

QUARTERLY
PROGRESS REPORT

GEORGIA COMMUNITIES
EMPOWERED FOR LOCAL
DECISION-MAKING

JANUARY TO MARCH 2007

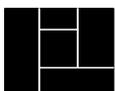
Prepared for



Prepared by

The Urban Institute

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



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

April 2007
UI Project 07755-000-00

TABLE OF CONTENTS

I. Highlights	2
II. Progress of Major Activities.....	2
III. Deliverables and Reports.....	9
IV. Problems or Delays Affecting Performance	10
V. Work Planned for Next Reporting Period	10

QUARTERLY PROGRESS REPORT

JANUARY TO MARCH 2007

GEORGIA COMMUNITIES EMPOWERED FOR LOCAL DECISION-MAKING

Cooperative Agreement No.:	114-A-00-04-00131-00
Date of Issuance:	September 23, 2004
Amount Obligated:	\$7,835,000
Total Potential Award Amount:	\$9,999,741
Key Personnel:	William Krause, Chief of Party, bill@urban.ge Marika Shioshvili, Deputy Chief of Party

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

- CELD launched workshops for the professional staff of municipalities in Financial Management, Service Improvement, Property Transfer, Community-Based Economic Development, Legislation and Proposal Writing. More than 850 representatives from almost all of the municipalities of Georgia received training as part of the 63 workshops held during reporting period.
- A CELD-funded meeting with local NGOs was organized by NALA to discuss the draft changes concerning setting priorities of municipalities by state bodies with the participation of Governors in the Document of Key Data and Directions.
- CELD provided the Parliamentary Committee on Local Self-Governance, Regional Policy and High-Mountainous Regions with two specific recommendations about the changes to the Organic Law that will increase citizens' involvement in local government decision making.
- CELD is working closely with the Parliament, Ministry of Economic Development, local governments and other stakeholders to improve the legislation and procedures for transferring property to local governments.
- CELD-facilitated economic development projects in Akhaltsikhe, Ninotsminda and Akhalkalaki have been completed. Borjomi tourism center project is being implemented.

II. PROGRESS OF MAJOR ACTIVITIES

Cross-Cutting Activities

Donor Coordination

In March 2007, the Government submitted to Parliament the Document of Key Data and Directions, which contained draft changes to the Local Budget and Budget System laws that assigned the Presidential Trustees/Governors the right to participate in setting budget priorities for local self-government units in the together with the Ministry of Finance (MoF), Ministry of Economic Development (MoED) and self-government executive bodies. CELD translated and provided the donor community (USAID, US Embassy in Georgia, US Treasury, CoE, World Bank, UNDP, and GTZ) with the translation of the conclusion of Young Economists' Association on the draft changes.



CELD funded a meeting organized by NALAG on the recent draft changes to the Local Budget and Budget System Laws, related to setting local budget priorities in the Document of Key Data and Directions. Twenty representatives of NGOs attended the meeting. The attendees were unanimous in the evaluation of the proposed draft changes, saying that the recommended changes infringe local budget independence.

One-Stop-Shop Project

Tbilisi City Hall Administration requested that CELD Tbilisi One-Stop-Shop project implementation. Tbilisi City Hall plans to move to a new building in fall 2007 and plans to open One-Stop-Shop; i.e., a citizens' service center on the first floor of the building. The center will provide information and satisfy citizens' other requests that Tbilisi City Hall is responsible for. The issue of developing a detailed design and budget for the center is under discussion at this stage. GTZ and the Open Society Georgia Foundation are also participating in the project.

Samtskhe-Javakheti Programming

CBED: CELD supported the city of Akhaltsikhe in developing tourism through the Rabati neighborhood rehabilitation project. The second Information billboard for attracting visitors to Rabati neighborhood was prepared by CELD and installed at the entrance of the neighborhood by the Akhaltsikhe municipality government.

Construction on the Borjomi Tourism Information Center, the project implemented by the Borjomi Municipality and State Department of Tourism with support from CELD, is ongoing. The deadline for completion of works is April 30, 2007. The center will serve visitors to Borjomi and will have information on the entire Samtskhe-Javakheti tourist route.

