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October 15, 2002

Mr. Bruce Gelband
Regional Contracting Officer
USAID Kiev
Department of State
5850 Kiev Place
Washington, DC 20521-5850

RE: Contract No. EEU-I-00-99-00015-00, TO No. 806
UI Project 06901-007, Moldova Local Government Reform Project
Task Order Progress and Cost Report, July to September 2002

Dear Mr. Gelband:

Please find enclosed *Task Order Progress and Cost Report, July to September 2002, Moldova Local Government Reform Project*. 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 Mr. Duane C. Beard, UI/Moldova, beard@lgrp.md, (3732) 234-722. Questions of a contractual nature should be addressed to me at 202-261-5396.

Sincerely,



Maria C. Andrade-Stern

Enclosures

cc: Dr. Tuan Nguyen (USAID/Moldova)
Mr. Mike Keshishian (USAID/W)
Mr. Duane C. Beard (UI/Moldova)
USAID Development Clearinghouse
IAC Deliverables File (06901-007)
IAC Chron File

**QUARTERLY TASK ORDER
PROGRESS AND
COST REPORT**

**MOLDOVA LOCAL
GOVERNMENT REFORM
PROJECT**

JULY TO SEPTEMBER 2002

Prepared for



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

Prepared by

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October 2002
UI Project 06901-007

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Attachment

Cost Report

QUARTERLY TASK ORDER PROGRESS AND COST REPORT

JULY TO SEPTEMBER 2002

MOLDOVA LOCAL GOVERNMENT REFORM PROJECT

Contract and Task Order No.:	EEU-I-00-99-00015-00, Task Order No. 806
Date of Issuance:	February 1, 2000
Amount Obligated Under Task Order:	\$3,423,004
Total Potential Task Order Amount:	\$4,999,793
Dollars Expended To-date:	\$2,658,166
Key Personnel:	Duane C. Beard, UI Moldova, Chief of Party Tel: +3732-233-000 dbeard@lgrp.md

Task Order Description

In February 2000, the United States Agency for International Development (USAID) contracted the Urban Institute (UI) to implement a five-year local government project in Moldova. The project aims to support the government's reform agenda with training and technical assistance (TA). 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 in local governments.

I. HIGHLIGHTS

- In July, transparency in local government in Moldova advanced significantly, as the City of Straseni and LGRP collaborated to conduct what is reported to be, the first-ever official public hearing convened in the history of the Republic. Approximately 100 citizens attended and gave extensive testimony concerning the proposed draft Strategic Plan for that city. Also this quarter, public hearings on strategic planning were convened in the seven other new LGRP local partners jurisdictions: Floresti, Nisporeni, Singera, Leova, Rezina, Falesti and Singerei.
- In September, the City of Floresti, with training and technical assistance from the LGRP, held Moldova's first-ever formal public budget hearing. The hearing on the city's proposed budget for the year 2003 was attended by 97 citizens, of which 65 women. Seven speakers took the floor during the

hearing. Public budget hearings are planned later in the fall of 2002 in a number of other new LGRP local partners jurisdictions

- The success of a number of LGRP partner communities in implementing initial elements of their respective strategic plans has resulted in nationwide reporting on state television. Specifically, the extension of gas services and water service in the city of Ialoveni and the opening of a newly reconstructed road in Antonesti were widely reported. Judet officials were present in Ialoveni, and in Antonesti, the Deputy Prime Minister opened the road and commented positively on the work of LGRP across the Republic and on his direct meetings with USAID officials when he was in Washington during last summer. These media accounts have raised the profile of LGRP, have encouraged other LGRP partners and have significantly increased our “walk-in” traffic.
- The LGRP collaborated with the Department of Local Public Administration of the State Chancellery, the Parliament and the Academy of Public Administration in a project to distribute copies of the newly adopted, market-oriented Civil Code of the Republic of Moldova to mayors and secretaries of local councils in all 643 local governments throughout the Moldova. This success of the project will reinforce the basic commitment to establishment of “rule of law”.

