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Territorial Optimisation - Urban and Rural Development



Gori Information Centre

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Summary

A dominant tendency of migration from rural to urban areas and in particular to the capital Tbilisi in today's Georgia is mostly determined by the fact that living conditions in villages are far worse than that of urban households and a pace of improvement is speedier in towns.

An access to social and communal infrastructure is restricted in a great majority of the country's villages. In addition to poor living conditions, restricted access to social and communal infrastructure, greater opportunities for employment is the second most important factor contributing in increased migration processes. Agriculture accounts for 52 per cent employment with 98 per cent being self-employed. Such a large share of extremely insufficient agricultural employment is one of the biggest barriers for the country's economic development the resolution of which requires complex and effective measures.

If developments take a course described above, it is highly probable that in the nearest future depopulation from rural areas will further increase resulting in abundance of work force in towns. It is feared that Tbilisi will be affected the most by social, economic and ecological problems. If towns and regions industrial or service sector fails to employ abundant labour force, they will see employment abroad taking with them important and vital resources of the country's economic development.

These problems are further harnessed by the country's ineffective administrative-territorial arrangement. In 2005 amendments to the Law of Georgia on Local Self-Government resulted in enlargement of self-governing entities in the country without any consideration to local, geographic, traditional, infrastructural and other specifics. As a result of the enlargement of the self-governing entities:

- The boundaries between towns and villages have disappeared. Consolidation of multiple villages and one town within the same self-governing entities have severely affected the developments of towns;
- Opportunities for civil participation in local processes have been further limited;
- Average size of population in Georgian municipalities has drastically increased (63 873 residents) which is 10 times as higher as the European average (6688). Oversized municipalities are one of the major barriers for the development of local democracy and improvement of local services provided by local authorities;
- Access to administrative centres for local communities has been restricted.

At the same time, the above described arrangement does not cover the management and development of natural agglomerations of settlements.

Assessment of the pressing problems has shown that the following objectives are to be addressed to ensure the country's development:

- Rehabilitation or in most cases, construction of communal infrastructure, especially in villages;
- Development of social infrastructure to not only respond to the existing needs, but also to consider future perspectives;
- Development of economic infrastructure;
- Development of transport and communication infrastructure;
- Foster employment in rural municipalities;
- Optimisation of management system for urban agglomerations.

These objectives require a holistic and complex approach, and the state, through relevant policies must take measures to develop small and medium urban settlements, boroughs and towns, improve the quality of public services available in such settlements and encourage entrepreneurship which will lead to improved and enabling environment for employment and descent living conditions. Otherwise, the country is most likely to be facing grave demographic and socio-economic crisis in the nearest future.

One of the objectives that the state should commit to, is the modernization of the country's outdated administrative-territorial arrangement. The present paper provides evidence based recommendations for the country's territorial optimization, which in its turn, represents one of the most critical prerequisite for developing a system to boost the country's development.

Establishing a functional system of local self-government automatically entails rethinking a functional-territorial dimension on a country-wide scale. Limiting the changes to the country's territorial arrangement solely with fragmented measures, such as introducing a municipality instead of a rayon in 2006, does not accommodate to the need of the country's modernization. In this case, a systemic vision first and foremost implies revising a territorial dimension of the local self-government on a country-wide scale within a general context of settlement. This has made possible by the existing decentralization strategy and the legal framework.

At the same time, every internationally tested best practice and assessments of municipal reforms reviewed by the authors of the present paper, corroborates that there are no unified and universal blueprints for planning administrative-territorial reforms. As a matter of fact, every country is to choose its own path to development and a decision is informed by existing social, economic, political and cultural needs.

Respectively, the team working on the paper have concluded that Government policy must focus on developing a model of administrative-territorial arrangement which will allow optimal urbanization of every region, sustainable development of big and small towns and minimize differences in living conditions and service delivery for population residing both in centres and peripheries.

Based on the above said, the following evaluation criteria must be applied while reviewing the models of the country's administrative-territorial arrangement:

1. Improved continuous geographical and transport access to administrative centres as well as to social and public services located in these centres for communities residing in settlements of municipalities
2. Support to development of those settlements within community municipalities which have a potential for urban development (placement of administrative services and development of related infrastructure through diversifying foundations for urban generation).
3. The size of population which allows active participation in local public and political processes, while maintaining demographic potential necessary for development.
4. Consideration of existing tendencies of urbanization and development of instruments for effective management of shared problems pertaining to towns under the agglomerations.
5. Possibility to progressively transfer services based on specifics to local governments. At this stage impossibility to exercise the whole range of own competences should not hinder the development of self-government. In this case the central authorities should fill a gap in functions (so called counterdelegation). Delegating these functions to local governments should take place through targeted programmes tackling financial and human resources issues.

Based on the goal and the criteria, the team identified the key directions in the country's new administrative-territorial arrangement:

1. Making towns with 15.000 residents stand-alone municipalities;
2. Territorial optimisation of self-governing communities – division of large municipalities into comparatively smaller self-governing communities based on pre-determined criteria;
3. Optimisation of administrative management of urban metropolises – establishing the Tbilisi district;

The implementation of the above specified directions will yield the following outcomes:

1. The status of a municipality will be granted to 10 more towns and the number of self-governing towns will reach 22;
2. Improved administrative management of municipalities, improved quality of public service delivery to the population and enhanced level of civil engagement in local decision making processes;
3. Stronger support to sustainable urban development, better opportunities for employment on the local level and decreased migration flows to large urban centres and agglomerations (Tbilisi, Batumi);
4. The number of the self-governing communities will increase threefold and an average size of a municipality will get closer to a European standard;
5. Stronger support to administrative centres of new self-governing communities (boroughs and small towns), better opportunities for creating new urban centres with employment capacity, decreased migration flows towards large urban centres and agglomerations (Tbilisi, Batumi);
6. Stronger support to the sustainable development of the agglomeration consisting of the capital and neighbouring cities of Mtskheta, Rustavi and Gardabani, improved planning process and finding optimal solutions to shared problems resulting in improved quality of public service delivery to and living conditions of the local population.

1. Situation and Problem Analysis

Out of 3.729.635 residents of Georgia 2 140.126 reside in urban areas which makes a level of urbanization 57.4 per cent by 2015. 2004-2013 saw a weak tendency of growth both of rural and urban population while the tendency was stronger in urban areas and only nascent in villages. Since 2000 the population in the capital Tbilisi, the only large city of the country, has been steadily growing due to migration processes from agricultural areas to towns¹. Except for cities, the dynamics of population changes in other municipalities is drastically negative affected by both a tendency of natural growth of population and increased migration trends (see Annex 6)². These two factors coupled with consequences of both internal and external migration have had dire impact on the rural areas translated into an irreversible tendency of population decrease. High mountainous and remote regions of Racha-Lechkhumi and Kvemo (lower) Svaneti as well remote parts of Mtskheta-Mtianeti have been particularly hit with a desperate demographical situation.

One of the most important factors behind migration from rural to urban areas is much worse living conditions observed in villages. Likewise, a pace of improvement of living standards is much higher in urban areas to compare that of rural places.

Access to social infrastructure is one of the burning issues for most of rural communities. For instance, the access to education (except for basic grades) is among the most important factors of migration from urban to rural areas as the access is far more limited for rural population than for urban residents. The access to preschool education is twice as low for rural communities as compare to their fellow citizens residing in town while the access to extracurricular and higher education is dramatically low. At the same, the higher is a level of urbanization in a district the worse is the access to education. 30 per cent of the villages (where 25 per cent of rural population reside) report limited or no access to libraries, while poor access to bookshops affect 45 per cent of the villages (36 per cent of population). Emergency healthcare remains one of the critical problems with 30 per cent of villages complaining about limited or no access (18 per cent of rural population). As for the access to inpatient healthcare, smaller villages are more negatively affected (32 per cent of total villages with 23 per cent of rural population)³.

Access to communal infrastructure such as water and irrigation also affects rural communities 52 per cent of the villages (with 39 per cent of rural population) report limited access while 5 per cent of the villages (with 11 per cent of total rural population) complain about no access to water provision systems. Problems related to access to sewage systems pertains to a whole country. The problem is observed in all municipalities in the country while such systems are nonexistent in the villages. The quality of gas provision is also low in Georgia's villages which represents one of the critical infrastructural problems: 90 per cent of the villages, with 70 per cent of the country's total rural population report no access at all⁴.

In addition to poor living conditions and limited access to social and communal infrastructure growing potential of employment in urban areas is the second most important contributor to migration from rural communities to urban areas. The same dynamics is observed in urbanisation and employment trend for residents of 15 years and above⁵.

Better employment opportunities in urban areas are determined by stronger industrial capabilities of large cities while such capabilities are extremely low in less urbanised municipalities. Respectively, incomes from hired labour in both nominal and real terms are higher in urban areas than in rural communities while the differences between the regions are proportional to the level of urbanization in these regions. For example, per capita income of Tbilisi's population has increased by 45 per cent for the last 5 years and by 110% for the last 10 years. If compared with 2000 the increase totaled 189 per cent. At the same time, in other regions increase in incomes fails to demonstrate such a strong tendency and in many case, especially when it comes to rural monetary and nonmonetary incomes, it has been declining⁶.

Employment in agriculture has the biggest share in Georgia's employment trends with 52 per cent of total employment. It should be noted that 98 per cent are self-employed⁷. Such a large share of extremely inefficient agricultural self-employment is one of the main barriers to the country's economic development, a problem to be tackled only with a set of efficient measures.

A pace of agricultural development is slow as small household economics fail to provide highly efficient production resulting in poorly diversified and export capacities and high unemployment rate⁸. 95 per cent of those employed in agricultural sector are

¹ Kapanadze, N. Social and Economic Conditions of Georgian Population from a Regional Perspective: Key Trends and Prospects for Future Development. UNDP, 2015.

² Ibid

³ Kapanadze, N. Social and Economic Conditions of Georgian Population from a Regional Perspective: Key Trends and Prospects for Future Development. UNDP, 2015

⁴ Ibid

⁵ National Statistics Office of Georgia, key demographic indicators, 2014. Available at: <http://www.geostat.ge> Note: For the purpose of diagrams rates of urbanization are taken from data available by 1 January 2014 while the rates are from 2013. The diagrams show the dynamics of the data during respective timeframes.

⁶ Kapanadze, N. Social and Economic Conditions of Georgian Population from a Regional Perspective: Key Trends and Prospects for Future Development. UNDP, 2015.

⁷ National Statistics Office of Georgia: The Strategy of Agricultural Development of Georgia, 2015

⁸ National Statistics Office of Georgia: Integrated Research of the Georgian Household. Workforce Module.

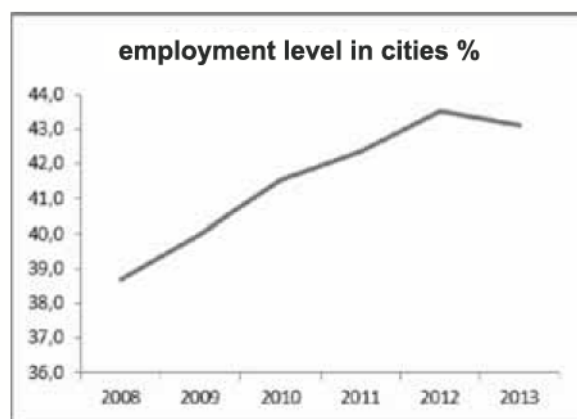
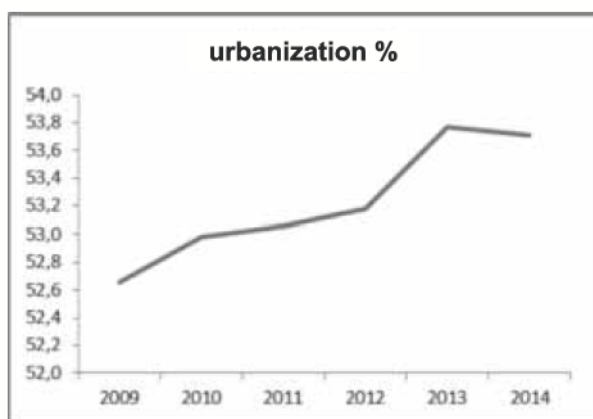
small entrepreneurs (with 1.2 ha of arable land and two cows average per household), therefore production is poor. One of the factors behind the high rate of poverty in the country is the failure to modernise agricultural sector⁹.

In light of decapitalisation and the agrarian sector lagging behind, labor efficiency and fecundity as well as other indicators of capacity are extremely weak ultimately leading to poor competitiveness of agricultural production. Developing the agricultural sector requires introduction of new technologies for linking up the sector with other fields. Investment in the agrarian sector, introduction of new technologies and effective management systems will only be feasible if there is more arable land per an employed individual, in other words if smaller farms and household economies are amalgamated. For instance, the size of an average farm in the European countries totaled 14.1 ha by 2010¹⁰ while in Georgia the average size is just 3.61 ha. At the same time efficiency of agriculture sector in the European countries is much higher than that in Georgia¹¹.

Georgia is extremely land poor country (total area of the country's agricultural land is 2.99 mln ha which constitutes 43.1 per cent of the total land resource. By 2009 per capita average of agriculture and arable land amounted 0.68 ha and 0.17 ha respectively in rural areas agricultural and arable land possession is average 1.44 ha and 0.38 respectively¹²), therefore, technological innovations and investments in infrastructure will most likely result in reducing the share of agricultural self-employment, which will in its turn contribute to influx of extra labour force in labour market mostly in towns. This situation is expected to further intensify migration to urban areas¹³. According to experts' opinion and based on European experience, demand for labour force will presumably reduce by 25 per cent¹⁴.

