Local Integrity Systems Assessment:

Tbilisi, Kutaisi, Zugdidi

Transparency International Georgia

2015
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I. Introduction

The Georgian Local Integrity System (LIS) Assessment was prepared based on the methodology developed by Transparency International. The study covers three self-governing cities - Tbilisi, Kutaisi, and Zugdidi - and discusses various aspects of the activities of their local government bodies. The LIS Assessment serves to support the local government reform not only in these three municipalities, but throughout Georgia. The specific goal of the study is to reveal the main strengths and weaknesses of local government actors and to provide recommendations accordingly.

The selection of these three municipalities was based on very pragmatic considerations. Tbilisi is interesting, since it is the capital and the largest city in terms of population and resources. Kutaisi is the second largest city in the country and the largest city in western Georgia. Zugdidi was selected not only as one of the larger cities and regional centers, but also as one of the youngest self-governing cities, having acquired this status after the 2014 local government reform. The fact that Transparency International Georgia operates offices in all three cities was another important reason for their selection. Our offices are actively engaged in monitoring local government activities.

The study was prepared by Transparency International Georgia's Tbilisi, Kutaisi and Zugdidi offices. Our research team would like to extend its gratitude to Deputy Mayor of Tbilisi Nina Khatiskatsi, Members of Tbilisi City Council Khatuna Samnidze, Irakli Abesadze, and Aleksandre Elisashvili, Deputy Mayor of Kutaisi Konstantine Kavtaradze, Members of Kutaisi City Council Besik Bregadze, Davit Tsitaishvili, Samson Gugava, Teimuraz Nadiradze, and Galaktion Toroshelidze, Chairman of Zugdidi City Council Merab Kvaraia, Member of Zugdidi City Council Batlome Shelia, and representatives of Zugdidi City Hall Murtaz Bokuchava, Maia Ghubeladze, Ekaterine Todua, and Giorgi Zhvania, for their cooperation and contribution.
II. Research Methodology

About the Local Integrity System Assessment

Since the early 1980’s there has been an increasing trend towards the transfer of powers from the central level of government to local governments in the form of decentralization. As a result, local governments have greater decision-making, implementation and oversight powers. Whether decentralization results in greater corruption in comparison to centralized governance arrangements is still a matter of debate. However, the reality is that corruption is a problem at all levels of government. Both elected and appointed officials have to deal with separating public duties from private interests. At the local level, this is exacerbated by the fact that many officials have greater vested interests based on family, friendships and business ties that can influence decision-making. In addition, remuneration at the local government level is, in many cases, low in comparison to the national level and the institutions that are designed to hold public officials to account at the local level are not always adequate to perform their duties and to uphold public sector integrity.

A functioning local integrity system can play an important role in minimizing the opportunities for corruption at the local level. A typical local integrity system incorporates a set of core actors that can be found in most local government configurations, namely: the local representative body (in Georgia - municipal council), the executive (City Hall or municipal administration), the local bureaucracy (public servants), local political parties, and, in some cases, local courts and police. It also encompasses a set of oversight and accountability functions which need to be performed in order to ensure that the local integrity system is effective. These functions include complaints handling, local government auditing and oversight, investigation and exposure of corruption, awareness-raising and public education on corruption risks, and civic engagement.

The LIS Tool assesses the internal governance and capacity of each of the core local government actors and their role in promoting integrity in the system as a whole. It also assesses the capacity to perform, and the effectiveness of each of the oversight and accountability functions.

The LIS Tool is designed to conduct an in-depth assessment of a small number of local government units in a given country. It is not designed to compare the state of integrity in all (or even the majority of) local government units in a country.

Given the diversity of local governance settings across the world, the LIS Tool places a strong emphasis on flexibility and adaptability to different local governance structures and contexts. The separation of powers between the different branches of local government as well as the degree of their autonomy from the central government varies from country to county. Therefore the LIS assessment framework can be adapted to accommodate these local variations.

The LIS Tool is based on Transparency International's National Integrity Systems (NIS) approach. It combines the gathering of valid and reliable evidence on the performance of the local governance framework, actors and anti-corruption institutions with a consultative approach, engaging key stakeholders in the research, advocacy and planning elements of the project.
**LIS Objectives**

Transparency International developed the LIS Assessment to achieve the following objectives:

1. Assess the existence and effectiveness of procedures and mechanisms to promote transparency, accountability and integrity in order to fight corruption at the local level.
2. Provide recommendations to local government actors on areas for reform.
3. Develop an action plan for strengthening integrity and anti-corruption activities at the local level.

**Methodology used for the Georgian Local Integrity Systems Assessment**

The study analyzes three self-governing cities: Tbilisi, Kutaisi and Zugdidi. The assessment of each city comprises two components: (1) core local government actors, and (2) oversight and accountability functions.

On the one hand, the LIS assessment covers core local government actors. For Georgia these actors are: the municipal (city) council, the municipal administration (City Hall) and the local bureaucracy. For each actor, the assessment covers three dimensions: (1) its overall capacity to function, (2) its role in contributing to the overall integrity of the local governance system, and (3) its own internal governance in terms of integrity, transparency and accountability.

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<tr>
<th>Actors</th>
<th>Capacity</th>
<th>Role in the LIS</th>
<th>Internal Governance</th>
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The study does not deal with the local court, police and political parties. These actors are extensively analyzed in the National Integrity System Assessment published by Transparency International Georgia in June 2015, according to which, they operate mostly uniformly throughout the country without significant differences at the local level. The police and the judiciary are centralized institutions. In effect, there is no ‘local’ police or court. An analysis of the anti-corruption activities of these two institutions are partly included in the section on oversight and accountability functions.

Depending on the context, the oversight and accountability functions can be performed by institutions operating on local, regional, or national levels. For each function, the LIS assessment
covers two dimensions: (1) the capacity for that function to be performed (whether by local actors or at the national level), and (2) how effectively this function is performed in practice.

<table>
<thead>
<tr>
<th>Function</th>
<th>Capacity</th>
<th>Effectiveness</th>
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<tr>
<td>Complaints handling</td>
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<td>Auditing</td>
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<td>Social accountability</td>
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For both actors and functions, each dimension comprises a number of indicators that are each evaluated qualitatively using a simple traffic light system (Green – Strong; Orange – Average; Red – Weak). Indicators cover elements of both the legal framework and the actual implementation in practice.

For example, the following is the first indicator used to assess a City Council.
1. The City Council

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<th>Dimension</th>
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<tr>
<td>Indicator number</td>
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<tr>
<td>Indicator name:</td>
<td>Adequate Resources</td>
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<tr>
<td>Indicator question(s)</td>
<td>To what extent does the City Council have access to the resources it requires to carry out its functions? To what extent does the local bureaucracy have adequate financial, infrastructural and human resources? Are there legal provisions providing training programmes for City Council members?</td>
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<tr>
<td>Assessment</td>
<td>The City Council has an adequate resource base to effectively carry out its duties. The City Council has significant resource gaps leading to a certain degree of ineffectiveness in carrying out its duties. Existing financial, human and infrastructural resources of the City Council are insufficient to effectively carry out its duties.</td>
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<tr>
<td>Source of information</td>
<td>Legislation, documentation, observation, interviews</td>
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<td>Narrative comments</td>
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<td>Recommendation(s)</td>
<td>Advocacy target(s)</td>
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The Local Integrity System Assessment in Georgia includes 38 indicators. City Councils and City Halls are each assessed using eight indicators, while local bureaucracies are assessed using nine indicators. Oversight and accountability functions include thirteen indicators: each function is assessed using two indicators, apart from auditing, which has three indicators.

For most indicators, the three cities are considered separately and, thus, three individual assessments are presented. However, for several indicators, we considered it necessary to provide an overall assessment that applies to all three cities. These indicators were related to questions on legislative or other issues that are regulated at the central level or do not vary substantially at the local level.
In order to assess each indicator, data was collected through a range of different methods, including a desk review of existing legislation and research, and interviews with City Council and City Hall representatives. Once all the indicators had been assessed and values (strong, average, weak) assigned, the results were aggregated in order to produce final assessments for institutions and functions.

Final results are presented in the form of scorecards in the executive summary of this report.
III. Executive Summary

The Local Integrity System Assessment has helped identify the strengths and weaknesses of researched municipalities. Even though the study covers local government actors of only three cities - Tbilisi, Kutaisi and Zugdidi - its findings can be generalized to a large portion of municipalities in Georgia with high probability.

The scorecards of the three municipalities covered in this study are not significantly different from each other. We were, however, able to identify areas where some municipalities are ahead of others and can potentially share their good practices.

Key Findings

The main strengths of assessed municipalities:

- The functions of local executive authorities and municipal councils are clearly defined and separated at the legislative level. Therefore, there are no significant problems in this regard.
- Local bureaucracies of all three municipalities received high scores for their handling of financial, infrastructural and human resources.
- Transparency and simplicity of regulations in tax administration are definite strengths; however, problematic issues were identified in this area as well.
- Strengths in terms of oversight and accountability include the procedure (in practice) of appealing decisions made by the local government, and the legislative norms regulating the audit process.

The study identified several important shortcomings:

- The City Council is a weak supervisory body in all three municipalities; therefore, important steps need to be taken in order to increase its independence. The majority of respondents interviewed for the study stated that City Councils mostly focus on discussing initiatives coming from the local executive and ignore other issues of local importance.
- All three municipalities received the lowest possible score for local bureaucracy management.
- All three municipalities received the lowest possible score for the independence of local bureaucracy, since the independence of public servants from political processes is not ensured. This is clearly evidenced by large-scale staffing changes made in local bureaucracies after local government elections, raising serious suspicions of a politically motivated process.
- The study found that equalization transfers from the central budget comprise a significant portion of the local budget, which reduces the local government’s financial independence.
- The weakness of interaction mechanisms between the local government and the citizens is also a problem.
The study found that the local government in all three municipalities is inactive in terms of raising public awareness of corruption risks. Social accountability initiatives originating in the public sector are largely ineffective, especially when it comes to important issues of public or urban policy.

**Recommendations**

The following are our recommendations based on the main findings of this study:

- City Councils' supervisory function needs to be strengthened, its independence ensured, and the local executive made more accountable to it. City Councils need to start initiating discussions on important urban policy issues with a higher degree of public participation. According to the Local Government Code, but contrary to the established practice, the City Council is responsible for making key policy decisions of the local government.

- Local government representatives need to take effective steps to improve the management of the local bureaucracy. Specifically, local governments must not limit themselves to initiatives coming from the central government. Instead, they need to work independently on introducing good governance standards by fixing issues related to bonuses, salaries, and salary supplements, improving the rules for recruitment, promotion and dismissal of employees, and ensuring transparency and accountability.

- Local government representatives need to ensure the independence of local bureaucracy from the political process. They must not allow the violation of political rights of civil servants and must protect them from forced involvement in the political process. The local government needs to make an effort to attract professionals to the public sector regardless of their political views.

- The mechanisms of interaction between the local government and the citizens need to be improved through awareness-raising campaigns on corruption risks and active involvement of citizen groups and non-governmental organizations in the decision-making process. For this purpose, local governments need to strictly follow the provisions on the forms of citizen participation outlined in their respective rules of procedure as well as the Local Government Code (open-door sessions, citizen consultations, etc.), and work towards improving them.

- Local government authorities need to improve the organizational side of their work. Specifically, the number of extraordinary sessions of a City Council and the number of issues on the agenda for each session need to be reduced. Agendas and other important information also need to be published in advance.

- Local governments need to constantly strive towards making use of existing best practices at least on the country level. The study identified budget planning and service delivery as good areas for sharing local best practices.

- The discretion of regulating construction held by local government authorities carries corruption risks and, therefore, needs to be reduced. Subjectivity in the decision-making process in this area can be reduced by creating guideline documents, such as the Land Use Master Plan and the Urban Development Regulation Plan, with a high degree of public participation.
Further steps need to be taken to ensure financial independence of the local government. Mechanisms for ensuring its financial independence need to be gradually developed and approved.

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<th>LIS Scorecard: Tbilisi - Actors</th>
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<th>LIS Scorecard: Tbilisi - Functions</th>
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### LIS Scorecard: Kutaisi - Actors

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### LIS Scorecard: Kutaisi - Functions

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### LIS Scorecard: Zugdidi - Actors

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### LIS Scorecard: Zugdidi - Functions

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IV. Situational Analysis

Local government in Georgia has undergone several reforms since the country’s independence. The last reform was carried out in 2014 when Parliament adopted a new Local Government Code. The new law expanded the powers of local government and made it more democratic. The most important change introduced by the reform was the direct election of top executive officials (mayors and heads of municipal administration) of local government. During the 2014 local government elections, citizens elected 2,088 members of 71 municipal councils. In addition, 12 self-governing cities elected mayors, while the remaining 59 municipalities elected governors. It should be noted that 7 of the 12 currently self-governing cities were granted this status after the 2014 reform. The reform also set a 50% winning threshold for elected mayors and heads of municipal administration.

Despite these changes, a number of challenges related to proper and efficient functioning of local government remain. One such challenge is a lack of public trust. According to a survey published by the International Republican Institute (IRI) in February 2015, only 32% of respondents evaluated the performance of local government positively, while 53% gave a negative evaluation. Another challenge is the public misunderstanding of the role of local government, evidenced by protests held after the 2012 parliamentary elections, where protesters demanded that the change in central government be followed by the change of local government as well. These problems are closely related to the structure of local government as well as the quality of public participation. In the period between the declaration of independence in 1991 and 2006, local government in Georgia comprised three levels:

1. Villages, communities, towns, and cities (1,004 units in total) – self-governing units with elected representatives and executive structures.

2. Districts and cities of republican significance (65 units) – simultaneously performed the functions of a local government and a deconcentrated body of the central government.

3. The 9 de facto regions, the Autonomous Republic of Adjara, and Tbilisi.

In 2006, the lowest level of local government (village, community, town, city) was abolished and reformed into municipalities (self-governing territorial units) within the borders of former districts.

This resulted in an increase of the average population of a local government unit from 4,354 to 66,235 citizens, which, in turn, has led to high levels of public mistrust and alienation. The same

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1 Two Years in Government: Georgian Dream’s Performance Review, [http://goo.gl/90WeZD](http://goo.gl/90WeZD)
2 International Society for Fair Elections and Democracy (ISFED), Final Results of the Election Day according to ISFED Data, [http://goo.gl/OyV6fZ](http://goo.gl/OyV6fZ)
3 The Local Government Code, Article 151, [https://goo.gl/JfieHE](https://goo.gl/JfieHE)
4 The Electoral Code, Article 169, [https://goo.gl/6f8qi](https://goo.gl/6f8qi)
6 Two Years in Government: Georgian Dream’s Performance Review, [http://goo.gl/90WeZD](http://goo.gl/90WeZD)
number averages from 7 to 18 thousand people for the majority of European countries, the US, Japan and other developed countries.\textsuperscript{8}

Another factor preventing the expansion of local government powers is the fear of separatism, manifested in the public sentiment that decentralization of power and its transfer to the local level may contain risks of separatism.\textsuperscript{9} A similar concern was raised by the Georgian Patriarch Ilia II in a statement made during the discussion of the 2014 local government reform, which resulted in the removal of a number of provisions from the draft law considered to be progressive by experts of the field and civil society representatives.\textsuperscript{10}

Later, on 22 July 2015, Parliament adopted amendments to the Local Government Code defining additional forms of public participation in local government activities.\textsuperscript{11} The amendments expanded the forms of public participation by introducing the General Meeting of Settlement, the Civil Advisory Council, and a new simplified procedure for submitting citizen petitions. The amendments also improved citizen participation by granting all persons the right to attend open sessions of a municipal council or its commission without prior notice and/or permission.

The independence of local government employees from political processes remains a challenge, especially because of their forced inclusion into political processes and mass dismissals following major political changes.\textsuperscript{12,13} Cases of politically motivated dismissals and recruitment of public servants further aggravate the already poor human resources situation in the local government.\textsuperscript{14}

Of special importance is the general condition of the public service as well as the state institutions responsible for overseeing local government activities (law enforcement agencies and the State Audit Office). According to the National Integrity System Assessment (NIS, 2015) Report, the mass dismissal of public servants following the change of government after the 2012 parliamentary elections demonstrates that the public service is yet to achieve independence from political influence. The report also pointed to serious challenges in terms of integrity, manifested mainly through cases of favoritism and nepotism in public service recruitment. The public service has seen little progress in this regard compared to the previous reporting period (2011).

Law enforcement agencies received a lower general score compared to 2011. According to the NIS report, the Ministry of Internal Affairs and the Prosecutor’s Office are still not sufficiently independent from the country’s political leadership, as demonstrated by alleged cases of selective use of justice, and police intervention in election campaigns. According to the report, the independence of law enforcement agencies has been further reduced due to informal external influence. This lack of independence, in turn, reduces the ability of these agencies to investigate possible cases of high-level corruption.

\textsuperscript{8} International Civil Cultural Center, \textit{Local Self-Government in Georgia (1991-2014)}, \url{http://goo.gl/uJhLDy}

\textsuperscript{9} Id.

\textsuperscript{10} \textit{Two Years in Government: Georgian Dream’s Performance Review}, \url{http://goo.gl/90We2D}

\textsuperscript{11} Parliament of Georgia, Amendments to Georgia’s Organic Law on Local Government, \url{http://goo.gl/FPeUit}

\textsuperscript{12} \textit{Two Years in Government: Georgian Dream’s Performance Review}, \url{http://goo.gl/90We2D}

\textsuperscript{13} International Society for Fair Elections and Democracy (ISFED), \textit{Monitoring of Activities in Local Self-Governments - Interim Report}, \url{http://goo.gl/c03nbP}

\textsuperscript{14} Caucasus Institute for Economic and Social Research, \textit{Local Government Service Delivery Standards}, \url{http://goo.gl/SymXGg}
The State Audit Office, however, received one of the highest scores both in law and in practice. According to the NIS report, both the quantity and quality of audits conducted by the State Audit Office have increased since 2011 as well as its ability to detect irregularities and to contribute to the improvement of public funds management.\textsuperscript{15}

Low representation of women also remains a challenge for the local government. Only 11 percent of the total number of municipal council mandates was received by women during the 2014 and 2010 local government elections. Gender imbalance is also evident in the local executive: Georgia only has 2 female governors out of a total of 69, and only one female mayor out of a total of 12.\textsuperscript{16}

In order to strengthen the local government bodies and ensure their effective functioning, it is necessary to reduce their financial dependence on the central government, grant them the ownership of state property, develop rules for property management and the right of use, ensure a higher degree of public participation in local government activities, and so forth.\textsuperscript{17}

\textsuperscript{15} Transparency International Georgia, \textit{Georgia National Integrity System Assessment (2015)}, \url{http://goo.gl/uEtN7D}
\textsuperscript{16} Union Sapari, \textit{Georgian Politics without Women – Quotas as a Solution to the Problem}, May 2015, \url{http://goo.gl/dOL2Tc}
\textsuperscript{17} Two Years in Government: Georgian Dream’s Performance Review, \url{http://goo.gl/90WeZD}
1. The City Council

Capacity

1.1 Adequate resources

To what extent does the City Council have access to the resources it requires to carry out its functions?

Tbilisi

The majority and opposition members of the Tbilisi City Council interviewed for this study unanimously stated that the City Council has sufficient financial, human and infrastructural resources to carry out its functions. Majoritarian council members have offices in their respective districts equipped with adequate funding and human resources. Council factions also have offices with permanent staff that does research, carries out specific assignments and performs other duties.

The 2015 state budget allocated GEL 14 million to Tbilisi City Council. This falls slightly short of the amount in 2014, but exceeds the 2013 figures by about GEL 4 million. The number of City Council employees has not seen a significant increase over this period of time. Therefore, an increased budget should enable the City Council to better carry out its functions.

According to the Tbilisi City Council, council members are trained based on existing legislation and it has not developed any addition provisions and special mechanisms for this purpose. During interviews, however, council members stated that training initiatives originated solely from outside the council: From donors as well as non-governmental and international organizations.

According to the City Council, a total of three trainings were conducted in 2014, two for the council staff and one for the staff as well as the council members.

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18 TI Georgia’s interviews with Aleksandre Elisashvili, independent majoritarian member of the Tbilisi City Council, Irakli Abesadze, opposition member and chairman of the faction United National Movement – Tbilisi (11/5/2015), and Khatuna Samnidze, majority member and chairwoman of the faction Georgian Dream – Republicans (18/5/2015).

19 Tbilisi budget, Tbilisi City Hall website: [http://goo.gl/WvNe0Q](http://goo.gl/WvNe0Q)

20 TI Georgia’s correspondence with the Tbilisi City Council

21 TI Georgia’s interviews with Aleksandre Elisashvili, independent majoritarian member of Tbilisi City Council, Irakli Abesadze, opposition member and chairman of the faction United National Movement – Tbilisi, and Khatuna Samnidze, majority member and chairwoman of the faction Georgian Dream – Republicans.

22 TI Georgia’s correspondence with the Tbilisi City Council
council members found that trainings are not held regularly and there is no common approach/system in this regard. 23

Kutaisi

The Kutaisi City Council has seen a gradual increase in its funding since 2012.24 In 2012, the City Council had the funding of GEL 951,600. In 2015, the amount increased to GEL 1,224,700 (2013 – GEL 1,141,400, 2014 – GEL 1,086,300). As a result, compared to previous years, the Kutaisi City Council has a greater capacity to effectively carry out its duties. Members of the City Council representing both the majority and the minority stated, however, that current financial resources are still insufficient to ensure the council’s proper performance. For example, unlike Tbilisi, the Kutaisi City Council’s members do not have the financial resources to operate offices, and are only reimbursed for fuel expenses when meeting with their constituents.25 Council members also stated that the council does not have sufficient technical equipment. According to one majority council member, the idea for establishing offices had to be rejected due to a lack of resources. As a result, meetings with citizens are being held either in the City Council building or, if necessary, at specific locations outdoors.26

Members of the current Kutaisi City Council have received several trainings related to local government finances, citizen participation, human resources management and effective communication. The majority of these trainings were organized by outside donors. The City Council used its funds to invite specialists from the Ministry of Finance to hold trainings on electronic case management.27

Zugdidi

23 TI Georgia’s interviews with Aleksandre Elisashvili, independent majoritarian member of the Tbilisi City Council, Irakli Abesadze, opposition member and chairman of the faction United National Movement - Tbilisi, and Khatuna Samnidze, majority member and chairwoman of the faction Georgian Dream - Republicans.
24 Kutaisi budget, the Kutaisi City Hall website, http://goo.gl/Fd6hyN
25 TI Georgia’s interview with Besik Bregadze, opposition member of the Kutaisi City Council (United National Movement), Kutaisi, 10/07/2015
26 TI Georgia’s interview with Teimuraz Nadiradze, majority member of the Kutaisi City Council (Georgian Dream Coalition), Kutaisi, 23/07/2015
27 TI Georgia’s interview with Galaktion Toroshelidze, majority member of the Kutaisi City Council (Georgian Dream Coalition), Kutaisi, 23/07/2015
The 2015 Zugdidi Budget amounts to GEL 918,500. This exceeds the 2014 budget by GEL 357,500.²⁸

According to the chairman of the Zugdidi City Council, the council has enough resources to carry out its duties, and ensure proper functioning of its staff. However, he considers ordinary City Council members not having salaries to be a significant problem, since these people do not have other jobs or extra income. The chairman believes that reimbursing council members for their work would increase their motivation.²⁹ According to one minority council member, however, there is a serious problem of unqualified staff, where experienced candidates are rejected, the majority of the City Council staff is inexperienced, and employees are hired based solely on party affiliation. Opposition members of the City Council consider the existing financial resources to also be insufficient.³⁰

According to the Zugdidi City Council, council members have received several trainings on municipal budgeting, public procurement administration, local government code and its reform, PR and communication.³¹ Zugdidi City Council has allocated a total of GEL 10,000 in its 2015 budget for trainings, qualification-raising programs and internships. The 2014 budget did not contain such expenses.³²

According to the City Council chairman, trainings are usually initiated by outside organizations, although, on a few occasions, they were initiated and funded directly by the council (e.g. PR and communication). The chairman also stated that the City Council plans to conduct an in-house research to identify areas where the qualification of council members and staff needs to be raised.³³

1.2. Local Elections

To what extent are local elections timely, free, fair and representative?