II. PROGRESS OF MAJOR ACTIVITIES

POLICY & LEGISLATION

Increased transparency in local government in Moldova was materially advanced as the municipal councils of the cities of Leova, Falesti and Singerei formally adopted policy decisions that institutionalize public hearings as a citizen participation tool in the practice of these local authorities. In each case, the local policy contains a commitment to convening such citizen participation events at least two times a year (on the annual strategic plan and on the local government budget). These decisions are consistent with the national legislation provisions regarding citizens’ consultations on major issues and will serve as examples to other communities of the democratic principles of transparency and citizen participation in the performance of local governance.

A service agreement was signed with Dr. Mocanu, LL.D., of IDIS/Vitorul Foundation regarding the drafting of an initial model of an inter-local agreement for use by local jurisdictions in seeking to “regularize” the transfer arrangements between a county (judet) and a first level unit of government (city, town, village) to stabilize revenue sharing rates for the medium term. Dr. Mocanu was also contracted to develop a Municipal Services Source Book. This latter document will be a compilation of all current laws relating to/governing the delivery of municipal services by local governments in Moldova. It will be used as a reference and training reference.

Anatol Mereuta, LGRP Fiscal Autonomy Specialist, prepared a policy review of the draft Title VII of the Tax Code, which was prepared by the Ministry of Finance and submitted to Parliament for legislative consideration. The document highlights all changes with regard to local taxes and fees. In summary the majority of taxes were assigned ad valorem bases. This revised approach is a step forward from the

current (and old Soviet) practice of applying essentially arbitrary factors such as multiples of the “annual minimum wage”.

CAPACITY BUILDING: TRAINING AND TECHNICAL ASSISTANCE

The LGRP Fiscal Autonomy Team provided training to local government accountants and budget officers as well as accountants of Water Supply Associations on the demo version of a computer-based accounting software package “Adeen Ess – Bughalteria” (Accounting) in Falesti, Aneni Noi, Balauresti, Ialoveni, Drochia, Gribova, Cahul Leova, Nisporeni, Calaras, Rezina and Cricova. The demo version included applications such as the issuance of utility bills to households and treasury payment orders, budget revenue and expenditure management, parents’ payments for kindergartens and accounts payables and receivables. In addition, the Fiscal Autonomy Team installed various existing spreadsheet applications (accounts receivable, accounts payable and inventory management) and continued the development and/or improvement of 1C Bughalteria compatible spreadsheets to include the calculation of land and real estate taxes. The team also set up a local area network in the city of Falesti. Budgetary data from Comrat were collected as this locality has only recently adopted its 2002 annual budget.

LGRP staffers organized the second quarterly meeting of the LGRP Financial Applications Users Group. During the two day event several presentations were offered: Ialoveni Town’s Capital Expenditures (a case study integrating strategic planning and capital budgeting), Introduction to Capital Improvements Programming, Internet Applications, Overview of 1 C Bughalteria (a potential candidate municipal software package proposed to be procured for local government partners) as well as Practical Implications of the Title VII of the Tax Code for Local Government Authorities. Thirteen local government partner representatives as well as ten members of the League of Economists and Accountants were invited to the event. This training event was held at the Academy of Public Administration.

The Fiscal Autonomy Advisor finalized the Capital Improvement Program Handbook and conducted research on the Internet regarding the following finance topics: international public sector accounting standards and fiscal autonomy/efficiency experiences in the FSU. In addition he identified accounting books and publications to be ordered for LGRP technical library.

Statements of Collaboration for Municipal Services Phase II Demonstration Projects were signed with six local governments: Cricova, Balauresti, Cimislia, Orhei, Ungheni and Ceadir Lunga.

