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April 25, 2003

Mr. Gary Kinney
Contracting Officer
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20 Telavi Street
Tbilisi, 380003, Georgia

RE: Contract No. EEU-I-00-99-00015-00, TO No. 809
UI Project 06901-012, Georgia Local Governance Reform Initiative
Quarterly Task Order Progress and Cost Report, January to March 2003

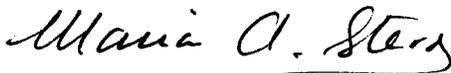
Dear Mr. Kinney:

Please find the enclosed *Quarterly Task Order Progress and Cost Report, January to March 2003, Georgia Local Governance Reform Initiative*. This report is required by Sections F.5 and F.6 of our Local Government Assistance Initiative Indefinite Quantity Contract.

In an effort to minimize cost and maximize efficiency in submitting this deliverable, we are planning to submit the report and the manual in soft copy only. We would be pleased to provide a hard copy of either or both documents, if requested.

Please direct any technical questions to Dr. William E. Krause at bill@urban.ge or (995) 32-22-5868. Questions of a contractual nature should be addressed to me at (202) 261-5396.

Sincerely,



Maria C. Andrade-Stern

Enclosures

cc: Joe Taggart (CTO, USAID Caucasus)
Mike Keshishian (USAID/W)
William E. Krause (UI/Tbilisi)
USAID Development Clearinghouse
IAC Deliverables File (06901-012)
IAC Chron File

**QUARTERLY TASK ORDER
PROGRESS AND COST
REPORT**

JANUARY TO MARCH 2003

**GEORGIA LOCAL
GOVERNANCE REFORM
INITIATIVE**

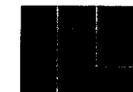
Prepared for



Georgia Local Governance Reform Initiative
United States Agency for International Development
Contract No. EEU-I-99-00015-00, Task Order No. 809

Prepared by

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March 2003
UI Project 06901-012

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**QUARTERLY TASK ORDER PROGRESS AND COST REPORT
JANUARY TO MARCH 2003
GEORGIA LOCAL GOVERNANCE REFORM INITIATIVE**

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

Date of Issuance: September 15, 2000

Amount Obligated Under Task Order: \$5,441,367

Total Potential Task Order Amount: \$5,441,367

Dollars Expended To-date: \$4,041,084

Key Personnel: William E. Krause, Chief of Party, Tbilisi, Georgia, 995 32 22 5868, 995 32 25 0257, billkrause@attglobal.net

Task Order Description

In September 2000, 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

The overall objective of this project is:

- More efficient and Responsive Local Governance in Georgia (USAID Strategic Objective 2.3)
- Immediate Results which should advance the objective, include the following:
 - Increased Community Participation in Local Government Oversight and Political Processes
 - Increased Capacity of Local Governments to Plan and Manage Resources
 - Increased Partnerships between Local Government, Business and Communities to Provide Services

At the end of the project, USAID/Caucasus expects that the contractor shall have achieved the following outcomes:

- Legislation will have been drafted with stakeholder participation
- Two fully operational advocacy groups will have been established
- In five cities, citizen participation will have increased as demonstrated by attendance at meetings
- Improved resource allocation and efficient use of limited budget funds will result in improved service delivery
- Local government operations will be more transparent, including public notice of program budgets and increasing utilization of citizen advisory councils, task forces and community participation in economic development activities
- Formal vehicles to facilitate citizen access to public information will have been established in five local government units
- Pocket projects that are jointly agreed upon by local government, business and community groups will have been successfully implemented in the five communities

I. HIGHLIGHTS

Dissemination

- UI and GIPA conducted a national conference “New Perspectives in Georgian Local Governance”. The conference took place on February 6 and 7, at the Sheraton Metekhi Palace Hotel. Over 300 people from all over the country attended. The goal of the conference was to present examples of successfully implemented improvements in Georgian Local Self Governance and shares best practices. Speakers talked about their experiences, programs successfully implemented and outcomes achieved. The presentations were in Georgian. UI and GIPA will edit and publish the papers in a book with assistance from the University of Georgia (US).
- Ten guidebooks on different aspects of effective self-governance were designed, published and distributed to newly elected local officials and interested citizens. Other USAID partners as well as UI carried out distribution.

