
QUARTERLY PROGRESS REPORT

U.S. Montenegro Partnership for Municipal Development

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I. INTRODUCTION

Goals/objectives:

The International City/County Management Association (ICMA) established the *US – Montenegro Partnership for Municipal Development* in November 1999, initially under a one-year grant from the U.S. Agency for International Development (USAID). Phase I activities were designed to assist local governments in responding more effectively and efficiently to increased demands on municipal services due to the influx of internally displaced persons from the Kosovo conflict. ICMA received a modification to Phase I, which has expanded and extended the program through a grant until December 2002. It now serves as the technical and operational hub for USAID assistance to the local government sector in Montenegro.

During Phase II, ICMA offers an integrated package of training and technical interventions designed to:

- A. Develop and promulgate a new legal framework for fiscal and democratic decentralization and devolution of authority and resources
- B. Improve municipal financial management skills and practices
- C. Develop a local government in-service training delivery system to insure sustainable implementation of enacted reforms
- D. Increase citizen involvement and collaboration in the local government reform process and community affairs

Counterparts:

Principal counterparts include: (1) the municipalities of Tivat, Kotor, Ulcinj, Cetinje, Niksic, Pljevlja and Berane; (2) Ministries of Justice, Finance, Urban Development and other Republic agencies including Departments of Revenue, Public Works, and Real Estate, (3) the Union of Municipalities of Montenegro and (4) the Agency for Local Democracy and Partnership.

II. ACCOMPLISHMENTS:

**(A) Building And Implementing A Legal Framework For Fiscal And Democratic
Decentralization And Devolution Of Authority And Resources**

ACTIVITIES:

Legislative Development:

LAW ON FINANCING OF LOCAL GOVERNMENT

Upon the recommendation of the Ministry of Finance (MoF), the Government of Montenegro (GoM) approved a Local Government Finance Law on June 22, 2002 and sent it to Parliament. This Law bore very little resemblance to drafts that had been the basis for extensive discussions with municipal officials, the Union of Municipalities, municipal officials, ICMA, and USAID. Essentially, the GoM approved Law gutted the earlier drafts and clearly failed to meet USAID's conditionality criteria, requirements of the European Commission's Charter on Local Self-Government, and generally accepted international standards for fiscal decentralization and devolution. In addition to being substantively unacceptable, the actions by the MoF and the GoM in substituting their staff-drafted Law for one that had been the subject of extensive consultation and deliberation constituted a significant violation of process integrity.

ICMA, USAID, officials of the Ministry of Justice, the Union of Municipalities, and Barents all swung into action rapidly and forcefully to make it clear that the June 22 Law was unacceptable, that it should be withdrawn from Parliament, and that a new Law reflecting fidelity to previous drafts should be written and re-submitted to the Parliament.

After detailed, extensive, and protracted negotiations with MoF officials, including the Minister of Finance, a new Law was approved by the GoM and forwarded to the Parliament on July 16, 2002. The July 16 Law meets conditionality criteria and EU requirements. It provides a substantial "own source" revenue base for local government as well as an adequate stream of shared revenues that are collected by the Republic. Conceptually, the July 16 Law embodies what appears to be a sea change in how power and resources are allocated between the Republic and the local level in Montenegro.

Currently, the Law is awaiting action by Parliament. With elections slated for October 20, 2002, it is virtually certain that no legislative action will be taken on this Law until the new Parliament is seated.

OUTPUTS:

- Prepared detailed analysis on MoF's June 22 Law for USAID and for MoF.
- Prepared detailed fiscal impact analysis of MoF's June 22 Law for MoF, USAID, and the Union of Municipalities.
- Prepared detailed alternative draft Law for MoF, including a fiscal impact analysis.
- Incorporated into the alternative draft Law suggestions and input from the Union of Municipalities, the Ministry of Justice, USAID, and Barents.
- Prepared presentation materials for working group meetings.
- Drafted the substance of the July 17 Law which was ultimately approved by the GoM and sent to Parliament.