The first and second computer-training segments of the Training for Water Utility Financial Management took place in August; these consisted of two six-day sessions separated by a two-week interval. The computer training was conducted at the Academy for Public Administration. Twenty participants, including water utility financial personnel from eight Phase II Demo Project Water Utilities, found the training very useful and expressed their eagerness to attend the third week of training in applying computers to the technical and managerial aspects of water utility operation. Most of the participants’ home jurisdictions were scheduled to be furnished with computer equipment as part of the Phase II Demo Project. These jurisdictions received and had computer equipment installed during the interim between the first and second computer training segments. The timing of the delivery and installation of this equipment proved excellent in terms of both maximizing the benefits of training and of providing an immediate demonstration

of the benefits of collaboration with LGRP. It will be good if LGRP is able to replicate this sort of timing with all similar future trainings including Fiscal Autonomy Round 5 and other such training initiatives.

The third segment of Training for Water Utility Financial Management, namely the workshop “Financial Management Improvements”, with the main lecturer Augustin Boer, our STA in utility finance, took place on September 23 in the USAID Policy Analysis Center. Twenty-one participants, mainly water utility financial personnel from eight Phase II Demo Project Water Utilities, the Manager from Orhei Water Utility and representatives from the national “Apa-Canal” Association found the training very useful and expressed their strong interest in future collaboration.

STA Andrew Popelka and the Municipal Services team met with Ungheni Municipality officials and reviewed their heating project proposal. The objective of this project is to upgrade the internal heating system in 11 residential buildings connected to a single 4 MW boiler house located in the center of the area. From a technical point of view, the project is very desirable. The main issues to be resolved are the costs and benefits of this project, participation of residents and availability of funds. Ungheni municipality originally proposed an upgrade of the heating system of all 11 buildings with a grant from USAID for a demonstration project in the amount of \$35,000. The municipal contribution was estimated at about \$20,000. Unfortunately, the actual cost of the project, based on a very preliminary “order-of-magnitude” estimate by STA Engineer exceeded \$300,000. The maximum municipal funds available did not exceed \$20,000. Subsequently, the city proposed a much scaled-down version, upgrading only 2 buildings at a cost of \$70,000 with \$50,000 coming from USAID sources. Inasmuch as this project was unbudgeted and dramatically exceeded any potential availability of funds from LGRP, the project has been placed on hold pending alternate or supplementary funding sources.

Municipal Services STAs, G. Mikeska, Andrew Popelka (engineers) and Augustin Boer (financial specialist), prepared a plan and schedule for preparation of a comprehensive *Manual of Efficient Water Systems Operations* (MEWSO) for Moldova. The Manual will incorporate both international standards and the “lessons learned” during the two rounds of municipal services demonstration projects in Moldova. Based on the “MEWSO” a training-of-trainers (TOT) will be prepared and selected CCN practitioners and academics in the field of municipal water utility operations will be trained. Subsequently, using the CCN trainers, the MEWSO will be gradually rolled-out to cooperating municipal utilities in Moldova. It appears that the development of this MEWSO model and supporting training package may be very timely in terms of integration with an upcoming World Bank initiative with the national government in upgrading the infrastructure of selected communities across Moldova. Initial contacts have been made with World Bank representatives both in Moldova and in World Bank headquarters to offer to integrate LGRP technical assistance and training efforts with the upcoming World Bank Infrastructure Loan Program in Moldova.

LGRP CCN trainer/facilitators conducted interactive strategic planning workshops of five-day duration in Rezina, Floresti, Falesti and Singera. In sum, 83 people served on community strategic planning committees. Of these, 37 were women. Though strategic plans cover a large variety of issues which localities face, local economic development was considered to be the most critical strategic issue in all communities. This brings the total to 23 communities who have completed strategic plans. Economic development has been the highest priority in all communities.