Legislation

- Conferences were held on January 23 and February 6 and 7 and was attended by more than 500 people. The objective was to present and explain the Local Government Legislative Package that had been developed by UI based on dialogues held throughout the country.
- On February 25, a meeting with MPs was held at Marriott to explain the legislative package.
- On March 18 and 19, a workshop on Local Self-government Unit Property draft law was held with the participation of CoE experts, and on February 19 the draft was discussed at the Government meeting in which UI was invited to participate.
- A Lobbying Group of local government officials was formed. The group was trained in talking points and main principles of the Legislation and how to deal with difficult questions.

Financial Management

- Program budgets have been completed for Ozurgeti and Poti
- International Accounting Standard computer program has been installed in Ozurgeti rayon and Poti financial departments
- Program budget training was provided for Ozurgeti rayon village Sakrebulo's chief accountants
- Specifications and contract documents have been prepared for design and installation of customer database and accounting programs in the Water Company

Performance Management

- UI provided computer for the youth club of Mtskheta. Youth club members were trained in Trained Observer Rating (TOR) techniques in November 2002 and are actively cooperating with local government of Mtskheta
- Mtskheta and Lagodekhi volunteers conducted training in TOR techniques for Poti and Ozurgeti volunteers. Poti and Ozurgeti volunteers rated cleanliness of streets and parks in their cities

In Kind Program

- The Zestaponi "Communal Service Department" finished cleaning works in City central road drainage with financial assistance from UI
- The construction firm "Tskalmsheni" started condominium drainage works in Zestaponi

- Three rooms for the Sakrebulo the Information Center were repaired. Two rooms were repaired in Zestaponi
- Garbage trucks arrived for Ozurgeti, Mtskheta and Zestaponi but are awaiting customs clearance

II. PROGRESS OF MAJOR ACTIVITIES

Legislation

Cooperation between UI and the Parliament Committee of Self-Governance, the Regional Policy, the Chancellery Service and CoE experts improved considerably during this quarter. The most significant outcome was approval of a draft Law on Local Self-government Unit Property that incorporated most of the comments of UI and the CoE by the Government.

We have also been holding discussions on the Law on Budgetary Systems that have included the IMF. We are concerned with some provisions of the law that has had two readings in Parliament, but UI had been invited to participate in a Working Group that is making final modifications to the law.

It appears that there is still a small chance that a local budget law will be adopted before the end of the current session in June. However, even this law is unlikely to deal with local self-governments. During the quarter we found that Mr. Iuri Chikhradze, the Deputy Chairman of the Parliament Budget and Finance Committee, is very interested in local budgets and has a good understanding of the issue. Further cooperation with him is expected to be helpful. Steps have been defined for cooperation with MoF, Chancellery and Parliament in the development of the law. The lobbying group that was formed as a result of the Legislative Conference will be actively involved in promoting the principles of Local self-government independence.

On January 23 the Association of Independent Experts with UI financial support organized a conference on the Legislative Package including three laws that represent the key tools for achieving really independent local self-governance with commensurate financial resources to implement its functions and authority.

The conference was held at the Sheraton-Metekhi Hotel. About 200 representatives from different cities and regions attended the conference. Among attendees were representatives of local self-government bodies, both representative and executive, those of local government, representatives of the State Chancellery Regional Service, Vice-speaker of the Parliament, Chair of the Parliament Committee of Local Self-governance and Regional Service.

Giorgi Tugushi of the Association of Independent Experts (AIE) opened the meeting noting that Georgia had never had such a representative gathering of local officials about local self-governance issues. Gigi Tsereteli, Parliament Vice-speaker, Nugzar Navadze, Chairman of the Parliament Committee of Local Self-governance, Dr. Kate Johnson and Joe Taggart from USAID welcomed the meeting.