- Translated all of the above analyses, documents, drafts, and presentation materials in the local language.

IMPACTS:

- GoM put before Parliament a Law on Financing Local Government that marks a significant move to implementing fiscal decentralization in a sustainable manner.

<p>(B) Improve Municipal Financial Management Skills and Practices</p>

ACTIVITIES:

Municipal Budget Software II Development (MSBII)

ICMA is developing Version 2.0 of the Municipal Budgeting Software (MBS2) in order to enhance user-friendliness and to correct deficiencies in the original version. MBS2 will provide municipalities with an improved budget reporting system, especially by reporting planned vs. actual expenditures. MBS2 will move municipalities closer to compliance with the Republic's new revenue and expenditure registration procedures. In the past, the Republic disbursed cash to municipal spending units via the national payment system (ZOP). Under the new procedures, municipalities will receive allocations that will eventually be accounted for by local treasuries. MBS2 will provide a bridge between the current system and local treasuries while the ZOP system is being reformed and dismantled.

OUTPUTS:

- ICMA researched the availability of qualified local software contractors and located one firm in Tivat that was already working on upgrading the original MBS for the municipalities of Tivat and Kotor. ICMA had several meetings with Technoship-Gobovic of Tivat and determined that the firm was, indeed, capable and available.
- ICMA drafted software specifications for MBS2.
- ICMA drafted and executed a contract with Technoship-Gobovic.
- ICMA has reviewed and approved Beta-1 and Beta-2 of the MBS2. Reviews have included comments and suggestions from pilot municipalities.
- The final version of MBS2 is scheduled to be delivered to ICMA by October 1, 2002.

IMPACTS:

- Thirteen (13) municipalities that have not yet restructured their budgets in accordance with the new budget classification scheme will be able, with the installation of MBS2, to restructure budgets and to conduct budget analyses of planned vs. actual expenditures for their 2003 budgets.
- The six (6) municipalities that have been using the original MBS will benefit from the enhanced software and its ability to compare planned vs. actual expenditures. The software will thus evolve from a planning tool to a planning and analysis tool.

Financial Analysis of Budget and Statistics Software (FABS)

FABS is a software tool that will allow local governments to analyze historical revenue and expenditure trends and to prepare multi-year financial forecasts. FABS will also allow local governments to compare their financial performance to all other Montenegrin municipalities, thus providing supporting data for “benchmarking.”

OUTPUTS:

- FABS software was completed and accepted from the contractor
- FABS manual was completed and accepted from the contractor
- An installation has been prepared and approved by ICMA
- Installation of the software by the contractor is now in progress

Municipal Software for Investment Planning (OSIP)

OSIP will assist municipalities to develop capital projects that are part of a five-year Capital Investment Plan (CIP). Capital investment projects will be linked to organizational codes defined by the users and to functional codes defined by the Republic. OSIP will facilitate multi-year financial analyses that will forecast current and future capital revenues and expenditures. It will define all sources for funding capital investments. The first year of the CIP, which is the capital budget, will link to the municipal budget, as will the maintenance and operating costs of any capital projects.

OUTPUTS:

- Software development specifications were prepared by ICMA and a contract was approved by ICMA/Washington and signed by all parties
- ICMA, both Partnership and MISP, have worked with the software developer and officials from pilot municipalities to design screens, prepare definitions, and embellish software design.
- BETA-1 was delivered and approved on September 9, 2002 and Beta-2 was delivered and approved on September 23, 2002.
- Delivery of the final software is scheduled for October 4, 2002.

