars developed.		
		Workshop and mini seminar materials in Russian and Ukrainian	Nov 30, 1995	Nov 1, 1995			
		Evaluation of workshops and mini seminars	Nov 30, 1995	Nov 1, 1995			
		Position descriptions, staff criteria, and salary guidelines for Ukrainian staff	Nov 30, 1995	ongoing	See foreign national contracts.		
		Twelve Ukrainian Program Coordinators hired	Nov 30, 1995	Nov 1, 1995	Kiev - 4; Odessa - 5; Lviv - 2; Kharkiv - 4. Total = 15.		
		Two intensive, Ukrainian Program Coordinator training programs	Nov 30, 1995	Jul 1, 1995	Condo: OKM Intensive Training Program in Odessa: PMM: Quadel Classroom training on the property management and organizational dynamics at the Academy of Municipal Management in Kharkiv		
		Two program specific on-the-job training programs	Nov 30, 1995	Oct 1, 1995	Condo: Staff Study Tour to Boston provided by OKM in Aug-95; PMM: On-job-training in the Washington, DC area provided by Quadel in Oct-95		
		Overheads	Nov 30, 1995	Oct 1, 1995	See above.		
		Background notes or readings	Nov 30, 1995	Oct 1, 1995	See above.		
		Exercises or case studies	Nov 30, 1995	Oct 1, 1995	See above.		
		Study tour to the US for up to 14 Ukrainians	Nov 30, 1995	Oct 1, 1995	Condo: Staff Study Tour to Boston provided by OKM in Aug-95 (9 participants); PMM: Staff Study Tour to Washington, DC area provided by Quadel in Oct-95		
		Checklist for planning and implementing a training session	Nov 30, 1995	Nov 30, 1995			
		Training evaluation forms	Nov 30, 1995	Nov 30, 1995			
		Application and selection procedure for expansion city identification	Nov 30, 1995	Nov 30, 1995			
		Expansion city training program	Nov 30, 1995	Nov 30, 1995			
		Expansion city seminars in up to sixteen expansion cities in the areas of condominium association formation and privatization of management	Nov 30, 1995	Nov 30, 1995	Condos: Seminars in 16 cities/oblasts and 196 cities/oblasts actually implemented the program.		
		Monthly follow up in each expansion city	Nov 30, 1995	weekly	See weekly/monthly reports.		

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		Monthly work reports in each program are in each regional city center	Nov 30, 1995	weekly	See weekly/monthly reports.		
		Workshop materials in Russian and Ukrainian	Nov 30, 1995	Jul 1, 1995			
56	Ukraine: National level local government finance (formerly TO 43)	National local government finance conference	Sep 1, 1995	-->	AID dropped in January.	Training Manual for Housing Subsidy Program	Apr 1, 1995
		Various trip reports	Sep 1, 1995	-->	Roger Vaughan trip report -Mar 95, Sally Iadarola trip report- Apr 95, Mike Shea trip report-Apr 95, Laura Scherzer trip report-Apr 95, Michael Sinclair trip report- Apr 95, Barbara Lipman trip report-Apr 95, Bob Dubinsky trip report-May 95	Paper on Financial Management of the Media Campaign and Training Components of the Housing Subsidy Program	Jun 1, 1995
		Status reports on local government reform policy	biweekly	biweekly Feb-May 95	Ongoing	Legal Analysis & Recommendations for enforcing Household Payments for Housing & Communal Services	Jan 3, 1995
		Policy statement on Housing Subsidy Program	Sep 1, 1995	Nov 1, 1995	A History & Overview of Ukraine's Housing Subsidy Program	Final Report Jan1/95-Dec95	Feb 1, 1996
		Draft law on local government finance	Sep 1, 1995	Sep 1, 1995	decree on housing subsidy program #89	Municipal Finance for Ukraine Cities Borrowing to Finance Inf.	Nov 1, 1993
		Strategy on implementation of the decree on rents and communal service pricing	Sep 1, 1995	-->	See final report.	A Strategy for USAID Program on Local Govt. & Infrastructure Finance	Oct 1, 1993
		Trip report by Vaughan	Nov 1, 1994	Nov 1, 1994	Report covers time period September 24-October 14, 1994.		
		Training workshops and documents for State Committee computer center	Dec 1, 1994	Dec 1, 1994	Mary Kay Fuller - See final report.		
		Spreadsheet models for communal services pricing	Dec 1, 1994	Dec 1, 1994	Mary Kay Fuller - See final report.		
		Trip report by Fuller	Dec 1, 1994	Dec 1, 1994			
		Strategy and work program for supporting the association of mayors	Sep 1, 1995	-->	USAID decided that this work would be done by RTI instead of PADCO.		
		Interim reports on status of association of cities	Sep 1, 1995	-->	Mission deferred		
		Seminars at national and local level on municipal finance issues	Sep 1, 1995	-->	USAID removed this as a deliverable and Croteau was not utilized.		
		Written evaluations	Sep 1, 1995	-->	See above.		
		Four local government finance observational tours with evaluations and recommendations	Sep 1, 1995	-->	Two in Dec-95, and Chemonics had funding to conduct two of these in Dec-95.		
57	Ukraine: Local level local government finance (formerly TO 34)	Report on costs and revenue performance of Lviv Vodokanal	Oct 1, 1995	Oct-95 Jul-95	Vol. I: Pricing Process in draft form (1 of 4) Vol. II, Chapters 1-3 [Report on revenue performance regrouped into pricing strategy deliverable]		
		Draft and final versions of a pricing strategy for Lviv Vodokanal with other recommendations	Oct 1, 1995	Oct 1, 1995			
		Manual/guidelines for calculating costs and analyzing revenues of water service provision	Oct 1, 1995	Feb 1, 1996	Volume III		
		Brief trip report from the team leader at conclusion of Phase I	Sep 1, 1995	Aug 1, 1995	Bob Kehew's trip report including: Concept Paper for Roll-Out of Cost Recovery Strategies for Vodokanals		

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		Report on assignment as a whole including recommendations for follow-on technical assistance under TO 57 at the conclusion of Phase III	Oct 1, 1995	Feb 1, 1996	Volume IV		
59	Ukraine: National legislation for land (formerly TO 41)	Draft Code on Land	Dec 1, 1994	Dec 1, 1994	Submitted to AID in draft form	National Legislative Reform in Ukraine	Dec 1, 1994
		Draft Law on Titling and Registration	Dec 1, 1994	Dec 1, 1994	Submitted to AID in draft form	The Program on Land Reform in Ukraine	Dec 1, 1994
		Draft Law on Territorial Planning	Dec 1, 1994	Dec 1, 1994	Submitted to AID in draft form		
		Substantiation documents for Code on Land	Dec 1, 1994	Dec 1, 1994	Submitted to AID in draft form		
		Trip report: Kayden and Sherer	Feb 1, 1995	Feb 1, 1995			
		Presentation of new laws to Parliament	Feb 1, 1995	-->	Ukrainians have not yet presented the new laws to Parliament		
		Preparation of explanatory guides	Feb 1, 1995	-->	Removed as a deliverable due to interaction with working group		
		Seminars for and meetings with members of Parliament	Feb 1, 1995	Jan 1, 1995			
		500 copies of "Cookbook" of International Real Estate Laws	Feb 1, 1995	-->	AID removed as deliverable		
		500 copies of glossary of real estate terms	Feb 1, 1995	-->	On hold per AID request; eventually removed as deliverable.		
59a	Ukraine: National legislation for land (formerly TO 41)	500 copies of an edited Land Privatization book	Feb 1, 1995	Sep 1, 1995	edited drafts, no final drafts available	Privatization of Land and Urban Development in Ukraine (Conference on National and Legislative Reform in Ukraine) Kiev	May 1, 1995
						Financing Local Government and Town Infrastructure in Ukraine (Conference on National and Legislative Reform in Ukraine) Kharkiv	Jun-95 Jul-95
60	Ukraine: Zoning (formerly TO 47)	Zoning workshop report	Nov-Dec 94	Jul 1, 1994	Produced at end of Phase I and II of TO 47	Zoning Ordinance Revised Draft	Nov 1, 1994
		Zoning report	Nov-Dec 94	Nov 1, 1994	Zoning Ordinance Revised Draft and General Plan (listed in additional products) comprise body of Zoning report.	Zoning Ordinance (English and Russian)	Oct 1, 1994
		Video on zoning	Dec-94 Jan-95	-->	Will not be produced due to cancellation of TO 58.	General Plan -- Summary and Analysis	Oct 1, 1994
		Trip report by each consultant	Oct-94 Nov-94	Oct 94 Nov 94 Jan 95	Three trip reports: October 23- November 8, November 8, and December 4-December 20, 1994	Zoning Manual (Ordinance approved by City May 1995)	Aug 1, 1995
						Land Valuation Study	Oct 1, 1994
60a	Ukraine: Regulatory Reform (Zoning) Demonstration Projects	Zoning Report with forms and suggested administrative procedures, including draft Zoning Ordinance	Sep 30, 1995	Nov 1, 1994			
		Simple zoning training manual	Sep 30, 1995	May 1, 1995	Rules for Development and Use of Land		
		Two trip reports-Gerard George	Sep 30, 1995	Dec 1, 1994			
61	Ukraine: Titling and Registration	Program for distribution of titles and establishment of registration office	Sep 1, 1995	Sep 1, 1995		Trip Report. Land Titling & Registration Demonstration Project	Jun 1, 1995
		Written materials, incl.: model forms for titling and registration	Sep 1, 1995	Sep 1, 1995	Ukrainian Land Registration Act		