Prior to the conference, AIE conducted 14 dialogues in different regions of Georgia on Local Budget and Local Property Laws and changes to the Local Revenue Legislation. The analysis of the materials and feedback collected by AIE during the dialogues became the basis for legislative package that was presented. Giorgi Tugushi and Koba Arabuli (AIE) explained the basics of the legislative package and recommended changes, which each participant received.

The conference heard speeches by MP, Badri Khatidze, and former Chairman of the State Chancellery Department for Local Governance and Regional Policy, Vladimer Sikharulidze, MoF, chairs of Sakrebulo from many cities and other local officials. All of them supported the principles of the Legislative Package and the Package itself and expressed their opinions on the suggested recommendations.

At the end of the meeting Paata Mirziashvili, Chairman of the Sakrebulo of the city of Mtskheta, presented the petition to the President and Chair of the Parliament of Georgia. The petition calls them to assist in adopting the legislation at the coming Spring Session of the Parliament. The participants signed the Petition.

On February 25 UI hosted a luncheon meeting With MPs at the Marriott Hotel to discuss possibilities of passing Local Government related legislative package during the parliamentary spring session in 2003.

The following people attended:

PARLIAMENT:

- Gigi Tesereteli—Vice-speaker
- Nugzar Navadze—Chair of the LG Committee, Socialists
- Zurab Tskitishvili—United Democrats
- Giorgi Targamadze—United Georgia
- Koba Davitashvili—National Movement
- Pikria Chikhradze—New Rights
- Zurab Tkemaladze—Industry Will Save Georgia
- Irakli Gogava—Alliance
- Akaki Asatiani—Traditionalists
- Badri Khatidze+
- Irakli Mindeli—Socialists
- Vakhtang Khmaladze—Industry
- Archil Gogelia—Majoritarian
- Valeri Gelbakhiani—Revival
- Givi Lominadze—Abkhazeti
- Iuri Chikhradze
- Jansug Ezugbaia
- Aleko Shalamberidze
- Jemal Gogitidze

USAID:

- Michael Farbman, Mission Director
- Cate Johnson, Director of D&G Office
- Lado Gorgadze, LG Specialist

Urban Institute:

- Bill Krause, Chief of Party
- Nelly Pitskhelauri, Interpreter
- Francis Conway
- Marika Shioshvili
- Kakha Kenkadze
- Nick Gvishiani
- Giorgi Tugushi, AIE

NDI:

- Salome Samadashvili
- Khatuna Khvichaia
- Mark Mullen

IRIS:

- Nona Tsotsoria

Ms. Cate Johnson, USAID, welcomed the participants. She briefed them on the importance of local self-governance as a component of democratic development. She expressed her hope that the legislation needed to implement local self-governance would be adopted by the Parliament at the Spring Session.

Mr. Francis Conway, UI short-term expert, made a PowerPoint presentation on local self-governance service independence. He talked about the principles elaborated on the basis of dialogues with local self-government representatives and European Charter of Local Self-governance. Mr. Conway made it absolutely clear to the MPs that they should support any law that would incorporate the principles of local self-governance independence. MPs attending the Luncheon meeting agreed with the principle of local self-government independence.

Mr. Michael Farbman, USAID mission director, who joined the meeting later also expressed his hope that Georgia, after having embarked on the course of democratic development, would be trying and doing its best to achieve really independent local self-governance.

Mr. Navadze, Parliament Local Self-governance Committee Chairman, GiGi Tsereteli, Parliament Vice-speaker and Aleko Shalamberidze Traditionalist made speeches. They thanked UI for organizing the meeting and having been so supportive to Georgian officials working on Local Self-governance issues. They all expressed their hope that working together would help and even guarantee democratic development a very important component of which is independent local self-governance.

