

QUARTERLY  
PROGRESS REPORT

GEORGIA COMMUNITIES  
EMPOWERED FOR LOCAL  
DECISION-MAKING

JULY TO SEPTEMBER 2007

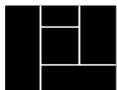
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Prepared by

*The Urban Institute*

Georgia Communities Empowered for Local Decision-Making  
United States Agency for International Development  
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## QUARTERLY PROGRESS REPORT

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### GEORGIA COMMUNITIES EMPOWERED FOR LOCAL DECISION-MAKING

Cooperative Agreement No.:	114-A-00-04-00131-00
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Amount Obligated:	\$8,965,351
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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

- Presidential Decree No. 687 was amended to transfer property, with the exception of administration buildings, roads, squares, etc., to self-governments as additional property rather than as basic property, which will make it significantly easier for municipalities to privatize the property.
- Training: 146 local government officials and staff, including Sakrebulo members and Gamgeoba staff from the economic, infrastructure and financial departments received training in Community-Based Economic Development; 194 Service Improvement Working Group members, including Sakrebulo members and Gamgeoba staff from the economic and communal services departments and NGO and media representatives, were trained in performance managements; and 253 Gamgeoba staff (deputy Gamgebels, finance department staff and chief accountants) received training in financial management.
- NGO coordination roundtables were held in Lagodekhi, Gori, Kutaisi, Batumi, Poti, and Akhaltsikhe municipalities by CELD coordinators during the reporting period. In total, 59 representatives of local NGOs and international organizations attended the meetings.

## II. PROGRESS OF MAJOR ACTIVITIES

### Cross-Cutting Activities

#### *Donor Coordination*

On September 7, CELD and CHF GEII held a Local Economic Development Conference at the Courtyard Marriot. Local, regional and state authorities of Georgia and representatives of economic development support institutions were invited to the conference to share experiences. They discussed Economic Development Planning processes, methodologies and implementation tools. Local governments used the opportunity to promote their completed Municipal Economic Development Plans on local, regional, and national levels.



CELD supported the attendance of 20 representatives from the partner communities of Batumi, Kutaisi, Akhaltsikhe, Borjomi, Poti, Keda, Senaki, Tsalenjikha, Zugdidi, Kvareli, Gurjaani, Dedoplistskaro, Signagi, Kobuleti, Shuakhevi, Ambrolauri, Oni and Abasha. One hundred fifty copies of CELD's Community-Based Economic Development Guidebook were distributed at the conference, as well as copies of the completed plans of Kutaisi, the Adjara Autonomous Republic, Poti, Akhaltsikhe and Borjomi, which were prepared with assistance from CELD.

## Decentralization and National Capacity-Building Activities

### *Legislation*

On July 9, a meeting with Vano Khukhunaishvili, the Deputy Chair of the Local Self-Government Committee, took place at the Parliament. The main topic of discussion was new legislation on privatization and use of local property. CELD suggested the Organic Law should allocate the functions between the Sakrebulo and Gamgeoba instead of the Law on Privatization. Mr. Khukhunaishvili agreed and arranged for a meeting with Paliko Kublashvili, the head of the Parliamentary Committee.

The same issue was raised at a meeting of the Committee, at which the participants decided the following: First, because the law on privatization has already been passed, no substantive changes can be made to it. Therefore, it was decided to define the responsibilities of Sakrebulo and Gamgeoba with respect to local property use and privatization in a separate article in the Organic Law on Local Self-Government. Second, the Sakrebulo, rather than the Gamgeoba, should prepare the list of local property for privatization. Third, the Organic Law will be amended to announce movable property of former rayon governments as local self-government property.

During the reporting period, the Parliament also considered changes to the Property Law, the Organic Law on Local Self-Government, and the Law on Local Budget. CELD was active in reviewing these changes and in supporting the National Association of Local Governments of Georgia (NALAG) in advocating the interests of local self-governments.

### *Work with the Ministry of Economic Development on Property Transfer Issues*

During the reporting period, Presidential Decree No. 687 was amended to transfer property, with the exception of administration buildings, roads, squares, etc., to self-governments as additional property rather than as basic property. This will make it easier for municipalities to privatize the property.

