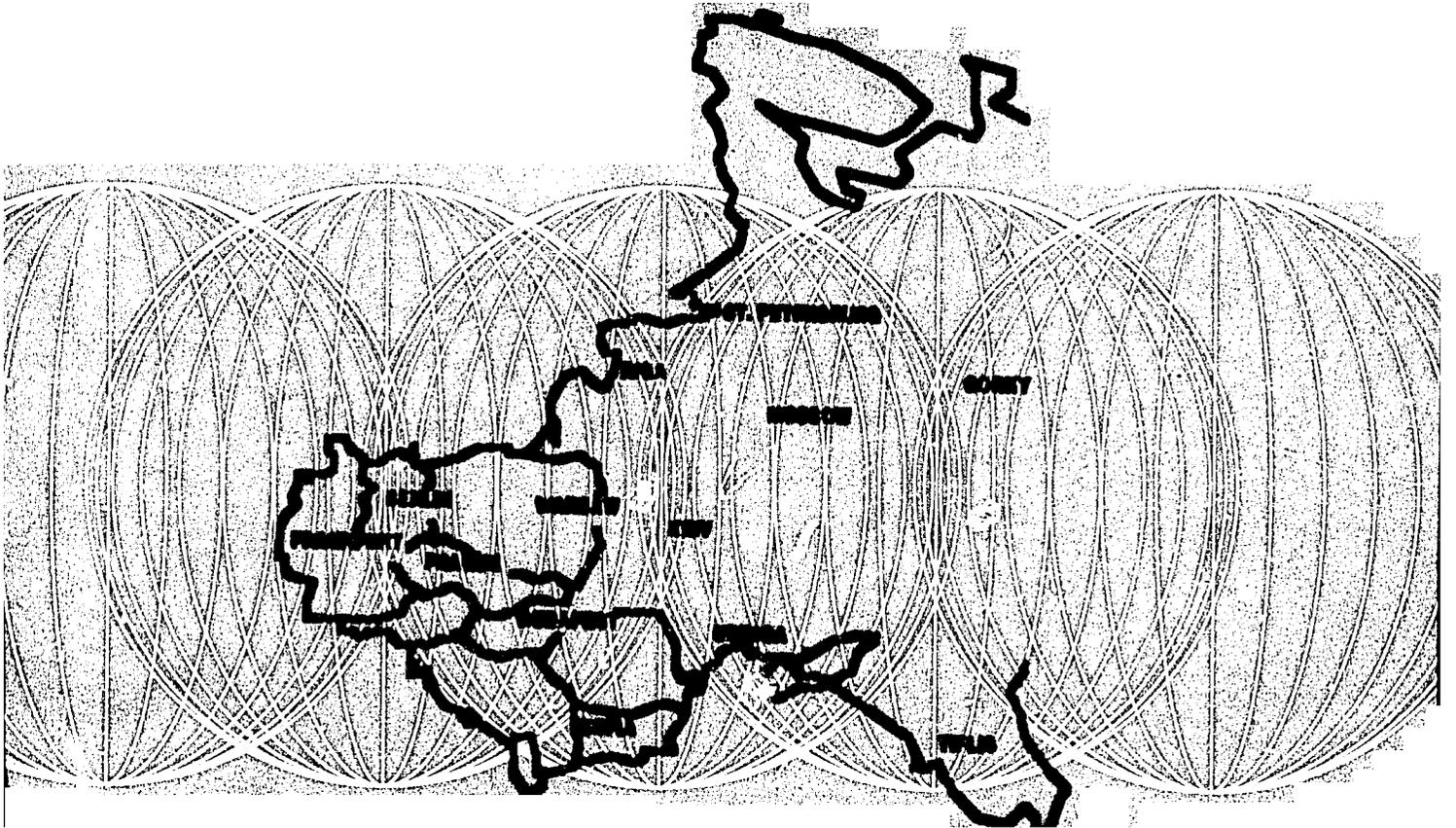


FPD-ABH-174

AN INTERNATIONAL ACTIVITIES PROJECT

**FROM PLANNING TO MARKETS
HOUSING IN EASTERN EUROPE**



**SHELTER SECTOR REFORM PROJECT
RUSSIAN FEDERATION/CITY OF MOSCOW**

ANNUAL REPORT

SEPTEMBER 1992-AUGUST 1993

Prepared by

Ray Struyk
Sheila O'Leary

The Urban Institute
2100 M Street, NW
Washington, DC 20037

Project 6306
November 1993

Prepared for

Shelter Sector Reform Project, Russian Federation/City of Moscow
Project 110-0008
U.S. Agency for International Development, PRE/H/NIS
Contract CCS-0008-C-00-2055-00

- 1 -

**ANNUAL REPORT
SEPTEMBER 1993-AUGUST 1993**

**SHELTER SECTOR REFORM PROJECT
RUSSIAN FEDERATION/CITY OF MOSCOW**

In March 1992 the United States Agency for International Development signed memoranda of understanding with the Russian Federation and three Russian cities to provide technical assistance in reforming the shelter sector. The initial term of the agreements is for two years and includes the stationing of long and short term advisors at both the Federation and municipal level. In May 1992 a team of Urban Institute housing experts and consultants, under contract to USAID, began providing technical assistance to the Russian Federation and City of Moscow. Permanent long-term advisors began work on the Shelter Sector Reform Program (SSRP) in September 1992.

The Urban Institute team currently consists of two long-term advisors, including the Program Director stationed in Moscow and a Washington staff of four. The Moscow team is supported by a Russian staff consisting of five housing experts and economists employed by the Institute for Housing Economics. The work of the long term advisors is supplemented by the work of short term advisors sent to Moscow on an as-needed basis.

The team's work is focused on four main areas: providing assistance in developing a legal framework for housing and land reform; developing a private housing finance system; raising rents in the public sector to market levels while implementing a housing allowance subsidy program to protect low income households; and privatizing management and maintenance of public housing.

Below is a summary of the Urban Institute's accomplishments during the first year of the SSRP program. The summary covers the period of September 1992 through August 1993.

A. *Program Activities — Russian Federation*

Legal and Policy Developments

Developing a solid legal and policy framework for reform of the shelter sector is one of the main goals of the Urban Institute's technical assistance program in the Russian Federation and City of Moscow. During this past year, the Urban Institute team consisting of resident advisor Ray Struyk, legal consultant Steve Butler as well as other consultants have assisted the Federation and City of Moscow in commenting on and drafting a number of laws.

Throughout the fall of 1992 Struyk, Butler and Nadezhda Kosareva (CCN Consultant) met with numerous Russian counterparts to discuss and comment on draft legislation. These draft laws and programs included the Russian Federation

program on housing (an overall policy framework for housing-related laws), the housing reform law, Presidential decrees on housing privatization and a voucher scheme to improve access to housing for households currently on waiting lists, the codexes (detailed implementing laws) to the town planning law and the housing reform law.

In winter and spring of 1993 there was major activity in the area of housing reform prior to and in the wake of passage of the December 1992 Law on the Fundamentals of Housing Policy in the Russian Federation. In November an attempt to revise the housing privatization law to keep the common areas of privatized buildings under state ownership was stopped. The law, drafted by the department of Ministry responsible for building maintenance (and therefore the champion of the existing system), passed first reading. However, Russian counterparts to the USAID technical assistance program—Nikolai Maslov (City of Moscow), Alexander Krivov, and Anvar Shamousafarov (Ministry)—met with Efin Basin (Supreme Soviet) and succeeded in getting some of the changes recommended by USAID technical advisors made before the second reading. These alterations made a distinct improvement to the law.

