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January 25, 2002

Mr. Carlton Bennett
Regional Contracting Officer
USAID Caucasus
20 Telavi Street
Tbilisi, 380003, Georgia

RE: Contract No. EEU-I-00-99-00015-00, TO No. 809
UI Project 06901-012, Georgia Local Government Reform Initiative
Quarterly Task Order Progress and Cost Report, October to December 2001

Dear Mr. Bennett:

Please find the enclosed *Quarterly Task Order Progress and Cost Report, October to December 2001, Georgia Local Government Reform Initiative*. This report is required by Sections F.5 and F.6 of our Local Government Assistance Initiative Indefinite Quantity Contract.

Please direct any technical questions to Dr. William E. Krause at, bill@urban.ge (995-32-22-58-68). Questions of a contractual nature should be addressed to me at (202) 261-5396.

Sincerely,

Maria C. Andrade-Stern

Enclosures

cc: Joe Taggart (CTO, USAID Caucasus)
Scott Dobberstein (USAID/W)
Barry Reed (UI/Tbilisi)
USAID Development Clearinghouse
IAC Deliverables File (06901-012)
IAC Chron File

bcc: Maria Stern
IAC Chron Notebook
IAC Staff Person

**QUARTERLY TASK ORDER
PROGRESS AND COST
REPORT**

**GEORGIA LOCAL
GOVERNANCE REFORM
INITIATIVE**

JANUARY TO MARCH 2002

Prepared for



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

Prepared by

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March 2002
UI Project 06901-012

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QUARTERLY TASK ORDER PROGRESS AND COST REPORT

JANUARY TO MARCH 2002

GEORGIA LOCAL GOVERNANCE REFORM INITIATIVE

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

Date of Issuance: January 18,2000

Task Order Description

In September 2000, the United States Agency for International Development (USAID) contracted the Urban Institute (UI) for a three-year Local Governance Reform Initiative (LGRI) in Georgia. The project is designed to support the following activities:

- Expansion of citizen participation and transparency in local government operations
- Legislative reform and policy dialogue
- Development of municipal, professional and other associations related to local government
- Targeted assistance for 10 municipalities and towns, training for other municipalities
- Conflict monitoring and rapid response

Amount Obligated Under Task Order: \$2,505,304

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

Dollars Expended To-date: \$2,216,397

Major Activities and Accomplishments During the Previous Quarter

WORKPLAN FOR 2002

The final version of the LGRI Workplan for 2002 has been submitted for approval to USAID. UI is working on a quarterly budget that USAID has requested prior to approval.

NON-GOVERNMENT ORGANIZATION (NGO) PARTNER PARTICIPATION

UI/LGRI has completed preliminary negotiations with the NGOs mentioned in the proposal for training of local government, NGO and media from the pilot cities. The following NGOs have expressed willingness to cooperate with LGRI and submitted their proposals and budgets:

- CIPDD
- ICCC
- ICCN
- Civitas Georgica
- Caucasian Women Network
- Association of Young Economists
- GIPA

UI is working with the newly formed Association of Independent Experts to find a suitable method of procurement and cooperation, especially in the field of legislative development.

BASELINE ASSESSMENT

The distribution of the Baseline Assessment of Georgian Local Governance has been very successful. Almost all of the 1,000 Georgian and 200 English copies have been distributed with an introductory letter signed by USAID Caucasus Mission deputy chief and LGRI CoP. The report has been received enthusiastically as the first comprehensive source of material on local government in Georgia.

The recipients of the book included all Georgian state bodies (state chancellery, ministries, departments, parliament and its committees, factions and Tbilisi City Hall and Sakrebulo), DG partners and international donor organizations in Georgia, embassies, Georgian NGOs, major scientific research centers, universities, libraries and colleges. In the regions the **book** has been sent to **all** local governments, major local NGOs and regional universities and libraries. Some companies (e.g., Austrian NGO Hilfswerk Austria) requested an electronic version and had received it. The Baseline Assessment has been placed on the UI website and on the widely read website "Assistance Georgia." The LGRI files all comments and suggestions about the report. A revision is underway before additional copies are printed.

