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Analysing the nature and realities of devolution in Georgia**

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List of Acronyms

CLARA	Congress of Local and Regional Authorities of the Council of Europe
CoE	Council of Europe
EU	European Union
GIZ	The German Society for International Cooperation
ISS	Institute of Social Studies
LSG	Local Self-Government
MCA	Millennium Challenge Account
NATO	The North Atlantic Treaty Organization
NGO	Non-Governmental Organization
PIT	Personal Income Tax
UNDP	United Nations Development Programme
US	United States
USAID	United States Agency for International Development

Abstract

The research paper is an empirical investigation of the political economy of decentralization in Georgia, particularly the type and level of devolution as has been attained. It examines the timeline, the design and the trajectories of decentralization policies, finds out the role of the actors in the decentralization process and explores the realities beyond devolution. In order to answer the main research question 'how has decentralization discourse been framed in Georgia?', the research first examines the sequential theory and the political economy of decentralization in order to analytical explain the type and level of decentralization in Georgia, as well as to examine the role of participants in decentralization process. Second, in order to bring an image of the actual application of devolution, the local administrative discretion and decision-making power of the selected municipalities are being examined. Third, the study explores the balance between informal upward and formal downward accountability mechanisms in order to understand the role and influence of the regional governor in regard to local decision-making. Literature review presents the main discussions and debates regarding decentralization and prepares ground for the conceptual framework regarding the concepts such as maintaining administrative power, the information asymmetry, the bargain for power and the accountability lines. The concepts help to analytically explain the main story of decentralization and the nature of devolution based on the participants' narrative. The methodology used in the research project is a single-case study, mix of primary and secondary qualitative data. The primary data is obtained through qualitative interviewing, the secondary data includes published articles, legal documents, relevant research, assessment reports and policy papers.

Relevance to Development Studies

Decentralization has been implemented in many countries with the purpose of improving democracy, increasing government efficiency and improving the living conditions of the citizens, as well as achieving long-term political, social and economic stability. Although in some countries, decentralization has led to a significant progress in the sense of improving service delivery and increasing citizens' participation, however in other countries regardless of the pace of reform, there have been visible problems related to the local democracy, unclear separation of power, lack of citizens' engagement.

The research will contribute to literature discussions about the flaws of decentralization in developing countries to achieve development objectives. The findings can be useful to investigate the reasons why devolution has not succeeded further in other developing countries and contributes to assessing the challenges of designing appropriate decentralization policies.

Keywords

Decentralization, devolution, local government, administrative power, bargain for power, information asymmetry, accountability

Chapter 1 Introduction

Decentralization is one of the most common and widespread reforms of the past generation “being implemented essentially everywhere” (Faguet 2014:1). The importance of decentralization is most visibly highlighted in local self-government that is regarded as the “foundation stone of democracy and the first line of service delivery to the community” (Kersting et al 2009:7). Local governance reforms in global perspective are followed by territorial-administration division of a country, functional and fiscal reforms. Most of the developed countries played a role in shaping the reforms of decentralization and introducing the discourse in developing countries characterized by “donor-driven tendencies” (ibid). Unpacking the concept of decentralization is an important prerequisite for bringing theoretical concept into practice and to plan and implement reforms within a country specific context. UNDP links the concept of decentralization to local self-government and clarifies “it can be a means for creating more open, responsive, and effective local government and for enhancing representational systems of community-level decision making” (UNDP 1998:6). However, implementing decentralization on the one hand and achieving effective local self-government oriented to people’s needs and priorities on the other hand is not an easy task considering that decentralization itself is a complex concept involving many entities, societal actors, and is “a mixture of administrative, fiscal, political functions and relations” (UNDP 1998:1).

Like in other developing countries, the path towards decentralization has been adapted in Georgia as well. Decentralization in Georgia does not have a strong backbone. Instead, the process has been shaken by unstable political life, poor economic conditions and a legacy of the centralized governing when “financial, supervisory, and consultative regulations still link local to central authorities” (Hoffmann 2017:7-8). Generally, the purpose of decentralization reforms emphasizes the importance of institutional capacities at the local level, citizens’ participation in decision-making process, inclusive service delivery and local innovative initiatives for regional development of a country (Agrawal and Ribot 1999; Devas and Grant 2003). Transferring authority and functions to local government is also meant to improve the functioning of the local democracy and to improve the efficiency of public service delivery through local decision-making (Pratchett and Wilson 1996:24).

In Georgia, the above-mentioned processes have been implemented spontaneously but incompletely (Kandelaki et al 2001, Todorovski and Ilik 2014, Skorupska and Zasztowt 2014). As a result, it has produced weak local self-government institutions which are not capable of facilitating local development mainly due to the fact that local governments have been lacking local resources, autonomy and actual decision making power (Hoffmann 2017:7, Kandelaki et al 2001:306) that essentially limits their function (Todorovski and Ilik 2014). Furthermore, being donor and aid-dependent country (Gvindadze 2017:56), the tendencies towards decentralization in Georgia have been framed by appealing to donors’ perspectives and “since 2002, the Georgian governments have launched three major reform programs that claimed to introduce local self-government according to Western European models” (Hoffmann 2017:2).

Decentralization reform in Georgia has achieved normative principles in a sense of legal and institutional frameworks, own competences of the local self-government units are being guaranteed by the law (the Code of Local Self-Government of Georgia 2014). However, on the ground those mechanisms are not sufficient to provide resources for inclusive local service delivery, fostering local democracy, supporting local innovative initiatives and increasing citizens’ participation at the local governing affairs. It should be noted that the initiated reforms and commitment to improve the process of real decentralization has been constantly in motion, but the image of the municipalities still lack the strength and power. The survey

conducted in 2018 in all regions of Georgia except for the occupied territories of Abkhazia and South Ossetia has revealed that 49% of the surveyed population perceives local authorities as unfavourable institutions (International Republican Institute's Center for Insights in Survey Research, Public Opinion Survey in Georgia 2018:24). Chapter XI of the Code of Local Self-Government guarantees institutionalized mechanisms for citizen participation in local self-government (the Code of Local Self-Government of Georgia 2014, Article 85) but the interaction between local citizens and the local government is still passive, reluctant and the survey shows that only 7% of citizens are sure to have real influence on decisions made in their municipalities (International Republican Institute's Center for Insights in Survey Research, Public Opinion Survey in Georgia 2018:52).

The study aims to analyse the devolution or political aspect of decentralization in Georgia. Therefore, devolution in this context refers to transferring the administrative and political power to directly elected local self-government authorities who execute functions on their geographically defined territories, possess a number of competences granted by the law and have constitutionally guaranteed status. The research paper follows the sequential theory and the political economy of decentralization in order to explore the initial context and motivations for decentralization reform, mainly it focuses on the timing, design and trajectories of decentralization reform. The conceptual framework furthermore identifies certain concepts such as maintaining administrative power, the information asymmetry, the bargain for power and the accountability lines to build the conceptual frame and to explain the main story of decentralization in Georgia.

The analysis is based on the secondary qualitative data and the participants' narrative who represent governmental and civil sector actors. The first part of the analysis analytically explains the type and nature of decentralization in Georgia. The second part explores the actual application of devolution. For this purpose, the research selects two municipalities in Georgia and examines the existing structures of power, the local administrative discretion and decision-making power at the local level, investigates the balance between informal upward and formal downward accountability mechanisms.

Thus, the main research question has been developed to achieve the above-mentioned aim: **how has decentralization discourse been framed in Georgia?**

From the main research question, the following sub-questions were developed:

- a) What is the nature of the adapted administrative, political and fiscal policies?
- b) What is the influence of the actors?
- c) How is devolution applied in practice?

The research paper consists of six chapters. The first chapter defines the nature of the research problem, represents the main objective, the main research question and sub-questions of the research project. Chapter 2 explores the relevant literature regarding decentralization and defines the main concepts useful to explain and to answer the main research question. Chapter 3 represents the methodology, data collection process and the conceptual framework. Chapter 4 offers in-depth analysis of the contextual background and describes the context and practices of the cases. Chapter 5 represents the main findings and offers the analysis of the findings based on the conceptual framework. Chapter 6 summarizes and provides the final conclusions of the research paper.

Chapter 2 Defining and understanding decentralization

Decentralization is a broad concept covering the wide range of objectives and forms. Defining and understanding decentralization requires comprehensive analysis that might be achieved by splitting it into main components, practices and objectives. The following chapter discusses about the main concepts, forms and types of decentralization, distinguishes between the context and design dimensions and considers decentralization as a process - a dynamic reform viewed in the sense of political decentralization. The chapter also discusses about the impact of decentralization that implies a holistic approach when fiscal, administrative and political forms are integrated and follow each other. Last but not least, the chapter examines the politics of decentralization and represents the relevant concepts.

2.1 The concept, forms and types of decentralization

Conceptualizing decentralization requires a deep dive into a “conceptual muddle” (Schneider 2003:34) of notions, themes and implications that promise different objectives and outcomes. There is no single universally applicable typology for decentralization and authors, researchers, academics agree that the concept contains number of interrelated aspects that make it difficult to comprehend properly. The four main discussion areas related to centralized versus decentralized approaches such as “tasks of central government, forms of decentralization, types of decentralization, and guidelines to design decentralization” (Cohen and Peterson 1999:2-3) help us to by some means operationalize the concept. Discussions around the tasks of central government focuses mainly on the role that the central government should play in producing collective goods and delivering the services considering economic, social and security capacities of the state. Concurrently, the attention was paid to administration of such goods and services and to the strategies followed by the states with weak administrative and financial capacity (*ibid*). This approach is interesting in a sense that it helps to distinguish the multiple dimensions of decentralization and proposes to measure the dimensions of decentralization in terms of the degree to “which power and resources are taken away from central governments” (Schneider 2003:35) simply because each and every form of decentralization entails “shifting power and resources away from the central government” (*ibid*).

Particular and careful analysis is dedicated to the applications, the benefits and the drawbacks of the forms of decentralization. The following forms of decentralization have been identified in regard to transferring power, responsibilities, authority and sharing the authority and resources for influencing public policy within society (Cheema and Rondinelli 2007:6-7; 9). The four forms include: administrative, political, fiscal and economic decentralization. **Administrative decentralization** refers to delegating authority and responsibility from central government to semiautonomous agents of the state and increasing the cooperation between the government agencies performing the similar functions. The distribution of power is characterised as hierarchical and functional that means, the structures and bureaucracies of central government are mostly deconcentrated (*ibid*). **Political decentralization** on the other hand, refers to devolving decision-making power to citizens and their directly elected local units of government. It involves changes in the structure of government and procedures that lead to increased citizen participation and creates the space for power-sharing institutions that influence the local political decision-making process (*ibid*). Under devolution, local

governments are autonomous and independent from the central government that is guaranteed by their legal status. **Fiscal decentralization** in turn guarantees the fiscal autonomy of local government in regard to public revenue raising and expenditure allocation. It assigns functions and resources to subnational and local governments to implement local policies and programs(*ibid*). Special attention needs to be paid to adequate resources and revenue allocation that is directly related to sufficient local service delivery. As for **economic decentralization**, here the following practices can be identified: market liberalization, deregulation, privatization of state enterprises and public-private partnerships(*ibid*). These forms shift responsibilities from state-owned provision of goods and delivery of services to the private sector.

The above-mentioned four forms of decentralization aim to achieve diverse objectives such as stimulating economic development, improving political accountability and supporting citizens' participation in governing processes. However, achieving the ultimate goals and benefits of decentralization represents a challenge partly because the interrelation between those forms is characterized by "complexities" and a particular type of decentralization shapes the other forms of decentralization (Cohen and Peterson 1999:23). For instance, the demand for administrative decentralization to deliver the collective goods and services throughout the country can be followed by political decentralization only if central government is willing to make decision-making inclusive and to promote democratic election of local level officials and councils (*ibid*). Fiscal decentralization might lead to greater administrative decentralization or might constrain the degree of administrative autonomy if central government systematically imposes regulatory controls (Schneider 2003:40). Alternatively, although directly elected local governments promise better governance and deeper democracy in a sense that local officials become directly accountable for their activities and the citizens become actively involved in local affairs, however the promise can result in "unfulfilled expectations" and "unanticipated problems" (Grindle 2007:2; 10) since decentralization is a process that gradually develops over time and "it is neither a linear process nor one that necessarily results in similar outcomes" (*ibid*). It can generate improved governance and democracy but can also cause deterioration of the local conditions (*ibid*). The mentioned process is a "two-dimensional challenge" (Saito 2008:4) in regard to division, separation of functions among central and local authorities and the coordination between them. Thus, taking into account the "multiple goals, diverse forms and integrated elements of decentralization" (Smoke 2015a:253), it is utmost important to consider the country specific context such as historical, cultural, social factors while defining the goals and setting the priorities of the reform.

Four types of decentralization regarding to the degree of responsibility and discretion transferred from the central to local government are being identified (Rondinelli et al 1983:13-14; 17-18): deconcentration, delegation, devolution, and privatization. Governments around the world have tried different combinations of those approaches. Some of them adapted all four forms simultaneously, others began with one approach and later shifted to another. **Deconcentration** is the most limited form of decentralization and involves the limited transfer of authority to local units when the decision-making is specifically defined by the central authority. It can be described as distributing and shifting the workload but retaining the authority over policies, standards and programs and at the same time monitoring the implementation process. **Delegation** in contrast is semi-autonomous form of decentralization and refers to transferring government's decision-making, responsibility, functions and designated tasks to the organizations or institutions that are under central government's control or independent but legally accountable to it (Cohen and Peterson 1999:28). Delegation indicates that specified functions and duties are transferred from "sovereign authority to an agent" (Rondinelli et al 1983:19) and the latter has broad discretion to carry out the functions but the ultimate responsibility remains with "the sovereign authority" (*ibid*). The

main difference between deconcentration and delegation reside in relatively higher level of autonomy granted to local government through contractual relation under delegation (Schneider 2003:35). In contrast to the mentioned two types, **Devolution** refers to the autonomous lower-level units (provincial, district, local authorities) that are perceived as separate levels of government, having their clearly defined geographical authorities within which they execute their authority, have power to manage resources locally and to deliver services to the citizens (Rondinelli et al 1983). The activities of the local units are outside the direct control of the central government and enjoy statutory authority to raise revenues and to make expenditures locally. Devolution is considered to lead to democracy in many areas through increasing citizens' power, promoting rule of law, improving accountability of the government. Nevertheless, this is not always the case (Cheema and Rondinelli 2007:107). There are visible problems in the implementation of devolution and in central-local relations. Finding the "golden mean between control and laissez-faire" in devolution arrangements and putting it into use is controversial (Cheema and Rondinelli (2007:110). At a certain point, the central government continues their pre-devolution practices to keep themselves and their allies in power and thus, constraining the function of local authorities (ibid).

