



Georgian Local Democracy Report 2006 Annual Report

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Foreword

Present report represents first attempt of description of the ongoing process of reformation of the bodies of self-governance in Georgia. Purpose of elaboration of present report is on the one hand promotion of the process of systemic consideration of given issue by public at large, and on the other hand speeding up of the process of development of relevant normative basis through provision of recommendations.

The report covers following issues:

- Analysis of policy and general assessment of the ongoing process of reforms;
- Description of legislative basis and lawmaking activities;
- Analysis of institutional structure of bodies of self-governance and systems of governance;
- Rules of formation of self-governance and results of local elections of the year 2006;
- Description of financial basis for the local bodies of self-governance and inter-budgetary relations;
- The listing of issues, related to formation of material basis of the local bodies of self-governance;
- Analysis of relations between the central government and the local bodies of self-governance;
- Provision of description of skills of civil servants employed in the local bodies of self-governance (human resources, qualification of staff);
- Evaluation of the level of involvement of public in local self-governance.

Chief objective of the report was conducting of analysis of current situation. Attention was primarily focused on currently existing problems and on elaboration of recommendations, targeted towards promotion of seeking solutions to them. It should be stated, that throughout the report less attention was paid to theoretical aspects of given issues, though it contains different standpoints and approaches to relevant issues.

As the report depicting development of local democracy is being prepared for the first time, apart from containing description on changes introduced during the year 2006 it also contains analysis of changes, that have been taking place during several previous years.

The report is result of joint efforts of following experts:

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To the report are attached results of sociological survey conducted within the framework of the project (the team-leader Nino Durglishvili).

Policy Analysis

1. Introduction

Modern system of local self-governance is a new development in Georgia. It is true, that in Georgia elements of self-governance have existed from ancient time, but modern institutes of self-governance are substantially different from historically existing institutes by their structure and mission.

Georgian society as yet does not have clear understanding of the role and functions of local bodies of self-governance. Consequently, legislation regulating given sphere is not based on Georgian traditions, but is the compendium of analogous legal norms of those countries, which have long-standing experience of local self-governance.

Hence, the process of reformation of the system of local bodies of self-governance in Georgia has been proceeding at a slow pace and can be described as quite controversial. Quite often chosen way of development is swerving towards centralization or decentralization. Certain successful periods are followed by stagnation or sometimes even relapse into forms of governance, characteristic to authoritarian system.

Solving of given problem is further hindered by the political environment, in which Georgian state has to form relevant structures.

After disintegration of Soviet Union and gaining of independence Georgia has inherited from the soviet system three autonomous territorial units (Abkhazia, Adjara and South Osethia) and the issue of political and administrative organization has become quite acute.

Unfortunately due to the impact of numerous external or internal factors it has become impossible to regulate relations with the above referred political units, enclaves settled by ethnic minorities, as well as regions, which along with having common problems have at the same time their own problems and interests, in civilized manner and spirit of peaceful cooperation.

As a result of all the above mentioned Georgia has found itself in the following situation:

- **Two political-ethnic conflicts in Abkhazia and former Southern Osethia, as a result of which major part of these territories are controlled by separatist regimes.** Due to the failure of expanding jurisdiction of Georgia to the whole territory of the country is one of the major factors, hindering seeking solution to the territorial-administrative structure of the country. On the background of such problems it is extremely difficult to conduct reforms in the sphere of administrative-territorial structure of the country without fundamental constitutional amendments.
- **Relations with ethnic enclaves are not settled (especially with Kvemo Kartli, settled by Azeri ethnic minority and Javakheti, settled by Armenian ethnic minority) and confrontation between official Tbilisi and local political or economic establishment (legal or criminal) from time to time become extremely strained.** Lack of effective local and especially regional self-governance undermines possibility of seeking solutions to social, economic or political problems, that population of the country is facing.

- **Existence of structure, which has not been regulated by legislation, i.e. the institute of presidential plenipotentiary to regions, which was introduced in the 90s of the XX century.** It should be taken into consideration, that for finalizing administrative-territorial structure of Georgia and ensuring stability existence of clearly delimited regions and governance is of crucial importance. According to today's administrative division to jurisdiction of some of the regions are subordinated 2 or 3 districts, which may cause the problem of delimitation of authority between these two territorial units, which are practically of similar size.
- **From the soviet period Georgia has inherited the burden of quite cumbersome administrative-territorial organization, which leaving aside autonomous republics, is represented by numerous villages, settlements, communities and small towns on the lower level, and regions and large cities on the upper level.** As a result of abolishment of the lower level of self-governance districts became the only administrative and self-governing units without due consideration of the impact of such reforms.

In the period ensuing regaining of independence (starting from 1991) we have failed to introduce unified basic principle for institutional arrangement of the country, due to which in different periods of time different reforms were proposed and implemented, thus contributing to controversial end result.

Analysis of the components of decentralization process in Georgia uncovers whole chain of problems, regarding which we shall dwell in more detail below.

2. Legislation

Starting from 1995, i.e. after adoption of the Constitution of Georgia started development of legislative framework, regulating the system of self-governance.

The Constitution does not define administrative-territorial structure of the country: thus, according to paragraph 4 of article 2 territorial organization of the country is defined on the basis of the principle of delimitation of authority by constitutional law upon restoration of jurisdiction of Georgia throughout the whole territory of the country, while the rules and procedures of formation of bodies of self-governance, their authority and relations with other state structures are defined by organic law.

In 2005 was adopted the organic law on "Bodies of local self-governance". Principles of formation and functioning of Tbilisi city governance and self-governance are regulated by separate law on "Tbilisi- the capital of Georgia", which was subject to major amendments in 2005. Apart from the above mentioned law the sphere of self-governance is regulated by more than ten other laws.

Trends of further development of the system of self-governance in Georgia are directly related to the mandatory introduction of the requirements of the European Charter on local self-governance. In May 23, 2002 Georgia has become party to the above referred Charter and it was ratified in October 26 of 2004.

At the same time it should be noted, that by resolution of the Parliament of Georgia it has not ratified all chapters and articles of the Charter. Thus, following parts of the Charter were not ratified:

- Paragraph 6 of article 4: commitment of the central government to provide consultations to local bodies of governance in the process of planning of issues, which are directly within the competence of local authorities;
- Article 5: Inadmissibility of modifying administrative borders without prior consultations with local body of governance;
- Paragraph 2 of article 6: working conditions in the bodies of local self-governance should allow for hiring of professional staff with relevant skills and ensure provision of adequate remuneration, as well as opportunities for professional development and promotion;
- Paragraph 9 of article 6: conducting of consultations with local bodies of governance in regard to ways of allocation of resources;
- Paragraphs 2 and 3 of article 10: the right of establishment of associations (including international associations) for the purpose of promotion of common interests and provision of support, as well as the right to cooperate with similar public entities.

Problems existing in legislative framework

Situation in regard to legal framework regulating the system of self-governance is far from being satisfactory, as some of the laws, or provision of such laws are in conflict with provisions and principles of the European Charter¹.

Conflict between the laws is clearly visible. Thus, some of the laws are controversial and sometimes different articles of the same law are in conflict with each other. More than 100 laws, which regulate the sphere of self-governance, have to be brought in compliance with the new organic law. Drawback of legislation is frequent amendments into the laws (sometimes several times a year). Thus, 16 fundamental amendments were entered into the main laws regulating the system of self-governance during several last years. Despite this we still have some outdated laws and/or norms, which do not have normative relevance.

3. Administrative territorial organization

Administrative acts adopted during the period of 2005-2006 have substantially changed situation in Georgia. Prior to January 1 of 2006 there were three levels of subordination in the country:

- Village, community, settlement, city (in total 1004 units) represented self-governance units with their electoral, representative and executive structures.
- Districts and cities of republican subordination (65 units), which had weak representative bodies (associated councils), while the head of the executive power was selected from the

¹ As an example we can refer to amendments, entered to the law on “Budgets of the local bodies of governance and self-governance”, adopted in December 2006, according to which revenues from other source than its own, i.e. income tax (the state tax) shall be channeled to local bodies of governance for the purpose of execution of delegated, as well as exclusive authority. In practice self-governance bodies are spending their own resources for implementation of exclusive function of the central government.

Another noteworthy example is the listing of authority of representative (plenipotentiary) of the local administration in territorial units in the initial version of the law on “the local self-governance”. Actually, such representative has been vested with the same rights, as the self-governance bodies of the first level with the only difference that such representation did not have its own budget and the controlling body, to which it was accountable, was elected representational body. It is true, that later on the authority was reduced, but such revision shall further complicate the process of regulating relations with the self-governance.

members of the Council and appointed by the President. This level was simultaneously executing functions of local self-governance as well as represented deconcentrated structure of the central government.

- 9 de-facto regions, Adjara Autonomous Republic and Tbilisi. In the same manner as before situation in the regions is controlled by plenipotentiary representatives of the President, whose authority and functions are not regulated by the law.

According to legislative framework as units of self-governance (and partial self-governance) were considered units of the first (lower) and second (district) levels.

In 2006 fundamental changes were introduced into territorial-administrative organization of the country. From the day of official announcement of results of local self-governance elections the lower level was altogether abolished (village, settlement, community, city) and as units of self-governance were announced municipalities, formed on the basis of former districts².

The trend of consolidation of administrative units has touched the capital of Georgia too. In the beginning of 2005 on the basis of request of Tbilisi Municipality independent experts have developed the concept of governance and administrative-territorial structure of Tbilisi, according to which:

- Tbilisi is established as territorial unit, having the status of a region, which at the same time implements functions of self-governance and other functions of the capital, assigned to it in accordance with the law;
- The capital is divided into municipalities (supposedly there will be 25-30 such units), which are composed of urban blocks, as well as villages and settlements located in the suburbs of the city and connected to it by infrastructure;
- Municipalities have their own representative and executive structures, budget and competencies.
- Differently from other units of self-governance competencies of the districts of the capital are more limited and basically they are restricted by authority delegated from the city governance, which is preconditioned by the need of unhindered functioning of the city as an integrated urban organism.

Unfortunately ideas and approaches proposed within the above referred concept were not shared by the government and have not found reflection in relevant legislation³

Up to now situation with regions is not clear, though according to the statement of representatives of the government adoption of relevant legislation is planned to happen in the nearest future.

Drawbacks of new territorial-administrative arrangements.

² Results of consolidation are clearly visible from the number of population within municipalities. If previously on the first level of self-governance (including Tbilisi) average number of population was 4.354, presently average of population within districts (municipalities, including Tbilisi) is 66.235, i.e. excluding Tbilisi it amounts to 48380. For comparison: In absolute majority of European countries (in 40 countries out of 46 of the Council of Europe), as well as in the whole range of developed countries (such as USA and Japan) average number of population in municipalities is from 7 to 18 thousand.

³ It is true, that in January 2007 Tbilisi Municipality requested several settlements, located around Tbilisi to be handed over into its jurisdiction, though the lower level of self-governance was not formed.

Results of abolishing of the lower level of self-governance (village, community, settlement, city) and establishment of districts as the only level of self-governance are obvious. Namely:

- Influence of the state on the local self-governance units is increasing;
- Majority of citizens are become even more separated from the local bodies of self-governance (especially in districts with large population and small settlements);
- Services provided by the local self-governance are not equally available for different segments of population residing in different areas of jurisdiction of the self-governance;
- Increase of political role of representative bodies of local self-governance, which causes increase of the level of politicization.
- Incompatibility of available material-financial resources and actual economic potential with increased ambitions and requirements of the bodies of local self-governance.

