

2. Georgian Context

2.1. General Picture

As a rule, local self-government has two goals which concern the public's satisfaction: provide public services and consistently communicate with citizens in order to take local interests into consideration. In Georgia, the government has traditionally, but not always, provided public services through local self-governments. It has not always considered local interests or ensured public participation in management processes, however.

Public participation, both terms of governance and decision-making processes, has long been a formality, in part due to Georgia's Soviet legacy. Even minor rights guaranteed by the country's legislation have never been practiced in reality.

Consequently, the central government has failed to represent the interests of local groups while implementing different programs. These circumstances have negatively influenced the public's attitude and have contributed to the public's frustration and nihilism towards the state.

In the 25 years since Georgia regained its independence, the country's political elite have failed to decentralize the government and redistribute duties and resources to local governments. It has justified its policy on the grounds that citizens are not ready to participate in the process. In addition, decentralization has never been a priority given all the other challenges the country has faced (reinstatement of territorial integrity, severe social and economic crisis, etc.). The development of local self-governance systems since 1991 may be divided into several stages:

- Stage I – The local self-government system was created as a result of the first multi-party elections held in 1991, and started operating. It was strictly controlled by the central government (prefects appointed by president), and further development was terminated due to civil war (1992) and its aftermath.
- Stage II – A period of centralized governance (1992-1998), when mayors and governors (in municipalities) and state governors (in regions) were directly appointed by the central government and in charge of the government on the local level.
- Stage III– The reestablishment of self-governments (1998-2006). Municipal elections were held in 1998 and 2002; local representative bodies, such as councils, were created at the town, borough, community and village levels as well as on the municipality level. The rights and responsibilities of self-governing units were defined in the state legislation. Despite the fact that there were frequent changes in the duties and responsibilities assigned to local governments, the central government did not allocate financial and material resources to locals and, as a result, self-governments were not able to fulfil their legal duties and responsibilities.
- Stage IV (2006-2012) – After the “Rose Revolution,” particularly following the re-organization of the territorial basis of self-governments, there was a growing tendency away from decentralization in Georgia: the lowest level of self-government was eliminated on the grounds that the municipality level would gain more financial resources to implement duties and responsibilities, however the process of decentralizing public finances did not start until later. Simultaneously, the central

government strengthened control over local self-governments, which came close to losing their right to make independent decision.

- Stage V (since 2012) – The government that came to power in the October 2012 parliamentary elections has made decentralization one of its priorities, and several steps were taken in this direction, but the rate of reforms, particularly since 2015, has decreased and now there is a tendency to return to the centralized governance (expansion of self-governanced units, reducing the sources of financing, attempting to overthrow local self-governments by central government, etc.)

The limited rights given to self-governments in the fourth stage of reforms have further weakened the already poor level of public engagement. At the same time, the centralized system of public services often falls short of meeting local demands. As a result, self-governments have become more politicized: with every change of government at the central level, self-government officials have traditionally switched party alliances (1992, 2003, and 2012).

2.2. General Situation

The general tendencies in local self- governance are clearly reflected in the different directions of the decentralization process:

Legislation. The legislative framework needs to be significantly changed. In particular, normative acts often contradict each other and the principles recognized in the Constitution of Georgia, European Charter on Self-government and Georgian law, specifically the code on local self-government. Moreover, there are contradictory provisions in separate articles of a particular law. Legislation is frequently changed. Approximately 200 sectoral legislations need to be aligned with the organic law on local self-governments. At the end of 2015, the government of Georgia developed a set of amendments intended for 174 of the current laws. The proposed changes passed the first hearing at the parliament but the process is currently suspended. Also, it is obvious whether the government will implement a huge number of code-imposed obligations (separating specific taxes on the local and central levels; taking inventory of state-owned property and initiating the process of transferring a large part to local governments; preparing a government strategy for Georgia’s territorial optimization; increasing the power of the local governmental, etc.) by the deadline – or, the government does not make any relevant statement at all.

Territorial organization. In 2006, the lower level of self-government was eliminated on the grounds of streamlining local self-government resources (over 1000 units); five self-governing towns and municipalities were created as the country’s only self-government level units.