If developments take a course described above, it is highly probable that in the nearest future depopulation from rural areas will further increase resulting in abundance of work force in towns. It is feared that Tbilisi will be affected the most by social, economic and ecological problems. If towns and regions industrial or service sector fails to employ abundant labour force, they will see employment abroad taking with them important and vital resources of the country's economic development.

Modernisation of the country's administrative-territorial division together with implementation of coordinated and targeted measures and policies in all spheres by the government is the key for overcoming obstacles and minimizing negative consequences brought by these tendencies.



⁹ EU Delegation to Georgia, Importance of Agriculture and Regional Development for Georgia. Available at: http://eeas.europa.eu/delegations/georgia/projects/overview/agriculture_and_rural_development/index_ka.htm

¹⁰ Shergelashvili, Tengiz and Tokmazashvili, Mikheil. Transformation of the Georgian Agriculture: 20 Years of Independence, Interim Report. European Initiative – Liberal Academy Tbilisi. 2012, p.17

¹¹ National Statistics Office of Georgia: Integrated Research of the Georgian Household. Workforce Module

¹² Social-Economic Development of Georgia, 2010. Agriculture. Available at: <http://www.nplg.gov.ge/gsd/cgi-bin/library.exe?e=d-01000-00--off-0ekonomik--00-1--0-10-0--0-0--0prompt-10--%2e-4--4--0-1-11-ru-10---10-help-50--00-3-1-00-0-00-11-1-0utfZz-8-10-0-11-1-0utfZz-8-10&a=d&c=ekonomik&cl=CL1.2&d=HASH611428d35ab6e96ac30284.7.4>

¹³ Kapanadze, N. Social and Economic Conditions of Georgian Population from a Regional Perspective: Key Trends and Prospects for Future Development. UNDP, 2015.

¹⁴ Shergelashvili, Tengiz and Tokmazashvili, Mikheil. Transformation of the Georgian Agriculture: 20 Years of Independence, Interim Report. European Initiative – Liberal Academy Tbilisi. 2012, p.17

2. Existing Context

2.1. Background of the Problem

Implementation of efficient self-governance automatically entails rethinking a functional-territorial dimension of this institute throughout the whole country. This process had become to a halt in 1995 as an article of the Georgian constitution ruled that 'the territorial state structure of Georgia shall be determined by a Constitutional Law on the bases of the principle of circumscription of authorisation after the complete restoration of the jurisdiction of Georgia over the whole territory of the country.' Introduction of such constitutional norm at time reflected optimistic attitude towards reuniting with Abkhazia and South Ossetia on the one hand, while on the other hand, offered a still empty constitutional space to de facto authorities to negotiate a future status of Abkhazia with the central Georgian authorities. The developments of the past 20 years have demonstrated that political calculations of then Georgian authorities turned out to be unrealistic.

Even today, leading political forces of the country tend to refrain from initiating widescale public discussions due to mostly ethnopolitical reasons and instead are content with spatial arrangement of the country originating from the Soviet Union which was tailored to the needs of centrally planned socialist agricultural development.

Limited changes to the territorial arrangement of the country implying just fragmented changes such as introduction of a concept of municipality instead of a rayon in 2006 have failed to meet the needs of the country's systemic modernization. In this case, a systemic vision, first and foremost envisages revision of territorial dimensions of self-government through the whole country and in a general context of settlement.

After regaining independence and in spite of changes in the central governments, administrative division of the country has never been revisited based on any of the conceptual visions which would have paved a road towards municipal arrangement tailored to overcoming challenges of a new market economy and supported the development of local democratic institutes. Although the common sense often dictated various political leading forces to rearrange the administrative-territorial structure of the country to respond to the challenges of a new reality in light of available legal framework for implementing such change fundamental measures have never taken place. Failure to recognize the dire need for implementing a much required reform in this field and the absence of desire and political will accounted for this situation. Because of various reasons (sustain stability on the local level, no suitable internal or external context for carrying out the reform, easiness of centralised management etc) political elites of various times tend to postpone the resolution of this problem for unforeseeable future.

2.2. Required Legal Framework for the Reform

One of the key directions of a reform identified by the Strategy for Decentralisation and Development of Self-Government approved by the government of Georgia on 1 March 2013 modernisation and territorial optimisation of municipal self-government: 'a legal framework to be established in 2013 according will ensure that settlement s or unions of settlements will be developed as self-governing units – self-governing towns and communities. For this purpose, the law will define a set of demographic, geographical, infrastructural, economic, social and cultural indicators and principles for territorial arrangement of local self-government in Georgia before the 2014 elections'.

Under the Local Self-Governance Code approved by the government of Georgia on 31 October 2013 the initial changes to the country's administrative-territorial arrangement imply establishment of self-governing cities from settlement s with more than 15.000 population, while remaining territories in the municipalities would be further divided into several community municipalities. Clause 2 of Article 3 of the Code read as follows: 'a self-governing city is a settlement with at least 15.000 registered residents, demonstrates a potential for urban attraction and development and has a status of a self-governing city' However, during the first hearing in the Parliament following heated debates, the criterion was removed as a result of which a self-governing city was defined 'as a settlement within a city category, which either already has or will be granted a status of a municipality under the terms and the conditions of the Code'.

The authorities declared the approval of the Local Self-Governance Code on 5 February 2014 the first phase of the reform to be followed by another phase aimed at fulfilling commitments outlined in provisional conditions' of the Code. Setting up self-governing communities after seven towns had been granted a self-governing status. This was thought to test as a pilot for further

¹⁵ Decree 321, 14.05.1999 of the President of Georgia on the Rules of Resolving the Issues Related to Georgia's Administrative Arrangement

¹⁶ Abuladze, Mamuka. A municipal reform without the administrative-territorial optimization is going to be just a make-up of a façade. 02.08.2013. Available at: <http://www.lsg.ge/?cat=news&topic=1807&lang=ka>

¹⁷ Resolution of the Government of Georgia 223, 01.03.2013 Fundamental Principles of the Decentralisation and Self-Government Strategy of the Government of Georgia for 2013-2014. Available at: https://matsne.gov.ge/index.php?option=com_idmssearch&view=docView&id=2209502&lang=ge

¹⁸ A bill of the Georgian organic law Georgian Self-Government Code. Available at: <http://static.mrdi.gov.ge/529dc3c10cf276b73b39d85f.pdf>

¹⁹ A bill of the Georgian organic law Georgian Self-Government Code (approved at the first hearing). Available at: <http://static.mrdi.gov.ge/52d6a65a0cf2dc82a765ffa8.pdf>

wide-scale territorial reform.

In their statement voiced through printed media on 13 March 2013 the Government Commission on Regional Development invited a wider public 'to discuss the opportunities of creating one self-governing community in each of the territories left as a result of separation from self-governing cities'²⁰. It is proposed that administrative centres of such self-governing communities be placed in self-governing cities'. On 16 March Georgian NGOs criticized this proposal and in their turn proposed their own plan for administrative-territorial division of these municipalities. In spite of the fact that councils of Gori and Akhaltsike municipalities approved the idea of establishing more than one municipalities on the territories separated from self-governing cities^{21,22}, the Georgian government did not take this circumstance into consideration and on 31 March signed a resolution to propose to the parliament that one municipality be established on the territories separated from self-governing cities²³. A bill adopted by the parliament on 4 April 2014 contained the same content²⁴.

In April-June 2014 the Ministry of Regional Development and Infrastructure successfully accomplished a mission aimed to divide property and responsibilities by preparing a legal framework for the separation of self-governing cities²⁵, while councils of the municipalities also made relevant decisions. Against all odds and fears²⁶ that it would be difficult for newly established self-governing cities and municipalities to delimit budgetary balances and commitments taken in the beginning of a financial year, the processes had also been successfully completed²⁷. Therefore, provided that there is an enabling political will, the state agencies have all resources to implement a wide-scale administrative-territorial reform.

In addition to seven self-governing cities, under the Article 152 of the Local Self-Governance Code the government of Georgia is responsible to continue work towards territorial optimization of other municipalities. To be more precise, Clause 1 of the Article 152 states that '...the State Commission on Regional Development of Georgia shall develop proposals for the purpose of optimizing other municipalities of Georgia and submits proposals on division of these municipalities to the government of Georgia no later than a year prior to the 2017 elections.'

Planned review of a bill of code on the special arrangement and construction code by the parliament of Georgia during the 2015 spring session is critical when it comes to discussing legal-normative framework. The bill is expected to fill an existing gap created by conceptual and terminology flaws in current normative document. One of the flaws of the normative documents is that urban agglomeration and its geographical limits, in other words a metropolitan area, are not mentioned among functional and structural categories of settlement.

The bill of the code defines a concept of civic agglomeration as 'spatial grouping of settlement with monocentric or polycentric configuration connected with intense business, industrial, cultural-educational, transport and engineering infrastructural ties' (Article 1.A). Importantly, Article 6.2 of the bill rules that 'in specific cases it is possible to develop an agglomeration plan for urban development. Rules for development and approval of plans for cross-municipal/municipal spatial arrangement shall apply to such cases'. The Article refers to the following definition of urban agglomeration developed by UN Habitat Program 'urban agglomeration – built-up or densely populated area containing the city proper, suburbs and continuously settled commuter²⁸ areas'.

²⁰ The Resonance newspaper, 13 March 2014, 065 (7707), p.4.

²¹ Resolution 43 of Gori Municipality Council, 27 March 2014 on Territorial Optimisation of Gori Municipality.

²² Minutes of Akhaltsikhe Municipality Council Session of 28 March 2014

²³ Resolution 515, 31 March 2014 of the Government of Georgia Separation of Municipalities and Establishment of Self-Governing Communities – Municipalities. Available at: https://matsne.gov.ge/index.php?option=com_idmssearch&view=docView&id=2314070&lang=ge

²⁴ Resolution 2205-II, 4 April 2014 of the Government of Georgia Separation of Municipalities and Establishment of Self-Governing Communities – Municipalities. Available at: https://matsne.gov.ge/index.php?option=com_idmssearch&view=docView&id=2310718&lang=ge

²⁵ Resolution 363, 30 May 2014 of the Government of Georgia on Approving Rules for Redistribution of Property and Responsibilities Between the Municipalities. Available at: https://matsne.gov.ge/index.php?option=com_idmssearch&view=docView&id=2360525&lang=ge

²⁶ Transparency International – Georgia. News on the Self-Government Code. Available at: <http://transparency.ge/blog/tvitmmartvelobis-kodeksis-dziritadi-siakhleebi?page=3>

²⁷ Resolution 384 of the Government of Georgia adopted 11 June 2014 on Approving Interim Rules for Redistribution of Budgets, Budget Incomes and Payments to the End of 2014 for New Municipalities Created in accordance to Article 152 of the Organic Law of Georgia on the Local Self-Government Code. Available at: https://matsne.gov.ge/index.php?option=com_idmssearch&view=docView&id=2370947&lang=ge

²⁸ A commuter - one that travels regularly from place to another i.e. for work

2.3. Problems within the Existing System

2.3.A. Self-Governing Cities

Currently there are 54 towns and 42 boroughs in Georgia. Population in the smallest of boroughs (i.e. Tsalka, Tsageri) does not exceed 2000 residents while the largest cities (after Tbilisi) home more than 100 000 inhabitants (Kutaisi, Batumi, Rustavi). Ten towns with population exceeding 15.000 are not self-governing. Unlike other settlements, boroughs and villages, these cities have urban infrastructure (sewage systems, street lights), urban environment (streets, curbs, parks and squares etc), cultural facilities (theatre, museum, library) as well as services and trade venues (banks, insurance, healthcare and legal services etc). Moreover, many of them enjoy their own history and record of urban life. For instance, Ozurgeti, Zugdidi, Gori, Telavi, Signagi, Akhaltsikhe were urbanized settlements back to 19th century where citizens practiced self-government²⁹.

| Town/City | Year of Introduction of Self-Government | Town/City | Year of Introduction of Self-Government |
|--------------|---|-------------|---|
| Tbilisi | 1874 | Telavi | 1892 |
| Kutaisi | 1875 | Signagi | 1892 |
| Gori | 1876 | Akhalkalaki | 1892 |
| Akhaltskikhe | 1876 | Ozurgeti | 1892 |
| Poti | 1882 | Sukhumi | 1892 |
| Batumi | 1888 | | |

A soviet system of administrative-territorial division into rayons introduced in 1930s did not seek to differentiate between urban and rural settlement s. Towns within so called Uyezd (an administrative subdivision in the Russian Empire) which were characterized with urban lifestyle and a potential to develop into urban settlement s had become parts of different rayons. Only few of them (Tbilisi, Kutaisi, Sukhumi, Batumi, Gori, Poti, Zugdidi and Tkvarcheli) were left outside the rayon system and qualified as republic-level subordinated towns for more efficient control, while Chiatura, Tkibuli, Tskaltubo and Gagra used to be considered as territories under the central control without an official status of rayon. Urban environment was not of much value for the Soviet reality. On the very contrary, urban setting and lifestyle associated with citizenship and civic ideas contained threats to the hypercentralised state built on fear and obedience. At the same time, rayon layout were fully in line with prevalent economic, demographic and employment structures, centralized and planned economy and traditional rural lifestyle dominant in the society.