GENDER ISSUES

During the quarter, UI contracted with Mrs. Nino Tsikistavi, a well-known Georgian expert, and activist, on women's issues to provide substantial consulting assistance to the project. She will work approximately one-third time participating in planning and evaluating LGRI programs as well as providing training to LGRI staff and participants from partner cities. She has been visiting each of the cities to meet with women and representatives of women's groups, as well as LGRI coordinators, to plan a program for this year.



The local coordinator of LGRI Ms. Ketj Jakheli did some work to activate gender issues in Lagodekhi. She discussed women's involvement with local government officials, and identified a number of local socially active women from local NGOs and other organizations willing to boost women's participation and involvement into the gender program; active women not only from local government but also from the other spheres such as education and medicine.

At a meeting in Mtskheta, participants supported the idea from Mrs. Tsikistavi about preparing a special brochure for women, which will include contact information on Local Government women officials in the region. The issue of socially unprotected groups (women) that are: single mothers, IDP's, pensioners, ethnic minorities, mothers having three or more children—was discussed at the meeting. Mtskheta representatives asked Mrs. Tsikistavi to provide them with information on legal basis/norms on domestic violence victims.

LEGISLATIVE REFORM PROCESS

The Technical Group met with visiting UI expert Francis Conway and with the CoP to discuss the role of the group on several occasions. Mr. Conway pointed out that the Group had deviated from the methods that were successful in working on the Organic Law. It had become more of a forum for trying to draft a law that the members felt would be acceptable and had, in the process, strayed from some key principles adopted earlier. In addition, membership on the Group was not representative of all stakeholders.

This was true especially of the draft local budget law that the Technical Group had developed. If adopted it would take back many of the gains achieved in the amendments to the Organic Local Government Law adopted by Parliament in 2001. For example, the scope of local self-government functions as defined in the draft local budget law is much narrower and constrained than that in the Organic Law. UI legal consultant Richard Winnie developed an alternative draft based on the Organic Law, as amended in 2001, and on the recommendations that the Technical Group developed in the first part of 2001. The hope was that this alternative draft would help in the dialog with the Technical Group. It did not. Finally, UI conducted an expanded meeting of the Technical Group with additional persons representing local governments. In that meeting, it became obvious that there **was** a need for a much more extensive dialog with local stakeholders before any draft local budget law could be developed.

UI believes that the amendments to the Organic Law adopted in 2001 provide a reasonable basis for moving forward in the development of an autonomous system of local self-government in Georgia. We have discussed the merits and shortfalls of this law in prior reports. Clearly it is not perfect, but it does include key provisions that if implemented would mark a significant positive change over the existing system. The next steps should be a) to hold local elections under the terms of the amended OL and b) to complete the key legislative pieces in the area of local finances and property. The local property law developed by the Technical Group provides a sound basis for moving forward on this issue. In the area of finances, we believe that it is important to focus on the revenues of local self-governments, especially taxes and fees and the rules governing transfers from the State to the local budgets. UI believes that a local budget law is not really necessary as the OL provides sufficient guidance. However, given the emphasis in Parliament and among central and local government officials to such a law, then it is probably preferable to develop a draft of a local budget law that is consistent with and complements the amendments to the OL. In

this case, the most important next step is to consult local stakeholders broadly on what should be included in the law.

As a result of these discussions and developments in the legislative process, UI decided to proceed with legislative reform in a slightly different format. The work of the Technical Group was completed in early March. Work continued based on the following:

- A contract was developed with the Young Economists to undertake a study related to taxes, fees and equalization transfers. The objective of this study, which is expected to take several months, is to provide a solid factual basis for recommendations and analyses. Based on this, discussions can be held with key stakeholders and, once policy decisions are made, draft legislation can be developed.
- A contract with the Association of Independent Experts, which includes most of the former Technical Group, was developed to provide for workshops on budget legislation and coordination of work with the stakeholders on other legislation.
- Individual contracts were continued with key members of the Technical Group to continue work with stakeholders while the procurement details with the AIE are worked out.
- An individual contract with a legislative specialist was signed to provide drafting assistance when required.

During the quarter, work on a draft law for the transfer of property to local governments was completed after discussions with stakeholders.