Butler submitted an annotated outline of the codex (implementing law) for the Law on the Fundamentals of Housing Policy in the Russian Federation which was passed in December. It was sent to Anvar Shamouzafarov for his reactions. Butler also met with Shamouzafarov to discuss several topics, including new condominium regulations which the Russian Federation will issue and the codex on guarantees of new construction.

Struyk met with Igor Aristov (Gosstroj), who was given the lead responsibility by Anvar Shamouzafarov for drafting the Presidential Decree on "nonbudget sources of finance for housing construction," which includes provisions for the development of the housing finance system plus the ear-marking of certain non-budget revenue sources, such as proceeds from privatization sales, to housing finance. The Presidential Decree on Non Budget Sources of Finance and the "Government Procedure" which will govern Sberbank's long-term lending operations (and which has some implications for all banks) were signed by the relevant ministries and sent to the Apparatus of Government for presidential signature. First Deputy Minister of Finance Vavilov was instrumental in getting the team's views incorporated into the documents.

The Law on Mortgages was introduced in the Supreme Soviet and passed on the first reading. The law would considerably refine the provisions for mortgage lending contained in the Law on Collateral passed in May 1992. The law as drafted before submission for the first reading did not do justice to a number of new concepts introduced. Butler completed a 13 page critique of the draft which was distributed in Russian to about ten key parties. Butler's suggestions on the Law on Mortgage

were incorporated into the final draft under consideration by the working group advising the Supreme Soviet committee that prepared the law.

The revised Law on Mortgage was blocked from being introduced for the second reading in the Supreme Soviet. The last minute emendations were ultimately excluded; the committee chairman apparently plans to make significant modifications after the law's passage on the first reading. Champions of the agricultural mortgage law, which has provisions highly contrary to the general law on mortgage, were responsible for the mortgage law not being introduced.

Butler also prepared a draft paper on legal aspects of mortgage lending in Russia. It was discussed at the end of January with a knowledgeable Russian lawyer to determine how actual practice differs from the statement of the law. Butler finalized the paper based on these discussions. Butler's memo with comments on the Mortgage Law was translated and given to Mr. Zadonsky's Working Group at The Supreme Soviet; this was done at their request.

The meeting of the Russian Federation cabinet devoted to housing policy was held in March. The general result was the approval of the program advanced by Minister Basin. The concrete result of the meeting was an order to Gosstroi for the decrees to be prepared in final within one month. Before the meeting, Sergei Vasilev, head of the Economic Reform Working Center, asked the team to prepare comments on several issues that would be discussed in the meeting, namely issues on the draft Presidential Decrees on housing allowances and housing finance.

Struyk and Kosareva also discussed with Aristov (Gosstroi) making changes to the decree on the Joint Resolution of the Government and Supreme Soviet on Housing Allowances that was agreed to in principle in March. The team recommended several changes to the decree which in its previous form sets a national income limit for receiving allowances. Setting such a limit is not consistent with local program design and could create a situation in which those entitled to receive an allowance payment under the local program are prevented from doing so by the income cutoff. The Decree also mandates a 300 ruble compensatory payment to every person, allowance recipient or not, to offset the cost of the rent increase.

Gosstroi asked the team to review the draft codex for the Law on Fundamentals of Town Planning. Struyk and Butler reviewed the draft codex. Gosstroi also requested Butler review the draft federal regulation on condominiums.

The Program HOUSING--the housing policy statement prepared by Gosstroi--was signed by Prime Minister Chernomyrdin and it is now the official policy blueprint of the Government. Many aspects of the Program reflect concepts advocated by the team.

The Russian Federation Committee on Municipal Economy prepared a draft of the Federal regulation for implementing the provisions of the Law on Fundamentals of Housing Policy on raising rents on state rental housing and implementing housing allowances. Meanwhile, there was a Presidential Decree freezing rents issued in the run-up to the referendum in April has been in effect and is a real constraint to local governments. The draft document needs a number of revisions, and the team discussed the changes that could be made with Gosstroi and the Moscow's Department of Communal Services, both of which will provide comments to the Committee on its draft. Kosareva prepared comments on the penultimate draft at the request Andrey Vavilov, First Deputy Minister of Finance, who pressed hard for a final set of changes the team thought appropriate.

The Fundamentals of Land Legislation was passed by the Supreme Soviet in June. However, President Yeltsin has declined to sign the law. The official reason given was that the law gives excessive powers to local soviets and is too concentrated on agricultural land issues.

On August 6, Gosstroi's Scientific and Technical Council, Committee on Problems and Forecasting of Housing Policy met to review the draft "Interim Condominium Regulations." Nadezhda Kosareva, who is a member of this Committee and the designated reviewer of the draft, made the official presentation. Input from Steve Butler was incorporated into Kosareva's presentation comments. The Committee's resolution was to approve the draft regulations, including the suggested amendments and changes.

Housing Finance

The focus of the SSRP technical assistance in housing finances focuses on assisting private and public financial institutions to develop mortgage lending operations and aiding the federal government in developing a housing finance strategy.

The formal program of cooperation between MOSBUSINESSBANK (MBB) to establish a mortgage lending operation was finalized in November and the draft work plan for USAID assistance to the bank for 1993 was completed in December. The goal of the program is to develop a framework for mortgage lending and training bank staff to implement the program.

Steven Butler spent the second half of January working intensively with MOSBUSINESSBANK staff on legal aspects of mortgage lending. His report produced in connection with this work contains working drafts for MBB of all of the principal documents used in loan origination that have significant legal implications, including the application, commitment letter, disclosure form, loan contract, and promissory note.

Michael Rosenberg, an expert on loan underwriting, arrived in March for an intensive two week work program with bank staff. Rosenberg produced loan origination and underwriting manual for use by the bank staff. Rosenberg also gave a seminar to the banking community at large. Also providing technical assistance to the bank in this area was Rajagopal Subramaniam, a loan servicing expert from the Housing Development Finance Corporation in India. Subramaniam introduced some new ideas, beyond those presented by Rosenberg, into the loan origination process, including the regular use of references and guarantors. Subramaniam delivered a seminar to about 50 bankers and government officials on loan origination and underwriting. He also prepared a draft loan servicing manual from HDFC that the team provided MBB.

Consultant Michael Lea and Urban Institute employee Marisol Ravicz arrived in Moscow to assist Sberbank and Mosbusinessbank to determine how to price mortgage loans. The particular question being addressed was the size of the spread above the cost of funds that should be charged for credit risk, intermediation risk, administrative costs, profits, and other factors.

Throughout the year the Russian Federation government has been attempting to develop a comprehensive housing finance strategy. Struyk and Kosareva began a series of meetings with government officials and bankers to explore the concrete steps that should be taken next in the development of the housing finance system. The Ministry of Finance has been actively interested in housing finance reform legislation, seeking ideas for redirecting current subsidies for housing construction to more efficient uses. At the request of First Deputy Minister Vavilov, Kosareva and Struyk prepared a paper on the structure of the housing finance system in Russia.

In an effort to consolidate assistance in housing finance the team and managers from Sberbank met to discuss the need for a center to provide training and consulting and would be owned by a consortium of banks. The managers said that Sberbank was prepared to take a leadership role in creating the center and asked for help from AID in establishing it. Sean Walsh (USAID-Office of Housing) gave a positive response, but indicated that a formal request should be made at the time when at least several banks were formally committed to creating the new center.

In spring 1993 the team established a relationship with Arkady Ivanov, President of the Joint Stock Mortgage Bank and co-founder of the Association of Mortgage Banks. The Center for Mortgage Business, in which Ryland Homes and the Joint Stock Mortgage Bank are equal partners, is a for-profit entity. It is proposed that the wing of the company conducting training and other "public interest" activities would operate on a non profit basis. Urban Institute staff in Washington arranged meetings on June 9-11 for Arkady Ivanov with area mortgage bankers. The team in Moscow met with Ivanov to establish concrete plans for cooperation in

developing and presenting a series of training programs for bankers interested in mortgage lending were discussed.

