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PLANNING AND DEVELOPMENT COLLABORATIVE INTERNATIONAL, INC.

FINAL PROJECT REPORT

Technical Assistance to the Government of Ukraine For the Design and Implementation Of Housing Subsidy Program Activity January 1, 1995-December 31, 1995

Prepared for
United States Agency for International Development

Prepared by
Roger J. Vaughan
Senior Finance Specialist
PADCO/Kiev

Contract No. CCS-0008-C-00-2057-00, TO 56
February 26, 1996

PROVIDES GOVERNMENTS AND PRIVATE CLIENTS WITH SERVICES IN PLANNING, HOUSING, MANAGEMENT, FINANCE, ECONOMICS, ENVIRONMENT, GEOGRAPHIC AND OTHER INFORMATION SERVICES, AND TRAINING.

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Table of Contents

1 Introduction	1
2 Background	1
3 Designing and Implementing the Housing Subsidy Program	2
3.1 Designing the Housing Subsidy Program	2
3.2 Creating the System of Housing Subsidy Offices	2
3.3 The Structure of the Program	3
3.4 Overall Fiscal Impact of the Program	4
4 Objectives of Task Order 9302.56	4
5 Achievements	4
5.1 Task 1: Agreement on Details of Subsidy System (January-February 1995)	4
5.1.1 Original Task Description	4
5.1.2 Achievements: PADCO Involvement in Program Design	5
5.2 Task 2: Public Information and Education (January-June)	7
5.2.1 Original Task Description	7
5.2.2 Achievements: PADCO Role in Public Information Campaign	7
5.3 Task 3: Regional Technical Training (March-April)	9
5.3.1 Original Task Description	9
5.3.2 Achievements: PADCO Involvement in the Training Process	9
5.4 Task 4: Printing and Distribution of Rent Books/Eligibility Forms/New Tenant Lease Agreements	10
5.4.1 Original Task Description	10
5.4.2 Achievements	10
5.5 Task 5: Processing the First Wave of Applications	10
5.5.1 Original Task Description	10
5.5.2 Achievements	11
5.6 Task 6: Institutionalizing the New Subsidy System	11
5.6.1 Original Task Description	11
5.6.2 Achievements: PADCO Involvement in Institutionalizing the Program	11

11

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1 Introduction

This report summarizes the activities conducted under Task Order 56 (as revised) under which PADCO provided technical assistance to the Cabinet of Ministers, the Ministry of Social Protection, and the State Committee for Housing and Municipal Economy for the design and implementation of a housing subsidy program. The work under the revised Task Order began in the beginning of 1995 and was scheduled to end on September 30, 1995. A no-cost extension to the task order was approved by USAID on October 21, 1995, to complete two small tasks related to the public information component by December 31, 1995 (see discussion under Task 3, below). This report summarizes all work completed under this Task Order.

2 Background

PADCO began working with the State Committee for Housing and Municipal Economy of Ukraine in September 1993, examining housing and communal service pricing strategies, including reviewing successive drafts of a decree, issued in February 1994, and setting a schedule for price increases. Prices covered the monthly payments made by families for housing maintenance, gas, heat, water and hot water, and wastewater and garbage disposal. These prices were intended to increase from a level covering about 4 percent of costs, in January 1994, to a level covering 60 percent of costs over three years.

Although embodied in a decree issued by the Cabinet of Ministers, these reforms were never implemented. Subsidies from the national government for housing continued to account for at least 75 percent of the national deficit. Despite the size of the subsidies, housing maintenance is underfunded, reflected in the rapid deterioration of the housing stock and in the poor quality of communal services, and, in the absence of metering, energy and other resources were used wastefully by families.

In October 1994, the IMF revived the program of raising prices by making it one of the conditions for providing financial assistance. A new schedule was agreed to by the Government of Ukraine (GOU), requiring immediate payment increases by families to 20 percent of actual production costs, and further increases that would reach 60 percent cost recovery by July 1995.