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		Trip reports: Rabley, Frazcek, Woodcock, Holl	Nov 1, 1994	Nov 1, 1994	Trip report: Pilot Land Titling Registration System for Vishgorod, Ukraine (Holl, Rabley, Fraczek)		
		Land title and registration office in Kiev	Sep 1, 1995	Jul 1, 1995			
61a	Ukraine: Land Titling and Registration Projects in Ukraine	Program for distribution of titles and establishment of registration office	Sep 1, 1995	Sep 1, 1995			
		Written materials, incl.: model forms for titling and registration	Sep 1, 1995	Sep 1, 1995			
		Trip reports: Rabley, Frazcek, Woodcock, Holl	Sep 1, 1995	Sep 1, 1995			
		Land title and registration office in Kiev	Sep 1, 1995	Sep 1, 1995			
61b		Program for distribution of titles and establishment of registration office	Oct 1, 1995	Oct 1, 1995			
		Written materials, incl.: model forms for titling and registration	Oct 1, 1995	Oct 1, 1995			
		Trip reports: Rabley, Frazcek, Woodcock, Holl	Oct 1, 1995	Oct 1, 1995			
		Land title and registration office in Kiev	Oct 1, 1995	Oct 1, 1995			
61c		training materials for municipal employees	Jan 1, 1996	Jan 1, 1996			
		outline paper on national implementation of unified system of T/R for Ukraine	Jan 1, 1996	Jan 1, 1996			
		final version of draft law/decree on T/R	Jan 1, 1996	Jan 1, 1996			
		list of ten sites for roll-out	Jan 1, 1996	Jan 1, 1996			
61d		training materials for municipal employees	Apr 1, 1996	Apr 1, 1996			
		outline paper on national implementation of unified system of T/R for Ukraine	Apr 1, 1996	Apr 1, 1996			
		final version of draft law/decree on T/R	Apr 1, 1996	Apr 1, 1996			
		list of ten sites for roll-out	Apr 1, 1996	Apr 1, 1996			
62	Ukraine: Land Privatization Demonstration Projects (formerly TO 46)	Land auction: Kharkiv	Oct 15, 1994	Oct 1, 1994	Land auction conducted October 15, 1994.	What is Urban Land Worth in Ukraine?	Aug 1, 1995
		Documents for Kharkiv auction	Sep 1, 1995	Feb 1, 1995	Documents for Kharkiv auction submitted Feb-95	Third Kharkiv Land Auction Documents	Oct 1, 1994
		Weekly field reports from Dick Miller	weekly	weekly	July-October 1994	Bonz' Odessa Report	Apr 1, 1995
		Trip report: Miller	Oct 1, 1994	-->	See weekly reports	Request for Proposal Tender	Jul 1, 1995
		Land auctions: Odessa, Chernihiv, Lviv	Dec 1, 1994	Dec 1, 1994	Auction schedule: Odessa, Dec 10: Lviv, Dec 3: Chernihiv, Dec 21.	A Study for the Odessa Ukraine Real Property Markets and Land Allocation Process in Preparation for the ------ Request for Proposal Tender	Dec 1, 1994
		Documents for each auction	Jan 1, 1995	Jan 1, 1995	Documents for Lviv auction submitted Jan-95; Odessa--Feb-95; Chernihiv-June-95	A Guide to Land Auctions in Ukraine	May 1, 1995
		Trip report by each expert	Jan 1, 1996	Jan 1, 1996	See TO for list of experts.	Dick Bonz' latest trip to Odessa Sept 13-30. Latest trip report submitted to AID Aug-95	Aug 1, 1995

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		500 copies of "How-To" land auction manual	Jan 1, 1995	Aug 1, 1995	Published, distributed, submitted to AID Aug-95		
		Training materials for future workshops	Jan 1, 1996	-->	See Land Auction Manual.		
		Auction training video	Jan 1, 1995	Jan 1, 1995			
		RFP demonstration in Odessa	Jan 1, 1996	-->	PADCO worked with the City to develop an RFP, but the City declined to issue an RFP.		
		"Developer's kit"	Jan 1, 1996	Feb 1, 1996	Land Tender Brochure		
		Set of documents for the RFP process and contract between winning bidder and city	Jan 1, 1996	Feb 1, 1996	Documents: Land Tender Brochure; contract will not be available before RFP demonstration.		
		RFP demonstration process rolled out to Lviv	Jan 1, 1996	X	complete		
		Weekly reports from Rylee and short-term real estate advisor	weekly	weekly	Trip report submitted Jan 95		
		Video for public education	Sep 1, 1995	-->	Will not be produced due to cancellation of TO 58		
		Unfinished buildings auction	Jul 1, 1995	Dec 1, 1995	Unfinished buildings sold at Odessa auction, funding diverted to other areas		
		Complete auction documents	Jan 1, 1996	-->	Enabling legislation made this component unnecessary.		
		Trip report from experts on unfinished auction demo project	Jan 1, 1996	-->	Enabling legislation made this component unnecessary.		
		Video on unfinished building auction demo for public education	Jan 1, 1996	-->	Enabling legislation made this component unnecessary.		
63	Russia: Novosibirsk Resident Advisor (formerly TO 3) (see TO 77)	Weekly reports	weekly	weekly			
		Monthly reports	monthly	monthly	4 weeklies =1 monthly, see weekly binder		
		Update Strategy	Oct-94 Sep-95	Sep 1, 1994	Condo Information booklet		
		Update Workplan	Oct-94 Sep-95	Sep 1, 1994			
		An estimate of time dedicated to each functional area by RAs, core Russian staff, and short term consultants provided to AID on a quarterly basis	Sep 1, 1995	-->	See Weekly and Quarterly Reports		
		Model documents designed to assist replication of the market based new construction condominium feasibility analysis	Jun 1, 1995	-->	City decided not to do the project		
		Information packet on new construction condominium market based feasibility analysis for condominium projects	Jul 1, 1995	-->	City decided not to do the project		
		Revised and adapted instructional materials on purchase and sale of condominium units	Jun 1, 1995	-->	City decided not to do the project		
		One information packet on Condominium Concepts sent to regional cities	May 1, 1995	Jun 1, 1995			

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		15 condominium associations formed and functioning in Novosibirsk	Sep 1, 1995	-->	See Weekly and Quarterly Reports. Eight associations have been formed in Novosibirsk.		
		Three condominium associations registered in Barnaul	Sep 1, 1995	-->	See Weekly and Quarterly Reports. Fifteen associations have been formed.		
		Adapted and modified training course materials	Sep 1, 1995	X			
		Three informational packets on management and maintenance	Jun 1, 1995	X			
		Three presentations on management and maintenance, condominium registration, and land privatization in regional cities	Apr-95 May-95	Jul 1, 1996	Regional Conferences were held in ten regional cities (Novosibirsk and satellite cities). The conferences included fifteen seminars on each topic.		
		A report evaluating the city's present land titling and registration system with recommendations for improvement	Jun 1, 1995	Sep 1, 1995	Justin Hall report		
		A seminar for city officials on market based land titling systems	Jun 1, 1995	-->	Not conducted due to project's transfer to Irkutsk. See TO 82.		
		Report providing an evaluation of the city's land auction process and procedures	Sep 1, 1995	Nov 1, 1995	Nelson report		
		Land Auction Seminar	Sep 1, 1995	-->	Not conducted due to budget constraints.		
		Post bid evaluation report	Sep 1, 1995	-->	Not conducted due to budget constraints.		
64	Russia: Ekaterinburg Resident Advisor (formerly TO 8) (see TO 78)	Weekly reports	weekly	weekly		Conference Evaluation	Jul 1, 1995
		Monthly reports	monthly	monthly			
		Update Strategy	Oct-94 Sep-95	Sep 1, 1994			
		Update Workplan	Oct-94 Sep-95	Sep 1, 1994			
		"Housing Indicators Report for 1994"	May 1, 1995	Jun 1, 1995			
		An estimate of time dedicated to each functional area by RAs, core Russian staff, and short term consultants provided to AID on a quarterly basis	Sep 1, 1995	Sep 1, 1995	Available up to Dec-94 on a quarterly basis and then annually. See weekly and quarterly reports.		
		5 revised training packages	Sep 1, 1995	Sep 1, 1995	Condominium Concepts for City Officials, Registration of Condominiums; Condominium Concepts for Cooperatives; Maintenance and Management Concepts; New Forms of Real Estate Maintenance and Management; Business Planning for Maintenance and Management		
		Two information packets on condominium registration and management	Apr 1, 1995	Apr 1, 1995			
		One simple promotional video on condominium ownership	Jun 1, 1995	Mar 1, 1995			
		Revised training package "Housing Development in a Market Economy"	Jan 1, 1995	X			

