

**QUARTERLY TASK  
ORDER PROGRESS AND  
COST REPORT**

**JANUARY TO MARCH  
2001**

**MOLDOVA LOCAL  
GOVERNMENT REFORM  
PROJECT**

Prepared for



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

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April 2001  
UI Project 06901-007

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## QUARTERLY TASK ORDER PROGRESS AND COST REPORT

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### MOLDOVA LOCAL GOVERNMENT REFORM PROJECT

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

**Date of Issuance:** February 1, 2000

#### **Task Order Description**

The purpose of this task order is to implement 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.

**Amount obligated under Task Order:** \$1,000,000

**Total potential Task Order amount:** \$4,999,793

**Dollars expended to-date:** \$827,430

#### **Progress of Major Tasks and Activities**

During this quarter of the Local Government Reform Project (LGRP) the team provided the following assistance to mayors, local governments, and non-government organizations (NGOs):

- Strategic planning workshops for the cities of Ialoveni and Cimislia; Implementation of pilot projects for autonomous heating of residential buildings in Drochia and Ialoveni.
- Water supply for Cimislia and Cricova.
- Landfill site studies for the Iznovats Valley communes, and the Commune of Gribova.

In addition, the LGRP engaged in the following activities:

- Recruitment of a specialist to support democratic governance activities.
- Contribution to the formulation of strategic objectives.

- Intermediate results and performance indicators for the Mission Five-Year Plan.
- Visits with Mayors and staff of Chisinau, Edinet, Orhei, Comrat, Ceadir Lunga, and Hincesti.
- We also coordinated meetings with representatives of associations of mayors, inspection visits to pilot project sites, briefings for public meetings in Ialoveni, Cimislia, Nimoreni, Gribova, Cricova.
- Interviews and materials for journalists from a number of publications, radio, and television channels, support for thermal engineering advisor Andrew Popelka, testing of the new videoconferencing system, as well as procurement and modifications of hardware for the Local Government Information System.

**Draft Legislation**—During this quarter, January 1 to March 31, 2001, the Parliament adjourned and the government prepared for elections that were held February 25. Following the election the current government resigned. As of the end of March the new government had not been selected. Consequently, no legislative reform initiatives were undertaken with the government during this period. However, Fiscal Reform Advisors and the LGRP Chief of Party (COP) did continue revisions to new drafts of the Law on Local Public Administration and the Law on Local Public Finance. Arnold Gordon of the Barents Group made substantial contributions to these drafts and to improvements in the Law on Local Taxes and Fees.

Mr. Gordon visited Chisinau the week of March 26 to 30 to gather information for drafting revisions to the Law on Local Taxes and Fees. Dr. Tabor arranged a meeting for Mr. Gordon with representatives of the National League of Associations of Mayors and the Federation of Local and Regional Authorities to discuss their views about this law. The USAID CTO DR. Tuan Nguyen chaired a presentation by Fiscal Reform advisors on the current fiscal situation and efforts of the Fiscal Reform Project in behalf of fiscal decentralization. Mr. Gordon and Fiscal Reform Advisor David Martin and Dr. Tabor held another meeting the following day with senior financial management staff of the Municipality of Chisinau and the State Tax Service. Mr. Gordon presented specific proposals for revisions of the law, and the Moldovan representatives responded.

**Deliverables Completed:**

- A revised draft of the Law on Local Public Administration and Law on Local Public Finance



**Capacity building for fiscal decentralization**—A seminar on computer-based budgeting, organized by the Fiscal Reform Project took place on February 27 and 28, 2001. Mayors and financial staff from the pilot centers were present, representing Chisinau, Cimislia, Hincesti, Cricova, Ialoveni, and Drochia. Elements of performance budgeting were introduced, and important issues were discussed, such as transfers, subsidies, and education budget.

