

QUARTERLY
PROGRESS REPORT

GEORGIA COMMUNITIES
EMPOWERED FOR LOCAL
DECISION-MAKING

OCTOBER TO DECEMBER
2004

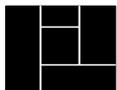
Prepared for



Georgia Communities Empowered for Local Decision-Making
United States Agency for International Development
Cooperative Agreement No. 114-A-00-04-00131-00

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OCTOBER TO DECEMBER 2004

GEORGIA COMMUNITIES EMPOWERED FOR LOCAL DECISION-MAKING

Cooperative Agreement No.:	114-A-00-04-00131-00
Date of Issuance:	September 23, 2004
Amount Obligated:	\$3,800,000
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Project Description

The overall objective of this project is:

— More Effective, Responsive, and Accountable Local Governance in Georgia (USAID Strategic Objective 2.31).

Intermediate Results that should advance the objective include the following:

— Improved Capacity of Local Communities to Engage Local Government to strengthen communities' capacity to rebuild essential services, restore incomes and empower all citizens of Georgia to have an effective voice in government.

CELD is designed to achieve community level impact by using a bottom-up approach to systematically assist Georgian communities to nurture democratic reform efforts.

Expected key results are:

1. Legislative reform matching local government revenues more closely to local government responsibilities is in place.
2. The interests of local governments are advocated and local government best practice is disseminated through demand-driven, democratically organized associations with grass-roots support.



3. Local government/citizen partnerships implement more effective and participatory methods for managing resources and delivering services.
4. Realistic local economic development plans and actions in targeted communities are developed and implemented.
5. Sustainable capacity of Georgian organizations to deliver technical assistance and training to local governments is established.
6. Public awareness of and citizen participation in the affairs of local self government is increased.

I. HIGHLIGHTS

Cross-Cutting Activities

- CELD project launch was held on October 28, 2004, in Tbilisi. More than 150 people attended the event, including central, regional, and local government officials, as well as the media and representatives from other donor-funded organizations.

Decentralization and National Capacity-Building Activities

- Local government revenue legislation was passed on December 29 as part of the new Tax Code.
- The Legislation Working Group, organized by the Parliamentary Committee on Local Self-Governance, Regional Policy and High Mountainous Regions (Parliamentary Committee), held a series of discussions/workshops on local government property and budget draft laws with CELD support.
- The Parliamentary Committee held a press conference on December 14 with CELD support on recent developments on decentralization in Georgia, with a focus on local budget law issues.
- CELD and NDI organized a roundtable on December 20 on the changes to the Organic Law on Local Self-Governance and Governance prepared by the Parliamentary Legal Committee.
- CELD has begun discussions with the Ministry of Finance on cooperation with respect to local government financial management issues.
- CELD participated in the Constituent Form of the National Association of Local Authorities (NALA) and in discussion about the functions and structure of the Training Coordination Agency.
- A series of regional discussions on the drafts of the local budget law were held by the Union of Cities with financial support from CELD.
- The Zestaponi Rayon Sakrebulo Association published a newsletter and aired a TV program on local self-government issues with financial support from CELD.
- Twenty-eight students completed the fall semester of the Georgian-language Graduate Program in Local Government at the Georgian Institute of Public Affairs.



- The Georgian Youth Association organized 15 events in five cities, including pre-election debates in Gori, volunteer cleaning days at museums in Kvareli, and a clothing/toy drive for an orphanage in Zestaponi.

Strengthening Communities: Managing Local Resources

- City assessment visits were conducted in the Kvemo Kartli and Samtskhe Javakheti regions and Tbilisi.
- Annual city plans for seven partner cities were drafted.
- Six NGO/donor coordination roundtables were conducted in the partner cities.
- The financial assessment of the Poti Economic Development Plan was completed and the Plan was updated to reflect ongoing municipal projects and the approved 2005 local budget and submitted to the Sakrebulo Chair and Mayor for review.
- A competition to select youth to participate in the performance management program activities (conducting trained observer ratings and service-focused survey) was held in eight partner cities; 160 youth will be selected.
- Local self-governments reported on implementation of their Service Improvement Action Plan implementation for 2004 at public meetings in Ozurgeti, Gori, Kvareli, Borjomi, Zestaponi, and Akhaltsikhe.
- Seven cities conducted hearings on implementation of the 2004 budget.
- Ozurgeti organized and paid for a survey of 500 citizens on 2004 budget implementation (e.g., satisfaction with local self-government, with municipal services) and used the results to inform its 2005 budget.

