

QUARTERLY
PROGRESS REPORT

GEORGIA COMMUNITIES
EMPOWERED FOR LOCAL
DECISION-MAKING

JANUARY TO MARCH 2006

Prepared for



Prepared by

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The Urban Institute

Georgia Communities Empowered for Local Decision-Making
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Cooperative Agreement No.:	114-A-00-04-00131-00
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Project Description

The overall objective of this project is:

— More Effective, Responsive, and Accountable Local Governance in Georgia (USAID Strategic Objective 2.31).

Intermediate Results that should advance the objective include the following:

— Improved Capacity of Local Communities to Engage Local Government to strengthen communities' capacity to rebuild essential services, restore incomes and empower all citizens of Georgia to have an effective voice in government.

CELD is designed to achieve community level impact by using a bottom-up approach to systematically assist Georgian communities to nurture democratic reform efforts.

Expected key results are:

1. Legislative reform matching local government revenues more closely to local government responsibilities is in place.
2. The interests of local governments are advocated and local government best practice is disseminated through demand-driven, democratically organized associations with grass-roots support.

3. Local government/citizen partnerships implement more effective and participatory methods for managing resources and delivering services.
4. Realistic local economic development plans and actions in targeted communities are developed and implemented.
5. Sustainable capacity of Georgian organizations to deliver technical assistance and training to local governments is established.
6. Public awareness of and citizen participation in the affairs of local self-government is increased.

I. HIGHLIGHTS

Samtskhe-Javakheti

- *Akhaltzikhe*: In January, at the request of the Akhaltsikhe City Gamgeoba, CELD began to assist the city to develop a management plan for kindergarten facilities, responsibility for which had just been transferred to the city. The city has established a working group of eight representatives of city kindergartens and one representative of the City Gamgeoba and has started data collection for the situation analysis. Two surveys have been conducted to identify problematic issues: a survey of kindergarten managers and a survey of parents. The results have been summarized and will be presented for public discussion next quarter.
- *Ninotsminda*: CELD partner NGO ABCO assisted the steering committee to present the Ninotsminda market business plan to USAID partner and other donor organizations Tbilisi and in Ninotsminda. The presentation included: Brief overview of Ninotsminda; locally operating businesses; information on former market and principal reasons for its termination; works performed to date; results and analysis of research; principal results of customer and vendors' survey in Ninotsminda; legal form of the market; a schematic layout of the Ninotsminda market; list of works to be performed; estimated costs of works; estimated annual income; estimated annual operating expenses; anticipated benefits from the reconstruction of the Ninotsminda market. Representatives of CHF GEII, AgVantage, the SME support project, and Mercy Corps attended the presentation.

Decentralization and National Capacity-Building Activities

- *Ministry of Finance*: In late March, CELD staff met with the Ministry of Finance's Deputy Minister, Head of Budget Department and Head of Local Budget Unit to discuss the development of budget software and provision of training for local self-governments (a project to be funded by the World Bank). The Ministry of Finance agreed with CELD's suggestion that a user group, including local self-government budget staff and the software developer, be established to advise on the development of the budget software..
- *Pre-Election Activities*: The Civic Education Team has developed a workplan for CELD's pre-election activities, which includes training of different target groups; awards for journalists for the best work on election topics; election-related publications; small grants programs for GYA and GWA groups on



election-related projects; and workshops, round tables, discussions devoted to increasing turn out for the elections

Managing Local Resources

- *Tbilisi:* Through its local NGO partner, RDA, CELD is assisting the city of Tbilisi to develop a program budget, which will be completed in late September. During the reporting period, RDA developed the draft structure of the new budget. CELD is also providing assistance to Tbilisi to develop and hold a two-phase tender for solid waste collection. To date, CELD's consultant developed a tender package in consultations with the city representatives. As a result of the first phase, the city received responses from 13 companies (15 requested the package), including two foreign companies.
- *Kutaisi:* CELD issued an RFP to identify a local NGO partner for implementation of Community-Based Economic Development in Kutaisi. Seven local NGOs participated in the competition. A committee including both CELD and Kutaisi city local self-government representatives selected the Kutaisi branch of the Young Economists' Association, which is also assisting the city on the CELD financial reform component.
- *Georgian Youth Association:* As a result of CELD's training on Program Budgeting for 27 Georgian Youth Association representatives, budget working groups have been created in 12 cities. These groups worked with local self-governments on FY 2006 budget recommendations and participated in the public budget hearings. Eight local self-governments took into consideration the youth recommendations; Gurjaani and Kvareli included the youths' recommendations as separate programs. Overall, activities worth GEL 31,730 proposed by the youth groups were considered by local self-governments, resulting in funding for GEL 25,900 in activities. The funded activities included: opening of youth internet center; organization of excursions for secondary school students; funding of the youth intellectual games; financing city cleaning, sports and recreation activities for youth.
- *FY 2006 program budgets:* In all 14 cities currently participating in the financial management component, the Sakrebulo have formally adopted the 2006 program budgets following public hearings. These budgets were developed by the city financial departments with very limited assistance from CELD.
- *Village Civic Education:* About 20 participants attended each of the 65 sessions conducted by the Village Civic Education consultants to date, reaching approximately 560 people in Gori, 159 in Gardabani, and 103 in Marneuli. The total number of community members trained by CELD through this program over February and March is 822.

