

# **Administrative-Territorial Arrangement of Local Self-Government**

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## **1. Introduction**

The main idea of any state lies in meeting basic needs of its citizens. Thus, state as an institute fails to exist in case citizens (at least major part of it) do not share state's main values and do not participate in the process of their formation.

Public support has become extremely important in contemporary world as strengthening self competitiveness became top priority of any state agenda. Raising citizen's awareness and strengthening their skills became precondition for a state development.

Experience of developed countries proves that it is impossible to gain public support solely applying propagandist methods. It is important to create real motivations for citizens to see personal interest in the success of a state as an institution.

One of the well proved strategies for achieving success is through developing the feeling/sense of ownership. Close relations of state agencies with citizens and developing balanced system of power distribution creates foundation for a state to achieve efficiency in everyday work and maintain stability throughout periods of crisis.

One of the main, but not solely enough precondition for establishing efficient government is ensuring balanced distribution of power on central level (referring to the principles of distribution of power between executive, legislative and judicial branches of government). Also, it is important to ensure equal conditions of living for all citizens through establishing local and regional government bodies.

We argue, that only through decentralization it is possible to ensure equal living conditions for all citizens. No government, either "smart" or "informed" can manage to solve specific problems of a specific region while making decisions on central level.

State territorial and administrative division as well as delegation of responsibilities to local bodies are practices applied not only in democratic but even in authoritarian regimes. It is stipulated not only due to "care" over citizens, but also in order to achieve efficiency in governing process.

Decentralization, delegation of power to local bodies waves burden of a central government to solve minor problems on local levels and gives freedom to focus its resources on answering challenges facing the state on a national level.

Establishing local self government has positive effect while addressing local social and economic problems. Moreover, it plays supportive role while solving major/national problems that demands high level of public participation and mobilization.

Decentralization is quite complicated and multi-aspect process. It is successful only when it promotes to establish a system ensuring effective and efficient application of local resources to fulfil responsibilities assigned to a local self governing body. Success can be measured by the quality of fulfilment of those responsibilities.

In liberal and democratic countries local self-government has two main functions:

1. **Provision of services.** Local self-governments are much more efficient in dealing with daily problems of citizens and communities (local administration, utilities, household problems, minimal social guarantees). The international experience shows that just local self-governments can ensure high quality of service (right policies and right methods).
2. **Greater contact with people at grass-roots level.** Unlike the central government, local self-governments are in daily contact with ordinary people and, respectively, in a better position to respond to their needs and represent their interests. It is well observed in small communities, where most of community members know each other personally and accordingly the work of local body is extremely transparent. For instance, while it is nearly impossible for an ordinary citizen to reach the central government's high-ranking officials, elected representatives of local self-government are readily available almost every day – it means that citizens can talk to them, control their activities and have a voice in the decision-making process at the local level.

In newly emerged democracies the decentralisation and local self-government development process aims to achieve two more objectives in addition to the above specified main functions:

1. **Creation of local political elites.** Local economic and political (often illegal) informal clans are a legacy of the totalitarian past. To recruit and organise local activists and supporters of political parties (enhancing political pluralism as a result) and create a professional and efficient public service at the local level, it is vitally important to stamp out or transform these clans and replace them with local political elites (referring to the positive notion of this concept). As a rule, national political elites and the ruling bureaucracy rely on the local level as a launch-pad for their rise to power.
2. **Decentralisation vs. Disintegration.** Many nations, especially multi-ethnic states, have found out that horizontal power sharing is the best way to ensure and protect legitimate rights of ethnic, religious and other minorities without hurting national interests. Quite the contrary, it can even facilitate and support integration processes in a country. For example, the case of Spain, where delegation of rights to local (regional) bodies supported the process of reducing tension and preventing ethnic and political conflict. Also, case of Poland, here threat of developing secessionist demands by local German minorities was used as a main argument to prevent decentralization process, while establishment of strong local self government played important role to avoid this threat.

Decentralisation is a large and complex process and addresses number of fields:

- Administrative-territorial arrangement: **where** (in terms of geographic borders) and on **what level** does the self government function?
- Division of responsibilities: **what** are the **responsibilities** assigned to self governing bodies?
- Financial issues and property: **what** are the **resources** available for a self governing body to fulfil its responsibilities?
- Regulations of forming (electing) and structuring a self governing body, including internal structure and regulations: **how** does the self government function, **how** does it fulfil its responsibilities?
- State and public monitoring: **who controls** and monitors the work of a self governing body?
- Citizens' participation in decision making process: **how adequate** is a self governing body in addressing local/public needs?

The given paper examines only one of its elements, administrative-territorial arrangement, since its current flawed and imperfect character is one of the main obstacles to the decentralisation process. It is impossible to discuss the issues related to delegation of responsibilities to local bodies and application of local resources (human, technical, financial) when geographic borders of a governing body are not determined.

To address the problem, every country needs to determine the proper quantity and size of its sub-national levels, taking into account its own traditions, reality and national interests.

To begin with, it is necessary to define and agree on basic principles that underpin administrative-territorial arrangement in every country. Pros and cons of every model should be thoroughly analysed in order to work out the most optimal scheme and plan steps for its practical implementation.

There are two priority directions:

1. Existing traditions and the general public's expectations should be heeded in the process of reforms in order to win broad public support and secure backing from various social groups or groups of interest.
2. The arrangement should be based on realistic and pragmatic assessment (adequate to requirement of contemporary standards). Such a model will help optimise the governance system as much as possible and ensure proper and efficient appropriation of limited resources, enabling the government to fulfil its obligations to the society.

Implementation of these principles will pave the way for the creation of a multi-polar political, administrative, and financial-economic system in the country and, consequently, persistent healthy competitive environment, a key precondition for stability and sustainable development.

Close attention should be paid to the existing historical context and traditions, as a mere copy-paste of other countries' models can create serious problems for any nation in future. Mainly, while Georgia remains as an example of this practice: direct implementation of different foreign countries' experiences in Georgian legislation creates a controversial environment challenging a process of establishing effective model for self government.

Besides, decentralisation reforms should be designed to give local self-governments as much independence as possible in dealing with local problems and allocating local resources for the provision of services to citizens at the local level.

The problem of lack of financial, technical and human resources also should not be ignored. The size of a self-governed territorial unit must be proportional to the scope of services the local self-government is supposed to provide. It must ensure that the local self-government is able to meet public demand and conform with the government's vision of what kind of services people should get.

Efficient administrative-territorial arrangement of the country is one of the main objectives of the decentralisation process in Georgia. No division of competences, functions and responsibilities, as well as distribution of financial resources and property, can be possible without deciding first which territories should have local self-government.

Although the administrative-territorial reform is an urgent task for Georgia at the present stage, it should be carried out with future in mind. In other words, it should not limit the

country's choice of an administrative-territorial model in the future, which will come to the agenda once the Georgian central jurisdiction is restored over the entire country. The country's administrative-territorial structure must be adapted to the presence of political autonomies in Georgia and leave the door open for the creation of new administrative-territorial units (regions, municipalities).

## 2. Methodology

### 2.1. Theoretical baseline and assessment criteria

The paper discusses decentralization in Georgia and assesses contemporary state of this process. It also presents different approaches over administrative-territorial arrangement, evaluates them and introduces one alternative model for further discussion.

The aim of the paper is to inform interested stake-holders and wider audiences on different approaches already discussed among experts and promote wider public debates.

Our argument is based on the principle, that successful state is effective in addressing needs of its citizens and interests of different social groups; and thus manages to attract public support; creates preconditions for rapid long term development and prevents negative political, social and/or economic quakes during critical situations and maintains stable environment.



We argue that in order to achieve these goals it is important to create equal living and development conditions for members of all social and interest groups. Democratic principles of political arrangement should be applied in every part of a country and accessible for any citizen. Political, administrative and financial decentralization is a best way to serve this goal. It is best expressed in the principle of *subsidiarity* – responsibilities of upper level of a government should be limited to those that cannot be addresses on lower (local) level.



As a result of decentralization strong actor of public life – self government is established. The core goal of a self government body is address local problems and provide local public services. Self government operates in the framework of interests of local population through active participation of citizens in decision making process.



The process of decentralization includes: identification of participant bodies, division of responsibilities and resources among them, establishment of relative structural units and framework of their cooperation, ensuring public accessibility. The paper discusses the first part of this process in detail. In particular it focuses on identification of the most efficient model for administrative-territorial arrangement. It is important to establish an effective structure and identify its possibilities before discussing effective division of responsibilities and allocation of resources.

Results and effects of decentralization process as wells as establishment of new model of administrative territorial arrangement are evaluated based on fulfillment of its goals. In this

paper we identified number of criteria that will be used to evaluate different models and approaches based on principles and values important for a democratic society. In particular:

1. Political stability;
2. Quality of delivering public services;
3. Participation;
4. Transparency;
5. Accountability;
6. Prevention of corruption.

While applying these criteria in an evaluation process it is important to identify different levels of influence of each criteria on the work of self government bodies. Also, number of researches prove that each of them have positive as well as negative influence on different spheres of activities.

**Political stability** is extremely important for new democracies with the lack of long term experience of democratic rule. Decentralization promotes involvement of different interest groups, even small groups in decision making process, thus prevents escalation of conflicts between these groups, as well as reduces distrust of local social, ethnic and other groups toward decisions undertaken by central government mainly in the periods of crisis.

**The quality of delivering public services** is currently very important issue in Georgian regions. Though central government repeatedly acknowledges success in this field, quality of delivering public services is quite low in number of regions (mainly in rural areas). Moreover, cost of these services rose significantly (water supply, transportation, utilities). Experience of foreign countries shows that decentralization, rather than libertarian approaches (very popular and strongly advised in Georgia) has positive effect on improvement of quality of public service delivery, reduction of prices on these services and effective address of local needs.

**Participation.** In Georgia, even those arguing in favor of centralized form of government acknowledge the fact that decentralization helps to raise citizens' participation in decision making process. It applies to elections (in contrast of appointments from central government) as well as (local) government's everyday work. It creates space for lobbying interests of strong local groups as well as advocacy initiated by wider public or less privileged social group. It is also important to mention that experience of number of Latin American and African countries shows that solely formal decentralization (here we refer to the system where processes on local level are managed by central government and local bodies are obliged to identify these decisions as their owns) creates strong public protest and rejection and often translates into a main source for political destabilization.

Level of **transparency** is higher in decentralized systems in comparison to centralized ones. Decisions made on local level need higher level of legitimization from public rather than decisions made by central government. This process is additionally supported by political competition on local level that is an important part/practice of democratic countries. Number of researches argues that even in case of a weak political party system, transparency of local self government bodies is always higher in comparison to the work of central government institutions.

Level of **accountability** is also higher in decentralized systems of government. In case of necessity it is easier to replace political leaders on local level rather than on central. Though there is one important difference to mention: accountability is usually higher in elected body of local government in comparison to its executive (bureaucratic) unit. That is due to the fact

that elected officials are more oriented and interested in "keeping local society satisfied" than other public servants.

**Preventing corruption** is rather controversial issue discussed among experts. In general, decentralization creates space for local corruption. That seems obvious: corruption happens where power is concentrated and financial and other resources are allocated. Level of local corruption varies in different countries: level of corruption is relatively low in countries with strong civil society. In these countries perception of corruption is also low. It is important to mention that based on case studies of 80 different countries local corruption exists when it is a practice on central level, sum of transaction costs does not change or in decentralized systems they are lower. For instance, decision has to be made which of the following two is better: when central government official (minister or other) gets 100 per cent from a bribe, or 10 city mayors get 10-10 per cents from a bribe? Here it should also be noticed that in case one or more mayors decide not to take a bribe transaction costs will be lower (not 100, but 90 or less per cent). Based on world practice, no one believes that in centralized system representatives of central government restrain themselves from taking bribes. Based on analysis of different case studies and researches it is obvious that level of corruption whether on local or central levels are low in case of strict division of responsibilities, also with high number of common responsibilities assigned to different units in the fields of education and social welfare.

International experience, analysis of current Georgian situation and ideas of Georgian experts were used while assigning weight to above mentioned criteria and identifying their level of influence.<sup>1</sup> Each criterion was weighted based on its importance and assigned with average coefficient.