- Municipal Services Pilot Projects
- Strategic Planning for Local Governments

**Ialoveni**—During this quarter the LGRP emphasis changed from assisting mayors' associations to prepare strategic plans to assisting pilot center local governments to prepare and implement strategic plans. The first pilot center to participate in a community opinion survey and then a one-week workshop to prepare a strategic plan was the City of Ialoveni. On February 13, 2001, 29 local citizens, representing a cross-section of the community, responded to a survey conducted by facilitators Dr. Liubomir Chiriac and Mr. Ghennadie Grosu. Dr. Chiriac is a senior advisor with the Viitorul Foundation. Mr. Grosu is Vice Mayor of Cimislia. Both were assisted by LGRP during the second and third quarters to develop skills and experience in strategic planning consulting. They also conducted a workshop February 20 to 23 for 16 members of the strategic planning team. The members included local government senior managers and professionals, business leaders, member of Council, and pensioner. Mayor Anatol Moldovanu participated throughout the workshop. Ialoveni is currently implementing its plan and has already made progress in each area, including, economic development, increasing transparency, making better use of local resources, professional development for employees, establishing a people's guard, social infrastructure, formation of dwellers' associations, and improving the community's external image.

**Cimislia**—The next city to prepare a strategic plan was Cimislia. A one-day forum with a cross section of citizens and community leaders was held March 23. Then a six-day workshop took place March 25 to 31. Mayor Ion Alexandrianu received the findings of the forum March 23 and the proposed strategic plan March 31. Vice Mayor Ghennadie Grosu led the 11 member strategic planning team in its work. Members included senior managers and professional employees of the city, as well as local business leaders and an economist with the Judet Council. Victor Mocanu and Liubomir Chiriac, both advisors with the Viitorul Foundation, facilitated the workshop. Both were previously trained by LGRP to serve as strategic planning consultants. The strategic planning team has begun to implement its plan.



The following strategic issues were identified as priorities for action by the Cimislia team:

- How can the local economy be re-launched?
- How can we improve the quality of local public services and strengthen municipal infrastructure?
- How can we optimally use local resources?
- How can we ensure the promotion and implementation of a sustainable social policy?
- How can we ensure the increase of local government officers' professionalism, transparency, and citizens' access to information?
- How can we improve the environment?
- How can the impact of corruption and criminality be minimized?

The Cimislia team produced an action plan to address each of these issues. The plan included the persons responsible for action and the time period for action.

The Mayors of Drochia and Cricova have requested strategic planning assistance in May. Other mayors have expressed interest in similar assistance as well.

#### Deliverables Completed:

- *Socio-economic Strategic Plan for the City of Laloveni*
- *Socio-economic Strategic Plan for the City of Cimislia*

### **Municipal Services Pilot Projects with Citizen Participation**

**laloveni**—The Dwellers' Association, with assistance from the municipal government and the LGRP completed the installation of an autonomous boiler, and heat was provided to the dwellers of two buildings in laloveni, January to March 2001. We are currently assisting the Dwellers' Association to establish sound financial management systems for billing, collections, and payments for support of the heating services. The Association is considering the addition of other services such as water, hot water, electricity, and gas administration. LGRP thermal engineering advisor, Andrew Popelka, visited laloveni in January to install heating monitors and again in



March to measure heating patterns and amounts throughout the buildings, in order to evaluate and recommend adjustments to the heating system.

**Drochia**—The Dwellers' Association, with assistance from the municipal government and the LGRP, completed the installation of an autonomous boiler in March and heat was provided to the dwellers for several days to confirm that the system is now operational. It will go into regular service at the beginning of the next winter. Mr. Popelka also installed heating monitors in the Drochia apartment building in January and collected data in March.

**Suruceni and Gribova**—The specialized government landfill design institute "IPROCOCOM" was engaged to inspect proposed sites for sanitary landfills, preliminary to launching the Solid Waste Management projects for Suruceni/Iznovals River Basin, and for the Commune of Gribova. It presented cost quotations and time frame for soil and hydrological tests and landfill design. The Mayors of Suruceni, Nimoreni, and Malcoci sponsored a series of meetings with residents to explain the project and to elicit their support. Vice Minister of Environment Joloncovsky chaired the meeting in Nimoreni. He offered grant assistance from the Environmental Fund to defray a portion of the expense of landfill site testing, design, and construction. As of the end of March, the members of the Environmental Fund had given verbal approval for a matching contribution toward the cost of landfill site study. An agreement among the mayors of the three communes, IPROCOCOM, and the LGRP was drafted and will be signed in early April. Gribova expects to ask for the same assistance and to proceed with its landfill site study in May.