REAL ESTATE TAX IMPLEMENTATION

According to the Law on the Taxation of Real Estate, municipalities in the Republic of Montenegro will assume full responsibility for levying and collecting real estate tax beginning in 2003 and all of the revenue from this source will be available to municipalities for budgeting. At the same time, the law directs municipalities to calculate tax bills based on market values, rather than the nominal valuation approach that is currently used by the Department of Public Revenue (DPR). The law directs the DPR and the Department of Real Estate (DRE) to facilitate implementation of this Law by making available to the municipalities data regarding the ownership and value of real estate which is needed to support a market based valuation. Municipalities are also directed to deliver tax applications to property owners who, in turn, are required to return completed applications to municipal offices. Finally, the Ministry of Finance (MoF) is required to promulgate a market based valuation methodology that will assist municipalities in administering the Law.

Thus, municipalities are faced with the twin challenges of taking over the administration of a very complex tax while at the same time calculating that tax on a completely new base ---- market values. While these twin challenges are formidable, the deadlines set forth in the Law are, and always were, unrealistically ambitious.

Furthermore, the availability of data from DPR, DRE, and the tax applications to support the implementation of a market based valuation approach to real estate taxation has become a major impediment to progress. Availability of these data are essential for implementing the new Law in 2003. (The promulgation of the valuation methodology by the MoF and actions by municipalities --- staffing, organizing, and administering the tax application process --- are also essential to implementation.)

After much research and very detailed analysis of the data available from DPR and DRE, it is clear that those data are, by themselves, inadequate to support implementation of a market based valuation approach in 2003. Furthermore, data that may become available from tax applications in the near future is not likely to be sufficiently comprehensive and reliable for purposes of calculating tax bills.

In these circumstances, ICMA is recommending, and we believe that the MoF agrees, that, for tax year 2003, municipalities focus on the staffing, organizational, and managerial challenges of taking over responsibility for the real estate tax. Since the currently available data is clearly inadequate to support a market based approach to valuation of properties, by exception, municipalities should be authorized in 2003 to use last year's DPR data as the basis for calculating tax bills. During 2003, municipalities would then use all available data sources, and any new valuation data it can obtain with its own resources, to build property tax registers that would use market values as the basis for assessment and tax bills in 2004.



Participants from Berane & Pljevlja municipalities

Real Estate Tax Conference
Cetinje, July 9-11, 2002

OUTPUTS:

- A national conference on ***Implementation of the Real Estate Tax*** was held in Cetinje July 9-11, 2002. The Conference was attended by 86 representatives of local government, the Union of Municipalities, the Ministry of Justice, the Department of Public Revenue, USAID, ICMA, and assessors from the State of Massachusetts. Mr. Howard Handler of USAID/Montenegro and Kristine Powers of ICMA delivered opening remarks. The goals of the conference were (1) to understand the basic elements

required to implement the real estate tax and (2) to identify and begin to solve crucial implementation problems. The conference provided practical information on topics such as the basic law, the valuation methodology, taxpayer education, tax administration, and the drafting of municipal ordinances on staffing and organizing to implement the law.

- One of the outputs of the conference was the identification of four (4) problems as well as proposed solutions that relate to implementing the real estate tax. The four problems which were agreed upon by consensus by the municipal officials are: (1) valuation where markets are non-existent and valuation of very large companies; (2) the quality and accuracy of data from DRE and DPR; (3) collecting taxes from indigent property owners and from bankrupt companies, and; (4) taxation of illegally built structures.
- In July 2002 a team of four assessors from the State of Massachusetts spent two weeks in Montenegro with the mission of assisting municipalities with issues related to the assessment of real property. The team was provided to ICMA and to Montenegro on a pro bono basis by the Massachusetts Association of Assessors. The team participated actively in the national conference (above), organized and delivered a two-day Workshop for Assessors, and made site visits to four pilot municipalities.
- A draft valuation methodology was developed by ICMA and delivered to the Ministry of Finance on September 10, 2002. Subsequently, there have been numerous meetings and discussions with the MoF concerning the methodology. The MoF is inclined to promulgate a regulation containing the methodology which is considerably more detailed and prescriptive than ICMA believes is appropriate. ICMA has convinced the MoF that most of the detail instructions for assessors should be in an “Appraisal Manual” rather than a Republic-level regulation. Discussions continue on this issue while the September 30 deadline for promulgating the regulation (per Article 19 of the Law) looms ever closer.
- Draft (model) tax applications were developed by ICMA in August and presented to all municipalities in September. The data solicited in the applications is consistent with the real estate tax software which is currently under development.
- A quarterly meeting of the Real Estate Implementation Group (REIG) was held in Podgorica on September 11, 2002. It was attended by officials from pilot municipalities, the MoF, the Ministry of Justice, and DPR. The draft valuation methodology and the model tax applications were presented at this meeting.
- A report on the adequacy of data available from Republican sources to support the administration of a market-value based real estate tax was drafted by ICMA and delivered to the MoF.
- The Real Estate Tax Software (RETS) project, while 90% complete, is now on hold while we await a decision from the MoF regarding ICMA’s recommendation (see above) regarding the exclusive use of DPR data for calculating tax bills for 2003.

