

TRANSITION ANNUAL FISCAL YEAR REPORT

FEBRUARY 2003
TO SEPTEMBER 2004

Moldova
Local Government Reform Project



THE URBAN INSTITUTE

USAID's Moldova Local Government Reform Project

**MOLDOVA
LOCAL GOVERNMENT
REFORM PROJECT (LGRP)**

**TRANSITION ANNUAL
FISCAL YEAR REPORT**

**FEBRUARY 2003 TO
SEPTEMBER 2004**

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

The Urban Institute



THE URBAN INSTITUTE
2100 M Street, NW
Washington, DC 20037
(202) 833-7200
www.urban.org

November 2004
UI Project 06901-007

TABLE OF CONTENTS

I. INTRODUCTION AND SUMMARY OF PROJECT ACCOMPLISHMENTS.....	1
II. MAJOR ACTIVITIES.....	2
III. LIST OF DOCUMENTS BY PROGRAM COMPONENT.....	12

ANNEXES

Annex A–Democracy and Governance

Annex B–Fiscal Improvements

Annex C–Municipal Services

Annex D—Legal Framework

Annex E–Training Materials

MOLDOVA LOCAL GOVERNMENT REFORM PROJECT

TRANSITION ANNUAL FISCAL YEAR REPORT

FEBRUARY 2003 TO SEPTEMBER 2004

I. INTRODUCTION AND SUMMARY OF PROJECT ACCOMPLISHMENTS

This report covers 20 months—February 1, 2003 to September 30, 2004. Part II describes major activities undertaken during the period covered by this report. Part III lists the deliverables for this period, which can be found in the annexes to this report. There are five annexes to this report: Democratic Governance, Fiscal Improvements, Municipal Services, Legal Framework, and Training Materials.

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

Date of Issuance: February 1, 2000

Task Order Description

The Moldova Local Government Reform Project (LGRP) is implementing a technical assistance program over a five-year period to assist all levels of government in the Republic of Moldova in shaping and realizing its agenda for local government reform. The principal focus is on “governments of the first level” i.e., cities and towns, and to a lesser extent villages. This includes improving local government autonomy (including fiscal decentralization and improved management) and strengthening civil society organizations` (CSOs) role in democratic local governance. Increased citizen participation in decision-making in the target cities will indicate that the cities have enough fiscal decentralization to make independent decisions about their budgets and strategic plans, that elected officials are aware of the importance of citizen participation, and that citizens believe that participation is important, and have been mobilized to play a role in their local government.

Amount obligated under Task Order: (As of 9/30/2004)	\$ 6,999,793
--	--------------

Total potential Task Order amount:	\$ 11,348,206
---	---------------

Dollars expended to date, including accruals: (As of 9/30/2004)	\$ 4,853,907
---	--------------

Project results as of September 30, 2004 are shown in Table 1.

Table 1
Project Indicators ^a

Performance Indicator	Indicator Definition and Unit of Measurement	Baseline Data		Actual		Fiscal Year 2004	
		Year	Value	2002	2003	Target	Actual
Strategic Objective: 2.3: Democratic institutions more effective, responsive and accountable							
1. Indicator: Citizen participation in decision-making in partner local governments in:	Definition: Number of partner local governments that can demonstrate citizens' participation in decision-making through:						
a) Budget process	a) Public hearings on the local budget	2000	0	10	20	25	37
b) Decisions about municipal services or strategic planning	b) Public hearings on municipal service decisions and/or strategic planning	2000	0	36	58	65	82
IR 2.3.1: Local government autonomy strengthened							
1. Indicator: Partner local governments trained in budget, tax, treasury operations and other related local government finance functions	Definition: Number of partner local governments that have received computer training and attended policy sessions regarding budget, tax, treasury operations and other related local government finance functions	2000	0	29	41	50	55
2. Indicator: Partner local governments that are implementing their strategic plan	Definition: Partner local governments that have officially adopted their strategic plan as confirmed by an officially registered decision of the legislative body	2000	0	27	37	40	57
3. Indicator: Households receiving new or improved public services in partner local government communities	Definition: Households in partner local government communities receiving new or improved municipal services from the local government	2000	0	14,248	24,717	25,000	67,540

Notes:

^a Project results as of September 30, 2004. Per the USAID methodology for indicators reporting, these actuals are cumulative over the life of the project.

II. MAJOR ACTIVITIES***Democratic Governance***

Sunshine Policy Measures. The objective of the “sunshine” policy measures initiated by the LGRP is to advance democracy and participative governance. In 2003, a well-respected Moldovan lawyer provided a legal opinion, reviewing the constitutional and statutory context in Moldova for freedom of information and open meetings opportunities / responsibilities. The review of the legal context in Moldova revealed a broad range of “normative acts” that enable freedom of information and open meetings. Although the legal framework is conducive to adopting policy measures on this subject matter, actual regulations do not exist.



As a consequence, local governments do not have a clear idea on how to properly implement provisions regarding access to information and open meetings.

To fill this void, samples of model “sunshine” policy measures were developed by LGRP. Subsequently, the local councils of Ialoveni, Nisporeni, and Singera adopted open meetings regulations based on the “sunshine” policy measures. These amendments were introduced by the mayors, debated, voted upon, adopted and incorporated into all three local councils’ regulations. This example of openness and transparency was exposed to other local government partner mayors at the April 2004 Quarterly Mayors Meeting. As a practical manifestation of their openness toward citizen consultation, when the mayors of these jurisdictions presented their annual reports to the local councils, they encouraged vigorous debate and extensive citizen participation. (Under the Legal Framework annex, see “Legal Framework for a Access to Information on Public Affairs,” “Legal Framework for a Model Municipal Open Meetings Regulation,” “Model Amendments to a Local Council’s Charter to Ensure Access to Information on Public Affairs,” “Legal Framework for General City Planning Procedures,” and “Legal Framework for Divestiture of Land in Public Ownership.”)

Community Strategic Planning. Strategic planning activities consisted of assistance to 24 new partner local communities in developing new strategic plans and to 27 jurisdictions for updating existing strategic plans. Before local councils approve community strategic plans they were exposed to public hearings. In total, 52 communities held a public hearing on their new or updated strategic plan, in which close to 4,000 people participated and 500 people testified their suggestions/proposals in regards to the drafted plans. Among the communities developing strategic plans were four who subsequently received funding from the Social Investment Fund in Moldova (FISM) through a competition that judged how well the community had laid out the priorities for investment.

Self-financed strategic planning. Community strategic planning assistance being delivered by LGRP in Moldova has evolved into a new stage. Instead of being completely financed by the LGRP, new community strategic plans are being partially financed by local governments. This development is a result of a rapidly growing acceptance of and demand for community strategic planning, and the good reputation of the LGRP strategic planning approach among local governments all across Moldova. During the reporting period fourteen communities (Tvarditsa, Dobruja, Biliceni Vechi, Vadul lui Voda, Selemet, Marinici, Neculaieuca, Hrusova, Magdacesti, Dubasarii Vechi, Cigirleni, Cisla, Casunca and Ermoclia) concluded statements of collaboration with LGRP regarding strategic planning assistance on a cost-share basis. Eight of these communities have completed all community strategic planning phases, i.e. environmental scans, round tables with community main stakeholders, workshops and public hearings. In the other communities, strategic planning workshops are under way and the strategic planning cycle will be completed in late November 2004 with the approval of community plans by the local councils. Community strategic planning activities have been conducted with LGRP technical support.

Building local capacity for strategic planning facilitation. As the requests for strategic planning assistance is proliferating among local governments all across Moldova, LGRP has considered sub-contracting with indigenous institutions/organizations that have the potential to facilitate community strategic planning. As an experiment aimed at achieving the cost-effectiveness and sustainability of the community strategic planning process in Moldova beyond the life of the LGRP Project, the Association of Mayors and Local Communities of Moldova (AMLCM) was subcontracted to do strategic planning assistance on behalf of the

LGRP. As part of the subcontract, AMLCM was also required to provide training to mayors and local councilors on how to conduct public hearings. This could become a sound basis of sustainable strategic planning in Moldova in the future for other communities.

Collaboration with Peace Corps. With LGRP encouragement and assistance, 24 mayors from LGRP partner communities applied for placement of Peace Corps volunteers within their communities. Included with each application form was a copy of the community strategic plan. At the request of the Peace Corps' Economic and Organizational Development Program Manager, 20 Peace Corps trainees attended a two-hour presentation by LGRP team members on the strategic planning process for LGRP partner communities and other aspects of the project. The Mayor of Antonesti and the Peace Corps Volunteer (PCV) assigned to Antonesti discussed their experience of working together to implement projects stated within the community strategic plan. Six PCVs were then assigned to work with mayors from the following LGRP partner communities: Basarabeasca, Ceadyr-Lunga, Geamana, Ialoveni, Orhei and Zberoaia. Immediately following the swearing-in ceremony, the new volunteers were provided strategic plans for their respective communities and a proposed schedule of training and collaboration with LGRP to take the strategic plans from a strategic level to an operational level. Mayors and volunteers, with input from the strategic planning committees from each respective community, selected two specific priority projects from their strategic plans. The first in a series of LGRP training sessions focused on preparing an action plan to assist in implementing priority projects stated within the community strategic plans. LGRP provided technical assistance and support in action planning and resource mobilization (proposal writing, donor negotiations).

Quarterly Mayors Meetings. During this period, the LGRP inaugurated the Quarterly Mayors Meetings (QMM), an opportunity for mayors from all political parties to build relationships and share best practices. From February 2003 to September 2004, the LGRP organized five Quarterly Mayors Meetings.

- The first QMM took place on July 3-4, 2003 and focused on identifying and sharing strategic plan implementation best practices among LGRP partners. Participants attended presentations as well as made field visits in order to see real examples of mini-projects that have been implemented based on strategic plans. 38 mayors participated in the event.
- The second QMM took place on October 1-2, 2003 at which 33 mayors participated. The event focused on two central topics: (i) the improvement of local public finance and (ii) opportunities for better water supply services.
- The third QMM took place on December 18-19, 2003 and was attended by 36 mayors and 6 Peace Corps Volunteers assigned to work directly with mayors' offices from LGRP partner communities. The theme of the 3rd QMM was potential perspectives for municipal type association development within the context of a new political landscape in Moldova. The reception at the end of the event was attended by Her Excellency, the Ambassador of the United States, Heather Hodges, as well as by the USAID Chisinau Country Director John Starnes and Deputy Country Program Officer Mark Levinson.
- The fourth QMM took place on April 27-28, 2004 and was attended by 43 mayors. The theme of this forum was "Local Governance in America: Through the Eyes of Moldova Mayors" and it was devoted to sharing the impressions /information and lessons learned by a group of eight mayors from LGRP partner communities, who were on a study tour to the US. The one-and-a-half day of the event was split into eight mini-sessions within which each mayor who had been on the study tour to the USA made a presentation on a relevant topic.



- The fifth QMM took place on July 26-27, 2004. At that meeting, John Starnes, USAID Country Program Officer for Moldova presented an overview of the role of USAID in Moldova and officially announced the extension of LGRP for 3 more years. Other presentations included: Mark Levinson, USAID Deputy Program Officer on USAID's new Citizen Participation program; Eric Boyle, Regional Director Eurasia Foundation on project development potentials; L. Malcoci, Director of the Department for Community Development, Social Investment Fund of Moldova on the New Social Investment Fund of Moldova (SIFM) II; Ms. Alla Mironic, new Rector of the Academy of Public Administration on the potential for reform experimentation with LGRP partner communities. (See Quarterly Mayors Meetings in the D&G Annex for more information.)

Best Practices Competition. The purpose of the best practices competition is to improve local government management in the Republic of Moldova by the dissemination/replication of indigenous, innovative, and effective models in selected areas of local government operations. The competition initiated in 2003 covered five categories: (i) citizen participation; (ii) economic development; (iii) innovative organization; (iv) municipal services; and (v) municipal finance.

The call for nominations was advertised twice in a national newspaper and three times in the newsletter "Mayor," which is distributed nationwide to all mayors. LGRP also encouraged mayors attending the Quarterly Mayors Meeting held in December 2003 to submit a nomination. The LGRP received 12 proposals, seven from LGRP partner communities. The selection committee evaluated the nominations based on priority of function, cost effectiveness, transparency, verifiability, documentation, sustainability, demo potential, and suitability for best practices guide.

During the April 2004 QMM, the LGRP held a Recognition Ceremony for the communities who participated in the Best Practices Competition. At the banquet participants were recognized for their efforts and awards were presented to three categories. Category I-Best Practice: Cimislia, Sarata Galbena, Ocnita, Chiscareni, and Nisporeni received a set of Professional Books and a plaque; Category II-Honorable Mention: Geamana, Antonesti and Viisoara also received a set of Professional Books and a plaque; Category III-Certificate of Participation: Comrat, Sarata Galbena and Poganesti, received a framed Certificate of Participation.

Training. Training activities are essential to leveraging LGRP impact throughout the country. During this period, LGRP staff organized and conducted five different types of trainings: training of facilitators (TOF) on strategic planning, training of trainers (TOT) on public hearings, training on public hearings for local councilors, orientation sessions for newly elected local councilors (NELO), and training for Peace Corps Volunteers in project design and management. Democracy and Governance specialists completed the training design drawing on available training materials from UN Habitat, International City/County Management Association and USAID along with materials from the Moldovan Academy of Public Administration.

Training of Facilitators for Strategic Planning Assistance. In 2003, the LGRP trained a cadre of consultants who would conduct strategic planning workshops as part of a subcontract to the Association of Mayors and Local Communities of Moldova (AMLCM). This was a competitive process by which individuals became certified as strategic planning facilitators. The LGRP received application forms from 142 individuals,

including 7 current mayors, many professional staffers from prefect offices and county councils, officials from the State Chancellery, and from the private sector. Applicants ranged in age from 21 to 69 years old.

LGRP staff interviewed the applicants and then selected 45 individuals for training. The training program was conducted by a team of master trainers. The master trainers observed and evaluated the performance of the trainees, by which they selected 21 facilitators (8 teams) to be certified as LGRP strategic planning facilitators. The TOF on strategic planning was delivered in two rounds (i) June 14-21, 2003 and (ii) June 22-29, 2003 in which 45 potential facilitators participated in community strategic planning.

Training of Trainers on Public Hearings. LGRP Training and Development Specialist Lilia Tverdun prepared the training of trainers (ToT) “How to Conduct a Public Hearing,” which was delivered to 23 trainers/facilitators at the Academy of Public Administration (APA) in July 2003. All of the individuals selected to attend the ToT successfully graduated to become approved facilitators for conducting public hearings (specifically on a community-based strategic plan). Participants learned about different forms of citizen participation and specifically the role and advantages of holding public hearings. Nine APA students also attended the second day of training, which allowed the trainers in training practice the skills they had recently acquired by simulating a training session on conducting a public hearing with the APA students. In August and September 2003 the newly trained trainers conducted seminars for mayors and local councilors in 20 LGRP partner communities on how to conduct a public hearing.

Training for Newly Elected Local Councilors. Based on experiences in the U.S. and other countries, the post-election period represents a uniquely beneficial window of opportunity when new officials are more open and willing to accept new ideas. An ambitious activity jointly undertaken by LGRP and the Academy for Public Administration following the May 2003 local elections, was developing and delivering training for the country’s newly elected local council members. In 35 training sessions held throughout the Republic, the LGRP/APA trained 1,173 newly elected local council members, which is equal to 10 percent of all local councilors in the country. Through lectures and participatory activities based on real-life case studies from Moldova, local councilors learned about their role (and limits) as community policy makers, as well as recently enacted amendments to legislation. (See Report on Training Newly Elected Officials in the D&G Annex for more information.)

Study Tour. LGRP in collaboration with the Office of Public Affairs of United States Embassy in Moldova arranged an event to publicize the return of the mayors attending the *Moldova Mayors Study Tour to the United States*. On March 22, 2004 eight mayors from LGRP Partner Communities returned from a 3-week study tour to the U.S. The event was widely covered by national television and radio. Judging by the mayors’ first impressions, the trip was a very successful endeavor that will have a long-lasting impact. The mayors brought back from the U.S. an extensive pack of materials and documents related to the various aspects of local governance functioning, which were used in preparation of the April 2004 Quarterly Mayors Meeting. The meeting itself was devoted almost entirely to sharing by the group of mayors the findings and results of the Study Tour to the U.S. The discussion went under the theme: “*Local Governance in America: Through the Eyes of Moldova Mayors*”

Community Newsletters. During this period, the LGRP financed the publishing of 3 communities’ 2003 newsletters (*Edinet/CSO “Junii”, Colibasi/CSO “Planeta, Ceadir-Lunga/CSO “Otkrytyi Budjak”*.) Statements of Collaboration on publishing the community newsletters by civil society organizations (CSO) in



partnership with local governments were signed by LGRP, the respective CSOs and local governments. CSO "Junii" from Edinet has already finalized the project implementation. On February 20, 2004 the CSO in partnership with the local government organized a round table on the results of the project implementation where the main stakeholders of the project participated. The Edinet Local Council positively evaluated the project. A decision was taken to finance the publishing of the newsletter in 2004 from the local budget; at the same time giving the CSO the responsibility of searching for alternative funds. The two other communities continue publishing their newsletters (as their Statements of Collaboration were signed in the latter part of 2003). They periodically submit copies of their newsletters to LGRP.

Fiscal Improvements

Quarterly LGRP Financial Applications Users Group Meetings. Following an intensive yearlong phase of training and technical assistance, the participating local government finance officials graduated to participate in the LGRP financial applications users group. LGRP initiated the financial application users group in 2002 and during this period continued to support quarterly meetings of the group, which grew in both size and significance. These meetings were attended by chief finance officers, their deputies and other finance specialists from 'graduated' partner communities providing them with an excellent opportunity to discuss current problems of common interest, learn more about existing or up-coming legislative changes, improve their computer literacy or acquire additional knowledge in financial analysis techniques and management relevant to local governments. Quarterly meetings covered local treasuries, budget classification, public procurement techniques, fundraising activities, use of the Internet, practical aspects of local budget development, development of effective presentations on the local budget using Microsoft Excel and Power Point, new techniques in accounting methodology of public institutions, and practical aspects of remuneration of local public employees. Finance officers from 40 graduated partner communities regularly attended, thus, having the potential to transform the group into a sustainable local government finance officers association.

The 8th quarterly LGRP Financial Applications Users Group Meeting was held on March 22-23, 2004 for 35 local government finance officers. During the meeting representatives of LGRP partner communities learned how to use Microsoft Excel as a tool for local budget analysis. Each participant completed a special budget data collection table containing comprehensive information on their respective local budget, which was used as the basis for training them in detailed budget analysis. The Fiscal Improvements team collected all the data electronically and produced a "snap-shot analysis" of the current status of local finances in partner communities. Finance officers from three of the more advanced communities (Cricova, Antonesti and Ialoveni) prepared highly professional Power Point presentations and briefed their colleagues about the current status of their local budgets. In other sessions, participants learned more about the legal status of public employees and specific aspects of compensation administration in the area of public education. The 9th User Group Meeting was organized for August 10-11, 2004. This meeting introduced new training sessions on aspects of the Labor Code remuneration in local governments, as well as new issues of bookkeeping methodology and public acquisitions.

Development of Integrated Municipal Financial Software. The Fiscal Improvements team identified a need for integrated municipal financial software to help Moldovan local governments to improve their financial management. The team prepared a report that compared financial software products available in Moldova, Russia, Ukraine, and the United States and analyzed relevant software solutions developed by

various donor-funded agencies. The team concluded that the most appropriate solution for Moldova was to adapt existing commercial accounting software used throughout Moldova to the needs of Moldovan local governments. The team developed an RFP describing the software composition and technical requirements for the soft and hardware, organized a pre-bid conference with the tender participants, and conducted a competitive selection process. During the pre-bid conference the team answered all questions concerning the RFP, selection criteria and procedures, as well as timeframe for the implementation period. All three potential bidders were present at the meeting and actively participated with questions and suggestions on both RFP and implementation phase. Based on the proposals submitted, the team selected a local organization to develop and implement an Integrated Municipal Financial Software (IMFS) for selected partner communities.

Initial training for new partner communities. During this period, 66 local financial officers from 22 new partner communities completed two-week training seminars on microcomputers and local public finance, held at the Academy of Public Administration. The computer training focuses on the Windows operational system and Microsoft office applications such as Word, Excel, PowerPoint and others. During the training on local public finance, participants acquired additional both theoretical and practical knowledge, in such areas as treasury operations, administration of local taxes and fees, the budget process, and methodology of local public accounting. Following the completion of the training program all participants received certificates.

Technical assistance to partner communities. Following the initial training seminar for new partner communities, the Fiscal Improvements team delivers intensive on-site technical assistance. This insures that participants become capable of operational users of computers and various software applications. In addition, the team works closely with local government officials and staff as they carry out their daily activities to identify where improved efficiency can be made in their operations. The team then develops very basic computer applications (primarily, integrated spreadsheets) tailored to the individual community's needs. These include applications such as increasing local government officers' capacity in budgetary analysis, annual forecasting, tax collection and other related functions. As a result of regular visits and extensive cooperation, staff members of local government partners acquired and expanded intermediate/advanced skills in critical financial management functions.

At the request of Ceadir-Lunga Mayor M. Formuzal, the Chief of Party and the Fiscal Decentralization team leader met several times with Mr. Constantine Stowolosow, Managing Director of Novell CIS, Moscow. Mr. Stowolosow was accompanied at this meeting by both the Director and Deputy Director of the newly created state-owned Center for Special Telecommunications. Mr. Stowolosow shared his ideas on how to promote "e-government" using Novell products in Moldova. He specifically mentioned the community of Ceadir-Lunga, an LGRP partner community, and the possibility of automating the Mayor's Office to improve electronic data security and implementing e-government technologies. The participants agreed to meet further to discuss development of e-government technologies in Moldova, which may be applicable to local governments.

Following the Spring 2004 LGRP Financial Applications Users Group meeting, the Fiscal Improvements team collected budget and financial data for 2000 to 2004 from all attending partner communities and then used these data to analyze revenue and expenditure trends of Moldovan local governments. The sample of



communities included 30 cities and 12 villages. To improve the accuracy of the analysis the team disaggregated data by the population of the community.

Training on public budget hearings. LGRP developed a training program for local government officials on planning and conducting public budget hearings. The training program was delivered to 18 trainers who ultimately delivered this training to respective communities. The training of trainers developed local capacity and enabled 25 communities to organize and successfully conduct public hearings on proposed local budgets. In addition, the team provided direct additional support to seven communities to organize and conduct the hearings. As well as the usual assistance package, this included the development of PowerPoint presentations to enhance the budget hearings. In total 1,800 people attended these events and 150 citizens testified on the drafts of proposed budgets.

Municipal Services

Training on Efficient Water Supply Operations and Water Utility Action Plans. The Manual for Efficient Water Supply Operations (MEWSO) served as the basis for developing a comprehensive training program, which was initiated with a Training of Trainers in January 2003. Over the course of nine months, the cadre of trainers delivered six training seminars for 90 water utility senior staff from 28 Moldovan water utilities. Following the training, three water utilities (Nisporeni, Biruinta, Leova) developed water utility action plans with LGRP assistance to guide future investments (including potential donor investments) for improving the provision of water and wastewater utility services. In Nisporeni, an LGRP team performed a water utility operations audit that included updating and computerizing schematics of the pipes and training the utility personnel on how to read and operate the measurement equipment and perform network tests to find the critical points of the water distribution network by monitoring the system for a 48-hour period. The Municipal Services team provided technical support to the Mayor of Nisporeni as the local council was considering adoption of the water utility action plan. During the council meeting, LGRP presented a report regarding technical facets of the action plan and answered questions. Subsequently, the Nisporeni local council voted unanimously to adopt the water utility action plan.

The next phase of training developed by LGRP was a Water Utility Action Plan seminar. Fifty mayors and water utility managers from 28 localities participated in this event. The seminar highlight was presentations by the mayors and water utility managers from the three local governments that had developed action plans based on MEWSO training and had them adopted by the local council. Their presentations addressed the process of action planning and the findings and actions proposed for solving water utility problems. Following their presentations, the participants had a chance to ask questions during a panel discussion. At the end, the three towns were officially awarded the micro-action project assistance, earned as a result of submitting micro-action projects requests – the product of the water utility action plans. The projects included office automation equipment, software, pumps, meters and manhole covers. For example, the town of Biruinta obtained two new pumps that will help improve the efficiency of the operating processes, through replacing old unreliable and improperly sized pumps with smaller more energy efficient pumps.

Preparation of the 2nd edition of the Manual for Efficient Water Supply Operations (MEWSO). National specialists from the Moldova Apa-Canal Association and the Technical University of Moldova reviewed the first edition of the MEWSO prepared by the Municipal Services component in 2002. Their contributions were integrated into the 2nd edition of the MEWSO which at the end of 2003 was available in 3

languages: English, Romanian and Russian. LGRP will continue with MEWSO publications in Romanian and Russian and the distribution of MEWSO among local government partners, municipal type associations and other interested national organizations active in the area of water and wastewater supply.

Leak detection & pipe location. One of the major problems faced by utilities in Moldova is due to losses of water in the network. In October 2002, LGRP provided leak detection and pipe locating equipment to the water utilities from Orhei and Cimislia. During 2003, both utilities made major strides to eliminate leaks, only possible with the equipment and technical support from the LGRP. An extra set of equipment was loaned to water utilities from Floresti and Drochia. Based on the successful use of the equipment, LGRP decided to purchase three additional sets of equipment. LGRP plans to develop national capacity in the use of leak detection equipment and pipe location together with the Moldova Apa-Canal Association, so that all utilities in the country will have access to the equipment. The first training in leak detection and pipe location was provided in Cluj Napoca, Romania in May 2004 to the four Moldovan utilities that will receive loans from the World Bank. Representatives from the Moldova Apa-Canal Association and Technical University were also involved in the training program. The Moldovan delegation included 15 local water utility personnel and two trainers. The training program took place at the training center of the Romanian National water utility association "ARA".

National Symposium of Water Utilities. LGRP co-sponsored the first ever National Symposium of Water Utilities in Moldova, along with several other organizations: the Ministry of Environment, Construction and Territorial Development, the Water Utility Apa-Canal Orhei, the Moldova Apa-Canal Association, and the Water Engineering Department from the Technical University of Moldova. On September 17-18, 2003 the city of Orhei, one of LGRPs' most active local government partners, hosted this important event targeted for all specialists and organizations in Moldova who are active in the field of water and wastewater operations. The National Symposium gathered over 100 water utilities senior management staff and local elected officials, who are directly involved in public services provision from over 40 Moldovan local governments.

The National Symposium included the following activities: presentation of products and technologies by specialized firms from Moldova and abroad, conference presentations about a wide range of activities in the area of water and wastewater operations, and discussions on burning issues in regards to the water supply sector such as tariff policies, delimitation of responsibilities among water utilities and water consumers, as well as the creation of condominiums.

The purpose of the Symposium was to establish a forum of discussions and presentation on solutions for water utility senior management and local elected officials and to promote principles of efficient water and wastewater system operations.

Institutional Strengthening of the Moldova Apa-Canal Association. LGRP signed a Statement of Cooperation with the Moldova Apa-Canal Association (MACA) as an official launch of an effort to institutionally strengthen the national municipal type association, in order to enhance its advocacy capacity and its training role for local municipal water utilities. According to the Statement of Cooperation, LGRP and the Association will cooperate on training on efficient water operations for water utility senior staff, in the development of MEWSO and related training materials, and in the organization of the first ever National Symposium of Water Utilities in Moldova. The LGRP will assist the Association with equipment, an example



being three sets of leak detection and pipe location equipment that were transferred for the use of MACA members.

Cooperation with partners. A new Statement of Cooperation was concluded between the LGRP and the Swiss Agency for Development and Cooperation (SDC) to ensure continuing cooperation until July 2007. The cooperation will mainly consist of joining efforts in implementing and assuring sustainability of water supply projects in Moldova.

During 2004 Local Government Reform Project assisted the World Bank Moldova Water & Sanitation Project in collecting financial information and analyzing the loan repayment ability of the water utilities that benefited from World Bank loans.

Municipal Services Sourcebook. The LGRP developed and published the first Municipal Services Sourcebook in Moldova. The aim of preparing a compendium of laws governing the municipal services sector in Moldova was to enhance local government officials' access to relevant legislation and regulations. The intention is to provide mayors, local councilors and local government employees with a reference book regarding the municipal services statutory and regulatory framework currently in force in the Republic of Moldova thus facilitating their decision-making processes. As laws and regulations are subject to frequent changes, the first edition of the Municipal Services Legislation Source Book will likely require an annual update or annual supplement. Nonetheless, the primary aim of making the municipal services laws and regulations more accessible to local government officials will have been achieved.

Training and Development. During 2004, LGRP Municipal Services team led a Moldova delegation to the 6th annual International Exhibition in the field of Water Supply, Sewerage and Wastewater Treatment "EXPO APA 2004", organized by the Romanian Water Association (ARA) under the aegis of the International Water Association (IWA) and the International Water Association of the Danube Catchment Area (IAWD)", which took place in Bucharest, Romania, May 20-21, 2004. The event provided an opportunity for Moldovan specialists to see the most advanced technologies and new trends in the field of water supply and wastewater services that may become available in Eastern Europe. Also, it represented a networking opportunity for the water utility specialists from Moldova to establish relations with national water utilities associations from several countries.

Study Tour. In July 2004, a Moldovan delegation led by a Municipal Services team member, participated in a study tour in Western Europe, organized by the Romanian Water Association. The trip included visits to water utilities, manufacturers of equipment for water and wastewater supply, and consulting companies.

Demonstration Projects. The LGRP Task Order extension calls for 150 municipal service demonstration projects to be implemented over the next three years. In preparation for a rapid initiation of these projects, the MS team designed an accelerated system of evaluating proposals, selecting projects, designing the work, purchasing materials and services, and implementing and monitoring the work. The first projects will serve as a learning basis for adapting the systematic approach to implementation.



III. LIST OF DOCUMENTS BY PROGRAM COMPONENT

Democratic Governance (Annex A of this report)

Report on Training of the Newly Elected Officials (NELO)

First Quarterly Mayors Meeting

Second Quarterly Mayors Meeting

Third Quarterly Mayors Meeting

Fourth Quarterly Mayors Meeting

Fifth Quarterly Mayors Meeting

Report on the LGRP Collaboration with the Peace Corps

Optimizing Community Investment Programs in the Republic of Moldova

Implementation of Community Strategic Plans

Fiscal Decentralization (Annex B of this report)

Fourth Quarterly Financial Applications Users Group Meeting

Fifth Quarterly Financial Applications Users Group Meeting

Sixth Quarterly Financial Applications Users Group Meeting

Seventh Quarterly Financial Applications Users Group Meeting

Eighth Quarterly Financial Applications Users Group Meeting

Ninth Quarterly Financial Applications Users Group Meeting

Report on the Regulatory System Of Local Public Finances: Analysis And Recommendations

Request for Proposal - Integrated Municipal Financial Software

Municipal Services (Annex C of this report)

Report on the First National Symposium "Efficient Water and Wastewater Systems Operations"



Nisporeni Water Utility Operational Audit Report

Report on the Efficient Water Supply Operations Training Program Based on MEWSO

Demo Project Application Antonesti

Temperature Control Systems for Zberoaia Pump Station

Legal Framework (Annex D of this report)

Legal Framework for Access to Information on Public Affairs

Legal Framework for a Model Municipal Open Meetings Regulation

Model Amendments to a Local Councils' Charter to Ensure Access to Information on Public Affairs

Legal Framework for General City Planning Procedures

Legal Framework for Divestiture of Land in Public Ownership

Training Materials (Annex E of this report)

Financial Management Training Manual for Water Utilities

Strategic Planning Cycle Facilitators' Guide

Trainer's Guide for Training of Strategic Planning Facilitators

Successful Project Management Guide

ANNEX A
DEMOCRATIC GOVERNANCE

1. Report on Training of the Newly Elected Officials (NELO)
2. First Quarterly Mayors Meeting
3. Second Quarterly Mayors Meeting
4. Third Quarterly Mayors Meeting
5. Fourth Quarterly Mayors Meeting
6. Fifth Quarterly Mayors Meeting
7. Report on the LGRP Collaboration with the Peace Corps
8. Optimizing Community Investment Programs in the Republic of Moldova
9. Implementation of Selected Community Strategic Plans

REPORT ON TRAINING OF THE NEWLY ELECTED OFFICIALS (NELO)

Newly elected public officials need to be trained and be aware of fundamental local democracy and local self-governance issues. This is crucial in furthering the LGRP strategic objective on *Building Effective, Responsive, and Accountable Democratic Institutions* as a means of bringing government and citizens together in a positive relationship. In order to achieve this objective, LGRP provided a series of training sessions for newly elected councilors from various regions immediately following local elections. Based on experiences in the United States and other countries, the post-election period represents a uniquely beneficial window of opportunity when new incumbents are more open and willing to accept new ideas. Developing the capacity of local officials is important in advancing local self-governance. In general, local officials have received very little donor attention to date, even though councilors are one of the most democratic components of Moldovan society.

The effectiveness of the training increased when the LGRP efforts were complemented by the input, advice, and co-sponsorship of the Academy of Public Administration (APA), the domestic institution that was granted the authority to provide training services to local councilors. In this context, the LGRP finalized a statement of cooperation with APA aimed at involving the institution, on a collaborative basis, in co-sponsoring the training session for newly elected local officials. APA, as an indigenous national long-term provider of in-service training for public servants, contributed to the project by helping with the design of the training course and organization and logistical activities of the participants, and by providing training facilities and overnight lodging.

The training format included a two-day Training of Trainers (TOT) for selected potential candidates and one-day training seminars in different regions for newly elected local councilors. The training design and related training materials were prepared under the direction of the LGRP Training & Development Specialist and the active involvement of two designated APA faculty members. The LGRP Training & Development Specialist utilized, to the maximum extent feasible, all available and applicable training materials (UN Habitat, International City/County Management Association, USAID) along with APA materials and resources.

In order to deliver balanced and practical training sessions, it was decided that trainers should work in pairs, each team comprised of one practitioner and one academic. Potential trainers were recruited, and a group of suitable and qualified professionals from Moldova was assembled. The potential trainers consisted of four APA faculty members and four of the most active mayors from LGRP partner communities. On July 19-20, 2003, a TOT session exposed the participants to the participatory methods and tools needed to train local councilors. The participants were also required to develop and assemble training materials. The TOT was designed, organized, and conducted by the LGRP Training & Development Specialist.

A great deal of assistance and support was provided by the State Chancellery in setting up the logistics in the regions (rayons), mostly related to the venues and invitation of participants. An official letter-request signed by the Director of State Chancellery was addressed to the Chairs of Rayons. Moreover, at the indication of the State Chancellery training rooms for seminars in regions were provided on a no-fee basis.

The actual training of newly elected councilors started on August 25, 2003 and lasted through September

20, 2003. In total, 35 orientation sessions were delivered and 1,173 local councilors were trained. This is approximately 10% of the total number of local councilors. While this is a modest figure, the impact of the LGRP training endeavor could have a roll out effect, given that during the last decade there have not been any training sessions for councilors. Eleven districts, which are located in the proximity to Chisinau training sessions, were carried out at the APA. For the 24 more remote districts, seminars were delivered in the field.

These seminars were one-day orientation sessions aimed at having the newly elected councilors explore their core role(s) in a democratic local self-governance. Short policy-oriented lectures and participative methods based on real case studies were explored throughout the orientation sessions. Participants were informed of recently passed legal amendments and the role and limits of local councilors as community policy-makers. Handouts consisting of the most solicited normative acts and references to the most relevant information served as the complementary information given out by trainers. Sessions were delivered in Romanian, as well as in Russian, for Russian speaking communities (i.e. Gagauz-Yery and Taraclia districts).

After the completion of all training seminars on September 24th, an evaluation meeting was held in the LGRP Office where all trainers participated. According to trainer and LGRP staff observations, the initial goal of this endeavor was met: information and materials presented to the newly elected local officials changed the traditional way of thinking, which might positively affect the activity during their term.

ANNEX I

AGENDA

TOT IN TRAINING LOCAL COUNCILORS

July 19-20, 2003

Chisinau, Academy of Public Administration

Saturday, July 19

09:00-09:30	Opening of the training. Presentation of the project, the goals and objectives.
09:45-10:45	Participatory methods and tools in training local councilors
10:45-11:00	<i>Coffee break</i>
11:00-13:00	Participatory methods and tools in training local councilors (continuation)
13:00-14:00	<i>Lunch</i>
14:00-15:45	Training program for local councilors. Presentation of the modules: <ul style="list-style-type: none">- Local Council – the representative of the Community- Local Councilor as a policy maker- Process of taking decisions in local council's activity
15:45-16:00	<i>Coffee break</i>
16:00-16:20	Setting up the trainers teams and tasks distribution
16:20-17:00	Preparation of the materials for conducting the training for local Councilors
18:30-19:30	<i>Dinner</i>

Sunday, July 20

09:00-09:15	Introduction
09:15-10:45	Preparation of teams for presentations.
10:45-11:00	<i>Coffee break</i>
11:00-13:00	Presentations of the teams

13:00-14:00	<i>Lunch</i>
14:00-15:45	Presentations of the teams (continuation)
15:45-16:00	<i>Coffee break</i>
16:00-16:40	Analysis of the presentations, comments and proposals
16:40-17:00	Evaluation. Conclusions and recommendations.
17:00-17:40	Closing

ANNEX II

The List of Trainers for NELO

#	Trainer's name	Work place	Telephone
1.	Deliu Tudor	APA	029482801
2.	Savca Tatiana	APA	029207362
3.	Saptefrati Tatiana	APA	029482785
4.	Cioaric Vasile	NGO Raza Soarelui	590665
5.	Moldovan Anatol	Ialoveni, mayor	029130650
6.	Tap Iurie	Floresti, mayor	029149108
7.	Tatarov Sergi	Sate Chancellery	029433200
8.	Rusu Victor	Nisporeni, mayor	029514545
9.	Iurco Ghenadi	Singera, mayor	029179202



ANNEX III

AGENDA

ONE-DAY ORIENTATION SEMINAR FOR NEWLY ELECTED LOCAL COUNCILORS

9.00-9.30	A Brief About the Project
9.30-11.00	Local Council as a Deliberative Body <ul style="list-style-type: none">- General definitions- Functions of the local council- Local Councilor as a manager- Distribution in teams (up to 25 participants)
11.00-11.15	<i>Coffee Break</i>
11.15-13.00	Local Councilor as a Policy Maker <ul style="list-style-type: none">- Concepts and ideas- Identifying the problems, setting objectives, formulating policy and developing action plans- Case Study: formulating a local policy on LED
13.00-14.00	Lunch
14.00-15.45	Decision Making Process local: <ul style="list-style-type: none">- Phases in decision making process- Limits in decision making- Approaches and models of making decisions- Practical exercise: Good vs Bad Decisions
15.45-16.00	<i>Coffee Break</i>
16.00-17.00	Case Study: Decision on renting municipal property
17.00-17.15	Conclusions/suggestions

ANNEX IV

TRAINING SESSIONS AND THE ATTENDANCE

Teams	Where	Date	Chair of Rayon	Contact person	Presence	
Tudor Deliu - Sergi Tatarov, <u>At APA</u>	Ialoveni	25 Aug.	Vladimir Braga, 25.14.00	Mereacre Nicolai, 223759 S.Gheorghita, 22305 Galina Balmos, 22048 Vlad. Serban, 228283	25	
	Anenii Noi	26 Aug.	Vladimir Vizdoaga, 265/22108		34	
	Straseni	28 Aug.			28	
	Mun.	29 Aug.	Serafim Urechean		47	
	Chisinau	3 Sept.	Grigore Plicinski,		37	
	Dubasari	4 Sept.	Grigore Sirbu, 248/22048		27	
	Criuleni	5 Sept.	Filip Gadimba, 244/22840		39	
	Calarasi					
	Tudor Deliu- Tatiana Savca <u>At APA</u>	Leova	8 Sept.		Eugen Buraga, 263/22840	25
	Hincesti	9 Sept.	Lidia Lupu, 234/22650		33	
	Stefan Voda	10 Sept.	Iurie Moiseev, 242/22650		Erhan Vasilisa, 22048	23
Cimislia	11 Sept.	Iovu Bivol, 241/22840	M.Tomov, 23043 25777	16		
Vasile Cioaric - Anatol Moldovan	Cantemir	26 Aug.	Ion Blosenco,	Olimp. Boesteanu, 22452 Razgratsky, 274/24048 Zinaida Ivanskaia, 25666	30	
	Taraclia	27 Aug.	Stepan Tolov, 274/23650		51	
	Cahul	28 Aug.	Stefan Bratu, 239/25840		49	
	Comrat	29 Aug.	Gheorghe Tabunscic, 238/24261		42	
	Basarabesca	30 Aug.	Iurie Plopa, 267/21550		27	
Iurie Tap- Victor Rusu	Glodeni	28 Aug.	An. Gorocenco, 249/22040	Vasile Pelin, 22048 Raisa Budu, 22750 L. Dovgani, 27.245 Svetlana Duca, 23773	30	
	Falesti	29 Aug.	Alexei Gligor, 259/22840		30	
	Singerei	30 Aug.	Petru Statnii, 262/22650		30	
	Balti	3 Sept.	Vasile Panciuc, 231/23181		30	
	Floresti	4 Sept.			43	
	Soroca	5 Sept.	An. Prisacari, 22098		42	
Tudor Deliu - Tatiana Savca	Edinet	15 Sept.	Simion Gutu, 246/22840	V-na Camensky, 25068 Boico Sevastian, 23650 Galusca Alexei, 22048 Semion Serdesniuk 22750 Mihail Bajac, 22048 Ion Birladeanu, 23772	22	
	Briceni	16 Sept.	Victor Cerevatii, 247/22650		39	
	Ocnita	17 Sept.	Iurie Rusu, 271/22650		24	
	Donduseni	18 Sept.	Anastasie Pavlov, 251/22240		46	
	Riscani	19 Sept.	Vladimir Tabirta, 256/22650		31	
	Drochia	20 Sept.	Veceslav Belinski, 252/22840		38	
Tatiana	Ungheni	28 Aug.		N. Babenco, 22054	29	

Saptefrati	Nisporeni	29 Aug.	Gheorghe Cibotaru	Foltea Vasile, 22272	34
Tatiana Savca	Orhei	30 Aug.	264/22650	Malai Alex 235/244-	41
	Telenesti	3 Sept.	Evghenii Pisov, 235/22840	10	36
	Rezina	4 Sept.	Leonid Turea	H. Popa, 22348	27
Tatiana	Soldanesti	5 Sept.	Valerii Ciorici, 254/24453	Vera Iurcco,	44
Saptefrati -	Causeni	6 Sept.	Vasile Savca, 029346149	Elena Odajiu,	24
Ghenadi Iurco			Gheorghe Tabunschik	Tatiana Usaci, 243/22048	

FIRST QUARTERLY MAYORS MEETING JUNE 3 TO 4, 2003

The idea of organizing a Quarterly Mayors Meeting (QMM) came from the LGRP local partners interested in having a mayors' forum similar to the LGRP Financial Applications Users Group Meeting, where broad issues that LGRP partner communities faced would be tackled. LGRP assembled this meeting as a component of the strategic planning assistance process, since the ultimate impact would be the implementation of the strategic plan. Thus, the aim of the Quarterly Mayors Meeting of LGRP local partners was to obtain new information/skills, share practical experiences, and build new capacities.

The 1st Quarterly Mayors Meeting took place on July 3-4, 2003 and was convened at the Academy of Public Administration. The event focused on identifying and sharing the best practices of the strategic plan implementation process among the LGRP partners. The participants not only attended presentations, but also made field visits to see real examples of mini-projects that were implemented based on strategic plans. 38 mayors participated in this event.

The morning session of the first day of the QMM was devoted to introducing the new LGRP partners (11 jurisdictions) to the purpose and cycle of the community strategic planning process, provided by the LGRP. The Democracy and Governance Team prepared and delivered elaborate orientation materials, which included presentations, case studies, simulations, and interactive discussions on various aspects of strategic planning assistance. Facilitators attended the orientation session, which gave them the chance to meet with the mayors and outline the schedule of strategic planning activities in their respective jurisdictions. Mayors were also given supportive materials for starting the initial phases of the strategic planning cycle. Based on the mayors' impression of the orientation session, it was a useful introduction to the mechanics of the community strategic planning process.

The remainder of the QMM was devoted to considering the practical aspects of the strategic plan implementation. Team leaders of LGRP Democracy and Governance, Fiscal Decentralization and Municipal Services Components gave general background on the status of the implementation of the strategic plans within LGRP partners. After this, the mayors of LGRP partner communities Antonesti, Floresti, and Ciadir-Lunga presented case studies of strategic plan implementation in their jurisdictions.

In the afternoon, participants of the QMM went on a study visit to Ialoveni (a town in the proximity of Chisinau) to see real examples of mini-projects implemented based on a strategic plan – boiler houses, heated buildings, improved accounting, reporting & financial management etc. The Ialoveni Mayor Mr. Moldovanu presented the achievements of his city first as objectives of the strategic plan, and then as functioning systems. He also demonstrated his newly equipped accounting office, and other offices, and explained how the collaboration with LGRP helped him to generate additional revenues for his community.

Since local economic development (LED) is a priority issue in every community strategic plan, specialists of USAID Projects (BIZPRO and Land Privatization Support) briefed the QMM audience on current activities and results. BIZPRO exposed its experience in setting up partnerships between Small and Medium Enterprises (SME) and public authorities in the rural communities.

During the QMM, a special session about the impact of recent modifications enacted in legislation regarding the operation of local public administration in Moldova was conducted. The Vice Rector of the Academy of Public Administration and the Team Leader of LGRP Democracy and Governance moderated the discussion. Mayors complained about the central government's interference in local affairs. One burning issue was Governmental Decision no.668 of July 10, 2003, "The Structure of Personnel of Mayoralties of Villages/Communes, Towns/Municipalities," which directly conflicts with the principles of local self-governance. According to this law, local authorities were given direct instructions regarding the number and the structure of personnel disregarding the real needs of their jurisdictions. Mayors expressed their disapproval with this normative act and suggested to assemble a petition/letter to the central government calling for annulment of the enacted decision.

As a follow-up to the 1st Quarterly Mayors Meeting, a questionnaire was developed based on the mayors' suggestions and sent to all LGRP local partners. The purpose of this questionnaire was to offer the mayors a broader choice of topics for discussions and training for future Quarterly Mayors Meetings in order to meet the needs and priorities of the mayors.

ANNEX I

FIRST QUARTERLY MAYORS MEETING OF LGRP PARTNER COMMUNITIES MEETING AGENDA

July 3-4, 2003
Chisinau, Academy of Public Administration

Thursday, July 3, 2003

- 8:45-9:00** Registration of participants in the Orientation Session for Strategic Planning*
- 9:00-9:10** Opening of the Orientation Session for Strategic Planning
Lilia Tverdun, Moderator
- 9:10-9:25** Greeting the participants, LGRP's partners from 2003
Duane C. Beard, Chief of Party
- 9:25-9:45** Strategic Planning for local communities: social-economic development, purposes, objectives and benefits.
Dr. Andrei Cantemir, Chief of the Democracy and Governance team
- 9:45-10:30** The process of strategic planning after Bryson's model. The Role of Mayor and facilitators in this process
Natalia Motili, Program Specialist, Democracy and Governance team
- 10:30-11:00** The first stages in the strategic planning process for local communities
Aurelia Ciornei, Program Specialist, Democracy and Governance team
- 11:00-11:15** **Coffee break**
- 11:15-11:35** What is the Strategic Planning workshop and how to better organize it.
Natalia Motili, Program Specialist, Democracy and Governance team
- 11:35-12:00** Public hearings - the next step in the strategic planning process: training, preparation and analyzing results.
Aurelia Ciornei, Program Specialist, Democracy and Governance team
- 12:00-12:20** Strategic planning update process
Natalia Motili, Program Specialist, Democracy and Governance team
- 12:20-13:00** Conclusion: questions and answers.
Moderator-Lilia Tverdun, LGRP
- 13:00-14:00** **Lunch** (at the Academy of Public Administration)

* Note: The orientation session in strategic planning is organized for the localities which became LGRP partners in 2003 (*Basarabeasca, Biruinta, Briceni, Causeni, Cornesti, Donduseni, Glodeni, Ocnita, Soroca, Taraclia, Vulcanesti*), plus *Pascani and Balauresti*



- 13:30-14:00** Arrival and registration of the LGRP participants for the Quarterly Mayors' Meeting from the localities partners for 2000-2002
- 14:00-14:10** Greeting the participants in the Quarterly Mayors' Meeting
Duane C. Beard, Director LGRP
- 14:10-14:30** The role of teaching public officials
Mihai Platon, Rector and professor, Academy of Public Administration
- 14:30-15:00** Quarterly Mayors' Meeting: goals and objectives
Dr. Andrei Cantemir, Chief of the Democracy and Governance team
- 15:00-15:15** Components of LGRP Public Services: current activities and benefits for the partners
Lucia Candu, Victor Manic, Cristian Murariu, Program Specialists
- 15:15-15:30** Components of LGRP Fiscal Decentralization: current activities and results
Anatol Mereuta, Vitalie Iovita, Vitalie Suba, Program Specialists
- 15:30-16:00** **Coffee break**
- 16:00-16:30** One Stop Shop Development - experiences of USAID BIZPRO Project
John Nielson, Director, BIZPRO, Svetlana Ichizil and Sofia Suleanschi, consultants.
- 16:30-18:30** *Municipal Good Practices: Study visit to the town of Ialoveni to see to see real examples of mini-projects implemented based on the Strategic Plan*
Host: Anatol Moldovanu, Mayor
- 18:30-21:30** **Dinner at "Stejăriș" ("Oak-wood") Restaurant**

Friday, July 4, 2003

- 8:15-8:50** **Breakfast** (Academy of Public Administration)
- 9:00-9:45** Presentation on Rule of Law
Boris Negru, Vice Rector of the Academy of Public Administration
- 9:45-11:00** Discussion about the impact of recent modifications in legislation regarding LPA
Moderator-Dr. Andrei Cantemir, LGRP
- 11:00-11:30** **Coffee break**
- 11:30-12:00** Successful practices of local public authorities
Anatol Sirbu, Mayor of Antonesti village and Michel Chertudi, Peace Corps volunteer
- 12:00-12:30** Strategic Planning. Case study.
Mihai Formuzal, Mayor of Ceadir-Lunga, Iurie Tap, Mayor of Floresti
- 12:30-12:35** Informing mayors about distribution of John Bryson's book "Strategic Planning for public and non-profit organizations" by the end of the meeting.



- 12:35-13:00** *Person in charge of distribution: Natalia Motili, Program Specialist*
Open discussions. Suggestions re: future topics for Mayors' Meetings. Questionnaires.
Moderator-Lilia Tverdun, LGRP
- 13:00-13:30** Brief introduction of the new USAID Land Privatization Support Project
Val Chodsky, Chief of Party
- 13:30-14:30** **Lunch** (Academy of Public Administration) and departure of participants



ANNEX II

LIST OF PARTICIPANTS FIRST QUARTERLY MAYORS MEETING

	Mayor	Community
1.	Mihail Cheibaș	Anenii Noi
2.	Anatol Sîrbu	Antonești
3.	Valeriu Tinerelu	Bădiceni
4.	Gheorghe Bătrînu	Bălăurești
5.	Vasile Panciuc	Bălți
6.	Liudmila Degtearenco	Basarabeasca
7.	Anatol Prodan	Biruința
8.	Alexei Gherman	Briceni
9.	Valeriu Rusu	Călărași
10.	Vladislav Cociu	Carahasani
11.	Mihail Formuzal	Ceadîr-Lunga
12.	Ion Alexandreanu	Cimișlia
13.	Veaceslav Barat	Ciuciulea
14.	Maria Știrbu	Colibași
15.	Constantin Tausanji	Comrat
16.	Valeriu Ceban	Drochia
17.	Leonid Jidacevschii	Edineț
18.	Iurie Țap	Florești
19.	Galina Acriș	Geamăna
20.	Dumitru Hodorogea	Gribova
21.	Anatol Moldovan	Ialoveni
22.	Ilie Condrea	Leova
23.	Victor Rusu	Nisporeni
24.	Galina Zalevscaia	Ocnîța
25.	Ion Șarban	Orhei
26.	Constantin Curnic	Pașcani
27.	Mihail Cuț	Rezina
28.	Ghenadie Iurco	Sîngera
29.	Gheorghe Brașovschi	Sîngerei
30.	Mihail Popovschi	Soroca
31.	Vladimir Botnari	Strășeni
32.	Vladimir Darie	Suruceni
33.	Alexandru Creciun	Talmaza
34.	Gheorghe Burlocov, ad interim	Taraclia
35.	Vitalie Vrabie	Ungheni
36.	Petru Dogocher	Vatici
37.	Gheorghe Burlac	Viișoara
38.	Constantin Bozbei	Vulcănești

SECOND QUARTERLY MAYORS MEETING OCTOBER 1 TO 2, 2003

The Second Quarterly LGRP Partner Mayors Meeting took place on October 1-2, 2003 at the Academy of Public Administration with 33 mayor participants. The theme of the meeting was centered on the issues expressed by the mayors in the questionnaire distributed at the 1st Quarterly Mayors Meeting. Among these, the issues of local finances and municipal services/infrastructure were ranked as being the most critical at the present time. In this regard, the Quarterly Mayors Meeting focused on two central topics: (i) the improvement of local public finance and (ii) opportunities for improvements to water supply services.

The LGRP Fiscal Decentralization Team presented a demonstration project, in which the improvement of local government finance is enabled through integrated municipal financial software. However, the analysis of the financial automation software in Moldova revealed that there are no financial applications that fit the necessities of local authorities. In this regard, LGRP adjusted the off-shelf computerized program "1C-Accounting" developed in Russia to the needs of the LGRP local partners. Furthermore, this demo project will be implemented in three LGRP localities, Ialoveni, Floresti, and Cahul in order to test the effectiveness of automating operations within the accounting office and financial department.

Following the LGRP Fiscal Decentralization presentation, a round table discussion on how to improve the financial capacity of local governments was conducted. Mayors expressed their views and opinions on two fundamental aspects: (i) the law on local public finance: theory versus practice and (ii) the impact of the transition from the judet to the rayon system in regards to the financial capacity of local governments. The mayors generally agreed that the legal framework does not allow municipalities to enjoy and develop real financial autonomy. Municipalities have little to say in regards to the budgeting process. More than 2/3 of the budgeted expenditures have nothing to do with the community needs; these expenditures are commitments to the central government included within the local budgets. The treasury system serves the interest of the central government and conflicts with principles of local self-governance. Local taxes and fees are too insignificant to finance community needs. This is why municipalities depend greatly on transfers from the central government. Recently enacted financial laws have significantly increased this dependence and have marked a step back in the financial decentralization process.

In connection with financial issues, mayors were exposed to the experience of Lisakovsk, Kazakhstan in local economic development as well as to the Ukrainian practice of supporting small and medium businesses. Presentations were made by the LGRP Municipal Services Specialist and by the mayors of Ialoveni, Ciadir-Lunga, Floresti, and Ungheni who visited Kazakhstan. These two case studies were well received by the mayors and spurred many questions regarding to its applicability to Moldova.

The Executive Manager of Apa-Canal Association, an indigenous municipal NGO, and the Engineer of the Project Implementation Unit (PIU) at the World Bank Pilot Water Supply and Sanitation Project in Moldova presented a general overview of the status and perspectives regarding water supply services in Moldova. Both speakers reiterated the critical importance of potable water in Moldova and actions that have been done in this regard by national and international organizations. In particular, the World Bank is planning to launch a project for the rehabilitation of water and sewerage systems in urban areas. Five towns (four of which are LGRP partners), Soroca, Orhei, Straseni, Stefan Voda, and Cahul were selected as beneficiaries of this project. The estimated cost of the project is around \$10 million financed by the World Bank as a

sovereignty loan. The importance of the First Water Utilities Symposium in Moldova (co-sponsored by the LGRP) was highlighted as a means of clarifying a feasible strategy towards the improvement of water services.

Practical aspects of water utilities were analyzed on-site when the mayors went on a study visit to Orhei, one of the most successful LGRP partners in regards to water services. In Orhei, the participants of the Quarterly Mayors Meeting familiarized themselves with general operations of the Orhei Water Utility, as well as with various leak detection equipment. According to mayors' observations, the Orhei visit was a real learning experience and several mayors expressed their desire to have their staff trained by the Orhei Water Utility Manager on how to improve operations.

Skill-building sessions were devoted to the topic of Internet. LGRP staff members introduced mayors to basic approaches of exploring the Internet as a resource, e-communication (opening an e-mail account, compiling, sending and receiving e-messages), and creating a web page.

The final session consisted of issues for the support of decentralization in Moldova focusing on organizational and methodological alternatives. Mayors expressed their thoughts and suggestions regarding various forms of decentralization (political, administrative, and financial). It was revealed that without stable and independent sources of local revenues none of these three forms of decentralization could exist. The participants of the Quarterly Mayors Meeting stressed the fact that now the most vulnerable is the issue of financial decentralization, since the political and administrative authority is a false without financial coverage. The LGRP Training and Development Specialist moderated this session.

ANNEX I

AGENDA

SECOND QUARTERLY MAYORS MEETING OF THE LGRP PARTNER COMMUNITIES MEETING AGENDA

October 1-2, 2003
Chisinau, Academy of Public Administration

Wednesday, October 1, 2003

- 9:30-10:00** Arrival and registration of the LGRP participants for the Quarterly Mayors' Meeting
- 10:00-10:10** Greeting participants in the Quarterly Mayors' Meeting
Duane Beard, LGRP Chief of Party
- 10:10-10:30** New directions at the Academy of Public Administration
Mihai Platon, Rector and professor, Academy of Public Administration
- 10:30-11:00** Improving Local Government Finance via integrated Municipal Financial Software: A Pilot Demonstration Project
Vitalie Suba, program specialist, Fiscal Decentralization Team, LGRP
- 11:00-11:30** **Coffee break**
- 11:30-12:00** **Round Table Discussion: Improving the financial capacity of local governments**
1) Law on Local Government Finance: theory versus practice & remedies;
2) Impact of the transition from Judets to Rayon on financial capacity of local governments.
Moderator: Andrei Cantemir, Democracy and Governance Senior Specialist, LGRP
- 12:00-12:30** Local Economic Development: The Experience of Lisakovsk, Kazakhstan
Vitalie Vrabie, Mayor of Ungheni and members of the delegation Iurie Tap, Mayor of Florești, Anatol Moldovan, Mayor of Ialoveni, Mihail Formuzal, Mayor of Ceadir-Lunga
- 12:30-12:45** One Stop Shop Development in Ukraine – a perspective of successes of USAID BIZPRO Project in Ukraine. Video clip of the Ukraine experience
Victor Manic, program specialist, Municipal Services Team, LGRP
- 12:45-13:45** **Lunch** (Academy of Public Administration)
- 13:45-14:00** Moldova's First National Water Utility Symposium
Iurie Nistor, Executive Director, Association of Water Supply and Sewerage Enterprises "Moldova Apa Canal"
- 14:00-14:15** World Bank Pilot Water Supply and Sanitation Project in Moldova
Gheorghe Madan, Engineer in the Project Implementation Unit, World Bank



- 14:15-15:15** Travel time to Orhei for Water Utility “Best Practices” Session
- 15:15-18:00** Orhei Water Utility – general operations, leak detection equipment demonstration
Cristian Murariu, program specialist, Municipal Services Team, LGRP
Hosts: Mayor Șarban, Orhei and Pavel Panuș, Manager of Orhei Water Utility
- 18:00-21:30** Dinner at “**Vatra Haiducului**” Restaurant, Orhei

Thursday, October 2, 2003

- 8:00-8:30** **Breakfast** (Academy of Public Administration)
- 9:00-11:00** Introduction to the Internet. Use of Internet as a source of information in Local Public Administration
Fiscal Decentralization Team in cooperation with the trainers from IATP
- 11:00-11:15** **Coffee break**
- 11:15-13:00** Use of Internet as a source of information in Local Public Administration (Continuation)
Fiscal Decentralization Team in cooperation with the trainers from IATP
- 13:00-14:00** **Lunch** (Academy of Public Administration)
- 14:00-14:15** Report on Issyk-Kul Conference on the Role of Municipal Associations and Experience of Transition Countries in Decentralization
Mihail Formuzal, President of the Gagauz Association of Mayors and members of the delegation, Ion Șarban, on behalf of the Association of Mayors and Local Communities, Tudor Șuiu, on behalf of the National League of the Associations of Mayors
- 14:15-15:30** Effective Advocacy for Decentralization in Moldova: Organizational & Methodological Alternatives
Moderator – Lilia Tverdun, Training and Development Specialist, LGRP
Panel members - one representative from each of the following Associations: the National League of the Associations of Mayors, the Association of Mayors and Local Communities, Gagauz Association of Mayors, the Association of Women Mayors,
- 15:30 -16:00** **Best Practices Competition among local governments of Moldova:** Goals, conditions, terms
Duane Beard, LGRP Chief of Party
- 16:00– 16:15** Closing remarks.
Andrei Cantemir, Democracy and Governance Senior Specialist
- 16:15 -16:30** **Coffee break**
- 16:30** Departure

ANNEX II

LIST OF PARTICIPANTS

SECOND QUARTERLY MAYORS MEETING

	Mayor	Community
1.	Mihail Cheibaș	Anenii Noi
2.	Anatol Sîrbu	Antonești
3.	Valeriu Tinerelu	Bădiceni
4.	Pahomenco Iurie	Bălți
5.	Anatol Prodan	Biruința
6.	Alexei Gherman	Briceni
7.	Gheorghe Zagorodnîi	Cahul
8.	Valeriu Rusu	Călărași
9.	Angela Danalachi	Cantemir
10.	Vladislav Cociu	Carahasani
11.	Mihail Formuzal	Ceadîr-Lunga
12.	Ion Alexandreanu	Cimișlia
13.	Maria Știrbu	Colibași
14.	Margareta Andrieș	Cornești
15.	Liubomir Sacara	Fălești
16.	Iurie Țap	Florești
17.	Galina Acriș	Geamăna
18.	Dumitru Hodorozea	Gribova
19.	Victor Rusu	Nisporeni
20.	Galina Zalevscaia	Ocnîța
21.	Ion Șarban	Orhei
22.	Constantin Curnic	Pașcani
23.	Mihail Cuț	Rezina
24.	Vasile Ciobănică	Rosu
25.	Ghenadie Iurco	Sîngera
26.	Gheorghe Brașovschi	Singerei
27.	Vladimir Caldare	Soroca
28.	Gheorghe Calmîș	Strășeni
29.	Alexandru Creciun	Talmaza
30.	Vitalie Vrabie	Ungheni
31.	Petru Dogocher	Vatici
32.	Gheorghe Burlac	Viișoara
33.	Nadejda Darie	Zberoaia

THIRD QUARTERLY MAYORS MEETING DECEMBER 18 TO 19, 2003

The third Quarterly Mayors Meeting (QMM) was conducted on December 18-19, 2003 at the Academy of Public Administration. Thirty-six mayors and six Peace Corps Volunteers assigned to work with the LGRP partners, in Basarabeasca, Orhei, Ciadir-Lunga, Ialoveni, Zberoaia, and Geamana participated at the event. The theme of the venue was potential perspectives for municipal type association development within the context of a new political landscape in Moldova. At the previous QMM, participants suggested to convene a separate QMM that would consider the issues of consolidating Mayors Associations, which is a critical element of local government functioning and also an effective tool of advocacy at the central level. Thus, the agenda was assembled to cover the role of municipal associations in promoting the real local decentralization and in providing efficient public services.

The event started with a presentation made by Mr. Formuzal, the Mayor of Ciadir-Lunga, in which he talked about his participation at the International Conference in Moscow on “*Decentralization and Development of Local Autonomy*” (co-sponsored by the Institute of Urban Economics – Moscow and the Urban Institute, Washington, DC). In his report, Mr. Formuzal exposed the audience to practical case studies from different countries regarding the active role of Mayors Associations in defending the principles of local self-governance. Although these associations often have their own policy agenda, they ultimately speak with one voice when the matter concerns local autonomy and the operational environment of mayors. However, the process of consolidating various weak and dispersed municipal type associations in the context of Moldova is a complicated issue, which requires strategic vision, flexibility, and ability to compromise on the part of the mayors.

Different experiences of functioning Municipal Type Associations were presented in reports made by two delegations of mayors, who are LGRP partners that recently returned from a study tour to the neighboring countries of Ukraine and Romania. The Ukrainian model is based on the idea of shaping an association on the basis of municipalities. As a result, the Association of Ukrainian Cities (AUC) was founded in June 1992 to unite the major part of the cities of Ukraine for future cooperation and in order to gain respect from the governmental bodies. At that time, it consisted of 35 member cities. At present, the Association of Ukrainian Cities unites about 400 cities, more than 85% of the Ukraine urban population. In Romania, another approach is in place: different cities/villages and mayors associations are united under the umbrella of the Congress of Local Authorities, which acts as a single entity.

In Moldova, the spectrum of municipal type associations is very dispersed. At present, there is an assortment of Mayors Associations, five of which are not party affiliated (NLAM, AMLCM, Association of Mayors of Gagauz Yery, Association of Regional and Local Authorities, and the Association of Women Mayors). The prospective of having one single Mayors Association is quite dim since each of them is striving to eliminate the importance of being one single entity. However, the future position of Mayors Associations in Moldova still remains on the agenda. In this regard, the participants of the QMM expressed different thoughts and suggestions on how to consolidate the voice of the existing Mayors Associations. At the beginning, it appeared that it could be an entity similar to the Romanian model.

Following these presentations, a round table discussion focused on recent developments concerning Mayors' Association in Moldova was convened. Mayors shared their impressions, opinions, and suggestions regarding the potential building of a strong organization. Three different strategies were laid

out: (i) a single association, (ii) a consortium/congress, (iii) two or three strong and capable associations. The critical element left in this equation is to find a common ground/ issue that will unite the mayors regardless of their political aspirations.

Skill-building sessions of the meeting focused on communication tools and European integration. The LGRP Democracy & Governance Specialist, Natalia Motili, made a presentation concerning her internship at the Council of Europe in Strasbourg. She shared with the participants the organizational and the operational structure of this prestigious international organization as well as aspects related to the Council of Europe's relationship with Moldova. Mrs. Claudia Craciun, a well-known specialist in the field of communication, brought communication and negotiation tools for the public officials participating in the QMM. The session was very well received, and at its culmination the mayors requested to increase the number of skill-building sessions on associated topics, such as diplomatic protocol.

In the evening of the first day of the Quarterly Mayor's meeting, the LGRP hosted an annual holiday reception that was attended by Her Excellency, the Ambassador of the United States, Heather Hodges, as well as by the USAID Chisinau Country Director John Starnes and Deputy Country Program Officer Mark Levinson. Thus Ambassador Hodges and the Senior USAID officials in Moldova had an opportunity to interact informally with mayors of LGRP partner communities. Her Excellency, the Ambassador of the United States, delivered a short speech to mayors.

ANNEX I

THIRD QUARTERLY MAYORS MEETING OF LGRP PARTNER COMMUNITIES

MEETING AGENDA

December 18-19, 2003
Chisinau, Academy of Public Administration

Thursday, December 18

- 12:30-13:00** Arrival and registration of the participants for the Quarterly Mayors' Meeting
- 13:00-13:15** Welcome /Introductions - Quarterly Mayors' Meeting
Duane C. Beard, Chief of Party
- 13:15-13:35** Report on the Conference in Moscow on Decentralization and Development of Local Autonomy (Co-sponsors: Institute of Urban Economics – Moscow and the Urban Institute – Washington)
Mihail Formuzal, Mayor of Chadyr-Lunga
- 13:45-14:30** Mayors' study tour to Ukraine: a presentation by the members of the delegation.
Vasile Panciuc, Mayor of Balti, Ion Alexandreanu, Mayor of Cimislia, Liudmila Degtearenco, Mayor of Basarabasca, Valentin Gutan, Mayor of Cricova, other members of the delegation.
- 14:30-15:15** Mayors' Associations in other countries: a study tour regarding the experience of Romania
Maria Stirbu, Mayor of Colibasi, Victor Rusu, Mayor of Nisporeni, Iurie Tap, Mayor of Floresti
- 15:15-15:45** **Coffee break**
- 15:45-16:45** Round table discussion of recent developments concerning Mayors' Associations in Moldova: sharing impressions, opinions and suggestions
Moderator: Dr. Andrei Cantemir, Democracy and Governance Team Leader
- 16:45-17:30** Local Government in America through eyes of Mayors from Moldova: a planning session for Mayors' study tour to America
- a) Presentation of the purpose /concept of the visit
Duane Beard, Chief of LGRP
- b) Planning for the study tour:
- What aspects of US local governments are of interest to LGRP partner mayors?
 - What information should be gathered?
 - Planning for preparation of the post tour video/report for the March 2004 Quarterly Mayors Meeting;
 - Team and /or individual assignments.
- Moderator - Lilia Tverdun, Training and Development Specialist, LGRP*
- 18:00-20:00** **Reception at "Codru" Restaurant**

Friday, December 19, 2003

- 8:15-8:50** **Breakfast** (Academy of Public Administration)
- 9:00-9:30** Moldova and the Council of Europe: “a look from inside”. Presentation including a 15 minutes film describing the Council of Europe
Natalia Motili, Program Specialist, Democracy and Governance Team
- 9:30-10:30** **Skill Building Session:** Communication Skills for Public Officials. **Part I.**
Claudia Craciun, University Lecturer, PhD in Pedagogy
- 10:30-11:00** **Coffee break**
- 11:00-12:00** **Skill Building Session:** Communication Skills for Public Officials. **Part II.**

Claudia Craciun, University Lecturer, PhD in Pedagogy
- 12:00-12:30** UNDP Project Local Agenda 21: current Status Quo and future plans
Stela Mocanu, Project Manager
- 12:30-13:00** Closing remarks
Duane C. Beard, Chief of Party; Mayors; LGRP staff
- 13:00-14:00** **Lunch** (Academy of Public Administration)
- 14:00** Departure of participants

ANNEX II

LIST OF PARTICIPANTS

THIRD QUARTERLY MAYORS MEETING

	Mayor	Community
1.	Mihail Cheibaș	Anenii Noi
2.	Anatol Sîrbu	Antonești
3.	Michel Chertudi	Antonești
4.	Valeriu Tinerelu	Bădiceni
5.	Vasile Panciuc	Bălți
6.	Gheorghe Bătrînu	Bălăurești
7.	Liudmila Degtearenco	Basarabeasca
8.	Anatol Prodan	Biruința
9.	Alexei Gherman	Briceni
10.	Ludmila Ciaglic	Calfa
11.	Angela Danalachi	Cantemir
12.	Vladislav Cociu	Carahasani
13.	Mihail Formuzal	Ceadâr-Lunga
14.	Maria Știrbu	Colibași
15.	Constantin Taușanji	Comrat
16.	Margareta Andrieș	Cornești
17.	Valentin Guțan	Cricova
18.	Galina Acriș	Geamăna
19.	Dumitru Hodorogea	Gribova
20.	Nicolai Secieru	Ialoveni
21.	Victor Rusu	Nisporeni
22.	Galina Zalevscaia	Ocnîța
23.	Ion Șarban	Orhei
24.	Constantin Curnic	Pașcani
25.	Mihail Cuț	Rezina
26.	Vasile Ciobănică	Rosu
27.	Ghenadie Iurco	Sîngera
28.	Vladimir Caldare	Soroca
29.	Vladimir Botnari	Strășeni
30.	Vladimir Darie	Suruceni
31.	Alexandru Crăciun	Talmaza
32.	Vitalie Vrabie	Ungheni
33.	Petru Dogocher	Vatici
34.	Gheorghe Burlac	Viișoara
35.	Nadejda Darie	Zberoaia

FOURTH QUARTERLY MAYORS MEETING **April 27-28, 2004**

The 4th LGRP Partner Quarterly Mayors Meeting (QMM) was held at the Academy of Public Administration, on April 27-28, 2004. Forty-five mayors attended this meeting which highlighted “*Local Governance in America: Through the Eyes of Moldova Mayor.*” Eight mayors from LGRP partner communities shared information, impressions and lessons learned from their recent study tour to the USA. The schedule for this meeting was split into eight mini sessions with each mayor presenting as follows: *Legal Framework of Local Government in the USA* (presenter: Victor Rusu, Mayor of Nisporeni); *Responsibilities, Functions, and Operations of US Local Governments* (presenter: Vasile Panciuc, Mayor of Balti); *Policy, Leadership Roles and Responsibilities of US Mayors* (presenter: Anatol Prodan, Mayor of Biruinta); *Finance and Budget for US Local Governments* (presenter: Ludmila Ceaglic, Mayor of Calfa); *Local Economic Development in US Communities* (presenter: Anatol Moldovan, Mayor of Ialoveni); *US Local Government’s Accountability to Citizens* (presenter: Nadejda Darie, Mayor of Zberoaia); *Roles and Functions of Municipal Type Associations in America* (presenter: Iurie Tap, Mayor of Floresti), *Intergovernmental Relations in the US* (presenter: Ludmila Degtearenco, Mayor of Basarabasca).

It is worth mentioning that seven mayors utilized PowerPoint to increase the effectiveness and interest in their presentations. For several of the mayors, this was their first exposure to creating and using PowerPoint presentations. Before the study tour sessions the participants watched a video “*America through the Eyes of Moldova Mayors,*” documenting the mayors’ study tour to the USA. The video and presentations showed a clear picture of American local governments and the differences between American and Moldavian systems of administration.

In the evening on the first day, the LGRP hosted a recognition ceremony for the communities who participated in the first Best Practices Competition. In 2003, the LGRP launched the first best practices competition among local governments in Moldova. The call for proposals was extended to all local governments in Moldova, with all cities, communes and villages eligible to submit nominations. The best practices competition covered five categories, which reflect the critical functions carried out by the local authorities. The categories were as follows: (1) citizen participation, (2) economic development, (3) innovative organization, (4) municipal services, and (5) municipal finance. Applicants submitted a four-page narrative that described how the local government dealt with a specific problem or challenge through the implementation of a program that focused on one of the five categories.

The deadline for submitting the application forms was January 16, 2004. Ten localities submitted a total of 12 narratives to be evaluated in the Best Practices Competition. Of the twelve proposals, LGRP partner communities submitted seven, and two jurisdictions submitted two different proposals. The breakdown of the best practices nominations were as follows: four under citizen participation, three on innovative organizations, two on Municipal Services (gas supply and solid waste management), two on local economic development (fishery development and introduction of the single tax) and one under local finance. A selection committee processed all of the nominations and judged the proposal on previously announced criteria.

At the banquet, participants were recognized for their efforts and awards were presented according to three categories. Category I, Best Practice: Cimisia, Sarata Galbena, Ocnita, Chiscareni, Nisporeni 1, and Nisporeni 2 received a set of Professional Books and a plaque; Category II, Honorable Mention:

Geamana, Antonesti and Viisoara also received a set of Professional Books and a plaque; Category III, Certificate of Participation: Comrat, Sarata Galbena and Poganesti received, a framed Certificate of Participation.

ANNEX I

AGGENDA

FOURTH QUARTERLY MAYORS' MEETING OF LGRP PARTNER COMMUNITIES MEETING AGENDA

April 27-28, 2004
Chisinau, Academy of Public Administration

Moderator - Lilia Tverdun, Training and Development Specialist, LGRP

Tuesday, 27 April

- 12:30-13:00** Arrival and registration of the participants for the Quarterly Mayors' Meeting
- 13:00-13:15** Welcome /Introductions - Quarterly Mayors' Meeting
Duane C. Beard, Chief of Party
- 13:00-13:15** **"America through the Eyes of Moldova Mayors"**
Video of mayors' study tour to the USA
- 13:15-14:00** Legal Framework of Local Government
Victor Rusu, Mayor of Nisporeni
- a) The legislative framework concerning Local Government
 - Separation of powers among different levels of governments
 - b) State language issues (if any)
 - c) The impact of party affiliation of the local council members and mayors
 - d) Different alternatives and legal forms of local government (mayor council/council manager)
 - e) Permissive versus mandatory legislation and structuring of city charters
 - f) Standards of ethical behavior for public officials
 - Do mayors have the right to affiliate with a political party?
 - Do political parties influence the activities of local government?
- 14:00-14:45** Responsibilities, Functions, and Operations of Local Governments
Vasile Panciuc, Mayor of Balti
- a) The functions of local government
 - The role of local government in providing social assistance
 - The role of local government in education, arts, athletics
 - b) Local government responsibilities in law enforcement
 - c) Social assistance to the poor
- 14:45-15:30** Policy Leadership Roles and Responsibilities of Mayors
Anatolii Prodan, Mayor of Biruinta
- a) The duties and responsibilities of the mayor on a daily basis

- b) The relationship between the mayor and the local council
- c) The public relations service in the mayor's office
- d) The relationship between the sheriff and the mayor.

15:30-15:50 Coffee break

15:50-16:35 Finance and Budget for Local Governments

Ludmila Ceaglic, Mayor of Calfa

- a) The budgetary process of local government
- b) System of intergovernmental transfers and revenue sharing
- c) Federal and state financial supervision of local governments
- d) Federal subsidies to the agricultural sector that impact local government (if any)

16:35-17:20 Local Economic Development

Anatol Moldovan, Mayor of Ialoveni

- a) The role of the local government in local economic development
 - Cooperation between non-governmental organizations and local government
- b) The role of local government in community development

18:00-20:00 Dinner at Restaurant “Дубовая роща”

Wednesday, 28 April

8:15-8:50 Breakfast (*Academy of Public Administration*)

9:00-9:30 Local Government's Accountability to Citizens

Nadejda Darie, Mayor of Zberoaia

- a) Civil control over local governments
- b) The relationship between the sheriff and the mayor.
- c) Cooperation between non-government organizations and local government

9:30-10:30 Roles and Functions of Municipal Type Associations

Iurie Tap, Mayor of Floresti

- a) Associations of Mayors, Municipal Leagues, Cities and Towns Associations, Township Associations

10:30-11:00 Coffee break

11:00-11:45 Intergovernmental Relations

Liudmila Degtearenco, Mayor of Basarabeasca

- a) System of intergovernmental transfers
- a) Separation of powers among different levels of government
- b) Federal and State supervision of local governments



- 11:45-12:30** Closing remarks
Duane C. Beard, Chief of Part; Mayors; LGRP staff
- 12:30-13:30** Lunch (*Academy of Public Administration*)
- 13:30** Departure of participants



ANNEX II

LIST OF PARTICIPANTS
FOURTH QUARTERLY MAYORS MEETING

	Mayor	Community
1.	Mihail Cheibaș	Anenii Noi
2.	Anatol Sîrbu	Antonești
3.	Valeriu Tinerelu	Bădiceni
4.	Gheorghe Bătrînu	Bălăurești
5.	Vasile Panciuc	Bălți
6.	Liudmila Degtearenco	Basarabeasca
7.	Anatol Prodan	Biruința
8.	Alexei Gherman	Briceni
9.	Gheorghe Zagorodnîi	Cahul
10.	Ludmila Ceaglic	Calfa
11.	Angela Danalachi	Cantemir
12.	Vladislav Cociu	Carahasani
13.	Gheorghe Zaremba	Căușeni
14.	Mihail Formuzal	Ceadîr-Lunga
15.	Ion Alexandreanu	Cimișlia
16.	Maria Știrbu	Colibași
17.	Constantin Tausanji	Comrat
18.	Valentin Guțan	Cricova
19.	Leonid Jidacevschii	Edineț
20.	Iurie Țap	Florești
21.	Galina Acriș	Geamăna
22.	Iurie Evteev	Glodeni
23.	Alexandru Botnari	Hîncești
24.	Anatol Moldovan	Ialoveni
25.	Mihail Catan	Molești
26.	Victor Rusu	Nisporeni
27.	Galina Zalevscaia	Ocnîța
28.	Vladimir Popusoi	Orhei
29.	Constantin Curnic	Pașcani
30.	Mihail Cuț	Rezina
31.	Vasile Ciobănică	Rosu
32.	Ghenadie Iurco	Sîngera
33.	Vasile Nerpi	Sîngerei
34.	Vladimir Botnari	Strășeni
35.	Alexandru Creciun	Talmaza
36.	Gheorghe Burlocov	Taraclia
37.	Vitalie Vrabie	Ungheni



- | | | |
|-----|-------------------|----------------|
| 38. | Petru Dogocher | Vatici |
| 39. | Gheorghe Burlac | Viișoara |
| 40. | Constantin Bozbei | Vulcănești |
| 41. | Nadejda Darie | Zberoaia |
| 42. | Stefan Vlas | Sarata Galbena |
| 43. | Anastasia Hatmanu | Poganesti |
| 44. | Silvia Turcan | Chiscareni |
| 45. | Iulian Rotaru | Rosietici |

FIFTH QUARTERLY MAYORS MEETING JULY 27 TO 28, 2004

The fifth Quarterly Meeting of Mayors (QMM) from LGRP partner communities was a unique one in many aspects. First, this meeting had the largest number of participants of all QMMs with forty-five mayors, six Peace Corps Volunteers and representatives from the Association of Social-Liberal Mayors and Councilors and the Association of Christian Democrat Mayors and Councilors.