4. Authority

According to legislation bodies of local self-governance have following authority:

1. Exclusive authority – which the units of local self-governance are executing independently in accordance with the rules and procedures provided by legislation of Georgia;
2. Delegated authority – which is delegated to the local units of self-governance on the basis of agreement, concluded with the state and implemented with funding, provided by the state;
3. Voluntary authority – this is authority, which the local self-governance unit is executing upon its own initiative, though the law does not assign it to implement such authority.

Current legislation outlines main directions of activities of the local bodies of self-governance. Namely:

1. Budgetary-financial: execution of unified financial policy, elaboration of the draft budget, execution of approved budget, control over efficient and rational usage of financial resources;
2. Economic policy: collection of local taxes and duties, elaboration of draft programs for social development and coordination over implementation progress of such programs;
3. Management of municipal property: registration of local property and assets and their management;
4. Local procurement: adherence to laws and procedures on procurement and ensure transparency of the process of procurement;
5. Education and culture: promotion of activities of educational and cultural facilities (pre-school education, libraries, museums, archives and etc).
6. Healthcare, social protection: creation of safe environment, promotion of healthy way of life, identification of risk factors;
7. Spatial-territorial planning and urban planning: implementation of spatial-territorial planning, supervision over adherence to construction norms;
8. Communications: regulation of public transport, maintenance of local roads and planning of traffic routes;
9. Utilities and urban development: urban development and provision of amenities, cleaning, waste disposal, utility services and establishment of tariffs;
10. General administration and licensing: regulation of demonstrations and public gatherings, fire safety, regulation of activities of trade outlets and placements of advertisements;

Problems in the sphere of delimitation of authority.

The organic law adopted in 2005 has more or less delimited the types of authority, though at the same time the list of facilities of state or local importance (roads, public buildings and services, land, forest and etc) has not been finalized as yet. Inventory of such facilities and assets has not been conducted yet, which in its turn means further delay in implementation of rights and responsibilities as provided by the law.

In practice due to unavailability of resources or due to interference of the central government into the sphere of their competence local bodies of self-governance implement only part of authority, assigned to them by the law. It is less likely that in the nearest future they shall be able to implement all the assigned functions, not to mention expansion of their authority.

Another problem is infringement of the limits of authority, competencies and ways of implementation. Thus, for example elaboration of draft budget, its approval, execution and control over execution represents form of activities of the local self-governance and consequently, listing of these activities within the general list of competencies is not expedient.

The issue of delimitation of authority needs further consideration. Thus, who is responsible over administration of implementation of different types of authority, funding and etc needs to be clarified.

5. Structure of self-governance

According to current legislation “self-governance unit” (having the status of “municipality”) is a name (self-governance city) or a unity of names (territory of districts, existing from the soviet period), which represents an independent legal person.

Representative body of the local self-governance is “sakrebulo” (council), which is elected for the period of 4 years, while the executive body is municipality, the head of which (the mayor) is appointed by the Council on the basis of results of competition, conducted by the bureau of the council.

Municipality itself consists of structural units and territorial bodies of governance. Territorial bodies of governance are established in settlements and/or part of the unit of local self-governance (districts of settlements) directly by decision of the council.

The highest official in Tbilisi local self-governance bodies is the Mayor (the head of the city government), whom the council elects out of its membership. The dominant role of the Mayor and nominal role of the council is clearly pronounced. In comparison to other council authority of the city council is limited. Such structure, which is oriented towards strengthening of authority of one person, is not efficient and it does not ensure implementation of the constitutional rights of the citizens, i.e. their participation in the self-governance process.

In 2004-2006 after adoption of a whole range of legislative acts in October 5, 2006 were conducted fifth local elections⁴, in which according to official data took part 48% of the

⁴ Following elections are implied here: 1919 municipal elections, when Georgia was established as democratic republic (1918-1921), and 3 elections conducted after restoration of independence of Georgia (1991, 1998, 2002). It is true, that in the soviet period (1921-1991) elections of local councils were held too, though to consider them as classical municipal elections would not be right, as there was no

electorate. In all councils prevailed the ruling party – national movement (proportional mandates – 85% and majority mandates – 92%).

It should be noted, that the fact, that the ruling party has won elections so unequivocally, may in its turn become an obstacle to implementation of reforms, as the government saw, that in the conditions of currently existing system it has guaranteed opportunity of establishing of full control over the local self-governance. On the other hand in the newly elected representative bodies of the local governance and local divisions of the ruling party there is the trend of increased dissatisfaction. The new forces that came into the local authority, are dissatisfied with the fact, that they have limited control over resources and their rights are restricted, which in future may become one of the reasons of dissidence in the ruling party.

6. Economy: finances and assets

Currently in Georgia there is the trend of centralization of authority. The central government is becoming more and more actively involved in the exclusive competence of the self-governance (street illumination, building of fountains and development of gardens and green zones). Certain programs, implemented on the regional level are being supervised by the central government too.

Taking into consideration all the above mentioned, as well as the fact, that comprehensive strategy for macro and microeconomic development has not been developed yet, investments into the self-governance, as well as their own revenues are not sufficient and the role of municipalities in promotion of development of local economy is ephemeral. In the conditions of constrained budget and limited administrative resources even if the self-governance bodies wanted to, they would not be able to have impact on the process of formation of economic policy of municipalities.

Another problem is active interference of the state structures, as well as self-governance bodies into the economy, which hinders introduction of the basic principles of market economy into the country.

6.1. Finances

According to current legislation the budget of self-governance units is independent from other units of self-governance, as well as from the central budget and budgets of Abkhazia and Adjara autonomous republics. For the purpose of implementation of functions, assigned to them by the law local self-governance units receive funds from the central government, as well as have their own revenues⁵.

Freedom of municipalities of attraction of additional sources of funding is limited too. Thus self-governance units can apply for credits or grants only to the government of Georgia, or can obtain such credits with its approval.

delimitation of authority between the councils of different levels (local, district, regional, autonomous, republican) and all levels were formally collectively responsible for everything.

⁵ Given arrangement is quite new and it shall be implemented starting from January 2007. The central government (the Ministry of Finance) has stated, that relevant legislation shall be fully enacted starting from the 2008 financial year.

Authors of ongoing reform acknowledge the fact, that self-governance bodies are becoming more estranged from the public, but they justify their proposals and decisions by the fact, that consolidated municipalities would have better financial opportunities.

Despite this it should be noted, that self-governance units don't have stable and guaranteed financial resources and meager revenue basis represents a serious problem. Below in the relevant chapter reasons preconditioning this problem shall be discussed in more detail. Here we would just state, that the central government sometimes introduces certain privileges at the expense of local self-governances, which causes further sequestering of already meager revenue basis.

It should also be noted, that previously revenues in possession of local self-governance units were fully appropriated by the central government and on the local level the only proceeds were remaining were revenues from the property tax. Receiving of different types of transfers (targeted and special transfers, as well as other attracted resources) and their amount largely depends on political decisions and goodwill of the central government⁶.

After adoption of new legislation tax basis of local governance units was substantially sequestered. For the purpose of illustration of financial independence of local governance we can provide comparison between pre-reform and post-reform situation.

In 2002-2003 the self-governance units were receiving proceeds 12 types of local and shared taxes. In 2004-2005 after reduction of the number of taxes and abolishment of shared taxes they were left with 4 types of taxes and later on one of the more important taxes, which was profit tax, was appropriated by the central government as well.

If we look in absolute indicators, distribution of profits has been further aggravated. Thus despite the fact, that according to the forecasts of the state budget for the year 2007 revenues were supposed to be 4 billion GEL (approximately 2,4 billion USD), local self-governances were supposed to receive only 51 million GEL, i.e. a little over 1% of the total budget (including equalizing transfers – 13 million GEL and special transfers – 35 million GEL)⁷.

For comparison, in the period prior to reforms (2000-2002) consolidated budget of the country amounted to 600 million GEL, out of which the local governance was receiving around 240 million GEL (30-35%). It should be noted, that major part of this amount was provided to Tbilisi. Budget of four cities (Kutaisi, Batumi, Rustavi and Poti) amounted to 20-30 million GEL, while other regions of Georgia and self-governances of the first level (jointly) received less than 40 million GEL.

New scheme of distribution of revenues has aggravated financial status of self-governance units. Large number of them do not receive any equalization transfers altogether and depend on targeted transfers, spending of which is planned in advance by the center and such transfers are usually allocated for implementation of delegated authority.

⁶ In practice we have to deal with absolutely opposite situation: in the end of 2006 to local self-governance units were provided revenues from the income tax, which can be used for implementation of delegated, as well as exclusive authority. It is not clear when the central government shall decide to retrieve the “gift” and at the same time there is a real risk that the central government shall have full financial (and maybe political) control over exclusive authority of the self-governance.

⁷ In 2003 GDP of the state budget amounted to 12%, while of the self-governance – 5% (30% of consolidated budget). By 2005 GDP of the state budget amounted to 19%, while of the self-governance – 4% and the share of self-governance in consolidated budget reduced to 17%.

6.2. Property

In accordance with the law on “Property of the units of local self-governance”, adopted in 2005, property of the self-governance units is divided into their own property (non-alienated) and additional (alienation of which is allowed by the law).

In the end of 2005 after long debates into the list of the property of local self-governances were included lands of agricultural and non-agricultural designation, excluding state-owned lands and private property, which can be evaluated as a step ahead.

At the same time despite the fact, that the list of assets to be handed over to the local self-governances was supposed to be finalized and enacted by June 2005, the law shall supposedly enter into force only in 2007. This delay is preconditioned by several reasons:

- The Ministry of Economic Development and self-governances do not possess accurate and complete information on state-owned property;
- The process of handing over of property was not duly planned;
- The government was waiting for results of elections of local self-governances and enforcement of new system, to proceed with handing over of property to self-governances.

The state policy in regard to handing of assets over to local self-governances can be described as clearly positive, though for enforcement of relevant mechanisms it is necessary to promote speeding up of the processes.

7. Relations with public and central government, human resources of local self-governances

7.1. Public involvement

General public.

In the conditions of non-existence of long-lasting traditions of self-governance in the country, experience of participation of local society in the process of self-governance is quite limited. Thus, public involvement is of fragmentary character and such participation is basically happening through involvement of civil society organizations and within the framework of certain projects. As a rule public meetings and consideration of issues does not take place, nor are public opinion surveys conducted.

Ongoing legislative changes gave quite substantially complicated involvement of public in the processes of self-governance. Consolidation of self-governances (on the district level) has made municipal organs even more remote from public. District units are characterized by larger number of residents and consequently, links of citizens with local authorities are further weakened.

Furthermore, this situation is further complicated by following two factors:

- First: in 2004-2005 part of functions of local self-governances were handed over to the local organs of the central government;

- Second: the process of concentration of public structures is taking place. Local representations of the central government are being optimized and downsized (approximately by 50%), which once again reduces access of citizens to certain services.

The level of participation of citizens in the decision making process is extremely low. The only link of the new system, which is supposed to be connecting local population with local authority, is representative of the governor in territorial units. At the same time he is not vested with real authority and actually carries the function of provision of information to local population in regard to decisions, reached by local authorities.

Lobbyists of self-governances.