Prior to the 2014 local elections, the Electoral Code was amended to allow mayors and heads of municipal administration, in addition to municipal council members, to be elected directly.³⁴

²⁸ Zugdidi budget, Zugdidi City Hall website, http://goo.gl/DK6K4i
²⁹ TI Georgia’s interview with Merab Kvaraia, chairman of the Zugdidi City Council (Georgian Dream Coalition), Zugdidi, 01/07/2015
³⁰ TI Georgia’s interview with Batlome Shelia, opposition member of the Zugdidi City Council (United National Movement), Zugdidi, 01/07/2015
³¹ TI Georgia’s correspondence with the Zugdidi City Council
³³ TI Georgia’s interview with Merab Kvaraia, chairman of the Zugdidi City Council (Georgian Dream Coalition)
Even though this amendment should be viewed as a positive change, a number of problematic issues remain:

- According to the Electoral Code\(^{35}\) municipal council members are elected in single-mandate constituencies. Each administrative unit elects a single representative to the municipal council, regardless of its size. Even though municipal centers (city, town) and villages vary dramatically in terms of territory and number of voters, they each elect a single representative to the municipal council. This violates the principle of equality of votes. Introducing a multi-mandate constituency system would be a good alternative.\(^{36}\)
- The Electoral Code also prohibits independent candidates from taking part in the elections of heads of municipal administration and mayors.
- Important amendments to the Electoral Code are often made during the pre-election period, which hinders fair competition between political groups.
- Despite numerous efforts, the system of biometric registration of voters is yet to be introduced.\(^{37}\) This would establish the exact number of voters and eliminate inaccuracies in voter lists.
- Those employees of the Ministry of internal Affairs,\(^{38}\) who are deployed away from their registration locations, can only vote in the proportional system of the municipal council elections. This creates a risk of manipulation of votes.
- Pre-election periods are often accompanied by a higher number of political activists being summoned for questioning or charged with violations by investigative authorities. The Interagency Task Force has issued several recommendations to investigative authorities, urging them to refrain from such activities during pre-election periods, unless it is a matter of urgency.\(^{39}\)

The last two local government elections were announced and held within the legal deadlines.\(^{40}\) During the 2010 local elections, international and domestic observers assessed positively a number of changes that had been made since the previous elections, however, they also

\(^{35}\) The Electoral Code, Article 2, Subparagraph k), [https://goo.gl/6Jf8qi](https://goo.gl/6Jf8qi)

\(^{36}\) On 28 May 2015, the Constitutional Court declared unconstitutional the provisions of the Electoral Code, which define the rules for determining the boundaries of 73 single-mandate majoritarian electoral districts (see the decision of the Constitutional Court - [http://goo.gl/lejueD](http://goo.gl/lejueD)). According to the Constitutional Court’s decision, the number of voters registered in a municipality needs to be taken into account when determining the boundaries of electoral districts, and efforts should be made to ensure the establishment of equal electoral districts. In response to the Constitutional Court’s decision, the government announced the next phase of the election system reform, which envisions “correcting the current voter imbalance between majoritarian electoral districts, and will also introduce a 50 percent electoral threshold”. However, it is not yet clear exactly what form the future electoral system will take and what effect it will have on the next local government elections (see statements made by government representatives regarding the decision of the Constitutional Court - [http://goo.gl/wMB2xz](http://goo.gl/wMB2xz) and [http://goo.gl/CCuqJR](http://goo.gl/CCuqJR)).

\(^{37}\) NGO Statement, Government should solve several important problems prior to 2014 elections, [http://goo.gl/TKUjM2](http://goo.gl/TKUjM2)

\(^{38}\) The Electoral Code, Article 32, Paragraph b), [https://goo.gl/6Jf8qi](https://goo.gl/6Jf8qi)

\(^{39}\) Netgazeti, Statement by Chairman of Interagency Commission on Mid-Term Elections, [http://goo.gl/xIAygd](http://goo.gl/xIAygd); Interpressnews, Recommendations to be Developed on Questioning of Detainees during Pre-Election Period, [http://goo.gl/9CpQne](http://goo.gl/9CpQne)

\(^{40}\) Joint Statement of the Election Media Centre NGOs on the Pre-Election Environment prior to the 30 May Local Government Election, May 29, [http://goo.gl/p9zSTO](http://goo.gl/p9zSTO)
mentioned a number of problems and violations recorded during the electoral process.\textsuperscript{41} In its evaluation of the 2010 local elections, the OSCE Office for Democratic Institutions and Human Rights (ODIHR) pointed out the progress made in terms of fulfilling the OSCE commitments and meeting other international standards compared to previous elections. The report also identified significant shortcomings in terms of the legal framework, its implementation, unfair electoral environment and specific cases of electoral fraud during the election day. Despite a generally positive assessment, international election observers also noted cases of high tension and procedural violations that, in some cases, were serious in nature.\textsuperscript{42}

As for candidates representing a range of interests, the election observers noted a lack of representation for women among candidates as well as in the top positions of the electoral administration. On the other hand, electoral materials were available in minority languages, and many parties nominated candidates representing national minorities.\textsuperscript{43}

Despite some violations, the electoral process was largely peaceful during the 2014 local government elections, with voters being able to freely express their will.\textsuperscript{44} Vote count and tabulation were conducted in a calm atmosphere without any major violations. The number of procedural violations concerning the voting process was smaller than during the 2010 local government elections as well as the 2013 presidential elections. Several polling stations, however, did have serious violations, such as physical violence, ballot box stuffing, and theft/damaging of voting materials.\textsuperscript{45}

Abuse of administrative resources was not widespread during the pre-election period. The media had the opportunity to disseminate information freely and without hindrance and generally provided a balanced coverage of electoral meetings and political debates. On the other hand, the pre-election period was once again marked with cases of candidates dropping out due to alleged political pressure. These cases were not investigated sufficiently by law enforcement agencies. Finally, one other long running problem is the gender imbalance in the representative and executive bodies of the local government.\textsuperscript{46}

1.3 Independence

To what extent is the municipal council independent from the executive?

\textsuperscript{41} International Society for Fair Elections and Democracy (ISFED), May 30, 2010 Local Government Elections and Parliamentary By-election Monitoring Report, \url{http://goo.gl/nB4iDz}

\textsuperscript{42} The OSCE Election Observation Mission Report, 2010, \url{http://goo.gl/PaqK8r}

\textsuperscript{43} Id.

\textsuperscript{44} Assessment of Pre-Election Environment by Nongovernmental Organizations: Local Self-Government Elections 2014, \url{http://goo.gl/nVCnls}


\textsuperscript{46} International Society for Fair Elections and Democracy (ISFED), Monitoring of 2014 Local Self-Government Elections -Final Report, \url{http://goo.gl/fut4m7}
According to the Local Government Code, major decisions in the municipality are made by its representative body - the local/municipal council. The municipal council has the authority\textsuperscript{47} to make decisions on:

- Defining the identity and administrative-territorial organization of the municipality
- Organizational activities
- Regulation and oversight of local executive bodies
- Financial and budgetary issues
- Management and disposal of municipal property

The municipal council makes major decisions and directs policy at the local level, while the municipal administration / City Hall is obligated to enforce the decisions made by the municipal council.

The executive body of a municipality and its highest ranking official\textsuperscript{48} (head of municipal administration or mayor) are accountable to the citizens and the respective municipal council.

The municipal council is also authorized to discuss and initiate a vote of no confidence towards the local governor or mayor based on a written request from half of its members or no less than 20 percent of the registered voters in the municipality.\textsuperscript{49} This legal provision is quite controversial. It is unclear why the municipal council is given the power to initiate a vote of no confidence so easily towards a directly elected highest-ranking official (head of municipal administration or mayor) whose level of legitimacy is much higher than that of any council official.

This mechanism may be used for political purposes. Specifically, the municipal council could choose to initiate a vote of no confidence if the council majority and the governor / mayor start having differences along party lines. The existence of such a mechanism also contradicts the choice and the will expressed by voters.

\textbf{Tbilisi}

Opposition members in the Tbilisi City Council believe that the council majority does not properly criticize and oppose the City Hall. They said that the majority usually lends full support to the initiatives coming from the City Hall and will often not discuss their content.\textsuperscript{50} According to these council members, there is a lack of initiatives coming directly from the City Council as

\begin{itemize}
  \item \textsuperscript{47} The Local Government Code, Article 24
  \item \textsuperscript{48} Id., Article 48
  \item \textsuperscript{49} Id., Article 51
  \item \textsuperscript{50} TI Georgia’s interviews with Aleksandre Elisashvili, independent majoritarian member of Tbilisi City Council, and Irakli Abesadze, opposition member and chairman of the faction United National Movement - Tbilisi, Tbilisi, 11/05/2015
\end{itemize}
well as an excessive dependence of some of its majority members on their party and the City Hall. They also claim that the City Council mainly discusses proposals coming from the City Hall. On the other hand, a majority member of the City Council points to cases when the City Council did not accept proposals from the City Hall. Such examples include the approval of the budget with the City Council’s own amendments, the refusal to adopt changes to the Tbilisi Hippodrome development plan, and several decisions concerning zoning changes. The same majority member stated that the views of the City Council majority and the City Hall are often aligned due to the fact that the City Council members are involved in the activities of the executive commissions of the City Hall prior to their proposals making their way to the council.

The 2012 parliamentary elections were followed by changes in local government bodies of most regions. Specifically, protest rallies resulted in changes of governors and the United National Movement losing its majority in municipal councils. For example, the UNM lost its majority in the Tbilisi City Council after 12 council members announced their decision to leave the party. The UNM claimed that the new government was pressuring members of the opposition to leave the party by summoning them for questioning and launching investigations against them. The case of Irakli Shikhiashvili, former chairman of the Tbilisi City Council, was cited as one such case. Another possible example was the decision made by the Investigative Service of the Ministry of Finance to detain several high ranking officials of the Tbilisi City Council and the City Hall. According to the lawyers of the arrested officials, the defendant’s rights were violated.

Additional questions arose regarding the independence of Tbilisi City Council when, on December 29, 2014, days before the New Year, the City Council made a decision without a wider public discussion to change the zonal status of a piece of land in the Sololaki district for the planned Panorama Tbilisi project. The project is to be implemented by the Partnership Fund with the support of former Prime Minister Bidzina Ivanishvili.

51 TI Georgia’s interview with Khatuna Samnidze, majority member of Tbilisi City Council and chairwoman of the faction Georgian Dream - Republicans, Tbilisi, 18/5/2015
52 TI Georgia’s interview with Khatuna Samnidze, majority member of Tbilisi City Council and chairwoman of the faction Georgian Dream - Republicans
54 Civil.ge, UNM Loses Majority in Tbilisi City Council After Senior Member Quits Party, http://goo.gl/Tjk6im
55 News.ge, Nadirashvili - Shikhiashvili investigation was terminated after he ‘moved’ to the Georgian Dream, http://goo.gl/Yuxqcn
56 24 Hours, Two Arrests in One Day, http://goo.gl/bgXivd
58 Netgazeti, Ivanishvili - an exclusive part of Panorama Tbilisi is funded by me, http://goo.gl/rU3Y63; Interpressnews, Bidzina Ivanishvili - Panorama Tbilisi is a unique project that must be carried out, http://goo.gl/5fvDCa

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Kutaisi

Even though City Councils and City Halls are functionally separated from each other at the legal level, this separation is largely symbolic in Kutaisi. According to Besik Bregadze, council member representing the UNM, a meeting is held between the mayor and the council majority a day before each and every council session, where the council majority and the City Hall agree upon all the issues to be discussed during the City Council session.59 This was confirmed by the Kutaisi City Hall as well. According to Konstantine Kavtaradze, deputy mayor of Kutaisi, meetings between the City Hall and the majority members of the City Council are held regularly ahead of each budget amendment and council session, in order to facilitate teamwork. During these meetings the City Hall shares its views with the City Council majority. According to the deputy mayor, if the City Hall and the council majority do not manage to reach an agreement, the issue is not discussed at the City Council session. Kavtaradze states that this is done in order for the City Hall and the council majority to show their unity. He considers this to be a normal working process designed to facilitate teamwork by ensuring the council majority’s active involvement in the proposals made by the executive government.60 The approach of making decisions behind closed doors inside the City Hall, rather than on public sessions of the City Council, creates the impression that Kutaisi City Council is not a separate institution that is able to function and make decisions independently. This impression is further supported by the rarity of cases where the council majority rejects City Hall proposals. The council majority expressed a diverging opinion from the City Hall only on one occasion, when it requested adding a few more programs to the 2015 budget.61

Zugdidi

The Zugdidi City Council majority believes that there is a clear division of roles between local executive and legislative bodies at the municipal level. In order to illustrate the City Council’s independence, its chairman pointed out several cases where the council rejected City Hall proposals. These cases included the City Hall’s request to be allowed to issue 15 year permits to companies winning outdoor advertising tenders. The City Council rejected the City Hall’s proposal citing a lack of relevant regulations and suggested issuing 5 year permits instead. Also,

59 TI Georgia’s interview with Besik Bregadze, opposition member of the Kutaisi City Council (United National Movement)
60 TI Georgia’s interview with Konstantine Kavtaradze, deputy mayor of Kutaisi, Kutaisi, 16/07/2015
according to a majority representative, the City Council rejected the City Hall’s proposal to install traffic lights and speed barriers in certain sections of the city.\textsuperscript{62}

An opposition member of the Zugdidi City Council said, however, that the City Council never rejects City Hall proposals. There have even been cases when the council majority supported a proposal, despite having a negative attitude towards it. Opposition members attribute this to party commitments held by majority members, because of which they are unable to offer resistance. The council opposition believes that the City Council is unable to make its own decisions and that the local government is being controlled by the central government.\textsuperscript{63}

\textbf{Role}

\textit{1.4 Oversight of the local executive}

\textit{To what extent are municipal council members able to exercise and enforce their decisions and oversight role?}

The Local Government Code grants municipal councils the authority to regulate and oversee the activities of the local executive. Specifically, municipal councils have the right to:

- Oversee the activities of local executive bodies and their officials,\textsuperscript{64} to hear their reports and evaluate their performance.
- Approve provisions and staffing lists of local administrations/City Halls.\textsuperscript{65}
- Declare no confidence towards a governor/mayor.

Even though the oversight mechanisms of a municipal council are not clearly defined by law, council members still have the ability to oversee local executive government by influencing the budget planning process as well as the actions of the City Hall.\textsuperscript{66} Municipal councils have the right to approve decisions on a number of issues made by the local executive government, oversee the activities of local executive bodies and their officials, and hear and evaluate their reports. They also have the authority to declare no confidence towards a governor/mayor. Finally, municipal councils are also authorized to review and approve the local budget, make amendments to the approved budget, and oversee and evaluate its execution.\textsuperscript{67}

\textsuperscript{62} TI Georgia’s interview with Merab Kvaraia, chairman of the Zugdidi City Council (Georgian Dream Coalition)
\textsuperscript{63} TI Georgia’s interview with Batloime Shelia, opposition member of the Zugdidi City Council (United National Movement)
\textsuperscript{64} The Local Government Code, Article 24, Paragraph 1, Subparagraph c.a)
\textsuperscript{65} Id., Subparagraph c.b)
\textsuperscript{66} The Local Government Code, Article 24
\textsuperscript{67} Id., Chapter III
Tbilisi

The degree of oversight of the local executive granted to Tbilisi City Council at the legal level is relatively high, since the City Council’s approval is required to appoint Tbilisi officials.\textsuperscript{68} The Tbilisi City Council is to hold regular hearings on the performance and budget reports from the representatives of the local executive government in accordance with its Rules of Procedure and the Local Government Code.

In practice, however, the City Council’s oversight activities raise questions. For example, during the 2014 budget review process, the City Council voted the draft budget proposed by the City Hall down several times and approved it only 4 days before the deadline.\textsuperscript{69} By prolonging the approval of the budget, the City Council risked missing the deadline, which could have been followed by the dismissals of the City Hall and the City Council and the introduction of direct rule by the central government. Georgian Dream coalition held the majority in the City Council at the time, while the City Hall was still managed by the United National Movement.\textsuperscript{70}

The Tbilisi City Council has an Audit Commission that oversees budget spending of local executive bodies.\textsuperscript{71} During the period when the UNM ran the City Hall and the Georgian Dream held the City Council majority, the Audit Commission asked the Investigative Service of the Ministry of Finance to look into the budget spending of several district administrations.\textsuperscript{72}

On the other hand, following the 2014 local elections, opposition members of Tbilisi City Council were unable to summon the mayor to report to the council’s extraordinary session. The mayor refused to show up and said that he was preparing a report for the City Council.\textsuperscript{73}

Opposition members noted in their interviews that the heads of all City Council commissions, including the Audit Commission, as well as all deputy chairpersons, had been elected from the council majority. Opposition representatives claimed that such distribution of official positions weakens the council’s ability to effectively oversee the local executive.\textsuperscript{74}

In 2015, the Tbilisi City Council overturned an article added to the 2014 budget (Article 20), according to which, the City Hall was obligated to consult with the City Council on all projects within the approved budget programs. The opposition considered the article an additional

\textsuperscript{68} \textit{Id.}, Article 68, Paragraph i
\textsuperscript{69} Transparency International Georgia, \textit{Tbilisi budget: a political game or caring for people?}, \url{http://goo.gl/lexbSp}
\textsuperscript{70} Civil.ge, \textit{Tbilisi City Council Approves 2014 Budget}, \url{http://goo.gl/SAWPXV}
\textsuperscript{71} Tbilisi City Council Decree on the Approval of the Statute for the Tbilisi City Council Revision Commission, \url{http://goo.gl/nsFiZd}
\textsuperscript{72} Interpressnews, \textit{Nugzar Malaghuradze – the inspection document for Krtsanisi District Administration contains signs of violations}, \url{http://goo.gl/awSSGD}; Medianews, \textit{Khuroshvili to Appeal the Decision of the City Council’s Revision Commission}, \url{http://goo.gl/xNy51E}
\textsuperscript{73} Tabula, \textit{Davit Narmania due to Visit the City Council Next Week}, \url{http://goo.gl/71VSti}
\textsuperscript{74} TI Georgia’s interviews with Aleksandre Elisashvili, independent majoritarian member of Tbilisi City Council, Tbilisi, 11/05/2015
mechanism for overseeing budget funds and the City Hall, while a majority member stated in an interview that this provision created bureaucratic barriers for the City Hall. In addition, the council majority considers the approval of specific projects to be outside the City Council’s authority.

The newly elected City Council amended its Rules of Procedure and removed the council member’s right to attend a government meeting with a deliberative vote. The current regulation allows council members to freely attend government meetings. However, according to opposition members, they are unable to exercise this right freely, while the majority members almost never use it.

According to the opposition, the oversight mechanism of summoning government representatives to the City Council is also unavailable to them. Out of the three summons issued by the United National Movement faction, only one official responded. On the other hand, the council majority claims that they are making use of this tool successfully and without difficulty. Opposition members also claimed that the City Council does not perform thorough inspections of municipal companies. According to the opposition members, City Council members actively correspond with executive bodies and typically receive the requested information.

Amendments made to the Local Government Code on 8 July 2015 somewhat weakened Tbilisi City Council’s oversight powers. The amendments removed the City Council’s authority to approve the city’s privatization plan and the list of facilities to be privatized. In addition, amendments made to the Local Government Code on 22 July 2015 also removed the City Council’s authority to approve procurement plans. Both amendments were explained by the need to increase the effectiveness of the City Hall and to remove lengthy procedures.