As part of its responsibilities for implementation program of the Law on the Fundamentals of Housing Policy, the Central Bank ordered Sberbank to prepare proposals for making mortgage lending widely available. AID technical assistance to Sberbank to help it shift to an indexed, non-subsidized mortgage instrument provided a basis for the bank's proposals. Marisol Ravicz and Struyk worked with staff at Sberbank on beginning the process to shift to an indexed mortgage instrument. The instrument proposed is the DAIR (Deferred Adjustable Instrument for Russia). The team prepared a simplified version of the document Ravicz which was submitted to their board. Due to political conflicts between the Central Bank and Sberbank, Sberbank opted to move cautiously toward a formal proposal to the Ministry of Finance and the Central Bank for shifting to the new mortgage instrument.

In March there was suddenly a great deal of action from staff from Sberbank, the Central Bank, and the Ministry of Finance in response to the order which accompanied the major housing reform law in December to these agencies to produce a proposed plan for long-term housing finance. Staff at the Ministry of Finance produced a draft government order which Kosareva and Struyk reviewed. The draft dealt nearly exclusively with lending by Sberbank to households on the waiting list for social housing. The draft called for a program of downpayment subsidies shared equally by local governments and the central government, with separate provisions outlined for each narrow income group. The team's comments suggested a simplification of the subsidy scheme, and elimination of various provisions deleterious to the banking system, such as not counting housing loan assets among those for which reserves must be held.

In May staff of Sberbank expressed reservations that the pace of reform suggested by the team was moving too rapidly. While the work program was going forward, it became increasingly clear that the bank's ardor for change was diminished. The Urban Institute team slowed its work program with Sberbank for a number of weeks, but the work began to revive over the summer 1993. Struyk and Kosareva met with Sergei Ivanov. Ivanov reported that the bank made no concrete decisions about its future mortgage lending operations and has no specific time table for introducing general changes in their lending program, including such areas as underwriting. The team responded that when the bank formulated more concrete plans it would be glad to work out a corresponding tailored assistance program. In the meantime the team provided manuals and expert consultation coincident with our work program with MBB.

Struyk and Kosareva participated in several weeks of meetings with government officials to design the draft government "Procedure" that will direct the

housing lending of Sberbank (the former state savings bank) and which will give some guidance to private commercial banks. Struyk and Kosareva participated in an important meeting of Government Ministries of Finance and Economy and Gosstroï, Central Bank, and Sberbank that is preparing the "Procedure" under which Sberbank will make long-term housing loans. With the exception of two issues involving decisions by the Central Bank, a final draft was decided upon. The provisions of the Procedure will have important implications for mortgage lending by commercial banks other than Sberbank, although it is not directly applicable to them. The "final draft" contained several highly conservative amendments which were added at the suggestion of Sberbank, amendments that would strongly discourage any bank from voluntarily making mortgage loans. The team remonstrated the drafters that these amendments are highly unpopular with the working level staff at the Ministry of Finance. Gosstroï is also strongly opposed to these changes.

In March Sergei Vasilev gave a letter to Deputy Prime Minister Fyodorov recommending the creation of the Working Group on Housing Finance that would be chaired by First Deputy Minister of Finance Andrey Vavilov. In advance of this letter the team worked behind the scenes, urging government officials to create such a group. Subsequently, Deputy Prime Minister Feodorov signed an order creating the Interministerial Working Group on Housing Finance, which is to develop additional policy recommendations on long-term housing finance. The Group is chaired by Andrey Vavilov, the First Deputy Minister of Finance, and the co-chairs are Minister Basin and Deputy Governor of the Central Bank Khandruev. Struyk and Kosareva were named as formal members of the group of twenty. Gosstroï pressed for the first meeting of the Working Group on Housing Finance approved by Minister Fyodorov. Minister Basin proposed that he personally and Deputy Governor Khandruev be co-chairmen of the committee along with First Deputy Minister of Finance Vavilov. Minister Basin proposed that the Procedure be developed by the Working Group in the broader codex of the overall development of the housing finance system.

Housing Allowances

The Urban Institute team has introduced the concept of an income-based housing assistance program to be implemented concurrently with rent increases in state-owned housing. This program would reduce subsidies in the housing sector and target limited funds to the truly needy.

Struyk and Kosareva worked in September with the Russian group drafting the Presidential Decree on housing allowances to define options to be studied by the USAID technical assistance team. In mid-September Jennifer Daniell (UI staff) arrived in Moscow to train Russian counterparts from the Institute of Economic Forecasting in the use of a simulation model developed by the Urban Institute to evaluate the costs and effects of different housing allowance program designs. These simulations provided valuable input into the process of drafting the Presidential

Decree on housing allowances; team members attended several meetings to discuss the implications of the simulation results. A final version of the draft decree, which is technically well-structured, was completed at the end of September.

Struyk, Kosareva and USAID staff met in January with Minister Efim Basin, Deputy Chairman Krivov and Anvar Shamosafarov (Head of the Housing Department) of the State Committee on Construction and Architecture (Gosstroj) to review the technical assistance program. Gosstroj will provide assistance in designing housing allowance programs to the republican and other "local" governments who would be given this responsibility in the passed Law on Fundamentals of Housing Policy. The Institute for Housing and Communal Economy (IHE) will work directly with cities and republican, krai, and oblast governments to assist them to design their programs of raising rents and introducing housing allowances. The SSRP team will support the Institute by training staff, helping develop some strategies, and reviewing strategies developed by the Institute.

Sasha Puzanov (CCN Consultant) and Kosareva began working with staff at IHE in early February to review the concept of the allowance program and to teach them how to use the housing allowance simulation model (HASM) developed under the SSRP assistance program to the City of Moscow. Struyk and Kosareva met with Igor Bychkovsky and Irina Minc (IHE) to further plan our cooperative work on helping local governments design their rent increase-housing allowance programs.

Gene Rizer, Quadel Consulting, arrived in April to begin three months of work on housing allowances with the City of Moscow and the Institute for Housing Economy (IHE). In ongoing meetings with IHE Rizer tried to guide them to formulating a "business plan" covering both technical issues and financial questions for the provision of assistance to local governments with housing allowances. Rizer's presentations to IHE staff included explanations of the administrative costs of implementing and operating the program and the relationships between the national government and local agencies administering housing allowances programs. Rizer delivered to IHE a simple model of staffing for a housing allowance program and description of considerations for pricing consulting services. IHE will use these in their consulting with local governments on housing allowances.

USAID and the Institute for Housing Economy (Moscow) co-sponsored a two-day conference on reform in the rental housing sector on May 19 and 20 in a Moscow suburb. Over 250 officials from across Russia attended the event.

Political infighting led to a slowdown in the process of developing the Presidential Decree on implementing allowances in spring and summer 1993. Thus a parallel diminution in activity of working with local governments occurred.

Gene Rizer and Roberta Graham of Quadel Consulting continued working with Sasha Puzanov to review the key elements in an overall workplan for designing and

implementing rent increases and housing allowances. Rizor and Puzanov met with IHE staff to demonstrate housing allowance administration software. Also discussed was some further development by Puzanov of procedures for computing administrative costs, staffing level, and start up capital costs for implementing allowances.

Rizor and Puzanov met with representatives of Gosstroi and the Finance Ministry to brief them on the activities related to implementing housing allowances in Moscow, and the applicability of the materials developed for use by other jurisdictions throughout the Federation. Draft Moscow materials were presented, including options for program administration and organization; how to measure and document income and assets; methods and frequency of reexamining family circumstances; and methods for preventing and acting upon participant fraud.