At current stage in Georgia the network (associations) of self-governance units which would actively lobby their interests is non-existent.

In the country are registered 14 associations of self-governances. In the process of reformation and elaboration of legislation were actively participating two associations: *National Association of Local Self-governances and the Union of Georgian Cities*. In conditions of deficit of political good will in the political elite and conjuncture this associations failed to conduct the policy of active advocating of their interests. At the same time the self-governances themselves are quite skeptically disposed towards opportunity of having impact on decisions of the central government.

As a positive trend should be considered the fact, that during last several months in the newly formed self-governances there is desire and tendency for safeguarding of their interests through attempts of active lobbying. In conditions of limited resources and rights it is inevitable that self-governances shall have sufficient motivation to protect their interests. That is why we consider it the right time to start thinking in the direction of legislative regulation of expected processes.

7.2. Supervision

The forms of control over activities of local bodies of self-governance and official persons are state control, financial control (audit, financial inspections) and internal control (audit).

Control over activities of municipalities is within the competence of representational organ of self-governances. The state in accordance with requirements of European Charter of Self-governance is able to establish control over their activities only within the limits and in instances, provided by the law.

Rights of the local self-governance are guaranteed by the Constitution, consequently the supervisory organs of the central government should not limit rights of the local self-governance in the process of decision-making.

Unfortunately on the background of unavailability of independent courts there are no guarantees for safeguarding this principle, as decisions of the state bodies are not supervised by independent and impartial organ.

At the same time bodies of the local self-governance usually rarely apply to court for the purpose of protection of their own rights, which is only natural in conditions of single-party conjuncture.

Autonomy of local self-governances in the issue of settlement of public matters largely depends on the level of control on behalf of the state. It is a well acknowledged fact that during the last three years control over normative acts, adopted by local self-governments has increased.

Consequently, in the process of implementation of political directives there is the risk of exceeding of authority by state supervisory organs, which will damage interests of the local self-governance bodies.

7.3. Human resources of the local self-governance

In Georgia one of the circumstances, deterring decentralization is not only unavailability of financial resources, but lack of human capital and technical resources as well as non-existence of strategic vision of the government, focused on overcoming of given problem⁸.

There is no comprehensive system of training and re-training of civil servants employed on local level. It is true, that there are several education centers for civil servants and with funding provided by donor organizations several projects have been implemented in given sphere, but this is clearly not sufficient.

In such circumstances it is very difficult to come up with forecasts in regard to development of municipal civil service. In reality new self-governances are just starting to function in new direction.

8. Other stakeholders

In the process of description of the ongoing process of reforms the role of two key actors – relevant state institutions and international organizations should be taken into consideration. It is impossible to underestimate the level of influence of the latter on the processes, as participation of public in the reformation processes is minimal. Consequently, the reform is being implemented from the top to the bottom without taking into consideration public opinion.

8.1. State institutions

After the rose revolution in the government was revived the idea of establishment of the Ministry on the matters of self-governance, which was born in the period of ruling Shevardnadze, though later on they refused from introduction of this innovation.

With the purpose of implementation of reform focused on decentralization of governance, delimitation of authority and establishment of administrative territorial units on the basis of Resolution No637 of the President of Georgia dated by July 22, 2004 was established the state commission on *Effective Governance and Reforms of Territorial Organization*. Into composition of the commission were entered high ranking representatives of legislative and executive power. Non-governmental sector was represented by three members of the commission.

⁸ As an example may serve non-realistic draft law on so called “E-governance”, which in current conditions of weak material-technical basis represents unattainable task. Society received this idea with extreme skepticism and it is not being discussed any more.

Quite important role was assigned to the state commission which was confirmed by the fact, that the president was nominated as the chair of the commission. The state commission was responsible for elaboration of proposals in regard to territorial organization of the country and monitoring and evaluation of decentralization processes.

Presenting of draft laws elaborated by the commission to the Parliament was conducted through usage of lawmaking authority of MPs, while presenting these initiatives by the President would have largely safeguarded them from further amendments and the adopted laws would have been much closer to the principles and provisions, coordinated among the members of the commission.

In March 21, 2006 on the basis of presidential Decree No 126 under jurisdiction of the Ministry of Justice was established new legal entity of the public law – *The Center for Promotion of Effective Governance and Reformation of Territorial Organization*. The center is a standing entity. Main objective of establishment of such center was formation of legislative basis of self-governance and organizational support for implementation of reforms. Main function of the center is analysis of current situation, elaboration of conclusions and proposals, development of draft laws and their submission to the state commission for further consideration, promotion of ongoing reforms.

8.2. International actors

Activities of donor organizations and international institutions in the reforms of local self-governance were focused on numerous aspects, starting from territorial arrangements, ending with promotion of rehabilitation and development of road infrastructure. Among such organizations were:

- **USAID** – which was implementing technical assistance programs (organization of training tours and etc) and was holding consultations with representatives of non-governmental sector and other stakeholders. Under the aegis of this organization were implemented programs targeted towards provision of assistance to different self-governance units and Adjara region and training was conducted for administration of municipalities.
- **"Millennium Challenge"** program was implementing projects targeted on highway construction and support of development of municipal infrastructure.
- **World Bank** – was mainly focused on such directions, as improvement of linkages between the central budget and budgets of territorial units, municipal development project, main and secondary roads development project, as well as project focused on development of irrigation and utility services infrastructure.
- **UNDP** – participates in Samtskhe-Javakheti regional development program. Within the framework of given program assistance was provided to local civil society organizations, development of information and communication technologies and relevant facilities was supported, in several municipalities of the region small-scale rehabilitation activities are being implemented.

Apart from the above mentioned organizations large contribution into the sphere of reformation of local self-governance was made by such international organizations, as **GTZ**, **NDI**, **TI** and

others. With assistance provided by the above referred organizations was elaborated a whole range of alternative legislative proposals and draft laws, monitoring and surveys were conducted, experts conclusions were prepared in regard to range of issues, experience of foreign countries was shared, unilateral dialogues maintained and ongoing reforms were widely publicized and supported.

At the same time we have to acknowledge, that negative aspects are becoming quite obvious and cooperation of international and donor organizations is not sufficient or synchronized. Their activities are characterized by overlapping or parallel implementation, which causes substantial reduction of the effects of cooperation and assistance.

Uncoordinated efforts, controversial conclusions and recommendations provided by different international experts allow the government to direct lawmaking process related to municipal institutions in the direction that is more appropriate or suitable for it. As a result illusion is created, that reforms are conducted in transparent manner, while in reality activities of the government reveal, that internationally acknowledged principles and values of self-governance are being ignored.

9. Public Attitude

If we study results of sociological survey, provided in the end of the report we shall notice, that attitude of public towards reforms implemented in the sphere of self-governance is not clearly formed as yet. This is largely preconditioned by the fact, that survey was conducted on the early stage of operation of reformed system, when the level of awareness in regard to reforms was quite low.

Consequently, attitude towards implemented reforms depends on attitude towards those socio-political forces, which are implementing them.

Logical result of this situation is that younger age group representatives and employed population's disposition towards reforms is more positive, than other part of population.

It is noteworthy, that certain differences were identified according to different regions. Thus, population of Kakheti, Samtskhe-Javakheti and Adjara is more critical, than population of Tbilisi, Imereti and Kvemo Kartli.

Such difference of opinions is formed due to collective impact of several factors. One of such factors is attitude of the central government towards some of the regions, ethnic and religious differences, economic conditions of a region and etc. Though, this issue needs more in-depth analysis and additional survey.

Thus, for example in the period of independence Kakheti felt itself as "abandoned", as central government paid less attention to the region, than to others. In Samtskhe-Javakheti negative attitude is strengthened by citizens of Georgia, who are ethnically Armenian, who claimed, that official Tbilisi was not paying due attention to their problems and this was expression of ethnic discrimination.

Optimistic disposition of Kvemo Kartli as a rule is preconditioned by Azeri ethnic minority, which traditionally has always been supporting decisions of the government. As to Imereti, this

region even according to other surveys was always showing strong support for the government in comparison to other regions, which were also settled by ethnically Georgian population⁹.

It is interesting to note, that population of Adjara has lately joined the group of regions, which are not satisfied with the state of affairs, which may be caused by debates of last several years related to the status of Adjara autonomous republic.

As a result of survey inefficiency of the old system of self-governance is becoming even more clearly visible: it is characterized by low number of referring to bodies of self-governance (pre-reform period, data of last 4 years). Results of solving of problems in those cases when population did refer to such bodies are quite inefficient too. It can be said, that the main function of the self-governance bodies was issuance of different types of documents and certificates.

Controversial results, identified within the framework of the survey are especially interesting. Thus:

- Despite strictly negative attitude towards pre-reform system of self-governance quite frequently certain pre-reform principles of self-governance were evaluated positively. Namely, according to opinion of majority cities, settlements, villages and communities should have their own councils and independent budget;
- Despite options, related to “old” and “new” system majority of respondents considers, that budgetary processes should be controlled by superior state bodies. I.e. the initiators of the new system and on-going reforms.

Such results can be ascribed to different factors. Among them are: general distrusts towards innovations, lack of information, the fact that new organs of self-governance do not have sufficient experience as yet, which deters their realistic evaluation and etc. At the same time it is not excluded, that major part of society is concerned by the fact, that self-governance, however inefficient it may be, is becoming more inaccessible for the population.

And lastly, the issue of self-identification of population is very interesting. 62,3% of population identifies itself with the region, while 18,1% identifies itself with district. At the same time part of the latter group considers themselves as representatives of regional center or city, to which their district is subordinated.

10. Conclusions

Observation of decentralization processes ongoing in Georgia has revealed that there are certain successes, as well as failures.

Positive aspects of the reforms are:

- Relatively clear delimitation of authority between the central and local levels;
- Adoption of laws on local budgets and self-governance property;
- Elaboration of formula for equalization transfers;

⁹ As an example we can provide results of the poll conducted by the Caucasus Institute for Peace and Democracy (Tbilisi, Georgia) in 1997. The poll was ordered by Arnold Bergshtrasse Institute (Freiberg, Germany) (see. *Lurching to Democracy, From Agnostic Tolerance to Pious Jacobinism : Societal Change and People's Reactions*. Baden-Baden. Nomos Verlagsgesellschaft. 2000), D. Losaberidze, *Self-governance in Georgia (Trends of development)*, Tbilisi, 1998.

- Initiation of the process of delimitation of property on legislative level.

At the same time there are negative results as well:

- As a result of consolidation of self-governance population became more remote from these organs;
- Sources of revenues were decentralized, which caused reduction of revenues of self-governances in absolute figures, as well as in percentage.
- In conditions of reduction of authority and resources and shifting of accents only to the principle of election of these bodies has increased the risk of excessive politization on regional level.

Taking into consideration all the above mentioned we can conclude, that in the nearest future revision of the system is expected. Namely:

- In the nearest future local bodies of self-governance shall come across those drawbacks and obstacles, which shall be caused by the new organic law. If we take into consideration, that majority of elected members of local self-governances do not have sufficient experience, it is clear, that at initial stage activities of self-governances shall be of chaotic character. Consequently, on the agenda shall be put the issue of the need of entering of further amendments into the law. It is expected, that in 2-3 years present system of self-governance shall undergo major revision.
- Lack of comprehensive unified strategy of decentralization shall make the reform processes very controversial especially taking into consideration the fact, that legislation and some resolutions are of controversial character as well. Consequently, the risk that the reform may extend in time is quite high and this in its turn shall have negative impact on development of self-governance system in Georgia.

