

QUARTERLY
PROGRESS REPORT

GEORGIA COMMUNITIES
EMPOWERED FOR LOCAL
DECISION-MAKING

APRIL TO JUNE 2008



USAID
FROM THE AMERICAN PEOPLE

Prepared for

Prepared by

The Urban Institute

Georgia Communities Empowered for Local Decision-Making
United States Agency for International Development
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THE URBAN INSTITUTE
2100 M Street, NW
Washington, DC 20037
(202) 833-7200
www.urban.org

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Cooperative Agreement No.:	114-A-00-04-00131-00
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Key Personnel:	William Krause, Chief of Party, bill@urban.ge Marika Shioshvili, Deputy Chief of Party

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

- Mr. Robert Wilson, the head of USAID Caucasus Mission, visited and spoke to students and alumni of the Georgian Institute of Public Affairs (GIPA). He discussed USAID's activities in Georgia and support for GIPA, which is provided through CELD. GIPA shared its successes in improving the qualifications of future public servants. Mr. Wilson said that USAID's aim is to support organizations like GIPA in order to help them reach self-sustainability. To reach this goal, USAID has been supporting the Local Governance program at GIPA and intends to continue to cooperate with GIPA in future.
- CELD and Batumi University opened a local government summer class in Batumi. The three-month class on local self-governance is teaching 40 students about the authorities, competences, and structure of local self-governing units and the rights and responsibilities of local officials.
- CELD held a grant competition for communities participating in the Community-Based Economic Development program. The Lagodekhi municipality Tourism Development project was selected as the best economic development proposal and will receive funding. The project will install tourism billboards and print brochures. The municipality will cover the cost of transportation and installation of billboards and printing and distributing brochures; CELD will pay for the 52 billboards.
- Considerable progress was made in the creation of the Municipal Finance Officers' Association of Georgia (MFOA) and the Municipal Service Providers' Association.
- Representatives of the Municipal Service Providers' Association and Municipal Finance Officers' Association visited the U.S. to attend the Government Finance Officers Association annual meeting and to meet with the Urban Institute and several U.S. associations in Washington, DC. The purpose of the trip was to familiarize the leaders of the new associations with the way that U.S. associations operate and to establish working relationships for the future.



II. PROGRESS OF MAJOR ACTIVITIES

Cross-Cutting Activities

Donor Coordination

CELD continued to work closely with the Council of Europe (COE) on legislative matters and supplied information and updates to other donors such as GTZ, UNDP, and DFID.

CELD participated in a technical working group meeting held at the OSCE mission in Georgia to share information about the 21 May 2008 parliamentary elections and discuss next steps.

CELD's local coordinators continue to hold regular roundtables for NGOs working in their municipalities. CELD/NALAG consultants conducted 22 NGO roundtables in partner municipalities during the quarter. One issue that came up at the roundtables was the decreasing number of NGOs, which was attributed to a tendency among donors to direct their grants to the same few NGOs and to the central government.

The Georgian Young Lawyers' Association (GYLA) requested CELD assistance in its regional activities in April 2008. CELD provided assistance, including organizational support to show an anti-trafficking film in the Racha municipality of Ambrolauri.

Decentralization and National Capacity-Building Activities

Decentralization Activities – NALAG

CELD continued to fund NALAG operations during the reporting period.

CELD/NALAG consultants provided guidebooks and brochures to the 60 Local Resource Corners, including:

- Local self-government budget (booklet),
- Keeping citizens informed (booklet),
- Forming citizens' advisory boards (booklet),
- You have the right to know (booklet),
- International Funds' Guide
- Community-Based Economic Development Guidebook,
- Municipal Service Improvement Guidebook,
- Program Budget Guidebook,
- Property Transfer Guidebook,
- Functions and Structure of Local Self-Government, and
- Modern Urban Development (textbook).

Because the NALAG president had been appointed Ambassador to China, NALAG organized an extraordinary meeting of NALAG members to elect a new NALAG president on 12 April 2008. The forum elected Mr. Mamuka Abuladze as the new President. NALAG also organized training in organizational

development for CELD/NALAG local consultants and NALAG Tbilisi staff as well as a workshop for local officials in Mtskheta that included experts from the COE.