(C) Development Of Local Government In-Service Training Delivery System

ACTIVITIES:

Assistance to the Union of Montenegrin Municipalities (UoM)

ICMA assistance to the UoM is designed to ensure an institutional outreach to the Montenegrin Municipalities, and a fortified interest representation in the development of the new legal framework.

UoM Communications

ICMA Communications Consultant Ann Bueche was in country from July 15-26 to work with UoM on its communications strategy. Bueche worked with UoM on understanding the importance of association communications with members, working with members who have traveled with ICMA in past exchanges with the Massachusetts Municipal Association to see what lessons have been learned and in-depth assistance was provided in planning for general association communications and newsletter development. In addition, the ICMA Association Viability Index was translated and presented to the Secretary General of the UoM to assist him with his analysis of the association and its areas of strengths and weaknesses.

The results of the meetings about newsletter development for the Union included:

- A declaration of commitment to produce a manageable newsletter on a regular basis (8 pages, every two months is the goal as described);
- An 8 page layout of the newsletter with content areas defined
- An editorial board
- An editor-in-chief
- A plan for a first edition in October, including a special insert about the 30 year jubilee
- A concrete task for the 21 contact people recently established based on VNG advice
- Agreement that Ms. Vanja Starovlah, Union staff member would take responsibility that the newsletter would get done.

ICMA/VNG International Cooperation with UoM

ICMA sponsored, and participated in the VNG/UoM training workshops for contact persons, organized in July and August of this year. Training of Contact Persons was designed to get local government representatives more acquainted with their new role as a contact person between the UoM and their respective local governments.

- The first workshop was organized on July 1-2 in Podgorica. Nine municipalities sent representatives. The topics covered included: tasks of the Associations of Local Governments, organization and activities of the UoM, update on the new LG Laws, the role of contact persons, expectations of the future UoM activities, communication skills, and lobbying.
- The second workshop took place from 29-30 August in Cetinje. 16 contact persons participated in the activities. The main topics covered included: the role of contact persons, project proposal writing, cooperation/conflict management, organization of future activities. It was agreed that Contact Persons would meet every two months in a different municipality. The workshop was rated highly by all participants at the evaluation session.
- VNG International had its closing Ceremony on the 5th of September, with most of their counterparts present. The main outcomes of their Program in Montenegro were presented, and ICMA was greeted as one of the key contributors to their success in Montenegro.

OUTPUTS:

- Documents regarding general association communications and newsletter development,

- ICMA Association Viability Index,
- Training Materials from Contact Persons meetings
- A list of Training Manuals used in ICMA Program in Montenegro

IMPACTS:

- Supported establishment of Contact Persons network in Montenegrin Municipalities, that will serve as a solid base in facilitating two-way communication between the UoM and its membership.
- Facilitated creation of the Editorial Board for the Union’s Newsletter, and development of an adequate layout for the 8 page Newsletter.