As part of its focus on improving transparency in local governance, LGRP initiated regular training for local government officials (both Mayors & Councilors) in how to conduct public hearings. Ms. Lilia Tverdun, CCN training expert, adapted a USAID “off-the-shelf” training manual and designed a training program on both the underlying democratic principles and practical aspects of conducting public hearings. Ms. Tverdun conducted four one-day training workshops for mayors and local councilors from all eight new LGRP partner cities on how to organize an efficient public hearing. Subsequently, the training was delivered to the jurisdictions of Suruceni and Ialoveni, who have updated their strategic plans and indicated a desire to hold public hearings on their updated strategic plan. In sum, approximately 100 local public officials have been trained in conducting public hearings. This training program will continue to be delivered in the future.

On 28 July 2002 a public hearing on strategic planning was held in the town of Straseni. This was the first-ever formal public hearing in Moldova. It is worth mentioning that even though the town was facing difficult problems with potable water (a total system failure), local authorities did not hesitate to convoke a public forum on issues related to current and future perspectives of community development. Ninety-three people participated in the event, of which 30 were women. Before and after the public hearing, random street interviews with citizens and representatives of local authorities were conducted. These interviews revealed that many people express hope in the usefulness of public consultation. However, as might be expected after more than ten years of “transition” their expectations are tempered with a good measure of caution and more than a little “wait and see” attitude.

The initial public hearing event in Straseni was followed by public hearings on the draft community strategic plans in the seven other new LGRP local partners, i.e. Floresti, Nisporeni, Singera, Leova, Rezina, Falesti and Singerei. In aggregate, 1,899 people participated in the events, out of which 1060 were women. During the actual hearings, 105 people (representatives of different community segments, CSOs/NGOs and individuals) expressed their opinions concerning the provisions of their community’s strategic plan.

Approximately 80 separate additional proposals and suggestions aimed at improving the quality of the strategic plan were formulated and presented. Overall, citizens were quite supportive of the draft strategic plans. However, there were alternate suggestions concerning one or more strategic issues in each community. Of all the proposals that were submitted by the citizens/CSOs at the public hearings, all were considered by the local councils and slightly more than a third were included in the final adopted strategic plans. The citizen proposals related mainly to the efficiency of municipal enterprises, the need for increased local economic development initiatives, the quality of municipal services, youth problems, and unemployment/underemployment. With the formal adoption of these strategic plans, the most critical phase in the strategic planning process—implementation of planned activities—begins. This will require a well-tuned and focused follow-up cooperation among the main stakeholders of local community and local administration. The public presentation of differing views and the subsequent adoption of a number of the suggestions gives credence to the strategic planning and subsequent public hearings as an “honest process”.

Additionally, LGRP CCN trainer/facilitators delivered a series of two-day workshops on updating strategic plan in six municipalities that have been LGRP partners since 2001, namely Antonesti, Ialoveni, Suruceni, Cimislia, Cantemir and Chadyr-Lunga. In total 98 persons participated in the workshops, which represent different segments of the community, i.e. public servants, council members, NGOs, municipal enterprises,

community assessed the status of the implementation of the strategic plan and operated adjustments/modifications in the content aimed at improving the feasibility of the forecasted activities.

Upon the request of the Association of Mayors and Local Communities of Moldova (AMLCM), LGRP initiated an additional round of community Strategic Planning in six new localities. This jointly sponsored effort with the AMLCM has several purposes. The primary motivation is to initiate testing of approaches to assuring some measure of sustainability of community strategic planning in Moldova in the post donor environment. With only slightly more than two years remaining in the planned duration of the LGRP, it is not too early for such testing. Stakeholder Round Tables, the first step in the community strategic planning process, have been held in four municipalities, i.e. Badiceni (Soroca judet), Viisoara (Edinet judet), Rosu (Cahul judet) and Talmaz (Tighina judet). In the municipalities of Geamana (Chisinau judet) and Ciuciulea (Balti judet) the roundtables are scheduled for 3rd and 10th of October. All of these municipalities are members of the Association of Mayors and Local Communities of Moldova and this strategic planning assistance is provided in a joint statement of cooperation concluded between LGRP and the AMLCM.