**Cimislia**—The Town of Cimislia has contracted with a private firm to implement the modifications and improvements to the water supply system, and to manage the system thereafter. The Town will retain ownership of the system and oversee the contract. The equipment and materials contributed by the LGRP will make the system more efficient and capable of billing residents for actual usage. LGRP is also assisting the formation and training of resident associations to manage the consumption, billing, and collection for water services. They must also make improvements inside apartment buildings and homes, wherever necessary.

**Cricova**—USAID has approved a project to help the Town of Cricova to manage water services more efficiently and extend them to a new area of the town.

**Candidates for Year 2 Pilot Projects**—During the period March 11 to 27, 2001, Dr. Tabor and Natalia Motili visited mayors and staff of the cities (municipalities) of Edinet, Orhei, Comrat, Hincesti, and Town of Ceadir Lunga to discuss opportunities and needs for collaboration in LGRP activities. Mayors in all of these cities expressed great interest in working with the LGRP. Most mayors wanted strategic planning and other technical assistance. In addition, the Mayor of Edinet wants to begin with improvement of water services in a part of the city with an active citizens association. The Mayor of

Orhei requested technical assistance for analysis of the Thermocom heating system, with recommendations as to the most efficient way to provide heating to residents. The Mayor of Comrat seeks help in managing a flood plain in the center of the City, with environmental protection combined with parks and recreation and other public services. The Mayor of Hincesti is considering youth services and/or a waste-recycling project. The Mayor of Ceadir Lunga asks for help in providing a historical museum of the people of Gagauzia, with both social and tourism objectives. These requests are currently being prepared as concrete project proposals with implementation plans and budgets, for consideration by USAID.

**Infrastructure for Web-based Assistance to Clients and Website Development**—During the past quarter the personal computers acquired from the USAID Land Project for the Local Government Information Network were upgraded with increased active memory. Modems and uninterruptible power supplies (UPS) were purchased. A targeted needs assessment of local officials and NGOs for web-based information was also conducted. A broader survey of mayors throughout Moldova is now being undertaken, in association with the Association of Mayors and Local Communities of Moldova. Finally, design of the Website structure and content was initiated.

**Democratic Governance**—During January 65 applications were received for the position of Democracy and Governance Specialist. Subsequently, the Chief of Party, Dr. Tabor, prepared a short list of eligible candidates. A selection committee was formed, consisting of an expatriate and a Moldovan representative from the International Foundation for Electoral Systems and a Moldovan representative of the East West Management Institute. They interviewed and selected three candidates as being qualified. Thereafter, Dr. Tabor interviewed each candidate. A selection has been made, pending the beginning of LGRP work year 2.

The Mayors of Ialoveni and Cimislia are encouraging apartment dwellers to form associations to manage their own community services and to participate more actively in local government. They have asked LGRP to support them in this effort. We are currently planning such assistance.

**Expanding and Strengthening the Capacity of Mayors Associations for Institutional Development to Advocate Local Government Reform**— Several meetings with Mihail Perebinos, President of the Association of Mayors and Local Communities, were held to discuss possibilities for collaboration. He was invited to submit a proposal for designing and implementing strategic information systems. The systems would support mayors who were implementing strategic plans for their communities. Such information would also be useful for support of proposed legislative reforms advocated by mayors and mayors associations in Moldova, e.g., demonstrated management capability to implement reform policies approved by Parliament.



The proposal Mr. Perebinos subsequently submitted emphasized the use of computer databases for strategic budgeting. The proposal was referred to the Fiscal Reform Project for consideration in relation to the fiscal decentralization assistance it is providing to local governments. Discussions continue with Mr. Perebinos regarding ways the AMCLM can contribute to the introduction of information systems to local government with LGRP assistance.

**NGO Capability to Deliver Strategic Planning Training**—Mr. Perebinos has requested LGRP assistance to help his Board of Directors prepare a strategic plan for the Association of Mayors and Local Communities of Moldova, and to train local consultants to be able to offer similar services to mayors and cities that are members of this association. He has requested that the assistance be given in June 2001.

**Dissemination**—As a means to increase public awareness of local government reform initiatives and models for providing public more services efficiently, LGRP cooperated with media representatives interested in reporting our work.

On January 20, 2001, the official launching of the autonomous boiler in Laloveni took place. PRO TV, local TV, national radio, and a local newspaper reported the event). Reporters interviewed Dr. Tabor during the event.

The March issue of *Banking and Finance Magazine* contained an interview with Dr. Tuan Nguyen regarding the purpose, methods, and beneficiaries, of the LGRP.

