

PD-ABL-266
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MFM Project

TRIP REPORT NIZHNY NOVGOROD

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Municipal Finance and Management
Project No. 5656
Contract No. CCN-0007-C-00-3110-0

April 4-7, 1994



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To: Bill Fuller, Norm Hickey, Eric Chetwynd
From: Larry Cooley
Date: April 7, 1994

Trip Report: Nizhny Novgorod; April 4-7, 1994

The purposes of the trip were two, namely (1) to undertake planning for a Management by Objectives Workshop to be undertaken later in the Spring, and (2) to initiate action with respect to performance monitoring of the MFM project in Nizhny.

Given the recent and ongoing political turbulence in Nizhny including the voiding of the recent mayoral election and the appointment of a new mayor, planning was necessarily somewhat tentative and was based almost exclusively on discussions between Mr. Aksinyin, Bill Fuller and myself. Nevertheless, Bill and I are relatively confident that the agreements outlined below will be feasible and acceptable to the incoming administration.

MBO Workshop:

I do not see a role for the workshop we originally planned. Given the history of the project with the World Bank and AID, Mr. Aksinyin was of the view (and I concur) that the time for a session explicitly focused on clarifying project objectives and action plans has passed. Although I believe that many of the participants in the project continue to have a view of the project that is considerably narrower than the project design implies, it will be necessary to address this matter indirectly (see suggestions below).

Performance Monitoring:

We reviewed the draft performance monitoring framework in some detail. Neither Bill nor Mr. Aksinyin had seen it in its present form, although both had received earlier drafts, and Bill had commented on one such draft. Moreover, the draft framework was, of necessity, both preliminary and generic in nature. We thus spent considerable time modifying it to reflect the reality of the intended activities and outcomes in NN. This modification occasioned considerable discussion regarding the breadth of the project in terms of promotion of democratic initiatives and free market approaches, and the relative attention to be paid to issues at the oblast, raion and enterprise levels.

The modified performance monitoring framework was translated into Russian as was the discussion on page 2 of the draft workplan which presents the overall context of the project as seen by AID and RTI.

It was agreed that Bill would continue discussions with Mr. Aksinyin, the new mayor and other relevant individuals regarding performance objectives and indicators and that I would solicit additional input as appropriate to the revised draft from AID and RTI. Once objectives and indicators have been tentatively agreed upon, someone in the U.S. would be tasked with

compiling whatever baseline information can be gleaned from the various trip reports and documents already in the possession of the project. A 2 day workshop for officials from the Mayor's Office, Finance Department and Raion Administration should then be held in NN (perhaps in July) to discuss these objectives and indicators and their implications; to amass additional baseline data; to agree on systems for tracking performance indicators; and to establish procedures for feeding back such performance data into the management of the project and the city.

Workshop Series on Inter-Relationship Between Budget Preparation Bodies:

In the course of discussions with Mr. Aksinyin and others, it became clear that an issue of considerable importance, and an area in which the project can be of service, concerns the resolution of conflict and negotiation of differences between various parties to the budget preparation process. Additional decentralization in recent years and changes in municipal governance procedures have compounded the inherent complexity of these matters, and all involved seem to agree that the opportunity exists for making significant improvements in current practice. The existence of citizen advisory committees in a variety of technical areas, and the relationship of those bodies to municipal and raion budget committees, creates the possibility of using such sessions to address issues of transparency and participation simultaneously with issues of efficiency.

Given the number of actors involved, it is recommended that separate sessions be conducted focusing on each interaction of consequence. Accordingly, one such session would focus on the issues that exist between the oblast and the municipality; a second would focus on the issues that exist between the municipality and the raions; and a series of sessions would focus on the linkage between each of the city's 8 raions and key enterprises within it. Each of these sessions would incorporate the relevant individuals responsible for finance and administration, (at the raion level) selected advisory groups, and possibly key technical departments. As a general rule, those invited should be at a level sufficient to make and implement agreements regarding possible procedural changes. Given the overlap in likely participants, the session dealing with linkages between the municipality and the raions could plausibly be linked with the above-mentioned session on performance monitoring in a single workshop of 2 1/2 -3 days.

Sessions would include a brief presentation and discussion of how comparable issues are dealt with in the United States (and perhaps in selected other countries). The majority of the session would, however, be devoted to facilitated discussion and problem solving regarding the actual situation in NN. As such, project personnel leading the sessions would serve primarily as workshop facilitators and process consultants rather than as technical experts or advisors. Each session would be intended to broker agreements among participants to modify selected practices, at least on an experimental basis, and to review the situation again at a point certain.

The MSI facilitator for the initial sessions would be joined by a Russian counterpart specialized in process consulting. It is recommended that the outside consultant participate in the session between oblast and municipality, between the municipality and the raions, and the first of the

sessions between a raion and its constituent enterprises. The selected Russian counterpart should be fully competent to conduct comparable sessions for the remaining raions.

If possible, each of the sessions noted above should be two days in duration and off-site. If longer periods away from the office are possible, instructional modules on various aspects of financial management and/or computer operation could be extracted from other MFM training courses and incorporated. While it would be possible to carry out the sessions in a 1 day on-site format, this latter format would be less likely to have the desired secondary effects in terms of team building.

The timing for the above sessions should be designed to minimize any inconvenience to participants and to occur at a stage of the budget process where participants have the greatest opportunity to put any agreements reached into immediate practice.