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July 15, 2002

Mr. Carlton Bennett  
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 Governance Reform Initiative  
*Quarterly Task Order Progress and Cost Report, April to June 2002*

Dear Mr. Bennett:

Please find the enclosed *Quarterly Task Order Progress and Cost Report, April to June 2002, Georgia Local Governance 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 or (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)  
Mike Keshishian (USAID/W)  
William E. Krause (UI/Tbilisi)  
USAID Development Clearinghouse  
IAC Deliverables File (06901-012)  
IAC Chron File

**QUARTERLY TASK ORDER  
PROGRESS AND COST  
REPORT**

**GEORGIA LOCAL  
GOVERNANCE REFORM  
INITIATIVE**

**APRIL TO JUNE 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

William E. Krause  
*The Urban Institute*



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July 2002  
UI Project 06901-012

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# QUARTERLY TASK ORDER PROGRESS AND COST REPORT

APRIL TO JUNE 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, 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:** \$4,555,304

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

**Dollars Expended To-date:** \$2,467,127

## Major Activities Accomplished During the Previous Quarter

### LOCAL GOVERNMENT ELECTIONS

The local Government elections that were held on June 2 have had a major impact on LGRI activities. Planned activities had to be postponed and new activities were undertaken to support the election effort.

Campaigning and the required mass resignation of all officials prior to the elections made most normal activities impossible. Even after the elections, there was a period of several weeks while elections were being certified and new officials were starting to come to grips with their responsibilities so that our ability to work with local officials was limited.

As a result of the significance of the elections to local government, LGRI became actively involved in educating voters and urging them to vote. UI's activities included: publications, seminars, TV programs, meetings, assistance to election committees and monitoring of elections. A detailed report has been provided to the CTO.

In response to an urgent request from the CTO, UI quickly developed two brochures that were distributed in all of the pilot cities and used by other partners as well. One of the brochures described how to become a candidate; the other described the impact of the elections. Fourteen thousand copies of each of these were printed.

In addition to these brochures, UI produced a special brochure directed at women. It stressed the importance of participation by women in all aspects of the election. UI also printed and distributed 14,000 copies of these brochures.

UI also printed and distributed 10,000 copies of reports for each pilot city that described the local government activities. The brochures were prepared by the cities with UI assistance. This allowed voters to judge the performance of incumbents and to focus discussions on significant local government issues.

Secrecy of ballots was one of the principal concerns of voters so UI printed 3,000 posters that emphasized the secrecy of ballots. Many of these were posted in polling places.

UI contracted with two NGOs, the International Center for Civic Culture (ICCC) and the International Center for the Education of Women (ICEW) to conduct public awareness seminars on elections. ICCC prepared materials that explained the new election and local government laws. ICCC presented one-day seminars in each city explaining the new laws and procedures, answered questions from citizens concerning the laws and procedures and prepared a short report on each seminar. ICEW seminars were aimed at the female electorate and increasing their political and civic awareness on the eve of the elections. All seminars were well received at the local levels.

Special educational programs were designed and broadcast on local TV stations in Ozurgeti and Poti. The purpose of the programs was to educate people on simple voting procedures in order to avoid mistakes. UI local coordinators also negotiated with local TV stations and broadcast an educational documentary film (12 minutes) about elections prepared by *INTERNEWS*; UI funded the broadcasts.

Coordination meetings and NGO roundtable meetings were held in each of the UI pilot cities. The purpose of the meetings was to update participants on UI election activities and discuss possible ways of cooperation.

UI regional coordinators also provided local election committees with copies of election codes that were published by IFES.

Regional coordinators and the Chief of Party monitored elections starting in the morning with pre-opening activities and ending late at night as the vote counting proceeded.



## ELECTION IMPLICATIONS

The following table shows the number of new and old Sakrebulo members elected:

City	New	Old
Poti	10	6
Zestaponi	8	1
Ozurgeti	7	2
Mtskheta	2	6
Lagodekhi	5	2

Because of the surprisingly large number of new members, UI will have to repeat some of its earlier training and develop some intensive courses, as many of the members have no previous local government experience. UI and NDI are working together to develop a curriculum for a fall series of workshops to be given throughout the country. Money in the UI budget that is designated for NDI will be used to fund these workshops.