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		Model land lease and sale contracts for Ekaterinburg	Jan 1, 1995	Jan 1, 1995	In Russian: presentations and long memo to target cities provided with basic information packet; English version available (MB)		
		Revised model land lease and sale contracts suitable for target cities in the region	Sep 1, 1995	Jul 1, 1995	In Russian: presentations and long memo to target cities provided with basic information packet; English version available (MB)		
		Basic information packet on land disposition and market development	Apr 1, 1995	Jan 1, 1995	in Russian; some Parts available in English. (MB)		
		Training Course Materials: "Procuring Private Housing Management and Maintenance Services", "Bidding for Private Management and Maintenance Contracts," & "Execution of Management and Maintenance Contracts"	Sep 1, 1995	Oct 1, 1995	New Forms of Real Estate M&M is a revised version of Bidding for Private M&M Contracts.		
65	World Bank Housing Project Launch Conference	The Conference	Oct 15, 1995	Sep 1, 1995			
		A list of the conference attendees and the conference agenda	Oct 15, 1995	Jun 1, 1996			
		A packet of materials to be distributed to all conference attendees, and to be supplied to the press at the conclusion of the conference	Oct 15, 1995	Jun 1, 1996	World Bank disseminated materials.		
66	World Bank Management Support	TO management and administration	Sep 30, 1995	Sep 1, 1995	supplied		
69	Russia: Provision of Computer/Office Equipment for Minstroi	Delivery of Computers	Feb 1, 1995	Feb 1, 1995			
70	Washington, DC support for NIS (formerly TO 2)	Weekly reports	weekly	weekly		Shea Trip Report Dec-94, Wilson trip report Mar 95, Shea trip report June 95, Shea trip report June 95, Shea trip report including Presentation on FY 96 Plans for Russia Aug. 95	
70a	Washington and Moscow Based Staff (see TO 81)	Weekly reports	weekly	weekly			
71	Russian Federation Enterprise Divestiture Project	Report analyzing results of government and bank surveys on enterprise housing	Nov 1, 1994	X			
		Memorandum evaluating performance of privatized and/or commercialized housing maintenance organizations in Ekaterinburg/ other. cities	Nov 1, 1994	X			
72	Russia: Analysis of Institutional Capacity for Training in Novosibirsk and Ekaterinburg	Report of findings and evaluations on potential relationships w/ US institutions	Apr 1, 1995	Mar 1, 1995		Fuller Executive Summary report Apr-95, Walter trip report Apr-95, Walter trip report Jun-95	
72a	Russia: Analysis of Institutional Capacity for Training in Novosibirsk and Ekaterinburg	Course Packets for all courses delivered to Trainers and participants by foreign trainers and experts	Jul 1, 1995	Oct 1, 1995	Maintenance and Management OKM Condos	Walter trip report Aug-95, Merriam trip report Oct-95, Walter trip report Oct-95	
		Agreements with training providers	Jul 1, 1995	-->	See Walter trip report Apr-95	Evaluation of Training of Trainers course	Oct 1, 1995
		Report on potential relationships with US institutes	Jul 1, 1995	-->	See Fuller report Apr-95		
		Training of Trainers Course I	Sep 1, 1995	Oct 1, 1995	Also Far Dacha: 2/20-23/96		

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		Revised training packets to be used by local trainers and institutes as part of core curriculum, including: training plans, course presentation notes, visuals, and readings needed by trainers	Sep 1, 1995	-->	*In use in field; constantly undergoing* revisions; only available in Russian		
		Training course materials, information packets, and promotional materials for professional associations and other associations	Jul 1, 1995	Oct 1, 1995	1. Bidding for Private Management and Maintenance Services 2. Condominium Association Board Management Training		
		Links established between US professional associations and local real estate associations	Jul 1, 1995	-->	See Walter trip report Apr-95		
		Links established between the Ekaterinburg Guild of Realtors and the EERPF.	Jul 1, 1995	-->	See Walter trip report Apr-95		
		Staff Development Seminar	Jul 1, 1995	Oct 1, 1995	Handouts for PADCO Staff Retreat Management Training		
		Two Regional Conferences	Sep 1, 1995	Sep 1, 1995	See weekly reports.		
		Market study on training demand	Sep 1, 1995	Jul 1, 1996			
		One training session on how to secure appropriate training	Sep 1, 1995	-->	Not held; local officials canceled		
		Observational Tour to the US	Jul 1, 1995	-->	Removed with USAID approval		
		Business Training for Consultants and Institutes	Sep 1, 1995	Oct 1, 1995	in Russian and English		
72b	Russia: Training & Institutional Development. in the Urals & the Siberian Region	Course Packet for business training	Apr 1, 1996	Feb 1, 1996	Bonnie Walter & Lee Jennings; Training for Trainers 2	Walter Trip Report	Dec 1, 1995
		Marketing and promotional materials	Apr 1, 1996	Mar 1, 1995		1 delivery "Training of Trainers 1" course; Far Dacha 2/20-24/96	Feb 1, 1996
		Training of Trainers Course II	Jun 1, 1996	Feb 1, 1996	Far Dacha 2/13-17/96	Jennings Trip Report	Mar 1, 1996
		Revised training packets to be used by local trainers and institutes as part of core curriculum, including: training plans, course presentations notes, visuals, ands readings by trainers	Jun 1, 1996	-->	In use in field; constantly undergoing revisions; only available in Russian	Ernstthal Trip Report	Apr 1, 1996
		Evaluations of Trainee Trainers	Mar 1, 1996	Apr 1, 1996		Contracting and Procurement course	Aug 1, 1996
		Training Course Materials, information packets, and promotional materials for professional associations	Jul 1, 1996	May 1, 1996			
		Inaugural conventions (Workshop) for Professional Associations	Jul 1, 1996	Mar 1, 1996	Ekaterinburg 3/18-22/96		
		Links established US professional associations and local associations	Jul 1, 1996	Jul 1, 1996	R. Kirby, Pres., Comm. Mgt. Corp. met with Urals & Siberian teams in Moscow -- *provided $1000 grant. CAI provided* materials about M&M to Urals Assn. of Condominiums, and Urals Assn. of Real Estate Managers;	Allen Decker of EERPF thought there was little potential for productive links with US Assns.; SEE FAX # 8.	
73	Russia: Initial Contractor Pre-Qualification Effort Phase 1	Draft advertisement for the pre-qualification of contractors for all sites	Jan 1, 1995	X	not one single advertisement used for all sites	Robert Grodski's Trip Report	Sep 1, 1995
		World Bank and Minstroi approved standard pre-qualification document, including site specific criteria as required	Jan 1, 1995	X		Shea trip report	Aug 1, 1995