Lastly, **Privatization** or sometimes named as deregulation implies giving up the monopoly by the government and letting the private firms or non-governmental organizations to serve the public (Cohen and Peterson 1999:29). The arguments behind privatization underline that non-public sector can provide goods and services more efficiently and effectively, as they function with less bureaucratic politics and practices.

The above described types of decentralization generate different forms of relationships between the central and the local government (Schneider 2003:38). For instance, in case of deconcentration, the relation is "hierarchical" and "bureaucratic", in case of delegation it involves "contractual relationship" and in case of devolution it is described as "an arm's-length relationship" (ibid). The difference between the relationships needs to be explained by the degree of autonomy granted by the central government. In turn, the degree constitutes the "syndrome of factors" (ibid) that is useful to measure the real granted autonomy. Taking into account that the forms, the types and the dimensions of decentralization are interrelated and influence the outcome of the reform as well as the function of local level authorities, "synergistic" relation of those elements is the *sine qua non* of achieving proclaimed benefits of decentralization policies (Smoke 2015a:252).

2.2 Context and design in decentralization

Literature discussions about the motives as well as the outcomes of decentralization are various. Shah et al (2004:4) discussing the objectives of decentralization, distinguish several stimulants, such as political and economic transformation and aspiration for the European Union membership, ethnic and regional conflicts, fiscal crisis and external influences through globalization. Some of the case studies underline the positive impacts of decentralization in a sense of making government more responsive to local needs (Manor in Faguet 2004:868), increasing participation and improving performance of government services (Crook and Manor in Devas and Grant 2003:308) and changing the patterns of public investments that lead to the needs based investments at the local level (Faguet 2004:886), while in many other cases the readiness of the developing countries for decentralization reform and specifically success depends on the several surrounding aspects (Adams 2016, Bardhan and Mookherjee 2006, Smoke 2015a, 2015b).

Two dominant performance related approaches in the literature of decentralization has been identified (Smoke 2015a:251-252): the first and early approach deals with the “normative aspect that means how reforms follow the criteria” and are implemented as intended paying attention to the process assessment. The second and most recent approach focuses on the “effects and studies if outcome such as efficient and inclusive service delivery, citizens’ engagement, better quality of life is achieved” (ibid). Neither process nor impact approaches lead to a firm conclusion or results considering that the process is packed with “political, institutional and socioeconomic factors” (ibid). Although the political will and the political drivers greatly shape the processes of decentralization, however the outcome is also affected by the political variables such as the “politics of central-local relations” and the “pre-existing social context” (Crook 2003:78). If central government views decentralization as a threat to their power, the adopted weak policies and an incomplete implementation give rise to “fragmented lines” and “limited grasp of decentralization” that in turn influence how local governments function and manage resources locally (Smoke 2015a:253). The politics of central-level relations explain that decentralization strategies [...]“are not technically neutral devices” (ibid) instead it sheds light to “what interests might gain or lose from any set of institutional opportunities, policy initiatives and resource allocations” (Crook 2003:78). Similarly, pre-existing social context shapes the motives of decentralization and conveys the messages “whether it reinforces patronage and central-local linkages” (ibid) [...] or reduces central level resources through decentralised institutions (ibid).

Considering that local governments are hardly given “*a carte blanche* to enact whatever policies they choose” (Adams 2016:826), there is “a causal pathway” between decentralization, local policy making and policy outcomes (ibid). Decentralization can be designed or implemented in a way that limits decision-making autonomy of local governments or constrains their capacity to manage local resources. The mentioned factors can change the policy maker’s preferences and at the same time can influence the structures of incentives (Adams 2016:825-826; 842).

Furthermore, the literature discussions about the impact of decentralization also highlight the importance of dimensions of context and design in decentralization policies (Bardhan and Mookherjee 2006: 11-12-13). Contextual dimensions mainly focus on the following factors: the importance of local functioning democracy that is regarded as a ground for political participation of different citizen groups who recognize that their voices are heard and their impact on local government is visible. This factor needs to be considered in two ways: if citizens feel that they have little or no impact on the local government, they will become reluctant to engage in the local political processes. The similar perceptions arise if local government does not have much authority over service delivery or local fiscal resources. All together, the factors explain the importance of “institutionalizing decentralization” (Manor 1999:22; 36) that imply not only creation of institutions but most importantly, acceptance of the institutions by the people to whom they are targeted and by the public officials at all levels who shape the effectiveness of decentralization.

As for the dimensions of the design, six main components are being distinguished (Bardhan and Mookherjee 2006:12-13): the first component is the constitutional authority of local governments when their “independent authority is enshrined in the constitution” (ibid) that guarantees their independent function. The second component deals with the free and fair electoral process that includes direct elections of local leaders and at the same time guarantees free participation of multiple political parties in the election process. The third component encompasses a range of devolved responsibilities and allocation of fiscal resources across the areas such as local infrastructure, primary education, local welfare programs. The fourth component ensures financial autonomy of local governments over local revenues, expenditure and budgeting. The fifth component deals with the authority and competence

of local officials in regard to local decision-making, the balance of power between the central bureaucrats and the elected local government officials. And the final component underlines the importance of information and oversight mechanisms that on the one hand, require sufficiently informed local leaders and citizens; and on the other hand, the public services and empowered citizens to oversight the local officials.

The above-mentioned factors construct variables that are affected either by design of decentralization or by underlying contextual characteristics. Evaluating the outcome of decentralization calls for understating why decentralization was designed and timed the way it was (Bardhan and Mookherjee 2006:14). It brings us to the following argument that decentralization is “intrinsically political phenomena” (Smoke 2015a:260) that follows the interests and reflects the preferences of those in power. Moreover, the underlying political motivations also shape the schemes of decentralization policies and influence the sequence of administrative, fiscal and political strategies (Eaton et al 2011:1-2).

2.3 Politics of Decentralization

Political decentralization or devolution is regarded as a key component of decentralization policies and as a foundation for sustainable decentralization in developing countries (Bardhan and Mookherjee 2006, Cheema and Rondinelli 2007, Cohen and Peterson 1999). Cheema and Rondinelli (2007:76) define political decentralization as transferring the power from the central to the local governments who are directly elected by the citizens and as granting them decision-making authority for making “socio-politico-economic decisions at the local level” (ibid). At the same time “empowering communities to demand accountability from their local leadership” (ibid) that fosters democracy and good governance at the local level. Essentially, this form of decentralization perceives local governments as an institutions responsible for providing services to the citizens who in turn have control over their functioning (Cheema and Rondinelli 2007:173). Additionally, a set of constitutional amendments and electoral reforms open space for representation of multiple interests in the decision-making process and allow citizens to define the local concerns (Falleti 2005:329; Schneider 2003:40). Although the aim of devolution is to strengthen authority, accountability and resources of the local government, however, even achieving the political devolution and empowering the local government bodies, their autonomous nature is significantly restricted by political and economic factors (Cheema and Rondinelli 2007:76). Particular attention needs to paid to the adequate policies in designing decentralization in order to allow local government to play an impulsive role in development process (ibid). Still, we need to bear in mind that the sequence of the policies from its starting point to the successive stages are shaped by the strong political facets and the political dynamics (Eaton et al 2011:2).

Al in all, it generates the assumptions that the political economy of decentralization asks in regard to giving up the central power in favour of the lower levels, the persuasive factors behind as well as the roots and causes of the decision (Bardhan and Mookherjee 2006:14). Giving up central power arises tension in the government and makes them reluctant to real devolution (Manor 1999:46). The suspension creates grounds for maintaining administrative power as long as possible in order to impose the central-level influences on the lower level authorities (ibid). However, the process of maintaining administrative power is constrained by the indirect but influential participants in decentralization policies. These participants are represented by the international agencies/donors on the one part and the local civil society

members on the other part (Manor 1999:19-20; Smoke 2015a:254). Dependency on foreign aid impulses national government to launch into donor's decentralized programs and to follow bargaining process for its own political sake (Smoke 2015a).

The above-mentioned political dynamics heavily influence the process of devolving powers and resources. It can modify decentralization and recentralization dichotomy if there is the need to change the course of the power dynamics (Smoke 2015a:253). Among the multiple influencing factors, the local discretion and accountability require particular meaning in this process (Bardhan 2002; Yilmaz et al 2010; Smoke 2015a). There is a direct link between devolution, local discretion and accountability. Discretion and accountability are key components and can be used as tools for manipulating centralization or decentralization policies (Smoke 2015a).

The following possible combinations of discretion and accountability are being identified (Yilmaz et al 2010:284: i) low discretion and low accountability characterized by highly centralized countries; ii) high discretion but low local accountability; iii) strong accountability structures but without a high degree of discretion for decision-making; and iv) local governments with a high degree of discretionary power accompanied by a high degree of downward accountability.

Each of those trajectories lead to a specific policy that is mostly influenced by the politics integrated in framing and implementing reforms (Yilmaz et al 2010:260-262). The special attention needs to be paid to balancing discretion and accountability of local governments for the reason that “a sole emphasis on upward accountability” limits local government's autonomy in decision-making and service delivery and makes them reluctant being accountable towards citizens (Yilmaz et al 2010:281-282). Downward accountability of the empowered local actors can be seen as a tool to make decentralization benefits available for the local population (Agrawal and Ribot 1999:493; 474-475; 477-479). In the absence of downward accountability, we no longer speak about decentralization instead we face a “species of deconcentration” (Agrawal and Ribot 1999:493) when the governments demonstrating their will to take the path towards decentralization but reaching the goal with the “incomplete policies” (*ibid*).

Chapter 3 Methodology and conceptual framework

3.1 Study design and data collection

The research paper is based on a single-case study design that according to Gerring (2016:28) “is an intensive study of a single case or a small number cases which draws on observational data and promises to shed light on a larger population of cases”. By using “within-case analysis” (Lowndes et al 2018:286) and “the typical case study technique” (Gerring 2016:91), the research aims to answer the main research question through analysing the sequence of events and processes that led to shape the decentralization reform in Georgia and to explain the actual application of devolution by focusing on local administrative discretion, decision-making power and accountability mechanisms of the selected municipalities. Apart from the case study technique, the research project uses a mix of primary and secondary qualitative data. Qualitative data is non-numerical and mostly descriptive in nature that means the collected data are in the forms of words and sentences (O’Leary 2017).

For the purpose of obtaining the qualitative data, eight formal semi-structured online individual “elite interviews” were conducted (Dexter 1970:5). Following Dexter’s definition of elite interviews, the interviewee is “given special, non-standardized treatment” (ibid) by the researcher aiming to let the interviewee to not only answer the interview questions directly but to express his/her relevant notions regarding the research problem, the situation and the questions (ibid). The interviewees for the research project were selected based on their personal involvement in and/or experience with local self-government and decentralization policymaking in Georgia. A semi-structured questionnaire was used to gather the information about: the most important decisions in the last ten years about the decentralization policy; the process of devolution and the factors influencing discretion and accountability of local self-government bodies; the main driver of changes and main factors in decentralization policymaking among a number of other issues. The questions were slightly different considering the interviewees’ professional role and expertise.

The selection of the municipalities was based on the status stipulated by the legislation, one municipality with the status of self-governing city and the other with the status of self-governing community. The purpose of the selection was to compare and to find out if the granted status generates difference in practice.

The Table below shows the summary of the interview participants.

Table 1. List of the interview participants

Participants	Position	Date of Interview	Codes	#
Local level				
Mayor of the self-governing city	Head of the local executive body	6 September 2020	LLE1	1
Mayor of the self-governing community	Head of the local executive body	8 September 2020	LLE2	1
Local council of the self-governing city	Chairman of the local representative body	1 September 2020	LLE3	1
Local council of the self-governing community	Chairman of the local representative body	15 September 2020	LLE4	1

Local council of the self-governing community	Chairman of the local representative body	2 September 2020	LLE5	1
Regional level				
Governor	State representative in five regional municipalities	4 September 2020	CLE1	1
Central level				
State policy expert on decentralization reform	Head of the secretariat of the state commission on decentralization and local self-government reform in Georgia	10 September 2020	CLE2	1
Non-state sector				
Centre of Local Democracy Network	Expert on decentralization reform in Georgia	8 September 2020	NSE1	1
Transparency International Georgia	Expert specializing in local government	21 September 2020	NSE2	1
<i>total</i>				9

Due to COVID-19 pandemic restrictions, all of the interviews except one were conducted online using different platforms (Skype, Zoom). In one case, the respondent refused to participate in the online interviewing and instead provided the answers by email. The online interviews lasted on average one hour and a half. I designed pre-established questions in a predetermined order and distributed to the participants beforehand. The questions were open-ended manner and I let the respondents to express their own opinions about the questions and in case of desirability to come up with additional inputs. At the same, I was able to ask the follow-up questions. According to O’Leary (2017), in order to secure an adequate ethical underpinning of the process of qualitative interviewing, the interviewers must create an environment, where “informed consent, no harm and the right to privacy” (2017: 698) is prevalent. The online interviews were all recorded. The prior consent was obtained from the participants and the participants were promised confidentiality. Considering several interviewees’ highly public roles and the purpose to ensure confidentiality, I do not mention the names of the selected municipalities, neither the state and non-state policy experts but I do attribute the quotes to the individual interviewees. However, I also differentiate between the local level elites (mayors, council chairmen), the central level elites (state commission, governor’s office) and the non-state elites (experts/non-governmental organizations). The corresponding codes are represented in the table above.

To enhance the credibility of the interview findings, the secondary data that “exists independent of the research project, that can be found in documents, database and on the internet” (O’Leary 2017: 484) including published articles, numerous legal documents, relevant research, assessment reports and policy papers were used both prior to conducting the interviews and after the analysis to double-check and confirm the elites’ narratives.