Also, during the quarter, meetings were held with stakeholders in the pilot cities to discuss this law, budget laws and the organic law. The audiences proved to be responsive and produced very useful points for forthcoming legislative deliberations.

LGRI established fruitful cooperation with the key figures in the government and parliament. The Technical Group participated in a meeting of the Parliament's biggest faction CUG on January 29. Zurab Zhvania, who initiated the meeting thanked Technical Group for the remarkable efforts and suggested that the group actively collaborate in drafting the new organic law on local-self governments. During March, Technical Group members participated in different forums (inter-factional meetings, PC hearings, symposium) conducted at the parliament where the issues of new Local Self Government organic law, two-tier local self-government reform and elections were discussed.

LGRI partner NGO International Center for Civic Culture (ICCC) conducted a training seminar intended to increase public awareness of Georgian Election Code in Poti on February 1. Local public, NGOs media community attended the highly interactive seminar, and provided positive feedback.

From March 18 to March 25, the UI visiting expert, Mrs. Juliana Pigey, AYE President Tengviz Shergelashvili and the UI staff attorney designed the project for the forthcoming study on Local Taxes and



Fees and conducted meetings within the framework of this study with senior level government officials and other stakeholders, including: Deputy ministers of the MoF, Mr. Oleg Nikoleishvili and Aleksis Aleksishvili, head of Parliamentary Budgetary Office, Mr. Roman Gotciridze, head of the Department of Regional Management and Politics (State Chancellery), Mr. Badri Khatidze, head of Large Taxpayer Inspectorate, Mr. Shota Nadirashvili, Head of Expenditures Department, Treasury, Mr. Koba Dzadzamia, Mtsketa Rayon Council Chair, Mr. Paata Mirziashvili, heads of departments at MoTR, Deputy Head of Mtsketha Rayon Tax Office, Mr. Mirian Mchedlishvili and others.

The purpose of the meetings was to get familiar with the actual state of affairs in the field of local taxes and fees (basis, rates, level of local discretion, collection and administration, distribution of the revenues, the flow of the tax revenues to recipients, statistical data, etc.), explore and identify the priorities of the prospective study. Consequently, the study team consisting of Mr. Shergelashvili, Mr. Damenia, Mr. Petriashvili, UI staff attorney and Mrs. Pigey (Task Leader) defined the priorities and designed a working scheme for the task fulfillment.

FINANCE AND BUDGET TRAINING

The budget and financial management team (Mr. Barry Reed and Mr. Nick Gvishiani) have prepared a comprehensive guidebook for local governments (city council, executive and financial officers) about modern financial and budget management, including citizen participation in a budgetary process. They have begun showing it to local government officials for comments prior to finalizing and distributing the document.

We held the fifth interactive training seminar on “Modernizing Financial Management for Georgian Local Governments” for representatives of our pilot local governments in Bakuriani on February 20. The seminar had very positive feedback and the participants asked that we hold a session or two each year to allow them to interact, share experiences and learn newer concepts.

The team conducted 3 one-day seminars around the country as an introduction to Lori’s budget and financial management program to other Georgian local governments. All Rayons in the country received invitation letters for these seminars and 21 sent representatives. The feedback from participants was positive and most expressed a desire to participate in our training in the future. In fact, three of those who attended have already visited the Tbilisi office and inquired about what they need to do to participate (and several more have telephoned). One of our exercises at the seminars involved identification of barriers and obstacles faced by the local governments in Georgia. Results showed that there is a substantial room for our training and assistance. The general educational level in budgeting and financial management seems quite low in these Rayons.

During February 13 to 15 Mr. Reed, Mr. Gvishiani and Ms. Jakheli (LGRI coordinator for Lagodekhi) participated in the USAID Conference: *“Improving Local Government Management Practices in Europe and Eurasia—Lessons Learned from USAID Program Experience”*. They attended different sessions, learned the experiences of other countries, highlighted the LGRI budget program, had very interesting discussions on training modules and came back with some good ideas about the improvement

of the program. UI Georgia also made a formal presentation at a session about our budget and financial management program.