II. PROGRESS OF MAJOR ACTIVITIES

Cross-Cutting Activities

CELD Project Launch

The CELD project launch was held on October 28, 2004, in Tbilisi. More than 150 people attended the event, including 45 representatives of local self-governments, 11 representatives from central and regional government, five members of the media, 25 representatives of local NGOs, and 40 representatives of international donor organizations. Presentations were made by LGRI partner cities and UI staff. Major questions and recommendations from participants included questions about CELD selection criteria for cities and NGOs, how cities could participate in the project, the role of NGOs and local self-governments in making changes in the laws related to local self-government, the importance of training for local self-governments, promotion of dialogue between local and central government, and the promotion of the decentralization process. Local self-government officials and NGOs were given the questionnaires designed to produce information about their city/organization and the types of programs they would be interested in participating in. As a result, UI received a comprehensive list of cities and NGOs interested in the CELD programs.

2004 – 2005 CELD Workplan Development

During the reporting period, the CELD staff prepared the 2004 – 2005 Annual CELD Workplan. It was submitted to USAID for approval on November 15, 2004. On November 30, USAID provided comments on the Workplan, specifically, that “USAID recognizes that ... in response to the recommendations of the recently conducted DG Assessment UI has shifted the emphasis towards assistance to legal reform in the first year of CELD implementation. However, the flip-side of the recommended by the DGA shift in focus areas for CELD was kind of to ‘hold-on’ on launching the full fledged -- full speed -- massive scale TA activities in the municipalities, in other words decrease level of effort in the regions until tangible progress on power devolution takes place through improved legal framework. USAID requests that the first year’s work plan for CELD more clearly articulate the scale and sequencing of providing significant assistance in decentralization legislation and how other aspects of the project’s work during the first year aid these efforts.” UI then revised and resubmitted the Workplan on December 14, 2004.

Donor Coordination

UI continues to participate in the donor coordination meetings in support of NALA in order to avoid duplication of effort; the most recent meeting was December 18. The next meeting of board of donors will be held in January, where the donors will discuss funding different aspects of NALA’s operations.

UI met with several international organizations that are covering the same geographic areas and are implementing similar activities to discuss coordination of project activities and opportunities for cooperation. Organizations met with included: the Georgian Enterprise Growth Initiative (GEGI), the Georgian Social Investment Fund (GSIF), World Vision, and Peace Corps. (A planned meeting with CHF had to be postponed until January 2005.) UI also met with the Soros Foundation, UNDP, and the Horizonti Foundation to discuss cooperation on civic education and NGO development activities.

Due to the significant number of international organizations working in Samtskhe-Javakheti, CELD organized a meeting with the governor of the region to discuss coordination in the region. The Governor of Samtskhe Javakheti, Nikoloz Nikolozishvili, invited CELD and other donor and international organizations to a regional coordination meeting in Akhaltsikhe in mid-January to discuss the areas of intervention in the region. He will consider CELD’s offer to hold regular coordination meetings.

Decentralization and National Capacity-Building Activities

Decentralization Activities

Local Property Transfer Law. On November 5 and 6, the Parliamentary Committee and the CoE organized a discussion on the local property transfer law at which the CoE recommended that the proposed law (which has had its first reading in Parliament) be changed so that it no longer divided property into categories by function and that the property be transferred (both “basic” and “additional” in the terminology of the law) for free.



Various ministries, including the Ministry of Economy, the Ministry of Justice, and the Ministry of Finance have submitted comments to the Parliament; it is expected that the draft shall have its second and third readings during the Spring session.

