

**QUARTERLY TASK ORDER  
PROGRESS AND  
COST REPORT**

**OCTOBER TO DECEMBER  
2001**

**MOLDOVA LOCAL  
GOVERNMENT REFORM  
PROJECT**

Prepared for



Moldova Local Government Reform Project  
United States Agency for International Development  
Contract No. EEU-I-00-99-00015-00, Task Order 806

Prepared by

Mr. Duane C. Beard  
*The Urban Institute*



**THE URBAN INSTITUTE**

2100 M Street, NW  
Washington, DC 20037  
(202) 833-7200  
[www.urban.org](http://www.urban.org)

December 2001  
UI Project 06901-007

## TABLE OF CONTENTS

Task Order Description.....	1
Progress During the Past Quarter.....	1
Progress and Forecast.....	7
Significant Findings and Delays.....	8
Recommendations.....	8
Key Personnel.....	8
ATTACHMENT	
Cost Report	

**QUARTERLY TASK ORDER PROGRESS AND  
COST REPORT**

**SPECIFY PERIOD**

**ACTIVITY TITLE**

**Task Order No.:** EEU-I-00-99-00015-00, Task Order No. 806

**Date of Issuance:** February 1, 2000

**Task Order Description**

In February 2000, United States Agency for International Development (USAID) contracted the Urban Institute (UI) and its partners to implement a five-year local government reform project (LGRP) in Moldova. The project aims to support the government's reform agenda with training and technical assistance. Specifically, the project is working to increase the amount and control of revenues for local governments, improve municipal services management, develop institutional support for local government and municipal services and improve strategic planning and asset management in local governments.

**Amount Obligated Under Task Order:** \$2,023,004

**Total Potential Task Order Amount:** \$4,999,793

**Dollars Expended To-date:** \$1,423,199

**Progress During the Past Quarter**

Highlights

- Introduction by CTO/Senior Economic Advisor Dr. Tuan Nguyen of the new Chief of Party (CoP) Mr. Duane Beard to local officials representing all current 21 partner cities of the USAID Local Government Reform Project–Moldova (LGRP).
- The Fiscal Autonomy component made the transition from the Fiscal Reform project to the LGRP. Local Government Finance Advisor Peter Simon is now working from the LGRP office. Plans were approved and initiated for hiring four full-time local experts to support on-going training and technical assistance initiatives.
- The Fiscal Autonomy component has now completed an initial round of training for local government finance personnel in all 21 partner-cities. Six-week training courses were delivered in three rounds. Seminar sessions covered computer applications, budgeting, and tax

policy/administration as well as treasury operations. At the end of their coursework, trainees receive certificates and have acquired a basic understanding of the above functional areas. The next round of training has begun by offering program budget seminars to local government finance personnel in Antonesti.

- This quarter saw the initiation of a new phase of assistance for improving utility service. Three towns will receive assistance for improving both the technical and financial management of their water utilities. Progress also continues on existing pilot projects for improvement of water, heating and solid waste management services.
- An introductory workshop in Asset Management was held in Chisinau and attended by representatives from Chisinau, Hincesti, Ceadir-Lunga, Ungheni, Drochia, and Suruceni. A draft Asset Management Report for Ceadir-Lunga Municipality was enthusiastically received by the Mayor who provided comments and requested additional information. Chisinau Municipality has also expressed interest in collaborating with the LRGP on improving their asset management.
- Pioneering use of international videoconferencing as a technical assistance tool was initiated when a dozen Mayors of Moldova consulted with local government officials from North Carolina and Florida on local economic development issues.
- The LRGP conducted 12 strategic planning workshops for the partner cities of Antonesti, Anenii Noi, Balti, Calaras, Cantemir, Ceadir-Lunga, Colibas, Cricova, Gribova, Hincesti, Suruceni, and Vatici. Each workshop was preceded by a stakeholder roundtable.
- Computers were upgraded and tenders were prepared for procurement of additional equipment in support of the LRGP Information Network. The CoP also held meetings with Website designers on the creation of a local government Website that would be sustained after the project ended.

**Fiscal Autonomy**—Local Government Finance Advisor Peter Simon began to work full-time from the LRGP office. During this quarter, a second round of six partner cities and a third round of eight partner cities received initial training in budget and fiscal management, thus completing the initial round of training for all 21 partner-cities. A follow-up training seminar was also held for the first round of seven partner cities. In addition to providing training, the Local Government Finance Advisor analyzed the budgetary figures for all 21 partner-cities.