In the meantime, Sakrebulo members in several of the pilot cities have requested immediate assistance in learning about their jobs. In response, UI will be putting on a series of workshops early in July.

Over the course of the summer, UI will be writing and producing a series of guidebooks and other publications. These are expected to be completed in time in for the fall workshops. These will be placed in binders together with legal documents and other information of interest to Sakrebulo members. They will include a model meeting agenda with a description of how to use it and a draft Code of Ethics for elected and other city officials; these have already been prepared for discussion. Work has also begun on gathering background materials for a guidebook on "How to Conduct a Sakrebulo Meeting." Work on the handbooks about citizen participation and information for the newly elected local governments has also begun.

Brochures and small publications will include:

- Sample regulations for implementing an open meetings program (Scheduling of meetings, notification, citizen participation at meetings)
- Model Meeting Agenda
- How to Conduct a Sakrebulo Meeting
- Ethics Code
- The Role of a Sakrebulo Member
- The Role of the Mayor
- How to Involve Citizens

- Forming a Citizen Advisory Committee
- Keeping Citizens Informed
- How to Conduct Public Hearings
- How to Build Relations with Media
- How to Deal with NGOs
- How to Deal with Interest Groups
- How to Use the Information Center
- Brochures about Water Use and Payment
- How to Form a Homeowners' Association
- How to Read a Budget
- How to Read a Financial Report
- How to Implement Performance Management

Meetings are underway with the Mayors and Sakrebulo members in each of the pilot cities. The initial meetings will take the form of a dinner hosted by the Chief of Party of the Long Term Resident Advisor (the Chief of Party will be on vacation in early July). The purpose is to introduce UI programs and plans and to discuss the priorities of the local government.

The first meeting was held on the 27<sup>th</sup> of June UI in Lagodekhi city government. Lado Gorgadze from USAID attended. There was an active discussion in which everyone expressed their ideas about future plans and UI activities in Lagodekhi city. Newly elected city council expressed their interest to LGRI and promised to cooperate. The Chief of Party followed this up the next day with a meeting with the Mayor, chair of the city council, the LGRI coordinator and Lado Gorgadze (USAID) to develop more detailed plans. The Mayor, Gia Tsverava, presented a list of programs that the city is going to implement in 2002. These include: a street cleaning program, providing secondary school computers, repairing city roads, park project and tourism development. He expressed strong support for the Performance Management Program that UI will implement this year. He also requested assistance to attract other international organizations such as Mercy Corps. UI agreed to immediately begin to provide assistance in all aspects of his program.

#### **MTSKHETA BUDGET PUBLIC HEARING AND ADOPTION**

Prior to the elections, UI held a training session for members of the City Council, who then held a successful public hearing and received input that they took into consideration when they adopted the budget a few days later. The City Council made an announcement one week prior to the hearing and then went to great lengths to advertise the hearing. As there are no radio and television in Mtskheta, they put notices on informational boards, in stores and distributed notices among school children to take the home to their parents. The announcement stated the time, date and place of the hearing as well as contact persons and contact information. It also mentioned that the copies of draft budgets were available in the city council building.



## **OZURGETI BUDGET PRESENTATION**

The Ozurgeti Rayon Sakrebulo held a public presentation to distribute copies of their budget, explain it and answer questions. Over 200 citizens attended.

## **GUIDEBOOK PREPARATION**

During the quarter the draft of a guidebook entitled "How to Conduct a Budget Public Hearing" was completed. This will be modified to apply to any type of public hearing.

## **NEW BUDGET FORMAT**

The City of Lagodekhi requested assistance in the creation of a completely new budget format. UI budget and financial management staff decided to use the Person County, North Carolina budget as sample. Even though the budget approval process was complete, the Mayor decided to transform the already approved numbers to the new budget format. He also expressed a desire to use a program budgeting approach for all funds outside of protected items.

The new budget format includes following:

- Memorandum from the Mayor to the people of Lagodekhi
- Instructions how to fill the forms
- Detailed revenues forms. Including all sources of revenues from each budgetary unit.
- Detailed budget requests using new chart of accounts and giving detailed description of each items demanded
- Capital outlay request form
- Ground and buildings forms
- Total revenues by sources
- Queries
- Summary
- Glossary

This format and related training will now be made available to other pilot cities.