CELD participated in a donor coordination meeting organized by the State Department of Tourism, CHF and Eurasia Foundation for donors working on Tourism Development. At the meeting the State Department of Tourism and attending donors presented ongoing projects they are currently implementing in tourism development. The CELD-supported Tourism Information Center in Borjomi was presented at the meeting.

Donor Coordination

CELD met with UNDP program director Matila Dimovska on January 29, 2007, and with CARE SLAAR 2 project head Bohdan Drozdowski on February 12, 2007. The local government capacity building activities of each organization were discussed and it was agreed, that in order to avoid overlap, CELD will not work with 13 municipalities in Kvemo Kartli and Samtskhe-Javakheti regions on those topics that UNDP and CARE are covering.

On March 16, CELD was invited to a donor coordination meeting, which took place at the Parliament, hosted by the Parliamentary Committee on Local Self-Governance, Regional Policy and High-Mountainous Regions. The main topic of the discussion was the training available for Georgian municipalities from

international organizations. The deputy chair of State Commission on Effective Governance System and Territorial Arrangement Reform noted that CELD is a leader in terms of providing training for Georgian municipalities. David Melua, CEO of NALA, reported on results of an assessment conducted by NALA of the training provided by CELD for local officials and professionals. According to the feedback received from the target group, participants evaluated provided training very highly. This, he said, proves that CELD is providing high quality assistance and it also proves that there is significant need for training of local governments and that they are very receptive to it.

On March 19, CELD and CHF GELL representatives met with GTZ program intended to support the development of local governance in Georgia. GTZ will address four major goals: 1) Information and communication between citizens and local government; 2) Legal framework improvement; 3) Local management; 4) Local and regional relations. CELD will meet with GTZ local governance program again to discuss cooperation and avoid overlap after GTZ has a draft work plan for its first year.

CELD participated in a donor roundtable meeting on regional development organized by the European Commission. At the meeting the concept of regional development was discussed by the representatives of donor organizations, the meeting was attended by the deputy secretary of National Security Council, Paata Bolashvili.

CELD assisted American Councils with soliciting candidates for an Open World study trip. Nine candidates from the municipalities of Poti, Kutaisi and Batumi were identified and CELD coordinators assisted with the preparation of application forms.

Decentralization and National Capacity-Building Activities

Decentralization Activities – Central Government, NALA

CELD provided Mr. Khukhunaishvili, the Deputy Chair of the Parliamentary Committee on Local Self-Governance, Regional Policy and High-Mountainous Regions, with two recommendations about changes to the Organic Law to increase citizens' involvement in local decision making and regulate the issue of delegation of authorities. The recommendations concerned advance public notice of Sakrebulo meetings and mechanisms for public participation in Sakrebulo meetings; the importance of consent of the Sakrebulo to functions delegated the municipalities and the importance of the central government's providing adequate funding to carry out these functions.

Mikheil Djibouti, CELD consultant, developed a document on the status of the debt of water companies. The main conclusion of the paper was that tax and electricity debt were the key components in the debt structure of water companies. The study focused on the tax debt as there was not sufficient information to analyze the electricity debt. The study demonstrated that 48 of 73 enterprises have tax debt totaling GEL 33,407,857.

Legislation



During February and March, CELD held five workshops in four municipalities of Racha-Lechkhumi region and the city of Rustavi to discuss the existing legislation and recommended changes. About 110 Sakrebulo members attended the meetings.

CELD is actively involved in identifying and resolving issues related to the transfer of property to local self-governments. On February 8, NALA, with USAID/CELD financial assistance, organized a workshop where the new amendments to the Organic Law on Self-Governance and property transfer issues were discussed. Representatives of the Parliament, Ministry of Economic Development, Ministry of Finance, NALA, CEGSTAR, GTZ, CELD, Sakrebulo chairs and members from Rustavi, Kutaisi, Mtskheta, Dusheti, Borjomi, Ambrolauri and Lagodekhi attended the meeting.