II. PROGRESS OF MAJOR ACTIVITIES

Cross-Cutting Activities

Samtskhe-Javakheti Programming

Community-Based Economic Development in Samtskhe-Javakheti: CELD introduced the Program in Akhaltsikhe. The Economic Development Plan will cover the city of Akhaltsikhe, city of Vale and 14 village Sakrebulo under current rayon level—that is, it will cover the area designated as the new local self-government unit when the new Organic Law comes into effect. The start of Community-Based Economic

Development planning in Akhaltsikhe was announced on the local media. On February 15, CELD partner NGO ABCO conducted training in Community-Based Economic Development planning methodology in Akhaltsikhe for the Akhaltsikhe municipality advisory group, which includes more than 30 volunteer representatives of the NGO and business communities and the general public.

One thousand questionnaires were distributed throughout the Akhaltsikhe municipality for the business, NGO and citizen attitude surveys. More than 800 citizens, 65 businesses and 20 NGOs completed and returned the questionnaires with their priorities and problem lists. The results of the survey are included in the community quick assessment of Akhaltsikhe municipality.

CELD partner NGO ABCO drafted the community profile of Akhaltsikhe Municipality, which consists of information on Akhaltsikhe Municipality, number of villages and cities, climate and natural resources, size of population and distribution by administration units and ethnicity, birth and death rate, economic and infrastructure figures, construction, GDP, budget revenue and expenses, employment rate, locally operating banks and microfinance organizations, NGOs, tourism and culture, industry and agriculture, social sector, and environment.

In Borjomi, the local self-government has identified a building for tourism center of Samtskhe-Javakheti region, an important part of the Economic Development Plan. The city will co-finance maintenance, communal services, communications cost and part of the staff managing the tourist center. The city and CELD are discussing with the State Department of Tourism and the rayon Gamgeoba how they will participate in the Borjomi Tourism Center project.

The city also established an Economic Development Monitoring Board to develop and implement a Monitoring Plan for Local Economic Development. The includes both representatives of the local government and the community. CELD performance management staff trained board on monitoring and evaluation tools. The board is currently in the process of drafting performance indicators for the Tourism Information Center that clearly identify the data sources for each indicator and the cost of data collection and analysis.

Public Space Improvement Projects: Rabati, Akhaltsikhe

As part of the implementation of the Public Space Improvement Projects, CELD contracted with a company that has begun the following tasks: installation of sewerage system, paving the street and sidewalk, installation of street lighting. The city Gamgeoba of Akhaltsikhe is contributing the labor and the State Railway department has agreed to renovate the bridge at the entrance of the neighborhood.

The Rabati steering committee, which consists of representatives of the local self-government and the business, NGO, and academic communities of Akhaltsikhe, as well as youth and Rabati neighborhood inhabitants designed and approved sketches of billboards for Rabati entrance. The revised bill board designs have been submitted to the CELD economic development team. The steering committee and youth group decided to organize cleaning and planting event at the traffic circle in front of the Rabati entrance.

Public Space Improvement Projects: Ninotsminda Market



CELD partner NGO ABCO assisted the steering committee to present the Ninotsminda market business plan to USAID partner and other donor organizations in Tbilisi and in Ninotsminda. The presentation included: Brief overview of Ninotsminda; locally operating businesses; information on former market and principal reasons for its termination; works performed to date; results and analysis of research; principal results of customer and vendors' survey in Ninotsminda; legal form of the market; a schematic layout of the Ninotsminda market; list of works to be performed; estimated costs of works; estimated annual income; estimated annual operating expenses; anticipated benefits from the reconstruction of the Ninotsminda market. Representatives of CHF GEII, AgVantage, the SME support project, and Mercy Corps attended the presentation.

Youth Groups in Samtskhe-Javakheti:

With the support of CELD, the Georgian Youth Association opened a new branch in Samtskhe-Javakheti; Akhalkalaki is the third youth group in the region to join GYA youth network and become a full member of the Association. The new member participated in the Small Grants Competition of CELD and submitted two proposals, one of which—a newsletter—will be funded.