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75 Ti Georgia’s interview with Irakli Abesadze, opposition member of the Tbilisi City Council and chairman of the faction United National Movement
76 Ti Georgia’s interview with Khatuna Samnidze, majority member of the Tbilisi City Council and chairwoman of the faction Georgian Dream - Republicans
78 Tabula, UNM Members to Attend Tbilisi City Hall Session, [http://goo.gl/Rb8GBm](http://goo.gl/Rb8GBm); Interpressnews, Narmania Decides to Ban UNM Members from Attending Tbilisi City Hall Session, [http://goo.gl/JadhHJ](http://goo.gl/JadhHJ); Interpressnews, UNM Members Request Permission to Attend Tbilisi City Hall Session, [http://goo.gl/JfodhB](http://goo.gl/JfodhB); Interpressnews, Davit Narmania Advises UNM Members to Quite Acting like Showmen, [http://goo.gl/kOC9uA](http://goo.gl/kOC9uA)
79 Ti Georgia’s interview with Irakli Abesadze, opposition member of the Tbilisi City Council and chairman of the faction United National Movement
80 Ti Georgia’s interview with Khatuna Samnidze, majority member of the Tbilisi City Council and chairwoman of the faction Georgian Dream - Republicans
81 Ti Georgia’s interview with Irakli Abesadze, opposition member of the Tbilisi City Council and chairman of the faction United National Movement
82 Parliament of Georgia, Amendments to Georgia’s Organic Law on Local Government, [http://goo.gl/8yRYCc](http://goo.gl/8yRYCc)
83 Parliament of Georgia, Amendments to Georgia’s Organic Law on Local Government, [http://goo.gl/1jRzcj](http://goo.gl/1jRzcj)
Kutaisi

According to one majority member of the Kutaisi City Council, the council reviewed the draft budget and returned it to the City Hall with proposed changes twice. The budget was adopted only after the executive body agreed to the proposed changes. According to one council member, the City Council requested an additional GEL 1.5 million for repairing internal drainage canals, construction of support structures in one neighborhood, and repairing facades and ramps.84

Both the majority and the opposition members of the City Council agree that the heads of City Hall services respond to summons from the City Council and that there is no problem of accountability in this regard. City Hall representatives are summoned mostly on the level of council commissions and factions.85 Commission sessions summon City Hall service heads depending on the specific discussion topic.86

Another oversight mechanism – audit – is part of the functions of the Kutaisi City Council Budget Commission. An ex-member of this commission Guram Toroshelidze explained that the commission has a pre-determined audit plan which it follows throughout the year.87 The opposition members of the council are also involved in the commission, however, they do not believe its performance to be productive, since it only convenes once or twice a month, a frequency that is insufficient due to the commission’s wide variety of functions.88

Zugdidi

Zugdidi mayor and heads of various City Hall services report to the City Council once a year. Zugdidi City Hall presented its first report in February, 2015.89 According to the chairman of Zugdidi City Council, on no occasion has a head of a City Hall service rejected a City Council

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84 TI Georgia’s interview with Galaktion Toroshelidze, majority member of Kutaisi City Council (Georgian Dream Coalition)
85 TI Georgia’s interview with Besik Bregadze, opposition member of Kutaisi City Council (United National Movement)
86 TI Georgia’s interview with Galaktion Toroshelidze, majority member of Kutaisi City Council (Georgian Dream Coalition)
87 TI Georgia’s interview with Galaktion Toroshelidze, majority member of Kutaisi City Council (Georgian Dream Coalition)
88 TI Georgia’s interview with Samson Gugava, opposition member of Kutaisi City Council (Labor Party), Kutaisi, 10/07/2015
summoning. One majority member of the City Council believes, however, that the process of summoning City Hall officials to the City Council can be improved.\textsuperscript{90} An opposition member of the City Council also confirms City Hall officials being summoned to the council.\textsuperscript{91}

According to the council majority, the City Council reviewed the initial budget draft and returned it to the City Hall together with the proposed change, most of which the City Hall incorporated into the later draft. In addition, the budget review process was conducted openly by City Council commissions, with all interested parties having the ability to take part. Information on the date of the budget review was published in advance and the draft budget was available to everyone.\textsuperscript{92} Opposition members of the Zugdidi City Council consider the amendments made to the budget by the council to be insignificant. They believe that the City Council is unable to offer any resistance to the City Hall due to party commitments.\textsuperscript{93}

\textbf{1.5 Representation}

\textit{To what extent do municipal council members represent the interests and priorities of their constituency in practice?}

\textbf{Tbilisi}

According to the Tbilisi City Council, council members hold citizen consultations as required by the council’s Rules of Procedure and the Local Government Code. The City Council members elected through the majoritarian system are given offices in their respective districts to be used for communication with their constituents and other purposes. According to the City Council, this helps majoritarian council members to better communicate with their constituents, organize meetings, receive and respond to citizen complaints, letters, and statements. Majoritarian council members also hold regular meetings with citizens on Wednesdays.\textsuperscript{94} Based on an established tradition, every Wednesday, the council chairman receives 30 pre-selected citizens.\textsuperscript{95} Receiving citizens on Wednesdays is an established practice and is not regulated by any legal provision.

According to one independent council member, City Council activities are not properly organized and the information on City Council session dates, bureau session times, commission session dates and their agendas only becomes available on the previous day. As a result, this

\textsuperscript{90} TI Georgia’s interview with Merab Kvaraia, chairman of Zugdidi City Council (Georgian Dream Coalition)
\textsuperscript{91} TI Georgia’s interview with Batlome Shelia, opposition member of Zugdidi City Council (United National Movement)
\textsuperscript{92} TI Georgia’s interview with Merab Kvaraia, chairman of Zugdidi City Council (Georgian Dream Coalition)
\textsuperscript{93} TI Georgia’s interview with Batlome Shelia, opposition member of Zugdidi City Council (United National Movement)
\textsuperscript{94} Tbilisi City Council website: \url{http://goo.gl/7tmmgL; http://goo.gl/aGY0mm}
\textsuperscript{95} Tbilisi City Council website: \url{http://goo.gl/YMOFny; http://goo.gl/tep0KZ}
information cannot be published on the website in advance and no single day of the week is chosen for holding regular City Council sessions. According to the council member, the existing situation hampers citizen participation, mobilization of interest groups, and preparation for discussion topics. According to one majority council member, the City Council has not developed a citizen relations policy and, at the time of the interview, did not have a citizen petition system.

**Kutaisi**

According to information provided to us by the Kutaisi City Council, council members hold citizen consultations, listen to their problems, and work to solve these problems within the limits of their powers. Citizen consultations are held in the administrative building of the City Council as well as at specific outdoor locations. Kutaisi City Council members do not have offices due to a lack of financial resources. The City Council provided us with reports prepared by its members regarding their meetings with citizens, problems reported, assistance provided and issues resolved. Citizens most commonly request social assistance, funding or co-funding for medical expenses, and solving infrastructure-related issues.

No formal regulations apply to citizen consultations. The dates and the frequency of these meetings depend entirely on individual council members. Council members that do not receive salaries from the council are reimbursed for fuel and cell phone expenses within certain limits.

The City Council’s Rules of Procedure also provide for conducting open-door sessions. Even though the Rules of Procedure obligate the City Council to hold such sessions at least once every three months, no such sessions had been reported by the media as of July 2015, suggesting that the relevant article is not applied effectively in practice.

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96 Ti Georgia's interviews with Aleksandre Elisashvili, independent majoritarian member of Tbilisi City Council
97 Ti Georgia's interview with Khatuna Samnidze, majority member of Tbilisi City Council and chairwoman of the faction Georgian Dream - Republicans
98 Ti Georgia's interview with Galaktion Toroshelidze, majority member of the Kutaisi City Council (Georgian Dream Coalition)
99 Ti Georgia's correspondence with the Kutaisi City Council
According to the information provided to us by Zugdidi City Council, council members hold citizen consultations.\textsuperscript{101} The City Council website contains reception hours, with 15-minute slots for each citizen.\textsuperscript{102} According to the council chairman, every council member has two days of the week allocated for citizen reception. As a result, there are several members of the City Council receiving citizens each day. The chairman does not see the need for having offices for majoritarian members.\textsuperscript{103} One minority council member believes, however, that having majoritarian member offices with a staff of two or three people working on identifying local problems is necessary. The opposition also drew attention to the lack of financial resources required for solving citizen reported problems.\textsuperscript{104}

The Zugdidi City Council has approved a decree allowing its members (other than the officials) to receive remuneration for their work.\textsuperscript{105} Overall, three members of the City Council have received GEL 10,700 from July 2014 to June 2015.\textsuperscript{106}

\subsection*{Governance}

\subsection*{1.6 Transparency of the municipal council}

\textit{To what extent can citizens access relevant information on the municipal council and its members?}

According to the General Administrative Code,\textsuperscript{107} a collegiate public institution is required to publicly announce the venue, the time and the agenda of its next session a week in advance. This legal provision provides an opportunity for citizens to attend municipal council sessions and get to know the legal acts and draft decisions to be approved by the municipal council. On July 22, 2015, the Parliament amended the Local Government Code by removing the prior authorization and/or notification requirement for citizens to attend public sessions of municipal councils and their commissions, which stood as an obstacle in some municipalities.\textsuperscript{108}

\begin{thebibliography}{99}
\bibitem{101} TI Georgia’s correspondence with the Zugdidi City Council
\bibitem{102} The Zugdidi City Council website, \url{http://goo.gl/t3SRkW}
\bibitem{103} TI Georgia’s interview with Meram Kvaraiia, chairman of the Zugdidi City Council (Georgian Dream Coalition)
\bibitem{104} TI Georgia’s interview with Batlome Shelia, opposition member of the Zugdidi City Council (United National Movement)
\bibitem{105} The Zugdidi City Council Decree №11 on the Approval of Reimbursement Rules for Work Expenses of the Members of the Zugdidi City Council (with the exception of council officials), February 6, 2015, \url{https://goo.gl/JTcyuh}
\bibitem{106} TI Georgia’s correspondence with the Zugdidi City Council
\bibitem{107} The General Administrative Code, Article 34, Paragraph 1
\bibitem{108} Parliament of Georgia, Amendments to the Organic Law of Georgia on Local Government, \url{https://goo.gl/JORi6W}
\end{thebibliography}
Public institutions, including municipal councils, are required to publish information of public interest electronically on www.matsne.gov.ge and their individual websites. When requested, public institutions are required to provide public information immediately or no later than 10 days in written and electronic forms. These legal provisions, however, are often not enforced in practice.

The amendments of 22 July 2015 added a new article (Article 851. Access to Information) to the Local Government Code, which expanded the list of mandatory information to be made public. Municipal councils are authorized to further extend this list. The law also requires municipal council members to prepare annual reports on citizen consultations and the assistance provided to them no later than 1 November of every year.

According to the Institute for Development of Freedom of Information (IDFI), access to public information deteriorated significantly in 2013-2014 compared to an earlier period between 2012 (July) - 2013 (June). Specifically, the percentage of public information requests which the local government bodies answered in full decreased from 74% to 60%, while the percentage of unanswered requests increased from 19% to 34%.

**Tbilisi**

The Tbilisi City Council has adopted a list of the types of information to be made public proactively. The list includes the structure and functions of the City Council, the information about the council chairman, deputies, members, factions, commissions, and staff as well as the City Council’s Rules of Procedure, the City Council staff and commission provisions, the annual procurement plan and other types of public information. This list of information to be proactively made public adopted by the Tbilisi City Council is a substantially watered down version of a similar list that had been previously developed and adopted by the central government with direct involvement and participation of civil society.

The Tbilisi City Council website contains information about its sessions and their agendas, bureau sessions and their agendas as well as the activities of the City Council commissions,

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109 The General Administrative Code, Article 27, Paragraph k)
110 Id., Article 40, Paragraph 1
111 Id., Article 37, Paragraph 3
113 The Local Government Code, Article 88, https://goo.gl/Xmsh0G
115 The Tbilisi City Council Decree on the Approval of the Rules for Proactive Disclosure and Standards for Electronic Request of Public Information in Tbilisi City Council and Tbilisi City Hall, https://goo.gl/IZuWF8
facts and staff. The website also contains a notice of the City Council and bureau sessions and other events. According to the City Council members, however, the exact date and agenda of a council session usually become available only the previous evening, which makes it difficult to post the agenda on the website before the session. Before the July 2015 amendments to the Local Government Code citizen participation was further impeded by the fact that citizens were required to obtain permits to attend the council sessions. These circumstances greatly impede citizen access to information regarding the City Council, its members and their activities.

Also of interest is the public information accessibility rating for the Tbilisi City Council. According to a research conducted by the Institute for Development of Freedom of Information (IDFI), Tbilisi City Council responded to 89.5% of public information requests sent by IDFI in 2013-2014.118

Kutaisi

On 27 August 2014, the Kutaisi City Council adopted Decree N32 on Approving the Rules for Proactive Disclosure of Public Information. Article 5 of the decree defined the list of the types of information to be made public proactively. This information, however, is not published electronically. The Kutaisi City Council does not have a website, but rather has a section allocated to it on the Kutaisi City Hall website www.kutaisi.gov.ge, which only contains information about the council chairman and its members. The information about the City Council’s activities on this website is also not being updated (as of 10.08.2015 the last update dates to 27.11.2014).

The Kutaisi City Council, unlike the website, makes active use of the social network Facebook, which it uses to publish information on upcoming sessions, albeit without respective agendas or session minutes. When announcing session dates, the City Council rarely follows the legal obligation of distributing this information a week in advance.

Previously, citizens required permits in order to attend Kutaisi City Council sessions, however, this did not constitute a serious barrier, since citizens were free to attend any session. According to the Institute for Development of Freedom of Information (IDFI), the public information accessibility rating for the Kutaisi City Council is 88.6%.122

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117 TI Georgia’s interviews with Aleksandre Elisashvili, independent majoritarian member of the Tbilisi City Council, Irakli Abesadze, opposition member and chairman of the faction United National Movement - Tbilisi, and Khatuna Samnidze, majority member and chairwoman of the faction Georgian Dream - Republicans.
120 The Kutaisi City Hall website, http://goo.gl/GErnxR
121 TI Georgia’s interview with Samson Gugava, opposition member of the Kutaisi City Council (Labor Party)
The Zugdidi City Council website has been active since January 2015. The website is quite informative and contains the names, biographies and contact information of local public officials, all legal acts adopted by the City Council, the information about its functions, and provisions of the City Council, its committees and factions. Zugdidi City Council, however, has yet to adopt a list of information to be proactively made public.

The Zugdidi City Council makes active use of the social network Facebook, which it uses to publish information on upcoming sessions. These posts, however, do not always contain meeting agendas. The City Council rarely follows the legal obligation of distributing information about its session dates a week in advance. The City Council usually calls the media and several non-governmental organizations to notify them of an upcoming session, however, these sessions are characterized by a significantly low degree of citizen participation. It should be noted that the Zugdidi City Council never required citizens to obtain passes in order to attend its sessions.

According to the Zugdidi City Council chairman, planned sessions are always held on the first Friday of each month, while the agendas for these sessions are published within the legal deadlines. For extraordinary sessions, the City Council tries to announce the date at least two days in advance. However, this is not always possible, since the decision to hold an extraordinary session is sometimes made only several hours prior. According to one majority council member, the City Council always notifies the media and non-governmental organizations about its sessions. The City Council opposition considers the level of its transparency to be insufficient, even though they recognize the progress made by the current City Council compared to its predecessor. Opposition members claim that the City Council mostly published information about sessions that have already been held and sessions dates are rarely announced online in advance.

1.7 Accountability of municipal council members

To what extent are municipal council members answerable for their actions in practice?

123 Ti Georgia’s interview with Merab Kvaraja, chairman of the Zugdidi City Council (Georgian Dream Coalition)
124 Ti Georgia’s interview with Batlome Shelia, opposition member of the Zugdidi City Council (United National Movement)
Tbilisi

According to the Tbilisi City Council, no public consultations had been held in Tbilisi City Council from 1 August 2014 to 19 May 2015 (response date to our freedom of information request). However, one majority council member stated during an interview that public hearings were held on all important issues. As an example, the council member mentioned the issue of tree cutting at the Tbilisi hippodrome (an environmental issue). The council opposition claims that such hearings are only formal in nature and do not change anything. As an example, the opposition mentioned public hearings held related to the Panorama Tbilisi project, which, in their opinion, did not produce any change.

According to the Tbilisi City Council, the Local Government Code allows for the administrative and legal acts of local municipal bodies and their officials to be appealed to court based on the procedures outlined by this and other laws. In addition, actions and decisions of the City Council and/or its members can also be appealed in court in the manner prescribed by law.

Kutaisi

The Kutaisi City Council members periodically consult with their constituents either in the administrative building of the municipality or at specific outdoor locations. Also available are the reports on citizen consultation meetings held by the municipal council members, problems reported, assistance provided and issues resolved. Even though the Rules of Procedure require the City Council to hold open-door sessions at least once every three months, no such sessions have been reported by the media as of July 2015, suggesting that the relevant article is not effectively enforced in practice.

125 TI Georgia’s interview with Khatuna Samnidze, majority member of the Tbilisi City Council and chairwoman of the faction Georgian Dream - Republicans
126 TI Georgia’s interviews with Aleksandre Elisashvili, independent majoritarian member of the Tbilisi City Council, and Irakli Abesadze, opposition member of the Tbilisi City Council and chairman of the faction United National Movement
127 TI Georgia’s correspondence with the Tbilisi City Council
128 TI Georgia’s correspondence with the Kutaisi City Council
Since July 2014, the Kutaisi City Council has not received any citizen complaints related to its members.\textsuperscript{130}

**Zugdidi**

The Zugdidi City Council majority believes that the City Council is gradually embracing the tradition of citizen consultations. As an example, the council chairman mentioned several consultations held on issues of persons with disabilities prior to setting up a relevant board. The Zugdidi City Council has also adopted a Code of Ethics through consultations with civil society. The council chairman also mentioned budget review, naming of facilities and several issues related to city infrastructure as areas of active civil society involvement.\textsuperscript{131} On the other hand, the City Council hastily decided to allocate a land plot in the middle of the city for the construction of a McDonalds without public consultation, causing discontent of a significant portion of citizens.\textsuperscript{132}

As in Kutaisi, the Rules of Procedure also require the Zugdidi City Council to hold open-door sessions at least once every three months.\textsuperscript{133} However, as of July 2015, no such meetings have been reported by the media in Zugdidi as well, suggesting that the relevant article is not applied effectively in practice.

No citizen complaints have been lodged to Zugdidi City Council.\textsuperscript{134} According to the council opposition, public awareness that regular citizens also have the right to engage in local governance is very low, which presents a serious problem.\textsuperscript{135}

### 1.8 Integrity of municipal council members

*To what extent is the integrity of municipal council members ensured?*

The Law on Conflict of Interest and Corruption in Public Service determines the list of public officials\textsuperscript{136} who are required to file asset declarations within two months of their appointment.

\textsuperscript{130} TI Georgia’s correspondence with the Kutaisi City Council
\textsuperscript{131} TI Georgia’s interview with Merab Kvaraia, chairman of the Zugdidi City Council (Georgian Dream Coalition)
\textsuperscript{132} LivePress, Zugdidi Residents Against Building McDonald Near Local Government Administration, [http://goo.gl/JGk0TS](http://goo.gl/JGk0TS)
\textsuperscript{133} The Zugdidi City Council Decree №1 on the Approval of Rules of Procedure of Zugdidi City Council, July 14, 2014, [https://goo.gl/a2PeDe](https://goo.gl/a2PeDe)
\textsuperscript{134} TI Georgia’s correspondence with the Zugdidi City Council
\textsuperscript{135} TI Georgia’s interview with Batlome Shelia, opposition member of the Zugdidi City Council (United National Movement)
\textsuperscript{136} The Law on Conflict of Interest and Corruption in Public Service, Article 2, Paragraph 1, Subparagraph n)
The list only includes municipal council officials (Chairperson, Deputy Chairperson, Commission Chairperson, and Faction Chairperson).\textsuperscript{137}

The obligation of filing asset declarations does not apply to other municipal council members,\textsuperscript{138} even though they make decisions on the spending of public funds from the municipal budget. At the same time, these council members have complete freedom to engage in private business. The lack of transparency regarding the private commercial interests of municipal council members creates serious risks of conflict of interest and abuse of power.

According to Article 355 of the Criminal Code, failure to submit an asset declaration or inclusion of incomplete or incorrect information in one is punishable by a fine, community service or, in some cases, dismissal or termination of the right to hold a public service position. In practice, however, these regulations are applied extremely rarely.\textsuperscript{139} Ongoing attempts to develop a monitoring mechanism for asset declarations and improve the legislative framework related to whistleblowers are welcome developments.\textsuperscript{140}

**Tbilisi**

Cases of conflict of interest and delayed submission of asset declarations by Tbilisi City Council members have not been identified. Asset declarations of all local public officials can be found online.

**Kutaisi**

Cases of conflict of interest and delayed submission of asset declarations by Tbilisi City Council members have not been identified. Asset declarations of all local public officials can be found online.

\textsuperscript{137}The Local Government Code, Article 32

\textsuperscript{138}Transparency International Georgia, *The list of public officials filing asset declarations needs to expand*, http://goo.gl/6lQY6v

\textsuperscript{139}Netgazeti, Davit Bakradze, Bidzina Ivanishvili and Selective Justice, http://goo.gl/e3EAv1

\textsuperscript{140}Parliament of Georgia, Amendments to the Law on Conflict of Interests and Corruption in Public Service, http://goo.gl/OhtAyl
Cases of conflicts of interest and delayed submission of asset declarations by Tbilisi City Council members have not been identified. Asset declarations of all local public officials can be found online.
2. Local Executive

Capacity

2.1 Clear Functions

To what extent does the local government have coherent and realistic set of functions?

According to the Local Government Code, local executive bodies, municipal administrations and City Halls, are represented by and subordinated to the heads of municipal administration and mayors, respectively. Mayors and governors hold a high degree of legitimacy, since they are elected directly. The law, however, still provides for the possibility of their removal through a no-confidence procedure. A vote of no confidence towards a head of municipal administration or a mayor can be initiated based on a written request of at least half of the municipal council members or no less than 20 percent of registered voters in the municipality. The vote is considered passed with support from at least two thirds of the municipal council. In other words, the current legislation enables the municipal council, a directly elected branch of local government with a high degree of legitimacy, to dismiss the head of the municipal administration or a mayor (another branch of local government with a high degree of legitimacy resulting from direct election). The municipal council could use this leverage to limit the independence of the local executive.

The functions of the City Hall/municipal administration are defined by the Local Government Code as well as the Rules of Procedure adopted by the local municipal council. Five major areas currently constitute a mayor's/governor's authority:

1. Organizational activities of the City Hall/municipal administration
2. Relations with the municipal council
3. Budget and finance
4. Management and disposal of municipal property
5. Other areas of the executive

The functions and powers of the executive branch of local government (City Hall/municipal administration) are defined appropriately at the legal level.

2.2 Predictable Resources

To what extent does the City Hall have access to the resources it requires to carry out its functions and deliver its vision?
Most municipalities are unable to obtain and generate sufficient resources to carry out their functions. To remedy this, the law provides for various types of financial transfers from the central budget. This practice, however, undermines the independence of the local government.

The following types of transfers are used to funnel resources from the central budget to the municipalities:

- **Equalization transfer** – funds allocated to municipalities from the central budget for the purpose of evening out their economic capacities. Municipalities have full discretion in managing these funds.
- **Capital transfer** – funds allocated for capital projects to be implemented in municipalities.
- **Targeted transfer** – funds transferred from one budget to another for the purpose of executing delegated responsibilities. Targeted transfers are issued to municipalities from the central budget or the budget of an autonomous republic.
- **Special transfer** – relief funds for damages caused by natural disasters, environmental and other catastrophes, war, epidemics and other emergencies.

The existence of these financial transfers does not ensure the financial independence of local government bodies. Additional steps towards financial independence need to be taken in order to ensure their effective functioning.141

Audits conducted in various municipalities by the State Audit Office (SAO) in 2012-2013 identified systemic shortcomings in terms of the separation of powers between the central and local governments. According to the SAO report, even though the majority of municipalities require equalization transfers from the central budget in order to replenish their revenue, there are still cases when local government bodies cover expenses related to obligations of the central government.

