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July 15, 2003

Mr. David Brown
Contracting Officer
United States Agency for International Development/Armenia
18 Marshall Baghramyan Avenue
Yerevan, 375019 Armenia

RE: Contract No. EEU-I-00-99-00015-00, TO No. 807
UI Project 06901-008, Armenia Local Governance Program
UI Project 06901-019, Armenia Local Governance Program, Phase II
Quarterly Task Order Progress and Cost Report, April to June 2003

Dear Mr. Brown:

Please find enclosed the *Quarterly Task Order Progress and Cost Report, April to June 2003, for the Armenia Local Government Program*. Sections F.5 and F.6 of our Local Government Assistance Initiative Indefinite Quantity Contract require this report.

Please direct any technical questions to Mr. Samuel Coxson, CoP, UI/Yerevan at +374 1-580-739 or by E-mail at slcoxson@yahoo.com. Questions of a contractual nature should be addressed to me at (202) 261-5396.

Sincerely,



Maria C. Andrade-Stern

Enclosures

cc: Bella Markarian (USAID/Armenia)
Mike Keshishian (USAID/W)
Sam Coxson (UI/Yerevan/Armenia)
USAID Development Clearinghouse
IAC Deliverables File (06901-008)
IAC Chron File

**QUARTERLY TASK ORDER
PROGRESS AND COST
REPORT**

APRIL TO JUNE 2003

**ARMENIA LOCAL
GOVERNMENT PROGRAM,
PHASES I AND II**

Prepared for



Prepared by

Samuel L. Coxson
The Urban Institute

Armenia Local Government Program, Phases I and II
United States Agency for International Development
Contract No. EEU-I-00-99-00015-00, Task Order No. 807 and 812



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June 2003
UI Project No. 06901-08, and
06901-019

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QUARTERLY TASK ORDER PROGRESS AND COST REPORT

APRIL TO JUNE 2003

ARMENIA LOCAL GOVERNMENT PROGRAM, PHASES I AND II

Task Order No.: EEU-1-00-99-00015-00, Task Order No. 807 and 812

Date of Issuance:

Task Order 807: January 18, 2000
Task Order 812: May 19, 2003

Amount Obligated Under Task Order:

Task Order 807: \$4,143,778
Task Order 812: \$1,000,000

Total Potential Task Order Amount:

Task Order 807: \$4,143,778
Task Order 812: \$1,899,362

Dollars Expended To-date:

Task Order 807: \$4,008,752
Task Order 812: \$ 13,850

Key Personnel: Samuel L. Coxson, 374 1 522-787,
slcoxson@yahoo.com

TASK ORDER NO. 807 DESCRIPTION

In January 2000, the United States Agency for International Development (USAID) contracted the Urban Institute (UI) to implement a three-year local government project in Armenia. The project provides training and technical assistance (TA) designed to increase local government accountability, accessibility and responsiveness to citizens and to provide more effective and transparent management systems for local governments. The main components of the project are:

- Legal Reform and Decentralization
- Service Delivery Improvement and Local Government Management Strengthening
- Citizen Participation in Local Government Affairs

TASK ORDER NO. 812 DESCRIPTION



In May 2003, USAID contracted with UI to implement a two-year local government follow-on project in Armenia. The project provides deeper training and technical assistance designed to increase local government accountability, accessibility and responsiveness to citizens. The program also continues the TA in developing increased effectiveness and transparency at the local government level. There are, however, some important additional points, which are described below.

The Armenia Local Government Program Phase II is designed to meet USAID's strategic objective 2.1 "More Transparent, Accountable and Responsive Democratic Governance" as well as intermediate results objectives 3.0 through 3.2:

- IR 3.0 "More responsive and effective local government"
- IR 3.1 "More effective and transparent management"
- IR 3.2 "Government is more accessible"
- IR 3.2 "Legal framework supports decentralization"

The USAID Armenia Local Government Program continues as Phase II. Phase I and Phase II are very similar, although there are important differences. The Phase II program will cover several topics of municipal capacity building in much more detail than Phase I covered. This deepening of specific areas of capacity is an integral part of the five-component program:

- **Component 1**—Municipal Management Systems (budgeting, asset management, citizen registry, land and property inventory, tax administration and performance management implementation in at least one local government service).
- **Component 2**—Citizen Participation (household surveys, standing committee appointment, student-government days, ad hoc advisory committee appointments, local government newsletters and an information center for citizen inquiries).
- **Component 3**—Community Based Economic Development Strategy with a grant component that allows up to \$10,000 for each city for economic development activities.
- **Component 4**—Apartment Building Management (generally a continuation of apartment building management training efforts with a focus on ownership rights and duties and improvement of common areas and communal services).
- **Component 5**—Policy Reform and Association Strengthening (focuses on increasing the sustainability of LGP related national level NGOs as well as collaboration on legislation that increases decentralization).

I. Highlights

- Initial seven carry over city baseline data gathering
- Analysis of data and development of the baseline
- Coordination with other donors and implementers



II. Progress of Major Activities

INITIAL SEVEN-CITY BASELINE DATA GATHERED

Initial work began immediately on a seven-city baseline for inclusion into the implementation plan. Since there was no gap between Armenia local government program one (LGP-I) and Armenia local government program II (LGP-II), UI was able to begin work immediately. Travel to each of the seven cities and conducting an in-depth interview with city officials was undertaken and completed. Also completed was an analysis of the data gathered for inclusion in the implementation report.

ANALYSIS OF THE BASELINE DATA

During this startup phase of the LGP-II program, project staff conducted an analysis of the data gathered from the seven carry over cities. This analysis presents a clear picture, or baseline, from which to develop the implementation plan and to show clearly what is anticipated to be accomplished, when and by whom in the program staff.

COORDINATION WITH OTHER DONORS AND IMPLEMENTERS

An important step in the implementation plan development is to meet with other donors and implementers active in Armenia. Program staff met with all major donors and implementers and developed a section of the implementation plan that ensures that duplication of efforts are avoided and that collaboration with other programs is maximized. A draft implementation plan is due July 19, 2003.

III. Deliverables

No deliverables are due in this quarter.

IV. Problems or Delays Affecting Task Order Performance

None at this time.

V. Work Planned for Next Reporting Period

As indicated above, LGP-II has already started the work for implementation plan development. However, concurrent with gathering baseline data in the seven carry over cities, project staff also began preliminary efforts in several components. The primary deliverable in the next quarter is to complete the implementation plan and gain USAID approval. However, there are several activities that are clearly indicated in the task order that can be started concurrently with implementation plan development. These are described briefly below.

Component 1. Implementation of Management Systems—A major portion of this component is included in the seven-city baseline study. However, updating our database on the cities was carried out at the same time. For example, we have three years of budget data that has been entered on the standardized software the program will continue to use.

Component 2. Citizen Participation—Updating the participatory urban assessments (PUA) requires selection of local consultants to execute the PUA and follow up analysis. The selection process has been complete and arrangements for conducting the PUA are underway.

Component 3. Economic Development Strategy—Checking with other donors and implementers relative to their programs and potential overlap in economic development has been an important part of our initial efforts. As described above, our implementation report will contain a section on donor and implementer coordination. Two major donors, DFID and TACIS both have elements of economic development in their programs. Additionally, implementers of USAID programs such as the agriculture business development and marketing program and assistance to small and medium enterprises have elements that LGP-II must coordinate with.

Component 4. Apartment Building Management—One of the final deliverables of LGP-I was a strategy paper that described what major donor and implementer programs were and identified major policy and program hurdles requiring close coordination and collaboration of donors and implementers. LGP-II is continuing this effort early in this project in order to 1) provide some continuity in technical assistance to the GOA and 2) development of a consistent, comprehensive donor policy that takes advantage of analysis already completed, yet is flexible to enable major donors to alter programs to address identified shortcomings.

Component 5. Policy Reform and Association Strengthening—No effort has been made in the area of policy reform because program staff are awaiting Ministry of Territorial Administration discussion and decision as to potential undertaking by LGP-II.

VI. Specific Action Requested

None at this time.