

ISA 81172

**AGENCY FOR INTERNATIONAL DEVELOPMENT**

**WASHINGTON, D.C.**

**AMENDMENT NO. 1  
to the  
PROJECT MEMORANDUM**

**NEW INDEPENDENT STATES: DEMOCRATIC PLURALISM INITIATIVES  
(110-0007)**

**Approved: February 3, 1993**



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

FEB 3 1993

**ACTION MEMORANDUM FOR THE DIRECTOR, NIS TASK FORCE**

**THROUGH:** Barbara Turner, Deputy Director, NIS Task Force *BT*  
**FROM:** Carlos Pascual, NIS/TF/PAC *JK*  
**SUBJECT:** Authorization Request for the Democratic Pluralism  
Initiatives Project (No. 110-0007)

**PROBLEM:**

Your approval is needed to authorize the Democratic Pluralism Initiatives Project for the New Independent States (NIS) at a life-of-project funding level of \$85 million. This authorization replaces and supersedes the prior April 10, 1992 authorization for Project 110-0007. The Project Assistance Completion Date (PACD) will be April 30, 1996.

**BACKGROUND:**

The dramatic collapse of the Soviet Union presents an historic opportunity for a transition to a more peaceful and stable international order and the gradual integration of the New Independent States into the community of democratic nations. Citizens in the twelve NIS republics are engaged in the monumental task of replacing their centralized communist system with democratic societies - free and open societies based upon principles of broad participation and fair competition. Some of the challenges they face in making this transition include:

- few extra-governmental institutions which can serve as effective vehicles for citizens to organize and provide input into the political process;
- lack of experience in conducting democratic elections;
- legal systems/structures which fail to operate based on fundamental premises of stable judicial systems such as transparency, impartiality, and individual rights;
- media (TV, radio, press) struggling to operate independently of state support and control;
- and local governments which are unskilled in providing the goods and services formerly provided by the central government and state-owned enterprises.

## **PROJECT DESCRIPTION:**

### **A. Review of Current Components**

The project will assist NIS republics in their efforts to advance and consolidate gains toward democracy, by helping to create and nurture democratic institutions, processes and values in the NIS. To do this, the project will pursue three objectives; 1) enhancing pluralistic civil societies, 2) increasing respect for individual rights and the rule of law, and 3) promoting sound public administration and democratic governance.

The DPI project has four components whose activities support these three objectives: Political and Social Processes, Rule of Law, Democratic Governance and Public Administration, and Free Media. Activities under Political and Social Processes support the objective of enhancing pluralistic civil societies, those under Rule of Law support increasing respect for individual rights and rule of law; and those under Democratic Governance and Public Administration help promote sound public administration and democratic governance. Activities under the Free Media component contribute to all three objectives.

Activities under the Political and Social Processes component include political party development, election monitoring, and independent labor union development. Activities under rule of law will include training of judicial officials in areas such as constitutional and legal reform, criminal and civil codes, human rights advocacy, and establishment of due process of law. In the area of democratic governance and administration support will be provided to newly elected legislatures and reform-minded local governments to aid in establishing effective democratic policies and procedures. Finally, media activities include training of journalists and establishment of media centers to serve as resource centers for media personnel.

The project has been reviewed within the Task Force. At an inter-agency review meeting held on December 22, 1992, an amendment was reviewed which: 1) increased LOP funding for the existing four project components named above, and 2) created a new initiative in Local Government under the component "Public Administration and Democratic Governance".

Discussion about increasing the LOP in support of these activities yielded the following decisions: support for media centers should be a limited activity pursued as a target of opportunity rather than a longer term investment; Human Rights is an appropriate area for DPI activity under the Rule of Law component, however objectives and program targets in this area require more development; and DIHHR should develop a management strategy which explicitly addresses how it plans to package and manage the various activities, and deal with unsolicited

proposals. Review also concluded that because Educational Television is a programmatic tool rather than a program objective or sector per se, DIHHR is but one of several NIS/TF sectoral offices which should consider how the use of ED TV might further its program objectives.

### B. Local Government Initiative

The local government initiative has as its primary focus municipal finance and financial management. The program will help local governments create the management/information systems needed to operate within a democratic environment and vastly increased and increasing levels of de facto responsibility. In order to effect these improvements, a program including technical assistance, training and equipment will be implemented in a number of demonstration cities.

Activities under this program will target the three inter-related functions of revenue generation, revenue budgeting and administration, and revenue expenditure and control. While interventions will originate at the municipal government level, in order to successfully address constraints facing local governments illustrative activities under this project will include improving coordination between oblast and municipal governments and entering into policy dialogue on national issues which affect municipalities.

Discussion of the new local government initiative focussed on: the initiative's need to establish vertical linkages with other levels of government, particularly where national level issues constrain local governments; an approach that uses financial management as a focal point for providing a range of technical assistance and training activities; using pilot cities as demonstration sites in order to enhance replicability; and broadening input into the process of selecting sites.

### C. Management and Evaluation Issues

Discussion of management and evaluation issues focused on the challenges of managing democracy projects which stem in part from the difficulty in defining democracy itself, and in defining A.I.D.'s objectives under democracy projects. Furthermore, management of democracy projects is made more complicated because by their nature they tend to be comprised of many small activities, and have multiple objectives.

It was agreed that in the coming year DIHHR would develop a management strategy/framework for determining how many activities they can effectively support and manage, how to package numerous activities into an integrated program, and how to respond to unsolicited proposals. The major challenge facing DIHHR in project management is in the area of implementation. DIHHR intends to conduct an evaluation in FY 1993 which will provide useful information in developing a practical framework linking

DPI objectives, activity effectiveness, and management structures.

All necessary adjustments have been made to the project to accommodate the recommendations made. The attached Project Amendment describes project activities in detail, and includes an illustrative budget (Tab A).

**LEGISLATION AND AUTHORITY:**

The Freedom Support Act (FSA) and the FY 1993 Appropriations Act (P.L. 102-391) contain several provisions that limit assistance or require the Executive Branch to take into consideration certain factors in providing assistance. Section 907 of the FSA bars United States assistance to the Government of Azerbaijan unless the President determines and reports to Congress that the GOA is taking demonstrable steps to cease all blockades and other offensive actions against Armenia and Nagorno-Karabakh. Thus the GOA will be eligible for assistance under this project only after the determination has been made. Assistance may still be provided to Azerbaijan, so long as it is not provided to the GOA.

The Appropriations Act bars obligations of more than 50% of aid (other than humanitarian assistance) to Russia until the President certifies substantial progress toward establishing a timetable for withdrawal of CIS and Russian armed forces from the Baltics. If the President has not so certified by June 1, 1993, then no assistance may be obligated. PAC and DIHHR are establishing a system to monitor obligations to ensure compliance with this requirement.

Section 498A (a) of the Foreign Assistance Act of 1961, as amended, sets forth a number of matters that are to be taken into account in providing assistance to NIS countries, such as progress toward democracy and economic reform, human rights, peaceful resolution of ethnic disputes and restraining arms transfers. Section 498A (b) prohibits aid to any NIS country that violates any of a number of restrictions relating to matters such as human rights, arms control, nuclear proliferation, and, with respect to Russia, withdrawal from the Baltics. The Secretary of State as Coordinator has reviewed memoranda dealing with these statutes for Armenia, Georgia, Kazakhstan, Russia, and Ukraine and decided to proceed with assistance to these countries. State advises that memoranda for the other countries are in process, and the actual obligation of aid to them will be subject to approval of these memoranda.

Section 599 of the FAA sets forth restrictions on assistance which could have an adverse impact on U.S. employment or on workers' rights in the recipient countries. GC and PAC are developing standard clauses which will be incorporated in PIO/Ts for all grants and contracts and in Interagency Agreements to ensure compliance with this section.



**PROJECT AUTHORIZATION AMENDMENT NO. 1**

**Name of Country:** New Independent States (NIS)  
**Name of Project:** Democratic Pluralism Initiatives  
**Number of Project:** 110-0007

The authorization for Project 110-0007, dated April 10, 1992 is hereby deleted in its entirety and the following is substituted:

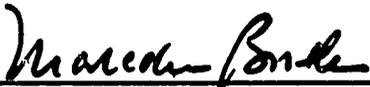
1. Pursuant to Sections 498B and 531 of the Foreign Assistance Act (FAA) of 1961, as amended, I hereby authorize the Democratic Pluralism Initiatives Project Amendment No. 1 for the Newly Independent States, involving planned obligations of not to exceed \$85 million in grant funds over a four year period from the date of authorization subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs of the project. The planned life of project is through April 30, 1996.