Studies of the impacts of price increases prepared by PADCO showed that many families could not afford the higher prices. These estimates were based on a model designed by short-term PADCO advisor Ira S. Lowry in March 1994 and further developed by short-term PADCO advisor Roger Vaughan. In December 1994, First Vice Prime Minister V.M. Pynzenyk asked the United States Agency for International Development (USAID) for assistance, through PADCO, to design a housing subsidy program that would provide targeted assistance to low-income families. The program was to be designed by the end of January and operating by the end of April.

PADCO Local Government Finance Assistance work, already being conducted under Task Order 56, was revised to accommodate this request immediately.

The project succeeded in meeting its objectives within the extremely tight time limits set for its completion. The rapid implementation of this program was possible because of prompt action by the USAID mission, the willingness of USAID/Washington to approve revisions in the task order quickly, the willingness of the PADCO's Kiev Resident Advisor and PADCO/Washington staff to support the new effort, and the hard work of the Ukrainian staff in the special office created by PADCO in Kiev to provide the technical assistance.

3 Designing and Implementing the Housing Subsidy Program

3.1 Designing the Housing Subsidy Program

From the end of December 1994 until the beginning of February 1995, a Task Force created within the Cabinet of Ministers met regularly to prepare the decree that would create a housing subsidy program that met the requirements set by First Vice Prime Minister Pynzenyk.

On February 4, 1995, the Cabinet of Ministers issued Decree No. 89, establishing the housing subsidy program, under which families are paid a subsidy if their monthly housing payments exceed 15 percent of family income and price increases were scheduled to reach 60 percent cost recovery by September 1995. All families, therefore, would pay more for housing, but low-income families would be protected from the full impacts of price increases. Instead of only paying at an annual rate of 12 trillion Krb toward the cost of subsidies as at the end of 1994, families were paying at an annual rate of 200 trillion Krb by the end of 1995.

3.2 Creating the System of Housing Subsidy Offices

Under instruction from the First Vice Prime Minister, the Task Force continued meeting to draw up the normative documents (rules, regulations, and reporting requirements) needed for the program.

On May 3, 1995, 714 housing subsidy offices opened throughout Ukraine and began processing applications from low-income families — three months less one day after the passage of the enabling decree. The first subsidies were approved for families on May 20.

In August, the housing subsidy program was extended to cover purchases of liquid gas and solid fuels — a measure that will lead to the inclusion of many rural families.

By the end of 1995, about 1.4 million Ukrainian families were receiving subsidies, averaging 2.5 million Krb/month (about \$14, or 24 percent of the average monthly income). These participants were being served through 754 offices.

The GOU had slowed the schedule for price increases because of strong political pressure from the Supreme Rada and from the public. On September 1, prices of housing and communal services were raised to cover about 40 percent of production costs. From January 1, 1996, prices were increased to cover 60 percent of costs. A further increase is contemplated for mid-1996

to reach 80 percent of cost recovery. Computers are being installed in a growing number of housing subsidy offices and software programs, developed by PADCO, are being revised and installed.

At the end of September, when families received their monthly payment books reflecting the September 1 price increase, offices received a surge of new applications that challenged processing capacity. The Cabinet met in October to expand, revise, and streamline the process, while the Supreme Rada introduced legislation to formally establish the program. After several months during which political and public opposition to price reforms and subsidy offices seemed to mount, these actions firmly established the housing subsidy program as the centerpiece of Ukraine's social protection system

3.3 The Structure of the Program

Although the housing subsidy program is managed by the newly created Housing Subsidy Department in the Ministry of Social Protection, the program allows for considerable local initiative.

The roles for the National Government are:

- to pay for the housing subsidies through budget transfers to housing subsidy offices, which, in turn, transfer the money to communal services providers whose customers have been subsidized;
- to establish eligibility criteria and financial and management reporting standards;
- through the Ministry of Social Protection, to provide training and technical assistance to oblast administrations, which, in turn, train raion office administrators; and
- through the Ministry and the State Committee for Housing and Municipal Economy, to publicize and explain the program.