On the same day, US Embassy, USAID and CELD representatives met with Mikheil Machavariani, Vice Speaker of Parliament of Georgia. Paliko Kublashvili, Vano Khukhunaishvili, Parliamentary Committee Chair and Deputy Chair, Grigol Gobedjishvili and Kakha Damenia, Deputy Minister of Finance and Deputy Minister of Economic Development, respectively, to discuss the state property transfer process. The Vice-Speaker requested that the Government officials create the necessary regulations and speed up the property transfer process. He asked the Parliamentary Committee Chair to involve NALA and CELD in the committee working process regarding the property transfer. Mr. Machavariani requested USAID's assistance to hold training for municipalities on property transfer. The next day, Paliko Kublashvili hosted a meeting attended by representatives of the Ministry of Economic Development, Public Register, Ministry of Environment and Natural Resources, Ministry of Culture and Sport, Parliament of Georgia, NALA, CEGSTAR, CELD and Parliamentary Committee staff to deal with specific issues.

On February 12, CELD's property expert, together with a CELD-funded consultant to the Ministry of Economic Development, began visits to individual municipalities to provide training and gather information on the finances of enterprises to be transferred to local self-governments. In response to requests from municipalities, training visits on Property Transfer have been conducted for 240 local officials from 34 municipalities. The participants received training on each legal step of the property request and transfer and on how to overcome problems during the transfer process. At the training sessions, property transfer procedures were presented and property transfer Guide Books were distributed. The session topics were: Legislation of the property transfer process; Identification of the transferable property; Property request procedures; Property registration; How to receive the property. As a result of the training, 10 municipalities (Khashuri, Akhaltsikhe, Adigeni, Ninotsminda, Tkibuli, Martvili, Tsklatubo, Terjola, Khoni, Kutaisi) have applied to the Ministry of Economic Development with requests for property transfer.

On March 30, 2007 NALA organized a meeting of local NGOs at the Sheraton Metekhi Palace. The meeting was co-funded by CELD and GTZ. Twenty people including representatives of the Young Economists' Association, Young Lawyers' Association, The Center of Strategic Development, CIVITAS, Agency for Regional Development, Regional Media Agency, CEGSTAR, CELD and GTZ participated in the meeting. The goal of the meeting was to discuss the draft changes, recently proposed by the Government, concerning setting municipal priorities by state bodies with the participation of Governors as stated in the Document of Key Data and Directions, as well as other issues, such as citizen participation and supervision. All participants agreed that the proposed draft changes seriously undermine the concept of local self-government. It was decided to prepare a statement to be discussed before a donor meeting tentatively scheduled for April 12. Also, the possibility of forming a coalition of local government NGOs was discussed at the meeting.

UI's decentralization expert, Francis Conway, provided comments on the local budget law and the comments made by CoE experts. In general, he noted that the law had far more positive than negative elements. It should provide a good basis for moving forward with the implementation of the new system of local self-government. He also noted that the most significant issue with the law was not legislative, but how the MoF would choose to interpret and apply the law.

CELD is providing support for NALAG's legal activities, including its new lawyer, Mr. Kakha Gurgenzidze, who will also be registered as local self-governance lobbyist. The documents needed for registration were collected and submitted to the Parliament. The Parliamentary Bureau shall review the candidate and register Mr. Gurgenzidze as local self-governance lobbyist.

State Enterprise Debt Study

In order to understand the likely impact of transferring the 141 state-owned enterprises (water distribution and waste removal enterprises) to self-governments, it was necessary to study their finances in detail. To obtain specific information CELD's consultant, Archil Gersamia, prepared a questionnaire and visited 34 municipalities in order to conduct meetings with MoED local branch representatives as well as the MoED regional branch heads and collected information on 64 enterprises, including: accounts receivable of each enterprise to be transferred (including the funds to be received from the central and local budget); accounts payable of each enterprise to be transferred (including debts to the budget, debts to other creditors); revenues of each enterprise; expenses of each enterprise; and net profit or loss of each enterprise

The study showed that 33 enterprises (29 water distribution and four waste removal enterprises) have significant debts and accumulate losses every day, while 31 enterprises (seven water distribution and 24 waste removal) have no debts and are profitable.