Based on a new law adopted in 2014, the number of self-governing cities increased from 5 to 12 as a result of separating regional centers from the existing municipalities. The territorial management in the remaining municipalities has not changed, however. Regardless of a law that required that the Georgian government create territorial optimization models (in favor of dividing large municipalities into homogeneous entities) throughout the country, which should have been handed to the parliament before October 2016, no such model has been made. In fact, the issue of expanding units of self-governance is still being actively debated within the government.

Despite a 25 year-long discussion on the feasibility of creating a regional level of self-government in the

country, the issue of territorial organization remains a problem. The central government is represented by the governor, who is appointed in regions that lack an elected body. Self-governing Tbilisi, the autonomous regions of Adjara and Abkhazia, and the “former South Ossetian provisional administration” are exceptions to that rule.

The new legislation establishes consulting councils, which include the heads of regional municipalities, at the regional level. To date, a distinct breakdown of the rights and responsibilities of the regions does not exist and is not planned. This issue has created some problems due to the implementation of obligations undertaken by the Association Agreement between Georgia and the European Union.

Formation and activity of self-government structures. The council represents the self-government, while the local administration (in municipalities) and the mayor’s office (in self-governing towns) represent the executive government.

In the 1990s, the central authorities directly managed all levels of government. Even when local self-government was introduced with the 1998 elections, the capital retained most power over local affairs. Following the “Rose Revolution,” the ruling party managed to secure a one-party system at every level of government.

In the 2014 municipal elections, executive bodies of the municipalities – mayors and district governors – were elected directly. Following the elections there was a significant increase in the number of opposition parties represented in the municipalities. It is noteworthy that directly elected executives have displayed a higher level of awareness and responsibility towards the public following the election. These positive changes become stronger due to a closer date of the local elections and the central government continues to influence the self-government bodies; the quality of law making at the local level is low.

Duties and responsibilities. Local self-governments implement their own duties and responsibilities, in addition to those delegated to them by law. The following is a list of responsibilities as defined by the law (16th article of Georgia’s organic law on local self-governments):

- Management of natural resources of local significance;
- Spatial-territorial planning of municipalities and development of relevant rules and procedures in the field;
- Approval of urban planning documents;
- Municipal landscaping;
- Maintain and clean the municipality streets, parks, squares and other public places, landscaping, provision of street illumination;
- Municipal waste management;
- Water (including technical water) and sewerage provision;
- Development of local reclamation system;
- Establishment of preschool and after-school education institutions and their maintenance;
- Management of local roads and traffic organization;
- Provision of parking spaces for transport and regulation of relevant rules;
- Provision of permits for regular transportation within the municipal territory;

- Organization of municipal transport services for citizens;
- Regulation of outside trading, bazaars and markets;
- Issuance of construction permissions and their monitoring;
- Regulation of issues related to meetings, rallies and demonstrations;
- The naming of sites within the municipal boundaries;
- Regulation of outside advertisement;
- Resolution of issues related to domestic and stray animals;
- Creation and maintenance of cemeteries;
- Protection and development of local customs and traditions, creative activities and cultural heritage;
- Maintenance, reconstruction and rehabilitation of local cultural monuments;
- Management of municipal libraries, clubs, cinemas, museums, theaters, exhibition halls, and sports facilities and establishment of new facilities;
- Development of appropriate infrastructure at local facilities for people with disabilities, children and the elderly citizens;
- Registration of the homeless and the provision of shelter for them.

In addition to these tasks, at their own initiative the municipality has the right to resolve any issue that is not already assigned to another governmental body and is not prohibited by law: activities regarding employment; agriculture, including agricultural cooperation; tourism support and development; social assistance and health care; development of local youth policy; promotion of public sports; environmental protection; public education; support for gender equality; creation of local archives; public health; environmental protection; attraction of investments for the municipal area; support and development of innovations.

Local governments' responsibilities increased under the new legislation. For example, now the municipality is responsible for the local water supply and issues related to domestic and homeless animals; and registering homeless people and providing them with shelter. The lack of relevant legislation and institutional organization, however, has complicated and delayed the implementation of these new responsibilities at the municipal level.

At the same time, certain responsibilities were transferred from the local self-government to the central government. Something similar happened during the previous government, when self-governments delegated the management of fire and rescue services to the central government (Ministry of Internal Affairs). Previously, municipalities were responsible for funding these services.