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
73a	World Bank Support: Project Preparation, Procurement Documents & Procedures for Land Development	Weekly activity memorandums	weekly	weekly			
		Monthly Progress reports	monthly	monthly			
		Five (5) sets of tender documents, one for each city, complete and sent to pre-qualified contractors for bid preparation	Dec 1, 1995	X	pre-qualification documents sent out by General Contractor		
		Final Report	Dec 1, 1995	X			
74	Russia: TA for Local Level Communal Services Administration & Pricing	Weekly reports	weekly	weekly		Coxson Trip Report	Jan 1, 1996
		Work programs for the pilot	May 1, 1996	-->	See task order.	Gurenko Trip Report	Jan 1, 1996
		Informal mtgs. to describe and promote the program	May 1, 1996	Jan 1, 1996	See Coxson Trip Report		
		Detailed work plan showing major milestones leading to the achievement of the project objectives	May 1, 1996	X			
		Public education materials designed to publicize widely the concepts, approach, and results, including newspaper articles, press releases, TV and radio interviews	May 1, 1996	Apr 1, 1996	The conference materials were distributed to over 35 people.		
		Report on methodology and results	May 1, 1996	May 1, 1996	See Orenburg Vodokanal: Improving Cost Recovery, Tariff Reform, and Metering Demonstration Project		
		Recommendations of new cost/ price/ billing methods for adoption by local administrations	May 1, 1996	May 1, 1996	See Orenburg Vodokanal: Improving Cost Recovery, Tariff Reform, and Metering Demonstration Project		
		Water meters installed and functioning in approximately 400 typical housing units	May 1, 1996	May 1, 1996	After inspection of the apartments & evaluation of the circumstances it was decided that metering of apartments wasn't feasible given the project's time frame and budget; instead metering was conducted at the building level of a representative majority.		
		A new approach to billing based on volumes consumed, developed with inputs from condominium associations and operated by Vodokanal staff	May 1, 1996	May 1, 1996	See Orenburg Vodokanal: Improving Cost Recovery, Tariff Reform, and Metering Demonstration Project		
		If appropriate, model resolutions needed to redefine the roles of city committees and utilities consistent with objectives of this TO	May 1, 1996	-->	Institutional and legal issues were beyond the terms of reference.		
		A strategy and implementation plan including regulations for redefining the role of local administrations and the utilities	May 1, 1996	May 1, 1996	See Orenburg Vodokanal: Improving Cost Recovery, Tariff Reform, and Metering Demonstration Project		
		A workshop design and complete package of training materials. Delivery of at least one workshop in one HSRP city	May 1, 1996	May 1, 1996	Manual on Water Metering		
		A core team of professional staff at Vodokanal who understand the project objectives, benefits and results and who are capable of replicating the project	May 1, 1996	-->	PADCO developed and worked with a core team.		

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		A replication (roll-out) strategy developed by the joint project team	May 1, 1996	Apr 1, 1996	Bob Kehew's draft was sent to Ernie Slingsby on 4/4/96.		
		Capacity building in terms of Russian national staff/ consultants hired by PADCO, who have gained expertise and the ability to promote and implement the new approach elsewhere in Russia	May 1, 1996	-->	The engineer Alexander Krishtop has gained expertise and is continuing to work with PADCO under TO 84.		
		Final Report on lessons learned	May 1, 1996	May 1, 1996	Orenburg Vodokanal: Improving Cost Recovery, Tariff Reform, and Metering Demonstration Project		
75	Russia: Land Privatization Demonstration Project--Land Auctions in the Cities	Land Auction in Barnaul	Feb 1, 1996	-->	Due to World Bank induced delays extending through 2/96, PADCO advisors completed auction documents & submitted to AID 9/95. Advertising/PR campaign planned; WB's General Consultant assisted w/auctions. Auctions held under separate contract.		
		Land Auction in St. Petersburg	Feb 1, 1996	-->	See above		
		Land Auction in Novgorod	Feb 1, 1996	-->	See above		
		"How To" Manual for Russian land auctions	Feb 1, 1996	-->	See above		
		1-2 page brochure on the land auction project to be used for public information	Feb 1, 1996	-->	See above		
		trip report for each trip by each of the experts	Feb 1, 1996	-->	See above		
		Auction Plan for each city	Feb 1, 1996	-->	See above		
77	Resident Advisor Program in Siberian Region	Video Advertising Spot to continue development of condo associations & to support growth of private property management and maintenance services	Dec 1, 1995	X	Adapted a video produced in Ekaterinburg for Barnaul.	Booklet "Market Experiment: The Housing Economy of Russia". English and Russia	Dec 1, 1996
		8 Condominium Management Workshops in 4 cities	Nov-95 Dec-95 Feb-96 Mar-96 May-96 Sep-96	Nov-95 Dec-95 Feb-96 Mar-96 May-96 Sep-96	Two in Novosibirsk, two in Barnaul, two in Novokuznetsk, two in Omsk.		
		80 Condominium Outreach Seminars	Oct-95: Sep-96	Oct-95: Jun-96	4 cities Barnaul, Novosibirsk, Novokuznetsk, Omsk), 20 seminars per city		
		Video Advertising Spot	Dec 1, 1995	Jul. 95	Used/adapted videos from Ekaterinburg.		
		Revised Property Management Course Materials	Nov 1, 1995	-->	Used materials developed in cooperation with The Urban Institute, prepared by Quadel/TRG.		
		Outreach Seminar Information Packet	Oct 1, 1995	Jul 1, 1995			
		8 Property Management Workshops in 4 cities	Dec-95 Jan-96 Apr-96 Jun-96 Aug-96 Sep-96	Apr-96 Jun-96 Jul-96	Barnaul: two seminars in June, Novosibirsk: two seminars in April, Omsk: two seminars in June, Novokuznetsk: two seminars in July.		

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		80 Private Property Management Outreach Seminars	Oct-95: Sep-96	-->	4 cities (Barnaul, Novosibirsk, Novokuznetsk, Omsk), 20 seminars per city		
		"How To" Privatization Manuals for enterprise housing maintenance organizations	Sep 1, 1996	-->	Enterprise housing component transferred to municipality.		
		Software adapted to Novosibirsk Data Base System	Dec 1, 1995	-->	See TO 82, Irkutsk		
		Documentation of Land Titling/Registration Demonstration	May 1, 1996	-->	See TO 82, Irkutsk		
		1 Land Auction Seminar	Nov 1, 1995	-->	City provided consultations and decided not to conduct auctions this year.		
		Novokuznetsk land auction/tender documents	Mar 1, 1996	-->	City provided consultations and decided not to conduct auctions this year.		
		Report on Novokuznetsk land auction/tender results	May 1, 1996	-->	City provided consultations and decided not to conduct auctions this year.		
78	Resident Advisor Program in Urals	weekly and quarterly progress reports	weekly quarterly	weekly quarterly		Report: "Condo Conversion for Large Housing Cooperatives" approx. 20 copies distributed	Mar 18, 1996
		6000 condominium promotional flyers distributed	Jan 1, 1996	Jan 1, 1996		Model Contract: "Purchase and Sale Contract for Housing Unit in Condominium" 30 copies distributed	Mar 1, 1996
		5 deliveries "Condo Concepts" Seminar	Jan 1, 1996	Oct 1, 1995	Perm 10/5/95; Chelyabinsk 10/19/95; Orenburg 10/25/95; Orenburg 10/26/95; Ekaterinburg 10/25/95	Municipal Regulation on Registration of Housing Partnerships (condo) in New Construction.	Sep 1, 1995
		1000 condo registration packages disseminated	Jan 1, 1996	Jan 1, 1996		"Condo Concepts" Seminars in Ekaterinburg. 10/15/96, 10/29/96, 11/11/96, 11/22/96, 1/15/97, 2/11/97, 7/3/97, 8/4/97.	
		200 Condo "Information Packages" disseminated	Jan 1, 1996	Jan 1, 1996	2 copies each of the info package were disseminated to 63 secondary cities via the respective oblast administrations, 47 other copies distributed at Chelyabinsk regional hsg. conf. on 3/26/96, and 30 other copies given to oblast admin.'s for use & dist.		
		Evaluation Report on dissemination of information to secondary cities through oblast administrations	Jul 1, 1996	Jul 1, 1996	3 different packages were disseminated (land, condo, M&M); evaluation rescheduled.		
		training module "Condominiums for New Construction"	Jan 1, 1996	Sep 1, 1996			
		3 deliveries "Condominiums for New Construction" Seminar	Jan 1, 1996	Jan 1, 1996	Ekaterinburg 10/18/95; Orenburg 10/24/95; Perm 1/24/96		
		4 deliveries "Condominium Facilitators Training Course" including dissemination of "Condominium Board Operations Manual"	Jan 1, 1996	Feb 1, 1996	Perm 10/5/95; Chelyabinsk 10/19/95; Magnitogorsk 10/31/95; Kurgan 2/9/96		
		1 delivery "Condominium Board Management" including dissemination of "Condominium Board Operations Manual"	Jul 1, 1996	Apr 16, 1996	Ekaterinburg 4/19/96.		
		training module "Maintenance Contracting for Housing Partnerships"	Jan 1, 1996	May 1, 1996	Russian and English versions		