The data analysis process was bottom-up and inductive to build the theory based on the story of the raw data that was transformed into deductive verify theory (O’Leary 2017:604). The challenge was to make sense of the whole amount of data, reducing the volume and constructing the framework of narrative that the data revealed (Patton 2002). In my research project, I developed the following strategy for data analysis: first, the raw materials such as the notes and the recordings were organized one by one, transcribed and stored into the reliable source together with the notes. Second, the raw data and notes were analysed by listening to the recordings, comparing the notes and formulating them into major themes. Third stage was to interpret the themes and writing the conclusions.

Some limitations of the data collection should be pointed out. Despite the fact that the timeline of decentralization reform in Georgia is being analyzed in the paper since its initial stage, however, the primary qualitative data mainly reflects and focuses on the current practices of the municipalities. The paper does not neither offer the discussions about future 2020-2025 decentralization strategy document adopted by the government of Georgia. Furthermore, due to COVID-19 pandemic, the primary qualitative data was gathered through online interviewing, excluding the possibility to observe in-person the internal political processes and contexts of the selected municipalities in a consecutive period.

Another important limitation from the field work was to obtain unbiased data considering that during interviewing, the public officials holding their offices and representing the interests of the ruling political party. They were reluctant to discuss openly the problems and practical challenges that exist at the local government. For instance, they tried to avoid answering the interview questions directly, instead they were giving answers referring and following the Code of Local Self-Government of Georgia. Thus, I had to modify the questionnaire. In one case, I was not able to interview the council chairman online because his preference was to provide written answers. Because of that, I additionally contacted the council chairman from another municipality who agreed on online interviewing.

As for the challenge of the field work, obtaining consents from the interviewees timely and arranging online interviews with all the participants took considerably more time than planned.

My experience working at the local self-government in Georgia should be mentioned. My positionality can be viewed in two ways. On the one hand, my background experience helped me to find proper contacts and in fact none of the contacted interviewees refused the invitation to participate. My experience also enabled me to ask more detailed questions during the interviews. On the other hand, I acknowledge my personal connection with two interviewees might have influenced their responses as well as the types of questions I asked.

3.2 Conceptual framework

The analytical aspect of the research paper consists of two parts. The first part aims to assess the type and level of decentralization reform in Georgia and the second part proposes to explore the conceptual frame of decentralization by employing the relevant concepts to answer the main research question. For this purpose, the research paper follows the political economy and the sequential theory of decentralization. The political economy of decentralization offers to examine the initial context and motivations for decentralization reform, mainly it focuses on the timing, design and trajectories of decentralization reform, as well as it explores the roles of key actors in the process (Bardhan and Mookherjee 2006:14; Eaton et al 2011:8). Understanding the context and the motives is useful tool to assess the original and vigorous reasons for adapting decentralization in a particular country. Likewise, the key actors are the ones who define how decentralization reform is formulated and implemented in regard to their roles to pursue or limit reform (Eaton et al 2011:9). In this particular research paper, the key actors are the central government, the international agencies/donors and the civil society actors, at the same time the latter represents local citizens. All together shape the trajectories of the reform, design and implementation phases. The research paper follows political economy of decentralization in order to answer the question of why decentralization has been framed in a particular way in the context of Georgia and what it has actually attained.

Additionally, the research paper observes the sequential theory that describes decentralization as a process (Falleti 2005:328), as a dynamic reform (Dubois and Fattore 2009:707) that “goes beyond the description of state of being of the political or fiscal systems” (Falleti 2005:328), where the origins, the timing and the mechanisms of decentralization impact the goals and priorities that the reform is trying to achieve. It focuses on the process that combines public policy reforms on the one hand and the lower level of governments as the recipients of the transferred authority, responsibilities or resources on the other hand and explains the power equilibrium between the central and the subnational officials. It should be noted that sequencing does not always occur but understanding whether and how it was adopted helps to shed light on the motives of sequencing, whether it is the part of the strategic approach to enhance or to constrain the possibilities of the reform due to the political and the institutional dynamics (ibid).

Among the existing three types of decentralization (political, fiscal, administrative) and the forms (deconcentration, delegation, devolution), this research paper takes the type of political decentralization and examines the form of devolution being regarded as “gold standard” of decentralization (Smoke 2015a:250-251), when the lower-level units have their clearly defined geographical authorities within which they execute their authority, have power to manage resources locally and to provide services to the citizens. It opens up electoral possibilities at the lower level and includes a set of constitutional amendments (ibid).

In this research paper, the sequence of decentralization is examined within three dimensions of decentralization reform (fiscal, administrative and political). The sequence of political, fiscal and administrative policies determines the consequences of each type of decentralization and shapes the power balances between the central and the local level officials. The following sequences of decentralization policies are being identified: political → fiscal → administrative (P → F → A) and fiscal → political → administrative (F → P → A) that ensures high degree of autonomy transferred to the local officials; administrative → fiscal → political (A → F → P) that results in low redistribution of power; political → administrative → fiscal (P → A → F) and fiscal → administrative → political (F → A → P) that leads to medium/low change in the balance of power and administrative → political → fiscal (A → P → F) that also leads to medium change in power (Falleti 2005:332).

As is was mentioned above, the second part of the analytical framework identifies certain concepts that serve as the building blocks for the conceptual frame. The following concepts are utilized for the analysis: maintaining administrative power, information asymmetry, bargain for power and accountability lines.

Maintaining administrative power explains why political leaders and in this case the central government is reluctant to transfer their authority and control to lower level government (Cohen and Peterson 1999:37). This process is followed by centralized dynamics to strengthen central penetration to the decentralized systems (Manor 1999:46). Longing for administrative power promises to maintain and to enhance the central power influences that make the central government reluctant to real devolution (*ibid*). It creates the condition when the central government tries to repossess the power passed to the decentralized bodies for the purpose to enhance and to prolong own legitimacy (*ibid*). In such case devolution of administrative power is meant to be *de jure* rather than *de facto* that promises the central officials to retain their power over the lower level officials.

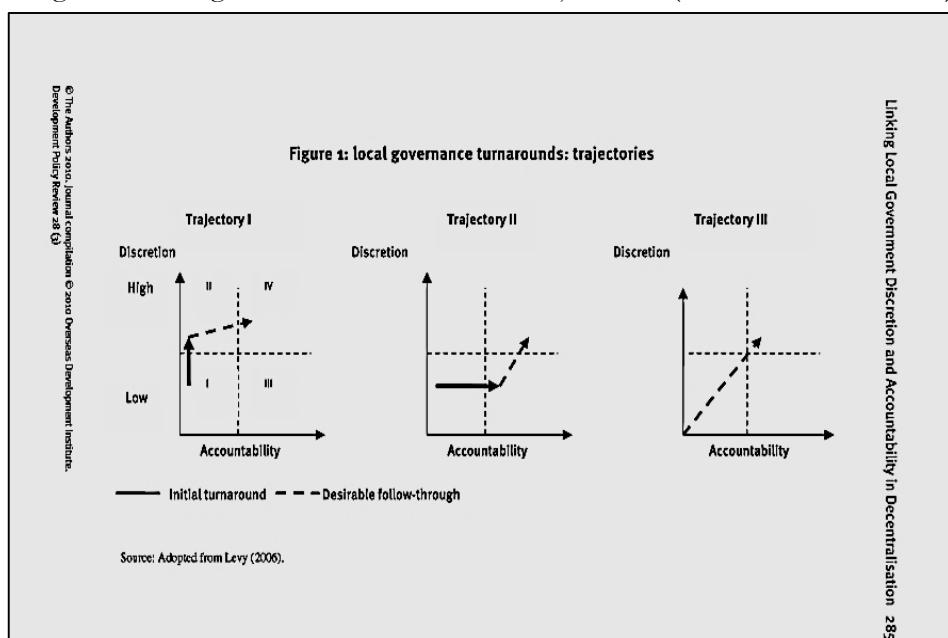
At the same time, reluctance to relinquish administrative power is followed by the fluctuations on centralization of power. It leads to **asymmetric information** between the participants in decentralization policies. Information asymmetries is based on principle-agent theory (Eisenhardt 1989). The theory explains that the principle's knowledge is limited in regard to completeness of information. The principle is left out to gather the thorough information, instead observes the outcome but not the actions of the agent (Miller 2005:205). Consequently, asymmetric relationships take place between the donor and the recipient. Such relationships are characterized as being "discontinuous and distorted" (Fukuda-Parr et al 2002:10-11). The countries who are heavily depended on the foreign aid from donor agencies experience pressing and pushing for decentralization reform even if the actual preference of the national government is inconsistent with the international agencies' priorities (Eaton et al 2011:10, Manor 1999:19-20; Smoke 2015a:254;). Donors try to contribute to their long-term vision and to avoid accusations, while the recipient country itself is locked into "dependency and conformity" (Fukuda-Parr et al 2002:12). These conditions urge the central governments for their own political sake to agree or to promise to confirm with the donors about priorities (*ibid*).

The mentioned arena brings forth the **bargain for power**. Bargaining normally occurs between two or more interrelated parties as a result of a conflict of interest (Bacharach and Lawler 1980:108-109-110). The process of bargaining is followed by the tactical actions that reflect the nature of underlying relational context of bargaining. In positive (integrative) bargaining for power, the parties engage in joint problem solving compromising certain own interests for the purpose of maintaining the common grounds and to maximize the benefits of the both parties. Reversing it, distributive bargaining gains aggressive nature and fails to reach agreement between the parties (*ibid*). The concept helps to explain the nature of compromises that the recipient government takes in order to please their funders on the one hand, and to act pro-actively for the local popular demands on the other hand.

Accountability in turn explains the relations of the elected public officials to their constituencies. Two aspects of accountability are being considered: downward accountability of elected representatives (and officials) to local citizens; and upward accountability of local governments to central government (Agrawal and Ribot 1999:478-479). The balance between two mechanisms reflects if decentralization is likely to achieve its stated aims. If decentralized actors are not accountable to their constituents but instead are accountable only to themselves or to the superior authorities within the structure of the government then decentralization fails to accomplish the promising intentions (*ibid*). Decentralization is likely to be effective when constituents exercise accountability as a "countervailing power" (*ibid*).

The possible changeovers of discretion and accountability in sequencing the local government reforms is visualized on the table below developed by Yilmaz et al (2010:285-286). The first trajectory indicates increasing the local discretion in the short run, devolving functions and resources to local government while introducing accountability much later. The second trajectory emphasis introduction of plural democracy, administrative and financial guarantees at the local level first and then transferring decision-making power to local authorities. The third trajectory shows the scenario when local discretion and accountability are supported and increased concurrently.

Figure 1: local governance turnarounds: trajectories (Yilmaz et al 2010:285)



Chapter 4 Contextual Background to the proposed study

The following chapter provides the contextual information about the formation of local self-government in Georgia and describes the initial steps towards decentralization reform. It follows the timeline and the context specific characteristics. In addition, the chapter explains the context and practices of the selected municipalities. Namely, it provides detailed information about the internal power structure of the mayor's office and of the local council, the division of responsibilities among the internal structures as well as the division of responsibilities between the mayor's office and the local council. Finally, the main tasks of the municipalities are briefly summarized.

4.1 Local self-government in Georgia

Decentralizing power to local self-government in Georgia does not have a long or strong tradition. Instead, the process has been accompanied by unstable political life, poor economic conditions and the legacy of centralized governing system inherited from the Soviet regime. Three main stages are identified in the formation of local self-government in Georgia (Todorovski and Ilik 2014:210). The first period (1956-1990) is the period of socialism, characterized by communal self-government, almost non-existence of fiscal, administrative autonomy and greater dependence on the central government in all spheres of activates. The second (1990-2004) period is the early attempts of developing independent Georgian state and the transition to a new state-society relation that has led to several reforms including the local government reform (ibid). The third period from 2004 until present is followed by the narrative of democratic state building and the drastic changes in political life and state-society relation (Hoffmann 2017, Mitchell 2009). This period is followed by the adoption of organic law on local self-government of Georgia. At the same time several new laws as well as the new amendments within the existing laws have been passed (Todorovski and Ilik 2014).

The early roots of the local government in Georgia goes back to the informal institutions that were embedded in the society during antiquity mostly in rural parts of the country. The so called community (Temi) institution is one of the examples of the informal local government existed in the mountainous parts of the country (Kandelaki et al 2001). Temi was an association of the local residents who were entitled to elect the chairman known as Elder (Khevisberi) who in turn was granted the power to lead the meetings of the community and to make decisions on high important issues (ibid). The Temi was a powerful and trusted informal institution among citizens (ibid). The name of the institution has been maintained though the function and structure has overcome significant changes. During 1998-2006, Temi was mentioned in the constitution of Georgia indicating self-government unit – municipality. During 2006-2014, it has gained the meaning of a territorial unit within the borders of municipality. Since 2014, Temi still enjoys the status of municipality (the Code of Local Self-Governance of Georgia 2014).

The first institutionalized example of local self-government is the institution of city elders (Tbileli Berebi) in Tbilisi during VIII-IX centuries. The city was governed by noblemen who were elected in regard to their social status. The elders together constituted a council with 12 members and each member was entitled to govern the city for a month. However,

the institution of city elders was highly influenced by the invaders such as Mongols and Turkmens (Kandelaki et al 2001).

During XIX century, after the annexation of the Russian Empire, Georgia's administrative division was modified by the Russian model and correspondingly, Russian territorial units such as district (Olki), Province (Gubernia), Mazra were adapted (Le Donne 1982:147–185). The country was governed by the military and the command-structural self-government was implemented in Georgia (Kandelaki et al 2001:269).

Following 1870, the system of city governance with elected members of the city council in all cities of Georgia was introduced. The first election of the city councils was held between 1874-888 leading to the introduction of the elective city councils (Satatbiro) in Tbilisi, Kutaisi, Gori, Akhaltsikhe, Poti and Batumi (Kandelaki et al 2001). Apart from the city councils, the representative body consisted of the mayor in the cities and the headman (Mamasakhlisi) in villages who were elected by the city council. However, the structural changes did not result in the changes of power separation and the centralized governing model was still dominant (*ibid*).