Puzanov made a presentation on housing allowances to officials from 15 communities around Russia. The presentation was made at a meeting hosted by the Institute for Housing Economy (IHE). The purpose of the meeting was to brief people who could not attend the IHE-UI conference of last April.

In late summer 1993 plans for introducing a housing allowance program were more optimistic. The Ministry of Economy produced a draft of the regulation on raising rents and introducing housing allowances issued by the Council of Ministers to implement the corresponding provision of the Law on Fundamentals of Housing Policy. This draft will supersede a much weaker version produced by the Committee on Municipal Economy. Importantly, the draft gives republican governments significant latitude in designing their own program than had been suggested in the law, but within a framework of a single system of housing allowances. The target date for implementation is January 1, 1994. The draft awaits the Prime Minister's signature.

Military Housing

Struyk reviewed various documents associated with the AID program. Kosareva developed additional information on the way in which the Ministry of Defense processes relocation of retiring officers and gave this information to George Deikun, USAID and Duane Kissick, PADCO. A Russian, knowledgeable about the construction industry and fluent in English, was identified who could serve as the principal counterpart to the team and gave them names of Russians with whom the team may want to meet.

B. Program Activities — City of Moscow

General

November included the first series of meetings of the Council on Technical Cooperation in the Housing Sector Between USAID and the City of Moscow. The Council was established in a September decree in which the program of work and the general direction of housing reform was officially endorsed by Mayor Luzhkov. At the first meeting it became clear that Nikolai Maslov, the Chairman, wanted to use this group as a forum for developing policy proposals. The second meeting was primarily devoted to a presentation by Mrs. Ludmilla Kuznetsova of the proposal to raise rents and introduce housing allowances in Moscow. While a number of operational questions were raised, there were no objections to the basic concept. At the third meeting the primary item of discussion was the condominium law drafted by the city. Maslov distributed copies of the draft law and the "check list of critical provisions in a condominium law for housing lenders," which Butler had prepared for both Mossoviet and relevant City officials.

Several institutional changes occurred in the City of Moscow this year which affect housing policy operations. In February Mayor Luzhkov signed a decree that concentrates responsibility for formation of the City's housing policy in the Department of Municipal Housing, headed by Pyotr Saprykin. In practical terms, this meant that Nikolai Maslov, Director of the Office of Housing Privatization and coordinator of the shelter cooperation program for the City of Moscow, will have the principal policy formulation role. Maslov explained in a meeting with Struyk and Kosareva that this transfer of responsibilities, particularly from the Department of Communal Services, will be gradual and that the team should continue to work with staff there on implementation of the housing allowance program.

Housing Maintenance Pilot Project

Low rents coupled with high inflation have put extreme pressure on the maintenance delivery system of public housing. To demonstrate the feasibility of using private management firms to provide high quality maintenance services, the Urban Institute team undertook a pilot project in which private contractors were chosen to manage units in the state housing stock.

Angus Olson (Housing Management Resident Advisor) conducted the first session of his ten-part training course in housing management in October 1992. A training manual tailored to the Russian situation was produced in the course of the program. Three representatives of each of the two owners participated in the training, as will the Sub-Prefect of the Western Prefecture and one other representative of the Privatization of Management Subcommittee. Two

representatives of The Institute of Housing Economy were selected for training in the "training of trainers" effort.

In November, Olson and Ned Symes, President of Quadel Consulting, finalized the training schedule and delivered several parts of it to local government officials and several "trainers of trainers" in housing maintenance throughout the month. In December Olson completed the training program for local government officials and several "trainers of trainers" in housing maintenance. These sessions went very well and provided a strong conclusion to the training course. A "graduation" ceremony was held on December 10. Three of the participants in the training, along with three participants from Novosibirsk, attended a "Property Owners Study Tour" in Washington from January 26-February 3.

The RFP soliciting bids for the Pilot Project was issued in February. A press conference was held by city officials in mid-February to coincide with the advertisements that Olson placed in three Moscow newspapers. Twenty four private firms expressed interest in being hired under contract to maintain residential buildings under the pilot project. In the end, six bidders submitted a total of eleven bids for the three "packages" of buildings being competed. (A firm could bid on more than one of the packages.) Olson participated in the opening and scoring of the bids, the interviews with each of the proposers and the final decision meeting for selecting the winning companies. The panel of Moscow officials decided to award two contracts, with one firm being awarded contracts for two of the packages. Contracts with the winning firms were signed on March 1, 1993. This program is exactly on the schedule drafted last July.

All three private contractors began on March 15 maintaining the buildings in the pilot program. Long term advisor Angus Olson continued to work with the DEZ (the "Office of Unified Customer" at the municipal district level) and the contractors on the initial monitoring of contractor performance. At the two month point the initial judgement of the "owners" and long term advisor Angus Olson about the performance of the three contractors was that two appeared to be doing excellently, and the third rated as fair-to-poor. The main problem with the third firm, OLSO, was that they handled a recent emergency situation badly--the result was that all the units in two entry ways of the Kutusovsky building were without electricity for 24 hours. OLSO was informed that additional occurrences of problems of this scope would be group for dismissal.

In early summer 1993, at the suggestion of Mrs. Ludmila Kuznetsova, Deputy Director of the Department of Communal Services, plans were discussed to expand the pilot project to include several thousand units of former departmental stock. Struyk and Olson met with Mrs. Kusnetsova to discuss the Pilot expansion. The meeting yielded several agreements, among them: for 1994, the concrete targets are: 1st Quarter - 50,000 new units; 2nd Quarter - 75,000 new units; 3rd Quarter -

100,000 new units. This brings the cumulative total to over 250,000 units, and conforms the City targets to the IRAP Work Plan targets; funding for the expansion of the Pilot will come from the Department of Engineering Provision, at levels equal to RAIU funding (indexed for inflation). The team tained final approval in principle to add about 5,000 units to the management pilot program by September. These are departmental units at a number of sites that the City accepted from enterprises in 1991. The units are provided by the Department of High Rise Buildings (DHRB). September 1 is the tentative target date for getting the second batch of 5,000 units under contract.

In preparation for the expansion, the fifteen managers to attend the "owners" training course were selected and classes began June 4. Olson completed lesson plans for this course based on the identical course he delivered in fall 1992. Two new units have been added to the training course, expanding the training from 16 to 18 sessions. This material is being used in the training of the officials from the DHRB who are acting as "owners" of the departmental stock. At the request of the owner, Olson agreed to accelerate the training schedule to teach 4 sessions per week. The training was completed on June 30. Seventeen officials completed the course.

Olson conducted the competition for the second package of five groups of buildings to be put under private management. Fifteen firms attended the pre-bid conference. Ultimately 12 bids were received from five firms. The proposals were reviewed and all firms interviewed. Contracts for the five packages of units will be signed before September 1 with four firms. Among the four winning firms are two that had won contracts in the first round of competition.

In response to the request of Nikolai Maslov, Director of the Office of Housing Privatization in the Department of Municipal Housing, Olson provided ideas on how to organize the management of the City's housing responsibilities, in line with the decree signed by Mayor Luzhkov. In order to accomplish this task Olson attended numerous meetings with Maslov's staff. Olson also provided a narrative to accompany the flow chart he had prepared earlier on how to organize the management of the City's housing responsibilities, in line with the decree signed in April month by Mayor Luzhkov.

In addition to the pilot project, the team developed a management training course including the principles of real estate management and maintenance for local officials and administrators. It is expected that after successful completion of the pilot project, the team will receive requests to expand the program.