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		training module "Condo Commercial Space"	Jan 1, 1996	-->	Working outline is completed. It will be further developed when needed by the Urals Regional Association of Homeowners.		
	(under TO 79 also)	training module "Accounting & Auditing Practices for Housing Partnerships"	Jul 1, 1996	May 7, 1996	completed 5/7/96		
		model computerized financial and statistical reporting format for use by ZhEK maintenance organizations	Jan 1, 1996	Jan 1, 1996	spreadsheet for management reporting on maintenance contracts		
		4 deliveries "Bidding for Management & Maintenance Services" module	Jan 1, 1996	Nov 1, 1995	Ekaterinburg 9/25/95; Chelyabinsk 10/18/95; Magnitogorsk 11/2/95; Perm 11/14/95		
		placement of 6 newspaper articles on M&M per quarter	Jan 1, 1996	Jan 1, 1996			
		model legislation to implement REMP/ZhEK privatization	Jul 1, 1996	-->	rescheduled: NFF could not provide volunteers; will revise this activity & propose to reschedule 1st Qtr FY97 w/o NFF volunteer.		
		2 deliveries "Business Planning & New Business Startup" module	Jul 1, 1996	Apr 1, 1996	Ekaterinburg 3/25-27/96; Magnitogorsk 4/11-13/96		
		1 REMP or ZhEK Privatized in Ekaterinburg	Jul 1, 1996	-->	removed due to budget constraints		
		training module "ZhEK Privatization"	Jul 1, 1996	-->	removed due to budget constraints		
		4 deliveries workshop "ZhEK Privatization" workshop	Jan 1, 1996	-->	Removed as deliverable		
		training module "Management Skills"	Jan 1, 1996	Dec 1, 1995	Russian version submitted.		
		2 deliveries "Management Skills" module	Jan 1, 1996	Dec 1, 1995	Ekaterinburg 12/8/95; Ekaterinburg 12/15/95		
		training module "Competitive Contracting for Housing Maintenance"	Jan 1, 1996	Apr 1, 1996	Renamed to "Management & Maintenance Concepts": English & Russian training materials		
		information kit on ZhEK privatization	Jul 1, 1996	-->	removed due to budget constraints		
		7000 condominium flyers distributed	Apr 1, 1996	Apr.-96	Complete; approximately 3500 distributed in 2nd Qtr; reached 7000 by end of 3rd Qtr.		
		5 deliveries "Condo Concepts" Seminar	Apr 1, 1996	Mar 1, 1996	Ekaterinburg 11/21/95; Orenburg 11/28/95; Orenburg 1/18/96; Perm 2/16/96; Orenburg 3/14/96		
		2000 condo registration packages disseminated	Apr 1, 1996	Apr 1, 1996			
		60 Condo "Information Packages" disseminated	Apr 1, 1996	Apr 1, 1996			
		5 broadcasts of condo promotional video	Apr 1, 1996	Mar 1, 1996	"10th Channel": 20 broadcasts of 4 video PSAs on condos and M&M (3/4-14/96)		
		2 deliveries "Condominium for New Construction"	Apr 1, 1996	Sep 1, 1996	Ekaterinburg 6/19/96;		
		4 deliveries "Condominium Facilitators Training Course" including dissemination of "Condominium Board Operations Manual"	Jul 1, 1996	Aug 1, 1996	Complete; Orsk 2/27/96; Chelyabinsk 3/26/96; Perm 3/28/96; Buguruslan 6/27/96		
		1 delivery "Condo Sales Practices for Brokers & Notaries"	Apr 1, 1996	Feb 1, 1996	Orenburg 2/29/96		

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		4 deliveries "Condominium Board Management" including dissemination of "Condominium Board Operations Manual"	Apr 1, 1996	-->	Perm, 6/14/96, Orenburg 2/11-13/97, Ekat. 3/7/07, 7/15-17/97		
		3 deliveries "Maintenance Contracting for Housing Partnerships"	Jul 1, 1996	-->	Ekat 4/20/96, Perm 6/14/96; others rescheduled for FY97.		
		2 deliveries "Condo Commercial Space"	Jul 1, 1996	-->	On cost-recovery basis by Urals Regional Association of Homeowners in FY97.		
		2 deliveries "Accounting & Auditing Practices for Housing Partnerships"	Jul 1, 1996	Jun 1, 1996	Complete. Ekaterinburg, 4/18/96, Perm, 6/15/96.		
		4 deliveries "Bidding for Management & Maintenance Services" module	Apr 1, 1996	Apr 1, 1996	Perm 11/16/95; Perm 2/26/96; Perm 2/27/96; Orenburg 4/11/96		
		2 deliveries "Business Planning & New Business Startup" module	Jul 1, 1996	May 1, 1996	Ekaterinburg 4/29-30/96; Chelyabinsk 5/23-24/96.		
		placement of 6 newspaper articles on M&M per quarter	Apr 1, 1996	Apr 1, 1996			
		4 deliveries workshop "ZhEK Privatization" module	Jul 1, 1996	-->	removed due to budget constraints		
		5 broadcasts of M&M promotional video	Apr 1, 1996	Mar 1, 1996	"10th Channel": 20 broadcasts of 4 video PSAs on condos and M&M (3/4-14/96)		
		3 deliveries "Competitive Contracting for Housing Maintenance" module	Apr 1, 1996	Nov 1, 1995	Renamed to "Management & Maintenance Concepts": Perm 10/3/95; Chelyabinsk 10/17/95; Magnitogorsk 11/01/95		
		distribution of ZhEK privatization kits to 270 governmental maintenance entities in Ekaterinburg and 180 kits to 80 cities in the Region	Jul 1, 1996	-->	removed due to budget constraints		
		distribute "Competitive Contracting Information Package" to 80 cities	Apr 1, 1996	Apr 1, 1996	The Inf. Pkg. Brochure was distributed to 81 cities in 4 oblasts		
		2 deliveries "Management Skills" module	Jul 1, 1996	-->	Ekaterinburg, 4/17/96. Others to be delivered (not by PADCO) with full cost recovery.		
		7000 condominium promotional flyers distributed	Jul 1, 1996	-->	Proposed to be removed as deliverable. There was no material budget for it in FY96, and the city administration did not reproduce and disseminate flyers either, contrary to expectations. 1000 flyers to distribute in FY97.		
		2 deliveries "Condo Concepts" Seminar	Jul 1, 1996	Apr 1, 1996	Chelyabinsk 3/14/96; Ekaterinburg 3/20/96; Perm 3/28/96; Ekaterinburg 4/3/96; Ekaterinburg 4/12/96; Perm 4/16/96 (4 standard; 2 co-ops).		
		2000 condo registration packages disseminated	Jul 1, 1996	Jul 1, 1996	1000 distributed; will complete in FY97.		
		5 deliveries condo promotional video	Jul 1, 1996	Apr 1, 1996	"10th Channel". 20 broadcasts of 4 video PSAs on condos and M&M (4/8-12/96)		
		4 deliveries "Condominium Facilitators Training Course" including dissemination of "Condominium Board Operations Manual"	Jul 1, 1996	-->	Troitsk(Chelyabinskaya Oblast)-10/9/96, Polevskoi (Sverdlovskaya Oblast)-11/5/96, Kamensk-Uralsky(Sverdlovskaya Oblast)-11/20/97, Nizhnii Tagil (Sverdlovskaya Oblast)-6/26/97.		

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		2 deliveries "Condo Sales Practices for Brokers & Notaries	Jul 1, 1996	-->	can deliver if demand exists		
		3 deliveries "Condominium Board Management including dissemination of "Condominium Board Operations Manual"	Jul 1, 1996	-->	Orenburg-2/11-13/97, Ekat. 6/23-25/95, 7/15-17/97.		
		3 deliveries "Maintenance Contracting for Housing Partnerships"	Jul 1, 1996	-->	not delivered due to budget constraints		
		2 deliveries "Condo Commercial Space"	Jul 1, 1996	-->	can deliver if demand exists		
		2 deliveries "Accounting & Auditing Practices for Housing Partnerships"	Jul 1, 1996	-->	will deliver if demand exists		
		3 deliveries "Bidding for Management & Maintenance Services" module	Jul 1, 1996	Jun 1, 1996	Krasnokamsk 5/16-17/96, Chelyabinsk 5/21-22/96, Ekaterinburg 5/29-30/96		
		2 deliveries "Business Planning & New Business Startup" module	Jul 1, 1996	-->	can deliver if demand exists		
		placement of 6 newspaper articles on M&M per quarter	Jul 1, 1996	Jul 1, 1996			
		5 broadcasts of M&M promotional video	Jul 1, 1996	Apr 1, 1996	"10th Channel": 20 broadcasts of 4 video PSAs on condos and M&M (4/8-12/96)		
		2 deliveries "Competitive Contracting for Housing Maintenance" module	Jul 1, 1996	Mar 1, 1996	Renamed to "Management & Maintenance Concepts": Orsk 2/28/96; Orenburg 2/29/96; Chelyabinsk 3/26/96; Perm 3/27/96.		
		2 deliveries "Management Skills" module	Jul 1, 1996	-->	To be delivered (not by PADCO) with full cost recovery.		
		3 deliveries workshop "ZhEK Privatization" module	Jul 1, 1996	-->	removed due to budget constraints		
		5000 condominium promotional flyers distributed	Sep 1, 1996	-->	Proposed to be removed as deliverable. There was no material budget for it in FY96, and the city administration did not reproduce and disseminate flyers either, contrary to expectations. 1000 flyers distributed in FY97.		
		5 broadcasts of condo promotional video	Sep 1, 1996	May 1, 1996			
		2 deliveries "Maintenance Contracting for Housing Partnerships"	Sep 1, 1996	-->	not delivered due to budget constraints		
		1 delivery "Condo Commercial Space"	Sep 1, 1996	-->	can deliver if demand exists		
		1 delivery "Accounting & Auditing Practices for Housing Partnerships"	Sep 1, 1996	-->	can deliver if demand exists.		
		placement of 6 newspaper articles on M&M per quarter	Sep 1, 1996	Aug 1, 1996	July and August 96.		
		5 broadcasts of M&M promotional video	Sep 1, 1996	May 1, 1996			
		1 delivery "Management Skills" module	Sep 1, 1996	-->	To be delivered (not by PADCO) with full cost recovery.		
		4 deliveries workshop "ZhEK Privatization" module	Sep 1, 1996	-->	removed due to budget constraints		
		Regional Conference on Housing Reforms	Sep 1, 1996	-->	Proposed to drop, no material budget for it in 1996.		
		HSRP I Project Evaluation Report (PADCO/Urals)	Sep 1, 1996	-->	complete		