During the fourth quarter, project staff traveled to many of the pilot centers (Balti, Cahul, Chisinau, Cimislia, Comrat, Cricova, Drochia, Edinet, Hincesti, Ialoveni, Lapusna Judet, Orhei and Ungheni) to assess their level of fiscal and managerial capacity and to deliver post-course training to ensure that participants become operational users in computer applications.

Project staff also investigated the various functions local government finance personnel carry out in their every day work. Having identified a vast array of technical solutions to improve the efficiency of their



operations, the project staff developed computer applications tailored to individual site needs. These applications increase local government officers' capacity in budgetary analysis, annual forecasting, tax collection and other related functions. Specific applications include:

- Monthly and annual budget formulation (expenditures and revenues)
- Budgetary amendments
- Commitment accounting
- Processing of subsidy payments to surrogate parents
- Processing of invoices
- Financial analysis of enterprises
- Accounts receivables and payables
- Depreciation of fixed assets
- Monthly and annual cash flow forecasting
- Inventory management
- An accounting sheet for food supply to kindergartens
- Treasury payment orders, a penalty payment form for delinquent land tax payers
- Databases registering taxpayers from various economic activities
- A database to register the sale of land plots.

As a result of weekly field trips and extensive cooperation, the partner cities have acquired intermediate/advanced skills in their financial management function. To increase the effectiveness of program efforts, all solutions and applications developed for individual pilot centers have also been disseminated to other partner cities.

The Local Government Finance Advisor met with consultants for the Fiscal Reform project on the development of local property tax software and with officials from the Ministry of Finance to receive feedback on the recommended amendments to the national transfer regime. As local staff members working on this component have been employed by the Fiscal Reform project up to this point, recruitment began for local experts for this component.

### ***Management of Municipal Services***

**Water**—A new LGRP initiative began to assist the towns of **Cimislia**, **Cricova** and **Hincesti** in improving the overall efficiency of their water utilities. In December, three experts visited the sites and collected information to analyze options for reducing operating costs, improving collection and billing systems, and increasing payment rates. Andrew Popelka will lead the technical component, while Gretchen Mikeska will lead the business component, together with Augustin Boer, an accounting specialist from Conti Audit (Romania).

A grant agreement has been prepared for a filtering system for the municipality of **Hincesti**. The municipality prepared tenders and has received bids for the filters, a computer, printer and photocopier needed to implement the project. The aim of the project is improve the water quality in the City of Hincesti.

Progress was also made on the pilot project to bring water supply to a new residential area of **Cricova**. The town government is providing the water mains and residents are providing funds for making connections to the mains. The residents are currently relying on shallow bucket wells that have unsafe water. Following the design stage, the town completed the digging of the artesian well. Further work has been postponed because of winter conditions and will be continued in the spring.

**Heating**—The Dwellers Association of **Ialoveni** requested assistance from the LGRP for the purchase of a gas corrector for the autonomous heating system for 192 apartments that was recently installed as part of the municipal services pilot activity. Although gas meters in the US have built-in correctors, this is not the case in Eastern Europe. Without a corrector, the heating company charges the users based on a constant for average pressure and average temperature. With a corrector, the Dwellers Association can be charged based on actual gas usage. The request was approved and the Dwellers Association has begun preparation of a tender for purchase of the corrector, which is expected to cost approximately \$2,500.

Based on new and corrected data, Engineering Advisor Andrew Popelka revised a report analyzing heating options for the city of **Orhei**. The study confirmed that decentralized heating was the most efficient option available for Orhei.

The final report *The Business Plan* was submitted to the Mayor of **Ungheni**. The report, co-authored by Municipal Development Advisor Ted Hazard and Engineering Advisor Andrew Popelka, determines the financial requirements for necessary construction and operation of the most efficient option for heating the city. The Mayor was very pleased with the report and expressed his certainty that it would be very helpful in solving the city's heating problems.

**Solid Waste Management**—Designs for the solid waste landfills and access roads have been completed for both **Suruceni** and **Gribova**. The Mayor of Suruceni has been working on attracting investors, both state and private, for the construction of the landfill.

**Asset Management for Local Governments**—On October 2, the technical lead for this component, Dr. Olga Kaganova, conducted an introductory workshop for the cities of, Ceadir-Lunga, Chisinau, Drochia, Hincesti, Suruceni and Ungheni in asset management. Based on information collected during her initial visit to Moldova and subsequent data collection by local staff member Victor Manic, Dr. Kaganova drafted an Asset Management Report for the city of Ceadir-Lunga, which was translated and delivered in November. The Mayor of Ceadir-Lunga enthusiastically received the report, provided comments and asked for additional information. In the meantime, Victor Manic disseminated information on asset management to additional pilot sites of Cantemir, Cricova, and Leova.