NALAG conducted roundtables in two regions of Georgia to discuss the Decentralization Strategy prepared by CEGSTAR. NALAG also organized a meeting of the executive board to discuss local government reform and formulate a strategy for communicating with the newly elected parliament of Georgia.

NALAG published three issues of the "Municipal Herald" during the reporting period and answered 32 legal questions from local officials in 14 member municipalities. NALAG's lobbyist, funded by CELD, organized meetings with the newly elected MPs and the new leadership of the parliamentary committee on local government

CELD is providing assistance for NALAG to work with the municipalities' heads of staff to help coordinate collection of contact information for the members of municipal councils in all local self-government units of Georgia. This information will be used to create a computerized database.

Legislation

During the reporting period, CELD conducted 24 legislation training sessions for NGOs in 47 municipalities; 480 people attended with a maximum of two representatives from each NGO. The training included a presentation on the following local government legislation: Organic Law; Budget Law; State Supervision Law; Privatization Law; and Property Law. In addition to the details of these laws, the importance of each legislative act and the significance of its implementation were discussed. Special emphasis was given to the new amendments of the legislation. Group discussions were held toward the end of the sessions. The participants expressed the most interest in recent amendments to the privatization law. At the end of each session, it was agreed that CELD/NALAG coordinators will disseminate legislation changes regarding local self-governments to the NGOs.

Representatives of NGOs from the following municipalities participated:

Telavi, Akhmeta, Kvareli, Gurjaani, Lagodekhi, Sagaredjo, Signagi, Dedoplistskaro, Zestaponi, Bagdadi, Vani, Chiatura, Sachkhere, Kharagauli, Kutaisi, Tskaltubo, Khoni, Terjola, Tkibuli, Martvili, Borjomi, Khashuri, Akhagori, Kaspi, Kareli, Gori, Lanchkhuti, Chokhatauri, Samtredia, Abasha, Batumi, Khulo, Shuakhevi, Kobuleti, Keda, Khelvachauri, Akhalkalaki, Ninotsminda, Akhaltsikhe, Aspindza, Adigeni, Poti, Zugdidi, Tsalenjikha, Khobi, Chkhorotsku, Senaki.

GIPA

On 24 April 2008, Mr. Robert Wilson, the head of USAID Caucasus Mission, visited and spoke to students and alumni of the Georgian Institute of Public Affairs (GIPA). CELD staff member Irina Tserodze attended the meeting as a GIPA alumna. The main topics discussed were USAID's activities in Georgia and USAID support for GIPA. GIPA also shared its experiences improving the qualifications of future public servants. Mr. Wilson said that USAID's aim is to support organizations in order to help them reach self-sustainability. To reach this goal, USAID has been supporting the Local Governance program at GIPA and intends to cooperate with GIPA in future.



CELD took part in the selection process of applicants for the new class attending the Local Governance program at the Georgian Institute of Public Affairs. Students will attend from 2008 – 2010 to earn a Master's degree. Of the 56 applicants, 33 were selected.

NGO Development

During the reporting period, 48 proposal writing sessions were provided to 440 representatives of 195 NGOs and initiative groups in eight regions of Georgia to help strengthen the NGO sector working on local government issues.

Batumi Summer School

On 20 June 2008, CELD and Batumi University opened a local government summer class in Batumi. The three-month class on local self-governance teaches students about the authorities, competences and structure of local self-governing units and the rights and responsibilities of local officials – both the Sakrebulo and its executive body, the Gamgeoba (city hall). Students also learn about the types of public service and the legal status of local self-government officials.

Students will acquire knowledge necessary for carrying out activities within the system of local self-government. Those who complete the course will have the chance to participate in internships at the local self-government bodies.

The course will teach students and interested persons by means of intensive and interactive training methods. Special attention will be directed towards the issues of reform of local self-governance underway in the country. The new electoral legislation on local self-governance, which differs significantly from the old laws, will be covered.

While it was originally estimated that there would be 30 students, 40 students signed up for the class. Staff from CELD, university lecturers and representatives of the Batumi City Hall and other municipalities of Adjara will participate as lecturers.

Other

CELD provided financial assistance to the Ninotsminda Gamgeoba by funding computer courses for 12 local self-government representatives. The participants received certificates at the end of the training.