Performance Management in Samtskhe-Javakheti

In 2006, responsibility for the provision of some additional local services was transferred to cities. In January, at the request of the Akhaltsikhe City Gamgeoba, CELD began to assist the city to develop a management plan for kindergarten facilities. The city has established a working group of eight representatives of city kindergartens and one representative of the City Gamgeoba and has started data collection for the situation analysis. Two surveys have been conducted to identify problematic issues: a survey of kindergarten managers and a survey of parents. The results have been summarized and will be presented for public discussion next quarter.

CELD Pre-election Activities

The Civic Education Team has developed a workplan for CELD's pre-election activities, which includes training of different target groups; awards for journalists for the best work on election topics; election-related publications; small grants programs for GYA and GWA groups on election-related projects; and workshops, round tables, discussions devoted to increasing turn out for the elections

CELD staff also participated in a donor coordination meeting on election activities initiated by the OSCE on March 23, 2006. Representatives of the following organizations were present: USAID, US, German, Swiss and Russian Embassies, UNDP, IRI, NDI, ABA, Council of Europe, European Commission, Eurasia Foundation, TI. The main purpose of the meeting was to discuss coordination of these organizations' contributions to the preparation for local self-government elections. The meeting participants proposed creating a common approach with regard to the electoral processes in the country by establishing two levels of coordination: one at the level of international organizations working directly on election issues (Technical Working Group - TWG) and one at the ambassadorial level. The TWG will consider naming a core team (organizations working closely on election issues) to represent the TWG's opinions/concerns to

the Ambassadorial Working Group and to the Central Election Commission. It was decided to hold such meetings monthly.

Batumi Anti-Trafficking Center

In December 2005, CELD received a request from Batumi Gamgeoba to help renovate a building to be used as a trafficking shelter in Batumi. Situated on the border of Turkey, the trafficking problem is of special concern to this region. CELD staff and engineer visited Batumi, examined the building, met GYLA Batumi branch representatives, who will be implementing the project with funding from USAID, and with the Adjara Minister of Economy and Finance and Minister of Health to discuss plan for the shelter. Renovation began in late March and will be completed in the upcoming quarter.

Donor Coordination

CELD met with a wide variety of donor and donor-funded organizations, including AgVantage, CHF, Mercy Corps, CARE, OSCE, the Council of Europe (CoE). Highlights include a Gender Donor Coordination Meeting on Women's Involvement in Local Self-Government Elections, hosted by CELD for OSCE, the Heinrich Boll Foundation, NDI, UNIFEM, UNDP, Women's Education and Information Center, and the Association of Gender Development and the presentation of the Ninotsminda market business plan to USAID implementing partners.

Decentralization and National Capacity-Building Activities

Decentralization Activities – Central Government, NALA

Local Budget Law: On December 8, 2005, the draft Local Budget Law had its first reading in Parliament. The draft:

- Clearly defines the budget authorities of local self-government units,
- Defines revenue sources and expenditure responsibilities, and
- Includes an equalization formula.

During the reporting period, CELD assisted the Vice-Speaker of Parliament, Mr. Machavariani, to hold a meeting of MPs in Bakuriani (February 10 – 12, 2006) to discuss the draft Local Budget Law. The MPs agreed that the equalization pool should be defined to be 50% of the total gap between local expenditures and local revenues.

On February 20, a meeting was held at the Parliamentary Committee on Local Self-governance, Regional Policy and High-mountainous Regions to discuss the equalization formula. Mr. Gobejshvili, Deputy Minister, Ministry of Finance, presented new simulations of the effect of the equalization formula on transfers: Tbilisi revenues were included to calculate average annual income per capita in Georgia. The simulation showed revenues at the rayon level. Average income per capita was calculated to be 47.2 GEL per year. The deficit (difference between local expenditures and revenues) of each rayon was calculated to



be GEL 46,000,000. The Deputy Chair of the Parliamentary Committee suggested allocating up to 23,000,000 GEL (about half of the difference between local expenditures and revenues) in 2007 to distribute among the rayons based on the equalization formula. In response, Deputy Minister Gobejishvili suggested that it would not be difficult to increase the amount available for transfer above the 17 million allocated in 2006, but he did not think it should be tied to the gap between expenditures and revenues or set as a percentage of the revenues or expenditures. He proposed consulting with Prime Minister and Minister of Finance to clarify their vision in this regard. The representatives of the Ministry of Finance raised the idea of postponing the enactment of the formula until 2008, after new Sakrebulo have been elected. However, after some discussion, the idea was unanimously rejected. The meeting concluded with the decision to hold consultations with appropriate officials to see what they think about the equalization pool and to include Tbilisi in calculations. Following the meeting, the Ministry of Finance suggested that the equalization pool be set at 25% (amounting to GEL 30 million in 2006) instead of 50%, and that the social coefficient be removed from the formula itself.