Some pilot cities have begun implementing new concepts of budgeting according to information they received during LGRI training and seminars. In January, Zestaponi City Sakrebulo prepared a 3-year social and economic development plan for the city. It has drafted a drainage project (their program budget from the homework) as a part of the Capital Improvement Program (CIP) in accordance with LGRI budget training homework. Ozurgeti Sakrebulo approved the program budget for sports and cultural arrangements. We are currently working with Lagodekhi to recast their entire budget into a new computerized format, one that will transform the budget into a tool for policy making, communication and marketing, a financial plan and operations. Once completed, we will begin working with other pilot cities and eventually other local governments as well.

In January the distribution of the brochure on public participation in local budget processes (500 copies for each city) was completed.

ECONOMIC/BUSINESS DEVELOPMENT

The Budget and Financial Management Team, Mr. Reed and Mr. Gvishiani carried out a trip to Zestaponi, Poti and Ozurgeti in order to learn the views of local government about the economic development plans of the city/rayon. After the trip Mr. Reed proposed organizing a special strategic planning task force to develop the plan, and help the cities with promotional materials and general assistance.

During March we continued discussions with Poti about preparation of an Economic Development strategy for the city. They have accepted our proposal to establish a public-private task force to prepare this strategy. We are finalizing the membership of the task force (probably 12 to 15 individuals, mainly from the private sector with significant participation by women) and during early April will gather commitments from the participants and finalize the process and schedule. We will then proceed to start the process.

We have also submitted our proposal for developing a tourism development strategy for Lagodekhi. We have not finalized the process for preparing a similar strategy in Mtskheta but should complete approval of the process and begin forming the task force in April. In mid-April Mtskheta and Lagodekhi, with our assistance, will participate in a tourism trade fair in Tbilisi. We rented the booth for them and are working with Mtskheta on developing a new tourism brochure for this fair. Their current brochures date from Soviet times. We discussed preparing a new brochure with Lagodekhi but it does not appear we can complete one for them in time for the trade fair so we will complete it later, probably after completion of their tourism strategy.

Keti Jakheli, Marika Shioshvili, Beka Mikautadze and Barry Reed attended the conference ***“Cities Matter: Principles and Practices of Community-Based Economic Development”*** sponsored by USAID. It provided a good understanding of CBED for the staff so we can effectively pursue economic development projects in our pilot local governments. Moreover, it provided several concrete examples of projects in Eastern Europe and Eurasia that we can use in discussing the concepts with Georgian local governments.



Work also continued on preliminary work on a conference for local governments and their role in economic development. The aforementioned conference gave us some good information and some possible speakers to provide some regional experience to our local partners.

We met with USAID officials from economic restructuring to find out their programming and how it fits with our efforts. We found that their programs provide assistance in different directions and do not involve local governments. We will keep them apprised of our efforts and invite them to our activities. We did get some interesting program ideas from them.

CITIZEN PARTICIPATION

All of the pilot cities have now adopted regulations on citizen participation in the local government decision-making process. The regulations provide for: setting dates for regular meetings, publishing the agendas in advance, procedures and timing for comments and questions, which are clearly stated in the regulations.

Lagodekhi, Ozurgeti and Zestaponi city held public hearings on their budgets during the quarter with assistance from LGRI staff. Poti held a discussion during a meeting. Mtskheta planned a hearing for early April. The experience in Lagodekhi is typical. On March 12 the finance expert, long term advisor and local coordinator met with the Lagodekhi Rayon Sakrebulo Chair Givi Enukidze. He contacted us and indicated he wanted to conduct a public hearing and wanted our assistance on how to hold one. We gave him a quick outline on how to do it as well as the decisions they needed to make (time limits on speakers, sign-up sheet, etc.). He scheduled the hearing for March 20 at 1:00p.m. We worked with him on the types of notification for the public. They posted notices around town as well as publicizing it on the radio. The notices indicated the time, date, location and reason for the hearing. They also told where they could view a copy of the budget in advance.