<p>(D) Increase Citizen Involvement And Collaboration In The Local Government Reform Process And Community Affairs</p>

ICMA continues to build awareness among our partners of the advantage and necessity of creating 2-way communication between government and its citizens. The aim is to build capacity and to provide training for government officials to sustain an open and transparent system of government, which allows, encourages and empowers citizens to participate in decision-making at the local level. While serving to complement and reinforce existing activities, this citizen participation component will enrich democratic development of citizens and government officials and ultimately facilitate sustainable implementation of policy reforms.

ACTIVITIES:

Citizen Participation in Real Estate Tax Reform

ICMA continues to work with 4 pilot municipalities (Pljevlja, Plav, Kotor and Niksic) to conduct local taxpayer education campaigns, to enhance their capacity to foster compliance with the law and increase their potential for increasing tax revenues. The project includes both technical and material assistance, and will be rolled out to all 21 municipalities. At the same time, ICMA has launched a republic-wide taxpayer education campaign to facilitate the implementation of the Law on Real Estate Tax.

- ICMA presented the concept of the campaign on the REIG meeting.
- The campaign was launched in July at the First National Conference on Implementation of the Real Estate Tax. The press kits were distributed to the media representatives with the Conference agenda, together with the invitation for “Breakfast with media” – 12 representatives from major TVs and daily press attended the event and spent 2 hours with ICMA CoP and USAID Officer in Charge, asking questions about the Law on Real Estate Tax, the pilot projects, ICMA’s other projects and reform process in Montenegro.
- Taxpayer education campaign was in focus at the third day of the Conference when the “Taxpayer Education Campaign” was described in detail.
- Shortly after the Conference the production of two TV spots were finalized, media-buying plan has been drafted and the spots have been regularly broadcasted.
- ICMA prepared and produced 7 radio jingles, as well as promotional material that are being distributed republic wide and particularly in pilot municipalities (posters, stickers).

By September the pilot municipalities finalized the action plans and have started broadcasting the jingles and distributing the promotional materials.

- The production of the Citizens Guide to the Law on Real Estate Tax has been finalized, the copies of the Guide have been inserted in two daily papers and are ready to be distributed in pilot municipalities.



"MY money for MY municipality! Property Tax D -0.387 Tin 045 TaTc 0Tf -0.o.j 22.32 0 33TD 0 T

OUTPUTS:

- Press release
- Press kits
- Presentation "Taxpayers Education Campaign – Implementing the Law on Real Estate Tax"
- 10 posters – teaching aids for the Conference
- Two TV spots, the schedule of broadcasting
- 7 radio jingles
- Posters (1000 pieces)
- Stickers (5000 small stickers and 10 000 bigger stickers)
- Citizens Guide (80,000 copies)
- Republic-wide action plan
- Action plans for the pilot municipalities
- Consultants reports from the visits to municipality

IMPACTS:

- Raising awareness and sending the repetitive message that the citizens have the right to be properly and timely informed both about their rights and responsibilities as taxpayers.

Public Information Campaign – In Support of Local Government Reform

This public information campaign was designed in close cooperation with USAID’s Office of Transition Initiatives. Its aim is to remind, raise awareness and ensure public understanding of the law’s benefits, and to promote its passage has been executed in accordance with the plans. The TV spots and newspaper ads introduced the slogan “Montenegro knows how” and were regularly broadcasted / published in accordance with the agreed schedule.

OUTPUTS:

- Print/Broadcast media schedules

IMPACTS:

Reminding the citizens that the set of Laws on Local Government was drafted at the end of 2001 and that the Laws need to be forwarded to parliament; raising awareness of the importance and the positive impact of transparency and good public information.