The SAO report also identified systemic shortcomings of the budgeting process in local government. Specifically, predicting the following year’s revenues is a serious challenge for municipalities. This is primarily caused by a general lack of data available to municipalities related to property tax revenues, various fines, fees, possible reduction of non-financial assets, and so forth. Municipalities make their financial forecasts mostly based on data from the previous year, which results in large differences between planned and actual revenues.142

The funding of the Tbilisi City Hall administration, services, district administrations and Legal Entities of Public Law are spelled out as separate sub-programs in the municipal budget document. Overall, the city’s executive and legislative bodies are being funded for GEL 87.8 million in 2015.\textsuperscript{143}

In recent years, Tbilisi budget revenues and expenditures have been rising steadily.\textsuperscript{144} In 2015, Tbilisi municipal budget appropriations amounted to GEL 959.1 million.\textsuperscript{145} According to the deputy mayor of Tbilisi, revenues received from privatization and local taxes have exceeded the predicted amount in 2014 as well as in the first 6 months of 2015.\textsuperscript{146}

Equalization transfers from the central budget constitute a significant share of the Tbilisi budget – GEL 412.28 million.\textsuperscript{147} This reduces the City Hall’s financial independence.\textsuperscript{148} One opposition member of Tbilisi City Council agreed with this view and pointed to cases when the City Hall has covered expenses related to the responsibilities of the central government.\textsuperscript{149}

The Ministry of Finance uses a special formula defined by the law for calculating the amounts of financial transfers to be allocated for municipalities.\textsuperscript{150} The formula for calculating equalization transfers has many shortcomings\textsuperscript{151} and may become subject to political manipulation. For example, in 2014 the central government reduced the transfer amount for the Tbilisi City Hall.\textsuperscript{152} During the same year, the adoption of the budget was delayed for three months and became the object of heated confrontation between the City Council and the City Hall. Transparency International Georgia believes that the delay was due to political reasons.\textsuperscript{153}

Finally, the mass dismissal of employees\textsuperscript{154} from the Tbilisi City Hall after the 2014 local elections creates the impression that the local government is an unstable source of employment and that the employment and dismissal of public servants is politically motivated. These circumstances make it difficult to attract professional and experienced employees to the City Hall, which, in turn, undermines the effectiveness of this institution.

\textsuperscript{144} Tbilisi budget, http://goo.gl/M6q8GH
\textsuperscript{146} TI Georgia’s interview with Nina Khatiskatsi, deputy mayor of Tbilisi, 28/5/2015
\textsuperscript{147} State Budget of Georgia, Chapter VII, http://goo.gl/y8Sj92
\textsuperscript{148} TI Georgia’s interview with Irakli Abesadze, opposition member of Tbilisi City Council and chairman of the faction United National Movement, Tbilisi, 11/5/2015
\textsuperscript{149} TI Georgia’s interview with Irakli Abesadze, opposition member of Tbilisi City Council and chairman of the faction United National Movement
\textsuperscript{150} Order №904 of the Minister of Finance on the Adoption of Instructions for Calculating Equalization Transfers, December 30, 2009, https://goo.gl/EzGzQ0
\textsuperscript{151} International Center for Civic Culture, Report on Local Democracy Development in Georgia, p .129, http://goo.gl/z5SYHn
\textsuperscript{152} The Tbilisi City Hall website, http://goo.gl/agomNi
\textsuperscript{153} Transparency International Georgia, Tbilisi budget: a political game or caring for people?, http://goo.gl/lexbSp
\textsuperscript{154} International Society for Fair Elections and Democracy (ISFED), Employment of 155 People Terminated in Tbilisi City Hall over a Period of One Month, http://goo.gl/PQqKbo
Kutaisi

The Kutaisi City Hall’s funding is GEL 5 million in 2015, which is more than its funding in 2014, but less than what it received in 2012 and 2013. In 2015, Kutaisi budget appropriations amounted to GEL 70.3 million, including GEL 31.9 million through equalization transfers. Representatives of the Kutaisi City Hall said that the city’s annual budget revenue can be predicted with 90% accuracy.

According to the deputy mayor of Kutaisi, even though municipal resources have been increasing gradually in recent years, it will still take some years before the City Hall has sufficient resources to carry out its duties effectively. According to the deputy mayor, a significant portion of the municipal budget is financed through transfers allocated from the state budget by the Ministry of Finance, which creates financial dependence. The deputy mayor stated, however, that the independence of the local government to manage its own budget funds has improved after recent amendments to the Local Government Code. Kutaisi City Hall claims that no one interferes with the management of Kutaisi municipal resources and that Kutaisi municipality is independent in managing its budget revenue and expenditure.

Zugdidi

The Zugdidi municipal budget has been increasing steadily in 2014-2015. In 2015, Zugdidi budget appropriations amounted to more than GEL 22 million, including GEL 11.7 million through equalization transfers. The Zugdidi City Hall budget amounts to GEL 2,656,000, which includes a stable payroll of GEL 1,961,000 for its 103 employees.

Unlike other cities, Zugdidi does not have to cover the costs of public transportation and water supply. Zugdidi municipality does not provide public transportation. These services are only

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156 Id.
158 TI Georgia’s interview with Konstantine Kavtaradze, deputy mayor of Kutaisi
159 Id.
160 The State Budget of Georgia, Chapter VII, http://goo.gl/yBSj92
provided by private providers. A unified water supply system has also not yet been implemented. Most parts of the city use artesian wells, since they are not supplied with water.

One employee of the Zugdidi City Hall considers it necessary to significantly increase municipal revenues. Currently, the city budget is mainly replenished through equalization transfers from the central budget, which, in turn, collects large amounts of revenue from local taxes (income tax, property tax, profit tax, etc.). The City Hall representative believes that a proportional tax would ensure that a significant portion of the income tax collected locally stays in Zugdidi. As a result, a proportional tax would help reduce Zugdidi’s financial dependence on the central government.¹⁶²

Role

2.3 Management of the Local Bureaucracy

To what extent does the local executive provide effective oversight of, and support to, the local bureaucracy?

Management and oversight of the public sector are regulated by the Law on Public Service. As of August 2015, this law does not clearly define the procedures of performance evaluation, promotion, and rewarding of public servants.¹⁶³ This has resulted in malpractice, especially in relation to incentive mechanisms. Public servants can be incentivized through promotions, bonuses, salary supplements, and one-time cash awards. Decisions on using bonuses/supplements or any other type of incentive or disciplinary measure are supposed to be made on individual basis, according to the performance evaluation of each public servant. In practice, however, bonuses and supplements are employed as a collective ‘gifts’ to all employees, and do not reflect the quantity or quality of their work. This leads to unreasonable spending of budget funds, a diminished importance for all incentive mechanisms, and a generally negative impact on employee motivation.

On 24 July 2015, Parliament adopted the first reading of a new draft law which aims to introduce mandatory annual performance evaluations for all professional public servants that will help identify areas where incentive mechanisms or raising of qualification are most needed. These provisions of the Law on Public Service also apply to public servants of the local government.¹⁶⁴

¹⁶² TI Georgia’s interview with Murtaz Bokuchava, head of the Zugdidi City Hall Budget and Finance Service, Zugdidi, 09/07/2015
¹⁶³ The Law on Public Service, Chapter VII, https://goo.gl/odn8Qo
The Tbilisi City Hall has weaknesses in staffing as well as the human resources management and oversight. The City Hall does not have a system of promotion based on staff performance scoring. Employees are promoted on the basis of the Law on Public Service. According to the information provided to us by the City Hall, awarding bonuses is the most common form of incentivizing used by the City Hall. However, unlike public institutions, which are subject to the Government Resolution on the Approval of Rules for Determining Bonus Amounts in Public Institutions, the Tbilisi City Hall has not approved any regulations for determining bonus amounts. The deputy mayor of Tbilisi said that the City Hall adheres to rules specified in the government resolution, according to which, bonuses are awarded on a quarterly basis with the amount not exceeding one month’s salary of an employee. Bonuses in the City Hall are awarded by heads of various services based on performance evaluations and the amount of overtime work performed by individual employees.

The Tbilisi City Hall and the City Council employ the following sanctions towards their staff: a notice, a warning, withholding of salary of no more than ten days, and dismissal. In 2013-2015, Tbilisi City Hall issued notices to 39 employees, warnings to 22, dismissed 26 and withheld the salary of one employee. After the arrest of the Supervision Service head Jokia Bodokia, the Tbilisi City Hall failed to make staffing changes, despite the fact that the Anti-Corruption Department of the Ministry of Internal Affairs took interest in the activities of other staff members of the Supervision Service as well. The City Hall also failed to react to the arrests of Vake and Saburtalo district administration employees. At the same time, cases if illegal dismissals from Tbilisi City Hall have also been identified. On January 27, 2015, Tbilisi City Court declared the Tbilisi City Hall’s order dismissing 3 employees illegal and ordered their immediate reinstatement.

Finally, employee examination and competition procedures organized by the Tbilisi City Hall were also flawed. Even though the majority of City Hall employees were unable to pass the examination, the City Hall chose to appoint many of them as acting employees. For example, only 1,507 applicants out of 3,681 managed to pass the examination stage of the competition announced by the City Hall in December 2014. The Tbilisi City Hall and its district

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166 TI Georgia’s interview with Nina Khatiskatsi, deputy mayor of Tbilisi


168 Interpressnews, *Court Reinstates Former Deputy Head of Tbilisi City Hall Social Service and Culture Service*, [http://goo.gl/Eyl175](http://goo.gl/Eyl175)


170 Interpressnews, *Davit Narmania – employees that failed the examination may temporarily remain as acting employees*, [http://goo.gl/2gEyUL](http://goo.gl/2gEyUL)

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administrations had employed 350 applicants that managed to pass the examination as of July 1, 2014, and as much as 469 applicants that did not pass the examination as of March 2015.\textsuperscript{171}

Kutaisi

Since July 2014, the Kutaisi City Hall has not imposed disciplinary sanctions on any of its employees. There have also been no cases of demotion or dismissal.

Since 2014, Kutaisi municipality has spent GEL 448,010 on bonuses, salary supplements, and financial aid. The administrative acts do not contain any justification for awarding bonuses to specific employees. As a rule, bonuses are awarded during holidays. Justifications are provided only in cases of financial aid provided by the City Hall.\textsuperscript{172}

According to the deputy mayor of Kutaisi, the City Hall abolished the practice of awarding bonuses during holidays in late 2014. Instead, the City Hall developed a system that incentivized employees based on their performance.\textsuperscript{173} The City Hall considers this change to have brought positive results in terms of reducing the total expenditure on bonuses.\textsuperscript{174} In 2015, no more than 10 percent of the payroll was used for bonuses. Problems remain, however, in terms of the implementation of the new system in practice. For example, on 8 March 2015, the Kutaisi City Hall awarded bonuses to all female employees of the municipality and its sub-agencies.\textsuperscript{175} Kutaisi mayor explained that the 8 March bonuses were previously given to male employees as well.\textsuperscript{176} According to the information requested by TI Georgia, the Kutaisi City Hall awards bonuses on the basis of the Local Government Code and the Law on Public Service. The response does not mention the existence of any special rules developed by the Kutaisi City Hall.\textsuperscript{177}

According to the deputy mayor of Kutaisi, about 7,000 applicants took part in the competition and examination process. The deputy mayor believes that the fact that no complaints were registered points to the competence of the selection commission and good organization of competition procedures.\textsuperscript{178} However, there were also cases that raised questions regarding the impartiality of the selection commission. For example, on 4 February 2015, Khatuna Samnidze, chairwoman of the Republican Party, stated that the party ‘s members were under political pressure in Tbilisi, Kutaisi and Akhmeta municipalities.\textsuperscript{179} Samnidze talked about attempts to

\textsuperscript{171} Public Information provided by Tbilisi City Hall to Irakli Abesadze, chairman of the United National Movement faction of Tbilisi City Council
\textsuperscript{172} TI Georgia’s correspondence with the Kutaisi City Hall
\textsuperscript{173} The Kutaisi City Hall website, http://goo.gl/NBDXe6
\textsuperscript{174} TI Georgia’s interview with Konstantine Kavtaradze, deputy mayor of Kutaisi
\textsuperscript{175} News Agency Kutaisipost, http://goo.gl/LNvLeG
\textsuperscript{176} Kutaisipost, Kutaisi City Hall Issues Bonuses to 152 Employees on March 8, http://goo.gl/S9EnKy
\textsuperscript{177} TI Georgia’s correspondence with the Kutaisi City Hall
\textsuperscript{178} TI Georgia’s interview with Konstantine Kavtaradze, deputy mayor of Kutaisi
pressure her teammates into joining the Georgian Dream party in exchange for employment. It should be noted that non-governmental organizations, including the International Society for Fair Elections and Democracy (ISFED) and Transparency International Georgia had limited opportunities to observe staff interviews held in Kutaisi, and were only allowed to observe with interviewees' approval.\(^\text{180}\)

Cases of politically motivated dismissals were identified in the Kutaisi City Hall after 2012 parliamentary elections. For example, a decision made by the Kutaisi City Court obligated the City Council to revoke its order dismissing 5 employees under the pretext of reorganization in 2013 as well as their immediate reinstatement and compensation of missed salary.\(^\text{181}\)

The Kutaisi City Hall does not have procedures of performance evaluation and promotion either.

**Zugdidi**

The Zugdidi City Hall does not use a unified set of regulations for performance evaluation, promotion, sanctioning, and remuneration either. Since July 2014, the City Hall has imposed disciplinary sanctions on 8 employees but none of them were demoted or dismissed as a result. After the latest local government elections, Zugdidi had fewer cases of alleged politically motivated dismissals compared to Tbilisi and Kutaisi.\(^\text{182}\) The employee recruitment competition at Zugdidi City Hall ended in August 2015.\(^\text{183}\)

Between its establishment and July 2015, the Zugdidi City Hall awarded bonuses and salary supplements worth a total of GEL 619,280. The City Hall does not provide any justification (purpose and basis) for the awarding of these bonuses. The City Hall awarded bonuses equal to 100\% of each employee's monthly salary during the Easter and New Year holidays.\(^\text{184}\)

2.4 Oversight of private providers of public goods

*To what extent do the local executive bodies hold private service providers of public goods accountable for the service delivery they are contracted for?*

Georgia has an electronic system of public procurement in place that ensures an open and transparent process for contracting local private service providers. If private providers perform


\(^{181}\) Radio Liberty, *Court Reinstates Former Employees of Kutaisi City Hall*, [http://goo.gl/Cdzx8i](http://goo.gl/Cdzx8i)


\(^{183}\) LivePress, *Third Stage of Public Servant Competition Commences in Zugdidi*, [http://goo.gl/0UCuSn](http://goo.gl/0UCuSn)

\(^{184}\) TI Georgia’s correspondence with Zugdidi City Hall
the work with poor quality, the procurer can impose the following sanctions on them: a contractual penalty; seizure of the sum envisaged by a bank guarantee that ensures the fulfillment of the contract; termination of the contract and sending of a letter to the Head of the State Procurement Agency with a request to take relevant measures regarding the violation of contractual obligations by the party in question (which is followed by the company’s inclusion in the providers’ black list).

**Tbilisi**

The information provided by the Tbilisi City Hall and district administrations shows that the most common sanction is the imposition of a contractual penalty. For instance, in the years 2013-15, according to public procurement contracts concluded between the Tbilisi City Hall and business entities, the City Hall imposed a contractual penalty for failure to meet deadlines, poor performance, and failure to perform contractual obligations in 325 cases, while it seized the sum determined by a banking guarantee in 46 cases. In the period from 1 January 2013 to 1 August 2015, the City Hall concluded a total of 1,181 contracts through tenders, of which 41, or 3.5% of all the contracts made through tenders, were not fulfilled. An employee of the Municipal Procurement Service of the Tbilisi City Hall stated that the Service resorts to sanctions in 10-15% of procurement cases. In terms of oversight of private providers’ performance, it is also important that the procuring services of the City Hall are obligated to verify the performed work on site before concluding an acceptance-delivery act. This is a positive change, considering the fact that the 2012-13 audit report of local government bodies, which the State Audit Office submitted to the Parliament, pointed to a lack of this practice.

Procurement contracts concluded without a competitive tender – through negotiations with a single entity – remain problematic. For example, multi-million procurements were made from the budget of the City Hall through negotiations with a single entity for the organization of the European Youth Olympic Festival. The majority of the said procurements were carried out by the Organizing Committee of the European Youth Olympic Festival Tbilisi 2015, which the Tbilisi City Hall created in 2011 specially for this festival. As early as in 2010, it was known that Georgia would be hosting this festival, and the government had plenty of time to plan the

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185 Correspondence of Transparency International Georgia with the Tbilisi City Hall
187 Interview with a representative of the Municipal Procurement Service of the Tbilisi City Hall, 28/5/2015
188 Ibid.
189 The State Audit Office, *The Report of the State Audit Office on Audits Regarding the Spending and Execution of the Budgets of Local Government Entities in the Years 2012-13.* "The performance of work is confirmed without on-site verification. Accordingly, sometimes the funds from municipal budgets are transferred to the accounts of the performing firms without substantiation. (...) Less attention is paid to the quality of work to be performed and goods to be delivered." [http://goo.gl/Oub4wN](http://goo.gl/Oub4wN)
procurements. For this reason, it is unclear why large procurements were not made through competitive tenders.\textsuperscript{190}

The Tbilisi City Hall's practice of issuing advance payments at the time of announcing tenders is also noteworthy. TI Georgia's review of the tenders conducted from August to December 2014 showed that the share of tenders that envisage issuance of a part of the tender price as advance payment is quite high. The amounts of the advance payments are also unusually high and, in some cases, they reach 50%, 70%, 95%, or even 100% of the tender price. Such practice raises questions and may involve risks related to the quality of the provided services.\textsuperscript{191}

**Kutaisi**

In connection with every concrete tender initiated by a relevant procuring service, an inspection group is created to exercise control on goods and services procured by the Kutaisi City Hall. Within the limits of their competence, these groups exercise control on the fulfillment of obligations that providers have undertaken through the contracts concluded with companies that have won tenders. This includes both control over the progress of work to be performed and control over the compliance with other obligations undertaken by the provider as a result of the contract (observance of deadlines envisaged by the contract; observance of deadlines of advance payment documents, if a guarantee paper for securing the contract and an advance payment are required; observance of the schedule of work to be performed, if such a schedule exists, etc.). Inspection groups verify the progress of the work envisaged by project and cost-estimation documents on a daily basis during the validity term of the contract.\textsuperscript{192} According to the deputy mayor of Kutaisi, the inspection groups periodically verify the performance of work during the validity period of contracts. The inspection groups discover defects both during the validity period of the contract and before signing the acceptance-delivery act. If the said defects are corrected, the work continues, and in the event of a failure to correct them, the sanctioning mechanism is applied.\textsuperscript{193}

Between July 2014 and May 2015, four providers were subjected to a financial sanction – a fine that the companies have paid in full – for violating contractual terms (failure to meet deadlines).\textsuperscript{194} In addition, only two of the 629 contracts (0.3%) concluded by the Kutaisi City Hall from 1 January 2013 to 1 August 2015 were not fulfilled.\textsuperscript{195}

\textsuperscript{190} Transparency International Georgia, “Olympic procurement rife with inexperienced companies and tasks not complete within deadlines,” \url{http://www.transparency.ge/en/blog/olympic-procurement-rife-inexperienced-companies-and-tasks-not-complete-within-deadlines}

\textsuperscript{191} Transparency International Georgia, “Trends in procurements by the new administration of Tbilisi City Hall.” \url{http://www.transparency.ge/en/blog/trends-procurements-new-administration-tbilisi-city-hall}

\textsuperscript{192} Correspondence of Transparency International Georgia with the Kutaisi City Hall

\textsuperscript{193} Interview of Konstantine Kavtaradze, deputy mayor of Kutaisi, with Transparency International Georgia

\textsuperscript{194} Correspondence of Transparency International Georgia with the Kutaisi City Hall

\textsuperscript{195} The website of the State Procurement Agency, \url{https://tenders.procurement.gov.ge/login.php?lang=en}
An official of the Kutaisi City Hall has stated that the work done by providers is inspected before the acceptance of performed services, which reduces risk to a large degree. With regard to poor performance of work, the deputy mayor of Kutaisi recalled the case of Gegi LLC which had repaired the city’s bridges, noting that the company had failed to meet contractual deadlines in addition to inappropriate performance of work.196

In 2014, the Kutaisi City Hall lodged appeals against 11 local companies in the Kutaisi City Court and won all of the disputes. The City Hall sued the companies for their failure to fulfill contractual obligations and to pay arrears for the cleaning fee.197

It should be noted, however, that the fine for poorly provided service was not imposed, for example, in the case of the homeless animal shelter in Kutaisi. The Kutaisi Office of TI Georgia conducted a study that found that the homeless animal shelter of Kutaisi was ill-equipped, which created a serious threat of a lack of control of diseased animals and, consequently, of the spread of rabies among them. The Kutaisi City Hall procured the service in February 2014 through a tender for GEL 89,990, though it imposed no sanction on the provider for the poor performance. This case was not followed by any reaction from other agencies either.198

Zugdidi

Since the Municipality of the City of Zugdidi was only created recently and has a relatively small budget compared with the other cities covered by this report, it has not yet made large-scale procurements. As of July 2015, the Zugdidi City Hall had announced up to 100 tenders, most of which are still ongoing. Only one (1.3%) of the 76 contracts concluded between 1 August 2014 and 1 August 2015 was not fulfilled.199

The Zugdidi City Hall does not have an agency/structural unit responsible for verifying the quality of goods and services procured by the City Hall. In every concrete case, an inspection group is created to exercise control on the procured goods and services. The groups verify the service quality within the limits of their powers and ascertain to what extent the contractual terms were observed. Since July 2014, financial sanctions (fines) for violating contractual terms (failure to meet deadlines) have been imposed on five providers.200

196 Interview of Konstantine Kavtaradze, deputy mayor of Kutaisi, with Transparency International Georgia
197 Kutaisi Post, “Kutaisi City Hall versus private companies – 11 cases in court”, http://goo.gl/RbeCJg
200 Correspondence of Transparency International Georgia with the Zugdidi City Hall
2.5 Regulation of local business

To what extent does the city hall regulate local businesses in an even-handed and effective manner?