**Political Stability – 1.50.** This criterion is mostly important for the countries like Georgia, where society is extremely politicized. Decentralization supports maintaining political stability on local level even when crisis hits central government. In addition, local self governance helps the processes of (1) consolidation of different social groups, (2) democratization of political processes and (3) institutionalization of political (including party) system. Challenges in all these processes are quite obvious in Georgia.

**Delivering public services – 1.75.** This criterion has one of the highest weights as delivering public services is the core goal of self government. Strengthening local government bodies has positive effect on the quality of delivering public services.

**Participation – 1.50.** Civil participation is quite limited in Georgia. Though civil participation can positively affect decentralization process, wide public involvement is not crucial/fundamental. Here the weight of the criterion is high due to the post-authoritarian mentality. Strong self government can play positive role in the process of overcoming this mentality and thus support improving political processes on local as well as on central level.

**Transparency – 1.50.** Transparency of public service supports raising public participation. When a citizen is not aware of self government's plans and agenda, it is difficult to expect his/her involvement in the process. Transparency has positive affect on decision making process (thus promoting accountability, preventing corruption, as well as effective delivery of public services). Accordingly the criterion has high weight.

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<sup>1</sup> The following experts participated in weighting process: Konstantine Kandelaki, Vakhtang Khmaladze, Irakli Kobakhidze, Tengiz Sherglashvili, Aleksandre Svanishvili.

**Accountability – 1.75.** Accountability is one of the main instruments for ensuring public control. It can encourage population to participate and even influence the work of self government. Accountability (of an elected body to society; and of an executive body to the elected body) ensures effective work of self government. No self government responsibility can be effectively fulfilled without accountability.

**Preventing corruption – 1.00.** This criterion has relatively low weight, mainly due to the fact that it is preconditioned by participation and transparency. Centralized control is less effective to prevent corruption on local level, moreover, through centralized control corruption on local level is disguised rather than prevented. Also, though likelihood of corruption occurring on local level is higher in decentralized system, it is low on central level, and the latter is always considered more important. Slight raise of corruption cases on local level is considered less dramatic as development of strong self government supports fight against current centralized system of corruption, thus preventing its occurrence in future.

## **2.2. Structure of the paper**

The paper aims at presenting the optimal model of administrative-territorial arrangement for Georgia. Accordingly it was structured in the following sections:

### Part I – Introduction

General overview of statehood and its core goals. Arguing the importance of decentralization. Core functions of self government. Main spheres of decentralization. Importance of administrative-territorial arrangement and main principles to be foreseen while reforming this sphere.

### Part II – Methodology

2.1. Theoretical baseline and criteria – the aim of the paper. Logical framework for identifying importance of administrative territorial arrangement. Identification of criteria for evaluation different models and assigning weight to each criterion.

2.2. Structure of the paper – list of the issues discussed in the different parts and sub sections of the paper.

### Part III – Problem Analysis

3.1. The origins of administrative territorial arrangement – short history of administrative territorial arrangement of Georgia: from ancient times to feudalism; periods of Russian and later Soviet dominance; periods of later 20<sup>th</sup> century and beginning of 21<sup>st</sup>.

3.2. Current situation – administrative territorial arrangement after "Rose Revolution". International responsibilities undertaken by Georgia and 2006 self government reform. New challenges occurred after the reform. Public perception of these changes. Self government in 2010 Georgian constitution.

3.3. Problems and challenges – Assessment of decentralization process throughout the period of independence (1991-2011), old and new problems and challenges. Causes and results hindering the process.

3.4. Stakeholders – overview and assessment of interests/stakes and influence of different stake holders of decentralization in Georgia (including society, government, international organizations, regional and local government bodies, different interest groups).

#### Part IV – Discussed models

4.1. Fundamental international values – main documents adopted by European countries related to self government. The issue of decentralization in democratic countries. Principles of administrative territorial arrangement of Soviet system, experience of European countries in this regard.

4.2. Sub-national levels and size of population – overview of sub national levels and analyses of number of local population. Similarities and differences of western European countries. Short overview of decentralization processes in different countries. Responsibilities and regulation of work of sub national levels. Population sizes of regional and self government levels. Administrative territorial arrangement of European capitals.

4.3. General considerations in Georgia – overview and analysis of main approaches discussed in Georgia since independence. Discussions over state arrangement. Presentation of arguments of all approaches. Standpoint of Georgian government in regard to main approaches.

#### Part V – Analysis of possible alternatives

5.1. Discussed options – list of 11 theoretical models and their evaluation criteria.

5.2. – 5.5. Four models of one level self government.

5.6. Main challenges of one level self government – main challenges of the process of establishing one level self government.

5.7. – 5.9. Three models of two level self government based on principle of rayons.

5.10. Rayon vs. Region – Discussion over rayon vs. region in among Georgian politicians and experts. Problems related to the establishment of self government on rayon level. Different approaches in this regard.

5.11. – 5.14. Three models of two level self government – based on principle of regions.

5.15. Capital Tbilisi – Challenges related to the administrative territorial arrangement of Tbilisi.

#### Part VI – The proposed model

6.1. Preconditions – short overview of characteristics of two level arrangement system. Division of responsibilities between different levels of government. Main principles of work on intermediate and self government levels. Overview of the concept note on administrative territorial arrangement of Georgia and Tbilisi drafted by a Georgian expert group in 2004-2005.

6.2. Administrative territorial arrangement of Georgia – general principles. Baseline of establishment and work of government on municipal and regional levels. Comparison of the



proposed model to other models presented in Georgia. Number of sub national levels. Structure of the proposed model.

6.3. Administrative territorial arrangement of Georgia – main principles of the proposed model. Overview of a current model and prospects for its transformation. Evaluation of the proposed model by criteria. Structure of the proposed model.

6.4. Results and challenges – mechanisms for establishment of a proposed model. Identification of potential threats and strategies to overcome them.

## Part VII – Conclusion

7.1. Challenges and prospects – Necessity of decentralization and core principles. Overview of an international experience in this regard. Problems faced by Georgian system of self government. List of activities to be undertaken to reform the system.

7.2. Recommendations – Declaration of a main goal. Identification of the roles of stakeholders and beneficiaries. Assessment of their interests and influence. List of the activities to be undertaken by Georgian civil society to achieve the goal on an initial stage.

## **3. The problem analysis**

### *3.1 The origins of the administrative-territorial arrangement*

Historically (whether in the times of pre-historic, ancient or middle ages), Georgia has had a two-level administrative-territorial structure consisting of local (or the so-called first level – town, community, village) and intermediate (or the regional level – region, province) levels, which had one thing in common: they covered territories with similar economic and geographic conditions. The boundaries of certain provinces remained unchanged even when Georgia was under foreign rule, not because the foreign rulers respected local traditions but rather due to economic and geographic factors.

Towns/villages and territorial units had their own local governments – the elders' councils and headmen in villages and communities (which lasted, with minor changes, till the early XX century) and more sophisticated administrations in towns. In middle ages there were well organized and structured bureaucracies in majority of Georgian cities (similar to those existing in Byzantium or Near Eastern countries). So called "third class" (including wealthy traders) was strong enough to participate in decision making process not only on city, but also on national level. Apart from some exceptions (e.g. Tbilisi in XI-XII centuries), however, Georgia failed to develop a full-fledged European-style local self-government system.

Even more conservatism can be seen in the upper level (regions) of the administrative-territorial system. The current historical Georgian provinces formed more than two thousand years ago and have changed little ever since. At various moments of the Georgian history these territories were either independent political entities or integral parts of a unified Georgian state.

In XIX century, after Georgia was annexed by the Russian Empire in 1801, the country's administrative-territorial system underwent major reforms. As a result, a dozen of historical provinces were transformed into 20 mazra. The boundaries of the mazra largely followed the edges of the historical provinces. As to towns and villages, they remained almost intact except

that limited forms of local self-government emerged in relatively large towns in the 60s of the XIX century.

The first-ever democratic municipal elections were held in Georgia in 1919 – the country was a democratic republic (1918-21) at that time – right on the basis of the mazra-based administrative territorial system.

In Soviet times (beginning in the 1920s) the mazra system was abandoned and Georgia was divided into districts, which were much smaller than both the historical provinces and the mazra. The number of districts was not fixed and changed quite often.

By 1991 December 21 (the dying moments of the USSR) Georgia had two autonomous republics, 65 districts and 4 urban zones, 13 large cities subordinated to the central government, and 942 village communities (in all, 4603 urban and rural settlements, including 51 towns and 61 boroughs).

The system of districts was adopted firstly because the Communist rulers were keen to concentrate power in their hands, a typical feature of a totalitarian regime, and also as a way to satisfy political and/or mercantile interests of Soviet bureaucracy. For example, separate administrative unit has been established solely to create a position of a local political leader for a member of party nomenklatura, just to support him in his career development. Later the unit has been cancelled without paying special attention to the local interests or already established administrative structure.

Delimitation/demarcation of the districts was often illogical, if not absurd, aiming first of all to balance the number of the Communist party members living in various areas. In Tbilisi, for instance, a section of the Nutsubidze Plato zone was part of the Vake District, while Didi Digomi belonged to Saburtalo District. The outskirts of Daba Tsqneti (including Betania) were transferred to the Gardabani District, while the Village of Digomi, which cut through one of the neighbourhoods of Tbilisi, and a new cemetery on Jikia Street (Saburtalo District) were tied to the Mtskheta District.

It should be mentioned, that for the biggest part of the Georgian society, an individual's ancestral place of origin and abode remains one of the major criteria for personal identification, notwithstanding the country's administrative-territorial structure, which was in place already when Georgia was part of Tsarist Russia and then passed over to Soviet times. The overwhelming majority of Georgian citizens have strong links to particular regions (Kartli, Kakheti, Imereti, Samegrelo, Meskheta, etc). In fact, 62.3% of the Georgians identify themselves with a specific region, and only 18.1% – with a district (or municipality), more exactly with the capital or a major town of their municipality.<sup>2</sup>

Wide-ranging and sweeping changes were carried out in Georgia after the collapse of the USSR, but the country's administrative-territorial arrangement remained largely unchanged, except that the South Ossetian Autonomous Region was abolished in December 1990 and its districts merged with neighbouring ones (Tskhinvali became part of the Gori District, Qornisi joined Kareli and Sachkhere, while Java District was partly incorporated into Oni District).

A new process began in Georgia's governance system in October 1993: the government set out to create regional administrations and assign a state commissioner (known as

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<sup>2</sup> Georgian Local Democracy Report (2006), Annual Report, *Open Society – Georgia Foundation*, Tbilisi, 2007

"rtsmunebuli") to every region of the country. In 1993-95 the entire country, except its autonomous republics, was divided into nine regions, and every region was governed by a "rtsmunebuli" directly appointed by the head of state (by the president in following years). At the same time, a new type of administrative-territorial entity, a special community, was introduced in Georgia at that period. Special communities were created in conflict zones (Eredvi, Kurta and Tighva in former South Ossetia, and Azhara in Abkhazia) and their status was made equal to that of an ordinary district.

In 1995 Georgia adopted a new constitution. But the document made no mention of the administrative-territorial arrangement of the country, except one clause (Paragraph 3, Article 2) which said that the administrative-territorial arrangement of Georgia should be decided by a parliamentary statute, on the basis of power sharing principle, only after the entire territory of the country was under the central government's control.

Local elections were held in Georgia in 1998. In all, 1031 administrative-territorial entities were covered by the election process (971 self-governed units (village, community, town) and entities governed by local administrations (districts and 6 large cities, which were not subordinated to any district). As a result, the administrative-territorial system of Georgia underwent certain changes: the so-called "urban zones" were abolished, i.e. they were given the status of an ordinary district. Besides, all towns of the country were made equal in status (earlier, there were three categories of towns: national-level towns, towns of autonomous republics, and local-level towns).

Some administrative-territorial reforms took place in Georgia in 1999-2002. Villages and communities, which had the same status earlier, were put into separate categories and 27 new administrative-territorial entities emerged in the country as a result, bringing the total number of self-governed units in the 2002 June 2 elections to 998.

Three levels de-facto existed in the Georgian administrative-territorial structure in 2005.