CELD continued to support the Ministry of Economic Development in accelerating the transfer of property to local self-governments.

Since June 12, 2007, 59 municipalities have submitted requests to the Ministry of Economic Development for the transfer of 2620 buildings. To date, the Ministry has reviewed and signed off transfer requests from 33 municipalities for 1657 buildings and submitted these to the Government of Georgia. The Government of Georgia approved all 35 orders for the property transfer. The Ministry prepared handover acts for six

municipalities for 292 buildings; handover acts were not required for the other buildings because the other property had formerly been on the rayon's balance sheet. At the end of the quarter, requests from 26 municipalities for 963 buildings were pending in the Ministry of Economic Development.

The main delay in property transfer process still remains to be the property registration issue. The Property of Local Self-Government Units law assigned the Ministry of Economic Development to inventory and register state property to be transferred to local self-governments before the local elections in 2006. Without registration in the Public Registry, the property can not be transferred, as registration provides legal title including right to sell, privatize, transfer or use it. The article of the law was not implemented and municipalities are now dealing with registration of the transferable state property. Although registration in the Public Registry is free for local governments, the required pre-registration mapping is too expensive for many municipalities.

#### *Assistance to the Adjara Autonomous Republic*

On August 8, with support from CELD and by the initiative of Adjara Autonomous Republic Supreme Council a legislative workshop was held in the Adjara Autonomous Republic Supreme Council Meeting Hall. Representatives from the Parliament of Georgia, Supreme Council of Adjara, Adjaran municipalities, CEGSTAR, NALAG, USAID and CELD attended the working meeting to discuss the process of budgeting in the Adjara Autonomous Republic, controls over expenditures, relations between the State government and the Supreme Council of the Adjara Autonomous Republic, legislative activities in the Supreme Council (preparation, discussion and adoption of laws), and legislative issues related to the bodies of self-governance of Adjara. As a result, several legislative conflicts between the Organic Law on Local Self-Government and Adjara AR legislation were identified. The meeting attendees agreed to create a working group to develop a legislative package and present it to the Parliament of Georgia. The package will address not only conflicts between the Organic Law on Local Self-government and Adjara AR legislation, but also will include new initiatives in state government legislation. The working group was created in the following week; it includes representatives of the Adjara Government, Adjara Supreme Council, Adjara Municipalities, CEGSTAR, NALAG and CELD.

The working group has already prepared a package of local government legislation for consideration by the Georgian Parliament. The package includes amendments to the following laws: the Organic Law on Local Self-Government; the Code of Administrative Violations; the Property Law; the Privatization Law; the Law on Licenses and Permits; the Law on Advertising; the Law on Automobile Transport; the Law on Local Fees; the Law on State Dues; and the Law on Normative Acts. The group has also prepared a short explanatory note describing positive impacts of the new changes for cities and municipalities.

### **Strengthening Communities: Managing Local Resources**

#### *Community-Based Economic Development (CBED)*

The second round of training in Community-Based Economic Development methodology, process and tools was conducted for CBED Working Group members and process coordinators in 30 municipalities. At the training, 146 representatives of local self-government bodies (Sakrebulo; Gamgeoba; and economic,



infrastructure and financial departments) were trained in the third step of the CBED planning process – Analysis and Assessment. After a presentation on different types of analyses, the groups prepared presentations on SWOT, resource, and stakeholder analyses, as well as mission statements and community economic profiles. The lists of community problems identified through the business, NGO and community quick assessment surveys were also presented by the Working Group members. As follow up to the training, the participants were asked to start implementing the third step of CBED planning: conduct a first Advisory Group meeting to prioritize problems; draft SWOT, resource and stakeholder analyses; and formulate mission statements for their municipalities.

#### *Other*

CELD partially funded a trip to Bulgaria for one representative of the CELD partner NGO Regional Development Agency to attend the Regional Economic Development Conference in Sofia, September 27 – 28, 2007. The conference was attended by regional development agencies (RDAs) from across Europe to discuss the role envisioned for RDAs in the EU's programming for 2007–2013; SME Competitiveness and Regional Development: Contribution of RDAs; Regional Attractiveness; Clusters and Inter-Cluster Cooperation; Investment and Financial Opportunities for SMEs in EU27; Research and Innovation: Investing for Growth and Employment; and Development of Project Partnership/Networking.

