QUARTERLY TASK ORDER PROGRESS AND COST REPORT

GEORGIA LOCAL GOVERNANCE REFORM INITIATIVE

OCTOBER TO DECEMBER 2001

Prepared for

Georgia Local Governance Reform Initiative
United States Agency for International Development
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Prepared by

William E. Krause
The Urban Institute

THE URBAN INSTITUTE
2100 M Street, NW
Washington, DC 20037
(202) 833-7200
www.urban.org

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Task Order No.: EEU-I-00-99-00015-00, Task Order No. 809

Date of Issuance: January 18, 2000

Task Order Description

In September 2000, the United States Agency for International Development (USAID) contracted the Urban Institute (UI) for a three-year Local Governance Reform Initiative (LGRI) in Georgia. The project is designed to support the following activities:

— Expansion of citizen participation and transparency in local government operations
— Legislative reform and policy dialogue
— Development of municipal, professional and other associations related to local government
— Targeted assistance for 10 municipalities and towns, training for other municipalities
— Conflict monitoring and rapid response

Amount Obligated Under Task Order:	$2,505,304
Total Potential Task Order Amount:	$5,441,367
Dollars Expended To-date:	$1,589,423

Major Activities Accomplished During the Previous Quarter

New Chief of Party—Dr. William E. Krause arrived in Tbilisi on November 13 to become Chief of Party (CoP). The former CoP, Martha Sickles, and the former Deputy CoP, Alexandre Kukhianidze, have both left the project. UI and USAID are discussing the need to replace the Deputy. A decision will be made in the context of development of a workplan for next year.

Development of Budgeting and Financial Management Capacity—UI held its fourth intensive budget and financial management seminar on November 28 and 30. The Seminar started with participant presentations of their homework assignments, developing a program budget format for one governmental function. They presented their draft budget and received questions from other local government

representatives and UI staff. The remainder of the seminar included presentations and small group exercises on the following topics:

— Expenditure and revenue forecasting (Mr. Nick Gvishiani, UI staff)

— Revenue alternatives (with the Hungarian experience by Dr. Mihaly Lados of the Hungarian Municipal Research Institute)

— Revenue maximization (Mr. Barry Reed, UI staff)

We also held our general training sessions in all five local governments during the fourth quarter. In each community we held two sessions, the first with officials not attending the intensive training and the second with non-government organizations (NGOs), Mass media and citizens. We worked together on these with Civitas Georgica and we utilized a local person for some small group work on overcoming barriers to better budgeting and citizen participation in the process. In December the staff also worked on preparing a manual for local governments on different budget and finance issues, including alternative budget formats, improved citizen participation, fiscal indicators, budgets-in-brief and better financial reporting.

We continue to provide assistance to our local governments in developing their program budget for one functional area. We sent an offer to our local governments as a result of their interest in the September seminar. We offered to assist the local governments in preparing a capital improvement plan for their community. In addition, we offered to conduct a debt rating survey. The City of Zestaponi has formally requested we assist them in developing a CIP. We will schedule work on this during 2002. We have not heard from the other cities yet.

Legislative Reform Process—The Technical Group (TG) facilitated by UI conducted the following activities in the fourth quarter 2001:

- In cooperation with the Joszef Hegedus (budgeting expert from Hungary) elaborated basic principles for the framework of the Law on Local Budget and Formula Parameters for Equalization Transfers.

- Disseminated the copies of the draft law on "Local Self-government Property" through the various ministries, State Chancellery, parliamentarian fractions and committees as well as the LSG bodies of the selected pilot cities.

- Scrutinized the commentaries and suggestions on the draft law provided by the various stakeholders, including the Ministry of Property Management (MPM) and made the respective adjustments to the draft law following the meetings with the MPM officials.

- Provided public information briefing on the Organic Law and Election Code and presented the draft law on "Local Self-government Property" for further commentaries at the Lagodekhi meeting, where the representatives of local governments, NGOs, media and citizens attended.

- Met with the Deputy Minister of MPM, Mr. Shota Keldishvili and agreed that two MPM officials would cooperate within TG for the purposes of agreeing the final text of the draft law.