Strengthening Communities: Managing Local Resources

Training program for newly elected local officials

The sixth, seventh and eighth rounds of introductory regional workshops for representatives of Kakheti, Shida Kartli and Tbilisi municipalities was conducted in Telavi, Gori and Mtskheta during January 2007. Sakrebulo Chair, Deputy Sakrebulo Chair, Gamgebeli, at least one female Sakrebulo member and Opposition representatives were represented at the workshops from following municipalities: Telavi, Kvareli, Gurjaani, Lagodekhi, Signagi, Dedoplistskaro, Akhmeta, Sagarejo Gori, Khashuri, Kaspi, Kareli, Akhgori, Dusheti, Tianeti, Kazbegi and Mtskheta, Abasha and Tbilisi. The total number of participants attending the workshops was 104. The training program included presentations on all CELD program components and was intended to interest municipalities in these components. The regional workshops were attended by local media.

Community-Based Economic Development (CBED)



In response to requests from the municipalities, training in Community-Based Economic Development methodology, process and tools was conducted for Poti, Zugdidi, Senaki, Chkhorotsku, Khobi, Tsalenjikha, Abasha, Batumi, Kobuleti, Khelvachauri, Keda, Shuakhevi, Khulo, Ambrolauri, Oni, Mestia, Akhaltsikhe, Aspindza, Adigeni. A total of 95 municipal professionals, Sakrebulo and Gamgeoba representatives involved in economic development issues participated in the training. As a follow-up to the training, the participants were asked to start implementing the first two steps of CBED planning: Organizing the process and conducting a scan of the municipalities; i.e., defining sources of data, collecting statistical data, reviewing current municipal projects.

Kutaisi: On January 29, CELD partner organization in Kutaisi, the Kutaisi Young Economists' Association, presented the final city economic development plan of Kutaisi to a session of the Kutaisi city Sakrebulo. The plan includes the city economic profile; public attitude survey results; a list of community problems; prioritized problems; SWOT, resource and stakeholder analyses; mission statement; and an action plan with monitoring measures and multi-year financial plan. At the Sakrebulo session all 15 members of the Sakrebulo voted for the adoption of the Kutaisi economic development plan for 2007 to 2011.

CELD partner organization in Kutaisi, the Kutaisi Young Economists' Association, assisted the local government, working and advisory groups to select one small project from the Kutaisi CBED plan for further development. The selected project focuses on the development of tourism in the city of Kutaisi, including the establishment of an information center, training for staff working in this sphere, and holding an international forum to attract local and international tourists to Kutaisi. The budget of the project is 63,284 GEL.

Other:

Four hundred copies of the Community-Based Economic Development Guidebook were reprinted for disseminating to the new municipalities based on requests from municipalities. The guidebook includes an introduction to Community-Based Economic Development and electronic versions of tools for implementing Economic Development Planning.

Financial Management

Five workshops on financial management and program budgeting were held in different locations during the reporting period. More than 80 representatives of 17 municipalities attended the workshops. Training covered such topics as improving financial management practices, budget process, and program structure. Invitees were deputy Gamgebelis in charge of budgeting, deputy chairs of Sakrebulos, heads of municipal finance departments, chief accountants and senior budget officers. Sessions included homework assignments that are designed to help local governments to use newly introduced concepts in everyday work. Each local government will present the results of the homework assignment at the next round of workshops.

An assessment of the current status in budgeting was conducted by the CELD financial management team. The assessment included estimation of human resources, software and hardware availability and degree of usage of reformed practices implemented in previous years. The results of assessment showed that all 14

old partner cities are using the reformed practices. Overall, more than 40 people maintained positions in the new municipalities.