On March 13, Francis Conway, the Urban Institute's U.S.-based decentralization expert, submitted an analysis of the latest draft of the Local Budget Law, which included comments and recommendations. The analysis was translated into Georgian and distributed to all the stakeholders, including the Parliament and the Ministry of Finance.

Other Decentralization Issues

In January and February 2006, CELD funded the Institute of Regional Media Initiatives of Georgia's two inserts in the newspaper *24 Hours* on local self-government and decentralization.

In January 2006, CELD staff met with representatives of the Central Election Commission to discuss the role of local self-governments in organizing the upcoming local elections. Initially, the plan was that local self-government officials would be involved in the process of verifying voters' lists; however, at the meeting it was decided that local self-governments will not be participating in the process.

In late March, CELD staff met with the Ministry of Finance's Deputy Minister, Head of Budget Department and Head of Local Budget Unit to discuss the development of budget software and provision of training for local self-governments (a project to be funded by the World Bank). The Ministry of Finance agreed with CELD's suggestion that a user group, including local self-government budget staff and the software developer, be established to advise on the development of the budget software. CELD also suggested that the Ministry of Finance certify the graduates of the financial training to serve as financial officers for the new local self-government units.

Support for the National Association of Local Authorities (NALA): CELD provides support for the general operations of NALA, which carried out the following activities during the reporting period:

- Launched its website: www.nala.ge
- Hosted a high-level delegation of the Congress of Local and Regional Authorities of the Council of Europe on Tuesday, February 14, 2006. NALA participated in number of discussions and workshops dedicated to the discussion of local self-government legislation and decentralization issues

- Study tours and international events in Norway, Strasbourg, Lithuania, Armenia, Turkey and Romania
- Published five issues of its newsletter, *Decentralization in Georgia*
- Held its ninth board meeting to discuss:
 - Draft law on local budgets
 - The amendments to the Organic Law on Self-Governance
 - Review of a typical statute and structure for local self-governments
 - Membership fees for the Association

Regional Associations and NGOs

Small Grants Competition for Local Self-Government Associations: CELD awarded eight regional associations (Kvareli Rayon Sakrebulo Association, Zestaponi Rayon Sakrebulo Association, Tskaltubo Rayon Sakrebulo Association, Lanchkhuti Rayon Sakrebulo Association, Akhmeta Rayon Sakrebulo Association, Bagdati Rayon Sakrebulo Association, Council Association of Racha Lechkhumi and Kvemo Svaneti, and Association of Local Self-Governments of Samtskhe-Javakheti) with grants to publish three issues of their newsletters. The newsletters will cover issues related to the upcoming local elections, decentralization and legislation, execution of budgets of member Sakrebulo and other related matters. Associations submitted the text for the first issues and they will be printed in early April 2006.

Association of Local Self-Governments of Samtskhe-Javakheti. The Association hired an executive director with the help of CELD staff. CELD will award the Association a grant in support of the operational expenses of the organization.

Academic Institutions

GIPA: The Local Government Program semester began on January 16 with 27 students. Eleven courses are being taught in the spring semester and, during the reporting period, met with 11 guest speakers from the government and local and international organizations. CELD is also supporting GIPA in introducing a new, evening certificate course on urban management in which 29 students are enrolled.

GIPA is currently translating the texts for *Models of Local Democracy in Eastern Europe* and *Modern Urban Development* into Georgian from English for publication in the fall.

Zhvania School of Public Administration in Kutaisi (Ministry of Education and Sciences): CELD is working with the School in a variety of areas, from direct assistance in curriculum development to in-kind provision of equipment:

- Participation in the development of the curriculum of the School. After numerous discussions with various experts, the training curriculum of public administration groups has been finalized. The basic three-month course includes the following modules: Introduction to public administration and local self-governance, law of public sector, human resource management, ethics and responsibility in local self-government, organizational management, public budgeting and finance, basics of economics,



introduction to public policy and policy analysis, strategic management and economic development of communities, IT, and business Georgian.