2. The project consists of technical assistance, training, and commodities in support of democratic transition in the republics of the former Soviet Union.

3. The Project Agreements which may be negotiated and executed by the Officer(s) to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

4. Source and Origin of Commodities, Nationality of Services

Commodities financed by A.I.D. under the project shall have their source and origin in the United States, the New Independent States of the former Soviet Union, or in countries included in A.I.D. Geographic Code 941, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have the United States, countries in A.I.D. Geographic Code 941, or the New Independent States of the former Soviet Union, as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the project, except as A.I.D. may otherwise agree in writing, shall be financed only on flag vessels of the United States.

  
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Malcolm Butler  
Director, Task Force  
Newly Independent States

\_\_\_\_\_  
FEB 8 1993  
Date

Clearances (Project No. 110-0007):

A.I.D.:

NIS/TF/OD:	BTurner	<u>BT</u>	Date: <u>2/2/93</u>
NIS/TF/DIHR:	GDonnelly	<u>GD</u>	Date: <u>1/22/93</u>
NIS/TF/PAC:	CPascual	<u>CP</u>	Date: <u>1/19/93</u>
NIS/TF/FA:	BKline	<u>DRAFT</u>	Date: <u>1/8/93</u>
NIS/TF/OD:	JWinn	<u>DRAFT</u>	Date: <u>1/7/93</u>
OP/CC/N:	JKryschal	<u>PHONE</u>	Date: <u>1/12/93</u>
GC/NIS:	TGeiger	<u>TG</u>	Date: <u>1/19/93</u>
NIS/TF/EET:	DLong	<u>DRAFT</u>	Date: <u>1/7/93</u>

STATE:

D/CISA:	CRufenacht	<u>PHONE-BT for</u>	Date: <u>1/12/93</u>
EUR/ISCA:	NCook	<u>n/c</u>	Date: <u>1/19/93</u>

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INITIAL ENVIRONMENTAL EXAMINATION

(A) Program Country: New Independent States

(B) Activity: Democratic Pluralism Initiatives

(C) Funding: \$85 million

(D) Period of Funding: FY 1993 - FY 1996

(E) Statement Prepared By: Dennis Long

(F) Recommended Environmental Action: Categorical Exclusion under A.I.D. Regulation 22 CFR 216, Environmental Procedures, Sections 216 (c) (1) (i) and 216.2 (c) (2) (i)

(G) Decision of Director NIS/TF/OD: *Dennis Long*  
Approved

Disapproved  
FEB 8 1993  
Date

(H) Decision of Environmental Officer: *AO*  
Approved

Disapproved  
Date

**EXAMINATION OF THE NATURE, SCOPE AND MAGNITUDE  
OF THE ENVIRONMENTAL IMPACT OF  
THE DEMOCRATIC PLURALISM INITIATIVES PROJECT, NO. 110-0007**

**A. PROGRAM DESCRIPTION**

The purpose of the project is to assist in the political and social transformation of the states of the former Soviet Union from a one-party centralized communist regime to pluralistic democracies. The project will fund technical assistance and training in four general areas: political and social processes, rule of law, democratic governance and public administration, and independent media.

Activities under the first component include political party development, election monitoring, development of an independent labor union movement, and civic education. Under the second, the project provides technical assistance and training to NIS judicial officials in areas such as constitutional and legal reform, criminal and civil codes, and establishment of due process of the law. Democratic governance and public administration support involves training and technical assistance for newly elected legislatures and reform-minded local governments to establish policies and procedures which are both democratic and effective. A new local government initiative under this project component provides training, technical assistance and limited commodities to municipalities to improve financial management systems and practices. Finally, media activities include training of independent journalists in production and management techniques and establishment of media centers as resources centers.

**B. RECOMMENDED ENVIRONMENTAL ACTION**

A categorical exclusion from A.I.D.'s Initial Environmental Examination requirement is proposed. Most project resources will be used to finance technical assistance and training. There will be limited commodity procurement. No construction will be financed. A.I.D. Environmental Procedures 22 CFR Part 216.2 (c) (1) (i) and Section 216 (c) (2) (i) provide exclusions for programs which involve technical assistance and education.

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**DEMOCRATIC PLURALISM INITIATIVES PROJECT 110-0007  
PROJECT MEMORANDUM AMENDMENT NO. 1**

**I. SUMMARY OF KEY INFORMATION**

**Project Title:** Democratic Pluralism Initiative (DPI)  
**Project Number:** 110-0007  
**LOP Funding:** \$85 million  
( \$14 million ESF, \$71 million NIS)  
**Authorization:** 04/10/92  
**Initial Ob.:** 04/30/92  
**PACD:** 04/30/96

**Project Purpose:** To assist in the political and social transformation of the states of the former Soviet Union from a one-party, centralized communist regime to pluralistic democracies.

**Amendment Purpose:**

- \* Expand current project activities and increase the life of project funding from \$25 million to \$85 million.
- \* Add a major new local government initiative to the Democratic Governance and Public Administration component of the project.

**II. BACKGROUND**

Democracy broadly defined almost always includes: equal vote by secret ballot; the right to compete for political power; the right to express views and see them reflected in a pluralistic political process; the right to organize for political ends within a rule of law framework; and the right to participate in debate.

The Democratic Pluralism Initiatives (DPI) Project was designed to help create and nurture democratic institutions, processes, and values in the New Independent States (NIS), in the wake of the collapse of communism and attendant Soviet economic and political systems. The DPI project remains a crucial link in the USG's primary goal of promoting development of free enterprise in the NIS--because free markets and free societies go hand in hand.

The DPI project has three overall objectives: 1) to enhance pluralistic civil societies; 2) to increase the respect for individual rights and the rule of law; and 3) to promote sound public administration and democratic governance. Several unique project activities contribute to each objective. In addition,

one near-term target of opportunity, strengthening the free media, contributes to all three objectives. Attachment 1 presents draft project objectives, project activities and associated indicators of project progress.

The following section of this paper presents an overview of project progress to date, including FY 1992 levels of funding and a brief description of grantee activities. Section IV provides the amendment rationale, and Section V provides an elaboration on the four project components, tying each component to project objectives and providing a description of expanded project activities under this amendment. Section VI introduces the major new initiative under the DPI project - the Municipal Management and Finance program.

### III. PROJECT PROGRESS

To date, seven grants and cooperative agreements have been awarded under the project, for total obligations of approximately \$8 million. The following is a summary of progress under each project component:

A. Political and Social Process (\$5 million in FY 1992). This component provides for political party and civic organization development, election support and monitoring, independent labor union development, and civic education.

The DPI project is funding the National Democratic Institute (NDI) and the International Republican Institute (IRI) to conduct political party training in campaign organizing, the mechanics of the electoral process, constitutional government, and other such activities. In its training, NDI focusses on both political parties and civic organizations, as well as citizen participation in government at the local level. IRI's programs emphasize the development of political parties at the regional level. The two institutions are working in Russia, Ukraine and Central Asia.

For election support, the DPI project has a grant with the International Foundation for Electoral Systems (IFES) to assist NIS Central Election Commissions with election administration. IFES provided support to the Georgia Central Election Commission, and is planning to initiate work in Ukraine over the next several months. In addition, both NDI and IRI are prepared to facilitate election monitoring by international observers, as appropriate. To date, elections have been monitored in Azerbaijan and Georgia.

A grant to the Free Trade Union Institute (FTUI) of the AFL/CIO supports labor union development. Under this grant, FTUI will establish an Institute for Research and Education in Moscow and a Center for Democracy, Labor and Human Rights in Kazakhstan to provide training and organizational resources to the free

trade union movements in both countries. Grant activities are in the initial implementation phases.