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TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		Condo Registration handbook-Russian	Mar 1, 1996	Apr 1, 1996			
		Condo Promotional Flyer-Russian	Mar 1, 1996	Apr 1, 1996			
79	Russia: Condominium Support in Siberia and the Urals	1 promotional and informational video of approximately 5 minutes duration.	Jan 1, 1996	Nov 1, 1995	Combined with PMM (TO 80) and changed to 5 videos of 2 minutes each. (Have requested copy of videos from Mark Brown).		
		New training seminar "Managing & Leasing Commercial Space in Condominiums"	Jan 1, 1996	-->	complete		
	(TO 78 also)	New training course "Accounting & Auditing Practices for Condos"	Jan 1, 1996	May 1, 1996	Training materials: speaker notes, slides, handouts.		
		"Handbook for Condominium Association Accounting & Auditing"	Jan 1, 1996	May 1, 1996	(Russian and English)		
80	Russia: Private Maintenance and Management Support	1 interactive spreadsheet in a computerized financial and statistical reporting format for simplified management reporting by competitively selected maintenance providers in demonstration ZhEK territories.	Jan 1, 1996	Apr 1, 1996		Report on Follow-up Focus Group Interviews & Recommendations re: Demonstration of Competitive Contracting	Jul 1, 1996
		1 promotional and informational video of approximately 5 minutes duration	Jan 1, 1996	Nov 1, 1995	Combined with Condominium Support (TO 79) and changed to 5 videos of 2 minutes each. (Have requested copy of videos from Mark Brown).		
		New training course: "Business Planning & New Business Startup".	Jan 1, 1996	Jan 1, 1996	Provides business planning and new business startup training - through a training subcontractor. See TO 78.		
		1 Resident Satisfaction Survey with statistical and sociological interpretation to coincide with initial baseline survey.	Apr 1, 1996	Apr 1, 1996	Survey conducted at the midpoint of the Demonstration of Competitively Contracted Maintenance in the three ZhEK territories. Statistical and sociological interpretation coincides with the initial baseline survey.		
		New training course: "ZhEK Privatization".	Apr 1, 1996	-->	Rescheduled, proposed to drop.		
		1 Final Resident Satisfaction Survey for demonstration ZhEK territories, with statistical and sociological interpretation to coincide with initial baseline survey.	Sep 1, 1996	Sep 1, 1996			
81	Washington and Moscow Based Staff					Shea Trip Report (Ukraine & Russia: 2/4-15/96)	Feb 1, 1996
						Shea Trip Report (Ukraine: 10/19-27/96) incl. Ukraine Funding Plan for FY96 HSRP Contract, FY96 Mission Funds Available for World Wide Contract, Task Order Budget Figures, Agendas for the RA, AID, & Land Mtgs., and Final Work Plan for Ukraine for FY96.	Oct 1, 1995
82	Russia: Pilot Project to Develop Land & Real Estate Markets in Irkutsk	Written reports on i) all assessments of land and building information, and titling and registration systems, and ii) the initiative to adopt legislation on a unified system of title registration	Sep 1, 1996	Aug 1, 1997	Project was delayed until maps were procured by City.	Final Report	Aug 1, 1997

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		An operational titling and registration system developed; hardware and software installed; standard procedures for running a title registration office developed; and recommendations for adaptability and self-financing mechanisms offered.	Sep 1, 1996	Aug 1, 1997	Project was delayed until maps were procured by City.		
		Municipal personnel trained on the titling and registration system.	Sep 1, 1996	Aug 1, 1997	Project was delayed until maps were procured by City.		
		Trip reports by each advisor after each trip.	Sep 1, 1996	-->	Klose, Rabley, Eversole, Holl trip reports		
83	Project Appraisal Assistance for St. Petersburg Center City Phase I	A brief summary of the work plan agreed with the City and the World Bank, including a list of consultant inputs and the agreed outputs, such as a list of selected pilot projects	Jun 1, 1996	Apr 1, 1996	St. Petersburg Center City Rehabilitation Engineering Project. Analysis of the Pilot Project.		
		A detailed description of each of the selected pilot projects including a description of the works, location, and potential project beneficiaries.	Jun 1, 1996	Apr 1, 1996	St. Petersburg Center City Rehabilitation Engineering Project. Analysis of the Pilot Project.		
		A review of the architectural and engineering designs already prepared by the design institutes with recommendations for any revisions or additional work for each pilot project.	Jun 1, 1996	Apr 1, 1996	St. Petersburg Center City Rehabilitation Engineering Project. Analysis of the Pilot Project.		
		Social assessments of pilot projects based on surveys and analysis already conducted by city-hired design institutes. If relocation of residents as part of the pilot project is anticipated, options for relocation would be provided as part of assessment	Jun 1, 1996	Apr 1, 1996	St. Petersburg Center City Rehabilitation Engineering Project. Analysis of the Pilot Project.		
		A review of the environmental assessment already conducted by local design institutes. Assessment should recommend further remedial work and/or environmental tests if required.	Jun 1, 1996	Apr 1, 1996	St. Petersburg Center City Rehabilitation Engineering Project Analysis of the Pilot Project.		
		A financial analysis of each pilot project based of the project costs developed by the design institutes and reviewed by the consultants and including all direct and indirect revenues and subsidies available.	Jun 1, 1996	Apr 1, 1996	St. Petersburg Center City Rehabilitation Engineering Project. Analysis of the Pilot Project.		
		An implementation plan for each pilot project including designation of public sector and private sector implementation responsibilities and investments.	Jun 1, 1996	Apr 1, 1996	St Petersburg Center City Rehabilitation Engineering Project. Analysis of the Pilot Project.		
		An assessment of the economic benefits and risks of each scheme including an internal rate of return analysis.	Jun 1, 1996	Apr 1, 1996	St. Petersburg Center City Rehabilitation Engineering Project. Analysis of the Pilot Project.		
84	Russia - Communal Services Pricing Project	A workplan outlining the detailed tasks to be undertaken during the task order and revising, as needed, scheduling in the Task Order.	Jul 1, 1996	Nov 1, 1996			
		A joint Consultant-Working Group assessment of the current level of cost recovery and a recommended model tariff structure	Mar 1, 1997	May 1, 1997	Communal Services Pricing - Novgorod TeploEnergo and Pskov Vodokanal: Towards a New Model of Service Provision		
		Joint Consultant - Working Group recommendations on the applicability of using either existing or proposed financial mechanisms for generating new capital	Mar 1, 1997	May 1, 1997	Communal Services Pricing - Novgorod TeploEnergo and Pskov Vodokanal: Towards a New Model of Service Provision		