- Launching of the School. On January 16, the School of Public Administration in Kutaisi started training the two groups. One "language" group of representatives of ethnic minorities who do not speak Georgian fluently received intensive training in Georgian. The second group is comprised of those students who are fluent in Georgian; this group received training in public administration and local self-governance. Of the 64 students, there were 21 ethnic Armenians, 36 ethnic Azeris, one ethnic Ossetian, and six ethnic Georgians.
- Provision of financial support for the development and delivery of training courses. Overall 29,851 USD will be allocated for design, TOT and delivery of courses on Georgian language, basics of economics and introduction to public policy and policy analysis. During the reporting period, master trainers of Georgian language conducted monitoring of the training in Georgian. Based on the results of monitoring, the textbooks were revised and preparation for publishing has been completed. In addition, syllabi of the courses "Basics of Economics" and "Introduction to Public Policy and Policy Analysis" were designed.
- In-kind assistance. CELD agreed to provide the School approximately USD 20,000 worth of equipment, which will be delivered in the next quarter.

Adjara Service Sector Qualification Center/School: The newly appointed Minister of Finance and Economy of the Adjara Autonomous Republic, Natia Tsiklashvili; the regional tourism department head, Irakli Tavartkiladze; and the head of the economic department of the city of Batumi, Eka Targamadze, confirmed their interest in establishing a Service Sector Qualification Center/School in Batumi, which had been discussed with the previous minister. The Adjara regional government has started negotiating with the Ministry of Education and Science regarding the transfer of the building for the school to the region. The assistance requested from CELD is similar to that being provided to the Z. Zhvania School of Public Administration in Kutaisi; that is, equipment and funding for lecturers and curriculum development.

Gender and Youth Activities

Georgian Women's Association (GWA):

- Program budget training for Georgian Women's Association (GWA). CELD staff trained GWA members in order to increase awareness of budgetary processes among women, encourage public participation in budgetary processes, and encourage community-local government cooperation. Fifteen women participated in this training and prepared a plan on how they will use the knowledge and information in their cities.
- Working meeting of GWA. CELD funded a working meeting of the Georgian Women's Association on January 24–26 at which the following issues were discussed: (1) budget training results/work plan; (2) arrangement of joint offices with GYA in five cities; (3) publication of GWA's training material on gender and local governance issues; (4) publication of a guidebook on establishing gender officers in local governments; and (5) publication celebrating women who play an active role in local governance. The working meeting was also attended by five Gender Officers from around the country who contributed to the development of the guidebook on gender officers.
- Small grants competition for GWA. CELD held a small grants competition for the five Georgian Women's Association branches on improvement of cooperation/coordination between local self-

governments and citizens and increasing public participation in local self-government activities. Seven proposals were submitted by the five branches, four of which were recommended for funding.

- Financial support of GWA. CELD funded the operations of the Georgian Women's Association, continued to provide office space for the headquarters, and funded its quarterly board meeting. In order to increase the organizational capacity of GWA and improve coordination among its five representative bodies, CELD hired a coordinator for the association who will be providing assistance with two publications, implementation of the small grants projects, and other support as needed.

Gender Donor Coordination Meeting. On February 8, 2006, the CELD Gender Program hosted the second Gender Donor Coordination Meeting to discuss Women's Involvement in Local Elections. Seven donor and donor-funded organizations—the Urban Institute, Heinrich Böll Foundation, NDI, UNDP, UNIFEM, IRI and CHF as well as the Georgian Women's Association—attended the meeting. The organizations introduced their activities regarding women's involvement in local elections and discussed coordination issues. The next meeting will be held in mid April.

Georgian Youth Association (GYA):

- CELD provided a grant to GYA to fund a Students' Decentralization Working Group that will develop recommendations on political, territorial, fiscal, and administrative decentralization. State legislative and executive branch representatives, professors, and experts from Georgian and international organizations will provide assistance to the students. The recommendations will be presented at dialogues with the central government and local self-governments.
- As a result of CELD's training on Program Budgeting for 27 GYA representatives, budget working groups have been created in 12 cities. These groups worked with local self-governments on FY 2006 budget recommendations and participated in the public budget hearings. Eight local self-governments took into consideration the youth recommendations; Gurjaani and Kvareli included the youths' recommendations as separate programs. Overall, activities worth GEL 31,730 proposed by the youth groups were considered by local self-governments, resulting in funding for GEL 25,900 in activities. The funded activities included: opening of youth internet center; organization of excursions for secondary school students; funding of the youth intellectual games; financing city cleaning, sports and recreation activities for youth.
- Georgian Youth Association (GYA) Forum. On March 18, 2006, 32 members from the board and local offices as well as the head office staff members gathered at Vere Palace Hotel to present and evaluate the activities of GYA local offices as well as GYA headquarters' projects and to plan future activities. Participants identified four priority areas on which the association will concentrate its efforts next year: (1) cities with ethnic minorities; (2) local elections and monitoring; (3) youth rights; and (4) youth participation in local decision-making.
- Introduction of joint offices for Georgian Youth and Georgian Women Associations. CELD is supporting the establishment of joint local offices for two partner associations: Georgian Youth Association (GYA) and Georgian Women's Association (GWA). Three offices will be rented and furnished in Lagodekhi, Ozurgeti and Poti.
- Small grants competition for GYA. CELD had announced a Small Grants Competition for the 13 Georgian Youth Association branches on topics including improvement of cooperation/coordination between local self-governments and citizens and increasing public participation in local self-



government activities. Thirteen proposals were submitted by 10 branches and the top 10 proposals were selected for funding.