B. Rule of Law (\$1 million in FY 1992). Rule of law assistance includes support for the development of laws, the implementation or enforcement of those laws, and adjudication within a justice system. The American Bar Association (ABA) is providing a wide range of legal assistance activities to all countries in the NIS. These include: 1) legal assistance workshops, bringing U.S. legal experts together with host country lawyers to work on specific areas of the law; 2) emergency legal assistance, providing rapid assistance in drafting new legislation; 3) long- and short-term technical assistance, including on-the-ground liaisons in seven countries and shorter-term legal advisors who respond to requests for assistance in implementing new laws and regulations; and 4) training for lawyers, judges and law school faculty in rule of law principles. The ABA provides assistance at the request of NIS governments.

C. Democratic Governance and Public Administration (\$700,000 in FY 1992). In FY 1992, initial broad-based support in public administration was provided under Project 110-0001. Late in FY 1992, two small grants were approved: one to the Atlantic Council for activities in civil-military relations in Ukraine and Russia, and one to the American Foreign Policy Council for a small parliamentary training program in Russia.

D. Independent Media (\$1.1 million in FY 1992). The media component supports independent press, television and radio through training, technical assistance and limited equipment support. Under this component, the DPI project funds Internews, a California-based organization with ten years experience in Russia, to train independent television stations around the NIS in better news-gathering, production, and broadcasting techniques. Internews provides training and limited commodities assistance to a network of independent television stations across Russia, Ukraine and Kazakhstan.

#### IV. AMENDMENT RATIONALE

Pressure to get activities underway quickly, combined with political realities, launched the DPI project without the benefit of an in-depth needs assessment and corresponding strategy. Since project authorization, DIHHR has begun to develop a more analytic framework for the project, and is in the process of developing a set of strategic objectives and corresponding impact indicators to measure impact over time. A concurrent exercise has been initiated to assist grantees in identifying their individual program objective and indicators. Together, a comprehensive analytic framework for the DPI project is emerging.

In order to develop an interim framework for the DPI project, a four-person team travelled to the region (Russia, Ukraine and Kazakhstan) in September, 1992. The assessment mission concluded that the four original components of the DPI project--political and social processes, rule of law, public administration and democratic governance, and independent media--remain relevant for purposes of planning second-phase assistance.

This amendment builds on the original project document, to incorporate both the analytic work conducted since project authorization and the results of the trip to the field. This amendment also outlines a major new initiative in local government, which was not adequately addressed in original project documentation. The local government activity will be initiated to support the project objective of promoting sound public administration and democratic governance. Section VI of this paper elaborates on the justification and program description for the local government activity.

## V. DESCRIPTION OF EXPANDED ACTIVITIES

Activities currently supported under the four components of the DPI project remain relevant to the overall project purpose, and contribute to meeting project objectives. In FY 1993 and beyond, activities under these components will be expanded to more effectively address the constraints and opportunities outlined in the original project documentation.

### A. Political and Social Process

In support of the project objective to enhance pluralistic civil societies, four activities are being pursued under this project component. These activities are designed to: 1) increase the influence of political parties and civic organizations on public decision making; 2) strengthen the administration of free and fair elections; 3) strengthen democratic trade unions; and 4) promote civic values in the context of a market economy.

The organizations currently supported under this component (NDI, IRI, IFES and FTUI) are uniquely qualified to provide assistance to political parties and civic organizations, elections assistance and labor union development. Therefore, the DPI project will continue to support these grantees in their programs in Russia, Ukraine and Central Asia, and provide for limited geographic expansion into other NIS republics.

FY 1993 funding for activities under the Political and Social Process component remains consistent with FY 1992 levels, around \$5 million. In FY 1994 and 1995, levels decrease to around \$3 million. This amendment increases the LOP for the

Political and Social Process component from \$11 million to \$16.7 million.

## B. Rule of Law

Democracy depends on a civil society which operates within the rule of law. Existing legal structures in the NIS do not reflect fundamental premises of stable judicial systems, such as impartiality, transparency, and the rights of the individual. In general, populations in the NIS have had little experience with and little respect for laws that are on the books, nor with the judicial system as legal recourse for disputes. Citizens of NIS countries lack confidence that such a system will produce just, impartial results.

Activities under the Rule of Law component support the project objective of increasing the respect for individual rights and the rule of law, through activities designed to: 1) promote the generation of enforceable constitutions and laws that support the rights of the individual, are internally coherent, transparent, and accessible by ordinary citizens; 2) support more vigorous implementation of the law through a well-trained judiciary and institutionalization of an independent bar; and 3) promote legal systems that support and protect human rights.

The needs under the Rule of Law component are great, and therefore activities will be expanded beyond the American Bar Association (ABA) grant. This expansion will include the design of an activity to support the development of an institutional legal framework in the NIS. A modern institutional framework is needed to bring the training of lawyers and the practice of law generally closer to internationally accepted norms of equal justice. Support for an institutional legal framework may include: 1) developing and maintaining a comprehensive and accessible official compendium of laws and regulations; 2) developing capacities for short-term continuing legal education of practicing lawyers; and 3) supporting internships for practicing NIS lawyers in a variety of U.S. legal settings. This activity will be implemented on a competitive basis, preferably through a consortium of organizations.

A second area which may be enhanced under the Rule of Law component is judicial training. Virtually the only training for judges available in the NIS is at the Russian Legal Academy outside of Moscow. With the breakup of the Soviet Union, there is a clear need to support fledgling legal institutions in other NIS countries which are introducing judicial training programs. As these develop, support could strengthen their capacity to train new judges in such things as courtroom management, caseload management, and court administration. A U.S. organization which specializes in judicial training could provide technical assistance and training to indigenous NIS judicial training

institutions. Examples of organizations which could implement this activity in conjunction with legal training organizations in the NIS include the National Center for State Courts in Williamsburg, Va. and the Federal Judicial College in Reno, Nev.

A fundamental premise behind all Rule of Law activities is to promote the respect for and protection of human rights. All activities funded under the Rule of Law component of the DPI project will promote and support internationally accepted standards for human rights. No separate major activity directly addressing human rights is planned under the project. However, if small-scale, targets of opportunity in the human rights arena emerge, they will be considered for funding as unsolicited proposals through an inter-agency review process.

The activities described above will substantially increase the magnitude of resources targeted for rule of law activities under the DPI project. In FY 1992, funding under the Rule of Law component totalled \$1 million. In FY 1993, this component will be expanded to approximately \$7.7 million, while in FY 1994 and FY 1995 funding will level out to around \$3.5 million each year. This amendment increases the LOP funding for the Rule of Law Component from \$3 million to \$15.7 million.

#### C. Democratic Governance/Public Administration

Although the DPI project as authorized in FY 1992 intended to provide support to parliaments, no major parliamentary development activities were initiated during the first year of project implementation. In FY 1993, activities will be initiated to support the creation of legislative information management systems, to include assistance with networked computerized operations, development of data links to service the information needs of parliamentary commissions, and systematic, computerized tracking of legislation. Training of parliamentary staff in operation of the system, as well as provision of some computer hardware and software will also be needed. The Congressional Research Service (CRS) is one organization which may be able to provide the type of assistance described above. CRS is currently in the process of developing a proposal for A.I.D. review.

The original LOP funding level for the Democratic Governance and Public Administration component was \$3.65 million. Due to an increase in funding for the parliamentary development activity listed above and the addition of the major local government initiative described below, this amendment raises the life of project funding for this component substantially, to approximately \$35.35 million.

#### D. Independent Media

Media operations, both print and electronic, represent

critical extra-governmental actors in a democracy. The existence of a strong free media enhances chances for success of all three project objectives, and therefore supporting the transformation to an independent media in the NIS has been a priority of the DPI project in the initial years of implementation.

While much progress has been made by budding independent media operations, they continue to face many challenges including dependence on the state for access to printing facilities, newsprint, television towers and broadcast rights; lack of modern equipment and production techniques; standards of journalism and journalism ethics that are low; and many media personnel experience isolation from one another with few means of exchanging ideas and experience.

DPI project media activities are designed to accelerate the transformation process to a strong independent media in the NIS. The goals of the DPI interventions are: 1) to raise the level of journalistic standards through training and technical assistance in production technologies and journalism skills; and 2) to decrease the media's dependence on state support through the provision of independent sources of information and other media-related services.