The Ministry staff is only nine people. Therefore, many of the details associated with the management of the program rest with oblast administration housing subsidy departments and the day-to-day running of the offices is the responsibility of city and raion departments. Local government has the following roles:

- to consult with national government on program design;
- to enact local enabling legislation and design local system of offices;
- to provide office space and equipment;
- to train and pay salaries of housing subsidy office staff;
- to campaign in support of the program and publicize it among its constituents, as many mayors have; and
- to modify the program to meet local needs at local expense — Kiev, for example, passed regulations offering a higher level of protection to low-income families; they need pay no more than 8 percent of income for housing and communal services; this model has been adopted by three oblast administrations.

3.4 Overall Fiscal Impact of the Program

The estimated budgetary cost of the housing subsidy program for 1995 was 6.5 trillion Krb (about \$35 million). But the increases in prices for housing and communal services, made possible by the implementation of the housing subsidy program, has led to increased payments by families of about 120 trillion Krb during the year (over what they would have paid at the cost recovery rate prevailing in 1994). This means that the housing subsidy program — and the price rises that it allowed — made a net contribution to closing the GOU consolidated budget of about \$600 million. Its contribution to deficit reduction will grow as prices for housing and communal services continue to increase in 1996.

The Housing Subsidy Program is a new type of social assistance program in Ukraine. By targeting help to low-income families, the Program enables broad and rapid reforms of prices and economic structures to occur despite considerable political opposition.

4 Objectives of Task Order 9302.56

The objectives of the technical assistance to the Cabinet of Ministers on housing subsidies as defined in the revised task order were:

- the design of a targeted subsidy mechanism that will allow the timely reform of the prices of housing and communal services according to the schedule negotiated between the GOU and the International Monetary Fund, while ensuring that all Ukrainian families can afford essential goods, shelter, and services;
- the training of local government officials in the design and management of an efficient local subsidy system;
- informing the public about the need for increases in the prices and communal services and explaining and encouraging participation in the targeted subsidy system; and
- training Ukrainian professionals in policy analysis and management in the areas of housing and communal services.

These objectives were pursued under six tasks. The following section of this report describes the achievements of technical assistance under each of these tasks.

5 Achievements

This section reproduces the original descriptions of the tasks to be performed under Task Order 56 and lists the achievements and the reasons the project shifted from activities envisaged under the original Task Order.

5.1 Task 1: Agreement on Details of Subsidy System (January-February 1995)

5.1.1 Original Task Description

Agreement should be reached before the end of January 1995 with the enactment of a decree. President Kuchma has already outlined a viable proposal to protect all Ukrainian families from paying more than 15 percent of their income for housing and communal services. Members of

the Cabinet of Ministers are evaluating this and other mechanisms and are examining how the targeted subsidy fits into the overall system of social safety net programs in Ukraine.

PADCO will provide technical support to the Cabinet as they review options for the subsidy mechanism — describing the potential budgetary impacts of alternative systems, as well as estimates of the impacts of typical Ukrainian families, identifying documents that need to be prepared (implementing regulations, enforcement mechanisms, audit and reporting procedures, etc.), and preparing press releases and program descriptions.

A housing allowance system has been successfully introduced in Russia — providing a wealth of experience and material that could be adapted to Ukraine. Staff from Russia may be used to provide short-term consulting to the Cabinet.

Products

- Technical memoranda to Cabinet on draft decree
- Implementation strategy for USAID and other donors
- Time Schedule
- Decree to be issued by the end of January 1995

5.1.2 Achievements: PADCO Involvement in Program Design

All task goals were achieved and all deliverables were provided. Once the decree had been issued, PADCO continued working with the Cabinet Task Force preparing normative documents (rules, regulations, and reporting requirements) until the offices opened on May 3, 1995. Since that date, PADCO has continued to assist as the program is refined, extended, and modified (see Task 6, below).

The major elements of PADCO's assistance to the Cabinet were the following.

- Under an instruction from First Vice Prime Minister V. M. Pynzenyk (drafted by PADCO — issued in December 1994), a task force was created within the Cabinet of Ministers with the responsibility of designing a decree creating a housing subsidy program targeted on low-income families. A PADCO representative (short-term advisor Roger Vaughan) was appointed to this task force.
- PADCO assisted in assessing design options and in drafting the decree. At the end of January, PADCO brought experts from the Urban Institute housing allowance program in Moscow (also a USAID contractor) to visit the Task Force for two days to share their experience and advice from the Russian model.
- The task force met frequently during late December and January and issued a decree on time on February 4, 1995. The decree specified that housing subsidy offices would open and begin serving the public at the beginning of April (two months after the issue of the decree — and the date for the next scheduled price increase of communal services); the opening date was moved back one month when the Cabinet decided to delay the price increase until June 1.