Strengthening Communities: Managing Local Resources

Community-Based Economic Development (CBED)

At the request of the Mayor of Kutaisi, CELD conducted a training workshop on Community-Based Economic Development for representatives of the Economic Development Department, the Foreign Relations Department, the Council and a local NGO. At the workshop, the participants reviewed the existing economic development plan to take into account developments since the plan was prepared and update priorities and costs. Many of these attendees were not in their positions at the time of the original CELD training and economic development planning.

CELD held a competition for communities participating in the Community Based Economic Development program and chose the Lagodekhi municipality Tourism Development project to receive funding. The project will install tourism billboards and print brochures. The municipality will cover the cost of transportation and installation of billboards and printing and distributing brochures; CELD will pay for 52 billboards. CELD will also partially fund the Kvareli proposal for billboards.

The CELD/NALAG coordinator in Samegrelo/Zemo Svaneti, Tea Shonia, together with Maia Nizharadze, the CBED program manager for CELD, conducted meetings and consultations for small and medium business representatives in Mestia to help them prepare applications for a program financed by USAID's SME project. The meetings occurred over three days in Mestia. 41 people, including 10 women, received assistance. As a result, the following businesses were financed:

- 1 cafeteria (USD 9,000),
- 3 guest houses (USD 25,000 each),
- 1 oil station (USD 20,000),
- 1 internet café (USD 15,000), and
- 3 business ideas (USD 15,000).

Financial Management - Municipal Finance Officers' Association

Considerable progress was made in the establishment of the Municipal Finance Officers' Association of Georgia (MFOA). CELD financial management staff, along with working group members representing several local governments, the Ministry of Finance, and NGOs, drafted the documents required for the legal establishment of the organization. The following documents were drafted with the assistance of CELD's legal consultant:

- Charter for the association;
- Legal papers for establishment of the association;
- Description of major functions of the association; and
- Presentation for regional representatives about the purpose and activities of the association.

The Municipal Finance Officers' Association of Georgia is now an officially registered legal entity.

CELD financial management staff is actively involved with the MFOA in the writing of articles and working papers on various issues existing in municipal finance. The following papers have been drafted and are being reviewed by the MFOA members:

Treasury Budgetary Software – Recommendations for Changes. Software developed by consultants to the Ministry of Finance has been installed in every municipality in the country. However, the software does not function in 49 of 58 municipalities where it was installed. The paper includes an overview of the existing situation, discussion of the initial purpose of the project and 12 specific recommendations for improvement. The recommendations were sent to all finance departments in Georgia and each finance department has provided an assessment of the recommendations. The paper will be distributed to all CELD partner and MFOA member municipalities for feedback after which it will be sent to all stakeholders for consideration. The



major problems with the software are the following: the program is designed to fit the needs of the MoF's treasury system and is not suitable for local self governments; the computers that were provided have such a low capacity that the majority are not operational; amendments to the budget plans are very hard to make; organizational breakdowns are not properly done; spending units are not presented; the program does not have an archive to save information entered previously; and the software is not connected to the accounting system that produces financial reports and statements.

New Transfer Formula – Analysis and Comments. Since the elimination of income tax as a local revenue source, the importance of the redistribution of national income via the equalization transfer has become more important in 2008. CELD produced a detailed analysis of the new equalization formula clearly indicating negative and positive aspects of the formula. Using empirical data for last three years, the paper demonstrates that the majority of local governments are worse off under the formula. In 70 percent of municipalities, local government spending in 2008 compared to 2007 is reduced. The paper will be discussed by the MFOA and the MOF.

Capital Improvement Program Regulations. CELD has drafted proposed new regulations for capital spending procedures in local governments. Due to increase of capital spending in majority of local governments, it has become increasingly important to use proper methodology for capital programming. CELD has not only provided the detailed description of full scale capital program, but has attached standardized forms that can be readily used in everyday work by finance departments. After feedback from MFOA members, the paper will be transferred to MOF for consideration and possible approval for official usage by municipalities

Three hundred Program Budgeting Guidebooks were reprinted and distributed in response to high demand from the local governments and NGOs. Program Budgeting Guidebooks were also distributed to other stakeholders involved in local finance.