Territorial arrangement continued to remain as a rudiment of the past even after the collapse of the Soviet Union in light of drastic changes in the country entailing the destruction of centralized planned economy, intensified migration flows and drastic changes in an employment structure. Every attempt to reform self-government in the country (in 1998, 2002 and 2006) had failed to demolish rayon structures. Up to 2014 only five cities (Tbilisi, Rustavi, Batumi, Poti and Rustavi) were officially self-governing cities³⁰. Rest of the towns were parts of various municipalities, which, from the administrative-territorial perspective, represent somewhat transformed successors of the Soviet rayons and function as a union of one urban type settlement (a town or a borough) and villages.

Currently, there is no separation between towns and villages in Georgia. In the context of the existing arrangement coexistence of many villages and one town within a single municipality hinders first and foremost the developments of towns. A town centre of a community municipality serves as a cultural and administrative hub for neighbouring villages providing at the same time services and trade venues. However, towns and villages have different objectives. While agriculture and related services (roads, insurance, loans, fertilisers etc) is a top priority for villagers, urban residents are mostly concerned with internal infrastructure, landscaping, waste management, drainages and sewages and other related issues. The practice has demonstrated that urban issues hardly ever make to agendas of local councils and gavageobas.

Members of municipality councils are selected based on both party-proportional and majoritarian principles. Settlements within a municipality elect one majoritarian member of a council. Therefore, interests of villages have a stronger voice in a process of decision making than that of urban constituencies. For instance, in 2010 – 2014 10 out of 39 members of Ozurgeti

²⁹ Makharadze, Grigol. Urban Self-Government. Available at: <http://emc.org.ge/>

³⁰ The occupied cities of Sukhumi and Tskhinvali are also considered self-governing cities

municipality council were selected from political parties (25 per cent of total members of the council), 28 represented villages and only one member represented the town (3 per cent).

The fact that not every town in Georgia is a self-governing entity generates substantial disproportion, also contributed by the existing administrative-territorial arrangements, towards not only small but also considerably larger towns. For instance, it is feasible to justify small settlements and boroughs like Chokhatauri and Stepantsminda together with neighbouring rural areas forming one municipality, there are no such arguments to back up the fact that larger than average towns, for instance, Samtredia (30213 residents) or Khashuri (30026 residents) do not have a status of self-governing entities while much smaller towns like Mtskheta (7700) and Abmrolauri (2580) enjoy self-government. This is an unfair system as it contributes unjustified and ungrounded differences and unequal conditions for residents of these towns in terms of accessibility to public service and exercising their right to self-government.

2.3.B. Self-Governing Communities

Due to the Law of Georgia on Self-Government adopted in 2005 more than 1000 self-governing entities (towns, boroughs, communities and villages) lost their right to self-government. Instead, self-governing entities were created with the frames of former rayons without consideration of geographical factors, traditions, infrastructure or any other specifics which further restricted the capacity of the local population to engage in local processes pertaining to self-government.

Enlargement of self-governing entities relations between rural population and authorities of municipalities got distanced and responses to communities needs are often delayed especially in high mountain and remote zones where poor communication and transport infrastructure add to the problem.

As a result of the abolishment of a lower level of self-government in 2006 the distance between population and local authorities had further grown. Meeting with leading officials in local governments had become extremely complicated for rural communities. Stagnation of local democratic processes had further deteriorated practices of civil engagement and a quality of local service delivery. Introduction of sub-municipal institute of a Gangeba (representative authority) representative failed to revive participation of local population in local government processes. In many case, the institute was used solely for elections or political objectives³¹.

Development of local democracy cannot happen without a high level of interest among the population towards activities that local authorities carry out. A good indicator for the interest is a demonstration of certain behavior, such as going to local elections. In the European countries there is a correlation between a size of settlement and a level of interest towards local government: in smaller towns and villages the level is higher than in cities. Likewise, election turnout also depends on the size of a territorial-administrative entity (on the number of population)³². The correlation between a level of voters' activism and the number of population in polling precinct/municipalities is not irreversible and straightforward. However, a size of municipality accounts for voters' activism by 50-60%. Voters are more active in smaller municipalities³³. A diagram in Annex 8 shows decline in voters' activism in 2014 local elections in Georgia as the size of the municipality grows.

At the time of the 2006 administrative-territorial reform, all European average of population within a municipality was 5530³⁴, while an average number of population in Georgia's municipality after 2006 reform reached 70.497³⁵. As shown in a diagram in Annex 9, currently an average number of population in Georgian municipalities (63.873) is ten times as higher as the European average UK (with a different system of municipal arrangement) being the only exception. The difference indicates clearly demonstrates that Georgian municipalities are large to compare with that of European countries. This is one of the biggest barriers for the development of local democracy and accounts for poor quality provision of local services in Georgia. Therefore, one of the main objectives of administrative-territorial optimization is to minimize the size of municipalities so it gets closer to all European average.

Research has shown that access to public transport for commuting to administrative centres is critical for rural communities³⁶. 51 per cent of Georgian villages and 78 per cent of rural population report good or average access to public transportation while poor access to transport affects 19 per cent of the villages with 12 per cent of total rural population. 30 per cent of villages where 10 per cent of rural population reside have no access to public transports to municipal centres. Smaller villages are more severely affected by this problem. In general, the problem of access to public transports to reach administrative centres is observed with varying degree in all municipalities while in 59 per cent of municipalities the problem stands out as critical. As for a level of concern in regards to access to public transport to get to municipal centres, surveys have demonstrated that population in 3 municipalities

³¹ Losaberidze, Davit. Policy Analysis. A report on the Development of Georgia's Local Democracy. International Centre for Civic Culture, 2012

³² Paweł Swianiewicz, Public opinion about local government in Georgia, Prepared for the "Open Society - Georgia" Foundation, 2011

³³ Kapanadze, Nodar. Correlation between a Size of a Municipality and Electoral Activism of its Constituency. 2013

³⁴ Average demographic size of the municipalities in the EU-27, in: Dexia, EU sub-national governments, 2009/2010 edition

³⁵ Explanatory Note on the bill of an organic law Local Self-Government Code, 2013

³⁶ Kapanadze, N. Social and Economic Conditions of Georgian Population from a Regional Perspective: Key Trends and Prospects for Future Development. UNDP, 2015.

are not concerned with the problem while 39 municipalities report that it of much concern. 18 municipalities less worried with this problem. The population within the following ten municipalities finds the access to transport as much critical: Ninotsminda, Kazbegi, Tsageri, Dusheti, Oni, Dmanisi, Tianeti, Akhmeta, Adigeni and Tetrtskaro (Annex 4). In terms of a scale, issues related to access to public transport are of national concern and among the most critical problems. Therefore, it is a must that the State take effective measures to cope with the problem.

Based on the above said, improving geographical access through more efficient public transport services to municipal centres and reducing financial costs for commuting to administrative structures by citizens should be one of the top priorities of administrative-territorial optimization of local self-government.

2.3.C. Urban Agglomerations

Research in agglomeration of settlements in Georgia has had a long history originating from 1970s when urbanists started arguing that an urban agglomeration was being formed around the capital Tbilisi^{37,38}, as a result of favourable location of Tbilisi Grotto³⁹. The following fundamental arguments were developed back then:

- Tbilisi agglomeration including towns of Mtskheta, Tbilisi, Rustavi and Gardabani develops along the Mtkvari, so called Tbilisi Kvabuli located at the juncture of several historic-cultural provinces of Georgia;
- A centre for the agglomeration is the capital city Tbilisi
- The core of the agglomeration is of linear configuration: Mtskheta-Tbilisi-Rustavi-Gardabani
- Agglomeration functional ties cover an area of settlements grouped in a system.

It is worth noting that agglomeration of Tbilisi and problems related to a capital district were substantially reflected in the Concept of Urban Development of Tbilisi developed by Department of Architecture at the Tbilisi City Hall in 2003⁴⁰. The concept highlights the importance of the development of the capital city in an agglomeration space. It is also underlined that a current location of urban development of Tbilisi's agglomeration makes it possible that two planning spaces of the agglomeration area be singled out from the concept: an urban territory of the agglomeration and an area of agglomeration.

Issues related to Tbilisi agglomeration and a district status of the capital have also been discussed in the course of the implementation of the local government reform since 2013^{41,42}.

Even if there is no political will, conceptual rethinking and project support, agglomeration unions have the ability to form empirically. This is illustrated by a configuration of micro-vans commuting between Tbilisi and Rustavi. Not only do Rustavi based micro-vans transport commuters to certain stations of the capital, but they also travel to destinations which are furthest from Rustavi - Gldani, Bagebi etc. This tendency will be further strengthened as a result of construction of a high speed highway connecting Rustavi and Tbilisi. Upon completion, the highway will ensure that Rustavi residents reach Tbilisi in 15 minutes.

Another successful case of agglomeration is a Rustavi motor car centre which combines commercial, administrative and sport functions and represents a cluster of not only agglomeration but also national and regional importance. A very profitable idea of forming a fourth generation logistical centre on the territory between Gardabani and Rustavi has already hit an agenda.

Because of inherent irreversibility of agglomeration process it is critical that this issue be considered and a system for its effective management developed while revisiting the country's administrative-territorial arrangement as the settlements within this agglomeration fall in four different municipalities (the town of Mtskheta, the city of Tbilisi, the city of Rustavi and Gardabani). Importantly, these municipalities have no joint inter-municipal instruments in place to deal with shared problems of transportation, environmental issues, employment, economic development etc.

³⁷ Научно-технический Отчёт по теме: «Региональная схема расселения на территории Грузинской ССР. Раздел – Развитие Тбилисской агломерации». Тбилиси, ТбилЗНИИЭП, 1978.

³⁸ Региональная схема расселения на территории Грузинской ССР на период до 1991-2001 г.г. Тбилиси, Грузгипрогорстрой, 1979.

³⁹ Вадосанидзе В.Г., Дзидзигури П.И. Некоторые вопросы формирования Тбилисской Групповой Системы Населённых Мест. В сб.: «Труды Грузинского Политехнического Института им. В.И.Ленина. №3 (235)». Тбилиси, 1981.

⁴⁰ Consolidated Concept of Tbilisi Urban Development. Edited by Dzidziguri, P. Department of Architecture of the Tbilisi Mayor's Office, 2003 (manuscript).

⁴¹ A proposal on separation of primary self-governing administrative territorial entities – municipalities from the capital Tbilisi within the frames of the self-government reform in Georgia. Tbilisi, The Secretariat of the Advisory Council of the Self-Government Reform. 2013 (manuscript)

⁴² It should be noted that with Resolution 89 of 9 March 2015 the government of Georgia ruled that a government commission with a lead of the Prime Minister be formed to develop a general spatial arrangement scheme Georgia 2030. In accordance with the Resolution the Georgian Ministry of Economy and Sustainable Development opened a call for proposals inviting stakeholders to express interest in providing expertise necessary for the development of the scheme.

3. The Objective of the Policy and Criteria for Evaluation of Alternatives

The analysis of the existing problems indicate that the following objectives need to be addressed in order to ensure the country's development

- Rehabilitation of communal infrastructure or construction, especially in villages;
- Development of social infrastructure to consider not only existing needs but also future perspectives;
- Development of economic infrastructure;
- Development of transport and communications infrastructure;
- Creation of jobs in rural municipalities;
- Optimisation of management system for urban agglomerations.

Meeting these objectives requires holistic approach. Government policies must focus on the development of small and medium urban settlements i.e. boroughs and towns and strive to enhance the level of public services and support entrepreneurship. These measures will create enabling environment for fostering local employment and improving living conditions. Otherwise the country is likely to face abject demographic and social-economic crisis in the nearest future.

One of the objectives to establish self-government in a state is to approximate the implementation of competences exercised by authorities to an individual and so that local initiatives are responsible to public interests. Full civil participation is possible only through active engagement of constituencies in elections. Ensuring active participation of local communities in practices of local authorities and decision making processes is of utmost importance.

Maintaining their archaism pertaining to the Soviet system of administrative-territorial arrangements and disproportion is the basis of irrational territorial organization of public management. Therefore, it is critical to create such a territorial foundation which ensure not only high quality of and access to delivery of services by municipal authorities to their constituencies but also support efficient mechanisms for public participation in decision making. While identifying the territorial foundation for local self-government, geographical access to administrative centres via transport by local communities and an optimal size (number of population) of municipalities for their economic sustainability, allowing public participation in decision making, must lie in the center of the decision. At the same time, it should also kept in mind that together with the increase in civil participation in practices of self-government, such resources as voluntary engagement of communities also grow.

Government policy must focus on developing a model of administrative-territorial arrangement which will allow optimal urbanization of every region, sustainable development of big and small towns and minimize differences in living conditions and service delivery for population residing both in centres and peripheries.

Based on the above said, the following evaluation criteria must be applied while reviewing the models of the country's administrative-territorial arrangement:

1. Improved continuous geographical and transport access to administrative centres as well as to social and public services located in these centres for communities residing in settlements of municipalities
2. Support to development of those settlements within community municipalities which have a potential for urban development (placement of administrative services and development of related infrastructure through diversifying foundations for urban generation).
3. The size of population which allows active participation in local public and political processes, while maintaining demographic potential necessary for development⁴³.
4. Consideration of existing tendencies of urbanization and development of instruments for effective management of shared problems pertaining to towns under the agglomerations.
5. Possibility to progressively transfer services based on specifics to local governments. At this stage impossibility to exercise the whole range of own competences should not hinder the development of self-government. In this case the central authorities should fill a gap in functions (so called counterdelegation). Delegating these functions to local governments should take place through targeted programmes tackling financial and human resources issues.