Economic foundations. Local governments still struggle to meet all their responsibilities, despite the fact they generate revenue and there has been a degree of growth in the equalization payments since 2012. While there has been a trend of increasing the funding of local self-governments over the past decade, it is mainly at the expense of equalization payments and regional state programs (Municipal Development Fund, the Regional Development Fund, etc.). On average, 20 percent of the state budget is

used to finance local governments.

The decision to start converting income tax into a shared tax and allocate part (tax on the revenue of a physical person – entrepreneur) for the local self-government, which started in January 2016, should be assessed as a positive development.

It is still unclear, however, how the central government funds that have been assigned to be spent at the local level will be relocated to the local self-governments' budgets. The Georgian government still needs to improve the rules of calculate of equalization payments, which the government is obliged to do under an agreement with the Council of Europe.

The service procurement policy is also problematic and is largely focused on the price, not the quality.

The process of transferring properties to the local governments remains complicated. In accordance with the new legislation, the government had an obligation to finish the inventory of all the properties in its possession by 2017 and begin transferring them to the municipalities. However, it is unlikely that this work has not been carried out till today.

Budgets and budgeting process. The structure of local self-governments' budgets is also being changed, in terms of receipts and payments.

In exchange for allowing the local governments to retain a part of citizens' income tax payments, the central government has reduced the total volume of transfers. For example, in 2015-2016 the amount of transfers was reduced by 27.3%: 235 million GEL compared to 336 million GEL (which included the equalization transfer.)

The distribution of funds for self-governments was also changed during this period, leading to some fundamental shifts in local governments' expenses.

- Expenses have increased in several areas: economic activity (by 14.4%, for a total of 36.2 million GEL), housing-utility field (by 9.8%, for a total of 20.8 million GEL), healthcare (by 29.0%, for a total of 10.3 million GEL) and preschool education (by 13.1%, for a total of 20.3 million GEL).
- Funds allocated were reduced: environment protection (by 5.7%, for a total of 7.9 million GEL) and, in particular, for leisure, culture and religion (by 33.7%, 110 million GEL).

It should be noted that the expense of state service for common purpose has increased (by 11.6% - 19.5 million GEL) for local governments despite the fact that the share of resources allocated to self-government bodies for public order and safety has drastically decreased, from 47.2 million to 146 thousand GEL).

As in previous years, the disorganization of the budgeting process is problematic. of the amount of funds allocated from the central budget for self-governments is not finalized at the beginning of fiscal year. As a result, as funding increases or decreases over the course of the year, local budgets have to be corrected. This process disrupts the self-governments' process of planning stable, long-term programs.

Public service. Significant steps have been taken to increase the efficiency of the local civil service reform process:

- 1 percent of the local self-governments' wage-fund budget is now directed towards improving the qualifications of civil servants;
- A strategy to develop service skills has been created and is being implemented;
- Local civil servants are now recruited on the basis of open competition, a reform which had been delayed since 2010 despite the existing legislation;
- The new law on public service, which includes a number of positive provisions and had been postponed, should become fully operational in 2017. Nevertheless, serious flaws have been observed in the competition process. In addition, there were a number of complaints regarding the evaluation forms - the process lacks united, systematic mechanisms, criteria and indicators. The degree of civil servants' qualification and motivation is still low.

2.3. Practice of Providing Public Services

The quality of public services provided in Georgia has never been high, not even in the Soviet period. The situation deteriorated after the country regained its independence, to the point of the near total collapse of the public service sector.

Currently, the central government finances a whole range of projects from the budget. Ambiguity over the provision of services, however, has caused unequal access to particular public goods for certain social classes.

Consequently, despite the fact that local budgets have increased several times during the past decade, the central government assigns additional finances to the municipalities to implement different projects (in 2014, the amount was over 1.8 billion GEL, not including targeted transfers and regional programs). Also, in the following years, the reduction of these funds are noticed – in 2017 municipal budgets are reduced and amounted 1.567 mln. GEL.

The challenges that exist became apparent during the monitoring of different types of public services:

Water supply to the villages is responsibility of the local self-governing body. The current level of financial resources (5-6 percent of the local self-government budget) is clearly insufficient. In general, water quality is not monitored – facilities that previously operated as quality control labs are now closed in most communities. In order to resolve drinking water supply problems in rural areas, a special legal framework was created in the second half of 2015 but the process slowed in 2016 and then stopped.