Four regional workshops were held introducing the concept, purpose, functions, and future activities of the Municipal Finance Officers' Association for the regional representatives of finance departments. Four one-day workshops were held for Adjara and Samegrelo, Imereti and Racha Lechkhumi, Samtskhe-Javakheti and Shida Kartli to collect feedback from regions and explain the importance and role of the association. More than 70 heads and deputy heads of finance departments attended the workshops.

The founding conference of the association took place at Sheraton Metechi Palace. The conference elected the board of directors, president, and heads of regional branches. The board of directors consists of 17 people. Forty-six heads of financial departments attended the meeting. Thirteen people representing the central government and local and foreign NGOs also attended. The head of the Municipal Development Fund, Lasha Gotsiridze, was elected as a member of the board of directors.

CELD staff presented the goals and objectives of MFOA. The CELD presentation reviewed each article of the charter in detail and recorded changes proposed by the meeting participants. Attendees of the conference participated in the discussions actively. Other documents related to MFOA activities and plans were also discussed.

Members of the board of directors presented the issues they were working on and made recommendations for improvements on behalf of MFOA. Tasks for immediate response were assigned to each of committees. New regional committees for Samegrelo, Zemo Svaneti, and Adjara were created.

NGO Training

Three three-day workshops took place in Bakuriani and Kobuleti for the representatives of NGOs in June 2008. Forty-six NGOs were represented by more than 90 people during the training workshops. The workshops were designed to disseminate information about the reforms and new practices in municipalities and about the preparation of plans to involve NGO representatives in planning and executing program budgets.

Presentations included:

- Modern financial management tools employed by CELD partner municipalities,
- The program budgeting process,
- The definition of a “program”,
- Performance measurement as a major tool of program budgeting,
- Applying performance measures to budgetary programs,
- Citizen participation and tools to used to involve citizens in the budgeting process, and
- Dissemination of information and best practices via media and NGOs to achieve sustainability of reforms.

Presentations were created to fit the needs of NGOs as watchdogs of effective local spending and disseminators of best practices. Each presentation was followed with the practical exercises illustrating the purpose of each tool.

CELD plans to do one more workshop for NGOs of Eastern Georgia. When completed, the training will include all municipalities of the country. By the completion of the training, 92 NGOs will have received a complete set of information about the reforms in their jurisdictions

Service Improvement (Performance Management)

Fifty-two partner municipalities are working on developing Service Improvement Action Plans (SIAPs) for three service sectors in each municipality. Major services that municipalities are working on are: rehabilitation of parks and recreation zones, city improvement, street lighting and improving the condition of city roads. The Service Improvement working groups of all 52 municipalities submitted situation analyses for those services and conducted the first round of data collection activities.

CELD assisted local government staff and officials in establishing the Georgian Municipal Service Providers' Association, which brings together municipal service providers and local government officials involved in service provision activities in their communities. Following the general membership meeting that was held in March 2008, meetings were held with Executive Board members to discuss the charter, particularly the article that describes the roles and responsibilities of the Executive Board and the president



of the association. Comments and suggestions provided by the board members on the charter, such as the structure of the board, the procedures for nominating the candidates and voting for them, procedures for becoming a member of the association, were collected and presented at the June 2008 board meeting.

In June 2008, three workshops on Performance Management methodology were conducted for Georgian NGOs. Overall, 75 representatives of civil institutions from Samtskhe-Javakheti, Imereti, Guria, Adjara, Samegrelo, and Shida Kartli regions were trained. The training covered the following topics: (1) Service improvement process in Georgia, (2) Service Improvement Action Plan tools, (3) Data collection and analysis and (4) Monitoring and reporting on service delivery. The training included four role-playing exercises to improve understanding of the methodology presented at the sessions.