The grant to Internews Network primarily supports the first goal of this component. Towards meeting the second goal, the DPI project will support the establishment of sustainable, multi-purpose media centers. A media center will offer the following services to all independent media operations: access to and training in modern print and broadcast journalism technologies and methods; business management training tailored to media operations; a reference library and a wide range of current journals and newspapers; computer access to data banks; e-mail and fax services; and access to international wire services. The ultimate goal of these media centers will be to become sustainable, independent organizations, which can provide ongoing support to media organizations after project funding is depleted.

Several indigenous organizations are in the process of developing media centers, and they are linking up with U.S. counter-parts to assist in this development. In FY 1993, DIHHR is considering unsolicited proposals from two such organizations to create media centers in Ukraine and Central Asia. It is expected that USG assistance to each media center will be short-term, lasting only 18 months to 2 years. After that, the media centers will be expected to continue to function on their own, raising revenues through the use of user-fees, subscriptions, and other rent-raising activities. If initial media centers prove successful, they may be duplicated in other NIS countries.

The DPI project has yet to initiate substantial support for

print media. Therefore, in FY 1993 the project plans to fund a proposal from USIA to conduct print journalist training and support activities in three to five NIS countries. The assistance proposed by USIA includes both in-country and U.S.-based journalism training programs, coupled with on-the-ground media consultants to provide training follow-up.

The independent media component of the DPI project will expand from \$1.1 million in FY 1992 to \$9.5 million in FY 1993. Over FY 1994 and FY 1995, funding for this component is expected to remain at around \$3.0 million each year. The LOP for the Independent Media component was originally estimated at \$7 million; this amendment increases the LOP to \$16.6 million.

## **VI. MAJOR NEW INITIATIVES: MUNICIPAL MANAGEMENT AND FINANCE**

A new initiative not sufficiently developed in the original DPI project document under the Democratic Governance/Public Administration component concerns the area of municipal government. In June 1992, DIHHR commissioned a study on the status of public administration in the NIS. This study concluded that there is a general consensus among USG and public administration officials studying the NIS that public administration activities make the most sense at the local level. The rationale behind targeting local levels is that national governments are in such a state of flux that the chances for sustainable impact at this level would be slight, and some of the most reform-minded officials and politicians in the NIS are to be found at the municipal government level.

### **A. Current Status of NIS Municipal Governments**

Under the Soviet system of government, municipal governments were responsible for providing a broad range of goods and services, all based on expenditure directives issued centrally by Gosplan. Historically, government-owned enterprises complemented municipal government services by providing many of the social services required by their workers (e.g. health, education, housing, etc.). In accounting for expenditures of funds, municipal government budgets always balanced because the central government automatically financed any revenue short-fall or expenditure overrun. Therefore, municipal finance systems lack incentives for efficient and accountable program budgeting.

As NIS countries initiate both political and economic reform, demands on municipal governments are increasing while their financial capacity to meet these demands is decreasing. Traditionally in the NIS, local governments collected tax revenues and transferred these revenues up to the national level for redistribution. Increasingly, local governments are withholding shares of tax collections to ensure they maintain the

resources required to provide essential local services. The production and economic down-turn in government-owned industries has only exacerbated municipal problems. These industries no longer have the financial capacity to provide services and benefits. City managers must now finance housing, public welfare and safety, business promotion and all other social services routinely provided by the state.

According to two recent assessments conducted by the World Bank, a fundamental need of municipal governments in the NIS is to rationalize finance and management systems. Transparent systems of revenue generation, programming and expenditure control need to be implemented. The roles of local government officials must transform from owners and implementors to facilitators and regulators. This transformation will require considerably different skills if municipal governments are to play an effective role in a democratic, market-oriented society.

#### B. Activity Description

In FY 1993, the DPI project will initiate a three-year, \$30 million pilot program in municipal management and finance, designed to increase the equity and efficiency of autonomous municipal governments in the provision of services in an increasingly democratic and market-oriented society. The purpose of this program is to effect improvements in management and finance practices in city government administrations. This assistance is designed to transform pilot municipalities into economically viable units, able to provide the economic, physical and human infrastructure required for generating public and private investment necessary for long-term growth.

To achieve this purpose, the program will utilize U.S. technical advisors, training and technical assistance and provide necessary computer systems to improve selected municipal management and finance practices. In FY 1993, the program will be initiated in two metropolitan areas in Russia (Moscow and Nizhny Novgorod) and one or two areas in Ukraine (to be selected). In FY 1994 and FY 1995, at least four additional cities will be piloted. Future-year pilots will not necessarily be initiated in Russia or Ukraine; as this program will be available to all NIS countries. Through involvement in regional organizations and outreach, each pilot municipality will serve as a model of reform for other municipalities in the region and the nation.

In order to focus program activities on discrete objectives which impact the broad range of municipal government functions, the program's primary target will be on municipal finance issues. Effective municipal governments depend on adequate financial management systems. Financial systems provide the information

necessary for sound decisions and ensure that the decisions may be carried out efficiently and effectively. While the presence of good financial systems does not guarantee good government, their absence almost certainly precludes it.

While the primary focus of this program is on municipal management and finance, it is recognized that municipal governments do not operate in a vacuum. Therefore, mechanisms to address and respond to evolving intergovernmental finance issues will be built into program activities. These mechanisms include activities to improve coordination between oblast and municipal governments, and ensuring that municipal interests are addressed in policy dialogue at the national level.

Municipal finance revolves around three inter-related functions: 1) revenue generation; 2) revenue budgeting/administration; and 3) revenue expenditure. This program will provide a mix of interventions to support these functions, based on the specific needs of each pilot municipality.

**1. Revenue Generation.** Local government revenues may include: revenue sharing from national taxes (income, value added), local taxes (property), fees for services (road tolls, water/sewage fees), and privatization of public resources (enterprises). A.I.D.'s NIS portfolio already supports local government revenue generation in a variety of ways: the Economic Restructuring Project is focusing on the policy issues surrounding intergovernmental revenue sharing, the Housing Sector Reform Project is addressing property tax issues, and the Private Sector Initiatives Project is conducting privatization work. The municipal government program will seek to reinforce and enhance other Task Force programs, by addressing revenue generation issues which are clearly in the purview of municipal governments.

**2. Revenue Budgeting and Administration.** New systems need to be designed and implemented to ensure that revenues are efficiently and equitably budgeted and accounted for in a transparent system. These systems should ensure that there is some means for public participation in the budget decision making process. Systems must also be accompanied by corresponding human resource development necessary to effectively utilize the new systems.

**3. Revenue Expenditure.** Corresponding new financial systems are necessary to improve information available for actual service delivery. In each pilot municipality, financial systems designed to improve the financial information necessary for service delivery will be developed and installed in two target areas. One will target urban service-delivery (e.g. garbage collection, education); the other will focus on an infrastructure maintenance or improvement, such as water or sewer services.

Together, these two service delivery improvements will serve as models for all other functions of the pilot city's local government.

A logframe summarizing the Municipal Management and Finance activity is included as Attachment 2.

### **C. Rationale**

According to the public administration study conducted in June 1992, in times of dwindling central government resources and virtual collapse of public enterprises, municipal governments are by default taking the lead responsibility to sustain delivery of public services, under circumstances of reduced resources and subsidies. The rationale for this program is that through improved municipal management and finance practices, local governments will have the capacity to provide the necessary infrastructure and services to sustain or even improve living conditions of their populations and to enhance investment opportunities in their localities.

The target of this program will be on pilot municipalities, which have demonstrated a commitment to economic and political reform through actions taken at both the Oblast and municipal levels. The rationale behind working in a few select cities is that a demonstration that municipal governments can equitably and effectively serve in a democratic, market-oriented society provides models for other municipalities, as well as models for economic and political reform at all levels of government in the NIS. Key to successful replication of program activities will be the ability to transfer lessons learned to municipalities not selected as pilots. This will be accomplished through linking up program activities with existing regional organizations and associations, as well as including other municipalities in program training.

### **D. Activity Outputs**

The following is an illustrative list of program outputs. Specific outputs for each individual municipality will be set by the technical assistance team based on the needs and level of sophistication of the pilot municipality.

#### **1. Revenue Generation:**

a. Rationalized expenditure and revenue relationships between Oblast and municipal governments, and improved control by each jurisdiction over its assets.

b. Improved systems for information exchange between State Tax Service Offices and city governments for planning and monitoring purposes.

c. Creation of the information base necessary for inventory, registration, valuation and taxing of property in the locality (for municipalities not addressed under the housing sector reform project).