E. Other Activities

Cooperation with International and National NGOs

ICMA continues to support the initiatives of local NGOs, and in this quarter ICMA continued to work with the Agency for Local Democracy and Partnership on a planned \$20,000 grant to be disbursed in the fourth quarter. The NGO is a unique service provider in training on local government issues in Montenegro, and is transitioning from being a largely voluntary agency to one that keeps a core group of key personnel. ICMA anticipates providing the grant for operational strengthening, which is a critical need of the NGO in the start-up phase. To facilitate the grant and to build the capacity of the NGO’s ability to manage operational matters, ICMA brought in NGO development consultant Lubica Mandicova to work with the Agency for 2 weeks in late September.

OUTPUTS:

- Development of a mission statement, program descriptions for key personnel, two-year budget, overhead rate, key forms for financial record-keeping and a sustainability plan.
- Final report suggesting key areas for focus of the expected ICMA grant

IMPACTS:

- Provided much-needed immediate capacity building for an emerging NGO, which will enable to ICMA to best target its resources in an upcoming grant.

III. CHALLENGES AND ISSUES

Montenegrin Politics

The signing of the Belgrade agreement on new relations between Montenegro and Serbia in March triggered an immediate collapse of the pro-independence government in Podgorica and a prolonged political crisis. The crisis has not been overcome through standard procedure, such as holding early parliamentary elections. Instead of preparing for elections, political parties have engaged in sharp and protracted battles over the electoral and media laws. This has resulted in an abandonment of the package of local government laws in parliament now. It is expected that these laws will go forward once the new parliament is constituted after October 20 elections.

The lack of progress on these laws has impacted ICMA's ability to carry out implementation projects planned for the quarter through the end of the grant agreement. Other activities have been substituted in order to continue building capacity at the local level, but significant benchmarks have not yet been met. Further, the political jockeying at the republic level has detrimentally impacted the local level as new mayors have waged informal election campaigns instead of focusing on taking steps to further local government reform. Overall, this has contributed to a weak commitment to fulfill responsibilities agreed to under the previous administrations and stagnation on the reform front. The republic level's opaque approach to local government reform has further compounded the issue and its failure to provide essential guidance or leadership has resulted in sluggish progress in local government reform.

Implementation of Property Tax

ICMA is increasingly facing obstacles in the implementation of the Law on Real Estate, which depending on the outcome of decisions of the central government in the fourth quarter, may limit the reach of ICMA programming in that time period. In addition, such decisions may impact on future USAID programming in this area in the follow-on activity.

First, a brief outline of central level responsibilities is in order. The law directs the DPR and DRE to facilitate implementation of the law by making available to the municipalities data regarding the ownership and value of real estate which is needed to support a market based valuation. Municipalities are also directed to deliver tax applications to property owners who, in turn, are required to return completed applications to municipal offices. Finally, the MoF is required to promulgate a market based valuation methodology that will assist municipalities in administering the law. ICMA has worked closely on all of these issues.

The first challenge to note is the adequacy of DPR and DRE data for the task at hand. ICMA has engaged the consulting firm of Almy, Jacobs, Gloude-mans and Denne (AJGD) for substantial work on property tax reform, parts of which are related to assessing the suitability of available data and drafting of the valuation methodology for MoF. After working on detailed data analysis since February 2002 to the present, it is clear that the data are, by themselves, inadequate to support implementation of a market based valuation approach in 2003. A detailed report from AGJD was submitted on this issue in September, which is available from the ICMA/Montenegro office. It is evident that Montenegro has substantial work to do on preparing itself for implementation of a market based property tax, especially in relation to data.

A second challenge facing Montenegro—which can only be limitedly addressed by ICMA given the impending close-out the program—is getting municipalities internally prepared to undertake

new responsibilities. There are very serious staffing and organizational issues that need to be addressed in all municipalities, which ICMA has repeatedly alerted the local and central levels of government to since the July national conference. Unfortunately, most municipalities are not empowered to take initiative and instead choose to wait for direction from MoF on implementation of the property tax.