CELD met with the Mayor of Batumi, a member of the Executive Board of the Municipal Service Providers' Association, to discuss the action plan for the professional association and plans for improving municipal services in the city. According to the Mayor, the services that the association can offer to its members should be focused on priority problems. As for Batumi, the problem that the municipality faces now is fee administration and public awareness of service issues. Among existing problems, the Mayor listed the following: proper formula for calculating the cost of services provided; formula for calculating the tariff for different types of customers; upgrading the customer database; citizens' awareness of the schedule of service provision; and tariff and the procedures for paying the fee. In order to start working on these issues, the Mayor appointed a group of local experts that are involved in service delivery in Batumi. The group agreed to start with increasing public awareness and is currently in the process of developing a brochure that will inform citizens of garbage collection fees and the schedule of service provision in Batumi.

The working group will be working on developing the formula for calculating the cost of service for the city and defining the tariff in the coming months.

The purpose of conducting these workshops was to make participation of civic institutions in local decision-making process more effective and productive.

Association Study Tour

Representatives of the Municipal Service Providers' Association and the Municipal Finance Officers' Association visited the U.S. to attend the Government Finance Officers Association (GFOA) annual meeting in Florida and meet with the Urban Institute and several U.S. associations in Washington, DC. The purpose of the trip was to familiarize the leaders of the new associations that CELD is supporting with the way that U.S. associations operate and to establish working relationships for the future. The trip was financed and arranged by World Learning under USAID's FORECAST program. CELD cooperated in selecting participants and developing the agenda. Nana Kuchuloria, CELD Communications/Municipal Programs Manager accompanied the group. The group included: financial service heads from Telavi and Tsageri municipalities, presidents of both associations, the head of the MoF local budget department, the Mayor of Batumi and the Council Chair of Poti. Tim Grewe, the U.S. Treasury Advisor to the MoF, and one of his staff members also participated. Mr. Grewe, who is a past president of the GFOA arranged many of the meetings for participants and helped with logistical problems.

In addition to attending the GFOA annual conference in Florida, the group met with: the American Public Works Association, the American Society of Association Executives, the National Association of State

Budget Officers, the International City/County Management Association and the Urban Institute in Washington, D.C. Contacts were established and commitments for further cooperation and technical assistance were made.

The visit substantially enriched the understanding of the purpose and mission of the developing Georgian associations. One of most important benefits that members of the associations received was an introduction to technical issues. They now understand the role, sources of financing, and internal structures of similar associations. It became clear that the organization should provide services at such a level that member organizations will be willing to pay for services they receive from the association, whether through membership fees, training fees, printing materials, innovations, or new tools.

Participants also gained knowledge while attending the regular sessions during the GFOA conference on such topics as good budget documents, performance data, how to fund services, rational budget cutting, financial stability, and budgeting for outcomes.

III. DELIVERABLES AND REPORTS

CELD assisted local municipal working group members to finalize 18 Community-Based Economic Development plans for approval by the city councils. Six have been approved to date.

CELD reprinted 700 copies of each of the following Guidebooks: Municipal Service Improvement; Program Budget; Sample Program Budget; Community-Based Economic Development. The guidebooks were distributed to 42 municipalities and 66 NGOs.

In April 2008, the Kutaisi Case Study "Taking Ownership" was finished and approved by USAID.

In June 2008 two CELD Success Stories – "Cleaning up Kaspi" and "Taking Ownership" -- were requested by the USAID Washington office to put on the Global USAID website.

IV. PROBLEMS OR DELAYS AFFECTING PERFORMANCE

N/A

V. WORK PLANNED FOR NEXT REPORTING PERIOD

- Visit municipalities to conduct legislation training sessions for NGOs of Kvemo Kartli, Racha and Mtskheta-Mtianeti Regions (eight sessions for 160 people);
- Deliver proposal-writing sessions for CELD partner municipalities in three more regions: Racha, Kvemo Kartli, and Mtskheta-Mtianeti;
- Conduct workshops on program budgeting and performance management for newly appointed Gamgebelis and Council Chairs;
- Conduct workshops for local NGOs working on Community-Based Economic Development Planning;



- Assist Lagodekhi and Kvareli municipalities to implement tourism development projects;
- Conduct a performance Management workshop for Georgian NGOs from the Kakheti and Mtskheta-Mtianeti regions.
- Support the holding of a meeting of the Executive Board members of the Municipal Service Providers' Association
- Support the holding of a two-day general meeting of Municipal Service Providers' Association and Municipal Finance Officers' Association; and
- Close out the project including disposition of property and preparation of the final report.