- Support of GYA operations. UI/CELD provided operational costs for the Georgian Youth Association, continued to provide office space for the headquarters and funded its three monthly board meetings. These meetings are intended to ensure transparency and cooperation among the members of the associations and improve the management inside the organization.
- Activities of GYA. As well as expanding its geographic range, the Georgian Youth Association has expanded into areas in which youth generally are not active. Selected activities of GYA local offices: *Borjomi* – Educational-recreational event for the local orphanage; *Akhaltzikhe* – Survey of the problems of the city in support of the local economic development program; *Gori* – Activities in support of World AIDS Day, an international day of action on HIV and AIDS that takes place every year; *Mtskheta* – Survey of the problems of Mtskheta for the local self-government; *Poti* – Seminars on gender issues; *Ozurgeti* – Educational-sports activities organized for local orphans; *Khashuri* – Establishment of free youth computer center; *Kvareli* – Activities in honor of International Children's Day; *Chokhatauri* – Awareness raising excursion for socially vulnerable children; *Lagodekhi* – Activities in honor of International Day for the Fight against Drugs.

Strengthening Communities: Managing Local Resources

As directed by USAID during workplan development, work at the local level focuses on creating grass roots support for decentralization and building a base and developing models to support an intensive roll-out of assistance to new local self-governments in subsequent years, once the decentralization legislation has been passed. (Special programming for Samtskhe-Javakheti is discussed above, in Cross-Cutting Activities.)

Community-Based Economic Development (CBED)

Poti: In January, the Poti City Mayor established an Economic Development Monitoring Board that consists of heads and chief specialists of Poti City Hall. The main task for this board is to develop a Monitoring Plan for the Economic Development Plan. CELD performance management staff conducted a two-day training on Monitoring and Evaluation Tools for the board members.

The Poti city government investment department, with assistance from CELD partner NGO ABCO, drafted a proposal to establish a business incubator in Poti. The proposal includes: Background Information on CBED planning process; socio-economic analyses of Poti; business incubator strategy; business incubator neighborhood survey results conducted by youth group of Poti; potentially sustainable businesses; financial calculations, sustainability approach and possible threats. However, the estimated cost of the reconstruction of building exceeds the funding CELD has available; CELD will therefore work with the city to identify other small projects from the Economic Development Plan for implementation support.

Kutaisi: CELD started implementation of CBED project in Kutaisi. Seven local NGOs participated in the competition for the implementation of the project. A selection committee including both CELD and

Kutaisi city local self-government representatives identified the winner NGO, the Kutaisi branch of the Young Economists' Association.

Adjara: On February 25 and 26, a two-day workshop for the Adjara regional economic development advisory council was held in Batumi. Sixty representatives of the NGO, business and government sectors from all five rayons and the city of Batumi participated in the workshop. The working group members from the Ministry of Finance and Economy of the Autonomous Republic of Adjara presented the regional profile findings. CELD partner NGO APLR presented the public, NGO and business attitude survey results to the workshop participants. The long list of identified problems was prioritized by sub-groups divided by rayon. Each sub-group worked on the rayon level problems plus regional level problems. The major problems listed included: development of local agriculture, development of the tourism sector, increasing access to credit, supporting small and medium enterprises, and increasing the transparency of local budget. SWOT, resource and stakeholders' analysis were conducted on the second day of the workshop. The workshop participants drafted a mission statement for the Adjara Autonomous Republic that states: "Adjara—a stable environment for living, business and recreation." The event was covered by Adjara local television. A representative of CHF GEII in Batumi participated in the workshop.

Other: CELD economic development program and CHF GEII agreed that GEII communities will be invited to be members of the CBED advisory group in Kutaisi.

CELD staff participated in a donor organizations' meeting hosted by the governor of Kvemo Kartli, Zurab Melikishvili, to discuss regional economic development planning. Representatives from the European Commission, GTZ and EC project implementers attended the meeting as well. The newly appointed deputy governor was assigned to meet with CELD to discuss assistance for Regional Economic Development Planning in Kvemo Kartli, including the city of Rustavi.

