

# ICPS newsletter<sup>®</sup>

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## Residential Services: How to make them more affordable

*How can the provision of residential services to impoverished consumers be improved at the local level? A group of fellows under the LGI Policy Fellowship Program attempted to come up with answers to this issue. The 2007–2008 Program for Russian-speaking analysts also involved fellows from ICPS. In their analytical briefs, Program participants outlined a series of lobbying measures that should improve the quality of residential services being provided in Ukraine today*

Changing the residential services sector will be impossible without major changes in many areas of public policy. For that reason, many of the fellows went outside the residential services sector to analyze prospects for budgetary reform, the effectiveness of anti-monopoly and regulatory policies, and mechanisms for public-private partnerships.

**Hanna Kiyashchenko** from **Ukraine** studied the problems with managing residential stock in the city of Poltava. City residents are unable to influence the quality of services because of an unevolved system of contractual relations in the sector. Ms. Kiyashchenko looked at practice in other cities in establishing condominiums and analyzed the viability of existing state and local residential services sector reform programs. As a deputy on the city council, Ms. Kiyashchenko put together a lobbying plan that took into account political factions, community organizations and residential services bureaus.

**Igor Peresyphkin** from **Russia** looked at a variety of forms of social assistance for those social groups who no longer receive subsidies because the systems for calculating them have been adjusted. Resolving such a problem in a small mining town called Gukovo will depend to a large extent on the federal government in Russia. Still, in order to defend its interests before the oblast government, the city council needs to prove that a problem exists and justify the passing of the changes they propose. While Mr. Peresyphkin was still researching the issue, a decision regarding it was already passed. His work will not be in vain, however, because the tools for analyzing policy and

lobbying recommendations can be applied again to promote other initiatives of the city government. One example is joining forces with other small towns to defend common interests.

**Sasun Muradian** from **Armenia** analyzed ways of increasing the efficiency of the way local governments distribute and apply subsidies in the residential services sector. The low quality of residential services being provided is due to two factors: uneven income distribution among different communities and a creaking budget management system. Mr. Muradian proposed using the program budgeting approach and adjusting the equalization formula. Given that any redistribution of budget resources could find resistance among interested parties, any decision in this area depends considerably on an effective lobbying process.

**Madina Turayeva** from **Tajikistan** looked into alternative approaches to reforming the residential services sector in one of the most economically disadvantaged countries of the former USSR. On one hand, the changes to the country's economy exacerbated problems with access to water and power and to their quality. On the other, they caused demand for a slew of residential services to drop significantly. Reforms to Tajikistan's residential services sector are in their start-up phase, which means certain stages in the reform, such as privatization, are ahead of their time. Ms. Turayeva proposed concentrating available resources on increasing the effectiveness of the state monopoly enterprise that is responsible for providing services to those living in the country's poorest regions.

### ENPI: Unrealized potential

Ukraine has been allocated EUR 1.5 billion in EU aid between 2007 and 2010. Where does this money go? How can civil society influence spending decisions? How does Ukraine benefit from it? ICPS offers a look at the ENPI fund allocation framework and reveals "entry points" that can be used by non-state actors to participate in the planning, implementation and monitoring of EU-funded programs. You can read the ICPS report "ENPI Monitoring in Ukraine" at [http://www.icps.com.ua/doc/ENPI\\_Monitoring\\_Eng.pdf](http://www.icps.com.ua/doc/ENPI_Monitoring_Eng.pdf) and a policy brief called "ENPI: A work in progress" at [http://www.icps.com.ua/doc/PB\\_September\\_2009\\_ENG.pdf](http://www.icps.com.ua/doc/PB_September_2009_ENG.pdf).

**Elmira Kim** from **Kyrgyzstan** reviewed the challenge of preparing the public to nearly inevitably steep increases in electricity rates. On one hand, the republic has an unusually high level of poverty; on the other hand, the sector requires significant investment in order to modernize its fixed assets. Ms. Kim recommended that the government consider the option of rationalizing and using all available options for social assistance in the country. Ms. Kim also insisted that regional community hearings be held across the country, along with a public awareness campaign to minimize the impact of widespread popular hostility to increases in utility rates. ■

*For greater detail on the analytic briefs prepared by these fellows, see: [http://www.icps.com.ua/doc/Reforma\\_for\\_print.pdf](http://www.icps.com.ua/doc/Reforma_for_print.pdf).*

*If you are interested in participating in the Program in future, keep an eye on announcements on this site: <http://lgi.osi.hu/>.*

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