The 1917 Revolution in Russia provoked the short-term attempts of Independent Georgian Republic to democratize governance and initiated the premises for local self-government followed by the elections of local self-government units in 1919 (Kandelaki et al 2001). Yet, those attempts ended in vain when Russian Bolsheviks invaded Georgia in 1921. During the Soviet era, institutions of local self-government existed only in the form of extension of central government and “neither the Constitution nor legislation acknowledged the concept of self-government” (Kandelaki et al 2001:270). Furthermore, there was no separation of competencies between different administrative levels and according to the Constitution, all soviets had the similar competencies and responsibilities. The legacy of the Soviet Union governing model represents “neopatrimonial patterns of rule” (Hoffmann 2017:2) where the decisions of the ruling party is greatly influenced by the acquaintances and the connections known as “*Blat* a system of favors, counter-favors among acquaintances” and personalized networks in order to gain excess to different public sectors for receiving benefits (Ledeneva 1998, Rehn and Taalas 2004 in Hoffmann 2017:7). Informal, yet well-structured and deeply-rooted institution of the strongmen existed in Georgia for years during Soviet times and years after the dissolution of the Soviet Union. “Unelected strongmen wielding power in various corners of the country” (Mitchell 2009:172) hindered the development not only of local government but also of the state-society relations. Citizens were not directly linked to the local government as the mediator or the strongman was the one who had a special access to the state officials. As a result, citizens were reluctant to participate in local governing affairs due to disregard, distrust and instead aspiring to strengthen personalized networks (Hoffmann 2017).

Nihilistic attitudes among citizens have been increasing after the dissolution of the Soviet Union and declaration of the independent state on April 9, 1991. Although the Parliament of the Republic of Georgia made the first step towards local government reforms (Open Society Georgia Foundation 2015:3) and introduced the elections of councils on the level of village, Temi (two or more amalgamated villages), town, city and district, however the actual power was granted to the prefect who was appointed by the president and entitled to supervise and coordinate the local authorities (*ibid*). After the military coup in 1992, the new military council announced to abolish the institution of the Prefect. As for the elected councils, they ended up self-liquidation because of malfunctioning and stagnation (Turmanidze 2003:4). Later on the institution of the appointed head (Gamgebeli) of district administrations was initiated in order to fill the gap between the citizens and the local government but it turned out that the central government with its weak institutions and lack of capacity was unable to administer the local issues and instead, the power of the district administrator

was increasing significantly (ibid). For the purpose of maintaining control, the central government introduced the position of state representatives in regions. State representatives were appointed by the president and maintained mechanisms to control and monitor the local governments (Kandelaki et al 2001).

Since 1991 till present, there have been numerous attempts to redefine the concept of local self-government that resulted in several amendments to the Constitution of Georgia, adoption of law of local self-government, ratification of the European charter of local self-government (Open Society Georgia Foundation 2015). In 1997 the Parliament of Georgia adopted the first law on local self-government and accordingly, the first local elections were held in 1998 (Kandelaki et al 2001:273). The law introduced the two-tier local self-government system. The first tier was represented by regions and its territorial units (cities, towns, villages. Overall 111 territorial units), the second tier composed the capital city Tbilisi and six other cities that were not included in the regions (Law on Local Self-Government of Georgia 1997). Although the law introduced the institution of elective local council (Sakrebulo) and the administrative branches (Gamgeoba), however the power separation of each governing tiers were not clearly defined in practice and characterized by centralized governing features executed by the regional governor who was appointed by the decree of the president rather than law and entitled to personal links to the central government (Kandelaki et al 2001:302).

The adopted law granted the list of functions and competences to the local self-government units but in practice, the unclear separation of functions and the failure to generate sufficient own-source revenues and the weak management hampered the ability of local governments to deliver services. Local budgets, local taxes and duties were in the hands of the central government (Hoffmann 2017). Citizens' participation in local self-government was guaranteed by the law but there were no feasible mechanisms for fostering citizens involvement and citizens input in policy making (Mitchell 2009:174). No visible steps have been taken towards fiscal, administrative or political decentralization and the deep-rooted centrally controlled mechanisms inherited from the soviet regime kept shaping the practices of local government (Open Society Georgia Foundation 2015:3). Decentralization discourse by that time was also accompanied by the implications of the separatist tensions and territorial disintegration (Swianiewicz and Mielczarek 2010:292-293). Decentralized governance was perceived as the precondition for triggering tensions in some regions considering that the central government by that time was represented with weak state institutions, the corrupted and ineffective governing approaches (Stefes 2008:78). Additionally, territorial organization of the country was also fragmented and poorly developed. The existing context was used as an excuse and justification for avoiding devolution of political powers to lower level units (Swianiewicz and Mielczarek 2010:293).

Meantime, the role of regional governor to influence and to shape the activities of local government was significantly increased (Hoffmann 2017:7). The regional governors were empowered through presidential decree and executed the politics of the central government. Both the elected council and the executive branch were highly depended on the directives coming from the central-actors. Political support of the local officials towards the central government was crucial for receiving financial resources for local municipalities (ibid). The interference was visible not only in the function of municipalities but also in the appointment of local government officials (Kandelaki et al 2001).

Even today, the institution of regional governor is controversial (Hoffmann 2017, Todorovski and Ilik 2014). Currently, the Governors head nine regions of Georgia and are appointed by the central government. The law does not provide any elective bodies at the regional level but the informal legitimacy of the governor in leading the local agenda-setting has been discussed since the first adoption of the law (Kandelaki et al 2001:272). The regional

governor or state commissioner raises many questions in regard to informal separation of power and the centralized governing tendencies.

Fundamentally, despite some prudent steps towards decentralization policies during 1991-2003, the local government were still functioning at the mercy of the central government, lacking autonomy, resources and capacities.

4.2 Decentralization reform in Georgia

Georgia is a democratic republic shifting from semi-presidential to parliamentary system with the President as the head of state, and Prime Minister as the head of government and head of Cabinet of Ministers. State authority is exercised based on the principle of the separation of powers. The parliament of Georgia is the supreme representative body of the country that exercises legislative power (Constitution of Georgia, Article 3-4, Article 36).

Following 2004 until present, Georgia has experienced drastic changes in political life and state-society relations (De Waal 2011, Jones 2013, Tudoroiu 2007). The new government after the Rose Revolution announced a “new wave of reforms” (Jones 2013:21) and “the strong course toward EU and NATO integration” (Lanskoy and Areshidze 2008:158). The new state building initiative was followed by the trend of democratization and institutional strengthening as well as decentralization and citizens’ participation (Jones 2013). The strong pro-Western orientation led to the “adoption of policies and institutions that corresponded to Western model of democracy” (Dobbins 2014:762). The political change was followed by the external support from the US and the European Union (Baumann 2012; King 2004). Georgia’s dependency on foreign aid has been visible in several directions: capacity building, institutional strengthening, technical assistance, infrastructure development (Gvindadze 2017). Between 1995-2000 and 2002-2004, Georgia received over 700 million US\$ of American direct aid and became the fourth largest per capita recipient of USAID aid (Tudoroiu 2007:323). Additionally, 420 million Euro was contributed by the European Union as an aid targeting to build democracy, to improve governance and local government, to develop judicial reform and to promote NGOs and civil society (De Waal 2011:9, Tudoroiu 2007:323). Following 2005, Georgia received additionally 295.3\$ million in U.S. direct government assistance through the Millennium Challenge Account (MCA) (Mitchell 2006:669). In 2009, Georgia became part of the EU Easter Partnership Project to improve institutional strengthen (De Waal 2011:32).

At the same time, the financial assistance was followed by the “universal goodwill from EU and US” (Mitchell 2009:175) to support the ambitious reforms. The donor-mediation path was strengthened through the donor coordination programme in 2008 with the purpose of better managing, allocating and monitoring the flow of foreign aid in Georgia and ensuring proper implementation of donors’ assistance (Gvindadze 2017:58-59-60). However, the practical implementation of the initiated reforms was incompatible with the perceptions of the international community. The commitment and the firm decision of the government in favour of closer integration with the European Union raised questions in regard to its realistic perspectives. Deeply-rooted set of social norms, the strong top-down leadership and the existing political and economic systems did not correspond to the European attitudes and practices (De Waal 2011:34). Consequently, beyond the pretended fulfilment of the donor-mediation framework and the rhetoric of democratic state-building, the incompletely transferred foreign policies on the one hand (Dobbins 2014:763) and “superpresidential” desire (Lanskoy and Areshidze 2008:160), on the other hand, has led to move away from anticipated

democracy and to take the way back towards the centralized political culture (De Waal 2011:42).

The acclaimed new decentralization reform was part of building “genuine democracy” narrated by the government after the Rose Revolution (Skorupska and Zasztowt 2014:1-2). The reform resonated well with the democratic norms and consequently, the new direction was supported and driven by the international partners and donors as well as by the internal non-governmental sector, experts, local and central government officials in Georgia (Murgulia et al 2011:1). The main problem related to local government was defined as being the extension of the central government with restricted autonomy, power, resources and lack of legislative mechanisms (ibid). Upon ratification on the Charter of European local self-government, the government of Georgia took responsibility “to harmonize local self-government with the European Charter” (Skorupska and Zasztowt 2014, Swianiewicz and Mielczarek 2010:296). The European charter of Local self-government recognizes local self-government as the fundamental principle of democratic state and grants municipalities autonomy to self-organize, scope and competences, protection of local authority boundaries, material resources for administrative structures, conditions under which the responsibilities at local level are exercised, administrative supervision of local authorities’ activities, financial resources of local authorities, right to associate and legal protection of local self-government (European Charter of Local Self-Government 1985). According to article 3 of the Charter, the right and ability, own responsibilities and interests of local population is underlined within the concept of the local self-government (ibid). The Charter stipulates three basic components for executing local governance, such as: elective representative unit at the local level; independent budget of the local self-government and exclusive rights granted to self-government units (Skorupska and Zasztowt 2014).

The new political process in Georgia during 2012-2014, drove the second wave of decentralization reform and put the reform in the main agenda for further improving cooperation with the EU and revising the incompleteness of the previous reform (Jgenti 2016:8). The decisive part of the newly adopted Code of local self-government was to introduce the component of devolution through the direct elections of the heads of all municipalities and the direct elections of mayors in twelve cities granted by the status of self-governing cities.

4.3 Context and practices of the municipalities

Georgia covers the territory of 69,700 square kilometres (26,911 sq mi) and its approximate population is about 3 716.9 million (National Statistics Office of Georgia, Population and Demography 2020). The territory of Georgia is divided into two autonomous republics¹, one capital city² and nine regions (Mkhare)³ that are not legally established regions but correspond to the historical and geographical regions of Georgia. Five self-governing cities including the capital Tbilisi and fifty-nine communities (Tvitmartveli Temi) are called municipalities. The municipalities outside two autonomous republics and Tbilisi are grouped into nine regions (Mkhare). A region itself is not a self-governing unit, its function is rather to co-ordinate communication between several municipalities (with the exception of the municipalities of Adjara and Tbilisi) and the central government.

Two selected municipalities for the research project are located in the regional parts of the territory of Georgia. One municipality with the status of self-governing city is located in the western part of the country belonging to Imereti region, while the other municipality with the status of self-governing community is located in the eastern part of the country belonging to Mtskheta-Mtianeti region.

Map 1: administrative division of Georgia



Source: http://www.nationsonline.org/oneworld/map/georgia_map2.htm

¹ Two autonomous republics are the Autonomous Republic of Abkhazia with administrative centre Sokhumi and the Autonomous Republic of Adjara with administrative centre: Batumi

² Tbilisi has a special status of the Capital City

³ The nine regions are: Guria, Imereti, Kakheti, Kvemo Kartli, Mtskheta-Mtianeti, Racha-Lechkhumi, Samegrelo-Zemo Svaneti, Samtskhe-Javakheti and Shida Kartli (Government of Georgia, regions of Georgia)

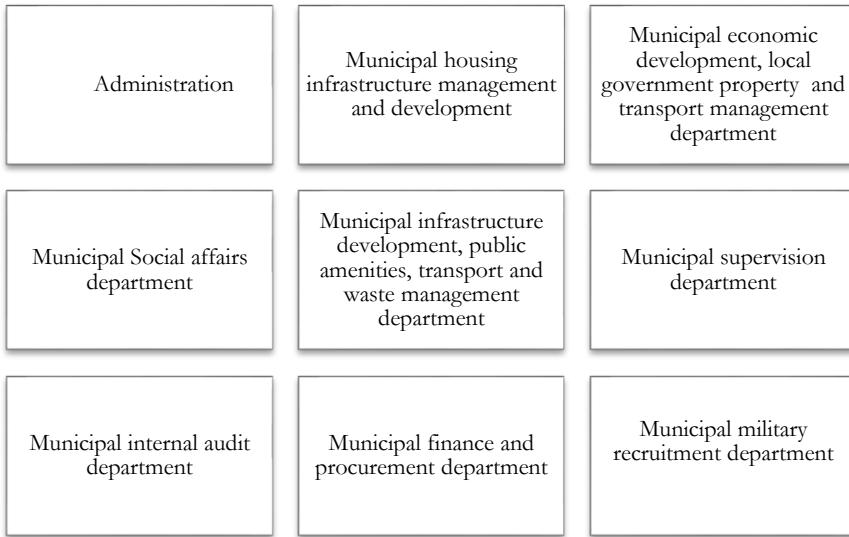
The local self-government in each of the municipalities are executed by the Mayor's office and the local council known as Sakrebulo. The mayor's office functions as an executive body and is headed by the mayor who is directly elected by locally registered citizens for a four-year term. Sakrebulo functions as the representative body and is headed by the chairman. The chairman as well as the members of Sakrebulo are directly elected by the locally registered citizens (the Code of Local Self-Government of Georgia 2014). The division of functions and responsibilities between Sakrebulo and the mayor's office is regulated by the Code of local self-government of Georgia. Sakrebulo is mainly local political body and its main functional concept is collegial discussions and decision-making. The discretion of Sakrebulo is based on the following principles: protecting the interests of the local population registered in municipality, defining local policies and strategy documents for the municipality, determining obligatory rules, redistributing internal power, controlling and supervising the executive body (the Code of Local Self-Government of Georgia 2014, Article 24). The internal power structure of Sakrebulo consists of the chairman, deputy chairman and the members who are entitled to form and join respective commissions and political blocks. The number of the elected local council members depends on the overall size of the local voters registered in the municipality. In this particular case, the number of local council members for the self-governing community is twenty-one. Six members are elected by majoritarian system, the rest fifteen are elected by proportional system. In case of the self-governing city, the overall number of Sakrebulo members is twenty-five among which ten members are elected by majoritarian system, while fifteen members are elected through proportional system.