As adequate response to this challenges shall be well planned comprehensive interventions of the central government, as well as international donors and Georgian society. Social order should be made, which shall trigger the government to express its political goodwill. Also, attention of Georgian non-governmental organizations and international institutions should be focused on evaluation and control over implementation of decisions, reached by the Government of Georgia. Practices of cooperation between international donors and the government of Georgia needs to be modified. It should be more focused on not only cooperation, but achievement of specific, clearly outlined and adequate output.

Without undue exaggeration we can state, that with the purpose of strengthening of the process of decentralization and conducting revision of the system of self-governance coordinated cooperation of international and Georgian stakeholders, which shall take into consideration interests of the local level and be based on principles of local democracy is of crucial importance.

Recommendations

In the process of decentralization in Georgia, it is necessary to conduct a whole range of activities from the point of establishing new directions, as well as correcting the existing system.

Firstly, it is necessary to elaborate a comprehensive strategy of decentralization and new action plan, that will be harmonized with international norms and EU standards, as Georgia has officially proclaimed its willingness of integration into the European structures.

For the very purpose, a range of recommendations that can be conditionally sorted into general (long-term, strategic) and specific (short-term, tactical) blocks are proposed by the expert team involved in the process.

1. General Recommendations

Legislative field

It is necessary to entirely revise legislation and adopt such new legislative acts that will not be in contradiction with the provisions of the Constitution. In particular:

- Condition and quality of systemization of legislation is in need of assessment. It is desirable, that an impartial group conducts a study on issues such as, compatibility of terminology base and definition of current legislation, internal collisions and inter-compatibility. Deficiencies revealed through study should be subject to priority corrections, while recommendations should be subject to implementation;
- To ensure that Sakebulos do not turn into a fictitious agencies, it is necessary that principles embedded in the law of code of becoming the main institution of self-governance are appropriately reflected and a range of provisions from the law – status of Gamgebeli (Mayor), the rule for establishing Gamgeoba (City Hall), authority of the Staff, the rule for elaborating and adopting local budget – are corrected;
- It is desirable to adopt a new law “About the Capital” (like the Organic Law on “Local self-governance”), as the law on “The Capital of Georgia - Tbilisi” was initially designed for the centralized governance and still remains contradictory, despite the incorporation of numerous amendments.

Administrative arrangement

- The issue of establishing a medium-level governance (supposedly, regional) will soon become part of the agenda in Georgia. Establishment of regions, that in the perspective should balance separatist regions and, at the same time, solve the issue of integration of the territories with the minority population, in its essence, is part of the sphere of profound constitutional changes;
- It shall be assumed, that the model region-rayon will not be functional. Therefore, the necessity of dispersion of large municipalities (rayons) into smaller units will be faced. Hence, it is desirable to start developing modeling packages of regulatory documentation (including assessment criteria, methodic and recommendatory stages for clustering or dispersion of self-governing units) immediately, that should be also based on constitutional changes ⁵⁴.

⁵⁴ *The law on “Local Self-governance provides the possibility for abolishing current municipalities and establishing new units” (Articles 11, 12, 14), but no normative acts regulating the process exist and they should be developed by Georgian authorities.*

Competencies

For the purpose of solving problems existing in the sphere of separation of competencies, it is necessary:

- To separate competencies and powers among local self-governance, middle-level (regional) circle of governance and the central authority;
- Local self-governance is delegated with all the competencies, the implementation of which will be more effective precisely at the local level, stemming from the principle of subsidiary;
- Division of the spheres and objects of activity (roads, cultural, scientific and educational agencies, etc.) into categories and distribution of responsibility over the mentioned, among the different levels of governance;
- To provide self-governance with the legislative guarantees for independent activities, as well as for maintenance of own resources to ensure factual separation of competences;
- Distinguish separately those powers (administrative, service, investment, regulatory and financing), that will ensure the implementation of a specific competence.

Rule of self-governance formation and structure of its activities

- It is desirable to shift to the electronic system of voter record, registration and voting, that will solve number of severe problems, including, endless discussions on the rule of composition of election commissions, bulletin stuffing, “roundabouts”, etc.;
- It is necessary to change the rule of composition of election administration with such a rule, that will ensure more credibility towards its activities;
- Stemming from the principle of self-governance, that all citizens on the territory of the country shall have same rights, in the course of electing Sakrebulo of Tbilisi City, nonparty-affiliated voters shall also have the right to nominate their candidates and elect them, as it is the case in other self-governing units.

Financial and property issues

- State Authorities should not grant justifiable or unjustifiable tax relieves to a range of social categories at the expense of self-governance. Relief granted by the decision of the central government must be funded from the central budget.
- Local incomes, that will be envisaged to ensure the fulfillment of exclusive powers and the part of general-state taxes that is necessary for the implementation of the competences delegated from the centre, must be clearly separated.
- In the process of passing on the delegated powers, self-governance units must be provided with the necessary financial resources for their funding, as they can not find the powers with their own limited resources;
- Further revision is needed for the existing tax relieves (mainly in land property) in the part of property tax that determine the limited nature of incomes of local self-governance units and leaves majority of those units face-to-face with symbolic incomes;
- The law must define the lower limit of equating transfer (for instance, not less than 5 per cent of State Budgetary incomes). Such clause, allows to free the size of transfer from dependence on subjective decision-making;
- The State must facilitate genuine endorsement of adopted legislative act in the process of self-governance property transfer. At the same time, high quality public control must be ensured during the process;

- The probability of changing current municipal boundaries –further clustering or dispersion- in the future must also be considered, therefore, in order to avoid conflicting situations, the criteria for defining the prospective owners of objects must be clearly established.

State supervision

- The practice of the central administration in implementing political decisions on self-governance level must come to an end. Such decisions must be implemented on the basis of political program (in the case of one party) or political consensus (in the case of a variety of parties). In all the other cases, the central administration must adhere to the framework of its powers and should not conduct a direct administrative involvement into the activities of self-governance;
- If Georgia has directed itself towards the establishment of large self-governing units, it is necessary to further boost the political component of self-governance, as large units are naturally burdened with the management of public activities of larger scale, which undoubtedly, requires, on the one hand a political mandate and political pluralism, on the other. In this case, it would be appropriate to change proportional-majoritarian election model with the pure proportional one⁵⁵;
- It is necessary to determine the role and place of President's proxy in the central governance structure, so as double supervision from the Ministries, as well as the President's proxy over self-governance is avoided;
- The involvement of the central governance and President's regional proxy in the process of self-governance implementing its exclusive powers must be limited, as tasking the self-governance with supplementary assignments from those mentioned above in most cases leads to improper spending from the budgets.

Capacity building of local self-governance

- Current principles of decentralization reform must be revised, in order to determine for what kind of a system and based on what demand, training of old personnel and training of the new personnel will be required;
- An unitary state policy in the field of public service (including the bodies of local self-governance) should be elaborated, important part of which will be the component of preparing and capacity building training of public officials;
- Long-term and short-term training and capacity building programs (responding to real needs) for public officials must be developed;
- Necessary logistical support, human resources and funding must be ensured for the capacity building of public service;

Increasing public involvement

- It is appropriate that self-governing units elaborate regulation about preliminarily conducting direct or representative consultations with the bodies of local self-governance and about the rule for sustaining their results;
- Self-governing units with mutual problems and specifics must be motivated towards expressing more initiative and mobility in their unions or associations and enhancing the role of the latter in the field of interpreting and protecting the lawful rights of self-governance or their certain units;
- It is necessary to enhance public relation capacity of the local self-governance bodies and design such format for the distribution of public information (for instance, internet – at the

⁵⁵ Majoritarian representation is a characteristics of a close-to-public, small self-governance, which Georgia rejected in 2005.

initial stage, at least in self-governing cities and large municipalities), that will be comprehensible, clear and interesting for ordinary citizens;

- Non-governmental segment (primarily, in the face of self-governance units associations) must be integrated in the process of the reform to a better extent;
- It is necessary to establish interest groups and facilitate the promotion of local civil leaders, in order to enhance the citizens' participatory capacity in the decision-making process;
- Public control over local self-governance must be considered by the central governance as an alternative source of necessary information and proper attention should be paid to the assessment of and reaction to such information;

2. Specific recommendations

Legislative field

- It is necessary to elaborate and ensure accessibility to modeling packages of regulatory documentation necessary for defining the assessment criteria, methodic and recommendatory stages for clustering or dispersion of self-governing units;
- To ensure clear definition of local self-governance status, it is desirable that the 1st paragraph of the Article 10 of the Organic Law is structured in the following way: „ Self-governance unit is the legal person of public law that regulates local public issues on the territory defined by the law in direct participation of citizens with the means of its own elective representative and executive bodies.”

Competencies

Different levels of governance shall, supposedly, be assigned the following competences⁵⁶:

- *Exclusive powers of self-governance unit.* Education (pre-school education); health protection (ambulatories, hospitals of local importance, emergency medical assistance); culture (protection of cultural monuments of local importance, libraries, archives, museums, clubs, theatres and sports institutions of local importance); environment (protection of forest, water and land resources of local importance, land tenure); social security (local assistance programs for the vulnerable, the homeless, the disabled, the unemployed); infrastructure (public transport, automobile roads of local importance, distribution of energy carriers); area planning and construction (city planning, control over the construction); communal sphere (solid waste utility, street cleaning, torrent farms, drinking water supply, melioration, sewerage, planting of greens, accomplishment service and street illumination, cemeteries); General administration (fire security);
- *Exclusive powers of the region.* Education (boarding schools); health protection (hospitals of territorial importance); culture (libraries, archives, museums, theatres, sports institutions of regional importance); environment (forest, water and soil protection, solid waste utility, resources of regional importance); infrastructure (automobile roads and public transport among the self-governing units); area (regional) planning; Communal sphere (melioration of regional importance);

⁵⁶ In 2005, list of separating competences among the levels of governance was developed by the team of independent experts with the help of Open Society Georgia Foundation, Eurasia Foundation and GTZ, the list was based on the experience of the Council of Europe member states and was adopted in accordance with Georgian. Though authorities rejected the mentioned concept, they did not propose with alternative version to the public.

- *Powers delegated to self-governing unit.* Education (preliminary, basic and secondary); health protection (prophylactics); Social security (nationwide programs of assistance to the retired and vulnerable societal clusters); general administration (civil registration);
- *Powers delegated to the region.* health protection (public health); Social security(social services); environment (veterinary);
- *Common competences of the centre and the region.* Education (specialized and technical secondary education); health protection (policy planning and control); culture (specialized schools);
- *Common competences of all three levels.* Health protection (medical statistics); environment (liquidation of disasters, general activities of environmental protection); general administration (public order).

Rule of self-governance formation and structure of its activities

- Majoritarian system of relative majority must be rejected, especially, in the case of multimandate majoritarian districts. If the majoritarian system is retained, it is desirable to use the system of absolute majority and two-round elections;
- During the summing up of the results of elections held based on the proportional system, non-allocated mandates shall be allocated to those, that gained larger remainder after the initial distribution and not to those that have gained more votes;
- Without significant increase of the number of mandates to be allocated through proportional pattern, fair results cannot be achieved. But this will lead to increasing the number of Sakrebulo that is not desirable. The best way out of this situation will be to change the current election system with the *single transferable vote* system⁵⁷;
- It is necessary to increase the election period established by the law, at least up to 60 days. At the same time, in the pre-election campaigning, the norms limiting the incumbent campaigning must be extended to a longer period and clearly be separated from the activities of actual authorities;
- The law must re-establish the prohibition on conducting and participation in pre-election campaigning for the chiefs of state executive authority and executive bodies of local self-governance;
- The Voters' List must be finally précised in result of systematic work;
- "The Elction Code of Georgia" must be perfected and the norms must be developed in a way that will exclude the possibility of dual interpretation.