The closely related third issue refers to the willingness and ability of the MoF to implement the law to its actual intent. One example is the status of ongoing negotiations between ICMA and MoF and other stakeholders. Despite presenting a technically sound valuation methodology, ICMA fears that MoF is trying to constrain local level decision-making on the property tax instead of trying to make it a locally administered tax. ICMA is providing technical guidance as much as it can, but at some point it must be acknowledged when counterparts are not committed and unwilling to listen to technical advice provided.

These three challenges are closely linked, and depending on the commitment to addressing them by counterparts, the ability of Montenegro to implement a market-based property tax may be compromised. ICMA has strongly suggested to MoF an interim implementation strategy for 2003, which MoF in theory supports (a decision that may change). If the MoF reverses its decision, it will make it close to impossible for the local governments to succeed in the implementation of property tax administration and collection in 2003 while ICMA will not be in a position to effectively intervene.

Personnel Update

As the ICMA program is coming to a close in the next quarter, the inevitable loss of local staff has begun. In August Ranka Sarenac, Program Coordinator for LG Reform and Training Advisor submitted her resignation to take a position at OSCE.

IV. MAJOR ACTIVITIES PLANNED FOR THE NEXT QUARTER

(A) Building And Implementing A Legal Framework For Fiscal And Democratic Decentralization And Devolution Of Authority And Resources

- Preparation of Local Government Briefing Book summarizing new laws, new responsibilities, resources (local & int'l), etc. to serve as a vehicle for transferring ICMA's institutional memory and resources. This will be disseminated electronically and hopefully at conference tentatively planned above.
- Re-establish & maintain relationships with new counterparts in municipalities (Mayors, secretaries of finance).
- Provide a \$20,000 grant for operational expenses to the Agency for Local Democracy and Partnership, a local NGO providing extensive training in a number of local government reform issues. In addition, ICMA staff will provide discreet technical assistance to Agency employees to build capacity of the NGO.

(B) Improve Municipal Financial Management Skills And Practices
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- Final delivery of MBS Version 2.0 and training at municipalities
- Final Delivery of OSIP and training in the municipalities
- FABS installation and training in municipalities
- Excel training for municipal officials who passed basic computer training

Implementation of Real Estate Law

- In October Consultant Donna Putt will be in-country for 3 weeks to work with all municipalities on practical implementation of the Law on Real Estate. Putt will provide on-site TA and troubleshooting on how to build a property register in a user-friendly manner, how to evaluate available data, how to find additional data, how to cope with illegal structures, and how to deal with non-payment of tax.
- Coinciding with Putt's arrival in-country, ICMA will host an implementation workshop in the middle of October to discuss the valuation methodology (which it is hoped will be approved by MoF before that time) and model tax applications.
- ICMA will continue to work with MoF on the valuation methodology on issues where assistance can be provided.
- Additional implementation seminars will be planned as appropriate, depending on the pace of reforms at the national level.
- Finalization of RETS is expected in the fourth quarter, as is its dissemination. Its distribution will coincide with the distribution of 17 computers and printers so all municipalities have received one for the express purpose of RETS implementation (the 4 pilot municipalities already received the equipment. Equipment was provided by OTI but distributed by ICMA.

(C) Development Of Local Government In-Service Training Delivery System

- ICMA staff will continue work with the Union on development and design of a newsletter for member outreach and communication.
- Two IT consultants will deliver in the fourth quarter a membership database for the Union, and train its members at the national and local level in its use.
- It is anticipated that the Union will receive a \$10,000 grant from ICMA in the fourth quarter for improved member communication.

(D) Increase Citizen Involvement And Collaboration In The Local Government Reform Process And Community Affairs

- On the **Citizen Participation in Real Estate Tax Reform**: ICMA will monitor and facilitate citizen participation and education campaigns on republic wide level and

particularly in pilot municipalities. Final report on the Taxpayer Education Campaign, focusing on best practices and lessons learnt.

- On **Citizen Participation in Municipal Budgeting Process**: ICMA will conduct a needs assessment on the possible assistance in the citizens participation campaigns related to Open Budget Hearings at the end of 2002 / beginning of 2003.