Financial Management

Tbilisi: Through its local NGO partner, RDA, CELD is assisting the city of Tbilisi to develop a program budget. The Tbilisi City Council passed a decree on improvements in the financial management system, which provides a legal base for the adoption of the new tools and methodology in budgeting. The process includes seven major tasks, including: Creation of a full list of programs and spending units that should appear in the budget, training for financial officers and preparation of budget requests, development of programs and related performance measures, and a public information and participation campaign. RDA has already completed the first task, definition of the structure of the budget. By late September, Tbilisi will have its first performance-based budget for 2007.

Kutaisi: In Kutaisi, CELD has begun working with the city branch of the Young Economists' Association to assist the city in financial reform.

Batumi: CELD is working with the city to define its participation in the financial management component of CELD, which is expected to begin next quarter.



FY 2006 program budgets: CELD continues to provide assistance in developing program budgets to the 14 cities already participating in the financial management program. In all 14 cities, the city financial departments developed their program budgets with very limited assistance from CELD. Each city held a public hearing to present the budget, which was then formally adopted by the Sakrebulo.

Development of Guidebooks: Guidebooks on program budgeting and procurement have been drafted. They will be finalized and disseminated in the upcoming quarter.

Performance Management

Service Improvement: In ten partner cities—Gori, Ozurgeti, Poti, Zestaponi, Akhaltsikhe, Borjomi, Akhalkalaki, Ninotsminda, Gurjaani, and Kvareli—working groups developed drafts of Service Improvement Action Plans for garbage collection and street cleaning services for FY 2006. Public hearings of draft SIAPs were conducted in Gori, Borjomi, Zestaponi, Kvareli, and Gurjaani. City Gamgebelis and working groups conducted the presentations and answered the questions of attendees. Most cities plan to address the difficult issue of changes to the cleaning tariff in FY 2006.

In February, CELD started assisting Kvareli to apply performance management techniques to the water sector. Based on data collected by the working group set up by CELD to develop a Service Improvement Action Plan, the following priority problems were identified: existence of water-borne diseases, lack of billing and collection database, and problems with the scheduling of the drinking water supply. The City Gamgeoba and City Council are currently deciding on the allocation of funds for the implementation of this project.

In January, CELD staff visited the Telavi Local Self-Government in response to a request from the City Gamgeoba to start implementation of Performance Management and other CELD components. The Telavi City Mayor and head of the communal services department specifically requested assistance with setting cleaning tariffs and developing a billing and collection program. As a result of this meeting, the city formed a working group that was subsequently trained by CELD staff; the working group has begun data collection to develop a Service Improvement Action Plan for FY2006.

From March 6 to 17, 2006, Keti Jakeli, the performance management program manager visited the Urban Institute Washington office to work with Katie Mark, Ritu Nayyar-Stone and Sarah Polen on developing a Performance Management manual for Local Government in Georgia. In addition to meetings with UI staff, the trip agenda also included meetings with the performance management team in Fairfax County, VA and the membership services director at the National Association of Water Utilities (to discuss the steps involved in establishing professional associations of public servants). Keti Jakeli also conducted a presentation on CELD activities for UI Washington staff and a training on developing scales for trained observer ratings.

Tbilisi Solid Waste Collection

At the request of USAID, in December 2005, CELD brought an international consultant, Gary Windolph, to work on tender documents for solid waste collection for Tbilisi city administration. Tbilisi City Improvement

Service announced two-stage tender for removing municipal Solid waste and cleaning the streets of Tbilisi. CELD's consultant developed a tender package in consultations with the city representatives. As a result of the first phase, the city received responses from 13 companies (15 requested the package), out of which eight were existing contractors with the city, two were foreign companies (based in Israel and Germany), one is a consortium of Georgian and foreign companies, and two are local Georgian companies. Gary Windolph visited Georgia again in March 2006 and worked with Tbilisi representatives to finalize the tender documents (Basic Datasheet, Technical Assignment, Schedule of Prices and Contract Specific conditions) for the second phase. Currently CELD is waiting for the final version from Tbilisi (with updated data and changed schedule of prices).

Village Civic Education Activities (Missionary Program)

The Program is currently working in three rayons—Gori (Shida Kartli), Marneuli, and Gardabani (Kvemo Kartli). All 23 targeted Sakrebulo in Gori, five of the 19 Sakrebulo in Marneuli, and eight of the 23 Sakrebulo in Gardabani have been covered. About 20 participants attended the each of the 65 sessions conducted by the Village Civic Education consultants to date, reaching approximately 560 people in Gori, 159 in Gardabani, and 103 in Marneuli. The total number of community members trained by CELD through this program over February and March is 822.