Second, the 5th meeting had the greatest number of invited speakers, all of whom announced new opportunities for funding and collaboration. Three presentors were foreigners: J. Starnes, USAID Country Program Officer for Moldova, M. Levinson Deputy Program Officer USAID/Moldova and E. Boyle Eurasia Foundation Regional Director. Two speakers were local: S. Bicenco Program Manager, Economic & Organizational Development Program, U.S. Peace Corps and L. Malcoci, Director of the Department for Community Capacities Development, SIFM. A. Mironic, the Rector of Moldova Academy of Public Administration, also attended the meeting and delivered a presentation.

Finally, John Starnes officially announced the three-year extension for the LGRP.

Three main topic areas were covered in the 5th QMM. First, future plans for the LGRP were outlined, with four items on the agenda detailing plans for the next three years:

- John Starnes announced the extension of LGRP activities for a period of three years. He detailed USAID's expectations for future activities under this project. In particular, he mentioned the project's newest element, the Small Project Assistance Program (SPA), as well as announcing available funds and the number of planned new partners.
- Mrs. Mironic introduced a new collaboration between LGRP and the Academy of Public Administration and outlined an action plan for the recently created Mayors Council. Currently, this Council consists of 8 mayors from LGRP partner communities, all of who participated in a study tour to the USA in 2004.
- Mr. Duane Beard, LGRP Chief of Party, spoke in detail about the new SPA program, outlining the terms, structural elements and expectations for the program.
- In the final presentation, Dr. Cantemir called attention to the role of the strategic plans in accessing the assistance available the SPA program and other technical assistance programs introduced at this meeting.

Second, new and existing technical assistance programs available to local communities in Moldova were covered in four presentations:

- S. Bicenco from Peace Corps Moldova spoke about the advantages of having a Peace Corps Volunteer working in the community, with either a local NGO or local government, showing that PCVs are a valuable resource for the community. She pointed out successes from previous collaborations and spoke about the plans for the incoming group of volunteers and the process by which host communities are selected.

- L. Malcoci from the Social Investment Fund of Moldova made a presentation on the plans and conditions for selecting partners under the new project FISM II. This presentation was well received, with the mayors asking many questions and requesting additional information.
- M. Levinson from USAID Chisinau introduced the audience to the new USAID Citizen Participation Project. In his presentation, Mr. Levinson was very explicit that the Citizen Participation Project was a project to support citizen initiatives to make their own communities better places to live. He was very clear that local governments may only get involved as partners with the citizens groups, formal or informal, or they may not get involved at all if there are time or money constraints.
- The Regional Director of Eurasia Foundation spoke about the foundation's work in Moldova. He outlined the foundation's current activities, opportunities for partnership, and future direction of its programs.

These particular presentations provided substantial information to the attending mayors and made them enthusiastic and ready to establish new partnerships and projects in their own communities.

The final topic covered in this meeting had to do with the issue of Mayors Associations. The current problem in Moldova is that the eight Mayors Associations that exist are not very active, and none of them are active in lobbying mayors' interests with the top decision-making bodies. This is compounded by the fact that local mayors are having difficulty completing their daily functions in their communities, due to overlapping responsibilities with rayon level authorities and detached, if not adverse treasury and budgetary systems.

Mayor Alexandreanu from Cimisia and Mayor Tap From Floresti spoke briefly about the meeting of mayors, held in Vadul-lui-Voda on July 8-9, 2004. About sixteen Mayors who participated in LGRP sponsored business trips met to discuss what they learned abroad in relation to local development and the role of Municipal Associations. These mayors decided to continue this discussion at the next QMM, with representatives from all Mayors associations in attendance.

Following this presentation, the well-known Doctor A. Barbarosie, director of the Institute of Public Policies from Moldova, facilitated a panel discussion with representatives from the Mayor Associations. However, only four associations were represented in this panel, so the absent associations had to be represented by mayors from LGRP partner communities. In fact, only two Association presidents were present at this meeting, the president of the Association of Social-Liberal Mayors and Councilors and the president of the Association of Mayors from Gagauz Yery. The purpose of this session was to explore the possibility of conducting a round table to create an agreement to unite lobbying efforts in the Parliament and Government of Moldova for at least one critical problem that affects all of the Mayors.

The discussions were dynamic and a proposal was developed to invite presidents of all Mayors Associations to a round table where they could discuss joint efforts in lobbying common issues and the call for a single national organization of local authorities. An agreement was made by the mayors present to



convey this new proposal to their own association presidents and seek their attendance at the proposed round table.

In the final session, a Fiscal Decentralization Program Specialist delivered a presentation on Finance and Budget for Local Governments (based on the experience with John Smith Fellowship Program in the United Kingdom), in which he compared the Finance and Budget systems for Local Governments in Moldova and the UK.

In the evening on the first day LGRP invited all the attendees to a dinner at the “Stejaris” restaurant. In the less formal atmosphere, the mayors expressed their gratitude for the efforts made by LGRP in supporting local governments. In addition, they congratulated the LGRP staff for the announced extension and wished them future success.

REPORT ON THE LGRP COLLABORATION WITH THE PEACE CORPS

On June 19, 2003 mayors from LGRP partner communities attended a meeting in the LGRP partner community of Antonesti. The purpose of this meeting was to discuss the advantages of applying for Peace Corps volunteers to serve in the local mayoralities. Silvia Bicenco, Peace Corps Economic and Organizational Development (EOD) Program Manager also attended this meeting. Mayor Anatol Sirbu of Antonesti and Mikel Chertudi, the Peace Corps volunteer assigned to the mayor's office, hosted a tour of the community. Many of the mayors expressed interest in collaborating with and applying for a Peace Corps volunteer to live and work within their community. The annexes below provide the documentation of the collaboration process between LGRP and the Peace Corps.

ANNEX I

MEETING ON THE ADVANTAGES FOR COLLABORATION BETWEEN LGRP PARTNER COMMUNITIES AND THE ECONOMIC AND ORGANIZATION DEVELOPMENT PROGRAM OF PEACE CORPS IN MOLDOVA

JUNE 19, 2003

Hosts:	Anatol Sirbu, Mayor of Antonesti Mikel Chertudi, Peace Corps Volunteer, Antonesti
Participants:	Duane C. Beard, LGRP Chief of Party, Silvia Bicenco, Economic and Organization Development Program Manager, Vitalie Danileico, Peace Corps Project Assistant, Robert Schuknecht, LGRP Development Advisor, Aurelia Ciornei, Democracy and Governance Program Specialist, Mayors of 17 LGRP partner communities and representatives from the Non-Governmental Organizational sector in these communities.
Guests:	Sorin Mereacre, Eurasia Foundation
9:00	Meeting in Chisinau/ boarding of buses
9:15 - 11:00	Travel to Antonesti
11:00 - 11:30	Opening/ Presentation by Duane C. Beard, LGRP COP
11:30 -12:00	Presentation by Silvia Bicenco, Peace Corps Economic and Organization Development Program Manager and Vitalie Danileico, Peace Corps Project Assistant
12:00 - 12:15	Question-and-Answer Period

12:15 - 12:30	Coffee Break
12:30 - 13:30	Presentations by Mayor Sirbu of Antonesti and Michel Chertudi, Peace Corps Volunteer assigned to Antonesti
13:30 - 13:45	Question-and-Answer Period
3:45 - 14:30	Tour of Antonesti
14:30 - 14:45	Presentation by Representatives from the Eurasia Foundation
14:45 - 15:45	Lunch/ Departure

ANNEX II

TECHNICAL ASSISTANCE IN APPLICATION FOR PEACE CORPS VOLUNTEERS

During the month of July 2003, the LGRP Development Advisor and LGRP Student Intern provided technical assistance to 19 mayors from LGRP partner communities in completing application forms for possible placement of Peace Corps volunteers within their communities. Included with each application form that was returned to Peace Corps was a copy of the Strategic Plan for Social and Economic Development created by each LGRP community applying for a volunteer. Additionally, 5 other mayors from LGRP Partner Communities completed and submitted on their own the application forms to Peace Corps Moldova.

#		Mayor	Phone Number	Attended Antonessti Meeting	Attended Mayors Round Table	Received Peace Corps Application	Visit Date	Final Signed Application	Application Delivered to Peace Corps
1	Antonești	A. Sîrbu	242-48236	X	X		NA	NA	NA
2	Bădiceni	V.Tinerelu	230-41236	X		X	07/29	07/29/03	08/01/03
3	Balauresti	G. Bătrînu	264-48236	X	X	X	07/23	07/23/03	07/25/03
4	Basarabeasca	L. Degterenco	267-21494 21495	X		X			By Mayor's Office
5	Biruința	A. Prodan	262-61236 61643	X	X	X			By Mayor's Office
6	Calfa	L. Ciaglic	265-37316	X		X		07/20/03	07/25/03
7	Carahasani,	V. Cociu	242-42236 292-20316mb			X			By Mayor's Office
8	Ciadîr-Lunga,	M. Formuzal	261-22504 295-38668mb		X	X	07/21	07/21/03	07/25/03
9	Cimislia	I. Alexandrenu	241-22187 291-61393mb		X		07/21	07/21/03	07/25/03
10	Colibasi	M. Stirbu	253-6223	X	X		N/A	NA	NA
11	Floresti	I. Tap	250-22244 29149108mb		X	X	07/22	07/22/03	07/25/03
12	Geamana	G. Acris	265-68295			X	07/17	07/18/03	07/25/03
13	Ialoveni	A. Moldovan	268-22484 29130650	X	X	X			By Mayor's Office
14	Nisporeni	V. Rusu	264-23242 295-14545mb		X		07/17	07/17/03	07/25/03
15	Orhei	I. Sarban	235-24266 295-67572mb		X		07/22	07/22/03	07/25/03
16	Singera	G. Iurco	413083 291-79202mb		X	X	07/24	07/24/03	07/25/03
17	Suruceni	V. Darie	264-33236 292-49620	X		X	07/28	07/28/03	08/01/03
18	Talmază,	N. Grosu	242-41236	X		X	07/28	07/28/03	08/01/03

#		Mayor	Phone Number	Attended Antonesti Meeting	Attended Mayors Round Table	Received Peace Corps Application	Visit Date	Final Signed Application	Application Delivered to Peace Corps
19	Ungheni	V. Vrabie	236-22437 291-32551mb		X		07/23	07/23/03	07/25/03
20	Vatici	P. Dogoter	235-59036	X		X			By Mayor's Office
21	Zberoaia	N. Darie	264-59236 293-56498	X		X	08/12	08/12/03	08/13/03
22	Pereni	C. Curnic	234-43240				07/24		
23	Ciuciulea	V. Barat	249-79236				07/29		
24	Rosu	V.Ciobanica	239-71248				08/04		

In August 2003, the LGRP Development Advisor and LGRP Student Intern completed technical assistance to mayors from LGRP Partner Communities in completing application forms for possible placement of Peace Corps volunteers within their communities. On August 26th, the Chief of Party and two Development Advisors participated in the Eco-Tourism Conference in the city of Edinet, sponsored by the Peace Corps. The event consisted of a tour of a monastery as well as a walking tour of two nature preserves in the Edinet Region. Mayors and NGO representatives from the LGRP Partner Communities participated in both conferences. The LGRP Chief of Party addressed the participants about the economic impact of Eco-Tourism in Moldova. Additional information about grant funding for Eco-Tourism by the Eurasia Foundation was also presented to the participants.

On September 4, 2003 the LGRP Development Advisor attended a site development meeting at the Mayor's Office in the community of Basarabeasca. Also in attendance was the Peace EOD Program Manager. Basarabeasca was one of five LGRP partner communities assigned a Peace Corps volunteer to work directly with the mayoralty. On September 15, 2003 the LGRP Development Advisor, Municipal Services Program Specialist and the Chief of Party attended a meeting with the Vice-Mayor and the Director of The Free Economic Zone in the city of Ungheni. One of the objectives discussed at this meeting was to assist in placing a Peace Corps volunteer at the Free Economic Zone. A Peace Corps volunteer with educational and practical experience in public relations and marketing agreed to assist the Director of the Free Economic Zone. Ungheni is one of the largest LGRP Partner Communities.

On September 23, 2003, the LGRP Development Advisor and Municipal Services Program Specialist assisted the Chief of Party with a presentation on the history of local public administration in Moldova to newly arrived Peace Corps volunteers. A total of 27 volunteer trainees were given an informational booklet on the history of public administration in Moldova prepared by LGRP staff members. The event took place in Ialoveni, an LGRP Partner Community.

On October 8 and 15, 2003 a total of 20 Peace Corps Trainees, at the request of the Economic and Organizational Development Program Manager of Peace Corps, attended a two-hour presentation by team members of the USAID–Local Government Reform Project (LGRP). Aurelia Ciornei, Democracy and Governance Program Specialist briefed the trainees on the duties and responsibilities of the Democracy and Governance team. She also explained the strategic planning process for LGRP partner communities.



Anatol Mereutai, Fiscal Decentralizations Program Specialist presented an overview of the Fiscal Decentralization team. Victor Manic, Municipal Services Program Specialist, explained the role of the Municipal Services Team. Mayor Anatol Sirbu, Mayor of Antonesti and Mikel Chertudi, Peace Corps Volunteer from Antonesti discussed cooperation between Peace Corps and the LGRP partner communities as well as their experience of working together to implement projects stated within the strategic plan of Antonesti.

ANNEX III**VISIT OF PEACE CORPS TRAINEES TO THE USAID LOCAL GOVERNMENT REFORM PROJECT IN MOLDOVA****AGENDA**

Participants: Aurelia Ciornei, Democracy and Governance Program Specialist, Anatol Mereuta, Fiscal Decentralization Program Specialist, Victor Manic, Municipal Services Program Specialist, Anatol Sirbu, Mayor of Antonesti, Mikel Chertudi, Peace Corps Volunteer, Antonesti and Robert Schuknecht, Development Advisor

Guests: **Victor Rachkevych**
(Project Management Specialist Municipal Development)

Bill Schlansker
(Municipal Development, Office of Democratic and Social Transition)

Silvia Bicenco
(Peace Corps EOD Program Manager)

14:30-16:30 Meeting at Kentford Building – 4th Floor

14:30 – 14:35 Introduction to USAID Local Government Reform Project
(Robert Schuknecht-Development Advisor)

14:35-15:05 Briefing - Democracy and Governance
(Aurelia Ciornei – Democracy and Governance Program Specialist)

15:05-15:15 Briefing - Fiscal Decentralization
(Anatol Mereutai –Fiscal Decentralization Program Specialist)

15:15-15:25 Briefing – Municipal Services
(Victor Manic – Municipal Services Program Specialist)

15:25-15:45 Cooperation Between Peace Corps and LGRP Partner Communities in Implementation of Community Strategic Plans
(Mayor Anatol Sirbu and Peace Corps Volunteer Mikel Chertudi),

15:45-16:00 Question and Answer Period

16:00 –16:30 Refreshments

On November 20, 2003 five Peace Corps Volunteers were officially assigned to work with mayors from the following LGRP partner communities: Basarabeasca, Cheadyr-Lunga, Geamana, Ialoveni and Orhei.



Immediately following the swearing-in ceremony, the new volunteers were provided strategic plans for their respective communities and a proposed schedule of training and collaboration with LGRP. The volunteers were asked to carefully review the strategic plans with their counterparts and identify 4-5 priorities, which they will work on together. At the Quarterly Mayors Meeting on December 18-19, 2003, LGRP staff will be available to answer any questions they may have regarding the strategic plans and the proposed schedule of training and collaboration. The goal is to take the strategic plans from a strategic level to an operational level. Furthermore, LGRP will provide technical support and assistance in such areas as action planning, proposal writing, and distribution of donor lists.

ANNEX IV

November 20, 2003

Ms. Silvia Bicenco
EOD Project Manager
Peace Corps Moldova
Str. Grigore Ureche, 12
2001, Chisinau, MD-2004

Dear Ms. Bicenco:

On behalf of the USAID Local Government Reform Project (LGRP), I want to congratulate you, the Peace Corps staff and new volunteers on the successful completion of Pre-service Training for the Economic and Organizational Development Volunteers of Moldova XII. I also want to thank you for inviting representatives from LGRP to the official Swearing-in Ceremony on November 20, 2003 at the Republic Palace.

Included with this letter are copies of the Strategic Plans for Social and Economic Development for the communities of Basarabeasca, Chadyr-Lunga, Geamnana, Ialoveni and Zberoaia. With assistance from LGRP, local government officials and a very wide range of citizens from each of these communities have worked cooperatively in formulating these community strategic plans. The strategic planning process has been extremely transparent and very instrumental in encouraging interaction between local government officials and citizens. Both groups have discovered common interests in the process of jointly confronting and solving problems facing their communities. In many ways the community strategic planning process fits very well with the Peace Corps model of "grass roots" community participation. We believe that by working closely with the mayor and citizens, the long Peace Corps tradition of PCVs helping communities to achieve self-determination and locally directed development will be materially advanced. With further assistance from the Peace Corps volunteers who have been placed in the mayoralities and living in these communities, it is our hope that many of the goals and objectives stated within these community strategic plans will be realized.

Thank you for allowing us the opportunity to distribute these strategic plans to the volunteers at the conclusion of the ceremony. We are committed to helping the volunteers and their counterparts of our partner communities with future training and technical assistance

If there is anything we can do to further assist you, please feel free to contact me at 233-000.

Respectfully yours,

Robert M. Schuknecht
Development Advisor
USAID-Local Government Reform Project

ANNEX V

November 20, 2003

Peace Corps Volunteer
Mayors Office
LGRP Community

Dear Mr./Ms.:

On behalf of the USAID Local Government Reform Project (LGRP), I want to congratulate you on your successful completion of Pre-service Training for the Economic and Organizational Development Program of Moldova XII and being sworn-in as a PCV. We hope that your Peace Corps service is a satisfying and rewarding experience.

Included with this letter is a copy of the Community Strategic Plan for your new community. With assistance from LGRP, local government officials and a very wide range of citizens from your community have worked cooperatively in formulating this community strategic plan. The strategic planning process has been extremely transparent and very instrumental in encouraging interaction between local government officials and citizens. Both groups have discovered common interests in the process of jointly confronting a variety of problems facing their community. In many ways the community strategic planning process fits very well with the Peace Corps model of "grass roots" community participation. We believe that by working closely with the mayor and citizens, the long Peace Corps tradition of PCVs helping communities to achieve self-determination and locally directed development will be advanced. With your help as a Peace Corps volunteer, it is our hope that many of the goals and objectives stated within the strategic plan will be realized.

We ask that you please read the proposed schedule concerning anticipated collaboration among you, your mayor and LGRP.

We are committed to helping your counterpart with a program of training, technical assistance and general support as required to help you collaborate successfully to assist in implementation of your new community's strategic plan.

If you have questions, concerns or suggestions, please feel free to contact me at 233-000.

Respectfully yours,

Robert M. Schuknecht
Development Advisor
USAID Local Government Reform Project

ANNEX VI

**PROPOSED SCHEDULE FOR COLLABORATION AND TRAINING: USAID LOCAL
GOVERNMENT REFORM PROJECT AND THE ECONOMIC AND ORGANIZATIONAL DEVELOPMENT
PROGRAM OF PEACE CORPS**

November 20, 2003: Swearing-In Ceremony

- Immediately following the swearing-in ceremony, you will receive a copy of the strategic plan for your community. Included with the strategic plan is a tentative six-month schedule for collaboration and training between your community and LGRP.
- We ask that you carefully review the strategic plan with the mayor and identify 4-5 priorities, which you can work on together. Some of the criteria for establishing these priorities will be:
 - Availability of resources
 - High level of motivation by mayor, citizens and PCV
 - Broad potential for community involvement
 - Realistic and doable during the period of time the volunteers are in service
- Mayors and their Peace Corps counterpart will be invited to attend a special meeting two-hour meeting with LGRP at the Quarterly Mayors Meeting on December 18-19, 2003.

November 28, 2003: Peace Corps Volunteer Fair, Turist Hotel.

- During the Peace Corps All Volunteer Conference, LGRP staff will be available to answer any questions you may have regarding the strategic plan and the scheduled training.
- You will be provided a copy of the tentative schedule in Romanian/Russian during the Peace Corps Volunteer Fair to share with your mayor.

December 18-19, 2003: Quarterly Mayors Meeting

- During the two-hour special meeting with LGRP, Mayors and their Peace Corps counterparts will discuss the strategic plans.
- Each mayor and volunteer will then be asked to select the two priority projects from the strategic plan.
- The goal is to take the strategic plan from a strategic level to an operational level.
- LGRP will provide technical support and assistance in this process. Support and training may be in areas such as: action planning, proposal writing, and distribution of donor lists.

January 15, 2004: Meeting with Mayors and Peace Corps Volunteers

- LGRP will host a brief individual meeting with each mayor and their Peace Corps counterpart.
- The purpose of this meeting is to assist in developing an action plan for implementing the two highest priorities identified in the strategic plan.
- LGRP will conduct a two-hour workshop on developing and implementing project action plans.

March 1, 2004: Study tour to Antonesti, an LGRP Partner Community

- The study tour of Antonesti will show how a successful partnership between the volunteer, mayor and members of the community can succeed with assistance from you, the Peace Corps volunteer.

May 3, 2004: Roundtable

- Peace Corps Volunteers and Mayors will meet at LGRP to discuss the progress of their strategic planning implementation.

On December 18, 2003 Mayors from the LGRP partner communities of Antonesti, Basarabasca, Ceadir-Lunga, Geamana, Ialoveni, Orhei, Zberoaia and the Peace Corps Volunteers assigned to the mayoralities in these communities attended a special training session at the LGRP Training Center. The purpose of this two-hour training session was to discuss effective approaches to the active implementation of the community strategic plans. The ultimate goal of this and subsequent training sessions is to assist each community in taking the community strategic plans from a strategic level to an operational level. During this training session, the LGRP Training Specialist and staff members presented materials on preparing an action plan to assist in implementing priority projects stated within the community strategic plans. Mayors and volunteers, with input from the strategic planning committees from each respective community will select 2 specific priority projects from their strategic plans. They will then prepare an action plan based on the materials presented during the training session. LGRP will then provide technical assistance and support in developing and implementing the priority projects. LGRP will also offer support and technical assistance in action planning and resource mobilization (proposal writing, donor negotiations, etc.).

ANNEX VII

November 28, 2003

City of Basarabasca
City Hall
Honorable Mayor Ludmila Degtearencu

Dear Mayor Degtearencu:

The USAID Local Government Reform Project (LGRP) invites you and the Peace Corps Economic Development Volunteer recently assigned to your community to a special training session on December 18, 2003. This event will be held between 9:30-12:00 at the 8th Floor LGRP Training Center and a lunch will be served. This meeting will precede the Quarterly Mayors Meeting at the Academy of Public Administration.

During the meeting we anticipate representatives from six LGRP communities, along with LGRP staff will discuss approaches to active implementation of the community strategic plans for each respective community. The goal is to assist in taking the community strategic plans from a strategic level to an operational level. We want to see real, concrete projects developed in the very near future. We ask that you select 3-5 priorities from your community strategic plan, which you would like to see realized. We will discuss ways in which LGRP can help you narrow the initial focus to two specific projects. LGRP also can provide technical assistance and support in implementing the 2 priority projects that you will select from your strategic plan. LGRP will also offer support and technical assistance in action planning and resource mobilization (proposal writing, donor negotiations, etc.).

The Peace Corps Volunteer assigned to your community will also be invited to attend the Quarterly Mayors Meeting. As usual, rooms and meals will be provided for all. If you have any questions or comments please feel free to contact Robert Schuknecht or Daniela Haheu at 233- 000.

With respect,

Duane C. Beard,
Project Director
USAID Local Government Reform Project

ANNEX VIII

November 28, 2003

City of Ialoveni
City Hall Ialoveni
Peace Corps Volunteer

Dear Sir or Madam:

The USAID Local Government Reform Project (LGRP) will be conducting a special training session for mayors from LGRP partner communities. This training will be focused on how to work successfully with EOD Peace Corps Volunteers. Your counterpart mayor may be attending this special training session and may invite you to participate. The event will be held December 18, 2003 between 9:30-12:00 on the 8th floor at the LGRP Training Center. This training session will precede the Quarterly Mayors Meeting located at the Academy of Public Administration, which will run from December 18-19, 2003.

At the special training session, we anticipate representatives from six of the LGRP partner communities in conjunction with LGRP staff to discuss effective approaches to the active implementation of the community strategic plans. The ultimate goal is to assist the community in taking the community strategic plans from a strategic level to an operational level. We want to see specific projects developed in the very near future. We have asked the mayors to work in cooperation with the recently assigned EOD volunteer and the community in this process. We have asked them to select 3-5 priorities for immediate implementation from their community strategic plans. We will subsequently discuss ways in which LGRP can help the community narrow the initial focus to two specific projects. LGRP will then provide technical assistance and support in developing and implementing the priority projects from their community strategic plans. LGRP will also offer support and technical assistance in action planning and resource mobilization (proposal writing, donor negotiations, etc.).

We anticipate that you may also be invited by your counterpart mayor to attend the Quarterly Mayors Meeting. Rooms (double occupancy) and meals will be provided for all at the Academy of Public Administration.

If you have any questions and or comments please feel free to contact Bob Schuknecht or me at 233-000.

Respectfully yours,

Duane C. Beard
Chief of Party
USAID Local Government Reform Project

ANNEX IX

December 3, 2003

Ms. Silvia Bicenco
EOD Project Manager
Peace Corps Moldova
Str. Grigore Ureche, 12
2001, Chisinau, MD-2004

Dear Ms. Bicenco:

The USAID Local Government Reform Project (LGRP) invites you to a special "EOD" training session for the mayors from LGRP partner communities. This training will be focused on how to work successfully with Peace Corps EOD Volunteers. Although this is training that LGRP will offer to its partners, the Peace Corps Economic and Organizational Development (EOD) volunteers recently assigned to the Communities would also be welcomed if invited by their counterpart Mayors. The event will be held December 18, 2003 between 9:30-12:00 at the 8th Floor LGRP Training Center. This meeting will precede the Quarterly Mayors Meeting at the Academy of Public Administration, which will be held December 18-19, 2003.

During the meeting we anticipate representatives from six LGRP communities, along with LGRP staff will discuss approaches to active implementation of the community strategic plans for each respective community. The goal is to assist in taking the community strategic plans from a strategic level to an operational level. We want to see specific projects developed in the very near future. We have asked the mayor in cooperation with the recently assigned EOD volunteers to select 3-5 priorities from their community strategic plan. We will discuss ways in which LGRP can help the community narrow the initial focus to two specific projects. LGRP will provide technical assistance and support in implementing the priority projects that the community will select from their community strategic plan. LGRP will also offer support and technical assistance in action planning and resource mobilization (proposal writing, donor negotiations, etc.).

The Peace Corps Volunteer assigned to these communities may also be invited by his or her counterpart mayor to attend the Quarterly Mayors Meeting. As usual, rooms and meals will be provided for all.

If you have any questions or comments please feel free to contact me at 233-000.

Respectfully yours,

Duane C. Beard
Chief of Party
USAID Local Government Reform Project

ANNEX X

**AGENDA FOR SPECIAL TRAINING SESSION: USAID LOCAL
GOVERNMENT REFORM PROJECT (LGRP), MAYORS AND THE ECONOMIC AND
ORGANIZATIONAL DEVELOPMENT PEACE CORPS VOLUNTEERS**

December 18, 2003

The special training session for mayors from LGRP partner communities will be focused on how to work successfully with Peace Corps Volunteers. LGRP staff will discuss approaches to active implementation of the community strategic plans. The goal is to assist in taking the community strategic plans from a strategic level to an operational level. We would like to see specific projects developed in the very near future. We have asked the mayors in cooperation with the recently assigned Peace Corps Volunteers to select 3-5 priorities from their community strategic plan. We will discuss ways in which LGRP can help the community narrow the initial focus to two specific projects. LGRP will provide technical assistance and support in implementing the priority projects that the community will select from their community strategic plan. LGRP will also offer support and technical assistance in action planning and resource mobilization (proposal writing, donor negotiations, etc.).

9:30–9:35 Welcome /Introductions

Duane C. Beard, Chief of Party

9:35-10:35 Creating an Action Plan

Lilia Tverdun, Training and Development Specialist, LGRP

10:35-10:45 Criteria for Selecting Priority Projects

Lilia Tverdun, Training and Development Specialist, LGRP

- Availability of resources
- High level of motivation by mayor, citizens and Peace Corps volunteer
- Broad potential for community involvement
- Realistic and doable during the period of time that the volunteer is in service
- Begin thinking about the two specific priorities for your community

10:45-11:00 Coffee Break

11:00-11:30 Small Group Activities and Discussions

- Each mayor with their Peace Corps Volunteer staff member will discuss among themselves the priorities they have selected from the Community Strategic Plan. Based upon the information for creating an action plan and establishing criteria for selecting projects, the community will then narrow their initial focus to 2 specific projects.

11:30-11:45 Peer Discussions

- In a small group setting two mayors and 2 Peace Corps volunteers will then discuss the methods they will use back in their community to select the two priority projects for their community

11:45-12:00 Conclusion

Robert Schuknecht, Development Advisor, LGRP

- Preparations for January meeting (select priority projects and prepare action plans)
- Present actions plans
- Discuss agenda for the following six months
- Questions and answers

12:00-12:30 Lunch

12:30 Depart to the Academy of Public Administration for Quarterly Mayors Meeting

On December 18-19, 2003 the six Peace Corps volunteers attending the special training session with their mayoral counterparts also attended the Quarterly Mayors Meeting. This opportunity allowed the volunteers to observe first hand the issues facing the mayors from LGRP partner communities. After the quarterly Mayors Meeting, the volunteers attended the reception for the US Ambassador to Moldova, Heather Hodges at the Hotel Cordu.

OPTIMIZING COMMUNITY INVESTMENT PROGRAMS IN THE REPUBLIC OF MOLDOVA

By Adam E. Schumacher, LGRP Development Advisor

EXECUTIVE SUMMARY	2
INTRODUCTION	6
CURRENT COMMUNITY INVESTMENT PROGRAMS	6
Community Action Investment Program (CAIP) Central Asia Republics	7
Social Investment Fund of Moldova (SIFM)	10
Local Agenda 21 Moldova (LA21M)	13
CHALLENGES AND SUCCESSES OF COMMUNITY INVESTMENT PROGRAMS	15
LESSONS LEARNED	18
OPTIMIZING COMMUNITY INVESTMENT PROGRAMS WITH PARTICIPATORY STRATEGIC PLANNING	20
RECOMMENDATIONS	23
REFERENCES	26

Glossary

CSO - Civil Society Organizations
CAIP - Community Action Investment Program
CIC – Community Investment Council
CMO – Community Mobilization Officers
CMM – Community Mobilization Manual
CAS – Country Assistance Strategy
CU – Coordination Unit
EOD – Economic and Organizational Development
IA – Implementing Agency
IMF- International Monetary Fund
LA21M – Local Agenda 21 Moldova
LGRP – Local Government Reform Project
NIS – Newly Independent States
PLA - Participatory Learning and Action
PCV – Peace Corps Volunteer
SIFM – Moldova Social Investment Fund
TRG – Training Resource Group
TOT – Training of Trainers
UNDP – United Nations Development Program
UI – Urban Institute
USAID – United States Administration for International Development
USD - United States Dollar

Executive Summary

Since its independence in 1991, Moldova has been receiving substantial amounts of international donor assistance. Some of this assistance has been allocated in the form of small grant giving programs to help provide much needed investment into local communities. The purpose of this report is to examine how community investment programs can be optimized in a poor, transitional country like the Republic of Moldova. This report also offers to international donors a conceptual framework for crafting future community investment programs in Moldova. Analysis includes an examination of previous and on-going community investment programs in Moldova and in other countries in Eastern Europe and Central Asia including the Community Action Investment Program (CAIP) in Central Asia, the Social Investment Fund of Moldova (SIFM), and Local Agenda 21 in Moldova (LA21M).

In reviewing these community investment programs several issues were identified:

- A key aspect of community investment programs is by what means investments and resources are mobilized. Community mobilization can be used to empower people and local community members to be the ultimate decision makers in the development process that affects their lives. The success of community resource mobilization depends greatly to what extent a transparent and participatory process is utilized with community members and local government. Although each of these

enumerated programs have similar goals in determining their target groups, the process of selecting communities does vary and affects the success or lack thereof of these investment projects.

- Although disbursements of small grants are frequently allocated to civil society organizations (CSOs), in all three of the programs examined in this review there is a clear emphasis on building relationships between civil society with local government. The rationale behind this strategy is twofold. By bringing local government into the process of mobilization as partners will further the process of community development and at the same time help develop civil society at the grass roots level. Resource mobilization should start with local governments engaging their communities. This is evident in that in most cases local government already owns and controls the infrastructure. This means building a partnerships with local government is vital in building sustainability into the projects through local governments ownerships of key infrastructure and its ability to approve and enforce user fees and budgets for maintenance.

As apparent with CAIP, SMIF, and LA21, strategic planning and improved relations between civil society and local government are essential to optimizing community investment programs. USAID/Moldova R4 states, "It is likely that more efficient allocation of local resources can be achieved by assisting local governments leverage those resources in a manner that effectively engages citizens and CSOs in the management of local issues."¹ In regards to Moldova, while LA21 provides perhaps the most comprehensive model of the three in terms of resources and time invested for its target community, the fact remains that LA21 is only working with a limited number of localities. Although MSIF has worked in many more communities in Moldova using a less formalized approach for identification and prioritizing of community needs, just recently they have begun collaborating with Local Government Reform Project (LGRP) in using strategic planning in over several communities. USAID has already very successfully invested a large part of the organizational and process infrastructure to make a community investment program in Moldova with LGRP. It is in the interest of future community investment projects in Moldova to capitalize on the highly successful citizen participation activities that LGRP community partners have conducted in to determine and prioritise needs through open, transparent and participatory community strategic planning and through well publicized formal public hearings.

Based on the analysis in this report, a basic pro forma concept for a community investment program in Moldova has been outlined:

- The primary goal is to improve living conditions for rural populations, particularly the poor. In meeting this goal there are three main objectives: (1) Improve basic economic and social services and infrastructure, (2) Empower communities by strengthening cooperation, participation, decision-making, and management. (3) Increase the accessibility, transparency, and effectiveness and therefore the legitimacy of local governments through enhanced mechanisms for accountability and responsiveness to citizens.
- In the pro forma concept of a community investment program for Moldova all eligible communities would be required to have completed a strategic plan that has been ratified by the local council after a public hearing. Communities that are able to demonstrate they have already prepared and adopted a

¹ USAID, (2001), "Assessment of Non-governmental and Civil Society Organizations in Ukraine and Moldova", USAID/Kyiv Office of Democratic and Social Transition Task Order No. 803-Contract No. AEP-I-00-99-00041-00, 37..

community strategic plan, whether it was self-initiated or through another donor program would be considered eligible. However, no project proposals would be considered valid or be accepted for review unless the council has ratified the strategic plan of the nominating community and the community priority to be met by the project is called out in the actual community strategic plan document.

- For communities that have already completed and adopted the strategic plan, implementing entities should be formally empowered by resolution of the local council, as project representatives for the community. It will be up to the community to determine what sort of implementing entity they deem appropriate regarding the specific project proposal. However, the project proposal must include a detailed account of how the resources for the project were mobilized and how the project will be managed and sustained.
- The program will include four distinct functional areas in which local communities may select for implementing their proposed project. These functional areas include: (1) improving basic municipal services, (2) supporting economic development, (3) improving social development, (4) building capacity of the community for democratic local self-government.
- Much like the process used by the SIFM, in the concept presented here it would be obligatory for representatives from applicant communities to make a presentation in person of their proposal to an executive project review committee. After a project has been funded, applicants will be eligible to apply for a performance contract that will be offered in matching funds for projects that have established beneficiary associations with the local government.
- A point-factor evaluation system based on pre-determined and adopted weighted criteria, which are in-turn based on the adopted goals and interests of the program would be developed to rank project proposals. As an initial invitation would be sent to the Mayors' offices all potentially eligible communities to attend an orientation on the community investment program. At the orientation an overall program description would be presented and potentially eligible communities would be given the opportunity to ask questions. At the orientation interested participants would be provided a comprehensive application with guidelines and instructions.
- The application package would include questions regarding community demographics, annual budget, local contacts, existing organizations and community groups, town meetings, and description of most recent activities to address specific community issues. Questions in the application would include a description of current local strategic issues, problems, opportunities, as well as a detailed account of how the community will mobilize resources for future projects. Project personnel would then choose a pool of candidates and make site visits to provide further assessments and to give the potential recipient community the opportunity to provide additional on-site information. Final selection would be based on the application and site visits. Once communities have been chosen they will then be eligible to apply for project funding in the form of small grants.
- The criteria for projects selected would reflect the projects goal and objectives. However, conceptually they would include the following: (1) purpose of community investment project, (2) goals and objectives of investment project, (3) outputs and key performance indicators of investment projects, (4) monitoring and evaluation methodology for measuring compliance of proposed project with

goals, objectives and policies of community investment project, (5) how the project addresses one of the components for the community investment program (i.e. basic services, economic development, social development, capacity building of local government), (6) explanation of how the projects is contained in the ratified community strategic plan, (7) 15% community contribution including a detailed account of how investments and resources were mobilized (this percentage would be more lenient for poorer communities based on local per capita income), (8) description of qualifications for recipient entity of fund, whether it be a registered CSO, local government, school, community association/group, business cooperation, etc.

- A mobile training unit would provide on-going seminars on such themes as resource mobilization, project development, organizational management, and building partnerships with local governments. There will also be a decisive effort to encourage local CSOs to participate in the public hearings. Specialized trainings will be developed for CSOs and interested citizens on the fundamentals of the budget processes and how they can more actively participate.
- Community meetings would be in the form of public hearings and be planned by the Mayor's office. In this case both citizens and the implementing entities will have an open, unbiased forum to present ideas for implementing projects. Accordingly this will further validate and legitimize the local government's role in the community.

Introduction

Moldova is currently one of the poorest countries in Europe. The transition to a market economy has thus far not contributed to an increase in the standard of living for most of Moldova's citizens. On the contrary, citizens generally feel their quality of life has deteriorated. In general, they feel powerless to improve their situation concurrently increasing emigration is draining the country of both skilled and unskilled workers. Under the current Communist government, political power is becoming more centralized at the national level and there is little indication of significant improvements in community empowerment. Moldova's economic base is primarily agriculture with over 45% of the population living in rural areas, primarily in villages. These villages range from a few hundred to 15,000 residents.

Since its independence in 1991, Moldova has been receiving substantial amounts of monetary and non-monetary assistance from various international donors. Some of this assistance has been allocated in the form of small grant giving programs to help provide much needed investment into local communities. These investments and in some cases, reinvestments have been designed to support a number of projects for economic and social development. The purpose of this report is to examine how community investment programs can be optimized in a poor, transitional country like the Republic of Moldova. In addition, this report provides to international donors a basic conceptual framework for designing future community investment programs in Moldova. As a basis for the recommendations contained herein, this analysis includes a review and examination of previous and on-going community investment projects in Moldova and in other countries in Eastern Europe and Central Asia. Data and resources used for this report include periodic activity reports, materials via Internet, interviews and selected literature.

There are several facets to the concept of optimizing community investments, beginning with the notion that these projects are focusing on real, broad based community priorities. This typically means that through a democratic, participatory process involving the community, issues are determined and are ranked in importance, severity, and urgency. It is also essential that frameworks be established for managing community investments to, not only minimize corruption, fraud, waste, abuse, and mismanagement, but to encourage transparency and trust among all stakeholders. Accordingly, it is vital that investments have a measurable and observable positive impact on the community. By this measurability means the sense that implementing communities can easily see the affects of such investments and gain the self-empowerment to take on new projects.

It is crucial that community investment projects correspond to broader, long-term community strategies. For example, in the town of Colibasi located in one of the poorest regions in Moldova with a population of only 7,000 inhabitants, conflicts have arisen between four youth civil society organizations (CSOs) that are continually competing with each other for the same resources to essentially plan the same activities. This example leads to another issue of whether community investments can be sustained with available community resources and skills. As typical with all too many projects, sole reliance on funding through grants from donors, particularly international donors is hardly sustainable. This is especially true when one considers that in not in the too distant future these sources of funding will be reduced and gradually ceases to exist in Moldova.

Current Community Investment Programs

Throughout Central and Eastern Europe and Central Asia, international donors have adopted various models for community investment programs with varying degrees of success. Three programs in particular have been chosen for analysis because they each have their own distinct models for managing community investment. The programs include: (1) the United States Administration for International Development (USAID)'s Community Action Investment Program (CAIP) in Central Asia, (2) the Social Investment Fund of Moldova (SIFM) sponsored by the World Bank, (3) United Nations Development Program (UNDP)'s Local Agenda 21 in Moldova (LA21M). These programs have also been selected because of their relevance to Moldova. The programs have been operating near and in some cases within Moldova. In reviewing these several community investment programs there is considerable emphasis put on mobilization of investments and resources, selection criteria for target populations and developing relationships between civil society and local government.

Community Action Investment Program (CAIP) Central Asia Republics Program Goals and Objectives

The CAIP is currently operating throughout the Central Asia Republics. The goal of CAIP is to reduce social tensions by implementing a number of small community based projects that concentrate on three central objectives. They are to strengthen community participation, improving social services through community decision-making, and create sustainable jobs. These objectives are synonymous with their overall mission statement which states that, "CAIP serves as a catalyst to actively engage individuals, communities, and institutions in participatory process that will contribute to their enhanced capacity for effective decision-making, resulting in improved lives and livelihoods." ²

CAIP in Central Asia is also designed to assist in reducing corruption, increasing knowledge and human capital, and encouraging information sharing. CAIP focuses on localities in rural areas that typically receive less assistance than urban areas. Several basic indicators are used to monitor to this program including the number of communities with CAIP projects, the number of communities reporting lessened tensions, the number of projects implemented without donor support, and to what extent costs are covered by the community and local government contributions.

Mobilization of Investments and Resources

A key aspect of community investment programs is how investment and resources are mobilized. Community mobilization is a tool for empowering people and local community structures to be the ultimate decision makers in the development process that affects their lives. The success of community resource mobilization depends greatly to what extent a transparent participatory process is utilized with community members and local government.

The community investment program model for CAIP begins with conducting needs assessments and strategic planning workshops with every community partner. After a strategic plan has been developed in which needs are identified and prioritized, community investment councils (CICs) are established. The councils are then trained to organize project appraisals and eventual grant approval. To oversee this process, CAIP hires and trains six Community Mobilization Officers (CMOs), who have already completed a two-week strategic planning workshop along with a general project orientation. CAIP has also produced a Community Mobilization Manual (CMM) comprised of comprehensive project implementation, monitoring

² Brown, Hugh, (2002), "Community Action Investment Program Semi-Annual Report", *Office of Democracy and Media – USAID Central Asia Republics (CAR)* No. CA 115-A-00-02-00023, 2002, 7.

and evaluation tools. This guide is continually being modified and to be used as a guide for the CMOs. The CMOs are also responsible for updating a community project database listing communities, their demographics, and types of projects implemented. As of January 2003, these six CMOs have conducted community mobilization and strategic planning workshops in 18 communities.

To date all 18 partnering communities have formed CICs through an election process overseen by CMOs and project personnel. CICs are comprised of five or seven members with a requirement that each CIC includes at least two women. CICs are designated as the main contacts in the community for CAIP staff. As facilitators within the local community, the CIC is responsible for distributing information, mobilizing resources and organizing activities for project implementation. It has been discovered that some communities already have in place a similar structure to a CIC, such as community steering committees or associations. In such cases a separate group is not being formed. Instead CAIP staff includes these existing groups in training for planning public meetings. On-going training in community mobilization and media outreach is being provided for these CICs to help ensure that these entities will become more effective and sustainable community-based investment councils. These trainings also include specialized sessions with specialists in such areas as public education, small business development, and working with local government.

In all of these communities, CAIP staff works with respective community members and county/raion-elected officials to gather additional information for more effective decision-making to identify target communities and potential community projects. There are also efforts put forth a strategy for regional training to link communities inter-regionally with each other and with local government representations and CSOs. Part of this strategy is the premise that bringing local government into the mobilization and training process with community members is the most effective, sustainable tool for promoting civil society and transparency.

During the first six months of the CAIP project it was discovered that three communities CAIP was assisting in Kyrgyzstan had previous experience working with USAID's Local Government Initiative and a grant program sponsored by the Soros Foundation. In-country staff of CAIP noted that in these communities it was much easier than other community partners to mobilize resources and identify community priorities. Mobilization activities in these three communities primarily consisted of conducting three strategic planning meetings for each community. The local staff assisted in developing project proposals with budget, monitoring, and action plans. This experience suggests that the CAIP could be more effective and could make most efficient use of its financial resources by using previous project efforts as its "springboard".

As in the case with the other community partners of CAIP in Central Asian Republics, a longer-term community mobilization methodology is being used. This includes conducting door-to-door interviews, surveys and organizing public meetings in which local officials interact directly in open forum with the community members. A series of activities are being implemented that consist of community mapping, gender role analysis, community history chart, and seasonal calendar exercises. All of these exercises are drawn from the CAIP community mobilization manual. Once these activities have been completed the CAIP moves forward in developing community strategic plans "In total, depending on the respective community five to seven strategic planning meetings were held with each longer-term CAIP partner."³

³ Brown, Hugh, (2002), "Community Action Investment Program Semi-Annual Report", *Office of Democracy and Media – USAID Central Asia Republics (CAR)*, No. CA 115-A-00-02-00023, 2002, 9.

Selecting Target Communities

Although each of these enumerated programs have similar goals in determining who are their target groups, the process of selecting communities does vary somewhat and can have a major impact on the success of these investment projects.

Although CAIP's community selection criteria are continually being refined, some of the main components include, evaluating the community's history of conflict and potential for such issues to reoccur. Additional factors are considered regarding vulnerability to changing economic opportunities, natural disasters, absence of safety nets, and negative externalities. Assessments are made of available access to resources, level of poverty, eagerness to improve their lives, project feasibility, and potential for collaboration with other donors. Target groups include communities with 1,000 – 4,000 people and localities with unusually high range of population density.

Site visits to communities are made to provide initial and follow-up assessments by CMOs, Potential recipients are also weighted on their level of active participation in strategic planning and training activities as well as cooperation with CAIP local staff. Project proposals are ranked by their demonstrated quality of citizen participation, amount of community contribution and overall impact on the community. "Engineers at the regional level select the proposals according to the following criteria: (a) number of beneficiaries; (b) cost per beneficiary; (c) urgency of project for the village; (d) number of part project received by the village organization (VO); and size of the VO contribution." ⁴ In determining the impact of projects, particularly emphasis is put on the number of beneficiaries, improvements to existing infrastructure, and expansion of basic municipal services.

Facilitating Relationships Between Civil Society and Local Government

Throughout rural Moldova as in other struggling transition countries, many community members have not yet been able to overcome their distrust and cynicism about collaboration and collective action. Although disbursements of small grants are primarily allocated to CSOs, in all three of the projects there is a clear emphasis on building relationships between civil society and other community stakeholders with their local government. The rationale behind this strategy is twofold in the sense that by bringing local government into the process of mobilization as partners will not only further the process of community development, but will at the same time help develop civil society at the grass roots level. Ideally this increased in engagement between citizens and local governments should lead to great demands on and accountability from local governments. Local government as a stakeholder and a contributor builds sustainability into the project. This includes involving local government officials in trainings and participatory processes to facilitate into practice developing strategies and solutions to community problems in a transparent manner. This is not to assume that every type of community investment project and civil society activity require partnerships with local government. Nonetheless, there does appear to be activities of interest to civil society, such as public services, community infrastructure, and economic development for which collaboration and partnership between local government and civil society forges a framework for program sustainability.

One of the key objectives for CAIP is that these CICs will ultimately evolve into the locality as a permanent entity to promote civil society and community development. Such an entity should be involving local government to work together, identify problems and come up with solutions. To support this objective

⁴ USAID, (2002), "Community Investment Semi-Annual Report", *Office of Democracy and Media – USAID Central Asia Republics (CAR)*, No. CA 119-A-00-02-00022-00, 5.

CMOs are being trained in organizational development, advocacy/governance, and working with local government. CMOs should be transferring these skills to their partner CICs. On-going training is considered an important channel for encouraging community mobilization and building relationships with CSOs and local government. These trainings are designed to build the confidence of the community mobilization team members to work with community members, leaders and local government authorities.

CAIP recognizes that nurturing relationships between civil society and local government also depend on the kinds of community development projects that are being implemented. Based on the experiences of current community partners, the majority of target communities the first and perhaps the second prioritized projects to be implemented will be related to rehabilitation of infrastructure. In most of the communities targeted by CAIP thus far, the majority of the citizens prefer have a previously functioning municipal service system repaired or replaced. It is these types of projects where resource mobilization with the local government is in particular essential because local governments own the assets and in most cases are legally responsible for service delivery provided through local infrastructure. Therefore local government plays an additional important role because it has the preexisting knowledge and resources to help manage such projects. Moreover, as a matter of current law in most countries, community based groups lack the unilateral authority to become involved in the operation, maintenance or even repair of infrastructure items such as water-sewer systems, roads, public buildings, etc. However, such limitations may be easily overcome by developing simple partnerships with local government and community groups.

Social Investment Fund of Moldova (SIFM)

Program Goals and Objectives

Although the overall goal of SIFM does not focus on reducing ethnic tensions, as does CAIP, the goal of SIFM is to support community development. “ The two project development objectives are to: help empower rural communities by strengthening their capacities to make decisions, organize, and manage; and to improve the quality of basic social and economic services for rural populations in Moldova, particularly the poor”.⁵ These projects support the overall Country Assistance Strategy (CAS) prepared by the World Bank and International Monetary Fund (IMF) for longer-term public and social sector reform with focus on poverty alleviation. This includes improving coverage and targeting of social services to the poor and supporting growth in the private sector. The SIFM is targeting poor, rural communities that have previously received limited if any donor assistance. This program aims to improve economic and social infrastructure and services through small micro project investments, such as health centers, schools, water systems, natural gas service, and roads. SIFM is also seeking to build local community capacity in decision-making and management. In addition SIFM is supporting projects that will generate short-term local employment and stimulate the private sector.

Mobilization of Investments and Resources

The SIFM approach to community mobilization also focuses on participatory processes. While the primary beneficiaries for SIFM small grants are geared toward poor communities in rural areas, and vulnerable groups, attempts are made to include input from local government officials, teachers and other professionals who are employed in these communities. Initially SFIM requires that each community have a community meeting with a mandatory attendance of approximately 25% of the population. At these

⁵ World Bank, (1999), “Project Appraisal Document on Proposed Credit in the In the Amount of US\$ 15 Million Equivalent to the Republic of Moldova for a Social Investment Fund”, *World Bank Publications*, Report No, 18401-MD, 3.

meetings a local election is held to from implementing agencies (IA). IA's serve as the key decision-makers in how best to organize and reach a consensus on prioritizing needs.

Overall SIFM is designed to provide basic community action skill development to approximately 600 communities in Moldova. At the same time SIFM provides increasingly targeted support to the communities most likely to succeed in mobilizing citizens to participate in local decision-making. A community development and action-training program is provided to community leaders and other interested individuals in at least 200 communities. Further training is organized to a smaller group of leaders and initiative groups that express interest in pursuing community action as well as those that are identified by trainers. These trainings and technical assistance covers such topics as community action plan development, public hearings, and project design.

Grants are awarded to communities who have engaged in using the action plan development and project design methodologies and achieved substantial community support and participation through volunteering, in-kind donations, etc. It is the responsibility of the IA's to generate the required a 15% financial community contribution as well as develop the project design, financial management and monitoring. These small projects require a large share of the community contribution in cash depending on the type of project. For example economic development projects require 7.5% from the community while there is a 3% cash requirement for social infrastructure.

To increase the transparency and monitoring of mobilization activities, the SFIM has introduced additional steps before grants are awarded. After a project has been submit the representing IA must present it and explain its intrinsic worth to the Executive Staff of MISF. The second step is referred as "Participatory Technical Appraisal (or Participatory Verification)".⁶ This allows any interested community member together with the SFIM staff and IA to contribute to the monitoring and verification process of project activities. This is conducted in addition to routine technical appraisals conducted by SIFM staff.

Selecting Target Communities

SIFM's priorities are based on the capacities and leadership of each village in terms of undertaking a successful project. The urgency of basic infrastructure rehabilitation needs is also considered. The methodology uses detailed demographic information from initial visits and then identifies and ranks those least advantaged villages into a "high priority" group. SIFM then targets its specialized technical assistance to this group first, helping communities prepare small projects. In order to encourage initiative and participation, all rural villages are eligible to apply for small grants, and award to exceptionally meritorious projects.

Facilitating Relationships Between Civil Society and Local Government

MSIF project methodology for increasing participation in civil society is in large part aimed at shifting responsibilities to the local level and strengthening active participation of the citizenry in local communities. At the same the MSIF is helping to improve responsiveness and accountability of local government, and offering opportunities for new partnerships between CSOs and local government in the management of economic and social infrastructure. This is reflective in its high priority to sustainability, particularly the operation and maintenance of small projects. The community project proposal and application requires a

⁶ Bezhanayan, Anush and Ionascu, Alexei, (2002), "Social Funds Innovation Update", *World Bank- Chisinau Office*, Volume No. 1, 1.

formal agreement that all implementing agencies to work together with the local government to develop sustainability plans that describe both financial and institutional arrangements for the post-project period.

In order to ensure sustainability of these projects and at the same time help build relationships between civil society and local government, the SFIM encourages the creation of local municipal associations and CSOs to maintain such projects as new water systems, school repairs, and other social infrastructures. To facilitate this once the projects are completed, the SIFM offers 2-year “performance contracts”. A performance contract is created with beneficiary associations and local government in which the SIFM will match additional private funds raised by the community up to \$500 per year for various community development activities, including technical trainings and assistance. SIFM believes that for these projects, participation by local governments should help them become more responsive, accountable, and involved in partnerships with the community. In turn, the local government will benefit from SIFM project support for improved local infrastructure and services, as well as training and technical assistance in public management.

The SIFM program is divided into four project domains with differing objectives and procurement procedures. Domain one focuses on improved delivery of municipal services. “Many of the infrastructure rehabilitation projects will be twinned with programs to improve services, such as early childhood development, primary health care programs, and public health and hygiene education.”⁷ The community is required to raise 15% of the total project cost and grants recipients including beneficiary organizations and local governments. The average grant is USD \$65,000. The second domain seeks to support efforts to strengthen children’s social development, particularly for vulnerable groups. Although the beneficiary organization can be a public, private, or non-government institution, 15% of the project costs in cash or in-kind must come from the local government.

The third domain is designed for capacity building of communities and local governments. “This domain is closely linked to Domain I and is essential in support of the project’s primary development objective of local capacity-building and community empowerment.”⁸ Recipients include community groups, CSOs and local governments who are seeking technical assistance in the management of infrastructure. Local governments are receiving specialized training as members of the IAs. The fourth domain is for the overall project management of SIFM including operational costs such as communications, printing and publications, office supplies, consulting fees, and office equipment.

Another strategy the SFIM uses to encourage relationships between civil society and local government is that in many cases local government officials are also elected as members of IA’s. It is believed that this also encourages members of all tiers of the community to share expertise and resources for their community development projects. However, it would seem that if appropriate local government officials were in fact included in IA’s, this would indicate that it would be more effective and sustainable to work directly with local government in the first place. This would eliminate the increasing number CSOs that are

⁷ World Bank, (1999), “Project Appraisal Document on Proposed Credit in the In the Amount of US\$ 15 Million Equivalent to the Republic of Moldova for a Social Investment Fund”, *World Bank Publications*, Report No, 18401-MD, 26.

⁸ World Bank, (1999), “Project Appraisal Document on Proposed Credit in the In the Amount of US\$ 15 Million Equivalent to the Republic of Moldova for a Social Investment Fund”, *World Bank Publications*, Report No, 18401-MD, 27.

established primarily as a mechanism for receiving grants. By working directly with local governments this would lower the load of organizational overhead while concurrently legitimizing the synergy between local governments and citizens.

Local Agenda 21 Moldova (LA21M)

Program Goals and Objectives

LA21 was conceptualized as a means for sustainable participatory planning with particular focus on environmental protection, economic development, and human capital resources. “With support from UNDP, the Government of Moldova has developed a National Strategy for Sustainable Development (LA21M) in accordance with the Agenda 21 from the UN Conference on Environmental and Development in Rio de Janeiro, 1992”.⁹ LA21M aims to foster endogenous development sustained by the greater community. To this end, the LA21 concept focuses on building and increasing trust and cooperation between local governments, CSOs, business, academics, trade unions, women, and youth. The LA21M model includes the creation of a community strategic plan that encompasses a sustainable, participatory development process.

The LA21M approach uses in-depth preparations, development, monitoring, and an internalization process. The sustainable plan includes a six-month development cycle, a one and a half year LA21M community presence, with plan revision at least every five years. Indicators for measuring success include, institutionalization of the process reflected in consistent plan revisions, development of a municipal budget that reflects the priority projects identified in the plans, mobilization of community, local government, CSOs, and community members’ resources through partnerships and development of projects.

Mobilization of Investments and Resources

The LA21M process offers perhaps the most comprehensive community investment program model of the three models. LA21M puts great emphasis on promoting participation through strategic planning and implementation. It begins with a four-day orientation of interested local government leaders in Chisinau. This orientation explains the concept of LA21M in terms of sustainable planning, development, strategic planning, and action planning. Following this orientation, in order to participate the city council is required to adopt a resolution to participate in the process and hold a special session every two months to develop reports with working groups and consultants. Upon the ratification of this resolution, a three-month awareness campaign is held to ensure that the community and all potential participants have prior knowledge of the upcoming planning process.

The actual planning document is created over a six-month period. The first three months include an open competition for working group participants, a stakeholders’ analysis, interviews with interested potential work group participants, action plan, priority projects, and implementation plan. From the third to the sixth month, working group members and the community have access to various workshops and conferences provided by LA21M. These workshops present topics on developing a framework, conducting a SWOT analysis, and project management.

In addition, working group members and consultants are assigned to oversee data collection and draft plan development. Once the strategic plan is in first draft form it is revised through community forums, round

⁹ United Nations, (2001), “The United Nations Development Assistance Framework - Moldova”, *United Nations Publications*, 5.

table discussions, and debates. These debates are open to the public, but special attention is given to inviting members from every political party and independents. Once the working groups and community have approved the plan, the council is strongly encouraged to adopt the plan. LA21M will only provide small grants assistance to those communities who officially adopt their strategic plan.

The LA21M strategic planning procedure has a flexible approach that includes a number of planning techniques for the consultants and the community enabling them to select the most suitable methodology for their municipality. The format begins with a diagnosis, which is essentially environmental scanning. This includes a community survey/questionnaire, stakeholder analysis, and an assessment of data collected. Following, objectives are developed where different processes are executed using a variety of tools such as: community surveys/questionnaires, roundtable discussions, public debates, data analysis, and seminars/conferences, and objective trees in which issues are prioritized. Once this step is completed action plans are developed including activities to be completed, responsible parties, potential partners, and timeframe for accomplishing the activities. This also includes prioritizing projects using different methods such as SWOT and logical framework.

After the community partner has completed these steps of the LA21M model an explicit implementation plan explaining how the planning process will be furthered and revised. It also includes the manner in which accountability will be ensured in the process, such as community forums, a timeline for revision, meetings of the council, and development of a local entity. LA21M only then proceeds to offer small grants program for their community partners that range from \$100 to \$7,000. These grants are designed to provide start-up assistance and investment for community projects prioritized in plans, and require substantial participation and contributions from local government and the community.

A key component of the LA21 is development and implementation of these sustainable community plans with local working groups or what is referred to as coordination units (CU). Each working group is made up of three members from local business, government, and CSOs selected through an open competition. After a stringent application and interview process, LA21M in-country staff selects members. Each member of the CU then receives a \$25 per month stipend based on quarterly contracts. Every two-months the working groups submits a report in collaboration with the Mayor and local council commenting on the progress and future of the plan and the process. Working group participants are selected based on factors including interest, background, experience, openness, and position. The selection process proceeds with an announcement of open competition in the local paper, written tests, and interviews. Working group members from the local government are also chosen through competition. However, the Mayor, Vice-Mayor and council members are automatically included in the document development and each Mayor participates on the overall LA21M steering committee. Monitoring and reporting methodologies have already been established to ensure these groups to follow through on their respective action plans.

Much like the CAIP and MSIF, LA21M provides on-going training for each community's working groups for one and a half years by a coordination unit. The consultants are hired and provide training, advice, monitoring and evaluation, and technical services. The consultants are accountable for developing a strategic plan document, reporting, assisting with action plan development, and grant management. LA21M plans to utilize current project partners for this function, as well as hold a nationally advertised competition for new consultants and providing a training of trainers (TOT) for new community partners.

In spring 2003, LA21M plans to further utilize the training and experience of current partners to provide regional assistance/consulting to other interested municipalities thus creating a multiplier effect for model

dissemination. There are also plans underway to develop a guidebook for the development of a sustainable community-planning document for consultants/trainers. This guide will contain methods for using a variety of techniques or planning tools such as SWOT, log frames, etc., that will be made available in April 2003. The guide will only recommend the uses for different tools/methods, and leave the selection of which tools to use is at the discretion of the consultant.

Selecting Target Communities

LA21M has thus far worked with four municipalities, Ungheni, Soroca, Cahul, Orhei, and one village in Lapusna Judet. For 2003, LA21M is in the process of selecting ten more locations, mainly focusing on rural areas with populations ranging from 3,000-10,000. While LA21M does not have strict selection criteria, they have made certain decisions based on their experiences in Ungheni and the success in Lapusna. LA21M is deliberately not choosing sites that have previously received strategic planning activity from other donors, and are staying away from well-developed localities. However, if potential localities are able to demonstrate needs, some degree of capacity, and community participation they may be eligible.

Facilitating Relationships Between Civil Society and Local Government

The LA21M process and planning focuses on sustainability by building trust and cooperation within the community. To address this, LA21M attempts to involve all areas of the population in the problem solving process. The idea being that in a post-donor environment or in the face of a changing local administration, the other actors will continue implementing the process. At the same time an LA21M advisory steering committee has been formed with Mayors from all the municipal partners and headed up by the director of the State Chancellery. This committee oversees LA21M project activities and provides recommendations for adjustments to project functions, as well as ensuring awareness of activities on a local and national level. This committee focuses on the long-term implementation of the project to further the process in all communities beyond the written document.

The coordination units are established in each community with an office and automation for one year and half cycle that provides consultants and working groups a location for on-going plan development. The coordination units may become a sustainable local entity responsible for furthering this process. One example of this is the current development of the "Municipal Agency for Sustainable Development" in a LA21M partner municipality, which will inherit the project's technical equipment.

Another strategy held by LA21M is promoting the CSO role in budgeting. After communities have completed their strategic plans, they go forth and plan a formal public hearing on the actual strategic plan. After they revise the plan based on comments made at the public hearing, a public hearing on the budget is planned. Budget hearings provide a transparent and formal mechanism organized by the local government for CSOs to present their ideals in how community finances can be spent more efficiently and effectively to address community concerns. Improving the capacity of CSOs to participate in the budget process, such as identifying best practices, and analyzing budgets from the perspective of the poor. These tools can be used to meet the objectives of community grants program in terms of increasing citizen mobilization, promoting transparency and good governance.

Challenges and Successes of Community Investment Programs

Challenges

One of the major challenges for CAIP and SIFM has been responding to the needs of providing more specialized training for target communities in such areas of water systems maintenance, environmental assessments, proposal writing, health care education, work hazards, and safety. This is a prevalent and serious problem in projects funding infrastructure such as water systems and roads construction that require substantial maintenance and technical expertise. LA21M also expressed some concerns regarding this issue of sustainability and maintenance of investment projects. "Communities should not be left alone after subproject implementation is complete. Operational innovations designed to assist the community in sustaining the rehabilitated facilities may have an effect on the long-term development impact."¹⁰ To address this, LA21M has already been modifying trainings to meet the needs of projects that require specific technical assistance.

SIFM noted that more assistance is needed in the distribution and dissemination of SIFM grant and technical assistance guidelines. This is in particular challenging when target groups are located in rural areas that already have limited access to information as well as limited experience working with international donors.

Resource mobilization has also proven to be a challenge for both SIFM and CAIP. SIFM's requirement for a community contribution of 15% to total project cost, and the 7% in cash has proven difficult thus far for many communities. As a result, the SIFM has agreed to extend collection periods and offered some technical assistance in fundraising. The idea of lowering the 15% requirement has been considered, however the project team decided that the benefits of the process, and the successive community ownership once the contribution is collected, is more important than saving time. Nonetheless, an alternative to be considered is offering a sliding scale tied to the per capita income of the locality as a means of preventing the poorest communities from being eliminated receiving

In order to work with more communities, particularly with larger villages of over 2,000 residents, the SIFM has decided to waive the requirements of 1/3 population attendance at the general community meetings. The rationale is that the vast numbers of villages throughout Moldova in the 2,000 - 10,000 range should not be excluded because in many cases their living conditions are smaller localities. At the same time it is much more difficult to mobilize larger numbers of citizens for a community meeting. For instance it seems rather ambitious to expect 3,000 people in a village of 9,000 to all attend one event, like a town meeting. In the case of CAIP, the 25% matching community contribution for rural communities have also proven to be more difficult and limited than expected. Again similar to the experience of SIFM, it is typically easier for larger communities to generate the required community contribution.

There are also concerns about the distribution resources by sub-national districts, since those with larger rural populations will likely receive more SIFM funds. This is based on the experiences that larger villages often have more resources, such as existing citizens groups, revenue streams, and previous external assistance, than smaller localities. The poorest communities and those who experience more severe economic disasters are clearly having more difficulty raising the 15% community contribution. MSIF must remain sensitive and patient with these communities, so they do not miss out on the opportunity for a small project to a more organized and capable rural community.

¹⁰ Bezhanayan, Anush and Ionascu, Alexei, (2002), "Social Funds Innovation Update", *World Bank- Chisinau Office*, Volume No. 1, 4.

A major obstacle for CAIP that has caused delays in implementation of community projects involves the time consuming process of community representatives applying for and receiving authorization from municipal authorities, such as permits and information. “For the Ozgur public bathhouse construction project, more than 10 weeks were required by the community to obtain all the signatures and stamps from local Osh municipal authorities. After a meeting with the Mayor of Osh the issue has been addressed.”¹¹ This could be more of reflection on the need to include more stakeholders into the project development as well as the training and technical assistance for improving local governance. It could also stress the potential conflict and resentment they exists when community action entities such as CICs or IA function in the community in a way that makes the local government feel excluded from the process by outside influences.

Another challenge for such coordination units as the CICs and IAs is ensuring they are truly meeting the needs of the community in a transparent manner. For example MSIF confronted this issue with an infrastructure project in one of their community partners. “In one case, the IA did not consult the community on where a gas pipeline would be constructed. The pipeline ended up going through a neighborhood where many of the IA chairman’s relatives live, causing considering community dissatisfaction.”¹² It seems that a key program design parameter is identifying and validating the quality and honesty of key officials of local governments and IA’s of the recipient organization. The fact that implementing entities can inherently be corrupt again demonstrates the need for community investment programs to put more emphasis in working directly with local government.

“There are also have been cases where governments create local CSOs as a means to funnel donor money back to the government officials for their own personal needs.”¹³ At the same time there is a need to build partnerships between local government and grantees. If action committees do not include at least some representation from the local government, it can lead to conflicts and delays. Past experiences clearly demonstrate that when community investment programs create ad hoc constituent entities and representatives, thereby bypassing government, they frequently discover later that local government felt alienated and tried to exert influence and delay implementation. These negative activities may include such actions as planting representatives at meetings, holding up various permits, and approvals, excessive regulatory and/or tax problems and more. It seems a much wiser course to include local governments in the key role of befitting locally elected leaders. A good mix of local officials and citizens is healthy for both.

Successes

Partnerships with other organizations that share common objectives as community development investment has proven to be a successful tool for increasing the positive impact of these projects. LA21M has included a Peace Corps Volunteer (PCV) on their coordination unit team in the village of Lapusna. This PCV has been very successful in providing technical expertise to in project writing and fundraising. Accordingly this same PCV with participation from the Program Manager of the Economic and Organizational Development (EOD) program at the Peace Corps – Moldova organized a seminar on project development and management for representatives of local CSOs, youth, businesses, teachers, and

¹¹ Brown, Hugh, (2002), “Community Action Investment Program Semi-Annual Report”, *Office of Democracy and Media – USAID Central Asia Republics (CAR)*, No. CA 115-A-00-02-00023, 18

¹² Bezhanayan, Anush and Ionascu, Alexei, (2002), “Social Funds Innovation Update”, *World Bank- Chisinau Office*, Volume No. 1, 1.

¹³ Interview with Kimberly Cartwright.

doctors. CAIP in Kazakhstan recruited a PCV who has been assisting local staff in the community Shymkent in business development activities. It has also been noted that this PCV is involved in creating the CAIP Kazakhstan/ Kyrgyzstan website.

Meanwhile the SIFM recently signed an agreement of collaboration with the Local Government Reform Project (LGRP) in Moldova to assist in the community strategic planning and implementation activities for several community partners. Trainers from LGRP and MSFI are holding strategic planning workshops. This includes follow-up technical assistance in implementation and in integration of community strategic planning with local governments financial planning and budgeting. It is anticipated that this joint effort in sharing information, resources and skills is helping create a greater, more positive impact in community investment projects in their target communities.

CAIP in Tajikistan has incorporated several changes into their approach in improving the representation of women and youth in community meetings. "Most notably, we have set up women's and youth councils to ensure that priorities for women rise to the surface and are acknowledged by the communities."¹⁴

LA21M was put forth considered effort to publicize on-going activities with its community partners. For example in Soroca LA21M has worked with the local mobilization entity to establish a telephone hotline and newsletter to for local citizens regarding public hearings, resource mobilization efforts and project development. In addition to a local newsletter, LA21M has even developed a marketing campaign with advertising on billboards in the town of Cahul.

Lessons Learned

Stringent Criteria for Grants

There needs to be stringent criteria for selection of grants. Projects are identified and selected unsystematically, and therefore needed more effective public relations to inform citizens. This has cultural implications because information sharing is a relatively difficult concept in post Soviet society monopolizing useful information and sharing only when it directly befitted personal needs was a very critical survival skill in the Soviet era. International donors need to be aware that poorly designed or administered small grants can actually promote corruption, especially when grants are not effectively monitored. Therefore extremely good design and ground rules need to be established up front about the grant making process and how it will function, who will participate and what participant roles will be.

Include Local Government in a Central Role

It is imperative for success to include local government in the community investment project process. Resource mobilization should start with local governments engaging their communities. This is evident as in most cases local government already owns and controls much of the community infrastructure. Local government is frequently vital in building sustainability into the project with its ability to exercise legal control of infrastructure and to approve and enforce user fees and budgets for maintenance. It was cited that most community members came into the process with much disregard and lacking trust for their local government. Nonetheless it was also noted that working with local authorities has very often been more productive than was initially expected based on common stereotypes. For example in Krygyzstan after a meeting with the Mayor of Osh in regards to delays with the CAIP Ozgur public bath house construction

¹⁴ Interview with Jeff Whitbeck, - Mercy Corps CAIP Tajikistan

project, the project was able to move forward as planned and did not experience any further serious obstacles from local officials.

Moldova, in the village of Antonesti, SIFM recently provided funding the construction of a main road in the village center. Such an investment project demanded significant coordination with the local Mayor's office. Upon completion of the project in Antonesti with the support of local officials, the village has established an Association of Road Users to supervise maintenance of this project. The Mayor was extremely supportive and post evaluation indicated that the critical factor that motivated the Mayor's strong and continuing support was that the road project was a high priority in the adopted community strategic plan. Understanding this dynamic is incredibly important in optimizing community investment program strategies. The highly participatory and carefully structured community strategic planning process yields many positive results: (1) it has been conceived with both local officials and citizens, (2) the Mayor can be on very firm political ground by vigorously supporting the high priorities from the adopted plan, (3) the plan is an official policy of the jurisdiction, (4) the Mayor gets credits with his /her constituents for actually implementing a high priority from the plan, (5) citizens see progress on their expressed priorities and are pleased, (6) community strategic planning citizen participation and transparency are validated.

Promote Partnerships Between Civil Society and Local Government

Continue to focus on training and partnership-building programming aimed at improving civil society and local government relations. This training must capitalize on synergies between local government program approaches to increasing citizen participation and CSO program interests in social partnerships for community investment projects. Furthermore local government officials and representatives from CSOs should participate in the development of curriculum for local government officials. CAIP also points out that more emphasis and support is needed for projects that encourage partnerships between local administrations.

Use Domestic Organizations

To encourage sustainability, on-going training for recipient villages and CSOs should be provided by existing in-country organizations. "This sentiment has been mirrored with the Parks in Peril program, which recommended that its implementing agency increase the program's number of partners, as well as urging its larger, urban-based NGO partners to reach out to work more with other local partners that have complementary skills and expertise."¹⁵ Offering contracts for training programs on a competitive basis will attract national training organizations, information centers, and larger CSOs. This would ensure that funds spent by community investment programs are going towards building relationships between national organizations and more remote localities. For instance SIFM training programs on implementation, evaluation and reporting is being contracted by the national CSO, Contact Center, which has several satellite offices throughout Moldova. LA21M also coordinated a project development and management training for a recipient village through Peace Corps and the CSO, Centre Credo.

Public Relations

There should be a creation of resource book/case study guides on community action to be distributed to libraries and Mayors' offices in all villages throughout the country. This will help to improve public relations

¹⁵ Spevacek, Anne Marie, (2001), "USAID's Experience with Multisectoral Partnerships and Strategic Alliances: An Analysis of Best Practices and Lessons Learned", *USAID Development Information Services*, Contract No. HFM-C-00-01-00015-00, 12.

and sustainability. This is a recurring challenge for all three programs because there needs to be more information sharing and effective marketing so that projects successes and materials can be shared and influence other communities. This is particularly challenging when target groups tend to be in more remote areas where information distribution is more difficult.

Transparency of Public Meetings and Information Sharing

Careful monitoring and follow-up needs to be directed towards public meetings. The CAIP uses “town hall meetings” as a tool for participatory community mobilization. “However, all too often participants are not residents of the community, rather people planted by the local government or by those factions in the community who have political aspirations.”¹⁶ MSIF also uses the general community meetings to community mobilization. However, they also acknowledge that greater community input is needed related to technical issues. “In certain cases, community members were not consulted on the design of the proposed project, leading to community conflict.”¹⁷ Meanwhile LA21M uses more formalized public debates on strategic plans and made efforts to ensure public access to information was on going. “In order to facilitate the participation of each member of the community in the elaboration process of Local Agenda 21 Soroca, a telephone hotline was available at LA21 Soroca CU and the Mayoralty of the municipality Soroca. LA 21 Coordination Unit has monthly developed and delivered the newsletter “Local Agenda 21 Soroca” for informing the local community on LA 21 Soroca process.”¹⁸

Approaches to Community Mobilization Committees

New approaches need to be developed in monitoring community mobilization committees, such as CAIP’s CIC, MSIF’s IA, and LA21M’s CU. There is serious potential for corruption and favoritism as with the case of gas pipeline construction project through the SIFM that end up only going through the UI’s members neighborhood. A strategy SIFM has adopted is to require UI representatives to make a formal presentation in person to the executive program decision community. In addition to encourage more accountability of UI’s SIFM has decided to now allow any interested community member to participate in the monitoring and verification process supervised by SFIM staff members. LA21M has developed a strict selection process for mobilization committee members and only renews contracts on a tri-monthly basis. Nevertheless, LA21M pays a stipend to each member of \$25/month, which raises concerns about the stability of the committee after the project ceases to exist.

Optimizing Community Investment Programs With Participatory Strategic Planning

As apparent with CAIP, SIFM, and LA21M, strategic planning and improved relations between civil society and local government are essential to optimizing community investment programs.

USAID/Moldova R4 states, “It is likely that more efficient allocation of local resources can be achieved by assisting local governments leverage those resources in a manner that effectively engages citizens and CSOs in the management of local issues.”¹⁹ As in the case of Moldova, while LA21M provides perhaps the

¹⁶ Interview with Kimberly Cartwright

¹⁷ Bezhanayan, Anush and Ionascu, Alexei, (2002), “Social Funds Innovation Update”, *World Bank- Chisinau Office*, Volume No. 1, 4.

¹⁸ Local Agenda 21 Moldova - <http://la21.undp.md/agenda.htm>

¹⁹ USAID, (2001), “Assessment of Non-governmental and Civil Society Organizations in Ukraine and Moldova”, USAID/Kyiv Office of Democratic and Social Transition Task Order No. 803-Contract No. AEP-I-00-99-00041-00, 37..

most comprehensive model of the three in terms of resources and time invested for its target community, the fact remains that LA21M is only working with a limited number of localities. Although SIFM has worked in many more communities in Moldova using a less formalized approach for identification and prioritizing of community needs, just recently they have begun collaborating with Local Government Reform Project (LGRP) in using strategic planning in several communities. USAID has already very successfully invested a large part of the organizational and process infrastructure to make a community investment program in Moldova with over 50 of LGRP's community partners. These community partners are engaging in highly successful citizen participation activities to determine and prioritise needs through open, transparent and participatory community strategic planning and through well publicized formal public hearings.