- Following the issuing of the decree, First Vice Prime Minister Pynzenyk issued a second instruction to the Cabinet (also drafted by PADCO), requiring the Task Force to prepare the necessary implementing documents for the housing subsidy program. These documents were to include:
 - ▶ model application forms and other forms needed for the program;
 - ▶ financial and reporting forms and procedures;
 - ▶ a training strategy for staff for the subsidy system; and
 - ▶ a plan for a public information campaign;
- When the decree was signed, PADCO opened a separate office (a three-room apartment on Kreschatic — also the residence of short-term advisor Roger Vaughan) and hired staff for the office. The office was open, staffed, equipped, and operating before the end of February. The existing office of the Resident Advisor (Carol Robbins) provided full logistical support (including accounting and payroll, as well as contracts processing) to the new office.
- The Task Force met 21 times during February, March, and April to fulfill the instructions issued by the First Vice Prime Minister. PADCO participated fully in preparing drafts of all normative documents for the program. Achievements included the following:
 - ▶ PADCO prepared estimates of the budgetary impacts of the subsidy program to gain approval by the Ministry of Finance; the estimates were used to justify the adopting, in April, of the 15 percent share of income that subsidized families are required to pay for housing and communal services (the remainder being paid through the subsidy offices); PADCO met with World Bank and IMF staff to explain the program; PADCO estimated that the program would cost 4-5 trillion Krb, while the Ministry of Finance estimated 150 trillion Krb; the actual cost for 1995 was slightly above the level estimated by PADCO because the program had been extended to provide deeper benefits;
 - ▶ PADCO designed each of the eight different forms needed within the system (application forms, family composition verification, subsidy notification forms, etc.); 1.5 million copies of each were printed for the Ministry of Social Protection by USAID contractor Burson Marsteller; the forms were distributed to all oblasts on the weekend preceding the opening of the housing subsidy offices;
 - ▶ PADCO organized and funded a two-day trip in March for all members of the Cabinet task force to Nizhny Novgorod to view Russian housing allowance offices in operation; the trip convinced participants that training and public information were necessary; the USAID contractor in Moscow, the Urban Institute, organized the visit and provided a thorough set of briefings and meetings to participants on the Russian experience; Nizhny Novgorod Vice Governors and the Mayor participated;
 - ▶ PADCO designed the reporting forms for information required by the Ministry of Statistics (which issues a monthly report on applications and participation) and the Ministry of Finance (which allows the transfer of funds to communal service providers to make up for the reduced payments from subsidized families);
 - ▶ PADCO staff helped develop specific documents for the City of Kiev, including forms and enabling legislation and worked with the 14 raion housing subsidy offices, training staff, overcoming implementation problems;
 - ▶ PADCO provided a computer (for report preparation) and a fax machine (for a subsidy hotline) to the Ministry of Social Protection and trained Ministry staff how to use them;

- ▶ PADCO prepared the public information campaign strategy and negotiated an agreement for its implementation (described under the following Task) with the Ministry; and
- ▶ PADCO prepared the training strategy and negotiated its implementation (described under Task 3 below) among participating agencies.

5.2 Task 2: Public Information and Education (January-June)

5.2.1 Original Task Description

Successful introduction of the subsidy mechanism will require an intensive campaign to inform the public. It must also be explained to the public the reasons why prices for housing and communal services are being raised and the long-term benefits of these reforms. There is no public experience with an income-based subsidy system. To reach all Ukrainians may require “saturation” infomercials, the distribution of millions of flyers and other printed materials. The cost of air time would be covered by Ukrainian Television and radio companies.

The public information campaign would have two elements:

- a national campaign to announce the new subsidy mechanism and explain the price increases, involving the President and other political leaders — to be completed by the end of April; this would involve national, regional, and local TV and radio infomercials and news conferences; and
- a local campaign to inform people about pricing reforms and how their local program operates, where they can go in their city or oblast to enroll, and the step-by-step process of filling out the forms; television, radio, and newspaper public service announcements would be made available for all local governments.