Economic activities

Authorities of self-governance units must implement the competences connected to economic activities only when physical or legal person(s) of private law are not involved in the field activities. If a private agency is entering the field, the self-governing unit must cease its activities in the mentioned field with the means of liquidating, selling or transforming the property, so as to ensure that the establishment of market economy and healthy competition principles is not hindered.

Financial and property issues

- The practice of the central governance delegating task to the local self-governance units without relevant funding must be changed. For this purpose the following sentence must be added to the 1st paragraph of the Article 17 of the Organic Law on Local Self-governance

⁵⁷ Sakrebulo elections in 1991 were conducted through that system.

- units: "If state Authorities delegate their tasks to a local self-governing unit without relevant funding, local self-governance units have the right to reject the implementation of the task.";
- Self-governing units must be provided with the opportunity to develop public infrastructure better accommodated with local conditions, sub-paragraph "e" of the 2nd paragraph of the Article 50 of the Organic Law "On Local Self-governance" must be abolished and paragraph 2.1 of the same article must be established in the following style: "Nationwide taxes and revenues allocated for the budget of self-governing unit are designated for funding exclusive powers";
 - It is necessary to conduct genuine equation and position all self-governing units in equal conditions. As an equation, they should be given the transfer of the amount, which is necessary to equate the volume of incomes per capita to the country's common characteristic;
 - The possibility of adopting differential coefficients by Georgian government and upon necessity, the mechanisms of using other coefficients in the formula must be limited that creates the danger of violating the requirements of European Charter on self-governance⁵⁸. At the same time, the coefficients must be approved by the law;
 - Auditing procedures must be specified and described in details in the law "on the budget of local self-governance unit";
 - Local self-governance units must be provided with the right to take loans from commercial banks in order to conduct capital investment. Accordingly, Article 23 of the law on "On the budget of Local Self-governance unit" must be changed in the following version: "Local self-governance bodies shall be entitled to the right of taking loans from commercial banks in order to conduct capital investment, if the main sum of the loan is not more than 20% of local self-governance unit budget incomes. In order to be entitled for the loan, a self-governance unit must submit to the Ministry of Finance a realistic plan of covering the loan. In case such plan is submitted, the Ministry of Finance issues the loan permit".

State supervision

- The law "On Administrative Supervision over self-governance units", that will be based on the principles of European Charter, must be adopted immediately. Namely: for exclusive powers posteriori supervision shall be used only with the incentive of compatibility with the law. While for the delegated powers the supervision with the incentive of compatibility with the law, as well as appropriateness should be used;
- It is desirable, that the principles of supervision in the draft law on supervision are defined in such a way, that deprives the supervisory agencies of the right to unreasonable interference into the activities of local self-governance units. In particular: "*The supervision over the activities of local self-governance bodies conducted in accordance with the principle of relativity. Supervisory agencies when selecting the measures are guided by the principle of relativity and select the supervisory measure that is necessary and relative*"⁵⁹.
- Municipalities must be entitled to the right of issuing securities. True, currently, this right can only bear a formal character, but in the perspective it can ensure additional conditions for the sustainable development of local self-governance system.

Capacity building of local self-governance

⁵⁸ For instance, when incorporating testing coefficient in the transfer formula, extremely inadequate results are faced in relation with certain self-governance units, which is mainly caused by irrelevant data existing in highland coefficient (for instance, number of population).

⁵⁹ Necessary measure – is the instrument of achieving a goal, when no other options exist that would limit the interests of the addressee and the public to a lesser extent. Relative measure – is the instrument of achieving a goal, if it is not more than the benefit from achieving the goal itself.

- In order to avoid duplication, the liabilities and functions of each state institution participating in training and capacity building of public officials must be prescribed clearly, in addition to coordinating activities connected to the training and capacity building of public officials;
- Unified normative standards necessary for establishing supplementary qualification requirements must be defined, standards that will be binding for the authorized local self-governance bodies in the process of establishing supplementary qualification requirements;
- Unified standards (rules) for approving the terms of authority of a person, as well as conducting competition and attestation, creating competition-attestation commissions and establishing human resource reserve database must be precisely and clearly regulated by the law;
- Position of a self-governance official would gain certain stability and would be protected from unauthorized actions of the appointing person, if the law could prescribe career promotion and stability guarantees of self-governance officials and appointment-termination of authority would be conducted not individually, but with the consent of Sakrebulo⁶⁰;
- The law should precisely and apparently define the grounds and procedures of liquidating and reorganizing an agency.

Increasing public participation

- Georgia must join 4th and 6th paragraphs of European Charter on Self-governance, that obliges the central governance to conduct consultations with self-governance bodies. This will facilitate the dialogue between the central and local authorities, the lack of which is so apparent nowadays;
- It is necessary to define general forms of citizen participation in the governance process at local level in the Organic Law of Georgia “On Local Self-governance” and generally, in the legislation regulating self-governance and prescribe in details procedures in Sakrebulo regulations, as well as Gamageoba resolutions.

⁶⁰ *The necessity of implementing the principle is also admitted by paragraph 6.2 of European Charter on Local Self-governance.*

Annex

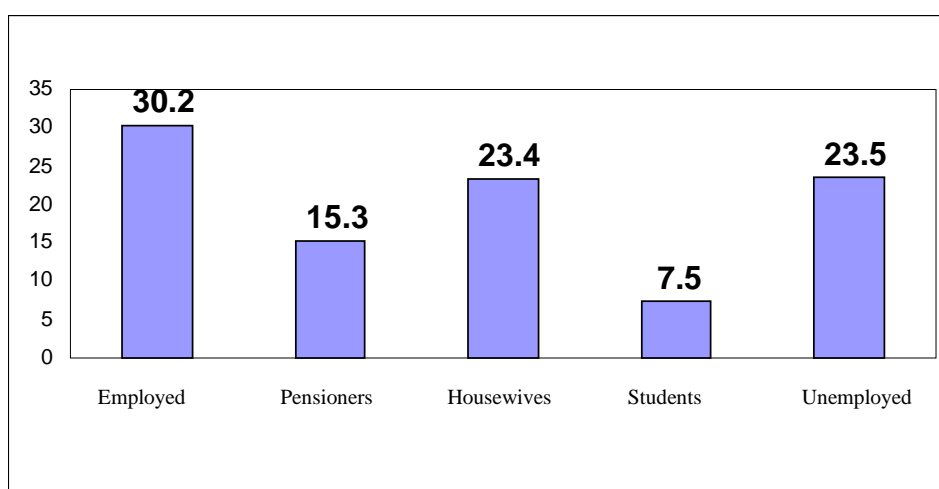
Results of Quantitative Sociological Survey Conducted within the Framework of the Project

March 2007 ⁶¹

The survey was conducted in Tbilisi and 9 regions of Georgia: Shida Kartli, Mtskheta-Mtianeti, Adjara, Samtskhe-Javakheti, Kakheti, Kvemo Kartli, Samegrelo, Imereti, and Guria⁶².

1000 respondents were interviewed within the framework of the survey
Age of respondents: over 18

Distribution of respondents according to their occupation (%):



General results:

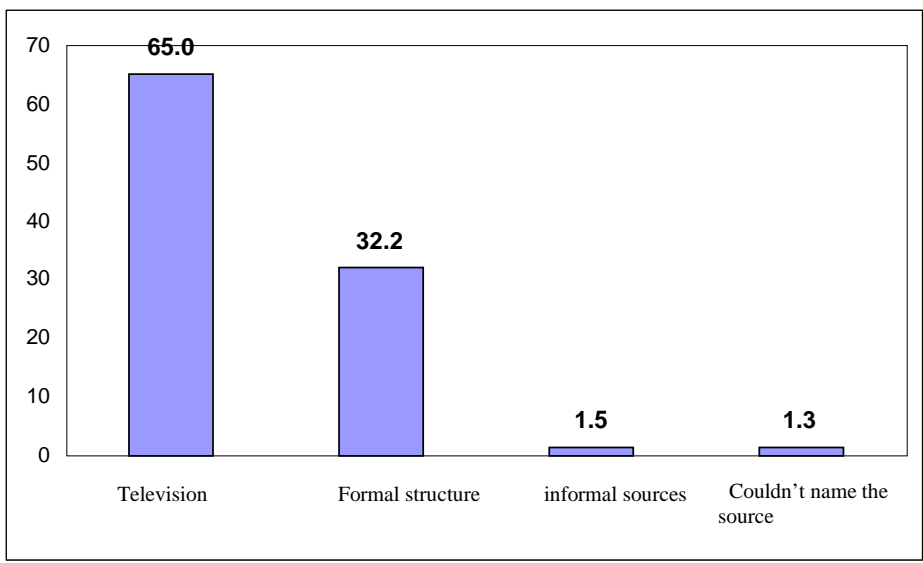
- Employed part of the interviewed and students have relatively positive attitude, while among pensioners and unemployed prevails negative attitude;
- The same pattern was followed according to age groups: younger people in comparison to elderly were more positively evaluation ongoing changes;
- Quite frequently attitude towards changes in the system of local self-governance was predetermined by their political views rather than knowledge in regard to given issue. Supporters of ruling political party were evaluating ongoing changes positively, while supporters of opposition were evaluating them negatively.
- Prior to obtaining of exact information respondents were providing inadequate answers. After provision of explanations in regard to each question more adequate responses were provided.
- In the process of expressing their attitude in regard to ongoing reforms respondents were disposed more positively, while in the process of evaluation of general disposition of public.

As main source of information was named television: 65,0% of respondents, who are informed on revisions of the system of local self-governance have stated, that they have obtained information through television. Around 32,2% named some other formal structure (permanent or temporary job, local body of self-governance, non-governmental organization and etc).

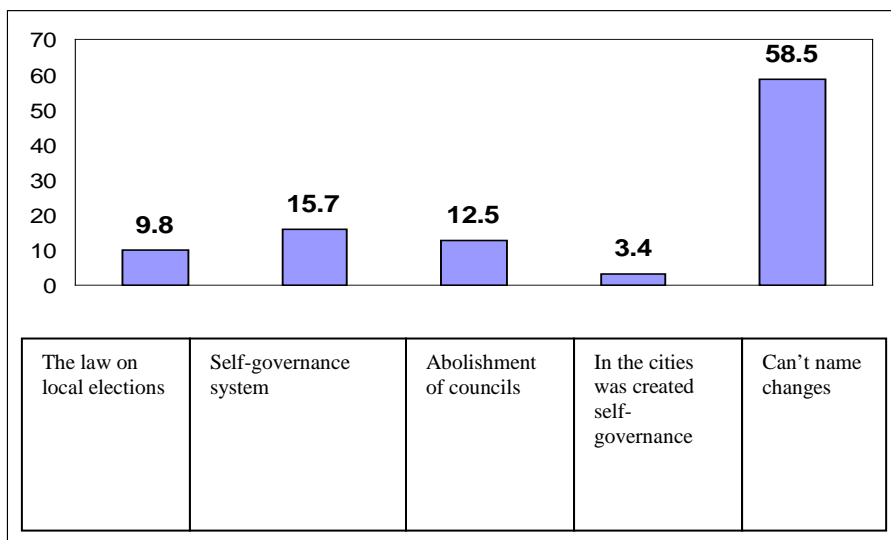
⁶¹ The survey was conducted by student of the Department of Social and Political Sciences of Tbilisi State University. Organizers of the survey: Irakli Mchedlishvili Temur Macharashvili

⁶² Data of Racha-Lechkumi and Kvemo Svaneti are aggregated with the data for Imereti.