Business regulations in Georgia are mostly liberal, and the state policies are directed at deregulating business. According to the World Bank, Georgia holds the 15th position in the World Bank’s Ease of Doing Business rating of 2015. A number of issues, such as starting a business, registering property and dealing with construction permits, are regulated by simplified procedures, especially in comparison with other countries of the region. For example, Georgia holds the 1st position in terms of the ease of registering property and the 3rd position in terms of dealing with construction permits. In terms of inspections of businesses, the role of the local government is minimal, and this function is mostly carried out by agencies of the central government, such as the Revenue Service.

Tbilisi

As for the regulations introduced by the local government, they mainly deal with the issues of urban development, such as changes to the General Plan of Land Use, compiling a plan for the regulation of urban development, and concluding special zoning agreements. Management of urban development issues is problematic in Tbilisi because the city has no comprehensive and detailed plan for the use of land. The Council on Regulation of Issues of Use and Urban Development of Territories of the Tbilisi City Municipality prepares conclusions that are later sent for approval to the City Council. The Council’s decisions are often unsubstantiated. For example, one of such decisions which deals with a permit of construction in Vake Park has been challenged in court.

The local government also issues construction permits and oversees construction. In Tbilisi, construction permits are issued by the Architecture Service of Tbilisi Municipality, which was created by the Tbilisi City Council and is supervised by the city’s government. Submission and acceptance of applications for construction permits is an electronic and transparent process that is carried out through the website of the Architecture Service – www.tas.ge. However, only citizens of Georgia are entitled to use this service and it is not accessible for foreign nationals living in Georgia. Such persons have to issue a power of attorney to citizens of Georgia.

As for inspection of local businesses, the Municipal Supervision Service of the Tbilisi City Hall, which exercises supervision on construction, exterior of the city, outdoor advertising, outdoor

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201 The World Bank, Fighting Corruption in Public Services, p. 53, http://goo.gl/MUzIQ1
203 Liberali, “Court session concerning the construction of the Budapest Hotel is postponed once more”, http://goo.gl/IK1x51
204 The website of LEPL Architecture Service of Tbilisi Municipality, http://goo.gl/EaKjy6
trade, protection of the environment and natural resources, observance of noise standards, and rules in the area of public activities established by the Tbilisi City Council on the territory of the Tbilisi Municipality is less effective and transparent. This Service has not introduced electronic systems of management and does not have its own website.

**Kutaisi**

By the decision of the Kutaisi City Council, Kutaisi was divided into zones, and starting privatization prices of non-agricultural land parcels within the relevant territorial zones and sub-zones were determined. However, it should be noted that Kutaisi does not have a general plan of the land use, which the City Hall regards as a problem.

As for construction permits, a representative of the Kutaisi City Hall explained that, in order to receive a construction permit, one has to apply to the City Hall, while the procedures are determined according to the class of construction. According to the deputy mayor of Kutaisi, the system of issuance of permits is not flawless and may require improvement.

**Zugdidi**

Zugdidi has the General Plan of Land Use. Construction permits are issued by the Service of Supervision on Spatial Arrangement, Architecture and Construction. Unlike Tbilisi, construction permits are not issued electronically in Zugdidi. It should be noted, however, that the city's construction business is in a slump, and the Service issues very few permits.

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205 Decree of the City Council of the Tbilisi Municipality No. 19-63 on Approval of the Statute of the Municipal Supervision Service of the City Hall of the Tbilisi Municipality", December 22, 2014, [https://goo.gl/gx81FX](https://goo.gl/gx81FX)

206 Decree of the Council of the Kutaisi City Municipality No. 77 on Delineation of Borders of Territorial Zones of the Kutaisi City Municipality and Determining Starting Privatization Prices of Non-Agricultural Land Parcels Included in the Territorial Zones and Subzones", February 25, 2015, [https://goo.gl/7OTf6L](https://goo.gl/7OTf6L)

207 Interview of Konstantine Kavtaradze, deputy mayor of Kutaisi, with Transparency International Georgia

208 Ibid.

209 Decree of the City Council of the Zugdidi Municipality No. 2 on Approval of the General Plan of the Use of Land of the City of Zugdidi and the Procedure of Regulation of the Use and Urban Development of the Territory of the Zugdidi Municipality", January 16, 2014, [https://goo.gl/3cAHN5](https://goo.gl/3cAHN5)

210 Interview of Ekaterine Todua, Head of the Service of Supervision on Spatial Arrangement, Architecture and Construction of the Zugdidi City Hall, with Transparency International Georgia, Zugdidi, 09/07/2015
Governance

2.6 Budget transparency

To what extent does the city hall present a clear and accessible budget?

For local government bodies, budgetary issues are regulated by the Local Government Code, as well as by the Budget Code of Georgia and other relevant normative acts. Currently, there are no significant shortcomings in terms of legal regulation. In accordance with the Budget Code, both the legislative body (municipal council) and the executive government (city hall/municipal administration) of a municipality take part in the drafting of the local government budget. At the same time, the Code lays down the procedures for the presentation and review of the draft budget together with citizens and provides for preliminary publication of the draft budget of the next year in electronic and print media, in order to make it possible to access it and to make relevant changes.

The Code also makes it mandatory to introduce program budgets where municipalities’ funds are detailed and broken down according to concrete measures and characteristics.

According to the Local Government Code, a municipal council may determine both the local taxes and fees and the procedure for their administration. According to the Code, the executive body develops the draft budget of the municipality and draft changes to the budget and submits them to the municipal council.\(^\text{211}\)

Despite the requirement of the Budget Code, the budgets of the majority of municipalities still fail to comply with the requirements of program budgeting. A program budget is an alternative to a budget with the traditional structure and has the advantage of being result-oriented from the planning stage. A program budget divides government expenses according to concrete programs and shows more clearly the causal links between financial resources invested in concrete measures and the results achieved.

Tbilisi

![Diagram](image)

The budgets of Tbilisi for the years 2003-2015 are accessible for citizens and members of the City Council and are posted on the website of the Tbilisi City Hall,\(^\text{212}\) as well as on the website of Legislative Herald of Georgia – [www.matsne.gov.ge].\(^\text{213}\) In addition, in 2015, the Tbilisi City Hall presented a draft budget that was close to the requirements of program budgeting for the first time.\(^\text{214}\) A program budget details expenses according to concrete programs, which shows the link between a city hall’s expenses and the results achieved more clearly.\(^\text{215}\) Accordingly, the

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\(^\text{211}\) The Local Government Code, Subparagraph C.A of Article 54

\(^\text{212}\) The Budget of Tbilisi, the website of the Tbilisi City Hall, [http://goo.gl/WyNg0Q](http://goo.gl/WyNg0Q)

\(^\text{213}\) Decree of the City Council of the Tbilisi Municipality No. 18-57 on Approval of the Budget of the Tbilisi City Municipality of 2015, December 19, 2014, [https://goo.gl/gqc1pU](https://goo.gl/gqc1pU)

\(^\text{214}\) The website of the Tbilisi City Hall, [http://goo.gl/r0Gxct](http://goo.gl/r0Gxct)

program budget describes the projects and the measures of the City Hall more clearly and makes them more accessible than a budget with traditional structure.

**Kutaisi**

The Budget of Kutaisi and the changes made to it are published on the website of Legislative Herald of Georgia – [www.matsne.gov.ge](http://www.matsne.gov.ge) – and are accessible for citizens.\(^{216}\) The budgets of the municipality for 2013-15 are also posted on the website of the Kutaisi City Hall, \(^{217}\) although the changes made to the 2015 budget are not reflected there.\(^{218}\) It should be noted that the Budget of the Kutaisi Municipality fails to meet the standard of program budgeting, which makes it less clear and accessible. The website of the Kutaisi City Hall also contains a document on the priorities of the Kutaisi City Municipality for 2015-18.

**Zugdidi**

The website of the Zugdidi City Hall contains the Budget of Zugdidi, \(^{219}\) though the information posted on the website is not updated in a timely manner in parallel with changes to the approved budget. The Budget of Zugdidi is also posted and accessible on the website of Legislative Herald of Georgia – [www.matsne.gov.ge](http://www.matsne.gov.ge).\(^{220}\) The budget does not meet the requirements of program budgeting, so the document is less clear and accessible.

### 2.7 Accountability of local executive bodies

*To what extent are the local executive bodies answerable for their actions?*

City halls/municipal administrations, like any other administrative bodies, are guided by the Administrative Code of Georgia in their decision-making. Unless provided otherwise in the

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\(^{216}\) Decree of the Kutaisi City Council No. 59 on Approval of the Budget of the Kutaisi City Municipality of 2015, December 19, 2014, [https://goo.gl/8DPGgO](https://goo.gl/8DPGgO)

\(^{217}\) The website of the Kutaisi City Hall, [http://goo.gl/S6KKaD](http://goo.gl/S6KKaD)

\(^{218}\) The Draft Budget of the Kutaisi City Municipality of 2015, the website of the Kutaisi City Hall [http://goo.gl/JCU8PQ](http://goo.gl/JCU8PQ)

\(^{219}\) The Budget of the Zugdidi City Municipality, the website of the Zugdidi City Hall, [http://goo.gl/pyWeAG](http://goo.gl/pyWeAG)

\(^{220}\)” Decree of the Zugdidi City Council No. 72 on Approval of the Budget of the Zugdidi City Municipality of 2015”, December 22, 2014, [https://goo.gl/gRb3iJ](https://goo.gl/gRb3iJ)
legislation, when making any decision, an administrative body is required to conduct simple administrative proceedings, examine the circumstances that are of essential importance for the matter, and only then issue an act. In addition, for the cases where a city hall/municipal administration uses its discretionary powers in decision-making, the legislator imposes imperative requirements of proportionality of upholding public and private interests and of substantiating the aforementioned. The grounds for making a decision that worsen a person’s legal status must be formulated distinctly and clearly, and they must be known to the person whose interests are affected by the given act. Accordingly, if a person believes that an act adopted/issued by a city hall/ municipal administration unlawfully restricts his/her interests, he/she has the right to appeal this act in a court within one month, in accordance with the procedures of administrative proceedings.

In addition, the criminal law legislation of Georgia provides for liability for malfeasance. Therefore, there is a legal framework to appeal a decision of a person in charge of a municipality, on the one hand, and the law envisages his/her criminal liability for committing an offense that is envisaged in the chapter on malfeasance, on the other hand.

Tbilisi

When compiling the budget for 2015, the Tbilisi City Hall surveyed 8,000 citizens in all districts to take their opinion into account when allocating expenses. According to the deputy mayor of Tbilisi, the approved budget reflects the results of the survey, and the survey results largely coincided with the mayor’s pre-election priorities and were, accordingly, reflected in the budget. Among such priorities, the deputy mayor named healthcare and social assistance projects, measures of greening, and provision of urban amenities, including construction of new kindergartens.

The program appendix to the Tbilisi budget of 2015, which complies with the requirements of program budgeting much better than the budget of any other public agency or self-governing entity in Georgia, is also an important step forward to the City Hall’s accountability and transparency. Program budgeting enables the City Hall to substantiate its projects and make its actions more transparent. However, the existing program budget is still imperfect and requires further improvement, for example, in terms of determining indicators of interim and final results. According to the deputy mayor of Tbilisi, in the future, the City Hall is planning to increase the public’s awareness and involvement in budgeting, including through public councils created at district administrations.

Local municipal councils also play an important role in ensuring the accountability of local executive bodies. According to our assessment (see 1.3), the Tbilisi City Council is less independent in its activities, which has a negative impact on the accountability of the Tbilisi City Hall.

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223 Interview of Nina Khatiskatsi, deputy mayor of Tbilisi, with Transparency International Georgia
225 Interview of Nina Khatiskatsi, deputy mayor of Tbilisi, with Transparency International Georgia
As for complaints, citizens can challenge the actions of the City Hall in the Legal Service of the City Hall or in court.

**Kutaisi**

The mayor of Kutaisi holds periodic meetings with the heads of the City Hall’s services where the latter present reports and explanations regarding the work performed by the respective services. The Kutaisi City Hall also holds periodic meetings between the mayor/heads of services and NGOs where the participants discuss problems in the city and activities of concrete services. TI Georgia has also taken part in several such meetings.

On 10 June 2015, the Kutaisi City Hall held an open-door meeting where citizens were given an opportunity to express their views and hear the mayor’s answers about local regular municipal passenger transport licenses.

Local municipal councils play an important role in ensuring the accountability of local executive bodies. According to our assessment (see 1.3), the Kutaisi City Council is less independent in its activities, which has a negative impact on the accountability of the City Hall.

As for complaints against the City Hall’s decisions, since July 2014, only five complaints have been lodged with the Kutaisi City Hall regarding violations of rules of housing, recruitment, and exploitation and safety of facilities. Two of these complaints were not processed due to non-compliance with the requirements of the General Administrative Code.

**Zugdidi**

According to the Head of the Public Relations Department of the Administration Service of the Zugdidi City Hall, every decision of the mayor of Zugdidi is substantiated and lawful. Administrative legal acts (orders, certificates) are issued in accordance with Articles 51, 52, and 53 of the General Administrative Code, which by itself means that the decisions are substantiated.

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226 Order of the Mayor of the City of Tbilisi No. 28 on Approval of the Statute of the Municipal Legal Service of the Tbilisi City Hall, December 24, 2010, [https://goo.gl/OmHDm0](https://goo.gl/OmHDm0)

227 The website of the Kutaisi City Hall, [http://goo.gl/enPCQk](http://goo.gl/enPCQk); the website of the Administration of the State Governor – Trustee to Imereti, [http://goo.gl/cIqX5f](http://goo.gl/cIqX5f)

228 The website of the Kutaisi City Hall, [http://goo.gl/6cgZ4O](http://goo.gl/6cgZ4O)

229 Correspondence of Transparency International Georgia with the Kutaisi City Hall

230 Interview of Maia Ghubeladze, Head of the Public Relations Department of the Administration Service of the Zugdidi City Hall, with Transparency International Georgia, Zugdidi, 08/07/2015
As for the adoption of the budget, only four public meetings were held in the process of developing the budget. Representatives of non-governmental organizations were actively involved in the review of the draft budget in the commissions of the City Council, and groups of students and citizens attended the budget discussions at the City Council meetings together with the NGOs. The Zugdidi Municipality received a total of seven written proposals regarding the budget. The Municipality partially took into consideration the recommendations provided by TI Georgia. It should also be noted that the activity reports of various services of the City Hall for 2014 are accessible on the website of the Zugdidi City Municipality.\textsuperscript{231}

Local municipal councils play an important role in ensuring the accountability of local executive bodies. Full independence of the activities of the Zugdidi City Council is yet to be achieved (see 1.3), which has a negative impact on the accountability of the City Hall.

According to the public information provided by the Zugdidi City Hall, citizens have not filed any types of complaints with the City Hall.\textsuperscript{232} In 2014, the Zugdidi District Court reviewed and partially granted an appeal of one person against the Zugdidi City Hall.\textsuperscript{233}

\section*{2.8 Integrity of local executive bodies}

\textit{To what extent is the integrity of the local executive bodies ensured?}

Employees of city halls/municipal administrations are public servants and, accordingly, they are bound by the Laws on Civil Service and on Conflict of Interest and Corruption in Public Service. In addition, municipal councils may adopt internal regulations that will address additional issues in the framework of labor relations of public servants on the basis of the existing legal framework.

The issues of integrity of public servants and government representatives are regulated by the Law of Georgia on Conflict of Interest and Corruption in Public Service. This law contains a list of officials\textsuperscript{234} who are required to submit an asset declaration within two months of appointment to office. These include officials of municipal administrations/city halls\textsuperscript{235} (heads of municipal administrations/mayors, first deputy and deputy heads of municipal administrations/mayors, heads of structural units of municipal administrations/city halls – heads of services).

The system of asset declaration envisaged by this law is transparent and accessible for citizens. However, there is no mechanism for verifying the accuracy of the filed in declarations. Thus, despite the fact that officials of city halls, heads of district administrations of Tbilisi, their deputies, and heads of structural units fill in the declaration annually, it is difficult to ascertain how fully or conscientiously they fill in this document. In addition, there is no mechanism of monitoring that would ensure the observance of the rules of conflict of interest in practice. According to Paragraph 4, Article 13 of the Law of Georgia on Conflict of Interest and Corruption in the Public Service, a public official may not hold a position in an enterprise. Despite the fact

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\begin{footnotesize}
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\item \textsuperscript{231} The website of the Zugdidi City Hall, http://goo.gl/rqbw8k
\item \textsuperscript{232} Correspondence of Transparency International Georgia with the Zugdidi City Hall
\item \textsuperscript{233} Correspondence of Transparency International Georgia with the Zugdidi District Court
\item \textsuperscript{234} The Law of Georgia on Conflict of Interest and Corruption in Public Service, Subparagraph U, Paragraph 1, Article 2
\item \textsuperscript{235} The Local Government Code, Article 32
\end{itemize}
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that the aforementioned law has also regulated whistleblower protection since 2010, the relevant provisions are yet to be applied in practice.\textsuperscript{236}

It should be noted that the draft law that was adopted in the first reading on 24 July 2015, improves the legal provisions concerning whistleblower protection and creates a mechanism for the verification asset declarations. Specifically, the draft changes expand the circle of persons who may act as whistleblowers. As a result, anyone will be able to act as a whistleblower according the procedure established by the law. The draft law also lays down major provisions on the verification of asset declarations and grants the Civil Service Bureau the powers to carry out the verification.\textsuperscript{237} As for the issue of “revolving door” appointments, it is regulated weakly at the legislative level.\textsuperscript{238}

In addition, the Law on Civil Service provides for disciplinary sanctions for public servants, as well as cases of their stimulation and promotion. The issues of disciplinary sanctions envisaged in this law and the practice of their application are dealt with in more detail in the chapter on accountability of local public servants (3.8).

\textbf{Tbilisi}

The Prosecutor’s Office and the Ministry of Internal Affairs of Georgia do not collect statistical data on the persons detained on corruption charges in local government entities and only have general statistics of persons detained on these charges throughout the country. However, the detention of several high-ranking officials of the City Hall and district administrations of Tbilisi on the charges of accepting bribes in 2015 still came under media spotlight.\textsuperscript{239} The resignation of former Vice-Mayor of Tbilisi Aleksandre Margishvili, and his appointment as the head of the newly created Tbilisi Entrepreneurship Support Center is also worth mentioning. Uncertainty surrounding this center raised questions in society about whether or not the vice-mayor’s resignation was related to the detention of the City Hall’s employees on corruption charges.\textsuperscript{240}

\textsuperscript{236} Correspondence of Transparency International Georgia with the Head of the Civil Service Bureau
\textsuperscript{237} The Law on Changes to the Law of Georgia on Conflict of Interest and Corruption in the Public Service, \url{http://goo.gl/l54XMW}
\textsuperscript{240} Transparency International Georgia, “Concerns over 2m GEL Tbilisi Entrepreneurship Support Center”, \url{http://www.transparency.ge/en/blog/concerns-over-2m-gel-tbilisi-entrepreneurship-support-center}
**Kutaisi**

The Kutaisi Office of TI Georgia conducted a study to ascertain whether or not the figures in the asset declarations submitted by the City Hall officials were in conformity with the information in the registry and whether there were cases of undeclared property. The study found no such cases.

**Zugdidi**

No cases of corruption have been revealed in the Zugdidi City Hall in the recent years. Representatives of both the governmental and opposition parties in the Zugdidi City Council also found it difficult to recall concrete cases of corruption.\(^{241}\)

\(^{241}\) Interviews of Merab Kvaraia, Chairman of the Zugdidi City Council (from Georgian Dream coalition), and Bartlome Shelia, a representative of the opposition in the Zugdidi City Council (from United national Movement), with Transparency International Georgia
3. Local Bureaucracy (Public Service):

Capacity

3.1 Adequate resources

To what extent does the local bureaucracy have adequate financial, infrastructural and human resources to effectively carry out its duties?

Tbilisi

The budgets of the City Hall and the City Council of Tbilisi, as well as the interviews we have conducted, clearly show that both agencies have adequate financial and infrastructural resources to carry out their duties. The local bureaucracy also has a sustainable salary fund, and it offers competitive salaries to job seekers. In addition, the City Hall and the City Council issue regular bonuses,\textsuperscript{242} which increases considerably the expenses on remuneration.

As for the services these agencies provide to citizens, the deputy mayor noted that the provision of services in the City Hall and the district administrations is characterized by a number of flaws and requires considerable improvement. However, she also noted that providing citizens with better services is now a priority issue for district administrations and the City Hall and that the City Hall is working intensively in this direction, inter alia in terms of introducing the single window principle. According to the deputy mayor, a number of services for which citizens had to apply in writing will now also become accessible electronically.\textsuperscript{243}

In terms of human resources of the local bureaucracy, it is also important to note that the City Hall and the City Council are prevented from effective performance of their duties by inappropriate employment conditions and low qualification of the staff. Facts such as the mass, allegedly politically motivated dismissals of employees from the Tbilisi City Hall after the 2014 local government elections\textsuperscript{244} are likely to make it difficult to recruit professional and experienced staff to these agencies, because the impression is made that the local government is an unstable source of employment. At the same time, after the massive dismissals, the City Hall and the district administrations appointed the staff that had failed at the certification exams as temporary employees for the announced vacant positions.\textsuperscript{245} THIS practice raises suspicions that employment in these institutions is based on nepotism and that some of those employed


\textsuperscript{243} Interview of Nina Khatiskatsi, deputy mayor of Tbilisi, with Transparency International Georgia

\textsuperscript{244} Transparency International Georgia, “CSOs condemn the dismissals of civil servants from Tbilisi City Hall, allegedly on political grounds”, \url{http://www.transparency.ge/en/post/general-announcement/dismissals-civil-servants-tbilisi-city-hall-allegedly-political-grounds}

\textsuperscript{245} Expressnews, “Davit Narmania: Employees who failed in the competition were appointed as temporary staff in the City Hall”, \url{http://goo.gl/TOrs2c}
there do not have adequate qualifications. These circumstances add to other factors that make it difficult for these agencies to operate effectively.

**Kutaisi**

The Kutaisi Municipality has a sustainable salary fund. Since local government bodies are one of the major sources of employment outside the capital, the salaries they offer are also competitive in the local job market.

As for the provision of services in local government bodies, the so-called single window principle is not in place at this stage in the Kutaisi City Hall, although work is underway to introduce it. Starting in 2014, the Kutaisi City Hall gradually introduced electronic processing of documents, which is supposed to improve the speed and the quality of services provided by the City Hall. As explained by the city’s Vice-Mayor Konstantine Kavtaradze, the transition to electronic processing of documents has simplified considerably the City Hall’s activities and provision of services.²⁴⁶ As a result, according to a statement by the City Hall, the agency switched to electronic auctions from January 2014 and received 3.5 times the amount of funds from the disposal of property in 2014 as it had received in 2013.²⁴⁷ The City Hall is also planning to retrain its employees in customer service and social communication.