TARGETED ASSISTANCE IN STRATEGIC AREAS

Office automation equipment (computers, printers, fax machines, and photocopy machines) from the Fiscal Autonomy training rounds 3 and 4 were delivered and installed. Office automation equipment for Round 5 of communities has been ordered and is being shipped to Moldova; part of it has already reached Chisinau. In addition, "recycled" computer equipment transferred to LGRP from previously closed USAID projects was distributed to strengthen financial management in the following communities: Aneni Noi, Edinet, Cantemir, Vatici, Drochia and Colibasi. Despite, some element of obsolescence, these computers, when coupled with onsite technical assistance, can have a very positive impact on improving financial management in these communities.

In September, the City of Floresti, held its first-ever formal public hearing on its proposed budget for the next year. This was a "first" for Floresti and also the first one of this kind in Moldova. The public hearing was conducted by city officials with technical support from the Fiscal Autonomy Team. The initial public hearing was well attended with 97 people, of which 65 were women, in attendance at the public hearing. The public hearing was well organized, all of the participants were handed explanatory brochures, rules for conducting the hearing, as well as a budget-in-brief in the language of their choice (Russian or Romanian). In accordance with the rules of the public hearing, citizens who wished to testify at the hearing were requested to register in order to be called on a "first come-first served" basis. Also, the rules provided that everyone wishing to speak would have an opportunity to do so before anyone could speak a second time. All the citizens who registered seven had an opportunity to make proposals to the city council and mayor. All comments were recorded by the designated secretary of the public hearing. All the participants at the public hearing observed the rules of conducting a public hearing. The room was well prepared with respect to all logistics including microphones, lights, temperature, accommodations for speakers, general citizens and public officials.

In the area of Municipal Services, the focus continued on the Demo Phase II municipal services projects. During this period, a Mechanical Engineer, Cristian Murariu, was added to the staff on a four-month trial basis, as a member of the Municipal Services team. The Municipal Services team worked together with the STA, Andrew Popelka, on the purchase procedures of the tools and materials for the Balauresti water



system. The team also prepared the orders for the technical equipment for the other Phase II Demo Projects (pumps, meters, leak detectors/pipe locators). In general, the Phase II Demo Project series is proceeding steadily. The Phase II Demonstration Projects in Cimislia, Zberoaia and Orhei are progressing reasonably well. In Cricova and Hincesti there are recurring technical and/or financial problems at the community level and it appears more time will be required for completing Phase I Demo Project activities in these communities. Water tests at two wells from Hincesti were conducted; also water from a street post was tested in order to have a precise analysis of the water quality actually being delivered to consumers by the Hincesti water system. In addition, historical data on the technical characteristics of the water from the Hincesti system were analyzed. The results indicated presence of some additional elements (other than hydrogen sulfide and ammonia previously identified as problematic) that exceed the legal limits (sodium and possibly fluoride) in Moldova. As a result, it appears that the second project solution proposed by the city (an aeration tower) likely will not be effective. This is both a technical and financial problem. Given the increased complexity of the technical problem and its effect on the cost of a solution and the relatively modest demonstration project funding resources of the LGRP, this project will need to be thoroughly re-examined. This re-examination will be high on the priority list for consideration during the next visit of STA Engineer A. Popelka.

In September, the Municipal Services team conducted the workshop "Financial Performances Improvement" for municipal water utilities and conducted on-site technical assistance in six local governments participating in the Phase II Demo Project (this was the third segment of Training for Water Utility Financial Management for 16 water utility accountants from 6 localities). Even though it remains early in this effort, it appears that the training proved highly useful to local government participants and much useful information was garnered that may be incorporated in the MEWSO model.