Cimislia published information about the water supply project in the city informational bulletin (No. 6). Information about the water supply situation in Cimislia was also reflected in "Business Information" (No. 7) from March 16, 2001, Lapusna county newspaper.

The newspaper "Delovaia Gazeta" from March 23, 2001 published an article about the Laloveni municipal government, its activities, and plans for the future.

In March local television reporters from laloveni and Cimislia conducted interviews with the Mayors and Dr. Tabor to explain to viewers the strategic plans being developed by municipal teams with LGRP technical assistance.

Dr. Tabor and LGRP staff members were active throughout this quarter in speaking to citizens in public meetings about the LGRP, especially in relation to how they might participate and benefit. Public meetings took place in Cimislia, laloveni, Nimoreni, Cricova, and Gribova. These meetings were often combined with inspections of ongoing projects and visits to local industries, schools, community services, and municipal offices.

**Strategic Integration**—During this quarter Dr. Tabor held coordinating meetings with representatives of the Swedish International Development Agency (SIDA) and the Department for International Development, U.K. (DFID). He also arranged a briefing by the USAID CTO Dr. Tuan Nguyen, and Chief of Party of the Fiscal Reform Project, Dr. Daniel Lee, for the representatives of SIDA. Dr. Tabor also prepared a report of LGRP assistance during the past year for the Coordinator of International Donor Assistance of the Ministry of Economy.

**Progress and Forecast**—The Local Government Reform Project has met and exceeded its targets through the end of March with regard to municipal pilot projects and management training. The current levels of assistance will continue through June, subject to re-obligation of funds by USAID. Following the hiatus in legislation due to elections for President and Parliament, and formation of a new government, USAID expects that new local government reform legislation can be proposed in May and June. As soon as new funds are received, full-time staff will be added to the Local Government Reform Project for Democracy and Governance, and training and technical assistance to mayors associations, NGOs, and community associations will be expanded.

**Constraints**—Three constraints currently exist for the USAID LGRP:

- The direction and pace of the new Government of Moldova with regard to local government reform.
- The delay of Year 2 funds from USAID.
- The rate, at which local government revenues grow, thus providing capital for investment in municipal projects and activities that are appropriate for LGRP assistance. The USAID funding constraint will likely be removed soon. The other two constraints may be more enduring.

The previous quarterly report identified a constraint of multiple representatives of mayors and local communities, thus fragmenting the voice and influence of local government in promoting legislative reform. This constraint has been reduced by an emerging alliance of the two largest associations of mayors: The National League of Associations of Mayors and the Federation of Local and Regional Authorities. The Association of Mayors and Local Communities of Moldova have not yet joined this alliance.

### **Recommendations**

Opportunities for joint action by the associations of mayors will be encouraged and supported by the LGRP.



### **Significant Findings and Delays**

Significant findings and delays have been discussed above.

### **Work Planned for Next Reporting Period**

In May 2001 the Local Government and Fiscal Reform Advisors will present draft legislation on local public administration, local public finance, and local taxes and fees, for consideration by local officials and Parliament.

During May and June there will be continuing assistance to pilot cities in developing and implementing strategic plans. Thus far, the pilot cities of Cricova and Drochia have requested LGRP strategic planning assistance. In addition, several candidate pilot cities have expressed interest in strategic planning, including Edinet, Orhei, Comrat, and Ceadir Lunga. Preparation of these plans at this time will help the cities prepare their 2002 budgets, beginning in June 2001. Fiscal Reform Advisors will help the pilot cities to improve their budgeting process.

If funds are available we expect to assist the Association of Mayors and Local Communities with strategic planning and consulting skills. We also hope to launch engineering and financial studies of the Thermocom heating systems in Orhei and Ialoveni.

We will inaugurate our video-conferencing service and core local government information network. We will also complete work planning for Year 2 and prepare related scopes of work and subcontracts. In addition, we will expand our network of mayors, NGOs, and local consultants, to participate in our future activities.

### **Specific Action Requested**

Expedited re-obligation of LGRP funds for Year 2 by USAID is urgently needed. We have expended over 90 percent of Year 1 funds. Four vouchers are currently outstanding.

### **Up-To-Date Schedule of Work**

Work is proceeding at a reduced level, within the scope of the approved Year 1 Work Plan.

### **Key Personnel**

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