Olson completed a draft revision of the Model Management Contract, making improvements drawn from the experiences of the Owners and Contractors in the first round of the Pilot. Revisions include tougher requirements on the Owner to make

regular site inspections; more specific reporting requirements for the Manager; and joint Owner-Manager building surveys to determine pre-existing deferred maintenance items.

Alexander Matrosov, Chairman of the Department of Communal Services, held a press briefing to announce and explain the City's program for increasing rents and implementing allowances. As part of his statement announced the second round of competition to select management firms for 5,000 units owned by the city. He will release highlights of the evaluation of the first pilot project to underline that the City is taking action to improve maintenance in exchange for higher rents.

Housing Allowances

In addition to the team's efforts at the federal level to introduce a program of raising rents and implementing housing subsidies, it engaged in similar work with the City of Moscow. Building on analysis carried out for the Russian Federation, the USAID technical assistance team worked intensively with the City of Moscow in October 1992 to develop a housing allowance program design for consideration by the city government.

At a meeting of the Government of Moscow in November 1992, Alexander Matrosov, director of the committee responsible for all maintenance in Moscow and a Minister of Government, made the presentation of a program of raising rents and introducing housing allowances. While no decision was made (since Mayor Luzhkov was not in attendance), there was no disagreement with the general concept advanced. After a moderate amount of debate, the Government decided to do two things: set up a working group that would present a concrete proposal in; and, begin a program of publicity to begin informing the population about the rent increases and accompanying social protection. At the end of his presentation, Matrosov acknowledged the assistance of USAID consultants in analyzing alternatives.

The target for implementation for the first, modest rent increase was the first of April 1992. Throughout the winter and early spring of 1993 the team met on a regular basis with the Government to design the program of raising rents and introducing housing allowances. Struyk and Kosareva participated in a meeting chaired by A.S. Matrosov, Director of the Department of Communal Services and Member of Government, and attended by the City's top housing officials, at which concrete plans for implementing the housing allowance program were first discussed. Matrosov asked the team to take several assignments having to do with detailing the administrative structure, identifying the duties of the housing allowance office, and designing a training program for city officials.

The City's request for approval of its housing allowance program by the Russian Federation was rejected. The Ministry of Finance of the Russian Federation

declined to endorse the City's proposal that its housing allowance program be treated as an experiment and therefore be permitted to be implemented prior to Federal guidance being issued. While the City attempted to appeal this decision, the team decided to continue with the implementation program with an October target date.

Rizor and Puzanov concentrated on dealing with a fundamental issue of implementation of the allowance program: where and how should the calculations of allowance payments be done. The basic options are at the projected 130 housing allowance offices (HAOs) or at the 17 existing computing centers that are part of the Department of Communal Services. The team assessed the capabilities of the existing centers and analyzed the amount of data transfer that would be involved in each alternative. Rizor prepared an outline of the major steps that had to be accomplished for the implementation of the allowance program and discussed his suggestions with Mrs. Kuznetsova, Deputy Director of the Department of Communal Services. Based on feedback from Mrs. Kuznetsova, Rizor developed the detailed plans for implementation of the housing allowances in Moscow.

Opposition to introducing rent increases and housing allowances in Moscow continued in certain official circles, but the team gained increasing support for its ideas. After a meeting with Kosareva and Shamouzafarov, First Deputy Minister of Finance Vavilov signed a joint letter from himself and Minister Basin to Valery Dolgov, Chairman of the Committee on Municipal Economy of the Russian Federation, strongly supporting the idea of Moscow and Nizhni Novgorod proceeding with the housing allowance demonstrations. It is hoped that this will be sufficient to resolve the issue.

Mayor Luzhkov appointed a special committee under Deputy Mayor Nikolski to oversee the program of rent increases and introduction of housing allowances and charged it with quick action. At the same time, there was an increasing likelihood that the October 1 target date for beginning the program will be missed by perhaps two or three months.

Drafts of three chapters of a proposed Procedures Manual for the Housing Allowance Program were delivered to Kusnetsova, along with information about the anticipated administrative costs for two of the proposed rent increase scenarios. Angelici, Puzanov, and Rizor met with Kusnetsova to discuss the draft chapters, and to discuss the materials to be presented by Kusnetsova at Maslov's June 17 Housing Committee meeting. Kusnetsova requested some changes to the chapter that summarize program policy, with revisions to be given to Committee members prior to the meeting. The chapter summarizing key program and organizational policies was revised as requested by Mrs. Kuznetsova, and presented to members of Mr. Maslov's Housing Committee for their consideration.

Rizor, Graham, Puzanov, and Struyk participated in a meeting of the committee overseeing the implementation of the housing allowance program in Moscow. The meeting was chaired by Nikolai Maslov. Mrs. Kuznetsova made her proposals related to rent increases, housing allowance program design, and the social standard for housing. Mr. Ivanov of Mossoviet indicated that Mossoviet was preparing its own legislation related to these issues and that their approach was very different from Kuznetsova's. Among the decisions reached at the meeting were that a Scientific Soviet would be held in August to present materials and have discussions with experts regarding program design, and particularly the schedule for increasing rents, so that full cost coverage is achieved by 1998.

Rizor and Graham continued work on drafting procedures for enrollment, income verification, and recertification for housing allowance program participants. Graham and Puzanov met with Mrs. Medvedeva to discuss issues of documentation that would be available to verify each source of income for participants in a housing allowance program. Final drafts of these products are targeted for the end of August.

Condominium Law and Associations

The City of Moscow requested assistance to organize owners' associations in buildings with privatized units. Steve Butler conducted meetings throughout the fall of 1992 and winter of 1993 with officials in Government of Moscow responsible for developing policy and legislation on condominiums. The basic law on privatization created a problem for the development of a standard form of multi-family homeownership; the situation is unclear, since the law is open to differing interpretations.

Butler produced a "check list" on the provisions that should be present in a condominium law in order for a bank to be able to extend a mortgage loan using a unit in the condominium as collateral. He also delivered a model condominium law to serve as a possible example for the Russians to follow.

In response to this request, a study tour in the U.S. to observe the operation of condominium associations and understand the legal and managerial framework within which condominiums function. The study tour on U.S. condominiums was successfully carried out in Washington during December 9-16. The study tour brought the Russian participants into contact with a number of parties involved in condominium affairs, including management companies, association executives, and non-profit housing organizations.

At the end of February, final changes were made to the draft law on condominium regulations. In April Mayor Luzhkov signed the decree on condominiums. Contrary to the team's earlier information, the final version did not reflect the suggestions to the draft made by Steve Butler. A lawyer in Maslov's office

says she agreed with the team's proposals and hoped to incorporate these points into the foundation agreement and other documents.

On February 1 the Department of Municipal Housing created a new office to deal with the formation of condominiums. The SSRP team was originally asked by Maslov to assist with the development of the newly created office on condominiums. The team was informed in April that a "training center" that was part of Maslov's office was beginning to prepare a course for tenants who wanted to form a condominium association. Maslov had originally told the team he would like an expert adviser to visit Moscow to work with the new office of condominiums within three weeks after the regulation on condominiums were signed. However, Maslov has decided that at least for the time being his office would prepare the training program for tenants interested in forming a condominium without the team's assistance.

Although the team was not integrally involved in the establishment of the "training center," the team continued to provide some assistance to Mrs. Terokina, in the Office of Privatization within the Department of Municipal Housing on condominiums. Butler met with Mrs. Terokina about the implementation of the recently issued condominium regulation. They agreed that Butler would take the lead in preparing the model legal documents for condominiums. There are apparently problems with the formation of associations in new buildings in which the units have been auctioned. Butler prepared a memo on revisions to the regulations now covering these buildings for review by Mrs. Kuznetsova.