CELD is exploring the possibility of co-financing with the Municipal Development Fund the development for the MoF of treasury/accounting/budgeting software for all local government units in the country. Additional functions intended to strengthen local governments include adding accounting and performance/program-based budgeting elements to the already constructed software. CELD will consider Rustavi's experience, as well as feedback from ten local governments and form a working group. The working group will draft requirements, which will be commented on by the MoF and finally, the contractor software company will submit a proposal taking into account the recommended specifications.

Service Improvement (Performance Management)

Training on Performance Management tools under the Municipal Service Improvement program was conducted for the newly elected local self-government officials of 48 municipalities from Imereti, Samegrelo, Guria, Adjara, Svaneti, Racha, Kakheti, Kvemo Kartli, Shida Kartli and Samtskhe-Javakheti.

Almost 240 representatives of municipalities – Sakrebulo chairs, Gamgebelis, heads of infrastructure and economic development commissions and heads of communal service department – were trained in how to develop Service Improvement Action Plans for municipal services with active citizen involvement in the process. As a result of training the interested municipalities will initiate the service improvement process locally, identify a service improvement program coordinator, select the service sector, and form the service improvement working groups that will develop the Service Improvement Action Plans. In the next reporting period, monitoring visits will be conducted to follow-up on implementation.

In January 2007, 31 metal garbage containers were transferred to Ninotsminda as in-kind assistance to improve the garbage collection service, based on the Service Improvement Action Plan that was developed by the service improvement working group in 2006.

Monitoring and reporting on Service Improvement Action Plan (SIAP) implementation:

In January 2007, Borjomi service improvement data collection group conducted a service-focused survey and trained observer rating. In February, the results were presented to the Sakrebulo and Gamgeoba of Borjomi. The report included the responses of 400 respondents and rating results of 67 streets of the city. It showed that number of customers that reported satisfaction with service quality is 247, which is 71.8%; in the previous survey, 195 customers, i.e., 48% reported satisfaction. According to the rating results 56% of streets are considered clean in contrast to 49.7% six months ago. These results will be used by the working group as the baselines for the Service Improvement Action Plan for FY2007, which will be finalized and presented to the Sakrebulo in April.

Data collection activities were also conducted in Akhaltsikhe municipality and funded from the local budget. The report on results is under development and will be presented to Akhaltsikhe municipality council in April.

Other



In mid-February, CELD regional coordinators received additional training in CELD program components and planning the training for the municipalities. CELD has coordinators in 14 cities and municipalities outside of Tbilisi, including new coordinators in Mtskheta-Mtianeti, Kakheti and Imereti. Coordinators provide the ongoing liaison between the central office staff and local officials, NGOs and citizens. They arrange for training for local government staff and NGOs, conduct local NGO coordinating meetings and monitor and assist in implementing local government administrative reforms.

CELD regional coordinators also attended their municipalities' introductory workshops municipalities and workshops in Service Improvement, CBED, Program Budget, Property Transfer, Legislation and Proposal Writing.

New CELD regional offices were opened in Batumi (Adjara Autonomous Republic), Ambrolauri (Racha-Lechkhumi region), and Kutaisi during the reporting period.

A training session on Proposal Writing has been prepared and delivered to 87 representatives from 28 municipalities, including Shida Kartli, Samegrelo, Adjara, Mtskheta-Mtianeti, Racha, Svaneti and Tbilisi. After hearing from the communities that attended CELD training, the Samachablo (South Ossetia) communities of Eredvi, Berula, Ksuisi, requested assistance in proposal writing. CELD Gori coordinator and consultant will work with them during the next reporting period.

The Adjara Supreme Council has requested four computers and one all-in-one printer, scanner, fax and copier to equip the Council's committee on local self-government. This will enable the committee to work on developing laws regarding municipalities within the Adjara Autonomous Republic and well as to address the Parliament of Georgia with initiatives on draft laws or amendments. The Supreme Council will provide a room in the Supreme Council building for the committee experts who will be working on these issues. CELD will deliver the equipment to Adjara in mid-April.