As a result of a session facilitated by NDI at the Best Practices Conference, a Local Self-Government Legislation Lobbying Group has been formed. The members are:

- Demna Mikiashvili—Chairman of the Sakrebulo of the city of Amrbolauri, Speaker, “New Rights”
- Soso Chigvaria—Gamgebeli of the Ambrolauri Rayon, “Union of Citizens”
- David Gabechava—Member of the Sakrebulo of the city of Ozurgeti, “New Rights”
- Giorgi Tsanava—Chairman of the Sakrebulo of Tsalenjikha, “Restoration”
- Dimitri Kutivadze—Mayor’s Office of Kutaisi
- Zurab Tsertsvadze—Chairman of the Sachkhere Sakrebulo, “Restoration”
- Kakha Kechakmadze—Deputy Gamgebeli of Ozurgeti, “NDP”
- Zaur Medzvelia—Mayor’s Office of Kutaisi
- Kakha Gurgenidze—Rustavi, Chief of the Staff Mayor’s Office and Sakrebulo
- Chabuka Chanturia—Gamgebeli of the city of Sagarejo, “Labor Party”
- Gugua Marsagishvili—Speaker of the Kazbegi Sakrebulo
- Miron Beruashvili—Deputy Gamgebeli of the city of Zestaponi, “National Movement”
- Giorgi Menabde—the City of Ozurgeti, Traditionalist
- Simon Tsereteli—Mayor of Zestaponi, Traditionalist
- David Davituliani—First Deputy Gamgebeli of the city of Zugdidi
- Giorgi Kharchilava—Gamgebeli of the city of Tsalenjikha
- Tamaz Konchoshvili—Speaker of the Kvareli rayon
- Paata Mirziashvili—Chairman of Mtskheta Sakrebulo
- Revaz Putkaradze—Zestaponi, “New Rights”
- Giorgi Kobakhidze—Zestaponi Sakrebulo
- Tamaz Akhvlediani—Gamgebeli of the city of Vani

The UI team met the lobbying Group in Tbilisi twice and provided it training. The first training aimed at explaining to the Lobbying Group members the ways of promoting and lobbying of principles of the local self-governance during their meetings with government and population and the second training was dedicated to acquiring of skills and technique of dealing with representatives of mass media.

The UI team also helped the Lobbying Group to work out its action plan for the next few months. The Lobbying Group intends to organize four regional training sessions in different parts of Georgia for promotion of the idea of the Local Self-Governance. UI is planning to assist the lobbying group in arranging meetings with the officials of the central Government who are in charge of drafting and adopting of the local self-governance legislation.

Improvements in Local Government Financial Management

Pilot cities and rayons completed fully computerized program budgets. Cities include Poti, Mtskheta rayon, Zestaphoni rayon, Lagodekhi rayon and city, Ozurgeti rayon and City. The budgets were accompanied by a new chart of accounts and included description of the programs provided by the local governments, performance measures, and fiscal indicators and supporting information. Public Budget hearings were held in all of these jurisdictions except for Zestaphoni and Lagodekhi rayons due to delays in

the approval of the budget at higher levels. Hearings will be held as soon as they resolve problems with the central government.

Accounting financial management software installation was completed in the pilot cities and an additional five cities and rayons. Training in the usage of the accounting software, follow-up visits and revision of existing accounting data were continued. Works on reforming the budgeting/financial management systems for two additional cities have started in Kvareli and Tianeti. A new revenue system is being developed in Zugdidi.

Budget Program training was provided for Ozurgeti rayon village Sakrebulo's chief accountants. Representatives from 27 village Sakrebulo and other budget funded organizations attended.

The Ozurgeti city Sakrebulo presented the city program budget prepared with UI assistance to local NGOs, journalists from local newspapers, citizens, and representatives of local government.

Ozurgeti Sakrebulo chair and city vice-mayor participated in the talk show organized by the TV Company "Guria".