⁴³ „3,000 is the baseline population level to ensure sufficient demographic capacity for strong municipalities“- Wm. (Bill) Ashton, Ray Bollman, Wayne Kelly, INDICATORS AND CRITERIA FOR STRONG RURAL MUNICIPALITIES IN MANITOBA, Rural Development Institute, Brandon University, April 25, 2013

4. The Alternatives and Their Analysis

4.1. Self-Governing Cities

The whole model of Georgia's municipal arrangement needs to undergo profound changes targeting the increase in the number of self-governing cities essential for stimulating urban development as well on improving the quality of public services.

In order to ensure normal development of towns, access to adequate services and active civil participation in local governance, towns need to have their own mayors, councils and agencies. Authorities of self-governing towns and cities will be able to focus on addressing critical problems within their competences. Many of such problems are of little concern for rural communities and therefore rarely end up on agendas of local councils and politicians. Governing agencies in self-governing towns and cities will be able to focus more on resolving their own problems and tailor budgets to the needs of urban growth.

Separation of self-governing towns will also contribute to increased civil participation and more effective control over local authorities, which in its turn is a guarantee for more effective spending practices. A short period since 2013 does not allow evaluating the consequences and impact of granting a status of self-governing status to 7 towns. However, it is still evident that expenditure of planned budget expenditures for both urban and rural problems has considerably increased.

In addition to democratization and decentralization, urban self-government in Georgia will most likely bring positive economic effects. Decentralisation and democratization processes are expected to facilitate the development of urban infrastructure and bring about positive changes to the existing structures of employment to make it better tailored to services and entrepreneurship as a result of which medium and small town will turn into centres of economic attraction and urban development for neighbourhood areas.

Therefore, the first and a key direction of the administrative-territorial reform should be directed at increasing the number of self-governing towns. Respectively, quantitative and demographic criteria for self-governing towns should be reflected in the organic law Local Self-Government Code.

In many countries demographic criterion, such a size of the population is determining while making a decision to grant a status of self-governing town to an urban settlement. The figure varies across countries. For instance, 4000 (USA, Wyoming), 5000 (Canada, British Columbia and Saskatchewan), 100000 (USA, the states of Washington and Virginia, Switzerland, Croatia, Spain, Greece, Ukraine), 12000 (Russia), 15000 (Canada, Ontario), 20000 (Austria, Slovenia). Based on Georgia's demographic reality, number of residents per an urban municipality may be estimated 15000 as indicated in a bill of the Local Self-Government Code approved by the parliament of Georgia on 31 October 2013, while the parliament should be able to grant a status of self-governing town to an urban settlement with less than 15000 residents upon reliable justification⁴⁴.

Higher limit is inexpedient as it will increase misbalance between the 'weight' of vote among residents of self-governing town and self-governing community during local elections, as due to geographical location and to ensure the delivery of quality public services, it is recommended that municipalities with as few population as 5000 or less, especially in mountainous regions, in the areas with mountain ranges and gorges. For Example, in historic Khevi - Kazbegi municipality with 4900 residents, Zemo Racha - Oni municipality with 8100 residents, Kvemo Svaneti - Lentekhi municipality with 8900 residents etc. It would be extremely unfair to grant a right to a community of villages and small urban settlement with few thousand residents to have their own self-government while at the same time setting a limit 4-5 times as high for urban population.

Setting lower limit (for instance, for town with more than 10000 residents) for a self-governing town in the context of their underdevelopment, contains a risk for neighbouring areas to hinder their development as they will lose a function of administrative centres. As the only town generating factor is a function of administrative centres in most of them (except for Tkibuli and Borjomi), achieving budgetary self-sufficiency is less likely even in light of enlarged tax base as a result of fiscal decentralization.

Such risks are less likely to occur when towns with more than 15000 population are formed as separate municipalities as they possess other town generation functions in addition to that of administrative centres.

⁴⁴ Abuladze, M. Criteria for Categorisation of Municipal Arrangements and Settlements in the Legislations of the United States, European and CIS Countries. Working papers of the Public Advisory Council at the Ministry of Regional Development and Infrastructure, 2013.

| Town | Number of population | City generation factors |
|------------|----------------------|---|
| Samtredia | 30 213 | Administrative centre, transport (railway and motorway) hub |
| Khashuri | 30 026 | Administrative Centre, transport (railway and motorway) hub |
| Marneuli | 28 000 | Administrative centre, transport (railway and motorway) hub, processing industry, regional trade centre |
| Senaki | 26 921 | Administrative and cultural centre, transport hub |
| Zestaponi | 26 600 | Administrative centre, transport (railway and motorway) hub, heavy industry (Ferro-alloy mill) |
| Chiatura | 19 650 | Administrative centre, transport (railway and motorway) hub, extractive industry |
| Kobuleti | 17 412 | Administrative centre, seaside resort |
| Tskhaltubo | 16 528 | Administrative centre, balneary spa |
| Kaspi | 16 201 | Administrative centre, industry (cement) |
| Gardabani | 15 477 | Administrative centre, energy (power plant) |

There are several proposed alternatives for reflecting the criteria for granting a status of self-governing towns in the legislation:

Alternative 1

Every settlement which is called a town/city shall have its own self-government similar to European countries whereby a status of a city/town have meant to grant it a right to self-government since the medieval times. (Stadtrecht in Germany and a status of royal free city in Austria-Hungary). Therefore, Paragraph 2 of Article 3 and Clause 1.C of Article 4 of the Self-Government Code shall read as follows:

"Article 3.2. A self-governing town is an entity having a status of a municipality or is being granted one under the terms defined in Article 4 of the Code for granting a category of a town to a settlement".

Article 4.1 c) Town - a settlement which has more than 15000 registered residents and industrial enterprises, touristic, health, social-cultural and education facilities placed in its territory, and which serves as a local public-economic hub. Infrastructure in towns are not oriented on implementing agricultural activities. Towns with less than 15000 residents may still be granted the status under the Code or by a resolution of the parliament of Georgia.

The proposed alternative has two important shortcomings:

1. The alternative requires to transfer a part of settlements from a category of towns to one of boroughs, which is highly likely to cause misunderstanding and discontent among the population
2. Eliminating differences between a status of a city and a notion of a self-governing city may cause problems in scenarios when an urban settlement having a status of a self-governing city no longer meets the criteria embedded in the legislation because of depopulation. In this case a self-governing city will be deprived of its status and incorporated in a neighbouring self-governing entity. Depopulation may actually stop and the population grow again which means that restoring a status of a self-governing entity to the town will be back to an agenda.

Alternative 2

It is suggested that Paragraph 2 of Article 3 of the Local Self-Government Code read as follows:

"Article 3.2: a self-governing city is a settlement in the category of town with the population exceeding 15000 and a status of municipality. A status of a municipality can be granted by a resolution of the parliament of Georgia to a town with population less than 15000 residents".

By leaving the definition of a city as it appears in Article 4 of the Code, we are likely to have a situation analogous to that of some US states (Washington, Virginia) whereby so called first class cities are self-governing while second class towns with population less than embedded in the law for a city to a self-governing, incorporated in municipalities. In case of such change to the legal framework towns with less than 15000 residents will be incorporated in self-governing entities except for cases when they are granted a status of a municipality by a legal act (Mtskheta, Ambrolauri, Signagi etc may be such exceptions).

The alternative also recommends that a limit in terms of a number of population for municipalities in general or for only self-governing cities be identified in order to avoid collision in such cases when after acquiring a status of municipality population in a self-government town declines and reaches a point far below 15000.

Considering a dynamic nature of demographics, it may change for various reasons including a situation not only in a specific town, but also due to changes in a country's social and economic conditions. . Therefore, it is recommended that a certain interval of time be set to allow a number of population in a self-governing town below a lower limit identified in the legislation which may remain either existing 15000 or less.

For instance, "a self-governing city shall be deprived of the status (abolishment of a municipality as per Article 10 of the Code) and shall be incorporated in a neighbouring self-governing entity if a number of its registered population remains less than the lower limit identified by the Law for five consecutive years prior to the last census".

In such cases, in order to avoid misunderstanding and protest they may fuel up in communities, a lower limit should for abolishing the status of self-governing entity should be commensurable with population of all small towns which have been granted the status of self-government entities by the parliament under a different rule (based on a law or a resolution). In other words, given the current context, a lower limit should be defined as 2500 i.e. a number of registered residents in Ambrolauri.

4.2. Territorial Optimisation of Self-Governing Communities

a) Article 3 of the Self-Government Code of Georgia identifies two types of existing self-governing entities – municipalities. According to the Code, a self-governing community is a union of several settlements which have the status of a municipality. The Code does not define any qualitative or quantitative criteria granting a status of self-governing entity to either cities or self-governing communities.

Unlike cities and towns, a self-governing community, as a union of several settlements, is extended over a territory which means that communities residing in respective settlements are more or less distanced from an administrative centre of a municipality. Considering these specifics, only democratic criteria (the number of population) will not suffice to make a decision on granting or abolishing a status of self-governing community and geographic criteria, such a distance from an administrative centre, must also be considered. An access to administrative centres via transport is of utmost importance for population of a community it directly affects a quality and value of services delivered at the local level. The further a settlement from an administrative centre, the further expenses and time required for receiving local services by the local population grow. So does expenses of a municipality for providing certain types of services to local population.

b) There is a correlation between a size of a settlement and interest of local population towards local authorities: in small towns and rural areas the interest is higher than in big cities, and a level of activism in electoral processes also depends on the size of an administrative-territorial unit⁴⁵. A diagram in Annex 8 demonstrates this correlation based on a case of Georgia's local self-government elections.

Therefore, reducing the size of municipalities (the number of population) as a result of administrative-territorial optimization⁵ will foster civil participation (including electoral turnout) in decision making processes in local municipalities which will in its turn contribute to improving the quality of local democracy.

Based on the above said, mentioned two criteria must be decisive while evaluating models for the optimization of self-governing communities.

Alternative 1. Setting Up a Self-Governing Town and One Self-Governing Community/Municipality

The model implies to set up one self-governing entity on the territory left after the separation of 10 newly established self-governing towns with at least 15000 registered residents each as a consequence of the administrative-territorial reform. Administrative centres of new self-governing entities will remain the same while the self-governing towns will home their managing agencies. This approach was practiced in the 20th century during the Soviet Union. Back then the same settlement

⁴⁵ Paweł Swianiewicz, Public opinion about local government in Georgia, Prepared for the "Open Society - Georgia" Foundation, 2011

(town) homed authorities of both city and village district (town committees and district committees, town and district councils with their executive committees). The changes to the administrative-territorial arrangement followed the above described model in the spring 2014 when seven new self-governing towns were established based on Article 151 of the Local Self-Government Code. Seven municipalities were replaced with 14 new municipalities including seven self-governing towns based on the Resolution 2205-IIIu on the Division of the Municipalities and Forming the Self-Governing Communities – Municipalities adopted by the parliament of Georgia on 4 April 2014. Self-governing entities emerged on the vacant territory with administrative centres in newly established self-governing towns.

The strength of this model lies in its potential to trigger following administrative-territorial changes:

1. After acquiring the status of a self-governing town, the councils of these towns consists of mainly representatives of urban districts, while council members of the municipalities are representatives of villages. Therefore, homogenous composition of the councils ensures that conflicts on the ground of budgetary priorities are less likely to happen. Accordingly, there is the possibility adequately reflect problems pertaining to rural and urban communities while identifying the budget priorities which still remains a problem in those municipalities which units large urban areas and villages.

2. Residents of the municipality do not experience problems in terms of getting used to novelties, and if the need be can apply to local authorities at their traditional base of operation. As a result of the optimization, the administration of the self-governing town have to deal with smaller population which positively influences the quality of communication between the authorities and their constituencies and so does the efficiency of informal mechanisms for influencing public opinion.

3. The simplicity of human resource management: specialists in the old municipalities will mostly be delegated in administrative agencies of the same settlement (town).

4. Relative simplicity of separating budgets and municipal property in light of the existence of relevant legal framework (Resolution 363 adopted by the government of Georgia on 30 May 2014 on Approving the Rules for Dividing Property and Responsibilities between the Municipalities, Resolution 384 approved by the government of Georgia on 11 June 2014 on Approving the Interim Rules for Dividing Budgets, Budget Incomes and Payments for New Municipalities up to the End of the 2014).

The shortcomings of the model in terms of further changes to the administrative-territorial arrangements are as follows:

1. No improvement in terms of geographic access (including transport) to the administrative centre of the municipality which means that expenditure to get to the centres will remain the same for the residents. Also, operational costs of local authorities remain the same.

2. The development of new small and medium urban settlements is not stimulated. Likewise, the changes do not facilitate creation of employment opportunities in rural areas and fails to prevent internal migration from villages to big cities for better employment.

3. The population residing in the self-governing communities develop a negative perception as they cannot feel tangible outcomes expected to be brought about as a result of the reform. Furthermore, there are concerns for perceived 'segregation' between villages and towns.