Maslov's office produced a draft regulation on condominiums to implement the government decree (signed in April) and he asked the team to review it. His office also began a training class for groups of tenants who want to form condominium associations. The group organizing the training is the Center for the Promotion of Housing Reform under the direction of Deputy Director Viktor Filtchenko. There will be 25 persons in each class. Maslov reported that demand for slots is high. The course is, in part, using materials prepared for the AID Hungarian program which ICMA had translated into Russian for use in Armenia. At Filtchenko's request, Butler and Olson gave half-day lectures as part of the training course.

Housing Finance

The team has also provided a limited degree of assistance in developing a housing finance strategy to the City of Moscow. Struyk, Kosareva and Butler met on two occasions with Mr. Mikhail Klimov, Deputy Chairman of the Economic Committee, to continue discussions about the city's role in housing finance. The first meeting was to discuss a draft Moscow Government Decree on housing finance. The team had a number of objections to provisions which the committee had already decided to change or which were accepted by Mr. Klimov. One part of the decree established a working group and Klimov asked the team to be formal members of the

body. The team agreed. Struyk, Butler, and Kosareva met Klimov to discuss the list of "normative documents" which they believed were necessary for the City to prepare to foster the development of housing finance. The team's position was that many of these regulations were unnecessary and the decisions were better left to the banks with some guidance from the Center for Russian Mortgage Finance. Some of the "normative documents" should be laws or decrees as they will set forth the city's policies on the form and priorities of subsidies to support construction of new, owner-occupied housing for those on the waiting list.

C. Program Activities — General

Sector Monitoring

In addition to providing technical assistance to the Russian Federation and City of Moscow, the Urban Institute conducts ongoing sector monitoring to collect and analyze data in order to modify and improve existing programs and plan for future projects.

The Institute of Economic Forecasting undertook two monitoring studies as part of the technical assistance program: (1) A longitudinal sample of 2,000 housing units in Moscow which were state rentals as of January 1992. The data gathered will give a much better picture of the actual condition of the housing stock, the quality of maintenance, the profile of those privatizing and current housing expenditure patterns that has been available. These data will serve as a baseline for measuring future developments; (2) Collection of a series of indicators on the performance of the housing sector (similar to those collected by the World Bank's housing indicators project).

The panel survey of 2,000 households who occupy units that were rentals as of January 1992 began in December. Survey instrument design, pre-testing, and interviewer training were successfully completed and the survey was fielded without difficulties. Puzanov and Daniell analyzed the data and prepared two papers — one on privatization and the other on the quality of the housing stock. The team took delivery of the drafts of these major products in January 1993.

Kosareva and Struyk reviewed the draft housing indicators report for 1989-1991 and provided written comments to the team at the Institute for Economic Forecasting (IEF) which did the work. The IEF team addressed many of them and make further revisions. Drs. Tanya Belkina and Oleg Pchelintsev, Institute for Economic Forecasting, submitted the final report on housing indicators for 1989-1991. The most striking aspect of these data is the enormous imbalances they show for the housing sector as measured by such indicators as the ratio of house

prices to income and long-term housing lending as a share of sector investment. Struyk made final corrections on the report and the final was sent to Washington.

Butler submitted his report on existing laws and legal developments over the past six months in housing area. (The report is a standard part of the program's monitoring activities.)

Struyk and Kosareva completed the draft of a major paper, "The Russian Housing Sector in Transition," and sent it to Washington in Monday's DHL.

The essential elements for evaluating the success of the housing maintenance demonstration project were completed. In particular, the baseline survey of 300 tenant households among the 2,000 occupying units in the buildings included in the demonstration was completed, and the survey of the physical conditions of the buildings was also completed. Alla Guzanova submitted the cleaned data from the baseline survey of 300 units in the buildings included in the housing management pilot project. Basic tabulations of these data have been given to Angus Olson for his review. Struyk negotiated an agreement with Guzanova to do the first follow-up wave of data collection in the last week of May. Struyk and Guzanova also discussed the changes needed to the questionnaire. Guzanova will prepare a new draft instrument. The team expects to sign a contract for the survey work.

Struyk and Angelici completed an initial draft report on the early experience with private management in the 2,000 units in the pilot program. The evaluation relies upon two waves of household survey data--one wave just before the firms took over and another ten weeks later. The results show a perhaps surprising degree of improvement as perceived by the tenants. They should be instrumental in pushing the expansion of the program.

The second wave of household interviews of tenants living in the buildings in the pilot project was completed. Experts from the Institute for Housing Economy did the second round of physical inspections. All of these data will feed into the evaluation.

The English version of the Khadduri-Struyk paper, "Options for Administering Housing Allowances in Russia," was completed translated into Russian.

Jennie Daniell has completed the paper on Guidelines for Designing Rent Increase-Housing Allowance Programs for use by republican and municipal governments.

Dissemination/Seminars/Presentations

The number of presentations, seminars, conferences and reports published by the Urban Institute in connection with the SSRP is large. Below are listed some of the most significant.

The team tabulated the number of papers the project has distributed from September 1992 through June 1993: 18,000, with over 95% of these being in Russian. The team has 17 titles in the Russian series, not counting the new titles in the "Mortgage Handbook Series." The team receives requests daily from across Russia, and even from other NIS countries, by phone and from people visiting our office. In addition we have been informed that our papers are being sold by at least two firms. We are starting to explore options for a distributor, both to institutionalize the availability of the papers and to relieve us of some of the clerical burden.

The great current interest in housing finance in the financial community and germane ministries and the presence of Marisol Ravicz provided the opportunity to hold two seminars, with joint sponsorship by MBB. The first was given by Ravicz: an introduction to the new indexed mortgage instruments. The second had two parts, one given by Struyk and the second by Ravicz: managing risks in mortgage lending and government's potential role in distributing these risks efficiently (resulting in a lower interest rate to borrowers); and a further presentation on the new instruments in the context of risk minimization. Russian language background papers were distributed on all three topics. About 20 bankers and ministry people attended the first session and about 35 the second. The sessions went extremely well and provided a good forum in which to explain the policy program being developed.

Struyk made a one hour presentation on November 26 at a large conference of housing and real estate specialists sponsored by Housing Initiatives, the City of Moscow, and Ministry of the Russian Federation. About 200 persons attended the presentation on the risks inherent in mortgage lending, how lenders can cope with them, and the role of government in setting the framework for housing finance.

Kingsley and Struyk's paper on housing privatization was published in the journal, *Economic Issues* (in Russian). This is one of the most prestigious economic journals in the country.

Butler gave a seminar on February 9 on existing legal provisions for mortgage lending in Russia and modifications to the law that appear to be appropriate. The seminar was attended by about 50 persons from the banking community, Federal ministries, and the city of Moscow. Butler also gave a seminar on legal aspects of housing finance, focusing on amendments needed to existing laws. The seminar was attended by about 40 Russian bankers, attorneys, and government officials.

Several of the teams papers were distributed at a conference organized by The Guild of Russian Realtors is held in a suburb of Moscow on March 16-18.

The team reached final agreement with the editor of the journal, Problems of Economics (Voprosi Ekonomiki) on the contents and financial arrangements of the special issue on housing. The journal has a circulation of 23,000, extremely large by U.S. standards. The issue is on schedule for publication in July. The issue, supported in part by AID, will go to about 25,000 regular subscribers. The issue contains contributions by academics and policy makers, as well as several articles by the Urban Institute team based on research undertaken in the project.

Michael Lea held a seminar at the Joint Stock Mortgage Bank on the pricing of mortgage instruments. The presentation was attended by about 55 bankers and government officials. Staff from at least eight commercial banks were present. The event was held at the Joint Stock Mortgage Bank. Lea also gave an interview to the daily *Commersant* on mortgage pricing that will soon be published. TV channel 1 covered Lea's seminar (arranged by Arkady Ivanov).