- a) The upper (or the regional) level – although the country's legislation said nothing about it, this level de-facto included nine regions, the capital Tbilisi (its status was regulated by a separate law), and autonomous republics of Abkhazia and Ajara.
- b) The intermediate level – 65 districts and six large cities which were not subordinated to any district. Under the law the district level was considered a deconcentrated administrative entity of the national governance system.
- c) The lower level – 1004 entities (villages, communities, towns). It was the only legally recognised level of local self-government.

### ***3.2 The current situation***

Following the "Rose Revolution" in 2003, the new Georgian government announced that a local self-government reform was one of its top priorities and set up an ad hoc governmental commission "*Effective Governance and Reforms of Territorial Organization*" on July 22, 2004, to manage and oversee the decentralisation process and plan/implement administrative-territorial reforms.

Developments within the country (the strengthening of civil society and the local political elite, common understanding that sustainable political, economic and social development was essential for the country) and pressure from international, first of all European, organisations were the main driving factors of the decentralisation process.

In March 2003 the European Union presented a new strategy "Wider Europe Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours". Drawing upon this document, the South Caucasus states became members of the European Neighbourhood Policy on June 14, 2004. The ENP Action Plan (AP) for Georgia came into force on November 14, 2006.

The five-year ENP AP for Georgia can be seen as the first stage of the country's European integration. Two years after it was adopted, the plan was supposed to undergo its first assessment/review. The ENP AP, which largely repeats the 1996 partnership and cooperation agreement between Georgia and EU, has set main priorities for EU-Georgian relations.

One of the top priorities of the ENP AP is the development and implementation of a strategy and program of local government reform in line with requirements of the Council of Europe, specified in its documents No. 1415 (2005), 1477 (2006), and 10779 (2006), which assess the process of reforms in Georgia and provide respective recommendations.

These documents gave a critical assessment of decentralisation reforms in Georgia, emphasising that it was time to stop post-revolution euphoria, create a realistic strategy and ensure its efficient implementation. They underlined also that although the Council of Europe was not the "Big Brother" and would not interfere in Georgia's domestic affairs, the country's integration into the European structures directly depended on how successfully it would adopt European standards.

Drastic local self-government reforms took place in Georgia in 2006. Following the local elections, the lower level of local self-government (village, community, town) was eliminated, while municipalities – renamed former districts – became in fact the only level of local self-government in the country.

These changes brought about the following results:

- the government has tightened its control over local self-governments – initially unofficially and later with relevant legal amendments responsibilities of local self government has been limited. Currently they serve as territorial representatives of central government;
- local self-government bodies are out of touch with a majority of local residents (especially those living in remote and small rural communities) – after abolishing self governance on community level, population has to address its everyday problems to the centres of large municipalities. This creates number of additional challenges in regard of accessibility for local population including poor infrastructure (roads are in bad condition) and ill functioning administrative mechanisms;
- social inequality, as access to services of local self-government is not equal for all residents of a particular municipality and varies depending on where people live – due to the limited resources and absence of independent income on local level, number of regional projects are directed and implemented by centre that are not quit relevant to local needs;
- representative bodies of local self-government have assumed greater political role and became excessively politicised – local self-government bodies are obliged to mobilise its administrative resources and take some populist measures (reconstruction of utilities, etc) for "bribing" voters, intimidation and threat towards the political opponents, falsification of the results of the elections;

- financial-material resources and real economic potential of the municipalities are not adequate to satisfy their increased needs and ambitions – financial resources delivered to municipalities from central budget is not enough to meet the local needs.

The Georgian capital, Tbilisi, was also affected by the tendency towards bigger administrative-territorial entities. Earlier the capital was divided into ten administrative districts – in November 2000 they were merged into five large ones (Isani-Samgori, Mtatsminda-Krtsanisi, Vake-Saburtalo, Didube-Chugureti, and Gldani-Nadzaladevi). Some time later the capital grew even bigger, incorporating two more districts. Each of these districts (220 thousand residents in average) surpassed the country's second largest city, Kutaisi, in terms of population. In contrast, administrative districts of the capitals of a majority of small European countries have 30-60 thousand residents in average.

This system was not based on clear motivation or justification. It does not take into account:

- correlation between the size of an administrative-territorial entity and citizens' participation in the local government – no relevant research has been carried out and no data is available;
- public opinion – no public opinion poll has been carried out in this regard;
- the goal of reorganisation (urban management, optimisation of local self-government, political interests) – changes were mainly in accordance to major political party interests rather than local needs;
- recommendations of Georgian and foreign experts, and international experience – no public debates were held before the reform and public participation was quite limited in the decision making process.

Results of recent sociological surveys show that local self-government reforms do not enjoy popular support in the country.<sup>3</sup> Although the pre-reform local self-government system in general was widely criticised in the country, some of its principles are still positively evaluated. For instance, an overwhelming majority of the Georgian citizens are certain that every town, village, or community should have its own local self-government (sakrebulo) and independent budget.

Several factors can explain these inconsistencies. Firstly, any reforms and innovations usually make Georgian citizens feel very uneasy. The things are made worse by poor access to information and lack of experience and skills among new local self-governments. Besides, a good deal of the Georgian residents seem alarmed by the widening gap between the local self-governments, however ineffective they are, and ordinary people.

On October 15, 2010, the Georgian parliament approved some amendments to the constitution of Georgia. Namely, the lawmakers added a new chapter, Chapter VII, to the constitution, which regulates the rules and procedures to create, disband, re-route the borders and institutionally organise administrative-territorial entities of the country. Among other things the new chapter unequivocally prohibits to terminate an administrative-territorial entity or revise its borders without prior consultations with the local self-government.

The Law on Local Self-Government of Georgia and all other laws (for instance, the Law on the Capital of Georgia – Tbilisi) that contradict the amended constitution should be now revised accordingly.

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<sup>3</sup> Report on Local Democracy in Georgia, annual report (2007), *Open Society – Georgia Foundation*, Tbilisi, 2008; Annual Report on Local Democracy Development in Georgia (2008), *Open Society – Georgia Foundation*, Tbilisi, 2009

### ***3.3 Problems and challenges***

The following conclusions can be drawn from the past 20 years of the development of local-self government in Georgia:

- efforts to promote democratic governance at the local level have borne no fruit so far;
- the current system of local self-government is unable to ensure sustainable social and economic development, mainly due to the extreme centralization of power and limited self government;
- the country has no long-term vision for local self-government reforms and, worse still, the government does not seem willing and ready to develop one, despite its international obligation to do so.

Although quite a lot of time has passed since Georgia regained independence in 1991, it still has no common vision and basic principles of institutional development. Numerous reforms, varying in pace and strategy, were carried out in the country in its recent history. But they were often controversial and mutually contradictory. Sometimes the main direction was towards decentralisation, sometimes it reversed to its opposite, centralisation. Reform successes were often followed by stagnation and U-turn towards old forms of governance. While comparing the models of 1991, 1998, 2002 and 2006, it is obvious that responsibilities of self government have been changing either widening or limiting. For example, 1998 model gave more power to rayon level local self governing bodies than 2002, which was also called "associated sakrebulo" model. In 2006 model, rayon level became the only level of self government.

In recent years decentralisation reforms have been increasingly unlikely to succeed because of, at first, the post-revolution euphoria and then the growing political tensions. Moreover, the following two tendencies clearly indicate that the country is gradually drifting away from decentralisation towards more centralisation:

1. Decentralisation remains a low priority for the government. The local self-government problem is overshadowed by the increased emphasis on privatisation, army building, education reform and social security. Even high-ranking governmental officials admit that in private conversations.
2. Centralisation processes currently dominate over decentralisation efforts. The already limited powers of local self-governments have been curbed even further. While in 2005-06 these restrictions were informal, since 2007 they have been laid down in various laws, legal acts and other regulations.

Another negative factor is that the Georgian society still has a rather vague understanding of the role and functions of local self-government. The laws regulating local self-government problems are not based on the Georgian legal traditions (referring to the system of self government where the lowest level was on community level, and intermediate on regional one). In some cases they are patterned upon the legislation of the foreign countries with long experience of local self-government, sometimes they are in direct contradiction to them.

The absence of clear policy and lots of other negative factors, both external and domestic, have made it impossible to settle relations, peacefully and in a civilised manner, between the centre and autonomous republics of Georgia. The same is true for the country's ethnic

enclaves and regions in general. Although they have many in common, each of these regions has its own problems and interests.

At the end of the day the country is left facing the following challenges:

- Tense relations – which sometimes escalate into dangerous levels – between the central government and political or economic (legal or criminal) elites of the ethnic enclaves of the country (Azeri-dominated Kvemo Kartli region and Armenian-populated Javakheti). Due to the absence of efficient local self-government, especially at the regional level, there is little prospect of success in dealing with political, economic and social problems of the country.
- The controversial practice of appointing state commissioners/governors ("rtsmunebuli") to govern the regions. The office of state commissioner, which dates back to the 90s of the XX century, is actually unconstitutional, as long as it is not stipulated in the national legislation. It is noteworthy that the existence of regions is crucial to Georgia's stability and vitally important for deciding the final model of its administrative-territorial structure.

Of course, the administrative-territorial arrangement is not an easy task, the more so as it should be carried out in a country that still feels the bitter impact of the August 2008 war. It requires to establish the foundations for such arrangement (without much detail at least), which cannot be done without political settlement of the problems of Abkhazia and Tskhinvali Region/Former South Ossetia.

There are number of challenges facing decentralization process in Georgia, one of them is lack of political will in the government. Moreover, extreme centralization process is observed rather than attempts of decentralization. Most strategically important decisions are made by governing elite disregarding core interests of different stakeholders and social groups.

### **3.4. Stakeholders**

The process of decentralization, unlike other directions (security systems, defense, etc) is not only a sphere of interest of the state. Alongside to the central government, which at the same time is a major actor of the reform, other stakeholders are:

- Population – one of main stakeholders, as citizens are main beneficiaries of the reform;
- International organizations and diplomatic services presented in Georgia – in particular foreign organizations that have a mandate to monitor situation in the country in regard of fulfilling international responsibilities and provide technical and financial support for reforms;
- Autonomous units on the territory of Georgia – that have a core interest to regulate all aspects of its relation with central government;
- Regions with ethnic minorities – that regularly have disagreements with policies introduced by Tbilisi, these disagreements become more obvious in the periods of crisis;
- Regions, municipalities and large and small settlements – that have number of common local interests as well as specific differences.

**Population.** As far as main idea of reforms and introducing new model is to improve mechanisms of solving problems facing population this stakeholder will be discussed in detail later.

***International actors.*** Here we refer to Council of Europe, Embassies of western European countries, United Nation and its organizations, international political organizations including USAID and their contractors that in addition to other financial institutions (international banks, IMF and others) have agenda to promote democratization.

***Autonomous entities.*** Despite wide range of various problems, in the process of building the state system and generally in the life of the country, the greatest challenge of the state is the relationship of the centre and autonomous entities.

According to the constitution of 1978, on the basis of which, law on transitional period was adopted on November 14 in 1990, autonomous republic was, in a sense, a state in the state (article 79) and their governance was defined by local constitutions (chapter 15).

With development of the National liberating movement, ethnical autonomous entities – Autonomous Republic of Abkhazia and Autonomous Region of South Ossetia sharply disagreed with the idea of independence of Georgia and promoted their own claims on changing their status, that, in different variations, meant separation from Georgia. This created fierce conflicts that in both cases ended with a war and loss of control of Georgian state over autonomous territories.

Tbilisi does not have such obvious collisions with Ajara, even though certain problems are present in this case as well. On July 1, 2004 Parliament adopted constitutional law on the status of Autonomous Republic of Ajara. According to the second paragraph of the first article of this law, Ajara is declared as an inseparable part of Georgia. Georgian experts and representatives of Venice Commission agree that the content of this law hardly corresponds with the status of Autonomous Republic. The competencies between Tbilisi and Batumi are formally delimited, however, this law creates hierarchical structures that make Ajarian governmental bodies completely dependent on central government (President of Georgia has the right to abolish Ajarian Supreme Council if the latter fails to perform its tasks and obligations and in such case a temporary Presidential Board appointed by the President will carry out the responsibilities of the Council; the Government of Ajara is accountable to the president).