Once the design of the nationwide system is known, a complete communications and public education program will be developed by a special Cabinet Task Force assisted by Roger Vaughan and Martin Nunn — anticipated to be completed by mid-February. This strategy design will be the blueprint for both the national and local campaigns to be conducted during the following three months.

5.2.2 Achievements: PADCO Role in Public Information Campaign

The TV component of the public information campaign could not be mounted until July-September because the Cabinet did not appoint a public information Task Force and also because of the reorganization of the government (following its resignation in April on social protection issues). However, a large-scale campaign on TV and radio to inform the public was completed and promotional material was prepared and distributed.

The planned TV programs featuring the President and the First Vice Prime Minister could not be completed — despite the completion of substantial work on them at the request of the Office of the President and the Cabinet. The President declined at the last moment to complete his program and the First Vice Prime Minister’s Cabinet responsibilities were shifted.

The major achievements of the public information campaign were the following.

- PADCO designed and printed 12,000 copies of a poster depicting the process of applying for a housing subsidy, and assisted in its distribution to subsidy program offices, post offices, raion offices, and Zheks; this poster was distributed in late April, before subsidy offices opened and was displayed in all offices and in many other local government offices.
- PADCO prepared and printed a second poster showing the terms of Decree 89 and the implementing regulations (as amended during the summer of 1995), which was distributed to housing subsidy offices in September.
- Staff members from the Ministry of Social Protection and the State Committee for Housing and Municipal Economy appeared at 21 regional Press Clubs for Economic Reform — organized by USAID contractor Burson Marsteller in collaboration with PADCO.
- PADCO prepared, printed, and distributed 4,000 copies of a press kit explaining the program for the media. These kits were distributed to local and national press through a coordinated set of press conferences (see above) — leading to widespread, favorable coverage. This press kit was also distributed to all deputies from the Supreme Rada, all oblast executives, big city mayors, and local officials.
- PADCO produced four TV and radio advertisements that were broadcast extensively (at the expense of state TV and radio) during July and September (the two months when housing and communal services prices were increased); PADCO worked with the First Vice Prime Minister to prepare the instructions to state TV and radio requiring the advertisements be aired as public service announcements; in October, over one-third of the respondents to a public opinion poll reported having seen or heard the advertisements.
- PADCO prepared two 10-minute “infomercials” — the second prepared by Herbert Wolff in September at the request of the Ministry of Social Protection. These infomercials describe the housing subsidy program and explain how families may apply. They have both been aired at no cost during the media campaigns in July and September. The second infomercial was also aired on local TV stations. One of the activities completed during the no-cost extension was the purchase and distribution of tapes of the infomercials to local TV stations.
- PADCO produced two 30-minute documentaries about the need for the prices of housing and communal services to be increased; these programs were broadcast four times on each state TV channel during August and September with no charge for the air time.
- PADCO contracted with the Ukrainian Academy of Sciences to conduct three public opinion polls to measure the public’s awareness and understanding of the housing subsidy program, attitudes toward price reforms, and experience with applying for subsidies. The first poll was conducted in late May and the second in late July. The final poll — measuring the impacts of the public information campaign — was delayed until December. It was the second task to be completed during the no-cost extension. The survey found that 75 percent of the population was familiar with the housing subsidy program.

5.3 Task 3: Regional Technical Training (March-April)

5.3.1 Original Task Description

Design and implementation of subsidy mechanisms will be the responsibility of the Ministry of Social Protection working with local governments. This will not be easy, as they have had little experience in designing programs and as there are no income-based subsidy mechanisms now in place on which to model their efforts. Therefore, it will be necessary to hold three or four regional training sessions (Kiev, Kharkiv, Odessa, Lviv) to explain to the oblast and city officials designated as directors of subsidy agencies to explain how the system will work, how eligibility applications may be processed, audit mechanisms, how agencies may be funded, and other basic issues. These sessions could be based on experience and materials that will be developed especially for local governments in cooperation with the cabinet of Ministers and the Ukrainian Association of Cities.