Struyk and Kosareva had an article published in economics section of the weekly newspaper VEK (Century) on the effects to date of housing reform in Russia.

The Russian periodical, Construction Economy, published the article by Struyk and Kosareva, "The Structure of a Housing Finance System for Russia," in its April issue.

The paper by Struyk and Kosareva, "The Structure of the Housing Finance System in Russia," was published by the Economic Reform Working Center of the Russian Federation and reprinted in *Rossikiye Vesti*.

Struyk was the guest on a 30 minute radio show on the Independent Broadcast Network, originating in Moscow Thursday night, about the housing situation in the Russian Federation.

On August 4th, Struyk and Kosareva participated in a panel discussion on Housing Construction that was televised on Moscow Channel 4. The program focused on "How to Overcome Obstacles," with Struyk and Kosareva talking about mortgages. Other participants were Arkady Ivanov, President of the Joint Stock Mortgage Bank; Efim Basin, Minister of Gosstroii; and Vladimir Tarantkov, President of the Mortgage Standard Bank.

Elena Novomlinkaya, a reporter for the influential business journal *Commersant*, has followed the current procurement process for private firms to take over management of 5,000 municipal units. The paper carried a highly positive story

on the housing management demonstration project. This sparked a flood of telephone calls to Olson and a request for a briefing on the project from Mossoviet.

D. Notable Developments Concerning the Housing Sector

The results for housing privatization in 1992 in the Russian Federation show that 2.55 million units were privatized in the year, with 638,000 privatized in December alone. In Moscow 366,000 were privatized by the end of 1992. In mid-February 1993, the City crossed the 500,000 mark.

Housing completions in the first quarter of 1993 was 102 percent of activity for the same period in 1992. The amount of individual housing construction was 111 percent compared with 1992, and cooperative housing construction was 123 percent. Overall, the industry constructed about half of the units in 1992 as in 1988.

During the first four months of 1993, 2.55 million State rental units were privatized--on average more than 600,000 units monthly. Since the beginning of the privatization process, ownership of over 5.3 million units have transferred to their occupants. This is about 16 percent of the units eligible; in Moscow the figure 28 percent. For Moscow, if we add the number of units for which applications have been filed, over one-third of the eligible stock could be counted as privatized.

Government of Moscow figures show that for the first time in recent years, the number of families on the municipal waiting list for housing was reduced in 1992, with 65,000 families being provided with improved housing conditions. Nevertheless, some people on the waiting list since before 1981 have not been helped, and even those in preferential categories who registered before 1986 are still waiting.

For 1993 the City plans to produce or renovate 4 million square meters of housing (through both public and private sources), up from 3 million in 1992 and 1991. Next year the City will auction 500,000 square meters of new housing in the open market, up from 300,000 in 1992. Production cost has passed 100,000 rubles per square meter, while auction prices are about 250,000 rubles per square meter.

Alexander Matrosov, Director of the Moscow Department of Engineering Provision, has asked for the Privatization of the Maintenance Pilot Program to be accelerated. The recent positive results of the Tenant Satisfaction Survey prompted Matrosov to praise the privatization program at a press conference, and to solicit bidders for the 5,000 new units included in the offering of the Department of High Rise Buildings. Beyond the 5,000 units, a concrete target of 25,000 additional units for the 4th quarter of 1993 was set. Long range targets were set that will expand the Pilot to a total of more than 250,000 units by the end of 1994.

The Shelter Sector Reform Project will celebrate its first anniversary on September first. The team has prepared a tabulation of accomplishments in sector reforms against the goals set eleven months ago. The record shows that the program with the City of Moscow and the Russian Federation has achieved or surpassed every objective set.

THE URBAN INSTITUTE**FIRST ANNUAL FINANCIAL REPORT (SEPTEMBER 1, 1992 - AUGUST 31, 1993)**

Shelter Sector Reform Project - Russian Federation/Municipality of Moscow

Contract No. CCS-0008-C-00-2055-00 / UI Project 6306

Period of Performance: September 1, 1992 - August 31, 1994 (Base Period)

08-Nov-93

02:39 PM

Quarters Remaining (QR):	4
-----------------------------	---

Category	Contract Budget Base Period (a)	Total Approved Task Orders (b)	Total Pending Task Orders (c)	Y-T-D (1992) Expenditures as of 12/31/92 (d1)	Y-T-D (1993) Expenditures as of 8/31/93 (d2)	P-T-D Expenditures as of 8/31/93 (d = d1 + d2)	Accruals [(b+c)-(d)] (e)	Budget Ceiling Balance [(a)-(d+e)] (f)	Estimated Expenditures Next Quarter [(e+f)/QR] (g)	Total Project Costs (Actual/Estimated) (h)
Salaries and Wages	\$837,000	\$527,183	\$9,800	\$93,045	\$217,791	\$310,836	\$226,147	\$300,017	\$85,502	\$622,485
<i>On-site</i>				37,754	80,690	118,445				
<i>Off-site</i>				55,291	137,101	192,392				
Fringe Benefits	359,000	225,193	4,273	37,683	94,957	132,640	96,826	129,534	36,784	266,250
<i>On-site</i>				15,290	35,181	50,471				
<i>Off-site</i>				22,393	59,776	82,169				
Indirect Costs	401,300	222,778	4,327	42,271	96,731	139,002	88,103	174,195	42,623	269,728
<i>On-site</i>				26,734	57,356	84,090				
<i>Off-site</i>				15,537	39,375	54,912				
Consultants	431,900	201,084	74,856	30,646	58,366	89,012	186,928	155,960	55,719	331,659
Subcontracts	168,400	397,661	230,900	42,277	129,369	171,646	456,915	(460,161)	120,000	748,561
Training and Seminars	829,300	0	0	0	0	0	0	829,300	0	0
Equipment	7,300	26,130	0	0	12,405	12,405	13,725	(18,830)	0	26,130
Travel & Logistic Support Costs*	1,544,500	530,814	84,527	93,621	127,247	220,868	394,473	929,159	215,090	830,431
<i>Travel</i>				35,287	46,790	82,077				
<i>Consultant Exp. Other</i>				16,304	37,560	53,864				
<i>Allowances</i>		102,630	7,124	42,029	42,897	84,926				
Other Direct Costs**	374,900	324,533	6,502	36,150	108,855	145,005	186,030	43,865	37,358	368,393
<i>Advisory Services</i>				2,691	4,710	7,401				
<i>Computing Services</i>				4,090	9,879	13,968				
<i>Equipment Rental</i>					980	980				
<i>Photocopying</i>				2,274	4,253	6,527				
<i>Repair & Svcs - Furn. & Equip.</i>					134	134				
<i>Expendable Supplies</i>				2,316	(1,324)	992				
<i>Publications</i>				84	0	84				
<i>Telephone</i>				1,804	4,502	6,306				
<i>Books/Periodicals/Library Svc</i>				491	2,106	2,597				
<i>OCLC System</i>				12	6	18				
<i>Temporary Help</i>					1,188	1,188				
<i>Other Insurance</i>				2,535	5,607	8,142				
<i>Translation</i>				5,412	82	5,494				
<i>Purchase Order - Contracts</i>					3,830	3,830				
<i>Field Office ODCs</i>					69,562	69,562				

23

THE URBAN INSTITUTE
FIRST ANNUAL FINANCIAL REPORT (SEPTEMBER 1, 1992 - AUGUST 31, 1993)

Shelter Sector Reform Project - Russian Federation/Municipality of Moscow
 Contract No. CCS-0008-C-00-2055-00 / UI Project 6306
 Period of Performance: September 1, 1992 - August 31, 1994 (Base Period)