In July, the LGRP and the Academy of Public Administration (APA) reached substantial agreement on continuing and expanding their cooperation. As currently conceived, both parties will cooperate in creating and maintaining joint sponsorship of a web page for local governments in Moldova. Additional co-sponsors may include one or more of the several mayors' associations. Also LGRP will provide assistance to the APA in improving the APA's access to the Internet by upgrading the telecommunications capacity of the APA to an ISDN line and by providing overall direction in designing the web site, operating systems/procedures and information preparation and dissemination. The improved Internet access will not only facilitate the web page collaboration but will also enhance the increasingly level of training events the LGRP is conducting at the Academy. It is anticipated that the LGRP/APA cooperation will continue for the entire life of the project. Further, the Academy may be one of the prime options for sustaining a number of training and technical assistance elements demonstrated in Moldova during the tenure of the LGRP.

As part of the LGRP effort to increase and encourage transparency in local governments in Moldova, LGRP subcontracted with an indigenous NGO "Raza Soarelui" for the development and initial delivery of a training program in this area. Loosely translated "Raza Soarelui" means "sun-beam" and is an approximation of the concept behind what are called "sunshine laws" (i.e. open meetings acts & freedom of information acts that were widely and successfully advocated by public interest groups committed to increasing transparency in government in the United States about 20 years ago). Under the aegis of the Democracy and Governance team, the NGO "Raza Soarelui" is contracted by the LGRP to deliver 10 regional seminars in improving the transparency in local public administration in Moldova. As a precursor to that effort, the Democracy and Governance team conducted a brief training event for "Raza Soarelui". The aim of the training was to

orient and align “Raza Soarelui” training capacities to the USAID requirements on transparency and democracy. In addition to “fine tuning” the “Raza Soarelui” training focus, an unexpected but very useful outgrowth of this training event was a conclusion that the series of planned regional workshops should be conducted in the municipalities that are LGRP partners rather than the Judet center, the traditional site for such events. Although, this change of venue introduces a bit more complexity in the planning of the training programs, the benefit of “showcasing” and rewarding the LGRP partner communities was considered a worthwhile trade-off. Four of these workshops have already been held in September, in Antonesti, Ialoveni, Floresti and Edinet. The balance will be conducted throughout the autumn all across Moldova. The use of an indigenous CSO/NGO (“Raza Soarelui”), rather than LGRP staff and direct consultants, as a primary deliverer of training is also considered as a step toward seeking means to achieve sustainability in the post donor environment.

In addition to agreeing to joint sponsorship of an additional round of community strategic planning with the Association of Mayors and Local Communities of Moldova (AMLCM), in August the LGRP and the AMLCM reached an agreement in principle for additional cooperation. This cooperation may include AMLCM collaboration in creating, maintaining and jointly sponsoring a web page for local authorities and will include LGRP supporting the activities of AMLCM on strategic planning and updating and/or publishing/expanding a set of booklets on local public finance for local governments in Moldova.

GENERAL ACTIVITIES

The COP along with the Fiscal Autonomy Advisor and the Senior Program Specialist for Democracy and Governance met with the new USAID/Moldova Mission Director John Starnes to discuss the past accomplishments and present prospects of LGRP. Dr. Tuan A. Nguyen, the USAID Senior Economic Advisor and CTO, arranged and coordinated the meeting. The COP and team leaders of Democracy & Governance, Fiscal Autonomy and Municipal Services components briefed the USAID Country Director with the mission, approaches and accomplishments achieved so far by the respective LGRP components. Also, based on the support of Dr. Nguyen, the potential for additional resources for LGRP activities was considered.