4. The quality of communication with the municipal authorities has not improved much for the rural communities. Neither have the opportunities for public engagement in decision making process on the municipal level

5. Lack of opportunities for developing a budget better targeting public interests and reflecting on the specifics of local income and livelihood as well as geographical factors still remains a problem in large self-governing communities. For instance, tourism development potential for the Ateni gorge area in Gori municipality cannot be reflected in the local budget because of the need to resolve problems related to potable and irrigation water in most parts of the municipality. The same refers to Mtskheta municipality (for Saguramo area) and Telavi municipality with the failure to build on the development potential of Napareuli area.

6. Inexpediency of placing authorities of one self-governing entity on the territory of other self-governing entity. For instance, local authorities in Ozurgeti think that they should be placed in the same shared also by their constituency, in other words, in rural areas to make the closeness between the authority and the people they serve apparent.

Alternative 2. Division of Large Municipalities

This model implies creating several self-governing entities not only on the territory left as a result of separation of the self-governing towns, but also to replace those large self-governance communities which contain settlements with a potential of further urban development and which are not easily accessible geographically and transport-wise (G coefficient is below 0.3 based on the pre-defined criteria (see Annex 5 Stages of Modelling).

This model has the following strengths:

1. Creating self-governing entities with needs oriented budgets reflecting local geographical factors and major means of livelihood of the communities within their constituency

2. Increasing access to both geographically and transport-wise to new administrative centres which will save not only financial resources of the communities but also operational costs of local authorities

3. Developing local democracy as the quality of communication between municipal agencies and communities will improve considerably so will the efficiency of informal mechanisms of public opinion to influence local bureaucrats as well as public participation in decision making processes on the local level.

4. Stimulating a urban development process for new administrative centres. The model will allow to redirect the Georgia's development path towards fostering 130-140 newly established small and large urban/semi-urban centres. These efforts will

prevent disproportion between Tbilisi and the regions from going even deeper, contribute to facilitating local employment to further result in decreased rate of migrations from rural to urban areas and to drastically change the picture of the country within few decades to come. Therefore, instead of 'One Megalopolis - underdeveloped regions' the picture will change into 'one megalopolis - many urban centres in the regions'.

Alternative 3. Self-Governments in Every Settlement

This model seeks to identify a settlement as a level of self-government. Nowadays more than 3600 settlements (village, borough, towns) exist on the territory under the jurisdiction of Georgia.

The model has the following strengths:

1. Maximal proximity between authorities and their constituency
2. The possibility to effectively reflect on local interests, traditions and specifics of settlement
3. Possibility to implement the administrative-territorial reform without a direct administrative intervention

The shortcoming of this model is the irrelevance of limited resources of small self-governing units with the competences granted by the law to the self-governing entities. If the number of municipalities increases and will eventually equal to the number of the settlements, we cannot avoid further segregation of scarce resources. This is very likely to result in inability of local authorities to provide services on the local level or lead to total dependence on the central government. In this case the self-governance will be only formal as:

1. It will be irreversible to limit competences of the local-governments by the law
2. Financial and material responsibilities of the central government will be further increased in the sphere of public programmes delivery.
3. It is likely to lead to increased expenditures of the central budget. Such a perspective does not seem to be particularly attractive to central authorities which often fails to meet their constitutional responsibilities.
4. If there will be no changes to the legislation towards limiting the competences nor will the state's financial-material responsibilities increase, then because of an imminent gap between the objectives of the self-governments on the one hand and available resources on the other, the state will eventually face the need for a new administrative-territorial reform similar to the Ukrainian scenario unfolding at the moment.
5. It will be necessary to join the second subnational level, a region. Although in such scenarios we will deal with a regional level instead of the central government, the scarcity of resources and a distance to the medium (regional) level still remains a problem. Statistically there will be average 300 new entities in the country (in some regions, i.e. Imereti, Shida Kartli the number may be as high as 500) which will make a task of coordination extremely difficult to manage.

4.3. The Composition of Urban Agglomeration and Its Management

The Tbilisi agglomeration with Mtskheta, Tbilisi, Rustavi and Gardabani is developing naturally while each of the towns has maintained its own image.

Mtskheta, the administrative centre of Mtskheta-Mtianeti region and Mtskheta municipality is located on the merge of the Tbilisi agglomeration and Shida Kartli region. The location, because of the objectives of forming the agglomeration, requires a holistic, brave and effective political measures as Mtskheta, as a place with unique religious, historic, cultural and recreational importance is undergoing the changes which have put an additional administrative burden which is not organic for the town. To be more specific, Mtskheta has been moved from UNESCO's list of the World Heritage to the list of endangered monuments because of ongoing construction activities of national and regional importance. Releasing Mtskheta from excessive burden of administrative management, which is unfamiliar for its development and granting a status of a self-governing town, will contribute to deepening Mtskheta's functional-planning specialisations in the direction which is determined by the history.

What is also to be considered here is an extraordinary disposition Mtskheta has been demonstrating towards Mtskheta-Mtianeti region as Mtskheta is almost merged with Tbilisi through landscaping, which makes the town difficult to access for the communities residing in Mtskheta-Mtianeti region.

Another side of the implementation of this viewpoint is selecting another district centre instead of Mtskheta. The only place in the area to be able to take over these functions is Zhinvali Borough which, according to the historic sources has had a history of being a trade, crafts and administrative centre for the region. It function as a natural hub of then entities of settlements – kheobas (Georgian word for a gorge): 'In Rustaveli times Zhinvali represented itself not only a major place of Aragvi Duchy, but also a huge political and trade-economic centre, which regulated political-economic interrelation between lowlands and highlands. Emerging as a town on a brink of the lowlands and highlands in the Aragvi Gorge, on the juncture of the caravan tracks, Zhinvali exercised control over graze-land rich "Seven Mtiuleti"⁴⁶.

⁴⁶ Ramishvili, R. Item 'Zhinvali', Complete Georgian Soviet Encyclopedia, Volume 8, Tbilisi, 1984, p. 251

An older settlement was destroyed as a result of the construction of a power plant in Zhinvali in 1970 and a new borough had emerged on its territory. The borough turned into a village after the construction was over. Moving an administrative and regional centre from Mtskheta to Zhinvali will contribute to both the urban rehabilitation of Zhinvali borough and alleviation of functional burden over Mtskheta, as well as increased efficiency of the Tbilisi agglomeration.

A geographic sequel to a string of longitudinal settlements within Tbilisi agglomeration is the capital Tbilisi. Naturally, the process of agglomerating will further strengthen its roles and functions and in addition to the functions typical for a country's capital, Tbilisi will acquire an institutional image and functions of capital district of the agglomeration. Such formations are not unusual for the world's most capitals and for huge urban agglomerations in general.

It should be noted agglomeration of Tbilisi and problems related to a capital district were substantial reflected in the Concept of Urban Development of Tbilisi developed by Department of Architecture at the Tbilisi City Hall in 2003⁴⁷. The preface of the document holds that 'the summative concept contains a combination of evaluation by experts and the members of the panel of projects submitted to an open competition titled The Urban Development of Tbilisi City'. The development of Tbilisi in an agglomeration space is given due attention by the authors of these proposals. It has been underlined that a current location of the agglomeration's urban development makes it possible to distinguish two terrestrial planning spaces within the agglomeration: urban territory and an areal of agglomeration.

It should be noted that a rather palliative step forward in this direction is the attempt to enlarge the capital's jurisdiction in 2006-2007. It was an almost exact repetition of Tbilisi's administrative borders from 1950. The territory of Tbilisi back then also included 'a suburban district' covering agricultural zones which later on turned into recreational area.

In the process of agglomerating Tbilisi, a position of a self-governing city of Rustavi resembles that of the town of Mtskheta. In spite of a picture which is diametrically different from the historic genesis and in terms of spatial-planning perspective, Rustavi is located at Tbilisi's doorstep and cornered at the west-northern corner of Kvemo Kartli region which it oversees. At the same time, Rustavi has a long history of specialization and a potential for development. It possessed the potential of a technopolis and business generator based on its culture of industrial-technical initiatives; comparatively low prices for real estate (including lands), a well-developed engineering-technical infrastructure, proximity to the agglomeration centre and an access to the capital within 30 minutes after a highway is completed by 2015.

The development of Rustavi in this direction is a prerequisite for its success and competitiveness. At the same time, similar to Mtskheta, Rustavi should also get rid of its functions as a patron of the region and delegate this role to another city. The town of Bolnisi is a perfect candidate to shoulder the delegated functions.

The following circumstances speak in favour of Bolnisi: the town has relatively central location in Kvemo Kartli region; a small conurbation of the Bolnisi mining is quite a strong livelihood-economic formation and the town enjoys the urban culture originating in the times of German settlers. The level of education among the population is quite high and the state language, unlike other relatively large settlements of the region, is widely used. If Bolnisi is to be delegated the functions of an administrative centre, it should be granted the status of a self-governing town.

Yet another member of the Tbilisi agglomeration is Gardabani from south-west. An urban profile of Gardabani, as a border town needs to be broadened as well. It is an energy center with an unlimited potential for customs, transport and logistics functions. Importantly, these functions would further be strengthened by the development of a fourth generation logistics centre on the axis of the agglomeration between Gardabani and Rustavi, to be directly connected to Tbilisi-Akhalkalaki-Karsi railway.

Benefits of agglomerations have long been known to the western urbanistic theories and practices based on a superadditive nature of settlement systems. Superadditive is a philosophical term and requires an explanation. Any system is additive if a whole equals to the sum of its parts. A system is inadditive if a sum of its parts exceeds (superadditivity) or is less than the whole (subadditive). In other words, a socio-cultural potential of a million resident city is theoretically bigger than the cumulative potential of four towns with 250 000 residents each. The basis of this universal phenomenon is so called cumulative effect (in general this is a multiplied effect of cumulation of various factors after they reach critical mass).

In the language of urbanistics, this implies such advantages of urban agglomerations over autonomous towns, as:

- More opportunities for selections (education, employment, social-cultural activities, recreation, service provision and delivery, trade etc);
- Formation of common markets of labour and real estate (including land);
- Highly effective management of integral environmental problems;
- Effective cooperation of engineering-technical infrastructure;
- Adequate zoning and organic specialization of settlements within agglomeration;
- Creating an urban environment which is well suitable for living.

The most optimal administrative-territorial format for the Tbilisi agglomeration is the 'capital district' which will maintain the

⁴⁷ Consolidated Concept of Tbilisi Urban Development. Edited by Dzidziguri, P. Department of Architecture of the Tbilisi Mayor's Office, 2003 (manuscript).

self-governments of the municipalities within the agglomeration. Capital district has a potential to serve as a cornerstone for a sustainable construction of Georgia's territorial state arrangement. In addition, the government should amend the legal framework which determines the scope of activities of appointed governors/state representatives in Mtskheta-Mtianeti and Kvemo Kartli regions and change the location of their administrations.

Management agencies of the capital district at this stage of the reform may be set up based on Article 21⁴⁸ of the Local Self-Government Code by concluding relevant agreements between the municipalities of Mtskheta, Rustavi and Gardabani, which will enable the parties to form joint departments or a coordination agency to carry out specific competences under united budget resources.

The joint legal body may be delegated the following competences for effective management and decision making related to shared problems of the municipalities within the agglomeration:

- Spatial-territorial planning and developing norms and rules related to the field, documentation related to town planning including a general plan of land use, a plan for landscaping regulation, developing a set of rules applicable to the use of settlements territories and landscaping regulations;
- Waste management and landscaping;
- Coordinating preschool and extracurricular education facilities under the municipalities' management;
- Local road management and organizing traffic on local roads;
- Organising municipal public transport service, issuing licenses for regular passenger carriers within the limits of the district;
- Regulating outdoor markets, exhibitions, markets and flea markets;
- Setting rules for tending pets and resolving issues related to stray animals.

5. Proposed Model

In conclusion, the proposed model of the country's administrative-territorial arrangement envisages the following key directions of the reform:

1. Making towns with 15.000 residents stand-alone municipalities
2. Territorial optimisation of self-governing communities – division of large municipalities in comparatively smaller self-governing communities based on pre-determined criteria
3. Optimisation of administrative management of urban metropolices – setting up Tbilisi district

Expected outcomes of the implementation of the proposed model:

1. The status of a municipality will be granted to 10 more towns and the number of self-governing towns will reach 22
2. Improved administrative management of municipalities, improved quality of public service delivery to the population and enhanced level of civil engagement in local decision making processes
3. Stronger support to sustainable urban development, better opportunities for employment on the local level and decreased migration flows to large urban centres and agglomerations (Tbilisi, Batumi)
4. The number of the self-governing communities will increase threefold and an average size of a municipality will get closer to a European standard
5. Stronger support to administrative centres of new self-governing communities (boroughs and small towns), better opportunities for creating new urban centres with employment capacity, decreased migration flows towards large urban centres and agglomerations (Tbilisi, Batumi)
6. Stronger support to the sustainable development of the agglomeration consisting of the capital and neighbouring cities of Mtskheta, Rustavi and Gardabani, improved planning process and finding optimal solutions to shared problems resulting in improved quality of public service delivery to and living conditions of the local population.

⁴⁸ **The Local Self-Government Code, Article 21. The Right of the Municipalities to Organise Joint Activities.**

1. In order to ensure effective implementation of competences outlined by the law and provision of quality services to population, the municipalities have the right to establish joint profit or non-profit legal bodies or create agencies to be delegated specific homogenous functions together with respective financial and material resources based on agreements and in accordance with the rules set out by the law. Rules for management, funding and control of such legal entities will be specified in an agreement to be concluded between the municipalities in accordance with the Georgian legislation.