The repair of **local roads** falls under the supervision of the central government. Infrastructure development programs are usually financed by regional projects fund to be implemented in villages and from the "Village Support Program" (by 2014, approx. 350 million GEL was spent). It is worth mentioning that by 2017 the amount of the fund reduced by 260 mln. GEL and the "Village Support Program" has been abolished.

Cleaning and waste collection is relatively well organized in towns; however the same cannot be said about villages, where these services are not widely available. The responsibility for cleaning and waste collection was assigned to rural settlements in 2014 and, while few communities are currently providing the services, a general positive trend has been observed as some villages have started organizing the cleaning of public areas and waste collection.

Previously self-governing cities had the exclusive right to define a schedule of **passenger transfers**. All municipalities have now been granted this right, however, the necessary changes to sectoral laws have not been made, so they cannot exercise their new rights in practice.

Social assistance and healthcare is the voluntary responsibility of the local government, meaning the self-government is neither obligated nor exempted from providing these services. 5-7 % of budget is spent on social assistance. Only 1-1.5 % of budget is spent on public healthcare, which falls under the responsibility of local self-governments.

Kindergartens – Before 2014, only 5-7 % of local budgets was spent on institutions providing preschool education, which was only sufficient to cover 60-70 percent of the expenses, and thus forced beneficiary families to pay the rest. According to the new governmental strategy, local governments are now responsible for fully funding preschool education, although they have not received any additional funding from the central government to do so. Currently, preschool education is allocated 14% of municipal budgets, but the overall quality of service provision has decreased. A number of municipal kindergartens are under construction.

Culture facilities – The central government started transferring ownership of some facilities (libraries, etc.) to local governments in 2007, but the majority were in poor condition. As local budgets (only 3-5% of local expenses) do not have sufficient resources, the majority of such institutions (mainly libraries) were closed.

Licensing – Most administrative services have been centralized since 2005. Currently, local governments only have the right to issue building permits. No important developments have been observed in this regard and, unlike previous years, there are no new statements by the central government about its plans to delegate this right to local self-governments.

2.4. Civil Engagement

In the summer of 2015, a number of amendments were incorporated in the local self-government code (Articles 85, 85¹, 85², 85³, 85⁴, 85⁵, 86, 86¹, 87, 88), to define:

- Petition procedures (the right to submit a petition has not only 1% of the municipal voters, but also the general meeting of the settlement);
- Format of the Public Advisory Council;
- Accountability forms completed by local political officials.

Another novelty of civil engagement was the direct democracy of community assemblies. Local governments are obliged to take into account advice from the assemblies when making a decision. Particular attention should be paid to the fact that the code enables local councils to grant power to

community assemblies by adopting their statutes. It is difficult to say how effective these assemblies work and how much this process will deepen, however – there are concerns at the central government that the general meetings are ineffective and they should be cancelled.

It is worth mentioning that despite initial disinterest from local communities, the process of rapid formation of the general meetings of the settlement started from the second part of 2016. By January 2017 the general settlement meetings had been held in 272 villages, and 46 petitions were submitted by citizens to the local government during 2016, according to official data, which exceeds the total number of submitted petitions over the last decade.

Despite the apparent success of the general settlement meetings, research indicates that people are growing increasingly frustrated with the local governments (more than 80 percent of citizens have never applied to the local governments). When people do appeal directly to their local governments, the issues they raise mainly concern communal issues, social problems and the issuing of certain documents.

The reported level of civil engagement in the government process was even lower.

General findings

- Similar to the studies implemented in 2013 and 2015, the 2017 study demonstrates differences in terms of the situation in public service delivery as well as the degree of citizens' satisfaction with these services. People feel positive towards changes when they see visible outcomes. At the same time, citizens often express higher satisfaction with services even when their availability is assessed negatively – an attempt to solve the problem makes them feel positive. This particularly applies to village residents.
- In general, residents in rural areas give more positive evaluations to the work of the central or local government than in urban areas. For instance, 53% of respondents in Tbilisi express satisfaction with the work of executive branch (mayor/governor), compared to 68% in other cities and 77% in rural areas.