- Met with the Deputy Chairman of the Parliament, Mr. Gigi Tsereteli. Discussion covered a range of issues: (e.g., election postponement, the outcomes and possibility of amending the newly adopted organic law; trends on introduction to the regional level governance and necessity on new law on LSG at the given stage of reform making). The issues on local budget law and intergovernmental fiscal relations were reviewed and agreed that Mr. Tsereteli would assist in conducting the consultations with the different parliamentarian fractions and committees.

- Met with the Deputy Head of Regional Policy and Management Service, Mr. George Ugrekhelidze. It was agreed that the legislative efforts and the respective workplans of the TG and the State Chancellery would be coordinated with respect to the LGRI. In addition, the draft amendments to the Organic Law prepared by the TG were considered, the enactment of which would enable the laws on Local Budget and Local Property to take effect immediately after their publication, not waiting the results of local elections.

  Furthermore, it has been agreed that the process of adoption of the Local Self-government Property Law would be accelerated; as the first step, Mr. Ugrexelidze assigned the applicable unit at State Chancellery to request the submission of the draft law from the MPM in the shortest possible time.

- Completed the draft law on "Local Budgets". This work comprehensively involved the Ministry of Finances as an ad-hoc member of the TG.

- Worked out the different approaches and principles on the formula parameters for equalization transfers.

- Prepared the suggestions on LSG Legislative Package to be affected after the enactment of the organic law, drafted amendments and addendum to the presidential decree 334 on "Transferring the State Property to Local Self-government Units", which was agreed with the representative of State Chancellery.

- Reviewed the newly drafted laws on local property and local budget for consistency with the European Charter on Local Government.

- Prepared and disseminated materials for assisting the implementation process.

- Considered the options on more efficient lobbying tools through the law making process; discussed a possible format of collaboration between the newly established NGO—the Association of Independent Experts and the UI/Tbilisi.

- Delivered preliminary propositions on the National Decentralization Strategy of Georgia.

- Prepared the detailed draft workplan for its working during the first quarter of 2002; work in the coming quarter will follow this plan, however, certain political decisions may cause some changes in the TG workplan.

Due to the resignation of the Georgian Government, the process of introducing and adopting the Local Property Law has been protracted; still, the respective meeting with the new minister is planned to hold in the nearest future and the agreed text of the draft law to submit to the public.

Consulting Skills Workshop—A three-day consulting skills workshop was held by Ms. Maria Nagorski from TRG for the Local Government Coordinators. They had requested this during the staff retreat in June. The objective was to increase their ability to be effective consultants for local governments and community residents. This workshop included:

— A description of roles and characteristics of effective consultants
— Various approaches to consulting
— Development of listening, problem identification and analysis skills

Training Planning—Ms. Nagorski also worked with UI staff and NGOs in October to begin to develop a training program. The work was hampered somewhat by the decision to postpone local elections and by the change in the project management, which was announced at that time. Nonetheless, progress was made in identifying topics and approaches to training and in assessing capabilities and background of the current partners. More work needs to be done early next year on these subjects.

Development of Next Year's Work Plans

Work has begun on developing a workplan for next year. The UI Tbilisi staff began meeting with local government officials and NGOs in December to discuss potential workplan activities. UI staff has also assessed the progress in meeting the goals for this year and reviewed the UI proposal to identify areas for next year.

A brainstorming session was held with USAID to discuss possibilities and areas for emphasis. A major theme of the discussion was that the work plan for next year should be seen as part of an effort to develop thriving communities in Georgia. While UI's task is to strengthen local government, it should be recognized that this could only be successful if there is strong, informed community input and if the government is contributing as effectively as possible to the improvement of the city.

Local Offices—Local offices are now functioning in all pilot cities.

Experience Sharing—One of the recommendations from the team building workshop was that the coordinators should meet monthly on a rotating basis in each city to discuss common issues and to become familiar with efforts in other cities. The first coordinator's meeting took place in November in Lagodekhi.

The second Coordinator's meeting took place in December in Poti and Ozurgeti in December. William Krause attended the meeting. Dr. Cate Johnson attended part of the meeting. She also discussed gender issues and other work plan issues with the staff at a later meeting. The coordinators visited the office of Ozurgeti Young Scientist's Association and met with other local NGO representatives. New software was described by the Ozurgeti Young Scientists Association' for Local Government information centers. The possibility of providing this software to UI pilot cities was discussed.