Vano Khukhuneishvili, the Deputy Chair of the Parliamentary Committee, asked the Department of Land Use and the Ministry of Natural Resources to consider the issues of land and natural resources, which are not currently included in the law.

Local Budget Law. The draft law on Local Budgets prepared by the Ministry of Finance and submitted to the Government and later to the Parliament was distributed among the participants of the November 24-25 workshop at the Parliament. The participants of the workshop strongly criticized the draft because it gave the Chamber of Control authority to intervene in how local self-governments spend their funds. Another concern was that the draft covered rayon consolidated budgets, although rayons are not units of self-government. At the workshop, the participants – including the Ministry of Finance and CELD staff – agreed with Vano Khukhuneishvili's recommendation to create a working group that would amend the draft.

This working group had its first meeting in Mtskheta on December 12-13. The participants succeeded in achieving the agreement with the Ministry of Finance to change the draft so that it included only local self-government units and not the rayons. The three existing versions of the draft budget law (prepared by the Ministry of Finance, Municipal Development Fund, and the Young Economists' Association) were consolidated into one alternative version with some additions made by the Council of Europe. It was agreed that this version would be submitted to the Parliament. As of the end of the reporting period, the MoF was drafting the legal language for the new, consolidated version, which should be submitted to the working group for final review in January. The working group meeting was organized by the Parliament Committee and CELD and was funded by CELD.

The Parliamentary Committee held a press conference on December 14 with CELD support on recent developments on decentralization in Georgia, with a focus on local budget law issues. The conference was covered by Imedi TV and an article appeared in *Akhali Taoba*.

With financial support from CELD, the Union of Cities held regional discussions in Khashuri, Gurjaani, Rustavi, Kutaisi, Poti, and Borjomi, which were attended by about 40 local self-governments. The goal of the meetings was to discuss the proposed draft laws on local budget. The attendees criticized the submitted draft law (i.e., the previous version produced by the MoF) and signed a statement addressed to the President, Parliament, and Prime Minister requesting that the government to take other draft laws into account when approving a law on local budgets.

Organic Law. CELD and NDI organized a roundtable on December 20 on the changes to the Organic Law on Local Self-Governance and Governance prepared by the Parliamentary Legal Committee. Most of the participants, including Members of Parliament, had been unaware of the proposed changes, and were grateful to NDI and CELD for organizing the roundtable. Participants' evaluation of the changes were mostly negative; they felt that the changes did not take into consideration the whole context of decentralization, including territorial reform and the ratification of the European Charter and the resulting commitments.

Other. CELD is working with two Tbilisi NGOs to develop a proposal for the formation of a local Tbilisi Committee for the Passage of Effective Decentralization Laws that would focus specifically on the effect that such legislation would have on Tbilisi.

NALA

CELD participated in the Constituent Form of the National Association of Local Authorities (NALA), which was attended by about 340 representatives of local self-governments, and in a discussion about the functions and structure of the Training Coordination Agency that NALA expects to establish to promote the implementation of the National Training Strategy of Local Self-Government Officials. (See also Gender and Youth, below.)

Currently, the association has about €15,000 in funds from the Council of Europe and European Commission, which are used to support field visits from Council of Europe experts, and will run out by the end of February. The Norwegian association KS has pledged funds for the salary of the executive director and an additional €50 000 for functioning of the executive board and publications. CELD has received a proposal for funding from NALA, which it will revise and approve in the next quarter.

Other Associations

The Zestaponi Rayon Sakrebulo Association published its November and December newsletters with financial support from CELD. The newsletter contains the minutes of the District Sakrebulo meeting and changes that have been made to the district budget; and a description of two villages (members of the association) including their revenues and expenses. It also contained information on citizens' rights to public information and mechanisms for enforcement. The association also produced a TV program on the problems of local self-governments in Zestaponi that was broadcast on the local regional television station Argo on December 6, 2004.

The Kvareli Rayon Sakrebulo Association and Akhmeta Rayon Sakrebulo Association also submitted projects to CELD in December.