The LGRP strategic planning effort is designed to support USAID/Chisinau's Strategic Objective 2.3. More effective, responsive, and accountable local government. This effort is focusing on strengthening local autonomy, improved management of municipal services, and increased citizen participation in local government. These results are being accomplished through capacity building and increasing citizen participation at the local level. Strategic planning has proven to be a useful tool in achieving these goals by creating a cadre of skilled local practitioners and integrating greater citizen participation through improved transparency and openness to citizens. Local government officials and communities continue to need to obtain the skills in strategic planning in order to improve their community services.

Strategic planning also provides an institutional development process needed to support USAID/Chisinau's Strategic Objective IR 2.3.1: Local Government Autonomy Strengthened. Strategic planning is central to this objective because partnerships with local government and municipal organizations present an opportunity to incorporate the participatory process and policy into both management and budgetary procedures. This potentially develops budgetary procedures into more transparent financial management. Local governments engage in strategic planning as the initial step in an integrated process. Strategic planning provides a link to local budget policy through improved budgeting and financial management. Further, as a condition of receiving assistance from LGRP each local government has agreed to participate in training and technical assistance, and to hold public hearings on their strategic plan and their annual local budget government. Integrating transparency and participation into budgeting provides the beneficiaries with a much more democratic, efficient community resource allocation system. Thus, as the local governments proceed through the LGRP cycle, the participatory process is strengthened and the public and the local governments become partners in achieving the ends of the strategic plan.

LGRP's strategic planning efforts also contribute to USAID/Chisinau's Strategic Objective IR 2.3.2: Capacity of Civil Society Organizations to Represent and Serve Citizens Increased. One positive trend in Moldova is the formation of mayor's associations, with many existing at the raion level and two operating nationally. Some of these municipal associations have been assisted to prepare strategic plans that will increase the professional development of mayors and will enable them to advocate legislative reform, provide financial resources, recruit new members, and promote active participation. In fact the Association of Mayors and Local Communities (AMLC) is in the process of being sub-contracted by LGRP to expedite a team of approximately 40 trainers/facilitators to conduct strategic planning and updates in LGRP's community partners. This arrangement should significantly help in building relationships with the AMLC and numerous communities in continuing sustainable community development activities.

LGRP has adapted a strategic planning model used in these workshops that is based on the framework in the publication by Bryson, John M. (1995) Strategic Planning for Public and Nonprofit Organizations. Bryson's model puts significant emphasis on preparation in terms of process and actors so that there is a

clear facilitator and support group; clarity of missions, values, issues, etc.; and consensus in strategy formulation, adoption, implementation, evaluation.

Consultants from the (TRG) Training Resources Group drew upon Bryson's model to develop a facilitator's design for a five-day strategic planning workshop. The design outlines a step-by-step schedule for workshop facilitation with a detailed process laid out clearly in the comprehensive training design. The strategic planning model includes a very broad process that takes place before, during and after a workshop event. LGRP works with local government and community leaders to establish the formal cooperative basis for the strategic planning activity. This includes facilitating a roundtable discussion with the target group(s) to create a sound foundation for the strategic planning effort and conduct an environmental scan, including basic data, such as current projects that are planned and budgeted, population and demographics, current budget and sources of revenue, potential sources of donation, lists of known needs and deficiencies, the extent of citizen involvement in public affairs, identification of what informal and formal leadership exists. After these activities have been completed and the necessary data has been gathered, LGRP facilitates a strategic planning workshop where the actual plan is created. In addition to these activities, it is critical to make significant preparations prior to a workshop with the leadership of the local government.

Accordingly, it is vital to conduct follow-up activities to ensure that plans are implemented, or appropriately adjusted to the reality of feasible actions. Implementing strategic plans is exactly where community investment programs can optimize their impacts in the local community. As described with the road construction project in Antonesti, the success of the project benefit the community while at the same nurturing the relationship between the local government and its citizens.

The local governments in Moldova are currently facing an economic and identity crisis. Moldova is the poorest country in Europe and with this, the macro economic situation as well as the infrastructure is deteriorating. The privatisation and redistribution of capital assets to local governments was accompanied by the inheritance of obsolete and inoperable equipment as well as debts that by many western standards would qualify for bankruptcy. Additional constraints facing the local government include the dual subordination of local government departments, to the mayor or local council as well as to the national ministries. This leaves the local government with weakened structures, limited authority, limited resources, and a deteriorating economy.

Strategic planning offers the opportunity to break problems into manageable pieces and select feasible options. An encouraging trend toward institutionalising strategic planning is that several partner localities have ratified their plans and have already plan to conduct updates. Despite the harsh conditions, various communities have already taken initial steps to implement their plans. Public hearings are the official second step in implementing strategic planning with citizen participation.

In reviewing the progress to date, one of the most important aspects of the LGRP strategic planning process in Moldova is the integration of participation processes into planning activity. This represents a major step forward from the previous centralized planning of the Newly Independent States (NIS). In this new iteration stakeholders are involved from the beginning in problem identification and solution creation. This in effect, provides beneficiaries with both the right and the capacity for self-determination in the decision making process. Another key aspect is the use of local trainers, who are drawn from a pool of local officials and community members. This provides the facilitators with a true leadership role and

facilitation skills in inviting and encouraging citizen participation. As with any innovation, the process is to some degree trial and error and therefore has faced particular constraints.

The current process completes a roundtable with stakeholders and conducts an environmental scan, as separate steps in the preparatory process. This addition not only allows for more productive time within the workshop, but also for a more thorough understanding of the communities prior to planning the workshop. Identification and resolution of such potential problems is critical to success because another vulnerability in any strategic planning process is the potential lack of results. If methodology problems go unresolved, unrealistic objectives are set that cannot be met and there is a real risk of participants' disillusionment and reluctance to participate in future activities.

In order to efficiently and effectively create a strategic plan with citizen participation, the local government must be adequately trained on stages of preparation. In addition to the existing initial roundtable with local officials, a comprehensive stakeholder analysis should be completed. Representatives from each stakeholder group should be included in the strategic planning process. This process should begin with a community survey, perhaps using local CSOs, and a thorough environmental scan to ensure that they have a firm understanding of issues and concerns of the community. Following the initial environmental scan, facilitators should hold a public debate to ensure that the public is aware of and represented in this process and that input is not solely through the Mayor's office.

Most importantly, to avoid disillusionment of stakeholders it is vital to increase access to donor aid for applicable to projects in high demand. The highest priority issues should be reviewed and selected based on broadly recognized needs to be further developed into projects that might be supported by the donor community. Therefore it is in the interest of future community investment projects in Moldova to capitalize on participatory activities that LGRP community partners and other communities who have conducted similar process have engaged in to determine and prioritised needs through strategic planning and formal public hearings. .

Recommendations

Based on the analysis in this report the following basic list of principles for a community investment program in Moldova has been developed.

Program Goals and Objectives

The goal is to improve living conditions for rural populations, particularly the poor. In meeting this goal there are two main objectives: (1) Improve basic economic and social services and infrastructure, (2) Empower communities by strengthening cooperation, participation, decision-making, and management. (3) Increase the effectiveness and legitimacy of local governments through enhanced mechanisms for accountability and interaction with communities.

Mobilization of Investments and Resources

All communities wishing to compete will be required to have completed a strategic plan that has been ratified by the local council. Communities that can demonstrate they have already participated and completed strategic planning activities, whether it was self-initiated or through other organization including LGRP, SIFM and LA21M will be considered. However, no project proposals will be accepted unless the strategic plan has been ratified and contained in the actual document. Communities would also to been

instructed to include information regarding formal public hearings on the strategic plan, budget, and other issues, such as municipal services.

Eligible communities that have already completed and adopted the strategic plan, implementing entities should be formally empowered by resolution of the local council as the project representative for the community. Moreover, it will be up to the community to determine the makeup of implementing entity they deem appropriate regarding the specific project proposal. However, the project proposal must include a detailed account of how the resources for the project was mobilized and how the project will be managed and sustained.

The program will be comprised of four distinct components by which local communities can select for submitting their project proposal. The first component will address basic municipal services, including construction and repairs to infrastructure and services. The second component will focus on economic development such as business start-up endeavors and job creation. Social development will be tacked in the fourth component, such as cultural/education/youth activities and services to the elderly. The fourth component will center on projects designed for capacity building of local governments. This will include funding trainings for the management and maintenance of local infrastructure and services.

Much like SIFM they it will obligatory for representatives from potential recipient communities to make a presentation in person on their proposal to the project review committee. After a project has been completed, recipients will be eligible to apply for a performance contract in the form matching funds for projects that have established beneficiary associations with the local government.

Selecting Target Communities

A point factor evaluation systems based on criteria will be developed based on selecting target communities and investment projects. Initially invitations will be sent to the Mayors' offices of potential communities to attend an orientation on the community investment program. At the orientation an overall program description will be presented and potential communities will be given the opportunity to ask questions. After the orientation participants will receive a application to be submitted by a set deadline.

The application will include questions regarding community demographics, annual budget, local contacts, existing organizations and community groups, town meetings, and description of most recent activities taken to address specific community issues. Questions in the application will include a description of current local strategic issues, problems, opportunities, as well as a detailed account of how the community will mobilize resources for future projects. They will also be required to identify potential projects and how they will be developed. In-country staff will then choose a pool of candidates and make sites visits to provide further assessments and to give the potential recipient communities the opportunity to provide additional on-site information. Final selection will be based on the application and site visits. Once communities have been chosen they will then be eligible to apply for project funding in the form of small grants.

The criteria for projects will include the following defined in precise terms: (1) purpose of community investment project, (2) goals and objectives of investment project, (3) outputs and key performance indicators of investment projects, (4) monitoring and evaluation methodology for measuring compliance of proposed project with goals, objectives and policies of community investment project, (5) how the project addresses one of the components for the community investment program i.e. basic services, economic development, social development, capacity building of local government, (6) explanation of how the

projects is contained in the ratified community strategic plan, (7) 15% community contribution including a detailed account of how investments and resources were mobilized (this percentage will be more flexible for poorer community based on their local per capita income), (8) description of qualifications for recipient entity of fund, whether it be a registered CSO, local government, school, community association/group, business cooperation, etc.

Facilitating Relationships Between Civil Society and Local Government

The mobile training unit will provide on-going seminars such themes as resource mobilization, project development, organizational management, and building partnerships with local governments. There will also be a concerted effort to encourage local CSOs to participate in the public hearings. Specialized trainings will be developed for CSOs and interested citizens on the fundamentals of the budget processes and how they can more actively participate.

It will be the authority and mandate of the local council to organize and elect members to the implementing entity, if they so choose. In some cases local governments may choose a particular CSO, school, citizen group, or existing government entity. However, it will be emphasized that project approval will be heavily weighed on the level of citizen participation. This should help increase the participation of local citizens in community activities with direct support and oversight by the local government.

Community meetings will be in the form of public hearings and be planned by the Mayor's office. In this case both citizens and the implementing entities will have a open, unbiased forum to present ideas for implementing projects. Accordingly this will further legitimize the local government's role in the community.

By offering follow-up performance contracts the intent is that local governments and citizens groups will have an incentive to work together to maintain previously funded projects, particularly in the form of local municipal associations. The fourth component of the community investment program emphasizing capacity building of local government is designed specifically to support the efforts of these municipal associations to build sustainability into the projects.

References

Text

- Brown, Hugh, (2002), "Community Action Investment Program Semi-Annual Report", *Office of Democracy and Media – USAID Central Asia Republics (CAR)*, No. CA 115-A-00-02-00023.
- Bryson, John M. Strategic Planning for Public and Nonprofit Organizations, 1995
- Bezhanayan, Anush and Ionascu, Alexei, (2002), "Social Funds Innovation Update", *World Bank Chisinau Office*, Volume No. 1.
- Spevacek, Anne Marie, (2001), "USAID's Experience with Multisectoral Partnerships and Strategic Alliances: An Analysis of Best Practices and Lessons Learned", *USAID Development Information Services*, Contract No. HFM-C-00-01-00015-00, 12.
- United Nations, (2001), "The United Nations Development Assistance Framework - Moldova"
United Nations Publications.
- USAID, (2001), "Assessment of Non-governmental and Civil Society Organizations in Ukraine and Moldova", USAID/Kyiv Office of Democratic and Social Transition Task Order No. 803-Contract No. AEP-I-00-99-00041-00.
- USAID, (2002), "Community Investment Semi-Annual Report", *Office of Democracy and Media – USAID Central Asia Republics (CAR)*, No. CA 119-A-00-02-00022-00.
- World Bank, (1999), "Project Appraisal Document on Proposed Credit in the In the Amount of US\$ 15 Million Equivalent to the Republic of Moldova for a Social Investment Fund", *World Bank Publications*, Report No, 18401-MD.

Website

Local Agenda 21 Moldova, <http://la21.undp.md>

Interviews

- Interview with Cartwright, Kimberly – Urban Institute
Interview with Jeff Whitbeck – Mercy Corp CAIP in Tajikistan

IMPLEMENTATION OF SELECTED COMMUNITY STRATEGIC PLANS:

CITY OF REZINA:

- With the support of the city hall, a veterinary pharmacy was opened.
- A modern agricultural store was opened where the consumers can purchase equipment and seeds, and receive consultations from qualified specialists.
- The city hall initiated repair works of the road to the Saharna Monastery and the creation of parking areas near the monastery.
- The mayor's office and the JV "Apa-Canal", with personal contributions from citizens, started the process of installation of water meters to all consumers.
- Gasification of the Lomonosov and Pacii streets had been ongoing since 2002.
- The development of the new cemetery construction project has began.
- The mayor's office forced the municipal communal services enterprise to sign contracts for service delivery with all economic agents and physical persons.
- City hall revised and approved new tariffs on sanitation of territories related to households and transportation of waste.
- Autonomous heating systems were installed in one school, one lyceum, three kindergartens, and in the public library.

CITY OF DROCHIA

- Collaboration relations were established between the local government of Drochia Town, Dorohoi Radauti (in Romania) and Kolomyia (in Ukraine).
- The mayor's office participated in the organization of several exhibitions in the territory: sugar, canned products, sausages, produce, and artisan products and souvenirs.
- Local authorities created a hot line where citizens can ask questions, give recommendations, address issues, etc. All the questions were answered in the local newspaper "Glia Drochiana" in the "Dialog with Citizens" section.
- Two agricultural stores were open.
- To address the environmental situation of the town, during March and through April 10th, garbage bins of 5 cubic meters each were placed in different micro-rayons of the town.
- To decrease the level of crime in the Town, Popular Control Corps was created, and mobile radio stations were purchased for local policemen.

SINGERA JURISDICTION

- In May 2003, 450 students finished their first year at the block A of the newly constructed school No.66. Block B of the school was finished by fall 2003 for the beginning of the new school year.
- The new gas main for Dobruja and Revaca was placed in service in May 2003.
- Two new civil society organizations were set up and registered in Singera.
- "Centru de Informare Singera" has began efforts in establishing a local radio station to improve citizens' access to information.

- “Templul Cuvintului,” another civil society organization, received a grant from the Soros Foundation and has carried out several activities to provide social assistance to the needy population
- A group of active citizens initiated a project in the area of health education, which includes round tables, health bulletin and other activities to increase awareness of the population about the health issues in the community.
- As part of the ongoing Moldova-North Carolina partnership, the LGRP facilitated and supported a visit to Singera by a delegation from North Carolina, USA, headed by Rodney Maddox, Chief Deputy Secretary of State, on March 15. The delegation members explored the ways provide assistance to the Singera settlements, among which were the donation of books, computer equipment, radio station equipment, etc. Colonel Wilkins, US Embassy representative, donated a set of English teaching materials for Science and Mathematics education.

GRIBOVA COMMUNE:

- Information and consulting center was created, with the dominant focus of this being to provide consulting services to the citizens in the area of agriculture.
- A shop to sell agricultural products to the population was created.
- As a step toward transparency, all the job openings for local government positions are now publicly disclosed and the selection made on the bid basis. Gribova intends to make this effort sustainable in the long run by creating a committee to announce job openings, collect applications, select short list of candidates and ultimately award positions to those who won in open competition.
- On initiative of the commune of Gribova, a barber's shop, the shoe repair shop, and the sewing workshop were reopened.
- Gribova commune organized a nursing home in the local hospital building, the reparation of which was sponsored by local economic agents.
- Following a thorough analysis of the local water pipelines and canalization network, local council adopted a decision to finance necessary works to rehabilitate the network. So far, respective water pipes and canalization network have been rehabilitated in the school and in the nursing home.

CITY OF FALESTI:

- As a result of the measures taken to improve the economic potential of the city, salary debts to teachers were paid, general renovation works were held for many objects of socio-cultural destinations, gymnasiums and kindergartens.
- The design of gas-supply system was finalized, and the construction works started. Works on the problem of heating supply system have also started.
- Negotiations related to the water supply system of the city were started with Polish companies under the aegis of the Ministry of Ecology and Construction of Moldova.

TOWN OF FLORESTI:

- The Mayor's office has contributed to installation of water meters by low-income families.
- The town allocated MDL 50,000 for replacement of 400 meters of water pipeline. Now the citizens of the town get potable water 24 hours a day. The replacement has also contributed to a lower rate of water losses.
- 3 boiler houses were repaired.
- Floresti found financial resources and is now compensating 25 percent of the continuing extension of natural gas basic pipelines throughout the town.
- The roofs of 8 dwelling houses were repaired. The town compensated for 25 percent of the costs.
- 14 associations of the apartment owners were created to address and solve the operational issues of dwelling houses.
- The town allocated a part of its budget to resume the operation of the town bus route. The town also provides a 50 percent discount to the pensioners using the bus.

LEOVA CITY

- The city hall of Leova signed a contract on performing the feasibility study of the bridge construction across Prut River. 20,000 Lei were transferred from the municipal budget for this purpose and at present the construction designers are working on this study.
- The route Comrat-Leova was selected for the construction of the gas pipe. Participating in the construction are the city hall of Leova and the designing institute "Moldova gas project."
- The city hall and the management of the municipal services won an ecologic project in the amount of 100,000 Lei for the repairing works of the sewerage and water supply. the quality of water supply in the city is slightly becoming better. The collection of money for water services increased from 23,000 Lei per month in April 2003 to 71,000 Lei in June 2003. The population started installing water meters.
- The technical specifications for the town's street lighting have been obtained. The necessary quantity of electric wire and lamps was purchased, and the installation works to illuminate the streets started.
- A children's camp was recently created and opened. This summer 150 children spent their school vacation there.
- In June 2003, the protection channel in the western part of the city was cleaned. Presently, the northern protection dam is under construction.

FOURTH QUARTERLY FINANCIAL APPLICATIONS USERS GROUP MEETING MARCH 24 TO 26, 2003

On March 24-26, 2003 the Fiscal Decentralization team organized and successfully conducted the 4th LGRP Financial Applications Users Group Meeting for finance officers from partner communities. Finance officers from Rounds I-IV of the LGRP partners attended the meeting (Annex I shows the breakdown of Cities/Towns/Communes per Round). In addition, the Fiscal Decentralization team invited a delegation from the League of Economists and Public Accountants to assist in conducting the meeting.

According to the initial meeting design, LGRP encouraged each invited partner community to delegate one person to the meeting. Only the city of Balti, given its size, was approved by the LGRP Chief of Party to send a delegation of two finance officers.

Twenty-seven finance officers representing twenty-six partner communities attended the meeting. Most of the delegates were chief finance officers, but there were several budget specialists as well.

The Academy of Public Administration provided the facilities required for the event, including classrooms, computer labs, lodging and meals.

The 4th LGRP Financial Applications Users Group Meeting was held according to the Agenda developed by the Fiscal Decentralization team and approved by the Chief of Party¹. Unlike previous meetings, it lasted for three days, where the first day was devoted to Internet training for Round IV partners. Communities from this round were graduating into the Users Group and, following the LGRP plan, they were to receive one-year Internet connection deals at the expense of the LGRP.

The second and third days of the meeting were followed by sessions relevant to the Treasury system and local budgets, Public accounting techniques and Public procurements. Professionals invited from the Ministry of Finance and the Public Procurements Agency taught these sessions. In addition, Fiscal Decentralization team developed and conducted two sessions on (i) Efficient presentations and (ii) Microsoft Excel as efficient reporting tool.

On the second day, dinner was organized at a local restaurant; participants were having their meals regularly at the Academy's canteen.

As for the organizational element of the event, there were no significant problems related to either logistics or other organizational issues.

¹ See Annex II for the detailed agenda of the 4th FAUG Meeting

ANNEX I**BREAKDOWN OF LGRP PARTNERS BY ROUNDS**

Name of Commune/Town/City	Round
1. Ialoveni	I
2. Cimislia	I
3. Cricova	I
4. Chisinau	I
5. Drochia	I
6. Hincesti	I
7. Lapusna	I
8. Balti	II
9. Edinet	II
10. Ungheni	II
11. Orhei	II
12. Cahul	II
13. Comrat	II
14. Anenii Noi	III
15. Calaras	III
16. Cantemir	III
17. Suruceni	III
18. Gribova	III
19. Antonesti	III
20. Colibas	III
21. Vatici	III
22. Rezina	IV
23. Floresti	IV
24. Singerei	IV
25. Straseni	IV
26. Singera	IV
27. Falesti	IV
28. Leova	IV
29. Nisporeni	IV

ANNEX II

FOURTH LGRP FINANCIAL APPLICATIONS USERS GROUP

MEETING AGENDA

24 March 2003, Monday (Round IV to participate - 8 persons)

12.00 – 13.00	Breakfast
13.00 – 15.30	Internet and E-mail
15:30 - 15:45	Coffee break
15:45 – 17:45	Internet and E-mail (continuation),
17:45 – 18:00	Information regarding Internet connection offered by LGRP.
18.30	Dinner

25 March 2003, Tuesday (Round I – IV to participate – 29 persons)

Time	Group A (Romanian)	Group B (Russian)
08.15-08.45	Breakfast	
09.30-09.45	Greeting the participants	
09.45-11.20	Tresuary system in local budgets	Efficient presentations and Microsoft Excel as efficient reporting tool
11.20-11.35	Coffee break	
11.35-13.00	Continuation of Tresuary system in local budgets	Continuation of Efficient presentations and Microsoft Excel as efficient reporting tool
13.00-14.00	Lunch	
14.00-15.00	Round table regarding current status of local public accounting	
15.00-16.30	Public procurements	
16.30-16.45	Coffee break	
16.45-18.00	Continuation of Public procurements	
18.30-21.30	Dinner	

26 March 2003, Wednesday (Rounds I – IV to participate – 29 persons)

Time	Group A (Romanian)	Group B (Russian)
08.15-8.45	Breakfast	
09.00-11.20	Efficient presentations and Microsoft Excel as efficient reporting tool	Tresuary system in local budgets
11.20-11.35	Coffee break	
11.35-13.00	Continuation of Efficient presentations and Microsoft Excel as efficient reporting tool	Continuation of Tresuary system in local budgets
13.00-14.45	Reception Ceremony of graduation of Round III-IV to the Users Group	

FIFTH QUARTERLY FINANCIAL APPLICATIONS USERS GROUP MEETING JULY 10 AND 11, 2003

The fifth LGRP Financial Application Users Group Meeting was held on July 10-11, 2003. The Meeting was organized for, and attended by, the representatives of the LGRP Local Government Partners from the first four Rounds that were given the extension by the Users Group in March 2003 when the 4th Round of Partners joined the group (See Annex 1 for breakdown of Cities/Towns/Communes per Round). In addition, the Fiscal Decentralization team invited a representative from the League of Economists and Accountants of Moldova to attend the Meeting.

The Fiscal Decentralization team followed the same organizational principles, i.e. invited one delegate from each Partner community. However, two representatives from the city of Balti attended the meeting, upon approval of the Chief of Party.

Out of the twenty-eight Partners¹ invited to the meeting, twenty-three sent representatives, thus the total number of participants was twenty-four. Most of the representatives that attended the meeting were chief accountants of respective jurisdictions or their deputies, and there were several budget specialists and economists as well. In addition, one Deputy Mayor also attended the meeting.

In line with the LGRP approach to contribute to the capacity building of a well known, recognized and reputable institution that trains public sector employees, the meeting was held at the Academy of Public Administration. Facilities for overnight stay were offered on-site at the Academy's hostel.

The 5th LGRP Financial Applications Users Group Meeting strictly followed the agenda developed by Fiscal Decentralization team and approved by the Chief of Party².

In order to increase the efficiency of the Meeting, the Fiscal Decentralization team split the participants into two groups – Russian and Romanian speakers, providing that each of these two subgroups participated in the same sessions as scheduled in the agenda. This enabled the team to avoid using translation services, which are essentially expensive and not always completely accurate.

The meeting started at 9:30 with the welcoming of the participants, after which the Fiscal Decentralization team asked the participants to divide into the two smaller groups. Delegates participated in sessions on the key aspects of budget classification (used by most of participants in their daily operations) and on practical aspects of budget projection for local governments, taught by the Ministry of Finances' senior specialist and the Director of the Financial Control Department, Hincesti office. These two sessions were organized at the request of the participants from the 4th Users Group Meeting.

In addition, the Fiscal Decentralization team organized and conducted a session on developing an effective presentation on budget reports using Microsoft PowerPoint. This session was also conducted for each subgroup separately. The session gave the participants an opportunity to learn about basic techniques of

¹ In line with the enforced new Law on administrative-territorial division whereby such territorial units as Judets were eliminated, LGRP decreased the total number of its Partners by one, as long as one was the Lapusna Judet.

² See Annex II for detailed agenda of 5th Meeting

the presentation development. It should be mentioned that in the invitation letter to the participant, the team requested each of them to fill out a special form³ that accompanied the invitation and bring it to the Meeting. This form was then used to create several charts reflecting the current financial/budget status of each locality. Ultimately, this information was to become a part of the respective presentation, thus encouraging the participants to be very proactive and interested in creating their own presentations. In addition, each invitee was provided with a diskette, on which the developed presentation was saved for future use by the localities. This session proved to be very efficient and the participants seemed to be very enthusiastic about it.

Except for lunch, which was organized at a local restaurant during the second day, participants had their meals on the Academy's premises.

As for the organization of the event, there were no significant problems.

³ The form was developed by the Fiscal Decentralization team and contained some projected and actual budget information.

ANNEX I

BREAKDOWN OF LGRP PARTNERS BY ROUNDS

Name of Commune/Town/City	Round
1. Ialoveni	I
2. Cimislia	I
3. Cricova	I
4. Chisinau	I
5. Drochia	I
6. Hincesti	I
7. Lapusna ⁴	I
8. Balti	II
9. Edinet	II
10. Ungheni	II
11. Orhei	II
12. Cahul	II
13. Comrat	II
14. Anenii Noi	III
15. Calaras	III
16. Cantemir	III
17. Suruceni	III
18. Gribova	III
19. Antonesti	III
20. Colibas	III
21. Vatici	III
22. Rezina	IV
23. Floresti	IV
24. Singerei	IV
25. Straseni	IV
26. Singera	IV
27. Falesti	IV
28. Leova	IV
29. Nisporeni	IV

⁴ Eliminated under the new Law on administrative-territorial division

ANNEX II**FIFTH LGRP FINANCIAL APPLICATIONS USERS GROUP****MEETING AGENDA****10th July 2003, Thursday**

	Group A (Romanian)	Group B (Russian)
8.15-8.45	Breakfast (APA cantene, for the participants arrived on Sunday)	
09.30-9.35	Greeting the participants	
09.30-11.20	Important aspects of budget classification	Development of effective Power Point presentations on budget
11.20-11.35	Coffee break (APA cantene)	
11.35-13.00	Continuation of Important aspects of budget classification session	Continuation: Development of effective Power Point presentations on budget
13.00-14.00	Lunch (APA cantene)	
14.00-15.50	Practical aspects to the development of local government budgets	
15.50-16.10	Coffee break (APA cantene)	
16.10-18.00	Practical aspects to the development and execution of local government budgets, continuation	
18.30-21.30	Dinner (APA cantene)	

11th of July 2003, Friday

	Group A (Romanian)	Group B (Russian)
8.15-8.45	Breakfast (APA cantene)	
09.00-11.20	Development of effective Power Point presentations on the budget	Important aspects of budget classification
11.20-11.35	Coffee break (APA cantene)	
11.35-13.00	Development of effective Power Point presentations on budget, continuation	Important aspects of budgetary classification, continuation
13.30-15.00	Lunch at local restaurant	
15.00	Departure	

SIXTH QUARTERLY FINANCIAL APPLICATIONS USERS GROUP MEETING OCTOBER 7 AND 8, 2003

On October 7–8 2003, the Fiscal Decentralization team conducted the 6th LGRP Financial Application Users Group Meeting. The design of the Meeting was comparable to preceding meetings, although the 6th meeting was attended by a greater number of partners. This time the delegates from the 5th Round of local government partners, comprised of 12 communities, attended as well. This was the first meeting to be attended by every local government partner community that received, or still receives, technical assistance from the Fiscal Decentralization team. Such an approach was deemed appropriate, keeping in mind the approaching date when the 5th Round would officially graduate into the users group. (See Annex 1 for breakdown of Cities/Towns/Communes per Round). The Fiscal Decentralization Team also invited a representative from the League of Economists and Accountants of Moldova to attend the meeting. Unfortunately, the president of the League of Economists and several invited guests were unable to attend this meeting.

Similar to previous meetings, there was one delegate from each of the Partner communities, except for the city of Balti, which had two delegates. Out of a total of 40 Partners¹ invited, 37 sent representatives to 6th meeting. Most of representatives were chief accountants of respective jurisdictions or their deputies, and several budget specialists and economists.

Similar to previous meetings, this one was also hosted by the Academy of Public Administration. Facilities for the overnight stay were also offered on-site at the Academy's hostel.

The agenda of the 6th Meeting developed by the Fiscal Decentralization team and approved by the Chief of Party was strictly followed².

Once again the team had to deal with a bilingual group of participants with both Russian and Romanian speakers. This issue was solved in the same manner as at previous meetings: the Fiscal Decentralization team split the participants into two groups, Russian and Romanian, providing that each of these two groups attends the same sessions as scheduled under the agenda. This approach proved to be in all respects efficient and appropriate for the participants.

There were no significant logistical or organizational problems related to this meeting.

¹ In line with the enforced new Law on administrative-territorial division whereby such territorial units as Judets were eliminated, LGRP got the total number of its Partners decreased by 1 Judet such as Lapusna.

² See Annex II for detailed agenda of 5th Meeting

ANNEX I**BREAKDOWN OF LGRP PARTNERS BY ROUNDS**

Name of Commune/Town/City	Round
1. Ialoveni	I
2. Cimislia	I
3. Cricova	I
4. Chisinau	I
5. Drochia	I
6. Hincesti	I
7. Lapusna ³	I
8. Balti	II
9. Edinet	II
10. Ungheni	II
11. Orhei	II
12. Cahul	II
13. Comrat	II
14. Anenii Noi	III
15. Calaras	III
16. Cantemir	III
17. Suruceni	III
18. Gribova	III
19. Antonesti	III
20. Colibas	III
21. Vatici	III
22. Rezina	IV
23. Floresti	IV
24. Singerei	IV
25. Straseni	IV
26. Singera	IV
27. Falesti	IV
28. Leova	IV
29. Nisporeni	IV
30. Glodeni	V
31. Ocnita	V
32. Biruinta	V
33. Vulcanesti	V
34. Ceadir-Lunga	V
35. Cornesti	V
36. Donduseni	V
37. Soroca	V
38. Briceni	V
39. Basarabasca	V
40. Causeni	V
41. Taraclia	V

³ Eliminated under the new Law on administrative-territorial division

ANNEX II

SIXTH LGRP FINANCIAL APPLICATIONS USERS MEETING

MEETING AGENDA

7th October 2003, Tuesday

	Group A (Romanian)	Group B (Russian)
8.15 – 8.45	Breakfast	
09.30 – 9.35	Greeting the participants	
09.35 -11.20	New in Local Treasury System by Director of State Treasury, Ministry of Finance	Public Aquisitions by Mr. Teodor Potarniche, lawyer at Public Aquisitions Agency
11.20-11.35	Coffee break	
11.35-13.00	Continuation New in Local Treasury System by Director of State Treasury, Ministry of Finance; Drafting the proposal to the MoF on potential legislative improvements	Continuation: Public Aquisitions by Mr. Teodor Potarniche, lawyer at Public Aquisitions Agency
13.00-14.00	Lunch	
14.00-15.00	Working with donors for fund raising by FD team	Working with donors for fund raising by FD team
15.00-18.00	Practicing Internet (Flakara Internet Center)	
18.30-21.30	Dinner at local restaurant “VEGA-L”	

8th October 2003, Wednesday

	Group A (Romanian)	Group B (Russian)
8.15 – 8.45	Breakfast	
09.00- 11.20	Public Aquisitions by Mr. Teodor Potarniche, lawyer at Public Aquisitions Agency	New in Local Treasury System by Director of State Treasury, Ministry of Finance
11.20-11.35	Coffee break	
11.35-13.00	Continuation: Public Aquisitions by Mr. Teodor Potarniche, lawyer at Public Aquisitions Agency	Continuation: New in Local Treasury System by Director of State Treasury, Ministry of Finance
13.00-14.30	Lunch	

SEVENTH QUARTERLY FINANCIAL APPLICATIONS USERS GROUP MEETING DECEMBER 16 AND 17, 2003

The Fiscal Decentralization team continues to organize quarterly LGRP Financial Applications Users Group Meetings and has conducted another meeting on December 16-17, 2003. Similar to previous meetings, this one was organized for all of the partners, each of them having the opportunity to have one representative at the meeting (see Annex 1 for breakdown of Cities/Towns/Communes per Round). The 7th meeting experienced a great turnout, with over 50 people in attendance. However, several communities could not send delegates because of emergency situations related to a peak in reporting activities, coupled with a reduction in staff¹ and unforeseen illnesses.

The approach used by the Fiscal Decentralization team for the previous meeting, where the undergraduates from Round 5 were invited to participate, proved to be appropriate and useful. This allowed for better cohesion in the team by the time the partners from Round 5 graduated into the User Group. In addition, it enabled the team to devote a special session of the meeting solely to the assessment of the current status in local public finances and further developments in legislative proposals to the Ministry of Finance to increase fiscal decentralization and generally ameliorate the local government legislative framework, especially relevant to local government finance and accounting operations. During the session, the participants addressed the previously mentioned topic and expressed their proposals that would be forwarded to the Ministry of Finance for consideration. The Fiscal Decentralization team collected all of these suggestions and will submit a petition detailing eventual improvements in local public finances to the Ministry of Finance. The participants were extremely active during the session, recognizing the importance of existing problems.

Mostly Chief accountants and their deputies attended the Meeting. In addition, there were several economists.

In addition to the special session on drafting a proposal to the Ministry of Finance, the Fiscal Decentralization team, as agreed upon with the approval of the Chief of Party, invited finance officers to purchase professional books during a special short session. Each participant received an allowance of MDL 150 to be spent only on professional books. These sessions were followed by two professionally held lectures, taught simultaneously by two invited and highly experienced experts from the Ministry of Finance and Department of Audit.²

This particular meeting was a symbolic one given that the ultimate, 5th Round of LGRP Partners officially graduated into the Users Group. At the graduation ceremony, delegates from 12 partner communities received official graduation certificates, which awarded respective communities the membership to the LGRP Financial Applications Users Group. The graduation was followed by dinner at the "Vega-L" restaurant.

¹ According to the recent ambiguous decision of the Government of Moldova, local governments throughout Moldova had to significantly reduce the number of their staff positions by as much as 40 per cent.

² See Annex II for detailed agenda of 7th Meeting

ANNEX I**BREAKDOWN OF LGRP PARTNERS BY ROUNDS**

Name of Commune/Town/City	Round
1. Ialoveni	I
2. Cimislia	I
3. Cricova	I
4. Chisinau	I
5. Drochia	I
6. Hincesti	I
7. Lapusna ³	I
8. Balti	II
9. Edinet	II
10. Ungheni	II
11. Orhei	II
12. Cahul	II
13. Comrat	II
14. Anenii Noi	III
15. Calaras	III
16. Cantemir	III
17. Suruceni	III
18. Gribova	III
19. Antonesti	III
20. Colibas	III
21. Vatici	III
22. Rezina	IV
23. Floresti	IV
24. Singerei	IV
25. Straseni	IV
26. Singera	IV
27. Falesti	IV
28. Leova	IV
29. Nisporeni	IV
30. Glodeni	V
31. Ocnita	V
32. Biruinta	V
33. Vulcanesti	V
34. Ceadir-Lunga	V
35. Cornesti	V
36. Donduseni	V
37. Soroca	V
38. Briceni	V
39. Basarabasca	V
40. Causeni	V
41. Taraclia	V

³ Eliminated under the new Law on administrative-territorial division

ANNEX II

SEVENTH LGRP FINANCIAL APPLICATIONS USERS MEETING

MEETING AGENDA

16 December 2003, Tuesday

	Group A (Romanian)	Group B (Russian)
8.15-8.45	Breakfast	
09.30-9.35	Greeting the participants	
09.35-11.00	<p>Round table – Identification and review of problems relevant to current functions of the Local Government Finance Officers. Drafting recommendations/proposals to the Ministry of Finance as to improve fiscal decentralization enabling framework and/or performed operations.</p> <p>Moderator – Lilia Tverdun, Democracy and Governance Training Specialist</p> <p>Special invitee – Ms. Teodora Sendrea, Director of Control and Audit Department, Hincesti office.</p>	
11.00-11.15	Coffee break	
11.15-12.00	Continuation: Round table – Identification and review of problems relevant to current functions of the Local Government Finance Officers. Drafting recommendations/proposals to the Ministry of Finance as to improve fiscal decentralization enabling framework and/or performed operations.	
12.00-13.00	Selection and purchase of professional books	
13.00-14.00	Lunch	
14.00-15.40	New techniques in the methodology of accounting in public institutions by Ms. Sofia Anghel, Director of the Methodology Department of the Ministry of Finance	Practical aspects of remuneration of local public employees by Ms. Teodora Sendrea, Director of Control and Audit Department, Hincesti office
15.50-16.10	Coffee break	
16.10-18.00	Continuation: New techniques in the methodology of accounting in public institutions by Ms. Sofia Anghel, Director of the Methodology Department of the Ministry of Finance	Continuation: Practical aspects of remuneration of local public employees by Ms. Teodora Sendrea, Director of Control and Audit Department, Hincesti office
18.30-21.30	Dinner at local restaurant “VEGA-L”	

17 December 2003, Wednesday

	Group A (Romanian)	Group B (Russian)
8.15-8.45	Breakfast	
09.00-11.20	Practical aspects of remuneration of local public employees by Ms. Teodora Sendrea, Director of Control and Audit Department, Hincesti office	New techniques in the methodology of accounting in public institutions by Ms. Sofia Anghel, Director of the Methodology Department of the Ministry of Finance
11.20-11.35	Coffee break	
11.35-13.00	Continuation: Practical aspects of remuneration of local public employees by Ms. Teodora Sendrea, Director of Control and Audit Department, Hincesti office	Continuation: New techniques in the methodology of accounting in public institutions by Ms. Sofia Anghel, Director of the Methodology Department of the Ministry of Finance
13.00-14.30	Lunch	

EIGHTH QUARTERLY FINANCIAL APPLICATIONS USERS GROUP MEETING MARCH 17 AND 18, 2004

On March 17-18, 2004, the Fiscal Decentralization team organized and successfully conducted the 8th LGRP Financial Applications Users Group Meeting. Partner communities' financial officers from the first five LGRP rounds participated in this meeting (See Annex I).

According to the meeting design, LGRP encouraged each invited partner community to send at least one person to the meeting. However, several partner communities, Anenii Noi, Ceadir-Lunga and Nisporeni sent two finance officers. Thirty-six finance officers representing thirty-two partner communities were able to attend. The makeup of participants for the 8th meeting was primarily chief finance officers, with a few budget specialists.

The Academy of Public Administration hosted the event, providing necessary facilities including classrooms, a computer lab, and lodging/dining facilities.

The 8th LGRP FAUG Meeting was held according to the Agenda developed by the Fiscal Decentralization team and approved by the Chief of Party¹. At the participants' request, the following training sessions were organized: Legal Status of Public Employees, and Remuneration of Public Employees in the Sphere of Education. In addition, the Fiscal Decentralization (FD) team developed and conducted one session on Financial Analysis of Local Government Budgets. During this session, participants introduced their budgets in a spreadsheet developed by the FD team, which automatically generated corresponding charts. Based on these charts, participants were asked to develop PowerPoint presentations detailing their local budgets. Several accountants from local government partners had the chance to present their budgets to the entire group. The FD team will develop an overall analysis of local governments' budgets in Moldova, from participants' data.

Except for dinner on the 1st day, which was organized at a local restaurant, participants had their meals at the Academy's canteen. As for the organization of the event, there were no significant problems related to either logistics or other organizational issues.

¹ See Annex II for detailed agenda of the 8th Meeting

ANNEX I**LIST OF PARTICIPANTS AT THE 8TH FAUG MEETING**

	Name of Community	Name of participant
1	Anenii Noi	Tatiana Catan
2	Anenii Noi	Angela Fauzulina
3	Antonesti	Lidia Banaru
4	Basarabeasca	Valentina Anufrei
5	Biruința	Ludmila Stănilă
7	Cahul	Elena Nichiforeac
8	Cantemir	Svetlana Novîtchi
9	Călărași	Maria Dranicer
10	Căușeni	Sofia Prisăcaru
11	Ceadîr-Lunga	Elena Covarji
12	Ceadîr-Lunga	Elena Chiseeva
13	Colibasi	Maria Lupan
14	Cornești	Elena Jumir
15	Comrat	Ana Deceva
16	Cricova	Ludmila Cozlova
17	Dondușeni	Aliona Vasilevschi
18	Drochia	Valeriu Pașegriv
19	Edineț	Nina Costaș
20	Florești	Larisa Urecheanu
21	Glodeni	Olga Orosan
22	Hincesti	Maria Bleah
23	Ialoveni	Eduard Ungureanu
24	Leova	Nina Arcan
25	Nisporeni	Svetlana Dima
26	Nisporeni	Ion Triboi
27	Ocnîța	Tatiana Cotic
28	Orhei	Vera Ursu
29	Rezina	Parascovia Rusu
30	Sîngera	Maria Moraru
31	Sîngerei	Larisa Andriuță
32	Soroca	Maricica Carp
33	Strășeni	Larisa Cegan
34	Taraclia	Maria Caraghios
35	Ungheni	Tatiana Pavliuc
36	Vatici	Natalia Vieru

ANNEX II

8TH LGRP FINANCIAL APPLICATIONS USERS MEETING

MEETING AGENDA

17th of March 2003, Wednesday (Round I – V to participate)

	Group A (Russian)	Group B (Romanian)
8:15 - 8:45	Breakfast (APA canteen, for the participants arrived on Monday)	
09.30 – 9:35	Greeting the participants	
09.30 – 11.20	Financial analysis of local government budgets, by Fiscal Decentralization team	
11.20-11.35	Coffee break (APA canteen)	
11.35-13.00	<i>Continuation:</i> Financial analysis of local government budgets, by Fiscal Decentralization team	
13.00-14.00	Lunch (APA canteen)	
14.00-15.40	Remuneration of public employees in the sphere of education by Mr. Sircu, Senior Lawyer at the Ministry of Labour.	Legal Status of Public Employees by Dr. Maria Orlov, Head of Law Department at the Academy of Public Administration
15.50-16.10	Coffee break (APA canteen)	
16.00-18.00	<i>Continuation:</i> Remuneration of public employees in the sphere of education by	<i>Continuation:</i> Legal Status of Public Employees by Dr. Maria Orlov, Head of Law Department at the Academy of Public Administration
18.30-21.30	Dinner (APA canteen)	

18th March 2003, Thursday (Round I – V to participate)

	Group A (Romanian)	Group B (Russian)
8:15 - 8:45	Breakfast (APA canteen)	
09.00 – 11.20	Legal Status of Public Employees by Dr. Maria Orlov, Head of Law Department at the Academy of Public Administration	Remuneration of public employees in the sphere of education by Mr. Sircu, Senior Lawyer at the Ministry of Labour.
11.20-11.35	Coffee break (APA canteen)	
11.35-13.00	<i>Continuation:</i> Legal Status of Public Employees by Dr. Maria Orlov, Head of Law Department at the Academy of Public Administration	<i>Continuation:</i> Remuneration of public employees in the sphere of education
13.30-15.00	Lunch (at APA canteen)	

NINTH QUARTERLY FINANCIAL APPLICATIONS USERS GROUP MEETING
AUGUST 10 AND 11, 2004

The Fiscal Decentralization team continues to organize quarterly LGRP Financial Applications Users Group Meetings. The 9th FAUG Meeting took place on August 10-11, 2004 at the Academy of Public Administration. Thirty-three representatives from twenty-seven local government partners from all of the rounds were present. The attendance for this meeting was less than previous meetings, mainly due to the fact that the dates of User group meeting coincided with vacation period for local government employees in Moldova. For more efficiency during the sessions all the participants were split into two working groups according to their language preference: Romanian and Russian (see Annex I for breakdown of Cities/Towns/Communes per Round).

Similar to previous meetings, one representative from each partner community was invited to attend. However, prior to this meeting the Fiscal Decentralization team received multiple requests from partner communities to send more than one representative. In response to this request, the LGRP provided facilities to host two representatives from each community: chief accountants and their deputies. In addition, some partner communities sent economists, who are in charge of financial planning. All participants were accommodated at the dormitory of the Academy of Public Administration.

As part of the organization of the Users Group Meeting, the team developed an agenda that incorporated topics proposed by the participants (See Annex II). Three experts from the Ministry of Finance, the Ministry of Labor, and the Public Procurements Department presented sessions. This meeting was marked by interactive discussions with the participants identifying the importance of existing problems and discussing possible solutions.

ANNEX I**LIST OF PARTICIPANTS AT THE 9TH FAUG MEETING**

	Community	Name of participant
1	Anenii Noi	Tatiana Catan
2	Anenii Noi	Ana Fauzulina
3	Antonesti	Lilia Banari
4	Bălți	Elena Zvereva
5	Briceni	Liubovi Cebotari
6	Cahul	Elena Heghea
7	Cantemir	Svetlana Novîțchi
8	Căușeni	Sofia Prisăcaru
9	Ceadr Lunga	Svetlana Caraman
10	Ceadr Lunga	Denis Caraman
11	Colibași	Maria Lupan
12	Cornești	Elena Jumir
13	Comrat	Svetlana Pometco
14	Comrat	Ana Deceva
15	Cricova	Elena Oboznaia
16	Dondușeni	Sofia Boicos
17	Drochia	Raisa Căldare
18	Drochia	Valeriu Pașegriv
19	Edineț	Nina Costăș
20	Glodeni	Olga Oroșan
21	Hîncești	Ana Cebotareva
22	Ialoveni	Ana Darii
23	Ialoveni	Elena Palii
24	Leova	Maria Dobrea
25	Nisporeni	Svetlana Dima
26	Nisporeni	Tatiana Guțu
27	Ocnița	Tatiana Cotic
28	Rezina	Aglaiia Maznic
29	Sîngera	Eugenia Baci
30	Soroca	Elena Focșa
31	Taraclia	Maria Caraghioz
32	Ungheni	Valentina Ogorodnic
33	Vatici	Natalia Vieru

ANNEX II

8TH LGRP FINANCIAL APPLICATIONS USERS MEETING

MEETING AGENDA

10th of August 2004, Tuesday

	Group A (Romanian)	Group B (Russian)
8:15 - 8:45	Breakfast (APA canteen, for the participants arrived on Monday night)	
09.25 – 9:30	Greeting the participants	
09.30 – 10.50	Finances and Budget in Local Government by V. Iovita, Fiscal Team Specialist (based on Jonh Smith Fellowship Program in the UK)	Seminar on public acquisitions by Teodor Potirniche, Lawer of National Agency of Public Acquisitions.
10.50-11.10	Coffee break (APA canteen)	
11.10-13.00	Seminar on public acquisitions by Teodor Potirniche, Lawer of National Agency of Public Acquisitions.	Finances and Budget in Local Government by V. Iovita, Fiscal Team Specialist (based on Jonh Smith Fellowship Program in the UK)
13.00-14.00	Lunch (APA canteen)	
14.00-15.40	Some aspects of Labor Code on remuneration in local governments by Ion Ciochina, Head of Labor Legislation Department, Ministry of Labor and Social Protection.	Bookkeeping methodology of budgetary institutions by Sofia Anghel, Head of Bookkeeping Methodology Department, Ministry of Finances.
15.50-16.10	Coffee break (APAcanteen)	
16.00-18.00	<i>Continuation:</i> Legal aspects of Labor Code on remuneration in local governments	<i>Continuation:</i> Bookkeeping methodology of budgetary institutions
18.30-21.30	Dinner	

11th of August 2004, Wednesday

	Group A (Romanian)	Group B (Russian)
8:15 - 8:45	Breakfast (APA canteen)	
09.00 – 11.20	Bookkeeping methodology of budgetary institutions by Sofia Anghel, Head of Bookkeeping Methodology Department, Ministry of Finances.	Some aspects of Labor Code on remuneration in local governments by Ion Ciochina, Head of Labor Legislation Department, Ministry of Labor and Social Protection.
11.20-11.35	Coffee break (APA canteen)	
11.35-13.00	Bookkeeping methodology of budgetary institutions	<i>Continuation:</i> Legal aspects of Labor Code on remuneration in local governments.
13.30-15.00	Lunch (APA canteen)	

Report

Regulatory System Of Local Public Finances: Analysis And Recommendations

Table of contents

1	Regulatory and Normative Framework of Local Public Finances	3
1.1	Regulatory and Normative Acts	3
1.1.1	Local public finance law	4
1.1.2	Local public administration act.....	6
1.1.3	Administrative and territorial division act.....	8
1.1.4	Local taxes act.....	9
1.2	Budgetary system analysis	10
1.2.1	Elements of budgetary system.....	10
1.2.2	Budgetary classification	11
1.2.3	Local budgetary system	11
2	Analysis of the main problems in local public finances system	12
3	Elaboration of local budgets	14
3.1	Forecast of incomes	14
3.2	Forecast of expenses	14
3.3	Interbudgetary relation.....	15
3.4	Cash execution of the budget.....	15
3.5	Administration of local public financed.....	17
	Annexes.....	19
	Annex 1 List of Normative Acts on local Public Finances	19
	Annex 2 Budgetary Classification	21
	Annex 3 List of Main Documents of Local Finances	23
	Annex 4 List of Financial Returns of Local Finances	24

1 Regulatory and Normative Framework of Local Public Finances

1.1 Regulatory and Normative Acts

Functionality of the local public finance system is ensured by regulatory and normative act that consists of laws, parliament decisions, governmental decisions, and instructions by the Ministry of Finance.

Analysis of all acts that regulate activity in the field of local public finance shows that the whole burden of system operation falls on instructions by the Ministry of Finance and less on laws approved by the Parliament.

In our opinion relations between local and central public authorities should be regulated by the law and as less as possible by regulations and instructions.

The main regulatory and normative acts:

1. Law that regulate local public finance system
 - a. Local public finance law
 - b. Local public administration law
 - c. Local taxes law
2. Laws that regulate budgetary process and interbudgetary relations
 - a. Tax code
 - b. Budgetary system and budgetary process law
 - c. Parliament decision on budgetary classification
 - d. Annual state budget act
3. Other normative and methodological acts
 - a. Methodological norms by the Ministry of Finance
 - b. Methodological norms by the General administration with regional funding
 - c. Instruction by the Ministry of Finance (MF) on book-keeping at central accounting departments of the mayoralities
 - d. MF regulation on financing plan elaboration
4. Decisions by central public authorities related to local public financial system
 - a. Governmental Decision (GD) on organization chart and standard staff of the regional council
 - b. GD on standard staff of the mayoralities
 - c. Territorial and administrative division act

All above-mentioned acts directly of indirectly influence functionality of local public financial system. However, any regulatory and normative can be characterized by permanent amendments which leads to instability of the system and uncertainty in activity of local public authorities.

From the above list one can see that the main players that determine rules of the game in local finance system are:

1. Parliament
2. Government
3. Ministry of Finance
4. General finance administration of the region

Besides these public bodies there are a series of institutions that can influence directly or indirectly activity of local public authorities. For example, Creditor Council, can make decisions for economic entities on postponement of

tax debts, as a result local budgets are deprived of a great share of income. This problem can grow worse if such decision is taken in the middle of the year. The resulting deficit cannot be covered by anything.

Any decision made by a competent body should be evaluated from the perspective of the impact on local budget and when a central body makes a decision that affects receipts at a local budget, the latter should ensure compensation of the loss.

1.1.1 Local public finance law

The law in its final reading was adopted on December 12, 2003. The previous law was adopted in 1999, after substantial debates that in 1998 started two different projects. However, in 2003, as a result of implementation of new laws on territorial and administrative organization and amendment of the local public administration act, over 40% of the local public finance law of 1999 have been amended and as a result it was decided to approve a new law.

Local public finance act sets out forms of local budgets, delimits incomes and expenses of local budget, defines how loans should be granted, describes budget elaboration and enforcement process, including monthly distribution of budgets, functions of local treasuries, as well as rights and obligations of loan accountants.

Local public incomes

Local public authorities have four types of incomes:

1. Incomes from local taxes and transferred in full to the local budget
2. Receipt of special funds received from performance of work
3. Transfers of general state taxes
4. Transfers from the state budget to level II budgets and from level II budgets to level I budget

Local taxes that can be collected by local public authorities are stipulated in local taxes act. Until now there were 14 local taxes in the Republic of Moldova, but to proposal from the Ministry of Finance only 8 taxes were left. In Parliament agenda there is Title VII of the Tax Code dedicated to local taxes. The proposed documents contain 8 taxes, but deputies insist on introduction of 3 other taxes besides those existing: dog tax, public passenger transportation services tax and market tax.¹

The final variant of taxes to be applied in the Republic of Moldova will be known when the Parliament shall adopt Title VII of the Tax Code.²

Another source of income are special funds, collected from performance of various work. Presently, their weight in local public income is 10-15% of total income. As a result of local public finance system reform, share of special

¹ Out of 14 actually existing taxes, only 3 of them were functional: territory arrangement tax, commercial establishment placement tax and market tax. The taxes proposed for introduction will make any significant change in things. Annual republican income from levying tax on dog owners constitutes 7,000 (about 500 USD) and there is no real basis for an increase. Tax on transportation services to travelers as amount of inflow is considerable, about 200 million lei per year, but 95% are collected in Chişinău municipality and the remaining 5% in Bălţi, Orhei and some other large localities in the republic. Therefore, introduction of this tax will affect only one locality. In our opinion an ideal solution would be that public authorities should levy tax on transportation services providers not by means of local taxes, but by collecting Royalty on Public Service licensing. Market tax can be attributed to service payments.

² That will be not the list of new local taxes, it is for sure that a single new tax was not proposed, those 8 or 11 taxes will be those taxes that existed before. In order to strengthen financial capability of the local public authorities it is necessary to levy existing taxes in the territory. Experience shows us that it never happens. One of the solutions would be to grant local public authorities, through associations, a right to introduce in the Legislation some local taxes, that will be collected in the territory.

funds will grow owing to that some taxes will become either an income from provision of services or payments for the right to provide public services.³

Transfers from general state taxes will be formed of following sources:

1. For local public authorities of level I
 - a. Income tax on physical entities;
 - b. Income tax on legal entities;
 - c. Transfers from real-estate tax;
2. For level II authorities:
 - a. Income tax on legal entities;
 - b. Road utilization tax – at least 50%;
 - c. Transfers from real-estate tax.

Transfers from real-estate tax will be divided between levels I and II in accordance with the decision of regional council into share approved by it. The new law local public authorities were deprived of VAT transfers.⁴

Local public expenses

Local public expenses shall be fulfilled in accordance with jurisdictions at hierarchical levels.

Public authorities from villages and towns except for Bălți and Chișinău municipalities shall be responsible for the following activities:

1. Arrangement of the territory and town-planning;
2. Local roads
3. Water provision system and sanitation
4. Social assistance
5. Maintenance of pre-school, primary, gymnasium, secondary comprehensive, lyceum and complementary (extracurricular) educational institutions, other educational institutions that serve population at a given locality;
6. Culture, cultural activities, libraries and museum
7. Physical education and sport
8. Fire protection
9. Maintenance of parks and green areas, cemeteries
10. Accomplishment of administrative and military activity measures
11. Fulfillment of judicial awards by which local public authorities is obliged to make certain payments
12. Activity of executive authority
13. Other activities

Jurisdiction of public authorities at the regional level includes:

1. Construction and maintenance of roads of regional interest;
2. Construction of public facilities of regional interest;

³ As we've mentioned before taxes levied on provision of public services can be replaced on a case by case basis with: 1) when public service is provided by local public authorities, by payment for a provided public service; 2) when a public service is provided by a private entity, he should a royalty that will constitute a payment for providing a public service (according to Licensing Act, local public administration shall conclude a contract on provision of public services with a private entity, and for the right to provide such service private entity shall pay royalty).

⁴ As a result of health protection system reform local public authorities have been exempted of expenses on health. Payment for mandatory medical insurance, for special groups of citizens is made from the state budget. Complete transfer of Value Added Tax followed transfers of some expenses to the state budget to the state budget. At first sight this technical move seems to have a negative effect on local public authorities. This issue will be analyzed later.

3. Maintenance of lyceum educational institutions, except for those under jurisdiction of level one local units, secondary professional educational institutions, boarding schools, boarding gymnasiums with a special order, methodological activity in the field of education, as well as other activities and institutions that provide services to population of a given administrative and territorial unit;
4. Provision of social assistance and support of social assistance institutions;
5. Coordination and performance of sports activities and other activities for youth;
6. Maintenance of theaters, local public television;
7. Maintenance of public order;
8. Coordination, organization and supervision, within its jurisdiction, of administrative and military activities;
9. Fulfillment of judicial decisions by which local public authorities are obliged to perform certain payments;
10. Activity of executive authority and administrations subordinated to a respective regional council;
11. Other activities

From this list of activities we can see that there is no clear delimitation of jurisdiction in social assistance to population and jurisdiction in the field of education is very vague.

In our opinion, local public administration law and local public finance law should only stipulate areas of jurisdiction, but sector laws should regulate delegation of tasks by jurisdiction.

For example, the above-mentioned laws should say that education is a jurisdiction of regional public authorities, and mayoralities, as well central public authorities. And legislation on education should specify concrete responsibilities of every hierarchical level in education support. This will allow to reveal an ambiguous situation when local public authorities are responsible for organization of education system, but their jurisdiction does not include making decisions on organization of education, such as number of teachers, mandatory subjects, etc.

1.1.2 Local public administration act

Local public administration act was adopted on March 18, 2003. This law delimits administrative jurisdictions between those 2 levels of local administration – regional and mayoralities; also it makes reference to article 9 for financial support of local autonomy, but in Chapter XI to administration of public finances.

Analysis of local public administration jurisdiction according to local public administration act reveals the fact that many of them do not have any financial coverage provided by the local public finances act. The following are jurisdictions lacking coverage at hierarchical levels.

Hierarchical level	Jurisdiction according to local public administration act	Comments
Mayorality	Construction of housing for socially vulnerable strata of population	Lack financial coverage
	Activities for youth at local level	It is in jurisdiction of level II bodies
Region	Social and economic development, territory arrangement and town planning	It is in jurisdiction of level I bodies
	Construction of gas piping between town and thermo-energetic facilities for local purposes	Lack financial coverage
Overlap of jurisdictions	Protection of the environment	Such expenses are not provided for at either level and jurisdiction is not clearly identified

	Passenger transportation, bus stations and depots	It is not clear how bus stations can be delimited by hierarchical levels and there is no financial coverage at either levels
--	---	--

Besides this, local public administration act also provides for a series of jurisdictions which can be viewed as related activities of public authorities and do not require additional financing, though it's even hard to imagine how, for example, local public authorities, without any additional resources will organize retail trade or other similar activities Article 10 points 1 (m,n,o, etc.) and Article 11 points 1 (l,m,o, etc.).

Local public finances act also provides for expenses for ensuring public order; and administrative and military activities that are not stipulated in local public administration act. Apart from that the law in articles 12 and 13 sets out a series of jurisdictions delegated by the state to local public authorities of level I and II.

Attributed delegated to level one	Attributed delegated to level two
Public hygiene	Public health, including health of mothers and children
Natural reserves	Protection of natural resources;
Utilization and protection of subsoil, under law, observance of administration rules in protected areas and sanitary areas	Institutions and activities of secondary professional educational facilities, boarding schools, boarding gymnasiums under special order, other institutions that provide services to population of the respective administrative and territorial unit, methodological activity in the field of education;
	Protection of consumers in accordance with the effective legislation;
Attributed that are not clearly identified and exist at either levels	
Social protection of the population, including unemployed population	
Civil protection	
Insurance of public order	
Administrative and territorial activities and mobilization, other activities for the national defense	

It should be mentioned that the new law does not say that the state can delegate, but that the state delegates. Even more than that, through its institutions it controls lawfulness and opportunity of fulfilling delegated jurisdictions.

In this context, two unanswered questions arise: 1) what is the mechanism and how the state provides financial resources required for the delegated jurisdictions 2) what normative or regulatory act provides for a methods of assessing opportunity for fulfillment of the delegated jurisdictions.

Even if there is an answer to these questions, it is still not clear how jurisdiction will be divided between levels I and II. Such expressions as within its jurisdiction in Article 12(f) and Article 13(d) won't bring any clarity. What are the limits of their jurisdiction? Where they should be written?

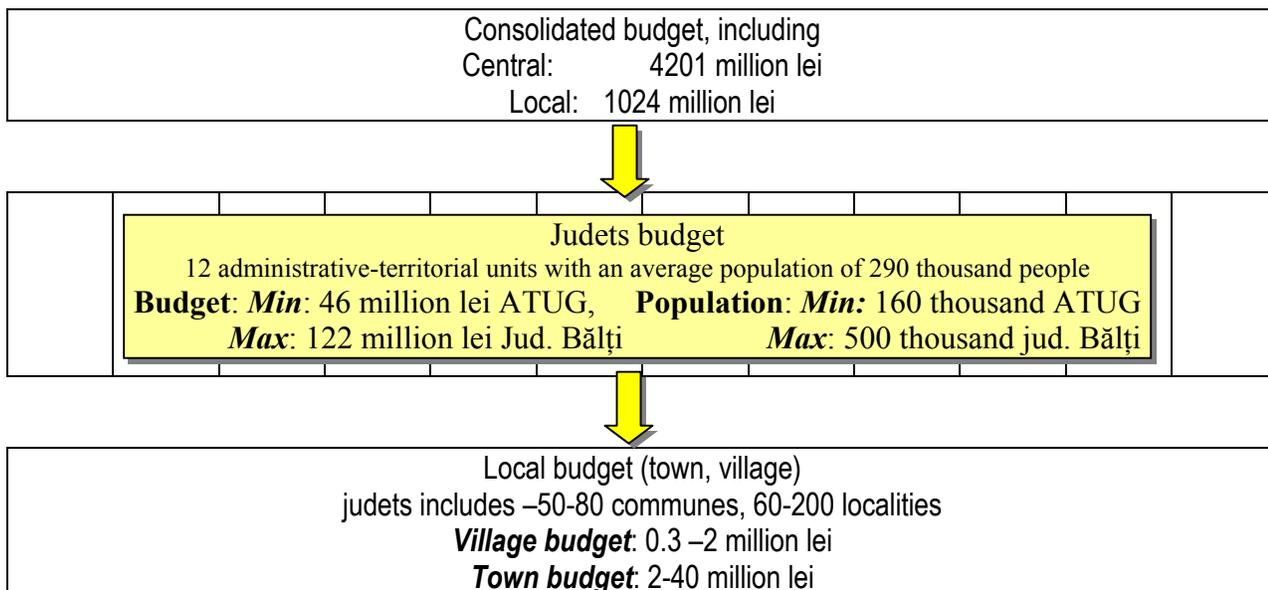
1.1.3 Administrative and territorial division act

This law had one of the greatest impacts on local public finances in Moldova, for a simple reason that in recent years it has incurred a complete change twice. Until 1998 according to the old legislation of Moldova there were 43 regions, that that year were transformed in 10 new judets (without part on the left bank of Dniester river), Autonomous Territorial Unit Găgăuzia and Chişinău municipality. But according to the new law of 2003 Moldova is divided in regions again (31 without part on the left bank of Dniester river, ATU Găgăuzia and Chişinău municipality). This counter reform has a few implications on local public authorities and local public finance system.

One of the direct impacts will be transition from regions with an average population of 280 thousand people to a region three times smaller in size, with an average population of 80 thousand people. One the one hand it will be easier to coordinate, on the other hand it will be harder to ensure self-financing. It is evident that the financial capacity of a region with a population of 280,000 will be higher than of those with 80,000. Also in the long run there is a tendency to transform judets center in a well-developed urban locality that will attract a part of regional elite. This will reduce the tendency of the country to become rural. In the country there are only 5 urban localities, in its full sense of word.

Budgetary process chart can be shown as follows:

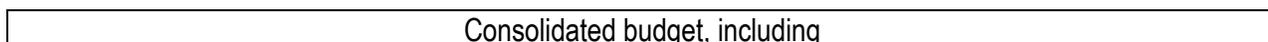
Organization of budgetary process when divided in judets

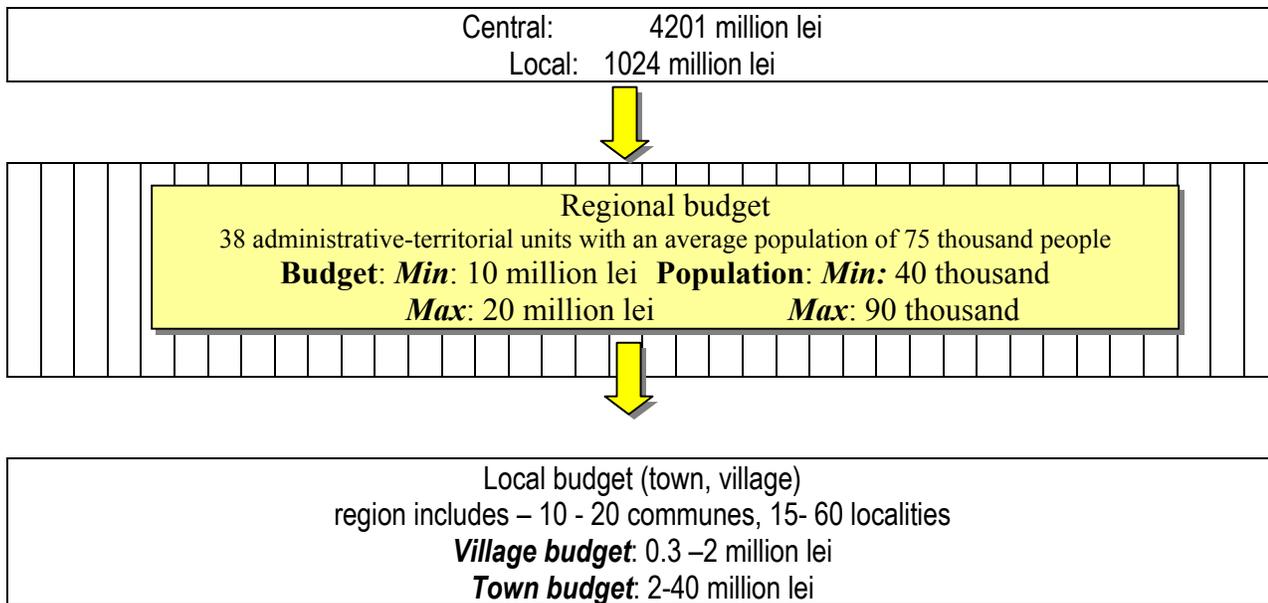


* Without mun. Chişinău and jud. Taraclia, atypical cases.

There are great differences between judets with regard to amount of budget, because population ranges from 160,000 to 500,000, budget, economic potential, degree of self-financing, etc. But within the judets differences are lesser because there are many localities and extremes are rare.

Organization of budgetary process when divided in regions





* Without mun. Chişinău, atypical case.

Under such organization differences between regions are smaller, population is relatively equal, economic potential is similar, with small exceptions, similar level of urbanization, etc. But there will be great differences within a region, because there will be few communes, and the bigger commune of regional center will prevail over small communes, for example, Basarabeasca region, Ungheni region, etc.

The main problem is still lack of possibilities of self-financing both in case of region and judets, and there are obvious tendencies of centralization that will lead to dissolution of local autonomy. New regions will depend to a much greater extent on central budget due reduced economic potential and uncertain possibilities of resolution of local problems.

Another effect of this law on local public finances will be growth in share of administrative expenses. According to our estimates at the level II these expenses have increased by 40% due to an increased number of public workers. In order to compensate such increase in number of workers, by decision of the Government number of workers at mayoralties was reduced by 50%. As a result of this their normal activity has become impossible. A new Government Decision, the increased a number of mayorality employees by one unit, but it is reasonable to expect that in the near future their number will grow to a value of 20-30% greater than before the reform at the level I as well.

However, increase in number of employees took place concurrently with amalgamation of functions, because it is the number of administered populace that decreased but not functions of the administration. As a result, quality of local public administration has significantly diminished both at level I and at level II. We'll discuss personnel in more detail when analyzing problems of local public administration.

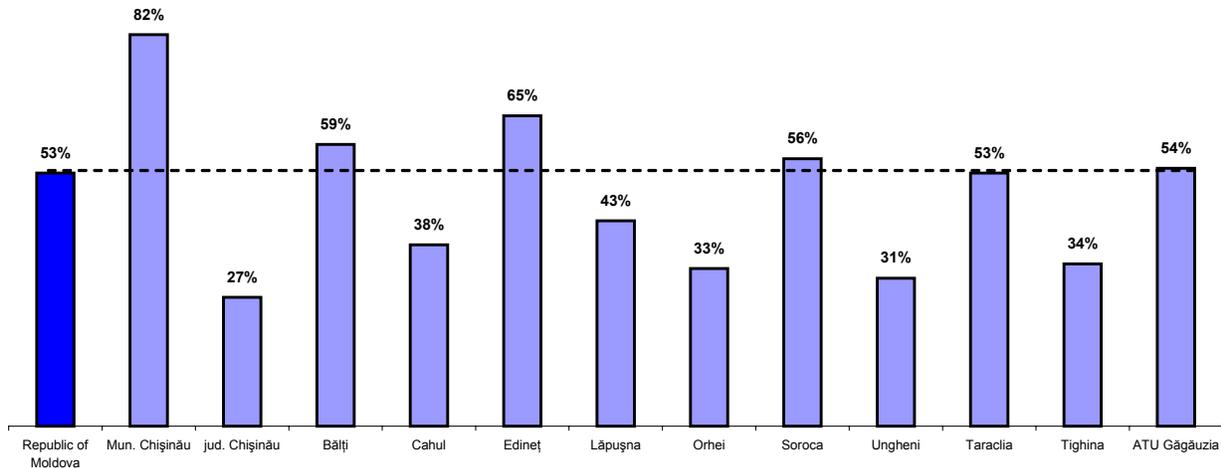
1.1.4 Local taxes act

This act was adopted in year 1994 but its title has been changed by another act of year 2000. According to the recent law in Moldova there are 14 local taxes, but presently, as mentioned before, Parliament is discussing Title

VII of the tax code where it is planned to leave only 8-11 local taxes of the existing ones. It is for sure that from January 01, 2005 in accordance with the law no.6-XV of 05.02.2004 border crossing tax will be repealed.

Reduced applicability of local taxes and transformation of land tax into a regulatory tax, renders local self-financing idea unviable. So, of 14 taxes that used to exist, only 7 were levied in a relatively great number of mayoralities. Out of those 7 only 3 were imposed in over 50% of mayoralities.

Weight of own income in total income of local public administration, 2001



Apart from applicability of local taxes another essential factor is amount of collections received from application of a tax. Thus, 4 local taxes account for 95% of income to the local public administration.

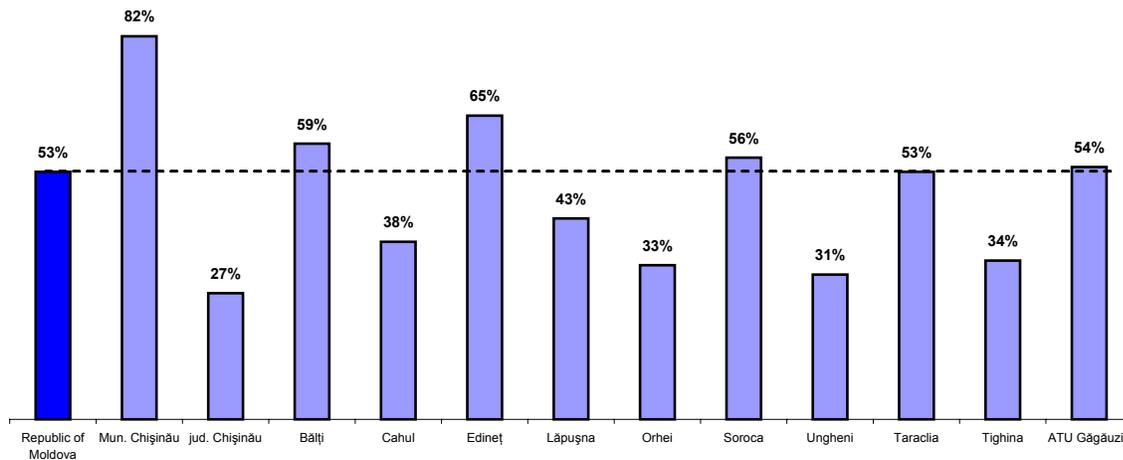
- Territory arrangement tax - 31%
- Tax on transportation services right - 31%
- Commercial establishments placement tax - 23%
- Market tax - 10%
- Other taxes - 5%

The rest of taxes are of insignificant importance and present advantages just sporadically. Such local taxes as filming tax, tax from dog owners didn't bring any income to local budget at all. Other taxes, such as balneal tax, sales tax in customs area, brought about 10 thousand lei.

Most of the local taxes do not perform as expected. Collection costs of some local taxes are greater than amounts collected.

Local taxes are collected in particular for Chişinău, which collects 67% of all local taxes, the rest of localities have to think of another way to increase tax income. For this purpose mayoralities should have more liberties in promoting some new types of local taxes.

Weight of own income in total income of local public administration, 2001



Even though some local taxes are more important, they are not sufficient either. Local tax system should be redesigned, because dependence of regions on transfers from the central budget actually leads to dissolution of local autonomy concept, since the one who transfers money shall transfer management policy as well. In the same time there can be big contradictions between regions with regard to amount and purpose of transfers.

From the above-said we can stress 2 taxes, which truly contribute to formation of local budgets: territory arrangement tax and commercial establishments placement tax.

1.2 Budgetary system analysis

1.2.1 Elements of budgetary system

According to the law on budgetary system and process, budgetary system in Moldova consists of the following elements:

- **State budget**, which includes incomes and expenses of the central state administration (Government);
- **Local budgets**, which includes incomes and expenses of local state administration (judets councils and mayoralties);
- **Social insurance state budget**, which includes incomes and expenses on pension payments; and
- **Off-budget funds**, which includes incomes and expenses meant for special purposes.

Although local authorities control only local budgets and local off-budget funds, all components of the budgetary system have common traits described as follows:

- **Budgetary process.** All budgets are built up within budgetary process. This process presents a set of procedures for elaboration, approval and execution of incomes and expenses provided in the budget. Budgets are elaborated for period of one year. Budget year corresponds to calendar year.
- **Budgetary income.** Budgetary income consists of duties, taxes and other receipts, except for loans. Expenses can be performed only by preliminary allotment of a part of income. Allotments for state debt service and state obligations are permanent, and their size depends on loan provisions (obligations). Income also includes the so-called “special funds” or money received by state institutions for provision of services against payment.

- **Budgetary expenses.** Expenses are performed within the limits of allotments. Expenses are those connected with fulfillment of state functions, such as those set out in Constitution. Expenses include maintenance of the public administration, educational, scientific, culture and art institutions, health protection, environment protection, support of some industries, investments in public infrastructure, insurance of country defense, maintenance of public order and other.
- **Reserve funds.** Budgets can include reserve funds for unforeseen expenses.
- **Loans.** Loans are not part of the budgetary income of expenses. These are used only to cover the deficit and paid from budget surplus. Interest on loans presents a budgetary expense.

Both incomes and expenses are determined between the components of the budgetary system – state budget, local budgets, social insurance budget and off-budget funds. Among all budgets, only state budget can have a deficit.

1.2.2 Budgetary classification

According to the budgetary system law, budgets are elaborated and executed based on a united budgetary system classification. Parliament decisions on budgetary classification provide detailed provision of the law and include a detailed structure of income and expenses items.

So, according to budgetary classification, budgetary income is divided in current income, related to capital operations, and transfers. Each category contains, in its turn, taxes and other sources of income. As opposed to incomes, expenses are classified by 3 criteria: functional, economic and organizational. Annex 2 includes classification items for the local administration (elements for the central budgetary system, such as excise taxes, customs duties, national defense expenses, etc. are excluded).

1.2.3 Local budgetary system

Two components of the central budgetary system are controlled directly by local public authorities – local budgets and local off-budget funds. Normative framework of local public finances is insured by Local public finance act. According to the law, local public finances are constituted of:

- **Regional budget.** This budget presents a whole of incomes and expenses required for performance of functions that are in the jurisdiction of the entire region or of function delegated by the Government;
- **Locality budgets.** This budget presents a whole of incomes and expenses related to jurisdiction of villages (communes), towns and municipalities in the territory of the judets; and
- **Off-budget funds.** This funds present incomes and expenses related to financing of special programs.

Regional budget and local budgets together form the regional budget. Regional budget, together with the state budget, form the consolidated state budget.

Structure of local budgets is determined by jurisdictions of local authorities. Expenses of local budgets are formed of expenses of institutions and programs required for fulfillment of local administration jurisdictions. Budgets incomes present a source for coverage of expenses. Local public finances act identifies the following types of income in local budgets: (a) own income, (b) special funds, (c) deductions and (d) transfers.

While not being a part of income (according to the Budgetary system act), loans are a source for financing temporary deficit of liquidity in local budgets or for financing capital expenses. According to the local finances act, local authorities can make a loan only from regional authorities, and regional authorities – from central authorities or from banks.

2 Analysis of the main problems in local public finances system

Analysis of local public finances system in recent years revealed many problems. The use of such study is double, on the one hand we can see what problems local public authorities are facing and on the other hand this study can serve as a basis for formulation of regulatory or normative proposals for purpose of improving the existing system.

A. The problem of rural localities near urban localities. Rural population near town as a rule work in those towns, use goods and services in the village of residence, but taxes are paid at the work place. It turns out that one mayoralty receives payments and another provides services. Town has a better absorption capacity of duties and taxes in the territory. So, if there is a transport infrastructure, especially railroad, Chişinău city, has an attraction capacity up to 70-80 km around city. Another aspect of this problem is that mostly agrarian localities are in disadvantage to industrial localities, because agricultural products are processed at the industrial localities and according to the existing system taxes and duties are collected in the industrial locality.