The tasks and duties of Sakrebulo are distributed among the working commissions and fractions, some of it include: reviewing and approving the local budget, making any necessary amendments and supervising budget execution; approving the long-term social and economic development plans and supervising their implementation; supervising the activities of executive bodies and the council officials and evaluating their annual reports; adopting local government resolutions, amending them and supervising their implementation; establishing rules for the ownership, use and disposal of local self-government property; resolving issues of local importance concerning education, health care, culture and sports; regulating the provision of social services; approving agreements and contracts made on behalf of the local self-government (the Code of Local Self-Government of Georgia 2014, Article 24).

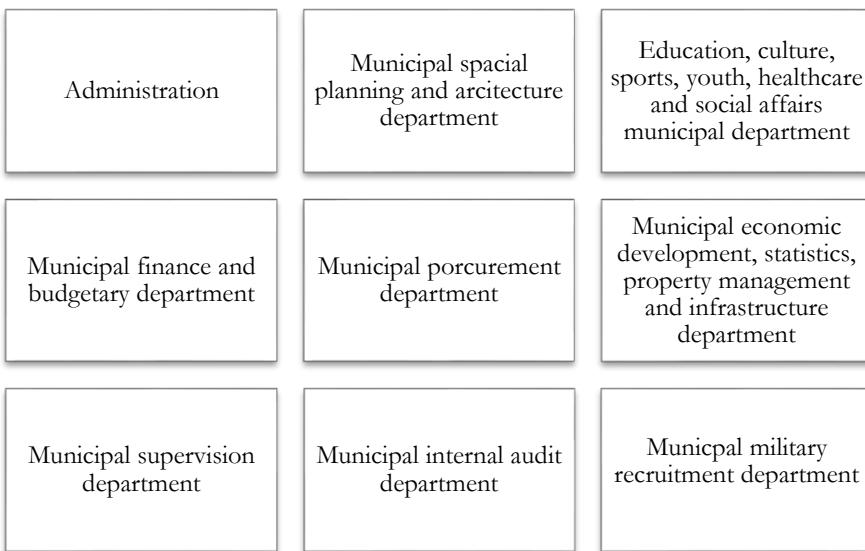
The internal power structure of the mayor's office consists of the Mayor, deputy mayors and several structural departments. Each of the structural units' function under their heads and under the supervision of one of the deputy mayors. Such type of power distribution is similar for the self-governing city and the self-governing community though the number of departments and the sub-departments vary in number. The structural units are mostly independent to develop their own strategy documents and the action plans. Among the number of duties, the mayor is responsible for appointing and dismissing the heads of structural departments and the territorial units, dividing functions among the departments, overseeing preparation of the local budget draft document and submitting it to Sakrebulo; submitting reports and attending hearings of Sakrebulo; formulating plans for social and economic development of the city/town; implementing Sakrebulo's decisions; make decisions about local property management (the Code of Local Self-Government of Georgia 2014, Article 54).

The municipalities are essentially responsible for governing and providing the local public services. The services include: local transportation, local primary education, local social and healthcare services, local water supply, local waste management and recycling, sanitation, anti-epidemic and veterinary measures, constructing and maintaining local roads, assisting and financing social and economic development programs, etc. (the Code of local self-government of Georgia 2014, Article 54). The main tasks and duties are practised through the

respective departments. For the self-governing city, the following departments are established to exercise the main tasks of the municipality:



For the self-governing community, the main tasks are performed by the following departments:



Chapter 5 Discussions and analysis of the findings

In order to answer the main research question (how has decentralization discourse been framed in Georgia?), the findings are being represented using the sequential theory of decentralization (Falleti 2005) that distinguishes the models of political, fiscal and administrative decentralization policies and the political economy of decentralization that focuses on the timing, design, trajectories of decentralization reform and explores the roles of key actors in the process (Bardhan and Mookherjee 2006:14; Eaton et al 2011:8). Additionally, the conceptual framework and specifically, the concepts such as maintaining administrative power, the information asymmetry, the bargain for power and the accountability lines help to explain and analyse the findings.

The results will be presented in three parts. First, the decentralization policies in Georgia will be represented according to timing, design and trajectories of the policies, then the role of the actors will be explored and finally, the realities beyond devolution will be discussed alongside the accountability mechanisms.

5.1 Sporadic decentralization reform

5.1.1 Timing, design and trajectories of the policies

Decentralization reform in Georgia was launched as part of the program of “new state building” and “genuine democracy” (Skorupska and Zasztowt 2014:1-2) accelerated by the ratification of the European Charter of Local Self-government in 2004. The call for a new reform was stimulated by the international donor interventions and programmes (Swianiewicz and Mielczarek 2010:296). The need for harmonizing the local self-government with the European charter urged the central government to introduce several new laws and to make amendments in the existing laws such as Constitutional amendments, Law of Georgia on State Supervision over Activities of Local Self-Government Bodies, Budgetary Code of Georgia, Election Code of Georgia, the Organic Law of Georgia on Local Self-Government (Todorovski and Ilik 2014:212). However, the first wave of decentralization policies in Georgia during 2005-2006 created more space for “centralization rather than decentralization” (Kandelaki et al in Skorupska and Zasztowt 2014:3).

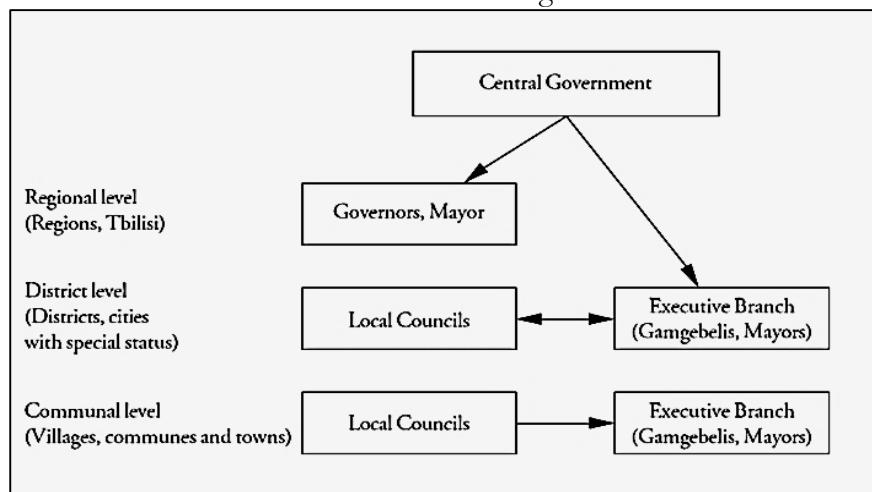
This is significant because the unwillingness of the central government to give up administrative and political power and to restrain manoeuvring of local authorities have framed the initiated reforms as a deception of decentralizing powers to the local government that in fact served as a “quasi-system with façade elements of the self-government” (Jgenti 2016:8). None of the basic principles of the European Charter of Local Self-government (elective representative unit at the local level, independent budget of the local self-government and the exclusive rights granted to self-government units) were met and the implementation of the reform was not preceded by public discussions, also awareness of the reform was significantly low among population (Skorupska and Zasztowt 2014). Even though, the experts from the Council of Europe were critical about the reform implementation, they still agreed that the reform could be formally approved by the CoE considering that the government’s proposal complied with the Charter generally (Swianiewicz and Mielczarek 2010).

The initial design of decentralization reform was targeted to the administrative-territorial organization of the territory of Georgia. Before 2006 Georgia’s territorial organization composed of the lower and upper tier local governments. The lowest tier consisted of 1.000

unites, the upper tier consisted of 65 rayons. Additionally, 12 regions (including the Capital) were represented without elected governments and were headed by the governors appointed by the president. The proposed reform in 2006 aimed at tackling the fragmented, small and weak local governments regarded as the main barrier for real decentralization (Skorupska and Zasztowt 2014, Swianiewicz and Mielczarek 2010). Among the existing four options of the reform proposals (Swianiewicz and Mielczarek 2010:294): a) further fragmentation of the municipal level b) two-tier self-government system represented by rayons and the amalgamated municipalities c) one-tier local self-government system based on the existed rayons d) One-tier self-government system based on municipalities; the government decided to implement the single tier option with the elected government created on the basis of the former rayons. The argument behind the decision was to save time in the implementation and to avoid political risks that might be caused due to the newly drawn map of the municipalities. It should be noted that the two-tier structure was strongly advocated by the non-governmental think-tanks of Georgia and the international donor community, including the experts from the Council of Europe. In spite of the criticism, the experts from the Council of Europe approved the proposal (Swianiewicz and Mielczarek 2010:295).

The table below visualizes the relationship between the tiers of Government (Kandelaki et al 2001:272).

Table 2: the tiers of government



The approved reform offered a new **administrative-territorial** arrangement. The territory of Georgia was divided into 64 local governments and 5 large cities having the rayon status: Tbilisi, Kutaisi, Rustavi, Poti, Batumi (Skorupska and Zasztowt 2014, Swianiewicz and Mielczarek 2010). The territorial change resulted in the corresponding modification of internal political structures of the local authorities. The representative body (the local council) was elected using a combination of two systems: one councillor elected through the majority-based system in each of the former small local governments and ten councillors elected through the proportional system for a four-year term. As for the executive body, it was represented by the district administration (Gamgeoba) and by the head of the administration (Gamgebeli) who was elected and appointed among the members of the local council (Swianiewicz and Mielczarek 2010:297).

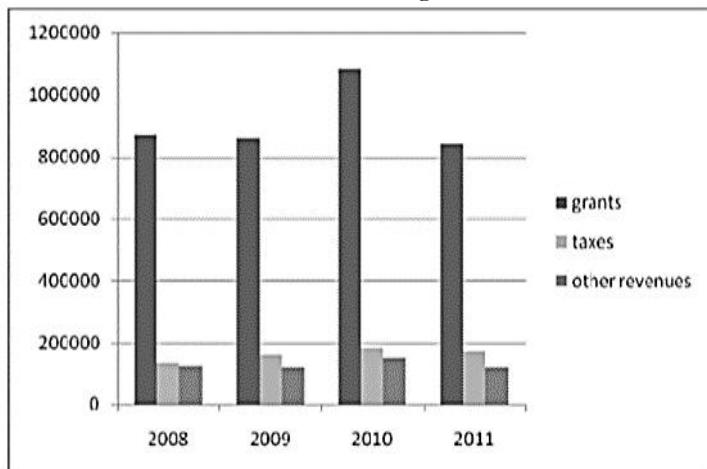
In regard to **political** decentralization, the law granted municipalities exclusive and optional authorities to organize issues at the local level including competences to form budget, property management, local natural resource management, urban planning, establishment and abolition of local taxation, etc. (Organic Law of Local Self-Government of Georgia 2005) but the proposed model did not provide a specifically defined power division between

the representative and the executive units and the financial as well as the political decentralization was not achieved. In practice, the centralized governing tendency was dominant (Murgulia et al 2011, Skorupska and Zasztowt 2014, Swianiewicz and Mielczarek 2010, Todorovski and Ilik 2014).

Considering **Fiscal** policies of decentralization reform, local governments were still highly depended on “income distributed by the central government” (Janský and Palanský 2020:57) particularly on the equalization grant and the targeted transfers. The local revenue constituted only a tax on gambling and the property tax followed by numerous tax exemptions granted by the central government (Swianiewicz and Mielczarek 2010). The collected property tax was almost entirely the business property tax that contributed to regional fiscal inequalities (Janský and Palanský 2020:65, Swianiewicz and Mielczarek 2010:298). Following 2008, the shares from Personal Income Tax (PIT) were sent to the central budget and instead, the local governments were offered “additional transfer in the form of targeted grants for investments” (Swianiewicz and Mielczarek 2010:299).

The table below shows the structure of the local budget revenues during 2008-2011 (Murgulia et al 2011:17)

Table 3: the local budget revenues



Source: 2010 - adjusted estimate budgets; 2011 - approved budgets.

The subsequent wave of decentralization reform is related to 2012, the particular point when the new government took the office after the parliamentary elections and announced to further improve cooperation with the EU and initiated “ambitious” decentralization reform (Jgenti 2016:8). The proposed design of decentralization policies was still targeted at **administrative-territorial** system. The system was modified again and there have been established 12 self-governing cities and 69 self-governing communities (Skorupska and Zasztowt 2014:3; Transparency International Georgia 2014). The internal structure of the municipalities was represented by two organs: Sakrebulo (the local council) that functions as the representative and as the legislative organ; the Mayor’s office (Gamgeoba) as the local administrative organ that functions as the executive unit represented by the Gamgebeli or the mayor (head of municipality) (Congress of Local and Regional Authorities of the Council of Europe 2018:8).

Following the reform in 2017, the Parliament of Georgia approved the new amendments to the Code and reduced the number of self-governing cities from twelve to five (ibid). The five cities kept their status as independent self-governing units (Tbilisi, Kutaisi, Rustavi, Poti and Batumi), while the seven remaining cities lost the status (Telavi, Mtskheta, Gori, Akhaltsikhe, Ambrolauri, Ozurgeti and Zugdidi). In addition, fourteen municipalities that

were formed as a result of the 2014 territorial reform were reunited into seven municipalities. Thus, the overall number of the self-governing municipalities was reduced from 71 to 64 (ibid). The issue was highly debated by non-governmental organizations, civil society and even some local councils arguing that shrinking the status was meant to weaken the local self-government and to pause its development (Kakhidze et al 2018:8).