2. For the purpose of implementing joint projects, the municipality has the right to conclude an agreement with another municipality on consolidating respective budgetary sources.

3. Agreements stipulated by 1 and 2 Paragraphs of the article are signed by the head/mayor of the municipality and approved by the majority voting by the municipality council.

Annexes

Annex 1. Identification of Geographical-Commuting Access

As a self-governing community is a combination of several settlements, it is extended over a territory which creates a certain length of distance between the communities and their administrative centre. Considering these specifics of a community, only demographic criteria (such as the number of population) do not suffice to make a decision about abolishment/creation of a community. One need to consider a geographical criterion, such as the distance between settlements and an administrative centre.

Transport accessibility to an administrative centre is an important factors for local community as it influences the quality of public services and related expenditures. The further a settlement is from an administrative centre the higher the price of receiving public services is. The distance also affects the financial capacity of not only citizens but also that of local authorities when it comes to delivering some types of services.

The size of a municipality affects the accessibility of not only an administrative centre but also of services provided locally by municipal authorities. For this purpose a coefficient of geographic and transport accessibility is suggested to be used together with geographic (distance) and demographic (population) parameters. The coefficient is an objective criterion which is used to determine a relative distance between the population in a municipality to a municipal centre at 100.000 residents per kilometer⁴⁹.

For a municipality consisting of only rural settlements a formula $Grur = \frac{1}{\Sigma(p \times s)} \times 100\,000$ [1] is used, where Grur

is a coefficient of geographic-transport accessibility to an administrative centre (the result is rounded to thousandth); p – the number of population in a settlement, s - the length of a motorway from a settlement to a municipal centre in kilometers, $\Sigma(p \times s)$ the sum of products of the number of population in a settlement and the distance to an administrative centre.

The similar coefficient for cities and urban settlements within a self-governing entity is calculated as follows:

$Gcity = \frac{1}{p \times \frac{\sqrt{S}}{2}} \times 100\,000$ [2] where Gcity is a coefficient of transport and geographic accessibility for town population to an

administrative centre; P - the number of population in an urban settlement, S – area of an urban settlement in square metres, π - number Pi, $\sqrt{\quad}$ - square root. The approach to towns is determined by the fact that location of each town is more or less specific and therefore determining a universal route is unrealistic. That is the reason why a municipality of an urban type is considered as a circle of relevant area whereby an average distance between population and an administrative centre equals half a radius.

If there is a town or other urban settlement within a self-governing entity:

$$G = Grur + Gcity = \left(\frac{1}{\Sigma(p \times s)} + \frac{1}{p \times \frac{\sqrt{S}}{2}} \right) \times 100\,000$$
 [3]

Annex 2 shows a table containing the number of population in each of the municipalities and the results of calculation of accessibility coefficient. The analysis of the data in the table demonstrates that the coefficient of accessibility is largely dependent on the number of population in the municipality. In the municipalities where the number of population is large, the access is poor.

If we review the data in the table of Annex 2 without self-governing towns (Annex 3), we can see that higher than an average access $G > 0,319$ is observed only in 17 municipalities while only 7 self-governing towns enjoy high level of access.

Calculation of average coefficient G_{mean} /of geographic and transport access for self-governing towns throughout the country

considering [1], [2] and [3] formulae $G_{mean} = \frac{100\,000}{p \times s}$ therefore, transport expenses of population in a community municipality

incurred for the purpose of accessing public services [E] depends on the average coefficient geographic-transport accessibility in self-governing communities in the following manner:

$$E = \frac{200\,000 \times c \times n}{G_{mean}}$$

⁴⁹ Losaberidze, D., Kandelaki, K., Abuladze, M., Kapanadze, D., Chichinadze, D., Chitadze, M., Tordinava, T., Chkheidze, P., Mazmishvili, G. Proposals in regards to the Administrative-Territorial Optimisation of Telavi, Metskheta, Gori, Akhaltsikhe, Zugdidi, Ambrolauri and Ozurgeti Municipalities. 2013, p.3

Annex 2. Municipalities According to G Coefficient

Georgian municipalities according to geographic-transport accessibility (G)

| Municipality | G | P | Municipality | G | P |
|----------------|-------|-----------|--------------|--------|----------|
| Shuakhevi | 0,003 | 21 608 | Mestia | 0,249 | 14 500 |
| Tbilisi | 0,006 | 1 181 700 | Ninotsminda | 0,260 | 32 121 |
| Kutaisi | 0,007 | 196 000 | Khashuri | 0,270 | 62 600 |
| Gardabani | 0,037 | 96 876 | Dmanisi | 0,270 | 29 105 |
| Gori | 0,064 | 97 162 | Batumi | 0,273 | 16 1 200 |
| Sagarejo | 0,067 | 67 132 | Tsalka | 0,276 | 23 682 |
| Zugdidi | 0,083 | 98 042 | Akhmeta | 0,283 | 38 697 |
| Tskaltubo | 0,093 | 70 716 | Borjomi | 0,285 | 17 606 |
| Bolnisi | 0,097 | 74 730 | Akhalsikhe | 0,290 | 28 105 |
| Khelvachauri | 0,100 | 64 364 | Tkibuli | 0,325 | 28 511 |
| Kobuleti | 0,103 | 94 538 | Senaki | 0,369 | 51 798 |
| Mtskheta | 0,105 | 52323 | Chkhorotsku | 0,393 | 33 928 |
| Gurjaani | 0,115 | 76 086 | Adigeni | 0,394 | 21 976 |
| Lagodekhi | 0,123 | 57 267 | Keda | 0,404 | 20 907 |
| Ozurgeti | 0,124 | 64792 | Tsageri | 0,409 | 16 675 |
| Akhalkalaki | 0,124 | 59 185 | Vani | 0,410 | 34 567 |
| Dusheti | 0,132 | 35 282 | Chokhatauri | 0,426 | 22 458 |
| Kaspi | 0,136 | 56 238 | Tianeti | 0,484 | 13 770 |
| Zestaponi | 0,155 | 130 758 | Abasha | 0,522 | 30 149 |
| Telavi | 0,156 | 51 342 | Bagdati | 0,551 | 29 544 |
| Marneuli | 0,157 | 58 872 | Khoni | 0,618 | 31 902 |
| Chiatura | 0,162 | 64 036 | Abrolauri | 0,635 | 11 593 |
| Tetritskaro | 0,173 | 27 737 | Aspindza | 0,718 | 13 966 |
| Dedoplistskaro | 0,174 | 32 351 | Poti | 0,905 | 47 149 |
| Martvili | 0,176 | 46 558 | Zugdidi | 1,252 | 69 000 |
| Khulo | 0,177 | 34 757 | Gori | 1,487 | 54 700 |
| Kvareli | 0,180 | 41 835 | Oni | 1,488 | 7 723 |
| Kareli | 0,182 | 53 636 | Lentekhi | 1,681 | 8 476 |
| Kharagauli | 0,182 | 28 188 | Kazbegi | 2,017 | 7 201 |
| Terjola | 0,188 | 45 404 | Ambrolauri | 3,134 | 2 578 |
| Samtredia | 0,189 | 65 967 | Rustavi | 3,134 | 123 090 |
| Signagi | 0,194 | 43 277 | Ozurgeti | 3,134 | 20350 |
| Sachkhere | 0,195 | 55 779 | Akhalsikhe | 4,211 | 23 483 |
| Tsalenjikha | 0,202 | 46 400 | Telavi | 4,581 | 21 800 |
| Khobi | 0,208 | 39 067 | Mtskheta | 19,182 | 7 700 |
| Lanchkhuti | 0,233 | 42 356 | Average | 0,847 | 63 873 |

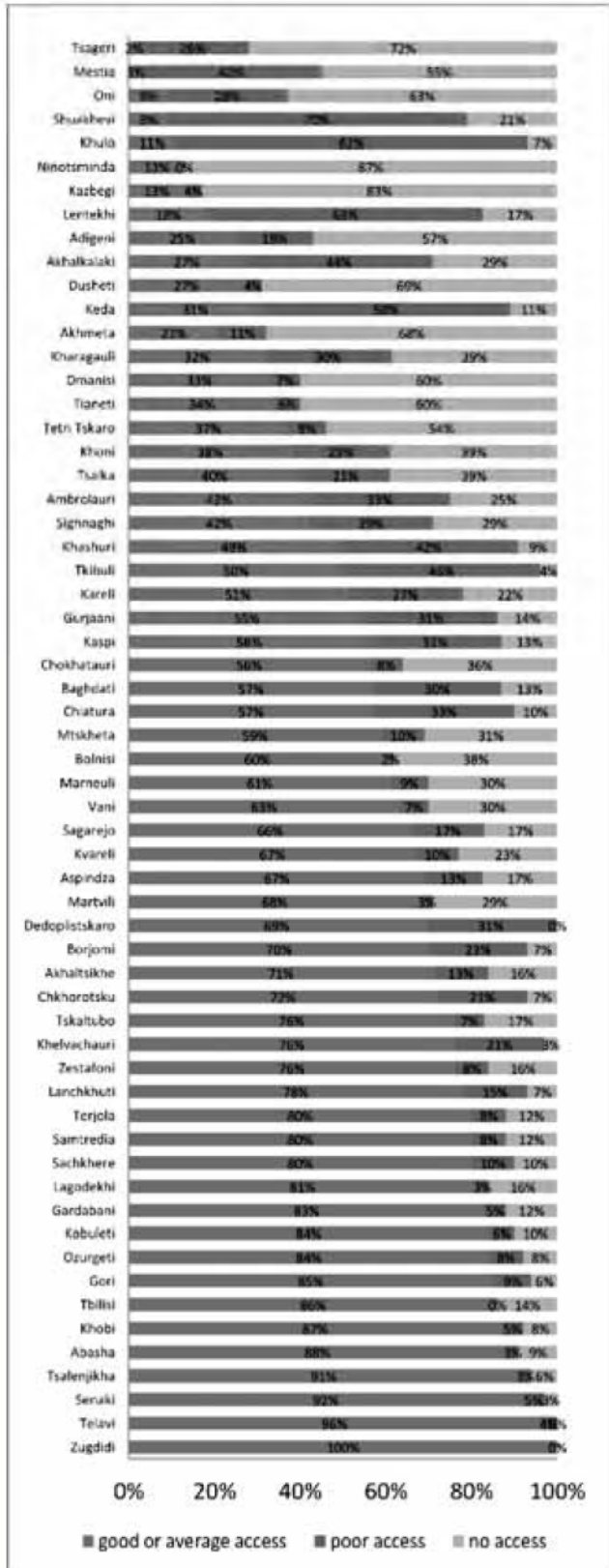
Annex 3. Self-Governing Communities According to G Coefficient

Self-Governing Communities According to the Coefficient of Geographic-Transport Accessibility (G)

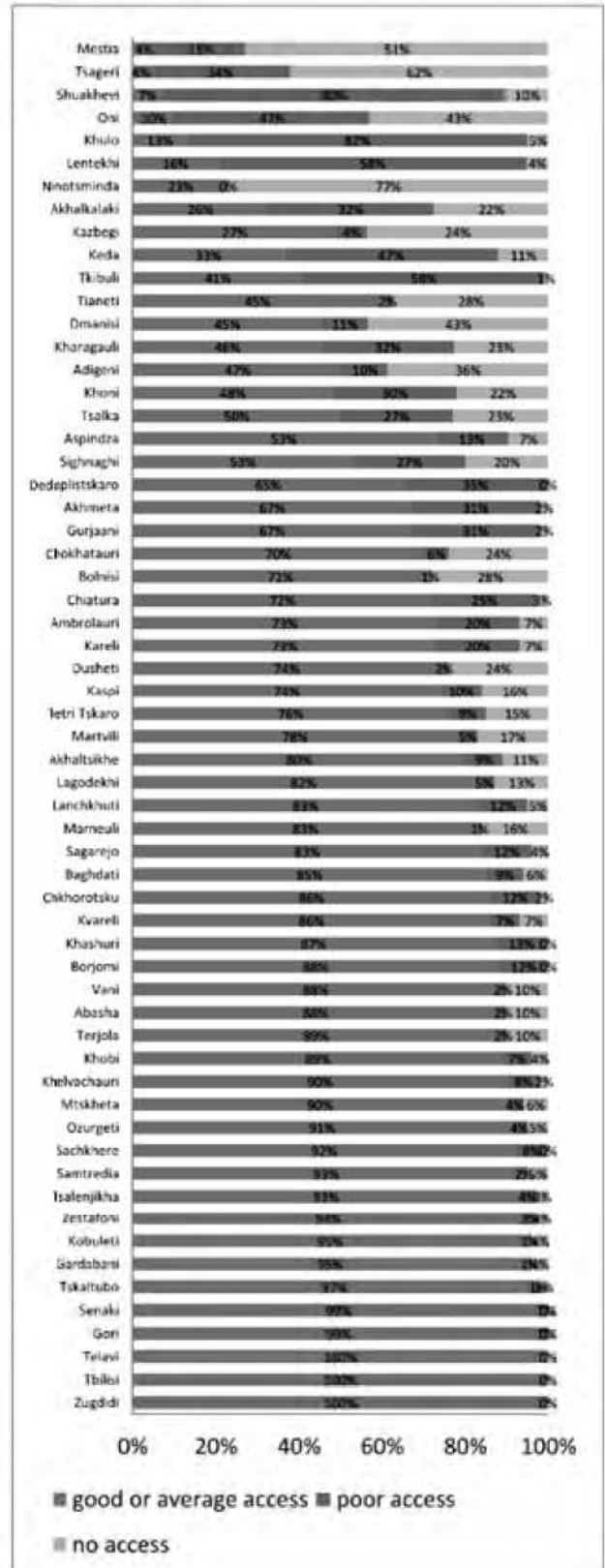
| Municipality | G | P | Municipality | G | P |
|-----------------|-------|---------|----------------|--------------|---------------|
| Shuakhevi | 0,003 | 21 608 | Sachkhere | 0,195 | 55 779 |
| Gardabani | 0,037 | 96 876 | Tsalenjikha | 0,202 | 46 400 |
| Gori | 0,064 | 97 162 | Khobi | 0,208 | 39 067 |
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| Kaspi | 0,136 | 56 238 | Adigeni | 0,394 | 21 976 |
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| Telavi | 0,156 | 51 342 | Tsageri | 0,409 | 16 675 |
| Marneuli | 0,157 | 58 872 | Vani | 0,410 | 34 567 |
| Chiatura | 0,162 | 64 036 | Chokhatauri | 0,426 | 22 458 |
| Tetri Tsqaro | 0,173 | 27 737 | Tianeti | 0,484 | 13 770 |
| Dedoplis Tskaro | 0,174 | 32 351 | Abasha | 0,522 | 30 149 |
| Martvili | 0,176 | 46 558 | Baghdati | 0,551 | 29 544 |
| Khulo | 0,177 | 34 757 | Khoni | 0,618 | 31 902 |
| Kvareli | 0,180 | 41 835 | Ambrolauri | 0,635 | 11 593 |
| Kareli | 0,182 | 53 636 | Aspindza | 0,718 | 13 966 |
| Kharagauli | 0,182 | 28 188 | Oni | 1,488 | 7 723 |
| Terjola | 0,188 | 45 404 | Lentekhi | 1,681 | 8 476 |
| Samtredia | 0,189 | 65 967 | Kazbegi | 2,017 | 7 201 |
| Sighnaghi | 0,194 | 43 277 | <i>Average</i> | <i>0,319</i> | <i>44 512</i> |