***Regions populated with ethnical minorities.*** Worsened relationship between centre and autonomous regions pushed the relations between Tbilisi and regions with largest population of ethnical minorities on the sideline: Samtskhe-Javakheti and Kvemo Kartli, with 16% of the population of the whole country.

In these regions several acute problems can be outlined (problem of the education derived from the lack of coherent strategy of teaching state (Georgian) language; personnel policy – in this direction especially difficult situation is created in Kvemo Kartli – representatives of local Azeri population constitute only a minority in governing structures, utilization of ethnical difference for strengthening the position of central government, etc).

The fact that such problems are not solved in timely manner in given regions gradually creates a tensed situation and, in the long run, strengthens secessionist threats. Whole Georgian political establishment, as well as the Georgian society was anxious about various irredentist demands stated by local political groups in course of the whole history of independence of the country. In given regions activities of some radical groups make possible that such fears have realistic basis.



Present problems mainly derive from the absence of coherent strategic-tactical vision of the state and lack of administrative-territorial management of the country. The problems are strengthened even more by high level of poverty, social insecurity of the population, corrupted relations and the dominance of patrimonial system, weakness of the role of the state as a regulatory body and the security systems, as well as absence of real self-governance. If, during the period of regime of Eduard Shevardnadze clan relations, political arrangements and high level of corruption balanced given obstacles, change of the power in Tbilisi in the fall on 2003, strained the situation once again – representatives of ethnic minorities from Samtskhe-Javakheti and Kvemo Kartli feared that Tbilisi would revive the course of ethnocentric nationalism, similar at the beginning of the 1990s.

It is obvious that old methods of government will not be successful in the future. It is necessary to create a united, comprehensive state policy, which, by reforming present system, will solve problems accumulated throughout the years in regions with population of ethnical minorities. Otherwise, radicalization of ethnical minorities can take place, which will create serious problems to the country.

**Regions.** Other regions of Georgia face issues that are similar to the ones named above. Even though here a strong political confrontation with the centre (in autonomous entities) or ethnical conflicts (in regions with ethnical minorities) does not exist, administrative-territorial problems of the country, in the long run, create a favorable background for creating new confrontations between centre and regions. Solving the problems of the regions mostly depend on acceleration of the municipalization and decentralization of the country.

**Tbilisi,** as the capital city and largest settlement of the country, where half of the population of the country resides, has a special status, even though the system of government of the city stayed unchanged in the period of independence and does not correspond to modern requirements. Moreover, regulations of the capital contradict the weak normative basis that exists in the country.

**Other settlements.** The status and the perspective of development of villages, communities (consolidation of two or more settlements – mostly villages), small towns (a settlement with more than 3000 inhabitants takes the role of economic-cultural center) and cities (a large settlement with more than 5000 residents, with urban management and economic and cultural centre) is also unclear.

All these stakeholders have specific interest and influence on the process:

- Population is formally most influential actor, but their influence is jeopardized due to the lack of information and distrust to the real change. Most of them do not even have minimal awareness and their frustration is expressed only in critical situations (for example, when costs of water supply or other utilities increases dramatically);
- Most part of international organizations like central government does not consider decentralization as a priority. Often their attempts to improve effectiveness of self government and solve problems caused by the structure/system are quite limited (trainings, short term technical assistance of municipalities and other);
- Breakaway regions do not consider themselves as parts of Georgia and try to legitimize status quo with the help of foreign power (Russian military power);
- Local self governments have limited influence, skills and public support to demand wider responsibilities. Moreover, they depend on central government in political and economic aspects and try to avoid confrontation.

## **4. Discussed models**

### ***4.1. International basic values***

In 1968, countries of Western Europe signed a declaration of rights of self-governments that received status of convention in 1981 year and became obligatory for the countries of European Community. In 1984, leaders of the member states of European Community, during the meeting in Rome, adopted *European Charter on local self-government* that became a treaty in 1985. The Charter recognizes four types of autonomies (political, economical, administrative and financial).

It should be noted that countries of old democracies significantly differed from Georgia. In Europe and USA, by the moment of strengthened democratic processes, administrative-territorial map of the country was more or less formed and transfer of rights took place in the frame of the given reality.

In the countries of new democracies the above-named issue is still not solved. Inadequate territorial organization is one of the manifestations of the inheritance of totalitarian countries. Often administrative entities are created not on the basis of its historical inheritance, but according to some specific considerations and aims at strengthening authoritarian system and highest concentration of power.

Clear example of this fact is establishing "district" ("*Rayon*") level of the country. This level of governance was created as a so called economical level and depended of the number of representatives of governing (and only) party on a given territory. In the process of transformation from socialist planning to market economy and transition to multi-party governance, "district" level lost its political, as well as economical functions and today it is mostly unlawful instrument of political pressure (using administrative recourses by central government during elections, centralized and inadequate usage of financial recourses and, thus, strengthening corruptive mechanisms, etc).

We should now briefly discuss administrative-territorial organization of foreign countries. A universal model that can be applied for all cases does not exist. A state defines an optimal system; however, certain trends can be outlines.

Small countries, with the fear of separatist threats, are against federal administration of the country, as, most of the times, they have difficulties overcoming the above-named issue.

According to the eastern European countries, diversity on one level (so called asymmetric federalism) creates great difficulties. At the same time clear definition of every level is necessary. It does not mean that the picture, once shaped, will never change.

### ***4.2 Sub-national levels and number of the population***

The second most important issue of territorial organization is the identification of number of levels of self-governance. Here also we can identify some common trends. Despite the organization of the country – federal or unitary, we can group countries according to the number of levels of governance.

Despite the differences countries have a lot in common. Conditionally, they can be grouped in several groups according to the size of the country and number of population.

In Europe and USA, countries are governed on three levels (State/land, county/district and municipality). This fact derives from strive towards highly effective governance. Small European countries (3-15 million people) have two-level governance (land/district and municipality), as the third level of governance is expensive and its effectiveness is very low. Very small (and so called dwarf states) countries have one level governance (municipalities).

Despite differences, some common trends can be found between sub-national entities according to their size (of population and territory):

1. Regional level that exists in big countries is the largest entity. Their population varies from 1 (Great Britain, Greece, Czech Republic ) to 5-6 million (USA, Germany ). In average, the population of these entities equals to 2-3 million (France, Italy, Canada, Spain, Poland).
2. Number of population in so called intermediate level (county, district area) varies from 100 thousand (USA, Poland, Estonia) to 1 million (Spain, Netherlands). Generally, we can speak of two main groups: 200000 – 400000 (Germany, Great Britain, Sweden, Denmark, Lithuania, Greece, Switzerland, Ireland, Finland) and 500000 – 600000 (France, Italy, Hungary, Romania) people. To compare, in regions of Georgia (Imereti, Samegrelo, Kakheti, etc) number of residents equals to, in average, 35000.
3. Lowest, municipality levels also differ significantly. Standard number of population on this level is different for various countries and varies from 2000 (France, Portugal, Czech Republic, Slovakia, Switzerland) to 20000 thousand or more (Ireland, Netherlands, Sweden, Lithuania, Bulgaria). Generally, on average, the number of residents of municipalities equals to 7000 – 18000 (USA, Germany, Italy, almost all countries of Scandinavia and Baltic's, Poland, most of Balkan countries, Russia, etc.).

From this point of view every country is different with its characteristics. For example, in countries of Europe agencies of local self-governance do not have same structure and authorities. However, in almost every state (with four exceptions), on the first (municipality) level number of population varies from 7000 to 30000.

- In the years 1963-1985, big structural changes took place in Great Britain. All members of United Kingdom (England, Scotland, Northern Ireland, and Wales) created their own structures. Their common feature is existence of two levels (county/city and parish county/village), except Northern Ireland, where since 1973 exists only one level of governance. System of "Great London" and other large agglomerations were abolished. The lowest levels are parish counties (approximately 10000 units). There is a different situation in London, where 32 boards coordinate their work.
- A similar reform took place in Germany during years 1965 – 1977. Small units were consolidated or common formations were created. Nowadays approximately 1 000 formations exist in the country. Federal Republic of Germany is comprised of 16 states (number of population from 665 thousand to 16703 thousand), 237 districts and 91 cities and autonomous entities (each with 100-500 thousand residents, in average 160 thousand), 8506 communities (from 500 to 500000 residents, in average 8000).
- In small European countries (for instance, Denmark) one city is not divided into several municipalities. On the contrary, outskirts of the city become part of the city. In Denmark exists a small system of municipalities (4-6 thousand inhabitants). Regions have 200000 or more inhabitants. The Capital City, Copenhagen, does not principally differ from regions. This system was launched in the country from 1970.

- In Switzerland, according to the law adopted in 1977, the number of municipalities has decreased. During the 1950s their number equaled to 2500, today there are only 284 municipalities (3 to 77 thousand, in average 33 thousand). Second level of governance is district (number of population from 560 thousand to 1.6 million).
- Netherlands is divided into provinces and municipalities (702 units, from 500 to 400 thousand inhabitants). According to the constitution of the country from 1887, prior to adopting any law, interests of each province should be considered. Nowadays rights of provinces decrease as local self-governance is funded from the central budget.

Similarly, rights and responsibilities of sub-national level of countries vary by countries. In Spain all provinces have their own legislation, so called "pocket constitutions" that are created on the basis of bilateral agreement and is part of the "constitutional bloc" and is difficult to change. Autonomies, opposed to the case of Germany, have the right of legislative initiative. As a rule, all autonomies demand the same rights as other privileged autonomies. On the other hand, the letter also expands their rights. Such process, in Spain is called "chicken play". In a long run a threat is obvious – the time will come when autonomies will not be content with the authorities transferred from the state.

However, structures of self-governments in all democratic countries have a lot in common. For instance, big cities and especially capitals, where state control is strong, have special status, etc.

Crucial issue of decentralization of capitals (and big cities) is establishment of optimal number of primary units that depends on number of various issues. The practices of European cities differ from case to case, even though some common tendencies also can be found.

In the capital cities of small European countries population of administrative units vary from 30 thousand to 60 thousand (Bratislava, Oslo, Vienna, Vilnius, Stockholm, Amsterdam, Brussels, Sofia, Tallinn, Zagreb, Skopje, etc).

In the Capital Cities of large European countries that are by definition megalopolises, number of population in territorial units vary from 90 to 140 thousand (London, Warsaw, Paris, Madrid, Rome).

In a great majority of cities (with few exceptions) territorial units are self-governed. If not so in some cases they have significant administrative functions.

### ***4.3. General considerations in Georgia***

Several projects of local self-government and the administrative-territorial structure of Georgia were proposed by the country's political elite since the mid 90s of the last century. But all of them were based mainly on political calculations and paid little attention to major social, economic, historical or cultural factors.

The Georgian political elite still does not have a clear understanding of what administrative-territorial system is best for the country and what powers and responsibilities should be delegated to local self-governments.

It would be wrong for Georgia simply to copy-paste another country's local self-government model. The development of local democracy should be based on local traditions and national interests.

It is essential to decide which system of local self-government is best for the country. First of all, it is necessary to determine what powers should be delegated to the municipal level. Once the power-sharing scheme is settled, it would become possible to design a respective structure and identify the main priorities and objectives of local self-government reform.

Georgian scholars and practitioners continue to debate pros and cons of different models. These debates are held in formal as well as in non-formal environment, Unfortunately, these discussions are not recorded and later distributed in wider society. It is important to notice that independent experts try to develop their ideas with the support of international organization, but responsiveness of the government to these initiatives is quite limited.<sup>4</sup>

- Some of them support the idea of small municipalities, arguing that even though their powers and functions would be limited, they would be in a better position to satisfy interests of small interest groups. In their opinion:

1. The bigger the size of self-governed administrative territorial entities, the wider the gap between local self-governments and local residents. To resolve even a minor problem of their village, local residents often have to visit the administrative capital of the region. This problem is especially serious for mountainous regions. For instance, visiting Dusheti, one of the administrative centres, is a very hard journey for residents of the region's remote mountainous communities. Even members of parliament representing local constituencies are not always able to visit these villages.