The regional training sessions may not be able to deal with all the potential legal and administrative problems encountered by oblast and city governments in setting up locally managed subsidy systems. We will plan for teams — perhaps operating under the auspices of the Ukrainian Association of Cities — to work with local governments that encounter problems and seek advice. The technical assistance could range from help in designing local ordinances or eligibility forms, setting up the administrative procedures for local agencies, improving rent collection rates, or managing a local media campaign. This assistance could be delivered by the same staff that conduct the regional session.

5.3.2 Achievements: PADCO Involvement in the Training Process

All 4,000 staff of the newly created housing subsidy offices were trained before offices opened on May 3, 1995. The structure of the training sessions differed, however, from the original task description as a result of decisions made by the Cabinet Task Force.

The Cabinet was initially opposed to mounting a formal training program — arguing that applications could be processed by staff in the existing regional offices. PADCO projections of the number of potential participants (projected to be about four million families by the time cost recovery rates reach 60 percent) did not sway them. But the visit to the Russian housing allowance offices in March (see Task 1 above) persuaded them that training was essential. PADCO negotiated a training strategy with the Ministry of Social Protection and the State Committee for Housing and Municipal Economy on March 28, 1995, which included the following elements:

- the preparation and printing of 5,000 copies of a training manual and its distribution to all subsidy office staff throughout the system — the manual contained all normative documents for the program, as well as a 50-page section containing 14 chapters describing how the program is to be administered and detailing office procedures; the manual was used as the basis for the national training seminar and for the subsequent two levels of training; it is the most comprehensive procedures manual provided for government offices; the manual was prepared with the assistance of short-term PADCO experts Mike Shea, Barbara Lipman, Laura Scherzer, Sally Iadarola, and Robert Dubinsky during March;

- a 20-minute video introducing subsidy staff to the program and explaining its basic structure; prepared by PADCO, under the direction of Herbert Wolff, 75 copies of this video were distributed and used in all regional and local training sessions;
- a national three-day training seminar at which two members from each oblast housing subsidy department and two members each from the departments of the largest cities attended; PADCO short-term advisor Roger Vaughan and legal consultant Anna Nechai participated in the seminar; PADCO financed the travel and lodging of participants and organized transportation between lodging and the seminar site; and
- training seminars in each oblast center for the heads of each raion housing subsidy office to be given by the people trained in Kiev; PADCO staff participated in some of these local training seminars.

5.4 Task 4: Printing and Distribution of Rent Books/Eligibility Forms/New Tenant Lease Agreements

5.4.1 Original Task Description

The logistics of printing the 18 million new rent books that would embody an announcement of the new pricing system/eligibility forms/etc. are daunting. It will require over 2,000 tons of paper (several months supply from Ukrainian mills) and a full month of printing by a dozen local companies. It may be more feasible to have books produced by printing presses in the donor European country. The logistics and the costs associated with the nationwide distribution of eligibility forms and any other documents will involve significant printing costs and logistical problems. PADCO's role will be to work on the development of the design of the material, to coordinate with the new system for improving the rate of housing payment collection.

5.4.2 Achievements

It was not necessary to fulfill this task. It proved unnecessary to print new rent books because Zheks were instructed to amend existing rent books. The task of preparing new tenant lease agreements is still pending — awaiting the final implementation of new housing and condominium laws. Instead, PADCO assisted the Cabinet and the Ministry in the preparation of the materials for the new housing subsidy offices (described under Tasks 1 and 3, above).

5.5 Task 5: Processing the First Wave of Applications

5.5.1 Original Task Description

The experience with housing allowances in Russia and in the United States is that less than one-half of eligible households bother to apply for allowances. Participation rates are likely to be higher in Ukraine because of the magnitude of the scheduled rent increases and the low level of income. The first few weeks of the program, therefore, are likely to require additional staff in local agencies to process applications. Many local governments are likely to face special problems affording this “start-up” cost. It may be worth examining the possibility of some funding for a part of these costs if a donor can be found; they cannot be met from the PADCO local government finance program. Local governments could be given small hiring grants (the second half of which could be a bonus based on the number of applications processed).