The Fiscal Autonomy Team organized a mayors’ roundtable meeting along with a presentation offered to Dr. Nguyen and Starnes. Mayor Moldovanu from Ialoveni was assisted by Fiscal Autonomy Specialists prepared a presentation describing how the city was able to substantially increase its collection Year 2001 revenues as a result of the training and technical assistance it had received from LGRP and then how it was able to link this increased fiscal capacity in implementing a portion of its capital improvement program as called out in the adopted Community Strategic Plan (also prepared with LGRP assistance). The presentation underlined the importance and benefit of establishing a link between strategic planning, sound fiscal management and municipal service development. The experience in Ialoveni represents a classic development success, in terms of effective application of training and technical assistance. Subsequently mayors from 11 communities were invited for an informal “mayor’s roundtable” and hosted by Dr. Tuan at the USAID Kentford conference facilities. Dr. Tuan briefly outlined the purpose and future directions of the LGRP project and solicited feedback from participants concerning the past and current effectiveness of project activities. Furthermore, Dr. Tuan expressed that USAID now encourages LGRP to focus increased attention on expanding to communes (villages) LGRP’s future training and technical assistance activities.



Taking advantage of a relatively unique opportunity, LGRP acted as the primary organizer of a joint project with the Parliament of the Republic of Moldova, State Chancellery of the Republic of Moldova and the Academy of Public Administration. This project consisted of distributing copies of the newly enacted, market-oriented Civil Code of Moldova to all 643 local governments in the Republic of Moldova. Copies were provided for the mayors and the secretary of the council. The project was an extensive effort and included ten teams of Public Administration Student Interns (20 students total) from the Academy of Public Administration as well as 10 temporary drivers. On September 4, 2002, the distribution of the Civil Code to all local governments of Moldova ended up with a reception for the student interns. A total number of 1451 Civil Codes were distributed to all Local Governments of Moldova and a number of public libraries. In addition, 84 Civil Codes were delivered to additional public officials. The additional delivery list included such beneficiaries as Moldova State Chancellery, Prime Minister's Cabinet, Academy of Public Administration (faculty and library) plus 20 APA students who distributed the Code, "Pro-Democratia" NGO and Chisinau County Council. More detailed information on this project is included in the final report on Civil Code distribution.

There were several notable events related to the implementation of community strategic plans during this reporting period. In July, the COP and Violeta Tincu, an intern from the Academy of Public Administration, participated in a ceremony inaugurating the extension of gas service to a Ialoveni neighborhood. The extension of gas service was a specific objective included in the Ialoveni community strategic plan created last year with the assistance of LGRP. This project was a classical example of integration of Democracy & Governance (Community Strategic Planning), Fiscal Autonomy (Improved tax collections) and Municipal Services (gas service/heat). With LGRP help, the local administration reengineered its techniques/methods of fiscal management and tax collection, and community fiscal capacities were increased. As a result, opportunities emerged to implement an element of the adopted strategic plan by initiation of construction of an extension of a new gas pipeline and service network for one of the more remote residential districts. As a result, 40 households and Kindergarten #3, which serves 180 pre-school children, were connected to the gas supply line. These homes and children will receive heat during the coming winter after an extended period (a number of years) without service.

In August, the CoP and Cristian Murariu, Municipal Services Project Specialist, took part in an official ceremony of opening three kilometers of newly paved road in Antonesti municipality. High-ranking officials from Judet and Chisinau, including the Vice-Prime Minister Mr. Cristea, participated in the event. The Deputy Prime Minister officially opened the road and commented positively on the work of LGRP across the Republic and on his direct meetings with USAID officials when was in Washington during last summer. The improvement of the road was a goal included in the strategic plan of the community. The existence of the adopted community strategic plan proved to be a key factor in the ability of Antonesti to compete for project funds from the Social Investment Fund. Upon the completion of the project, community citizens are so enthusiastic that they now hope to expand the area in the community served by improved roads and are currently developing a second "follow-on" project.

The opening of a newly reconstructed road in Antonesti and the gas service extensions in Ialoveni were widely reported in the national television media. These media accounts have raised the profile of LGRP, have encouraged other LGRP partners and have significantly increased our "walk-in" traffic from local government that have become more interested in cooperation as a result of the positive publicity.