**2. Revenue Budgeting and Administration:**

a. More effective and more transparent resource allocation process through the development of financial programming and budgeting procedures and technology, and the introduction of systems which will facilitate citizen participation in the budgeting process.

b. Improved ability of city managers to monitor and control program implementation through the development of appropriate procedures and forms of report.

c. Improvements to the personnel management and organizational structures of the central finance departments of city governments.

d. Formulation of policies and cost data on the finance of key city services and of lower levels of government (e.g. raion-level).

**3. Revenue Expenditures:** 1-2 specific service delivery units will have new systems (routine program, personnel and financial administration and budgetary control of expenditures and revenues) installed to serve as models for other service delivery units.

**E. Activity Inputs**

**1. Project Team.** With the concurrence of the Chief of Mission, an overall project team will reside on the ground in each country where pilot programs are initiated for the life of project activity in that region (approximately 18 months per municipality). A project team consists of: 1 overall project team leader (centrally-based); 2 long-term expatriate resident advisors to cover two to three pilot municipalities in one country (thus working in each city 1/2 time or 1/3 time); and 3 full-time local advisors per pilot municipality. The project team leader will be a municipal management expert, focussing on the overall program policy objectives. The team leader will be expected to serve as the project liaison between both the Oblast and national levels of government on issues impacting municipal finance and management. The first long-term expatriate advisor will be a budget and finance expert. The second will focus on staffing levels and organization, and assess training needs of target staff. The three local advisors will remain full-time in each pilot municipality, and should have appropriate experience in municipal government administration.

**2. Technical Assistance.** Shorter-term technical assistance will provide in-depth assistance in designing procedures and systems necessary to address specific municipal finance, policy or administrative issues in a particular municipality. Technical assistance may target various financial management systems (e.g. accounts payable, budgeting, payroll, cost accounting, revenue collection, and internal and external auditing). Consultancy services may also be provided to create the information base necessary for inventory control, registration, valuation and taxing of property. Property management assistance will only be provided to those localities where there are no on-site advisors under the Shelter Sector Project.

The scope of technical assistance may include: 1) drafting proposals for new or modified procedures; 2) specification and design of related computer software; 3) assistance in making new procedures operational; and 4) installing new systems.

**3. Training.** Training may include short courses and on-the-job training of municipal government staff to support the new financial and management systems; short courses in specific problem solving skills and in feasibility analysis for investment programs; and additional seminars as necessary. Limited support may also be provided to support formal training facilities near the pilot cities. Training will be open to officials outside of the pilot municipality to enhance program duplication efforts. If possible, municipal government officials in pilot cities will be encouraged to participate in short-term exchanges under USIA's local government exchange program to see U.S.-local government in operation.

**4. Commodities.** Computer equipment and software will be designed and provided as appropriate to support implementation of financial systems, property and land management systems, operational support system for key infrastructure enterprises, and support for training programs.

**F. Activity Budget [Attachment 3]**

**G. Relationship with other A.I.D. Initiatives**

The strengthening of municipalities through improved, market-oriented management and financial systems will have a positive impact on other AID activities which are implemented by or in cooperation with municipal governments. Strengthened municipal governments will promote better implementation of activities underway in the Housing Office, NIS/EET, NIS/DIHR (Health), NIS/PSI, and NIS/ER. The rationalization of municipal functions and financing will provide a much stronger and effective management structure for these activities at the

directly complement this proposed program are the Housing Sector Reform Project, the Economic Restructuring Project, and the Private Sector Initiatives Project.

1. **Housing Sector Reform.** Because several activities under the Housing Reform Project touch directly upon municipal management and finance issues, co-location and good coordination between the housing and municipal government program can produce synergistic gains. The importance of coordinating housing activities with the municipal government program is related to their potential to generate revenues, which in turn must be managed and budgeted; and the necessity to train housing officials in the management and administration of programs/activities.

Currently, the Housing Reform Project provides assistance to the national governments of four republics (Russia, Ukraine, Armenia, Kazakhstan) and municipal governments of 7 cities (Moscow, Novosibirsk, Ekaterinberg, Kiev, Kharkov, Yerevan, Alma-Ata).

There are several areas of interface between housing activities and those anticipated under the municipal government program: 1) Collecting, Managing, and Budgeting Revenues - housing advisors are assisting government agencies and state enterprises in reducing the subsidies they provide on the housing and property they own. Subsidy reduction will increase the revenues available for municipal goods, services, and social support programs (Moscow and possibly Novosibirsk); 2) Service Delivery Model: Public Financing, Private Provision - training is being provided to Moscow and Novosibirsk housing officials to improve their ability to manage public housing; one option being explored is to privatize this function. Related to this issue of public and private roles; Alma Ata housing officials are being advised in a range of areas, including how to conduct public planning in a market environment; and 3) Financial and Program Management of Land Use Policy - to reduce the constraints to private construction and ownership of housing (posed by the near lack of private property throughout the NIS) the Housing Project will support policy reform in the areas of: privately held land, land transfer and purchase, property rights, property valuation and tax assessment (Karaganda and Kharkov).

2. **Economic Restructuring.** In the area of finance, coordination between the municipal government program and the Economic Restructuring and Financial Sector and Reform (ERFSP) project will be essential.

**Fiscal Policy vs. Financial Management:** ERFSP will address fiscal policy issues, including tax policy/revenue generation; while municipal government will focus on administration and management of resources. An exception, as mentioned in the

management of resources. An exception, as mentioned in the Housing discussion above, is that the municipal government program may become involved in areas related to locally based/administered revenue sources, such as property taxes.

**Intergovernmental Finance vs. Municipal Finance:** The ERFSP project will provide assistance to national and city level governments in fiscal policy reform. The municipal government program will not actively engage in policy dialogue at the national level. However, because the existing/evolving framework for revenue generation, collection, and redistribution of tax receipts will in large part establish the level of resources available to municipal governments, it will be important for municipal government advisors to closely monitor and liaise with their colleagues who are engaged in intergovernmental financial relations.

**3. Private Sector Initiatives.** This program could potentially complement the privatization efforts of the PSI project, by assisting municipal governments to make rational decisions regarding privatization of locally-owned enterprises or in the privatization of urban services. In addition, to the degree that this program can assist municipal governments in improving their investment climate (through infrastructure and service delivery improvements), small business entrepreneurs will also benefit from program interventions.

#### I. Feasibility Considerations

**1. Intergovernmental Fiscal Relations.** According to several recent World Bank reports, the state of NIS intergovernmental fiscal relations is currently in a state of flux. Revenue and expenditure relationships between the national, regional (oblast), and municipal levels are not evolving in a rational manner, as the decentralization of expenditure requirements is not being accompanied by corresponding levels of decentralization of revenue resources.

The issue of intergovernmental finance cannot be ignored under the municipal government program. Currently, both the World Bank and the NIS Task Force's Office of Economic Restructuring are considering initiating projects or programs which directly address intergovernmental finance issues. The World Bank and Economic Restructuring programs deal specifically with the policy issues surrounding tax administration. While the municipal government program will focus more on the management and budgeting of funds at the municipal level, the program will carefully build in mechanisms to ensure that intergovernmental finance issues are built into all interventions. The country-team leader will be expected to serve as the liaison for the program at all levels of government, and each participating municipality will be expected to engage in policy dialogue with

heard and addressed.

2. **Proliferation of Objectives.** A municipal government program can easily suffer from a proliferation of activities and objectives, which can hinder measuring program impact and determining when the program has reached completion. Therefore, program activities are focussed on one area with a broad impact - municipal finance. Each model municipality will be encouraged to further focus their municipal finance activities one or two aspects of this broad topic, to deepen program impact.

3. **Overburdened-Municipal Governments.** While a primary objective of this program is to provide the tools necessary for city leaders to make the difficult policy and budgeting decisions in light of competing demands for limited resources, it is important to keep in mind that host-country counterparts are overburdened and may not have the luxury to properly focus on every issue addressed in this program. This issue will be addressed as part of the selection criteria for pilot municipalities.

4. **Sustainability.** Given the great differences in the political, social and economic histories of NIS countries with their western partners (specifically the United States), care must be taken not to attempt to simply apply western city management models wholesale to target NIS countries. Therefore, this program must be implemented in close partnership with host-country counterparts.