**Zugdidi**

The local bureaucracy in the Zugdidi Municipality has a sustainable salary fund, and the salary ceilings have been determined in accordance with a decree of the City Council.²⁴⁸ It should be noted that, in December 2014, the salaries of municipal employees increased, with the remuneration of lower-level public servants rising almost by 100%.²⁴⁹

The Zugdidi City Municipality has also introduced a system of electronic processing of documents.

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²⁴⁶ Interview of Konstantine Kavtaradze, vice-mayor of Kutaisi, with Transparency International Georgia
²⁴⁷ The website of the Kutaisi City Hall, [http://goo.gl/ZN4I8a](http://goo.gl/ZN4I8a)
²⁴⁸ Decree of the Council of the Zugdidi City Municipality No. 77 on Approval of Ranking of Positions, Amounts of Remuneration and Staff List of Senior Officials and Other Employees of the Zugdidi City Hall, December 26, 2014, [https://goo.gl/ytkTWR](https://goo.gl/ytkTWR)
²⁴⁹ “Increased salaries in the City Council and City Hall of Zugdidi”, [http://goo.gl/6VXRJS](http://goo.gl/6VXRJS)
3.2 Independence

To what extent is the local bureaucracy free from external interference?

The issues of employment and dismissal of local government officials are regulated by the Law of Georgia on Civil Service. It should be noted that, as things stand today, in order to employ a public servant, it is necessary to select him/her through a competition. Municipalities create standing commissions on competition and certification that ensure the selection of appropriate candidates for vacant positions and their nomination for appointment.

Despite the fact that recruitment through competition is a higher standard than the practice that existed before, the existing system has important shortcomings. Frequent and absolutely unsubstantiated refusals to nominate job applicants as candidates, low transparency of evaluation system, and broad discretionary powers granted to the standing commissions are the main problems that must be eliminated to decrease the likelihood of subjective decisions and to ensure the transparency and objectivity of the process.

As of August 2015, TI Georgia was defending the interests of 19 competition participants and 4 certification exam participants in the courts of various instances.

The transparency of employment/promotion of employees in the local bureaucracy is not completely ensured, and one can observe signs of nepotism and favoritism in these processes. Mass dismissals of non-political officials from local government bodies, opaque recruitment of new employees, and accusations of nepotism after the 2012 parliamentary elections and the 2014 local elections in Tbilisi and other municipalities bring the freedom of the local bureaucracy from external interference into question. According to a study by ISFED, 1,877 people were dismissed from local government bodies within several months of the 2012 parliamentary elections. A similar trend continued after the 2014 local elections.

There are cases in practice where the application of disciplinary sanctions is not proportional to the misconduct committed by a public servant and/or the head of an agency uses this leverage as a punishment measure against a “disobedient” employee only because the said employee has differing political views and does not represent the ruling party. Reorganization clauses are also often used for this purpose. Administrative bodies try to dismiss certain public servants by starting fictitious reorganization, regardless of whether or not it was necessary to abolish their positions. There were cases where public servants wrote a statement requesting relief from duties after instruction and coercion to do so by their immediate superiors. It is such instances that made it necessary to make a change to the Criminal Code of Georgia and criminalize such acts. Article 169 of the Criminal Code constitutes an important mechanism for the protection of public servants from unlawful political pressure as it imposes criminal liability for coercing a person to write a statement on resignation. It should be noted, though, that this article is seldom used in practice. Due to the high standard of proof, it is very difficult in practice to prove such coercion which would create grounds for a person's criminal liability. Another important problem is the absence of political will to hold the respective persons accountable for such offences. The existence of the aforementioned problem is confirmed by the weak response of law enforcement bodies to cases reviewed by the Public Defender. According to the Public Defender, he was approached by numerous former employees of local self-governing bodies who stated that they did not wish to leave their jobs and that statements on their resignation had been written not on their own will but following the demand of their superiors and as a

result of pressure and threats against them. The Public Defender’s Office also received complaints from the public servants who had refused to resign on their own will despite the pressure to write resignation statements. The Public Defender’s Office sent statements of similar content to the Chief Prosecutor’s Office of Georgia for further examination but, according to the Ombudsman’s Office, there had not been any results on the said cases by the time the Ombudsman’s statement was released.253

Tbilisi

After the parliamentary and local government elections of 2012 and 2014, employees of the Tbilisi City Hall stated that they had been subjected to pressure to unlawfully make them leave their jobs.254 From 1 July to 1 October 2014, the largest number of dismissals of employees from local government bodies took place in Tbilisi as 226 people left their jobs in the City Hall, the City Council and other local government agencies in Tbilisi. This was the highest percentage of dismissals from the public service in any of Georgia’s regions.255 The process of recruitment of new staff was also somewhat opaque.256 The competition for vacant positions included a test with a section designed to verify the knowledge of several basic laws and general skills. Later, hundreds of candidates who failed at the test were still appointed as temporary employees in the City Hall and district administrations, which intensified suspicions of nepotism and favoritism.257

With regard to the freedom from external interference, it is worth mentioning the incident that took place at the interview stage of a competition for vacant positions of public servants in the Tbilisi City Hall. One of the candidates was filming the interviewing process covertly, which was followed by confrontation with the head of the Supervision Service, Gegi Nizharadze.258 Based on the covert recording disseminated by the media, we can assume that a representative of the State Security Service attended the interview, which violates the independence of the local government body and constitutes an example of unlawful interference in its activity.

256 Ibid.
257 Public information provided by the Tbilisi City Hall to the Chairman of the United National Movement – Tbilisi faction of the Tbilisi City Council, Irakli Abesadze
258 Tabula, “Gegi Nizharadze to employee: How dare you make a recording? You’re going to get five years in prison”, http://goo.gl/xYBRIh
Kutaisi

According to the Public Defender, after the local government elections of 2014, 27 employees were dismissed from the Kutaisi City Hall, allegedly because of reorganization. It should be noted that the lawfulness of dismissal of employees through reorganization has raised doubts on a number of occasions. TI Georgia had won up to 10 cases in court against the Kutaisi City Hall regarding dismissal of employees on this pretext even before the local government elections, in 2013.

TI Georgia was directly involved in the monitoring of job competitions for new employees in the City Hall and the City Council of Kutaisi in late 2014. The monitoring revealed certain shortcomings. For example, some of the questions asked were irrelevant to the specifics and the content of the work to be performed by the competition/certification exam participants. There were cases where the questions dealt with personal life, for example, the place of work and occupation of the applicant's spouse. Each applicant was asked about 10-12 questions, although a large part of the questions in fact failed to verify the candidate's qualifications for the position applied for. It should also be noted that NGOs, including the International Society for Fair Elections and Democracy (ISFED) and TI Georgia, were limited in their ability to monitor the interviews held in Kutaisi and could only monitor the process with the consent of the competition's participants.

Zugdidi

The Municipality of the City of Zugdidi was only created in July 2014, and, accordingly, massive dismissal of employees has not taken place there. There was one case in which a former employee of the Supervision Service of the City Hall, Giorgi Salia, linked his dismissal to his differing political views.

TI Georgia was directly involved in the monitoring of job competitions in the Zugdidi City Municipality. The test was administered by the Training Center of Justice, and the interviews were conducted by the Commission on Competition and Certification of Public Servants of the Zugdidi City Municipality. The monitoring revealed a number of shortcomings. In individual cases, the commission displayed differing attitudes to temporary employees who took part in the competition and other participants of the competition: The temporary employees were asked questions with almost the same content, number and complexity, unlike other participants of the competition. The commission devoted more time to the latter and asked

261 Livepress, “An employee of Zugdidi City Hall leaves his job in protest”, http://goo.gl/0H0rw2
them more questions. There were cases during the interviewing process where participants were asked questions that were not directly related to their professional experience or skills.

According to local media reports, alleged cases of nepotism have been detected in the Zugdidi Municipality. For instance, the spouse of the chairman of the Zugdidi Municipality Council was appointed as the acting chief specialist of the Culture Service of the City Hall. A friend of the spouse of the mayor of Zugdidi was appointed as the acting chief specialist at the City Hall’s Social Service. The acting head of the Administration of the Zugdidi City Hall is the spouse of the head of the Service of Development of Infrastructure and Economy of the Zugdidi Municipal Administration. Problems of nepotism and partisan appointments in the Zugdidi City Hall were also highlighted by representatives of the opposition.262

In connection with freedom of the local bureaucracy from political pressure, it is worth mentioning the incident that took place in Zugdidi on March 15, 2015. In this incident, supporters of Georgian Dream and representatives of the local government became involved in physical and verbal confrontation with members of the United National Movement. According to local media reports, public servants employed in the local government bodies and their superiors took active part in the confrontation.263 This case may be indicative of the problem of deliberate involvement of local public servants in political processes.

Role

3.3 Ensuring transparency and integrity in local public procurement

To what extent is there an effective legal framework in place to safeguard integrity and transparency in local public procurement procedures?

Public procurement is a central mechanism for municipalities to exercise their powers. Any types of goods, services and construction work must be procured with budget funds and by methods of procurement established by the Law on Public Procurement.

There are two basic methods of procurement: tender and simplified procurement.

Local government bodies, as well as other procuring organizations, make procurements on the basis of the Law on Public Procurement and relevant by-laws. Currently, a unified electronic system of public procurement – www.procurement.gov.ge – is in place through which public bodies, including municipalities, make procurements. The procedures of submission and approval of municipalities’ annual procurement plans are also laid down in the Local Government Code.264 If necessary, participants of procurement may apply to the Dispute Resolution Board265 and later lodge an appeal in court in connection with procurements.266

Draft procurement plans of all public institutions, including city halls, LEPLs under city halls, municipal administrations and municipal councils, are posted on the website of the State

262 Livepress, “Nepotism and party-based appointments in Zugdidi City Hall”, http://goo.gl/MUN2Sn
263 Livepress, “Public servants who are participants of protest talk about confrontation, responsibility and expectations”, http://goo.gl/vBCQlT
264 The Local Government Code, Article 19.C; Article 54.1.C.F; Article 73.1.J; Article 75.C.E; Article 82.3.E; Article 104.E.
266 The Law of Georgia on Public Procurement, Article 4 Prima, Article 23
Procurement Agency – [www.procurement.gov.ge](http://www.procurement.gov.ge). These agencies’ draft procurement plans of the current and previous years are also posted on this website.

The process of procurement through electronic tenders is quite transparent. The legislation regulating procurement ensures to the maximum possible extent that the process of procurement rules out subjective and unsubstantiated decisions on the part of the procurer. In the case of inappropriate fulfillment of the terms of a procurement contract, the procurer may impose various sanctions on the provider, such as a contractual penalty and seizure of the sum stated in a bank guarantee. The procurer may also apply to the Head of the State Procurement Agency in writing, demanding inclusion of the company that violated the contract in the Register of Mala Fide Participants of the Procurement, the so-called “Black List”. Providers included in the Black List are prohibited from taking part in public procurements for a period of one year. If the procurer violates the tender procedures, the provider may apply to the Dispute Resolution Board or a court.267

**Tbilisi**

The large share of simplified procurements in the total volume of procurements remains a problem in Tbilisi. Simplified procurements – those made through negotiations with a single provider – are carried out without competitive tenders. Such situations involve high risk of corruption and kickbacks, and the municipality is not able to save funds. Issuance of 50% or more of the contract value to providers as an advance payment has also become frequent in the City Hall’s procurements.268 This practice raises questions regarding correct disposal of public funds and planning of correct actions with the aim of receiving quality services by the City Hall. Such practice may make the impression that issuing advance payments serves to give priority to certain inexperienced companies.

**Kutaisi**

The relevant authorized structural unit of the Kutaisi City Hall exercises control on the provision of procured services. If monitoring reveals a violation, the service provider is required to eliminate the defect at its own expense. At the same time, following the initiative of the new Mayor of Kutaisi designed to ensure the quality of the work, the City Hall retains 5% of the contract sum, of which 2.5% is transferred to the service provider’s account after the work has been completed and the acceptance act of the facility has been signed, while the remaining 2.5% is retained until the expiry of the warranty period. If the facility gets damaged during the


warranty period, the expenses will be covered from the retained 2.5%. However, when TI Georgia enquired about a homeless animal shelter in Kutaisi, it turned out that the City Hall had imposed no sanctions on the provider that had failed to perform its contractual obligations. As a result, the veterinary and hygienic norms, as well as requirements of care and nutrition of animals, were violated in the homeless animal shelter, the open-air cages were not supplied with water and electricity, and dozens of dogs were kept together.

Zugdidi

Simplified procurements are also a problem in Zugdidi. Between September 2014 and July 2015, the Zugdidi Municipality made about 150 simplified procurements with a total value of about GEL 1.3 million. According to the website of the State Procurement Agency, about 70% of the sum spent on simplified procurements in Zugdidi was spent through contracts concluded on 31 December 2014. This trend indicates a harmful practice of management of public funds whereby procurements are made on the last day of the year, which means that the municipality fails to spend the funds in a targeted and rational manner and they are spent without savings, simply to ensure that the budget is implemented on paper.

On 12 February 2015, the Zugdidi City Hall announced three tenders “for procurement of construction and installation work.” It should be noted that, in all the three cases, the municipality procured identical service: The arrangement of outdoor lighting on several streets of Zugdidi. Two of the three tenders were won by Aka Energy LLC that provided the municipality with the service for GEL 68,454 and GEL 79,452, and the third tender was won by Mardi LLC that provided the municipality with the service for GEL 79,989. Aka Energy LLC took part in all the three tenders. It is unclear why the municipality decided to divide the same kind of service into three different procurements. Although the applicable law allows the municipality to do so, we believe that the Zugdidi City Hall could have procured the service through a single tender, which would have saved funds.

3.4 Promoting social accountability and participation

To what extent does the local bureaucracy promote social accountability mechanisms that provide local citizens with opportunity to interact with and make demands on local governments?

The changes made by the Parliament to the Local Government Code on 22 July 2015, laid down additional forms of citizens participation in the activities of local governments. The decision of the legislative body established the general meeting of settlement, the civil advisory council, and

269 Correspondence of Transparency International Georgia with the Kutaisi City Hall
272 The website of the State Procurement Agency https://goo.gl/gQLFFI
273 The website of the State Procurement Agency https://goo.gl/csX1kP
274 The website of the State Procurement Agency https://goo.gl/1LNaag
a new, simplified procedure of submitting petitions by citizens as the forms of citizens participation in addition to other methods. At the same time, everyone became entitled to attend open sessions of municipal councils and commissions of municipal councils without an advance notice and/or permission.\textsuperscript{275}

The general meeting of settlement ensures effective participation of voters registered in the respective settlement in the review and decision-making on important issues for the settlement and municipality, as well as in their submission before municipal bodies. All voters registered in the respective settlement are members of the general meeting. A general meeting may be convened in almost every village and settlement of Georgia. The general meeting is entitled to deliberate on the social, economic, infrastructural, and budgetary issues and other activities that are important for the settlement.\textsuperscript{276}

The civil advisory council consists of the representatives of local entrepreneurial legal entities, the non-governmental sector, and the population of the respective municipality. The head of the municipal administration/mayor is obligated to submit for consideration by the council the draft budget, the documents of spatial planning of the municipality and proposals regarding nomenclature of geographic objects in the municipality, as well as drafts of other important administrative-legal acts and infrastructural and social projects.\textsuperscript{277}

The new procedure for submitting petitions enables voters registered on the territory of the municipality to submit for consideration by the municipal council concrete proposals on the basic principles or content of a normative act to be adopted. The procedure implies proposals whose preparation does not require special knowledge and experience.\textsuperscript{278}

\textbf{Tbilisi}

The most important step forward in terms of local citizens’ interaction with the local government and submission of requests was the initiative in 2015 to create consultative-deliberative bodies – Public Councils – at the district administrations of Tbilisi.\textsuperscript{279} Although the functions of the Public Councils are laid down in the Model Statute of District Administrations of the Tbilisi Municipality, so far a Public Council is only in place in the Saburtalo District, and it is unknown what role these councils will play in practice or to what extent they will actually ensure citizens participation in the activities of local government.

The year 2014 also saw the introduction of a new mechanism of accountability: On Fridays, the heads of services of the City Hall, the heads of district administrations, the deputy mayors, and the mayor himself personally meet with citizens.\textsuperscript{280} The City Hall processes information received from citizens, which the agency uses for determining future priorities and addressing

\textsuperscript{276} Ibid.
\textsuperscript{277} Ibid.
\textsuperscript{278} Ibid.
\textsuperscript{279} Decree of the City Council of the Tbilisi Municipality No. 12-47 on Approval of Model Statutes of District Administrations, Staff of District Administrations, and Structural Units of District Administrations of the Tbilisi City Municipality, May 22, 2015, https://goo.gl/EH3Sqs
\textsuperscript{280} Tabula, “Davit Narmania and his deputies to meet with citizens”, http://goo.gl/OeKX7M
them effectively. At these meetings, citizens mostly request the City Hall to resolve social problems. Architectural and property-related issues also feature prominently in the citizens’ requests. In some cases, citizens’ requests go beyond the competence of the City Hall, though citizens receive advice by being redirected to various agencies or through additional legal assistance. In special cases, the City Hall allocates funds from the mayor’s reserve fund to address citizens’ problems.281

A representative of the City Hall has also mentioned several informal, thematic groups that are made up of NGO members and citizens and work on the issues of greening, the rights of persons with disabilities, and public transport. However, concrete results of the activity of such groups are unknown to the general public. In fact, NGOs, initiative groups and citizens’ informal associations seldom take part in the decision-making process of the local government.

**Kutaisi**

The most important initiative in Kutaisi in terms of local citizens’ interaction with the government is the ongoing EU-funded project “This Works” which involves forums with the participation of the population of Kutaisi. Participants of the forums discuss various issues, including budgeting and priorities of the budget. However, one of the opposition members of the City Council said that the opposition is not given the opportunity to take part in the project.282

In addition, the Kutaisi City Hall conducted an opinion poll with the aim of preparing the strategy for the city’s economic development in the framework of the project “Your idea for the development of Kutaisi”.

**Zugdidi**

Representatives of the ruling and the opposition parties in the Zugdidi City Council offered different assessments to the participation of local population in local government. According to the Chairman of the City Council, Merab Kvaraia, the City Council actively cooperates with citizens through social networks.283 However, Batlome Shelia, an opposition member of the Zugdidi City Council, believes that, in reality, priorities are not chosen at the local level and the central government always gives directives.284

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281 Interview of Nina Khatiskatsi, deputy mayor of Tbilisi, with Transparency International Georgia
282 Interview of Besik Bregadze, an opposition member of the Kutaisi City Council (from United National Movement), with Transparency International Georgia
283 Interview of Merab Kvaraia, chairman of the Zugdidi City Council (from Georgian Dream coalition), with Transparency International Georgia
284 Interview of Batlome Shelia, a representative of the opposition in the Zugdidi City Council (from United National Movement), with Transparency International Georgia
As for the Zugdidi City Hall, it has a deliberative body in place – the Youth Council – which was established on the basis of the Mayor’s order. The Youth Council prepares recommendations to be submitted to the City Hall, carries out activities to reveal and resolve problems in the city, and cooperates with structural units of the City Hall and local youth organizations. According to the Administration Service of the City Hall, various types of information about the activities of the City Hall and the City Council are published in the local media or in accordance with the procedure established by the Rules of Procedure of the City Council, which contributes to citizens’ participation in the activities of the local government.

3.5 Tax collection

*To what extent is local revenue collection fair and transparent?*

According to the Local Government Code, own powers of municipalities include introduction and abolishment of local taxes and fees in the manner established by law, establishment of their rates within the limits envisaged by law, and collection of local fees. In accordance with the Law of Georgia on Local Fees, the right to introduce and abolish local fees and to establish exemptions from them rests with the representative body of local government – the municipal council.

The mayor/head of municipal administration submits a draft decree on the introduction, changes to and abolishment of local taxes and fees to be approved by the municipal council, the final decision on which is made by the municipal council. According to the Code of Self-Government, local taxes are administered by tax bodies. As for the collection of other revenues and funds to be received from operations with non-financial assets that are determined by the Georgian legislation, it is carried out by the relevant services, unless provided otherwise by Georgian law.

**Tbilisi**

In Tbilisi, fees are levied on the following: cleaning service, issuance of special (zoning) agreements, construction permits, gambling business, accelerated service for issuance of (making changes to) an act confirming fulfillment of conditions of a construction permit (acceptance for exploitation), and service of state and technical supervision of construction envisaged by Article 25(1) of the Product Safety and Free Movement Code. The decrees of the Tbilisi City Council on the introduction, payment procedure, and amounts of these fees are posted on the website of the City Council. The procedures for the collection of the fees are...
simple, clear, and transparent. The Tbilisi City Council has also laid down the procedure for the payment of the fees and their transfer to the budget. According to the decision of the City Council, the fees are transferred to the corresponding account by receipt or through electronic settlement, which rules out the risks of corruption at lower levels. As for the application of the procedures in practice, no cases of manipulation with the procedures of fee collection, extortion or favoritism have been detected.

Kutaisi

The Kutaisi Municipality levies several types of local fees: The fee for the use of natural resources, the fee for construction permits, the gambling business fee, and the fee for the cleaning a populated territory, as well as fees for postponement of mandatory military service and for the photocopying of public information. According to the figures for the collection of fees in 2012-2014, the collection of planned fees mostly takes place without problems in Kutaisi. According to the vice-mayor of the city, based on the figures for the first six months of the year, the collection of fees is proceeding according to the plan in 2015. In Kutaisi, fees are also paid electronically.

Zugdidi

Only five types of fees are in place in Zugdidi: The fee for the use of natural resources, the construction permits fee, the gambling business fee, the fee for the cleaning of populated territory, and the fee for postponement of mandatory military service. Like Tbilisi and Kutaisi, payment of fees also takes place through money transfers in Zugdidi. It should be noted that the municipality collected GEL 468,000 out of GEL 481,000 that had been forecast for the first four months of 2015. The chairman of the City Council, as well as a representative of the opposition, believe that the mechanisms of collection of local fees are appropriate. Collection of the cleaning fee is problematic, because there is no mechanism or legal grounds for fining the subscribers who fail to pay it.