Unfortunately, the only solution for today of local tax and duty absorption problem by the large towns or industrial localities, are transfers. For localities near towns the solution would be to include them into municipality, so that a united social and economic system will be created. An eloquent example is Chişinău municipality.

B. Unclear delimitation of jurisdictions and budgetary expenses. Local budgets do not clearly delimit expenses on fulfillment of their own jurisdictions and delegated jurisdictions. As a result localities annually incur a damage of about 100 million lei. Apart from this, local public administration act provides for a series of jurisdictions delegated by central public authorities to local ones, but not a single act clearly sets out how these jurisdictions should receive financial coverage by the latter.

Local budget should be formed strictly based on own jurisdictions. After its approval, delegated jurisdictions should be covered by income from central public administration.

C. Removal of VAT from regulatory income. According to the latest amendments Value Added Tax is not a regulatory income. This apparently technical decision has two negative implications on local public administration: dependence on transfers and financial loss. Presently, as a result of substantial reduction of deductions, every single locality now depends on transfers, which under conditions in Moldova, has a negative effect on local autonomy. Economic implication refers to specifics of financial system and budgetary income forecasting method. Thus, incomes are forecasted by semi-pessimist methods, as a result every year incomes are higher than planned. According to the local public finances act all surpluses of income remain in jurisdiction of local public authorities. In the year 2003 amount of collected VAT exceeded the plan by 600 million lei and according to the law local public administration received about 200 million lei more than planned. As a rule, additional resources are used for communal services, development of the infrastructure in particular for construction and reparation of local roads. But if VAT will be collected in a centralized manner, the whole surplus will be collected and used by central public administration, which means that local public authorities will not receive a significant amount, according to our estimates about 250 million lei, which can be used for local economic development.

If local budget will be formed based on one's own jurisdictions, then this problem will not be as serious. Also it is necessary for central public authorities to find a way to compensate losses incurred by local public authorities.

D. Reduction of number of jurisdictions of local public administration. As a result health protection reform implementation, this jurisdiction has been passed to from central to local public authorities. This decision has two consequences: role of local public authorities in society reduced and VAT was removed from regulatory income.

We believe that local public authorities could properly finance mandatory medical assistance to vulnerable strata of population, when redistribution of consolidated budget income will be made towards increasing share of local budgets in income, by reversing VAT as a regulatory income.

E. Lack of financial resources meant for economic expenses. Urban localities do not have enough resources required for development of the infrastructure, this problem aggravated when VAT was removed from regulatory income.

A solution would to provide access to urban localities to capital market by issuing municipal obligations, which will attract financial resources for feasible projects. Presently, only Chişinău municipality, Bălţi and regional authorities have access to this financial instrument. We believe that the law should not stipulate a list of localities, but contain criteria according to which localities will have access to the capital market. According to perform study, at least 10 urban localities have a sufficient economic potential to issue municipal obligations. For normal operation of this market it is necessary to create institutions required for this market and to elaborate the required regulatory framework.

F. Inequitable education financing system in small localities. Education financing system is very rigid. Difficulty of this problem is also determined by the fact that in small localities about 80% of budgetary expenses are meant for education. Therefore, failure to solve this problem leads to big problems for at least 300 rural mayoralities. This consists in that that according to normative requirements of the ministry of finance, financing of education is performed subject to number of children, but expenses in greater share are fixed and do not depend on their number. Therefore, maintenance of a class with 25 pupils is equal to maintenance with 10-12 pupils, but for the latter amount of allotted financial resources is 2-2.5 times smaller. Small classes are characteristic for small rural localities, which under such circumstances are not able to support education system.

This problem can be solved in two ways: by transferring education under jurisdiction of central public authorities or by introducing expense adjustment quotients. For example, mayoralities in whose jurisdiction there are localities with population less than 1000 people, quotient should be $k_1=1.3$. And in order to facilitate concentration of resources by local public authorities and not to open schools in very small localities another adjustment quotient should be set for children who live over 7 km walking distance from school $k_2=1.2$. The final calculation formula of expenses per one pupil from small localities who walk to school from another village will be $S=S_0 \times k_1 \times k_2$. Where S_0 is basic expense norm, calculated for all localities, and S adjusted normative that depends on size of locality and the fact of whether the child has to walk to school from another village.

G. Reduced possibilities of local taxes application. Out of those 14, now there are only 8 local taxes that will be introduced, and only 4 are actually applicable, the rest do not have any practical use.

It is necessary that local public administration have at least the right for regulatory initiative. The maximum option would be that local public administration will have the liberty to set local taxes as they please. The only restriction is the share of local taxes in volume of industrial production in the locality.

H. Personnel staff. Presently personnel staff in the mayoralities is formed in accordance with Standard Staff approved by the Government. Such situation has serious consequences for local public administration: 1) limited

autonomy in organization of local public authorities, 2) does not match actual requirements, for instance in urban localities cadastral engineer is not provided while in reality many of them own agricultural land comparable with a rural locality, as a result local authorities cannot fulfill their attributes.

Local public authorities should have a total liberty in forming mayoralty or regional staff. Central public administration can influence this activity only by setting maximum share of expenses for the mayoralty in local public expenses, for example 15% of total expenses.

3 Elaboration of local budgets

Starting year 2000 incomes and expenses are forecasted in accordance with the Local public finances act. According to the law, incomes and expenses of local budgets shall be estimated based on information submitted by the central government, as follows:

- Macroeconomic forecasts,
- Basic principles of state policy with regard to budgetary incomes and expenses, and
- Norms of deductions from the general state income to local budgets.

Both incomes and expenses are forecasted regardless of obligations and debts from previous years.

3.1 Forecast of incomes

Local budgets income is forecasted based on **Methodological norms** presented by the central government in person of the Ministry of Finance. These norms are sent to the General finance administration for distribution to mayoralties.

Actual forecasting is **performed by mayoralties**, and the results are analyzed and aggregated by the General finance administration. Forecasts of incomes and expenses serve as a basis for calculation of transfers.

Forecast method of income does not differ now from the one existing for 5-7 years, its basics are set out in the Budgetary system act (1997).

3.2 Forecast of expenses

Forecast of expenses is performed on the basis of **expense norms** set for the main fields of the economic classification of budgetary expenses. Norms are set by the central government and included in methodological notes. These norms represent annual expenses for each field connected to number of population in the region or number of officials (the latter depends on number of population as well – as is the case for mayoralties and municipal police).

Forecast of expenses is **performed by mayoralties**, and General finance administration analyzes and aggregated results of forecasts. Methodological notes provide for a possibility of changing expense norms (towards reduction) by the General finance administration. This provision gives the financial administration a possibility to redistribute income between regional budget and budgets of mayoralties (see chapter Interbudgetary Relations). Thus, budget forecast for year 2002 Judets financial administration reduced expense norms for mayoralties and for education in order to maintain high amounts at the level of judets.

Forecast method for expenses that is used now, is essentially different from the one used up to year 1999. Thus, before 1999 expenses for each field of functional classification (state services, education, health protection) used to be planned for each organization apart by items of economic classification (salaries, social insurance, utilities, services) according to personnel staff, salary forecasts and extrapolation of expenses for services. Change in how expenses are determined has caused their significant increase – by 1/3 in 2000 against 1999. But slow growth of those norms in recent years has caused diminishing in financial capacity of local public authority to provide

services. The most affected are small localities. In the following chapter we'll analyze financing of education in small localities.

3.3 *Interbudgetary relation*

Duties and taxes provided in tax code are incomes of the consolidated budget of Moldova. Budgetary system of Moldova, however, provides for three levels of budgets that form the consolidated budget – state budget, regional budget and local budget.

Incomes and expenses of the state administration are delimited between those levels. Such delimitation is made firstly at the level of expenses, and then incomes are delimited to cover these expenses. **Delimitation of expenses** between local administration levels is provided in the Local public administration act and Local public finance act. Description of this delimitation is presented in the chapter Regulatory and normative framework.

These laws also provide for methods of **income delimitation** as follows:

- **Attribution of certain types of taxes to a given budgetary level.** Distribution of taxes between central and local administration gives a greater degree of autonomy to the latter. Thus, real-estate tax (land and buildings), along with local taxes and a series of other taxes are paid directly to local budgets. The Local finances act names this income as “own income”.
- **Deduction of certain types of taxes.** This practice is meant to distribute receipts from certain taxes by levels of budgets, without introducing new taxes that will correspond to each budgetary level.
- **Transfers between budgets.** If own income and deduction are no sufficient to cover expenses, the difference is covered by transfers from central budget (budgets must be balanced).

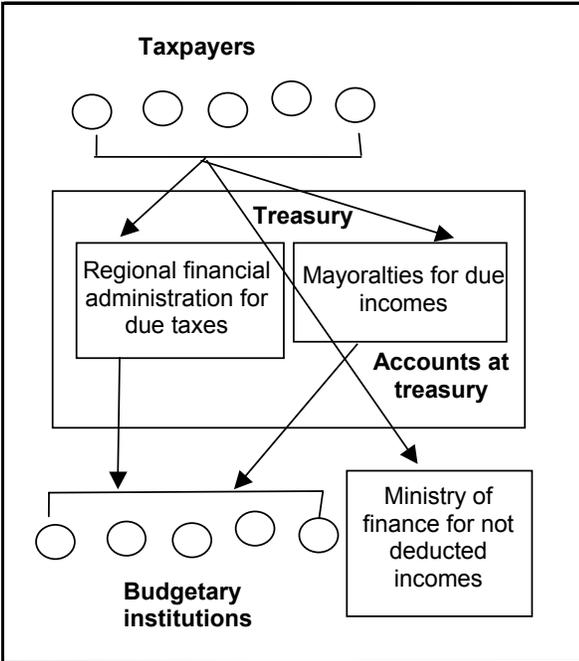
3.4 *Cash execution of the budget*

Performance of monetary transfers

Execution of local budgets, namely reception of income and performance of expenses, take place through **treasury system** – a division of the Ministry of Finance. According to the Local finances act, treasury functions include performance of transfers from the regional budget to local budgets, as well as transfers to accounts of budgetary institutions funded from particular budgets.

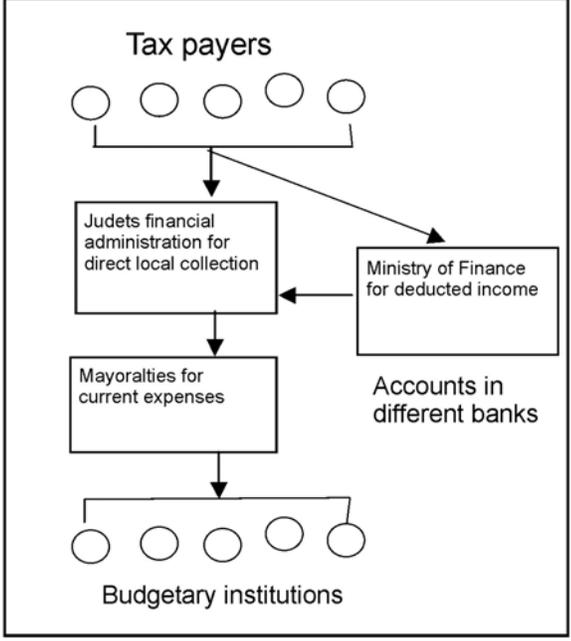
Territorial treasuries perform deductions from general state income, which excludes circulation of funds to the center and then back to regions. To perform the transfers, each local mayorality and council should open a single account open with the treasury. All forecast incomes by budgets (with small exceptions) are transferred to treasury accounts, and then allotted to accounts of local authorities.

Transfers from accounts (except for automated transfers, such as transfer regional budget – local budget or deductions) are performed in accordance with payment orders signed by mayors or Regional council chairman, named **chief loan accountants**. Transfer of funds from accounts of institutions funded from the budget is performed by payment orders or checks signed by their heads, named secondary accountants or loan tertiary, subject to whether the organization they are heading is a legal entity. (See the following figure: circulation of monetary funds through the treasury.)



Treasury system started operation in the second half of the year 2001. In 2000 the system operated only in one field – income management. Expense management (including monthly distribution) was performed only for disbanded organizations.

The new transfer management system (through treasury) is superior to the one before year 2001. The main advantage is rapidity of transfers – because all accounts are concentrated at a single bank and deductions are performed without registering in central accounts of the Ministry of Finance). (See the following figure: circulation of monetary funds before introduction of the Treasury system)



Monthly distribution of incomes and expenses

According to the Local Finances Act, incomes and expenses of the budget should be **distributed by months**, according to functional classification, in order to plan flow of monetary funds. Distribution by months is an upstream process performed right after approval of local budgets and represents centralizations of budgets of institutions funded from the budget.

Distribution by months of incomes and expenses, also called Financing Plan, is submitted to the treasury and approved by them. Allotment of expenses occurs on the first day of the month, and the unused balance is transferred for the next month. Primary loan accountants can change financing plans only under agreement with the treasury.

Advantages of distribution by months are that monthly expenses of the local administration are limited to allotted *amounts* and allotted *fields* (according to economic classification – salaries, services, investments and other) – instruments that make mayoralities to observe approved budgets and financial discipline. The previous system did not provide for monthly allotments of either income or expenses.

3.5 Administration of local public financed

From the point of view of the involved institutions, administration of public finances in regions is performed by institution at two levels:

- **Institutions subordinated to local authorities** (mayoralities and Regional Council Chairman) – General finance administration of the region and planning specialists (accountants) from the mayoralities. Their mission is to develop budgets and to keep records of their executions.
- **Institutions subordinated to central authorities** – those 2 sub-divisions of the Ministry of Finance: regional tax inspectorate and territorial treasury. The mission of the inspectorate is to supervise collection of budgetary income, and treasury's mission is to perform transfers and to observe delimitation of income and expenses between budgetary levels.

Description of the institutions involved in administration of local finances with a reference to their functions and technical equipment (in case of financial administrations and tax inspectorate, information refers only to judets institutions) is provided in the following table.

Description of institutions involved in local finances management

Institution	Functions
Regional council through General finance administration	Forecast of income and expenses. Elaboration of budgets. Correlation of budgets. Amendment of budgets. Record-keeping of budget execution. Aggregation of local budgets and reports.
Mayorality through planning specialists or chief accountant	The same functions as for general finances administration except for aggregation of local budgets and reports on their execution.
Territorial treasury	Allotments of transfers. Execution of regional and local budgets.
Regional tax inspectorate	Bookkeeping of taxpayers and payments. Tax control. Enforcement of

Institution	Functions
	payments.

Standards for formation and bookkeeping of budgets are set out in budgetary system act, Local public finances act and other normative acts. Some principles of bookkeeping have already been described in sections Normative Framework and Elaboration of Budgets. The following table summarizes these principles:

Regulated area	Description
Book-keeping reports	The main report is draft budget, approved budget, monthly and quarterly reports of budgets execution.
Report period	Budgetary years starts on January 1 and ends on December 31 of each year.
Area of book-keeping	Budgetary incomes are subject to taxation, taxes and other receipts provided by legislation, without loans. Budgetary expenses are related to maintenance of budgetary institutions, research programs support, investments, insurance of public order and defense, debt service, as well as transfer for local budgets.
Expense performance method	Budgetary expenses are performed only within limits of allotments planned in approved budgets. Amount of expenses approved for the budgetary year cannot exceed amount of income – in other words, budgets must be balanced.
Principles of book-keeping	Bookkeeping of income and expenses is documentary and based on budgetary classification that represents a number of income and expense items. Utilization of a classification ensures comparability of budgets and allows aggregating them. Method of record keeping and documents are established by instruction of the Ministry of Finance.

The main **budgetary documents** are those provided in Local public finances act, as well as in regulations and instructions of the Ministry of finances. Annex 3 includes a list of the most relevant budgetary documents.

The main aspects of **budget execution bookkeeping** are stipulated in Instructions of the Ministry of finances on accounting and centralized accounting departments at the mayoralities and in accounting departments at regional councils. These instruction set out procedures for organization of documentary accounting (list and form of blanks), accounting of certain types of transactions (fixed assets, stocks, monetary funds, settlement of payments, funds), and budget execution reports. Annex 4 contains a list of financial reports provided in the instructions and their description.



Annexes

Annex 1 List of Normative Acts on local Public Finances

Name	Number and Date	Description
Budgetary system and budgetary process ACT	847-XIII of 24.05.96	Sets out method of public finances management through budgets, principles of budget formation (including budgetary classification), the main steps of budgetary process (elaboration, execution). In Title III it specifically refers to local budgets.
PARLIAMENT DECISION on budgetary classification	969-XIII of 24.07.96	Sets out a united set of income and expense items in accordance with many classifications in order make elaboration and aggregation of budgets easier.
Local public administration ACT	123-XV of 18.03.2003	Delimits administration jurisdictions between those 2 levels of the local administration – region and mayoralty, also in Chapter XI it refers to administration of public finances.
Local public finances ACT	397-XV of 16.10.2003	Sets out forms of local budgets, delimits incomes and expenses of local budgets, defines how loan can be contracted, describes budget elaboration and execution process, including distribution of budgets by months, functions of local treasuries, as well as rights and obligations of loan accountants.
Tax code ACT	1163-XIII of 24.04.97	Set out a list of duties and taxes applied in Moldova, principles of tax administration, and method of calculating some duties and taxes (income tax, VAT, excise, real-estate). Sets out what taxes are used to regulate income of the consolidated budget.
Local taxes ACT [Title of the act changed by Act no.1101-XIV of 30.06.2000]	186-XIII of 19.07.94	Sets out the subject, payee and maximum amount of those 14 local taxes.
Annual law of the state budget	Published at the end of each year	Sets out subject, payee and tax rate on income of physical entities, taxes on natural resources (water, wood, minerals), customs duties, and taxes of certain types of activities. Also it sets out exemptions of duties and taxes.
Methodological norms by the Ministry of Finance	Elaborated in the middle of each year	Set out methods of forecasting of local budget income and expenses. This documents are a used to announce maximal limits (norms) of expenses accepted by the central government for certain types of budgetary expenses (state services, education, medicine) and which are used as a basis for calculation of transfers.
Methodological norms by the General finance administrations of judets		

Name	Number and Date	Description
GOVERNMENT DECISION on organizational chart and personnel staff (region)	689 of 10.06.2003	Recommends typical structure and limits number of specialists that can be employed in the state financial departments.
GOVERNMENT DECISION on structure and personnel staff of the mayoralties	688 of 10.06.2003	
Instruction of the Ministry of Finances (MF) on accounting in central accounting departments of the mayoralties	137 of 25.11.98	Sets out accounting procedures for execution of local budgets, including procedures for organization of documentary record-keeping (list and form of blanks), for accounting certain types of transactions (fixed assets, stock, monetary funds, settlement of payments, funds), and budget execution reports (list, form and periodicity of reporting).
MF regulation on elaboration of financing plan	19/6 of 20.09.97	Sets out elaboration, approval, execution and amendment requirements to budgetary allotments financing plan.



Annex 2 Budgetary Classification

Classification of income

Category	Sub-category	Title
Current income	Tax receipts	Income tax
		Land tax
		Real-estate tax
		Value Added Tax
		Traffic tax
		A share of local taxes (advertisement, balneal tax, passenger transport, lotteries, customs)
		Royalties for utilization of natural resources
	Non-tax receipts	Special funds
		Lease of land and real-estate
		State tax
		A share of local taxes (market tax, territory arrangement, filming, symbolism, parking lots)
		Penalties and administrative sanctions
Income from capital operations		Income from sale of fixed assets and real-estate
		Income from sale of land
		Transfer of capital from non-state sources
Transfers		Transfers for current expenses from budget of another level
		Transfers for special expenses from budget of another level
		Transfers from abroad

Classification of expenses

Type of classification	Categories	Main groups
Functional classification	Expenses	State services of general purpose
		Maintenance of public order and national security
		Education
		Health protection
		Insurance and social support
		Agriculture, forestry, fish breeding
		Environment protection and hydrometeorology
		Industry, transports
		Communal services
		Fuel and energy complex
		State debt service
		Other expenses
		Surplus or deficit
	Sources of deficit funding	Granting and reimbursement budgetary loans
	Granting and reimbursement bank loans	

Type of classification	Categories	Main groups
Organizational classification		Ministries, departments, municipalities, judets and other immediate beneficiaries of budgetary funds
		Enterprises, institutions, organizations, payments and actions funded from the budget
Economic classification	Current expenses	Salaries, goods and services
		Payment of interest
		Current transfers
	Capital expenses	Investments and capital reparations
		Creation of state reserves
		Capital transfers
	Granting and reimbursement of loans	
	Payment of interest and reimbursement of loans contracted by chief accountants of loans (local councils)	
	Purchase of stocks	



Annex 3 List of Main Documents of Local Finances

Document	Description
Methodological norms	Contain budgetary expenses norms and are prepared by the Ministry of Finance. Funded general administrations can fill them in or amend.
Forecast forms	Contain estimates of income and expenses of local budgets and are attached to methodological notes when submitted to mayoralties. They are prepared by mayors and the regional council, aggregated and submitted to the Ministry of Finance for estimation of transfers and consolidated budget.
Budget	<p>Preparation and approval of budgets. It is a basic document of local public finances and contains incomes and expenses of the local public administration for the budgetary year. Draft budget is approved by councils by a decision to which the following is attached draft budget, tax quotes and local taxes, estimates of receipts of special funds, maximum number of personnel at budgetary institutions, other information, and an explanatory note.</p> <p>Correlation of budgets. Local budgets are correlated in order to comply with the State budget law after its approval. This process is called correlation.</p> <p>Amendment of budgets. If correlation conditions for income have been changed or expenses reduced, the budget shall be correlated.</p>
Financing plans	It is a monthly distribution of incomes and expenses of local budgets. Monthly distribution presented by mayoralties is called financing plan, and the aggregated one, which includes all local budgets in the region – general financing plan. Financing plans are submitted to the regional treasury.
Periodic reports	It represents monthly, quarterly and annual reports on fulfillment of budgets. Semi-annual report and 9 month report are approved by councils. General financial administration submits monthly, quarterly and annual reports to the Ministry of Finances for aggregation with regard to fulfillment of consolidated budget.
Current records	Current records are accounting forms specified in an instruction of the Ministry of Finance used for record-keeping and summarizing primary accounting records.

Annex 4 List of Financial Returns of Local Finances

Code	Report on	Description
F1	Budget fulfillment statement	Presents fixed assets, stocks and monetary funds possessed by local authorities (aggregated assets of budgetary institutions), as well as obligations and debts of local budgets at the beginning of the year.
F2	Budget fulfillment	Presents monthly and quarterly incomes and expenses of budgets by budgetary classification articles of incomes and expenses (in case of the latter, in accordance with economic and functional classification). Incomes are presented in columns approved, adjusted, executed (including by mutual transfers) and obligations. Expenses are presented in columns approved, adjusted, executed by receipts department (including by mutual transfers), actually executed (calculated) and debts.
F2 RM	Debtors and creditors	Presents only obligations and debts related to execution of incomes and expenses budgets.
F2 U	Humanitarian aid	Presents inflow and utilization of material support.
F3	Fulfillment of network, state plan contingent	Presents a description of reports on budget execution up to the level of institution funded from the budget.
F4	Educational expenses	Presents
F5	Circulation of fixed assets	Presents inflows and outflows of fixed assets, as well as their depreciation.
F6	Circulation of material values	Presents inflow and outflow of material stock.
F15	Shortages and embezzlements	Presents results of stock evaluation where shortage was found.

Issuance Date: 15 September 2004
Closing Date: 08 October 2004
Closing Time: 15:00

Subject: Request for Proposal (RFP) RFP No. 01/2004

The Urban Institute, a U.S. Contractor of the United States Agency for International Development (USAID) is seeking proposals from local Moldovan organizations legally registered in Moldova for the procurement, adaptation and implementation of an integrated municipal financial software for a pilot test project in selected local governments in Moldova in support of its Local Government Reform Project.

The Urban Institute will award only a fixed-price type contract. Award(s) may be made to that responsible Offeror(s) whose proposal(s) offers the greatest value.

If you decide to submit a proposal, in order to be considered it must be received by the closing date and time indicated at the top of this cover letter at the place designated below for receipt of offers. Proposals and modifications thereof shall be submitted only in sealed envelopes with the name and address of the proposer and the proposal name (IMFS Proposal) and RFP No. 01/2004 inscribed thereon, to:

Duane Beard
Chief of Party
Local Government Reform Project / The Urban Institute
8 Floor
202, bd. Stefan cel Mare
Chisinau
Tel. 233-000, fax. 75-44-33
E-mail: msalabuga@lgrp.md

Issuance of this RFP does not constitute an award commitment on the part of the Urban Institute, or USAID, nor does it commit any of the parties to pay for costs incurred in the preparation and submission of an offer. Further, the parties reserve the exclusive and unilateral right to reject any or all offers received. In addition, final award of a resultant contract cannot be made until funds have been fully appropriated, allocated, and committed between USAID and the Urban Institute. While it is anticipated that these procedures will be successfully completed, potential Offerors are hereby notified of these foregoing requirements and conditions for any potential award.

Proposals are submitted at the exclusive risk of the Offeror; should circumstances prevent award of a contract, all preparation and submission costs are at the Offeror's expense.

Any questions concerning this RFP should be submitted in writing to Ms. Maria Salabuga, via facsimile at (0 22) 75-44-33 or via e-mail at msalabuga@lgrp.md not later than 15:00 Moldova local time, October 08, 2004. Oral questions will NOT be accepted. The Urban Institute will answer all questions either as a written notice or in an amendment to the RFP. This Amendment might also

reflect changes to the RFP suggested by the questions. Amendments to the RFP will be mailed to all Offerors who have registered and obtained a copy of the RFP from the Moldovan address indicated above.

Offerors should retain for their records one copy of all enclosures that accompany their proposals.

Sincerely yours,

Marcus L. Stevenson
Director of Contracts, Grants and Pricing



SECTION I – SPECIAL REQUIREMENTS

A. PROPOSED DURATION OF THE CONTRACT

The proposed contract period is for 18 months. It is expected that award will be made in October 2004. The timeline for implementing of phases I-III p.F is stated November 01, 2004 – April 30, 2005. The timeline for Warranty indicated in p.H will be May 01, 2005 – April 30, 2006.

B. LOGISTIC SUPPORT

The selected Offeror shall be responsible for furnishing all logistic support in Moldova and other sites where work is to be performed in Moldova.

C. LANGUAGE REQUIREMENTS

Proposals shall be submitted in Romanian and English.

D. CURRENCY

Proposals shall be submitted in US dollars. However, payments shall be made in Moldovan lei at the exchange rate of the National Bank of Moldova as of the payment date.

E. DELIVERY

- a. Delivery of four (4) licensed basic software packages of «1С Предприятие» 8.0, network version for six (6) workstations, with the possibility of purchasing of additional licenses for the same price
- b. Delivery of the Software developed/adapted per this RFP.
- c. Installation, testing, implementation, and follow-up support of the Software until end of Warranty period as specified in Clause H at three (3) pilot communities mentioned in Clause I including respective training of personnel at pilot communities to become capable operational users of the Software.

F. DELIVERY PHASES

- Phase I Selected Offeror undertakes to supply and install four (4) licensed basic software packages of «1С Предприятие» 8.0 at three (3) pilot communities as specified in Clause I and at UI's /LGRP office.
- Phase II Selected Offeror should develop/adapt the Software in strict compliance with the provisions of Section III – Statement of Work.
- Phase III This Phase includes installation and testing, at pilot communities of the developed/adapted Software and completion of the automation of accounting, financial and other operations of selected pilot communities as

required by this RFP. This Phase also includes provision of required training for respective personnel including designated LGRP personnel in order to enable them become capable operational users of the Software. Duly developed/adapted Software should also be installed at UI/LGRP office. During this Phase the Offeror undertakes to deliver to UI one (1) copy of the comprehensive Software Users Guide in both Romanian and Russian languages. Deadline for this phase is April 30, 2005.

- Phase IV Launching the developed/adapted and tested Software and further operation of such Software at selected pilot communities during the warranty period as specified in Clause H, the Offeror undertakes to correct all faults, errors, omissions, etc., which result in improper operation during the Software operation. The Offeror also undertakes to include all the changes in Software Users Guide.

G. PAYMENT

Payment shall be made on a fixed-price basis in four installments. Each installment being a certain percentage of the total fixed price. Payment for each particular Phase will be subject to the signature of the respective acts of transmittal-acceptance of works/services/products relevant to the particular phase, as follows:

- (30) percent of the total fixed price will be paid within fifteen (15) business days following the signature of the subcontract by both parties.
- (30) percent of the total fixed price will be paid within fifteen (15) business days following the signature of Act of transmittal-acceptance of works/services/products as specified in F. Delivery Phases, Phase II.
- (20) percent of the total fixed price will be paid within fifteen (15) business days following the signature of Act of transmittal-acceptance of works/services/products as specified in F. Delivery Phases, Phase III.
- (20) percent of the total price will be paid within fifteen (90) business days following the signature of Final Act of transmittal-acceptance of works/services/products as specified in F. Delivery Phases, Phase III.

H. WARRANTY

The expected warranty period for the software operation under the supervision of the selected offeror is one (1) year after the signature of the Final Act of transmittal/acceptance. The warranty will include technical assistance concerning software functionality. The Offeror undertakes to fix within 48 hours any technical problem related to proper use of software and the adopted modules, furnished to end users. Also the warranty do not cover the developing of any additional report or module according to amended legislation.

I. PILOT COMMUNITIES

The selected communities are:

- a. Floresti
- b. Ialoveni
- c. Cahul

Please refer to Appendix 3 – Approximate roundtrip distance from UI/LGRP office to pilot communities.

J. OTHER

The selected Offeror must:

- Ensure the delivery, adaptation/development, installation, testing, implementation and follow-up support during the warranty period of the Software in pilot communities.
- Ensure required training of respective personnel at pilot communities specified in Clause I above.
- Ensure development and delivery to UI of one Russian and one Romanian both physical and electronic copy of the Comprehensive Users Guide. The Comprehensive Users Guide shall include detailed (including illustrative) instructions/guidance on how to input, process, print, store, amend/correct, export/import, etc. data and perform any other operations/actions by the user of the Software developed/adapted as per this RFP.
- Ensure that adaptation/development of the Software per requirements specified in this RFP is made in compliance with principles of «1C» Joint Stock company, Russian Federation, as to be subsequently certified.
- Ensure FREE Hot-line support for 6 (six) months for pilot communities (i.e. provide 'help desk' services to the partners communities, including by phone, on-site visits and technical assistance). At least one site visit per week shall be included by offeror while providing this type of support. The time limit for answers to the questions from partner communities shall be 48 hours per question.
- Develop and deliver progress report on a monthly basis to UI. Provide on a monthly basis the hot-line log report for all enties and identified errors and other questions.

SECTION II –INSTRUCTIONS TO OFFERORS

A. PROPOSAL SUBMISSION

Offerors must submit an original and two copies of their proposal in separate sealed envelopes, plus an electronic copy of the proposal to: msalabuga@lgrp.md. Original Proposal and Proposal Copy (bounded/stapled) and Proposal Copy (unbounded/unstapled) respectively.

Offerors shall note that if any discrepancy arises, the Original version shall prevail.

Additionally, the following language should be typed on the outside of the envelopes: “IMFS Proposal.” Original documents and their copies shall be put in three sealed envelopes with respective inscriptions on them, and then shall be put in another sealed envelope.

Original proposal and copies shall be signed and sealed by Offeror’s authorized representative. Such authorization shall be confirmed by including a copy of the power of attorney in the proposal. All pages of the proposal shall be signed and stamped by the Offeror.

All Offerors shall submit a proposal directly responsive to the terms and conditions of this RFP.

Proposals shall be submitted at the place, date and time stated in the cover letter of this RFP.

B. GENERAL INFORMATION

1. UI reserves the unilateral right to reject any or all proposals at the convenience of UI or to select only certain Modules to be implemented (as specified in Section III – Statement of Work due to funding limitations).
2. UI reserves the unilateral right to accept or reject any or all proposals that do not meet UI’s requirements irrespective of the bid price. UI seeks the best value in the provision of integrated municipal software and also reserves the right to negotiate independently with any Offeror in the interest of serving the best quality integrated municipal financial software for its pilot test project (s).
3. Offerors shall be aware and shall acknowledge by submission of a proposal that the Software, once adapted/developed and delivered to UI becomes the sole property of UI.

C. COST PROPOSAL

The Cost or Business Proposal is to be submitted based on the requirements of Section III – Statement of Work and this RFP. Certain documents are to be submitted by an Offeror in order for the UI Contracting Officer to make a determination of responsibility.

The Cost Proposal shall include a detailed budget with an accompanying budget narrative that provides in detail the total costs for implementation of the program for each line item. The proposal shall indicate the price of each module and the total price including software delivery, purchase, installation, adaptation/development, testing, follow-up support (including provision of hot-line), training of respective personnel, production of the users guide, etc.

The budget shall provide sufficient detail so that the reasonableness of the proposed costs can be assessed as part of the evaluation of the proposal. All local taxes and benefits to be paid by the Offeror related to this program should be included in the budget. All costs are to be shown in U.S. Dollars.

As a contractor to USAID under the terms of a bi-lateral agreement, The Urban Institute is exempt of payment of the Valued Added Tax (VAT); therefore, proposals shall exclude VAT where applicable.

Costs shall be specified as DDP (Delivery Duty Paid) pursuant to INCOTERMS 2000. Incoterms 2000 are internationally accepted commercial terms defining the respective roles of the buyer and seller in the arrangement of transportation and other responsibilities and clarify when the ownership of the merchandise takes place.

D. OTHER DOCUMENTATION TO BE SUBMITTED BY OFFEROR

1. Compulsory documents to be submitted by Offerors before the RFP deadline:
 - a) Offeror Data – original, as per sample in Section V – Sample Documents confirmed by the Offeror’s signature and stamp;
 - b) Proposal – original, per sample in Section V – Sample Documents, confirmed by the Offeror’s signature and stamp;
 - c) Enterprise registration certificate – copy, issued by the State Registration Chamber (Ministry of Justice), confirmed by the Offeror ‘s signature and stamp;
 - d) Certificate, dealer’s authorization or another document confirming partnership with the producer of „1С Предприятие” software or another document confirming that staff of the Offeror is directly involved in the process of Software adaptation and further implementation went through respective training program on “1С Предприятие” – a copy confirming that the offeror is a dealer or partner of the Russian “1С” company or certificate confirming attendance of the training program. Failure to submit this document will not result in the automatic rejection of the proposal; however, this will be taken into account during proposal evaluation.

- e) Offeror profile - description of the company's activities and projects implemented over past five years, especially in the public sector.
- f) Document confirming capacity to appropriately execute the subcontract – original, issued by the Offeror and comprising the following information:
 - Experience and performance;
 - Number of employees;
 - Available facilities and locations thereof;
- g) Reference letters (at least three) – originals;
- h) List of at least five large clients where „1С Предприятие” was implemented by the Offeror, with contact telephone numbers of their chief financial officers.

E. VALIDITY PERIOD OF OFFER

1. Proposals shall be valid for one hundred twenty (120) calendar days, starting from the closing date of this RFP.
2. UI reserves the right to request in writing an extension of the validity period of the proposal for additional sixty (60) days without further revisions to the cost proposal.

F. LATE PROPOSALS

Proposals received after the closing date and time will not be considered.

SECTION III- STATEMENT OF WORK

1.2 SOFTWARE REQUIREMENTS

1.2.1. GENERIC REQUIREMENTS FOR SOFTWARE IMPLEMENTATION/ADAPTATION

The Software is expected to be used by local governments from Moldova, mainly by local government finance departments of municipalities, cities/towns and villages. Therefore, the Software should assure maximum feasible efficient automation of every activity performed by these local governments, provided that the Software strictly follows principles of integration of the developed financial and accounting management system. Integration means that the Software, comprised of, but not limited to, such Modules as general ledger, accounts payable, accounts receivable, payroll, etc., would assure that data are shared among these Modules in such a way that a transaction entered into one Module would properly affect relevant information in all the other Modules whenever appropriate. The Software will record and maintain all financial and accounting activity for a local government and include a reporting capability that will produce a wide range of financial reports, statements and supporting schedules (both required and optional). The Software shall provide opportunity to produce all kind of reports as prescribed by current legislation¹ as well as the Software should produce a wide range of respective internal reporting as currently used by or recommended for local governments. In addition, the Software should also assure user-friendly report writer to enable the Software users create their own reports as needed without programmer intervention.

Each Module should have the capacity of storing current fiscal year data and for at least 3 prior fiscal years. All Modules should provide flexible reporting, in compliance with the state/Raion mandated municipal accounting standards/principles, laws and regulations (revenue/expense history by line item by month/year).

The General Ledger as key Module of the Software should record and maintain all financial activity for the City/Town/Village and produce all needed financial statements and supporting schedules. General Ledger will accumulate journal entries and week/month/period-end distributions from other Modules of the Software. All other Modules that provide information to the General Ledger must be integrated in an automated month-end and year-end reporting and close-out process. Each Module must accumulate the detail transaction activity to generate summary journal entries that will be posted to the General Ledger. The General Ledger should produce a monthly summary of detail and month-end and year-end balances that agree with the monthly financial reports/statements.

The Software shall be adapted so as to assure user-friendly interface and easy use of every element of the Software. The Software shall offer each User the option to choose Russian or Romanian or English (optional) language as the interface language.

The Software, adapted/developed in compliance with this RFP and delivered to UI shall ensure unlimited access to every element of the Software for purposes of further adaptation, modification, correction, etc. according to the needs of local governments in Moldova and/or UI and/or USAID.

¹ The current legislation provides that local governments at the level of municipalities, cities/towns and villages strictly follow such legislative/normative acts with all amendments to date as Decision of the Parliament on budget classification, Instruction of the MinFin on Mayor Office accounting, Regulation of the MinFin on accounting reporting and Inventory at public institutions, other acts, instructions, regulations, etc. Please, review Annex 1 attached hereto containing partial list of laws, normative acts and other regulations relevant to local government operations.

In any case the Software must meet the following requirements (the following list of requirements is a partial list and does not include all possible requirements):

- a) Permit review on-line and in report form of any specific account or accounts showing the beginning balance for a period and all activity within the account during all periods at all organizational levels and general ledger accounts.
- b) Allow budgetary control on a program basis, line-item basis, program or an organization basis.
- c) Produce expenditure and revenue statements comparing current-year data to the annual financial plan and previous-year(s) data, for the current month and year-to-date.
- d) Produce previous year budget as amended, budget as adopted, budget as amended, expenses month-to-date, expenses year-to-date, encumbrances, unencumbered balance
- e) Allow printing of statements in a consolidated or combined format with each department or group of departments in a separate column/row and a combined total.
- f) Ability to select transaction date.
- g) Ability to track fiscal periods other than a fiscal year, i.e. grant year, project year, etc.
- h) Store general ledger transactions for at least ten (10) years and store for inquiry purposes multiple years' transactions.
- i) Accept journal entries with unique reference number and description.
- j) Accept journal entries as a correction or adjustment to prior accounting periods.
- k) Maintain detail transactions for multiple years in an archival file, on- or off-line
- l) Maintain summary historical financial information for at least ten (10) prior years.
- m) Record transactions and costs at lower responsibility level and for accumulation to higher reporting levels.
- n) Provide for standard recurring, automatic journal entries.
- o) Report budget variances by MDL amount and percentage.
- p) Provide a general report writer for preparation of ad hoc reports without special programming.
- q) Support cash, modified accrual or accrual basis of accounting.
- r) Search data or transactions based on some criteria, such as date, number, etc.
- s) Cashiering function to include as part of the receipting function, a feature that automatically discharges accounts receivable as a receipt for full payment is issued.

BELOW IS THE LIST OF MODULES TO BE INCORPORATED INTO THE SOFTWARE.

This is an example (but not comprehensive) list of Modules to be developed/adapted by Offeror selected under this RFP. The Offeror would have to carefully and independently examine current legislation to be able to produce all Modules as required and used in local governments (cities, towns and villages). Below listed Modules could be comprised of larger number of elements and therefore it

will be Offeror responsibility to independently clarify this issue. In Appendix 2 hereto, there is partial list of laws and regulations governing accounting, financial and other operations of local governments. Offeror should be aware of the fact that accounting is maintained on a departmental or cost center basis and then is summarized in various books of account i.e. general ledger, etc. and or various financial reports.

1.2.2. MODULES

a) Fixed Assets

- Fixed assets report
- Accounting for incoming fixed assets
- Depreciation of fixed assets and depreciation accrual
- Current and capital repairs of fixed assets
- Appraisal of fixed assets
- Lease of fixed assets
- Other elements

b) Inventory supply control

- In/Outflow of materials by departments and items
- Inventory shrinkage/loss and useful life of supplies
- Other elements

c) Vehicles and fuel

- Database of public vehicles by departments
- Fuel consumption by vehicle
- Vehicle maintenance expenses
- Other elements

d) Consumable items (Foodstuff)

- In/outflow of foodstuff by department
- Daily compilation of menu by department
- Calculation of foodstuff cost
- Foodstuff stock management
- Processing of payments for foodstuff
- Other elements

e) Rapidly depreciable minor value objects

- Incoming/outgoing entries
- Calculation of depreciation
- Other elements

f) Payment for meals in educational institutions

- Entry of beginning balances by institutions/groups/subgroups
- Database of children attending educational institutions
- Eligible exemptions
- Issuance of payment receipts



- Attendance reports by institutions/groups/subgroups
- Transfer of children from one institution/group to another
- Outstanding indebtedness by institutions/groups/subgroups
- Monthly report (totals) by institutions/groups
- Accounting note No. 15 (centralized list of payments in support of attending children)
- Other as required by current legislation and pilot communities.

g) Banking and Cash Documents

- Treasury payment orders (Form 8)
- Registry of expenditures for general treasury payment order
- Accounting note (Form 10)
- Registry of expenditures for treasury accounting note
- General check orders
- Advance payments
- Cash orders
- Payment orders
- Account statements
- EFT (electronic funds transfer)
- Other elements

h) Staff and Payroll

- Calculation of salaries
- Payment of salaries
- Incentive payments
- Vacation
- Vacation and sick leaves accrual and use
- Compulsory withholdings
- Withholdings on the initiative of company's management
- Withholdings at the request of employee to
 - Social insurance fund
 - Pension fund
 - Compulsory medical insurance fund
 - Other withholdings
- Other elements

i) Budget planning and implementation (by revenue and expenditures under the current budget classification and MinFin regulations)

1. Revenue planning
 - monthly, quarterly, annually by line/item and/or program
2. Modification of budgetary and special revenue
 - monthly, quarterly, annually by line/item and/or program
3. Planning of budgetary and special expenditures
 - monthly, quarterly, annually by public department and line/item and/or program
4. Modification of budgetary and special expenditures

- monthly, quarterly, annually by public department and line/item and/or program
- 5. Budget implementation by revenue and expenditures by public department and line/item and/or program
 - daily, weekly, monthly, quarterly, yearly, or period-end budget implementation by revenue/expenditures by line/item and/or program
 - cumulative daily, weekly, monthly, quarterly, yearly, or period-end budget implementation by revenue/expenditures by line/item and/or program
- 6. Current, cumulative, and summarizing monthly, quarterly, and annual reports in the form of tables and charts in absolute value and percentage:
 - by group pursuant to the functional, organizational, and economic classification of expenditure and revenue
 - by main categories of expenditure items
 - by approved, modified, and adjusted budget
 - etc.
- 7. Other elements

j) Public Borrowing

- Short/medium/long-term borrowings
- Other borrowing
- Calculation of current/projected own borrowing capacity as permitted by law
- Loan portfolio report
- Other elements

k) Local Taxes and Fees

- Land tax levied on individuals and farms
- Property tax levied on individuals
- Market fee (in case when local governments are directly charging this fee)
- Fee for organization of local auctions and lotteries
- Local area development charge levied on farms
- Advertisement fee, especially in case of billboards, posters, panels, and various technical devices
- Business fee
- Immigration fee
- Customs area trading operations fee
- Passenger transportation services fee.
- Other elements

1.2.3. OTHER MANDATORY MODULES

1.2.3.1. BUDGET STATEMENTS

- i. General ledger
- ii. Use of allocations from the Raion budget reserve fund
- iii. Report on status of accounts of departments funded out of local budget, Form 00016

- iv. Revenue and expenditures statement regarding special funds of departments funded out of village (commune) budget, Form 1-1bl
- v. Revenue and expenditures statement regarding other extra budget funds of departments funded out of village (commune) budget, Form 1-2bl
- vi. Report on status of accounts of departments funded out of public budget, Form 2RM (Annex to the Order of MinFin No.3 dd. 10 January 2003)
- vii. Description of credit indebtedness to thermo energetic sector and other suppliers of energy, Annex No.2A
- viii. Accumulation and use of other extra-budget funds statement (monthly breakdown by department and totals, Form 4a)
- ix. Information on miscellaneous transactions performed via commercial banks (Appendix to Form 4a)
- x. Quarterly report on energy and water consumption and sewerage services (Appendix to Form 2)
- xi. Report on Receipt and use of valuables and cash obtained as humanitarian aid (Appendix 2 to Form 2u)
- xii. Report on collection of payments and use of foreign currency, Form 4v
- xiii. Report on collection of payments and use of extra budget funds, Form 4-I FE
- xiv. Report No.3-19c
- xv. Report No.3-3a
- xvi. Report No.3-19a
- xvii. Report No.3-4
- xviii. Report No.3-1
- xix. Report on spending of special funds, Form 4
- xx. Report regarding transport vehicles and relevant supporting expenditures, Form 5t
- xxi. Weekly statement regarding debts on salaries and payments to the State Social fund due in respect of public employees, Annex to the Letter of MinFin No.07/2-5-167 dd.14.07.2003
- xxii. Report No.3-2
- xxiii. Form 2 to the letter of MinFin nr.22
- xxiv. Form 4ds to the letter of MinFin nr.22
- xxv. Form 4m to the letter of MinFin nr.55
- xxvi. Report on collection of payments and use of extra budget funds by type, Form 4-II FE

1.2.3.2. ACCOUNTING STATEMENTS

- a. General ledger
- b. Accounts payable and receivable (Note 6)
- c. Form 1u – Report on Receipt and distribution of valuables and cash obtained as humanitarian aid
- d. Form 2u - Report on Receipt and use of valuables and cash obtained as humanitarian aid
- e. Accounting note, Appendix2, Cumulative summaries
- f. Accounting note No.4, Form 323, Cumulative summaries of payments made via limited spending check books
- g. Accounting note No.5, Form 405, Payroll summary

- h. Accounting note No.5A on withholdings from salaries
- i. Accounting note, Form 408, Cumulative summary on settlements with various departments and organizations in the order of planned payments
- j. Accounting note No.8, Form 386, Cumulative summary of payments to managers
- k. Accounting note, Form 438, Summary of retired and replaced fixed assets, expendables and consumables
- l. Accounting note No.11, Form 398, Summary entries of foodstuffs
- m. Accounting note No.12, Form 411, Summary outlays of foodstuffs
- n. Accounting note No.13, Form 396, Summary of consumption of materials
- o. Accounting note No.15, Form 406, Summary of operations with parents in support of their children
- p. Accounting note No.16, Form 400, Cumulative list of tangible assets received free of charge
- q. Form 3-p, Treasury accounts note for allocation executors and cash expenditures
- r. Ledger, Form 16, Revenue in year _____
- s. Ledger, Form 309-p, Registry of actual and cash allocated expenditures in _____
- t. Form 1 – Budget implementation balance
- u. Form 2 – Concise budget execution report
- v. Form 2 – Quarterly budget implementation report
- w. Form 3 – Report on progress achieved in respect of planned activities regarding staff and departments funded out of national/town budget
- x. Form 4-ig – Report on inflow to and outlays from the general education fund and students' social insurance fund
- y. Form 5 – Circulation of fixed assets report
- z. Form 6 – Valuables circulation report
- aa. Form 15 – Report on shortage and embezzlement of money and valuables at public departments

1.2.4. EQUIPMENT REQUIREMENTS

The Software shall assure access to a number of Users, i.e. it should be able to function as a “stand alone” or in a network of one up to twenty five (25) workstations.

The Software shall be able to properly function in a network comprising microcomputers with the following minimum technical characteristics or higher:

- a) Pentium II
- b) Ram 64 Mb
- c) Functional network with speed characteristics 100 Mb/sec

1.2.5. SOFTWARE AUTHORIZATION/ACCESS

The Software should ensure authorized access only by means of password control.

Authorization to the Software shall have at least 5-level hierarchy:

- (i) Full access to the Software, including adaptation/modification, shall be granted to authorized programmer or system administrators only
- (ii) Read-only access to every element of the Software shall be granted to the Mayor and Deputy Mayor on Finances as per locally taken decision
- (iii) Full access excluding Software adaptation/modification should be granted to the Chief Financial Officer and/or his/her Deputy
- (iv) Specialists will be granted access to respective Modules only for data entry purposes.



-
- (v) Read-only access to specific Modules should be granted to persons designated by the Mayor/Deputy Mayor.

SECTION IV – EVALUATION CRITERIA

Proposals will be evaluated in accordance to the following criteria:

	Points
<i>.A Technical Proposal, total including:</i>	50
<ul style="list-style-type: none">• Degree to which the Offeror specifies and documents its approach regarding (i) evaluation and analysis of the work stated in this RFP, (ii) development/adaptation of the Software, including respective testing, training, and (iii) the Software follow up support during the warranty period. 25• Demonstrated ability of aptitude to (i) manage a subcontract under the LGRP supervision and (ii) operate within the stated budget assuring due quality and performance. The Offeror should also demonstrate flexibility in providing services/implementing works to respond to unforeseen developments beyond its control. 25	
<i>B. Experience:</i>	25
<ul style="list-style-type: none">○ Describe your organization’s role and experience in implementing similar projects○ Provide relevant examples of successes in the program sector and/or geographic area and describe constraints and obstacles encountered and how they were overcome.	
<i>C. Cost Proposal:</i>	25
<p>Offerors should submit any additional evidence of responsibility deemed necessary for the Contracting Officer to make a determination of responsibility. The information submitted should substantiate that the Offeror:</p> <ol style="list-style-type: none">1. Has the ability to comply with the award conditions, taking into account all existing and currently prospective commitments of the Offeror, non-governmental and governmental.2. Has a satisfactory record of performance. Past relevant unsatisfactory performance is ordinarily sufficient to justify a finding of non-responsibility, unless there is clear evidence of subsequent satisfactory performance.4. Has a satisfactory record of integrity and business ethics.	

Total **100**

Proposals will be scored using the following criteria:

Criteria A = (average score awarded by the UI/LGRP within 0-50 range)

Criteria B = (average score awarded by the UI/LGRP within 0-25 range)

Criteria C = (average score awarded by the UI/LGRP within 0-25 range)

Total score = Criteria A + Criteria B + Criteria C

SECTION V - STANDARD TEMPLATE FOR SUBMISSION OF PROPOSAL

Proposal

Date _____

City/Town of _____

Name of Offeror: _____

Offeror legal address, including address of the Offeror permanent residence office address (if different from official legal address) and address of all branches (if any):

Currency: US dollars

Number of staff to be directly involved in the process of Software implementation phase

#	Software implementation phases	Number of Offeror's staff, persons ²			
		permanent	hourly rate	short-term	hourly rate
1	Software adaptation/development				
2	Software installation				
3	Software testing				
4	Software implementation at selected pilot communities				
5	Software follow-up support during Warranty period				
6	Development of Users guide				

Estimated number of visits to and work at pilot communities

#	Purpose of the visit	Number of visits	Work hours during a visit to pilot community spent on-site (to exclude travel time)
1	Clarification of Software requirements, development of the implementation plan, etc.		
2	Software installation		
3	Software testing		
4	Software implementation (includes training of respective personnel) at selected pilot communities		
5	Software follow-up support (including hotline) during Warranty period		

² Please, specify if these are full and part time employees



COST PROPOSAL³

1. Unadapted Software

#	Unadapted Software	DDP Price	Delivery Deadline
1	Four (4) licensed basic versions of “1C Предприятие”, 8.0, network version for six (6) workstations		
Total 1			

* Please attach the price-list for 1C 8.0 products. Also indicate the price for 25 (twenty five) licensed basic versions of “1C Предприятие”, 8.0, network version for six (6) workstations.

2. Development/Adaptation of the Software as per requirements of this RFP

#	Name of Module		
1	Fixed Assets		
2	Inventory supply control		
3	Vehicles and fuel		
4	Consumable items (Foodstuff)		
5	Rapidly depreciable minor value objects		
6	Payment for meals in educational institutions		
7	Banking and Cash Documents		
8	Staff and Payroll		
9	Budget planning and implementation (by revenue and expenditures under the current budget classification and MinFin regulations)		
10	Public Borrowing		
11	Local Taxes and Fees		
Total 2, DDP Price			
Please indicate the number of days from the beginning of contract			

3. Development of Budget

et Statements

#	Name of Module		
1	General ledger		
2	Use of allocations from the Raion budget reserve fund		
3	Report on status of accounts of departments funded out of local budget, Form 00016		
4	Revenue and expenditures statement regarding special funds of departments funded out of village (commune) budget, Form 1-1bl		

³ Please insert additional pages if needed



5	Revenue and expenditures statement regarding other extra budget funds of departments funded out of village (commune) budget, Form 1-2bl		
6	Report on status of accounts of departments funded out of public budget, Form 2RM (Annex to the Order of MinFin No.3 dd. 10 January 2003)		
7	Description of credit indebtedness to thermo energetic sector and other suppliers of energy, Annex No.2A		
8	Accumulation and use of other extra-budget funds statement (monthly breakdown by department and totals, Form 4a)		
9	Information on miscellaneous transactions performed via commercial banks (Appendix to Form 4a)		
10	Quarterly report on energy and water consumption and sewerage services (Appendix to Form 2)		
11	Report on Receipt and use of valuables and cash obtained as humanitarian aid (Appendix 2 to Form 2u)		
12	Report on collection of payments and use of foreign currency, Form 4v		
13	Report on collection of payments and use of extra budget funds, Form 4-I FE		
14	Report No.3-19c		
15	Report No.3-3a		
16	Report No.3-19a		
17	Report No.3-4		
18	Report No.3-1		
19	Report on spending of special funds, Form 4		
20	Report regarding transport vehicles and relevant supporting expenditures, Form 5t		
21	Weekly statement regarding debts on salaries and payments to the State Social fund due in respect of public employees, Annex to the Letter of MinFin No.07/2-5-167 dd.14.07.2003		
22	Report No.3-2		
23	Form 2 to the letter of MinFin nr.22		
24	Form 4ds to the letter of MinFin nr.22		
25	Form 4m to the letter of MinFin nr.55		
26	Report on collection of payments and use of extra budget funds by type, Form 4-II FE		
Total 3, DDP Price			
Please indicate the number of days from the beginning of contract			

4. Development of Accounting Statements

#	Name of Module		
1	General ledger		
2	Accounts payable and receivable (Note 6)		
3	Form 1u – Report on Receipt and distribution of valuables and cash obtained as		



	humanitarian aid		
4	Form 2u - Report on Receipt and use of valuables and cash obtained as humanitarian aid		
5	Accounting note, Appendix2, Cumulative summaries		
6	Accounting note No.4, Form 323, Cumulative summaries of payments made via limited spending check books		
7	Accounting note No.5, Form 405, Payroll summary		
8	Accounting note No.5A on withholdings from salaries		
9	Accounting note, Form 408, Cumulative summary on settlements with various departments and organizations in the order of planned payments		
10	Accounting note No.8, Form 386, Cumulative summary of payments to managers		
11	Accounting note, Form 438, Summary of retired and replaced fixed assets, expendables and consumables		
12	Accounting note No.11, Form 398, Summary entries of foodstuffs		
13	Accounting note No.12, Form 411, Summary outlays of foodstuffs		
14	Accounting note No.13, Form 396, Summary of consumption of materials		
15	Accounting note No.15, Form 406, Summary of operations with parents in support of their children		
16	Accounting note No.16, Form 400, Cumulative list of tangible assets received free of charge		
17	Form 3-p, Treasury accounts note for allocation executors and cash expenditures		
18	Ledger, Form 16, Revenue in year _____		
19	Ledger, Form 309-p, Registry of actual and cash allocated expenditures in _____		
20	Form 1 – Budget implementation balance		
21	Form 2 – Concise budget execution report		
22	Form 2 – Quarterly budget implementation report		
23	Form 3 – Report on progress achieved in respect of planned activities regarding staff and departments funded out of national/town budget		
24	Form 4-ig – Report on inflow to and outlays from the general education fund and students' social insurance fund		
25	Form 5 – Circulation of fixed assets report		
26	Form 6 – Valuables circulation report		
27	Form 15 – Report on shortage and embezzlement of money and valuables at public departments		
Total 4, DDP Price			
Please indicate the number of days from the beginning of contract			

5. Visualization of summaries in graphic form

#	Name of Chart	Type of chart		
1	Evolution of Total Revenues and total expenditures	2 Columns chart		
2	Evolution of debts (by main categories)	Clustered column chart		
3	Evolution of total revenues (divided by transfers and other revenues)	Clustered column chart		
4	Evolution of revenues and remuneration	Line- column on 2 axes		



	expenditures (including transfers to social fund)			
4	Evolution of revenues and debts	Line- column on 1 axe		
5	Evolution of total revenues and capital expenditures	Line- column on 2 axes		
6	Evolution of expenditures by main economic categories (4 types of expenditures: Remuneration +Soc Fund, Goods & services, capital expenditures, other)	Clustered column chart		
7	Structure of expenditures (by function)	Pie chart		
8	Structure of revenues	Pie chart		
9	Evolution of expenditures and share of remuneration (incl. Social fund) expenditures in total expenditures	Line- column on 2 axes		
10	Evolution of expenditures and share of education expenditures in total expenditures	Line- column on 2 axes		
11	Evolution of land tax levied on individuals (adopted and actual)	2 Columns chart		
12	Evolution of real estate tax levied on individuals (adopted and actual)	2 Columns chart		
Total 5, DDP Price				
Please indicate the number of days from the beginning of contract				

6. Installation, testing, training of personnel (in pilot communities and LGRP) and follow-up support including Hotline support⁴ (during the Warranty Period) of the adapted/developed Software

#	Name of Item			
Total 6, DDP Price				
Please indicate the number of days from the beginning of contract				

⁴ Please, specify conditions of the hotline support on a separate sheet of paper.



7. Development of the comprehensive Software Users Guide

#	Name of Item	DDP Price	
1	Development of the comprehensive Software Users Guide in Romanian		
2	Development of the comprehensive Software Users Guide in Russian		
Total 7			
Please indicate the number of days from the beginning of contract			

Total Price (USD) = Total 1 + Total 2 + Total 3 + Total 4 + Total 5 + Total 6 + Total 7

Date _____
 Name _____
 Position _____
 Signature _____

Stamp

8. Adjusting the interface and reporting system in English language

#	Name of Item	DDP Price	
1	Adjusting the interface and reporting system in English language		
Total 8			
Please indicate the number of days from the beginning of contract			

4.2. OFFEROR DATA

1. Offeror name
2. Offeror address
3. Location (if different from the Offeror address)
4. Year founded (not applicable for individuals)
5. Previous names of the Offeror (not applicable for individuals)
6. Contact telephone number
7. Fax
8. E- mail
9. Company type _____ (private, public, etc. - not applicable for individuals)
10. Subsidiaries (not applicable for individuals)
11. Number of employees (not applicable for individuals)
12. Available technical facilities
13. Bank where the Offeror has an account with
14. Bank's address

APPENDIX 1 - ACRONYMS AND DEFINITIONS

Offeror	Any individual or legal entity which submits a proposal pursuant to this Request for Proposals.
Software	Means adapted/developed macros/spreadsheets tailoring basic network version of «1C Предприятие» 8.0 integrated municipal financial software system for automation primarily of accounting and financial operations and other activities of the local governments (municipalities, towns and villages) of Moldova. Integrated Software means that the Software includes both accounting and financial management operations being interdependent. Integrated Software is comprised of Modules that are connected interdependent. Data common to different Modules can be easily entered, retrieved, updated, or stored for all Modules in a single operation. The Software represents a fully operational integrated municipal financial and accounting software for accounting, financial and budgetary reporting that entirely complies with current legislation of the Republic of Moldova and is fully compliant with UI requirements as per RFP #01/04. The Software also includes Users Guide in Romanian and Russian languages and corresponds to technical and other requirements of the “1C” Joint Stock Company with headquarter in Moscow, 21 Selezneovskaia Street, 123056, Russian Federation, tel: (095)-737-92-57, fax: (095)-681-44-07, required for certification.
Module	is an element of the Software containing number of functions to input, process, and/or report data relevant to a separate field of activity (for instance, such Modules may be General Ledger, Accounts Payable/Receivable, Inventory, Payroll and Personnel, Billing/Invoicing, etc.)
User	Any person who properly and legally has access to the Software and can operate it.
Total Fixed Price	Total fixed price of the Offeror’s proposal for procurement and implementation of the Software including all Software adaptation (s) required in conjunction with this RFP. The Total fixed price includes all products, works, activities and services in respect of the Software procurement, development/adaptation and implementation.
MinFin	Ministry of Finance of the Republic of Moldova
Business day	days when commercial banks in the Republic of Moldova and the United States of America are open for business
Selected Offeror	Any individual or company selected for award and with whom UI may decide to enter into subcontract agreement as a result of this RFP.
USAID	United States Agency for International Development
Users Guide	means a comprehensive guide for users of the Software developed/adapted in conjunction with this RFP. The Users Guide should be in Romanian and Russian languages. The Guide should contain complete and thorough (including illustrative) information relevant to the Software installation, operation and update.



APPENDIX 2 - PARTIAL LIST OF RELEVANT LAWS, INSTRUCTIONS, AND OTHER NORMATIVE ACTS

Tax Code

Decision of the Parliament No.1163-XIII of 24.04.1997

National Accounting Standards

Law on Local Public Finances

No. 397-XV of October 16, 2003

Official Monitor of the Republic of Moldova, Issue 248-253/996 of December 19, 2003

Law on Local Public Administration

No. 123-XV of March 18, 2003

Official Monitor of the Republic of Moldova, Issue 49/211 of March 19, 2003

Law on Budget System and Budget Process

No. 847-XIII of May 24, 1996

Official Monitor of the Republic of Moldova, Issue 19-20/197 of March 27, 1997

Decree of the Government of the Republic of Moldova on Raises for the Spending Sector Employees

No. 1133 of September 17, 2003

Official Monitor of the Republic of Moldova, Issue 200-203 of September 19, 2003

Decree of the Government of the Republic of Moldova on Composition and Staff of Mayor's Offices of Villages/Communes and Towns/Cities

No. 688 of June 10, 2003

Official Monitor of the Republic of Moldova, Issue 116-120 of June 13, 2003

Decree of the Government of the Republic of Moldova on Amendments and Additions to Decree of the Government of the Republic of Moldova No. 139 of February 9, 1998

No. 869 of July 14, 2003

Official Monitor of the Republic of Moldova, Issue 155-158 of July 25, 2003

Law of the Republic of Moldova on Civil Service

No. 443-XIII of May 4, 1995

Official Monitor of the Republic of Moldova, Issue 61 of November 2, 1995

Decree of the Government of the Republic of Moldova on Remuneration for Civil Servants and Individuals Who Provide Technical Support for Public Authorities Based on Uniform Tariffs

No. 139 of February 9, 1998

Official Monitor of the Republic of Moldova, Issue 26-27 of March 26, 1998

Decree of the Government of the Republic of Moldova on Approval of Average Wage Calculation Procedure

No. 31 of January 14, 1994
Official Monitor of the Republic of Moldova, Issue 1/23 of January 30, 1994

Decree of the Government of the Republic of Moldova on Approval of the Regulations on Calculation of Length of Service with a view to Awarding a Length-of-Service Raise to Civil Servants

No. 607 of October 31, 1996

Decree of the Government of the Republic of Moldova on Approval of Single Classifier of Public Positions

No. 151 of February 23, 2001
Official Monitor of the Republic of Moldova, Issue 25-26 of March 1, 2001

Decree of the Government of the Republic of Moldova on Approval of Regulations on Writing off Worn out Goods Included in Fixed Assets

No. 500 of May 12, 1998
Official Monitor of the Republic of Moldova, Issue 62-65 of July 9, 1998

Decree of the Government of the Republic of Moldova on Activities of Local Tax Collection Service within a Mayor's Office

No. 998 of August 20, 2003
Official Monitor of the Republic of Moldova, Issue 191-195 of September 5, 2003

Decision of the Parliament of the Republic of Moldova on Budget Classification

No. 969-XIII of July 24, 1996

Regulations on Accounting at Centralized Accounting Offices of the Mayor's Offices of Villages/Communes and Towns, as amended, No. 137 of November 25, 1998

Decree on Approval of Amendments and Additions to Regulations No. 137 of November 25, 1998 on Accounting at Centralized Accounting Offices of the Mayor's Offices of Villages/Communes and Towns,

No. 117 of December 20, 2003

Decree on Approval of Amendments and Additions to Regulations No. 137 of November 25, 1998 on Accounting at Centralized Accounting Offices of the Mayor's Offices of Villages/Communes and Towns

No. 04 of January 9, 2003

Decree on Approval of Amendments and Additions to Regulations No. 137 of November 25, 1998 on Accounting at Centralized Accounting Offices of the Mayor's Offices of Villages/Communes and Towns

No. 45 of July 16, 2003

Accounting Law No. 426-VIII approved by the Parliament of the Republic of Moldova on April 4, 1995

Circular Note No. 07/2-5-160 of July 4, 2003 of the Ministry of Finance on Recording Proceeds from Rent of Premises in Cash Execution

Appendix Num. 07/2-5-198 of July 24, 2003 to Circular Note No. 07/2-5-160 of July 4, 2003 of the Ministry of Finance on Recording Proceeds from Rent of Premises in Cash Execution

Letter of the Ministry of Finance No. 07/1-06-143 of October 21, 2002 on the Execution of Writs of Execution Issued by Court

Letter of the Main State Tax Inspectorate No. 17-2-09/2-127-801/13 of February 27, 2003 on Withholding Income Tax on Payments Made by the Economic Entities for the Benefit of Natural Persons Not Registered as Persons Engaged in Entrepreneurship

Letter of the Ministry of Finance No. 07/2-5-215 of October 23, 2002 on Reimbursement to the Budget of Misused Funds, Unused Resources from the Reserve Fund of the Government, and Receivables Built up over Past Years

Regulation on Accounting Statements of Public Institutions and Stocktaking of Property No. 7 of January 18, 1999



Appendix 3 - Approximate roundtrip distance from UI office to pilot communities

#	Name of community	Approximate roundtrip distance from LGRP/UI office to community, km
1	Floresti	280
2	Ialoveni	34
3	Cahul	350



FISCAL IMPROVEMENTS TEAM EVALUATION OF THE PROPOSALS

Date: 20 October 2004

Following the received proposals from 3 bidders and your request to make an evaluation of the offers, FI Team attached herewith a summary table of the offers and an evaluation table for your consideration.

Summary Table

#	Item	Account-Timbal	Contabilizare-Prof	Daac-Sistem
1	Unadapted Software, four (4) licensed basic versions of "1C Предприятие", 8.0, network version for six (6) workstations, USD	3,760.00	3,760.00	3,760.00
	<i>Delivery deadline, days</i>	15-30	15	30
2	Development/Adaptation of the Software as per requirements of this RFP, USD	19,000.00	93,120.00	7,200.00
	<i>Delivery deadline, days</i>	150	365	60
3	Development of Budget Statements	1,550.00	10,800.00	5,200.00
	<i>Delivery deadline, days</i>	150	365	120
4	Development of Accounting Statements, USD	1,400.00	10,800.00	3,400.00
	<i>Delivery deadline, days</i>	15	365	90
5	Visualization of summaries in graphic form, USD	1,300.00	5,870.00	1,400.00
	<i>Delivery deadline, days</i>	15	365	180
6	Installation, testing, training of personnel (in pilot communities and LGRP) and follow-up support including Hotline support (during the Warranty Period) of the adapted/developed Software, USD	7,000.00	7,100.00	21,350.00
	<i>Delivery deadline, days</i>		540	
7	Development of the comprehensive Software Users Guide, USD	6,000.00	4,400.00	280.00
	<i>Delivery deadline, days</i>	90		

8	Adjusting the interface and reporting system in English language, USD			
	<i>Delivery deadline, days</i>			
	TOTAL	40,010.00	135,850.00	42,590.00

Conclusions:

1. Unadapted Software, four (4) licensed basic versions of “1С Предприятие”, 8.0, network version for six (6) workstations, USD:

The price for every Oferror is \$3,760.

2. Development/Adaptation of the Software as per requirements of this RFP.

The price vary from \$7,200 to \$93,120. The \$10,000 budget discussed earlier was referred only to this module.

3. There 2 companies with closer budget around \$40,000, and the third one with the budget of \$135'850.00.

The price offered by Contabilizare-Prof is 3 time higher than other 2 companies and beyond our expectations, therefore we analyzed and compared only two bidders: Account-Timbal and Daac-System.

Evaluation Table

Account-Timbal	Daac-System
<i>A Technical Proposal</i> Weight: maximum 50 points	
Degree to which the Offeror specifies and documents its approach regarding (i) evaluation and analysis of the work stated in this RFP, (ii) development/adaptation of the Software, including respective testing, training, and (iii) the Software follow up support during the warranty period Weight: maximum 25 points	
The offer of Account Timbal does not contain a detailed implementation plan of IMFS. Our evaluation: 10 points.	Daac-System described very detailed (pages 14-15 from the offer) the implementation plan under this RFP per each phase. The approach indicates a high level of professionalism of the software department. Our evaluation: 25 points.
Demonstrated ability of aptitude to (i) manage a subcontract under the LGRP supervision and (ii) operate within the stated budget assuring due quality and performance. The Offeror should also demonstrate flexibility in providing services/implementing works to respond to unforeseen developments beyond its control Weight: maximum 25 points	
Account-Timbal has specialists certified in 1C, but did not specified the total number of staff. It's not clear what it is overall capacity to implement the project. (p. 3 of the offer)	The Offeror presented information of sufficient staff and facilities to run the project. The specialists are certified not only by 1C, but also by big IT companies like Oracle, Cisco etc. The total number of specialists is 65 (attachment:

<p>Our evaluation: 20 points.</p>	<p>Offeror data). Judging by the total number of specialists involved in soft elaboration and adaptation, Daac presented better cost effect solution. Our evaluation: 25 points.</p>
<p><i>B. Experience</i> Weight: maximum 25 points</p>	
<p>Organization's role and experience in implementing similar projects. Provide relevant examples of successes in the program sector and/or geographic area and describe constraints and obstacles encountered and how they were overcome.</p>	
<p>The Offeror only presented a list of references (clients). However, the list comprises only companies, and we couldn't find any information regarding implementation of the software within similar projects.</p> <p>Our evaluation: 15 points.</p>	<p>According to the provided documents, Daac-Sistem succeeded to implement at least 4 similar large projects at following organizations: 1) Ministry of Health Care – 61 institutions across the Republic, 2) Counterpart International – 14 regional organizations, 3) PFAP – 16 benefactory organizations, 4) ALLO-Card (Moscow) – 1000 terminals. (p.4 of the offer)</p> <p>Our evaluation: 25 points.</p>
<p><i>C. Cost Proposal</i> Weight: maximum 25 points</p>	
<p>Evaluation according to:</p> <ul style="list-style-type: none"> • Ability to comply with the award conditions, taking into account all existing and currently prospective commitments of the Offeror, non-governmental and governmental • Satisfactory record of performance. Past relevant unsatisfactory performance is ordinarily sufficient to justify a finding of non-responsibility, unless there is clear evidence of subsequent satisfactory performance • Satisfactory record of integrity and business ethics 	
<p>The Offeror is one of leaders in 1C distribution. Which also has a good reputation on the market.</p> <p>Our evaluation: 20 points.</p>	<p>Daac-Sistem is one of leaders in the field of IT in Moldova. It has rich experience in developing solutions based on the platform 1C:Бухгалтерия.</p> <p>Our evaluation: 20 points.</p>

Final evaluation:

Account Timbal = A(10+20) + B(15) + C(20) = 60 points
Daac Sistem = A(25+25) + B(25) + C(20) = 95 points

RFP EVALUATION CRITERIA

	Points
<i>.A Technical Proposal, total including:</i>	50
<ul style="list-style-type: none">• Degree to which the Offeror specifies and documents its approach regarding (i) evaluation and analysis of the work stated in this RFP, (ii) development/adaptation of the Software, including respective testing, training, and (iii) the Software follow up support during the warranty period. 25• Demonstrated ability of aptitude to (i) manage a subcontract under the LGRP supervision and (ii) operate within the stated budget assuring due quality and performance. The Offeror should also demonstrate flexibility in providing services/implementing works to respond to unforeseen developments beyond its control. 25	
<i>B. Experience:</i>	25
<ul style="list-style-type: none">○ Describe your organization's role and experience in implementing similar projects○ Provide relevant examples of successes in the program sector and/or geographic area and describe constraints and obstacles encountered and how they were overcome.	
<i>C. Cost Proposal:</i>	25
Offerors should submit any additional evidence of responsibility deemed necessary for the Contracting Officer to make a determination of responsibility. The information submitted should substantiate that the Offeror:	
<ol style="list-style-type: none">3. Has the ability to comply with the award conditions, taking into account all existing and currently prospective commitments of the Offeror, non-governmental and governmental.4. Has a satisfactory record of performance. Past relevant unsatisfactory performance is ordinarily sufficient to justify a finding of non-responsibility, unless there is clear evidence of subsequent satisfactory performance.3. Has a satisfactory record of integrity and business ethics.	
Total	100

Proposals will be scored using the following criteria:

Criteria A = (average score awarded by the UI/LGRP within 0-50 range)

Criteria B = (average score awarded by the UI/LGRP within 0-25 range)
Criteria C = (average score awarded by the UI/LGRP within 0-25 range)

Total score = Criteria A + Criteria B + Criteria C



**Bid tabulation form in accordance with
Request for Proposal nr. 01/2004 from 15 September 2004
INTEGRATED MUNICIPAL FINANCIAL SOFTWARE**

In accordance with the Request for Proposal nr.01/2004 from 15 September 2004 the following offers have been received:

1. Oferror: _____

a. Total proposed price for RFP: _____

b. Total price for add alternate English version of proposal: _____

Signature of the Offeror: _____

2. Oferror: _____

a. Total proposed price for RFP: _____

b. Total price for add alternate English version of proposal: _____

Signature of the Offeror: _____

3. Oferror: _____

a. Total proposed price for RFP: _____

b. Total price for add alternate English version of proposal: _____

Signature of the Offeror: _____

Duane Beard
Chief of Party

(date)

Maria Salabuga
Administrative Officer

REPORT ON THE FIRST NATIONAL SYMPOSIUM “EFFICIENT WATER AND WASTEWATER SYSTEMS OPERATIONS”

LGRP successfully completed the endeavor of co-sponsoring the first ever National Symposium of Water Utilities in Moldova, along with several other organizations: Ministry of Environment, Construction and Territorial Development, Water Utility “APĂ-CANAL” Orhei, “MOLDOVA APĂ-CANAL” Association, and the Water Engineering Department from the Technical University of Moldova. On September 17-18, 2003, the Orhei City, one of LGRP’s most active local government partners, hosted this important event, targeted for all specialists and organizations in Moldova that are active in the field of water and wastewater operations. The purpose of this report is to provide a single record on this event.

The National Symposium gathered over one hundred water utilities senior management staff and local elected officials, who are directly involved in public service provision from over forty Moldovan local governments.

The National Symposium included the following activities: presentation of products and technologies by specialized firms from Moldova and abroad, conference presentations about a wide range of activities in the area of water and wastewater operations, and discussions on crucial issues in the water supply sector, such as tariff policies, delimitation of responsibilities among water utilities and water consumers, as well as the creation of condominiums.

The purpose of the Symposium was to establish a basis for a forum of discussions and presentations on solutions for water utility senior management and local elected officials. At the same time, the Symposium aimed at promoting the principles of efficient water and wastewater system operations between these two levels of public administrators.

Initially, the idea of organizing a national assembly of water utility managers and local government elected officials came from Mr. Pavel Panus, the manager of the Orhei water utility, one of Moldova’s best-managed facilities in March 2003. The proposed activity gained support from the Moldova Apa-Canal Association, a municipal organization representing the interests of water utilities across the country, as well as from the Technical University of Moldova and from the Ministry of Environment, Construction, and Territorial Development. An organizational committee consisting of representatives from each co-sponsoring organizations was established to be in charge of the preparation of the National Symposium. Since April, the organizational committee held a dozen working sessions on budget and agenda development, logistical arrangements, classes, the number of participants, media coverage, and thematic presentations. The successful development of the National Symposium was largely due to the efficient collaboration of the co-sponsors and the hard work of the organizational committee.

The responsibilities were distributed in the following way: LGRP served as the main coordinator of the organizational committee’s activities, supported the accommodations for the participants and some of the international speakers, and prepared the distribution materials. The Orhei water utility was responsible for the logistical aspects of the event, handled the procedures with the exhibiting companies, and supported the costs of a six-person-delegation from the Romanian Water Association (ARA). The Orhei Municipality provided facilities for the conference and exhibition and contributed to the logistics of the event. Moldova Apa-Canal Association was in charge of preparing the set of materials that were distributed among

participants as well as supporting the visits of the general managers of the national water utilities to Belarus and Georgia.

Overall, the National Symposium was extremely successful. All of the participants demonstrated enthusiasm and interest. In addition to having the opportunity to learn interesting and up-to-date facts about the water supply sector in Moldova, they became acquainted with water and wastewater goods and services available on the Moldovan market. The participants also had a chance to express their opinions regarding the most controversial issues in this sector. The Moldova Apa-Canal Association collected these individual opinions and suggestions and intends to include them in the Memorandum addressing the President of Moldova.

A notable presence at the National Symposium was that of Ms. Seema Manghee, Program Task Manager of the Pilot World Bank Water and Sanitation Project in Moldova. Her presentation focused on the past, present, and future of Moldova-World Bank collaboration in the water and sanitation sector. Ms. Manghee was very pleased to have a chance to meet the only private water system operator in Moldova that operates in one of the LGRPs' most active and successful partner communities, Cimislia.

Also worthwhile mentioning is the presentation of the Deputy Minister of Environment, Construction, and Territorial Development, Ms. Svetlana Dogotaru, where she urged the water utility managers and local officials to take the necessary steps within their water utilities to establish a single tariff for residential consumers and companies.

Conclusions

It is anticipated that the first National Symposium has established a tradition and in the future this event will become a regular, self-sustainable, and important forum for water utilities and local governments.

It is also anticipated that the Moldova Apa-Canal Association will be the national institution that will promote the organization of water utility assemblies in the future.