GIPA

During the reporting period, the Georgian Institute of Public Affairs completed the fall semester of the Georgian-language Graduate Program in Local Government (LGP). Thirty-two students enrolled in October, of which 28 completed the semester. Three of the students came from local self-governments—two from Gardabani and one from Sachkhere; they are expected to return to their jobs upon graduation in the spring. Three of the students have their tuition covered by international donors; they rest are covering the cost on their own.



In addition to classes, students were given access to a wide variety of practitioners through guest lecturers and a speaker series that included the Ministers of Economy, Justice, and Energy; MPs; the Deputy State Minister responsible for Abkhazia and the Tskhinvali region; and the Mayor of Tbilisi.

Gender and Youth

CELD developed a detailed list of NGOs working on gender issues in Georgia and identified possible partner organizations including the Azeri Women's Association in Marneuli; the Women's Regional Center, the Democratic Women's Association, and Association Gea in Akhaltsikhe; and the UNDO, Soros Foundation, and Sakhli.

The Georgian Youth Association (GYA) organized 15 events in five cities, including:

- Gori: GYA Gori organized a dialogue between Majority Candidates and youth before the elections in Gori as well as a youth discussion on Education Reform in Georgia. Gori GYA members assisted 65 high school students to participate in the FSA/FLEX student exchange program competition in the neighboring city; the transportation of these students was financed by the Youth Affairs Department of Gori. Members of GYA participated in public hearings of the Sakrebulo, discussions on the status of the city of Gori and a roundtable discussion on transparency organized by the Liberty Institute. Also, GYA Gori participated in a number of charity events and met with the Gori Rayon Gangebeli to discuss conditions of orphans in Gori.
- Kvareli: GYA Kvareli organized a cleaning event for two museums in Kvareli. GYA Kvareli members also organized a clothing/toy drive for 60 children deprived of parental care.
- Poti: GYA Poti members regularly participate in the Sakrebulo sessions and keep the group updated about ongoing activities in the city. Also, Poti GYA members organized meetings and discussions with the local school councils and self-government.
- Zestaponi: GYA Zestaponi organized a charity event for the Kharagauli Orphanage. Clothing, toys and money were collected and delivered to the orphanage. Association members visited the orphanage and presented a holiday program of songs and dance.
- Ozurgeti: CELD organized a roundtable for the six local NGOs that focus on youth.

In addition, the GYA Headquarters office collected data about high schools and universities/institutes in each area covered by the organization in order to create a database.

Finally, 12 Georgian Youth Association members traveled to Tbilisi on December 16 to attend a training by Civitas Georgica and in order to assist in the NALA elections the following day. On December 17, the GYA members were responsible registering delegates and invited guests, setting up tables for the elections, assisting in the election registration process, and observing the elections and the vote counting process.

Strengthening Communities: Managing Local Resources

In November and December, the CELD team visited two cities in Kvemo Kartli and met with local self-government and NGO representatives to introduce CELD project objectives and discuss cooperation. As a result of these meetings, it was decided that Bolnisi will start participation in CELD with financial

management (program budgeting and accounting) and Gardabani will start with capacity building of city officials, program budgeting, accounting, and youth programs.

The CELD team visited Samtskhe Javakheti and discussed cooperation with Akhaltsikhe rayon level officials. Rayon officials are interested in financial management as well as in the economic development program.

During December, the CELD team met several times with Tbilisi City Hall representatives: David Ioseliani, Head of the Budget and Finance Committee, Tbilisi Sakrebulo; Ucha Gelashvili, Head of the Economic Department of the Gamgeoba; and Givi Ordenidze, Head of the Department on Relationships with International and Donor Organizations to decide which CELD programs Tbilisi would like to participate in. Tbilisi and CELD agreed that the city would start with financial management and administrative reform.

CELD regional and local coordinators worked with the partner cities to develop annual city plans. CELD coordinators held working meetings with city executive and representative bodies as well as local NGOs, including youth and gender groups, in their cities. Based on these meetings, draft city plans have been developed and submitted to CELD Tbilisi for approval.