290 Decree of the Tbilisi City Council No. 17-46 on Introduction of Fee for Cleaning of Populated Territory in the Tbilisi City Municipality and Approval of Payment Instruction and Procedures of Cleaning, Waste Management, Selection of Operators and Disposal of Waste under the Ownership the Tbilisi City Municipality, December 12, 2014, the website of the Tbilisi City Council, http://goo.gl/iigAcl
291 Correspondence of Transparency International Georgia with the Kutaisi City Hall
292 Interview of Konstantine Kavtaradze, vice-mayor of Kutaisi, with Transparency International Georgia
293 Correspondence of Transparency International Georgia with the Zugdidi City Hall
294 Interviews of Merab Kvariaia, chairman of the Zugdidi City Council (from Georgian Dream coalition), and Batlome Shelia, a representative of the opposition in the Zugdidi City Council (from United national Movement), with Transparency International Georgia
3.6 Protecting land and property rights

To what extent are land and property rights protected by the local government?

According to the Local Government Code, own powers of municipalities include:

- management of natural resources of local importance, including water and forest resources and land resources under municipal ownership, in the manner established by law;

- spatial-territorial planning of the municipality and laying down the norms and procedures in this area; approval of the documentation on urban construction, including the general plan of the use of land, the plan for the regulation of urban development, and the procedures of regulation of the use and urban development of the territories of settlements.

In 2007, in order to resolve the issues of registration of land and property rights, Parliament passed the Law on Recognition of Property Rights on the Parcels of Land Possessed (Used) by Natural Persons and Legal Entities under Private Law. According to this law, the authority to recognize property rights on arbitrarily occupied land rests with the representative body of a relevant local government which exercises its powers through a commission. Thus, since 2007, a commission on recognition of property rights has been functioning in the municipal council of every municipality. The commissions are mainly composed of members of the municipal council and representatives of the Ministry of Economy, the Property Management Agency, and the Cultural Heritage Agency. Initially, these commissions received applications regarding registration of property rights on land parcels under rightful possession and recognition of property rights on arbitrarily occupied land. Nowadays, however, property under rightful possession is registered by the National Agency of the Public Registry.

Tbilisi

The Tbilisi City Council has the Commission on Recognition of Property Rights on the Parcels of Land Possessed (Used) by Natural Persons and Legal Entities under Private Law which reviews issues of legalization of arbitrarily occupied land. Opposition members in the City Council unanimously noted that this Commission is one of the most effective bodies in the City.


296 Decree of the Tbilisi City Council No. 93 on Creation of the Commission on Recognition of Property Rights on the Parcels of Land Possessed (Used) by Natural Persons and Legal Entities under Private Law, appointment of the Chairman and Deputy Chairman of the Commission, and approval of the composition of the Commission, September 16, 2014, [http://goo.gl/wrMSBo](http://goo.gl/wrMSBo)
Council. The Commission has discretionary powers of recognition of property rights on land. Accordingly, if citizens appeal a decision of this Commission, the court may only direct the Commission to review the concrete issue again. According to Irakli Abesadze, no more than 5-10% of the Commission’s decisions are challenged in court.

It should be noted that, between July 2014 and July 2015, no cases of confiscation of land or any violation of property rights in Tbilisi was reported by the media or other sources.

As for issues of urban development, in the absence of a comprehensive and detailed plan of land use in Tbilisi, changes to the existing General Plan for the Use of Land, plans for regulating urban development, and conclusion of special zoning agreements on coefficients of urban development and of intensity of urban development have caused disputes between the public and the local government on numerous occasions. Procedurally, applications on the issues of urban development are submitted electronically to LEPL Architecture Service of Tbilisi Municipality, which was created by the Tbilisi City Council and is supervised by the Tbilisi Government. Later, this Service redirects the applications to the Council on Regulation of Issues of Use and Urban Development of Territories of the Tbilisi City Municipality, which is a consultative body of the Tbilisi Government and is composed of representatives of various agencies of the City Hall, members of the City Council, and invited experts. The Council adopts a conclusion on the issues of urban development which it then redirects to the City Council where the final decision is made. In the case of a special zoning agreement, the Council sends the conclusion to the Mayor who issues an individual administrative-legal act on the conclusion of a special zoning agreement on the basis of this conclusion.

The existing plan of land use is flawed and contains numerous inaccuracies. It was for this reason that the Architecture Service announced competition for the renewal of the general plan of land use in May 2015. Due to the absence of a detailed plan for land use, the Council on Regulation of Issues of Use and Urban Development of Territories of the Tbilisi Municipality has broad discretionary powers in its decisions on issues of urban development, such as increasing the coefficients of urban development and of intensity of urban development, which contains risks of corruption. The Council often fails to substantiate the public benefit obtained as a result of conclusion of special zoning agreements and contradicts the public interest with its decisions, as was the case when a special zoning agreement was concluded for the construction of a hotel in Vake Park.

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297 Interviews of Aleksandre Elisashvili, independent majoritarian deputy of the Tbilisi City Council, and Irakli Abesadze, chairman of the United National Movement – Tbilisi opposition faction, with Transparency International Georgia

298 Interview of Irakli Abesadze, chairman of the United National Movement – Tbilisi opposition faction of the Tbilisi City Council, with Transparency International Georgia

299 One of the examples of disputed issues between a part of the public and local government bodies regarding special zoning agreements is the agreement concluded for the construction of the Budapest Hotel in Vake Part. See Netgazeti, “Will citizens be able to save Vake Park?” http://goo.gl/sVrHan


302 “General land use plan of the capital to be renewed”, the website of the Tbilisi City Hall, http://goo.gl/5Z4iX1

303 Liberali, “If we also lose this fight, we will lose the city! – Zurab Bakradze”, http://goo.gl/KXJNrX
In Kutaisi, like other municipalities, there is a standing commission responsible for the recognition of property rights on arbitrarily occupied land. It is made up of the members of the majority and the minority in the City Council, a specialist from LEPL National Agency of State Property, and heads and employees of the services of the City Hall. According to Davit Tsitaishvili, who is a member of this commission and a representative of the minority in the City Council, there is a lot of work to do regarding the recognition of property rights on arbitrarily occupied land, because a lot of citizens apply to the commission with a request to recognize their property rights on land. Since 2014, when the commission was set up with a new composition, it has received up to 60 applications, of which the requests of 20 applicants were granted, and a large part of applications are still being reviewed. According to Davit Tsitaishvili, the commission works productively and its operation is not a mere formality.

Kutaisi does not have a general plan of land use yet, which the City Hall considers a problem. The City Hall is now working on the development of the general plan. The agency concluded a memorandum with the USAID regarding the latter’s involvement in the process of developing the plan. The memorandum envisages financial support and assistance in ensuring the participation of foreign experts. According to the Vice-Mayor of Kutaisi, the plan for the development of the city is currently being prepared.

It should be noted that, between July 2014 and July 2015, no information about confiscation of land or any violation of property rights in Kutaisi was reported by the media or other sources.

As for construction permits, a representative of the Kutaisi City Hall explained that, in order to receive a construction permit, one has to apply to the City Hall, while the procedures are determined according to the class of construction. According to the vice-mayor of Kutaisi, the system of issuance of permits is not flawless and may require improvement. According to him, the Kutaisi City Hall is planning to introduce a fee for accelerated service together with transition to electronic case management. As a result, citizens will be able to receive construction permits through an accelerated procedure.

The Zugdidi City Municipality includes the Commission on Legalization of Land that helps citizens legalize land under their possession. According to Batlome Shelia, a member of the City Commission, there is a lot of work to do regarding the recognition of property rights on arbitrarily occupied land, because a lot of citizens apply to the commission with a request to recognize their property rights on land. Since 2014, when the commission was set up with a new composition, it has received up to 60 applications, of which the requests of 20 applicants were granted, and a large part of applications are still being reviewed. According to Batlome Shelia, the commission works productively and its operation is not a mere formality.

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Council from the United National Movement, citizens have not encountered problems concerning ownership of property.\textsuperscript{309}

In the period from July 2014 to July 2015, no instances of confiscation of land and/or violation of property rights were reported on the territory of the Zugdidi Municipality.

As for construction permits and urban planning, when issuing construction permits, the Architecture Service is guided by Resolution of the Government of Georgia No. 57 on the Procedure of Issuance of Construction Permits and Terms of Licenses.\textsuperscript{310} Decree No. 2 of the Zugdidi City Council on the General Plan for Land Use and the Procedure of Regulation of the Use and Urban Development of Territory of the City of Zugdidi is also in place.\textsuperscript{310} However, as the city’s construction business is currently in a slump, the Architecture Service issues very few construction permits. It should be noted that Zugdidi does not have an approved plan of urban development, though it has approved the General Plan for the Use of Land.

\textbf{Governance}

\textbf{3.7 Administrative Transparency}

\textit{To what extent is there transparency in financial, human resource, property and information management of the local public sector?}

According to the Georgian legislation, asset declarations of senior officials of the local government are public and accessible on the website of the Civil Service Bureau.\textsuperscript{311} The procurement records and annual procurement plans are published on the website of the State Procurement Agency,\textsuperscript{312} and information about vacancies is posted on the website of the Civil Service Bureau – www.hr.gov.ge.

Information about municipal companies and municipal property is accessible on the website of the National Agency of the Public Registry – www.napr.gov.ge. Additionally, according to Article 85\textsuperscript{1} of the Local Government Code, municipal bodies are required to publish and/or publicly announce the list of municipal assets to be privatized and the plan for the privatization of municipal property within 10 days of their adoption.\textsuperscript{313}

\textbf{Tbilisi}

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\textsuperscript{309} Interview of Batlome Shelia, a representative of the opposition in the Zugdidi City Council (from United National Movement), with Transparency International Georgia
\textsuperscript{310} Decree of the Zugdidi City Council No. 31 on the Procedure of Regulation of the Use and Urban Development of Territory of the Zugdidi City Municipality, August 8, 2014, \url{https://goo.gl/TPyOTh}
\textsuperscript{311} The website for asset declarations, the Civil Service Bureau, \url{https://declaration.gov.ge/eng/}
\textsuperscript{312} The website of the State Procurement Agency, \url{http://goo.gl/9sJ512}
\textsuperscript{313} The Organic Law of Georgia on Changes to the Organic Law of Georgia – Local Government Code, \url{https://goo.gl/DYg204}
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Although the information about municipal companies and municipal property of the Tbilisi City Hall is accessible on the website of the National Agency of the Public Registry, the City Hall itself has not published it proactively. The website of the City Hall only contains a list of municipal N(N)LEs, LLCs and LEPLs. The property owned by the Tbilisi Municipality that is to be auctioned is accessible on a designated website: http://auction.tbilisi.gov.ge. As for the access to public information, it should be noted that, according to a study conducted by the Institute for Development of Freedom of Information (IDFI), the Tbilisi City Hall has an 80.9% figure of access to information, while the corresponding figure of the Tbilisi City Council is 89.5%.³¹⁴

Kutaisi

Information about municipal companies and municipal property of the Kutaisi City Hall is also accessible on the website of the National Agency of the Public Registry, but the City Hall itself has not published it proactively.

The website of the Kutaisi City Hall contains a separate section for vacancies. There is also a section entitled "Auctions" which redirects users to www.eauction.ge and "Tenders" which also redirects them to www.procurement.gov.ge.

In terms of access to public information, it is noteworthy that, according to the study conducted by the Institute for Development of Freedom of Information (IDFI), the Kutaisi City Hall has a 64.3% figure of access to information, while the corresponding figure of the Kutaisi City Council is 88.6%.³¹⁵

Zugdidi

Information about municipal property of the Zugdidi City Hall is accessible on the website of the Public Registry, although the City Hall itself has not published it proactively.

Information about vacancies is published on the websites of the City Hall and the City Council of Zugdidi. In most cases, however, vacant positions are taken up by temporary employees.³¹⁶

A representative of the Zugdidi City Hall believes that management of funds in the agency is completely transparent, especially after the transition of the budgets of all levels to the unified

³¹⁵ Ibid.
³¹⁶ Correspondence of Transparency International Georgia with the Zugdidi City Hall
The Zugdidi Municipality has introduced the system of electronic turnover of documents, while the website www.eauction.ge is used to auction off property.

3.8 Accountability of local public servants

To what extent are local public servants answerable for their actions in practice?

As representatives of the local bureaucracy, public servants are bound by the Law on Civil Service and the Law on Conflict of Interest and Corruption in the Public Service. In addition, municipal councils may adopt rules of procedure that will regulate additional issues in the area of labor relations of public servants on the basis of the existing legal framework.

The Law on Public Service envisages disciplinary sanctions against public servants, as well as cases of their rewarding and promotion. In every individual case, the law requires review of the possible misconduct committed by a public servant in accordance with the rules of administrative proceedings. At the same time, the public servant should be given an opportunity to present his/her opinion regarding the disputed issue. After a comprehensive, thorough and objective examination, the mayor/head of municipal administration makes a decision on imposing a disciplinary sanction on the public servant. The said decision may be disputed in court in the manner established by law. Unfortunately, there are cases in practice when the application of a disciplinary sanction is not proportional to the misconduct committed by the public servant and/or when the head of an agency uses this tool in a politically motivated manner, as a punitive measure against a “disobedient” employee.

The matters of integrity of public servants and government representatives are regulated by the Law of Georgia on Conflict of Interest and Corruption in the Public Service. The legal provisions of this law and the practice of their application are discussed in more detail in the chapter on integrity of local executive bodies (2.8).

Tbilisi

Citizens may challenge the actions of public agencies of the Tbilisi Municipality in these very agencies or in court. Employees of the Tbilisi City Hall and district administrations can face the following sanctions for disciplinary misconduct: reprimand, warning, deduction of salary of no more than 10 days, and dismissal. For example, in 2013-2015, 39 employees of the City Hall were given a reprimand, 22 were given a warning, 26 were dismissed, and one got a salary deduction of no more than 10 days. However, the City Hall did not react to the behavior of Gegi Nizharadze, the Head of the Supervision Service, when he, together with other persons,

317 Interview of Murtaz Bokuchava, head of the Financial-Budgetary Service of the Zugdidi City Hall, with Transparency International Georgia
320 Correspondence of Transparency International Georgia with the Tbilisi City Hall

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verbally and physically assaulted a person who had arrived for a job interview and locked him up in one of the rooms of the City Council building for three hours.\textsuperscript{321}

**Kutaisi**

According to the public information provided by the Kutaisi City Council, it has received no complaints from citizens since 2014. As for the City Hall, it has received 5 complaints since July 2014, of which two complaints were not processed due to non-compliance with requirements of the General Administrative Code.

**Zugdidi**

From July 2014 to June 2015, eight public servants were subjected to disciplinary sanctions in the Zugdidi Municipality, although none of them were demoted or dismissed. No internal complaints were lodged with the City Hall.

3.9 Integrity of local public servants

*To what extent is the integrity of local public servants ensured?*

The issues of integrity of local public servants, such as acceptance of gifts, whistleblower protection and conflict of interest, are regulated by the Law of Georgia on Conflict of Interest and Corruption in the Public Service. Unauthorized use of public property and assets is regulated by the Law on Civil Service.\textsuperscript{322} It is noteworthy that there is no mechanism for verifying the accuracy of asset declarations. Officials are not sanctioned for incorrectly completed declarations, and they are only fined if they fail to submit this document in due time. However, creation of a verification mechanism is envisaged by a draft law prepared by the Civil Service Bureau, which Parliament has passed in the first reading.\textsuperscript{323} The issues of nepotism and employment of family members are also regulated weakly at the legislative level. Article 332 of the Criminal Code (abuse of office) theoretically encompasses nepotism and patronage which is manifested in deliberate violation of the rules of competitive recruitment in the public service.

\textsuperscript{321} Tabula, “Gegi Nizharadze to employee: How dare you make a recording? You’re going to get five years in prison”, http://goo.gl/xYBRIh


\textsuperscript{323} The Draft Law on Changes to the Law of Georgia on Conflict of Interest and Corruption in the Public Service, the Parliament of Georgia, http://goo.gl/J10w9v
However, this article is not applied with such interpretation in practice. The legislation on whistleblower protection has not been applied in practice either. Before 1 August 2015, exposure of corruption crimes was the obligation of the Anti-Corruption Agency of the Ministry of Internal Affairs, but from 1 August 2015, this work became the duty of the Anti-Corruption Agency of the State Security Service.

The legal provisions on integrity and accountability of local public servants, which are laid down in the Law on Civil Service and the Law on Conflict of Interest and Corruption in the Public Service, are dealt with in more detail in the chapters on integrity of local executive bodies (2.8) and accountability of local public servants (3.8).

**Tbilisi**

Cases of detention of local government employees of the capital city (including high-ranking officials) on the charges of corruption crimes also occurred recently. However, there is no accurate statistical data on local government employees detained on corruption charges.

**Kutaisi**

It should be noted that in 2014 the Investigation Service of the Ministry of Finance detained an employee of the Kutaisi City Hall who was charged with accepting a bribe from an entrepreneur.

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325 Order of the Minister of Internal Affairs of Georgia No. 91 on Approval of the Statute of the Anti-Corruption Agency (Department) of the Ministry of Internal Affairs of Georgia, January 31, 2015, [http://goo.gl/hYIOkP](http://goo.gl/hYIOkP)
326 Order of the Head of the State Security Service of Georgia No. 9 on Approval of the Statute of the Anti-Corruption Agency (Department) of the State Security Service of Georgia, August 1, 2015, [https://goo.gl/bDKFKH](https://goo.gl/bDKFKH)
328 Interpressnews, “Employee of Kutaisi City Hall is detained for accepting a bribe”, [http://goo.gl/pysGw6](http://goo.gl/pysGw6)
Zugdidi

There have been no cases of corrupt deals or acceptance of bribes in the Zugdidi City Hall. Also, no inaccuracies have been detected in the asset declarations of the Zugdidi Municipality officials.
Oversight and Accountability Functions:

4. Complaints Handling

Capacity

4.1 Access to a complaints mechanism

*Is there an independent procedure (e.g. through an ombudsman or similar function) to deal with complaints of perceived unjust treatment by local government officials?*

The General Administrative Code and the Code of Administrative Procedure of Georgia regulate the procedures of complaints that deal with the acts adopted/issued by administrative bodies, as well as with the cases of action or inaction by administrative bodies. Complaints may be lodged both with an administrative body and with a court.\textsuperscript{329} As for a special institution to deal with issues of this category (a dispute resolution council), the Georgian legislation does not envisage such mechanism.

Effectiveness

4.2 Investigation of complaints

*How effective is the complaints procedure in practice?*

Procedurally, decisions or actions of local government bodies may be disputed in a higher administrative body (if such a body exists) and/or in court, in the manner established by law. In the case of a single complaint, a citizen must submit an administrative complaint, which does not require a special form, while review of an issue in court is launched by submitting an appeal.\textsuperscript{330} It should be noted that when adjudicating administrative disputes the court applies the inquisitorial principle that enables the judge to request and receive evidence that is important for the case. The principle enables the court – in administrative disputes, in the event of a possible violation of the Georgian legislation by bodies of state governance – to obtain/request additional important evidence as it sees fit to ensure that the case is examined and studied thoroughly.


\textsuperscript{330} The Administrative Procedure Code of Georgia, Chapter VIII. “Administrative Legal Proceedings at the Court of First Instance”, \url{https://matsne.gov.ge/en/document/view/16492}
Tbilisi

The Legal Service of the Tbilisi City Hall, in accordance with its statute, reviews the correspondence, complaints, and petitions submitted to the Service. In the period of 2013-15, 53% (1,266 complaints) of the 2,375 complaints lodged with the City Hall were not granted, and 12.5% (296 complaints) were granted fully or partially. In addition, citizens may challenge the City Hall’s decisions in court. In 2010-2015, the Tbilisi City Court reviewed a total of 1,490 disputes against the City Hall. Of these, 14.2% (212 disputes) were granted fully or partially, and 45.5% (678 disputes) were not granted. On the basis of these statistics, we can say that the complaints procedure is effective in practice.

Kutaisi

According to the information provided by the Kutaisi City Hall, the City Hall has only received five complaints since July 2014. Two of the complaints were left unprocessed due to non-compliance with the requirements of the General Administrative Code, while the rest of the complaints were reviewed by relevant competent bodies. As for the decisions of the Kutaisi City Hall that were challenged in the Kutaisi City Court, as of 15 July 2015, six administrative appeals had been lodged in the Court, of which three were granted, two were not granted, and one ended with a settlement. In 2014, five of the 19 administrative appeals were granted fully, three were granted partially, and 11 were not granted. In 2013, four of the 10 administrative appeals were granted fully, two were granted partially, and four were not granted. In 2012, two of the six administrative appeals were granted, and four were not granted. In 2011, only one of the five administrative appeals was granted, and four were not granted. In 2010, two of the 13 administrative appeals were granted, and 11 were not granted. On the basis of these statistics, we can argue that the complaints procedure is effective in practice.

Zugdidi

Order of the Mayor of the City of Tbilisi No. 28 on Approval of the Statute of the Municipal Legal Service of the Tbilisi City Hall, December 24, 2010, https://goo.gl/OmHDm0

Correspondence of Transparency International Georgia with the Tbilisi City Hall

Correspondence of Transparency International Georgia with the Tbilisi City Court

Correspondence of Transparency International Georgia with the Kutaisi City Hall

Correspondence of Transparency International Georgia with the Tbilisi City Court
Between the establishment of the Zugdidi City Hall in July 2014 and June 2015, no complaints were lodged with the agency. The Zugdidi District Court has reviewed 1 appeal against the Zugdidi City Hall in which the plaintiff demanded recognition as a lawful user of real estate and transfer of this estate to their ownership. The Court granted this appeal partially.

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336 Correspondence of Transparency International Georgia with the Zugdidi City Court
337 Ibid.
5. Auditing

Capacity

5.1 Provisions for local government audits

To what extent are there regular audits of the local government and to what extent are there comprehensive provisions regulating imposition of sanctions?

The Local Government Code envisages the following procedures to ensure the lawfulness and effectiveness of the activity of municipal bodies:

- state audits;
- independent audits;
- internal audits.

A state audit of the activities of municipalities is carried out by the State Audit Office in the manner established by the Law of Georgia on the State Audit Office. No more than once a year, a municipal council may invite an independent auditor who will conduct an independent audit of the activities of the municipality in the manner established by the Georgian law. The report and the conclusions of the independent auditor are submitted to the municipal council and sent to the State Audit Office. It must also be released publicly.

An internal audit of the executive body of a municipality – the city hall/municipal administration – is carried out in accordance with the Law of Georgia on State Internal Financial Control and the statute of the city hall/municipal administration. The entity conducting internal audit is determined by the municipal council in the manner envisaged by the statute of the city hall/municipal administration.

According to Paragraph 5, Article 31 of the Law of Georgia on the State Audit Office, the State Audit Office submits, twice a year, a report on the audits of spending and implementation of the budgets of local self-governing entities to the Parliament. The State Audit Office submitted the last such report in 2014. The report is accessible on the website of the State Audit Office. The last report of the State Audit Office highlights financial violations and shortcomings in self-governing entities concerning the sum of more than GEL 102 million.