#### *Financial Management*

CELD financial management staff conducted the second round of training workshops for the representatives of Georgian municipalities. In total, 12 workshops were held in the third quarter of 2007. Training took place in Kobuleti, Tsavkisi and, for non-Georgian-speakers, in Ninotsminda. The training lasted for three days and the agenda included Organizational Structure of the Program Budget, Format of the Program Budget, Accounting as a Management Tool, Capital Expenditure Planning, and Citizen Participation.

In total, 253 representatives from 57 local governments attended the training workshops. Attendees of the seminars included deputy Gamgebelis in charge of budgeting, heads of municipal finance departments, chief accountants and finance department budget specialists. Local governments were assigned to complete draft budget programs for FY 2008; to create a budget format from transmittal letter and to supporting materials; to adopt a council resolution on citizen participation, including precise steps to be taken to involve citizens; and to start to develop performance indicators for the budget programs. This assignment should be completed and presented at the next round of financial management training by participants.

As a result of the training and follow-up visits to date, 57 local governments in Georgia have introduced program budgeting.

CELD continues to cooperate with the Ministry of Finance on regulatory issues. CELD is now working with the Ministry to include elements of program budgeting in the national budgetary software developed by Ministry of Finance. Currently, CELD is focused on defining with the Ministry what needs to be added to the software, how it will be disseminated to all local governments and what training will be provided for local finance officers in using the software. CELD is also working closely with the U.S. Treasury Consultant to the Ministry on these issues.

*Establishment of a Local Finance Officers' Association:* At the training sessions, the heads and deputy heads of the finance departments from 57 municipalities were given a questionnaire that described the proposed functions of the association and asked for their comments. According to the results of the questionnaire, finance officers support the creation of the association and are willing to become members. The main function of association will be to exchange best domestic and international practices, act as a liaison between the central and local authorities, develop training capacity and possibly provide national certificates for local finance staff.

#### *Service Improvement (Performance Management)*

The second round of Performance Management training was conducted for 44 partner municipalities from Guria, Samegrelo, Adjara, Svaneti, Racha, Imereti, Samtskhe-Javakheti and Kakheti. The Service Improvement Working Groups, established by the municipal councils after the initial round of training, were invited to participate in the workshops, which are designed to assist the groups in developing Service Improvement Action Plans (SIAP) and service delivery monitoring systems. The 194 working group participants included representatives from the Gamgeobas, Sakrebulo, and economic and communal service departments as well as local NGOs and media.

The training covered the following topics: Service Improvement Process in Georgia, Service Improvement Action Planning, Data Collection and Analysis, Monitoring, and Reporting on Service Delivery. The working groups made presentations on homework that they were assigned after the first round of Service Improvement program training. They presented data collected for the situation analysis of the selected sector, which was solid waste collection for all participating municipalities. Participants were trained in how to define performance measures and indicators, set realistic targets, develop action plans and a citizen participation strategy, identify data sources, and collect and analyze data.

The participants were assigned to implement the next steps in the process: develop the Service Improvement Action Plan for the selected service sector; involve the public; and select at least two more service sectors to start data collection for the Service Improvement Action Plans for FY2008.

#### *Other*

CELD provided 50 computers and printers to 40 partner municipalities so that they can effectively implement the new procedures and programs.

On August 1, at the monthly USAID partners' meeting, Bob Wilson, USAID Mission Director, presented the inaugural award for the best success story to CELD for its account of the Poti Community Based Economic Development project. Mr. Wilson spoke about the importance of success stories and described the Community-Based Economic Development planning process that involved Poti businesses, NGOs and local government. The process resulted in a 27-million GEL investment from the Millennium Challenge Fund-Georgia for a water rehabilitation project, which was identified as priority in the Poti economic development plan.