5. **Duplication.** In order to maximize program impact, mechanisms to ensure that interventions provided in demonstration sites may be duplicated across municipalities in a region and nationally will be built into program design. These mechanism will include involving the program in regional associations such as the Russian League of Cities, and involving other cities besides the pilot municipalities in training activities.

## **VII. IMPLEMENTATION PLAN - MUNICIPAL GOVERNMENT ACTIVITIES**

### **A. Implementation Mechanism**

The implementation mechanism for the municipal government program will be one or two large contracts, awarded using limited competition. Ideally, target organizations will pull together allies for implementation and bid as consortia. Consortia could include institutes of public administration, for-profit consulting firms, university schools of public administration, and associations of current or former municipal government practitioners.

The contract for this activity will be made based on program

and costs estimates necessary to initiate the program in three-four cities in FY 1993 (Moscow, Nizhny Novgorod, and one or two in Ukraine). The contract will have the flexibility to replicate the activity in additional cities in Russia and Ukraine, as well as expand to all NIS countries, based on the availability of future year funding and performance by the contractor in year one. Prior to exercising the option to expand the contract, an evaluation will be conducted to ensure the appropriateness and effectiveness of program activities.

Implementation will be carried out in close coordination with USAIDs and the pilot municipal governments. The host country counterpart organization should be the office of the top financial person in the municipal government unit. This counterpart will give the team the clout necessary to get the staff time, attention, and cooperation required for successful implementation. This host country counterpart will provide office space and support staff necessary for program implementation. Each city will appoint a project coordinator to work in close collaboration with the long-term advisors and local advisors to that city.

The umbrella contract may subcontract for provision of necessary technical assistance and systems design work or for short-term training.

#### B. Initial Municipalities

In FY 1993, two target cities have already been identified for participation in this program: Moscow and Nizhny Novgorod. This selection is based on extensive assessments by the World Bank, which includes demand and needs analyses and identification of local government counterparts. Initiating this program in these two cities is strongly supported by USAID/Moscow.

One or two additional cities in Ukraine will also be identified for implementation in year one of the program. This city will be identified in collaboration with USAID/Kiev, based on the criteria listed below.

#### C. Participating Municipalities Selection Criteria

Given the limited resources available to this program, resources need to be targeted to those municipalities which will potentially yield a positive pilot experience to maximize the prospects for fast start-up and future replicability.

Candidate cities for participation in this program will be identified by USG agencies involved in the NIS, NIS country-teams, input from other A.I.D.-funded advisors in the NIS, and suggestions from participating NIS governments. Candidates for pilot programs will be evaluated by an inter-agency review

pilot programs will be evaluated by an inter-agency review committee based on the following criteria.

1. **Complementarily to Other A.I.D. Efforts.** Existence of AID resident advisors already working with local governments so as to facilitate dialogue with officials on project agendas and promote faster start-up of projects. This would promote working in cities where AID has on-going projects, particularly under the Housing Sector Reform Project.

2. **Reform-minded Leadership.** Reform-mindedness of key municipal and Oblast officials and council members in terms of interest in improved municipal management and greater transparency and accountability of municipal decision-making. This includes the identification of key, powerful local protagonists of this project.

3. **Support of Regional and National Governments.** National and Oblast-level interest and political will to strengthen municipal governments and decentralize authority, based upon expressed wishes of political leaders and senior government officials, as expressed in public announcements and the evaluation of AID, State Dept, US Embassies, and other US Government agencies.

4. **Absorptive Capacity of Municipal Government.** Identification of municipal governments with an existing high level of technical expertise and absorptive capacity for change.

5. **Replication.** City participation (or willingness to participate) in a regional municipal government association will be considered to ensure there exists a vehicle for program replication in municipalities not receiving A.I.D. assistance.

#### D. Field Involvement

It is anticipated that very active participation by USAID field missions will be necessary for successful program implementation. Mission input on municipality selection, coordination and negotiation with host-country municipal government counterparts, and general program oversight will be essential.

#### E. Implementation Strategy

Implementation will be provided in a three-phase effort. Phase one entails site selection and negotiation with the participating municipal government. Site selection will be coordinated within the Task Force and the State Department, using recommendations from the field missions. Negotiation with participating municipal governments will be conducted by the

field mission, accompanied by the implementation team.  
Approximate time: 1 to 1 1/2 months.

Phase two activities include initial assessments by the program team to establish city-specific objectives and the associated appropriate mix of inputs for each pilot municipality. Objectives and inputs may vary greatly between municipalities, and the team leader in each country will be responsible for developing a coordinated action plan for the life of program activities. Local staff will be selected during phase two activities. Approximate time: 2 months, with periodic updates of action plan over the life of program.

Phase three entails the actual provision of technical assistance, training and commodities. Phase three activities will take place over the 18 month period following the initial assessments.

In year one, phase one and parts of phase two activities in Moscow and Nizhny Novgorod are already underway due to the groundwork that has been laid by the World Bank. USAID/Moscow will continue a relationship with these two cities while the contracting for implementation is being negotiated.

#### VIII. REVISED PROJECT BUDGET [Attachment 4]

**DEMOCRATIC PLURALISM INITIATIVES PROJECT  
OBJECTIVES AND ACTIVITY LEVEL INDICATORS**

Attachment 1

**OBJECTIVES:**

- Enhance Pluralistic Civil Societies
- Increase the Respect for Individual Rights and the Rule of Law
- Promote Sound Public Administration and Democratic Governance

PROJECT ACTIVITY	IMPACT INDICATORS	GRANTEE ACTIVITY	OUTPUT INDICATORS
<b>OBJECTIVE: ENHANCE PLURALISTIC CIVIL SOCIETIES</b>			
<p>1. Increase the influence of political and civic organizations on public decision making.</p>	<ul style="list-style-type: none"> <li>- Increased party affiliation by candidates running for office in national or local elections.</li> <li>- Evidence of active participation of political and civic organizations in public decision making (may include evidence of increased membership, creation of new organizations, etc.).</li> <li>- General public perception that participation of political and civic organization is effective.</li> <li>- The existence of an open and transparent system for organizing, registering and operating as a legal political organization.</li> </ul>	<p>Training and TA to help democratic political parties and civic organizations develop and strengthen at the local and national levels (IRI &amp; NDI).</p> <p>Seminars designed to increase awareness of the importance for the participation of women and younger constituents in political party activity (IRI).</p>	<ul style="list-style-type: none"> <li>- Party membership list established.</li> <li>- Active recruitment of candidates by parties and civic organizations.</li> <li>- The existence of national and local level party structures.</li> <li>- Organizational documents, budgets and headquarters established, including calendars and long-range plans.</li> <li>- Increased involvement by women and younger constituents in political party activities.</li> <li>- Party platforms reflect women's and younger constituents' issues.</li> </ul>

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PROJECT ACTIVITY	IMPACT INDICATORS	GRANTEE ACTIVITY	OUTPUT INDICATORS
2. Expand and strengthen local and municipal government functions.	<ul style="list-style-type: none"> <li>- Mayors selected by direct election.</li> <li>- Local governments provide adequate local services to a high percentage of target population.</li> <li>- Institutional capacities of local governments to make budgetary, programmatic, and personnel decisions are improved.</li> </ul>	<ul style="list-style-type: none"> <li>- Through training, assist in the transformation of local governments towards being more responsive and efficient entities (NDI-Russia and Ukraine).</li> </ul>	<ul style="list-style-type: none"> <li>- Legislation.</li> <li>- Consistent relations.</li> <li>- Municipal budgets.</li> <li>- Municipal calendars and long-range plans.</li> </ul>
3. Parliamentary Development	Activities and indicators are currently under discussion.	Planned activity: Technical support to Parliaments.	- To be developed.
<b>Cross-Cutting Project Activity: Supporting the Independent Media</b>			
1. Raise the level of journalistic standards in production technologies and journalism skills.	<ul style="list-style-type: none"> <li>- Increased number and circulation of newspapers, television stations and radio stations which are independent of government control or influence over editorial policies.</li> <li>- The existence of an open and transparent system for organizing, registering and operating as an independent media operator.</li> </ul>	<p>Training and support for independent television journalists and station managers (Internews).</p> <p>Establishment of an independent news distribution systems in the NIS (Internews).</p> <p>Planned activity: Print journalism training (USIA)</p>	<ul style="list-style-type: none"> <li>- Journalists trained.</li> <li>- Station managers trained.</li> <li>- Independent stations linked on a regional basis.</li> <li>- A computer based electronic mail network functioning.</li> </ul>
2. Decrease the media's dependence on state support for information and other other media-related services.	Indicators under development.	Planned activity: Media Centers (Russia and Krygyzstan)	