It should be mentioned that currently, the territorial arrangement of Georgia is divided into two autonomous republics (Adjara and Abkhazia), five self-governing cities, including the capital Tbilisi and fifty-nine communities (Tvitmartveli Temi) (the Code of Local-Self-Government of Georgia 2014). According to the Code, there is a formal distinction between the self-governing cities and the communities. A self-governing city is an administrative territorial unit with an urban settlement and a self-governing municipality of communities is also an administrative territorial unit but consists of a number of rural (villages) and urban (town) communities (the Code of Local Self-Government of Georgia 2014, Article 3). According to the law, a self-governing city and a municipality of communities have the same competences and the same discretion (Congress of Local and Regional Authorities of the Council of Europe 2018:8).

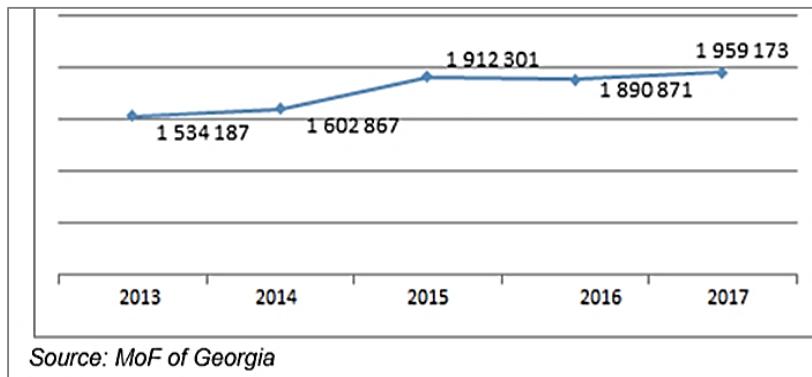
Considering that the status of self-governing cities and the self-governing communities has been controversial, the issue was discussed with the interviewees (LLE1, LLE2, CLE2, NSE1, NSE2) of this research project. All of the participants confirmed in the interviews that in practice the status does not generate the difference between the municipalities in regard to local competences, discretion or accountability. Yet, the exception comes in case of the capital city that enjoys the special status and have several additional competences granted by the law. “Our legislation does not recognize asymmetric powers between municipalities and accordingly, all regional municipalities have absolutely similar dispositions” (CLE2 2020, personal interview). “There is no difference between municipalities in regard to local discretion and accountability neither in law nor in practice” (NSE1 2020, personal interview).

Following the design of the new reform, the trajectories of the **political** decentralization have been expanded and several additional competences have been transferred to municipalities in regard to local economic activities, urban planning, infrastructure and communal activities, culture, education, health care and social care (Todorovski and Ilik 2014:213). The article 15 of the Code has distinguished municipality’s own and delegated powers, additionally own competences are regarded as “complete and exclusive power” (the Code of Georgia 2014, Article 15-16). The delegated competencies are granted through administrative agreement or sectoral legislation and are exercised by the funds received from the central government.

The new Code aimed at further improving the **Fiscal** trajectories and increasing the financial resources of local self-governing units as a result of a “shared tax” (Congress of Local and Regional Authorities of the Council of Europe 2018:10). In addition, along with special and targeted transfers, currently the capital transfers are also directed to the municipality’s budget. However, the studies (Janský and Palanský 2020:62, Murgulia et al 2011) indicate that the fiscal decentralization is progressing slowly and Georgia is among the less decentralized countries within the group of transition economies.

Budget revenues of municipalities during 2013-2017 (in million GELs) indicate the rising trend, however the large part of the revenues continue to come from the central authorities through the central transfers (Kakhidze et al 2018:18). In 2013-2017, the share of grants received from the central budget made up 49.7-47.7% of the total revenues (ibid).

Table 4: Budget revenues of municipalities in 2013-2017 (in million GELs) (Kakhidze et al 2018:18)



In order to answer the first sub-question of the research paper (what is the nature of the adapted administrative, political and fiscal policies?), the above-mentioned findings are examined and analysed according to the sequences of decentralization policies developed by Falleti (2005). The initial decentralization policies in Georgia started to follow the trajectories of administrative → fiscal → political (A→F→P) that resulted in low redistribution of power among the central and the local authorities, with high dependency on the central budget and lack of autonomy of municipalities. The local representative and executive authorities were appointed by the central government, the budget of the municipalities was influenced by the national ministries and the rights granted by the law were not exercised in practice. Additionally, the government's reluctance to give up administrative and political power resulted in implementing policies that were not sequential and instead of following the step-by-step flow it was characterized as "the waves of decentralization policies" with forward and backward steps that resulted in "hyper-centralized system" (NSE1 2020, personal interview). The focus of the reform design was put on the administrative-territorial arrangements. The government's "revolutionary plan" (NSE2 2020, personal interview) was pointed to establish substantial number of self-governing cities, to increase discretion and authority of the municipalities, to proportionally redistribute the income tax between the central and local budgets.

However, the modifications in the design altered the proclaimed aim of the reform and produced the trajectories that were characterised with the partial and inconsistent decentralization policies. It has enabled the central government to repossess political, fiscal and administrative power and thus, increasing dependency of the lower level government on the central level. As a result, **maintaining full administrative power** has enabled the central government to spread central-level politics at the local level and has created the grounds for central penetration to the decentralized authorities. This tendency has shaped the role of local government as being accountable to upper-level government officials whose legitimacy has been prolonged over the decentralized authorities.

Moreover, centralization of power is also confirmed in the studies (Murgulia et al 2011, Swianiewicz and Mielczarek 2010, Todorovski and Ilik 2014) indicating that in practice majority of the local services were under the central government's control and limited the competences of the municipalities, furthermore the local decisions on budget preparation and local spending was strongly influenced by the governors (State Representatives).

5.2. Call for devolution

5.2.1 The role of the actors

The occurrence of decentralization is influenced by the actors involved in the process. Their relative strength determines and shapes the features of the reform. Referring to the second sub-question of the research paper (what is the influence of the actors?), it should be noted that apart from the role of the central government who articulated and placed decentralization reform in the agenda, the processes has also been influenced by the presence of the international community and the civil sector in Georgia. This is significant because their recommendations have shaped the nature the government's activities. The constraints on centralizing power resulted in the adoption of the new Code in 2014 and accordingly, decentralization policies have been modified into political → administrative → fiscal (P→A→F) model (Falleti 2005). The guiding pressing factor in this process was to meet one of the basic principles of the European Charter of Local Self-Government such as the elective representative unit at the local level. The direct elections of the local government in the country was also recommended by CLARA's monitoring report in 2013 together with the principle of subsidiarity to be enshrined in the Constitution of Georgia (Congress of Local and Regional Authorities of the Council of Europe 2013:3). Consequently, the steps were taken to fulfil the above mentioned recommendations and in 2010 the government of Georgia introduced the Constitutional amendments to guarantee the constitutional status of local self-government, introduced the direct elections of local government and the subsidiary principle as the fundament for power separation between the central and the local authorities. The narrative of the attempts was to improve local democracy, to ensure full autonomy of the local government and to increase citizens' participation. Devolution has been framed as being de jure rather than de facto that has proceeded to **asymmetric information** between the international community and the central government. The international community and mainly, the monitoring committee was pleased with the ultimate outcome of the reform, devolving political power through direct elections of local authorities that has also contributed to their long-term vision of fostering democracy and improving local level governance in Georgia. However, the international partners were lost in information completeness, passing over the peculiarities of the reform.

Following the interview with CLE2 “subsidiary principle was direct copy and paste from the European charter to Georgian Constitution”. However, it went even further constitutional entry that guaranteed municipalities' own competences as full and exclusive (CLE2 2020, personal interview). Thus, it created the image of the municipalities as being the main actors in defining the rules of the game at the local level, formulating and implementing decisions with full discretion.

At the same time, such step was moderated and much promoted by the international communities who were involved in LSG reform at the early stages and the non-governmental sector in Georgia (Murgulua et al 2011:1). Local NGOs, experts engaged in the working process of the reform and after several months of discussions in the expert groups, the Organic Law of Local Government of Georgia was adopted by the Georgian parliament in 2014 (Skorupska and Zasztowt 2014:3). It should be noted, that several studies (Jgenti 2016, Kakhidze et al 2018, Skorupska and Zasztowt 2014) indicate that although the participation of the non-governmental sector was visible in the working process of the new Code, however, their recommendations were not properly considered in the new Code and there were many questions left in regard to lack of explanation of the municipalities' own competences and resources, local fiscal capacities and municipal property management.

On the other hand, the focus of the international partners (the Council of Europe, UNDP, USAID, EU, GIZ) were put on different aspects of the reform agenda, such as legal expertise, legislative drafting, trainings, experience exchange, institutional twining, advocating on political level, political consultations, assessments and recommendations (Jgenti 2016:17).

The role of donor organizations and the civil society sector in decentralization reform was discussed during the interviews with the state and non-state policy experts (personal interviews with CLE2, NSE1, NSE2). The interviewees confirmed the involvement of civil society in the working process of decentralization strategy document. NSE1 mentioned that he was a member of the reform advisory commission during 2012-2014. Both NSE1 and NSE2 mentioned that the government's pre-election promises for real decentralization initiated the engagement of the civil sector in the expert group discussions. Yet, the interviewees highlighted that despite the vivid desire from the government to step up aspirations towards decentralized system, the actual concept of the Code was "distorted" (NSE1 2020, personal interview). It offered partial decentralization policies that did not cover fiscal, administrative and political aspects as a whole.

Additionally, the interviewees mentioned that the donors' demand and involvement in decentralization reform in Georgia has been increasing year by year as of deepening the association agreement with the EU (personal interviews with NSE1, NSE2, CLE2).

The donors cannot create a paradise but the demands are increasing. In fact, they can also accelerate the processes in decentralization reform but they never send the messages with the phrases like "strongly recommended" as donors' policies are mostly oriented on the government itself (NSE1 2020, personal interview)

According to CLE2, there is very close almost everyday communication and consultation with the partner donor organizations who approve and support government activities within the decentralization strategy framework.

Almost 99% of our activities are supported by the donor organizations and the international partners, such as UNDP, USAD, GIZ. Also, the government of Denmark together with UNDP assist us in development of decentralization strategy document and the action plan. We coordinate regularly, and yes, the donors as well as the international partners certainly contribute to the decentralization processes in Georgia (CLE2 2020, personal interview)

The role of the donors is definitely significant. There are many projects implemented at the local level financed by the international donors. For instance, the pilot participatory budgeting project is practiced in several municipalities by the assistance of the international organizations. They develop and provide the handbooks, as well as are involved in the local budget planning process (NSE2 2020, personal interview)

Georgia has pulled through due to the donors' financial assistance. There are two main actors, one block of the donors with the focus on economic projects and infrastructural development, the other with the preferences for protecting human rights, fostering good governance, transparency and citizens' participation (NSE1 2020, personal interview)

Dependency on the foreign aid from donor agencies and the desire to maintain balanced and trustful relation with the international organizations has urged the central government for their own political sake to agree with the donors about priorities. The mentioned arena has set up the grounds for the **power bargaining** and the need for compromising. Taking into account the nature of favourable relations between the government of Georgia and the international community, the parties involved into positive bargaining for power that implies compromising certain own interests for the purpose of maintaining common grounds and maximizing the benefits of the both parties. The concept helps to explain the

nature of compromises that the central government had taken in order to please their funders on the one hand, and to act pro-actively for the local popular demand on the other hand. As for the international donors, the political compliance as a way for assisting short-term economic and political interest in bargaining gained much preference than the local policy choices of the government.

The Code of Local Self-Government adopted in 2014 is the case in point. Partly, the Code has gathered itself all existing legislative acts regarding the local government, provided an explicit explanation for the competences that belong to local government and secondly, the Code initiated and accelerated the harmonization package of sectoral legislative acts that “resulted in the modifications of 172 legislative acts” (CLE2 2020, personal interview). The Code was meant to resolve the problem of power separation between the central and the local authorities, to improve local democracy and to increase citizens’ participation in local government.

At the same time, the Code served as a clear-cut tool in the power bargaining process. It was meant to satisfy the request for further decentralization coming from the civil sector in Georgia, urging the government to fulfill the pre-election promise for “ambitious” decentralization (Jgenti 2016:8) and all at once, to please the international community who were pointing the legislative flaws and calling to complement to the European Charter of Local Self-Government. This is also reflected in the report of the monitoring Congress highlighting its satisfaction that

[...] Georgian authorities have demonstrated a visible political will to take Congress recommendations into account, to integrate the guiding principle of local self-government into domestic legislation and, in general, to cooperate with the Council of Europe (Congress of Local and Regional Authorities of the Council of Europe 2013:3)

[...] The constitution has been amended and the principle of subsidiarity is now explicitly recognised in the field of local government, alongside the commensurability principle. The direct election of all mayors has also been introduced, as suggested in Recommendation 334 (2013) on local and regional democracy in Georgia (Congress of Local and Regional Authorities of the Council of Europe 2018:36)

5.3 Realities beyond devolution

5.3.1 Encounters in the municipalities

In regard to the last sub-question of the research paper (how is devolution applied in practice), it turned out from the findings that the legislative amendments and the introduction of devolution has not neither led to the increased discretion and autonomy of the local government in practice nor accelerated the involvement of citizens’ in the local affairs. Still, there are visible power overlaps between the central and the local government in regard to the exclusive and full rights granted by the law. Referring to some competences regarded as an exclusive by the law such as the local water delivery, the local waste management, the local sewage system management, the local forest and natural resources, NSE1 and NSE2 mentioned that in fact the municipalities discretion is severely restricted to provide all those services due to high degree of centralization the services.

The Article 15 of the Code distinguishes municipality's own and delegated powers, additionally own competences are regarded as "complete and exclusive powers" (the Code of Local Self-Government of Georgia 2014, Article 15-16). However, it turned out from the interviews that practically none of those competences are full and exclusive and the municipalities hold restricted authority. For instance, the waste management is regarded as an exclusive competence but LLE1 and LLE2 mentioned that the municipalities are not able to provide it exclusively due to the scarce local financial resources and dependency on the international donors' financial assistance. As for developing the local policies, the municipality's discretion is restricted in a sense that the implemented social projects and the delivered services are designed for the specific groups of the citizens and the policies do not generally cover the local population (personal interviews with LLE1 and LLE2).