The U.S. Embassy has been very engaged and supportive of decentralization and local governance reform in Georgia. Shortly after his appointment as the new U.S. Political Officer in July, Donald L. Carroll visited the CELD office to learn about the CELD project and the status of decentralization and local government reform in Georgia. In August, he visited municipalities in West Georgia and met with the local governments of Kutaisi, Poti, Ozurgeti and Batumi and with local NGOs. He also met with the CEO of the National Association of Local Authorities of Georgia, which is supported by CELD. The purpose of the trip was to see first hand the challenges that Georgian local governments face. Two CELD staff members and the CELD CTO at USAID accompanied him on the trip. All municipalities spoke about the importance of technical assistance received from CELD and the practical impact of the reforms that CELD is introducing in the municipalities. The following programs were highlighted: Property Transfer, Program Budget and Municipal Service Improvement programs. The Political Officer also attended a session of the Municipal Service Improvement program training in Kobuleti.

CELD continues to support the Georgian Institute of Public Affairs, which offers graduate and certificate courses to local government officials and other students. For the fall semester of 2007, 26 first-year students and 32 second-year students are expected to be enrolled in Local Government Administration Program and will study: Principles of Democracy, Introduction to Public Administration, Introduction to Local Governance and Self-Governance, Effective Decision Making in Local Governance Bodies, Introduction to Law, Urban Planning, Urban Development and Infrastructure, Service Improvement (new), Introduction to Economics, Local Economic Development and Local Budgeting, Financial Management and other subjects. CELD's most recent grant to GIPA of \$28,293 supports the operation of the program's fall semester. Students pay \$2300 as a tuition fee for the two-year course. Money collected from tuition fees in the current year will be used first to ensure that funding will be available for students to complete the academic year studies in the school year 2008/2009. To the extent that funding is not required for this, any remaining funds will be allocated for purchasing a new building for GIPA.

Three hundred copies of the second CELD newsletter was published and disseminated in partner municipalities. The newsletter included articles about the Ninotsminda Public Market project, the Borjomi Tourist Information Center project and NGO roundtables.

NGO roundtables were held in Lagodekhi, Gori, Kutaisi, Batumi, Poti, and Akhaltsikhe municipalities by CELD coordinators during the reporting period. In total, 59 representatives of local NGOs and international organizations attended the meetings.

### III. DELIVERABLES AND REPORTS

- Borjomi Economic Development Plan (Georgian version printed for Local Economic Development conference, 170 copies)
- Adjara Autonomous Republic Economic Development Plan (Georgian version printed for Local Economic Development conference, 5 copies)
- Kutaisi Economic Development Plan (Georgian version printed for Local Economic Development conference, 5 copies)

- Akhaltsikhe Economic Development Plan (Georgian version printed for Local Economic Development conference, 5 copies)
- Financial Management training materials for the third round of training developed and revised including: budget format, performance measures for the programs, revenue and expenditure
- Sample Program Budget books (500 copies of Georgian version reprinted)

#### IV. PROBLEMS OR DELAYS AFFECTING PERFORMANCE

N/A

#### V. WORK PLANNED FOR NEXT REPORTING PERIOD

##### **Decentralization and National Capacity-Building Activities**

- Provide support to the National Association of Local Authorities of Georgia (NALAG),
- Conduct Regional Workshops on legislation for all 64 municipalities to discuss new and amended local self-government legislation.

##### **Strengthening Communities: Managing Local Resources**

- Conduct the third round of CBED training for 30 partner municipalities in Adjara, Samegrelo–Zemo Svaneti, Samtskhe–Javakheti, Kakheti and Racha Lechkhumi Regions;
- Conduct follow-up monitoring visits and assist local CBED Working Groups in CBED planning process;
- Publish the next issue of the CELD newsletter;
- Conduct Performance Management workshop for municipalities in Shida Kartli and Mtskheta-Mtianeti on service improvement action plan development
- Develop a Municipal Service Management course curriculum for GIPA;
- Revise the Performance Management guidebook and publish a second edition incorporating comments and suggestions from local officials and service improvement working groups;
- Conduct an assessment of the potential for establishing an Association of Municipal Service Providers;
- Conduct an evaluation of training impact on service provision process in partner municipalities to identify best practices for roll out to other municipalities;
- Continue working with municipalities on the property request process;
- Continue to support the MoED working group on accelerating property transfer;
- Conduct third round of 12 Financial Management training workshops for all 57 partner municipalities in Georgia; and
- Establish and register the Association of Finance Officers.