The December meeting of CELD local coordinators was focused on decentralization issues. The director of decentralization and association building program, David Nikolaishvili, presented CELD decentralization component to the coordinators; explained its importance, and discussed coordinators' role in its implementation.

NGO and international organizations' roundtable meetings were held in six partner cities (Akhaltsikhe, Borjomi, Gori, Kvareli, Ozurgeti, and Zestaponi) by UI local coordinators. The purpose of the meetings was to present UI LGRI results, introduce the CELD project, share experience and program results of other cities and agree on future cooperation. The participants of the meeting were local NGOs and international organization representatives. In total, over 60 persons from 39 organizations participated in the meetings. This type of roundtable will be held monthly in the regions.

Community-Based Economic Development

The Community-Based Economic Development process (based on results achieved under the LGRI Community Development Process) was resumed in Poti in October 2004. During the quarter, the CELD budget analysis and the Poti Municipal Economic Policy Department conducted a financial assessment of the draft Action Plan. Each estimated project cost was assessed for affordability with respect to the current Poti municipal budget and projected budgetary expenditures for the next two-to-three years. As a result of the assessment process, participants agreed that current and projected budgetary resources are sufficient to cover those costs that are expected to be paid from the municipal budget. The Poti Action Plan Financial Assessment report was printed and submitted to the city Mayor, council members, and the EDP working group.



The Draft Poti Economic Development Action Plan has been updated by the Poti working group to reflect ongoing municipal projects and local budgetary expenses approved for 2005. The draft Implementation Plan was submitted and discussed with the Poti Mayor.

The Poti CBED Working Group has drafted a public consultation brochure, which is intended to familiarize the community with the major components of the development plan and solicit written recommendations from community members on plan improvement. The brochure will support the public consultation activities in Poti that are scheduled for January 2005. The brochures will be distributed to 2,500 households and 100 community activists and public leaders in Poti.

Financial Management

CELD received a request from the Zestaponi rayon government for additional assistance in improving the efficiency and transparency of its accounting practices. With a 25% match from the rayon, CELD purchased the network version of the SuperFin accounting software for the rayon financial department.

Performance Management

CELD conducted a competition to select youth to participate in the performance management program activities (conducting trained observer ratings and service-focused survey) in eight partner cities. Announcements were broadcast on local TV and printed in newspapers as well as posted in public places. The selection was conducted jointly by local governments and CELD staff. One hundred sixty youth will participate: half will be trained to conduct service-focused surveys and half to conduct trained observer ratings.

In December, the communal service departments in Ozurgeti, Kvareli, Gori, Borjomi, Zestaponi, and Akhaltsikhe held public hearings of annual reports on implementation of Service Improvement Action Plans for 2004. Announcements about the date, time and place of public meetings were broadcast on local TV and printed in local newspapers ten days in advance. Approximately 50 – 60 citizens attended these meetings in each city. Communal services reported on achievements as well as priorities for 2005:

City Achievements: a service delivery schedule was established and published in all cities; an accurate database of customers was developed; cities have begun signing contracts with all customers (organizations, private companies, citizens); collection rates have increased – almost 30% of customers paid for service provision in 2004 (in 2003 collection rate was less than 10%); surveys results show that customer satisfaction has increased on average from 25% to 46%; coverage has increased; and TV programs and public meetings on municipal service issues have resulted in better informed citizens.

City Priorities: most cities intend to focus on organizing landfills in order to reduce illegal dumping within city limits. In terms of allocating resources needed for organizing landfills, local self-governments plan to work with donor organizations (GTZ, CELD, CHF, and others).

During the reporting period, working groups made up of Communal Service Department staff and community members started developing Service Improvement Action Plans (SIAPs) for 2005. Draft SIAPs will be sent to City Councils for revision and adoption in early January.

III. DELIVERABLES AND REPORTS

Cross-Cutting Activities

2004 – 2005 Annual CELD Workplan submitted on November 15, 2004, and resubmitted on December 14, 2004.

Decentralization and National Capacity-Building Activities

GYA Report on the Constituent Forum of the National Association of Local Authorities (NALA).
Zestaponi Rayon Sakrebulo Association Newsletters.