2. To make things worse, many regions of Georgia lack adequate communication and transport infrastructure. As a result, many local communities are actually cut off from the outside world in wintertime. Under such circumstances, local self-governments are actually "robbed" of their biggest advantage, as people know little about leaders of local self-governments, while the latter are increasingly out of touch with the needs of ordinary citizens.

3. The current administrative-territorial entities include towns and villages. Experts doubt, however, that local municipal governments will be able to care for both equally. The focus of attention today – for pure political reasons and because of more developed infrastructure and capabilities – is naturally on constituencies with the biggest number of voters.

- Others think that the bigger a municipality, the better. In their opinion, large municipalities allow to make optimal use of limited resources and, therefore, their services are more efficient and provide higher quality care. Potential benefits of the enlargement of municipalities:

1. Bigger municipalities can become economically more sustainable, overcome fund-raising problems easier, and ensure higher efficiency of their economic activity and better quality of their services.

2. In big municipalities human resources management is more efficient than in small ones.

3. Bigger municipalities mean less bureaucracy and red tape, as they have fewer management and control bodies.

The results of enlargement can be illustrated by changes in the population of municipalities. Earlier, first-level municipalities (districts) had an average of 4354 residents each. Taking the population of Tbilisi into account, this number has recently increased to 66235. If Tbilisi is

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<sup>4</sup> Conceptual Model of Territorial-Administrative Setting of Georgia and Separation of Administrative, Financial and Property Rights among Different Levels of Authority 2005; Conceptual Model of Tbilisi Administrative-Territorial Arrangement and Management, 2005; Comments on new edition of Constitution of Georgia, 2010.

excluded from the equation, the average population of a municipality is 48380 residents. In contrast, the average population of a municipality in the absolute majority of European states (40 out of 47) and some developed countries (USA, Japan, etc) varies from 7 to 18 thousand residents.

To address, at least partly, problems caused by the widening gap between local self-governments and the grass roots, municipalities have began setting up territorial bodies, which are thought to be able to perform functions of small municipalities even though they have no representative structures, independent budgets and real powers. But this practice is in clear breach of the very idea of local self-government (according to the local self-government charter, every territorial entity with a local government must have an independent budget and a representative structure with the budgetary oversight role) and, besides, does not seem feasible.

In the current model, when municipalities are too big for efficient local self-government and lack resources to implement their functions in full, there is a real danger of politicisation of local self-government bodies. This aspect was highlighted by the Council of Europe in its 10779 paper.

It is noteworthy that even the central government has already become frustrated with the current system. Some governmental representatives have recently proposed to revise and improve the existing model. There are calls for change from some local self-governments too.

It is obvious that in the current situation local self-governments are unable to perform their functions efficiently. As a result, it may become urgent soon to:

- establish regional-level administrations,
- divide municipalities into smaller units.

But these tasks can be hardly accomplished without political demand for change and respective political will. In all likelihood, real local self-government reforms will begin only after inefficiency of the current model reaches a critical level.

## **5 Analysis of possible alternatives**

### ***5.1. Existing options***

If we consider international practice and size of Georgian territory and number of the population, we can discuss the possibility of creating one or two sub-national governmental levels. In this case, theoretically, we can talk about several models of administrative-territorial division, that is, consolidation of approaches developed in Georgia during the mid 1990s.

However, we also have to take into consideration that a given model, with some alterations is already introduced in some post-communist countries (Lithuania, Armenia, etc) and each of them has pros and cons.

#### ***a. One sub national level***

First model – Self governance is executed in all settlements – 3600 self governed units are created;

Second model – Self governance is executed on lowest levels that existed before 2006 – system of self governance with 1000 units;

Third model – Self governance is executed in bigger unites than the communities that existed before 2006 (and, therefore have greater resources), but are smaller than current municipalities that were created on the bases of former districts (therefore, are closer to the population) – about 300 self governed units are created;

Fourth model – Self governance is executed according the present structure of municipalities – 65 units.

***b. Two sub national levels – community/district***

Fifth model – All settlements and current municipalities are self governed – 3600 first level and 65 second level units;

Sixth model – self governance is executed in municipalities that existed before 2006 and on the level of old districts (model of 1997) – 1000 first level units and 64 second level units;

Seventh model – all consolidated communities and present day municipalities are self governed – 300 first level and 65 second level units.

***c. Two sub national levels – community/region***

Eighth model – all settlements are self governed, the second level is created by the region – 3 600 self governed units and 12 regions and autonomous entities;

Ninth model – Communities existing before 2006 are self governed, second level is created by region – 1000 Self governed units and 12 regions and autonomous entities;

Tenth model – consolidated communities are self governed, second level is created by the region – 300 self governed units and 12 regions and autonomous entity;

Eleventh model – Current municipality levels are self governed, second level is created by the region – 65 self governed units and 12 regions and autonomous entity.

Model	3600 settlements	1000 units (division from 1997)	300 units	65 units (division from 2006)	12 regions
I	X				
II		X			
III			X		
IV				X	
V	X			X	
VI		X		X	
VII			X	X	
VIII	X				X
IX		X			X
X			X		X
XI				X	X

First of all, we shell discuss local government as a lowest level of government.

Analysis of all these models is presented bellow. Strengths and weaknesses of each model is assessed based on the criteria introduced in Part II and weighted by independent experts.

***5.2. First Model – increasing the number of municipalities for the aim of their division***

This option intends defining settlements as self governing units. To the present day, under the jurisdiction of Georgia, more than 3600 settlements exist (villages, small towns, cities). Giving more importance to the first level will strengthen this tendency even more and will create the possibility of coinciding settlements and self governed units.

Strong sides of this model would be:

- a) Maximal closeness of self government bodies and self governed units with the people;
- b) Deep understanding of interests, traditions and specificities of local population by self government agencies;
- c) Carrying our reforms in management of territorial administration without direct administrative interference.

The weak side of this model is inadequacy between the competencies granted to the small self governed entities and their resources. If the number of municipalities will grow and the level of self governance will be the same as the settlement, we will not be able to avoid further division of resources that will result in inability of self governments to deliver services, or in complete financial dependence on the state. In such case, decentralization will have only a formal character, because:

- a) Limitation of legal competencies of Self governments will become inevitable
- b) In order to deliver local social services, financial responsibilities of the state will grow significantly.

As the result of applying this method, the responsibility of the central government in the sphere of delivering services to the society will increase. Spending more funds from the central budget will be unavoidable. Such a perspective should not be attractive to central government, which even now has difficulties in meeting obligations that should be guaranteed to people by the constitution.

If, changes necessary for limiting legal competencies and increasing financial obligations of the state will not take place, the state, for the reason of the sharp disbalance between duties of self governments and their resources, in order to avoid discrediting whole idea of self governance, at some point, the state will have to carry out administrative- territorial reforms again.

Assessing the model with criteria:

Chriterion	Coefficient	Score	Total score
Political stability	1.50	2.60	3.90
Delivering public services	1.75	1.60	2.80
Participation	1.50	8.80	13.20
Transperency	1.50	9.40	14.10
Accountability	1.75	9.00	15.75
Preventing corruption	1.00	6.20	6.20
<b>Sum</b>			<b>55.95</b>

### ***5.3 Second model – self governance will be executed on the basis of 1000 municipalities existing in years 1997 – 2006***



In this case, we can discuss the same positive and negative aspects as the ones named for the first model. Here too, there is no need of launching new activities for new administrative structure, renewal of division from 2006 is sufficient.

At the same time, similar to the first model, small size of self governed units will result in distancing self governments from central government and the latter will have to increase its rights and obligations.

Assessing the model with criteria:

Criterion	Coefficient	Score	Total score
Political stability	1.50	3.80	5.70
Delivering public services	1.75	3.20	5.60
Participation	1.50	7.40	11.10
Transparency	1.50	7.80	11.70
Accountability	1.75	7.60	13.30
Preventing corruption	1.00	5.80	5.80
<b>Sum</b>			<b>53.20</b>

#### ***5.4. Third model – execution of self governance on the base of 300 self governed units***

Given model, also implies self governance of one level, however, in this case, in the units of consolidated communities from 2006 or in the units created by division of municipalities. In case of implementing this model, units with relatively strong economic potential will be created and local self governments will be able to perform those obligations that are imposed on them by the law as their exclusive authority, together with those competencies that, according to practice of municipalities in different parts of the world, are prerogatives of self governments.

At the same time, great effort will be needed to form new units and establish new borders. Moreover, still, such division does not diminish the space between central state and self governed units. In such case, same type of problems discussed in first and second models will arise.

However, it should be also noted, that today, when low level units cease to exist, division of present municipalities in smaller units will create much less problems and, at the same time, will be very popular among the society.

Assessing the model with criteria:

Criterion	Coefficient	Score	Total score
Political stability	1.50	5.00	7.50
Delivering public services	1.75	5.60	9.80
Participation	1.50	6.80	10.20
Transparency	1.50	7.20	10.80
Accountability	1.75	6.80	11.90
Preventing corruption	1.00	4.80	4.80
<b>Sum</b>			<b>55.00</b>

#### ***5.5. Fourth model – one-level self governance on district level (existing model)***

The fastest way towards carrying out reforms for decentralization, was transition to one level system of local self government. The main arguments of such reforms were simplicity of one level model and avoiding the necessity of further division of competencies exclusively awarded or delegated from the state.

Execution of this model, made possible to:

- a) Balance abilities and functions of local self governments;
- b) As in the models discussed before, avoid additional, often useless levels of governance

This version implies, solving the problem of territorial consolidation through single administrative act.

The most negative part of this model is great distance of bodies of self governments from the population, as the person elected for self governance is practically anonymous for the electors.

Moreover, as the result of seriously unbalanced interests towards cities and villages constituent in municipalities, the reform created a range of problems. Cities, especially big cities (for instance, Zugdidi, Gori, Telavi, etc) feel oppressed being a part of the municipality, where interests of village communities are more dominant.

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. But in the practice we can see more reduction of the number of exclusive competencies of self-governments. The competencies which have traditionally been included in the field of regulation of local self-government in the world, are no longer found among the exclusive competences (for example, water supply). In the same time, self-governance units don't have stable and guaranteed financial resources and meager revenue basis represents a serious problem. Central government sometimes introduces certain privileges at the expense of local self-governances, which causes further sequestering of already meager revenue basis.

It is unclear, how efficient is such an artificial consolidation, if, in the future (and, possibly, quite soon), a question of awarding status of self government to communities of cities and villages will be on the agenda, as the new amendments of the constitution make this scenario possible.

Assessing the model with criteria:

Chriterion	Coeficient	Score	Total score
Political stability	1.50	5.60	8.40
Delivering public services	1.75	4.80	8.40
Participation	1.50	3.60	5.40
Transperency	1.50	4.00	6.00
Accountability	1.75	4.00	7.00
Preventing corruption	1.00	4.80	4.80
<b>Sum</b>			<b>40.00</b>

### ***5.6 Main problems of one-level self governments***

Discussion of one-level models of self governments, lead us to the necessity of forming an intermediate, regional level of governance, which, already is and, if we will examine the

activities of new members of European Union, will become principal condition of Georgia's European integration.

Implementation of first, second and third models, the present municipal (district) level will lose its functions and will be redistributed among, on the one hand downwards – municipality (cities, small towns, communities and villages) level, and on the other hand units de-concentrated by central government, relatively larger territorial (regional) level.

When discussing the intermediate level of governance, we have to take into consideration that specific social services are difficult to deliver on municipality level. At the same time, possibly, they may not be considered as part of the competence of central government either.

Generally, in case of all models of one-level self governances, it is necessary to form an intermediate level administrative-territorial management. Who will carry out the obligations of this level – the centre (with de – concentrated system of governance), region (as a self governed structure of state or regional governance) or municipality (which, might become interested in carrying out those function) – will become more clear with further development of Georgia.

In all possible scenarios of development of administrative – territorial reforms of Georgia and political structure of the country, one thing becomes obvious – *rights of local (first) level self governments should increase.*

#### **5.7. Fifth model – two-level self governance: settlement – district**

This model, mostly repeats positive and negative sides of next (sixth) model, with the difference that in this case, financial recourses of self governance is more limited. Thus, we should discuss this model together with the sixth one.