In October, the coordinators from all pilot cities and NGO/mass media representatives from Poti and Zestaponi visited and met with Lagodekhi public advisory council members.

Computer Donations—Computers were provided to the Zestaponi Rayon Sakrebulo Budget and Finance Committee and to the Lagodekhi Local Government. In the case of all computer donations, UI will train the personnel who will work on the computers. UI will also monitor the use of the computers to identify the needs for further training and ensure that they are being used as intended. A new donation agreement is being developed.

Citizen Participation—Local Government Coordinators met with local officials to encourage more citizen participation in Sakrebulo meetings. They stressed:

— Setting a day and time for regular meetings
— Announcing the agendas for upcoming Sakrebulo meetings one week prior
— Setting aside time in Sakrebulo meetings for citizens comments and suggestions
— Keeping citizens informed of activities

In December, Zestaponi made changes in Sakrebulo Article concerning citizen participation and involvement in Sakrebulo regular meetings. Mtskheta is planning to adopt a similar amendment within a month.

Lagodekhi has been making use of television (TV) to announce meetings and encourage participation. Lagodekhi and Poti are planning to have regular television programs about local government issues. UI will provide some funding to support this in Poti.

NGOs—NGO Roundtable meetings were held on October 2 and November 16 in the UI-Zestaponi field office. At the October meeting, both TV station correspondents were actively involved in roundtable session. The main topic of the meeting was Zestaponi NGO sector and UI introduction. Each NGO described itself as well as its past, ongoing and planned activity. As it turned out not all of them knew each other's activities, even though Zestaponi has an NGO coordination center. The most problematic issue identified by all NGOs was the lack of information availability from the state or local government organizations. Many of NGO and UI coordinators also, have problems with official entities to get information.

Two main topics that were discussed at the November meeting:

— Selecting two NGO representatives to be sent in Lagodekhi trip
— Introduction of Vladimer Vardosanidze (President of "Urbanists Association") and UI/AU plans in Zestaponi

In November, two representatives of Zestaponi NGO (Urbanists Association and Zestaponi NGO Coordination Center), one representative from Mr. Rayon Sakrebulo (Head of Human Rights Committee) and one Mass Media representative (Argo-TV station) visited Lagodekhi. The main goal of the visit was to learn about Lagodekhi Citizen Advisory Committee activity. The Zestaponi NGO representatives expressed their readiness to create such an organization in Zestaponi.

In October, the Lagodekhi coordinator presented LGRI program, made a brief speech about coordination between NGOs and offered UI's support and cooperation to a group of local NGOs. It was agreed to hold regular meetings with Lagodekhi-based NGOs and combine NGO Coordination Center in order to identify the similar problems, get more information about our activities and assist each other to make the NGO sector more effective. UI offered to arrange meetings with the NGO sector from other LGRI partner cities to share experience.

Elections

On December 20, Giorgi Baratashvili (IFES) and Kote Kandelaki (ICCC) conducted Election Code Seminar in Zestaponi. NGO and media representatives attended the seminar.

Condominium (multi-family buildings)

A workplan with deliverables was agreed with the Association of Urbanists. Booklets about condominiums and a questionnaire were distributed to the flat owners. The Rayon Sakrebulo Meeting room hosted a November 7 Informational meeting for Zestaponi flat-owners. Further Condominium Training took place in Zestaponi in December.

Budget Seminars

October 30 a general budget training seminar was held. It was divided into two parts, first was for local officials and the second for local NGOs Mass media and Ordinary citizens. City officials attended the November 28 and 30 UI Budget Seminars.

Local Offices

Local offices are now functioning in all pilot cities. The Lagodekhi field office was opened on November 1, 2001. Local Government officials, local NGOs, media, and USAID were invited to the opening ceremony.

Appointment of Lagodekhi Coordinator

On October 16, Ms. Keti Jakeli began work as a Local Government Coordinator in Lagodekhi. She is a resident of the city who is well qualified. The Chairman of the City Sakrebulo, Gia Tsverava, presented the new LGRI coordinator in Lagodekhi at a meeting.

Mtskheta Park

UI is working with Mtskheta to develop plans for a park, which they have identified as a high priority.

Economic Development

Mtskheta is the leading project city in the area of economic development. The general concept of city development with the focus on tourism development and the process of developing the project have been discussed as well as identification of a list of people and related agencies whom we need to cooperate with.