## **NEGOTIATIONS WITH THE MINISTRY OF FINANCE**

In order to promote the reform of the local government financial management and accounting system, UI decided to create a working group including the representatives of the Ministry of Finance, NGO's, financial consulting firms and other donors. Discussions were held with the territorial units budgets department and accounting methodology department of the Ministry of finance. Heads of the departments expressed their support and willingness for the upcoming project and basic agreement on the schedule and possible fields of the activities was reached. The Working Group will start to operate during the summer.

## **TERMS OF REFERENCE FOR THE ACCOUNTING PROGRAM**

Detailed terms of reference for a local government accounting program have been developed. Material from various sources was used to specify what must to be done in the nearest future to promote effective financial management systems in local governments.

## **INSTALLATION OF THE ACCOUNTING SOFTWARE AND TRAINING**

UI is conducting a series of training for the financial department and accountants in Mtskheta and other cities. Modern accounting software based on international accounting standards is one of the major tools in achieving the effective financial management in the local governments. Based on the research done by the UI, the software producer “Georgian Software Systems” and their product “Super Finance” were identified as the most suitable for the local government financial system. The software been purchased and installed in the financial department of the Mtskheta rayon. The chief accountant, deputies and computer operator attended the seminars. The chart of accounts in the software has been modified to fit the local specifics and some innovations were put in the system to improve the existing accounting practices. In general, the software operates quite successfully. The most likely next two cities for the installation are Lagodekhi and Zestaponi.

## **PERFORMANCE MONITORING**

Dr. Ritu Nayar–Stone from the UI Washington staff came to Georgia to introduce principles of Performance Management and to develop a plan for implementation during the coming year.

Performance management training of UI staff took place on the 16<sup>th</sup> of April. Working Group exercises took place during the session. UI pilot cities examples such as the Lagodekhi street cleaning program, the Mtskheta park development program as well as examples of other countries were discussed.

Following this, Dr. Nayar-Stone visited several of the cities to explain and discuss the program to local officials. Part of the session in Lagodekhi was televised. The meeting took place in council building. Eighteen participants attended. Among them: city council members, Municipal improvements Department, local NGO representative, Rayon Fingan (Financial Department), and Health Service. The presentation was very interactive. There were a substantial number of questions that arose during the discussion, as this program is completely unknown in Georgia. Similar sessions took place in the other cities that she visited.

Plans now call for two of the coordinators to receive in-depth training in the United States. They will then use this experience to work in all UI cities.

## **MTSKHETA COMPUTER LITERACY TRAINING**

Computer literacy training took place in Mtskheta on April 17 and 19 for council members, general department, and council secretary. The Council secretary, gameoba staff member, accounting office, NGO “Parents and Teachers Association,” and land tax department representative attended. Participants asked for continuation of this type of training. Other cities have also requested it. The staff Computer Expert will begin to spend more time in the cities to provide both formal and hands on training.

## **MTSKHETA TOURISM FAIR**

An international tourism fair took place in Tbilisi at Expo Georgia exhibition hall. UI assisted Mtskheta region in participating in the exhibition, as part of LGRI economic development support. The Mtskheta exhibit was one of the **best** and always had a large group of people around it. The officials from the region and rayon governments were very appreciative of UI's help in producing brochures and posters and paying for the participation. Many Georgian governmental officials visited the exhibitions including: Parliament chairman - Nino Burjanadze, Governor of Kvemokartli region - Levan Mamaladze, Governor of Mtskheta Mtianeti region - Armaz Shamanauri, also rayon gamgebeli of Mtskheta - Andro Kalandade, Deputy state minister, Chairman of tourism department - Vaja Shubladze, Governor of Shidakartli region, and some parliament members.

## **STAFF TRAINING**

Marika Shioshvili attended the advocacy skills training in Kiev, Ukraine, organized by ABA CEELI. Major topics of the conference were: Advocacy in General: Campaign for Public interests, Public Interest Law Initiative, Monitoring for the Public Interests, Community Organizing, Lobbying, Public Participation, Impact Litigation, Media Relations and Outputs, and Coalition Building.