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PROJECT ACTIVITY	IMPACT INDICATORS	GRANTEE ACTIVITY	OUTPUT INDICATORS
<b>OBJECTIVE: INCREASE THE RESPECT FOR INDIVIDUAL RIGHTS AND THE RULE OF LAW.</b>			
<p>1. Promote the generation of enforceable constitutions and laws that support the rights of the individual, are internally coherent, transparent and accessible by ordinary citizens.</p>	<ul style="list-style-type: none"> <li>- Constitutions and legislation are drafted and debated in an open and transparent system.</li> <li>- Constitutions and legislation are respected by the public and government officials as legal documents which serve as a basis for governance.</li> <li>- Constitutions and legislation are enacted which uphold generally accepted individual rights such as freedom of expression and association.</li> </ul>	<p>Long- and short-term technical legal assistance is provided in six priority areas: constitution drafting, judicial restructuring, criminal law, administrative law regional and local government law, and the legal profession (ABA).</p>	<ul style="list-style-type: none"> <li>- Legal liaisons on the ground in 8 NIS countries.</li> <li>- Legal specialist providing long- and short-term advice to NIS governments.</li> <li>- Timely assessments of draft legislation.</li> <li>- Intensive workshops on legal reform issues.</li> </ul>
<p>2. Support a more vigorous implementation of the law through a well-trained judiciary and institutionalization of an independent and activist bar.</p>	<ul style="list-style-type: none"> <li>- Adequate training available for members of the judiciary.</li> <li>- Laws catalogued and accessible to members of judiciary and public.</li> <li>- Legal professionals sufficiently trained to uphold laws and constitutions through due process of law.</li> </ul>	<p>Planned activity: Judicial training. Institutional legal framework.</p>	<p>- To be developed.</p>
<p>3. Promote legal systems that support and protect human rights.</p>	<p>Activities and indicators under discussion.</p>		
<b>OBJECTIVE: PROMOTE SOUND PUBLIC ADMINISTRATION AND DEMOCRATIC GOVERNANCE.</b>			
<p>1. Strengthen the control of civilian leadership over the military.</p>	<ul style="list-style-type: none"> <li>- Increased civilian participation in controlling military budgets and expenditures.</li> <li>- Increased accountability of military personnel and institutions to civilian oversight.</li> </ul>	<ul style="list-style-type: none"> <li>- Provide consultations to members of defense and budget commissions of the Russian and Ukraine parliaments to better understand the legislative oversight function (Atlantic Council).</li> <li>- In-country and Europe-based training seminars, targeting key civilian and military personnel (Atlantic Council).</li> </ul>	<ul style="list-style-type: none"> <li>- Recommendations implemented by participating parliamentary committees.</li> <li>- Trained participants apply skill learned in training seminars.</li> </ul>

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PROJECT ACTIVITY	IMPACT INDICATORS	GRANTEE ACTIVITY	OUTPUT INDICATORS
<p>2. Strengthen the administration of free and fair elections.</p>	<ul style="list-style-type: none"> <li>- The scheduling and holding of regular elections at the national and local level.</li> <li>- Existence of an independent electoral commission, able to effectively administer elections.</li> <li>- Existence of an election law which meets internationally recognized standards.</li> <li>- Charges of election fraud investigated and adjudicated.</li> <li>- General public perception that elections are free and fair.</li> </ul>	<p>Assistance (assessments, long-term advisors, and commodities) to Central Election Commissions to administer free and fair elections with minimal technical problems (IFES).</p> <p>Assistance to political parties and civic organizations to organize in preparation for elections (ERI &amp; NDI).</p> <p>International observer delegations monitor elections (ERI &amp; NDI).</p>	<ul style="list-style-type: none"> <li>- International and local observers verify that elections take place with minimal technical problems.</li> <li>- Campaign activities by political parties.</li> <li>- A transparent electoral process, with active participation of civic organizations.</li> <li>- International observers statement concerning fairness of elections.</li> </ul>
<p>3. Strengthen democratic labor unions.</p>	<ul style="list-style-type: none"> <li>- Increased number of dues paying members affiliated with free labor unions.</li> <li>- The existence of an open and transparent system for organizing, registering and operating as a legal, democratic labor union.</li> </ul>	<p>Establishment of an Institute for Labor Training and Research in Moscow which provides: 1) training and course materials on basic trade unionism in the free world; and 2) the capacity to evaluate economic options of workers in the transition to a market economy (FTUI).</p> <p>Establishment of a Democracy, Labor, and Human Rights Training Center in Almaty which provides training programs and seminars to the free trade union movement in the region (FTUI).</p>	<ul style="list-style-type: none"> <li>- Staff hired, space obtained and necessary office equipment in place for both centers.</li> <li>- Educational materials developed and training seminars launched.</li> <li>- Members of free trade unions actively participating in Center and Institute activities.</li> </ul>
<p>4. Promote civic values in context of a market economy.</p>	<ul style="list-style-type: none"> <li>- Greater understanding and acceptance of democratic/civic principles among general public.</li> <li>- Existence of democratic messages through multiple channels of communication (radio, TV, press).</li> </ul>	<p>Proposed activity: educational television focusing on civic values (USIA or alternative venue).</p>	<ul style="list-style-type: none"> <li>- To be developed.</li> </ul>

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## PROJECT LOGFRAME: LOCAL GOVERNMENT UNDER DPI

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	EXTERNAL FACTORS
<p><b>Goal:</b></p> <p>To increase the equity and efficiency of autonomous local governments in the provision of goods and services in a democratic and market-oriented society.</p>		<p><b>Sources of information:</b></p> <p>Municipal government budget documents.</p> <p>Municipal government planning documents.</p>	<p><b>Concerning long-term value of program:</b></p> <p>The first major assumption of this project is that municipal governments will maintain a certain level of autonomy from Central and Oblast level governments, and that they will be expected to provide increasing levels of local services, as CIS countries decentralize power.</p> <p>A second major assumption of this project is that municipalities will continue to receive a reasonable share of revenues from Oblast-level governments. This project will not attempt to impact the generation of revenues, except possibly in the context of user fees for service-specific activity.</p>
<p><b>Purpose:</b></p> <p>To effect improvements of management practices and systems in city government administrations, in order to transform pilot municipalities into economically viable units for long-term growth.</p>	<p><b>End of Project Status (OOPS):</b></p> <ol style="list-style-type: none"> <li>1. Increase in % of pilot population receiving services in focus sectors.</li> <li>2. Improved skills of local officials to make programmatic decisions based on resource availabilities and programmatic priorities.</li> <li>3. Systems (computer, accounting, management) installed and functional in pilot municipalities.</li> <li>4. Government officials in focus sectors able to assess demand and respond appropriately.</li> </ol>	<p>Project reports</p> <p>Evaluations and Assessments</p>	<p><b>Affected resource-to-goal link:</b></p> <p>Officials representing municipalities selected for project participation will undertake suggested interventions, participate in training activities, and implement to the best of their abilities project activities.</p>