In December, the next phase of this component began. John Hentschel, an expert in real estate appraisal, provided technical assistance to Cricova and Ungheni. In preparation of Mr. Hentschel's visit, data was collected on the current asset management situation in these two cities. Mr. Hentschel also met with high officials from Chisinau Municipality who expressed interest in future collaboration on asset management.



**Economic Development for Local Governments**—On October 31, the LGRP initiated pioneering use of international videoconferencing as a technical assistance tool. The topic of this initial videoconference was economic development. From the Moldovan side, approximately one dozen mayors participated. The U.S. panel consisted of an economic development specialist, the City Commissioner for Lakeland, Florida and the Director of Administrative Services for Raleigh, North Carolina. The Moldovan mayors asked the panel questions on a variety of areas—from solid waste management to fleet management to revenue collection. They also specified areas such as taxes, police, and land management in which they would like to receive assistance in the future. Evaluations of the videoconference show that the mayors believe that this was a useful tool for facilitating technical assistance.

### **Democratic Governance**

**The Association of Mayors and Local Communities**—The Project completed its training for the Association of Mayors and Local Communities in strategic planning capability. The Association now has its own strategic plan for development, prepared by its Board of Directors. Eight member communities (Antonesti, Anenii Noi, Balti, Calaras, Cantemir, Ceadir-Lunga, Colibas, Vatici) have their own strategic plans; and four strategic planning consultants (Anatol Moldovanu, Constantin Nunu, Marina Tureac, and Ion Vlas) have been trained to assist other communities with the preparation of strategic plans.

**Strategic Planning in Socio-Economic Development**—During the fourth quarter, the project conducted stakeholder roundtables and strategic planning workshops for twelve pilot cities and communes. The workshops focus on socio-economic development, with a resulting plan to be revised and adopted by the local council. Workshop participants are respected leaders from different sectors in the community as well as local government and usually number between 12 and 16. The stakeholder roundtables and strategic planning workshops are being conducted by master trainers for the Association of Mayors and Local Communities and for the Viitorul Foundation.

During the fourth quarter, the LGRP conducted the following strategic planning workshops and stakeholder roundtables:

- In Antonesti, Tighina County, master trainers for the Association of Mayors and Local Communities conducted a stakeholder roundtable on October 1, 2001 and a strategic planning workshop, October 8 to 11, 2001.
- In Vatici, Orhei County, master trainers for the Association of Mayors and Local Communities conducted a stakeholder roundtable on October 3, 2001 and a strategic planning workshop, October 8 to 11, 2001.
- In Colibasi, Cahul County, master trainers for the Association of Mayors and Local Communities conducted a stakeholder roundtable on October 4, 2001 and a strategic planning workshop, October 8 to 11, 2001.

- In Anenii Noi, Chisinau County, master trainers for the Association of Mayors and Local Communities conducted a stakeholder roundtable on October 2, 2001 and a strategic planning workshop, October 15 to 18, 2001.
- In Balti, Balti County, master trainers for the Association of Mayors and Local Communities conducted a stakeholder roundtable on October 19, 2001 and a strategic planning workshop, October 22 to 26, 2001.
- In Calaras, Ungheni County, master trainers for the Association of Mayors and Local Communities conducted a stakeholder roundtable on October 19, 2001 and a strategic planning workshop, October 22 to 26, 2001.
- In Cricova, Chisinau County, master trainers for the Association of Mayors and Local Communities conducted a strategic planning workshop, November 26 to 30, 2001. In the previous quarter, the Millenium organization conducted a public opinion survey for Cricova. Results of the survey were analyzed, presented to the planning team and used during the strategic planning workshop in Cricova.
- In Drochia, Soroca County, the Viitorul Foundation conducted a stakeholder roundtable on November 21, 2001. (The strategic planning workshop will be held in February 2002.)
- In Hincesti, Lapusna County, master trainers for the Association of Mayors and Local Communities conducted a stakeholder roundtable on November 28, 2001 and a strategic planning workshop, December 10 to 14, 2001.
- In Cantemir, Cahul County, master trainers for the Association of Mayors and Local Communities conducted a stakeholder roundtable on November 29, and a strategic planning workshop, December 10 to 13, 2001.
- In Gribova, Soroca County, the Viitorul Foundation conducted a stakeholder roundtable, November 21, and a strategic planning workshop, December 10 to 14, 2001.
- In Ceadyr-Lunga, Gagauzia, master trainers for the Association of Mayors and Local Communities conducted a stakeholder roundtable on December 10, and a strategic planning workshop, December 17 to 21, 2001.
- In Suruceni, Chisinau County, the Viitorul Foundation conducted a stakeholder roundtable on December 15, and a strategic planning workshop, December 17 to 21, 2001.