Beka Mikautadze, UI condominium team leader and Vladimer Vardosanidze, President of Association of Urbanists of Georgia visited Slovakia on April 8 to 20, 2002. The team was hosted by the Housing Institute – INSTITUTE BYVANIA (IB) Bratislava, and its director Mrs. Jaroslava Zapletalova. They studied the Slovak experience in several cities.

## **MTSKHETA PARK**

The architect department of Mtskheta rayon approved the Mtskheta central park design and work began on Phase 1 of the reconstruction in June. UI hired a part time engineer specialist for proper implementation. The Mtskheta rayon gamgeoba appointed a person who will be in charge of materials and work to be implemented.

## **ZESTAPONI PUBLIC PARTICIPATION**

Zestaponi City Sakrebulo had its last regular session in early April. There were three topics in the agenda that was announced to Zestaponi citizens' one-week prior to the meeting:

- The Chairman, Simon Tsereteli delivered a report to Sakrebulo members and attending citizens (20 citizens attended the meeting) summarizing the experiences of the past three years.
- Tariel Sakhelashvili, Head of Sakrebulo Revision Commission, presented a report of the Sakrebulo revision commission about execution of the law on "Local fees." He reported that the city's effort to collect its own fees was determined to be illegal even though the Tax Inspectorate is doing a poor job.

- Finally a group comprising NGO and Media representatives presented the draft of Citizen Advisory Board at Zestaponi City Sakrebulo with prior agreement with City Mayor/Sakrebulo Chair Mr. Tsereteli. There was a spirited discussion and the resolution was adopted.

## **CONDOMINIUM PROGRAM**

In June, the Zestaponi Condominium Construction Commission opened and evaluated bids for repairs to the roofs of four buildings. The occupants of the buildings are contributing labor and cash to assist in the repair work and related maintenance renovations. We expect to begin work in July. UI has drafted special contracts and agreements with the Associations for the work. UI will contract directly for the work to be done and have a separate agreement with the Associations regarding their participation.

## **INFORMATION CENTERS**

During April, the renovation of space for the Lagodekhi Information Center was completed and equipment was installed. The Center was officially opened with representatives from USAID, the Parliament, local government and the local church attending. The Information Center has already published the first newsletter and directory about the City government bodies.

A contract for supporting the development of the Mtskheta information center has been signed. The Information Center was originally funded by Eurasia. It is operated by an NGO under an agreement with the city.

The Zestaponi Information Center has requested assistance from UI/LGRI. UI has suggested expanding the Center from its currently crowded conditions. Once plans for expansion have been completed, UI will provide assistance.

The creation of the Information Center in the city of Poti was delayed because of events surrounding the elections. Now that the elections are settled, plans will be finalized.

UI is implementing a comprehensive plan for training of Information Center staff in the pilot cities. The plan provides interactive training covering all aspects of collection, processing and managing local government information. It also includes training in software to be provided by the project.

During May 27 to 29, in Tbilisi seven representatives of Information Center of Lagodekhi in Mtskheta received intensive training on information management and techniques of informing citizens. LGRI subcontractor NGO Civitas Georgica delivered the training. The same training was delivered for representatives of Information Centers in Zestaponi and Ozurgeti and Poti during June 24 to 26. Participants of the training received Certificates of Appreciation. Feedback from participants was very positive.

Representatives of the Information Centers received information about performance measurement. Results are expected to be submitted three months after the training.



## **NGO DIRECTORY**

An NGO directory of the pilot cities has been created and distributed to the city coordinators and other interested persons.

## **WEBSITE**

The LGRI Website has been updated and new sections created. The number of the website visitors has been increased from 600 to 1,100 for the last three months.

## **CONSUMER SURVEY**

During the quarter, UI completed the questionnaire, and evaluated proposals for the second annual consumer survey. A contract should be awarded in July to the firm IPM. This year, two additional control cities have been added. These are Kaspi (east Georgia) and Tkibuli (west Georgia). They have been selected because there were almost no international projects similar to UI/LGRI in those cities.