NISPORENI WATER UTILITY – OPERATIONAL AUDIT REPORT

During 2003, the Municipal Services team together with the MEWSO trainers, supervised by outside consultants Andrew Popelka and Augustin Boer, performed an operations audit process in Nisporeni. The audit was completed, and the final report has already been presented to the Ministry of Environment and Territorial Development. The success of the audit was also due to the fruitful collaboration with the Swiss Agency for International Cooperation, which provided the measuring equipment to the utility (flow meters and pressure gages). Activities included training of personnel in reading and operating the measurement equipment, as well as network tests, efforts that were concentrated on finding the critical points of the water distribution network, and monitoring the system every hour for two days.

The following steps were followed regarding Nisporeni's operation audit:

- Installation of measuring equipment at 12 checkpoints and 5 wells (in collaboration with Swiss Agency for Development and Cooperation).
- Training of water utility staff to read the measuring equipment and emergency procedures (pressure drop or rise, major leaks).
- Providing data collection kits (watch, flash light, extra batteries, folder with forms for data collection, pens).
- The Municipal Services team was present in Nisporeni every day during the testing period and monitored all the activities, including the repair of leaks, replacement of pressure gauges, etc.
- Introduction of the data into the computer.
- Analysis of data and preliminary conclusions.
- Augustin Boer initiated the financial audit, which was then finalized by the Consulting Country National (CCN) expert Dr. E. Busmachi.
- The Municipal Services team finalized the reports in Romanian and English.
- The Technical University student intern A. Gagi finished the process of drawing the maps and putting them into electronic format using AutoCAD.
- Based on the Operational Audit Report, an Action Plan was developed.
- In December 2003, the Municipal Services team together with the Director of Swiss Agency for International Cooperation met the minister of Ecology and Territorial Development (SDC), G. Duca, and presented the reports (including a SDC report).
- On the 17th of February 2004, C. Murariu, participated at the Council meeting in the town of Nisporeni in order to offer support to the Mayor in adapting the Action Plan that was developed for the use of the water and wastewater utility. During the meeting C. Murariu give a short speech, presenting technical facts and explanations so that the council members would have a better understanding of the Action Plan and it's goals.
- The Plan was voted on unanimously in favor by the city Council.
- Based on the Action Plan, the LGRP will give the utility a micro-grant to help start its Action Plan.
- The Report will be used in an effort to seek funding from different donor organizations, including, but not limited to, the World Bank, Social Investment Fund and the Ministry.

Conclusions:

The Operational Audit Report is a useful tool in understanding the current situation of the utilities. It also provides an opportunity to update the schematics of the pipes and to discover errors that were committed during the design process or afterwards due to incorrect repairs and lack of maintenance. It is well known that most of the communities in Moldova face problems related to the old and inefficient water system, but no matter how much funding is available, all solutions will come only after a professional assessment of the current situation has been made. It is considered that in preparing this document, the utility is one step further in finding a solution.

REPORT ON THE EFFICIENT WATER SUPPLY OPERATIONS TRAINING PROGRAM BASED ON THE MANUAL FOR EFFICIENT WATER SUPPLY OPERATIONS (MEWSO)

In 2003, LGRP developed and conducted a comprehensive training program centered on the Manual for Efficient Water Supply Operations (MEWSO) in order to address Moldovan water utilities problems.

The process was initiated with a two-week Training of Trainers (ToT). The purpose of the ToT was to prepare a national capacity of trainers to use and deliver the MEWSO training to water utilities in Moldova. Representatives from various relevant institutions, government agencies, and other interested organizations took part in this event. Twenty-three specialists participated in the first week of the ToT (20-23 January 2003). From among these participants, eleven specialists who expressed their interest and desire to become trainers were invited to continue with a more in-depth second week of training (27-30 January).

Prior to the training event, the first edition of MEWSO was completed. The training design was developed on the basis of this manual. The ToT considered trainees' needs and their relatively advanced professional level. To make the training process more efficient, an interactive trainer's manual was developed in order to help trainers with presentation of their technical modules.

The following was the general format of the Trainer's Manual: Goal, Objectives, Session Outline, and Evaluation. Trainees were also provided with the Participant's Manual. The Participant's Manual was similar in structure to the Trainer's Manual but in a simpler, more accessible form and language. All three manuals were offered to participants at appropriate points in the course of training.

Overall, the training was extremely successful. All participants demonstrated enthusiasm and interest. Also, the process was well structured to enable the Municipal Services team and short-term advisors to assess the potential of the participating specialists in the water supply area in Moldova to function as high quality MEWSO trainers.

The first pilot MEWSO training seminar was conducted in March as a joint effort between short-term consultants and TOT trainees. Senior management staffs from 5 Moldovan utilities (Soroca, Orhei, Cahul, Stefan-Voda and Floresti) were the first group of utilities to attend the training. The training was considered successful. During the following months, five consequent training seminars were conducted in Chisinau by TOT trained trainers. One training seminar involved the participation of 4 water utility specialists (executive, financial and technical managers) from 5 water utilities. At the end of the year, twenty-eight Moldovan utilities benefited from the training, including 90 water utility senior staff (management, technical and financial).

As a result of the training, three water utilities from Nisporeni, Biruinta and Leova developed water utility action plans with LGRP assistance (reflecting each utility's specific improvement needs), initiated the adoption of these plans by the local councils, and sought LGRP micro-action grants. In 2004, the Municipal Services team will assist these utilities in implementing their micro-action grants.

OVERALL LIST OF THE PARTICIPANTS

No.	Locality	Name	Function
1.	Soroca	Alexandru Sorocean	Director
		Vasilisa Spoială	Chief-accountant
		Mihail Ciumac	Chief-engineer
		Ana Perebicovschaia	Engineer
2.	Ștefan Vodă	Iulia Ilugul	Deputy-director
		Valentina Zagaiciuc	Chief-accountant
		Elena Cocu	Planning specialist
		Igor Caroi	Head of water and wastewater section
3.	Cahul	Vasile Zagaevschi	Director
		Maria Roșca	Chief-accountant
		Tamila Melnic	Planning specialist
		Constantin Beșliu	Head of wastewater section
4.	Floresti	Sergiu Rusu	Director
		Ion Bîrsan	Chief-engineer
		Neonila Răilean	Chief-accountant
		Larisa Tefliuc	Planning specialist
5.	Orhei	Mihai Chiperi	Chief-engineer
		Veaceslav Olaru	Engineer
		Ion Burduja	Engineer
6.	Leova	Victor Antoniu	Chief manager
		Loreta Hohlova	Technical engineer
		Raisa Carcea	Economic engineer
7.	Ungheni	Natalia Borș	Chief engineer

		Petru Scutaru	Power engineer
		Adela Curțeva	Chief-accountant
		Nicolai Baltag	Chief dispatcher
8.	<u>Nisporeni</u>	Constantin Ulinici	Manager
		Vera Ploteanu	Accountant
		Nicanor Trifan	Economist
		Petru Covrig	Operator
9.	<u>Edinet</u>	Andrei Cosovan	Chief engineer
		Natalia Beltei	Chief-accountant
		Artur Gangur	Economist
10.	<u>Cantemir</u>	Svetlana Șișianu	Accountant
		Ina Pavlicenco	Operator
		Ion Tabureanu	Specialist
11.	<u>Drochia</u>	Iaroslavna Slinzac	Senior operator
		Serghei Birladeanu	Technical engineer
		Gheorghe Chiriac	Manager
		Anatol Leahu	Operator
12.	<u>Donduseni</u>	Mihai Josan	Manager
		Valentina Botnariuc	Senior economist
13.	<u>Cimislia</u>	Alexandru Plesca	Accountant
		Vladimir Dem	Manager
		Victor Vasiloii	Engineer
		Vladimir Plotnicov	Power engineer
14.	Straseni	Ion Sîrcu	Engineer
		Constantin Costov	Manager
		Vera Gridjina	Chief-accountant



		Eugeniu Caisîm	Head of sewerage section
15.	<u>Vulcanesti</u>	Lidia Salabas	Manager
		Natalia Ciusova	Chief-accountant
		Svetlana Tapal	Economist
16.	Ceadir Lunga	Petr Covirjic	Manager
		Fedor Covirjic	Deputy mayor
		Ana Chiosea	Economist
		Maria Lazareva	Accountant
17.	<u>Anenii Noi</u>	Nicolai Timciuc	Manager
		Valentina Zaporojet	Chief engineer
		Vera Pomogaeva	Vice-mayor
		Elena Puscas	Economist
18.	<u>Riscani</u>	Vasilii Lugovoi	Chief engineer
		Valentina Gaidau	Chief accountant
19.	<u>Singerei</u>	Mihail Berliba	Chief engineer
		Maria Moroşan	Chief accountant
20.	<u>Calarasi</u>	Andrei Popa	Director
		Alexandra Capaţina	Chief accountant
		Maria Covaleov	Economist
21.	<u>Falesti</u>	Vladimir Serbu	Director
		Clavdia Lisii	Economist
22.	<u>Hincesti</u>	Gheorghe Lica	Manager
		Alexandru Petrovici	Technical manager
		Melania Corja	Chief accountant
		Valentina Tcaci	Economist

23.	<u>Cricova</u>	Tamara Chelaru	Economist
		Boris Borş	Chief engineer
		Vasile Macrinici	Engineer
		Svetlana Zotea	Engineer
24.	<u>Glodeni</u>	Dumitru Mocanu	Director
		Mihai Petreanu	Chief accountant
		Lola Abramov	Economist
		Alexandru Păduraru	Vice-mayor
25.	<u>Soldanesti</u>	Valeriu Gligor	Manager
		Tudor Timofti	Chief engineer
		Maria Harcenco	Chief accountant
		Nicolae Roman	Mayor
26.	<u>Telenesti</u>	Grigorii Carp	Director
		Maria Şoltuian	Chief accountant
27.	<u>Biruinta</u>	Anatol Prodan	Mayor
		Pirogan Svetlana	Director
		Valentina Gheorghîta	Accountant
28.	<u>Rezina</u>	Veaceslav Beşliu	Manager
		Vladimir Polihovici	Deputy-manager
		Alexei Didenco	Chief accountant

APPLICATION FORM – Antonesti Demonstration Project

Name of the project
Construction of the Low Pressure Gas Supply Network in Antonesti Village

Date of filling this application (dd/mm/yy)
September 3, 2004

Place (Community, City/Village)
Antonesti Village, Stefan Voda Raion

Mayor name
Sirbu Anatol

Contact information
242 – 48- 236 Office 242 – 48- 210 Home
242 – 48- 238 Secretary of the LC

Designated responsible person
Sirbu Anatol, Mayor

Contact information
242 – 48- 236 Office 242 – 48- 210 Home
242 – 48- 238 Secretary of the LC

Description of the problem
In Antonesti homes, school, kindergarten and other public buildings there is no qualitative heat provided. In the cold season the whole village uses coal and wood for heating. There was an attempt to build a low-pressure gas supply network to be connected to the gas pipeline Stefan-Voda – Belgorod Dnestrovsk (Ukraine) that had to be built 15 years ago, but the project was not carried out for some reasons that occurred at that time, in 1989. In 2003 the central government included in its National Gas Supply Program construction of a gas distribution station at a distance of 1,400 m from Antonesti for several neighboring villages. That makes the possibility to bring the gas to Antonesti village real.



Description of the project
Geographically Antonesti has an advantageous position in relation to the gas distribution station that will be built, the distance between the gas distribution station and the village is 1,400 m. The Demo Project includes construction of a polyethylene gas pipe 1,400 meters long. The starting point of the pipe is the gas distribution station until, it will come to the place where the gas metering station for the Antonesti village will be installed. The gas supply pipe will provide for a total consumption of 1,297 cubic meters per hour of natural gas for Antonesti. On the whole route every 250 meters there will be installed a special sign indicating the gas pipe to prevent any unauthorized works along the route. After all installation works will be finished the gas pipeline will be tested for pressure and resistance according to the security requirements in the area of gas supply.

Benefits anticipated
Good heating conditions in the cold season will be provided in homes and public buildings from Antonesti.

Number and types of beneficiaries (children, senior citizens, etc)	
Beneficiaries	Number
Students from the school	550
Children from the kindergarten	80
1000 homes, public buildings	3, 050 people

Estimated total cost
\$58 thousand according to the design (707 thousand MDL)

Cash in hand (collected from community or from other sources)
\$13 thousand collected from community (156, 000 MDL) \$16 thousand collected from "Carahasani-Vin" enterprise (200, 000 MDL)

The projects starts from October 1, 2004 to December 30		
Activity	Start date	End date
Creation of the design	August	September

Accumulation of the necessary amounts for the construction and assembling	October 1	November 15
Conduct a tender and select the company	October 1	November 15
Carrying out the construction works of the network	October 15	December 25
a. Digging the dig for the pipe	October 15	October 31
b. Installation and assembling the polyethylene pipe	October 20	November 20
c. Installing the distribution and metering devices	November 20	December 20
d. Testing the network for pressure and ermetizare	November 25	December 15
e. Finalization works according to the design	December 15	December 25
Launching the network	December 25	

Is a design required? (Yes/Not)
Yes

If yes, what is the status of the design?
Ready

List of stamps and permits that are necessary, and status of each		
Permit required	Authority that issues the permit	Status (approved/pending/ when will be approved)
Authorization	1. "Moldova Gaz" JSC	Approved
Authorization	2. Chief Architect of Stefan Voda Raion	Approved
Authorization	3. Energy supply company	Approved
Authorization	4. Raion Moldtelecom	Approved
Authorization	5. "Stefan Voda Gaz" JSC	Approved
Authorization	6. Antonesti MO	Approved



Materials and labor that the community can donate		
Materials	Quantity	Value
None		
No of citizens involved (labor)	Working days/citizen	Qualified/unqualified
120 people total	12 days/10 people	Unqualified(7.200 MDL total)

Where in the strategic plan is this problem to be solved? (page, paragraph)
SI 3, Goal 5 Page 29, paragraphs 1- 6
Priority rating in the strategic plan
Priority 3 in the Strategic Plan Priority 1 for the population at the moment, when the network is close

Mayor/ Responsible 's signature	Date

TEMPERATURE CONTROL SYSTEM FOR ZBEROAI A PUMP STATION

By Andrew Popelka

To prevent pipe freezing and potential damage to the water pipes, a space electric heater with an output of about 1 kW currently heats the structure housing the water piping, valves, water meter and pressure gauges in Zberoaia water system. Also, they use wood stow for heating, when the operator is present. The electric heater is operated by thermostat, maintaining minimum temperature of about 5 C. During the winter months, this heater runs about 14 hours per day (assuming on/off operation to maintain 5 C), with monthly cost of electricity about 320 lei (\$28).

Better alternative to entire space heating is the use of heat tape is wrapped around the pipe and is covered by insulation. Heat tape automatically controls the pre-set temperature to prevent pipe freezing.



WinterGard Wet 230V heating cable is a professional-grade, 6 watt per foot, self-regulating electrical heat cable that can be used to protect pipe from freezing. The heating cable has a construction of nickel-copper bus wires, a self-regulating

conductive core, an insulated jacket, a tinned copper braid and an outer jacket of polyolefin. There are several advantages to the Wintergard wet self-regulating heat tape. It can be overlapped, and you can cut it to length without burn out, it saves energy. WinterGard Wet 230V can be used up to 100 m to protect pipes for temperatures down to 0 degrees.

WinterGard Wet 230V #WGWHT230xCUT

\$ 12.95 per m

The cost of the heat tape is about \$13 per linear meter and insulation cost is about \$3 per linear meter. Assuming about 6 meters of pipes, the total cost of material will be less then \$100.

How to install Heat Tape

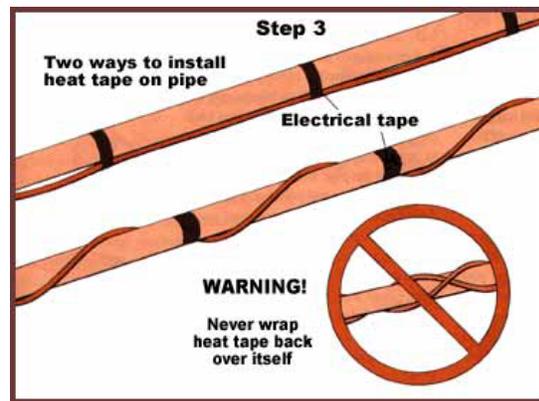
It's relatively easy to install heat tape and it's a good and economical way to prevent major damage to water pipes. You should apply heat tape to all exposed water piping, shutoff valves, water meters and pressure gauges. Also protect any interior water pipes that run along outside walls or anywhere that the temperature may drop below freezing.

How much heat tape you will need depends on the length, size and type of the pipe. You need to know the pipe length and diameter and the number of valves or faucets along the run. To determine how much heat tape you'll require, consult the manufacturer's guidelines.

CAUTION! Because you are, in effect, wrapping an electrical wire around your water supply pipes, it's very important that you:

- Read all the directions.
- Use only laboratory-tested heat tape
- Do not cross the heat tape back over itself. This could overheat the tape and start a fire.

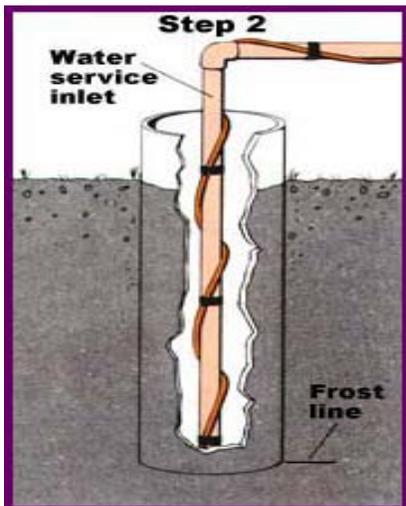
If your water supply piping is plastic, **ONLY** use automatic thermostatically controlled heat tape. Non-automatic heat tapes can damage plastic pipes, especially if the taped pipes are covered with insulation.



For this job you will need automatic heat tape (the kind with a thermostat), electrical tape, and pipe insulation (which could take the form of a waterproof insulated pipe jacket, or pipe insulation with vapor seal cover). Some heat tape kits combine several of these items.

STEP 1: Check pipes

Do not install heat tape over leaking pipes. Not only will a slow leak damage insulation, but it may also short out the heat tape. Pay particular attention when you check the pipe joints for leaks.



STEP 2: Attach to pipe

Use only automatic heat tape, with heavy rubber insulation around the wires. Do **NOT** use non-automatic heat tape, as this could damage plastic pipes. Start with the plug end next to the outlet, and run the heat tape the entire length of the freshwater supply pipe. Also wrap the water pipe below ground level, to the frost level. Methods for attaching heat tape to the pipe vary. Some types of heat tape wrap around the pipe, some run along one side of the pipe. Follow the manufacturer's instructions.

STEP 3: Attach heat tape

Space wraps according to the manufacturer's guidelines. Use electrical tape, not electrical wire, to hold the heat tape in place. It is very important that you never cross the heat tape back over itself: this creates a real fire hazard.



STEP 4: Insulate

It's a good idea to cover the water pipe and heat tape with pipe insulation or pipe jacketing. If the insulation does not have a weather-protective outer surface, you will need to cover it with a waterproof wrap.



STEP 5: Plug it in

Don't forget to plug in your heat tape before the onset of cold weather. Do not use an extension cord. The heat tape must plug directly into a Ground Fault Circuit Interrupter (GFCI) receptacle. You should find a GFCI protected outlet underneath your manufactured home, near the water inlet. If not, you will need to install one.

**ANNEX D
LEGAL FRAMEWORK**

1. Legal Framework for Access to Information on Public Affairs
2. Legal Framework for a Model Municipal Open Meetings Regulation
3. Model Amendments to a Local Council's Charter to Ensure Access to Information on Public Affairs
4. Legal Framework for General City Planning Procedures
5. Legal Framework for Divestiture of Land in Public Ownership

LEGAL FRAMEWORK FOR ACCESS TO INFORMATION ON PUBLIC AFFAIRS

*Maria Orlov, Ph.D.
November 22, 2003*

The USAID Local Government Reform Project conducted this study in order to examine current Moldovan legal framework on access to information and public meetings of the local governments, as well as to identify the local government's policy-making opportunities in the field.

Under the Constitution of the Republic of Moldova, any individual has the right to be informed, before a decision is made, about facts, arguments, evidence, and tools a decision of the authority will be based on. Such information must be presented to an interested individual in a clear and accessible form. Provision of information can only be denied in the events envisaged by law; such refusal should be validated by a detailed justification, which can be subject to a judiciary review or another form of independent control.

Article 34 of the Constitution of the Republic of Moldova stipulates Right to information as follows:

- “(1) Individual's right to any information on public affairs may not be restricted.
- (2) Authorities, within their terms of reference, are obliged to ensure the provision of reliable information about public affairs and personal matters to individuals.
- (3) Right to information shall not impair the measures aimed to protect individuals or national security.
- (4) Mass media, both state-owned and private, shall ensure the provision of reliable information to the general public.
- (5) Mass media shall not be subject to any censorship.”

Authorities are obliged to inform those interested about the administrative procedure and their right to be heard. Interested individuals should be informed, by appropriate means and in a timely manner, about administrative procedure for implementing a public policy and their right to obtain evidence and arguments, that is, to be actively involved in the process. Likewise, administrative decisions should be brought to the notice of those interested within a reasonable timeframe and by appropriate means in order to be challenged, if necessary.

Administrative act, which is of interest for a large number or group of individuals, must be adopted by means of a special procedure in compliance with the following requirements:

1. those interested should be informed by appropriate means about the implications of the administrative decision and criteria which will allow them to assess the implications of the act for their rights, freedoms, and interests;

2. those interested should have an opportunity to appoint one or several representatives or be represented by associations or organizations in the performance of administrative procedures in view of the subject matter and implications of a draft decision.

Any decision, which might affect or impair lawful rights or interests of a natural person, should be validated. The validation should be lawful, adequate, clear, and consistent. It should be either set forth or clearly referred to in the decision. The decision should also state an appeal procedure, specifying the nature of the appeal, appeal bodies and timeframe.

Law on Access to Information No. 982-XIV of May 11, 2000 is the main legal framework ensuring a person's access to information.

Article 4 of the Law sets the principles of government policy in the area of access to official information:

“(1) Any individual, pursuant to this Law, is authorized to search, obtain, and get conversant with, official information.

(2) The exercise of rights envisaged by paragraph (1) hereof can be subject to restrictions for specific reasons in line with the principles of international law, including protection of the national security or privacy of a person.

(3) The exercise of rights envisaged by paragraph (1) hereof by no means presumes discrimination based on race, nationality, ethnic background, language, religion, gender, opinions, political affiliation, property, or social origin.”

Thereafter, the Law identifies the holders of information; entities entitled to seek information, procedure for seeking information, information provision procedure, and the responsibility of information holders in the event of groundless refusal to provide information and ways of appealing such a refusal.

State Secret Law No. 106-XIII of May 17, 1994 governs the manner of providing information, which constitutes state secret, its utilization, disclosure, and protection in the interest of securing the state secret of the Republic of Moldova.

Article 2 of the law defines the concept of the state secret:

“State secret is the information about military, economic, research, foreign policy, intelligence, counter-intelligence, and detection activities protected by the state, dissemination, disclosure, loss, theft or destruction of which (hereinafter “dissemination”) could cause material damage to the security of the Republic of Moldova.”

Article 5 identifies information, which constitutes the state secret:

“The following information could constitute the state secret:

1) in the military:

- a) content of strategic and field plans to ensure the security of the Republic of Moldova;

- b) areas of development and new developments in the armaments and military equipment, their types, stockpiles, and storage facilities;
- c) tactical and technical features and opportunities for military application of armaments and military equipment, properties, recipes or technologies of production of new military explosives;
- d) dislocation, designation, degree of protection of secure and especially important facilities, their design and construction;
- e) dislocation, organizational structure, armament and number of armed forces;

2) in the area of economy, science, and technology:

- a) content of Moldova's plans to prepare for possible military actions, industry's capacity to manufacture armaments and military equipment, volume of supplies and stockpiles of strategic inputs and materials, location and size of state material reserves;
- b) volume and planned output (in value terms and in-kind) of armament, military equipment, and other defense products, available and expected output capacity, enterprises, designers, or manufacturers of the aforementioned armaments, military equipment, and other defense products;
- c) research, experiments, and designs, technologies of high importance for the defense sector or the economy, which have an impact on the security of the Republic of Moldova;
- d) forces and means of civil protection, dislocation, designation, and degree of protection of administrative facilities, and security of the population;

3) in the area of foreign policy and economy:

foreign policy and foreign economic activities (commerce, lending, and foreign exchange activities) of the Republic of Moldova, early dissemination of which could impair its interests;

4) in the area of intelligence, counter-intelligence, and detection activities:

- a) forces, means, sources, methods, plans, and results of intelligence, counter-intelligence, and detection activities, as well as information about funding such activities, which discloses the aforementioned information;
- b) individuals who are cooperating or have cooperated on a confidential basis with the agencies engaged in intelligence, counter-intelligence, and detection activities;
- c) system of government and other types of special communication, state codes, or their analysis methods or techniques;
- d) methods and ways of protecting secret information;
- e) state programs and activities in the area of protection of state secret."

Thus, the state limits the rights of an individual to some types of information listed in the above provisions and thus protects the interests of the general public and national security. At the same time, the number of such types of information should not be too large and its content should be stated clearly in order to avoid speculation and not to restrict groundlessly the right to information.

The right to information is exercised largely by means of mass media. The Parliament of the Republic of Moldova passed Decree on the Concept of State Support and Promotion of Mass Media in 1999-2003 No. 277-XIV of February 11, 1999, which reads that "at present, lack of concrete government policies or outlook to support and promote mass media has been growing increasingly obvious."

The Concept sets the following objectives:

- a) fully exercise and observe the fundamental rights of the citizens of the Republic of Moldova concerning the freedom of opinion and expression, as well as the right to information;
- b) create normal conditions for the operation of mass media;
- c) Create equitable environment for the operation of information and political mass media, regardless of their ownership and legal form, observing the user's right to choose a supplier of information from a varied and pluralistic range of mass media;
- d) create a modern information society in the Republic of Moldova, in which the freedom of the press would be protected and supported by the state; any interference with the editorial activities shall be banned;
- e) define the social status of a journalist in today's democratic society."

A number of new regulations were adopted and existing ones amended in order to achieve those objectives.

Thus, Law on Public National Television and Radio Organization of Teleradio-Moldova Company No. 1320-XV of July 26, 2002 was passed.

Article 2 of the Law sets the underlying objectives of the company:

- "a) ensure free access of society to the information;
- b) reflect objectively and fully all aspects of social, political, economic, and cultural life of the country;
- c) exercise a person's right to free expression of political, religious, national, social, and other ideas and opinions, observing general interests of society;
- d) reflect the interests of all social strata; advocate peace, humanism, and other democratic values;
- e) ensure spiritual and esthetic development, preservation and dissemination of cultural values and historical traditions of the people of the Republic of Moldova."

These provisions stipulate the general exercise of the individuals' right to information. However, it is important to have public authorities develop the mechanisms for the exercise of the right and mechanisms for concrete types of information.

Since most often individuals seek information from local governments, they should be aware of the necessary minimum of information to be provided to individuals.

Analysis of legislation on local governments has shown the following:

Article 3(1) of Local Public Governance Law No. 123-XV of March 18, 2003 establishes the principle of “citizens’ consultation regarding matters of special interest”.

In order for a citizen to efficiently express his/her opinion about a certain matter, he/she should have full and objective information about the matter and possible ways of solving it. Otherwise, consultation becomes a formality.

Article 8 of the Law elaborates on what public consultation is:

“(1) Consultations with the public on matters of special importance for an administrative territorial unit can be held in compliance with the Election Code by holding a local referendum.

(2) Regarding matters of local importance of interest for some of the population of an administrative territorial unit, consultations, public hearings, and interviews can be held with that population in compliance with law.”

Article 18 of the Law stipulates specific powers of the local councils, at the exercise of which consultations with the citizens are compulsory:

“j) approve in compliance with law town planning programs for localities within an administrative territorial unit, as well as territory development plans;

k) set up public institutions of local importance and organize local public services to carry out activities in the area of utilities, local transportation, engineering networks, and other areas; ensure their normal operation and decide on their financial support in the event of budget spending;

l) approve local environmental rehabilitation and environmental protection programs; facilitate protection and preservation of historical and architectural monuments, parks, and national parks;

m) take measures to protect parks, national parks, green belts, and natural heritage.”

Public authorities also have other powers, which oblige them to inform the citizens in order to observe the principle of transparency.

Thus, Article 20(6) reads:

“(6) Agenda shall be brought to the notice of the village (commune) or town (city) residents through local press or other mass media, including by means of posting an announcement.”

This provision is a basis for the fulfillment of another principle of operation of a public authority stipulated by Article 21 – transparency – “Local council meetings shall be public.”

Public nature of the local council meetings presumes that invited specialists and experts, representatives of administrative supervisory bodies, and other concerned individuals (local community members) would be present at decision-making.

For those who do not have a chance to be present at decision-making, which affects their interests, the law envisages several ways of bringing the decisions to the notice of the public.

Thus, under Article 24(5), “decisions of regulatory nature shall take effect on the day of their promulgation in the press or by posting in public locations, and those of individual nature, on the day of bringing them to the notice of individuals they affect.”

Article 44(h) establishes the following power of the secretary:

“(h) ensure the promulgation of regulatory decisions of the local council and regulatory decrees of the mayor.”

At the same time, the legislation does not set a clear procedure for public meetings of a local council; it can only be identified by way of comparison with other deliberative bodies.

Paragraph 36 of the Model Regulation on Operation of Local and County Councils approved by Law No. 554-XIV of July 29, 1999 reads:

“36. The Chair, pursuant to his/her functions of maintaining order at the meeting, is authorized to:

- a) demand the observance of order;
- b) not to give the floor;
- c) demand the removal from the meeting room of the individuals impeding its work (excluding councilors).”

It follows from the above provisions that individuals **other than councilors** are also present at the council meetings. Decisions of the local council, unlike those of higher authorities, always directly affect the local community. This is the main reason why concerned community members are allowed to sit in the local council meetings.

Legislation creates a broad regulatory framework for the exercise of citizens’ right to information. It depends on the capacity of the public authorities and other holders of information whether they would organize their activities in a public and transparent manner.

Applicable Regulations:

1. Constitution of the Republic of Moldova (Article 34)
2. Law on Access to Information No. 982-XIV of May 11, 2000
3. State Secret Law No. 106-XIII of May 17, 1994 (Articles 2 and 5)
4. Decree of the Parliament on the Concept of State Support and Promotion of Mass Media in 1999-2003 No. 277-XIV of February 11, 1999
5. Law on Public National Television and Radio Organization of Teleradio-Moldova Company No. 1320-XV of July 26, 2002 (Article 2)
6. Local Public Governance Law No. 123-XV of March 18, 2003 (Articles 3, 8, 20, 21, 24, 44)



7. Model Regulation on Operation of Local and County Councils approved by Law No. 554-XIV of July 29, 1999 (paragraph 36)¹
8. Regulation of the Parliament approved by Law No. 797 of April 2, 1996 (Articles 82 and 83)
9. Government Law No. 64-XII of May 31, 1990 (Article 25)
10. Regulation of the Government approved by Government Decree No. 34 of January 17, 2001 (paragraph 13)

¹ New Regulation is being passed.

LEGAL FRAMEWORK FOR A MOLDOVAN MODEL MUNICIPAL OPEN MEETINGS REGULATION

Maria Orlov, Ph.D.
November 12, 2003

The right to attend public meetings

According to the Law on Local Public Administration, art.21, nr.123-XV, enacted March 18, 2003, "meetings of local councils are open." This law establishes the principle of transparency of local government activity. This presumption is subject to the Moldovan Law on Access to Information nr. 982-XIV enacted May 5, 2000. According to this law, meetings can be declared closed to protect the following interests: 1) national defense or foreign policy; 2) trade secrets and confidential business secrets; 3) personal privacy; 4) information exempt under other laws.

Public meetings

The basic rule is that at all local government meetings where decisions are taken, open access must be ensured for any interested parties.¹

Any adopted decision that contravenes this rule, for example an unreasonably closed meeting, has no juridical power and can be brought to the administrative court in order to be revoked.

The public has the right, not the obligation, to participate in the decision making process. However, local governments are obliged to facilitate public involvement, by providing notice of all meetings, including their agenda, in appropriate cases through specific invitations.

The secretary of the local council must keep minutes of all local government meetings. The minutes must include:

- ✓ The date and the place of the meeting;
- ✓ The present members of the local council;
- ✓ The guests of the meeting (NGO, representatives of the central government);
- ✓ The agenda;
- ✓ All the discussed issues, interpretative questions, motions and resolutions;
- ✓ Suggestions and final decision;
- ✓ The mode of voting (open, closed, nominal) and the results of the votes;
- ✓ The signatures, both of the chairs of the meeting (who is a councilor designated for the meeting) and of the secretary of the local council.

¹ The public means one or more natural persons or legal entities and, according to the legislation or the international practice – the associations, organizations or their groups (The extract from the Decision of the Government of the Republic of Moldova nr.72 from 25.01.2000)

According to the Law on Local Public Administration, article 26:

- “(1) The issues on the agenda of the meeting of the local council can not be discussed unless accompanied by an explanatory report prepared by a specialist from the mayor’s office.
- (2) The debates are transcribed in the minutes.
- (3) The minutes and the examined documents in the meeting are signed by the chair of the meeting and the secretary of the local council, and are sealed, numbered and filed.”

The secretary of the local council is required to make available minutes of all meetings to any interested person, including making copies. The secretary “issues extracts or copies of each document from the archive of the council, except for those containing secret information, established according to the law, [or confidential information] from birth\marriage certificates”. (Law on Local Public Administration art. 44 paragraph j.)

Each citizen has to pay a fee for making copies.

In order to make meetings accessible to the interested public², administrative regulations require that the councils functioning, program of activity, agenda and information regarding the time and place of public meetings be made available to all interested persons.

Ordinary meetings are organized once every three months.

The local council can gather in extraordinary session as often as needed, at the request of the mayor or one third of the elected councilors.

Notice for a regular meeting is five days and for an extraordinary meeting three days. Councilors are contacted directly and given the date, time, place and agenda of the meeting.

Citizens are notified indirectly via the mass media five days before a regular meeting and three days before an emergency meeting. Information about date, time, place and meetings’ agenda is placed in a local newspaper or other informational materials, including through placement on designated bulletin boards. (Law nr. 123-XV art. 20, paragraph 2, 3)

Convening an extraordinary meeting without public announcement: “in case of maximum emergency to solve the interests of the community... convening the local council’s meeting can be done immediately”. (Law nr. 123-XV art.20 paragraph 4) However, the content of the meeting and any decisions adopted should be presented to the public as soon as possible.

Extraordinary meetings can be held only in the case of some unforeseen circumstances interfering, which require immediate reaction from the local public authorities to prevent consequences that may have a bad impact on the community.

Every deliberative meeting of the public authorities must be closed with an adopted decision.

² Interested public means the affected public or which could be affected by these decisions, and also the public associations, which are promoting the raised issues by the local authorities, according to the legislation.

If the meeting closes without any adopted decision, and without naming a specific date to restart deliberation on the issue at hand, then when it is placed on the agenda again, at another time, the discussions restart from the beginning (de novo).

In the case where it is necessary to study more materials or more information that was brought up during the meeting and the public authority interrupts the meeting or postpones the meeting but reschedules for a specific date. Then, when the meeting reconvenes discussions begin from that moment at which they stopped the last time.

A representatives of the local mass media-- newspapers, radio and television, can request a written schedule for ordinary meetings for the current calendar year, and also arrange to be notified about extraordinary meetings.

The public authority is obligated to provide representatives of mass media as well as all interested person's requested information about meetings and the proposed agenda, up until the day of the meeting, even though proper notice was given.

The laws of Moldova delegate to the local councils broad discretionary authority to implement rules regarding access to public meetings.

A decision adopted by the public authority, in connection with a quasi – judiciary process, must be adopted at an open meeting, if the decision will be a public act.

Routine day-to-day administrative matters including inspections for tax assessments and abatements may be conducted outside the aforementioned rules regarding open meetings.

During an open meeting the public will be given an opportunity to express its opinion on issues discussed at the meeting subject to reasonable rules established by the president of the meeting. These rules do not apply to quasi judiciary proceedings.

EXECUTIVE (WORK) SESSIONS NOT DELIBERATIVE

If a public meeting exceeds its time limits, councilors can meet in executive sessions, which are closed, if they do not adopt decisions or engage in judiciary acts of a public power.

Members of a local council cannot meet in executive session without first meeting in public session and then vote to close the meeting, because of some reasons, for example:

1. Negotiating, leasing or selling of public property;
2. Naming, certifying, or promoting a public worker or employer;
3. Disciplinary actions-- penalizing or dismissal of an employee, unless he insists on a public hearing;
4. A clear threat to public security.

The results of decisions made during executive sessions are voted upon in open session and recorded in the minutes of the meetings. Only after adoption by the necessary number of votes, do these decisions become compulsory.

MODEL AMENDMENTS TO A LOCAL COUNCILS' CHARTER TO ENSURE ACCESS TO INFORMATION ON PUBLIC AFFAIRS

1. Title I, Chapter II, p.13, after the last paragraph, the following text should be added:

"In cases where issues are related to the execution of the local council's functions, as stipulated in art.18, paragraph 2, p.j), k), l), m) of the Local Public Administration Law, consultation and involvement of the public in the decision making process is required. The board will submit such procedures to the council in accordance with the Government's Decision nr.951 of 14.10.97 and nr.72 of 25.01.2000, before the beginning of the debates."

2. Title II, chapter I, p.24, f) will have the following content:

"f) applies, if needed, sanctions stipulated in p.35 or proposes to the council the application of the sanctions, stipulated in p.36 of the present charter"

3. Title II, chapter I, p.26, a), will have the following content:

"a) ensures the notification, within the established terms, to the councilors, civil society organizations, initiative groups and interested persons, if required, and also the media, about the convening of the local council. Send to the councilor, together with the draft of the decisions with the notification of the specialized boards and other information related to discussed issues. Fulfills other duties necessary to the convening of the council."

4. Title II, chapter I, p.26, c) will have the following content:

"c) does the nominal roll call and takes the attendance of the participants at the meetings, announces the presence of invitees and / or representatives of civil society organizations, if any;"

5. Title II, chapter I, p. 26, f) will have the following content:

"f) takes minutes of the meeting and ensures the file keeping of materials related to the discussed issues during each meeting, binds, numbers the pages, signs and seals the minutes"

6. Title II, chapter II, p. 27

"27. The meetings of the local council are open. Any interested person may attend the meeting; on condition they respect decorum and refrain from showing any approval, disapproval or intervention in debates. Issues included in the (public policy) agenda must be deliberated publicly. Decisions reached in private have no juridical power and can be brought to the administrative court in order to be revoked. A

quorum of councilors may not discuss public policy outside of a duly noticed and properly scheduled meeting. Deliberations toward formulating public policy conducted at social gatherings are prohibited.

The agenda of the meeting of the local council consists of a list enumerating the issues proposed to the council for examination and the name(s) of the speaker (co-speaker) for each of them.

Notification about the meeting must include: the agenda, the date, the time and place of the meeting, information about the participation of high level persons, experts or other invitees; mention that the meeting is public and that any interested person may take part in the meeting.

The citizens of the community are informed about the meeting through the local media and by posting announcements on the bulletin board in front of the Primaria and at least one other location with unfettered 24-hour access at least 5 days before the convening of the meeting.

When important decisions are taken for the community and in cases stipulated in the paragraph 7, p.13 of the present charter, invitation is obligatory to representatives of civil society – civic organizations, initiative groups, and representatives of field services of ministries and departments.

7. Title II, chapter II, p. 28 has to be completed with a new paragraph:

“Council meetings will include formal periods for public comment: 10 minutes at the beginning of the meeting before the agenda is adopted and 10 minutes at the end of the meeting. Public comment may be extended at the discretion of the Councilors. Any interested party may address the meeting. At the beginning of the meeting the regulations regarding the allowed time for presentations, information, questions, interpellations and other discussed issues within the meeting should be adopted.”

8. To exclude the words from the p.36

“application of sanctions, within his authority or”

9. Text on p.40 is not very clear and has no value, and consequently, can be skipped in order to avoid confusion.

The following text is suggested for p.40:

“40. The drafts of decisions, proposed to be included in the agenda, related to important issues for the community (a part of the community) should be published in the local media and posted in public places at the same time they are transmitted for notification to specialized boards.”

10. At the end of p.41 the following words should be added:

“with at least 20 days in advance of the day of convening the meeting.”

11. At p.42, chapter 2, the text will have the following content

“with 7 days before convening the meeting”, after the words “at last”.



12. At p.43, the following is added:

“at the proposal of the Mayor or of the Chair of Rayon, if needed”, after the words “the agenda”.

13. At p.53, the following is added:

“Administrative Litigation Law”, after the words “according to”

The p. 53 will be completed with a new paragraph:

“The councilors will be obliged to pay to the damaged person in solidarity, according to the court decision, if this was caused by an illegal administrative act, adopted by the council or the refusal to solve the request regarding to a right recognized by law.”

LEGAL FRAMEWORK FOR GENERAL CITY PLANNING PROCEDURES

By Maria Orlov, Ph.D.
July 17, 2003

The legal framework governing the procedure of developing and approving the general city plan (GCP) is comprised of the acts contained in the Annex.

The Law on the principles of city planning and land development no. 835 dated 17.05.96 is the act underlying both general city planning principles, and the rules governing the development and approval of necessary documentation.

Chapter two of the said law sets out the contents of city planning documentation. Thus, Art. 6 stipulates:

“(1) City planning and land development documentation includes land development plans, city planning documents, and associated regulations.

(2) City planning and land development documentation shall be based on prior surveys and research, and contain advisory provisions and mandatory provisions.

(3) City planning and land development documentation of a mandatory nature sets out land use, and the rules governing its use. It then serves as basis for the issuing of a planning permission, and a building authorization.

(4) Land use for any type of construction must be regulated through city planning and land development plans.”

Under Article 18 – *“(1) The minimum mandatory contents of city planning and land development documentation shall be set for each category of specific cases, through regulations and instructions developed by the central public administration body responsible for city planning and land development, and approved by the Government”.*

The documentation must be developed as follows:

“The following are the authorities responsible for the development and approval of city planning and land development documentation:

- a) The Government – development and approval of the national land development plan;*
- b) The Government or the local public administration bodies concerned – development and approval of regional land development plans;*
- c) Local public administration bodies concerned – development and approval of local land development plans, as well as the development and approval of city planning documents and regulations (Art. 19).*

Documentation must be cleared according to Art. 25 – *“City planning and land development documentation shall be cleared pursuant to the annex, which forms an integral part of this law, by the Government, the central public administration body responsible for city planning and land development, and by the central*

and local bodies concerned, within 30 days of the submission of the complete set of documents. Should the clearance not be issued within the set deadline, it shall be assumed that the documentation has been cleared”.

Another important step is consulting the public. Thus, under Art. 27 – *“The public shall be consulted prior to the approval of all categories of city plans and land development plans, except the national land development plan and small scale city plans that do not affect the public domain”.*

The documentation must be approved as follows:

City planning and land development documentation shall be approved according to the competences specified in the annex. (Art. 30)

The public authorities charged with approving land development documentation are under the obligation to forward it to the public administration bodies concerned within 30 days of approval. (Art. 31)

The clearance procedure is described in more detail in the Annex to the Law on city planning and land development principles concerning “The clearance and approval of city planning and land development documentation”, and in the Regulations approved by the Government.

The Government decree approving the Regulations on the development, clearance, and approval of general city plans for the towns and cities of the Republic of Moldova no. 626 dated 18.09.92 is currently in force, alas rarely used, as there is little demand on the part of local public authorities for such plans.

The Regulations set out the underlying rules for developing general plans, their scrutiny and clearance by the relevant authorities, the inspection and approval of general plans by the local public administration bodies.

These Regulations contain two important annexes: the first contains the *“General requirements to be followed unconditionally in the contents of design tasks of the general city plan”*, the second – *“The list of initial core data submitted by the beneficiary for the development of the city’s general plan”*.

Public consultation is of the utmost importance during the development of city plans, and shall be conducted in accordance with the Government decree approving the Regulations governing public consultation in the process of developing and approving land development and city planning documentation no. 951 dated 14.10.97. (*The official monitor of R. Moldova no. 76/787 dated 20.11.1997*)

Under p. 2 of the said Regulations: *Public consultation is mandatory during the development and approval of all land development and city planning documentation, except the National land development plan and detailed city plans that do not affect the public domain.*

Point 3 sets out:

Consultation shall be conducted differentially, and consists of:

- *Consultations to gauge the public’s attitude towards the intended development of documentation, formulated proposals, and accepted solutions;*

- *Urban sociology surveys that justify planning solutions.*

The responsibility for holding public consultations rests with the local public administration bodies charged with approving the respective documentation, as provided for by the active legislation (p.4).

Public consultations start with informing the public on the intentions to draw up land development and city planning documentation, and end with the latter's approval (p. 5).

In cases when the documentation is very complex consultations may be conducted through urban sociological surveys using specific methods and techniques for information and consultation, as defined in annexes 1 and 2 to these regulations (p. 6).

These regulations describe in detail each stage of the consultations, while annexes 1 and 2 describe the specific methods and techniques used in urban sociology.

All city planning operations, including GCP development activities must be carried out in accordance with the General city planning regulations approved through GD no. 5 dated 05.01.98 (Official monitor of R. Moldova, no. 14-15/95 dated 26.02.1998), which set out:

The general city planning regulations shall be developed in accordance with the Law on city planning and land development principles, and constitute an integral part of the overall system of technical and legal norms governing land development activity, classification, and utilization of land and buildings.

The regulations are mandatory for local public administration bodies, planning institutions, businesses, legal entities and individuals engaged in planning, construction, development, or other city planning activities.

The regulations shall be applied when local public administration bodies develop and approve city planning activities, during planning and executing all buildings and developments located on any type of grounds, inside as well as outside city limits.

Of great importance during the development of the GCP are "natural or man-made protected areas", which must be clearly defined in the plan. Their legal status is regulated by the GD approving the Regulations on natural and man-made protected areas no. 1009 dated 05.10.2000 (Official monitor of R. Moldova no. 127-129/1114 dated 12.10.2000), which set out:

It is recommended that by the end of 2001 district, city (municipal), and village councils, the Gagauz People's Assembly, and mayors:

- a) Draw up registers and lists of natural and man-made heritage sites;*
- b) Define cultural, historic and natural heritage sites;*
- c) Design, establish, and legalise buffer zones around natural sites, historic and cultural monuments of local importance;*
- d) Determine the buffer zones for natural and man-made heritage sites of national and international importance;*
- e) Establish appropriate uses for monuments within their administrative unit.*

The Regulations set out the criteria for defining natural and man-made protected areas in the city planning and land development documentation, the basic requirements for preserving and utilising those areas, determine the competences of central and local public administration bodies in this area, and suggest special regulations for sites, reservations, etc.

City planning and land development documentation can be used to institute protected area regimes in other areas.

The regional and local land development plans shall indicate natural and man-made heritage sites included in official registers and lists of monuments and protected natural areas, and shall define the preliminary borders of protected areas, buffer zones, and heritage sites, for which the development of general city plans (GCP), area city plans (ACP) and detailed city plans (DCP) is mandatory.

The areas' borders, and authorised activities within those borders shall be defined when developing general city plans under the following headings:

- *The general city plan concept shall include an evaluation of the monuments that are part of the natural and man-made heritage, and their protected areas and buffer zones;*
- *The strategic plan shall define the borders of protected areas and monuments, and their buffer zones;*
- *The plans and "Land division" sketch shall be developed on a topographic support, and shall include monuments and protected areas, as well as their buffer zones;*
- *The "Regulations. Territory zoning" section shall include regulations and building restrictions in protected areas and buffer zones;*
- *The particulars, categories, and classes of protection granted to protected areas, the need to ensure continuity in the development of the city structure and harmonious blending in of built-up areas and historic sites shall all be considered when defining the borders of "Reference territorial units";*
- *The local city planning regulations shall contain restrictions, regulations, and utilisation conditions valid in the protected areas.*

This Government decree has not been enforced within the set deadline, therefore, it should be noted that it must be executed during the city planning process.

The development of the GCP must involve the active participation of local architectural and city planning authorities, which, under the GD approving the Framework regulations governing the activity of local architectural and city planning authorities no. 499 dated 30.05.2000, have the following tasks:

- *Take part in providing territorial-administrative units with associated city planning and land development documentation;*
- *Develop databases, and land management systems (the city functional cadastre);*
- *Participate in the analysis of the current situation and the gathering of initial data for the development of planning documentation;*

- *Monitor the cultural heritage sites within the administrative unit.*

The GD approving the Regulations governing the construction of private residential buildings makes no reference to the city planning stage, but covers the strict enforcement of land use for the parcel required for construction.

It is paramount that each town should develop its city planning documentation, but just as importantly, all subsequent development activities must be carried out in strict accordance with that plan.

Another norm to be followed in the development of the GCP is the GD on the Concept of sustainable development of cities and towns in the Republic of Moldova no. 1491 dated 28.12.2001, which establishes a system of social and city planning principles governing the development of city planning and land development documentation.

It must be noted that all the above-mentioned acts contain a number of annexes, tables, and forms, which largely explain the actual GCP development procedure.

Based on these acts, we shall try and outline chronologically the principal activities necessary in the process of developing and approving a town's general plan.

Stages of developing, clearing, and approving city planning documentation (GCP)

1. The local public authority or the chief district architect initiates the development of the General city plan (GCP);
2. Involve the National Research and Planning Institute "Urbanproiect" (or another appropriately licensed agent) in the negotiations of the cost of developing the city planning documentation, subject to the amount of work needed for the particular town;
3. Develop full GCP;
4. Develop brief GCP;
5. Local council decision on funding the development of the aforementioned documentation;
6. Provision by the local public administration bodies (LPAB) of necessary data;
7. Development of city planning documentation under the contract signed with the National Research and Planning Institute "Urbanproiect", or another appropriately licensed agent;
8. Organisation by the LPAB of public consultations in the respective town (in any form possible);
9. Finalise development work, clearance, inspection and forward documentation to the Ministry of the Environment, Construction, and Land development for general ruling;
10. Amend documentation as necessary following public consultation and general ruling
11. Submit documentation to beneficiary;
12. GCP approval by the respective town's council;
13. Implementation of the city planning documentation's provisions through the execution of the GCP action plan.

ANNEX**General City Plans shall be developed on the basis of the following normative acts**

1. The law on city planning and land development principles, no. 835-XIII dated May 17, 1996;
2. Republic of Moldova Government decree approving the Regulations on public consultations in the process of developing and approving land development and city planning documentation, no. 951 dated 14.10.97;
3. Republic of Moldova Government decree approving the General city planning regulations, no. 5 dated 05.01.98
4. Republic of Moldova Government decree approving the Regulations on natural and man-made protected areas, no. 1009 dated 05.10.2000
5. Republic of Moldova Government decree approving the Regulations on the construction of private residential buildings, no. 623 dated 02.07.99
6. Government decree approving the Regulations on the development of general city plans for towns and cities in the Republic of Moldova, no. 626 dated 18.09.92
7. Government decree approving the Framework regulations on the activity of local architectural and city planning authorities, no. 499 dated 30.05.2000

Government decree on the Concept of sustainable development of towns and cities in the Republic of Moldova.

LEGAL FRAMEWORK FOR DIVESTITURE OF LAND IN PUBLIC OWNERSHIP

by Maria Orlov, Ph.D.

March 28, 2003

Land in public ownership of administrative territorial units is disposed of pursuant to several current regulations.

Thus, Article 3(1) of the Land Code (Law No. 828-XII of December 25, 1991, Official Monitor of September 4, 2001, Issue 107) sets forth, “land in the Republic of Moldova can be in **public and private ownership**”.

Article 9(12) reads that it is within the terms of reference of regional and municipal councils to “**identify and allocate** land for construction” without specifying the construction type – of regional importance or any construction in a locality of the region.

This power of the regional councils is unclear if we refer to the provisions of Article 10(7), which establishes that it is within the terms of reference of village (commune) and town councils to “**identify and allocate** land for construction and its placement pursuant to law”.

Land allocation means that they are transferred from public ownership to persons into private ownership. Article 11 of the Land Code sets forth which entities allocate land within locality limits for houses, household plots, and kitchen gardens, “**Local governments shall allocate land to natural persons free of charge** and issue titles:

- land plot under houses, household plots, and kitchen gardens allocated to natural persons pursuant to the legislation shall **pass on into their ownership**;
- **land plots from reserve of land within locality limits shall be allocated to families** until it has been exhausted to build houses, as household plots, or kitchen gardens: in towns – from .04 to .07 ha; in rural localities – up to .12 ha. Local government shall set specific land plot size;
- **land plots adjacent to residential buildings** with several privatized apartments, which do not form apartment blocks, shall pass on (within the town planning limits, and, if this is impossible, in view of the actual area of the land under construction) into common ownership of apartment owners in proportion to the privatized area of each owner.

Second transfer into private ownership of natural persons’ land plot for purposes specified in paragraph 1 of this Article shall be made for a fee by sale at an auction organized by the local government. Initial selling price of the land plot shall not be below the normative price for land calculated at the tariffs set by current legislation.

It is allowed to allocate land plots free of charge for purposes envisaged by paragraph 1 of this Article to the natural persons whose land was destroyed by acts of God.”

As we can see, vacant land plots can be allocated even free of charge, if they are included in the reserve of land within locality limits pursuant to the town plan.

Law on Normative Price for Land and Land Purchase-Sale Procedure No. 11308-XIII of July 25, 1997 (Official Monitor, December 6, 2001) gives us another opportunity.

Article 3 of this Law sets the land sale procedure:

“1. Owner shall be entitled to sell land in private ownership and in the event of sale of land in public ownership local governments shall have such right and shall at the same time solve all the problems concerning structures, engineering facilities, perennial plantations, and other real estate situated on such land plot.

2. Land shall be sold/purchased under the sale/purchase contract at the normative or free price, including based on auction result. In order to carry out a sale/purchase transaction, documents shall be filed specifying quantity and quality parameters of land and holder’s title in the land plot, issued, as the case may be, by:

- a) the territorial cadastre body within the jurisdiction of which the land plot is situated – for sale/purchase of land in private ownership;
- b) mayor’s office of the city, town, or village (commune) in the territory of which the land plot is situated – for sale/purchase of land in public ownership.

6. All land sale/purchase contract shall be notarized.”

Article 4 sets sale procedure for land in public ownership:

“1. The following land in public ownership shall be distinguished: **land in state ownership and land in the ownership of administrative territorial units**, delimitation of which shall be set by law.

2. In each specific case, sale/purchase of land in public ownership (except land plots used by the garden partnership members and reserve fund land for social needs of localities) **shall be carried out by the local government with permission of the Government or authority authorized thereby.**”

It follows from these provisions that the Government’s permission is also necessary for the sale of land owned by administrative territorial units, which conflicts with the principle of local autonomy.

“3. Land in public ownership can be sold both to natural persons and legal entities of the Republic of Moldova and foreign investors, except agricultural land and that under forests, which shall only be sold to natural persons and legal entities of the Republic of Moldova.

5. Land in public ownership shall be sold/purchased as follows:

- a) **buyer** (natural person or legal entity) **shall file with the mayor's office of the city, town, village (commune) or, as the case may be, authorized body of the Government, a land purchase application;**"

It is unclear what "as the case may be" means and in which case the application is to be filed with the mayor's office and in which case with the body authorized by the Government. This lack of clarity is an obstacle to the sale of vacant land within locality limits.

- "b) within a month the mayor's office of the city, town, village (commune) or, as the case may be, body authorized by the Government shall review the buyer's application, determine the price for land (land plot), conclude the sale/purchase contract, and set the payment deadline;
- c) within a month the buyer shall pay the amount equal to the normative price for land envisaged for respective purpose. If land is sold/purchased at free price, including by auction, its price may not be lower than the normative land price;
- d) the sale/purchase contract shall be notarized.

8. When entering into a land sale/purchase contract, local government can set some restrictions (servitude) the owner will have to observe.

9. Land in public ownership adjacent to privatized assets, assets to be privatized, private enterprises, or construction in progress, shall be sold/purchased at **normative land price**. Other land for construction purposes shall be **sold by tender or auction.**"

Unfortunately, there are no special government-approved regulations that would set procedure for land sale by tender or auction.

There are Regulations on investment and commercial tenders and direct negotiations regarding the privatization of public property (approved by Government Decree No. 998 of September 29, 2000), but they only refer to "privatized public property included in the Privatization Program as single packages or divided into shares...", which is within the terms of reference of the Government and Privatization Department.

With regard to auctions, there is a Government Decree on Organizing Auctions (Tenders) for Design and Implementation of Public Investment No. 711 of December 19, 1996, which, pursuant to paragraph 3, "applies to public investment the value of which exceeds MDL 850,000."

There are also Dutch Auction Regulations (approved by Government Decree No. 662 of November 28, 1996), which refers to "the sale of state property items subject to cash privatization" (paragraph 1) and "assets previously put up for privatization at least twice and unclaimed shall be put up for a Dutch auction" (paragraph 21).

These Regulations refer to state assets other than land plots and they cannot apply to the sale/purchase of land owned by administrative territorial units, because organization and implementation of such activities (tender, auction) is too complicated and is within the terms of reference of the Government and central public authorities.

Another law governing the legal status of land is Law on Land in Public Ownership and Its Delimitation No. 981-XIV of May 11, 2000, Article 1 of which determines which land is in public ownership and who its owners are:

“1. Public ownership in land can be:

- a) **of national interest** – in this legal regime, property belongs to the state (public ownership of the state);
- b) **of local interest** – in this legal regime, property belongs to a village, commune, town, city, judet, Gagauzia Administrative Territorial Entity (public ownership of administrative territorial units).

2. In the name of the Republic of Moldova, **right of possession, utilization, and disposal of land in the public ownership of the state is granted to the Government** in the manner set by legislation.

3. In the name of administrative territorial units, **right of possession, utilization, and disposal of land in the public ownership of administrative territorial units is granted to the administrative territorial units** in the manner set by legislation.”

Article 6 defines the term “land in the public ownership of administrative territorial units” – “Land in the public ownership of administrative territorial units are a part of land in public ownership **belonging to the administrative territorial units** of the Republic of Moldova as of right of ownership, the right of **possession, utilization, and disposal of which shall be within the terms of reference of the local government.**”

Article 8 identifies land in the public ownership of administrative territorial units:

“1. The following land shall be land in the public ownership of administrative territorial units:

- a) land **used by administrative territorial units;**
- b) land **adjacent to privatized assets** or assets subject to privatization, including land adjacent to construction in progress and leased assets included in the non-residential real estate stock;
- c) land **adjacent to buildings** and other structures transferred into private ownership as value shares pursuant to the privatization legislation;
- d) land **provided for utilization by, or leased to, private enterprises;**
- e) land under forests (except that envisaged by Article 5(1)(b)), **windbreaks, land intended for retaining water, anti-erosion measures, environmental corridors, and for other environmental protection purposes;**
- f) land **adjacent to social and cultural assets** in public ownership of administrative territorial units, land in public use (markets, streets, passageways, and other land used as thoroughfare,

parks, public gardens, squares, land under cemeteries and that used for other local community amenities purposes);

- g) land intended for **road, railway, naval, and air transport, canals, telecommunications, electric power transmission, mining, and other industrial needs of local governments (except that envisaged by Article 5(1)(d) and (e))**;
- h) non-privatized land plots in garden partnerships;
- i) **reserve fund land of the mayor's offices** of villages, communes, towns, and cities;
- j) **land in suburban areas and areas under trees and gardens**;
- k) **land under ponds** (reservoirs).

2. Land in private ownership for which no holder has been found for various social reasons shall be run by the administrative territorial unit.”

Once public authorities have got full ownership (right of possession, utilization, and disposal), such ownership cannot be limited by other regulations (government decrees, etc.). On the other hand, it is difficult to apply a law directly without government regulations or if it does not govern the entire process of exercising ownership in land, as is the case.

Government Decree on Land Sale-Purchase No. 192 of February 20, 1998 governs this process but says nothing about tenders or auctions. Paragraph 1 of the Decree establishes:

“a) in each specific case, **sale-purchase of land in public ownership** (except land used by garden partnerships and reserve fund intended for social needs of localities) **shall be carried out by the local government, with the Government's permission**, as follows:

- **buyer** – natural person or legal entity – shall file a land plot purchase application with the mayor's office of the city, town, or village (commune) in the format provided in Annex 1 (a copy of the application shall be filed with the judet council);
- **mayor's office** of the city, town, or village (commune) **shall review the application within ten days** and, in the event of positive resolution on the matter, shall inform the natural person or legal entity in writing **about the need to prepare permitting materials** for land sale-purchase;
- **judet (city) executive body shall designate the land plot selection commission**, mayor (vice-mayor) of the commune, village, town, or city shall be its chairperson.

If the land plot is to be used for construction, the commission shall comprise representatives of competent judet (city) services, and **the land plot shall be selected pursuant to the Land Allocation Regulations** approved by Decree of the Government of the Republic of Moldova No. 246 of May 3, 1996 (Official Monitor, 1996, Issue 35-37, Article 268), as amended;

National Agency for Geodesy, Cartography, and Cadastre, through its subordinate bodies and institutions, **shall prepare permitting materials** for sale-purchase of land in public ownership, **which shall be submitted to the Government** in the established manner;

b) permitting materials for sale-purchase of land in public ownership shall be prepared in four originals and shall contain the following:

- report on proposed land plot selection for sale-purchase;
- copy of cadastre land outline at a necessary scale (1:10,000, 1:5,000, 1:2,000) depending on the land plot size;
- findings of the land plot selection commission;
- consent of the holder of land in public ownership;
- decision of the mayor's office of the city, town, or village (commune), judet council;
- pedologic notice regarding the agricultural land subject to sale-purchase;
- calculation of the sale-purchase price for land in the manner specified in Annex 2 or 3;
- explanatory notes;

c) **Government permit to sell-purchase a specific land plot entitles the local government to enter into a sale-purchase contract.** The Government permit shall be valid for a year.

d) Under the notarized sale-purchase contract land title shall be registered with the territorial cadastre body within the jurisdiction of which the land plot is situated.

e) **land adjacent to privatized assets** or those to be privatized and land adjacent to construction in progress **shall be sold pursuant to the Regulations on Sale/Purchase of Land Adjacent to Privatized Assets or Those to Be Privatized** approved by Government Decree No. 562 of October 23, 1996 (Official Monitor, 1996, Issue 75-76, Article 610), as amended.

2. Sale/purchase of land in private ownership without change in purpose shall be carried out pursuant to Article 5 of Law on Normative Price for Land and Land Sale/Purchase Procedure.

Change in the category of agricultural land in private ownership in connection with its use for non-agricultural needs **shall be within the terms of reference of the Government."**

Since sale/purchase of land adjacent to privatized assets is governed by the legislation more clearly, mayor's offices can at any time demonstrate that such land is adjacent and therefore, they use the method in lieu of tender or auction required for land in public ownership in general.

Pursuant to paragraph (2) of Decree of the Government of the Republic of Moldova No. 562 of October 23, 1996, "local governments shall keep track of contracts on sale/purchase of land adjacent to privatized or to-be-privatized assets and shall file with the local tax inspectorates reports on the privatization of such land and its selling price payment".

The same Decree also approved the Regulations on Sale/Purchase of Land Adjacent to Privatized Assets or Those to Be Privatized and Private Enterprises.

Pursuant to paragraph (6) of those Regulations, “sale of adjacent land shall be carried out by the local government (hereinafter “Seller”) in the territory of which the adjacent land is situated”.

Paragraph (9) sets sale/purchase rules for such land:

“**Buyer** of adjacent land **shall file an application in the name of the Seller** as per format specified in Annex 1 hereto.

The application shall comprise the following data:

- a) for legal entities and individual enterprises – full company name, seat, state registration number and date; for natural persons – first and last name, passport data;
- b) total area of adjacent land according to the existing document confirming the area of the land plot in which the privatized asset is located, and the area of land adjacent to the assets transferred to the privatized enterprise into economic management.

The Department of Privatization, through its territorial agencies, shall provide to the local governments in the jurisdiction of which adjacent land is located the list of privatized enterprises, for which sale/purchase of adjacent land has been approved.

If the privatized enterprise is not on the list, the Buyer shall draw up two counterparts of the land purchase application and submit it to the territorial agency of the Privatization Department, in the jurisdiction of which the land is located in order to obtain consent for the sale/purchase of adjacent land the purchase of which is applied for. Having received the application, representative of the Privatization Department’s territorial agency shall take note of the receipt date, put the agency’s stamp on the first page of each counterpart to confirm its receipt date and immediately return one application counterpart to the Buyer.

The Privatization Department’s territorial agency shall express its consent by initialing the submitted application with the word “Consent”, signature of the director, and the agency’s stamp. The Privatization Department’s territorial agency shall initial the application within five days since its filing date and return it to the Buyer, which shall present it to the Seller.

If the Privatization Department’s territorial agency does not initial the application, within the same timeframe it shall present to the Buyer and the Seller a written decline, specifying the reasons for which the sale/purchase of applied for adjacent land is impossible. The Privatization Department’s territorial agency’s decline to approve the sale/purchase of adjacent land can be challenged in court.

If the Privatization Department’s territorial agency failed to review the land purchase application within five days since its filing date, it shall be deemed that the agency has approved the purchase and the Buyer has obtained a permission to submit the second counterpart of the application with the territorial agency’s stamp with the Seller. The Seller shall deem the application to have been approved by the Privatization Department’s territorial agency.

If the privatized enterprise is on the list of the Privatization Department's territorial agency, the Buyer shall submit the land purchase application directly to the Seller.

10. Land cadastre outline and originals or legalized copies of the following documents shall be attached to the Buyer's adjacent land purchase application:

- a) legal entities and individual enterprises – state registration certificate; natural persons – ID;
- b) existing document confirming the Buyer's right of use (possession) of adjacent land and its area (allocation decision, land title, or excerpt from the land holders cadastre registry, land plot outline, or another existing document – to be filed in three counterparts);
- c) sale/purchase contract, privatization certificate, or another document confirming ownership in the privatized asset located in the land plot purchase of which is applied for.

Copies of the aforementioned documents can be legalized based on the originals either by the issuing bodies or the local government.

11. Upon filing of the documents listed in paragraphs 9 and 10, the seller shall register the Buyer's application without delay and within thirty days since the application filing date:

- establish the area of the adjacent land plot subject to sale/purchase based on the cadastre plan;
- notify in writing the owner of adjacent land about setting general borderline of the land adjacent to the enterprise in connection with its privatization;
- set the area of the sold land plot based on the valid request of the privatized asset owner in the event of absence of a decision on the land plot allocation for utilization or if, as a result of measurements, it has been established that the land plot border has changed and actual area does not correspond to that specified in the mayor's office's decision on the land plot allocation for utilization. Decision to sell the actual area of the land adjacent to the enterprise shall only be taken if it does not impair the interests of adjacent land owners;
- prepare three counterparts of the sale/purchase price for the adjacent land calculation (as per model specified in Annex 2 hereto);
- make a decision on the adjacent land sale;
- draw up and submit to the Buyer three counterparts of the adjacent land sale/purchase contract.

In the event of decline, within the same timeframe Seller shall present to the Buyer a written decline, in which it shall specify the reasons for which the sale/purchase of adjacent land is impossible. The Seller's decline to sell the adjacent land can be challenged in court.

14. Selling price for the adjacent land shall be determined pursuant to the adjacent land sale/purchase price calculation.

When purchase of several land plot adjacent to the same asset is applied for, a stand-alone price calculation shall be prepared for each plot. The calculation shall be prepared by the local government in the territory of which the land plots are located.”

Government Decree No. 246 of May 31, 1996, “National Agency for Cadastre, Land Resources, and Geodesy shall systemize the local governments’ proposals regarding land allocation, which is within the terms of reference of the Government, and submit such proposals to the Government in the established manner.”

The same Decree approved Regulations on Land Allocation, paragraph (2) of which sets, “Land allocation envisages the transfer of land public ownership in the ownership, possession of, and utilization by natural persons and legal entities, including rent thereof; and paragraph (3), “Land shall be allocated based on the territory organization designs and schemes and town planning documents.”

Paragraph 15(2) sets forth, “For all the assets, regardless of within the terms of reference of which land allocation is, the land selection commission shall be appointed by judet (municipal) executive body”.

These Regulations concern the allocation of both agricultural and other land. Thus, paragraph 11 reads, “Materials on the allocation of land other than agricultural, which is within the terms of reference of the Government, shall be prepared by the Territory Organization Design Institute; in other events, by the land ownership regulatory services of the local governments”.

The following conclusions can be drawn from the above:

Sale/purchase of land in public ownership at normative price and its free allocation is more or less governed by the legislation, while sale by tender or auction is not, although the law sets such a condition for a large share of land in public ownership.

In absence of explicit and complete regulations, numerous violations are made during land sale/purchase and artificial obstacles are created, which impair the rational and efficient territory development.

In absence of town planning, it is difficult to demonstrate to the central public authorities that each square meter of public land within locality limits should be used by the local government, without central public authorities’ interference, for the benefit of the community.

Adoption by the Government of the regulations on tender and auction procedures for sale/purchase of land in public ownership would preclude abuse on the part of the local authorities in the process of public land divestiture and would generate considerable fiscal revenue for the local budget.

ANNEX E
TRAINING MATERIALS

1. Financial Management Training Manual for Water Utilities
2. Strategic Planning Cycle Facilitator's Guide
3. Trainer's Guide for Training of Strategic Planning Facilitators
4. Successful Project Management Guide

FINANCIAL MANAGEMENT TRAINING

FOR MOLDOVA WATER UTILITIES PARTICIPATING IN
WORLD BANK WATER SUPPLY AND SANITATION PROJECT

TABLE OF CONTENTS

INTRODUCTION	3
1. PRINCIPLES OF BUSINESS PLANNING	4
2. ORGANIZATIONAL STRUCTURE	4
3. HUMAN RESOURCES	6
4. TYPES OF BUDGETS	8
4.1. BUDGETING	8
4.2. TYPES OF BUDGETS	9
4.2.1. SALES BUDGETS	11
4.2.2. PRODUCTION BUDGET	12
4.2.3. PRODUCTION COSTS BUDGET	12
4.2.4. SALES COST BUDGET	14
4.2.5. TRADE COSTS BUDGET (TRADE EXPENDITURES BUDGET)	14
4.2.6. BUDGET OF GENERAL AND ADMINISTRATIVE EXPENDITURES	14
4.2.7. BUDGET OF PROFITS/LOSSES	14
4.2.8. CAPITAL INVESTMENTS BUDGET	14
4.2.9. BUDGET OF MONETARY RESOURCES	15
4.2.10. BUDGETING OF THE FINANCIAL SITUATION	15
5. MANAGEMENT ACCOUNTING COST CENTERS	16
5.1. MANAGEMENT ACCOUNTING PROCEDURES	16
5.2. ELEMENTS OF AN EFFECTIVE COST ACCOUNTING SYSTEM	17
5.3. IMPORTANCE OF COST ANALYSIS	17
6. FINANCIAL ANALYSIS	18
6.1. RATIO ANALYSIS	18
6.2. COMMON-SIZE ANALYSIS	19
6.3. TREND ANALYSIS	20
6.4. BENCHMARKS	20
6.5. REPORTING	21
7. FINANCIAL FORECASTING	22
7.1. STEPS IN FORECASTING THE INCOME STATEMENT	22



7.2. CASH FLOW FORECASTING	22
7.3. SENSITIVITY ANALYSIS	23
8. INVESTMENT NEEDS ASSESSMENT	24
8.1. DETERMINING THE INVESTMENT NEED	24
8.2. INVESTMENT FEASIBILITY	25
8.3. INVESTMENT PLAN TIPS	26
9. BUSINESS PLAN CONTENTS AND STRUCTURE	27
9.1. BUSINESS PLAN CONTENTS	27
9.2. BUSINESS PLAN STRUCTURE	27

INTRODUCTION

The Importance of Accounting and Finance

Financial analysis is a diagnostic technique for managers, just as X-rays are a diagnostic technique for physicians. Poor operating practices are reflected in poor financial performance. Careful analysis can help reveal the source of a problem. Your utility's activities, methods of operation and competitive strategy all shape its financial performance and structure.

A utility's operational performance is reflected in its financial statements. Financial analysis provides useful information to a wide range of people, including internal managers, investors, creditors and regulators. Managers who grasp financial analysis are able to identify what is working well and what is not and to prescribe useful remedies for problem areas.

Financial analysis helps utility management understand the link between changes in operating practices and the impact on financial outcomes (e.g., profit, cash flow, etc.). It encourages managers not to react to isolated events or pieces of information but to examine related changes and determine the basic causes of an event.

1. PRINCIPLES OF BUSINESS PLANNING

It is doubtless that financial planning and control are necessary and important for the utility's management success in the market economy. In the management ensemble, the problems related to prefiguring of utility's future constitute an increasing share. The financial planning represents a means of determining the main directions for cash placing into the enterprise development on the basis of a scientific analysis. To plan means to orient to the horizon we are following: prices, fees, taxes, interest rate, currency rate, orders etc.

The coherence of a budgetary system is ensured through observation of certain principles of its development and function.

- **Principle of totality** that imposes the inclusion, to a possible extent, of all enterprise activities into a coordination that provides the equilibrium between various functional and operational services.
- **Principle of budgetary system and enterprise authority system overlapping.** Any budget is always under the authority of a person in charge of a certain activity.
- **Principle of solidarity maintaining** between departments and of concordance with general enterprise policy. The budgetary system should eliminate the trend of overestimation of some compartments' importance to the detriment of other compartments and must contribute to the most efficient implementation of the enterprise's strategic objectives.
- **Principle of suppleness** in an economic-social framework, which is more and more subject to compulsion. A budget must allow the adjustment to environment changes, new information on evolution of exogenous economic variables, etc.
- **Principle of coupling** with personnel policy for determining the motivation and the unification of the personnel in compliance with strategy objectives.

The most frequent periodicity of budgets development is the annual one. But, there are budgets with a periodicity of more than one year (investments budget), and a periodicity of less than one-year (treasury budget). The rule stipulates that the budget periodicity must be higher than the periodicity of the analyzed activity cycle.

2. ORGANIZATIONAL STRUCTURE

In general, structure of the organization and ownership reflect the goals of the institution. In the case of water supply utilities, the primary goals should be availability of water (service) for the community and the quality of the water. A typical water supply utility is commonly organized (often by separate departments) to address all aspects of the water supply system:

- **Supply:** production of water at the source, either surface waters or wells
- **Treatment:** aeration, filtration, chlorinating, etc.
- **Distribution:** water delivery to customers (e.g., households, common standpipes, industries, businesses) through a piping network
- **Metering:** measuring water use, forms the basis for billing
- **Collection:** billing and collection, including accounting

A utility's organization is also influenced by the utility's need for specialized staff (sometimes consultants or part-time personnel) and their functions. Specialty staff's functions and associated tasks at the water utility typically include:

- **Accounting:** financial aspects of all utility operations
- **Engineering:** design, operation, maintenance and planning for continued, uninterrupted service delivery
- **Human resource:** employee services (e.g., compensation packages, hiring/firing and other employee affairs)
- **Public relations:** directly interfaces with utility customers

In any utility the responsibilities for each function must be well defined and described. Each person must understand his/her level of responsibility and the chain of subordination. Without this structure it is very difficult to practice efficient operational management. Each department needs to understand its role in relation to the other and how it fits into the overall organization. Staff members should also understand the limits of their authority.

One technique used to more clearly delineate the lines of control and authority is an organization chart. The organization chart is a very popular management tool because it "forces" organizations to deal with the issues of "who is in charge" and "who has the authority to act." Organizations that cannot produce an organization chart often do not have clearly delineated lines of authority and control. If an organization chart already exists, it should be assessed to determine if it accurately depicts the organization's structure. If an organization chart does not exist for your utility, you'll need to prepare one. Once you have a clear picture of your utility's organizational structure, you'll need to decide if structural changes would facilitate smoother operations.

Figure 2-1: Organizational Chart at a Moldovan Water and Wastewater Utility

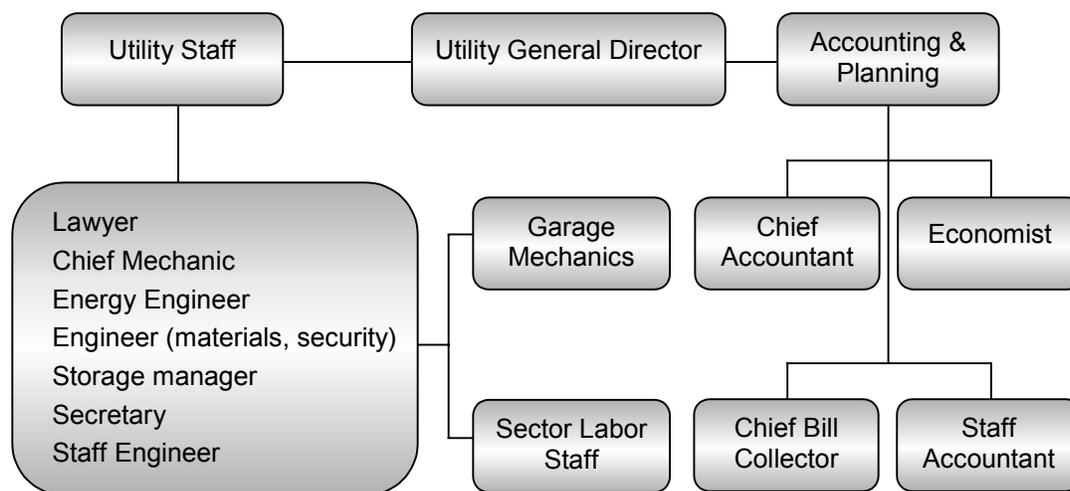


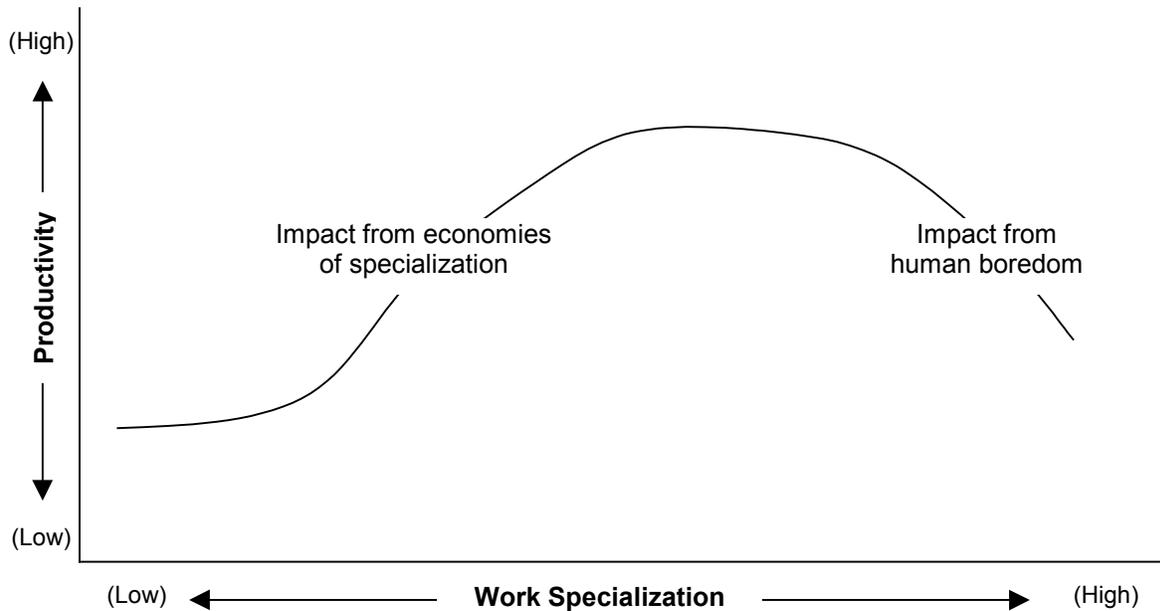
Figure 2-1 is an organization chart based on operations at a Moldovan water utility. Note that all the staff report directly to the general director. The reporting lines of authority need to be distributed among key staff so the general manager can focus on achieving the goals of the organization. At this Moldovan water utility it's likely that the director spends the majority of his time resolving staff and administrative issues that could be addressed at a lower level.