PADCO/USAID's role would be focused on coordinating the training of new staff and on the provision of technical assistance to local governments. The major level of effort may be concentrated among other USAID contractors.

5.5.2 Achievements

It was not necessary to undertake this task. Because the GOU had delayed the scheduled increase in the prices of housing and communal services, there was no need to plan for an initial surge of applications when the offices opened in May. The Ministry of Finance allowed the Ministry of Social Protection to allocate a total of 10,000 positions among raion housing subsidy offices based on the projected number of participants — these projections were developed by the Ministry in collaboration with PADCO.

5.6 Task 6: Institutionalizing the New Subsidy System

5.6.1 Original Task Description

Rolling out an income-based subsidy mechanism nationwide at high speed will encounter numerous problems. Some local governments will prove much more competent than others at making their programs work. Difficulties can be overcome and successful programs emulated if there is, at the national level, a clearinghouse that shares local experiences and distributes relevant material (anything from MIS software to examples of more effective collection systems). The Association of Cities, the State Committee for Housing and Municipal Economy (or both), or some other agency could be the mechanism serving this purpose. Long-term institutional support might be appropriate. This may be provided by another USAID contractor as part of the long-term project to support the Association of Cities, for example.

5.6.2 Achievements: PADCO Involvement in Institutionalizing the Program

This task has been carried out, but collaboration with other donors and, therefore, the computerization of the housing subsidy system, has not yet proved possible. Other international organizations could not respond to the need for computers. Since the local offices opened in May, PADCO has continued to work with the Cabinet, the Ministry of Social Protection, the Ministry of Economy, and the State Committee for Housing and Municipal Economy on issues related to the implementation, expansion, and improvement of the program. PADCO's activities included the following.

- Since the original decree gave the overall management responsibility of the program to the Ministry of Social Protection, PADCO provided the Ministry with a computer and fax machine to use as an information distribution system.
- A large part of PADCO's efforts has focused on the development of the computer software program to be used by staff of housing subsidy offices for managing the records of applicants and participants, as well as for preparing monthly reports required by the Ministry of Statistics (on the numbers of applications and the number and value of subsidies granted) and the Ministry of Finance (on the value of subsidies granted to the customers of each local communal service provider). PADCO's staff of three programmers has been working since April under a memorandum of agreement with the Ministry. They have designed and developed the program — first distributed to offices in June. A widely tested and revised

version was completed in September and transferred to the Ministry for installation in all subsidy offices equipped with computers.

- The programming staff will continue to develop the program so that offices can link their data with those of the Tax Inspectorate and the Pension Fund to streamline auditing and applications.
- PADCO worked with Ministry of Social Protection staff to develop regulations under which rural families could include purchases of liquid gas and solid fuels among expenditures eligible for coverage under the housing subsidy program.
- PADCO provided a paper on how the subsidy program could be simplified and made fair by basing estimates of monthly payments on normatives rather than on actual payments. The system has been debated within the Cabinet, but has not yet been adopted.
- PADCO provided technical analyses to the Ministry of Economy on the design of a program to install gas meters for “high-use” residential customers.
- PADCO continues to work with the State Committee for Housing and Municipal Economy on issues related to communal service pricing reform, including metering heat use and the taxation of communal service enterprises.
- PADCO provided financial support to the Ministry of Social Protection for two seminars during the summer at which new rules and regulations were explained to oblast department heads.
- PADCO has provided computers to a Kiev housing office and trained the staff. The site has been used to try our new versions of PADCO’s software program.
- PADCO computer staff have provided technical assistance and training to staff from several dozen housing subsidy offices on the acquisition of computers and the use of the software program.
- Because no reliable statistics are available, PADCO has produced a monthly analysis of the problem of late payment and nonpayment for housing and communal services among families in eight sample raions (through contracts with local staff); the research shows that families are often late in paying, but usually pay within 30 days of the due date — counter to the widespread perception that families were unable to afford the price increases. These publications have been used by counterparts in press stories and by international organizations in their assessments of the effectiveness of price reforms.
- PADCO is continuing the work begun under Task Order 56 under a subsequent contract with USAID.