More than 4650 copies of CELD publications were distributed during the reporting period among 65 municipalities at regional and topic-specific workshops and sent to partner international and local organizations, GIPA, Zurab Zhvania's School of Public Administration in Kutaisi, etc.

On February 5, a four-month Management Course launched at GIPA. It focuses on development of knowledge necessary to establish and manage a successful organization. The course includes: Principles of Management, Human Resource Management, Non-Profit Management, Project Management, Business Management, Business Plan, Marketing. The course is delivered in Georgian.

III. DELIVERABLES AND REPORTS

- Kutaisi Economic Development Plan. Georgian. KYEA
- Project on Development of Tourism in Kutaisi. Georgian and English. KYEA
- Training Materials on CBED, Financial Management, Service Improvement, Legislation, Lobbying Legislative Issues, Proposal Writing, Property Transfer

- Report on Donor Coordination meeting of the State Commission on Effective Governance System and Territorial Arrangement Reform
- Borjomi service-focused survey and street rating report
- Privilege of Our Generation. GIPA
- Essentials of Contemporary Management. GIPA
- Public Finance. GIPA

- "Issues to be Considered at Public Hearings" (revised and reprinted, 300 copies)
- "How to Form a Citizen Advisory Board" (revised and reprinted, 300 copies)
- "How to Inform Citizens" (revised and reprinted, 300 copies)
- "You Have the Right to Know" (revised and reprinted, 300 copies)
- Property Transfer Guide Book with CDs (reprinted, 1000 copies)
- International Funds' Guide (reprinted, 500 copies)
- CBED Manual with CDs (reprinted, 400 copies)
- Performance Management Guide Book with CDs (reprinted, 500 copies)
- Performance Management Guide Book with CDs (English, reprinted, 50 copies)
- Program Budget Guide Book with CDs (printed, 800 copies)
- Lobbying Manual for Local Self-government Associations (revised and reprinted, 500 copies)
- CDs with Local Government Laws, Organic Law, Law on State Procurement, Budget Law and other regulations (revised and reprinted, 500 units)

IV. PROBLEMS OR DELAYS AFFECTING PERFORMANCE

V. WORK PLANNED FOR NEXT REPORTING PERIOD

Decentralization and National Capacity-Building Activities

- Hold 15 workshops on legislative issues in municipalities
- Hold 5-6 workshops on lobbying legislative issues for representatives of opposition parties
- Work with Parliament and NALA to improve local self-governance legislation
- Work with NALA to define an action plan for lobbying self-governance interests by council members

Strengthening Communities: Managing Local Resources

- Assist the Borjomi municipality to establish the Tourism Information Center. Follow up with Borjomi Municipality to finalize construction works, hire staff and collect information
- Provide training in CBED to other interested partner municipalities: Martvili municipality and 8 municipalities of Kakheti Region



- Conduct monitoring visits and assist local Working Groups in the 19 municipalities trained in CBED planning
- Conduct communications training for 28 interested municipalities
- Organize PR training for local and regional coordinators
- Conduct proposal writing workshops for 8 municipalities
- Cooperate with Tbilisi City Hall regarding One-Stop-Shop project; fund participation of Tbilisi City Hall Administration consultant in the study trip to Lithuania to see Vilnius One-Stop-Shop
- Assist Batumi with development of One-Stop-Shop project design
- Conduct training on Service Improvement for Mtskheta-Mtianeti municipalities on April 10-11
- Conduct six follow-up monitoring visits to 38 municipalities trained in Service Improvement Program to check the process of implementation
- Conduct 10 workshops for Service Improvement working groups of partner municipalities to assist in development of Service Improvement Action Plans for the selected service sectors
- Conduct first and second round of 12 training workshops in Financial Management for interested municipalities
- Follow-up with the Ministry of Finance to direct its contractor, Kongari, to include CELD's suggested items in the budgeting and treasury software
- Continue training sessions for 20 more interested municipalities on property transfer
- Continue work with the Ministry of Economic Development to accelerate the property transfer process
- Finalize research on water distribution and waste removal companies and develop recommendations for next steps in transferring enterprises to the municipalities