Informal sources of information were named by only 1,5%-of respondents (friends, relatives and etc, and 1,3%- out of them had difficulty with remembering source of information).



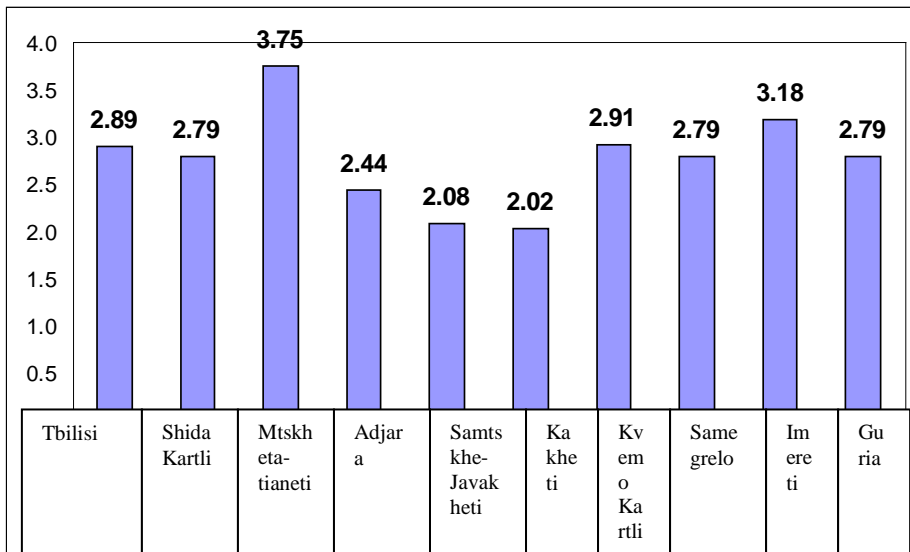
1. to the question as to what specifically has changed, responses distributed in the following manner:



- The level of awareness in regard to changes in the system of local self-governance is extremely low. Only 52,9% of respondents knew, that the system of local self-governance was modified, while 47,1% has not even heard of these changes.
- According to data provided in the table major part of respondents, who stated, that they have heard about changes implemented in the system of local self-governance quite often are not sufficiently informed or their information is inadequate or incorrect.
- Consequently, we can conclude, that the level of awareness of public in regard to changes implemented on the level of local self-governance from qualitative, as well as quantitative standpoint is low.

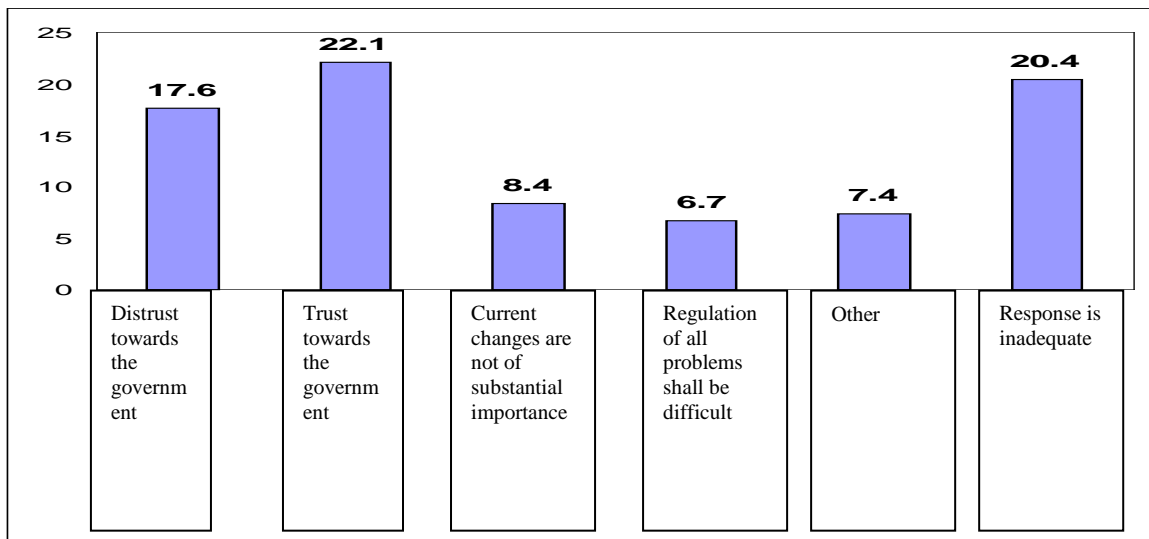
2. To what extent are the changes acceptable for you personally?

Evaluation was conducted according to five-score scale. (1=min. and 5=max.).
 On the basis of answers, provided to given question differences by regions were identified.



- Current changes are more acceptable for population of Tbilisi, Kvemo Kartli and Imereti, than Samtskhe-Javakheti and Kakheti.
- Differences were identified by the type of place of residence: Current changes are more acceptable for residents of urban (average score - 2,94), than residents of rural areas (average score - 2,56).

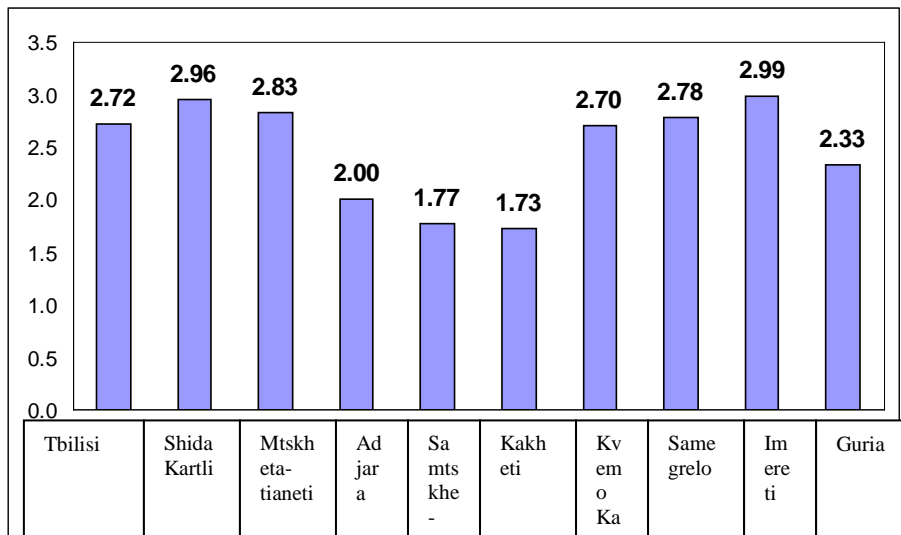
Motivation behind this evaluation is the following:



- On the basis of responses it was evident, that attitude towards ongoing changes is preconditioned by attitude towards government.
- Such trend is established on the background of low awareness of respondents and lack of information.

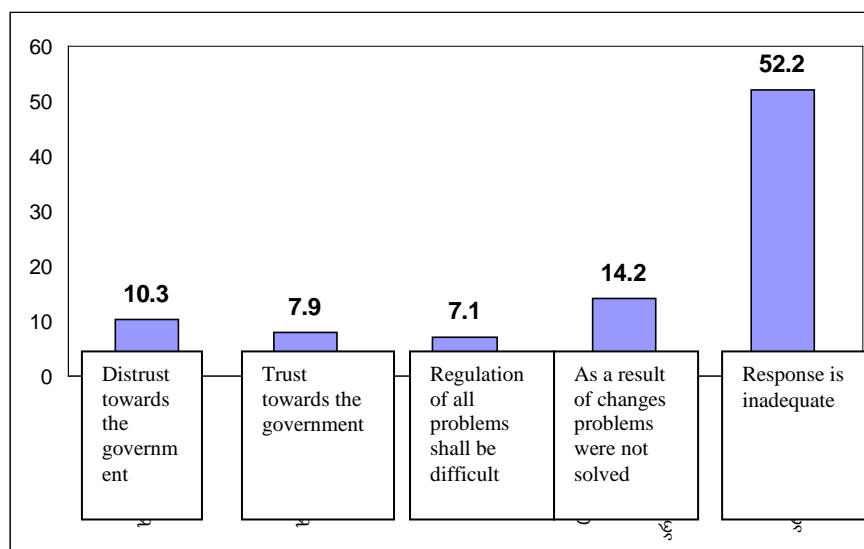
3. In your opinion to what extent these changes are acceptable for others? (General population of urban and rural areas)

Evaluation was conducted according to five-score scale. (1=min. and 5=max.).



It should be stated, that on the basis of responses to given question it was clear, that in Adjara region positive attitude towards changes has diminished.

Motivation behind this evaluation is the following:

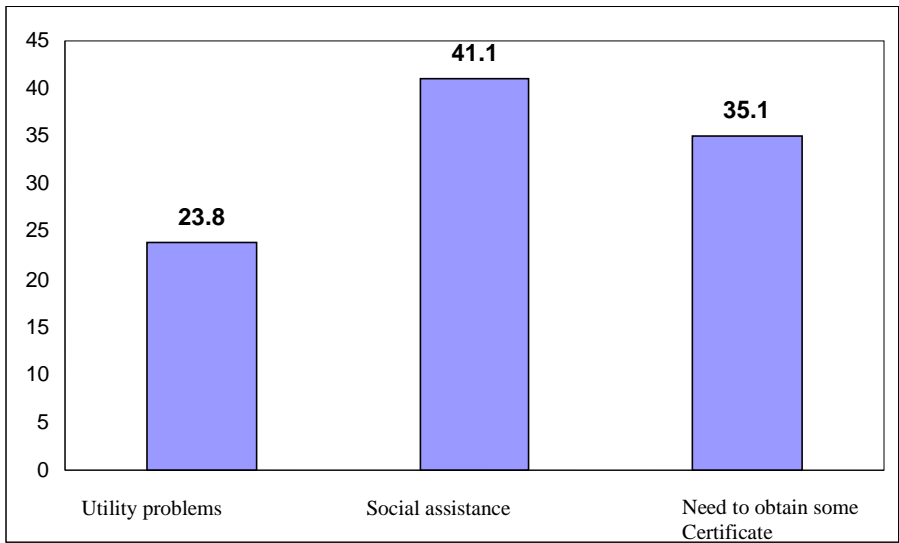


- On the basis of provided responses it is clear, that attitude towards conducted changes is preconditioned by attitude towards the government.
- In the process of evaluation of attitude of society towards changes respondents were expressing less trust towards the government and were more critical, than when stating their own position (responses received to these two questions were correlated).
- Population of urban areas evaluates changes more positively, than population of rural areas (cities: 2,74, villages: 2,34).