Annex 4. Access to Transport

Access to transport to a municipal centre - percentage share from total number of villages



Access to transport to a municipal centre - percentage share from total number of population



Annex 5. Stages of Modelling

The crucial precondition for creating self-sufficient and effective territorial communities is the necessity of thorough analysis and adherence to safety principles while developing the projects of their administrative bordering. Developing the model of self-governing community borders should rely on:

- Analyzing the change of administrative and territorial borders over a long period of time, revealing the “strong” sections of the borders of the municipalities, former self-governing units before 2006 and current territorial units and considering those new conditions, leading to the inevitability of changing them;
- Studying the networks of agency and economical division (highways, railways, energy provision, forestry, healthcare, education facilities, shopping networks, etc.), unity of which reflects the 21st century reality of agricultural, infrastructural and social division and perspectives of their development;
- Revealing the differences caused by the inequality between the standards of living and the living conditions of cultural and geographical communities, specifics of traditional regional division of Georgia and the existing reality of the ethnic and religious composition of the population, in order to make sure that the implemented change supports the establishment of civil peace and undermines the social basis for the emergence of the hotbeds of tensions;
- Analysing the objective indicators, such as the number and the density of population, demographical situation and tendencies of its change, ratio of geographical and transportation availability to the potential administrative centre, probable tax base settings for creating the local budget stipulated by the activities of agricultural and industrial enterprises operating on the territory of the community, etc.
- Analysing the primary locations of employment and daily migration flow.

Stages of modelling of self-sufficient and efficient self-government communities:

a. Formation of new communities on the base of centres of economic activity:

1. Defining the centres of economic activity (current municipal centres, which were never granted the status of self-governing city; towns and large villages located in the infrastructural nodes), which revealed the stable tendency of economic growth; in the case of granting them the status of municipal centres, their axes of city-creation are diversified, through which they become the sources of urban development and create the perspectives of employment as a result of release of workforce caused by the agricultural intensification;

2. Outlining of the boundaries of self-governing communities, which will be estimated at the equal distance between the administrative centres, considering the zone of influence of the centres of economic activity. If there is no reliable transport connection between the geographically close settlements (road, bridge, other engineered structures), or it is inexpedient to build such structures, such settlements will be included in the different communities. This also applies to the neighbouring settlements, which are separated by the natural barriers: rivers, ravines, mountain ranges, forests, etc.

3. It is not recommended to create very small self-governing units, where the forecasted budgetary provision per capita may be very poor or very high, compared to the national average. The exceptions can be made only in those cases, when the separation of the community is stipulated by the insurmountable geographical factors (mountain ranges, deep ravines, swamps, etc.). For this purpose, it is recommended that the G ratio of accessibility of self-governing community, as a rule, does not exceed 1,0 and/or the number of population is not less than 3000;

4. Existence of more than one economic centre in the community is not recommended, for in the future this may cause the internal conflict in the society. In this case, it is better to form two or more municipalities around different centres, meeting the condition that their G ratio does not exceed 1,0 and/or the population is not less than 3000.

b. Formation of self-governing communities on the social and cultural base

1. If the group of settlements is significantly remote from the centres of economic activity or there are the problems of communication connections (bad roads, mountains, rivers, etc.), such settlements form separate self-governing communities. In this case we should remember, that such communities will require bigger investments for infrastructural development.

2. During the formation of self-governing communities on the territories without the centres of economic activity, priority is given to grant the function of administrative centre to the settlement, which is perceived as social, cultural, religious or commercial centre by the neighbouring settlements. If there are several such settlements and the public opinion about selecting the future administrative centre is divided or not defined, priority is given to the settlement which has a better (higher) G ratio even in the case if its population is smaller, compared to other settlements. Meanwhile, the perspectives of the social and economic development (markets, transportation communication intersections, etc.) of this settlement, as a future municipal centre, should be considered.

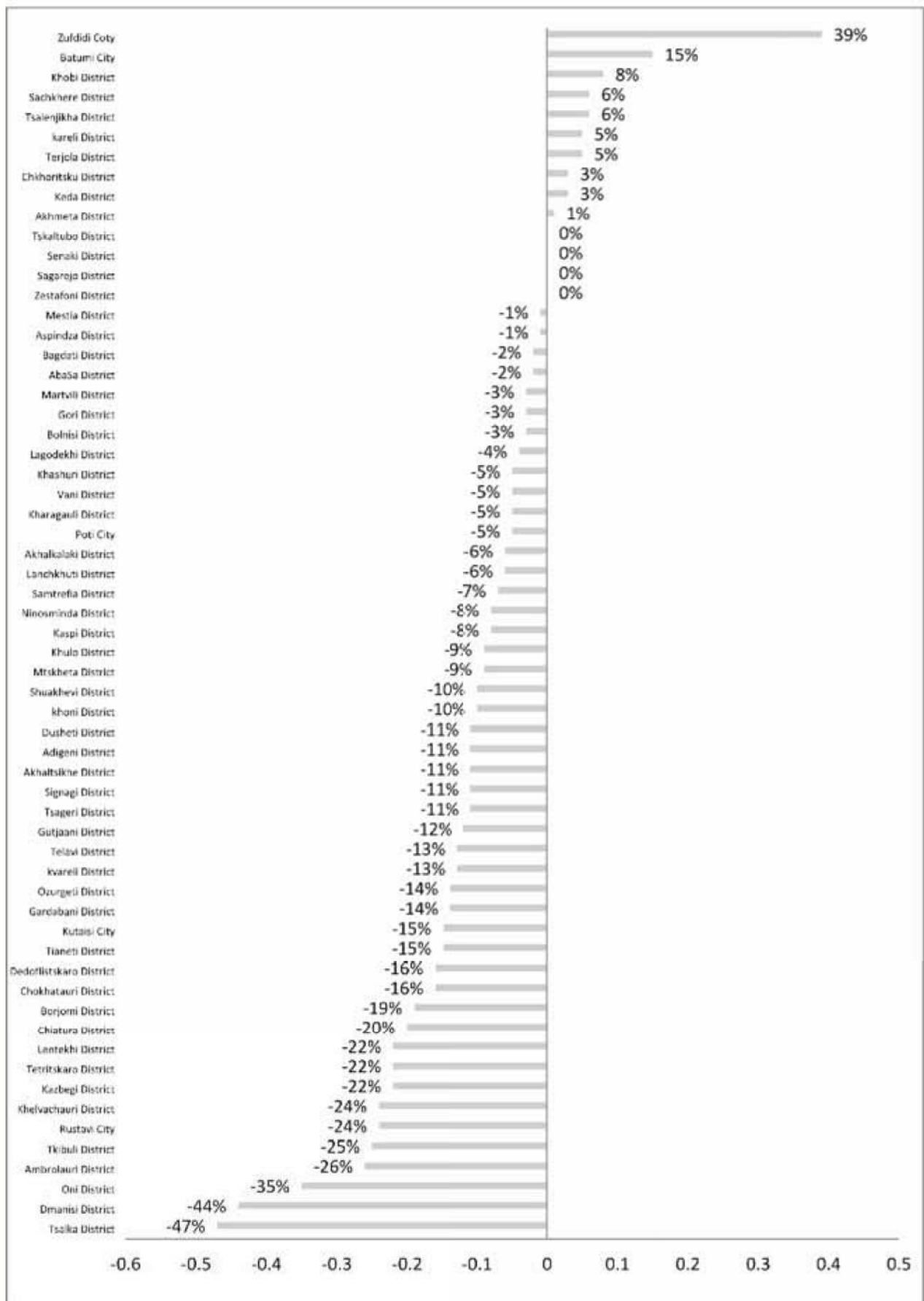
3. The separately located settlement, which is not exposed to the zone of influence of any centre of economic activity, belongs to the community, with the closest administrative centre from the viewpoint of transportation accessibility, also considering other factors of better budget structure and the preference of the majority of population determined by the survey.

c. Recommendations for defining the borders of the self-governing communities:

1. As a rule, the borders of two self-governing communities will be defined at about equal distance from the borders of administrative centres;

2. The borders should be defined along the features of the terrain (mountain peaks and watersheds, rivers, railways, forest and valley roads and other topographical objects);
3. The borders of land use should be considered, but are not ultimate. If the topography permits, it is preferable to define the borders with the straight lines, meeting the condition that the land area, registered as a single object (plot) at the Public Registry, is not crossed.
4. It is desirable to mostly protect the unity of the self-government borders existing before 2006.
5. It is desirable the area of the new self-governing communities to be equally balanced and include the internal roads connecting the settlements within the municipalities;
6. While defining the borders of the cities the tendencies of their growth should be considered (in the directions of highways, riverbanks, nearby factories), as well as the necessity of including the airports, railways stations, recreation zones;
7. The borders of a self-governing unit should correspond to the borders of neighbouring community or the state border and should be continuous (part of one municipality may not be included in another municipality);
8. In all cases, drafting of the spatial arrangement project should precede the process of defining the new borders. In this process, the national and state interests (infrastructural, defence, protected areas, zones of monumental protection, etc.) should be defined beforehand.