Strengthening Communities: Managing Local Resources

Seven draft annual local government plans (in Georgian).
Draft Poti EDP implementation plan, multi-year budget, and financial assessment.
Five annual communal service department reports on SIAP implementation.

IV. PROBLEMS OR DELAYS AFFECTING PERFORMANCE

The delay in approving the Workplan has resulted in delays in issuing RFPs for local subcontractors in economic development, financial management, performance management, and association building.

Personnel changes in the Bolnisi and Tbilisi local self-governments delayed planning in those cities.

The arrest of the Poti Mayor and a member of the Working Group similarly delayed approval of the EDP.

V. WORK PLANNED FOR NEXT REPORTING PERIOD

Cross-Cutting Activities

2004 – 2005 Annual CELD Workplan to be revised and resubmitted.

Decentralization and National Capacity-Building Activities

- Support the Working Group in reviewing and building a consensus for the new MoF draft Local Budget Law.



- Work with the Parliamentary Committee to establish a schedule for readings and hearing on the Local Budget Law in the Spring Session of Parliament.
- Organize a National Conference on Decentralization.
- Finalize and begin implementation of CELD support to the Parliamentary Committee, NALA, and the Union of Cities.
- Complete a needs assessment of the associations, including capacity to develop and implement a coordinated campaign for passage of decentralization legislation and other lobbying activities, identify how CELD will address the needs, and begin implementation.
- Support the associations in holding regional meetings on decentralization and other small projects.
- Continue to work with the Ministry of Finance on local self-government financial management issues.
- Create NGO Advisory Committee to advise and monitor progress on CELD capacity-building activities; establish at least four speaker's bureaus, and publish a civics education booklet.
- Conduct seminars, dialogues, debates, round tables and conferences devoted to decentralization for members of Georgian Youth Association, Georgian Women's Association, selected NGOs, and targeted communities. Hold National Youth Conference on Decentralization.

- Support the spring semester of GIPA's LGP. In addition, CELD will work with GIPA on a variety of other activities, including:
 - development of certificate courses in urban and rural management to be offered as concentrations for LGP students and as stand-alone modules for other qualified students;
 - preparation for opening a branch of GIPA's Local Governance Center in Kutaisi;
 - translation of public administration textbooks into Georgian;
 - support for substantive research projects on decentralization and local government issues;
 - development of a Local Government Professional Network for GIPA alumni and other professionals working on in the field to establish GIPA as a credible voice on decentralization and other local government policies.

Strengthening Communities: Managing Local Resources

- Sign memoranda of understanding with CELD partner cities, including those in the Kvemo Kartli and Samtskhe Javakheti regions and Tbilisi.
- Draft and begin implementation of annual city plans with the new cities.
- Conduct monthly NGO/donor coordination roundtables in the partner cities.

Community-Based Economic Development

- Finalize Economic Development Planning manual.
- Print and disseminate 2500 copies of the Poti Public Consultation Brochure.
- Hold EDP public consultation process in Poti to increase public awareness and citizen participation in plan improvement.
- Design and implement training curriculum for EDP partner NGO.
- Update "International Funds' Guide" and "Doing Business in Georgia" booklet.

Financial Management and Performance Management

- Expand the number of programs in budgets of UI partner cities.
- Assist cities to conduct public budget hearings.
- Develop manual on data collection and analysis for performance management.
- Conduct training for youth groups on data collection and analysis techniques in each city.
- Update training materials on developing performance measurement system.
- Conduct training on Performance Management Program for new partner cities.
- Work with existing cities to increase the number of programs included in the program budget.
- Introduce the financial management program in the two new regions and in Tbilisi.

Village Civic Education Activities (Missionary Program)

- Begin program in Marneuli and Akhaltsikhe regions and Borjomi rayon.
- Conduct the second round of outreach in Ozurgeti rayon.

VI. SPECIFIC ACTION REQUESTED

Approval of the workplan.

USAID support in arranging high-level meetings with key Ministry and other central government officials in order to facilitate passage of decentralization legislation.