- **Maintenance manuals** state the utility's maintenance policy (for both breakdown and preventive maintenance). The manuals include SOPs for selected maintenance actions, present a maintenance schedule and provide standard forms (one for preventive maintenance, one for breakdown maintenance) to record all maintenance activities. Individual operations (e.g., distribution network) or equipment (pumps) may have their own maintenance manual.
- **Employee Handbook** includes a description of organization history, general work conditions, benefit programs, training programs, grievance procedures, wage and salary structure, and discipline and discharge procedures.
- **Health and Safety Manual** describes the use of safety equipment, how to maintain a safe workplace, health and safety training needs for staff, accident record forms, medical and first aid systems and medical surveillance of employees in designated positions.
- **Investment Plan** presents a description of planned investments for the next 3-5 years, investment budget, financing plan and investment approval process.
- **Annual Report** is the annual operations report to the public. It can vary in size (pamphlet to a bound report) and content, covering a wide variety of information. At minimum an annual report will present financial information (e.g., earnings statement, end of the year balance sheet) and an annual improvement plan. It is primarily a public relations document.

3. HUMAN RESOURCES

Efficient operation and management of a typical water utility requires a variety of skilled staff from different technical disciplines. Utility managers have the responsibility of establishing work schedules, requiring proper performance for duty and bringing out the best in staff so that they work at their highest capacity. While work specialization can increase a utility's performance by minimizing the time an employee is learning new skills, too much specialization can lead to boredom, fatigue, stress, increased absenteeism and high turnover.¹ Many modern utilities have found that giving employees a variety of tasks and allowing them to work on achieving them achieve high employee job satisfaction and productivity. Figure 3 shows how work specification can affect worker productivity.

¹ Robbins, Stephen P., *Essential of Organizational Behavior*, Prentice Hall, Upper Saddle River, NJ, 1997.

Figure 3-1: Work Specialization Effect on Worker Productivity

A manager's most important job is selecting, training, encouraging and retaining good employees because, no matter how modern the utility's equipment, superior water service cannot be achieved without employees who are qualified and efficient. The American Water Works Association (AWWA) recommends exercising the basic principles presented below for sound employee relations:

1. Select the best-qualified applicants without regard to race, color, creed, sex or age.
2. Fully inform the employee of his/her duties and responsibilities. Prepare a job description for each position at the utility (see Appendix A-2 for an example job description).
3. Maintain personnel records for each employee. Records should include: employee's application, background information, medical records, job description, compensation package, performance evaluation, training, disciplinary actions or commendations received, and other pertinent information.
4. Maintain a wage and salary comparison program. The program should ensure that employee compensation levels are consistent with similar positions within the utility and throughout the local industry. The utility may want to establish salary grade levels (specifying minimum and maximum compensation) for positions needing similar skills and education, and having similar responsibility.
5. Specify personnel policies and practices regarding compensation, work conditions, and other rules and regulations.
6. Develop a performance evaluation process that specifies the standards for measuring employee performance. Employee performance leading to promotion or dismissal should be noted.
7. Maintain a utility organization chart and inform all employees of their entry position on the chart and standard lines for promotion.

8. Develop a formal method for addressing employee grievances and complaints.
9. Specify employee training opportunities and/or requirements (e.g., vocational or technical, secretarial, accounting). Training can consist of outside training courses to on-the-job training or coaching.

4. TYPES OF BUDGETS

4.1. Budgeting

Budgeting is a process of future actions planning, expressed through drawing up and approving of some plans. Budgeting, “by 75% is a inter-human relation”. “It is implemented through a clear, but severe motivation of the whole utility personnel to understand and observe all financial restrictions and exigencies”². An explicit motivation is required, as the correct budgeting implies the involvement of all enterprise and management compartments into a range of actions related to framing into the quantitative and efficiency restrictions required by the optimal financial distribution. Budgeting, which nowadays is the most accepted method of financial control and planning, represents a series of significant advantageous for the sustainable success of the utility:

Budgeting stimulates researches, analytical thinking and orientation to future. When managers are thoroughly and attentively planning the budgets, this process requires scrupulous research and analytical thinking. Besides obtaining some finite plans, budgeting is training the managers to make a minute analysis before taking any management decision.

Thus, a correct budgetary process promotes correct decision. A distinctive feature of budgetary analysis is its orientation to future. So, the budgetary process is focusing the managers to the future of the business and new opportunities. The daily operational problems often digress the attention of managers from planning, and so the utility can find itself without a well-considered objective. A good budgetary system counteracts the mentioned phenomenon by making the planning process formal. Budgeting makes planning be an explicit management responsibility.

Budgeting creates a basis for performance evaluation. Management control requires the comparison between obtained results and normative and planned ones. In the process of performance evaluation the obtained results can be effectively compared with the results of previous periods or with the forecasted results, described in the budgets. Although, the results of previous periods are still sometimes used as an evaluation background, the results forecasted through budgets, are net superior in determination of the performance of corrective actions need.

The weakness of previous periods’ results used as an evolution background consists in their failure to consider the objective changes in the exterior utility’s environment, such as fluctuations of the market juncture, new products and competitors, changes in technological process, etc. – that occurred between two compared periods. On the other hand, the managers establish the budget indicators after a profound analysis of these factors, by taking into consideration their main effects. Thus, an advantage of budgets

² Bran P. Utility Finance, 1995, pg. 330

consists in creation of a qualitatively superior background for evaluating the activity performance in multiple areas. As a consequence, managers get a more efficient control system.

Budgets are a means (source) of motivation. As a budget sets up the performance evaluation standards, the budgetary process can significantly influence the attitude of those who are evaluated. This influence can be both, negative (if the level of plan indicators is reduced or is too high), or positive. Also, a positive influence on the employees' motivation to reach the proposed objectives can result in the involvement of these employees into the objectives elaboration, namely, into the budget process.

The issues that in this respect should be paid attention to are the following:

- The budget executors must be involved into the budgets development.
- The objectives stipulated in the budgets must be realistic.
- The performance evaluation should be carried out carefully, giving the possibility to executors to explain the discrepancies.
- While observing these principles, the budgets become a strong motivation force in any organization.

Budgets are a means of activity coordination. The management of a utility composed of several subdivisions requires a special effort for activity coordination, ensuring the complementary work for reaching the organization's general objectives. Budget can essentially facilitate this management activity component. When drawing up the budget, the purposes of each component are set up in time, and in compliance with the utility's general objectives. For example, the task of the supply compartment will directly depend on the task of the production compartment, which in its turn, will depend on the sale objectives. Thus the budgetary process coordinates the activity of various subdivisions in the process of reaching the utility's objectives.

Budgets represent a means of communication of plans and instructions. In a small utility the manager can explain the business plan directly to all employees through frequent conversations. This way of communication is still inefficient in the middle and big utilities. But even direct conversations, with all their advantages can cause uncertainties and confusions if they are not accompanied by a document clearly specifying the plans of the organization or of the subdivision. Thus, budgets represent a universal means of informing all the employees involved in the business plans making, both with respect to results and with respect to actions taken to achieve the results. The budget is a quantitative expression of an action plan and help for coordination and implementation of foreseen objectives. The budget is a financial document, showing the future plans for revenues and expenditures of an enterprise or its subdivision. As the economic and financial reasons are the principle ones in taking management decisions, budgets are, as a rule, developed in variables.

One of the tasks of financial service of a utility that starts the budgets implementation is the correct determination of types of budgets that can work in the conditions of a certain unit. The financial theory has synthesized numerous types of budgets, depending on the purpose, phenomenon that should be budgeted, period for which the budget is worked out, center of responsibility aimed at.

4.2. Types of budgets

The study of budget typology is recommending 3 basic criteria:

1. The temporal criteria of the time period for which the budgets are projected/by which 3 types of budgets are created:
 - Forecasting budgets
 - Annual budgets
 - Operational budgets

The forecasting budgets present estimations for a period of more than 5 years for the purpose of reaching the strategic objectives

The annual budget annually stipulates the provisions of the forecasting budgets. The operational budgets divide the annual budgets into smaller periods.

2. Criteria of the object of budgets activity emphasizes the following types of budgets:
 - Commercial budgets
 - Operational activity budgets
 - Costs budgets
 - Results budgets

The commercial budgets estimate the sales of an enterprise and the activities related to the supply of this enterprise. The operational activity budgets annually project the physical and the variable amount of the activity of the main and auxiliary production sections. The costs budgets calculate the direct and the indirect production costs by generating costs centers and costs holders. The results budgets, on the basis of activity budgets and costs budgets estimate the patrimonial and the monetary situation, in a form of financial results, forecast balance and monetary resources budget.

3. Functional criteria (criteria of budgets functions in the enterprise administration) by which the budgets can be:
 - Determining budgets
 - Resulting budgets

The basic functions of an enterprise represent the object of the determining budgets. The basic functions of the enterprise make up the preconditions of the enterprise results (sales budget, production budget).

The object of the resulting budgets is the estimation of economic and financial results achieved through basic activities, projected by determining budgets (commercial expenditures budget, costs budget, supply budget, synthesis budget, including the monetary resources budget, profit budget/losses budget and the forecasting balance).

The budgets made on each costs generator (section) are used to estimate the volume of activity, in order to establish the quantum and the conditions for allocation and efficient utilization of resources, as well as the responsibilities and competence in respect of administration of the allocated resources and achievement of objectives.

For uniform (integrated) constitution of the budgets' system, it is necessary to take into consideration a series of elements as: delimitation of the activity sectors and their integration into the manner of evaluation, type and amount of physical consumption of resources and other indicators which characterize any budget, amount of planned sales, taking into consideration the market forecasting, the costs by primary elements and articles of calculations, calculation of the cost by unit of product, service, allocation by destination of the volume of planned activity, selection of resources' distribution criteria, control and analysis of costs, establishment of the responsibility level and limits as to budget administration, providing the database for hierarchical decisions', integration into the system of autonomous data processing. Managers or those in charge of budget making should take into consideration the following requirements:

- to work in harmony and adopt a practical vision in the course of budget development, fact requiring the realistic revenues evaluation and utilization of the productive capacity, direct and indirect costs, liquidity, etc.
- to set up achievable objectives. If the budget stipulates unachievable indicators, it may happen that the personnel involved in its implementation will reject this budget.
- to distribute the limited resources depending on the necessities (production, investments, research, marketing, etc.) This supposes discussions, negotiations and acceptance of some compromises.

4.2.1. Sales budgets

In a market economy the amount of sales represents the dominating indicator of the economic activity of the enterprise, as depending on sale the production, supply, number and structure of the personnel and necessary investments are regulated. The budget of sales quantitatively and from the variables point of view, presents the sales that must be carried out by periods, products and/or groups and/or destinations. There are two steps in the development of the budget of sales:

- Quantitative and variables forecasting of sales and commercial expenditures
- Separation of budget provisions by quarters, months, products or groups of products', beneficiaries.

The forecasting of sales is the most important step, including the totality of studies and evaluations of the potential sales market and of the parts of market, which the enterprise has the intention to maintain or conquer.

The forecasting of sales in a budgetary framework is established when determining the long-term and the short-term forecasts. In fact, the study of the coherence between the long-term development plan, medium-term development plan and the budget is indispensable for avoiding the short-term decisions that deviate the enterprise from the right strategically established direction.

In the area of short-term provisions, the commercial services use either methods directly based on the previous evolution of sales or methods integrated in the forecasting. The marketing studies of integrated forecasting methods take into consideration:

- The availability of services on the market as well as new services to be launched.
- The amount of previous sales.
- The annual sales objectives.
- External environment (economic situation, purchases behavior, price level, etc.)

- Internal environment (production capacity, trade policy, competence of commercial agencies, enterprise price policy, seasonal fluctuation of activity, etc.)

The results of forecasting of sales will materialize in estimations on:

- Physical volume of possible sales (volume of water according to the invoice)
- Volume of sales or the gross income determined upon application of the unitary tariff.

The volume of sales of the gross income determined by means of uniform sales price. There is a close correlation between two indicators: a big volume of sales makes it possible to reduce the uniform price of sales and vice versa. That is why the forecasting of sales is performed through simulations between different volumes of sales and the unitary price of sales.

The forecast of trade expenditures is performed, independently of the forecast of sales, developing the budget trade expenditures. An important problem is the division of trade expenditures into variable expenditures, semi-variable expenditures, and current expenditures, depending on the amount of sales. For this, the methods of settling the indirect costs are used. At the last stage of developing the budget of sales, the provisions on annual and global costs of trade and sales by enterprises are separated into activities related to water and sewerage for short time periods. The sales budget must be correlated with production budget, monetary resources budget and trade costs budget.

4.2.2. Production budget

The production budget along with sales budget represents the main budgets, establishing the dimension of other resulting budgets. The development of a production budget envisages:

- Processing the sales budgets information related to quantity of products to be invoiced.
- Phased postponement in time and by production centers of the volume of products.
- Evaluation of the physical amount of production.

The main object of the production plan is the correlation of provisions of the sales budget with the production capacity, under the conditions of full utilization of the production capacity.

The forecasting of the production program should observe certain restrictions regarding the limited character of production factors in respect of their volume and efficiency, striving for the optimal utilization of production factors depending on the installed capacity, implementation of the production process in conditions of maximizing the profits, etc., which reveals the complexity of this problem. The physical quantity of products to be manufactured, taken from the sales budget, is evaluated at sales prices, by ensuring the correlation between two budgets. After the establishment of the physical and variable amount of the budget year, it is phased in time by quarters, months and responsibility centers.

4.2.3. Production costs budget

The production costs budget is a synthesis budget, which estimates, on the one hand, the totality of exploitation costs by costs centers, and on another hand, by costs bearers for the production to be invoiced. The production costs budget is determined on the basis of budgets of direct consumption of

materials, direct consumptions related to labor remuneration and indirect consumption of production in the budgetary period.

Budgeting of direct consumption with raw materials and supplies

The direct consumption with raw materials and supplies is determined on the basis of consumption norms set up by types of raw materials and supplies, separately for each product to be invoiced, uniform standard prices for supplies and production program of the budgetary period. The consumption norm is the main instrument of budgeting and use of material resources.

Norm of technological consumption is defined as the amount establishing the quantity of raw materials, fuel and power, necessary for consumption in the technological process for making an amount of product according to normal technical organizational production conditions. Its structure comprises the related quantity of elements and technological losses.

Supply consumption norm is the quantity of materials, necessary for making a unit of product, according to the technological process and in normal technical-organizational conditions.

Budgeting of direct consumptions on labor remuneration

The direct labor remuneration consumptions are established through analytical calculation for each made product, by using as a fundamental element the labor norms, the salary tariffs for a time unit and the production program of the budgetary period.

The labor norm represents the consumption required for making some products, operations, works, and services or for performance of some functions by the executor, that has the corresponding qualification and works with normal productivity in fixed technical and organizational conditions.

The working norms can be expressed in several forms: norm of time that expresses the time consumed for making a unit of production of one operation; norm of production that expresses the amount of products to be made in a time unit; area of tasks by which the zone where the executor fulfills his tasks within the working process he participates in, is established.

For establishment of the norm of direct consumptions for labor remuneration, usually, the time norm is used. It comprises technological consumption norms, time norms, current prices and tariffs, the work's tariff category. By means of the above the direct normative cost by unit of product is established.

The establishment of norms for direct costs, thus, presupposes 2 big categories of activities: determination of physical consumption norms, and evaluation of physical consumptions norms. Within this budget, besides the direct work, other salary consumptions of the enterprise are included. They represent the contribution to social insurance, and are calculated through application of percentage shares stipulated by the legislation on direct salaries.

Budgeting of indirect consumptions of the productive center

The indirect consumptions of each section are divided into own costs of the center and costs of services received through transfers from other centers.

The estimation of indirect costs of the center takes into account the behavior of costs as to the amount of production. Thus, in case of own variable indirect consumptions (fuel, energy, water) the procedure is

similar to the direct costs procedure, if they can be established on the base of correlation with the amount of products, taking into consideration the achievements of the previous periods. For fixed consumptions another procedure is used, depending on the content of these consumptions: the consumptions with the salaries of the indirectly productive personnel are estimated depending on the personnel policy, modifications of the personnel structure and level of salaries provided for the budgetary period. The amortization is calculated taking into consideration the adopted amortization system and the amendments stipulated in the structure of fixed assets, etc.

4.2.4. Sales cost budget

This is a plan document mentioning the calculation of the cost of production to be sold in the budgetary period. The components of this budget are the dates of previous budgets.

4.2.5. Trade costs budget (trade expenditures budget)

This budget details all forecasting expenditures related to sale of products in the budgetary period. Some expenses, like the transportation costs, costs for restitution and reduction of prices for certain products, can vary. Other expenses, like expenses for advertisements, market investigation can be constant. The responsibility for elaboration and implementation of the trade costs budget belongs to manager of the sales department.

4.2.6. Budget of general and administrative expenditures

This budget represents a detailed plan of current operational expenditures that differ from expenses directly related to production and sale of products, but necessary for maintaining in the budget period of the general activity of the enterprise.

The elaboration of this budget is necessary for providing information when preparing the profit and losses budgets and the monetary resources budget, as well as for the purpose of expenditures control. The majority of elements of this budget are the constant expenditures.

4.2.7. Budget of profits/losses

The process of preparation of the operational budget is finalized with working out of the profits and losses forecast. Using the information on expected revenues from the sales budget and budget of other operational revenues, information on cost of sales from the budget of sales cost and the information on expenditures from prepared particular operational budgets (commercial, general, administrative expenditures, and other operational expenditures), the budget of profits and losses from the operational activity of the enterprise is developed.

4.2.8. Capital investments budget

The determination of capital investments necessity and their providing with investment is a complex problem of the management accounting in general. The problem consists in resolving what long-term assets must be procured or built on the basis of the criteria selected for taking the decision regarding determination of the investments profitability. The information about long-term capital investments influences the monetary resources budget in respect of problems of paying the interest rate for the credits,

budget of profits/losses, forecast of the balance, by modifying the balance on the accounts of monetary resources and other long-term assets. So, all decisions regarding capital investments must be planned and entered into the general budget.

4.2.9. Budget of monetary resources

The flow of monetary resources is one of the most important aspects of the operational cycle of the enterprise. When preparing the general budget, the budget of monetary resources is developed after the finalization of all periodical budgets and the budget of profits and losses. The budget of monetary resources represents a plan of money collections and payments in the budgetary period. This comprises all monetary flows that will occur according to planned operations at all general budget stages. In total, this budget reflects the final forecasted balance in the cash account and the financial situation by each quarter, month of the year for which the budget is developed. So, the periods of the maximum or minimum availability of the monetary resources can be planned.

The budget of monetary resources consists of 2 parts (forecasted collections): forecasting collections and payments. To determine the forecasting collections during the budgetary period, the information on sales budget, data on credit sale or cash sale, data on procedure of collection of resources related to invoices is used. A rush of means from other resources such as sale of shares, assets, and loans is also planned.

The amounts of forecasting payments are collected from various operational budgets. It is extremely important to know the policy of payments and budget collections of the enterprise. Beside regular current expenditures, the money can be also used for procurement of equipment and other assets, reimbursement of loans and other long-term arrears.

4.2.10. Budgeting of the financial situation

The last step in the process of general budget preparation is the forecast of the financial situation or the balance forecast for the whole enterprise, presuming that the whole planned activity will be carried out. For this forecast the data from all operational and financial budgets is used. After working out the budget of monetary resources and determination of the final balance of these resources, as well as calculation of the net profit and forecasted capital investments, the balance forecast at the end of the budgetary period is prepared.

The forecast of the balance by the end of the budgetary period is made on the basis of the forecasting balance at the beginning of this period, taking into account the forecasting modifications of each item. For establishing the modifications in each item of the balance the information from the budget of profit/losses, monetary resources budget and other operational budgets is used according to the formula:

The balance at the end of the budgetary period is equal to the balance at the beginning of the budgetary period plus the calculated amounts (from the budget of profits/losses and other budgets) plus collections (from the budget of monetary resources) minus payments (from the budget of monetary resources) minus expenses (going out from other budgets).

The preparation process is finished with elaboration of the balance forecast. After this, the budget analysis process starts. At this very stage the administration must take the decision: to approve the general budget or to modify the plans and revise certain budgets once more.

In practice, the first version of the general budget is very rarely the final one. If the plans (strategy) of the administration regarding the activity of the enterprise or some of its separate subdivisions are changing, the corresponding modifications shall be made to the general budget, and the influence of the enterprise plans on its financial situation shall be repeatedly analyzed. Thus, at this stage, the planning process and the budgeting process merge into a single management process.

5. MANAGEMENT ACCOUNTING COST CENTERS

There are two categories of accounting reports: financial and management. We have already reviewed the financial. Managerial accounting, unlike financial, does not follow any particular set of accounting rules and has no single unified structure. Reporting periods may be annual but are often shorter than one year to provide timely information. Financial accounting reports are ends in themselves; management accounting reports are the beginning.

5.1. Management accounting procedures

Managerial accounting is a system of collection, processing and providing of data on production costs, cost of services and enterprise profitability. Such data are only used for internal needs of the enterprise to evaluate its performance and make specific managerial decisions. Managerial accounting and reporting are not subject to centralized regulation. They are built based on a direct method designed by an enterprise to obtain necessary managerial information.

Management accounting, as opposed to financial accounting, looks at smaller units within the organization. The goal is to get a more precise measure of where costs are being incurred with the goal of improving profitability. Cost accounting is an internal management tool. It is the routine, ongoing process of collecting, analyzing, classifying, recording and summarizing all the elements of costs incurred. These costs include providing a service, program, activity, product, project or unit of work, regardless of the funding source. A cost accounting system links financial and management accounting and encompasses concepts and techniques used in both. There are some basic steps in setting up a cost accounting system:

1. **Select a cost center.** The first step is to create a system for accumulating cost data by functional subdivisions. A “cost” or “responsibility” center is a specific organizational unit, program or activity under the control of a manager who has authority to incur and control costs. The choice of cost centers will affect the usefulness of the data. Cost centers must be capable of taking action to control costs or gathering data about them is not useful. Cost centers may also be revenue centers that track revenues used to finance a service, program or activity.
2. **Identify cost components.** The next step is to define and classify the costs to be reported. *Direct costs* are those that can be attributed directly to the work performed (e.g., an output) and include labor, materials and equipment. *Indirect* or *associated costs* must be allocated in some fashion, since they are not directly attributable. The choice of cost centers can make this job more or less difficult. The costs that must be allocated across different departments or outputs include items such as insurance, rent, utility charges, supervisory personnel, accounting and legal services. Some costs may be easier to allocate than others. For example, legal charges may be associated with certain product lines, or electricity bills may be proportional to the type and volume of output. Indirect cost allocations can be more or less accurate depending upon the effort extended to “unbundle” these types of services.

Costs are also fixed or variable. *Fixed costs* do not change in proportion to the volume of output and include rent and depreciation. There are, of course, limits to this. In the long-run, for example, firms might expand their operation, rent will rise, and depreciation increase as new plant and equipment are purchased. Fixed costs are short-run concepts. *Variable costs*, such as labor and energy, fluctuate in direct proportion to the total volume of output.

- 3. Establish procedures to capture, accumulate and report costs.** Well-defined, written procedures are required to define the terminology and describe the methodology so that the users understand the system. Report formats and frequency should reflect user needs. Input from users in the design of the system is critical to its success.

5.2. Elements of an effective cost accounting system

- The following is a checklist of the characteristics of an effective cost accounting system:
- provides timely, accurate, complete, relevant and useful cost information;
- simple to administer and easy to understand;
- cost of the system doesn't exceed the benefits;
- provides unit cost data and identifies full costs;
- provides written procedures;
- facilitates comparison with forecasted and standard costs and other jurisdictions;
- identifies inefficiencies and problem areas;
- interfaces with other financial and management information systems;
- provides useful feed-back for future cost estimates;
- reflects high user involvement and satisfaction.

5.3. Importance of cost analysis

It is crucial to carefully analyze cost information to determine the extent to which it is accurate, complete, timely and relevant. Intensive analysis ensures that the magnitude, nature and causes of high, low or rapidly rising costs are understood. Analysis also facilitates the identification of controllable and uncontrollable costs, so that cost trends can be charted and problem areas can be addressed. Cost analysis enables managers to:

- measure service results
- increase accountability
- uncover inefficiencies
- fine-tune services
- increase productivity, contain costs
- justify budget requests
- prepare performance reports

Careful analysis enables managers to calculate variances from historical, planned or standard costs (e.g., industry norms) and to assess their underlying causes, near-term significance and long-term implications. Standard costing may reveal certain types of inefficiencies related to the purchase and use of resources. Analysis also enables the manager to focus attention on all aspects of service performance including

outcome, quality, cost and customer satisfaction. A determination can be made if the service level is higher or lower than expected and if the anticipated results have been obtained for the costs incurred.

Analysis enables managers to identify and evaluate the full range of options for controlling, reducing or avoiding costs. It also provides the opportunity to examine alternative service delivery options and levels of service. A detailed analysis of costs ensures that future costs are considered and provides a mechanism for estimating or modeling future costs.

There are a number of possible comparisons that can be made in water utility. Examples include: the electric cost per unit of water produced or delivered, the maintenance cost per mile of pipe or the administrative cost per unit of output. These can be internal comparisons or based on industry norms.

Many techniques are available for analyzing costs including variance, cost-benefit, and program and cost/revenue analyses. You should become familiar with the various techniques and their advantages and disadvantages. The following are questions that can assist you in your analysis.

6. FINANCIAL ANALYSIS

The financial analysis is aimed at improving the operational performance and the identification of success or non-success of former investments.

Financial data analysis employs techniques such as ratio or trend analysis to evaluate changes in performance and to compare performance across utilities. These analyses should be combined to create an overall financial picture of the utility.

One of the primary goals of the analysis is to identify major changes in trends, amounts and relationships to determine the underlying reasons for those changes. Often a small change in a trend or ratio may signal an early *an important tool* warning of a significant shift in the future success or failure of the utility. Changes such as increases in energy consumption per unit of output may signify deteriorating conditions in the supply system. Increases in the average number of delinquent accounts may also signal consumer reaction to a decline in quality of service.

6.1. Ratio analysis

Ratios are among the best-known and most widely used tools of financial analysis. A ratio expresses the mathematical relationship between one quantity and another. Financial ratios are usually expressed as a percent or simple fraction and can be computed from any pair of numbers. Given the large quantity of variables included in financial statements, a comprehensive list of meaningful ratios can be derived. A standard list of ratios or standard computation of them does not exist, however, each financial analyst uses a different list.

To be “significant” the ratio must express a relationship that is relevant. For example, there is a clear, direct, understandable relationship between the revenue from the sale of water and the cost of purchasing or treating and distributing the water. Therefore, the ratio of water operating expenses to water operating revenues is a significant one. On the other hand, there is no understandable relationship between fuel costs incurred and the marketable securities held by a city as an investment. So, the ratio of one to the other has no significance. The main categories of ratios are listed below:

- **Liquidity ratios** measure a utility's ability to meet its current obligations and can include ratios that measure the efficiency of the use of current assets.
- **Borrowing capacity ratios** measure the degree of protection of suppliers of long-term funds.
- **Profitability ratios** measure the utility's earning ability.
- **Cash flow ratios** can indicate liquidity, borrowing capacity or profitability.

Show the financial indices of your enterprise calculated by "Apa Canal".

Table 6-1. Financial Ratios (thousand MDL)

FINANCIAL RATIOS	2003	2002	2001
Inventory Turnover Period			
inventory (A)			
cost of raw materials and consumables (B)			
(A/B)*365 (days)			
Receivable Collection Period			
trade receivable (A)			
sales (B)			
(A/B)*365 (days)			
Payable Payment Period			
trade payable (A)			
cost of raw materials, consumables and energy (B)			
(A/B)*365 (days)			
Current Ratio			
current assets (A)			
current liabilities (B)			
A/B			
Quick Ratio			
current assets (A)			
inventory (B)			
current liabilities (C)			
(A-B)/C			

6.2. Common-size analysis

Common-size analysis expresses comparisons in percentages—which is generally preferable to using absolute amounts. Although common-size analysis makes comparisons of utilities of different sizes much more meaningful, care must be taken when interpreting large percentage changes that reflect very small absolute quantities. For example, if a 500% increase in profit last year amounted to 100 MDL and increased this year to 500 MDL, that would represent a very small absolute profit level. However, large changes in small numbers can still represent an important signal. *Vertical analysis* compares each amount with a base amount selected from the *same year*. For example, if energy costs were 100,000 MDL in 2001

and sales were 200,000 MDL in 2001, the energy costs would have been 50% of sales. *Horizontal analysis* compares each amount with a base amount for a *selected base year*. For example, if sales were 400,000 MDL in 2002 and 600,000 MDL in 2001, then sales increased to 150% of the 2002 level in 2001—an increase of 50%.

6.3. Trend analysis

Trend analysis studies changes in data sets over time. These data may be ratios, such as electricity cost per dollar of revenue, or raw data, such as total revenue. The analysis can use simple observation or a graph of the data to look at trends or more sophisticated mathematical techniques, such as rolling averages, or regression analysis.

Factors affecting trend analysis

The usefulness of ratio and trend analyses depends on the ability to interpret them correctly. Rising energy cost ratios could mean that there are more leaks in the system or that more water is being stolen. Ratios should be treated as clues or pieces of a puzzle, which must be put together to get an accurate picture. The factors affecting the way a utility is operated are very complex; an accurate picture is often difficult to obtain; and financial data must be combined with operating information to get the correct answers. There are several factors to bear in mind when evaluating the output of financial analysis.

- Ratios or other data are more meaningful when looked at over a period of time.
- The outputs of financial analysis are useful tools, but the information that they reveal can only be used to answer general questions. The data are not specific to individual units in the organization, so to get more targeted answers, one must use additional data such as operating information or engineering investigations.
- Making a “profit” is not the primary motive for a public utility. The primary motive is to provide a quality service at a long-term, reasonable cost. Utilities have to cover costs if they are to be sustainable, and other goals, such as water conservation, may lead to increased prices and greater profit. The usual measures of profit that one would use in a private sector manufacturing firm may not apply. However, this should not be construed as an excuse to under-price water.

There are a number of issues to consider when analyzing financial data. The observed changes in financial data reflect management and operating decisions.

Changes in financial indicators may be in response to an isolated “event” (e.g., a one time change in market conditions) or they may reflect more permanent change. Changes need to be examined carefully to determine their underlying causes. Financial analysis can help identify underlying conditions—and help management to avoid getting mired in a maze of facts and figures—by organizing the data and relating it to a pattern of prior experience and external standards. This, in turn, enables management to develop timely and reasoned responses to problems.

6.4. Benchmarks

In order to recognize the potentially inefficient parts of the operation, managers and financial staff should compare their financial performance to that of other utilities on the same basis; this is known as

“benchmark” data. It is a good practice to obtain the average values for the industry and compare them with the actual figures of the utility under analysis.

An important indicator is the tariff level. Commonly, the local council tells the management team that the tariffs are too high. The management team then asks the members of the local council for a tariff increases without having a solid base of comparison. It is important to have a basis of comparisons for tariffs and to compare the tariff with the ability of the inhabitants to pay.

An important element is the affordability ratio, which can be defined as the percentage of the water and sewerage invoice in the family budget. According to European studies the recommended level for financial forecasts (the level considered reasonable) is 3-5%. Also it is important to analyze the degree to which operational costs are covered by revenues from water supply and sewerage services.

Table 6-2. The degree to which tariffs cover the costs of water supply and sewerage services

Indicator	2003	2002	2001	2000
Water supply	3342	1369	29545	52732
Unit cost lei/m ³	3,6	3,6	3,6	1,88
Average tariff, lei	3,6	3,6	3,6	1,88
Degree of cost recuperation, %	100	100	100	100
Sewerage services	2674	1095	22836	42186
Unit cost lei/m ³	2	2	2	2,6
Average tariff, lei	2	2	2	3,74
Degree of cost recuperation, %	100	100	100	143.8
Total, water and sewerage services	6016	2464	51381	94918
Unit cost lei/m ³	5,6	5,6	5,6	5,62
Average tariff, lei	2,8	2,8	2,8	2,91
Degree of cost recuperation, %	50	50	50	51.7

From the presented data we state that the average tariff is too low for covering all consumptions and expenditures for water supply.

In general, in 2003 and 2002 the water supply and sewerage services were delivered under the level of operational costs. If taking into account the amortization level of water supply and sewerage networks, as well as the high costs for electricity, it is necessary to look for reserves to reduce the losses resulting from services delivery and attract new investments for substituting the water supply distribution networks with ones of a higher quality.

6.5. Reporting

An effective accounting system should be capable of providing relevant, timely financial reports to meet the information requirements of a variety of constituents, including regulatory and governing bodies, grant agencies, internal management and citizens. To ensure an effective accounting system you must consider and periodically reassess the needs of the users to ensure that all financial, managerial and compliance reporting requirements are met. Ideally, these needs would be met by a single accounting system.

Computer technology has revolutionized accounting and financial reporting in most western countries. To date, that revolution has yet to come to Moldovan utilities primarily because of their poor economic condition. Eventually computer technology will be available to Moldova's utilities and, therefore, specialists

from all departments of the utilities should familiarize themselves with the choices involved in applying the technology to financial reporting.

7. FINANCIAL FORECASTING

Up to this point we have looked at historical financial analyses and trends via the use of existing financial statements and past performance. However, it is also important to project financial expectations. This section provides a brief overview of the principle techniques of financial forecasting and planning and budgeting practices.

The preparation of *pro forma* financial statements is the most widely used technique for financial forecasting. A pro forma statement provides a structured, organized way for the utility to develop a forecast of its future financial condition.

7.1. Steps in forecasting the income statement

When assessing the utility's long-term sustainability, you will be most interested in the utility's income statement because the statement measures profitability. However, when your forecast objective is to estimate future financing requirements, the income statement indicates the firm's ability to service its debt. Steps in forecasting the income statement include:

1. Forecast the revenues from water and wastewater activity by:
 - forecasting the invoiced quantities for the next periods for each client category.
 - forecasting the tariff evolution for each tariff category.
2. Forecast the operating costs by:
 - splitting costs into 6 or 7 main categories (e.g., materials, energy, wages and salaries, taxes, maintenance, depreciation, other costs).
 - splitting the cost categories into direct, indirect and administrative costs.
 - forecasting cost evolution, taking into consideration the service evolution, system expansion plans, the cost strategy adopted by management and the evolution of the macroeconomic indicators (e.g., increases in electricity costs, inflation).
3. Forecast other operating revenues and expenses.
4. Forecast the revenues and expenses from financial (e.g., loan servicing) and extraordinary activities (e.g., donor grants).

7.2. Cash flow forecasting

It is often said that cash is the lifeblood of an organization. By definition, therefore, the flow of cash through the organization is central to its well-being. However, you cannot rely on the fact that cash is available—you must also attempt to forecast its movement to ensure availability at the right place and at the right time. The cash flow forecast refers to all sources of cash and expenditures such as sales, borrowing, capital payments, cash increases in equity and payment of dividends.

Cash flow forecasts are prepared and controlled by the Treasurer. The daily (short-term) cash performance is monitored against the forecast, and remedial actions are taken as needed. The medium and long-term forecasts are used to determine and implement the utility's funding strategies.

- **Short-Term** forecasts ensure that the utility's day-to-day cash requirements are being satisfied. These forecasts are usually for a week to three-month timeframe.
- **Medium-Term** forecasts, usually between three months and five years, identify potential future cash requirements. Medium-term forecasts can help alert you to such items as the need to borrow in sufficient time to take action.
- **Long-Term** forecasts identify cash requirements for as much as five years ahead. They can help you to realize the goals specified in your business plan.

Forecasting is a complex process and requires a lot of practice. Because Moldova's utility industry is not very familiar with financial forecasts, we recommend beginning with short-term forecasts of one month.

7.3. Sensitivity analysis

Sensitivity analysis is the formal name for the "what if" question: What if sales decrease by 25% instead of 10%? What if energy prices increase in the next month by 5%? Sensitivity analysis systematically changes one of the assumptions on which the pro forma statements are based and observes how the forecast responds. Sensitivity analysis is useful in at least two ways:

- First, it provides information about the range of possible outcomes. For example, suppose the analysis reveals that, depending on the future trend in consumer account settlement, the utility needs to decrease expenses by 5%. This conclusion would indicate that management must have enough flexibility in its financing plans to decrease investments by a corresponding amount.
- A second use of sensitivity analysis enables managers to determine which assumption most strongly affects the forecast and which are secondary, tertiary, etc. This enables you to concentrate your data gathering and forecasting efforts on the most critical assumptions. Also, when implementing a long-term business plan, sensitivity analysis enables management to focus its attention on those factors most critical to the success of the plan.

Personal computers and financial spreadsheets have greatly increased the popularity of sensitivity analysis in business decisions. Once the basic pro forma forecast is complete, additional trials based on revised assumptions can be developed quickly.

8. INVESTMENT NEEDS ASSESSMENT

Every utility needs to replace, upgrade or expand its operational assets, including pumps, pipes, controls, metering, maintenance equipment and tools, as well as its buildings. One of the basic laws of economics is that the available funds are always smaller than the need for them. It is important, therefore, for investments and spending to be well planned and prioritized. Investments also have significant implications for the cost of the product: the water tariff. These two reasons clearly demonstrate a need for careful technical and economical assessments of every substantial investment. This chapter provides a brief overview of the investment needs assessment.

8.1. Determining the investment need

Investment need is determined based on technical, operational and economic factors. However, determining the investment need does not necessarily mean that investing is driven only by need or by lowest-cost considerations. Availability of funds, the utility's economic performance, its business prospects for the immediate and more distant future, and many other factors must be considered as part of any well thought-out investment plan. The following conditions are indicators that significant system investment may be necessary:

- high operating costs
- high maintenance and repair costs
- failing or unreliable equipment
- expansion
- significant systemic changes

Investments can be divided into three categories depending on their purpose and expected result.

Forced investments do not typically produce any economic benefits. They are required to maintain the operation of the system. Forced investments include improvements to comply with environmental regulations and safety standards. If a feasibility study of multiple alternatives is performed before proceeding with the forced investments, you can use the Life Cycle Cost (LCC) approach.

Savings-producing investments lower the cost of operations either by decreasing losses or by improving productivity. Examples of savings-producing investments include the purchases of more energy efficient equipment, computerization of certain operations or investing in making assets more reliable. Savings-producing investments are assessed using any of the economic metrics, including simple payback, Net Present Value (NPV) or Internal Rate of Return (IRR).

Revenue-Increasing Investments result in increasing revenues by either increasing the business capacity or by increasing revenues due to improved service. Examples of revenue-increasing investments include (but are not limited to) expanding the network, enlarging the number of connected residences or businesses and expanding number of operating hours (availability of water).

8.2. Investment feasibility

Once the need for an investment has been determined a technical and economic assessment of all available options needs to be performed to determine which investment “makes the most sense.” To determine the investment feasibility and its best option, you can use several economic metrics:

Simple Payback

The most basic analysis metric used in economic assessment for saving-producing investments is the simple payback period. Simple payback, in its simplest form, is calculated by dividing the installed cost of the “project” by the value of the annual savings. The simple payback period is then the number of years required for the savings resulting from an investment to offset the cost of the investment. Thus, the lower the payback period, the more attractive the investment. In many analysis situations this metric is too simplistic to be of much use because it doesn’t consider other factors in the equation. Investments with future costs may be overvalued if these costs are not accounted for in the analysis. For example, escalating electricity prices will overvalue an investment. And simple payback does not provide a basis to readily compare investments that have different useful lifetimes. This method also does not account for the “time value of money” and is too limited a tool for comparing relative to more sophisticated measures of value that are available. Despite its many shortcomings this method is frequently used along with cost to evaluate the attractiveness of saving producing investments.

Present Value and Net Present Value

Present values can be summed up simply in the statement, “An MDL today is worth more than an MDL tomorrow.” There are two principal reasons for this: *general price inflation* and the *time value of money*:

- General price inflation causes the purchasing power of an MDL to decline over time. Because the true value of money lies in what it is capable of purchasing, inflation causes its value to decline.
- Time value of money refers to the fact that, even in the absence of general price inflation, money received sooner is preferable to money received later.

It is this preference for consuming sooner rather than later that leads to the existence of positive rates of interest even in the absence of price-level inflation. Individuals and firms are willing to pay a premium to obtain goods and services sooner rather than later, and the premium they are willing to pay is the “real rate of interest.” The market or “nominal” rate of interest is the real rate plus the rate of inflation (this is a slight simplification). As the example below shows, 100 MDL received two years from today is worth 82.64 MDL today, assuming a 10% nominal rate of interest. Conversely, 82.64 MDL invested today at a 10% per annum annual nominal rate of interest yields 100 MDL two years later.

$$PV = \frac{FV}{(1+i)^n} = \frac{100}{(1+0.1)^2} = 82.64MDL$$

Where: PV is the present value of money (MDL)

FV is the future value of money (MDL)

i is the discount rate per period

n is the number of periods (e.g., years)

Since the costs and benefits of a saving producing investment occur at different periods in time, this must be accounted for in the analysis. A metric for reflecting this fact is net present value (NPV), where the present value of all the investment costs is compared to the present value of all the produced benefits for the lifetime of the project. The difference between the two is the NPV, which is a measure of the cost-effectiveness of an investment. A negative NPV means that the costs of investment outweigh its benefits,

while a positive NPV means that the benefits are greater than the costs. The higher the NPV, the better the investment.

Internal Rate of Return

The Internal Rate of Return (IRR) is a measure of the annual percentage yield of an investment over the period of analysis. IRR is defined as a discount rate at which the benefits are equivalent to the costs and NPV equals zero as expressed by the equation:

$$\text{NPV} = \text{PV benefits} - \text{PV costs} = 0$$

An implicit assumption in all IRR calculations is that the intermediate cash flows from the project are also reinvested at the IRR. A project is accepted or rejected by comparing its IRR to its Required Rate of Return (RRR), where RRR is the opportunity cost of capital.

In this analysis the IRR is computed only for those projects where a conventional cash flow stream exists and where NPV is positive. Other cases may lead to multiple solutions or no solution. Conventional cash flow is the net cash flow stream that begins with a disbursement of funds followed by a stream of savings.

Economic Assumptions

Two types of economic analysis methods typically used are *nominal* and *real*. The main difference between the two is the presence (nominal) or absence of inflation (real). In a nominal analysis the value of energy savings in 2002 is expressed in 2002 MDL; the value of energy savings in 2001 is expressed in 2001 MDL, and so on. The nominal value of savings continues to increase because of inflation and general increases in prices. A real analysis, on the other hand, expresses all money values in constant terms by removing the effects of inflation. The implication of using a real analysis is the need to calculate a real discount rate to reflect the time value of money. The real discount rate is the “real” interest rate after the effects of inflation have been removed.

Life Cycle Cost

The Life Cycle Cost (LCC) metric is widely used for individual equipment with a known (or easy to determine) life span or evaluation period and is applicable to all typical water utility investments. In principle, the LCC method evaluates all costs over the life of the investment (e.g., pump, controls, pipes). LCC compares the cost of different available options and assumes that the benefits are the same, such as that two evaluated pumps will deliver the same amount of water. The LCC, for equipment with long life spans, such as pipes, construction equipment and some operation assets, requires cash flow to be discounted for future years using a real or nominal discount rate. For investments with a short life span there is typically no need to discount the future cash flow. Investment in any equipment or material that consists of initial investment cost and lifetime operating and maintenance costs can be assessed. In order to minimize the costs each major investment in the water utility should be analyzed by one of the applicable metrics above and carefully planned.

8.3. Investment plan tips

The investment plan should be prepared by utility management and should maintain a reasonable balance between needs and means. Needs are the sum of all required purchases and other demands for funds. Means are the real affordability of such expenditures, the ability to obtain the money and its timing. Following are a few tips for investment planning in a water utility environment:

- Develop and maintain current the database information for all assets, including operating hours, repairs, replacement, calibration, etc., and compare its values (e.g., the number of operating pump hours) to estimated or planned values. The database will help you determine when the equipment needs to be replaced and when these replacement costs will occur.
- Maintain up-to-date equipment and material prices from several suppliers (as many as you can get), and search for information on product reliability from manufacturers, other users, repair organizations, etc.
- Do not stock too many parts, equipment or a substantial amount of material; stock only what needs to be on hand for emergencies. However, keep your eyes open for price reductions, reduced prices for new offerings or quantity discounts. This may not be very applicable in Moldova currently but sooner or later will be.
- Prioritize investments and plan for them. Avoid ad hoc “putting out the fire” modes of investment. This can be very costly and even dangerous. The cost of “emergency repair” due to neglected maintenance will be significantly higher than the “money saved” on avoided cost of not performing maintenance.

9. BUSINESS PLAN CONTENTS AND STRUCTURE

9.1. Business plan contents

Planning is a strategy to improve the odds of success in a business world that is constantly changing. Business plans are not a guarantee, of course, and business planning is not a science that offers the right and wrong answers about the future. But business planning is a process that gets you ready for what is to come. And making a plan increases the likelihood that down the road, your business will be in the right place at the right time. A business plan is a view of your business' future describing the following:

- What your industry will look like.
- What markets you'll compete in.
- What competition you'll be up against.
- What products and services you'll provide customers.
- What long-term advantages you'll have.
- How big and profitable your business will become.

9.2. Business plan structure

A business plan provides a view of the future. Whether your utility is large or small, whether you are just starting a business or are part of a seasoned utility, you still need some sort of planning process to point you in the right direction and guide you along the way. Business success results from the efforts of capable, well-informed managers that know where they have been and where they are going.

What are the components of your business plan?

When you put together a business plan, your efforts take you in many directions. You must deal with all of the factors they might affect your business and then establish goals and targets that will help you achieve your goal. To build a comprehensive business plan, you will:

- Look closely at your business sector.
- Get to know your customers.
- Check out your competitors.
- List all your utility's resources.
- Identify what makes your utility unique.
- List your utility's advantages.
- Figure out your basic financial condition.
- Put together a financial forecast and a budget.

In addition, you have to be prepared for everything to change down the road. You have to remember that your written plan is always a work in progress and you must always think about other options and alternatives and be on the lookout for new ways to make your utility prosper. Your business plan will be organized as follows:

Executive summary

The executive summary isn't much longer than a page or two, and you should wait until the rest of the business plan is complete before you write it. Your executive summary is more than a simple introduction; it is the whole plan, only shorter. The executive summary is where you let the reader of your plan know what lies ahead, and what you are going to say in the plan.

Utility overview

The utility overview provides a place to make important observations about the nature of your business. In the overview you discuss your industry, your customers, and the products and services you offer or plan to develop. The utility overview should include the following:

Mission statement

A statement of your utility's purpose, establishing what it is and what it does. Your utility's mission statement is meant to communicate the purpose of your business to people both inside and outside of the organization. To be effective, your mission statement must do the following things:

- Highlight your utility's business activities including the markets that it serves, the geographic area that it covers, and the products and services that it offers.
- Emphasize the things that your utility does that set it apart from every other business out there.
- Include the major accomplishments that you expect to achieve over the next few years.
- Convey what you have to say in a clear, concise, informative, and interesting manner.

To create a mission statement you must ask yourself the following questions:

- Which customers or group of customers does your utility plan to serve?
- What products or services does your utility plan to provide?
- What needs do they satisfy?
- How do your utility's products differ from the competition?

- What extra value or benefits do customers receive when they choose your utility over the competition?
- How fast are these answers changing?

In other words, a well-crafted mission statement answers a basic question: What is your business? Your mission statement should be concise and to the point.

Examples of real utility mission statements include:

Goals and objectives: A list of all of the major goals that you set for your utility, along with the objectives that you have to meet to achieve those goals.

Goals are broad business results that your utility is absolutely committed to achieving. In working towards its goals, your utility must be willing to come up with the resources - the money and the people - required to attain the intended results. The goals that you set for your utility should ultimately dictate your business choices, driving decision-making throughout your organization. Goals should forge an unbreakable link between your utility's actions and its mission.

Objectives are specific statements that relate directly to a particular goal; they supply the details of what must be done and when. Objectives often have numbers and dates attached to them. In every case, it should be easy to verify that you have reached a given objective. Objectives never stand alone. Outside of the context of their larger goals, they have little meaning.

Remember

- Goals are the broad results your utility is committed to achieving.
- Objectives are the steps you need to take to reach your goals
- The right goals make your utility more effective. The right objectives make your utility more efficient
- By giving everybody in your utility a role in setting objectives, you stand a better chance of success.

Guidelines for setting goals:

Goals are broad business results that your utility is committed to achieving.

1. Determine who will be involved in setting your utility's goals. Because goals are the core of your utility's business, the group should include the people who are responsible for all of your major business activities. If you are going it alone in business, develop a core group of advisors who can meet with you periodically to set goals.
2. Develop a procedure for monitoring your utility's goals on a routine basis, revising or reworking them as business circumstances change.
3. Create individual goals that clarify your utility's business activities without limiting flexibility and creativity.
4. Make sure your utility's stated goals are closely tied to your utility's mission statement.
5. Use the goals to communicate your business intentions to people both inside and outside your utility.

Guidelines for setting objectives:

Objectives are the statements that fill in the details, specifying exactly how you are going reach each of the utility's goals. Objectives should be tied to cold, hard numbers.

1. Determine who will set business objectives in your utility. Objectives determine what must be done and when, and should involve every employee.
2. Develop a system for setting, reviewing, and managing business objectives throughout your utility.
3. Make sure that objectives are achievable and verifiable by including numbers and dates where appropriate.
4. Create business objectives that are clearly linked to, and that advance larger utility goals.

Business environment

Here you will analyze and discuss the major aspects of your utility's situation that are beyond your immediate control. You should pay special attention to how your industry operates. Describe the primary business forces that are out there as well as the key business relationships that really determine how business gets done. Talk about your marketplace and your customers in detail. Analyze the competition as it operates today and how you think it might be positioned in the future. Analyze the competition as it operates today and how you think it might be positioned in the future. Ask yourself the following questions:

- What basic needs does my utility fulfill?
- What underlying forces are at work?
- What role does my utility play?

Markets

Markets and marketing will receive a great deal more attention later on in the program. At this point we are going to discuss the elements of markets to see how they affect the industry your business is part of.

Determining who your customers are

Your business can't be all things to all people. You need to concentrate on the products you are best equipped to sell or the services you are most comfortable in providing. You then need to attract customers who want those products or services, and will appreciate the quality you provide. There can be bad customers as well as good ones, but the vast majority is good.

Good customers do the following:

- ask you to do things that you do well;
- place value on the things that you do well and are willing to pay for them;
- challenge you to improve your skills, expand your knowledge, and focus your resources;
- take you in new directions that are consistent with your strategy and planning.

Bad customers do the following:

- ask you to do things that you aren't well equipped to do;
- distract you, causing you to veer away from your strategy and your business plan;
- require so much service and attention that you can't focus your efforts on more valuable customers;
- remain dissatisfied with what you do, despite all your best efforts.

Assessing your competition

A market economy involves competition by definition. Buyers who have choices in the products and services they purchase determine markets. You should have come away from that with a strong belief that the customer is king. If you don't believe that, and your competitor does, who do you think will win in the long run?

It is important to know as much as you can about your competitors, but it is wrong to fear them. Competition is a healthy thing. Competitors bring new products and services into the market place, and that can mean more customers for you as well. All of us are unique and we offer experiences and attributes that no one else has. Our goal in business is to set ourselves apart from the competition and offer more value to our customers in the products and services we provide.

Customer value

Competition is a force to be reckoned with because of the power of customers. Customers are out there making market choices, deciding what to buy and where to spend money based on their needs and willingness to pay. How do they do it? The process they go through is based on a value equation which looks like this:

$$\text{Customer value} = \text{Benefits} + \text{Price}$$

Knowing your competitors capabilities

The things that you would really like to find out about your competitors are the same things that you need to know about your own utility. The capabilities you are most interested in tell you something about your competitors' ability to react as your industry changes. How quickly and how much they can change themselves says a great deal about how dangerous they are as competitors. For example here is a list of questions you can use to help you analyze the capabilities of your competitors.

Think of one competitor and complete the following:

Management What do you know about the background and experience of the utility's senior management?

Are they good at marketing? Production? How well do they get along?

Organization Is the utility tightly controlled? Is there a mission statement? How is employee morale?

Customer base What is their share of the market? Is it growing? How loyal are the customers?

Financial condition Are sales growing? Is the utility profitable? Is there a lot of debt? What is the financial future?

After you have answered the above, assess the following for each of your competitors:

- Capability to respond quickly
- Willingness to change
- Determination to compete
- Capacity to grow

How does your business stack up against the competition if you ask the same questions of yourself?

Utility description

Here you will go into much more detail about what your utility has to offer. Included will be information about management, the organization, technology, your products and services, utility operations, and your marketing potential. You will examine in depth your utility's capabilities and resources, and you will try to determine where you have real advantages over your competitors. It will help if you view your utility through your customers' eyes. You may discover new values you can provide as well as ways to stay competitive in the market.

Utility strategy

This is the place for you to map out your basic strategies for dealing with the major parts of your business. You will want to pay particular attention to the dynamics of your industry, your markets and market potential, and the competition.

Think about and discuss why the strategy is the right one given your business situation. Describe how the strategy will play out in the future. Finally, point out specifically what your utility needs to do to ensure that the strategy succeeds.

Identifying strengths and weaknesses

Your utility's strengths are the capabilities, resources, and skills that you can draw upon to carry out your strategies, implement plans, and achieve the goals you have set for yourself. Your utility's weaknesses are any lack of skills or a deficiency that may stop you from acting on strategies and plans or accomplishing your goals.

Management

Good management is essential to the success of a business. Many experts believe management is as much an art as a skill, but everyone agrees management talents can be developed through training, education, and experience. We're going to give you some questions to ask yourself about your business, and your management situation as either an employer or the owner/manager.

- What variety of experiences do you have as an owner?
- Does your utility plan to hire from outside or promote from within?
- If you are a sole proprietor, how do you plan to develop your management skills?
- How would you rate the general quality of your own skills or those of your management team?

Organization

Even if you start off in business by yourself, you will most likely wind up with employees if you are successful. The people you hire can have a tremendous impact on your business, both positively and negatively. Employees are generally the first people your customers meet; they will forge the impression people will have of your utility.

Here are things to consider when planning your organization:

- How would you describe the overall structure of your organization?
- How many reporting levels do you have between front-line employees and you?
- How often does (will) your utility reorganize?
- What are your employees' general attitudes about their jobs and responsibilities?
- What does your utility do to maintain morale and positive job performance?

Customer base

The success of your business is going to depend on having a growing, happy, customer base. Let's ask some questions that you should consider when you study your own customer base.

- What does your utility do to create loyal customers?
- How much effort do you put into tracking customers' attitudes, satisfaction, and loyalty?
- What do you offer customers that keep them coming back?
- How easy and economical is for you to acquire new customers?
- How many years does a typical customer stay with you?
- How quickly can you increase production or expand services to meet new demand?
- Are you, or is your operations manager, well-trained and prepared for change?
- How can you expand your knowledge of operations?

Sales and marketing

Even the smallest of businesses have to have a marketing scheme. We'd like to have people beat down our door because we have the best product or service available, but the realities of life are that we must let people know what we have to offer and then appeal to their needs and desires through marketing if we are going to compel them to buy.

Financial condition

The financial condition of your utility determines the health of your utility. There is no substitute for capital: if your business runs out of money you will probably have to shut down and start over.

Now let's get started with these questions:

- Are your revenues and profits growing?
- Are you carefully monitoring your utility's cash flow?
- Does your utility have ready access to cash reserves?
- Does your utility have a budget for the coming year? By month?
- Do you consistently track key financial ratios for your utility?

But an important fact to note at this point is that knowing the "numbers" side of your business is critical to your success. You can't lower costs or increase profits unless you can identify them from your records.

Financial review

Your financial review covers both where you stand today and where you expect to be in the future. You must have good records in order to prepare your financial review. If you don't have a record keeping system now, get one and learn how to use it. Financial records are the basis for you and others to measure the progress of your utility. Management decisions based on guesswork will not be nearly as effective as those supported by a strong and accurate record keeping system. Your basic financial reporting system will include:

Income statement

A list of numbers that adds up all of the revenue your utility brings in over a month, a quarter, or a year and then subtracts the total costs involved in running your business. What's left is the profit you made for the period (month, quarter, or year)

Remember

- An income statement begins with all of your revenue and subtracts all of your costs to come up with a net profit for a given period of time, usually a year.
- Revenue includes all of the money you take in from sales.
- Your costs include cost of goods sold; overhead; interest expense; and taxes.
- By calculating profit at various stages - gross profit, operating profit, and profit before taxes - you can see precisely where the money comes from and where it goes.

Balance sheet A snapshot of your financial condition at a particular moment in time. The balance sheet shows what your utility owns (its assets), what money it owes (its liabilities), and the difference between the assets minus liabilities, its equity or net worth.

Cash flow statement A record that traces the flow of cash in and out of your utility over a given period. Sources of cash are identified and how you use or apply the cash is noted as well. The balance sheet, the income statement, and the cash flow statement are all related. Accurate record keeping producing these reports will help you make management decisions based on fact and will show others just how well your utility is doing.

Financial forecasting It is critical for any business to properly project its cash needs, not only the amounts but also the timing.

Remember

- Budgets show you how much you will need and when.
- Month by month budgets are the most useful and are the easiest to prepare.
- Comparison of operating statements is a great way to spot problems. There is no substitute for accurate records.

Special attention given to the most important decisions like short-and long-term financing of a water utility is well understood. These decisions are taken at the strategic level within the utility. In this respect, it is very important to design, implement and follow up an efficient financial management.

STRATEGIC PLANNING CYCLE
FACILITATOR'S GUIDE
FOR LOCAL PUBLIC AUTHORITIES
(LOCAL GOVERNMENT)

Moldova Local Government Reform Project

Produced by

*Daniel B. Edwards
Training Resources Group, Inc. (TRG)
October 2001*

Revised by

Specialists of Local Government Reform Project in Moldova

May 2003

Note: This model is based upon an adaptation of the workbook and text of J. Bryson on Strategic Planning for Non-governmental and Public Organizations, 1996. The training sequence and design is the author's and the methodology is adapted for use within the context of local government for Moldova. This guide is designed for use by professional management consultants and trainers in the context of the Moldova Local Reform Project and is not for other commercial uses without written permission from Training Resources Group.

CONTENTS

Introduction

Strategic planning cycle

Stage 1: Preparation for strategic planning

Stage 2: Development of Strategic Plan

Stage 3: Follow Up Activities

INTRODUCTION TO THE GUIDE

As of May 2003, the USAID Project on Local Government Reform has sponsored 41 strategic planning workshops in Moldova. Eight of these include mayor's associations or boards of associations and the rest have been conducted at the municipal or commune level. This guide has been adapted from the original model developed for associations and now includes examples and language directed at the local governmental level. The strategic planning model used in this Guide is based on the model in the publication by Bryson, John M. (1995) Strategic Planning for Public and Nonprofit Organizations. San Francisco: Jossey-Bass Publishers.

Consultants from Training Resources Group drew upon Bryson's model to develop a facilitator's design for a four to five-day strategic planning workshop. The initial version of this Manual included mainly the design for the strategic planning workshop. Based on information collected from the communities where the strategic planning cycle was implemented as well as, on observations of facilitators in strategic planning, specialists from the Local Government Reform Project in Moldova had modified the current guide and included in it the description of the entire process of strategic planning cycle step by step.

This model design outlines a step-by-step schedule for the strategic planning cycle and also includes handouts and flip charts to be used in the process.

The strategic planning is not a single "event", it consists of three main phases: preparation for strategic planning, development of a strategic plan in a 5-day workshop and its follow up activities that lead to the implementation of the plan, as well as revision of (update) the plan.

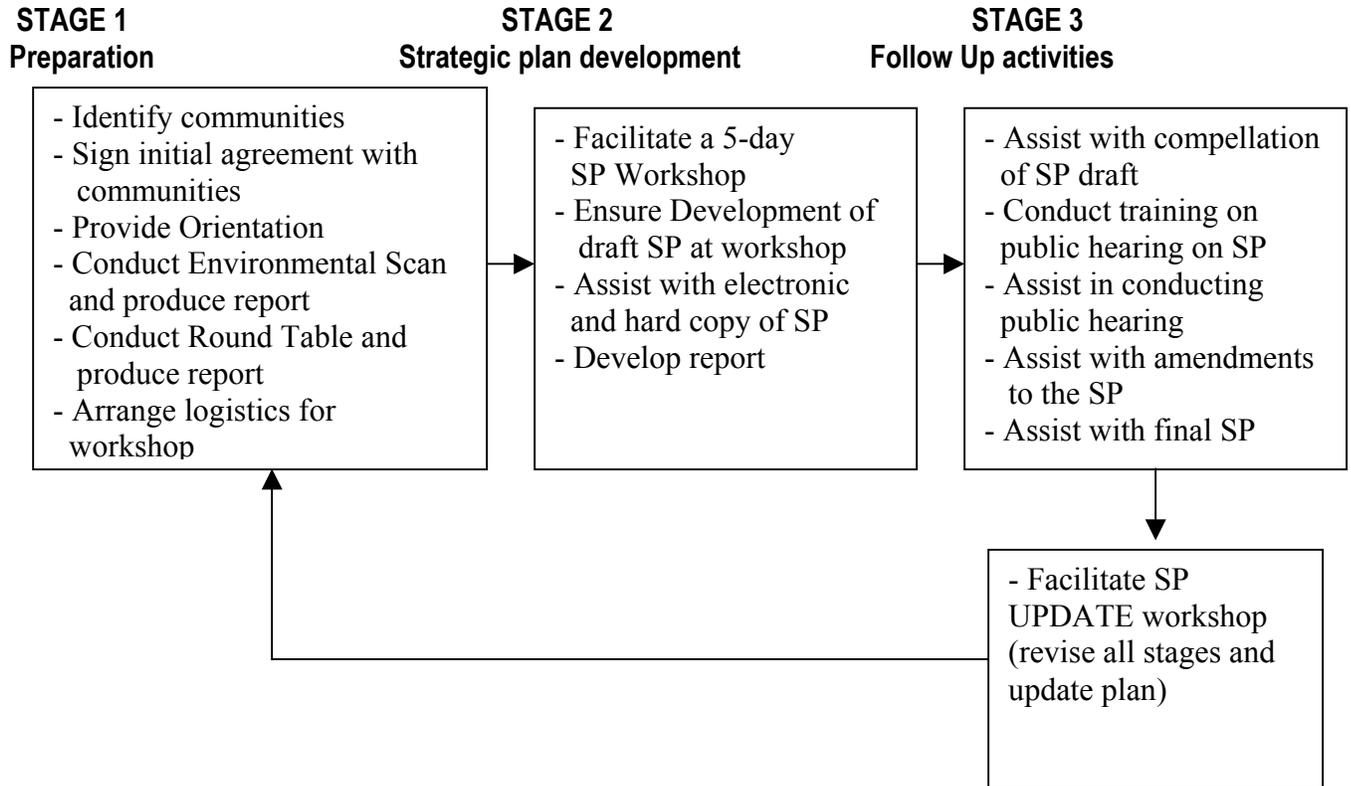
Therefore, it is critical to conduct all the phases of strategic planning together with the leadership of the local government to ensure that plans are realistic, that the community understands the importance of plan implementation, and that plan is appropriately adjusted to the reality of feasible actions.

A separate section is included in this version for suggested follow-up activities. Also, a separate guide will be provided for the public hearing process, a tool to get citizens input to the strategic plan or other major issues in the community.

An Appendix is provided to help facilitators with concepts related to group process, such as energizers and ideas about group development.

STRATEGIC PLANNING CYCLE

(Steps for facilitators/consultants)

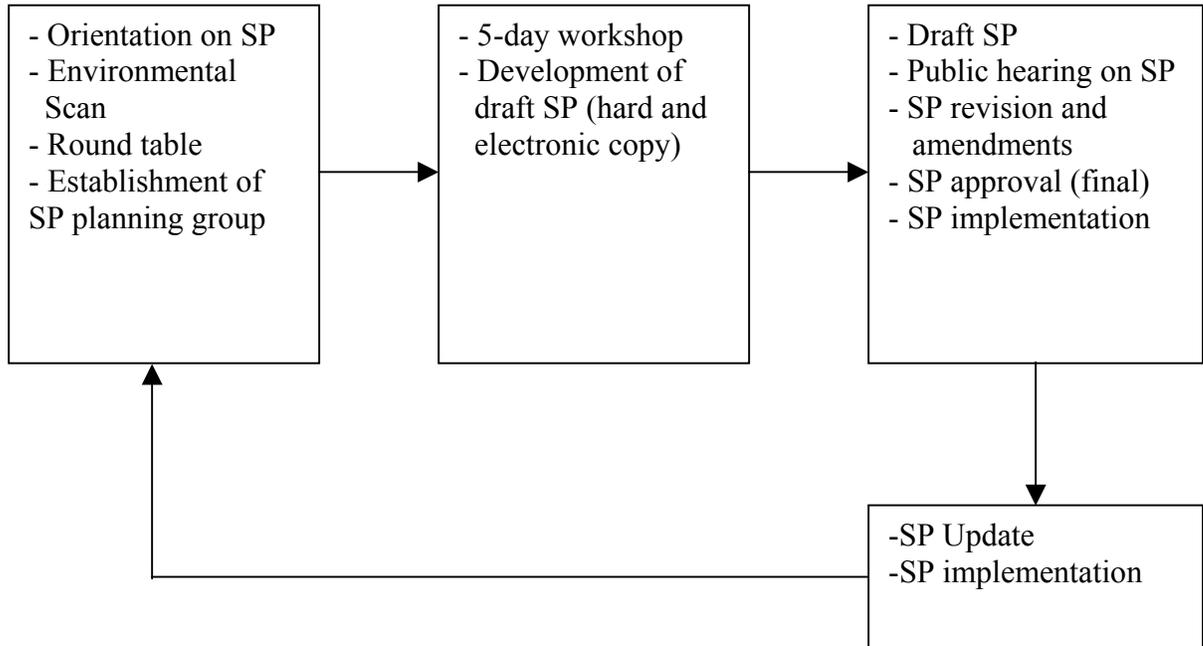


STRATEGIC PLANNING CYCLE
(Steps for communities)

Stage 1
Preparation

Stage 2
Strategic plan development

Stage 3
Follow Up activities



DESCRIPTION OF STRATEGIC PLAN PROCESS

STAGE 1

PREPARATION ACTIVITIES

Note: Preparation is critically important to the success of a strategic plan. It is essential to the process. Appropriate preparation will save a great deal of time, avoid confusion and lead the way with sufficient data collection so that strategic issues begin to be identified right away from beginning of process. In large municipalities, the process needs to begin at least three months in advance. Also, data gathering may require more time.

Step: Identification of communities and facilitators

Timing: At least three months prior to the workshop.

At least three months prior to beginning of SP process project leadership identifies potential communities that are willing to go through the strategic planning process.

- When list of communities is identified project leadership identifies potential facilitators that will assist communities with the strategic plan process.

Project leadership establishes the contractual basis for the strategic planning activity in order to hire the facilitators and to confirm the communities that will be involved in strategic planning:

- Identify and confirm communities who will benefit from strategic planning assistance in accordance with overall developmental priorities.
- Establish the terms of reference for the facilitators and responsible specialist from the project who will work on the strategic planning effort, and define what the deliverables are.
- Identify a T/F team who will work on the SP process from beginning to end.
- Finalize the terms of reference with the T/F team that includes performance indicators, deliverables and a timetable for which the team will be accountable.

Step: Initial agreement with communities

Timing: At least two months prior to the workshop.

The Project reaches Initial Agreement (Step One of the Strategic Planning Cycle) to proceed with the strategic planning effort with the leadership of the target local government to:

- Ensure clarity and understanding about each step of the Strategic Planning process.
- Identify the needs that Strategic Planning could help to address.
- Determine the interest of leadership in pursuing a SP process.
- Explore willingness to commit their own time and that of the organization's members to the entire process, including pre-workshop preparation, SP workshop participation, post-workshop review, approval and implementation.

Step: Orientation Session for leadership of communities (OS)

Timing: two-four weeks before Strategic planning workshop

Length: half day

An orientation for the communities involved in strategic planning is necessary to create an adequate environment and to get process started before facilitators arrive in the communities.

- Invite community leadership to an orientation session on the strategic planning cycle. Explain the whole process and raise awareness of the role of leadership of community in the process.
- Deliver 2 types of questionnaires for environmental scan (for mayors & stakeholders) and explain them. Determine the time length allocated for completing the questionnaires (2-4 weeks). This is critical to involve community leadership from the very beginning of process and to encourage them to take an active and serious part in the strategic planning cycle. This will also help facilitators when they arrive into the community for the environmental scan, as the mayor will already possess the necessary information.
- Suggest members for the strategic planning group who has full authority to represent the organization and who has the ability to mobilize its membership. The final list of the group will be finalized by Mayor (with consultation from facilitators and the council) after the Round table. It is recommended to get the leadership thinking of names at the orientation session.

Step: Environmental Scan (ES)

Timing: two weeks before the Strategic Planning Workshop

Length: two days

Outcome: report

Environmental Scan is conducted to collect data that describes the community and its problems and issues. The mayor/leadership will be familiarized with questionnaires for the ES at the orientation session (OS). The environmental scan should contain the following basic data to have available for the planning team (trainer should produce handouts with results from the ES and use those on the SPW):

- ◆ Data that describes the community and its problems and issues
- ◆ Current projects that are planned and budgeted (municipal improvements etc.)
- ◆ Population and demographics
- ◆ Current budget and sources of revenue
- ◆ Potential sources of donation (religious groups, charities, civic organizations)
- ◆ Lists of known needs and deficiencies: streets, lighting, heating, schools, economic development, community center facilities, sports, etc.
- ◆ What has been the extent of citizen involvement in public affairs (schools, sports, NGOs, clubs) and what informal and formal leadership exists?
- ◆ Who are key stakeholders in local government: for example, business leaders, educational leaders, etc.? Is it possible to ask them what they think local government needs to do (i.e. conduct an informal survey in person or by telephone)?

The effort of labor for facilitators for this step is estimated for 2 days. This includes the conducting of environmental scan, the compilation of narrative and report writing. If at the orientation meeting the facilitators provided the communities leadership with questionnaires for environmental scan, by the time of facilitators' arrival into communities mayors would hold a part of the information needed for the environmental scan narrative and report.

The community leadership may be asked to organize meetings with stakeholder groups during the environmental scan.

The facilitators shall organize the results of the environmental scan into a narrative form and produce a report for the participants of the Strategic Planning

The results of the environmental scan should be included in the strategic plan in the annex of the strategic plan document.

During environmental scan potential candidates' names for participation in the SPW continue to be collected from the suggestions of the interviewed stakeholders/citizens.

During environmental scan questionnaires are given out to citizens.

Step: Round Table (RT)

Timing: one week before Strategic Planning Workshop

Length: 1 day

Outcome: Report

Organize a round table with stakeholders and interested members of the community to collect information for the strategic plan.

- The round table event shall be publicly announced and organized by the leadership of the community, most often this will be the mayor and facilitated by the T/F.
- The round table should not be a group interview, but a discussion with citizens. The facilitators should create a working environment when community leadership listens to the citizens input for the strategic plan.
- The round table may last for 2-3 hours. To avoid long hours of discussion more than one round tables can be organized in big communities.
- Facilitators have one day to facilitate the round table discussion and to prepare a report on the results.

All local council members and main stakeholders should be invited to the round table event.

- Facilitators deliver questionnaires (same forms used in environmental scan) at the round table and collect them after the round table discussion is finished.
- At the round table participants are asked to suggest candidates for the SPW.
- After the round table (RT) facilitators meet with community leadership (mayor) to finalize the list of SPW participants and to confirm the dates for the workshop.

ROUND TABLE DESIGN

THE INPUT OF KEY STAKEHOLDERS TO THE STRATEGIC PLAN

OBJECTIVE: To provide an opportunity for key stakeholders to give input into the strategic plan of the local government as they begin their strategic planning exercise.

OUTCOMES: Address the following questions:

1. What do you see as desirable in the following three-five years for your community?
2. What needs to be done to achieve that?
3. What key needs and expectations do you have of the Local Government?
4. How can you contribute to the success of achieving the above-mentioned ideas?

AGENDA

[Facilitators' notes]

Room setup: have sufficient chairs for participants. Estimate the number of participants in advance (if more than 30 people want to participate, it is preferable to have two, or even three separate round tables. Too many people will not allow time for discussion, and the round table will merely become a series of individual statements that are recorded.) This should not be a group interview, but a discussion of citizens. The mayor or staff should merely listen and not respond, make a speech, or answer the challenges made. The strategic plan is the opportunity for this.

**10:00
(15 min)**

1. Welcome

- Introductions: ask each person to identify themselves (in the case when group is not too big)
- Purpose: explain why we are here.
- Each participant is given from the beginning (it is suggested that one facilitator hands out as they enter the room) questionnaires forms, blank paper, and small cards.

The facilitators introduce themselves after an introduction by the local authority. Facilitators explain how the papers, the cards and the questionnaires will be used in the process.

**10:15
(5 min)**

2. Structure and Process of the Roundtable

Explain that the process will provide an opportunity for input from stakeholders. Members of the local government are present to listen but not to comment on or otherwise debate the opinions. The structure is not one of debate but listening and positive idea generation. We hope you all discuss your ideas among yourselves.

We will work on four questions. For each set of questions, we have about half an hour. The total time is two and a half hours with comments. The process will be guided by the facilitators. The facilitators will assist in writing up notes.

For each question, we will do an exercise that first asks each person to work individually to generate ideas on a worksheet of paper. The ideas will then be discussed and the facilitators will clarify and note on flip charts.

10:20

3. QUESTION #1&2

1. What do you see as desirable in the next three years for your community?
2. What needs to be done to achieve that?

[List the questions on a flipchart that is posted on the wall]

Procedures: each participant first make a list of things he/she sees as possible in three-five years: Divide the paper into two columns. On the left side of the paper list the envisioned things and on the right side list the ways to achieve those things.

1. What do I see as possible in the next three-five years for this community?

2. What needs to be done to achieve that?

--	--

10:25
(20 min)

When participants have their lists completed the facilitators conduct brainstorming activities with the group.

- a. Ask participants to brainstorm as many answers to the Question #1 as possible. Facilitator records all the answers on the FC, in the left column.

10:45

- b. Ask participants to brainstorm solutions to each idea

(30 min)

identified in the left column of the FC. For example, if in the left column one of the desirable things for the community is “to have a cleaner village”, the solution in the right column might be “to organize regular green days by streets or sectors”.

Facilitator collects all solutions and records them on FC. For one idea there might be more than one solution. All answers are recorded on the FC, and are used later in the planning process.

11:15
(5 min)

Facilitator summarizes all answers and moves to Q#3.

11:20
(20 min)

QUESTION #3

What key needs and expectations do you have of the Local Government?
[Have the question on a flip chart]

Note: the idea here is to have citizens tell the local authority what they want them to do, how they want them to represent their interests, how they want the public servants to act, how open they want local authorities to be, etc..

Tell the group, this procedure will be a little different. We will list our expectations on note cards and put them on the FC on the wall. (Note: this procedure is designed to see how many people say the same thing. It will also allow people to give expectations without needed to say them orally).

a. Instructions to the group:

[Write on the flip chart] Task:

Individually, list on note cards the answer to the question: What do you expect of local authorities in the way they do their job and serve the public?

Use a separate card for each expectation.

Give participants about 5 minutes to list and ask them to write clear.

11:40
(15 min)

b. Post and Clarify Answers

Facilitators collect the cards and put them on the wall, assembling them so that similar responses are close together.

The facilitators read them one by one out loud and clarify any that are unclear by asking participants what they meant. While one facilitator sticks cards on the wall, the other is reading another card.

The facilitators summarize all answers and make sure they are clusters by groups (close in meaning) on the wall.

[Note: local government members' role is to listen and take notes, and not enter in this discussion.]

**11:55
(30 min)**

QUESTION #4

How can you contribute to the success of achieving the above-mentioned ideas?

Ask people to respond openly, try to include everyone if possible.
Facilitator is recording all the answers on the FC

**12:25
(5 min)**

Summarize the ideas and close the discussion

12:30

CLOSURE

Provide any concluding remarks that seem appropriate and related to the work of the roundtable. If the mayor is present or other officials, they should thank everyone for their ideas, but not use this occasion to tell everyone what their program is.

Before departure ask participants to leave the completed questionnaires.

Step: Logistics for the strategic planning workshop

Timing: At least four weeks prior to the workshop.

Prepare for the workshop with a pre-identified planning group to:

- Develop a timetable for each step of the SP process, taking into account major events in the community's calendar, including such events as planting, harvesting, elections, holidays and other festivities.
- Discuss with the Mayor the names of candidates to participate in the SP effort. This list must include people in leadership positions. The list is finalized later, before the SPW.

Step: Preparations for strategic plan workshop

Timing: At least four weeks prior to the workshop.

Make site arrangements and contact participants:

- Select a workshop site that is accessible to participants, has adequate and reliable facilities, good service, and available space that corresponds to the SP timetable. Make a good judgment about the best available location. In some cases the Mayor's office may work as a site, in others – it may be destructive for people.

Step: Final workshop preparations:

Timing: At least one week prior to the workshop.

- Assemble the results of the environmental scan (ES) and the Round table (RT).
- Review the workshop design and make adjustments as needed to reflect the circumstances of the local government and the information generated by the ES and the RT.
- Contact workshop participants and inform them about the purpose of the SP process, what they need to prepare, and the timing/logistics of the workshop.
- Divide up responsibilities of each workshop facilitator for session delivery and for preparation of materials.
- Prepare all workshop materials, including handouts and flipcharts and make all copies prior to the workshop. Identify which flipcharts, transparencies and left over handouts from previous workshops can be reused, or need to be created.
- Prepare a list of needed supplies and submit to administrative manager *.
- Ensure that secretarial services are available on site during the workshop, including computer and printer as well as photocopying services.

*Flipcharts (200 sheets), markers, masking tape, post-its (10 pads), adhesive dots, pocket folders, name badges, notepads, pens, pencils, pencil sharpener, yellow index cards.

STAGE 2**STRATEGIC PLAN DEVELOPMENT**

To develop a strategic plan the community together with the facilitators organizes a 5-day workshop with the participation of strategic planning group, which has been identified prior to the workshop.