Annex 6. Population change in 1990-2013



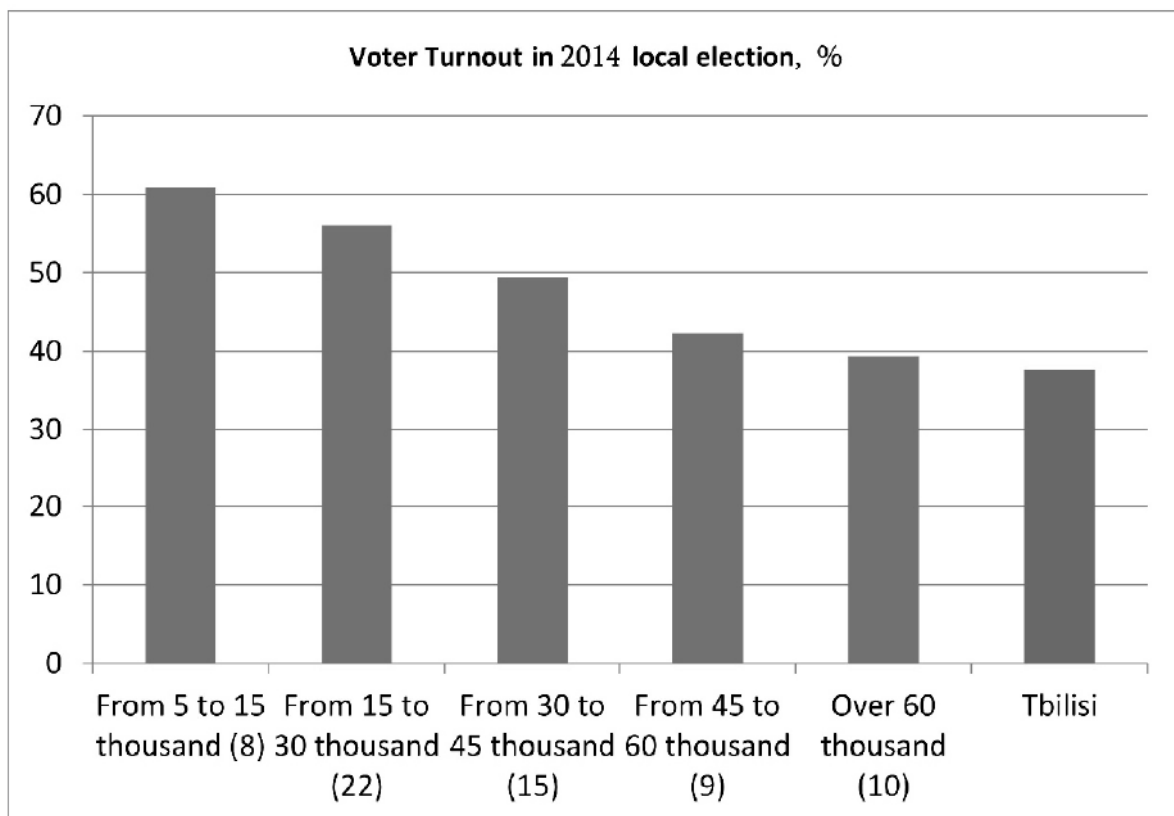
Annex 7. Average agricultural land area

Average agricultural land area per holding (hectares), 2010

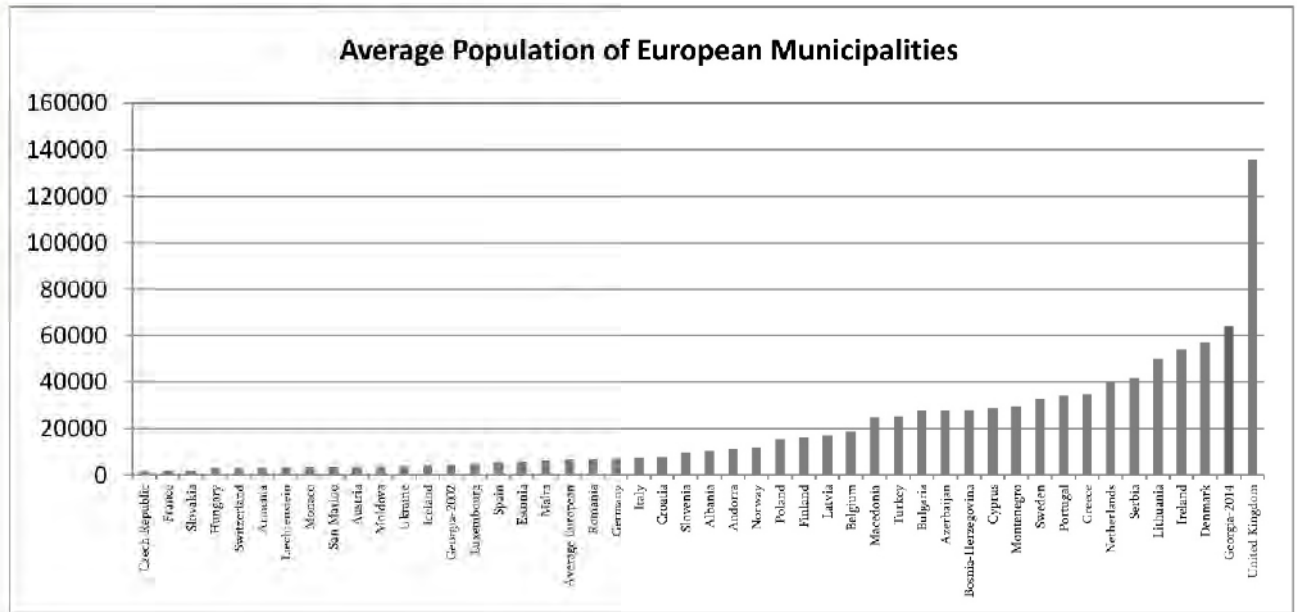
| Country | Average land area per holding | Country | Average land area per holding |
|----------------|-------------------------------|-----------------|-------------------------------|
| Cyprus | 3,1 | Norway | 21,6 |
| Romania | 3,4 | Spain | 24,0 |
| Greece | 5,8 | The Netherlands | 26,0 |
| Slovenia | 6,4 | Slovakia | 28,1 |
| Italy | 7,9 | Belgium | 31,7 |
| Hungary | 8,0 | Ireland | 32,3 |
| Luxemburg | 9,35 | Finland | 35,9 |
| Poland | 9,6 | Sweden | 43,5 |
| Bulgaria | 9,8 | Estonia | 47,7 |
| Portugal | 12,0 | France | 52,6 |
| Latvia | 13,7 | Germany | 55,8 |
| European Union | 14,1 | Denmark | 64,6 |
| Austria | 19,5 | Great Britain | 78,6 |
| Latvia | 21,5 | Czech Republic | 152,4 |

Source: www.epp.eurostat.ec.europa.eu/portal/page/portal/statistics

Annex 8. Voter Turnout 2014



Annex 9. Average Population of European Municipalities



Annex 10. International Experience in the field of administrative reform⁵⁰

During past two decades almost all post-soviet countries implemented the local self-government reform. For example, in Latvia, unlike the other countries, the reforms were implemented considering the political and geographic criteria instead of historic and cultural aspects. The Latvian Government issued a law on administrative and territorial reforms and created a special commission for defining new political/geographic borders. The criteria laid out in the above mentioned law are given below:

Part 10. During the process of drafting the proposals for the administrative and territorial division, the following criteria will be considered:

1. Ensuring the long-term and balanced development of the country's territory;
2. Existence of the necessary infrastructure for implementation of functions imposed on the local self-governments;
3. The size of a country's territory;
4. Population living on the country's territory;
5. Density of population living on the country's territory;
6. Availability of the services offered by the local self-governments;
7. Existing economic, geographical and historical connections between the local self-governments;
8. Ensuring the ideal size of the local self-governments existing in the country considering the interests of the self-governments of the neighbouring country;

The commission working on the issues of administrative and territorial reforms developed the additional criteria by defining the four main characteristics of the local self-governments:

1. The minimum number of population – 5000 residents;
2. Existence of a city on the territory of a single municipality;
3. The road system should meet the functional standards;
4. The distance from the periphery to the center should be a maximum of 30 kilometers.

In **Denmark** territorial reorganization aimed to maximize the effectiveness of state services and reduce the administrative costs by administrative and territorial consolidation. The reform relied on two simple criteria:

1. A single city – a single municipality (according to this criteria the reorganization of the territories was implemented according to the urban centres (cities); The regional settlements without urban centres were not formed into municipalities);
2. The population of a new administrative unit should not be less than 20.000 residents (the criteria of minimum population).

In **Sweden** the cluster division of local units was implemented using the so-called “natural territory” ratio, based on the criteria used in the process of territorial reform, which indicates the consolidation of regions around the commercial/economic centres. As a result of the reforms implemented in 1950's the number of self-governments was reduced from 2,500 to 1,000. After 20 years, in 1970's, Sweden decided that the reform had not been able to achieve the set objective, from the viewpoint of increasing the effectiveness of state services and scale economy. For this reason, the second round of state reorganization was implemented, which reduced the number of self-governments from 1,000 to 290 units, as it remains currently. Therefore, as a result of territorial reforms, the number of self-governments in Sweden were reduced by 85%, or from 2,500 to 290.

Albania has recently undertaken the review of administrative and territorial borders and has used the similar criteria for consolidating the municipalities and settlements:

1. Pursuant to the Law 8653 “About the administrative and territorial division of the Republic of Albania” issued on 31 July 2000, the baseline self-government units in the process of administrative and territorial arrangements are represented by the “regions”;
2. New administrative units can be formed within the borders of regions or as a result of consolidating two regions, if the following criteria are being fully met:
 - New self-governing unit represents the functional zone itself. Functional zone is the territory, where there are close and frequent contacts between the population and institutions for reaching economic, social and cultural objectives. Functional zone is organized around the urban centre, where the number/concentration of the population is the highest compared to other urban centres and the given centre can offer the wide scope of state services to the population residing on its territory.
 - The territorial distance from the urban centre allows the residents to take advantage of all serviced offered by state;
 - The new unit meets the principle of territorial continuity. The principle of territorial continuity means that the local self-government unit fully covers the respective territory and does not include the territorial “islands” of other units.
 - Sufficient number of residents should live on the territory of the unit and its unity should be stipulated by the geographical features of the zone. The sufficient number of residents is more than 30,000 people.
 - Common historical traditions should exist on the territory and the residents of the settlements should share the traditional ties;
 - Pursuant to the law, the borders of the new units adjoining the self-governing units will not be divided, but rather will be fully included in the borders of a newly formed unit.

⁵⁰ Technical guide for effective planning and implementation of local government reform, Glendal Wright, USAID, July 2014

Aside of the above mentioned criteria, in order to protect the interests of ethnic minorities, in the cases of the territories inhabited by the ethnic minorities, the exceptional criteria will be applied.

It should be noted, that all of the above mentioned international examples suggested merging or consolidation of local self-government units for increasing the effectiveness of state services.

After the collapse of the communist system in the central and eastern European states the number of self-governments significantly increased, since the territorial arrangement was implemented according to the traditional settlements (villages) existing before the communist system. Such was the beginning of 1990's in Hungary, Czech Republic, Slovakia and Macedonia.

Kosovo is the only state among the central and eastern European countries, where, during past 3 years, large territorial units were divided into the smaller ones. Such division of Kosovan territorial municipalities was not implemented according to any specific criteria.

Annex 11. Increase in the employment rates and salary funds in the self-government

The increase in the number of municipalities is accompanied by the probability of increasing the number of individuals employed by the local self-governments and state service providers, which is linked with the increase in administrative costs. Therefore, it is important to anticipate how the proposed model of administrative reform affects the budgeted administrative personnel costs and what measures can be taken for minimizing the impact.

According to the proposed model the number of municipalities in Georgia is increased almost three times, respectively the necessary calculations need to be made for the case of doubling the existing 70 municipalities using the existing staff units and average salary rates (except for the city of Tbilisi and the municipal bodies displaced from the occupied territories).

According to the 2014 data, there are 2,511,081 voters in the 70 municipalities (except Tbilisi), so the average number of voters per municipality is 35,872. In the case of doubling the number of municipalities the average number of voters per municipality will be 17,936.

According to the Item 1 of the Article 156 of the Local Self-Government Code, the restriction on the number of civil servants of the local self-government was introduced according to the Staff Census of Gangeoba/City Hall and the City Council Apparatus. Based on the given restriction all municipalities managed to optimize the number of employees by the 2nd half of 2014. By this formula, the total marginal number of civil servants in 70 municipalities should be 8,092.

Despite the fact that the given formula indicated in the article was changed based on the political perspectives, allowing the municipalities to increase the staff number (in total 10,413 staff units in 70 municipalities), this change was applied by slightly more than a half of the municipalities and by Spring 2015 the number of staff units in the municipalities was increased by only 11. Therefore, the experience revealed, that it is quite possible to optimize the staff units in the municipalities using the formula provided on 5 February 2014, according to which the average number of civil servants of Gangeoba/City Hall and City Council Apparatus in 140 municipalities will be 70 (minimum number of civil servants: 30 staff units + 35 staff units on 17,936 voters + 5 staff units on majoritarian districts).

| Position | Average Salary, GEL | Average Number | Monthly Total |
|---|---------------------|----------------|---------------|
| Gangeoba/City Hall | | | |
| Gangebeli/Mayor | 2 650 | 1 | 2 650 |
| First Deputy | 1 600 | 1 | 1 600 |
| Deputy | 1 500 | 2 | 3 000 |
| Head of Service | 1 150 | 9 | 10 350 |
| Head of Department | 1 000 | 12 | 12 000 |
| Chief Specialist | 620 | 10 | 6 200 |
| Leading Specialist | 570 | 9 | 5 130 |
| Senior Specialist/Specialist | 520 | 9 | 4 680 |
| Assistant Gangebeli | 850 | 1 | 850 |
| Representative of Gangebeli | 900 | 8 | 7 200 |
| City Council | | | |
| Chairman | 2 650 | 1 | 2 650 |
| Deputy Chairman | 1 800 | 1 | 1 800 |
| Chairman of Commissions | 1 400 | 5 | 7 000 |
| Chairman of Fraction | 1 400 | 6 | 8 400 |
| Head of Apparatus | 1 150 | 1 | 1 150 |
| Chief Specialist | 620 | 3 | 1 860 |
| Leading Specialist | 570 | 2 | 1 140 |
| Senior Specialist/Specialist | 520 | 1 | 520 |
| Assistant Chairman | 850 | 1 | 850 |
| Total | | 83 | 79 030 |
| Including : Civil Servants (using the formula) | | 70 | |

As per the situation of February 2014, using the existing salary rates of the municipalities and the average number of positions and fractions for calculation, as a result of implementation of administrative and territorial reform by the proposed model, the monthly salary fund of the civil servants of average 70 municipalities is 79 thousand GEL, and the marginal number of Civil Servants of self-governments in all municipalities (except Tbilisi) will be 9,800 (using the February 2014 formula).

For a comparison, currently in 8 municipalities with less than 12,000 voters the number of civil servants suggested by the formula is 71 and their monthly salary is GEL 74,713.

In this case the maximum number permitted by the legislation on the civil servants of local self-governments will be reduced from 10,413 to 9,800, or by 613 units and will be closer to the actual number of civil servants employed by 70 municipalities (8,765 employees). Meanwhile, the number of officials of City Councils, which is not encompassed by the given formula, will increase from 903 to 1,820 or by 917 units.

After implementing the reform using the suggested model, the maximum number of officials and civil servants in the self-government will increase by 310 units and in total will be 11,620 employees. In this case the monthly salary costs of officials and civil servants of local self-governments will be 11 million GEL in total.

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