Assessing the model with criteria:

Chriterion	Coeficient	Score	Total score
Political stability	1.50	6.00	9.00
Delivering public services	1.75	4.00	7.00
Participation	1.50	7.20	10.80
Transperency	1.50	7.60	11.40
Accountability	1.75	7.20	12.60
Preventing corruption	1.00	5.00	5.00
<b>Sum</b>			<b>55.80</b>

#### **5.8. Sixth model – two-level system of local governments (1997 year model)**

The model discusses 1000 municipalities and 65 district levels that existed before 2006. To some extent, this model implies "going back" to the model from 1997, or, to be more precise, developing this model in the direction of decentralization. Unlike the model of 1997, both (and not only lowest) levels – on district and administrative-territorial levels constituting the district, should be locally self governed. Distribution of competencies should be based on the subsidizing principle, however, as the result of post-soviet mentality and infrastructure of social services, perfect execution of this principle is hardly possible.

In case of implementation of this model, the small size (territory, population, local resources and industrial potential) of the first level units (village, community, small towns, cities) will make it almost impossible to award self governments of these units any significant competencies. Especially problematic will be filling the budget of first level self governments – in small administrative units, local incomes and the perspective of their growth is so small, that it will be very difficult for self governments to deliver any important social services, or even finance its own agencies. In the situation, where self government and has such small resources and incomes, when distributing competencies between different levels, implementing principle of subsidizing, will not be possible – the first level governance budget will be financed by by second level of self governments and the state budget. Probably, this will result in only formal character of division of first and second levels of self government. Practically, the obligation of delivering social services will again be imposed on the second level of self governance.

Assessing the model with criteria:

Chriterion	Coeficient	Score	Total score
Political stability	1.50	6.00	9.00
Delivering public services	1.75	5.00	8.75
Participation	1.50	6.40	9.60
Transperency	1.50	6.60	9.90
Accountability	1.75	6.40	11.20
Preventing corruption	1.00	4.40	4.40
<b>Sum</b>			<b>52.85</b>

### *5.9 Model VII – two-level self-governance: consolidated community – district*

Due to issues discussed in model VI retaining two-level self-governance will be possible only in the conditions of consolidating territorial units of the first level. This means that it will be necessary for the state to carry out administrative-territorial reforms. The criteria for this reform must be to ensure level of local territory, population, natural resources, industrial potential, tax and local income that will be adequate for realization of the first level of self-government. Administrative-territorial reform can be carried out by the state with single legislative act as well as consecutively.

Increasing resources of local self-government in the conditions of maintaining close relations with the population can be seen as the positive side of the model.

The weak side of the reform will be the complexity of identifying and defining financial, economical and other measures by the state that will make popular and stimulate population as well as respective authorities.

At the same time there is a basis for serious doubts – consolidation of municipal levels and respectively transferring them more functions, puts consolidation or abolishment of district level and transferring its function to the central government on the agenda, due to the fact that existence of the district (second) level of self-government will have no basis.

Of course existence of the district in current format will create serious problems when consolidating municipal units – as a result there will be two level of self-government (sub-regional), between which differences in their competences cannot be formed quite optimally, since correlation between their territorial scale, administrative and economical resources does not provide basis for substantial differences between competences.

It must be underlined that choosing this option means substantial change of existing administrative-territorial organization. In this case boundaries of villages and communities must be changed, they must be consolidated that may be finalized by abolishing of regional, e.g. two-level self-governance system. This will be quite complicated, resistant and long process.

Assessing the model with criteria:

Chriterion	Coeficient	Score	Total score
Political stability	1.50	6.00	9.00
Delivering public services	1.75	6.40	11.20
Participation	1.50	6.00	9.00
Transperency	1.50	6.40	9.60
Accountability	1.75	6.00	10.50
Preventing corruption	1.00	4.00	4.00
<b>Sum</b>			<b>53.30</b>

### **5.10. Rayon vs. Region**

Among Georgian experts there is an intense discussion between supporters of rayons and supporters of regions. It is important to notice, that there is no overall accepted definition of these concepts.

There are three major points in regard to rayons:

1. Self government bodies should be created on rayon level having special competences;
2. Regional territorial units of central government should be created on rayon level having state competencies;
3. Rayons should be abolished gradually.

It is difficult to assign wide competencies to rayons based on the limited resources they (contemporary municipalities) possess. In particular, administrative resources available on rayon level, are insufficient to fulfill number of delegated responsibilities – rayon level government neither effectively provides public services nor supports development of democracy on local level. To fulfill the first function (providing public services) it is extremely small, and to provide the second – it is extremely big.

The 2005-2006 reforms in Georgia was carried out disregarding these challenges, accordingly negative results of the reform are currently becoming obvious.

Though it is possible to establish territorial units of central government in rayons fulfilling the functions of national government, but it will be less related to the concept of administrative-territorial arrangement. The central government has power and possibility to establish a model to fulfill its competencies on local level according it desires.

As for the "region", there are different points in its regard too:

1. Regions should be abolished, except autonomous republics
2. There should be 2 autonomous republics and regions (meaning "mkhare" as they are established today);
3. New structure of regional division should be established (number of regions should vary from 12 to 20).

It is also important to notice, that political aspects of regional arrangement are dominating decision making process rather than economic.

### ***5.11. Model VIII – two level self government: settlement – region***

The model identifies establishment of self government unit in every settlement (3600 in total) as a first level of governance and identifies region as sub national, second level.

Positive and negative aspects of this model are similar to the one identified in the Model I. The difference is that in this case we face challenges related to the regional level instead of national. Similar to the Model I we face lack of resources and gap between the levels. In this model one region combines in average 300 settlements, and in some cases (Imereti, Shida Kartli) more than 500 settlements. Accordingly this will create challenges for regional level government to coordinate its work with the first level of self government.

Assessing the model with criteria:

Chriterion	Coeficient	Score	Total score
Political stability	1.50	5.00	7.50
Delivering public services	1.75	3.00	5.25
Participation	1.50	6.80	10.20
Transperency	1.50	7.60	11.40
Accountability	1.75	7.00	12.25
Preventing corruption	1.00	5.20	5.20
<b>Sum</b>			<b>51.80</b>

### ***5.12. Model IX – two level self government: community (as it existed before 2006) – region***

Problems identified in the Models I, II and VIII apply to this model too, and they will become obvious with in case attempts to establish it will be carried out, though problems might be less severe. In general this model might have more positive effects than negative. It is important to mention that international, mainly experience of new democratic countries suggests finding more effective model.

Assessing the model with criteria:

Chriterion	Coeficient	Score	Total score
Political stability	1.50	5.20	7.80
Delivering public services	1.75	4.60	8.05
Participation	1.50	6.20	9.30
Transperency	1.50	6.60	9.90
Accountability	1.75	6.20	10.85
Preventing corruption	1.00	4.60	4.60
<b>Sum</b>			<b>50.50</b>

### ***5.13. Model X – two level self government: wider community – region***

This model is based on the conceptual model developed by independent experts' group in 2005 and is introduced and discussed in the Chapter 6.

Assessing the model with criteria:

Chriterion	Coeficient	Score	Total score
Political stability	1.50	7.00	10.50
Delivering public services	1.75	7.40	12.95
Participation	1.50	6.20	9.30
Transperency	1.50	6.40	9.60
Accountability	1.75	6.00	10.50
Preventing corruption	1.00	5.00	5.00
<b>Sum</b>			<b>57.85</b>

#### **5.14. Model XI – two level self government: district (rayon) – region**

This model identifies current municipalities as first level self government and regions as second. In this model there are 65 self governing units (rayons) and 12 regions.

The challenge with the model is related to the lack of distance between the levels: unlike to other models, here two levels are rather "close" to each other. Every region has in average 5, and in some cases 3 (in Guria) or 4 (Shida Kartli) rayons. Accordingly it will be difficult to establish clear division of responsibilities, and later to maintain the balance between the regions and self government.

The current administrative-territorial scheme may lead to a situation when some regions (for instance Guria) will consist of only two or three districts almost equal in size. As a result, it may become necessary to divide competences between them. Though at this point it seems to be difficult to divide competences between region of Guria and Ozurgeti municipality (as more than half of Guria population lives in Ozurgeti), also between region of Mtskheta-Mtianeti and municipality of Dusheti (territory of this municipality is more than half of the region).

Second negative aspect of the model is related to the distance raising between citizens and municipality, as it was discussed in the Model IV.

At the same time the quality and efficiency of services delivered by local self-governments remain rather low.

Assessing the model with criteria:

Chriterion	Coeficient	Score	Total score
Political stability	1.50	6.00	9.00
Delivering public services	1.75	5.40	9.45
Participation	1.50	4.00	6.00
Transperency	1.50	3.80	5.70
Accountability	1.75	4.00	7.00
Preventing corruption	1.00	4.20	4.20
<b>Sum</b>			<b>41.35</b>

#### **5.15. Capital – Tbilisi**

We can not leave out the capital of Georgia – Tbilisi, that at the same time is the biggest region and self government unit. Advanced institutional framework and administrative-territorial reorganization is necessary before the full idea of self government can be established in Tbilisi.

Here problems are related to the urban culture: gap between social groups and people's estrangement from the urban environment. Lack of political culture, low urban self identification, pursuit of private and group interest of those in power, isolation of citizens from decision making process and outdated administrative-territorial arrangement of the capital are other additional challenges to consider while discussing the self government in Tbilisi.

In general we face:

- Gap between citizens and local government;
- Lack of participation/complicity;
- Complicated system for managing city infrastructure;
- Divergence of state and local interests.

## 6. The proposed model

### 6.1. Preconditions

Here are results of comparison of total scores of each model after weighting criteria by an experts group:

Model	Total score
a) one level self government	
Model I – in each settlement (3600 – 4700)	55.95
Model II – 1997-2006 model (1000)	53.20
Model III – Larger communities (300-350)	55.00
Model IV – Current – rayons (60)	40.00
b) two level self government – principle of rayons	
Model V – settlement (3600 – 4700); rayon (60)	55.80
Model VI – 1997 model community (1000); rayon (60)	52.85
Model VII – larger community (300); rayon (60)	53.30
c) two level self government – principle of regions	
Model VIII – settlement (3600 – 4700); region (13)	51.80
Model IX – 1997 model community (1000); region (13)	50.50
Model X – larger community (300); region (13)	57.85
Model XI – rayon (60); region (13)	41.35

Based on the score best three models are as follows:

#### **Model X – larger community (300); region (13) with the score of 57.85**

Model I – each settlement (3600 – 4700) with the score of 55.95

Model V – settlement (3600 – 4700); rayon (60) with the score of 55.80

In Model I and Model V high scores are guaranteed by their closeness to local population. Both these models are based on principle of establishing self government bodies in every settlement, accordingly they receive the highest score.

It is interesting to mention that though Model X does not imply establishment of self government on every settlement level, its effectiveness is guaranteed by having two sub national levels.



Based on the analysis of different alternative models it is obvious that majority of experts (no matter whether favoring the existing system or arguing for forming new structure) acknowledge the importance of establishing intermediary level in administrative arrangement of the country to serve as a coordinative body of the structure. Accordingly establishing two level system seems to be most effective.

Two level system gives an opportunity to reach a compromise: on the one hand, it supports increasing competences and resources of municipalities, and, on the other hand, overcomes the gap with citizens and creates basis for effective representation of local interests.

This model is very sensitive to the division of functions and identification of competencies of local self government unit. Based on international experience the following competencies are identified as exclusive for a self government unit: pre-school education, emergency service, managing local cultural units (libraries, theatres, parks, etc.), managing utilities (supply of water, energy, waste disposal), local roads, public transport, urban development, local economic development, fire department, and local governance functions.

Other (more resource involving) functions of the government should be fulfilled by the upper – regional level of government. Only nationwide functions (foreign policy, security, macro-economic stimulus, constitutional rule of law) should be left to the central government.

The two level self government model is based on following principles:

- Intermediary level of self government is responsible for the fulfillment of resourceful functions that are delegated from the state and are cannot be undertaken by municipalities due to the lack of resources;
- Financial and human resources of municipalities are increased and fulfill most of the delegated functions identified by Georgian legislation and international practice.