On March 20 the LGRI staff attended the hearing. About 40 people attended. Mr. Enukidze and others expressed disappointment at the turnout indicating that many in the crowd were public officials. However, we think that it was an excellent public hearing and pointed out that officials are also citizens. Mr. Enukidze conducted it in a professional manner. He opened by explaining the reason for the hearing. They made sure everyone in the audience had a copy of the summary information available. He had the FinGan give an overview and explanation of the budget as well as a summary of a community survey they did on budget choices (also a first and an excellent idea). They then took comments from the audience. Several people asked for more money for different services and gave reasons why. At the end Mr. Enukidze gave an excellent summary of the hearing, invited people to the Sakrebulo session the next day (announcing the day and time), reminded people if they wanted to make comments they still could and said the Sakrebulo would seriously weigh the comments given today. We agreed to hold a follow-up session with the Sakrebulo in April to critique the hearing and work on a formal procedure they could adopt on how to hold a public hearing. On March 26, 2002 the City Sakrebulo held a public hearing as well.

LGRI prepared a brochure for citizens on how to participate in the budget process. Local newspapers and NGO's assisted in the distribution.

LGRI staff has been encouraging the formation of Public Advisory Committees. So far Poti and Lagodekhi have formed committees and Zestaponi was scheduled to approve the formation of one in April. On February 15, a public participation action "Let's Stand Together" took place in Poti. The newly created Public Advisory Committee organized the action. LGRI helped to rent the space in central library, provide heaters, stationery and refreshment. LGRI invited the Sakrebulo members at the meeting. The purpose of the action was to work out joint measures against the outbreak of the water-borne viral hepatitis, which affected 104 children. Four local and one national-level media outlets covered the action. As many as 27 representatives of local NGOs, community-based organizations, schools, parents' committee, representative of sanitary-epidemic service and ordinary citizens actively participated in the meeting. Together with Sakrebulo members they outlined urgent measures to be taken to curb the epidemic. The meeting adopted a letter of appeal to the local authorities with the list of urgent measures to be taken in the immediate future to cope with the problem. The action participants gave a special thanks to UI/LGRI for organizing and facilitating the meeting.

INFORMATION CENTERS

We developed an Information Center policy that all cities receiving assistance from the project for Information Centers must adopt. The policy provides for full disclosure of information, regular updating of information and publication of local government notices and activities.

Work was started during the quarter on the remodeling of offices for the Lagodekhi and Poti information centers. Discussions with Mtskheta were held to determine the conditions for additional support for the Information Center operated by a local NGO. Zestaponi requested some additional furniture for their center near the end of the quarter.

Discussions are underway with the Young Scientists Club, an NGO from Ozurgeti that has provided software to Information Centers under a Eurasia Grant, to provide software and training to the pilot cities. All Information Center support will include funding for community bulletin boards.

UI has been encouraging an open competitive selection process for Information Center staff. The Lagodekhi City Sakrebulo decided to select Information Center staff through competition and asked UI to assist. LGRI representatives examined candidates' computer literacy and information management skills. After consultation with the LGRI local coordinator, the Lagodekhi city Sakrebulo decided to hold an open and widely advertised competition for three vacant positions in the planned Information Center. The local LGRI coordinator assisted in drafting, printing and copying the application forms and computer literacy test paper. The eight-member selection commission included City Council representatives, representatives of local NGOs, the media community, and the LGRI Public Information manager and system administrator. They reviewed 21 applications and selected the four strongest candidates to interview. The whole procedure of selection was transparent and was videotaped by local TV. Poti is now planning to follow a similar procedure.

The Public Information manager and system administrator of LGRI conducted an assessment of training needs of the selected staff. On the basis of their findings they worked out a plan of the training for

this and other centers. The LGRI partner NGO “Civitas Georgica” is preparing a detailed proposal based on the plan.

■ **City Annual Reports**—Brochures of an Annual Report for each city have been drafted and approved by the cities. The Report shows major achievements of each city in 2001. Bids will be taken for printing and plans for distribution developed in early April.

■ **Freedom of Information Brochure**—A brief brochure guiding citizens in plain language about their rights on freedom of information and respective legal regulations of the Georgian Administrative Code in this field has been written and edited in cooperation with IRIS -Georgia. Selection of the printing company is underway to print the brochure for a large distribution by LGRI and other organizations.