The Poti Sakrebulo conducted a budget public hearing attended by local NGOs, journalists from local newspapers, TV companies "Pazisi" and "Ninth wave", citizens, representatives of local government, Sakrebulo chair, head of Sakrebulo Budget and Finance commission, and Sakrebulo members. The local government considered all remarks given by local NGOs and made some amendments to the budget as a result.

Water Supply Enterprise of Poti

GSS Ltd. reviewed the operations of the accounting department of the water company and provided recommendations for installation of their computerized accounting package "Superfin". A contract is being processed for this.

UI announced a tender to design and install customer database program in the water company. Letter of Invitation were sent to the tender participants. All participants met the deadline. Proposals were submitted in time and the Young Scientists of Ozurgeti has been selected to develop the program.

Dissemination

UI published and distributed to the cities, NGOs, Information Centers and DG partners the following guidebooks:

- Role of Sakrebulo
- Role of Mayor
- How to Conduct Open Meeting of Sakrebulo
- How to Conduct Public Hearing
- How to Involve Citizens
- How to Inform Citizens

- How to Use Information Center
- How to Deal with NGOs and Interest Groups
- Forming Citizens Advisory Council
- How to Build Relations with Media

The guidebooks received positive feedback and UI/LGRI was asked for more copies for distribution at various training and workshops. In addition, the LGRI continued to distribute brochures about citizens' rights on freedom of information, condominiums, performance management and female involvement in local elections.

Press releases about the LGRI-sponsored National Conference were distributed to major media outlets. Rustavi-2 TV Channel that has the largest audience in Georgia, the city newspaper "Tbilisi" and one of the largest local news agencies "Inter-Press" highlighted the conference.

The knowledge and information received at the LGRI-sponsored National-Conference helped the Tbilisi-based NGO "Gldani-Nadzaladevi" to develop and win a grant from the International Society for Fair Elections for the creation of citizens' advisory groups to the district electoral commission for monitoring the upcoming Parliamentary elections. The NGO sent a letter of gratitude to the UI/LGRI Tbilisi office.

The daily press-reviews about the major events and trends in Georgia were prepared and distributed to subscribers.

The information about the UI/LGRI activities has been posted on the project's website. The information about UI/LGRI has been updated in the Assistance Georgia website. Plans are underway to improve the LGRI website.

A brochure about goals, achievements of UI/LGRI and its consultancy services has been updated and prepared for publication.

Officials of Zugdidi, Tkibuli, Khashuri, Kvareli and Gurjaani sent a formal written application to the UI/LGRI Tbilisi office with requests to involve them in the project. The public information officer has prepared a short profile of the cities, including local capacities, development of civic sector and media.

UI conducted a national conference "New Perspectives in Georgian Local Governance". Conference took place on February 6 and 7, at Sheraton Metekhi Palace Hotel.

The goal of the conference was to present examples of successfully implemented improvements in Georgian Local Self Governance and share the best practices. Speakers talked about their experiences, programs successfully implemented and outcomes achieved.

The conference had 8 sessions leaded by facilitators. There where 3 or 4 speakers in each session. The facilitators were leading the session: opened the session, made 5 minute presentation about topic of the session, introduced speakers, lead the discussion and closed the session. Among the speakers, one was selected to be the main speaker, who had a 15-minute presentation, and others where given 5 minutes. About 30 minutes was given to discussion and questions form audience. Each panel was

about 60 to 90 minutes. The speakers were representatives of Local Self-Governance, NGO and media, both from UI pilot and other cities. The speakers were identified by facilitators. They prepared conference paper (10 to 15 page) and presentation (in PowerPoint program).