In regard to municipalities there are two approaches to solve the problem they are currently facing (it was already discussed in 3.1.):

1. It is important to establish municipalities even if they are small, with limited functions and less capable. It is important as they will be more close to citizens and heed interests of small groups.
2. It is important to widen municipalities to join scarce resources and raise quality and effectiveness in delivery of public services.

With regard to regions, there are few points to consider:

1. Delegating number of functions of state government to regional ones is crucial for decentralization. Wide territorial units and adequate concentration of resources are necessary to fulfill some of these functions. These functions include: rule of law, fiscal and economic policies, etc., They cannot be delegated to the small territorial units;
2. There are historically formed regions in Georgia (mostly due to natural reasons) that besides historical aspects are characterized with social and economic unity;
3. Regions can become the bases for formation of the second chamber of the Parliament. Formation of the upper chamber (Senate) of the parliament is guaranteed by the Constitution of Georgia, though no policy or strategy of its formation exists. In order to achieve political and economic balance with autonomous republics, establishment of regions with similar size/weight is also important;

4. Regional self identification already predominantly existing in Georgian society can serve as motivation to compete, thus having positive effect on social and economic development of a region.

Based on the above mentioned points, an independent group of experts drafted two conceptual models of decentralization in Georgia and in Tbilisi in 2005. The models covered the following issues:

- Model of administrative-territorial arrangement of Georgia and Tbilisi;
- Division of competencies between central government, intermediary level and local self government units, including fields, subfields, types and responsibilities;
- Government systems for regions and municipalities;
- Division of financial responsibilities, financial systems, mechanisms and inter-budget relations;
- Transferring property to and practical mechanisms for managing property by local self governing units;
- Legal and field related mechanisms of mutual monitoring of the work of different government units;
- Principles of the strategies of raising professional skills of public officials on local level.

## ***6.2. Administrative-territorial arrangement of Georgia***

According to the conceptual model current situation makes it necessary to change administrative-territorial arrangement of the country. In particular, based on the principle of subsidiarity current municipalities should be divided into smaller units, though they should be larger than those in previous model. In addition, governing units on regional level should be transformed in self government units.

The basic principles of Georgia's administrative-territorial arrangement in the conceptual model are identified as follows:

### ***Basic Principles:***

1. In Georgia settlements are the bases of self governing administrative territorial units;
2. Georgia has following administrative-territorial units: autonomy, region/mkhare and the capital.

#### ***1. Municipal level:***

- Local self governing unit of Georgia is a legal entity of public law. It consists of one or more settlements and has one elected self government representation, executive bodies, self exclusive competencies, territory, property, own income, independent budget, name and unit center and registered citizens of the settlement;
- Local self governing units of Georgia are: cities and communities:
  - City, as a local self governing unit, is an urban settlement and has its own self government;
  - Community is a rural settlement or unity of rural settlements, town or unity of towns and villages and has its own self government.
- The center of the local self governing unit is chosen based on infrastructural and demographic factors. Name of the community center can be chosen as initial name for the unit, though after further consultancies on local level the name can be changed.

## 2. Regional level

- Region (mkhare) is a unity of local self governing units (cities and communities). It has own regional elected self governing representation, executives bodies, territory, population, name, center, own exclusive competencies, property, own income, independent budget;
- Territory of the region is a sum of the territories of its cities and communities;
- Principles of territorial arrangement of autonomous republics and districts (meaning olki) are similar to the regional one. Difference between the two is in additional administrative, political, legal, cultural and socio-economic responsibilities delegated to the autonomous units.

Here is the table to present differences between old, current and proposed models of arrangement:

Pre-reform Model	Current Model	Proposed Model
Region (9), Adjara, Tbilisi	Region (9), Adjara, Tbilisi	Region.Autonomy (12), Tbilisi
Rayon (69)	Municipality (64)	Municipality (350), Tbilisi district (25-30)
Municipality (1004)		

\_\_\_\_\_ De facto existing bodies  
 \_\_\_\_\_ De Jure existing bodies

It is anticipated that based on current reality, number of local self-governing units will be around 300, and after regaining territorial integrity of the country number will increase to 350.

According to the model, there are partial changes in territory and center of the regions<sup>5</sup>:

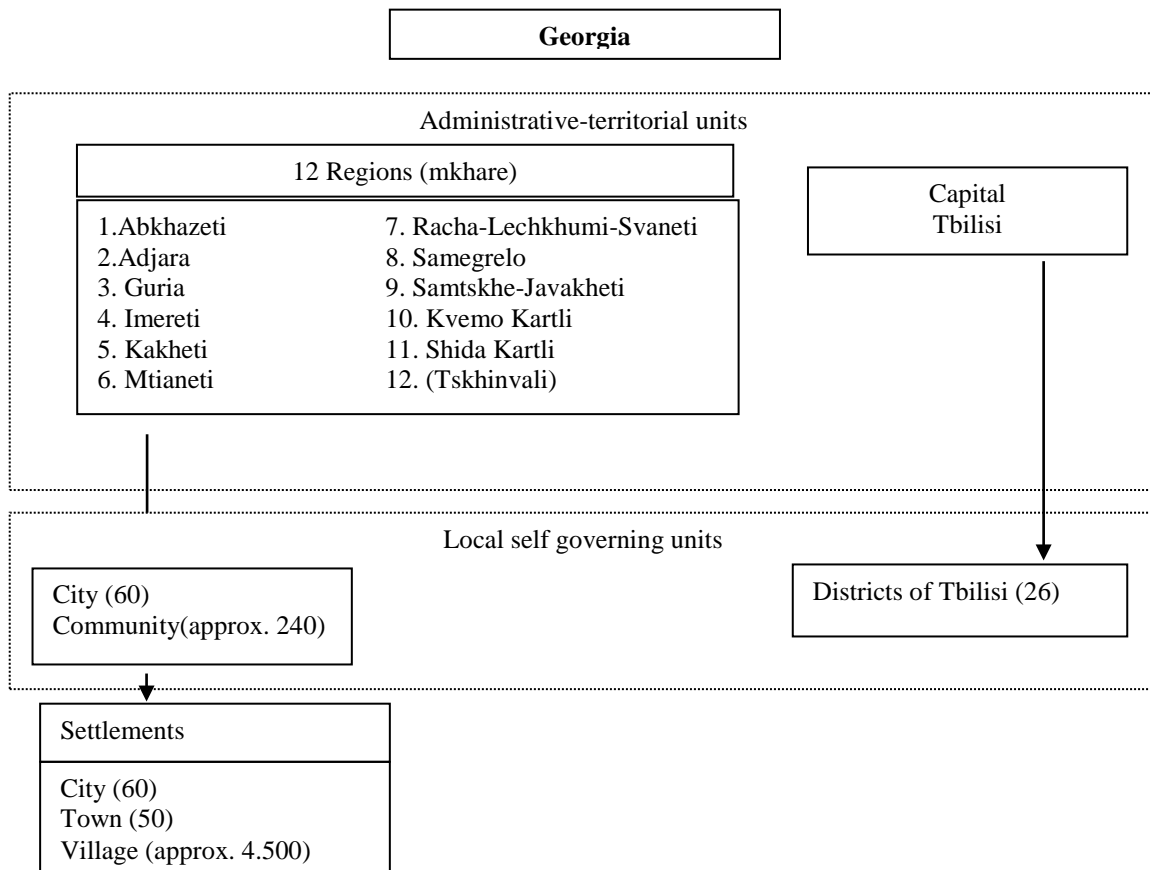
1. Abkhazia, capital – Sokhumi: 5 towns, 4 settlements, 517 villages – number of self government bodies will be decided in future.
2. Adjara, capital – Batumi: 2 towns, 7 settlements, 333 villages – approximately 27 self-government unites.
3. Guria, administrative center – Ozurgeti: 2 towns, 5 settlements, 186 villages – approximately 14 self-government unites.
4. Samegrelo, administrative center – Zugdidi: 8 towns, 1 settlements, 354 villages – approximately 32 self-government unites.
5. Racha-Lechkhumi-Svaneti, administrative center – Tsageri: 3 towns, 5 settlements, 391 villages – approximately 21 self-government unites.
6. Imereti, administrative center – Kutaisi: 11 towns, 3 settlements, 537 villages – approximately 46 self-government unites.
7. Samtskhe-Javakheti, administrative center – Akhaltsikhe: 5 towns, 7 settlements, 258 villages – approximately 33 self-government unites.

<sup>5</sup> Data is based on 2002 census, according to which there are 60 cities, 50 towns and 4532 villages in Georgia. Number of proposed self government bodies was chosen by a group of experts.

8. Shida Kartli, administrative center – Gori: 5 towns, 2 settlements, 424 villages – approximately 29 self-government unites.
9. Kvemo Kartli, administrative center – Bolnisi: 7 towns, 7 settlements, 341 villages – approximately 34 self-government unites.
10. Mtianeti, administrative center – Jinvali: 1 towns, 5 settlements, 414 villages – approximately 16 self-government unites.
11. Kakheti, administrative center – Telavi: 9 towns, 280 villages – approximately 44 self-government unites.
12. Tskhinvali region (territory needs further clarification), administrative center – Tskhinvali: 1 towns, 3 settlements, 467 villages – number of self governing bodies will be decided in future.
13. Tbilisi – the capital: 1 towns, 3 settlements, 30 villages – approximately 26 self-government unites.

The proposed municipal and regional division highly depends actions and outcomes of the policies carried out by state institutions in conflict regions. In general, this model is based on two main principles:

- The first level is based on municipalities. Each municipality has population of 10000 – 15000. All cities are independent self governing units. Villages are also independent self governing units, and small villages are united in communities. Division is based on natural factors: relief, mountains, mountain ranges, forests, rivers, that have historically supported formation of communities throughout middle ages up to 30s of 20th century (before creating rayons).
- The second level of self government is regions. Regions are not federal units. They have the same territories as today with minor exceptions and have all competencies of self government that cannot be fulfilled by municipalities.



This model should not be considered as a proposal to be applied on the whole territory of Georgia. Administrative systems of high mountainous regions (due to the high number of small settlements with long distances among each other) and the capital (due to having extremely large territorial units and facing necessity for further division) should be developed and discussed separately.

### ***6.3. Administrative-territorial arrangement of Tbilisi***

In 2005, the concept for administrative-territorial arrangement and management of Tbilisi has been drafted based on the request of Tbilisi City Hall. According to the concept:

- Tbilisi is a territorial unit with the status of a region. It also fulfils the functions of self governing unit and the capital assigned by the state;
- The capital is divided in municipalities (25-30 units). They are urban districts as well as surroundings and villages that have infrastructural attachment;
- Municipalities have their own representation and executive bodies, budget and competencies;
- Unlike to other self governing units, competencies assigned to the capital districts are more limited. Only responsibilities delegated by the capital government are assigned to them. It is mainly due to maintain uninterrupted coordination of the city as one urban organism;
- Tbilisi council is a representative body of Tbilisi self government; the executive body is Tbilisi City Hall.

The local self government of Tbilisi (the capital and districts) is legal entities of public law. It consists of the capital city and surrounding settlements.

The proposed concept identifies Tbilisi within the territory assigned to it by January 1, 2006, also part of the territory of Mtskheta and Gardabani rayons. In total 50 settlements that are divided in 13 territorial units.