4. Have you ever replied to the local self-governance bodies prior to implementation of changes?

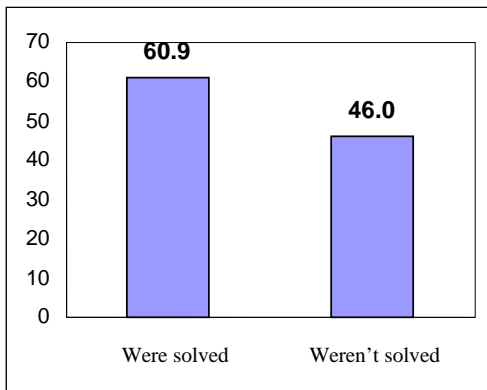
Inefficiency of the old system of local self-governance is becoming quite evident. The rate of referring to local self-governance bodies, as well as indicators for solving of problems as a result of applying to these organs is very low. Main function of local self-governance was provision of different certificates and documents,

Prior to reforms the local self-governance bodies (during last 4 years) very small number of respondents have applied to them for assistance (24.8%). Their decision to apply to local self-governance organs was mainly caused by following problems:

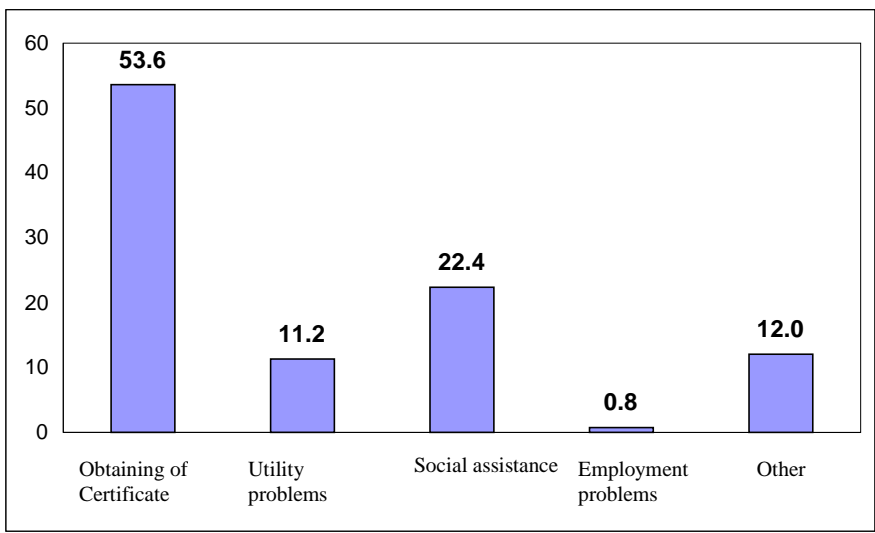


5. Did your problems get solved as a result of application to local self-governance bodies?

Received responses were distributed in the following manner:



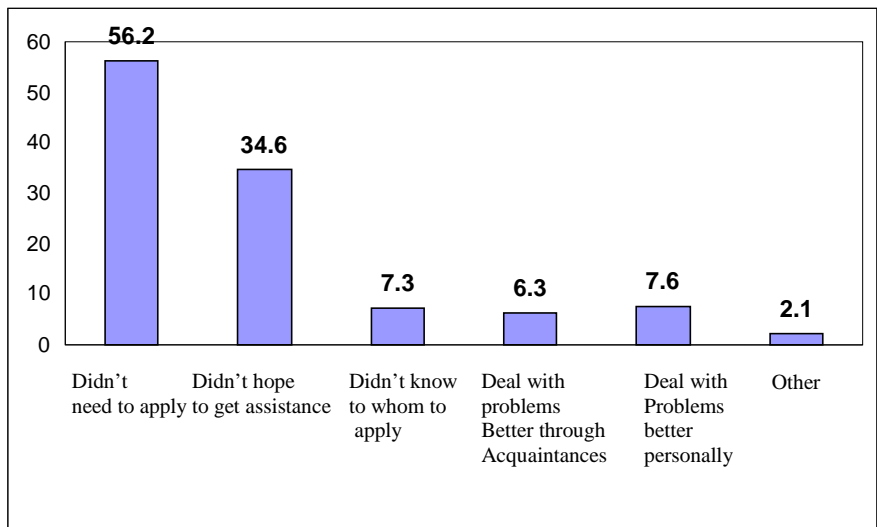
Quantitative data for solved problems was dependant on the character of the problem. As correlation analysis has revealed, in more than half of the cases problem was related to obtaining of certain documents and certificates (53,6%). The remaining share of settled problems in relation to overall indicator for solved problems looks in the following way:



In reality the quantitative data for problems solved as a result of application to local bodies of self-governance should be lower, as in the whole range of cases respondents were not answering the question as to which body they applied adequately, or in some cases they could not remember to whom they applied

On the whole in reality to the local self-governance bodies applied around 65% of respondents, while others were considering deconcentrated organs of the central government as self-governance organs.

Motivation of those respondents, who during last four years (prior to changes) have not applied to local self-governance bodies.



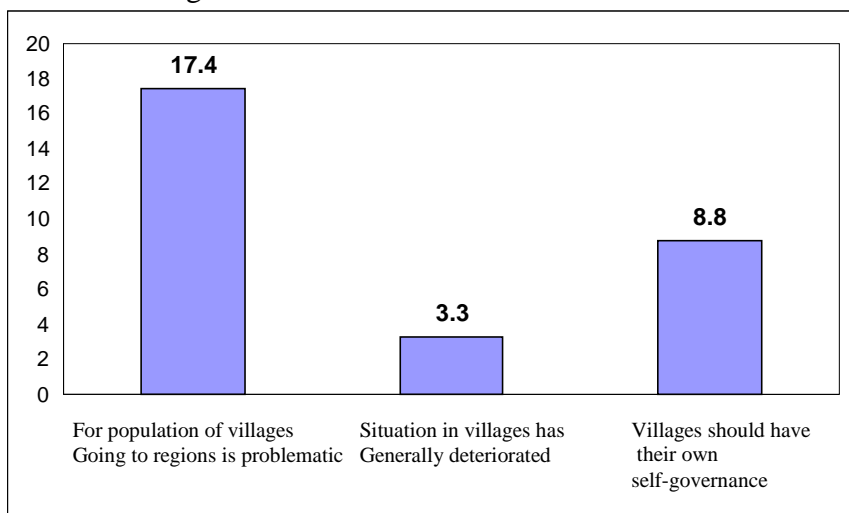
(Total for responses exceeds 100%, as more than one response was allowed).

This data once again confirms that former organs of local self-governance were not efficient.

6. Attitude of respondents have changed substantially after provision of more accurate information in regard to reforms, implemented in the sphere of local self-governance.

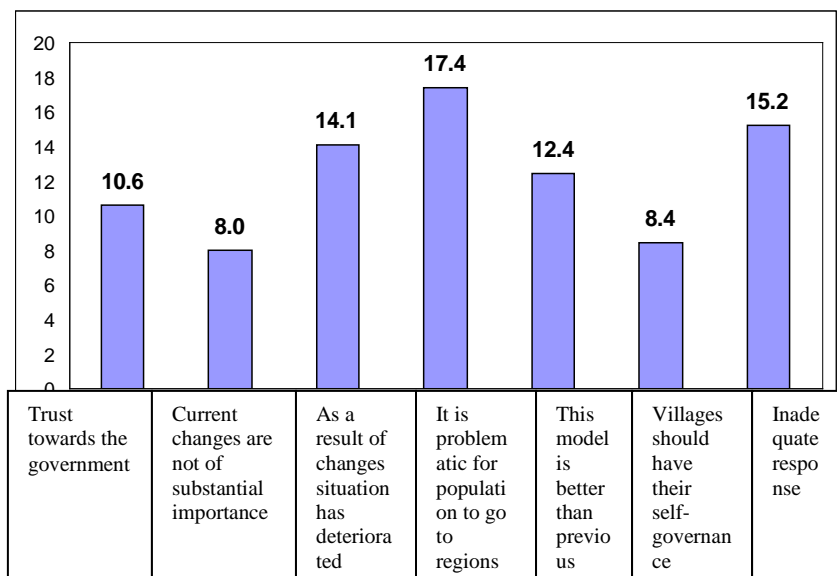
After provision of information on reforms implemented in the sphere of local self-governance the overall picture has changed substantially. (To given block of questions answered all respondents and not only those, who were informed regarding changes prior to conducting of the survey).

- As the main problem was stated situation in villages: around 17,4% of respondents stated, that it is difficult for them to go to regional centers; according to 3,3% of respondents on the whole situation in villages has worsened, while 8,8% considers, that villages should have their own self-governance.



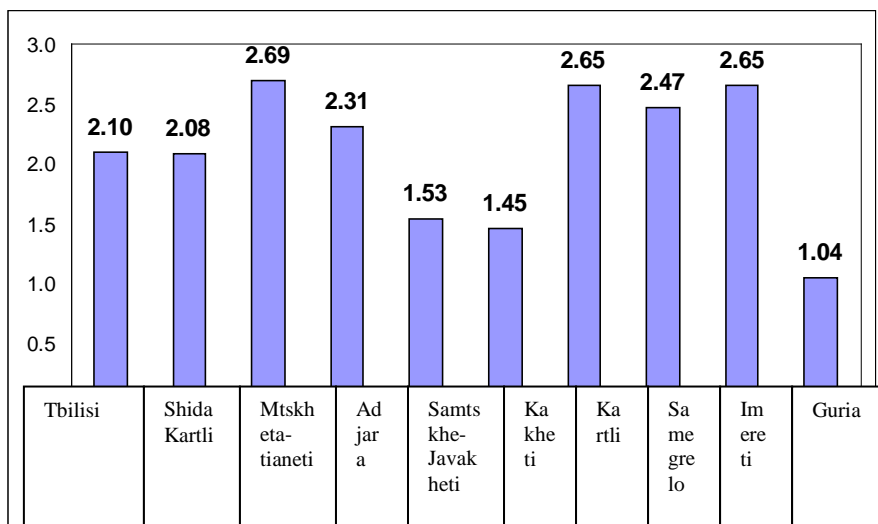
- In the process of evaluation of attitude of society towards reforms the respondents have expressed less trust towards the government and are more critically disposed, than in the event of stating of their own attitude. (Responses to these two questions are correlated).

Motivation behind such evaluation is the following:



7. How acceptable shall be these reforms for population (generally for city/region/village population)

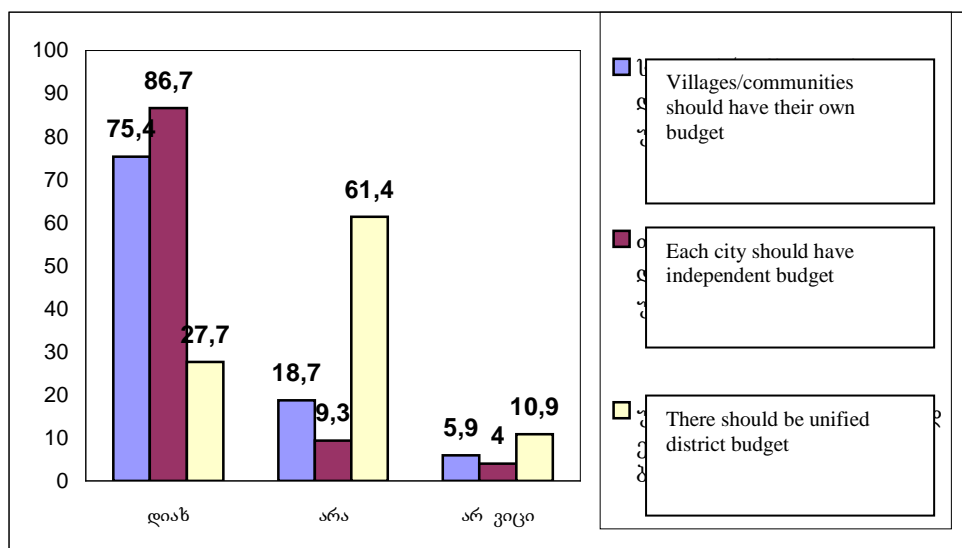
Evaluation was conducted according to five-score scale. (1=min. and 5=max.).