Society reacts adequately to positive or negative changes without being able to undertake in-depth analysis of specific change. For instance:

- Regardless of the fact that the number of the respondents who support the division of municipalities in smaller units has not increased, the quantity of those who were against this idea has decreased from 52% (2015) to 45% (2017) in urban areas and from 45% (2015) to 32% in rural areas. At the same time, the number of the respondents who find it difficult to answer this question has increased (2013 – 25%, 2015 – 27%, 2017- 44%). We can assume that:
 - *Compared to the previous years, the issue is less discussed in public space and the lack of information prevents a large portion of society from determining their position;*

- *We can assume that the establishment of seven new self-governing cities and the work carried out there resulted in a decreased number of skeptics, but without undertaking a targeted study directly in the target cities this assumption cannot be confirmed or disproved;*
- *The number of those who supported direct election of governor (mayor) has decreased (2013 – 64%, 2015 – 67%, 2017- 53%). It is worth mentioning that citizens could not see any specific results because the election of heads of self-government bodies did not led to them receiving any real mechanisms and their power to make independent decisions has not increased;*
- *The most important strategy of communication between the public and self-governments is believed to be more frequent meetings between local government officials and citizens (2013- 45%, 2015 – 40%, 2017 – 44%) as well as allocating more finances to solve local problems (2013 – 48%, 2015 – 40%, 2017 – 50%). A comparison of the results of surveys demonstrates that when the government made concrete steps in this direction (planning mechanisms for citizens’ engagement in 2015, increase of volume of local budgets), public attitudes improved.*

Citizens’ attitudes towards various types of public services differ. Positive tendencies:

- Some of the services were also positively evaluated in the previous rounds and this rate is even higher. This includes satisfaction with the work of public schools (2013 – 80%, 2015 – 89%, 2017 – 88%), availability of electricity (2013 – 94%, 2015 – 94%, 2017 – 98%), tendency of tourism development (2013 – 29%, 2015- 38%, 2017 – 49%), satisfaction with the most popular public service – taking a ID card/biometric passport(2013 – 92%, 2015 – 93%, 2017 – 98%).
- There are higher levels of satisfaction with the quality of local roads inside the settlement (2013 – 47%, 2015 – 54%, 2017 – 57%) and proper functioning of public transport (2013 – 73%, 2015 – 82%, 2017 – 87%); availability of preschool institutions (2013 – 77%, 2015 – 77%, 2017 – 83%) and the network of vocational schools (2013 – 31%, 2015 – 37%, 2017 – 40%); access to drinking water supply (2013 – 68%, 2015 – 69%, 2017- 72%); gasification in rural areas (2013 – 47%, 2015 – 42%, 2017- 59%); and satisfaction with improved waste management (2013 – 21%, 2015 – 48%, 2017- 54%).
- We also need to mention the services that did not previously exist have just started to operate. For example, street cleaning in rural settlements, which was available to just 6% of rural respondents in 2015, compared to 12% in 2017.

Apart from positive tendencies, there are fields where the situation is severe or tendency is worsened:

- Respondents negatively assessed the absence of several services, for example, the sewage system is not available for half of the population (rural settlements). Another example is the low level of civil engagement in public life – 90% of inquired respondents have not participated in any kind of civil activity at all.
- Respondents report a low level of satisfaction with urban planning (2013 – 54%, 2015 – 52%, 2017 – 54%) and construction policy (2013 – 50%, 2015 – 49%, 2017 – 45%) .
- The following rates started off low in the first survey and fell in subsequent years: number of beneficiaries of free legal aid (2013 – 11%, 2015 – 11%, 2017 – 7%); referrals of citizens to self-

government bodies (2013 – 20%, 2015 – 18%, 2017 – 16%).

- A similar tendency can be seen in the level of awareness about the state program for preventive vaccinations for the population (2013 – 84%, 2015 – 86%, 2017 – 79%) and domestic animals (2013 – 49%, 2015 – 67%, 2017 – 30%) as well as in regard to the number of people receiving agricultural programs (vouchers) (2013 – 81%, 2015 – 70%, 2017 – 48%).

The third round of the study identified a cluster of public services where the situation improved between the first two rounds (2013-2015) and then got worse (2015-2017):

- Decreased number of beneficiaries of state insurance (2013 – 38%, 2015 – 72%, 2017 – 48%); reduced referrals of citizens to hospitals (2013 – 40%, 2015 – 43%, 2017 – 37%) and clinics (2013 – 29%, 2015 – 33%, 2017 – 31%).
- We also need to mention the decreased level of satisfaction with roads outside the settlements (2013 - 73%, 2015 – 80%, 2017 – 77%).