Applications for the part-time position of the Junior Statistical Assistant have been screened. A contract for this position will also be awarded early in July.

## **LGRI PUBLICITY**

During April and June LGRI activities received coverage in local, printed and electronic media. Three positive articles about core activities of LGRI and the opening of the LGRI-sponsored Association of Georgian Independent Experts of Self-Governance (AIE) appeared in the biggest and popular local national newspapers "Resonance," "24-Hours" and "Georgia Today." Local newspapers had published articles about LGRI activities as well.

All major activities of LGRI have been covered by local TV stations and radios in the pilot cities where they exist. The opening of AIE has been covered by the national TV Rustavi-2 and the state TV stations 1st channel.

## **GENDER PLANNING ACTIVITIES**

UI's Gender Advisor held meetings in Ozurgeti, Poti to discuss plans for the elections and the LGRI program. Women expressed their interest to participate actively in the LGRI program's citizen participation programs. They underlined that this point will help them find a relevant niche for their active participation in social life. Several groups are developing specific proposals for UI's consideration.

## **LOCAL TAXES AND FEES**

UI initiated a comprehensive study on Local Taxes, Fees and Transfer formulas. The objective of the study is to provide a complete, factual description and analysis of the existing situation regarding all taxes and fees that are or might become sources of revenue for local self-governments in Georgia. The information, the analysis and recommendations of the report will provide the basis for the UI

team/contractors to propose specific modifications to the existing system of taxes and fees in Georgia. Independent legal experts will then draft any new or amended legislation required to implement these recommendations. The study is being carried out by the Association of Young Economists under the supervision of Ms. Juliana Pigey from UI's Washington staff. National and local government officials are being consulted. The study will be finished during the summer.

### **LOCAL BUDGET DIALOGS**

The UI team and the local experts came to the conclusion that holding a broad dialog on local budget issues is critical to the development of sound legislation. The Association of Independent Experts of Local Government (AIE) was contracted to carry the dialog among key stakeholders in the national and local governments. The key outcome of the dialog will be a detailed description of the proposed system and process, indicating areas where alternative views on specific issues could not be reconciled. The dialogue process began in June and will finish in early August. The Parliamentary Committee that deals with local government issues is co-sponsoring the dialogues and actively participating.

### **PROPERTY LAW**

At the beginning of May, the ministries of Economy, Justice, Finances, and Property Management provided their final commentaries to the Local Property Draft law prepared and submitted to the Ministry of Property Management by the Technical Group. The analyses and commentaries of the Association of Independent Experts as well as other comments are under development. The scheme of continuing the cooperation with the above ministries is also being designed.

### **TRAINING STUDY**

The Training Study was delayed as a result of the elections. Holding focus groups with elected officials is one of the principal components of the study. Because of the changes in the composition of the local government some of the sessions were delayed until late June and early July.

### **SUSTAINABLE INSTITUTIONS**

UI made significant progress during the quarter in meeting its objective to help develop sustainable institutions to provide training to local governments. We entered into a contract with GIPA whereby UI is funding the faculty cost for a program to provide an undergraduate course in Public Administration in Georgian. Currently, courses are offered at the graduate level in English.

In addition, we supported the development of the Association of Independent Experts with advice, equipment and a substantial contract. The Association comprises many of the members of our former Technical Group. They will become the major organization in Georgia for: the development of policy studies, the provision of consulting services and advocacy on local government issues.



## **STAFF RETREAT**

A staff retreat was held June 20 and 21. During the first day staff members reported on progress to date in their areas of responsibility. The second day concentrated on planning for the next year. Successful team building activities were also included.

## **POTI WATER/WASTEWATER COMPANY**

Work continued on planning for financial management and customer-relations assistance. Television programs and consumer booklets are being financed. A training course is being developed with the Federation of Accountants and Auditors of Georgia. Organizational and tariff planning assistance was provided.

## **TASK ORDER AND WORK PLAN**

A revised Task Order and Work Plan were approved and signed.

### **Key Personnel**

Dr. William E. Krause, Chief of Party, UI, Georgia Local Governance Reform Initiative, 011-995-32 (22-58-68), or E-mail at [bill@urban.ge](mailto:bill@urban.ge).