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		Joint Consultant - Working Group overview of the local and/or federal policies which constrain full cost recovery and recommendations for change	Mar 1, 1997	May 1, 1997	Communal Services Pricing - Novgorod TeploEnergo and Pskov Vodokanal: Towards a New Model of Service Provision		
		A joint Consultant - Working Group implementation plan showing the steps for achieving full cost recovery and incorporating recommendations on financing mechanisms and policy reform.	Mar 1, 1997	May 1, 1997	Communal Services Pricing - Novgorod TeploEnergo and Pskov Vodokanal: Towards a New Model of Service Provision		
85	Regional Housing Programs in Russia	Draft Mayor's Decree on Transferring Subsidy to Condominiums	Dec 1, 1996	Feb 1, 1997		Original Business and Financial Planning Documents in Russian	Jan 1, 1997
		Samples of press releases, public service announcements, and flyers as well as the mailing lists used to disseminate information on condominium organization in existing housing	Feb 1, 1997	Feb 1, 1997		Final Report of Resident Advisor on "Business Planning & Privatization of Maintenance Bodies"	Dec 1, 1996
		Six condominium informational seminars; an invitation list, list of attendees, agenda, list of follow-up contacts	Mar 1, 1997	Mar 1, 1997			
		Draft Novosibirsk Mayor's Decree on Implementing the President's Decree on Competition in Municipal Housing Maintenance	Feb 1, 1997	Feb 1, 1997			
		5 Maintenance and Management Informational Seminars and 3 "Procurement and Contracting" courses conducted in Novosibirsk; an invitation list, list of attendees, agenda, list of follow-up contacts	Mar 1, 1997	Dec 1, 1996			
		Bid packages adapted from model documents prepared by PADCO for 1 competition conducted in each of two Novosibirsk Districts	Jun 1, 1997	Sep 1, 1997			
		Maintenance and Management Employment / Contracting Clearinghouse; copy of fee structure tested and results of tests, and lists of users	Mar 1, 1997	Mar 1, 1997			
		2 Property/Condominium Management workshops for unemployed housing maintenance workers ; invitation list, list of attendees, agenda, list of follow-up contacts	Jan 1, 1997	Mar 1, 1997			
		Samples of the housing reform newsletter - mailing list	Jan-97 Apr-97 Jul-97 Sep-97	Jan-97 Apr-97 Jul-97 Sep-97			
		First annual Siberia Region Conference on Housing Sector Reform; invitation list, list of attendees, agenda, list of follow-up contacts	Feb 1, 1997	Feb 1, 1997			
		Samples of flyers, mailers used in the direct mail campaign to expand NGO, Association, and regional representative organization membership and mailing list	May 1, 1997	Jun 1, 1997			
		Monthly Reports	monthly	monthly			
86	Regional Housing Programs in Ukraine	Trip Reports from Jeanne Gardner and Angus Olson	Sep 1, 1997	-->	Trip Reports from Ruth O'Sullivan		
		Updated deliverables list for Ukraine	Sep 1, 1997	Aug 1, 1997			
		Conduct of seminars and visits to cities by the condominium and PMM specialists in the Lviv regional office	Sep 1, 1997	Aug 1, 1997			

TO #	Task Order Title	Task Order Deliverables	Due Date	Sent to AID	Comments on Deliverables	Additional Products	Sent to AID
		Monthly and quarterly technical reports for AID	Sep 1, 1997	monthly quarterly			
		Final Report on tasks in Ukraine	Sep 1, 1997	Aug 1, 1997			
87	Russia Water Feasibility Assessment & Preparation of Loan Packages	Data collection methodologies and forms for the institutional and financial assessments	Jan 1, 1997	Mar 1, 1997	Developed with the World Bank	"Appraisal of Socio-Economic Conditions of Water and Sewage Systems in Orla" in Russian	Sep 1, 1997
		List of products and legal documents	Jan 1, 1997	Sep 1, 1997			
		Monthly technical progress report for AID	monthly	monthly			
		Brief report on the legal and regulatory framework	Sep 1, 1997	May 1, 1997			
		Brief diagnosis of the Vodokanal's institutional performance highlighting the main issues, obstacles, practices and policies: the root causes which prevent better performance	Sep 1, 1997	May 1, 1997			
		Strategic plan for turning the Vodokanal into a corporatized, autonomous water and wastewater utility under an appropriate and enabling set of regulations	Sep 1, 1997	May 1, 1997			
		Presentation of tariff structures and levels for each tariff category, and the existing Vodokanal's billing, collection and record systems and practices for each Vodokanal	Sep 1, 1997	Sep 1, 1997			
		Presentation of reconstructed financial statements, including balance sheet and income statement for 1995, 1996, and the period up until the assessment in 1997	Sep 1, 1997	Sep 1, 1997			
		Financial projections to demonstrate the Vodokanal's Financial Viability and Financial Feasibility of the proposed project	Sep 1, 1997	Sep 1, 1997			
		Presentation of an estimate of project cost for the first phase and Bank Loan amount that can be supported by the Vodokanal	Sep 1, 1997	Sep 1, 1997			
		Ten-page plan of action in Task One for implementing the proposed institutional/regulatory structure and a time table for their implementation for each Vodokanal	Sep 1, 1997	Sep 1, 1997			
		Validation of the World Bank Social Assessment Report in each of the six other sites not included in the initial survey, including a brief report outlining differences	Sep 1, 1997	Sep 1, 1997			

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Appendix C
List of Selected Publications

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1. Abeles, Peter, "Purchase, Sale, Financing and Development of Land in Free Market Countries," May 1993.

2. Antonyev, G., "Payment for Land and Ways of Its Improvement," June–July 1993.

3. Berkuta, A., "Role of State and Local Administration in Promoting Housing Policy in Ukraine," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

4. Blackburn, A., "Strategic Issues for New Housing Development," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

5. Bukovinsky, S., "Formation of Local Budgets of Ukraine," June-July 1993.

6. Chepkov, B., "Utilization of Agricultural Lands in Towns of Ukraine," May 1993.

7. Cherevko, V., "Local Government and Infrastructure Finance in Lviv: The Current Situation," June-July 1993.

8. Dauwe, Elizabeth, "Allocation of Land for Housing Construction in East Germany," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

9. David Dowall, "The Role and Function of Urban Land Markets in Market Economies," May 1993.

10. Dekhtyarenko, Y., A. Drapikovsky, and I. Ivanova, "Regulating Land Relations for Condominiums," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

11. Doebell, W., "Private Property Interests in Private Land Markets," May 1993.

12. Dowall, David, "Lessons Form Land Privatization in China and Poland," May 1993.

13. Dron, Anatoly, "Privatization of State Housing Found in Ukraine in Connection with Land Privatization," May 1993.*

* *Only available in Ukrainian*

14. Dron, Anatoly, "Problems of Housing and Communal Services Finance; Reform of Pricing and Tariffs for Housing and Communal Services," June-July 1993.

15. Dron, Anatoly, "Providing Citizens with Housing and Reforming the Housing System in Ukraine," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

16. Eckert, J., "Market Monitoring and Valuation in Economies with Scarce Sales Data: The Case of Poland and Russia," May 1993.

17. Economov, A., and T. Netchajeva, "Role and Significance of Urban Development Documents," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

18. Filvarov, G., "Problems of Normative Guarantee of Land Privatization in Town-Building," May 1993.

19. Firestein, R., "Potential City-Priced Payments for Services in the City of Kharkiv, Ukraine," March 1994.

20. Firestein, R., "Proposed Payments for Service: Suggestions for Implementation by the City of Kharkiv, Ukraine," May 1994.

21. Gardner, Jeanne, "Demonstration Project to Form Home-Owners' Associations (condominiums) in Kharkiv, Ukraine and Ekaterinburg, Russia," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

22. Glasser, Matthew, V. Nudelman, T. Krishtop, N. Braden, and L. Saroff, "Housing Indicators: Ukraine," October 1993.

23. Lowry, Irving, "Housing Reform in the Ukraine: Moving from a Socialist System to a Market System," February 1994.

24. Golovchenko, A., "How to Improve Legislation on Condominium Home-owners' Associations," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

25. Grischenko, V., "Private Developers Experience," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

26. Gusakov, Volodymyr, "Town Development and Land Privatization in Ukraine," May 1993.

27. Gusakov, Volodymyr, "Basic Directions of Housing Construction Reform in Ukraine," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

28. Gusakov, Volodymyr, "Financing Local Self-Government and Infrastructure of Cities in Ukraine," June-July 1993.

29. Harr, C., "Public Private Partnerships and the Joint Venture Approach in Private Land Markets," May 1993.

30. Hubbell, K., "Provision and Pricing of Communal Services," June-July 1993.

31. Ilyin, V., "New Approaches to Budgeting in Ukraine," June-July 1993.

32. Isayeva, N., "The Legal Framework for Local Government and Infrastructure Finance in Ukraine," June-July 1993.

33. Kayden, Jerold, "Private Real Estate Development, Infrastructure Provision, and Land Use Regulation: Making Development Pay Its Fair Share," June-July 1993.