When it comes to the local property issue, according to the Code municipalities have two types of property: mandatory property – needed for execution of own competences and additional property – any legal property that is under the municipal ownership (the Code of Local-Self Government 2014, Article 106). However, the findings indicate that the municipalities are not entitled to make decisions on property issues autonomously. The substantial number of the local properties belong to the domains of national Ministries and consequently, the decisions related to the local property alienation or privatization need to be taken at the national level. "We are struggling with the property issue. In fact, the local properties are in municipalities' disposal but the actual transfer is usually prolonged" (LLE2 2020, personal interview)

Furthermore, the findings have revealed that devolution has reshaped the internal power relation between the local council and the mayor's office. The mayor's office has ultimate political power comparing to the local council whose role in participating the local agenda setting has been decreasing. Among number of issues, the mayor ultimately announces online competition for vacancies and appoints or dismisses personnel without the consent from the local council. The latter functions as the representative body and is responsible for formulating the strategy documents but in fact is leaded by the mayor's office and follows the directions that comes from the mayor. The mayors and local council chairmen were asked the questions about the local council's involvement in local policy formulation and about the relation between the local council and the mayor's office. It has become clear from their answers that the local council is barely involved in formulating the local policies.

We, as the representative organ, have the right and obligation to define the strategies, to monitor and control the performance of the executive body but in our realities, I should say, our involvement and the controlling mechanisms are diminished. We are mostly involved in formulating the budget of the municipality, as for defining other local policies we take the role of consultancy (LLE4 2020, personal interview).

Apart from that, the relation between the local council and the mayor's office can be described as informal, based on casual communication rather than following the strict legislative practices. "I asked the question to my mayor colleagues, how often do they attend the local council meetings and I myself was surprised" (LLE2 2020, personal interview). When the priorities coming from the mayor's office need to be mandated urgently, the established regulations and procedures between the mayor's office and the local council are often passed over. "It is impossible to conduct relations between our institutions with full observance of the legal framework. There is the need to turn a blind eye" (LLE4, 2020 personal interview).

In turn, the mayor's office is meant to have utmost local decision-making power, authority and resources but in reality the mayor cannot play a catalytic role at the local level. The devolved political, financial and administrative authority is not in the hands of the directly elected local government. The informal power arrangement between the mayor's office

and the regional governor typically plays a role to lead the agenda setting and to interfere in the political, administrative, and economic affairs at the local level.

The informal influences shape mayors' activities and restrict the real autonomy of the municipality (personal interviews with NSE1 and NSE2). The institution of the regional governor belongs to one of the levers to keep local government on track to follow the directives of the central authorities. The central government can limit the discretion of the mayors any time if they think the mayors do not follow the directives from the central authorities (personal interviews with NSE1 and NSE2).

The mayor who comes with the legitimacy from the local population and has the right to lead the local processes, to make decisions, to implement policies, in fact, faces many obstacles and is under pressure from the central government because if they do not agree each of the steps, the local initiatives will not succeed (NSE1 2020, personal interview)

5.3.2 Informal upward accountability vs. formal downward accountability

The concept **accountability** helps to explain the relation of the locally elected public officials to their constituencies. The balance between two mechanisms (upward/downward) reflect what is the strength of informal influences that shape the proclaimed aims of decentralization. In an ideal case, citizens or local constituents use accountability as a tool for counter-acting power. In pseudo-participation, the local citizens have no significant contribution to decision-making and downward accountability is confined, utilized in a limited scope. Consequently, elected local officials perform their tasks as being directly accountable to local population but in practice alternative informal upward mechanisms limit the scope and feasibility of downward accountability.

The findings indicate that the direct election of local government in Georgia has not significantly improved and neither escalated the process of citizens' engagement or contribution to local government practices. Still, according to the interviewees there are widespread nihilistic views among local citizens towards the local authorities. CLE2 underlined that Chapter XI of the Code provides five forms for citizens' participation in local government such as general settlement meetings, petition, citizens' advisory council, participation in meetings of the local council, attending and hearing the reports from the mayor and the local council (the Code of Local Self-Government of Georgia 2014, Article 11) but bringing the legislative forms of citizens' participation into practice is problematic and the actual participation is passive. For NSE2, the problem of citizens' participation can be viewed in various ways: passive local citizens, legislative obstacles and the municipality that does not encourage the forms of participation (NSE2 2020, personal interview).

The fact that citizens' involvement in the activities of the municipalities is passive and insignificant was also confirmed in the interviews with LLE1, LLE2, LLE3, LLE4. Although the mayor, deputy mayors and the head of the structural units meet citizens regularly, at least once in a week, however this practice according to LLE1 can be described as a "waste of time" (LLE1 2020, personal interview) because majority of the citizens addressing to the mayor's office are one and the same person asking for the financial assistance and they are less likely interested to take part in the discussions of the local issues or to offer personal views on the local problem-solution (LLE1 2020, personal interview). Citizens' attitude towards the local council is also indifferent, as LLE4 mentioned "our door is always open but

citizens are not attracted by the process taking place in the local council" (LLE4 2020, personal interview).

The participants of the interview unanimously agree that the local authorities are directly downwardly accountable for the local population and the Code explicitly defines and provides the dedicated mechanisms. However, the mentioned mechanisms are utilized by the municipalities seemingly for the purpose of showing off, assuring the citizens that they do perform the imposed tasks (NSE2 2020, personal interview). In fact, the citizens' influence on the decision-making is insignificant. The formal downward mechanisms are affected by the informal upward accountability dominations (personal interviews with NSE1 and NSE2).

The illustration of the informal upward practices can be explained in the relation between the municipalities and the regional governor's office. The interaction was discussed in the interviews with LLE1, LLE2, LLE3, LLE4, LLE5. The practice is described as collaborated, consolidated and based on the mutual interests.

The regional governor's office assists us to obtain additional funds from the central budget in order to execute our projects and there are also cases when the projects come from the governor's initiative and he supervises the project directly (LLE1 2020, personal interview)

The interviewees mentioned that the mayor's office as well as the local council has the right to act independently from the regional governor's office and there is no obligation according to the law to receive consent or permission from the regional governor's office but in practice, the communication between the mayor's office and the regional governor takes place at least twice a week in order to keep the governor's office informed regarding the projects initiated by the municipality. There is the need to report the governor's office on the ongoing initiatives. "The contribution of the regional governor in regard to developing infrastructural projects or strategical documents is significant" (LLE2 2020, personal interview). Notwithstanding the law, the governor's right to request consultancy with the local level units implies not optional but imperative demand and the local officials unconditionally adopt the state commissioner's suggestions and recommendations.

The directives, commands or orders coming from the central government through the governor's office is obligatory for us to comply with. On the contrary, out of the hundred issues raised by us only half can achieve some result (LLE4 2020, personal interview).

Additionally, the governor also confirmed the need and necessity for regular communications. His office has the right to reject the projects proposed by the mayor's office informally. He furthermore underlined that the law grants governor's office only the right of consultancy but

in practice, informally I am involved in each and every direction and the projects developed by the municipalities should be presented and agreed by the regional consultancy council (CLE1 2020, personal interview)

The above described practice and the balance between the formal and the informal accountability mechanisms are being analysed according to the analytical framework developed by Yilmaz et al (2010:285-286). The initial steps taken by the central government within the framework of the decentralization reform, was meant to increase the discretion of the local government, however, without providing adequate competences, resources and financial autonomy. Thus, holding the self-government directly upward accountable in regard to fiscal, political and administrative aspects. The independent authority granted to the local government was enshrined in the constitution but instead of the desirable follow-through of downward accountability, it keeps the upward trend retained through the low range of the devolved expenditure and the management responsibilities, as well as the restricted fiscal autonomy of the municipalities. Following the period of 2014 till present, the emphasis is

placed on the demonstration of the local authorities' formal downward accountability. This was initiated by devolving the political power, opening the local political processes through direct elections of mayors and local council members, increasing certain number of own and delegated competences of the municipalities and most importantly, ensuring the constitutional guarantees for citizens' participation at the local level. Therefore, in this manner empowering the local citizens to keep local authorities under control. However, the legislative efforts and the practical utilization of participatory mechanisms contradict each other as demonstrated in the above-mentioned findings. The actual influence of the formal downward accountability is insignificant and suppressed by the informal upward accountability practices. The practices are employed by the regional governor to capture the domains of the municipalities. The informal, central-level accountability undermines and constrains the decision-making scope and the autonomy of the locally elected officials.

Chapter 6 Conclusions

The research paper has analytically examined the political economy of decentralization in Georgia, namely the nature of devolution. Devolution or political decentralization considers lower-level units as having their clearly defined geographical authorities within which they execute their authority, possessing power to manage resources locally and providing services to the local citizens. At the same time, the research has selected certain concepts such as maintaining administrative power, the information asymmetry, the bargain for power and the accountability lines. The concepts guided to analytically explain the main findings of the research and the realities beyond devolution based on the participants' narrative.

The sequential theory and political economy of decentralisation helped to visualize the reform timeline, the design, the trajectories and to explain the type and level of decentralization in Georgia, as well as to examine the role of participants in decentralization process. Additionally, the local administrative discretion and decision-making power of the selected municipalities were examined in order to have a nuanced understanding of the practical implications of devolution. Finally, the study has explored the balance between informal upward and formal downward accountability mechanisms in order to understand the role and influence of the regional governor regarding the local decision-making.

Based on the primary and secondary qualitative data obtained during the research, it has revealed that the sequence has not occurred in decentralization policies in Georgia and instead, the sporadic steps have been taken during the process influenced by the internal political dynamics and the international community. The proclaimed desire for decentralizing power has been articulated by the government as a sideway of the new political direction of the country. Such step was much supported and encouraged by the international partners and the civil sector in Georgia. The international partners and mainly, the donor agencies pushed further decentralization reform, while the local civil sector grasped the government's pre-election promise for decentralizing power and urging for fulfilment of the expectations.

Hence, referring to the main research question, decentralization reform in Georgia has been framed as a mandate for the government's political motivations to follow the rationale of the international partners and to satisfy the request of the local civil society. The adopted reform brought forth uneven trajectories to manipulate decentralization practices. As a result, the administrative political and fiscal policies were partial, reversing the main trajectories that enabled the government to maintain administrative authority over the local level units. However, the desire to consolidate the central administrative power was constrained by the call for the profound decentralization demanded by the local civil society and the international community as of deepening the association agreement with the EU.

The focal motive for introducing the component of devolution was to meet one of the basic principles of the European Charter of Local Self-Government such as an elective representative unit at the local level. The call for direct election of local government was satisfied by the government of Georgia through the adoption of comprehensive Local Self-Government Code and Constitutional amendments. It has guaranteed the constitutional status of local self-government and established subsidiary principle as the fundament for power separation between the central and the local authorities. Yet, the illustrative image created on the paper came to light mismatched. On the ground, the locally elective authorities experience limited discretion and autonomy on local decision-making. The competences granted by the law are not full and exclusive. Their ability to operate autonomously is severely constrained by both the economic and the political factors. The mayors and the council chairmen during

the interviews have been pointing out the scarce local financial resources and the high dependence on the central governments' transfers. Furthermore, it became clear from the interviews that the local authorities lack political power and decision-making. The distribution of power between the local and the central level is imbalanced accompanied by the informal upward accountability. The municipalities make decisions with routine reporting and coordination to the governor's office. In turn, the governor's office typically plays a political role and represents the government itself, leading the agenda-setting on the local level and enjoys full informal legitimacy.

The above-mentioned deviations were caused due to the fact that decentralization discourse in Georgia has constructed an illusory image of devolution political powers illustrated through direct elections of the local self-government authorities. Beyond the disguised image, it has created space for constrained local discretion and informal upward accountability of the local authorities. This was mainly generated by the incomplete and partial decentralization policies that have established the ground for limited discretion of local authorities on the one hand and the strong top-down national level politics beyond decentralization on the other hand that has shaped the role of local level authorities as being passive recipients of the devolved competences instead of being the active participants in local decision-making.

The findings contribute to the existing literature on decentralization practices in the post-Soviet and the newly democratized countries with primary focus on the political aspect or devolution. The case of Georgia demonstrates that behind proclaimed political will to redistribute power to lower level units in order to promote democratic and effective governance at local level, decentralization has been used to support the central government in bargaining process with the international communities and local civil sector rather than for the real sharing of power and the involvement of local communities in policy decisions. The finding can be useful to investigate the reasons why devolution has not succeeded further in other developing countries.

Finally, the study has not offered an assessment of municipalities' institutional capacities and its role for successfully receiving devolution. Considering that this perspective is not covered in the research and it represents one of the arguments for limiting the scope of devolution used by the government, the study proposes directions for the future research in regard to capacity exploration. Further research on the case of Georgia would also be significant considering that the upcoming 2020-2025 decentralization strategy adopted by the government promises to fill the existing gaps. Thus, the research on these and the similar issues could examine how the existing practices will be modified.

Appendices

Appendix 1: interview questionnaire

Interview questions for the Mayors

1. Describe the internal power structure of the municipality and its role in designing the local policies:
 - 1.1 how is power distributed among the internal structural units?
 - 1.2 how is the decision-making process managed inside the municipality?
 - 1.3 who are the stakeholders involved in local decision-making process?
2. What is the scope of the elected mayor's accountability towards the local representative body (the Local Council) in regard to developing local policies and making decisions about exclusive competences?
3. What is the scope of the elected Mayor's accountability towards the central government in regard to developing local policies and making decision about exclusive competences?
4. How often does the communication between the mayor's office and the regional governor take place in regard to administrative, political and fiscal issues?
 - 4.1 What is the regional governor's role in regard to defining the local policies?
5. Following the decentralization reform in 2014, in what regard has the political, fiscal and administrative discretion of the municipality (self-governing city/self-governing community) increased?
 - 5.1 What are the precise political decisions devolved to the local government? (e.g. local infrastructure, primary education, local social welfare programs?)
 - 5.2 What is the extent of autonomy accorded to local government in allocation of fiscal resources across the local infrastructure, primary education, local welfare programs?
 - 5.3 What authority does the local government have over the hiring, firing and paying of personnel?
6. Following the decentralization reform in 2014, which additional competences have been granted to the municipality (self-governing city/self-governing community)?
 - 6.1 are those competences delegated or transferred as exclusive?
 - 6.1.1 if it is exclusive competence granted by the law, does municipality have full discretion on execution and how is the municipality's accountability mechanisms administered?
 - 6.1.2 if it is delegated competence, what is the municipality's role in execution of the competence and how are the accountability mechanisms organized?