■ **Citizen Participation Training**—The drafting of a local government guidebook about principles and tips for citizens’ participation and relations with the public has started. Training is also being planned for Sakrebulo members on how to hold effective meetings and on mediation, negotiation and advocacy skills.

■ **Nationwide Newsletter**—Activity for creation of a nationwide newsletter about local governance has started by drafting a format, content and concept of the newsletter. The document has been sent to some LGRI partner NGOs for review and submission of proposals.

■ **NGO Directory**—The updating and preparation of an NGO directory in partner cities is underway. Other organizations are being contacted to avoid duplication.

■ **Web Site**—The LGRI website has been filled with fresh materials and sections, including press reviews about local governance issues and major socio-political and economic trends prepared by the public information manager. During the next quarter more Georgian content will be added.

■ **Television and Radio**—The use of radio and television to educate citizens about local government and LGRI activities, inform them of meetings and allow for interaction between citizens and their governments is increasing with assistance from UI. The project has financed the production of television programs in Zestaponi, Lagodekhi and Poti about self-governance reform and LGRI activity. Local coordinators have participated in talk shows and been interviewed about projects. In addition, the project has financed the travel costs for experts to appear on local shows. Local media staff has participated in coordination meetings and in training. Local media also interviewed members of LGRI team about the project.

Zestaponi local non-governmental TV “Argo” agreed to provide 15 minute thematic broadcasts on LGRI activity twice a month and one extra broadcast on “as needed basis. The Poti non-governmental radio station “Poti Plus” provided active assistance in notification of citizens about public action “Let’s Stand Together” by hourly broadcasting of time and place of the action.

■ **Consumer Survey**—On March 15, LGRI completed the collection of applications to the advertised request for qualifications for the consumer survey in the five partner cities as well as other cities. Five organizations expressed an interest. These are: Institute for Polling and Marketing (IPM), Georgian

Opinion Research Business International (GORBI), Statistical and Economic Research Center, Center for Social and Economic Research “Case-TransCaucasus” and Association for Investment Support in Georgia. The questionnaire for the survey is now being developed. Once that is completed, proposals will be solicited.

■ **Training Sustainability**—Work began during the quarter on the preparation of a plan for the development of sustainable institutions for training local government officials in Georgia. In order to better plan the training and educational arrangements, avoid duplication and/or overlapping of functions with the other organizations working with local government the LGRI has compiled a list showing the kinds of training has been provided from whatever sources to local governments; what sorts of training/seminars NGO and local government in our pilot cities have received and information on potential training institutions, including NGOs outside of Tbilisi. We are now doing an evaluation of the training capacity of the more active NGO's and institutions.

From March 27 to 29, ICCG conducted focus groups for training needs assessment in Zestaponi at the UI Field Office. Eleven representatives of the Zestaponi executive branch attended the first day session. The second day session was attended by 13 city/Rayon Sakrebulo members and at the third day session 16 NGO and media representatives participated. Sessions lasted for 6 hours. Sessions will be conducted in the other pilot cities in April and May.

■ **Training Support**—Maria Nagorski, a training expert from TRG visited Georgia from March 2 to 16, 2002, to assist LGRI in the development of the plan for developing sustainable training institutions. A second purpose was to conduct a staff retreat for the LGRI team. She reviewed the work of all consultants and staff working on the training project and made suggestions. The retreat focused on the work plan for 2002 and the roles of individual staff members in achieving the expected results. The retreat was successful in establishing a common understanding of the workplan, the anticipated tasks and roles and in developing a set of norms for working together. The staff expressed satisfaction with the results of the retreat. Everyone participated and worked hard to make it a success.

CONDOMINIUM/HOUSING ASSOCIATION DEVELOPMENT

The number of condominiums registered by Zestaponi City Sakrebulo has increased to eight and more multi-family houses are expected to form condominium associations. On February 28, Georgian Association of Urbanists (LGRI subcontractor) conducted training for Zestaponi newly created condominiums.

Competition is underway for awards of in-kind support assistance to condominiums. The details of the procurement procedures and agreements with the condominium associations are being worked out to ensure compliance with USAID procurement procedures. A Grant Awarding Team will select the best proposals from the registered housing associations. Six of the eight associations submitted proposals. Most likely projects are roof repair and drainage improvement projects to improve safety and health conditions. The associations will make contributions toward the projects.