Names of facilitators and conference sessions are given below:

- Public Participation in Projects—Marika Shioshvili (The Urban Institute)
- Open Meetings and Public Hearings—Vakhtang Mikelaishvili (The Urban Institute)
- Performance Management Program—Ketevan Kakheli (The Urban Institute)
- Condominiums Program—Beka Mikautadze (The Urban Institute)
- Information Centers—Zaal Anjaparidze (The Urban Institute)
- Legislative Issues—Koba Arabuli (AIE)
- Building Local Capacity Through Training and Access to Resources—Tamara Sulukhia (Georgian Institute of Public Affairs)
- Financial Management—Nick Gvishiani (The Urban Institute)

At the end of the first day NDI conducted a strategy discussion among interested participants. The discussion was facilitated by Lincoln Mitchell and Salome Samadashvili (NDI). The main topic discussed was how to lobby the Legislative Package. As a result of a meeting a 18-member group was formulated and the first meeting was held on March 12.

More than 300 people attended the conference. Among them were: Rayon/city Gamgebelis, Rayon/City Sakrebulo Chairs, Sakrebulo members from UI pilot cities, Parliament and State Chancellery representatives, representatives of different ministries, UI partners, NGOs, Georgian Institute for Public Affairs (GIPA), international/donor organizations and media representatives. About 60 uninvited additional participants contacted UI with requests to attend the conference.

Handouts were distributed to participants. The following documents were included in the handout: Conference agenda, Conference Program, Participant List, Notebook (with UI/USAID logo and conference title), evaluation form for participants, UI brochures (four Georgian Brochures), registration form and application forms for GIPA Local Government School.

Information about the conference was published on UI, GIPA and Local Government Information Center websites.

Performance Management

The volunteers group in Mtskheta has rated over 30 streets of Mtskheta and the central park. The Youth club of Mtskheta was provided with a computer by UI for developing electronic version of street rating in order to better analyze it and present it to local service departments for their SIAP's. Data received from street and park rating has already been entered in the computer.

Four people from each city (Mtskheta and Lagodekhi) were selected from volunteers who were trained in Trained Observer Rating techniques in November 2002. On February 26 they conducted training



in Poti for both Poti and Ozurgeti volunteers. About 30 people attended the training session. Among them about 25 were young participants.

On February 27, Poti and Ozurgeti volunteers rated streets and parks in those two cities. About 30 streets were covered in Poti and 35 streets in Ozurgeti. Mtskheta and Lagodekhi volunteers as well as Performance Management team leaders were helping them in this activity. Poti has already summarized the data collected from street rating and it is in process of formatting it. Poti communal service has drafted its SIAP and submitted it to UI for review.

Mtskheta information center has drafted a new strategy of it's operating in order to improve performance and submitted it to UI for review.

Condominium Development

The Condominium Case study and Guidebook in Georgian have been completed and are now being edited.

The Condominium Coordinator went to Yerevan/Armenia and Bishkek/ Kyrgyzstan to see UI condominium program developments in those cities. The experience of UI-Bishkek and UI-Armenia will be very helpful for the Georgian program. Armenian Legislative work experience was very noticeable and Kyrgyzstan program development methods were very interesting.

The Condominium Brochure was updated and an additional 1,000 copies were printed.

OZURGETI—The UI Condominium Coordinator met with newly created four condominium chairs and two representatives of other buildings that are going to register their condominiums this week. In total, we have six condominiums in Ozurgeti, and all Condominium chairs seem to be very interested and enthusiastic. The Coordinator trained them on fundraising and operation issues. He asked them to have condominium meetings and prioritize all works that the building is in need of and discussed the possibility of using their own sources (what they can do without any aid, or in case of external aid how they can co-participate.) At the end he answered their questions. The Condominium chairs expressed their wish to cooperate with each other and selected the person to be in charge.

LAGODEKHI—The UI Condominium Coordinator met with four condominium chairs and discussed UI's program. As condominium chairs stated associations have already done an anti-rat project on their own. One of them fixed the water pipe with collected fees. In nearest future they will provide UI with priorities of repairs necessary for their buildings with cost estimates, their and Local Government participation.

ZESTAPONI—JSC "Tskalmsheni", Kutaisi branch, started works to install drainage for two condominiums. Not only have the two condominium inhabitants helped Tskalmsheni workers but also local municipality workers and other building inhabitants. Works will be finished during one month, in case of good weather.