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NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	EXTERNAL FACTORS
<p><b>Outcomes:</b></p> <p><b>1. Revenue Generation:</b></p> <p>a. Rationalized expenditures and revenue relationships between Oblast and municipal governments, and improved control by each jurisdiction over its assets.</p> <p>b. Improved systems for information exchange between State Tax Service Offices and city governments for planning and monitoring purposes.</p> <p>c. Creation of the information base necessary for inventory, registration, valuation and taxing of property in the locality (for municipalities not addressed under the housing sector reform project).</p> <p><b>2. Revenue Budgeting and Administration:</b></p> <p>a. More effective and more transparent resource allocation process through the development of financial programming and budgeting procedures and technology, and the introduction of systems which will facilitate citizen participation in the budgeting process.</p> <p>b. Improved ability of city managers to monitor and control program implementation through the development of appropriate procedures and forms of report.</p> <p>c. Improvements to the both personnel management and the organizational structure of the central finance departments of city governments.</p> <p>d. Formulation of policies on the finance of key city services and of lower levels of government.</p> <p><b>3. Revenue Expenditures:</b> 1-2 specific service delivery units would have new systems (routine program, personnel and financial administration and budgetary control of expenditures and revenues) installed to serve as models for other service delivery units.</p>	<p><b>Measures of Outcomes:</b></p> <p>Year 1: 4 cities (Moscow, Nizhny Novgorod, 2 in Ukraine);</p> <p>Year 2: At least 2 additional cities (geographic focus NIS-wide);</p> <p>Year 3: At least 2 additional cities (geographic focus NIS-wide).</p> <p>(Under development)</p>	<p>Project Documentation</p> <p>Workplans</p> <p>Quarterly Reports</p> <p>Consultant Reports</p>	<p><u>Affecting output-to-purpose link:</u></p> <p>Local government officials will participate in project activities and training.</p> <p>The policy, legal and regulatory framework at oblast or state level will not constrain the ability of local government officials to effectively run municipal governments.</p> <p>Local government officials will possess and exercise authority based upon legitimacy and public support.</p>

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NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	EXTERNAL FACTORS
<p><b>Inputs (Activities):</b></p> <p><b>Project Team:</b> 1 overall project team leader (capital city-based); 2 long-term expert resident advisors per 2-3 municipalities; 3 domestic advisors per municipality.</p> <p><b>Team Leader:</b> Municipal Management Expert  <b>Long-Term Advisor 1:</b> Budget and Finance Expert  <b>Long-Term Advisor 2:</b> Organization/Training  <b>Resident advisors:</b> 3 domestic specialists per city</p> <p><b>Training</b>  Staff training for new systems.  Supporting formal training facilities.</p> <p><b>Technical Assistance (shorter term contractors - 32 staff months)</b>  Drafting proposals for new or modified procedures.  Specification and design of computer software.  Assistance in making new procedures operational.  Installing new systems.</p> <p><b>Commodities</b>  Provision of computer software and ancillary equipment.</p>	<p><b>Budget per Pilot Municipality (18 Month period):</b></p> <p><b>Description:</b>            Yr1   Yr2   Total</p> <p>Project Team Staff</p> <p>Commodity Services  Management  Finance  Systems Development</p> <p>Training</p> <p>Commodities</p> <p>Evaluation</p> <p>Audit</p> <p><b>TOTALS</b></p>	<p><b>Beginning of Project Status (BOPS):</b></p>	<p><b>Affecting input-to-output link:</b></p> <p>Resources will be available for contracting purposes.</p> <p>Selected contractors will adequately provide agreed upon services.</p> <p>Commodities will be delivered and installed properly.</p>

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**DPI PROJECT AMENDMENT - ATTACHMENT 3 (page 1)**

**Local Government Budget Per City (18 months)**

**Note: Figures for each city based on two cities per country.  
Team Leader and US Advisors are half-time.**

	<b>Year 1 (12 mos)</b>	<b>Year 2 (6 mos)</b>	<b>TOTAL</b>
<b>SALARIES AND BENEFITS</b>			
Team Leader (\$250,000/2)	125,000	62,500	\$187,500
US Advisors (2@\$150,000/2)	150,000	75,000	\$225,000
Res. Advisors (3 @ \$10,000)	30,000	15,000	\$45,000
US-Based Project Manager	40,000	20,000	\$60,000
Salaries Subtotal	345,000	172,500	\$517,500
Benefits @ 26%	89,700	44,850	\$134,550
Subtotal	\$434,700	\$217,350	\$652,050
<b>TRAVEL AND TRANSPORTATION</b>			
2 trips/US staff @ \$3500	7,000	3,500	\$10,500
In-Country Travel	15,000	7,500	\$22,500
Consultants (@\$3500)	35,000	17,500	\$52,500
per diem days @ 300	60,000	30,000	\$90,000
Subtotal	\$117,000	\$58,500	\$175,500
<b>CONSULTANCY</b>			
(250 days at \$350/day)	\$87,500	\$43,750	\$131,250
<b>COMMODITIES</b>			
	\$1,000,000	\$250,000	\$1,250,000
<b>TRAINING</b>			
	\$400,000	\$350,000	\$750,000
<b>PROJECT SUBTOTAL</b>			
	\$2,039,200	\$919,600	\$2,958,800
<b>CONTINGENCY @ 25%</b>			
	\$509,800	\$229,900	\$739,700
<b>GRAND TOTAL PER CITY</b>			
	\$2,549,000	\$1,149,500	\$3,698,500

**ATTACHMENT 3 (page 2)**

**OVERALL LOCAL GOVERNMENT BUDGET**

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>Total</u>
Moscow	\$2,549,000	\$1,149,500		\$3,698,500
Nizhny Novgorod	\$2,549,000	\$1,149,500		\$3,698,500
City 3 - Ukraine	\$2,549,000	\$1,149,500		\$3,698,500
City 4 - Ukraine	\$2,549,000	\$1,149,500		\$3,698,500
City 5 - NIS		\$2,549,000	\$1,149,500	\$3,698,500
City 6 - NIS		\$2,549,000	\$1,149,500	\$3,698,500
City 7 - NIS			\$3,698,500	\$3,698,500
City 8 - NIS			\$3,698,500	\$3,698,500
<b>A.I.D. Project Management</b>				
PSC	\$80,000	\$80,000	\$80,000	\$240,000
Field Monitoring	\$20,000	\$20,000	\$20,000	\$60,000
<u>Evaluation</u>	<u>\$60,000</u>	<u>      </u>	<u>\$60,000</u>	<u>\$120,000</u>
<b>TOTALS</b>	<b>\$10,356,000</b>	<b>\$9,796,000</b>	<b>\$9,856,000</b>	<b>\$30,008,000</b>

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## Illustrative Budget: Democratic Pluralism Initiative

ATTACHMENT 4

<u>COMPONENT</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>TOTALS</u>
<b>1. POL./SOC. PROCESS</b>					
Pol. Party/Civ. Org.	\$3,800,000	\$4,000,000	\$2,500,000	\$2,500,000	\$12,800,000
Labor Unions	\$800,000	\$400,000	\$200,000	\$200,000	\$1,600,000
Elections	<u>\$500,000</u>	<u>\$1,200,000</u>	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$2,300,000</u>
SUBTOTAL	\$5,100,000	\$5,600,000	\$3,000,000	\$3,000,000	\$16,700,000
<b>2. INDEPENDENT MEDIA</b>					
Independent TV	\$1,100,000	\$2,000,000	\$500,000	\$500,000	\$4,100,000
Journalist Training		\$2,500,000	\$500,000	\$500,000	\$3,500,000
Media Centers		<u>\$5,000,000</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>	<u>\$9,000,000</u>
SUBTOTAL	\$1,100,000	\$9,500,000	\$3,000,000	\$3,000,000	\$16,600,000
<b>3. RULE OF LAW</b>					
Institutional Framework		\$5,000,000	\$2,000,000	\$2,000,000	\$9,000,000
Judicial Training		\$700,000	\$750,000	\$750,000	\$2,200,000
Legal Assistance	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$750,000</u>	<u>\$750,000</u>	<u>\$3,500,000</u>
SUBTOTAL	\$1,000,000	\$6,700,000	\$3,500,000	\$3,500,000	\$14,700,000
<b>4. GOVERN./PUB. ADMIN.</b>					
Civil-Military	\$700,000				\$700,000
Parliament Support		\$3,200,000	\$750,000	\$700,000	\$4,650,000
Local Government		<u>\$10,400,000</u>	<u>\$9,800,000</u>	<u>\$9,800,000</u>	<u>\$30,000,000</u>
SUBTOTAL	\$700,000	\$13,600,000	\$10,550,000	\$10,500,000	\$35,350,000
<b>5. TECH. ASSISTANCE</b>	\$100,000	\$1,200,000	\$150,000		\$1,450,000
<b>6. EVALUATION</b>	-	-	\$200,000		\$200,000
<b>TOTALS</b>	<u>\$8,000,000</u>	<u>\$36,600,000</u>	<u>\$20,400,000</u>	<u>\$20,000,000</u>	<u>\$85,000,000</u>