STRATEGIC PLANNING WORKSHOP DESIGN

This design is for use by professional management consultants, trainers and facilitators. The symbol FC refers to Flipchart. In the text, some of the flipchart information is provided. At the end of the Guide, the flipcharts and the handouts are provided so they can easily be written up or reproduced.

DAY I

9:00
(20 min)

1. Opening & Welcome

Sponsoring Official welcomes participants

FC 1.1

Facilitator Welcomes participants. A FC with “WELCOME” is displayed on the wall.

FC 1.2

Participants are asked to introduce themselves according to the following scheme:

- Name
- Position
- Organization represented
- Reason for participating in the workshop.

These are written on FC, so that everyone can follow the scheme while speaking, and be concise.

9:20
(40 min)
FC 1.3

2. Warm Up activity

The facilitators explain the goal of the workshop (to develop a strategic plan), and get the group started by involving in the warm up activity.

Facilitators explain that it is necessary to work as a good team for the length of the workshop in order to be able to develop your strategic plan. Mention that to start building our team skills we will involve in a group exercise. For this purpose we will divide into three (4) teams – ask participants to count 1 to 3 and to divide respectively into team one, team two and team three. The facilitators explain that for the most part of the workshop participants will be working in small teams.

Facilitators explain that the warm up activity will help provide them with an opportunity to:

- ◆ Discuss workshop themes

- ◆ Get to know one another better
- ◆ Start the process of active participation
- ◆ Be creative
- ◆ Have fun

Task:

In Small Groups:

- Discuss how you see your Local government or community in three-five years and how you see yourselves in relation to it.
- Draw a picture on Flipchart that represents how your group sees your Local government or community in 3-5 years
- Use no words, only Symbols
- You have 20 minutes to prepare the pictures.

The facilitators provide participants (each team) with a blank FC sheet. Reassure participants that they do not have to produce masterpieces.

When participants have finished the task they are asked to present their pictures. Each group's picture is unveiled one at a time. The other groups first identify what they see in the group whose picture is unveiled (while that group remains silent), without making judgments, just what they see. Then the group **describes** what they intended in the picture, in one statement that will incorporate all symbols from the drawing.

Write the statement on a separate FC. Do this for all groups. Then at the end ask what are some common themes that have emerged and write them also on a separate flipchart. It may serve as a useful reference later in the workshop when defining the community mission. Post all of the flipcharts on the walls of the training room and thank participants.

10:00
(10 min)

3. Workshop Goals, Purpose and Agenda

Facilitators remind what the GOAL of the workshop is and identify the objectives for the workshop.

FC1.4
Handout 1

Goal: By end of this workshop we will produce a draft strategic plan for your community.

Then facilitators ask participants to name the expectations that they have from this workshop. Facilitators summarize all the expectations and present the objectives of the workshop and explain how participants' expectations match the objectives identified for this workshop:

FC1.5

Objectives:

1. Identify the steps of the Strategic Planning Process.

2. Use methods associated with various steps to develop a strategic plan.
3. Prepare a draft of a strategic plan for the local government/community.
4. Define a process for disseminating, discussing, adopting and implementing the strategic plan for the Local government/community

Handout 2

Agenda: Explain that we will work through the strategic planning steps flexibly, keeping in mind that we need to be completed by Day 5 at 15:00.

Remind that participants will work in teams (3-4 teams/tables)

10:10
(20 min)

4. Workshop Norms

The facilitators instruct that to have a healthy environment during the workshop, and in order to be able to come to common visions, we will need to establish some norms that will be respected for the entire length of the workshop.

Explain that the purpose of identifying norms is to focus on how to create the best working conditions to ensure the success of the workshop by identifying the actions and behaviors you expect of the participants and of the facilitators. The goal is to provide each person with the maximum opportunity to contribute while making it possible for the group to advance together as a learning community to achieve the workshop objectives.

Facilitators ask participants to discuss in their teams and to write in their notepads several norms from the team that they think are appropriate for the current workshop. Ask them to present.

Before participants start writing, trainer provides a few examples: punctuality, communicate by listening to each other, one conversation in the room at a time, respect for different opinions, etc.

Ask participants to name on paper a few (3-5) norms that they believe are important. Then ask teams to report.

When teams have finished, the facilitators add to the list of norms some new norms.

All norms are recorded in Flip Chart and facilitators remind participants of them throughout the workshop.

10:30—10:45 Break

10:45
(30 min)

5. Strategic Planning and the Strategic Planning Cycle (SPC)

The facilitators make a presentation and define what Strategy is and then explain the Strategic Planning Cycle:

FC1.6

“.... A disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it.” (Bryson, 1995)

FC1.7

Further it is explained what strategic planning can do for you.

- A process of thinking, expanding thought into potential future scenarios.
- Strategic thinking serves as a forum for institutional learning
- For this reason planning is learning.
- The end result is a “picture or image of the future we seek to create.” This is distinct from the “mission” of the organization, which is the purpose or reason for being.

Facilitator’ notes: [use this to help you explain to the group]:

“...A process of thinking, expanding thought into potential future scenarios. It needs to be far-reaching, test and question a number of assumptions and serve to jog thinking into creative pathways.

Strategic thinking serves as a forum for institutional learning, a “process whereby management teams change their shared mental models of their [organization], their markets, and their competitors.” (Arie P. De Gues, Harvard Business Review, 1988).

For this reason planning is learning. The end result is a “picture or image of the future we seek to create.” This is distinct from the “mission” of the organization, which is the purpose or reason for being.

FC1.8

Strategic Planning will allow your community to:

- Examine the external and internal environment
- Explore trends that affect the Local government or community’s future
- Clarify its mission
- Frame the strategic issues you face
- Find ways to address these issues by creating actions

11:15
(30 min)

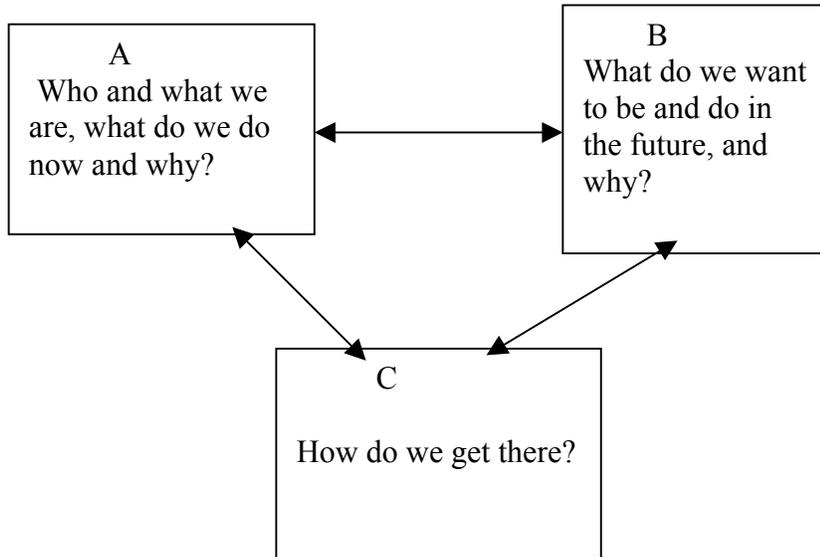
6. ABC activity

The facilitators ask teams to work on the ABC exercise. Teams are referred to the handout with the ABC, and are allowed 5 min to individually answer the three questions from the ABC exercise. After that teams are asked to discuss for 10 min in teams and to come up with one set of answers from each team. The participants are required to write the answers for Question A&B on handout, and the answers for Question C are recorded on cards.

FC1.9 Each team has 5 minutes to present. The facilitators record all answers to Question A&B on FC, and post the cards with answers to Question C on another FC.

FC1.10

The Interactive ABCs of Strategic Planning
[From Bryson, 1996]



Handout 4

The facilitators summarize all the answers from the teams and explain that during this week, we will conduct a series of exercises that will enable us to complete the A,B,C, of strategic planning.

Facilitators explain briefly that by answering the Question from box A, participants made an attempt to define the mission of the local government/community, mention that in answering the B question they started developing the strategic issues which will be developed further by analyzing strengths and weaknesses, both internally and externally, and by answering C, they set the basis for developing specific action plans.

In summary, the facilitators explain that complete answers to the ABC questions will help participants come up with a draft SP by end of this workshop.

**11:45
(15 min)**

FC1.11

7. Strategic Planning Cycle – stages and steps

The facilitators explain that to develop a successful SP it is necessary to understand the complete cycle of SP with its detailed steps. First facilitators present the chart provided at the beginning of this manual: three stages of SP: PREPARATION, PLAN DEVELOPMENT AND FOLLOW UP.

FC1.12
Handout 5

Then facilitators present the Bryson's cycle of SP with all the detailed steps. Each step is described briefly. Facilitators explain that the two charts presented on two flipcharts describe the same SP process, the Bryson's model being a detailed step by step model that will be used in the process of this workshop for five days to develop the SP.

The facilitators explain the overall steps in the cycle stages briefly and also mentions that some steps from the Bryson's model have been modified a little and adjusted to the reality of Moldova:

Stage 1:

Steps:

- Initiate and agree on a SP process
- Orientation on SP for the community leadership
- Environmental scan (ES)
- Round Table (RT)
- Establishment of planning committee

Explain that the preparation stage: Stage 1 has been completed prior to the workshop.

Then distribute the handout with more detailed description of steps to be implemented further in the planning process: **Stage 2 – Development of Strategic Plan in a 5-day workshop, and Stage 3 – Follow up activities** and give them a few minutes to read it. Explain that you will be going into greater detail during the workshop. Ask if there are any clarification questions.

STAGE 2

FC1.13

STAGE 2 (Workshop)

1. IDENTIFY AND UNDERSTAND STAKEHOLDERS.
2. DEVELOP AND REFINE MISSION AND VALUES
3. ASSESS THE ENVIRONMENT TO IDENTIFY STRENGTHS AND WEAKNESS, OPPORTUNITIES (SWOT ANALYSIS)
4. IDENTIFY AND FRAME STRATEGIC ISSUES
5. FORMULATE STRATEGIES AND ACTIONS TO MANAGE THE ISSUES AND ASSESS RESOURCES TO IMPLEMENT
6. PRODUCE A DRAFT SP

FC1.14

STAGE 3 (After the Workshop)

1. REVIEW DRAFT PLAN, AMMEND, WRITE FINAL SP.

2. CONDUCT PUBLIC HEARING TO GATHER CITIZENS' INPUT
3. REVIEW AND ANALYZE CITIZENS' SUGGESTIONS, ADOPT THE SP
4. DEVELOP STRATEGIES AND ACTIONS FOR IMPLEMENTATION
5. UPDATE AND REFINE THE PLAN AS NEEDED BASED UPON A REALISTIC ASSESSMENT OF POSSIBILITY AND FUNDING
6. MONITOR ACTIONS AND REASSESS STRATEGIES WITH REGULAR REVIEW MEETINGS; CELEBRATE THE SUCCESSES.

Give participants a few minutes to read the steps and ask if they have any clarifying questions. Say that they will become more familiar with the steps as we proceed further in the workshop.

Then ask them if, based on their understanding so far, they are ready to proceed with the strategic planning process for their Local government /community and if we can move beyond Step 1.

12:00

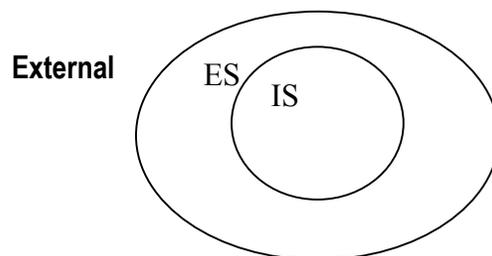
8. STAKEHOLDER ANALYSIS

(30 min)

a. Define stakeholders

FC1.15

Trainer explains that a Stakeholder may be any person, group, organization that has an interest, or can place a claim on, or is affected by the Local government or community. There are both internal and external stakeholders:



The facilitators provide a few examples of Internal and External stakeholders from the list below:

Examples:

Internal Community Stakeholder

The mayor's office
The School Administration
Local Citizen's groups
Business and economic entities
Local Religious groups
Parents of school children
Local farmers

External Stakeholder

The Judet's Counsel
The Finance Ministry
The Prefectura
Funding Agencies
International Religious
National NGOs

Ordinary citizens
Shopkeepers
Tradesmen
Local NGO
Counselors

FC1.16

Participants are asked to work in teams and to develop their own lists of stakeholders. First all teams work on developing Internal Stakeholders list. Lists are presented by each team identifying each stakeholder one by one and the facilitators record on the FC, mutual agreement is sought from participants on a common list.

Then teams work on the External Stakeholders. Teams present their lists of External stakeholders and the facilitators records on a separate FC. The lists are analyzed one by one, and agreement is sought among participants – same process as with the Internal Stakeholders.

12:30
Part 1 (30 min)

b. Stakeholder analysis

When both lists of stakeholders are completed and there are no other additions, facilitators take one stakeholder from the list and analyze that with participants in details using the chart below (7 questions). Each question from the Chart is answered in relations to that stakeholder. The facilitators should prepare the FC in advance with the questions written, and while one facilitator goes with participants through questions, the other facilitator writes the answers in the appropriate columns.

FC1.17

Questions are asked for clarification and then all stakeholders are divided by teams and the teams are engaged in the following task:

STAKEHOLDER ANALYSIS

FC.1.18 **TASK:** Ask participants to do an analysis of stakeholders using the following questions:

1	2	3	4	5	6	7
Stakeholder	What do they expect/need from us?	What do we have to do to ensure their expectations of us are met?	What will happen if their expectations are not met?	In what way do they influence us?	What do we expect/need from them?	How important are they? *

--	--	--	--	--	--	--

* Extremely Reasonable Not Very Not at all

To be more efficient, ask the participants to answer questions straight on the FC with the questions written on, which facilitators deliver in advance. Three FC are prepared for this purpose.

Teams work first on the set of Internal Stakeholders and answer all the seven questions in relations to each stakeholder.

13:00-14:00

Lunch

14:00

Part II

(1 hr and 30 min)

Stakeholder analysis: Continuation

After lunch participants continue with Internal stakeholders analysis and then presentations are made. Comments are provided and then teams are provided new flip charts with same questions for the analysis of External stakeholders. The teams work in the same way: they answer all questions on the Flip Chart and then present to the whole group. All answers are analyzed and facilitator makes a summary of the presentations.

It is recommended to allow for about 60 min for analysis of each group for stakeholders (internal/external)

15:30-15:45

Break

15:45
(1 hr and 15 min)

9. Values Analysis

a. Define values:

FC1.19

The facilitators explain what values are and how they are determined: Values are a set of shared principles that guide our behaviors in daily interactions with external stakeholders and with one another as internal stakeholders.

Values come from our childhood often and develop over time. They guide us in the way we act, treat each other and in how we conduct ourselves. Values reflect choices about behavior, choices that one thing is more important than another.

Very often we do not reflect on our values in an entire lifetime. They often go unexamined. Sometimes we fall into patterns of action and behavior that are against our basic teaching and learning.

The facilitators explain that a statement of values often directs us towards what we want to do and how we want to do it. Facilitators provide 2 examples of values and corresponding and behavior.

FC1.20

b. Task: To understand values better, participants are asked to work individually and to answer the questions from the handout (12?).

1. How do we want to conduct the way we operate the local government authority (the mayor's office).
2. How should our public servants relate to the community?
3. How do we want our community people to act as citizens?
4. How do we want our public services to relate to its public?
5. How do we want the public servants within local government to act towards each other?
6. How do we want to treat our key stakeholders? (What do we want them to say about us?)
7. How do we want to treat one another?

When participants are ready with the answers and they have them written on handouts, the facilitators ask random participants for their answers. Answers are recorded on the FC.

FC1.21

When all the answers are presented, participants are asked to dwell upon the answers on the FC for a few minutes and then to work in teams to define a list of values and corresponding behavior for each value. Participants are asked to work with handout (13) and to fill in the two columns: value-behavior.

The facilitators should visit each table to clarify the task and ensure the teams understand what is meant by a value. The facilitator needs to help the group be clear if the group is mixing up values with behaviors, or mere preferences. Or if the

group says, “we value the writings of a certain person,” the real value they hold here is “learning,” or “ideas,” or “innovation.” Values such as efficiency are more suited to an organizational value than a community value, or the value of the municipal government. The idea is to get the group to think and to share with each other.

Handout 8

c. Values presentation: When teams have completed the task, each team presents one value and the corresponding behavior, and all group comments and participants arrive to common ground regarding the value. Each team presents one by one all the values that they have defined and the corresponding behavior. The facilitators record all on FC.

When all values are presented trainer makes a summary and comments.

Based on the summary, and using the analysis of participants a narrative is developed to be included in the SP.

**17:00
(45 min)**

10. Developing a Mission statement

Introduction: The facilitators ask participants to give an example of a mission statement (if they have seen one, or if they have one in their community). If participants are not able to come up with any examples, then facilitator should be ready with an example of a mission statement.

FC 1.22

The mission refers to who we are, what is our purpose, what kind of social needs we exist to address.

(Bryson, 1996)

The facilitators explain what a mission statement is and invite participants to get involved in an exercise that will help them develop the mission statement for their community.

This exercise describes what we believe our basic purpose is; that is, what we are here to do. Are we here to serve the people and educate our children? Are we here to ensure equal access to public services? Are we here to help our community prosper and grow? What is our mission as the strategic planners?

Task: brainstorming and listing

FC 1.23 Facilitators refer participants to the ABC activity conducted previously, and recommend to them to use the information that they have developed in the ABC activity for the tasks they will be involved next:

FC 1.24 **Task 1:** At your tables work together in your teams to think about and take notes on the following questions (use information from the ABC activity):
Handout 9

1. Who are we, what is our purpose?
2. What are the basic social and political needs or problems we exist to fulfill?
3. In general, what do we want to do in order to anticipate and respond to these needs of our stakeholders?
4. What makes us unique?

First participants are asked to work individually, then to share the answers in their teams and agree on some common answers from the teams, and the facilitators write them on FC.

FC 1.25 **Task 2:** Examine the answers to the prior questions and based on them draft a brief, concise mission statement beginning with the words:

Handout 10 It is the mission of our Local government or community to...

The facilitators provide as examples the following:

- ◆ **[Examples] ...ensure that our children are educated, our elderly are protected and that our community prospers economically and socially as an example to everyone in Moldova.**
- ◆ **...stimulate and invite economic growth and development so that we have a basis with which to provide all of our citizens the best possible public services.**

Facilitator's Note: ensure that participants are focused and work on developing the mission statement. Redirect discussions that are not aimed at developing the mission statement to the right direction.

Present the mission statements, briefly.

Each of the three teams presents its own mission statement, which is written on the same FC. Each statement is commented upon in brief by the whole group. Thus, 3 mission statements are presented to the group. The next task is to try to come up with a single mission statement, either by combining them or leaving one, the most appropriate.

Facilitator summarizes the answers.

17:45

11. End of the Day:

Conduct a brief evaluation of the day with the participants. Ask them how the group is doing on its norms? Consider each norm and give it a rating from one (low) to five (high).

Tell the group that the planning team is in the process of team formation. When people come together as a group the first time, everyone wants to know what is expected of them, who the other people are, and how they fit into the team. This is a first stage in team development. [Note: refer to the appendix for material related to group and team development]. The issue of team membership is important to team formation. People need to learn how to listen to one another. Explain that tomorrow we are going to ask people to sit with different small teams. Thank them for their participation.

18:00

Close for the day.

DAY II

9:00
(15 min)

1. Opening & Welcome

Note: As people arrive remind them to sit with different people today.

Present an overview of the day, review the prior day's work, ask the group if they have any comments on yesterday, or any questions. If the mission statement was completed the previous day, present the final mission statement from yesterday and ask if all agree with such a formulation.

If appropriate do a climate setting exercise

Review the agenda for the day

09:15
(2 hrs)

2. SWOT Analysis

a. Introduction

The facilitators explain what the purpose of the morning activity is: this morning, and perhaps into the afternoon, we will consider the internal strengths and weaknesses of the community, along with the external opportunities and threats. We use the acronym SWOT for this.

The facilitators explain that in order to have a realistic SP it is wise to base it on information obtained from a SWOT analysis. The facilitators explain what a SWOT analysis is:

The SWOT analysis gives us a larger systems view of the organization and the factors affecting it. For example, when analyzing the S, W, O, and T of the community we can say:

An internal Strength is.....(ask group)... dedicated staff

An internal Weakness is..... insufficient staff numbers, low budget

An external Opportunity is..... economic groups willing to participate

An external Threat is.....the price for agricultural products is low.

FC 2.1

The SWOT analysis will help clarify the environment in which the Local government or community operates. Yesterday, we considered the stakeholders, mission and values. This analysis gave us an idea of the working and perhaps political environment of the Local government or community.

The facilitators explain that participants will be involved in SWOT activities and the desired outcomes are:

- Lists of internal strengths and weaknesses
- Lists of external opportunities and threats
- A review of known information about the current situation

- Thoughtful discussion about what the Local government or community is facing.

9:30
(30 min)

b. Internal Strengths

The facilitators explain what Internal strengths are resources, capabilities that help the Local Government accomplish its mission (e.g. professional staff, committed membership, leadership.)

FC 2.2

Then participants are asked to work with handout 11 and to define internal strengths in one column and to give a short description of each strength in the second column, and to suggest ways of amplifying the strength in the third column. Each participant is asked to work with the handout individually for 5 minutes, and then to share the list with in the teams and come up with a common list (10 min) from the team.

Each team is asked to present one Strength (its description and ways to amplify it). Additions and comments are solicited from the other teams regarding this Strength. The facilitators record on the FC all strengths one by one as presented by teams and allow enough space between lines to add the description of strengths and the way of amplifying.

Each team takes turns to present all strengths until the list of Strengths is completed.

The facilitators summarize and follow with the Weaknesses

10:00
(30 min)
FC 2.3
Handout 12

c. Internal Weaknesses

The facilitators explain what Internal Weaknesses are: the lack of resources, capabilities that hinder or limit the local authority to accomplish its mission (e.g. insufficient professional staff, un-committed membership, lack of leadership, lack of facilities.)

Teams are asked to work on weaknesses in the same way as they did with the Strengths:

1. Work individually, and list on the handout the internal weaknesses
2. Describe each weakness and suggest way of minimizing
3. Share individual lists in the team and compile one common list
4. Present team by team, one weakness at a time
5. Facilitator records all on FC
6. Facilitators summarize

10:30 – 10:45

Break

10:45

(30 min)
FC 2.4
Handout 13

d. External Opportunities

Next facilitators explain what External Opportunities are: potential assistance, alliances, help, or resources, or trends that will help or may help the community or local government in achieving its mission, values or goals.

Teams are asked to work on External Opportunities in the same way as they did with the Strengths and Weaknesses:

1. Work individually, and list on the handout the external opportunities
2. Describe each external opportunity and suggest way of minimizing
3. Share individual lists in the team and compile one common list
4. Present team by team, one opportunity at a time
5. Facilitator records all on FC
6. Facilitators summarize

11:15
(30 min)
FC 25
Handout 14

e. External Threats

Then facilitators explain what External Threats are: potential trends, alliances, policies, deficiencies in the environment that will hinder or may potentially hinder the community or local government in achieving its mission, values or goals.

Participants are involved in the same type of activity as previously:

Teams are asked to work on External threats in the same way as they did with the Strengths and Weaknesses and Opportunities.

1. Work individually, and list on the handout the external threats
2. Describe each threat and suggest ways of minimizing
3. Share individual lists in the team and compile one common list
4. Present team by team, one threat at a time
5. Facilitators record all on FC
6. Facilitators summarize

While participants are involved in this activity instruct them to consider the following factors while working on SWOT analysis:

SW - geographical position, population, ecology, dwelling, engineering infrastructure, social infrastructure, economy.

OT – demographic processes, economy, communication and tourism, regional and international contacts, local governance.

When all teams finish presentations the facilitators make a summary of the SWOT analysis.

11:45

3. Formulate Strategic issues(20 min)
FC 2.6**a. Define a strategic Issue:**

The facilitators go into description of the strategic issue:

A strategic Issue is a fundamental challenge affecting an organization's or community's purpose, mission, service, clients or users, costs, financing, organization, or management. A strategic issue cannot be answered simply with a single answer. Strategic issues reflect the complexity of the real world, often many sub-issues exist within an area of need. They are often inter-linked. For example, in a recent workshop, the community defined this as a strategic issue:

Issue: How can the community strengthen the economic base?

Related sub-issue: The need to reconstruct the irrigation system. Related information in the analysis indicates a series of factors in the history and a series of positive factors in the current situation that indicates great potential

Related sub-issue: The vineyards need to improve production and upgrade the grape varieties. Related information in the analysis indicates opportunity for government support, and availability of new technology.

Related sub-issue: The economic base relies too narrowly one or two crops, while the market conditions may better support diversification into potatoes, dairy, fisheries. Study needs to take place to determine if a multi-based marketing cooperative is possible.

A strategic issue, once defined leads directly to an action or actions or a change in policy or direction

Issues fall into three main categories:

- Immediate action required
- Action needed in the near future
- Needs to be watched for now or future action

[Bryson]

Some issues may require a long time to solve, but the need may nonetheless be urgent. The length of time required to solve the problem does not correspond to the priority of need.

The facilitators instruct participants that they will be involved in an exercise that will lead them to the identification of Strategic issues in their community. So that the desired outcomes of this exercise are:

- An inclusive list of strategic issues facing the local government or community
- An ordering of the issues in terms of priority

At this point present everyone with the information collected prior to the workshop in environmental scan and roundtable exercises or previous research about issues from stakeholders collected by the facilitators and participants.

12:05
(55 min)

Handout 15

FC 2.7

FC 2.8

FC 2.9

Handout 15

b. Generate Strategic Issues

Task:

The purpose of identifying strategic issues is to enable the Local government or community to focus on key challenges or policy choices.

Facilitators ask participants to work individually; to think and write down on handouts the answers to the following questions:

1. **What is the (major) issue?** Be sure to phrase this in the form of a question that has more than one answer. For example: **How** can the Local government or community raise the money for operating costs? The issue should be one the local government or community can do something about. (the issue should start with "How.....?")

The following questions are answered orally.

2. **Why is this an issue?** How is it related to the local government's mission, legal requirements, internal strengths and weaknesses or external opportunities and threats?

3. **What will happen if we do not address this issue?**

Participants complete individually the handout (15) with 3 questions. The facilitators go around tables to ensure that the participants have understood the task. When all participants have completed the handout they are asked to share and discuss the problems in teams and to come up with a set of the major issues from the team.

13:00- 14:00**Lunch****14:00****(1 hrs and 30 min)**

After lunch participants continue to work on defining the strategic issues. As a result of the team effort, problems are recorded on the small card (sheets of paper) and are posted on the FC by the facilitator. When posting the cards, the facilitators makes a discussion with participants and asks why they consider those as issues – the two questions that were offered for oral description in the task (see the three questions above). Each issue is discussed separately. Participants use the answers to question 2 and 3 to keep the discussion.

15:30-15:45**Break****15:45****c. Group(major) issues into Strategic Issues (SI)****(1 hr and 15 min)**

The next step is to group the presented issues into strategic issues. The facilitator reads the issues one by one and asks participants to group the issues based on similarities and their nature and identify problems that unite groups of several issues. Issues are grouped by “bigger” issues, thus columns of strategic issues are created. Time is given to the participants to find a name for each “strategic issue”, (for ex. Poor Economic base, environmental difficulties). All strategic issues are written on FC, and the defining issues (from the list) are clustered underneath each goal.

The facilitators have to be ready that some issues presented by participants may be mixed up with causes, symptoms, actions, or proposed solutions. Make sure participants understand: a solution is not an issue. For example, in a recent workshop one participant was sure the issue was setting up marketing cooperative to market a variety of products. That was a possible solution to the problem of a poor economic base dependent on two single crops.

Common agreement is sought from participants when placing issues into goals. Some issues may belong to several goals. In this case, a more detailed analysis is conducted and the issues are placed in the goal that better defines the nature of the issue.

The facilitators make sure that all the SI are recorded on FC.

The facilitators summarize the strategic issues and ask participants to comment or add.

The facilitators review the output of the teams and discuss and critique making sure the group has appropriately organized the issues into strategic goals with supporting problems or issues areas. This process will require some thinking and discussion.



17:00

Close of the Day

Ask the group, how it is working now today. Review the group norms. Remind them that as a planning team, they are going to have differences of opinion and that maintaining effective communications is important to being a well performing planning team. If the group needs to talk about how they are working together, encourage discussion. Try to discourage blaming and condemnation and stress the positive.

DAY III**9:00
(15 min)****1. Opening & Welcome**

Review where the group is in the process; refer to the master chart that describes the steps in strategic planning from Bryson's model. Do climate setting as necessary. Go over the Agenda for the Day.

FC**9:15
(1 hr and 15 min)****2. Refining and Classifying the Issues**

Return to the master list of strategic issues (SI) identified previously. The facilitators make a summary of the strategic issues, and explain that each issue has its own place and timing in the process. To determine that, a classification of all strategic issues will be made. The facilitators explain that when we decide priorities, we consider a number of factors.

The facilitators invite participants to a brainstorming activity:

- What factors do you (the group) believe is important to consider:

Brainstorm and list on FC.

Then the facilitators provide participants with handout of classification questions and ask the group to review it.

**FC 3.1
Handout 16**

Give the group the task of discussing their strategic issues and consider the criteria for their issues.

[Note: Setting priorities in this case does not mean that the goals will necessarily be in order of one, two three from most important to least. In some situations two priorities may be of nearly equal importance. Therefore one may set up a categorization scheme of issues that are in category A of importance, Category B, and Category C. The A list are those things that must be addressed or the consequences will be very serious and other issues will not be able to be solved. For example, if there is no economic base (A) in a community, then people will need to leave to find other opportunities, and if they have no skills and education (A), they will not be able to perform work. So both are closely linked. It is not worth spending time debating about which of the two is more important. Try to avoid philosophical discussions of "which comes first, the chicken or the egg." This will only serve to tire the group unnecessarily]

Ask participants to come up with the following outcome:

Is this issue for Immediate action, mid-range action next six months to a year, or Long Range action (2 or three years ahead)?

The category of this goal is therefore: [an A, B, or C]

FC 3.2, 3.3

CRITERIA FOR CLASSIFICATION OF ISSUES

1. When will the strategic issue confront the Local government or community?
2. How broad an impact will the issue have?
3. Will resolution of this issue likely be required the development of new service goals and programs?
4. Will resolution of this issue require significant revenue sources or amounts?
5. Will resolution of this issue require significant expansion?
6. How apparent is the best approach for this issue?
7. What are the probably consequences for not addressing this issue?
8. How sensitive is this issue relative to community, social, political or cultural values?

The facilitators ask participants to orally present each SI, while team one is reporting on SI #1 teams two and three provide feedback and add if needed. Then team # is presenting issue #2, and the other team add if needed, and so on until all SI are discussed.

FC 3.4

The list of the SI defined in the previous activity is written on the FC. Each participant receives colored dots and is asked to give their votes to three top issues out of the whole range listed on FC. In the end, the facilitators together with the participants count all the dots, and establish the first three issues which collected most dots – Group A, the next three issues – Group B, and the remaining – Group C.

ABC. After this the issues are rewritten in the new order on the FC.

10:30-10:45

Break

10:45
(2 hr 15 min)

3. Identifying Strategies

Task: Strategy formulation exercise

When the ABC classification is done, the facilitators explain that the purpose of the following task is to create a set of strategies that will lead to action planning. F

FC 3.5

Then facilitators explains that a Strategy is a pattern of purposes, policies, programs, projects, actions, decisions, and resource allocations that defines what the Local government or community is, what it does, and why it does it related to a strategic issue. A strategy also considers the relative priority of and sequence of actions.

The facilitators explain that in order to identify strategies of solving strategic issues it is important first to establish objectives for each issue.

The facilitators explain that objectives should be defined in such a way, that when one of them is achieved, the strategic issue gets closer to its solution.

To make sure that participants understand the facilitators take one SI and together with the group try to define the objectives. When this is clear, the facilitators analyze the issue by answering the 3 key questions for identifying strategies. Use handout #17, and together with the group, answer the three questions using one strategic issue as example.

Then facilitators divide the strategic issues among the teams and ask them to use the strategy formulation exercise sheets to work on each issue. In some cases, it may be necessary to assign two issues to a group.

Participants start the task and continue until 13:00.

13:00-14:00

Lunch

**14:00
(1hr 30 min)**

After lunch participants continue to write objectives for a SI on a FC (one FC for one SI), and then teams are asked to present.
The group comes with suggestions and additions.

Use the model below to work on developing strategies.

Handout 17

THREE KEY QUESTIONS FOR IDENTIFYING STRATEGIES

Remind participants to use information collected at environmental scan and round table, SWOT analysis.

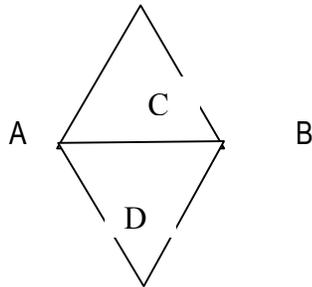
FC 3.6, 3.7

Ask participants to work in teams and to answer the following questions:

	Strategy		
Objectives:	1. What are the practical alternatives, dreams, or visions we might pursue to address this issue and achieve our goal?	2. What are the barriers to realizing these alternatives (threats)?	3. What major initiatives might we pursue to achieve these alternatives, and overcome the barriers (opportunities)?
1.	1.a		
2.	1.b		

To keep participants focused on task, first asks them to define (find) the objectives, and write them down in the chart. Seek agreement from all on formulation, then ask each team to answer the three questions related to that issue.

The facilitators explain that in identify ways of solving the issues they should consider various solutions. A simulation is presented in the form of a geometrical figure: the explanation is that from A to B one can get through different ways as it is shown in the following picture on the FC.



The teams have SI with objectives. Now they take each objective and go with it through 3 questions, working in teams.

15:30-15:45

Break

15:45
(1 hr 15 min).

Participants continue on working on issues and presentations

17:00

Close of day

DAY IV**9:00**
(15 min)**1. Warm Up****9:15**
(35 min)**2. Presentation of strategies (3 questions)**

Facilitators remind of the activities participants were involved the previous day and explain one again what the task was.

Participants are given 30 min to review materials and to get ready for presenting their strategies.

9:50
(40 min)

Ask participant to present **Three Key questions** to the entire group.

Ask each team to present its strategy to the full group and to provide the answers to the three questions. Check each strategy for reality, creativity, etc.

10:30-10:45**Break****10:45**
(2 hr 15 min)

Continuation of presentations

The facilitators make a summary and ask for additional comments to the “created” product of strategies. The facilitators comment on the presentations and leads participants into the notion of action planning

13:00-14:00**Lunch****14:00****3. Action planning****(30 min)****a. Explain Action Planning**

Before starting the work on Action Planning it is recommended that facilitators show participants a sample outline of the Strategic Plan Table of Contents so that they can see how their work will be organized and will help them plan accordingly. A sample of a table of contents can be provided to the participants.

FC 4.1

The facilitators explain that **Action planning** is the step where the strategy is detailed into very specific actions. We will need to identify, for each strategic issue, those actions that will meet the goals we set yesterday. The facilitators explain that participants should use all the materials developed in the workshop for this activity.

FC 4.2 The facilitators explain the action planning chart from FC. They also lead participants to the idea that the final presentation of the Action plan will be presented in the following format:

FC 4.3

	Actions	2003				2004	2005	2006	2007
		I	II	III	IV				
1	<i>SP 1: How to improve economy?</i>								
2	<i>Scope 1: To attract investment</i>								
3	Action 1:								
4	Action 2:								
5	<i>Scope 1: To attract investment</i>								
6	Action 1:								
7	<i>SP 2: How to improve ecology?</i>								

Handout 3.4

The facilitators remind participants that till the moment they have worked with the overall strategy, the thinking, and the sequencing of actions. Now we will be more specific and work on actions.

**14:30
(1 hr)**

3. Workgroups on action planning

The facilitators ask people to return to their teams and to work on action plans.

Ask them to prepare their action plans so that they can be presented to their colleagues using flip charts, using the format presented by the facilitator
Instruct participants to indicate the position responsible for implementation of each action (avoid indicating names when possible).

15:30-15:45

Break

**15:45
(1hr 15min)**

Continuation of Action planning

When participants have completed the action plan activity, the facilitators ask them to get prepared for the presentations for the next day.

17:00

Close for the Day

DAY V**9:00**
(10 min)**1. Opening**

Welcome the group back, congratulate them on their hard work to date and their overall progress

Review with participants the overall steps in the strategic planning model and locate the steps where the group is now

9:10
(2 hrs 30 min. with 15 minutes break)**2. Presentation and critique of Action plans**

Ask each group to present in the form that they have received on Flip Chart, critique and improve their action plans.

Note: the planning group will present, or have a spokesperson present. This is not an opportunity to make the group appear inadequate or to attack their work, or to re-plan with the full group. This is an opportunity to hear the thinking of the group and to provide advice, or to congratulate them on a job well done. After each presentation, applause should be given to encourage the sub-group. The advice they receive is noted by the facilitator on note cards are placed on the planning sheets for the group to consider as they re-plan. Advise the presenting group that this is not a time to be defensive and enter into argument about why their idea is superior. This is a time to simply listen to the advice and thank the group for giving them ideas.

Task:

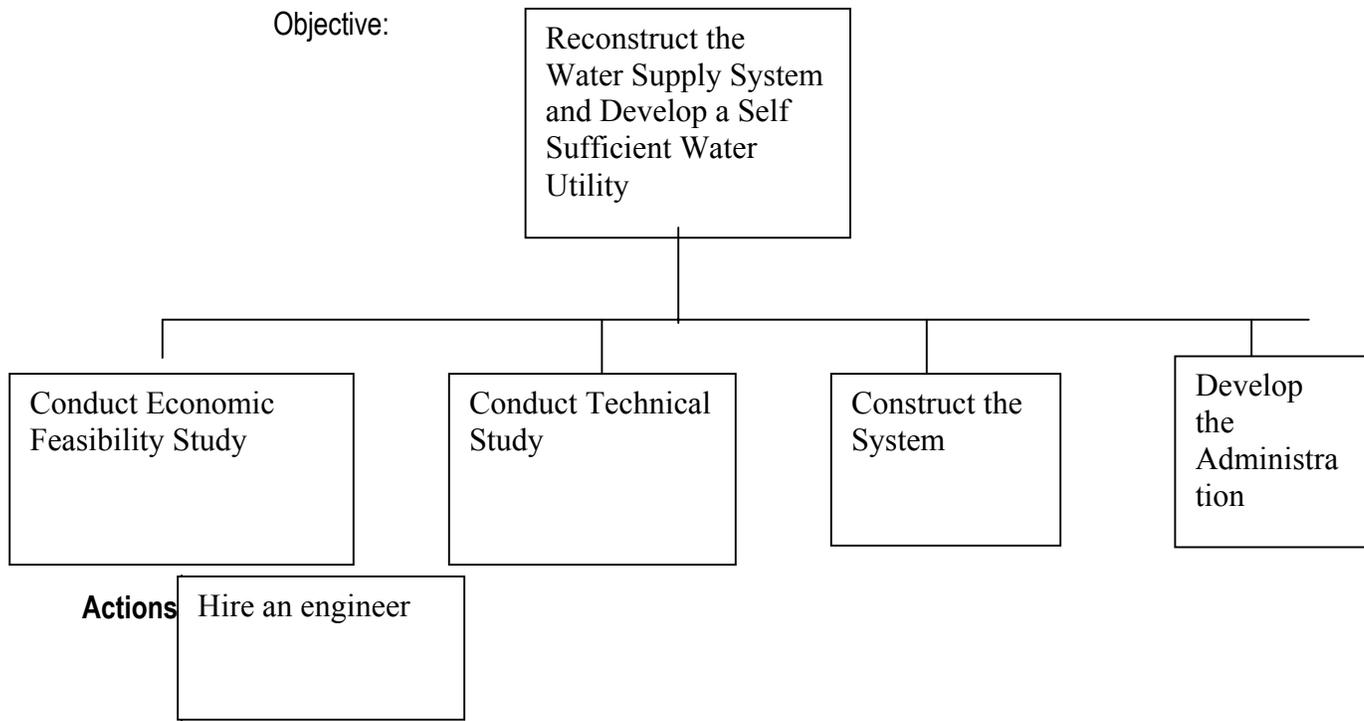
- a) The team presents each strategic issue with all objectives in turn without interruption. The audience takes notes as needed.
- b) The facilitator will request questions of clarification (without entering into discussion).
- c) The audience provides positive suggestions or advice to the sub-group. The facilitator will note this and give to the group.

10:30-10:45**Break****FC 5.1, 5.2**

When all presentations are made the facilitators explain what a milestone is: the place along the pathway or road where a significant event indicates that you are well on the way to achieving the overall goal. Think of milestones as mini goals.

For example, if you are developing a water system for the community, there are a number of action areas to complete: a) you need to do an economic study to determine what the water supply will cost and if people can afford to pay for the water, and what the tariff will be. That is one milestone. b) You need to have a technical study to determine if there is sufficient water and what type of water system this will be, and what the system will cost. That is another sub-goal or milestone. c) You need to set up the administration of the water system so that there is a board of directors, someone to collect the tariff, bookkeeping, billing and collection. d) You need to determine how to construct the system, procure a contract and construct the system. Each of these (a,b,c,d) are planning milestones or sub-goals.

Strategic Issue: How to Improve Municipal Infrastructure (water, lights, streets, etc.)



The facilitators ask participants to think of the possible threats and opportunities that can affect the activities that they have planned to conduct as part of their strategic plan. The facilitators explain that: a **Threat and Opportunity** answers the questions “what could go wrong,” and also, “what can we do to make sure it goes right (opportunity).” For every threat, in this case, there is an opportunity. Note: on the analysis of four key questions conducted earlier, threats and opportunities were identified.

Handout 18

Remind the group to refer to these as they do this planning exercise. The facilitators involve participants in a short exercise from handout 18.

11:45
(45 min)

3. Next Steps

[Note: this exercise is important to work on and gather group input. The facilitators need to take the time to consider a number of things. For example, how will people not present be informed? How can citizen involvement in carrying out the action plan be obtained? How can the mayor's office delegate actions to commissions of citizens? Is it possible to name a project manager or champion for each strategic issue?

The group should also be informed that a follow-on financial support team will need to come and assist in budgeting the financial analysis of some of the strategic issue. Fund raising activity may be required. As well, the strategic planning group should establish some regular meetings to monitoring the plan and analyze problems in implementation.]

Ask the group to generate a list of actions that will be taken next: For example

1. The action committee should be formed at the end of the strategic planning workshop (or the first thing to be done after it)
2. Complete the writing of the action plan
3. Produce a written strategic plan
4. Circulate the strategic plan to the appropriate authorities and to the public for review, etc.
5. Present Strategic plan at public hearing
6. Adopt the strategic plan
7. Update regularly

Assign responsible positions for each action.

12:30

4. Evaluation and Closure

Handout 19

Ask Participants to fill out the evaluation forms.

Then give an opportunity for each person to briefly state their appreciation for what others have done during the workshop, preferably sitting in a circle. The facilitators also join this activity.

13:00

End of Workshop
Mayor closes the workshop

STAGE 3

FOLLOW UP ACTIVITIES:

Step: Final draft of the plan and information dissemination

Timing: 1 day

Outcome: report and final (clean) copy of SP

- After the workshop the strategic plan team has to produce the copy version of the strategic plan draft. The plan has to also include contact information about the mayor's office and can be prefaced by the message from the mayor
- Inform community about strategic plan through mass media, focus groups, round tables.

Step: Public Hearing

Timing: 3-8 weeks after workshop???

Length: 1 day

Outcome: Report (with information on the PH in the final version of the SP)

Step: Final version of the Strategic Plan

Timing: 2 weeks after public hearing

Length: 1 day

Outcome: Final version of the Strategic Plan

- Organize a public hearing to present the strategic plan to the entire community. (the design of a how to organize a public hearing is presented in the Public Hearing Guide).
- Collect all the suggestions presented at public hearing, after the public hearing the Mayor together with the members of the planning committee (may be assisted by the trainer/facilitator) analyze the suggestions presented at PH and decide which ones to incorporate into plan.
- Modification of plan can be done by the Mayor's personnel or with assistance from the trainer/facilitator.
- This final version of the plan should be submitted to the local council for approval.
- Approve SP.

Step: IMPLEMENT THE PLAN

Timing: immediately after approval

Length: on going

Step: Preparations for strategic plan update workshop

Timing: At least two weeks prior to the workshop.

Length: one day

Outcome: Report on SP implementation

Make site arrangements and contact participants:

- The list of participants should be consulted with the local council and finalized (approved) by the Mayor with recommendation from facilitators before the beginning of the USPW.
- Ideally the group should consist from the persons who had participated in the previous strategic planning workshop.
- Group may have people that did not participate in previous workshop (names suggested by stakeholders, others), but should not exceed 50% of the present participants.
- The Mayor is asked to prepare in advance the Report on strategic plan implementation using the action list from the actual plan.
- Select a workshop site that is accessible to participants has adequate and reliable facilities, good service, and available space that corresponds to the SP timetable. Make a good judgment about the best available location. In some cases the Mayor's office may work as a site, in others – it may be destructive for people.
- Contact workshop participants and inform them about the purpose of the SP Update, what they need to prepare, and the timing/logistics of the workshop.
- For the communities that did not go through the process of the environmental scan – conduct environmental scan.
- One day of preparation for the strategic plan update workshop will be used by facilitators to:
 - a. conduct field trip to the community
 - b. meetings with the stakeholders
 - c. other activities, including surveying the citizens.
- Develop a new questionnaire.
- Assemble the results of the environmental analysis.
- Review the workshop design and make adjustments as needed to reflect the circumstances of the local government and the information generated by the environmental analysis.
- Divide up responsibilities of each workshop facilitator for session delivery and for preparation of materials.
- Prepare all workshop materials, including handouts, flipcharts, transparencies and make all copies prior to the workshop. Identify which flipcharts, transparencies and left over handouts from previous workshops can be reused.
- Prepare a list of needed supplies and submit to administrative manager.
- Ensure that secretarial services are available on site during the workshop, including computer and printer as well as photocopying services.

*Flipcharts (?? sheets), markers, masking tape, post-its (10 pads), adhesive dots, pocket folders, name badges, notepads, pens, pencils, pencil sharpener, yellow index cards.

Step: Strategic Plan Update Workshop

Trimming: Once year (or more often if budget at time allows)

Length: 3 days

Outcome: Updated strategic plan (draft), report including information on modifications, deletions, completions

STRATEGIC PLANNING WORKSHOP DESIGN

PLAN UPDATE

DAY I

9:00
(20 min)

1. Opening & Welcome

Sponsoring Official welcomes participants
Facilitator Welcomes participants. A FC with "WELCOME" is displayed on the wall.
Participants are asked to introduce themselves according to the following scheme:

- name
- organization represented
- position
- reason for participating in the workshop.

These are written on FC, so that everyone can follow the scheme while speaking, and be concise.

The facilitators explain the goal of the workshop (to review the strategic plan), and get the group started by involving in the warm up activity.

Facilitators explain that it is necessary to work as a good team for the length of the workshop in order to be able to develop your strategic plan.

Task:

In Small Groups:

9:20
(10 min)

3. Workshop Goals, Purpose and Agenda

Facilitators remind what the GOAL of the workshop is and identifies the objectives for the workshop.

Goal: Revise and evaluate the strategic plan for the local government and community and develop an updated strategic plan by identifying new actions for following three-five years

Then facilitators ask participants to name the expectations that they have from this workshop. Facilitators summarize all the expectations and present the objectives of the workshop and explain how participants' expectations match the objectives identified for this workshop:

Objectives:

- Review and evaluate the strategic plan
- Identify new actions to be taken in the future three - five years and introduce the necessary modifications in the plan
- Prepare an updated strategic plan for the local government and community
- Assign responsibilities
- Define a process for disseminating, discussing and adopting the strategic plan

Agenda: Explain that we will work through the strategic planning steps flexibly, keeping in mind that we need to be completed by Day Two at 15:00.

Remind that participants will work in teams (3-4 teams/tables)

**09:30
(10 min)**

3. Workshop Norms

The facilitators instruct that to have a healthy environment during the workshop, and in order to be able to come to common visions, we will need to establish some norms that will be respected for the entire length of the workshop.

Explain that the purpose of identifying norms is to focus on how to create the best working conditions to ensure the success of the workshop by identifying the actions and behaviors you expect of the participants and of the facilitators. The goal is to provide each person with the maximum opportunity to contribute while making it possible for the group to advance together as a learning community to achieve the workshop objectives.

Facilitators post the list of norms previously accepted in the workshop for the community. The facilitators read one by one the norms and solicits new ideas from participants. If any new norms are suggested the facilitators write on the FC, or modify if there are any suggestions of that kind.

All norms are recorded in Flip Chart and facilitators remind participants of them throughout the workshop.

**09:40
(15 min)**

4. Strategic Planning and the SP Cycle Review

The facilitators ask participants to define what strategic plan is:

“.... A disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it.” (Bryson, 1995).

If participants do not remember, then the facilitators help them.

Further the facilitators together with participants brainstorm ideas on what strategic planning can do for the community:

- A process of thinking, expanding thought into potential future scenarios.
- Strategic thinking serves as a forum for institutional learning
- For this reason planning is learning.
- The end result is a “picture or image of the future we seek to create.” This is distinct from the “mission” of the organization, which is the purpose or reason for being.

Facilitator' notes: [use this to help you explain to the group]:

“...A process of thinking, expanding thought into potential future scenarios. It needs to be far-reaching, test and question a number of assumptions and serve to jog thinking into creative pathways.

Strategic thinking serves as a forum for institutional learning, a “process whereby management teams change their shared mental models of their [organization], their markets, and their competitors.” (Arie P. De Gues, Harvard Business Review, 1988).

For this reason planning is learning. The end result is a “picture or image of the future we seek to create.” This is distinct from the “mission” of the organization, which is the purpose or reason for being.

Strategic Planning will allow your community to:

- Examine the external and internal environment
- Explore trends that affect the Local government or community's future
- Clarify its mission
- Frame the strategic issues you face
- Find ways to address these issues by creating actions

Strategic Planning Cycle – stages and steps

The facilitators display the two charts with SPC. One shows the three big stages: PREPARATION, PLAN DEVELOPMENT and FOLLOW UP, the second shows Bryson's model of SP.

The facilitators refer to the first FC and mention that the community is in STAGE 3 in the SP process. One of the steps of the Follow Up activities stage is the Update of the SP. For that purpose, the participants will go through the entire SP and will review, correct, modify add.

Then facilitators briefly present the Bryson's model of SP with all the detailed steps. Each step is described briefly and special attention is paid to step #6 in Stage 3

“Monitor actions and reassess strategies with regular review meetings; celebrate successes.

The facilitators explain the overall steps in the cycle stages briefly:

STAGE 1

Steps:

- Initiate and agree on a SP process
- Orientation on SP for the community leadership
- Environmental scan (ES)
- Round Table (RT)
- Establishment of planning committee

STAGE 2

STAGE 2_(Workshop)

Steps:

- 1.IDENTIFY AND UNDERSTAND STAKEHOLDERS.
- 2.DEVELOP AND REFINE MISSION AND VALUES
3. ASSESS THE ENVIRONMENT TO IDENTIFY STRENGTHS AND WEAKNESS, OPPORTUNITITES (SWOT ANALYSIS)
- 4.IDENTIFY AND FRAME STRATEGIC ISSUES
- 5.FORMULATE STRATEGIES AND ACTIONS TO MANAGE THE ISSUES AND ASSESS RESOURCES TO IMPLEMENT
- 6.PRODUCE A DRAFT SP

STAGE 3 (After the Workshop)

Steps:

1. REVIEW DRAFT PLAN, AMMEND, WRITE FINAL SP.
2. CONDUCT PUBLIC HEARING TO GATHER CITIZENS' INPUT
3. REVIEW AND ANALYZE CITIZENS' SUGGESTIONS, ADOPT THE SP
4. DEVELOP STRATEGIES AND ACTIONS FOR IMPLEMENTATION
5. UPDATE AND REFINE THE PLAN AS NEEDED BASED UPON A REALISTIC ASSESSMENT OF POSSIBILITY AND FUNDING
6. MONITOR ACTIONS AND REASSESS STRATEGIES WITH REGULAR REVIEW MEETINGS; CELEBRATE THE SUCCESSES.

09:55
(15 min)

5. Values and Mission Statement

a. Review values:

The facilitators remind participants that values are a set of shared principles that guide our behaviors in daily interactions with external stakeholders and with one another as internal stakeholders.

Values come from our childhood often and develop over time. They guide us in the way we act, treat each other and in how we conduct ourselves. Values reflect choices about behavior, choices that one thing is more important than another.

Very often we do not reflect on our values in an entire lifetime. They often go unexamined. Sometimes we fall into patterns of action and behavior that are against our basic teaching and learning. They usually are determined by the following questions:

- How do we want to conduct the way we operate the local government authority (the mayor's office)?
- How should our public servants relate to the community?
- How do we want our community people to act as citizens?
- How do we want our public services to relate to its public?
- How do we want the public servants within local government to act towards each other?
- How do we want to treat our key stakeholders? (What do we want them to say about us?)
- How do we want to treat one another?

The facilitators explain that a statement of values often directs us towards what we want to do and how we want to do it. Facilitators ask participants to provide 2 examples of values and corresponding behavior. Facilitators help if participants cannot come with examples.

The facilitators ask participants to review the values of their community. The facilitators post the values on Flip Chart and read each value one by one. Participants are asked to react: accept, reject, or modify the value.

When all the values are agreed upon, and are rewritten in the new form, the group moves to the Mission statement.

b. Review the Mission statement

The facilitators ask participants to define what a mission statement is. If participants have difficulties in coming up with the definition, then the facilitators help them:

“The mission refers to who we are, what is our purpose, what kind of social needs we exist to address.” (Bryson, 1996.)

give an example of a mission statement (if they have seen one, or if they have one in their community). If participants are not able to come up with any examples, then facilitator should be ready with an example of a mission statement.

The facilitators ask participants to recall the mission of their community. The facilitators post the FC with the mission on the wall. Participants are given 5 minutes of individual time to review the mission statement and to come with suggestions: accept or modify. As a group it is decided what the mission statement is.

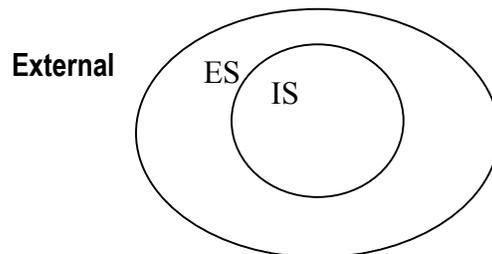
10:10

6. Stakeholders analysis

(20 min)

a. Define stakeholders

The facilitators remind participants that a Stakeholder is any person, group, organization that has an interest, or can place a claim on, or is affected by the Local government or community. There are both internal and external stakeholders:



The facilitators post the list of stakeholders identified at the previous strategic planning workshop. The facilitators walk participants through the List of internal stakeholders, and give them 5 min to think over and to provide suggestions: accept as it is, modify.

Then participants are asked to work for 5 minutes on the list with the external stakeholders and to modify if needed.

When both lists of internal and external lists are set, the participants are involved in the stakeholder analysis.

b. Stakeholder analysis:

When both lists of stakeholders are completed and there are no other additions, facilitators take one stakeholder from the list and analyze that with participants in

details using the chart below (7 questions). Each question from the Chart is answered in relations to that stakeholder. The facilitators should prepare the FC in advance with the questions written, and while one facilitator goes with participants through questions, the other facilitator writes the answers in the appropriate columns.

Questions are asked for clarification and then all stakeholders are divided by teams and the teams are engaged in the following task:

STAKEHOLDER ANALYSIS

TASK: Ask participants to do an analysis of stakeholders using the following questions:

1	2	3	4	5	6	7
Stakeholder	What do they expect/need from us?	What do we have to do to ensure their expectations of us are met?	What will happen if their expectations are not met?	In what way do they influence us?	What do we expect/need from them?	How important are they? *

* Extremely Reasonable Not Very Not at all

To be more efficient, ask the participants to answer questions straight on the FC with the questions written on, which facilitators deliver in advance.

Teams work first on the set of Internal Stakeholders and answer all the seven questions in relations to each stakeholder. Then participants work on the list of External Stakeholders.

Participants present their answers by groups.

10:30-10:45

Break

**10:45
(30 min)**

7. SWOT Analysis

The facilitators ask participants what is a SWOT analysis, and what are its components. The facilitators might need to help participants if they cannot come with answers. The facilitators present one by one all the Flip Charts with the S – strengths, W – weaknesses, O – opportunities, and T- threats. As participants to work on one element of SWOT, for example on the S. Participants work in teams and analyze the strengths, and modify the list if necessary. After that, participants

are asked to work on the “ways of increasing strengths”, if necessary. Participants work in teams and present.

Then each team is asked to work on one of the remaining components of the SWOT: Weaknesses, Opportunities, and Threats. When teams are ready they present to the entire group.

This is the moment when the facilitators should bring to the attention of participants of the findings from the environmental scan.

**11:45
(15min)**

8. Review Strategic issues

The facilitators ask participants what a strategic issue is. The facilitators help is participants have difficulties: A strategic Issue is a fundamental challenge affecting an organization’s or community’s purpose, mission, service, clients or users, costs, financing, organization, or management. A strategic issue cannot be answered simply with a single answer. Strategic issues reflect the complexity of the real world, often many sub-issues exist within an area of need. They are often inter-linked. For example, in a recent workshop, the community defined this as a strategic issue:

The facilitators post the strategic issues generated previously and ask teams to review for 15 min. After that each team is asked to report if they have any changes in the list of issues. Common agreement is sought on the proposed changes from all the participants.

**12:00
(60 min)**

9. Review of Objectives

When participants agree with the list of issues, the facilitator posts the FC with the objectives for each issues established in the current SP. Teams work again in teams for 30 min, and are asked to report if the have any changes to suggest. Any suggested modification is discusses by the entire group.

13:00

Lunch

**14:00
(90 min)**

10. Review of action plan

The facilitators work with participants on reviewing the actions from the pan and what has been accomplished (done). It is recommended that the community modifies the chart with the actions and includes a column names: ACOMPLISHED. In this column they should place a check mark as they go through the activities analysis.

Ask the participants to go through the existing action plan, starting with the first strategic issue, reporting on the achievements/failures and then let them go

objective by objective. Information should be available and presented by the mayor/other responsible person participating in the workshop.

Ask participants to work in teams: divide work between teams and then ask team to present.

After having presented results of implementation, ask the participants to modify the actions, taking into account the reported information, doing this for each objective consecutively. Divide objectives among the teams.

If new objectives were identified, ask the participants to plan for the new objectives. Remind the participants that for each strategic issue it will be necessary to identify those actions that will meet the goals set previously. Action planning is the step where the strategy is detailed into very specific actions.

Ask the groups to present their work. Procedure:

- d) The group presents each goal in turn without interruption. The audience takes notes as needed.
- e) The facilitator will request questions of clarification (without entering into discussion).
- f) The audience provides positive suggestions or advice to the team. The facilitator will note this and give to the group.

Note: a spokesperson will present the teamwork. This is not an opportunity to make the group appear inadequate or to attack their work, or to re-plan with the full group. This is an opportunity to hear the thinking of the team and to provide advice. After each presentation, applause should be given to encourage the team. The advice they receive is noted by the facilitator on note cards and placed on the planning sheets for the team to consider as they re-plan. Advise the presenting group that this is not a time to be defensive and enter into argument about why their idea is superior. This is a time to simply listen to the advice and thank the group for giving them ideas.

15:00

Coffee break

15:15
(90 minutes)

Continuation of Task (Analysis of the existing action plan. Reviewing plan)

Continue work in groups for analysis of the existing plan and it's revision.

Ask participants to present revised actions.

16:45
(15 Minutes)

Evaluation of the Day.

Conduct a brief evaluation of the day with the participants. Ask them how the group is doing on its norms?

Explain that tomorrow we are going to ask people to sit with different small groups.
Thank them for their participation.

17:00

Close for the Day.

DAY II

9:00
(15 min)

1. Opening & Welcome

Note: As people arrive remind them to sit with different people today.

Present an overview of the day, review the prior day's work, ask the group if they have any comments on yesterday, or any questions.

If appropriate, do a climate setting exercise.

9:15
(60 min)

Continuation of Task (Analysis of the existing action plan. Reviewing plan)

Ask participants to continue activity. The facilitators walk around tables and provide help and advise to the teams.

10:15
(15 min)

Coffee break

10:30
(120 min)

Continuation of Task (Analysis of the existing action plan. Reviewing plan)

Assign responsibilities for each action. Participants are asked to assign responsibilities for each action, and to try to avoid assign a specific person, instead – write the position (function) that will be responsible for the implementation of the certain action.

12:30
(60 min)

Lunch

13:30
(90 min)

Continuation of Task (Analysis of the existing action plan. Reviewing plan)

Ask participants to continue activity and start presentations. Ask participants to present their actions and to describe how they envision the implementation, and who will be responsible. The role of facilitator is to make sure the participants plan realistic activities. Challenging questions might be asked, to make sure that the planning team has a realistic vision and understand the planning process. Make sure that they understand that whatever it is planned now, they will have to implement and report next year in another Update Workshop/meeting.

15:00
(15 min)

Coffee break

16:30
(30 min)

Evaluation of the Workshop. Suggestions for the further steps.

Distribute the evaluation forms and ask the participants to fill them in. Discuss their impressions from the workshop. The facilitators also join in this activity.

Discuss with the participants the further steps that should be taken (preparing public hearings, setting implementation committee, etc)

Officials may close the workshop.

17:00

End of Workshop

FACILITATOR TRAINING COURSE DESIGN

TRAINER'S GUIDE

DAY 1

15:00-15:05 1. **Opening Activity**

Trainers welcome participants at the Strategic Planning training of facilitators program and introduce themselves.

A flip chart with “Welcome” needs to be prepared in advance.

Introduce the training team, assistants, observers, guests and acknowledge that they will be working together to prepare the participants for their upcoming facilitation of community strategic planning workshop.

Then trainers inform participants that they should be working hard in this workshop, and show high level of professionalism, as the best participants will be selected at the end of workshop for future collaboration based on their acquired skills in strategic planning and facilitation.

Introduce participants to the agenda and administrative issues (classrooms, breaks, meals, evenings, lodging)
Here mention that all participants will be staying at the hotel, evening task will be assigned, and other activities will happen in the evenings.

2. **Course Goal and Objectives**

15:05-15:20 Then trainers explain the goal and objectives of the training program:

Goal: To create a group of effective facilitators for community strategic planning.

Objectives – **(display on slides)**:

By end of this training program participants will be able to:

- Define what a community strategic plan is
- Describe the community strategic planning process
- Become familiar with the Community Strategic Planning Guide
- Demonstrate essential facilitation skills through practice sessions
- Apply facilitation skills in simulated strategic planning workshops

3. Local Government Reform Project in Moldova

15:20-15:35 Trainers present a brief description of the Local Government Reform Project on Moldova.

Prepare handouts with the description of LGRP in Moldova and give to the participants (can be placed in folders).

4. Plan for community strategic planning

15:35-15:50 Trainers explain what the plans are for the community strategic planning for 2003. Speak about the organization that will lead the process of strategic planning in 2003.

Questions are answered from the participants.

15:50-16:35 **4. Strategic Planning**

10 min

Before trainers start explaining the Strategic planning concept, participants are engaged in an activity.

The activity is called Lost on the Moon. The participants are asked to choose from a list of things, several that they would take with them if they had to fly to the moon. The idea is to involve participants in a short planning activity, and to ask them to explain why they planned in the way they did.

Trainers make a summary, and bring them to the idea of planning.

35 min

Trainers introduce participants to the concept of planning. Why planning is important, what can happen if planning is not made.

Then trainers make a presentation and define what Strategy is and what is Strategic planning:

“... A disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it.”
 (Bryson, 1995)

Further it is explained what strategic planning can do for a community and why it is so important to convince communities to be active in the process.

- Strategic planning is
“...A process of thinking, expanding thought into potential future scenarios. It needs to be far-reaching, test and question a number of assumptions and serve to jog thinking into creative pathways.
- Strategic thinking serves as a forum for institutional learning, a “process whereby management teams change their shared mental models of their [organization], their markets, and their competitors.” (Arie P. De Gues, Harvard Business Review, 1988).
- For this reason planning is learning. The end result is a “picture or image of the future we seek to create.” This is distinct from the “mission” of the organization, which is the purpose or reason for being.
- Strategic Planning will allow the community you will be working with to:
 - Examine the external and internal environment
 - Explore trends that affect the Local government or community's future
 - Clarify its mission
 - Frame the strategic issues you face
 - Find ways to address these issues by creating actions.

- 16:35-17:30** When trainers finish explaining the strategic planning as concept, two charts with the strategic planning process are displayed. One with the steps a community should go in its strategic plan development, and the other one - detailing the steps facilitators should go to assist a community with its strategic plan. Trainers
- explain the strategic planning process
 - briefly describe each step
 - explain that in the process of training each step will be explained and practiced.

Trainers make a summary of the strategic planning process and clarify questions from participants. Participants are informed that they will need to learn the process well in order to be able to apply it in the community strategic planning facilitation.

- 17:30-17:45** Role of facilitators in the future strategic planning processes
Participants are delivered the following packages with information:
- Agenda
 - Community Strategic planning guides
 - Sample of a community strategic plan (prepare a sample in advance and make enough copies for everyone)
 - Others

18:00-20:00 Dinner

6. Introductions:

Before dinner starts ask participants to introduce themselves in the following way:

- Put participants' name tags (face down) in a box in the "eating" area
- Before participants get to sit at tables, let participants select a name randomly from the box
- Instruct participants to move around and locate the person whose name is on the nametag.
- Let them choose each other in pairs, and ask them to sit at table.

Then participants are asked during dinner time, at their tables to exchange personal data within the pairs:

- Name
- Background
- Goal and expectations for the course (write this on a Flip Chart and place it on the wall in the eating area).

(Trainer's note: it may happen that participants want to change pairs, or discuss information at table among all 4-5. Facilitate the introductions by limiting 4 people discussing in a group (working in two pairs, or discussing in groups of four - maximum).

Inform participants that by end of dinner they will be asked to present each other.

Let participants discuss and introduce each other at table, then later before end of dinner, ask participants to introduce each other to the entire group.

When dinner is over, trainers suggest that participants have some "desert", and they are offered to chose candies (one for each) of different colors. Two colors are offered in equal numbers, thus forming two groups of equal number of people. Explain that for tomorrow participants will be working mostly in two groups, or smaller groups. For this purpose, all participants have been divided into two groups. Explain that tomorrow they will present the morning activity in two groups as they have been divided. Also, explain that later in the week at a point in the training, one group will be presenting in Russian for certain activities, as Russian will be required in some Russian speaking communities.

Ask participants to sign up for groups immediately after dinner.

Task: Trainers give participants an assignment for the evening, which they need to present on the following morning (trainer can give the task on handouts prepared in advance).

1. Individually:



Think about typical situations where you are leading a meeting or a public discussion. What are some of the challenges in running that discussion smoothly? What can go wrong?

Next, in two groups (as they have been divided):

Share what you have written, some of the problems you face when you are trying to lead a meeting or discussion.

Together, develop a short drama that portrays typical facilitation difficulties they have seen, using a short drama or skit as a medium for the portrayal.

For preparation, you have all evening and the morning time before the start of session.

Inform participants that in the morning, each group will present their skits.

DAY 2**09:00-09:05****1. Welcome**

Welcome participants and review the objectives of the program.

09:05-09:40**2. Skit presentations and critique**

Give participants 5 min to get ready for the presentations, and then each team is asked to present their skits for 10 min each, and 10 min are allowed for critique.

Ask for a couple of brief comments after each skit. When all skits have finished, ask:

- What were the common or compelling difficulties portrayed?

Remind participants that they are going to be working during this training course on skills on how to avoid or overcome difficulties like the ones they just saw, to enable them to be prepared and confident to facilitate a workshop on Strategic Planning and other activities on strategic planning.

09:40-10:00**3. Who is a facilitator?**

Let's talk a bit about being a facilitator. Ask participants to think about an example of a meeting or workshop they have attended where they thought the person leading the workshop was an effective facilitator.

4. Task

Think of an example of a meeting or workshop you have attended where you thought the person leading the workshop was an effective facilitator.

- What are some of the characteristics they exhibited when facilitating?
What made them good?

Get examples from the group (write them on the flip chart) and say that these characteristics are what we are aiming towards as we go through the course. Also, note that while we had fun with the skits, in truth, facilitation is harder than it looks. In fact, facilitation seems easy to explain, but it is difficult to put into practice in a fluent and effortless manner. To learn it well takes a lot of practice and thought. And that is what we will be doing in the course...learning skills that can help us, becoming more familiar with

the Strategic Planning Workshop design, doing **much** practice, reflecting on the practice to assess what we can do to enhance our facilitation of the workshop when we do it.

10:00-10:45

5. Facilitation skills

Give short presentation on facilitation skills. Note that they can be used in many different settings -- one-on-one as well as a variety of group settings.

Trainers briefly give a presentation on facilitation skills:

Trainers explain that there are several key skills that successful facilitators should possess:

- Question asking
- Paraphrasing
- Summarizing
- Encouraging
- Presenting
- Co facilitating (two or more facilitators facilitating at the same session/workshop)

Then trainers explain each key skill individually through the stages of strategic planning process:

Question Asking - This is when facilitators ask open-ended, clarifying and, occasionally, closed questions to expand both the listener's and the speaker's understanding of the situation.

- Open-ended questions usually begin with "what", "how", "when", "where" and are posed in a way in which the speaker cannot answer "yes" or "no", but must expand the base of information.
- Clarifying questions are posed in order for the trainer to become more clear about the situation and often begin with "which", "why", "do you mean to say...", etc.
- The open-ended question requires elaboration. "Tell me what you liked about that recommendation" seeks information. For example,

Person No. 1: *What did you like about that recommendation?*

Person No. 2: *I think it is a good strategy for resolving the issue, one that can be implemented without expending a lot of resources.*

Person No. 1: *What kinds of goals did the group set?*

Person No. 2: *They set a wide range of goals. The first was...*

Closed questions can be answered with a "yes" or "no" and are asked to get specific information. For example:

Person No. 1: *Do you think that recommendation will work?*

Person No. 2: *No.*

Paraphrasing – is the way of saying in your own words what the speaker is saying and how the speaker is feeling.

- The purpose of paraphrasing is to determine if the trainer understands what the speaker is trying to get across, and also, the affective (emotional) aspect of what is being shared.
- This gives the speaker the opportunity to acknowledge the trainer's understanding, or to correct it.
- This skill is extremely useful when clarifying and understanding a situation.

In other words, paraphrasing is simply restating what the other person has said in your own words. The prefix “para” means along side, as in the word parallel.

Before getting into examples trainers use a game example with the participants:

- Two participants are asked to come in front of all the participants. The two participants are asked to sit facing each other. One participant is given a box with several ball (5), the other participant is given just a box. The task is to transfer all the balls from one bag to another, and back.
- The idea is that participants would throw one ball at a time, until all the balls are thrown, and then will do the same throwing back.

Explanation: trainers make a similarity with “speech”, “discussion”, when we try to NOT throw ALL the words to the listener, we throw one by one, and catch back words, paraphrases.

The trainers explain that the process of paraphrasing is very much like catching a ball and throwing one back except the ball you throw back is your own and perhaps a bit different from the original ball. Nonetheless, it is still a ball. You can throw back the other person's ideas by using such beginning phrases as:

You are saying...

In other words...

I gather that...

If I understood what you are saying...

- The best way to paraphrase is to listen very intently to what the other is saying.
- If, while the other person is talking, we worry about what we are going to say next or are making mental evaluations and critical comments, we are not likely to hear enough of the message to paraphrase it accurately.



- It is helpful to paraphrase when you want to make sure you (and others) understand a key point. You can even interrupt to do so, since people generally don't mind interruptions that indicate you are really striving to understand. For example: "Pardon my interruption, but let me see if I am clear about what you are saying..."

Example:

Person No. 2: *It seems the basic problem is that some of the local government officials don't know how to use the computer programs.*

Person No. 1: *In other words, you see the problem as lack of know-how.*

Another example:

Person No. 2: *I think the most important thing is to tell the citizens clearly and directly how they are contributing to the problem.*

Person No. 1: *So you are saying it's important to tell the citizens directly what kind of impact they are having on the problem.*

Trainers clarify if everything is clear about the first two key facilitation skills, and instructs that participants will practice these skills after they learn about the first stages of strategic planning process.

10:45-11:00

Break

11:00-11:20

6. Environmental Scan:

Trainers refer participants to the strategic planning process chart (posted on the wall) and explain that the environmental scan of the community is one of the initial stages when the facilitators learn more of the problems of the communities and prepare a report of this information to be used in the process of the plan development.

- Timing: the environmental scan is conducted about two weeks before the Strategic Planning Workshop

Trainers make a presentation about the environmental scan:

- Environmental Scan is conducted to collect data that describes the community and its problems and issues.
- The mayor/leadership will be familiarized with questionnaires for the Environmental Scan at the orientation session.

- The environmental scan should contain the following basic data to have available for the planning team:
 - Data that describes the community and its problems and issues
 - Current projects that are planned and budgeted (municipal improvements etc.)
 - Population and demographics
 - Current budget and sources of revenue
 - Potential sources of donation (religious groups, charities, civic organizations)
 - Lists of known needs and deficiencies: streets, lighting, heating, schools, economic development, community center facilities, sports, etc.
 - What has been the extent of citizen involvement in public affairs (schools, sports, NGOs, clubs) and what informal and formal leadership exists?
 - Who are key stakeholders in local government: for example, business leaders, educational leaders, etc.? Is it possible to ask them what they think local government needs to do (i.e. conduct an informal survey in person or by telephone)?

Trainers explain that facilitators will be engaged for 2 days in this activity when working with communities. This includes the conducting of environmental scan, the narrative and report writing.

- The facilitators will have the task to organize the results of the environmental scan into a narrative form and produce a report for the participants of the Strategic Planning
- The results of the environmental scan should be included in the strategic plan in the annex of the strategic plan document.
- During environmental scan potential candidates' names for participation in the SPW continue to be collected from the suggestions of the interviewed stakeholders/citizens.
- During environmental scan questionnaires are given out to citizens.
- Emphasize that the results of the environmental scan are use in the course of strategic planning workshop

Trainers make a summary and highlight once again the key elements of the Environmental Scan. Questions are answered.

11:20-13:00

7. Skill practice

Trainers explain that to conduct the environmental scan facilitators will need to use the “question asking” and “paraphrasing” skills skillfully.

At this moment the trainers involve participants in a practice exercise where participants are asked to use the facilitation skills imagining they are conducting an environmental scan.

Trainers help participants to get used to what these facilitation skills sound like, and how they can begin thinking about using them in the environmental scan activity.

Trainers explain that the real challenge with facilitation skills is to master them so you can use them fluently, seemingly effortlessly, without having to think about them. Trainer explains that participants will exercise in some drills.

Skill practice on asking good open-ended questions

Trainers involve participants in a little game:

In order to help get us facile at devising good open-ended questions, we are going to have a little contest:

- ***We are going to give you 5 minutes to write down as many good open-ended questions related to learning about a community. You should picture yourself asking community members questions to help them share their views on the situation in their community.***

After 5 minutes, we will see who has the most and ask them to read the questions quickly. We will then get a chance to see the quality and “open-ended ness” of the questions.

Start the clock, time it for 5 minutes, stop. Then ask, who has 5 or more? 10? 15? Identify the person with most. Ask him/her to read the questions fairly quickly. Check for quality and open-ended ness. Ask the second highest to do the same, maybe even the third highest. Note the range of questions, and note particularly good ones.

Discuss briefly. Ask what that was like, to devise open-ended questions under pressure. Remind them that the goal is almost to be able to devise good open-ended questions in your sleep.

In summary, trainers present participants with a handout on “Suggested Open-ended Questions – Clarifying and Exploring”:

Suggested Open-ended Questions - Clarifying and Exploring

1. Background

- What led up to _____?
- What have you tried so far?
- Can you remember how it happened?

- What do you make of it all?
- 2. Identification of Problems**
- What seems to be the trouble?
 - What seems to be the main obstacle?
 - What worries you the most about _____?
 - What do you consider the most troublesome part?
- 3. Example**
- Can you give an example?
 - For instance?
 - Like what?
 - What is an illustration you can give us?
- 4. Description**
- What was it like?
 - Tell me about it.
 - What happened?
 - How might you describe it in your own words?
- 5. Appraisal**
- How do you feel about it?
 - How does it look to you?
 - What do you make of it all?
 - What do you think is best?
- 6. Clarification**
- What if this doesn't make sense to you?
 - What seems to confuse you?
 - What do you mean by _____?
 - What do you make of it all?
- 7. Alternatives**
- What are the possibilities?
 - If you had your choice what would you do?
 - What are the possible solutions?
 - What if you do and what if you don't?
- 8. Exploration**
- How about going into that a little deeper?
 - What are other angles you can think of?
- 9. Extension**
- What more can you tell me about it?
 - Anything else?
 - Is there anything more you would like to discuss?
 - What other ideas do you have about it?
- 10. Planning**
- How could you improve the situation?
 - What do you plan to do about it?
 - What could you do in a case like this?
 - What plans will you need to make?

11. Predictions and Outcomes

- How do you suppose it will all work out?
- Where will this lead?
- What if you do - or what if you don't?
- What are the chances of success?

12. Reasons

- Why do you suppose you feel this way?
- How do you account for this?
- What reasons have you come up with?
- What is the logical solution to this?

13. Failures, Preparation for

- What if it doesn't work out the way you wish?
- What if that doesn't work?
- And if that fails, what will you do?
- What are some alternate plans?

14. Relation

- How does this fit in with your plans?
- How does this affect your work?
- How does this stack up with your picture of yourself?
- How do the two plans relate?

15. Evaluation

- In what way?
- Is this good or bad or in between?
- According to your own standards, how does it look?
- How would you evaluate all of this?

Skill practice on paraphrasing

Trainers remind that in the introductory presentation and discussion on paraphrasing, we talked about when to use paraphrasing. And we stressed that part of doing it successfully is making it be and seem natural.

- So, the real issue is what will each of you use as a “way into” paraphrasing (“I hear you saying”; “do you mean...”; “so...”).
- Each of us is a little more comfortable with certain ways of paraphrasing; when we get comfortable, the paraphrasing is authentic and seems natural.

Then participants are asked to work in pairs. Each pair has to come up with an example of effective “paraphrasing”, using the examples provided by the trainers earlier, and taking as basis the topic “environmental scan”.

Task: Formulate the task in the following way:

Imagine you are in the process of conducting an environmental scan in community Moldovenii Noi, think of a situation (question and answer), when you might need to paraphrase in order to clarify the answer/s.

Participants are asked to work for 5 min in pairs and to write down in their note pads one example. All pairs are asked to report. Participants are asked to comment, and to suggest other ways of paraphrasing.