III. DELIVERABLES AND REPORTS

- Local Policies adopted by the local councils of Leova, Singera and Rezina regarding the institutionalization of public hearings.
- Reports on the strategic planning update workshops in Antonesti, Cimisia, Ialoveni, Chadyr-Lunga, Cantemir and Suruceni.
- Antonesti Success Story.
- Success Story: Strategic Planning.
- Success Story: Improvement of Heating Service in Ialoveni.
- Revised guide for conducting workshops on updating strategic planning
- Guideline materials how to prepare and conduct public hearings on strategic planning
- Final narrative report and tabular summary of Civil Code distribution (including final reports for each of the 11 counties plus separate report for Chisinau Municipality (including lists with signatures of beneficiaries).
- Article on strategic planning assistance, published in the newsletter "Capitala"
- Capital Improvements Programming Handbook
- Analysis of proposed upcoming amendments to Title VII of the Fiscal Code of Moldova
- Statement of Cooperation – Municipal Services Phase II Demonstration Projects: Balauresti Water Utility Efficiency Project
- Statement of Cooperation – Municipal Services Phase II Demonstration Projects: Ungheni Water Utility Efficiency Project
- Statement of Cooperation – Municipal Services Phase II Demonstration Projects: Cricova Water Utility Efficiency Project
- Statement of Cooperation – Municipal Services Phase II Demonstration Projects: Orhei Water Utility Efficiency Project
- Statement of Cooperation – Municipal Services Phase II Demonstration Projects: Cimisia Water Utility Efficiency Project
- Statement of Cooperation – Municipal Services Phase II Demonstration Projects: Ceadir Lunga Water Utility Efficiency Project

IV. PROBLEMS OR DELAYS AFFECTING TASK ORDER PERFORMANCE

None at this time.

V. WORK PLANNED FOR NEXT REPORTING PERIOD

- Finalize the Manual of Efficient Water Systems Operation (MEWSO).

- Based on the MEWSO, the LGRP Training Specialist will prepare a TOT Training Design, a Trainer's Manual and a Participant's Manual. This is in preparation of the TOT which is scheduled for January 2003.
- Continue implementation of the six Water Utility Phase II Demo Projects, including procurement of tools and technical equipment.
- Review and publish the Municipal Services Source Book prepared by Dr. Victor Mocanu.
- Review the draft inter-local revenue sharing agreement between a first level and Judet government unit and consider opportunities for implementation.
- Evaluate and approve the procurement of a municipal accounting software to be implemented in local government partner communities
- Assist local governments from 8 LGRP partners in preparing, organizing and conducting public hearings on budgeting.
- Conduct environmental scan, round tables with main stakeholders and strategic planning workshops in six municipalities which are members of AMLCM, i.e. Badiceni (Soroca Judet), Viisoara (Edinet Judet), Rosu (Cahul Judet), Talmaza (Tighina Judet), Ciuciulea (Balti Judet) and Geamana (Chisinau Judet).
- Prepare and conduct one-day training session on public hearings for mayors and members of local councilors from Antonesti, Chadyr-Lunga, Cimislia and Cantemir.
- Assist local governments from Ialoveni, Suruceni, Cimislia, Cantemir, Antonesti and Chadyr-Lunga in preparing, organizing and conducting public hearing on strategic planning. Then assist mayor's office in preparing the strategic plans for consideration and adoption by the municipal council (including proposals submitted at the public hearings).
- Prepare training design and materials for conducting a TOT on strategic planning.
- Draft follow-up arrangements for "post hearing" and implementation actions
- Prepare a Statement of Cooperation with the National League of Association of Mayors (NLAM) regarding a joint sponsorship of LG Web page.
- Prepare all needed documents and specifications for an open/public bid for selecting an IT company for designing the web page (LOGIN.md).
- Collect all applications and assess project proposals submitted by the CSOs regarding the joint (CSO-mayoralty) community newsletters.
- Assist the NGO "Raza Soarelui" in conducting the regional seminars on improving transparency in local governance.

VI. SPECIFIC ACTION REQUESTED

None at this time.