Mrs. Carol Rabenhorst, condominium specialist from the Urban Institute, Washington, DC, and Jaroslava Zapletalova, an expert in housing engineering and renovation and condominium management from Institut byvania, Bratislava, Slovakia, visited Georgia from February 25 to March 9. They worked closely with Beka Mikautadze, LGRI Regional Coordinator for Zestaponi, and Vladimer (Lado) Vardosanidze of the Association of Urbanists, LGRI subcontractor. The purposes of this trip were to: (1) continue work in designing and implementing a program for condominium housing renovation in the pilot city of Zestaponi, (2) determine feasibility, timing and location of implementation of condominium renovation programs in other cities in Georgia, and (3) assess local capacity to organize and guide owners' associations, determine technical and financial feasibility for renovation projects preferred by owners' associations, and implement selected renovation projects that will improve housing conditions. As a follow up to this, Beka Mikautadze and Vladimer Vardosanidze will visit Slovakia to study the experience there.

Within the LGRI strategy of dissemination of best practices the LGRI coordinator in Zestaponi conducted four meetings with Lagodekhi, Mtskheta, Ozurgeti and Poti officials to share with Zestaponi experience of condominiums. All of the cities expressed an interest in the idea of creation of house owners' associations; we are developing a plan for working with them. Rustavi and Kutaisi have also expressed an interest.

■ Poti and Ozurgeti Water Companies—Meetings have been held with the managers of the Poti and Ozurgeti water supply companies and the work done by Trent Severn under the World Bank loan has been reviewed to develop a plan for moving ahead with assistance to these companies. Customer service and financial management are the most likely areas for assistance.

■ Code of Ethics—During March we continued background work on developing a model code of ethics for public officials. We held discussions with ABA/CELE in Tbilisi about the process they conducted for judges in preparing a judicial code of ethics. We have also held discussions with other consultants on structuring the process. We have started gathering different codes from other countries (concentrating on C/E Europe and Eurasia) to use as examples.

During April we should finalize the process and begin developing a working group of elected and appointed officials to work on the code.

■ Municipal Associations—We received a response from Giga Kharabadze in Ozurgeti about possible cooperation between UI and the Ozurgeti Sakrebulo Association. They have outlined a series of activities for their organization during the next year and provided us with a budget and a copy of their bylaws (they are formally registered). We have not finished translating these documents yet but it appears they have a very ambitious agenda for the upcoming year. In early April we will arrange to meet with officers of the organization and work out how we can assist them.

We have heard nothing further from NDI about cooperation on the regional branches of CAG but we will contact them again.

■ Computers—Training is being provided to cities that have received computer equipment based on their individual needs.

UI and USAID are discussing procurement requirements for new computers to meet USAID's Source and Origin regulations. Once this is resolved, computers will be purchased, primarily to improve financial management in the cities.

■ **NGO and Donor Meetings—As** requested by USAID, UI has hosted a number of coordination meetings in the regions for NGO's and donor organizations. These have been well received and will be continued during the year. UI has also participated actively in coordinating meetings for NGO's and donors in Tbilisi.

■ **World Bank—We** have met with several World Bank missions to provide data on local government in Georgia and discuss plans for upcoming Bank projects that would benefit local governments.

■ **Coordinators Meetings—As** planned at the staff retreat last summer, the coordinators have continued to hold monthly meetings in the pilot cities and in Tbilisi. These have been very beneficial for sharing experiences and arriving at solutions to problems.

Potential Problems or Delays

- The uncertainty around the local elections as well as general instability in the country continues to impact the LGRI. If the delay continues, there may be a postponement of local elections that will affect LGRI progress.
- The elections are scheduled for June 2, 2002, but there are indications that they may be delayed again.
- Expected amendments to the once amended Organic Law on Local Self-Governance and Governance might change many essential points of the existing law.

Key Personnel

Dr. William E. Krause, Chief of Party, UI, Tbilisi, Georgia, 995-32 (22-58-68), bill@urban.ge.