Trainers make a summary of the two important facilitation skills: question asking, and paraphrasing and ask participants what were some of the difficulties they have experienced in practicing those.

Questions are answered, trainers deliver questionnaire samples for the environmental scan, and together with participants review them.

Trainers explain that through the strategic planning facilitators will need to use more than just question asking and paraphrasing skills.

Trainers suggest that after lunch the group will be learning about the next step in strategic planning – The Round Table, and learn what other facilitation skills will be used in this step.

13:00-14:00 **Lunch**

14:00-15:00 **Round Table**

Trainers explain that a round table is organized about one week before the Strategic Planning Workshop, and lasts for 2-3 hours. As a result of it, facilitators will need to write a report.

Trainer explains in more detail what a round table is:

- It is organized with stakeholders and interested members of the community to collect information for the strategic plan.
- The round table event shall be publicly announced and organized by the leadership of the community, most often this will be the mayor and facilitated by the T/F.
- The round table should not be a group interview, but a discussion with citizens. The facilitators should create a working environment when community leadership listens to the citizens input for the strategic plan.
- The round table may last for 2-3 hours. To avoid long hours of discussion more than one round tables can be organized in big communities.
- Facilitators have one day to facilitate the round table discussion and to prepare a report on the results.
- All local council members and main stakeholders should be invited to the round table event.
- Facilitators deliver questionnaires (same forms used in environmental scan) at the round table and collect them after the round table discussion is finished.
- At the round table participants are asked to suggest candidates for the SPW.

- After the round table (RT) facilitators meet with community leadership (mayor) to finalize the list of SPW participants and to confirm the dates for the workshop.

Video on Round Table

Trainers show some snapshots from a videotaped round table. After participants have viewed the round table event, they are asked to identify what other facilitation skills they have noticed as being used in the Round Table. The expected answers are (summarizing, encouraging, presenting, co facilitating).

15:45-16:00

Break

16:00-17:40

After break trainers ask participants if they have ever participated in a round tables. What was something that they remembered from a round table? Trainers can share some of their impressions too.

Then trainers proceed with “summarizing” skills.

(10 min)

Summarizing – is the way of identifying and verbalizing the key elements or details of the conversation up to that point. The purpose of summarizing is to end one phase of the conversation and either terminate or move on to the next phase. Summarizing is valuable in controlling the pace and amount of time spent listening and conversing.

The purpose of summarizing is to:

- Pull important ideas, facts, or data together.
- Establish a basis for further discussion or to make a transition.
- Review progress.
- Check for clarity; check for agreement.

By using summarizing in a conversation, you can encourage people to be more reflective about their positions as they listen for accuracy and emphasis.

Summarizing requires you to listen carefully, in order to organize and present information systematically. Summarized information ensures that everyone in the discussion is clear about what transpired in the just-completed portion of the discussion.

For example, a person may summarize to ensure that another remembers what has been said or to emphasize key points made during a group discussion. In these instances summarizing is very useful. Some starter phrases to help you begin a summary are:

- *From our work this morning, I conclude that...*
- *Let me try to summarize...*

- *I think we agree on this decision from our discussion, I think what we are saying is that we intend to....*

A real value of summarizing is that it gives you the opportunity to check for agreement. If people do not agree, it is better for you to know during the discussion than to find out later when a task is not completed or a deadline is missed. One of the most common complaints is that some people think an agreement has been reached, yet things do not occur as planned afterwards. In many instances, that is because there was not really agreement during the discussion.

As an example of summarizing:

Assume that someone named Mr. Lupu has talked for 3 or 4 minutes, and you summarize as follows:

Let me see if I have it straight, Mr. Lupu. First, you say the community is passive, no one wants to take initiative, and finally, you are concerned that citizens do not trust the local government and do not want to involve in any community activities, correct?

As another example, the discussion has gone on for several minutes and you summarize as follows:

In talking about this issue, we have come up with three main points. . .

In summary, this communication skill is a deliberate effort on the part of the facilitator to pull together the main points made by a person or group involved in a discussion.

(5 min)

Trainers refer participants to the viewed videotape, and ask to identify if they remember any situations of “summarizing” from the snapshot (or situations where summarizing was needed, but facilitators did not make it).

Then trainers explain that another skill as mentioned earlier is encouraging:

(10 min)

Encouraging – is a way of encouraging a speaker through facial expressions, body language, and comments, to say more about the situation.

- When encouraging another to speak, the facilitator should be aware of behaviors, which are actually encouraging to the other, as well as those which may be discouraging.
- In order to make it possible for others to contribute, or to speak up in either one-on-one or in group situations, they need to feel that their views are valued. What helps in these situations is to enhance the process of asking questions, paraphrasing and summarizing with both non-verbal and verbal cues. Examples are:

- Nodding one's head.
- Maintaining eye contact, open body position.
- Picking up on the last word or two of someone else's sentence.
- Repeating a sentence, or part of a sentence.
- Asking someone "Say more about that."
- Saying "That's good" "Anybody else got anything to add?"
- Smiling

(10 min)

Task: Trainers assign participants in pairs with following direction:

- You have 5 minutes in your pairs to come up with a scenario and a conversation between the two of you. In that conversation, your challenge is to exhibit at least 5 encouragers within a 3 minute piece of the conversation.

Time them for the 5 minutes prep. Ask all pairs to perform.

Ask the observers how many they saw – if one says "5", ask what they were. Ask someone else who had a different number.

Repeat with at least one other pair.

Ask participants what they felt when they were playing the activity.

Trainers make a summary of "summarizing" and "encouraging" skills, and ask for any questions.

Then trainers proceed with other two important skills: presenting and co facilitating:

(10 min)

Presenting

In any facilitation event, we need to convey some information, whether it's the new policies/procedures, a framework for a set of activities, generating of ideas or performance review, a process, etc. The question is how can we present this information in an engaging and interactive way. The answer is by using effective presentation skills...

It is important to do short presentation on some things they can do to conduct interactive presentations.

1. Pose questions to the group. Facilitate the group to answer the question rather than answering it yourself.
2. Create discussion points in your presentation. Pick something that is an important learning point; ask the group their opinion. Get part of

the group analyzing it from one direction and another part of the group from the opposite. Facilitate participants presenting their views to one another. You can then give your opinion.

3. Give problems to solve. Have the participants work out the problem individually. Then ask for answers. Take several. Add your input to theirs.
4. Occasionally give participants short (one, two or three pages) content pieces to read and then discuss it.
5. Have participants turn to the person they are sitting next to and think through a problem or an issue. Then ask for several responses. Add your input to theirs.
6. Ask the participants questions, draw points out of them. Let this make up the basic content of your presentation.
7. Be presentable (clothes, language – all counts).
8. Speak loud enough, smile and be polite!

(10 min)

Co facilitating

Trainer explains that facilitators will work in teams of three, and that in this case it is very important to work as a team, and to be able to achieve results through team work and understanding. Some useful tips are shared. Current facilitators are asked to share some examples from their experience on how they conducted co facilitation.

Trainers make a summary of all the learned core facilitation skills and explain that these facilitation skills will be used by facilitators when they work with communities in assisting them to develop their strategic plan

15:45-16:00

Break

16:00-17:20

Task:

To understand better how to use facilitation skills, trainers suggest that participants practice these skills in a role-played round table.

Participants are allowed 15 min to prepare for the round table role play (use the round table design from the Guide), and then each group (#1 and #2) are asked to present the round table. Participants are asked to review the round table design from the manual and to role play it.



Each team should involve all participants in presentations, it is suggested that the Intro is facilitated by two team members, and the rest steps by two/three team members, so that all, get to perform/present.

First, group one presents (30 min), then Group 2 takes over and continues and closes the Round table (30 min).

Participants are reminded to use all the facilitation skills that they have learned in the previous session.

After participants have role played the round table, all comment on the presentations, and the trainers make a summary.

Finish with the questions:

- What went particularly well?
- What difficulties did you have?
- What is the difference between using these skills with one other person, as opposed to using them to lead a group meeting?
- Which skills become more important at which stage in the discussion?
- Other questions

17:20-17:50

Then trainers emphasize another element of a meeting: structure. Participants are asked to brainstorm what are the main parts of a meeting (workshop, session).

Answers are recorded on the Flip Chart, and trainers explain that for a successful meeting it is important not only to use effectively facilitation skills, but also to structure the meetings well. Trainers explain the structure of the meeting, and draw attention to the key moments for each step.

- I. Beginning
- II. Middle
- III. Closure

Trainers explain how meetings/ workshops work, and defines the stages: beginning, middle, closure. Each stage is briefly described

17:50-18:00

End of day

Trainers make a summary of the day:

- What they have learned
- Review the strategic planning process and prepare the group for the strategic planning workshop
- Define the key facilitation skills practiced today in the day.

DAY 3**09:00-09:15****1. Warm up**

Ask 9 participants to hold hands and get in a circle, facing outside of circle. Two people are “blind” – use a blind folder, and one person is mute. Ask people to try to turn around facing the inside of the circle, not breaking hands holding.

Explanation: participants are explained about team building, what happens when some people on team are not able to help, how to plan activities and to make things work, and why it is important to have everyone’s input when completing a task.

09:15-10:35**2.**

Then trainers explain that participants will review the previous day and then will speak more of group dynamics.

Trainers ask participants to name the steps of the strategic planning cycle. Trainer explains that today we will learn more about the strategic planning workshop – another stage in the strategic planning process, and its steps.

The trainers give a general picture of what a Strategic Planning workshop is, and what is its purpose. Then trainer explains that to understand better what a strategic planning workshop is, participants will need to take the roles of the community strategic planners, and the trainers will act as facilitators and go through the steps of the workshop. Because of the time constrains, the 5 day workshop will be role played in just two days. Some steps will be shortened in length, some will be performed just partially. The goal of the whole activity is to give participants an idea of what a Strategic Planning workshop is, and how to facilitate its steps.

09:35-09:45**3. Group Dynamics**

Before starting the activity participants are explained about the group dynamics and how important it is to set the right climate from the beginning of the workshop.

Indicate that we want to model during the next days good facilitation of groups which also involves how groups get started including being clear about expected outcomes and how they will work together, or operating norms, and roles and responsibilities, etc.

The facilitator can play an extremely important role in helping workshop groups be more conscious of the importance of beginning more carefully. The facilitator can do this by helping people to focus on four critical things that must happen when a group comes together:



- 1.State the purpose of why we are here
- 2.Clarity the Objectives and intended outcomes
- 3.Review the agenda/schedule
- 4.Set agreements for working together

- During the initial stage of forming a workshop group, people are looking for definition of the group and how they will fit in.
- By deliberately addressing these issues, the facilitator moves the team along in its development and towards working effectively.

Summarize this start-up discussion; add that we wanted to spend a little time on the dynamics of groups as they start and the role that facilitators can play in helping them get started well. Explain that climate setting in any meeting is crucial, and can dictate the climate for the entire workshop. Then link to facilitation skills – we have been talking about skills, now you will be able to observe them with your trainers, and they we will discuss.

09:45-10:15

4. Strategic planning workshop-simulation (Day 1)

Before participants start the activity trainers explain that participants will have several roles through this training course: as participants, community members, and facilitators.

Trainers ask participants to leave the room, enter the room in DIFFERENT role, which is “community members” for this activity.

Trainers start with Day 1 of the Workshop. Time is less than it is allocated in the Guide. Trainers should use the Strategic Planning Guide, and follow exactly the steps from the guide, using the accompanying materials. Participants are asked to act as community. Their role is to participate in the workshop and to produce a draft plan, which they will have to produce at end of second day, using the profile information that they have been delivered earlier.

Trainers starts the “workshop:”

DAY I**1. Opening & Welcome****(5 min)****FC 1.1****FC 1.2**

Facilitator Welcomes participants. A FC with “WELCOME” is displayed on the wall.

Participants are asked to introduce themselves according to the following scheme (Trainer’s Note: only 3 participants are asked to present themselves, for purpose of saving time) :

- Name
- Position
- Organization represented
- Reason for participating in the workshop.

These are written on FC, so that everyone can follow the scheme while speaking, and be concise.

2. Warm Up activity**(10 min)****FC 1.3**

The facilitators explain the goal of the workshop (to develop a strategic plan), and get the group started by involving in the warm up activity.

Facilitators explain that it is necessary to work as a good team for the length of the workshop in order to be able to develop your strategic plan. Mention that to start building our team skills we will involve in a group exercise. For this purpose we will divide into three teams – ask participants to count 1 to 3 and to divide respectively into team one, team two and team three. The facilitators explain that for the most part of the workshop participants will be working in small teams.

Facilitators explain that the warm up activity will help provide them with an opportunity to:

- ◆ Discuss workshop themes
- ◆ Get to know one another better
- ◆ Start the process of active participation
- ◆ Be creative
- ◆ Have fun

Task:

In Small Groups:

- Discuss how you see your Local government or community in three-five years and how you see yourselves in relation to it.
- Draw a picture and describe how you see your community in 3-5 years

When participants have finished the task they are asked to present their pictures. Each group's picture is unveiled one at a time. The other groups first identify what they see in the group whose picture is unveiled (while that group remains silent), without making judgments, just what they see. Then the group **describes** what they intended in the picture, and what all symbols from the drawing mean.

Then at the end ask what are some common themes that have emerged and write them also on a separate flipchart. It may serve as a useful reference later in the workshop when defining the community mission. Post all of the flipcharts on the walls of the training room and thank participants.

3. Workshop Goals, Purpose and Agenda

(10 min)

Facilitators remind what the GOAL of the workshop is and identify the objectives for the workshop.

FC1.4

Handout 1

Goal: By end of this workshop we will produce a draft strategic plan for your community.

Then facilitators ask participants to name the expectations that they have from this workshop. Facilitators summarize all the expectations and present the objectives of the workshop and explain how participants' expectations match the objectives identified for this workshop:

Trainer's Note: The following materials trainers give on handouts, and do not explain for the purpose of this practice:

FC1.5

Objectives:

1. Identify the steps of the Strategic Planning Process.
2. Use methods associated with various steps to develop a strategic plan.
3. Prepare a draft of a strategic plan for the local government/community.
4. Define a process for disseminating, discussing, adopting and implementing the strategic plan for the Local government/community

Handout 2

Agenda: Explain that we will work through the strategic planning steps flexibly, keeping in mind that we need to be completed by Day Five at 15:00.

Remind that participants will work in teams (3-4 teams/tables)

4. Workshop Norms

(05 min)

The facilitators instruct that to have a healthy environment during the workshop, and in order to be able to come to common visions, we will need to establish some norms that will be respected for the entire length of the workshop.

Explain that the purpose of identifying norms is to focus on how to create the best working conditions to ensure the success of the workshop by identifying the actions and behaviors you expect of the participants and of the facilitators. The goal is to provide each person with the maximum opportunity to contribute while making it possible for the group to advance together as a learning community to achieve the workshop objectives.

Trainer's Note: for purpose of saving time, facilitators do not ask participants to discuss in their teams and to write in their notepads several norms from the team that they think are appropriate for the current workshop. Ask three participants to name several. Trainer adds three more.

For example, punctuality, communicate by listening to each other, one conversation in the room at a time, respect for different opinions, etc.

All norms are recorded in Flip Chart and facilitators remind participants of them throughout the workshop.

**10:15-10:35
(20 min)**

5. Strategic Planning and the Strategic Planning Cycle (SPC)

The facilitators make a presentation and define what Strategy is and then explain the Strategic Planning Cycle.

Trainer's Note: because participants have learned previously about these notions, trainers goes fast through these, basically using the Flip Charts and briefly explaining the flip charts.

FC1.6

".... A disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it." (Bryson, 1995)

FC1.7

Further it is explained what strategic planning can do for you.

- A process of thinking, expanding thought into potential future scenarios.
- Strategic thinking serves as a forum for institutional learning
- For this reason planning is learning.
- The end result is a "picture or image of the future we seek to create." This is distinct from the "mission" of the organization, which is the purpose or reason for being.

FC1.8

For this reason planning is learning. The end result is a "picture or image of the future we seek to create." This is distinct from the "mission" of the organization, which is the purpose or reason for being.

Strategic Planning will allow your community to:

- Examine the external and internal environment
- Explore trends that affect the Local government or community's future
- Clarify its mission
- Frame the strategic issues you face
- Find ways to address these issues by creating actions

Trainers make a transition to the ABC, an exercise leading to the inside of all the further activities in the workshop.

10:20-10:45
(25 min)
FC1.9

6. ABC activity

3 min

The facilitators ask teams (3 teams) to work on the ABC exercise. The handout with the ABC is delivered. Cards are delivered to write answers to the question C.

7 min

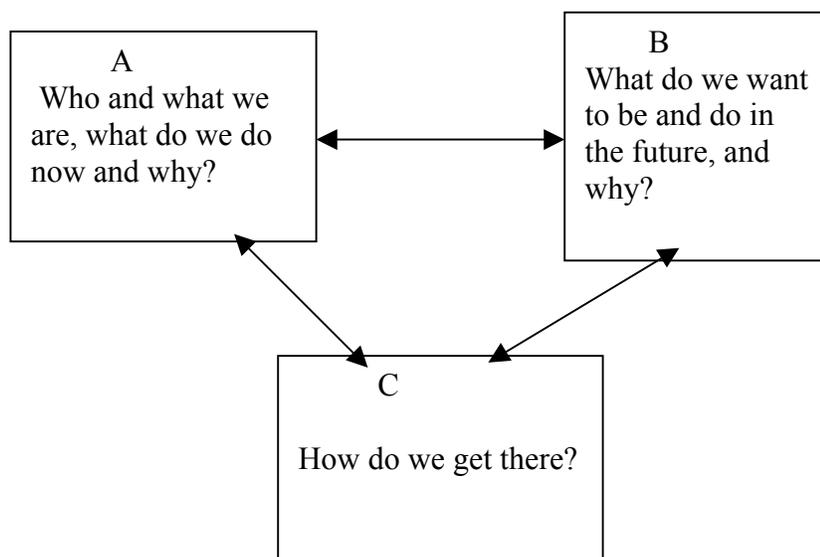
Teams are referred to the handout with the ABC, and are allowed 5 min to individually answer the three questions from the ABC exercise. After that participants are asked to discuss for 5 min in teams and to come up with one set of answers from each team. The participants are required to write the answers for Question A&B on handout, and the answers for Question C are recorded on cards.

10 min

Each team has 2 minutes to present. The facilitators record all answers to Question A&B on FC, and post the cards with answers to Question C on another FC.

FC1.10

The Interactive ABCs of Strategic Planning
[From Bryson, 1996]



Handout 4**5 min**

The facilitators summarize all the answers from the teams and explain that during this week, we will conduct a series of exercises that will enable us to complete the A,B,C, of strategic planning.

Facilitators explain briefly that by answering the Question from box A, participants made an attempt to define the mission of the local government/community, mention that in answering the B question they started developing the strategic issues which will be developed further by analyzing strengths and weaknesses, both internally and externally, and by answering C, they set the basis for developing specific action plans.

In summary, the facilitators explain that complete answers to the ABC questions will help participants come up with a draft SP by end of this workshop.

11:45-11
(15 min)

7. Strategic Planning Cycle – stages and steps

FC1.11

The facilitators explain that to develop a successful SP it is necessary to understand the complete cycle of SP with its detailed steps. First facilitators present the chart provided at the beginning of this manual: three stages of SP: PREPARATION, PLAN DEVELOPMENT and FOLLOW UP.

FC1.12
Handout 5

Then facilitators present the Bryson's cycle of SP with all the detailed steps. Each step is described briefly. Facilitators explain that the two charts presented on two flipcharts describe the same SP process, the Bryson's model being a detailed step by step model that will be used in the process of this workshop for five days to develop the SP.

The facilitators explain the overall steps in the cycle stages briefly.

Stage 1:**Steps:**

1. INITIAL AGREEMENT
2. ORIENTATION ON SP FOR THE COMMUNITY LEADERSHIP
3. ENVIRONMENTAL SCAN (ES)
4. ROUND TABLE (RT)
5. PREPARATION FOR THE WORKSHOP
6. ESTABLISHMENT OF STRATEGIC PLANNING GROUP

Explain that the preparation stage: Stage 1 has been completed prior to the workshop.

Then distribute the handout with more detailed description of steps to be implemented further in the planning process: **Stage 2 – Development of Strategic Plan in a 5-day workshop, and Stage 3 – Follow up activities** and give them a few minutes to read it. Explain that you will be going into greater detail during the workshop. Ask if there are any clarification questions.

FC1.13

Stage 2 (Workshop)

Steps:

1. IDENTIFY AND UNDERSTAND STAKEHOLDERS.
2. DEVELOP AND REFINE MISSION AND VALUES
3. ASSESS THE ENVIRONMENT TO IDENTIFY STRENGTHS AND WEAKNESS, OPPORTUNITIES (SWOT ANALYSIS)
4. IDENTIFY AND FRAME STRATEGIC ISSUES
5. FORMULATE STRATEGIES AND ACTIONS TO MANAGE THE ISSUES AND ASSESS RESOURCES TO IMPLEMENT
6. PRODUCE A DRAFT SP

FC1.14

Stage 3 (After the Workshop)

Steps:

1. REVIEW DRAFT PLAN, AMEND, WRITE FINAL SP.
2. CONDUCT PUBLIC HEARING TO GATHER CITIZENS' INPUT
3. REVIEW AND ANALYZE CITIZENS' SUGGESTIONS, ADOPT THE SP
4. DEVELOP STRATEGIES AND ACTIONS FOR IMPLEMENTATION
5. UPDATE AND REFINE THE PLAN AS NEEDED BASED UPON A REALISTIC ASSESSMENT OF POSSIBILITY AND FUNDING
6. MONITOR ACTIONS AND REASSESS STRATEGIES WITH REGULAR REVIEW MEETINGS; CELEBRATE THE SUCCESSES.

Then ask them if, based on their understanding so far, they are ready to proceed with the strategic planning process for their community and if we can move beyond Step 1.

11:00-11:30

8. Stakeholder Analysis

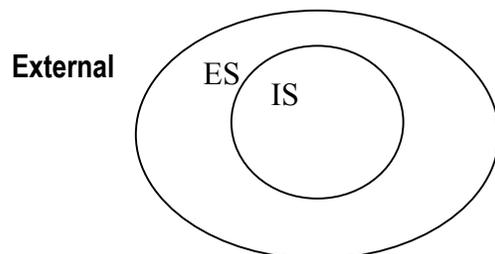
(20 min)

a. Define stakeholders

10 min

FC1.15

Trainer explains that a Stakeholder may be any person, group, organization that has an interest, or can place a claim on, or is affected by the Local government or community. There are both internal and external stakeholders:



The facilitators provide a few examples of Internal and External stakeholders from the list below:

Examples:

Internal Community Stakeholder

The mayor's office
The School Administration
Local Citizen's groups
Business and economic entities
Local Religious groups
Parents of school children
Local farmers
Ordinary citizens
Shopkeepers
Tradesmen
Local NGO
Counselors

External Stakeholder

The raion Committee
The Finance Ministry

Funding Agencies

National NGOs

10 min

Work in teams to identify stakeholders

FC1.16

Participants are asked to work in teams and to develop their own lists of stakeholders. First all teams work on developing Internal Stakeholders list – 3 min. Lists are presented by each team identifying each stakeholder one by one and the facilitators record on the FC, mutual agreement is sought from participants on a common list.

Then teams work on the External Stakeholders – 3 min. Teams present their lists of External stakeholders and the facilitators records on a separate FC.

4 min:

The lists are analyzed one by one, and agreement is sought among participants – same process as with the Internal Stakeholders.

**11:30-12:00
(30 min)**

b. Stakeholder analysis

When both lists of stakeholders are completed and there are no other additions, facilitators take one stakeholder from the list and analyze that with participants in details using the chart below (7 questions). Each question from the Chart is answered in relations to that stakeholder. The facilitators should prepare the FC in advance with the questions written, and while one facilitator goes with participants through questions, the other facilitator writes the answers in the appropriate columns.

FC1.17

Questions are asked for clarification and then all stakeholders are divided by teams and the teams are engaged in the following task:

STAKEHOLDER ANALYSIS**FC.1.18**

TASK: Ask participants to do an analysis of stakeholders using the following questions:

	1	2	3	4	5	6
Stakeholder	What do they expect/need from us?	What do we have to do to ensure their expectations of us are met?	What will happen if their expectations are not met?	In what way do they influence us?	What do we expect/need from them?	How important are they? *

* Extremely

Reasonable

Not Very

Not at all

To be more efficient, ask the participants to answer questions straight on the FC with the questions written on, which facilitators deliver in advance. Three FC are prepared for this purpose.

Teams work first on the set of Internal Stakeholders and answer all the seven questions in relations to each stakeholder.

12:00-13:00
(60 min)

Stakeholder analysis: Continuation

Participants continue with Internal stakeholders analysis and then presentations are made. Comments are provided and then teams are provided new flip charts with same questions for the analysis of External stakeholders. The teams work in the same way: they answer all questions on the Flip Chart and then present to the whole group. All answers are analyzed and facilitator makes a summary of the presentations.

13:00-14:00Lunch

14:00-15:00
(60 min)

9. Values Analysis

FC1.19 **a. Define values:**
10 min:

The facilitators explain what values are and how they are determined: Values are a set of shared principles that guide our behaviors in daily interactions with external stakeholders and with one another as internal stakeholders.

Values come from our childhood often and develop over time. They guide us in the way we act, treat each other and in how we conduct ourselves. Values reflect choices about behavior, choices that one thing is more important than another.

Very often we do not reflect on our values in an entire lifetime. They often go unexamined. Sometimes we fall into patterns of action and behavior that are against our basic teaching and learning.

The facilitators explain that a statement of values often directs us towards what we want to do and how we want to do it. Facilitators provide 2 examples of values and corresponding and behavior.

FC1.20 **20 min**

b. Task: To understand values better, participants are asked to work individually and to answer the questions from the handout.

1. How do we want to conduct the way we operate the local government authority (the mayor's office).
2. How should our public servants relate to the community?
3. How do we want our community people to act as citizens?
4. How do we want our public services to relate to its public?
5. How do we want the public servants within local government to act towards each other?
6. How do we want to treat our key stakeholders? (What do we want them to say about us?)
7. How do we want to treat one another?

When participants are ready with the answers and they have them written on handouts, the facilitators ask random participants for their answers. Answers are recorded on the FC.

FC1.21 **10 min**

When all the answers are presented, participants are asked to dwell upon the answers on the FC for a few minutes and then to work in teams to define a list of values and corresponding behavior for each value. Participants are asked to work with a handout and to fill in the two columns: value-behavior.

The facilitators should visit each table to clarify the task and ensure the teams understand what is meant by a value. The facilitator needs to help the group be clear if the group is mixing up values with behaviors, or mere preferences. Or if the group says, “we value the writings of a certain person,” the real value they hold here is “learning,” or “ideas,” or “innovation.” Values such as efficiency are more suited to an organizational value than a community value, or the value of the municipal government. The idea is to get the group to think and to share with each other.

Handout 8**15 min**

c. Values presentation: When teams have completed the task, each team presents one value and the corresponding behavior, and all group comments and participants arrive to common ground regarding the value. Each team presents one by one all the values that they have defined and the corresponding behavior. The facilitators record all on FC.

5 min

When all values are presented trainer makes a summary and comments.

Based on the summary, and using the analysis of participants a narrative is developed to be included in the SP.

**15:00-15:35
(30 min)**

10. Developing a Mission statement**5 min**

Introduction: The facilitators ask participants to give an example of a mission statement (if they have seen one, or if they have one in their community). If participants are not able to come up with any examples, then facilitator should be ready with an example of a mission statement.

FC 1.22

The mission refers to who we are, what is our purpose, what kind of social needs we exist to address.

(Bryson, 1996)

The facilitators explain what a mission statement is and invite participants to get involved in an exercise that will help them develop the mission statement for their community.

This exercise describes what we believe our basic purpose is; that is, what we are here to do. Are we here to serve the people and educate our children? Are we

here to ensure equal access to public services? Are we here to help our community prosper and grow? What is our mission as the strategic planners?

Task: brainstorming and listing

10 min

FC 1.23

Facilitators refer participants to the ABC activity conducted previously, and recommend to them to use the information that they have developed in the ABC activity for the tasks they will be involved next:

FC 1.24

Task 1:

Handout 9

At your tables work together in your teams to think about and take notes on the following questions (use information from the ABC activity):

1. Who are we, what is our purpose?
2. What are the basic social and political needs or problems we exist to fulfill?
3. In general, what do we want to do in order to anticipate and respond to these needs of our stakeholders?
4. What makes us unique?

First participants are asked to work individually (5 min), then to share the answers in their teams and agree on some common answers from the teams, and the facilitators write them on FC (10 min).

5 min

FC 1.25

Task 2: Examine the answers to the prior questions and based on them draft a brief, concise mission statement beginning with the words:

Handout 10

It is the mission of our Local government or community to...

The facilitators provide as examples the following:

- ◆ [Examples] ...ensure that our children are educated, our elderly are protected and that our community prospers economically and socially as an example to everyone in Moldova.
- ◆ ...stimulate and invite economic growth and development so that we have a basis with which to provide all of our citizens the best possible public services.

Facilitator's Note: ensure that participants are focused and work on developing the mission statement. Redirect discussions that are not aimed at developing the mission statement to the right direction.

10 min

Present the mission statements, briefly (3 min each).

Each of the three teams presents its own mission statement, which is written on the same FC. Each statement is commented upon in brief by the whole group. Thus, 3 mission statements are presented to the group.

5 min

The next task is to try to come up with a single mission statement, either by combining them or leaving one, the most appropriate.

Facilitator summarizes the answers.

15:35-15:45**11. Analysis of Day 1:**

Conduct a brief evaluation of the day with the participants. Ask them how the group is doing on its norms? Consider each norm and give it a rating from one (low) to five (high).

Take questions from participants

15:45-16:00**Break****16:00-17:50**

After break trainers start the facilitation of Day 2 of the workshop:

Facilitation of Day 2:**1. Opening & Welcome****(5 min)**

Present an overview of the day, review the prior day's work, ask the group if they have any comments on yesterday, or any questions. If the mission statement was completed the previous day, present the final mission statement from yesterday and ask if all agree with such a formulation.

If appropriate do a climate setting exercise

Review the agenda for the day

(5 min)**2. SWOT Analysis****a. Introduction**

The facilitators explain what the purpose of the activity is: we will consider the internal strengths and weaknesses of the community, along with the external opportunities and threats. We use the acronym SWOT for this.

The facilitators explain that in order to have a realistic SP it is wise to base it on information obtained from a SWOT analysis. The facilitators explain what a SWOT analysis is:

The SWOT analysis gives us a larger systems view of the organization and the factors affecting it. For example, when analyzing the S, W, O, and T of the community we can say:

Trainer's Note:

Trainers focuses mostly on these examples, and spends less time on the information above.

An internal Strength is.....(ask group)... dedicated staff

An internal Weakness is..... insufficient staff numbers, low budget

An external Opportunity is..... economic groups willing to participate

An external Threat is.....the price for agricultural products is low.

FC 2.1

The SWOT analysis will help clarify the environment in which the Local government or community operates. In the morning, we considered the stakeholders, mission and values. This analysis gave us an idea of the working and perhaps political environment of the Local government or community.

The facilitators explain that participants will be involved in SWOT activities and the desired outcomes are:

- Lists of internal strengths and weaknesses
- Lists of external opportunities and threats
- A review of known information about the current situation
- Thoughtful discussion about what the Local government or community is facing.

(20 min)

b. Internal Strengths

The facilitators explain that Internal strengths are resources, capabilities that help the Local Government accomplish its mission (e.g. professional staff, committed membership, leadership.)

FC 2.2

Then participants are asked to work with handouts and to define internal strengths in one column and to give a short description of each strength in the second column, and to suggest ways of amplifying the strength in the third column. Each participant is asked to work with the handout individually for 5 minutes, and then to share the list with in the teams and come up with a common list (5 min) from the team.

Each team is asked to present one Strength (its description and ways to amplify it). Additions and comments are solicited from the other teams regarding this Strength. The facilitators record on the FC the strengths.

Trainer's Note: depending on time availability, trainer may choose to NOT discuss all strengths, just several as time allows.

Each team takes turns to present all strengths until the list of Strengths is completed.

The facilitators summarize and follow with the Weaknesses

(20 min)

FC 2.3

Handout 12

c. Internal Weaknesses

The facilitators explain what Internal Weaknesses are: the lack of resources, capabilities that hinder or limit the local authority to accomplish its mission (e.g. insufficient professional staff, uncommitted membership, lack of leadership, lack of facilities.)

Teams are asked to work on weaknesses in the same way as they did with the Strengths:

1. Work individually, and list on the handout the internal weaknesses
2. Describe each weakness and suggest way of minimizing
3. Share individual lists in the team and compile one common list
4. Present team by team, one weakness at a time
5. Facilitator records all on FC
6. Facilitators summarize

(20 min)

FC 2.4

Handout 13

d. External Opportunities

Next facilitators explain what External Opportunities are: potential assistance, alliances, help, or resources, or trends that will help or may help the community or local government in achieving its mission, values or goals.

Teams are asked to work on External Opportunities in the same way as they did with the Strengths and Weaknesses:

1. Work individually, and list on the handout the external opportunities
2. Describe each external opportunity and suggest way of minimizing
3. Share individual lists in the team and compile one common list
4. Present team by team, one opportunity at a time
5. Facilitator records all on FC
6. Facilitators summarize

(20 min)

FC 25

Handout 14

e. External Threats

Then facilitators explain what External Threats are: potential trends, alliances, policies, deficiencies in the environment that will hinder or may potentially hinder the community or local government in achieving its mission, values or goals.

Participants are involved in the same type of activity as previously:



Teams are asked to work on External threats in the same way as they did with the Strengths and Weaknesses and Opportunities.

1. Work individually, and list on the handout the external threats
2. Describe each threat and suggest ways of minimizing
3. Share individual lists in the team and compile one common list
4. Present team by team, one threat at a time
5. Facilitators record all on FC
6. Facilitators summarize

While participants are involved in this activity instruct them to consider the following factors while working on SWOT analysis:

SW - geographical position, population, ecology, dwelling, engineering infrastructure, social infrastructure, economy.
demographic processes, economy, communication and tourism, regional and international contacts, local governance.

17:35-17:50
(15 min)

When all teams finish presentations the facilitators make a summary of the SWOT analysis.

17:50-18:20
(30 min)

Analysis of the day: trainers discuss with participants what went well in the "strategic planning workshop" and what questions they have.

DAY 4**09:00-09:15****1. Warm Up**

Warm up activity (10 min). Participants are divided into four groups and are asked to put together a puzzle (each group one puzzle). One team has confusing pieces in the puzzle (for example, more pieces than needed, another team has to not speak when putting together the pieces, the third team has all necessary to perform)

The activity will help participants generate solutions, ideas, think creatively, which will be helpful later in the strategic issues discussion

09:15-10:45**2. Strategic planning workshop practice (continuation)****09:15-09:20****(10 min)****FC 2.6****a. Define a strategic Issue:**

The facilitators go into description of the strategic issue:

A strategic Issue is a fundamental challenge affecting an organization's or community's purpose, mission, service, clients or users, costs, financing, organization, or management. A strategic issue cannot be answered simply with a single answer. Strategic issues reflect the complexity of the real world, often many sub-issues exist within an area of need. They are often inter-linked. For example, in a recent workshop, the community defined this as a strategic issue:

Issue: How can the community strengthen the economic base?

Related sub-issue: The need to reconstruct the irrigation system. Related information in the analysis indicates a series of factors in the history and a series of positive factors in the current situation that indicates great potential

Related sub-issue: The vineyards need to improve production and upgrade the grape varieties. Related information in the analysis indicates opportunity for government support, and availability of new technology.

Related sub-issue: The economic base relies too narrowly one or two crops, while the market conditions may better support diversification into potatoes, dairy, fisheries. Study needs to take place to determine if a multi-based marketing cooperative is possible.

A strategic issue, once defined leads directly to an action or actions or a change in policy or direction

Issues fall into three main categories:

- Immediate action required
 - Action needed in the near future
 - Needs to be watched for now or future action
- [Bryson]

Some issues may require a long time to solve, but the need may nonetheless be urgent. The length of time required to solve the problem does not correspond to the priority of need.

The facilitators instruct participants that they will be involved in an exercise that will lead them to the identification of Strategic issues in their community. So that the desired outcomes of this exercise are:

- An inclusive list of strategic issues facing the local government or community
- An ordering of the issues in terms of priority

At this point remind everyone to use the information collected prior to the workshop in environmental scan and roundtable exercises or previous research about issues from stakeholders collected by the facilitators and participants.

Trainer's Note: participants are expected to use the profile information that they have received at the beginning of practice activity.

09:20-09:50
(30 min)

b. Generate Strategic Issues

Handout 16

Task:

FC 2.7

The purpose of identifying strategic issues is to enable the Local government or community to focus on key challenges or policy choices.

FC 2.8
FC 2.9

Facilitators ask participants to work individually; to think and write down on handouts the answers to the following questions:

1. **What is the (major) issue?** Be sure to phrase this in the form of a question that has more than one answer. For example: **How** can the Local government or community raise the money for operating costs? The issue should be one the local government or community can do something about. (the issue should start with "How.....?")

The following questions are answered orally.

2. **Why is this an issue?** How is it related to the local government's mission, legal requirements, internal strengths and weaknesses or external opportunities and threats?

3. What will happen if we do not address this issue?

Participants complete individually the handout (15) with 3 questions. The facilitators go around tables to ensure that the participants have understood the task.

09:50-10:20
(30 min)

When all participants have completed the handout they are asked to share and discuss the problems in teams and to come up with a set of the major issues from the team.

10:20-10:45
(25 min)

As a result of the team effort, problems are recorded on the small card (sheets of paper) and are posted on the FC by the facilitator. When posting the cards, the facilitators makes a discussion with participants and asks why they consider those as issues – the two questions that were offered for oral description in the task (see the three questions above). Each issue is discussed separately. Participants use the answers to question 2 and 3 to keep the discussion.

10:45-11:00 **Break**

11:00-11:30
(30 min)

c. Group(major) issues into Strategic Issues (SI)

The next step is to group the presented issues into strategic issues.

The facilitator reads the issues one by one and asks participants to group the issues based on similarities and their nature and identify problems that unite groups of several issues. Issues are grouped by “bigger” issues, thus columns of strategic issues are created. Time is given to the participants to find a name for each “strategic issue”, (for ex. Poor Economic base, environmental difficulties). All strategic issues are written on FC, and the defining issues (from the list) are clustered underneath each issue.

The facilitators have to be ready that some issues presented by participants may be mixed up with causes, symptoms, actions, or proposed solutions. Make sure participants understand: a solution is not an issue. For example, in a recent workshop one participant was sure the issue was setting up marketing cooperative to market a variety of products. That was a possible solution to the problem of a poor economic base dependent on two single crops.

Common agreement is sought from participants when placing issues into goals. Some issues may belong to several goals. In this case, a more detailed analysis is conducted and the issues are placed in the goal that better defines the nature of the issue.

The facilitators make sure that all the SI are recorded on FC.

Trainer’s Note: For the purpose of this practice exercise, trainer may choose to not discuss each issue in depth, discuss as many as you have time for that.

The facilitators summarize the strategic issues and ask participants to comment or add.

The facilitators review the output of the teams and discuss and critique making sure the group has appropriately organized the issues into strategic goals with supporting problems or issues areas. This process will require some thinking and discussion.

11:30-12:30
(60 min)

2. Refining and Classifying the Issues

Return to the master list of strategic issues (SI) identified previously. The facilitators make a summary of the strategic issues, and explain that each issue has its own place and timing in the process. To determine that, a classification of all strategic issues will be made. Then the facilitators provide participants with handout of classification questions and ask the group to review it.

FC 3.1
Handout 17

Give the group the task of discussing their strategic issues and consider the criteria for their issues.

[Note: Setting priorities in this case does not mean that the goals will necessarily be in order of one, two three from most important to least. In some situations two priorities may be of nearly equal importance. Therefore one may set up a categorization scheme of issues that are in category 1 of importance, Category 2, and Category 3. The A list are those things that must be addressed or the consequences will be very serious and other issues will not be able to be solved. For example, if there is no economic base (1) in a community, then people will need to leave to find other opportunities, and if they have no skills and education (1), they will not be able to perform work. So both are closely linked. It is not worth spending time debating about which of the two is more important. Try to avoid philosophical discussions of "which comes first, the chicken or the egg." This will only serve to tire the group unnecessarily]

Ask participants to come up with the following outcome:

Is this issue for Immediate action, mid-range action (next six months to a year), or Long Range action (2 or three years ahead)?

FC 3.2, 3.3

CRITERIA FOR CLASSIFICATION OF ISSUES

1. When will the strategic issue confront the Local government or community?
2. How broad an impact will the issue have?
3. Will resolution of this issue likely be required the development of new service goals and programs?
4. Will resolution of this issue require significant revenue sources or amounts?
5. How apparent is the best approach for this issue?
6. What are the probably consequences for not addressing this issue?

7. How sensitive is this issue relative to community, social, political or cultural values?

The facilitators ask participants to orally present each SI, while team one is reporting on SI #1 teams two and three provide feedback and add if needed. Then team # 2 is presenting issue #2, and the other teams add if needed, and so on until all Strategic Issues are discussed. Ask participants to classify the Strategic Issues and place them in one of the categories: “immediate action”; “intermediate for next 6-12 months”; or ‘action of long term (2-3 years. Classify all issues into categories A, B, C.

FC 3.4

The list of the SI defined in the previous activity is written on the FC. Each participant receives colored dots and is asked to give their votes to three top issues out of the whole range listed on FC. In the end, the facilitators together with the participants count all the dots, and establish the first three issues which collected most dots – Group A, the next three issues – Group B, and the remaining – Group C.

ABC. After this the issues are rewritten in the new order on the FC.

12:30-13:00
(30 min)

3. Identifying Strategies

Task: Strategy formulation exercise

When the ABC classification is done, the facilitators explain that the purpose of the following task is to create a set of strategies that will lead to action planning.

FC 3.5

Then facilitators explains that a Strategy is a pattern of purposes, policies, programs, projects, actions, decisions, and resource allocations that defines what the Local government or community is, what it does, and why it does it related to a strategic issue. A strategy also considers the relative priority of and sequence of actions.

The facilitators explain that in order to identify strategies of solving strategic issues it is important first to establish objectives for each issue.

The facilitators explain that strategic issue should be defined in such a way, that when one of them is achieved, the strategic issue gets closer to its solution.

To make sure that participants understand the facilitators take one SI and together with the group try to define the objectives. The facilitators analyze the issue by answering the 3 key questions for identifying strategies. Use handout #18, and together with the group, answer the three questions using one strategic issue as example.

13:00-14:00

Lunch

14:00-15:00

After lunch facilitators review with participants the SI that they have analyzed together and divide the strategic issues among the teams (3) and ask them to use the strategy



formulation exercise sheets to work on each issue. In some cases, it may be necessary to assign two issues to a group.

15:00-15:45
(45 min)

Then teams are asked to present.

The group comes with suggestions and additions.

Use the model below to work on developing strategies.

Handout 17

THREE KEY QUESTIONS FOR IDENTIFYING STRATEGIES

Remind participants to use information collected at environmental scan and round table, SWOT analysis.

Facilitators explain that in order to identify ways of solving an issue it is necessary to analyze different solutions. The facilitators present a geometrical figure (a sphere) – and explain that it is possible to get from point A to point B through more than ONE way, as it presented in the figure.

FC 3.6, 3.7 Ask participants to work in teams and to answer the following questions:

	Strategy		
Objectives:	1. What are the practical alternatives, dreams, or visions we might pursue to address this issue and achieve our goal?	2. What are the barriers to realizing these alternatives (threats?)	3. What major initiatives might we pursue to achieve these alternatives, and over come the barriers (opportunities)?
1.	1.a		
2.	1.b		

The teams have SI with objectives. Now they take each objective and go with it through 3 questions, working in teams.

15:45-16:00 Break

After break trainers explain that now they will step into Day IV and V of the strategic planning workshop.

Facilitation of Day IV of the Strategic plan

**16:00-16:30
(30 min)**

2. Presentation of strategies (3 questions)

Facilitators remind of the activities participants were involved the previous day and explain one again what the task was.

Ask participants to present **Three Key questions** to the entire group.

Ask each team to present its strategy to the entire group and to provide the answers to the three questions. Check each strategy for reality, creativity, etc.

**16:30-18:00
(1 hr 30 min)**

10 min

4. Action planning

a. Explain Action Planning

Before starting the work on Action Planning it is recommended that facilitators show participants a sample outline of the Strategic Plan Table of Contents so that they can see how their work will be organized and will help them plan accordingly. A sample of a table of contents can be provided to the participants.

FC 4.1

The facilitators explain that **Action planning** is the step where the strategy is detailed into very specific actions. We will need to identify, for each strategic issue, those actions that will meet the goals we set yesterday. The facilitators explain that participants should use all the materials developed in the workshop for this activity.

FC 4.2

The facilitators explain the action planning chart from FC. They also lead participants to the idea that the final presentation of the Action plan will be presented in the following format:

FC 4.3

	Actions	2003				2004	2005	2006	2007
		I	II	II	IV				
1	SP 1: How to improve economy?								
2	Scope 1: To attract investment								
3	Action 1:								
4	Action 2:								
5	Scope 1: To attract investment								
6	Action 1:								
7	SP 2: How to improve ecology?								

Handout 19

The facilitators remind participants that till the moment they have worked with the overall strategy, the thinking, and the sequencing of actions. Now we will be more specific and work on actions.

16:40-18:00

(1hr 20 min)

3. Workgroups on action planning

Ask them to prepare their action plans so that they can be presented to their colleagues using flip charts, using the format presented by the facilitator
Instruct participants to indicate the position responsible for implementation of each action (avoid indicating names when possible).

When participants have completed the action plan activity, the facilitators ask them to get prepared for the presentations.

Trainer's Note: Start presentation in this day (and continue on following day if there is need for that)

After that facilitators explain what a milestone is:

The place along the pathway or road where a significant event indicates that you are well on the way to achieving the overall goal. Think of milestones as mini goals.

Facilitators present an example that will help participants understand better what milestones are:

For example, if it has been planned to finish a building by August 1, 2004. So the objective is to have a finished building. The construction process consist of several stages: digging works; building walls; setting up the roof. These stages go in a certain sequence and are interrelated. If one stage is not completed in the right order or the right time line, then the objective will not be accomplished. To achieve the objective it is important to follow the sequence of stages, and to keep the responsible for each of the stages informed about the process and/or any problems. The accomplishment of one stage is called “milestone” – this accomplishment demonstrates the correct approach to accomplishing the objective (meeting the deadline and building the building), and is an indicator for start up of a new stage. (the following stage in the process).

The celebration of the finished building is an indicator that confirms the accomplishment of the objective. Trainer may demonstrate this graphically, through different pictures to show how milestones work.

8:18:20

Trainers make a summary of the workshop, and involve participants in a discussion about how they felt being strategic planners, and what observations they have made about trainers' facilitation.

When the workshop practice is finished, participants are asked to comment on what went well, what did not go so well.

Assignment:

Then trainers explain how participants will work for the rest of the days:

- Participants will be working in two groups: one will work in Russian, the other one in Romanian.
- Each team will represent an imaginary community.
- Both teams will be provided with “profile” (background) of the imaginary community, - facilitators are responsible for preparing information for one sample community to be used as sample material for the trainees in class.
- The task is to role play the steps in the workshop of the strategic planning being part of this imaginary community.
- Trainers will review each day of workshop with the participants before each practice session, after which participants will be asked to role play the “days:
- While one team is presenting, the other team will be working observing the presentations, and will prepare comments on the facilitation skills.
- Each team will be broken up into dyads/triads, which will present step by step (trainers will make sure that each participant has an opportunity to present). The dyads/triads will be assigned by the trainers.



- While one dyad/triad of the team is presenting all the other team members/peers are observing facilitation skills, and later critique (same does the other team, but main task remains plan development for them).
- Analysis at end of each presentation

DAY 5**09:09:15 Warm Up**

Review the previous days activities. Answer any questions

09:15-09:45

Trainers explain that participants will have to practice today facilitation of the first day of the workshop.

Trainers review with participants the steps conducted in the first day using the Community Strategic Planning Guide. Go through the Strategic Planning Guide, page by page (day1).

- Climate setting/Introduction
 - Draw picture of the future (in 3 years)
 - Define what strategic planning is
 - ABC
 - Strategic plan cycle
 - Each step is discussed separately: stakeholders analysis
 - Values analysis
 - Mission
 - Sum up
-
- Trainers explain how to time the first day of workshop
 - What specifically to pay attention to in Day1
 - Use of visuals – participants are supplied with ready made flip charts and other materials.
 - Trainer makes references to the workshop that was role played on 1-2 days of training, and use the model of that time allocation for the role played stages.

09:45-10:45 Preparation

Participants are divided into two groups: one Russian and one Romanian. Each group has a separate room, and work with a separate trainer.

Each group is also divided into subgroups, which will be training/facilitating for each other.

Participants are allocated 60 min. to prepare for presentations. Trainers divide all steps from day 1 into two groups and distribute them between the two groups of participants. Each group will have to present certain steps only. The task for the groups is:

- Prepare for presentation (both teams will present using materials of imaginary community).
- Participants can use some materials developed in the 2 days improvised workshop, or other provided by trainers

Trainers assist participants by walking around the tables to making sure they understood the task correctly.

10:45-11:00 Break

11:00-13:00

Presentations

Trainer's Note: trainers only advise participants on how to allocate timing for each activity. However, it is the responsibility of the participants to come up with good time allocation for the roles played steps. This will serve as a good practice for the participants, and will develop good time management skills, for when they will have to conduct strategic planning update workshops and will need to shrink the time. For the purpose of this practice exercise the trainer only gives the TOTAL amount of time that participants have at their disposal for presentation. Also, as it was mentioned in the beginning of task, trainers ADVISE on time. Participants are highly encouraged to use the Guide, and use their best judgment and facilitations skills.

Participants are asked to present. All presentations are observed by observers (trainers, facilitators) and notes are taken.

13:00-14:00 Lunch

14:00-15:45 Presentation & analysis of Day 1 practice session (continuation)

Feedback is provided at end of presentations, and recommendations are made.

15:45-16:00 Break

16:00-17:00 Day 2 of Workshop

Trainers explain how to conduct day 2 of the workshop. Then trainers review Day 2 of the workshop with the participants going through the guide, page by page of day 2.

- Trainers explain how to time the second day of workshop
- What specifically to pay attention to in Day 2
- Use of visuals
- Trainer makes references to the workshop that was role played on 1-2 days of training.

The following steps are discussed:

- Internal Strengths
- Internal weaknesses

- External opportunities
- External threats
- Strategic issues: formulate, create the master list

17:00-17:15 Task

Trainers explain that participants will have an evening assignment:

Participants are asked to prepare presentation of day two according to the same scheme: work in two groups, each group has certain steps to prepare. In this specific case,

Group I: SWOT, Strengths and Weaknesses

Group II: External opportunities, External Threats, Strategic Issues.

Trainers give participants the task:

- Prepare for presentation of Day 2 (both teams will present using materials they have for their imaginary community). .

Trainers work with participants in the evening to monitor and assist participants with the task and preparation

DAY 6

09:00-09:15 Warm Up

Trainers ask participants to remember any verses (poem) that they have learned in school. The first two-three volunteers are asked to recite (4-6 lines).

Ask them why they remembered those verses.

Trainer explains that memorizing verses helps strengthening the memory. Also makes your speech more articulate, even if you do not memorize, but just read them.

09:15-09:45 Review presentations

Participants have 30 min. to review their presentations, to prepare materials and to get ready.

- Trainers remind participants that they will present in two groups: each has the assignment to facilitate certain steps of Day two of workshop for the other group.
- Each group should present in pairs (co facilitation)

09:45-10:45 Presentations of day 2

10:45-11:00 Break

11:00-13:00 Presentations (continuation)

13:00-14:00 Lunch

14:00-15:30 Presentations (continuation)

15:30-15:45 Summary

Trainers make a summary of all presentations and invite participants for discussion and comments. Discussion continue during coffee break too.

15:45-16:00 Break

16:00-17:00 Day 3, 4 & 5 of the Strategic planning workshop

When the analysis of Day 2 presentation is completed. Trainers explain the steps of day 3,4&5 in the Strategic planning workshop.

Trainers explain how to time the third, fourth and fifth day of workshop

- What specifically to pay attention to in Day 3, 4 & 5
- Use of visuals
- Trainers make references to the workshop that was role-played on 1-2 days of training.

Trainers review with participants steps of Day 3,4&5 using the Guide

- Classify strategic issues
- Identify strategies
- Action Planning/Milestones
- Closure and follow up actions

Trainer asks participants to prepare presentation of days 3,4,5 in the evening time and to be ready with the presentation on the following day.

17:00 Close of Day.

Trainers advise participants to stay after sessions and prepare for the following day

DAY 7

- 09:00-09:15 Warm up**
- 09:15-09:45 Review presentations:**
- Trainers ask participants to review the presentations:
- Review presentation of Day 3,4&5 (both teams will present using materials of the imaginary community).
- 09:45-10:45 Presentations**
- Participants present Day 3,4&5 (each group presents for 3 hrs)
- Two groups: each has the assignment to facilitate certain steps of Day 3,4&5 of workshop for the other group.
 - Each group will be divided in pairs to prepare and to present the session
 - One group presents in Romanian, one in Russian
- 10:45-11:00 Break**
- 11:00-13:00 Presentations of group I**
(continuation)
- 13:00-14:00 Lunch**
- 14:00-15:45 Presentations of group II**
- 15:45-16:00 Break**
- 16:00-17:15 Presentation of group II**
(continuation)
- 17:15-17:45** After both teams presented, feedback is provided and an overall analysis is conducted.
- How effective were the facilitators?
 - What did they do well?
 - What can they improve?
- Then ask the facilitators: how do you feel about how you did? What would you improve next time?
- 17:45-18:00** Trainers summarize the day.
- Trainers remind the task for the following day (this task has been given to participants on the third day of training when they started practicing strategic planning activities):

Task:

Prepare a Simulation of the strategic process to be presented in up to two hours on the following day. Trainer explains that this will be an unusual activity as it will combine several types of presentations: verbal, non-verbal, visual, electronic ways.

- The participants will have to present the entire process of strategic planning in two hours, by choosing themselves which steps to present in which way: for example, some steps can be presented, others shown on video, some others thru gestures, pictures, etc. Participants are asked to use their creativity and to present it in a form of a dramatized play. The following for this activity is required from the participants:

1. Please simulate the strategic planning process so, that as a result of it the audience (these will be trainers+ staff), will know:

- What strategic planning is
- What are stages/steps of SP
- What each stage/step in the process is about.

2. Please use creativity, and make your presentation(simulation) a combination of presentation (speech), gestures, mimics, visuals, drawing, anything that helps you reach the goal.

3. Please involve every single participant in the activity (in solo, or in group assignment).

This evaluation is to serve the purpose of a logical summary. What is expected from participants?

1. They should show they know the process and the sequence of stages/steps
2. They should show they know what each stage/step is about
3. They should use creativity to compress 5 days in 3 hrs. really it is supposed to be a demonstration of the process combination of visuals, mimics, gestures, drawings, some presentations. It should make them be creative.

Questions and Answers

Wrap Up

DAY 8

09:00-09:15 Warm Up

09:15-10:45 Strategic Planning Update

Trainers explain what is a Strategic planning Update workshop, and what are its steps. The trainers explain that every community that has developed a strategic plan should update it regularly, and that one of the task the facilitators will be involved in will be SP Update workshop.

Trainers review the SP Update Workshop design from the Guide.

Trainer specifically focuses on time allocation in the SP. Key points to discuss:

Who should be involved in the strategic planning update?

How to allocate time for the workshop?

What steps need more attention in the process?

These are questions to discuss with participants.

Questions are solicited from participants and trainers provide answers.

Before participants break up for coffee, trainers remind them that they will have 30 min to prepare for the final presentation (simulated strategic planning cycle)

10:30-12:30 Simulation of Strategic planning workshop

Participants are given 30 min to review their “simulated” activity, and then are asked to present. All participants are required to participate in the activity in a way.

Presentations are videotaped

Trainers make a summary of all the presentations, and provide comments.

Questions and answers

Wrap Up

GUIDE TO SUCCESSFUL PROJECTS

Welcome to the Project Management Guide. This is an abbreviated version of a Guide to help you develop, plan and manage a project in your community and carry it successfully. To make a project successful you will need to ensure that the project is accepted by a “critical mass” of the community, you have sufficient support of the community and the community leadership (both formal & informal) is committed to the results of the project.

You will already have a very important and extremely useful “head-start” in your community as you begin the project process. Your community has already completed a number of critical and often very time-consuming steps that are essential to success. By engaging in an open, transparent and highly participatory community strategic planning process, based on an internationally recognized model, your community is already almost half way to successfully engaging in key steps to create a better future.

This abbreviated project guide is based on the assumption that it will be used in communities that already have invested time, energy, and emotional capital in creation and official adoption of a community strategic plan to focus their limited resources in key strategic areas. You should become familiar with both the provisions of the plan and the process and the specific people who worked very hard to create this plan for the community.

The Guide is divided into two parts. Part one is a *Slide Presentation* that takes you briefly through the main steps of planning, implementing and monitoring your project. Part two includes several tests, checklists and useful tips.

This Guide focuses mostly on the planning process and has the goal to familiarize you with the process of project action planning.

After you choose your project together with the community leadership you will be receiving more information and training on Project implementation and monitoring.

PART 1

POWERPOINT SLIDE PRESENTATION



HOW TO MAKE YOUR PROJECT SUCCESSFUL?

Initiating, planning and implementing projects in your community

USAID Local Government Reform Project, December 2003 1



OBJECTIVES

by end of this session you will be able to:

- Learn to define projects before you start them
- Organize a project so it can be completed within budget and on schedule
- Learn to set up a monitoring system that will keep you up-to-date on project status
- Learn to deal with changes to the project plan

USAID Local Government Reform Project, December 2003 2

THE PROJECT LIFE CYCLE

- Conceiving and defining the project
- Planning the project
- Implementing the plan
- Completing and evaluating the project

USAID Local Government Reform
Project, December 2003

3

STEP 1 DEFINING YOUR PROJECT



USAID Local Government Reform
Project, December 2003

4



1. DEFINING YOUR PROJECT

Getting under way

- Study, discuss, and analyze
- Write the project definition
- Set end-results objectives
- Define and list imperatives and desirables
- Generate alternative strategies
- Evaluate alternatives
- Choose a course of action

USAID Local Government Reform
Project, December 2003

5

STEP 2

2. PLANNING YOUR PROJECT



USAID Local Government Reform
Project, December 2003

6

2. PLANNING YOUR PROJECT

Planning Steps

- 
- Establish the project goal
 - Choose a basic strategy for achieving the goal
 - Break the project into subunits or steps
 - Determine the performance standards for each subunit
 - Estimate how much time will be required to complete each subunit or step
 - Determine the proper sequence for completing the subunits and aggregate this information into a schedule for the total project
 - Estimate the cost of each subunit and aggregate costs into the project budget
 - Identify the labor, materials etc. needed to fulfill all subunits
 - Develop any policies, procedures, training and development plans if needed

USAID Local Government Reform
Project, December 2003

7

Planning the time dimension

- 
- The duration of each step
 - The earliest time at which a step may be started
 - The latest time at which a step must be started

USAID Local Government Reform
Project, December 2003

8



Planning the cost dimension
Typical cost components:

- Design
- Regulatory Approvals/Permits
- Administrative Costs (bid advertising, etc.)
- Management (general and administrative)
- Materials/Supplies
- Paid Labor
- Equipment rental
- Support for voluntary labor
- Miscellaneous

USAID Local Government Reform Project, December 2003 9

Step 3



IMPLEMENTING THE PLAN

USAID Local Government Reform Project, December 2003 10



IMPLEMENTING YOUR PLAN

Key duties during implementation stage

- Controlling work in progress
- Providing feedback
- Negotiating for resources (financial), supplies, and services
- Resolving differences
- Keeping the project moving

USAID Local Government Reform
Project, December 2003

11



Controlling work in progress

- Establishing standards
- Monitoring performance
- Identifying problems
- Taking corrective action(s)

USAID Local Government Reform
Project, December 2003

12

PART 2**BEFORE YOU START THE PROJECT...**

Consider the following:

- Make sure you understand the community strategic plan.
- Evaluate your ability to organize your project from beginning to end.
- Structure a plan that is adaptable and will stand up under pressure.
- Ensure that community “buys in” to project plans and supports them.
- Set measurable project objectives.
- Ensure the project team members are motivated and committed to the project.
- Evaluate existence of available resource and define the ways of utilizing them.
- Achieve actual team working relationships among project team members.
- Minimize/prevent situations that could lead to wasting of time and money.
- Develop a plan on measuring project performance on a weekly basis.
-

Please add to the list any other actions you consider should be taken before you start implementing your project.

Start your project only after you checked out all the boxes and do not start the project if you have at least ONE unchecked box.

BRAINSTORMING

After your introductory session on project management you will return to your community to choose the priority project. You will have to consult with the planning group, council and other interested parties in the community before you make the final project selection. To achieve better results and full participation in discussions you need to “brainstorm” ideas, suggestions and recommendations. Below are some useful recommendations on brainstorming.

Brainstorming is a free-form process that taps into the creative potential of a group through association of ideas. Association works as a two-way current: when a group member voices an idea, this stimulates ideas from others, which in turn leads to more ideas from the one who initiated the idea.

Useful tips in conducting a brainstorming session:

- List all ideas offered by group members.
- Do not evaluate or judge ideas at this time.
- Do not discuss ideas at this time except to clarify understanding.
- Welcome “blue sky” ideas. It’s easier to eliminate ideas later.
- Repetition is ok. Don’t waste time sorting out duplication.
- Encourage quantity. The more ideas you generate, the greater your chance of finding useful one.
- Don’t be too anxious to close the process. When a plateau is reached, let things rest and then start again.

TEST

Check either True or False in response to each of the following statements.

True False

- | | | |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | 1. A project is an ongoing venture or activity. |
| <input type="checkbox"/> | <input type="checkbox"/> | 2. Projects are initiated by whoever is in charge. |
| <input type="checkbox"/> | <input type="checkbox"/> | 3. Anyone can be a project manager |
| <input type="checkbox"/> | <input type="checkbox"/> | 4. The project manager is responsible for carrying out the project |
| <input type="checkbox"/> | <input type="checkbox"/> | 5. Quality is not important in projects |
| <input type="checkbox"/> | <input type="checkbox"/> | 6. The project initiators usually have a clear idea of all important aspects if the project |
| <input type="checkbox"/> | <input type="checkbox"/> | 7. Completing a project in time is one important parameter of project management |
| <input type="checkbox"/> | <input type="checkbox"/> | 8. The project team needs to spend time clearly defining the project before getting under way |
| <input type="checkbox"/> | <input type="checkbox"/> | 9. Brainstorming has nothing to offer the project team |
| <input type="checkbox"/> | <input type="checkbox"/> | 10. Completing a project within budget is not important |

CREATING A WORK BREAKDOWN STRUCTURE FOR THE COMMUNITY PROJECT

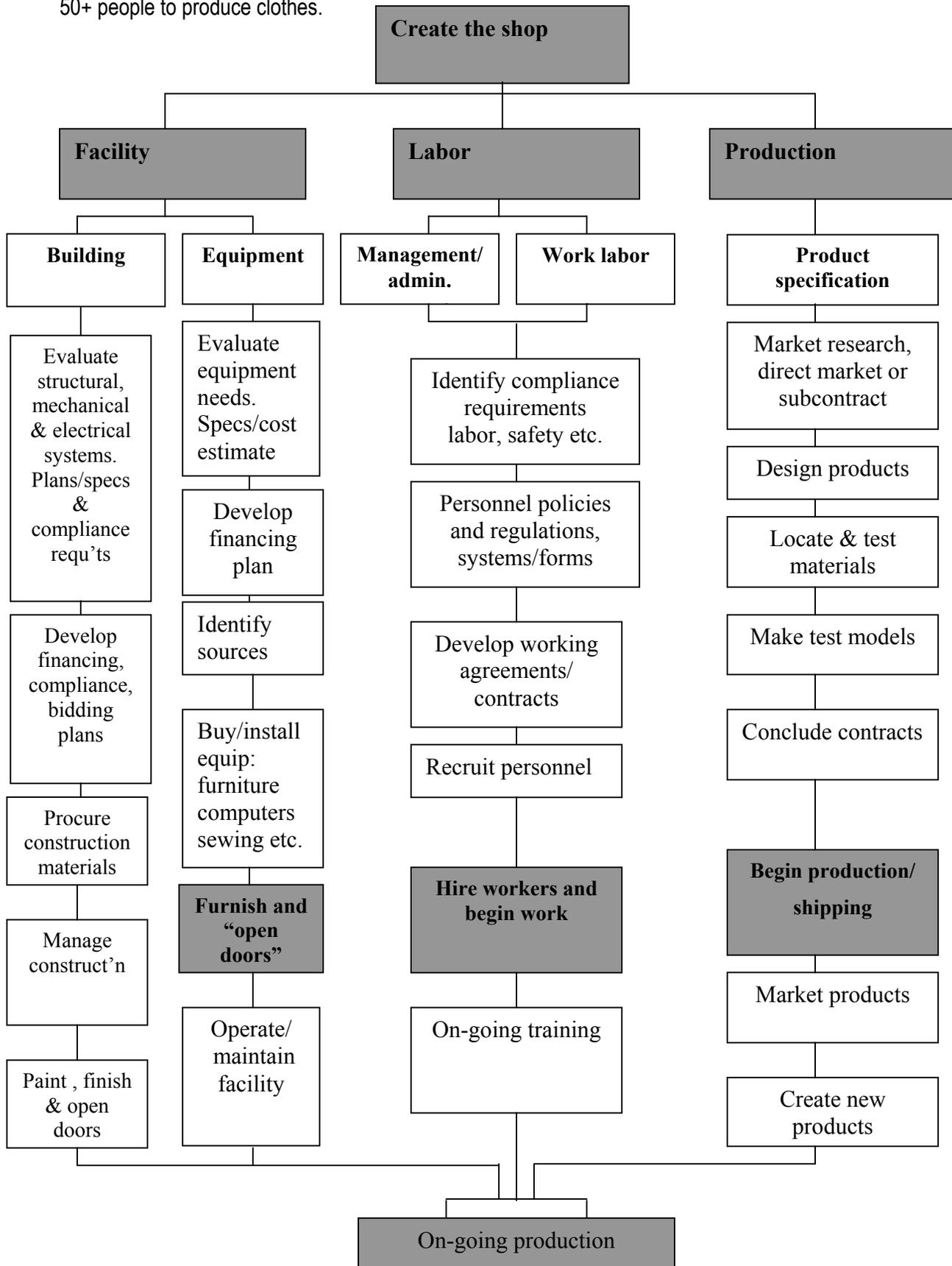
A work breakdown structure is the starting place for planning the main parameters of a project: quality, cost, and time. It's a technique based on dividing a project into subunits or work packages. Through a work breakdown, because all elements required to complete the project are identified, you reduce the chances of neglecting or overlooking an essential step.

A work breakdown structure is typically constructed with two or three levels of detail, although more levels may be required for very complex projects. Start by identifying logical subdivisions of the projects, then break each of these down further. As you construct a work breakdown structure, keep in mind that the goal is to identify a unit of work that is discrete and that advances the project toward its completion.

See the next page for a sample of work breakdown structure – “Creating a Sewing Shop”

CREATING A SEWING SHOP (factory)

Project definition: Remodel an empty and deteriorated building into a modern sewing shop with a staff of 50+ people to produce clothes.



MAKE A WORK BREAKDOWN STRUCTURE FOR YOUR PROJECT

Take the project that has been selected by the community and break it down into subunits (components or steps). Draw a work breakdown structure showing the relationship among subunits.

Work Breakdown Structure



DEFINE THE COST COMPONENTS OF YOUR PROJECT

Design & Permits:

The fees paid to have a design developed and approved by appropriate agencies (usually in cases that involve construction works) and fees for permits to conduct specific activities (commercial and/or public services, environmental works) from relevant authorities.

Labor:

The wages paid to all staff directly working on the project for the time spent on it

Volunteer Labor:

The effort of labor provided locally by citizens as a contribution to the project (digging trenches, organizing specific activities, etc.)

Management (general and administrative):

The cost of management and support services such as purchasing, accounting, secretarial, etc., for time dedicated to the project.

Materials:

The cost of items purchased for use in the project. Includes such things as pipes, screws, bolts, paint, etc.

Supplies: The cost of tools, equipment, office supplies, etc., needed for the project. If something has a useful life beyond the project, its cost should be prorated.

Equipment rental:

The cost of renting equipment such as compressors, trucks, cars, computers, etc., for use on the project

Matching Contributions:

Sharing project cost with other partners, donors, sponsors, etc.

Miscellaneous:

The cost of any other items that may be required in the course of project implementation.

MAKE A CONTROL POINT IDENTIFICATION CHART FOR YOUR PROJECT

After you have planned your project and have divided it into sub-units, think of the things that may interfere with the process of the project, and try to envision solutions to avoid/solve the created situation.

The Project

What do you see as the result of the project

Now think what can prevent you from achieving the desired result and how can you avoid negative effects. Use the chart below to help you in the thinking process:

CONTROL ELEMENT	WHAT IS LIKELY TO GO WRONG?	HOW AND WHEN WILL WE KNOW?	WHAT WILL WE DO ABOUT IT?
Quality			
Cost			
Timeliness			



USAID Project

Local Government Reform



Strategic plan implementation

**Project Management Technical
Assistance**

Module II

**What makes a good Work
Breakdown Structure**

Chisinau, 2004

Goal

To develop a Work Breakdown Structure (WBS) by reviewing the project's scope and breaking it down into deliverable-oriented groupings of project elements.

Objectives

- ➡ ***Develop skills in creating a WBS through practicing on sample project models***
- ➡ ***Review scope of projects***
- ➡ ***Develop draft WBS for the own project***
- ➡ ***Define the follow-up steps***

Key elements in planning and managing your Project

- **Outline the Project Scope** – define goals, objectives and outcomes of your project
- **Create the WBS** – define all deliverables of the project in terms of the work to be completed
- **Establish Project Parameters**
 - **Quality:** specifications
 - **Cost:** budget
 - **Time:** schedule
- **Monitor the project** – establish/monitor project team and select manager, assign responsibilities





What makes a good WBS, and how will I know when I've seen one?

Your WBS will be a good one if:

- *It represents the definition of your project in terms of its work*
- *It is a deliverable –oriented description of the project elements that organizes and defines the total scope of your project and each descending level represents an increasingly detailed definition of the project's work*
- *It is an outline of the work of the project, not the work itself and **most important,***
- *It is produced following the development of the scope statement, before the schedule. It is a “bridging” document between the two.*

What is a WBS and what is NOT a WBS

YES

- A definition of a project in terms of its work
- A deliverable-oriented grouping of project elements that organizes and defines the total scope of the project
- A developed logical & hierarchical flow following the scope statement and proceeding development of schedule
- An outline of the work of the project, not the work itself
- A structure of Nouns and Adjectives to define the Work

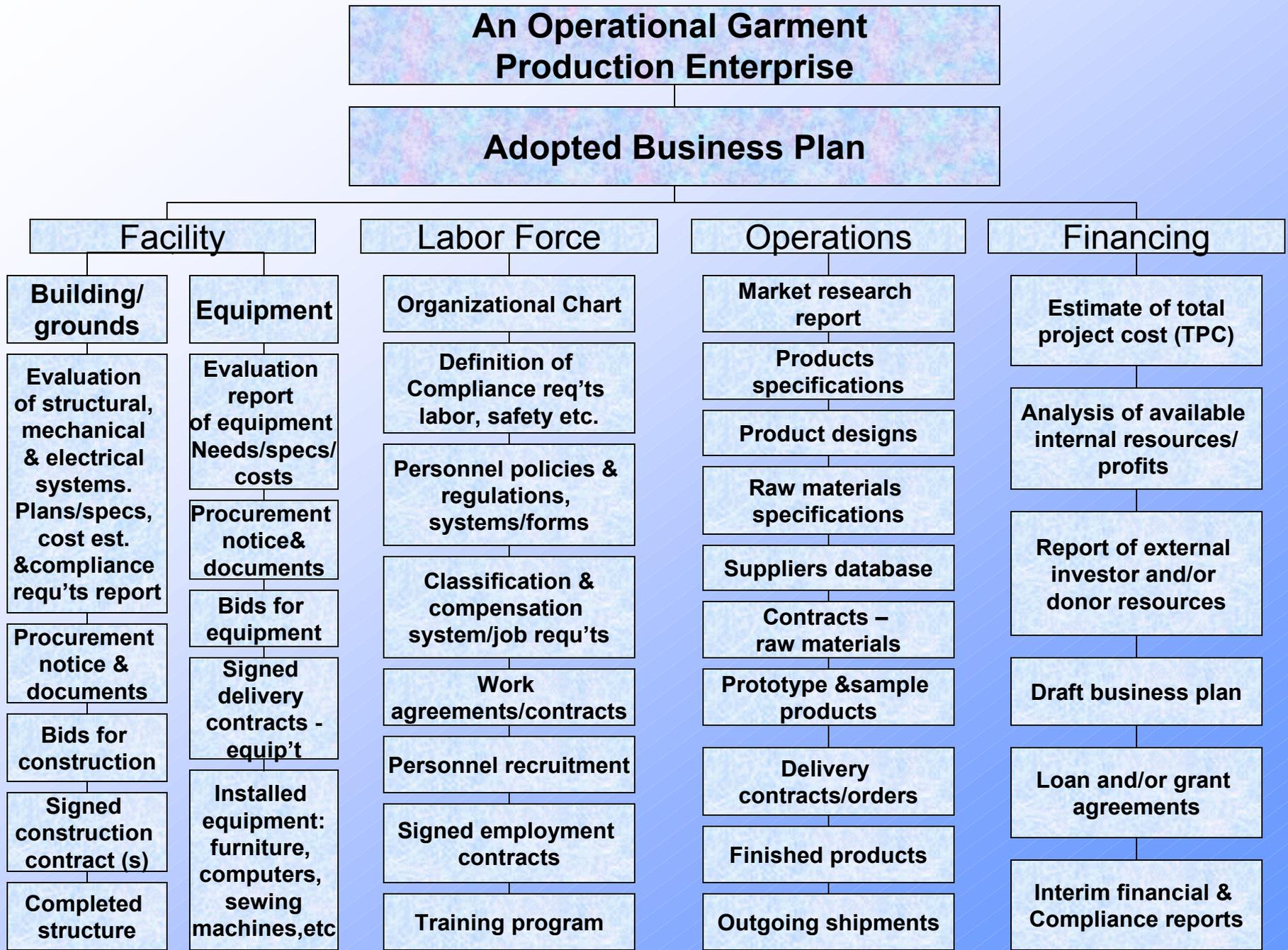


NO

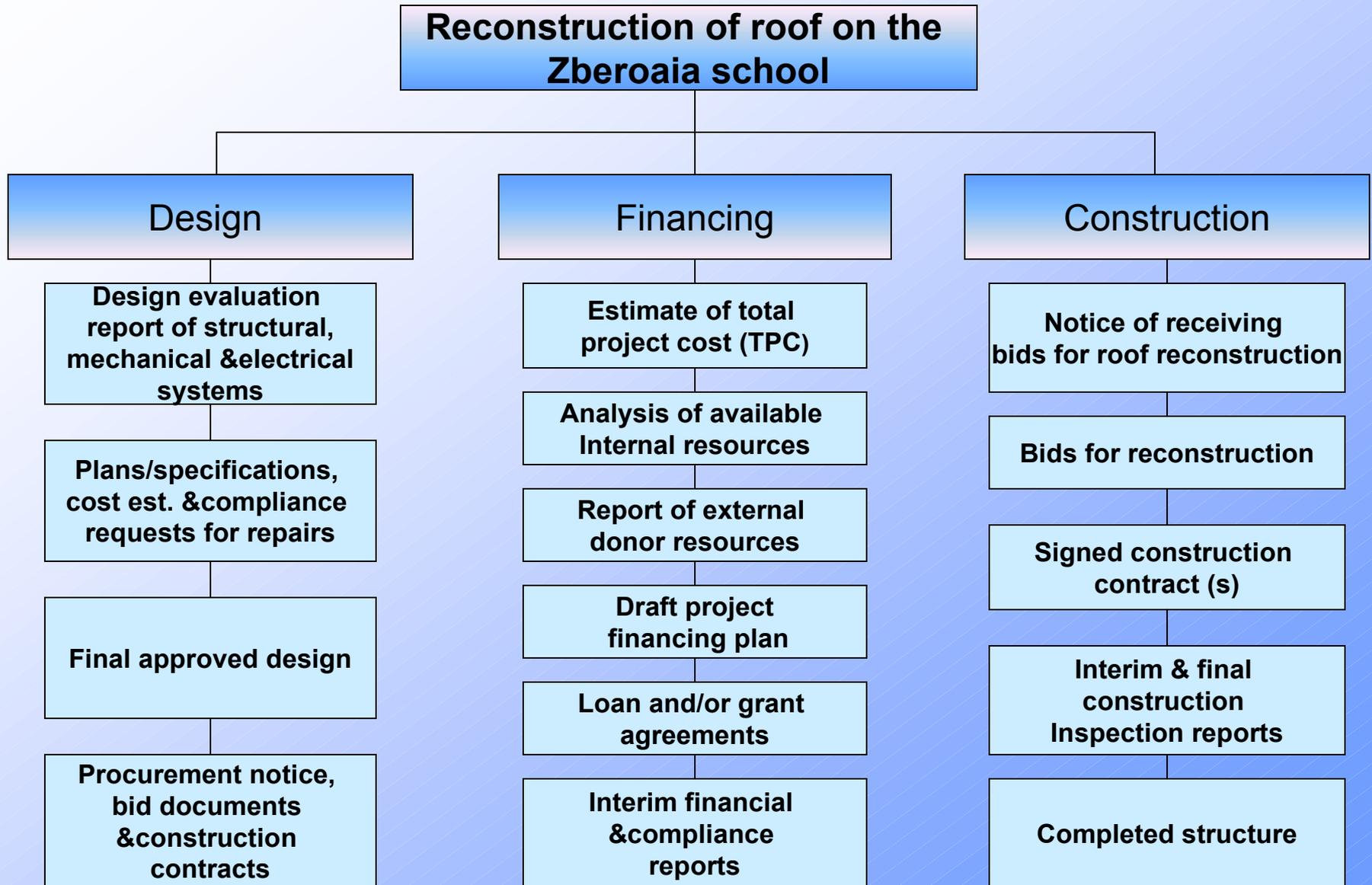
- A single document that substitutes for the project schedule or project plan
- The Project Schedule
- A listing of tasks and activities
- A listing of resource assignments
- A Structure of Verbs



Creating a Garment Enterprise in Zberoaia



Project: Repairing School Roof in Zberoaia



**What makes a good
Work Breakdown Structure –
and how will I know
when I see one?**



How does your Project's Work Breakdown Structure look?



Empty rectangular box for project name or title.

Empty rectangular box for sub-task or category.

Empty rectangular box for sub-task or category.