The training session topics include: the new Organic Law on Local Self-Government, the Election Code, involving the community in local decision-making, freedom of information. Each participant receives a packet of materials consisting of: the above-mentioned laws, handouts prepared by program consultants, CELD leaflets, CDs for the 23 Gardabani rayon village Gamgebelis with all local self-government-related laws (in Russian).

Staff Training

- Nino Tavadze: Public Administration (semester), GIPA.
- Marika Shioshvili: Statistics for Managers and Business Communication (semester), Caucasus School of Business
- Dea Kulumbegashvili: Financial Accounting (one month), Center for Learning and Development
- Tamar Sanikidze, Global Corporate and Business Law (semester), ACCA
- Irma Kuprashvili: English Translation/Interpretation, Euro-Caucasian University for Interdisciplinary Studies

III. DELIVERABLES AND REPORTS

- NALA monthly reports for January, February and March 2006
- Five issues of NALA's newsletter, "Decentralization in Georgia"
- Updated civic education materials
- Map of Akhalkalaki



- Pre-election activities workplan
- Regional Economic Development Profile of Adjara Autonomous Republic
- Short list of prioritized problems, SWOT, Resource, stakeholders' analysis and mission statement of Adjara Regional Economic Development Plan
- Presentation of Ninotsminda market project – Russian and English versions
- Draft profile of Akhaltsikhe Municipality Economic Development Plan
- Poti business incubator project report
- Program budgets in 14 partner cities have been approved by the Sakrebulo
- Draft Service Improvement Action Plans for garbage collection and street cleaning services for FY 2006
- Report on survey results of Akhaltsikhe municipality kindergarten program
- Training material on Local Economic Development Monitoring and Evaluation Tools
- Draft of Performance Management Manual
- Presentation of CELD activities (Washington, March 17, 2006)
- Updated draft tender package for Tbilisi municipal solid waste collection and street cleaning

IV. PROBLEMS OR DELAYS AFFECTING PERFORMANCE

The unusually severe winter weather and the serious electricity problems in caused delays in all program components in January.

V. WORK PLANNED FOR NEXT REPORTING PERIOD

Cross-Cutting Activities

Donor Coordination

CELD will continue to work closely with other donor-funded programs, for example, by continuing to hold regular roundtables in all partner cities. Specific joint activities are listed below by component.

Batumi Anti-Trafficking Center

Complete the CELD-funded renovation of the shelter.

Decentralization and National Capacity-Building Activities

- Continue to assist NALA to express its position on decentralization legislation
- Continue work with the Parliament and Ministry of Finance to make the second and third readings of the local budget draft law are held during the Spring Session
- Provide support for the establishment of the Center for Effective Governing System and Territorial Arrangement Reform
- Publish GWA materials
- Monitor implementation of small grant activities by GWA and GYA
- Develop training modules for School of Public Administration in Kutaisi

- Hold follow-up Gender Donor Coordination Meeting
- Continue to provide assistance to the Ministry of Economic Development on transferring property from the central government to local self-governments
- Begin implementation of pre-election activities (depending on the date of the local elections)

Strengthening Communities: Managing Local Resources

Financial Management and Performance Management

- Continue to assist Tbilisi and Kutaisi in developing program budgets
- Assess the financial management system in Batumi and the Adjara Autonomous Republic
- Begin assistance to Batumi on developing a program budget
- Provide assistance to Tbilisi in awarding contracts for solid waste collection
- Finalize the program budgeting and procurement guidebooks
- Provide assistance to Kutaisi in inventorying its property for transfer
- Finalize Performance Management Manual
- Develop Trained Observer Rating materials for kindergarten facilities.
- Finalize Local Economic Development Monitoring Plans for Poti, Borjomi, and Akhaltsikhe municipalities
- Continue Performance Management implementation in Telavi
- Introduce Performance Management Program in Kutaisi and Marneuli
- Provide assistance to Kvareli in order to improve its potable water service

Community-Based Economic Development

- Train partner NGO for Kutaisi Economic Development Planning in Community-Based Economic Development methodology
- Start the CBED planning process in Kutaisi
- Implement Ninotsminda Market improvement project
- Implement small projects for Rabati neighborhood rehabilitation
- Start planning activities in Kvemo-Kartli
- Conduct 1st and 2nd advisory group meetings in Akhaltsikhe
- Continue assisting Poti investment department
- Establish Borjomi Tourism information center
- Conduct 2nd advisory group workshop in Adjara Autonomous republic

Village Civic Education Initiative (Missionary Program)

- Launch village civic education project in two more rayons

VI. SPECIFIC ACTION REQUESTED

None.