Interview questions for the local council chairmen

1. How is the power relationship managed between the executive (Mayor's office) and the representative body (Sakrebulo)?
2. To what extent is Sakrebulo empowered to interfere in developing the local policies and local budget of the municipality?
3. How are accountability mechanisms established and maintained between the Sakrebulo and the local citizens?
3.1 are there channels or forums allowing citizens to communicate their priorities and concerns to the elected officials?
4. What is Sakrebulo's role in the local policy development process and how is the execution process monitored?
5. What is the power relationship between Sakrebulo and the regional governor?

Interview questions for the Regional Governor (State Representative in five regional municipalities)

1. Following the decentralization reform in 2014, in what regard has the fiscal, administrative and political discretion of the municipality increased?
2. How often does communication between the governor's office and the local government take place in regard to local administrative, political and fiscal issues?
3. To what extent is the governor authorized to interfere in the local agenda-setting?
4. Considering the governor's discretion, are there cases when the governor needs to be directly involved in the local decision-making process, service provision or budget allocation?
4.1 if yes, why and when
5. how can be characterized the accountability mechanisms of the governor's office?
5.1 Does the status of self-governing city and the self-governing community generate the difference in regard to local discretion and accountability?
5.1.1 if yes, in what way?

Interview questions for the state policy expert on decentralization reform

1. How would you describe the sequence of decentralization reform (fiscal, administrative, political policies) in Georgia and its influence on the process of devolution? (granting municipalities the right to make political decisions at the local level)
2. Do the internal contextual factors, such as local functioning democracy, local civil sectors' and the citizens' participation at local level government impact or facilitate the decentralization reform in Georgia?
3. How would you describe the role of international community/donors in decentralization reform and policies in Georgia?
3.1 the factors that contribute to and/or impede the process?
4. Has devolution (direct election of the local authorities) contributed to the increased discretion of the local authorities?
4.1 if yes, please describe in what way?
5. Has devolution influenced the functioning of the local self-government and how?

6. How would you describe the nature of accountability mechanisms (upward/downward) of local government in regard to developing policies, service provision and decision-making?
7. How would you describe the power separation between the central and the local authorities in regard to local service delivery?
 - 7.1 is it a clear separation of power or are there power overlaps?
8. Does the status of self-governing city and the self-governing community generate the difference in regard to local discretion and accountability?
 - 8.1 if yes, in what way?

Interview questions for the non-governmental experts

1. How would you describe the sequence of decentralization reform (fiscal, administrative, political policies) in Georgia and its influence on the process of devolution? (granting municipalities the right to make political decisions at the local level)
2. Do the internal contextual factors, such as local functioning democracy, local civil sectors' and the citizens' participation at local level government impact or facilitate the decentralization reform in Georgia?
3. How would you describe the role of international community/donors in decentralization reform and policies in Georgia?
 - 3.1 the factors that contribute to and/or impede the process?
4. Has devolution (direct election of the local authorities) contributed to the increased discretion of the local authorities?
 - 4.1 if yes, please describe in what way?
5. Has devolution influenced the functioning of the local self-government and how?
6. How would you describe the nature of accountability mechanisms (upward/downward) of local government in regard to developing policies, service provision and decision-making?
7. How would you describe the power separation between the central and the local authorities in regard to local service delivery?
 - 7.1 is it a clear separation of power or there are overlaps?
8. Does the status of self-governing city and the self-governing community generate the difference in regard to local discretion and accountability?
 - 8.1 if yes, in what way?

Appendix 2: European Charter of Local Self-Government (PART I)

(Strasbourg, 15.X.1985)

Preamble

The member States of the Council of Europe, signatory hereto,

Considering that the aim of the Council of Europe is to achieve a greater unity between its members for the purpose of safeguarding and realizing the ideals and principles which are their common heritage;

Considering that one of the methods by which this aim is to be achieved is through agreements in the administrative field;

Considering that the local authorities are one of the main foundations of any democratic regime;

Considering that the right of citizens to participate in the conduct of public affairs is one of the democratic principles that are shared by all member States of the Council of Europe;

Considering that it is at local level that this right can be most directly exercised;

Convinced that the existence of local authorities with real responsibilities can provide an administration which is both effective and close to the citizen;

Aware that the safeguarding and reinforcement of local self-government in the different European countries is an important contribution to the construction of a Europe based on the principles of democracy and the decentralization of power;

Asserting that this entails the existence of local authorities endowed with democratically constituted decision-making bodies and possessing a wide degree of autonomy with regard to their responsibilities, the ways and means by which those responsibilities are exercised and the resources required for their fulfilment,

Have agreed as follows:

Article 1

The Parties undertake to consider themselves bound by the following articles in the manner and to the extent prescribed in Article 12 of this Charter.

Part I

Article 2 – Constitutional and legal foundation for local self-government

The principle of local self-government shall be recognised in domestic legislation, and where practicable in the constitution.

Article 3 – Concept of local self-government

1 Local self-government denotes the right and the ability of local authorities, within the limits of the law, to regulate and manage a substantial share of public affairs under their own responsibility and in the interests of the local population.

2 This right shall be exercised by councils or assemblies composed of members freely elected by secret ballot on the basis of direct, equal, universal suffrage, and which may possess executive organs responsible to them. This provision shall in no way affect recourse to assemblies of citizens, referendums or any other form of direct citizen participation where it is permitted by statute.

Article 4 – Scope of local self-government

1 The basic powers and responsibilities of local authorities shall be prescribed by the constitution or by statute. However, this provision shall not prevent the attribution to local authorities of powers and responsibilities for specific purposes in accordance with the law.

2 Local authorities shall, within the limits of the law, have full discretion to exercise their initiative with regard to any matter which is not excluded from their competence nor assigned to any other authority.

3 Public responsibilities shall generally be exercised, in preference, by those authorities which are closest to the citizen. Allocation of responsibility to another authority should weigh up the extent and nature of the task and requirements of efficiency and economy.

4 Powers given to local authorities shall normally be full and exclusive. They may not be undermined or limited by another, central or regional, authority except as provided for by the law.

5 Where powers are delegated to them by a central or regional authority, local authorities shall, insofar as possible, be allowed discretion in adapting their exercise to local conditions.

6 Local authorities shall be consulted, insofar as possible, in due time and in an appropriate way in the planning and decision-making processes for all matters which concern them directly.

Article 5 – Protection of local authority boundaries

Changes in local authority boundaries shall not be made without prior consultation of the local communities concerned, possibly by means of a referendum where this is permitted by statute.

Article 6 – Appropriate administrative structures and resources for the tasks of local authorities

1 Without prejudice to more general statutory provisions, local authorities shall be able to determine their own internal administrative structures in order to adapt them to local needs and ensure effective management.

2 The conditions of service of local government employees shall be such as to permit the recruitment of high-quality staff on the basis of merit and competence; to this end adequate training opportunities, remuneration and career prospects shall be provided.

Article 7 – Conditions under which responsibilities at local level are exercised

1 The conditions of office of local elected representatives shall provide for free exercise of their functions.

2 They shall allow for appropriate financial compensation for expenses incurred in the exercise of the office in question as well as, where appropriate, compensation for loss of earnings or remuneration for work done and corresponding social welfare protection.

3 Any functions and activities which are deemed incompatible with the holding of local elective office shall be determined by statute or fundamental legal principles.

Article 8 – Administrative supervision of local authorities' activities

1 Any administrative supervision of local authorities may only be exercised according to such procedures and in such cases as are provided for by the constitution or by statute.

2 Any administrative supervision of the activities of the local authorities shall normally aim only at ensuring compliance with the law and with constitutional principles. Administrative supervision may however be exercised with regard to expediency by higher-level authorities in respect of tasks the execution of which is delegated to local authorities.

3 Administrative supervision of local authorities shall be exercised in such a way as to ensure that the intervention of the controlling authority is kept in proportion to the importance of the interests which it is intended to protect.

Article 9 – Financial resources of local authorities

1 Local authorities shall be entitled, within national economic policy, to adequate financial resources of their own, of which they may dispose freely within the framework of their powers.

2 Local authorities' financial resources shall be commensurate with the responsibilities provided for by the constitution and the law.

3 Part at least of the financial resources of local authorities shall derive from local taxes and charges of which, within the limits of statute, they have the power to determine the rate.

4 The financial systems on which resources available to local authorities are based shall be of a sufficiently diversified and buoyant nature to enable them to keep pace as far as practically possible with the real evolution of the cost of carrying out their tasks.

5 The protection of financially weaker local authorities calls for the institution of financial equalization procedures or equivalent measures which are designed to correct the effects of the unequal distribution of potential sources of finance and of the financial burden they must support. Such procedures or measures shall not diminish the discretion local authorities may exercise within their own sphere of responsibility.

6 Local authorities shall be consulted, in an appropriate manner, on the way in which redistributed resources are to be allocated to them.

7 As far as possible, grants to local authorities shall not be earmarked for the financing of specific projects. The provision of grants shall not remove the basic freedom of local authorities to exercise policy discretion within their own jurisdiction.

8 For the purpose of borrowing for capital investment, local authorities shall have access to the national capital market within the limits of the law.

Article 10 – Local authorities' right to associate

1 Local authorities shall be entitled, in exercising their powers, to co-operate and, within the framework of the law, to form consortia with other local authorities in order to carry out tasks of common interest.

2 The entitlement of local authorities to belong to an association for the protection and promotion of their common interests and to belong to an international association of local authorities shall be recognized in each State.

3 Local authorities shall be entitled, under such conditions as may be provided for by the law, to co-operate with their counterparts in other States.

Article 11 – Legal protection of local self-government

Local authorities shall have the right of recourse to a judicial remedy in order to secure free exercise of their powers and respect for such principles of local self-government as are enshrined in the constitution or domestic legislation.

Appendix 3: The Code of Local Self-Government of Georgia (ARTICLE 16)

Article 16 – Municipality's own powers

1. Own powers of a municipality defined in paragraph 2 of this article shall be complete and exclusive. The extent (scope) of a municipality's own powers and the procedure for exercising those powers under this Law shall be determined only based on a legislative act, except when this Law directly refers to the possibility to regulate the exercise of its own powers in accordance with the legislation of Georgia.

2. A municipality's own powers shall be:

a) drafting, discussion and approval the municipal budget, making amendments to the approved budget, hearing and evaluation of a budget report; disposal of budgetary funds, and performance of treasury financial operations and banking transactions according to the legislation of Georgia;

- b) management and disposal of property owned by the municipality in accordance with this Law and other legislative and subordinate acts of Georgia;
- c) management of local natural resources, including water and forest resources, and land resources owned by the municipality, in accordance with the law;
- d) imposition and abolition of local taxes and fees in accordance with the law, determination of their rates within the marginal limits stipulated by law; collection of local fees;
- e) preparation and approval of spatial planning schemes, master plans and development plans/detailed development plans of a municipality under the procedure established by the legislation of Georgia;
- f) improvement of the municipal territory and development of the appropriate engineering infrastructure; cleaning of streets, parks, public gardens and other public areas in the territory of the municipality, landscaping, and provision of external lighting;
- g) municipal waste management;
- h) water supply (including technical water supply) and provision of a sewerage system; development of the local melioration system;
- i) establishment of early learning, and preschool and educational institutions under the control of a municipality, and ensuring of their operation under the procedure established by the legislation of Georgia;
- i¹) establishment of extramural educational institutions under the control of a municipality, and ensuring of their operation;
- i²) ensuring of the authorization of early learning, and preschool and educational institutions located in the territory of a municipality under the procedure established by the legislation of Georgia;
- j) management of local motor ways and regulation of traffic on local roads; provision of parking lots for vehicles and regulation of parking/stopping rules;
- k) issuance of permits for regular carriage of passengers within the municipality's administrative boundaries; organization of municipal transport services for the population;
- l) regulation of street trades, exhibitions, markets and fairs;
- m) issuance of a construction permit, carrying out of public supervision of the construction, granting of the status of plot of land and/or building or structure inappropriate for construction development purposes to a plot of land, establishment of the necessary road and easement on a plot of land, implementation of urban construction measures, and foundation of legal persons for this purpose in the territory of a municipality under the procedure and within the scope determined by the legislative acts of Georgia;
- in accordance with the law;
- o) giving names, in accordance with the law, to the geographical features located within the municipality's administrative boundaries, in particular: historically formed districts, the self-governing city's administrative unit, certain areas, micro districts, springs, squares, avenues, highways, streets, lanes, dead ends, drives, embankments, esplanades, boulevards, alleys, public gardens, gardens, parks, forest parks, local forests, cemeteries, pantheons, structures, transport facilities;
- p) regulation of the placement of external advertising;
- q) determination of the rules for keeping pets, and solution of the issues relating to stray animals;
- r) arrangement and maintenance of cemeteries;
- s) protection and development of local originality, creative activities and cultural heritage; maintenance, reconstruction and rehabilitation of local cultural monuments; ensuring the

functioning of libraries, club-type institutions, cinemas, museums, theatres, exhibition halls and sports and recreation facilities, and the construction of new facilities;

t) development of appropriate infrastructure in local facilities for disabled persons, children and the elderly, including, proper adaptation and equipment of public areas and of municipal transport;

u) provision of a shelter for and registration of the homeless;

v) exercise of powers under the Law of Georgia on Public and Private Cooperation, within its competence;

3. A municipality may, on its own initiative, solve any issue that, under the legislation of Georgia, does not fall within the powers of any other public authority and that is not prohibited by law.

4. A municipality may carry out activities under the procedure defined in paragraph 3 of this article for facilitation of employment, supporting of agriculture (including agricultural cooperation), and development of tourism, social assistance, and in coordination with a state policy implementing body – for the purpose of healthcare, also for promotion of the development of the youth policy at a local level, promotion of mass sports, for environmental protection, public education, promotion of gender equality, prevention of violence against women and/or domestic violence, protection and support of victims of violence against women and/or domestic violence, maintenance of the archives of local importance, for cultivation of a healthy life style, creation of safe environment for human health, attraction of investments to a municipality's territory, for supporting innovative development, and other purposes.

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