**Citizen Participation**—A Scope of Work has been approved for Opportunity Associates Romania (OAR), a well-respected Romanian non-government organization (NGO) with expertise in bringing citizens, NGOs and local governments together to increase citizen participation and strengthen civil society. OAR experts have worked extensively on USAID projects and have previously worked in Moldova. Technical assistance under this component will commence in January 2002 with the initial pilot sites Antonesti and



Ialoveni. Several other partner cities will participate in a workshop, which will also be held in January. Preparation work has included a review of Moldovan legislation covering NGOs, namely the Law on Public Associations.

**Local Government Information Network (LGIN)**—The Local Government Information Network (LGIN) will be utilizing computers received from another USAID project that was recently completed. After discerning that several of the computers received did not meet the basic requirements for the LGIN, necessary upgrades were made. Bids were prepared for the procurement of additional LGIN equipment, such as laser printers. The CoP also met with website designers to discuss issues such as website design, official name, and domain. The design and structure of the website will be modified to enable the site to be sustained after the end of the LGRP.

### ***Field Observation***

During the period from October through December 2001, LGRP staff and consultants worked with Chisinau Municipality and visited all other 20 partner-cities (Antonesti, Anenii Noi, Balti, Cahul, Calaras, Cantemir, Ceadir-Lunga, Cimislia, Colibas, Cricova, Drochia, Edinet, Gribova, Hincesti, Ialoveni, Leova, Orhei, Suruceni and Ungheni) to render technical assistance, conduct training, gather data, and monitor progress in pilot projects.

### ***Staffing and Staff Development***

Lucia Candu, project assistant for Municipal Management/Utility Services, has been working closely with expert consultants to complete data collection for a study of heating alternatives for Orhei and to initiate a new program component to improve the technical and financial management of water utilities in three pilot cities. Victor Manic, project assistant for Municipal Management/Asset Management, has been collecting data from pilot cities Ceadyr-Lunga, Cricova, Hincesti, and Ungheni.

Natalia Motili, project assistant for Democratic Governance/Strategic Planning, is also a member of the master trainer team responsible for the overall strategic planning services by the Association of Mayors and Local Communities. As such, she has served as a trainer for six Strategic Planning workshops during this period Aurelia Ciornei, project assistant for Democratic Governance/Citizen Participation (and former Staff Interpreter), has led the planning efforts for a new Citizen Participation program component which will commence in January 2002 with technical assistance provided by the Romanian NGO, Opportunity Associates.

### **Progress and Forecast**

The arrival of the new CoP on November 21 occurred as project activities were both broadening and deepening. After the receipt of the delayed year-two funds (received on July 23, 2001 instead of February 1, 2001), the project initiated several new areas of technical assistance:

- Local government budgeting and related computer skills to support greater fiscal autonomy
- Improvement of technical assistance and financial management of water utilities

- Asset management
- Strategic planning capacity building

The fourth quarter saw an intensified level of activity among these four areas of assistance by additional local staff, expatriate consultants and a new Resident Advisor for Fiscal Autonomy. The project is currently working with 21 partner cities.

### **Significant Findings and Delays**

Major logistical constraints are the need for new local staff and the upcoming relocation of the project office to new facilities (which will enable the project to accommodate new staff). It is expected that these will be resolved during the next quarter. A possible additional constraint is legislation currently being considered by a Parliamentary Commission, which would reverse some of the territorial reforms of 1998 and possibly change the ways that mayors and councils are elected and recalled.

### **Recommendations**

Senior level CCN staff members should be hired to help direct the increased level of project activities and to begin to take over programming responsibilities in the future. The CoP has identified a candidate for the Senior Program Specialist for the Democracy and Governance component. The CoP and new Fiscal Autonomy Advisor are also actively searching for candidates to serve as project assistants for the Fiscal Autonomy component. Additional local staff is also needed to address greater IT needs and to fill the role of interpreter now that Aurelia Ciomei has become a project assistant for the Democratic Governance component.

### **Key Personnel**

Mr. Duane C. Beard, UI/Moldova, beard@lgrp.net.md, 011-3732-234-722.

**ATTACHMENT**  
**Cost Report**