34. Kayden, Jerold, ed., "Privatization of Land in Ukraine," May 1993.

35. Kayden, Jerold, "State's Part at Private Land Markets," May 1993.*

36. Kayden, Jerold, ed., "Local Government and Infrastructure Finance in Ukraine," June-July 1993.

37. Kayden, Jerold, "Making Land Available for Housing," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

38. Kayden, Jerold, "Methods of Land Privatization in the United States and Western Europe," May 1993.

39. Khodzhaev, D., "The Role of State in Russian Federation in Housing Reforms," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

40. Kitay, M., "The Role of Public Land Acquisition in Private Land Markets," May 1993.

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41. Kozyrv, M., "Economic Feasibility of transferring Enterprise Housing Stock and Infrastructure of Social Services into Municipal Property," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.*

42. Krishtop, T., "Chernihiv: Planning and Market Analysis Reports," from the Chernihiv Zoning Project, October 1994:
    Task 1: Outline of Analysis
    Task 2: Learning Possibility of Existing GIS for Finding Price of Land**
    Task 3: Tendencies in Land Tenure and Land Prices

43. Kucherenko, I., "Legal Regulating the Housing Lease Agreement," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

44. Kuksa, V., "Housing Maintenance and Repair Under the Market Economy," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

45. Kushnaryov, Y., "Financing of Kharkiv Local Government Bodies and Infrastructure: Present Situation and Prognosis for Future," June-July 1993.

46. Lehan, E., "Capital Infrastructure and Operating Expense Budgets at the Local Level: Considerations Related to the Organization and Management of Finance and Finance-Related Procedures," June-July 1993.

47. Lishansku, Y. and A. Drapikovsky, "How to Realize the Right to Private Ownership of Land Under the Conditions of Town-Building of the Capital," May 1993.

48. Mantsevich, Y., "Urban Development Documentation: Its Upgrading Following Privatization of Land," May 1993.

49. Mazur, V., "Reforming Cooperative Housing," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

50. Mironenko, V., "Land Privatization in Ukraine," May 1993.

51. Mukhin, V., "Financing of the Local Government Bodies and Development of Kirovograd Economy Infrastructure," June-July 1993.

* *Only available in Ukrainian*

** *Only available in Russian*

52. Muljar, L., "New Housing Standards in Ukraine," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

53. Nosik, V., "Right to Land Ownership and Entrepreneur Activities: Contradictions and Perspective," May 1993.

54. Nudelman, V., "Chernihiv: General Plan Analysis and Summary," from the Chernihiv Zoning Project, October 1994.

55. Nudelman, V., "Working Group. Commission of Reforming Land Legislation and Land Privatization," May 1993.

56. Nudelman, V., "Territorial Aspects in Implementing the Housing Policy," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

57. Okhten, O., "The Role and Place of Realtors," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

58. Olson, Angus, "The Privatization of Management and Maintenance of Municipally Owned Housing: Pilot Program," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

59. Pabat, M., "Local Government and Infrastructure Finance in Donetsk: The Current Situation," June-July 1993.

60. Panko, A., "Allotment of Land Parcels for Housing Construction in Kiev," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.*

61. Pidlisny, Z., "Double Ownership on Land," May 1993.

62. Piskovsky, Y., "Alienation of Land in Urban Areas, Procedures, Methods, Problems," May 1993.

63. Puzanov, A., "Social Protection of Citizens with Low Income and Housing Allowances Program in Russia," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

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64. Radzevich, E., "Reformation of Construction Industry in Poland," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.*

65. Rozenfewld, A., Y. Matsevich, Y, Marcus, and L. Simonova, "Real Estate Market: Organizational Problems," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

66. Rul, N., "Reformation of the Payment System for Using Housing and Communal Services; Social Protection of Citizens with Low Income," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

67. Schroder, L., "Taxes, Other Revenues, and Intergovernmental Transfer: the International Experience," June-July 1993.

68. Semyonov, V. and V. Gromoglasov, "Urban Development and Land Privatization," May 1993.

69. Shea, Michael, "The Role of Developers in the USA," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

70. Shemshuchenko, Y. and P. Kulinich, "The Right to Land Ownership and Land Privatization in Ukraine," May 1993.

71. Sherer, S., "The Legal Framework of Private Land Markets," May 1993.

72. Shevaliov, V., "Housing Construction Finance Structure in Kiev," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

73. Shtolcko, V., and D. Jalonski, "Problems of Social and Engineering Infrastructure Development," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

74. Simonova, L., "Real Estate Property Appraisal: A Prerequisite for Investments in Housing Construction," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

75. Sinclair, Michael, "How to Improve Legislation on Condominium Associations," from the

** Only available in Ukrainian*

international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

76. Suchkov, A., "Legislative Support for Mortgage Financing of Housing Construction, Rehabilitation and Repairs," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

77. Suler, J., "Reducing Housing Subsidies in an Eastern European Country," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

78. Tahvanianen, M., "Governmental Approach to Housing Construction in One of the West European Countries: The Finnish Case," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

79. Trilevsky, M., "Lviv Oblast Current Town-Building Problems," 1993.*

80. Vahkulat, A., "Cadastre and the System of Realties Registration are the Key Elements in Transition to Market Economy in the Housing Sector," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

81. Valletta, William, "Memorandum: Zoning Administration Changes in Urban Development Documentation as Result of Zoning," from the Chernihiv Zoning Project, November 1994.

82. Valletta, William, "Memorandum: How to Use Zoning to Make the Concept Plan A Reality," from the Chernihiv Zoning Project, October 1994.

83. Vaughan, Roger, M. Fuller, and N. Rul, "Phasing Out Subsidies for Communal Services," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.

84. Vaughan, Roger and Matthew Glasser, "Alternative Ways of Subsidizing Housing and Communal Services in Ukraine," December 1993.

85. Vaughan, Roger and Matthew Glasser, "Advertising Your Community: How to Attract Foreign Companies to Invest in Ukrainian Communities," April 1994.

86. Vaughan, Roger, "Creating a Stable Revenue System," December 1993.

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87. Vaughan, Roger, "Borrowing to Finance Infrastructure," December 1993.

88. Vaughan, Roger and Matthew Glasser, "Marketing Your Community: How Ukrainian Local Government Can Attract Foreign Investors in Infrastructure Projects," March 1994.

89. Vaughan, Roger and Matthew Glasser, "Financing Housing in Ukraine: Issues for the Development of a Comprehensive Housing Policy," May 1994.

90. Vaughan, Roger and Matthew Glasser, "A Guide to Negotiating Joint Ventures with Foreign Investors to Finance Infrastructure in Ukraine," February 1994.

91. Vaughan, Roger and Matthew Glasser, "Technical Analysis of the Revenues Generated by Reform of Prices for Housing and Communal Services and of the Costs of Providing Targeted Subsidies to Low-Income Families," May 1994.

92. Wulkopf, Uwe, "Housing Maintenance in Germany," from the international conference on Approaches to Housing and Communal Services Reform in Ukraine during Economic Transition, December 7-9, 1996.*

93. Yermakov, V., "Price Setting in Maintaining Public Services in Donetsk: The Current State of Affairs," June-July 1993.

94. "Minutes from Chernihiv Zoning Workshop," from the Chernihiv Zoning Project, July 22, 1994.**

** Only available in Ukrainian*
*** Only available in Russian*

Appendix D
Principal Contacts

Ukraine

Heads of Oblast State Administrations

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Goryn, Mykola Mykolayovych, 18 Vynnytchenko St., Lviv, 290000; (0322)-728093
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Poliakov, Sergiy Vasyliovych, 34 Pushkina St., Donetsk, 340105; (0622)-933571
Polishchyuk, Petro Pavlovych, 1 Rad Square, Zhytomir, 262014; (0412)-373143
Semenov, Victor Mykhailovych, 2 Lenin St., Sevastopol, 335000; (0692)-591077
Shapoval, Petro Dmytrovych, 18 Lenin St, Chernigiv, 250000; (04622)-75023
Sinko, Vasyl Danilovych, 1 Lesya Ukrainka Square, Kyiv, 252106; (044)-2949395
Suhomlyn, Mykola Oleksiyovych, 1 Kirova Square, Kyrovograd, 316022; (0522)-240330
Tsybenko, Basyl Grygorovych, 185 Shevchenko Blvd, Cherkasy, 257001; (0472)-473333
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Vasilishin, Roman Danilovich, 1 Radianska Square, Rivne, 266000; (0362)-264788
Volkovetsky, Stepan Vasyliovych, 21 Grushevsky St., Ivano-Frankivsk, 284004; (03422)-22291
Zaludiak, Mykola Pavlovych, 45 Zhovtneva St., Poltava, 314000; (05322)-73573

Heads of Oblast Boards of Housing and Municipal Economy

Alekseyev, Volodymir Petrovych, 29 Porik St., Vinnitsa, 286021; (432)-464810
Bilyh, Eduard Sergiyovych, 37 Pushkinskaya St., Odessa, 270011; (482)-223818
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