Associations

The departure of Resident Advisor Barry Reed has caused some delay in this work. We had entered into a contract with AIE to develop a Mayor's Association. Because of the project end date, the contract expired on March 14. While some work was started, there was very little work done on it. We are now trying to extend the contract and restart it.

We have held discussions about starting an Association of Associations that will foster the growth of local associations, represent their views in Tbilisi, keep them informed of developments and the national level and provide for exchanges of information between associations. This seems to be a very promising approach and a contract will be developed during the next quarter. We expect to use the office and furniture now used by AIE for this purpose.

A meeting was held with GTZ to discuss cooperation, mainly on mayors' associations.

Second Consumer Survey

The report on the second consumer survey is expected in April. It contains more cross tabulations and gender information than last year's report. Some of the results have already been shared with local authorities that are developing plans in response. A Georgian presentation of the results will be prepared and discussed with officials and citizens.

Citizen Participation

The Citizen Advisory Council in Poti reviewed the draft city budget and urged the city government to make amendments to the budget to put it in line with legal regulations. Some amendments were made as a result.

The Ozurgeti NGO "Young Teachers Union" prepared two TV programs with UI financial support. The first TV program concerned six-month results of the city local government activities and second one concerned street lighting and water supply problems.

Information Centers

Several meetings were held with Eurasia Foundation on cooperation issues.

The Information Centers in Poti and Mtskheta prepared their plans for 2003 including the steps for improvement of citizens' information and sustainability of the centers. The Information Centers in other pilot cities are in the phase of drafting plans.

The Information Center in Mtskheta conducted its own survey (100 local respondents) to reveal citizens' opinion of the information center and public information needs.



The Information Center in Lagodekhi created a list of permanent users, diversified the database, and facilitated conducting two regular round-table meetings between the city Mayor and local NGOs. The Center is finalizing a directory about the city government and services.

The status of the Information Centers has been the subject of several discussions with local officials. Experience shows that the Information Centers run by NGO's are more effective than the Centers subordinated directly to the Sakrebulo or Mayor's office provided that they have the cooperation and support of city officials.

Economic Development

Progress on this work has also been adversely affected by the departure of Barry Reed. One of the key qualifications for his replacement will be experience in this area.

The City of Mtskheta is interested in taking participation in the annual International tourism fair. After meeting with UI CoP and Mtskheta local government coordinator, city Gamgeoba office and regional tourism department have submitted a proposal for participating in this event. They also submitted brochure distribution strategy as well as a report on last year's impact of their participation in tourism fair, which was sponsored by UI.

Implement Pocket Projects

The new garbage trucks have arrived. They are in the process of being cleared through customs and are expected to be delivered in April to the cities.

A project for planting in the Mtskheta Park is being organized together with the citizens of Mtskheta and school children.

Work has started on the central drainage project in Zestaponi.

Lagodekhi now indicates that they do not want to proceed with park development. They had originally requested a garbage truck, then an excavator, and then the park. There appears to be problems with the new Sakrebulo and their understanding of the project. A trip was planned with the CTO to discuss these problems but postponed because of security concerns on the part of the Embassy. A meeting will be held in April.

Report on Training Sustainability

Discussions with GIPA and progress with the CoE Working Group on training have now reached the point where this report can be finalized. GIPA is now willing to develop into the type of institution needed to provide for sustainability of the training that has been developed under the UI program. This will be included in the work plan for the remainder of the project. The CoE Working Group is suggesting the development of the type of organization needed to provide for coordination and accreditation. It is clear that the attempt that we made during the past year to develop an organization (AIE) comprising individual NGO's has not been successful because of the unwillingness of these NGO's to work through that vehicle.