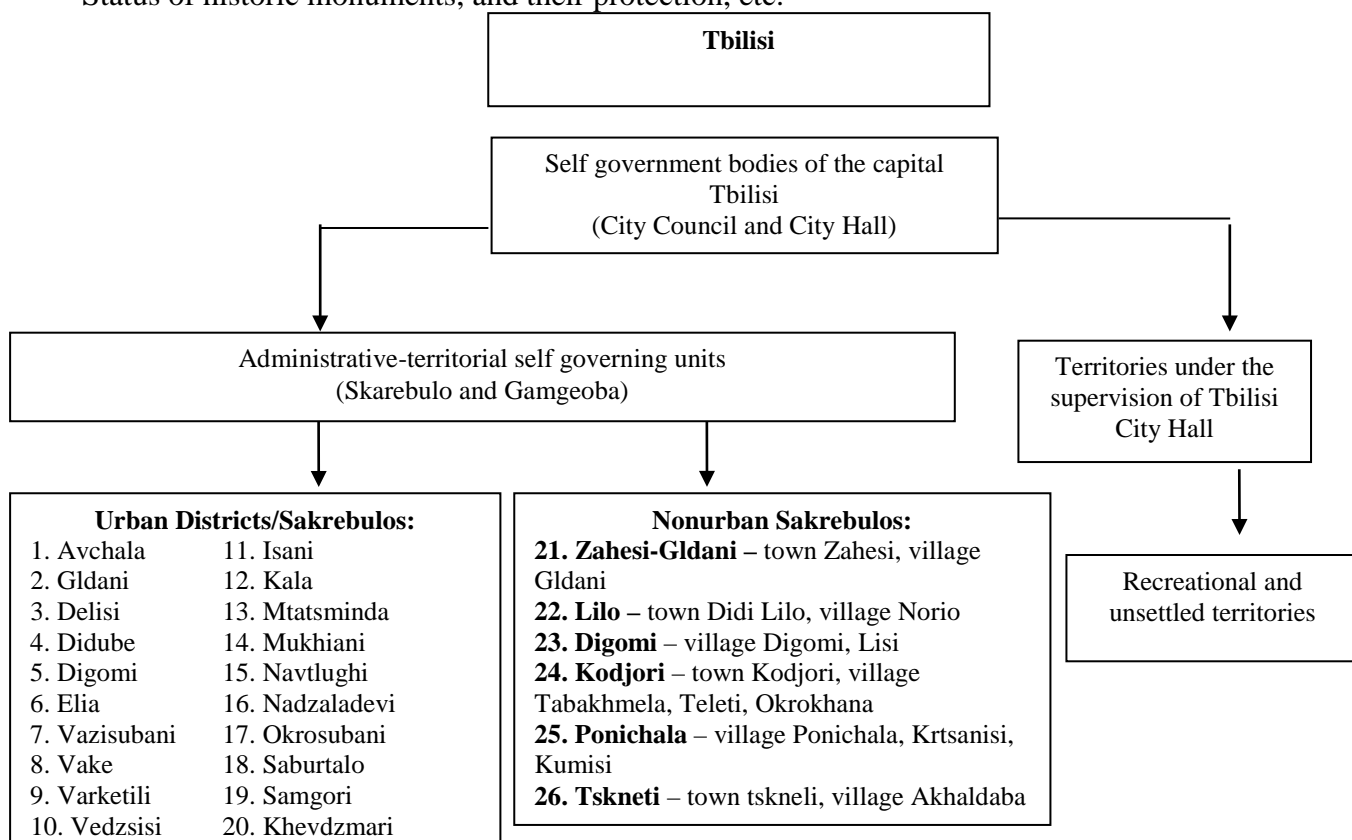
Four zones can be distinguished within this territory:

1. The urban part of the city is divided into self governing districts with population of 50000-60000;
2. Non urban (rural) settlements and territories, including agricultural land, attached to them are united in larger self governing units with population of 10000;
3. Leisure and recreation zone, also non settlement land (land around Tbilisi Sea, Trialeti and Saguramo mountain range, etc.) are under direct supervision of Tbilisi self government, before new settlements are created and districts established.

This division can be adapted with changes in city demography and further urbanization or other factors. Managing border changes between city districts, joining or dividing units and establishing new units should be the responsibility of Tbilisi government.

This approach is in line with the idea of self government and its structural-territorial aspects. In particular – natural social idea, meaning that territorial self governing units should be established based on the "districts" traditionally existing in the city, including:

- History/tradition;
- Orographic borders;
- Territorial self identification of population;
- Demographic situation;
- Mentality maps;
- Architectural planning typology;
- Social and engineering infrastructure;
- Transportation and communication systems;
- Value map of real estate;
- Development strategy according to the general plan;
- Status of historic monuments, and their protection, etc.



#### 6.4. Results/outcomes and challenges

In case the proposed project is implemented the following outcomes can be anticipated:

- On a low level of self government there will be 300-350 municipalities, each with a 10-15 thousand population. These municipalities will cover the territory of Georgia (without Abkhazia and Tskhinvali regions) – 3612 settlements as of January 1, 2011. All cities, large towns and large villages will have independent municipalities, small towns and villages will form communities. Traditional relations between settlements and their compatibility, as well as economic and natural aspects will be considered before forming a community. Self governing bodies of municipalities are: Sakrebulo – representative body elected through direct voting by local population; City Hall (in case of Cities) and Gamgeoba (in case of communities) – executive body. City Hall/Gamgeoba is managed by a Mayer/Gamgebeli which is also elected by citizens. Mamasakhlisi and advising council, working on volunteer bases will be elected in each settlement (except centers of self governing unit) and city district to ensure better representation of citizens' interests;

- Upper level of self government will be composed by 9 regions/mkhare and 3 autonomous units. Their territories are similar to the territories of current regions. These units are absolutely in accordance with euro(pan) regions belonging to the III category (with population between 100000 and 1 million). All regions will have equal status and special (exclusive) competencies should be assigned only along their capacities. Self governing bodies of the region are – advising council (Statabiro) and executive body (Mtavroba) established by advising council. The executive body is managed by Gubernatori which is elected by the advising council.
- Tbilisi, that has similar status as a region will fulfill all responsibilities assigned to a self governing unit and additional functions of a capital city assigned by the state. It will be divided in municipalities – districts (25-30 units). Unlike other self governing units, competencies of districts will be limited to maintain uninterrupted coordination of the city as one urban organism. Tbilisi self governing bodies are: advising council that is directly elected by citizens, and executive body – government established by the advising council. The city government is managed by an elected Mayer. Self government bodies of municipalities are: district sakrebulo that are directly elected by local population. Sakrebulo are electing district Gamgebelis and approve executive body of Gamgeoba formed by Gamgebeli.

It is important to mention that proposed model presents simple mechanism to solve problems, but problems are more complicated and need further deep analysis of all aspects. There are number of negative factors related to the implementation of the proposed model. They are mainly related to the complicated system of territorial arrangement.

In particular, it is anticipated that:

- Establishment of a number of territorial units will be difficult as centralized management of formation process violates international standards demanding maximum level of civil participation. Number of problems might occur while identifying administrative centers, name and etc.;
- The State is facing lack of statistical data and gaps in legislation that might cause delays while fostering the reform.
- International experience (Poland, Hungary) shows that implementation of the proposed model might create bases for increasing corruption on municipality level, that can be balanced only through strong civil society presence within the local level.

It is also important to highlight other positive aspects: implementing the proposed project is easier now, rather than it was 5 years ago: lower level of local self government is already abolished and competencies of rayons are quite limited.

In addition, transferring to regional model of local self government will become necessary obligation for Georgia to pursue its aspiration to integrate in to the European system. The establishment of regions is also important in relation to other structures such as autonomous units.

## **7. Conclusion**

### ***7.1. Challenges and perspectives***

Since the middle of the XX century the increasing regionalisation and decentralisation has become a steady global tendency, with a growing understanding that local democracy is one of the major sources of political, social and economic stability.

At the same time, the broad public (groups of citizens, neighbourhoods, urban and rural communities, large cities and regions) needs an opportunity to control how its interests and needs are met.

The *principle of subsidiarity* is seen as one of the main pillars of the decentralisation process: it means that a central authority should have a supplementary function, performing only those tasks which cannot be performed effectively at a more immediate or local level.

Today decentralisation is one of a key components of the development of the world system. No country in the world can satisfy modern standards of statehood and governance without effective decentralisation. Nevertheless, national governments are usually very reluctant to delegate their powers to lower territorial units, though they have to do so in the end. This trend is well seen while looking at the developments in post totalitarian european countries. Democratization process more successful in countries that during transformation greatly invested in decentralization (Poland, Czech Republic, Hungary). Number of negative social, economic and political processes developed in countries that ignored local specifics (post soviet countries: Russian Federation, Moldova, Georgia, Azerbaijan, Serbia) and faced confrontation between centre and local political representation (Chechnya, Dnepr, Abkhazia, South Ossetia, Karabakh, Kosovo).

In contrast to the central government, local self-government bodies are more flexible and easier to reform. They know local problems better than the central authorities do, and their activities are more cost-effective and efficient. Respectively, they make it easier for the central government to govern the country's territory, the latter is proved by number of researches (for further reference please see bibliography below).

- Currently self government in Georgia is facing number of problems occurred as a result of gaps in legislation. Accordingly it is necessary to introduce amendments to the current arrangement. It is anticipated that the system of self government should be radically changed in the coming 2-3 years.
- Discussion over necessity of introducing an intermediary level of government (most probably regional one) has already started. Establishing regions is a fundamental constitutional amendment that in principle should balance separatist regions and support solving problems related to integration regions with ethnic minorities. This issue is already introduced in the program of "Eastern Partnership" implemented by European Union as a framework of European Neighborhood Policy;
- We should anticipate the failure of region-rayon model. Further division of rayons into smaller units will be put in agenda. Accordingly, it is advisable to start drafting packages of regulative documents (including criteria for dividing and uniting self governing units, methodology and recommendations for different stages) that should be based on constitutional amendments;
- The process of implementation of the reform is facing number of contradictions due to the absence of one, clearly defined decentralization strategy, most legal acts and decisions are contradictory and insufficient. Accordingly the implementation process might be delayed and have negative influence on development of self government in Georgia.

Current stage of the reform needs:



1. Increasing public awareness on the necessity to reform and heeding public opinion in regard to administrative-territorial arrangement, division of functions, competencies, responsibilities, finances and property;
2. Drafting and adopting new legal acts (laws, statutes, regulations) and introducing amendments to existing legal framework (currently there are more than 120 laws);
3. Preparing data and analyzing them through modeling/simulation for identifying most effective structure.

In order to answer all existing challenges well formulated and planned interventions should be carried out by national government, international donors and Georgian civil society. Social demand should be formed to influence and push governing powers to express political will in this regard. It is also important for Georgian non-governmental organizations and international institutions to focus their attention on analyzing and monitoring government decisions. Already established practice of cooperation between the Georgian government and international donors should be changed: it should focus more on real and adequate outcomes rather than on the cooperation process itself.

There will be no exaggeration to mention that well coordinated cooperation between Georgian and international actors is necessary to further deepen decentralization process and implement changes in self government system. This cooperation should be based on local interests and acknowledged principles of local democracy.

## ***7.2 Recommendations***

Low quality of delivery of public services on the one hand, and gap between society and the government – on the other prove that there are serious challenges faces by self government in Georgia.

Also, there is no adopted policy for decentralization thus creating the need for developing one. Indifference of society toward this issue is an additional challenge that also needs to be addressed.

It is important to overcome the gap between the government and society and involve all stakeholders in the process developing policy to reform current system of self government.

Role and influence of all stakeholders is different and their interests (sometimes) conflicting:

- ***Central government*** is the most influential stakeholder. As usual this actor is least interested in decentralization, moreover it is more keen to pursue concentration of power in the centre.
- ***Local self government*** are fully dependent on central government in terms of economic and political relations, accordingly are reluctant to be active in this regard.
- ***International society*** – international organizations and diplomatic missions in Georgia do not consider decentralization as priority as they believe the country is facing more serious challenges (geopolitical, social, and economic).
- ***Civil society*** also did not consider self government issues priority up to recent years. It was considered as a priority field for only few organizations and small expert groups.
- ***Population*** is one of the most important stakeholder and main beneficiary, but is less aware of current situation and does not have information about developments in the field. Accordingly there is widespread skepticism and distrust that it can influence decision making process.

Civil society is a main actor that can have positive effect on starting and keeping the process going. They can insure coordinating work of different stakeholder while approaching issues of decentralization.

Conduction of preparatory work among civil society organizations is extremely important in order to create a common space for discussions, analyse different scenarios and/or models and develop principles for cooperation.

It is less expected that the government or other stakeholders will actively involve in the work of developing decentralization policy in nearest future, accordingly wider society whould become main target and audience for civil society initiatives.

Number of different methods and instruments can be applied to raise public awarness on the issues of decentralization including: mass-media, community meetings, social networks and etc.

Supporting to create public demand for decentralization will establish friendly environment for further rapid development of local self government in Georgia, mainly when necessity to reform will open a new political window.

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