Identification of Catalytic Personalities

The efforts of the citizen information and participation component of LGRI were also directed at identifying catalytic personalities in the pilot cities, who could facilitate changes within institutional structures and motivate others through their actions. Emphasis is being placed on identifying women.

Baseline Assessment

In October the Baseline Assessment of Georgian Local Governance (1,000 copies in Georgian and 200 in English) was published. During November and December the book distribution list had been prepared and approved by CoP and USAID. The LGRI local coordinators began to distribute the report to the local governments and institutions of the pilot cities. The electronic version of report has been placed on the website of the UI Tbilisi office and the website "Assistance Georgia." An introductory letter signed by USAID and UI is being distributed with the reports.

Media Coverage

There was considerable coverage of LGRI activities on local television including:

- Local TV station (LagoTV) highlighted the budget seminar as well as the other activities of UI in Lagodekhi.
- Both TV stations in Zestaponi had highlighted the donation of computer equipment to the Rayon Sakrebulo. They interviewed the UI-Zestaponi coordinator as well as the Chairs of the City and Rayon Sakrebulo. Both level Sakrebulo Chairs stated in their interviews that they are ready to cooperate with UI to realize all activities concerning LGRI program.

- Opening of the LGRI office in Zestaponi (September 2001)

  — Private TV-company "Argo"
  — Private TV company "Imereti"

- Interview with LGRI advisor Barry Reed after follow-up with Zestaponi officials on the homework assignment they received at the budget and finance seminars (August 9, 2001)

  — Private TV-company "Argo"

- Opening of the LGRI office in Poti (September 2001)

  — Poti Municipal TV "Phazisi"

- Opening of the LGRI office in Lagodekhi (November 1, 2001)

  — Local TV company
  — Local radio station "Hereti"

- Budget Awareness Seminar in Zestafoni (October 30)

  — Private TV-company "Argo"
  — Private TV-company "Imereti"

- Public Awareness Seminar on Election Code (Zestafoni, December 20)

  — Private TV-company "Argo"
  — Private TV company "Imereti"

In December Vakhtang Mikelaishvili, LGRI coordinator in Poti, and directorate of the local municipal TV "Phazisi agreed in principle to create a weekly TV broadcast about local governance and self-governance, and start preparatory work for the broadcast. According to Mr. Mikelaishvili the leadership of the TV Company is very interested in joint activity with LGRI in this field.

LGRI Presentation Leaflet—In order to give LGRI more publicity the public information manager developed a bilingual informational leaflet explaining in plain language LGRI goals, approaches and activities. The leaflet that summarizes the findings of the baseline assessment as well as overall program description has been published and distributed in all partner cities and to partners in Tbilisi, amongst the local government officials, NGOs, media and citizens. To-date over 2,000 brochures describing the program has been distributed.

Cooperation with Other Donors

Meetings were held with TACIS to discuss potential areas of cooperation with their "Preparatory Actions for the Launching of the Development of Local and Regional Government in Georgia" project. They are working namely in the Imereti Region.

Meetings were also held with the World Bank Task Manager, PIU Director and contractors to discuss future cooperation. It appears that the programs can provide mutual benefits. There will be further meetings with both in January.

Advisory Board—On November 9 the first advisory board meeting was held in the Hotel Kolkhi. The Community Development Initiative program was discussed and some of the projects submitted from pilot cities were presented. The Mtskheta coordinator presented consumer survey results to the audience. The Local Government representatives expressed willingness to present the survey results in pilot cities. No meeting was held in December because of the change in project management. There will be a meeting in January to discuss the role of the Advisory Committee and the Workplan for next year.

Work Planned for the Next Reporting Period

Activities for the next quarter will be expanded and defined in more detail during the development of the workplan for the next year in January. They will include:

- Development of work plan for the year
- Visits to each of the cities by the CoP
- Development of a Training Strategy and Implementation Plan
- The next budget and financial management workshop
- Development of information centers
- New contracts with NGO's
- Development of coordination plans with other donors
- Agreement on an implementation strategy for each of the components
- Review and possible revision of MOU's

Key Personnel

Dr. William E. Krause, The Urban Institute, Tbilisi, Georgia, 995-32 (22-58-68), bill@urban.ge.

ATTACHMENT
Cost Report