Training of New Local Officials

At their request, UI provided materials and trainer for the Zestaponi "Rayon Sakrebulo Association" that trained rayon village Sakrebulos. The topic of the training was Organic law on Local Governance and Self-Governance. It was the first meeting this year, and Koba Arabuli was the only speaker at the session. All chairs and some members of Zestaponi rayon attended. Koba presented Georgian law on Local governance and self-governance. He also referred to local budgetary issues. At the end he answered village Sakrebulo members' questions. ZSA members thanked us and asked for further cooperation and send other experts for their next session.

Gender Issues

As a part of the UI Gender component, it is planned to conduct ToT program for women leaders in regions. The goal of the program is to identify women leaders and train them (Training of Trainers Program). After the training women will be expected to organize series of meetings/seminars in their cities. As a result of regular meetings a group of gender mobilizers will be selected. The gender mobilizers will be working with Information Centers, local governments and citizens. Work was begun in this quarter with the development of training materials and drafts of brochures identifying key women in local governments.

Staffing Changes

As mentioned earlier, Barry Reed, the Resident Advisor, left the project. He is now CoP for a UI local government project in Zimbabwe. The CoP traveled to Warsaw to interview candidates who had experience working in local government as well as experience with the AID Poland local government project. A candidate was selected and approval has been requested from the CTO.

Kakha Kenkadze joined the UI staff. He is heading the team dealing with legislation and public information. He has an impressive background in the foreign relations section of the President's office, which has already proved useful in discussing legislative issues.

The professional staff has been organized into three teams. In addition to the team headed by Kakha Kenkadze, there is a Community Development team headed by Marika Shioshvili and a Financial Management team headed by Nick Gvishiani. The coordinators have all been moved to the Tbilisi office with the understanding that they are expected to travel most of the time. Local, part time coordinators have been hired in each of the cities. This arrangement will allow us to expand our activities to more cities.

III. DELIVERABLES AND REPORTS

- Urban Institute Program Highlight 2003 Brochure
- Ozurgeti talk show cassette concerning the program budget
- Ozurgeti NGO "Young Teachers Union" TV programs cassette
- Hardcopies as well as electronic versions of the program budgets are available
- The legislative package described above



IV. PROBLEMS OR DELAYS AFFECTING THE TASK ORDER PERFORMANCE

- Uncertainty over the extension of the project will affect the performance in 2003.

V. WORK PLANNED FOR NEXT REPORTING PERIOD

- Select new partner cities. Visit all the additional cities, which expressed their desire to participate in the UI financial management program (Totally 17). Get commitment from the official. Develop agreement with these cities and sign the agreements
- Select and train local coordinators for new cities
- Start condominium information campaign in new cities
- Start Socio-Economic development project in new cities
- Start Zestaponi Park renovation project
- Identify partner NGOs/consultants to implement Community Development Program components
- Establish working groups in terms of Community development plan and small and medium business development program
- Organize "Youth Volunteer Day" in Mtskheta park (as a part of IFES program)
- Finalize report on national conference. Publish a book (papers of participants)
- Install customer database program in the water company
- Install computerized accounting package "Superfin" network version in the water company
- Install computerized accounting package "Superfin" network version in the financial department of the city of Poti and in the accounting department of the city of Ozurgeti
- Complete training in computerized International Accounting Standard in Ozurgeti rayon financial department and Poti city financial department
- Start to develop program budgets in new cities and rayons
- Install financial management software in new cities and deliver according outreach trainings for the financial department employees

- Conduct negotiations with Central government officials to adopt new budget and financial management rules and regulations proposed by the UI
- Intensive regional financial management training for local officials, executives and professional staff
- Create Case Studies on the impact of program activities
- Provide new publications and update existing for civic education
- Disseminate of civic education materials to the local governments and all stakeholders
- Develop and maintain the project website
- Promote dialogue on improvement of the Local Self Government legislation
- Support the adoption of the legislation on local budget and local revenue by lobbying of the legislative package

V. SPECIFIC ACTION REQUESTED

Resolution of possible extension of the project beyond the June 14, 2003 closing date.

Approval of new Resident Advisor.