08-Nov-93
 02:39 PM

Quarters Remaining (QR):	4
-----------------------------	---

Category	Contract Budget Base Period (a)	Total Approved Task Orders (b)	Total Pending Task Orders (c)	Y-T-D (1992) Expenditures as of 12/31/92 (d1)	Y-T-D (1993) Expenditures as of 8/31/93 (d2)	P-T-D Expenditures as of 8/31/93 (d = d1 + d2)	Accruals [(b+c)-(d)] (e)	Budget Ceiling Balance [(a)-(d+e)] (f)	Estimated Expenditures Next Quarter [(e+f)/QR] (g)	Total Project Costs (Actual/Estimated) (h)
<i>Postage/Delivery</i>				2,992	8,230	11,222				
<i>Other Purchased Services</i>				11,446	(4,889)	6,558				
G&A	569,100	269,158	34,721	41,335	94,252	135,587	168,292	265,221	70,446	374,325
<i>Total Direct and Indirect (excl. subcontracts)</i>				39,010	87,395	126,405				
<i>Subcontracts</i>				2,325	6,857	9,182				
Total Estimated Cost	\$5,522,700	\$2,724,534	\$449,906	\$417,028	\$939,873	1,357,001	1,817,439	2,348,260	\$663,522	\$3,837,062
Fixed Fee	303,748	149,850	24,745	22,937	51,699	74,636	99,959	129,153	36,494	211,089
Total Estimated Cost Plus Fee	\$5,826,448	\$2,874,384	\$474,651	\$439,965	\$991,672	1,431,637	1,917,398	2,477,413	\$700,016	\$4,049,051
									Total Obligated Funds Available	
									Thru This Quarter:	\$4,700,000
									Obligated Funds Balance	
									Thru Next Quarter:	\$650,949
Summary			Estimated Expenditures	Expenditures End of Quarter	P-T-D Expenditures					
Quarter ending: 11/30/92				\$249,459	\$249,459					
2/28/93			\$796,713	\$378,571	\$628,030					
5/31/93			\$866,405	\$169,785	\$797,815					
8/31/93			\$1,004,514	\$633,822	\$1,431,637					
11/30/93			\$700,016							

22

THE URBAN INSTITUTE**FIRST ANNUAL FINANCIAL REPORT (SEPTEMBER 1, 1992 - AUGUST 31, 1993)**

Sheller Sector Reform Project - Russian Federation/Municipality of Moscow

Contract No. CCS-0008-C-00-2055-00 / UI Project 6306

Period of Performance: September 1, 1992 - August 31, 1994 (Base Period)

APPROVED TASK ORDERS

Task Order No. Category	1 (A)	2 (A)	3(A)	4(B)	5(C)	6(A)	Total
Salaries and Wages	\$136,096	\$14,171	\$122,579	\$227,674	\$10,887	\$15,776	\$527,183
Fringe Benefits	55,119	5,739	53,444	99,266	4,746	6,879	225,193
Indirect Costs	60,453	10,035	71,208	65,388	6,272	9,422	222,778
Consultants	43,441	3,841	0	91,241	47,961	14,600	201,084
Subcontracts	0	83,959	0	0	311,302	2,400	397,661
Training and Seminars	0	0	0	0	0	0	0
Equipment	8,000	0	0	18,130	0	0	26,130
Travel & Logistic Support Costs*	129,188	52,776	30,455	93,452	70,335	51,978	428,184
Allowances			234	102,396			102,630
Other Direct Costs**	82,455	24,009	32,606	157,651	13,384	14,428	324,533
G&A	60,226	17,555	37,884	104,334	35,236	13,922	269,158
Total Estimated Cost	<u>574,978</u>	<u>212,085</u>	<u>348,410</u>	<u>929,532</u>	<u>500,123</u>	<u>129,406</u>	<u>2,724,534</u>
Fixed Fee	31,624	11,665	19,163	52,774	27,507	7,117	149,850
Total Estimated Cost Plus Fee	<u>\$606,602</u>	<u>\$223,750</u>	<u>\$367,573</u>	<u>\$1,012,306</u>	<u>\$527,630</u>	<u>\$136,523</u>	<u>\$2,874,384</u>

25

THE URBAN INSTITUTE			
FIRST ANNUAL FINANCIAL REPORT (SEPTEMBER 1, 1992 - AUGUST 31, 1993)			
Shelter Sector Reform Project - Russian Federation/Municipality of Moscow			
Contract No. CCS-0003-C-00-2055-00 / UI Project 6306			
Period of Performance: September 1, 1992 - August 31, 1994 (Base Period)			
PENDING TASK ORDERS			
Task Order No.	5(D)	6(B)	Total
Category			
Salaries and Wages	\$0	\$9,800	\$9,800
Fringe Benefits	0	4,273	4,273
Indirect Costs	0	4,327	4,327
Consultants	(6,638)	81,494	74,856
Subcontracts	33,300	197,600	230,900
Training and Seminars	0	0	0
Equipment	0	0	0
Travel & Logistic Support Costs*	19,646	57,757	77,403
Overseas Allowances		7,124	7,124
Other Direct Costs**	(560)	7,062	6,502
G&A	3,284	31,437	34,721
Total Estimated Cost	<u>49,032</u>	<u>400,874</u>	<u>449,906</u>
Fixed Fee	2,697	22,048	24,745
Total Estimated Cost Plus Fee	<u>\$51,729</u>	<u>\$422,922</u>	<u>\$474,651</u>

- 46

THE URBAN INSTITUTE
FIRST ANNUAL FINANCIAL REPORT (SEPTEMBER 1, 1992 - AUGUST 31, 1993)

Shelter Sector Reform Project - Russian Federation/Municipality of Moscow

Contract No. CCS-0008-C-00-2055-00 / UI Project 6306

Period of Performance: September 1, 1992 - August 31, 1994 (Base Period)

08-Nov-93

02:39 PM

TASK ORDER LOG

Task Order No.	Period	Title	COMPONENT COSTS:				LEVEL OF EFFORT (person-days)							
			Total Cost	Resident Advisors	Washington Prof. Staff/Mgt.	Short-Term Technical Assistance	Total	Resident Advisors	Consultants	Subcontractors	Washington Prof. Staff	Contract Management	Training	
							4,203	1,490	703	120	1,300	520	70	
1A	9:92-2:93	Core Staff	\$606,602	\$401,225	\$154,185	\$51,192	581	320	0	0	228	33	0	
2A	9:92-2:93	Short-Term TA	\$223,750			\$223,750	139	0	12	43	84	0	0	
3A	3:93-12:93	U S Prof Staff	\$367,573		\$367,573		669	0	0	0	589	80	0	
4A,B	3:93-3:94	LTA	\$1,012,306	\$1,012,306			905	905	0	1	0	0	0	
5A,B,C,D	3:93-12:93	STA	\$579,359			\$579,359	520	0	124.5	335.5	60	0	0	
6A,B	5:93-12:93	World Bank	\$559,445			\$559,445	319	0	215	0	94	10	0	
Total			\$3,349,035	\$1,413,531	\$521,758	\$1,413,746	3,133	1,225	351.5	378.5	1,055	123	0	
Budget Ceiling and Funding Summary:							LOE Expended:	74.54%	82.21%	50.00%	315.42%	81.15%	23.65%	0.00%
Base Period Budget:	\$5,826,448						LOE Balance:	1,070	265	352	(259)	245	397	70
Total T O s To Date:	\$3,349,035													
Ceiling Balance:	\$2,477,413													
Total T O s To Date:	\$3,349,035													
Expenses Next Qtr:	\$700,016													
Total:	\$4,049,051													
Funds Obligated:	\$4,700,000													
Funds Available/(Needed):	\$650,949													