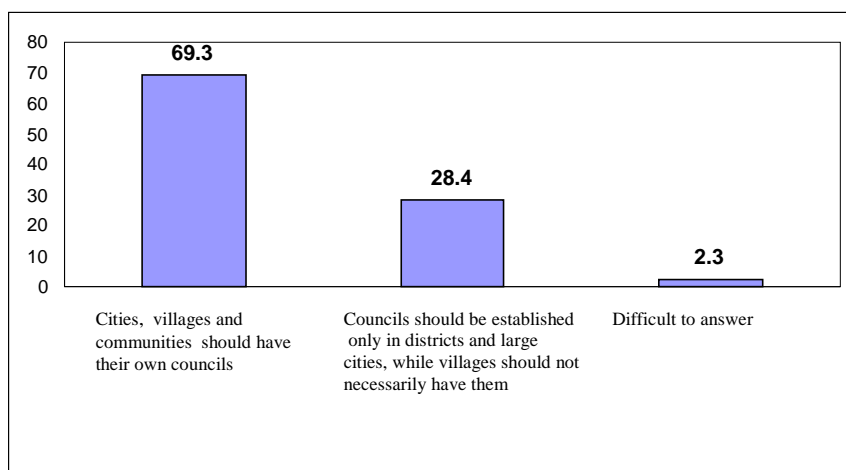
In this case it is obvious, that positive attitude has reduced in Guria, while it increased in Mtskheta-tianeti.

8. Attitude of public towards the principle of administrative-territorial arrangement of the country is especially interesting

Despite inefficiency of the previous system of local self-governance majority of respondents prefer former model.



Out of two statements provided below, which is more acceptable for you?

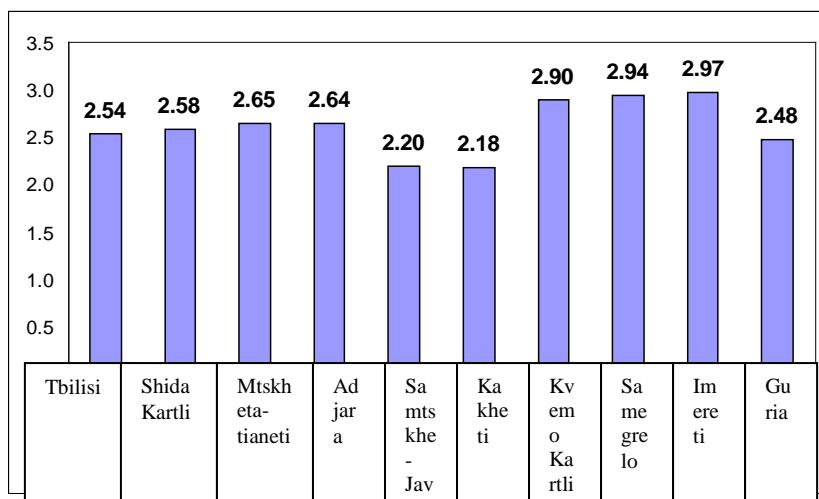


The trend is, that majority of population is supporting not the previously existing system, but the principle of territorial arrangement.

9. Well-substantiated expectations towards reforms, implemented in the sphere of local self-governance are not evident yet.

Question: To what extent do you believe the reforms shall assist population in solving of their problems?

Evaluation was conducted according to five-score scale. (1=min. and 5=max.)



Expectations are mainly preconditioned by attitude of public towards government. Positive and negative attitudes in regard to future expectations are practically distributed evenly:

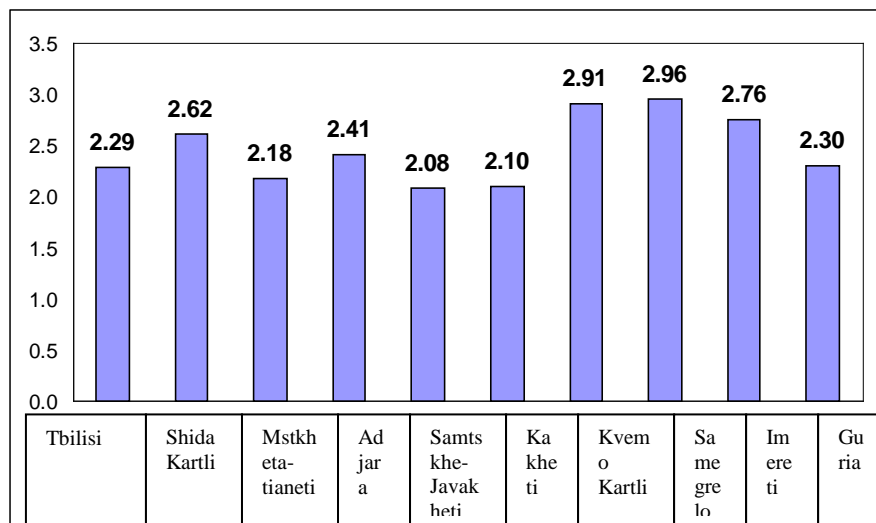


Situation is similar in respect to evaluation of public attitude:

10. Do people around you believe (general population of cities/regions/villages), that reforms in the sphere of local really assist people in solving of their problems?

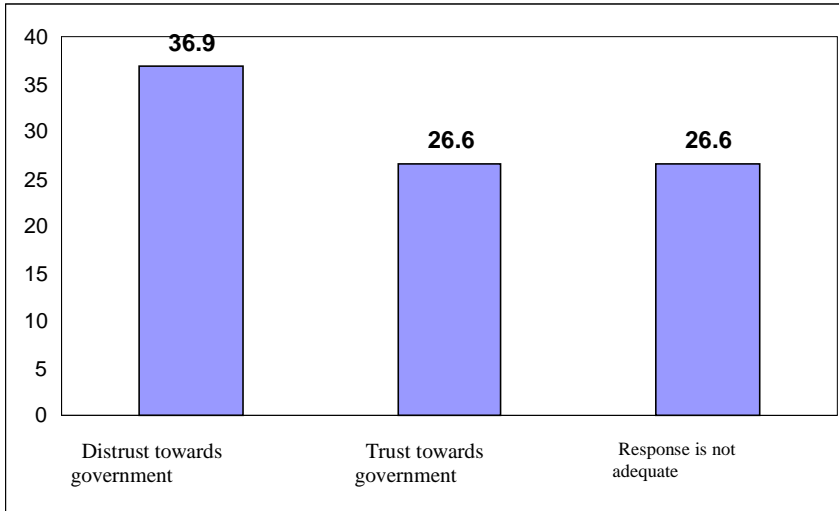
Distribution of opinion is asymmetrical. Average score is 2,51, the median and most frequent response indicators almost coincide and the score is 3. Consequently, as an indicator for central trend should be taken average score.

Evaluation was conducted according to five-score scale. (1=min. and 5=max.).

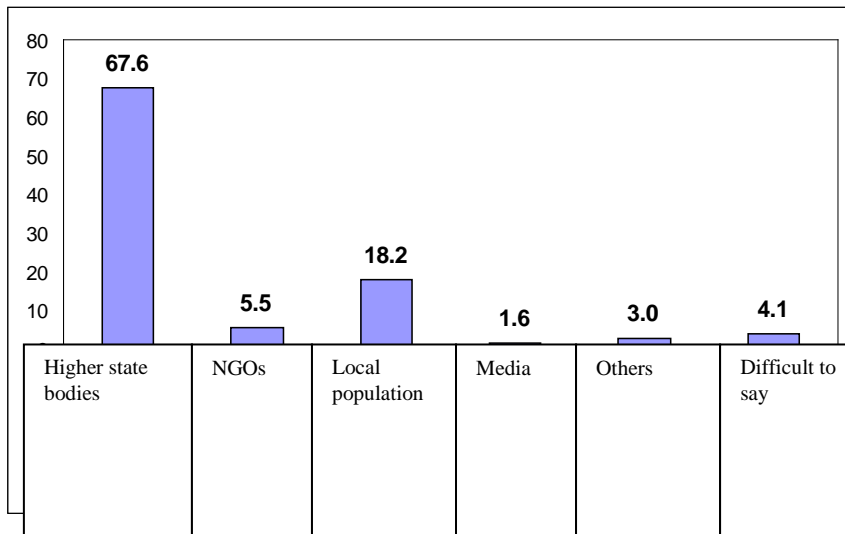


Here too pessimistic attitude prevails in Kakheti and Samtskhe-Javakheti, while in Samegrelo and Imereti population is more optimistically disposed.

Expectations are mainly preconditioned by attitude of public towards government. In the process of evaluation of public opinion here too respondents were more critical, than when expressing their own standpoint.



11. In your opinion who should control budgetary processes?



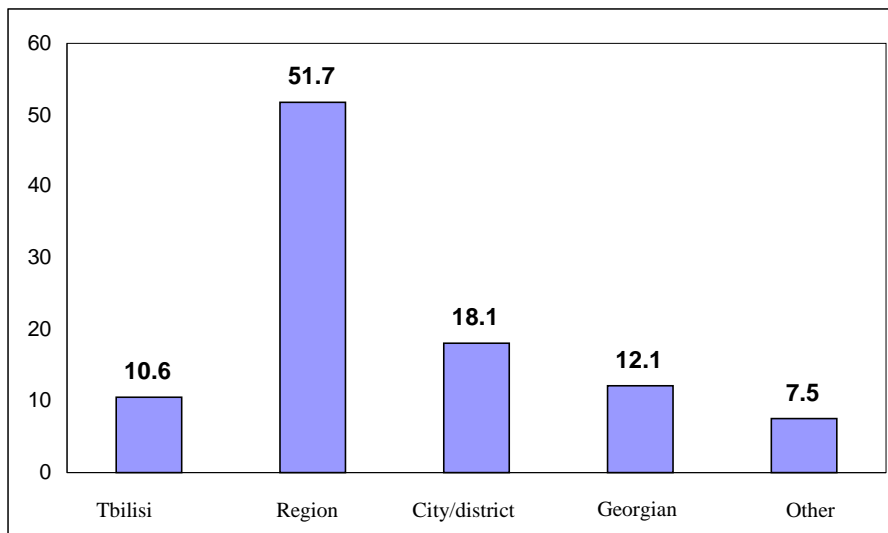
In the opinion of majority of respondents budgetary processes should be controlled by the state organs.

Trust towards civil society organizations is quite low.

Such trend is indicative of post-soviet mentality of Georgian society.

12. In the questionnaire on self-identity of citizens was included the following question: “when a stranger asks you where are you from, you answer, that you are from -----“

Following responses were received:



According to this data the main criteria of self-identity is regional belonging and not district belonging (62.3% of respondents stated their regional belonging).