As for the quality of audits, according to the National Integrity System Assessment report of 2015, the State Audit Office is considered one of the strongest institutions in the National

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338 The Local Government Code, Article 139. “Ensuring the Lawfulness and Effectiveness of the Activity of Municipal Bodies”, https://goo.gl/2Vr790
342 Ibid. p. 2

In spite of the effective work of the State Audit Office, the response of the Prosecutor’s Office to the materials that the State Audit Office has sent to the law enforcement bodies is unsatisfactory. Over the last two years, the Prosecutor’s Office has only brought charges against a single person as a result of violations exposed by the State Audit Office. Between 2013 and 10 March 2015, the State Audit Office sent 133 audit reports containing signs of criminal offences to law enforcement bodies – 123 reports to the Prosecutor’s Office and 10 reports to the Anti-Corruption Agency of the Ministry of Internal Affairs. Of these, in 2014-2014, the law enforcement bodies received 90 audit reports containing signs of crime, based on which only one person faced charges, despite the fact that the audit materials revealed serious criminal offences, including embezzlement of public property, corrupt deals, abuse of authority, etc.\footnote{344 Transparency International Georgia, “Delayed investigations in cases of embezzlement of State Resources; Violations revealed by the State Audit Office in the period of 2013-2015”, June 4, 2015, \url{http://www.transparency.ge/en/post/report/delayed-investigations-cases-embezzlement-state-resources}}

\section*{Tbilisi}

In 2013, the State Audit Office conducted a compliance audit of the funds used in the framework of the outdoor lighting program of the Tbilisi City Hall in 2006-2010,\footnote{345 The State Audit Office, \textit{Report on the compliance audit of funds used by the Tbilisi City Hall in the framework of the outdoor lighting program in the years 2006-2010}, \url{http://goo.gl/zeL5qc}} a compliance audit of funds allocated from the Tbilisi budget for the city decoration measures related to New Year festivities in 2007-2010, and a compliance audit of the activities carried out in the framework of city greening measures.\footnote{346 The State Audit Office, \textit{Report on the compliance audit of activities carried out by the Tbilisi City Hall in the framework of programs of city greening measures in the years 2009-2011}, \url{http://goo.gl/GEi09i}} In 2014, the agency published a compliance audit of the activities conducted as part of the measures for the development of the transport infrastructure of Tbilisi in 2009-2011.\footnote{347 The State Audit Office, \textit{Report on the compliance audit of activities carried out by the Tbilisi City Hall in the framework of measures of development of the transport infrastructure of Tbilisi in the years 2009-2011}, \url{http://goo.gl/lLkIEy}} The audit reports are public and accessible on the website of the State Audit Office.

The Municipal Service of Internal Audit and Monitoring of the Tbilisi City Hall also conducts regular inspections of the City Hall’s activities. In 2013-2015, the Service carried out 24 internal audit inspections and 21 monitoring assessments. The audit inspections by the Service produced by detailed recommendations, and the agency also exercises oversight of the fulfillment of the recommendations. The Service only publicizes its audit reports with the permission from the City Hall.\footnote{348 Decree of the City Council of the Tbilisi Municipality No. 14-25 on Approval of the Statute of the Municipal Service of Internal Audit and Monitoring of the City Hall of the Tbilisi Municipality, November 14, 2014, \url{https://goo.gl/Kv0GDP}}
In 2013, the State Audit Office carried out:

- a compliance audit of the greening measures in the self-governing city of Kutaisi (2009-2011);\(^{349}\)

- a compliance audit of the use of the funds allocated by the Kutaisi City Hall from the Kutaisi budget for the measures of outdoor lighting and city decoration related to New Year festivities in 2008-2010;\(^{350}\)

- a compliance audit of the road infrastructure development program of the city of Kutaisi;\(^{351}\)

- a compliance audit of the lawfulness of privatization of property owned by the City Hall of the self-governing city of Kutaisi and of its lease with usage rights (2009-2011);\(^{352}\)

- an audit of agreed procedures carried out to ascertain the purpose specificity and lawfulness of the activities for the construction of the building of the Parliament of Georgia in the city of Kutaisi and of obtaining and spending of funds for this purpose.\(^{353}\)

According to the Kutaisi City Hall,\(^{354}\) the State Audit Office has not conducted an inspection in the Kutaisi City Hall since 2013. The reports on audits conducted before 2013 are posted on the website of the State Audit Office – www.sao.ge – and are accessible for all interested persons.

The Kutaisi City Hall’s Administration Service also includes the Internal Audit Service which conducts systemic, compliance, performance, financial and information technology audits in the structural units of the City Hall and the legal entities established by the municipality.\(^{355}\) These reports are not posted on the City Hall’s website.

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\(^{350}\) The State Audit Office, *The compliance audit of the use of funds allocated by the Kutaisi City Hall from the Kutaisi budget for measures of outdoor lighting and city decoration related to New Year festivities in 2008-2010*, http://goo.gl/2ob1am

\(^{351}\) The State Audit Office, *The compliance audit of the road infrastructure development program of the city of Kutaisi*, http://goo.gl/gtpAiK

\(^{352}\) The State Audit Office, *The compliance audit of lawfulness and rightfulness of privatization of property owned by the City Hall of the self-governing city of Kutaisi and of its lease with usage rights*, http://goo.gl/M1OfgA

\(^{353}\) The State Audit Office, *The report on the audit of agreed procedures carried out to ascertain the purpose specificity and lawfulness of the activities for the construction of the Palace of the Parliament of Georgia in the city of Kutaisi and of obtaining and spending of funds for this purpose*, http://goo.gl/nQhrWz

\(^{354}\) The website of the Kutaisi City Hall, http://goo.gl/q85Rql

\(^{355}\) Interview of Konstantine Kavtaradze, vice-mayor of Kutaisi, with Transparency International Georgia
Zugdidi

The State Audit Office has conducted a financial audit of the 2012-2013 financial reporting in Zugdidi.\(^{356}\) However, as the subjects of our study – the City Hall and City Council of Zugdidi – were only created in July 2014, we did not consider it appropriate to assess these institutions on the basis of the findings of the audit report on the activities of 2012-2013.

The Internal Audit Service of the Zugdidi City Hall has developed the Annual Activity Plan whereby it inspects activities of individual services and non-entrepreneurial legal entities at least once a year.\(^{357}\)

Effectiveness

5.2 Effectiveness of local government audits

How effective are local government audits?

Tbilisi

Between 1 January 2013 and 5 August 2014, the Municipal Service of Internal Audit and Monitoring of the Tbilisi City Hall sent one case containing signs of a possible crime to the law enforcement bodies, and it sent them 21 such cases between 5 August 2014 and 8 May 2015. On the basis of the monitoring conducted by this municipal service, between 5 August 2014 and 8 May 2015, the service recommended dismissal of 30 employees and reprimands for 13 employees as disciplinary sanctions for official misconduct and actions incompatible with the City Hall’s goals. The State Audit Office did not have accurate statistics on the fulfillment of these recommendations, although its representative said in a conversation with TI Georgia that the majority of the recommendations were later acted upon.

As for the State Audit Office, in 2012-2015, its Local Self-Government Entities Audit Department conducted 95 audits in local government bodies and 88 of the approved reports were sent to law enforcement bodies for further response. However, the reaction of the Prosecutor’s Office and the Anti-Corruption Agency of the Ministry of Internal Affairs has been inadequate.\(^{358}\) For instance, the audit of the outdoor lighting program established that budget resources had been


\(^{357}\) Interview of Giorgi Zhvania, Head of the Internal Audit Service of the Zugdidi City Hall, with Transparency International Georgia, 09/07/2015

used uneconomically. The City Hall made procurements related to outdoor lighting with unjustifiably high markups. On 13 December 2013, the State Audit Office sent the audit materials to the Anti-Corruption Agency of the MIA, which is conducting an enquiry into this issue. The audit of the city greening measures also found instances of inefficient spending of budget resources. GEL 3.2 million was spent on the installation of a sprinkler system on the dividing lines of the motor road from George Bush Street to Tbilisi International Airport, though the sprinkler system on the extreme lines was not functioning at the time of the audit. This report was also sent to the Anti-Corruption Agency on 13 December 2013, although, in this case, too, the enquiry is still underway.

Kutaisi

According to the vice-mayor of Kutaisi, the Administration Service of the Kutaisi City Hall includes an audit division. The costs of the audits are covered from administrative expenses. The vice-mayor noted that the Administration Service allocates sufficient funds from its budget for the audit division.359

As a representative of the City Hall explained, the Internal Audit Service inspected several organizations in 2014. The Kutaisi City Hall held hearings on the reports concerning the LLCs in which the agency’s share exceeds 50% of the initial capital, and, in the case of five LLCs, a decision was made to conduct an audit. According to the same official, N(N)LEs under the City Hall are inspected at the same time. According to the vice-mayor of Kutaisi, there are plans to inspect all the LLCs where violations were discovered before the end of the year. All the N(N)LEs will also be inspected.360

As for the concrete services and programs of the City Hall, they have not been inspected by the Internal Audit Service, although an official from the City Hall explained that the State Audit Office is currently conducting audits of budget programs in the area of culture and sports and of the N(N)LEs of the corresponding fields. According to the same official, the inspections cover the years 2013-2014.361

Zugdidi

According to the Zugdidi City Hall, it has the Internal Audit Service which conducts internal audits and inspections of activities of municipal services and non-entrepreneurial legal entities. At this stage, if the Internal Audit Service discovers a violation, it gives recommendations

359 Interview of Konstantine Kavtaradze, vice-mayor of Kutaisi, with Transparency International Georgia
360 Ibid.
361 Ibid.
and/or applies to the head of the institution and recommends application of disciplinary sanctions. The total number of violations revealed so far does not exceed 10.\textsuperscript{362}

According to a representative of the City Hall, the Internal Audit Service of the Zugdidi City Hall has developed the Annual Activity Plan whereby it inspects activities of individual services and non-entrepreneurial legal entities at least once a year.\textsuperscript{363}

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\textsuperscript{362} Interview of Giorgi Zhvania, head of the Internal Audit Service of the Zugdidi City Hall, with Transparency International Georgia, 09/07/2015
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\textsuperscript{363} Interview of Maia Gubeladze, head of the Public Relations Department of the Administration Service of the Zugdidi City Hall, with Transparency International Georgia
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6. Oversight of Local Government

Capacity

6.1 Capacity for oversight of local government

To what extent does the central government have the needed resources to exercise effective oversight on the operations of the local government?

The Administration of the Government of Georgia includes the Department of Relations with Regions and Local Self-Government Bodies which, in accordance with its statute and within its competence, assists the government in exercising legal oversight on normative acts adopted by municipal councils.364

The Regional Policy and Self-Government Committee of the Georgian Parliament carries out legislative activities in the area of local government and regional policy. According to the statute of the Committee, it exercises parliamentary oversight on the enforcement of legislative acts, decrees, and other decisions adopted in the area of its competence.365

According to the Georgia National Integrity System Assessment report of 2015, the Government and Parliament have sufficient resources and powers to ensure their proper functioning.366

Effectiveness

6.2 Effectiveness of oversight on local government

How effectively does the central government oversee the local government?

Law enforcement bodies have sufficient human and financial resources to provide appropriate response to offences in local government bodies. They fulfill this function quite effectively as demonstrated by the statistics concerning the number of persons detained for corruption crimes and by several high-profile cases.

364 Order of the Prime Minister No. 41 on Approval of the Statute of the Department of Relations with Regions and Local Self-Government Bodies of the Administration of the Government of Georgia, http://goo.gl/wXzz3I
The State Audit Office is required to conduct audits of local government bodies and give recommendations about detected shortcomings once in every two years.\textsuperscript{367} If necessary, the agency also sends its reports to the Prosecutor’s Office for further reaction. The State Audit Office copes with its duties quite well, which is also confirmed by Georgia National Integrity System Assessment of 2015.\textsuperscript{368} On the other hand, law enforcement bodies are slow to respond to its reports.\textsuperscript{369}

The central government bodies and Parliament are not very active in terms of providing local government bodies with trainings, consultations, and technical support on anti-corruption issues. It should be noted, however, that the government has undertaken to carry out educational and information campaigns under the Action Plan for the Implementation of the National Anti-Corruption Strategy approved by the Anti-Corruption Council in 2015.\textsuperscript{370}

Georgia still lacks an independent anti-corruption body that would ensure oversight on the integrity of local and central government and on the anti-corruption policy. Creation of such a body could improve the situation in terms of integrity of local government.

\textsuperscript{367} Paragraph 5, Article 31 of the Law of Georgia on the State Audit Office, \url{https://matsne.gov.ge/ka/document/view/17506}
\textsuperscript{369} Transparency International Georgia, “Delayed investigations in cases of embezzlement of State Resources “; \textit{Violations revealed by the State Audit Office in the period of 2013-2015}, June 4, 2015, \url{http://www.transparency.ge/en/post/delayed-investigations-cases-embezzlement-state-resources}
7. Investigation and Exposure of Corruption

Capacity

7.1 Capacity for investigation and exposure of corruption

To what extent is there capacity for independent investigation and exposure of corruption at the local level?

Georgia does not have an independent state anti-corruption agency. There are also no local anti-corruption bodies in self-governing entities. Investigative functions rest with anti-corruption departments in the State Security Service\(^ {371}\) and the Chief Prosecutor’s Office.\(^ {372}\)

### Tbilisi

National and local media display an active interest in investigating cases of corruption and nepotism at the local level in the Tbilisi City Hall and local government bodies. The media provided a broad coverage of the massive dismissal of the City Hall employees in 2014,\(^ {373}\) the process of job competition for vacant positions,\(^ {374}\) and suspicious circumstances surrounding the City Hall’s procurements\(^ {375}\) and opaque employment policy.\(^ {376}\)

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371 Order of the Head of the State Security Service of Georgia No. 9 on Approval of the Statute of the Anti-Corruption Agency (Department) of the State Security Service of Georgia, August 1, 2015, [https://goo.gl/bDKFKH](https://goo.gl/bDKFKH)

372 Order of the Minister of Justice of Georgia No. 64 on Approval of the Statute of the Investigation Unit (Department) of the Chief Prosecutor’s Office of Georgia, February 13, 2015, [https://goo.gl/wNK7E4](https://goo.gl/wNK7E4)

373 Netgazeti, “Employees of Tbilisi City Hall name political views as reason for dismissal”, [http://goo.gl/iOIstG](http://goo.gl/iOIstG); Interpressnews, “Three former employees of Tbilisi City Hall demand entry to City Hall building”, [http://goo.gl/NOvZDX](http://goo.gl/NOvZDX); First Channel of the Public Broadcaster, “Political cleansing or staffing the agency with qualified employees – A part of employees file complaints against Tbilisi City Hall”, [http://goo.gl/tBY1M1](http://goo.gl/tBY1M1); First Channel of the Public Broadcaster, “Rally at Tbilisi City Hall”, [http://1tv.ge/en/news/view/title/78164.html](http://1tv.ge/en/news/view/title/78164.html)

374 Netgazeti, “Will certification be held without non-governmental observers in the City Hall?” [http://goo.gl/1s5pLC](http://goo.gl/1s5pLC)


Kutaisi

The media have not exposed any cases of corruption in the Kutaisi Municipality, although interest in this issue exists. Local media and non-governmental organizations actively monitored and covered the developments in the Kutaisi City Hall after the parliamentary elections of October 2012, including the processes of reorganization and dismissal and recruitment of employees in the agency.

Zugdidi

No cases of corruption have been identified in the City Council and City Hall of the Zugdidi Municipality, although local media are interested in covering such issues. Local media were active in covering the processes underway in the City Council and City Hall of Zugdidi, including possible cases of nepotism and favoritism in the local government, cases of participation of public servants in severe political confrontation, etc.

Effectiveness

7.2 Effectiveness of investigation and exposure of corruption

To what extent are cases of corruption in the local government actually investigated and exposed in practice?

Despite the fact that journalists are interested in corruption in the local government, they have not exposed any concrete cases of corruption through their own investigative efforts. They mainly cover the statements of opposition politicians and findings of NGOs concerning corruption. Generally, investigation and exposure of corruption cases in the public service is the duty of the anti-corruption agencies of the Prosecutor's Office and the Ministry of Internal Affairs of Georgia. However, these agencies do not collect statistical data on local government employees detained on corruption charges and only have general statistics concerning the persons detained on corruption charges throughout the country. Accordingly, it is unknown...

378 Livepress, “Public servants who took part in protest manifestation talk about confrontation, responsibility and expectations”, http://goo.gl/vBCQlT
how many investigations were launched and completed in local government bodies last year or how many persons employed in these bodies faced criminal charges. It should also be noted that the detention of several high-ranking officials of the City Hall and district administrations of Tbilisi on the charges of accepting bribes in 2015 came under the media spotlight. As for the general statistics of the fight against corruption, in 2010-2015, the Chief Prosecutor’s Office launched criminal prosecution in a total of 1,589 cases involving corruption crimes and malfeasance throughout the country (as of 19 May 2015). Specifically, criminal prosecution was launched on 469 crimes in 2010, 311 – in 2011, 170 – in 2012, 319 – in 2013, 238 – in 2014, and 82 – in 2015 (as of May).


380 Correspondence of Transparency International Georgia with the Chief Prosecutor’s Office of Georgia
8. Anti-Corruption Awareness-Raising and Advocacy

Capacity

8.1 Capacity for awareness-raising and advocacy on anti-corruption issues

To what extent is there capacity for educational activities, public information and advocacy on anti-corruption issues at the local level?

The central and the local governments rarely carry out educational or public information activities on anti-corruption issues. There are no public educational campaigns and training courses in this area that are targeted at local government employees. The only thing worth mentioning is that the Action Plan for the Implementation of the National Anti-Corruption Strategy in 2015-16 envisages raising public awareness with the aim of preventing corruption as one of the priorities. To achieve this aim, it is also planned to conduct an information campaign, although the Action plan does not specify concrete measures.\(^{381}\) It should also be noted that the Civil Service Bureau is planning to conduct trainings on whistleblowers protection. However, these campaigns are targeted at a broader audience, and it is unknown whether or not they will involve persons employed in the public agencies of the municipalities of Tbilisi, Kutaisi, and Zugdidi in particular.

The local government bodies of Tbilisi, Kutaisi, and Zugdidi are not involved in the anti-corruption activities, and public servants employed there have not taken part in any similar educational activities.

The civil society is a far more active player in terms of awareness-raising on anti-corruption issues. For example, TI Georgia has conducted a number of awareness-raising campaigns on corruption issues, including against nepotism in the public service.\(^{382}\) The Institute for Development of Freedom of Information (IDFI) carries out educational activities on the issues of good governance.\(^{383}\)

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Effectiveness

8.2 Effectiveness of awareness-raising and advocacy on anti-corruption

To what extent are educational activities, public information and advocacy on anti-corruption issues at the local level successful in combating corruption?

As no educational activities on anti-corruption issues are carried out at the local level, there are no widely publicized and successful examples in this regard.
9. Social Accountability

Capacity

9.1 Capacity for social accountability

To what extent are non-governmental actors active in promoting social accountability to hold the local government to account?

Tbilisi

The civil society at the local level is mainly interested in the issues of cultural heritage, urban planning, and greening. These issues are related at least indirectly to risks of corruption. At the same time, civil society organizations working in the areas of freedom of information and corruption periodically release information about the expenses of local government bodies, mainly paying attention to their purpose specificity, as well as to the amounts of funds issued as salaries, bonuses, and salary supplements. By informing the public and enhancing citizens’ involvement in local government, the CSOs promote the local government’s accountability to the public, although their attempts are still insufficient.

Kutaisi

The activities of the City Hall and City Council of Kutaisi are the main subject of monitoring for local non-governmental actors. Apart from local non-governmental organizations operating in Kutaisi, the civil society in the city is also represented by regional offices of TI Georgia, the Georgian Young Lawyers’ Association (GYLA), and the International Society for Fair Elections and Democracy (ISFED). Along with monitoring of local government bodies, the civil society organizations also offer them periodic recommendations on various issues, take part in the discussions on the municipal budget, release research reports on the activity of the municipality, and are involved in the

384 We can regard civil activism regarding Gudiashvili Square (see Netgazeti, “Protest to be renewed to save Gudiashvili Square”, http://goo.gl/rM9Ocx), Vake Park (see Liberali, “Hotels don’t emit oxygen – protest against construction in Vake Park”, http://goo.gl/I3cKl7), Mirza Shapi Street (see Radio Liberty, “Mirza Shapi – A project with chain reaction effect”, http://goo.gl/RvGmXh) and other issues as such examples.

385 For example, studies of the Institute for Development of Freedom of Information (IDFI) on the amounts of bonuses in the City Hall and City Council of Tbilisi and other issues: “Members of Tbilisi City Council received bonuses amounting 300% of their salaries”, https://goo.gl/EE9MSO; “Expenses of Tbilisi City Hall 2013-2014”, https://goo.gl/TW7I8M
meetings and discussions where CSO representatives and the Mayor/heads of City Hall's services discuss problems in the city.

At the end of every month, CSOs active in the city hold a meeting which a representative of the City Hall also attends. Participants of these meetings discuss issues that are problematic in the Kutaisi Municipality and present activities of different organizations that are aimed at resolving these problems. On the basis of monitoring or projects carried out by the organizations, discussion are held with the City Hall and City Council of the municipality and recommendations are offered. These activities aim to promote the accountability of the local government.

Zugdidi

In Zugdidi, monitoring of the local government’s activities is carried out by several organizations, including the Zugdidi Office of TI Georgia. Several CSOs work with the City Hall on issues such as improvement of municipal social assistance programs, accessibility of public information, citizens' involvement, and awareness-raising on the activities of the municipality. These organizations include the Civil Monitoring and Research Center, Association "Dea", Association "Atinati", etc. CSOs also advocate for the needs of persons with disabilities and displaced persons. For example, following an initiative byAssociation "Hangi", a public council was established at the Zugdidi City Hall which provides the City Hall with periodic recommendations on various issues.

Effectiveness

9.2 Effectiveness of social accountability

To what extent have social accountability initiatives by non-governmental actors been successful in holding the local government to account?

Tbilisi

The local government seldom responds to initiatives by civil society actors. Cases where senior officials of the local government make a decision and change policies as a result of such initiatives are very rare. Recently, a part of the public actively demanded more extensive consultations about several important projects in the capital and discussion of alternative ways of their implementation, though the City Council did not take this demand into consideration. Examples of such cases include the decisions made by the City Council regarding the Panorama
Tbilisi\textsuperscript{386} and Mirza Shapi\textsuperscript{387} projects by which the City Council refused to meet CSOs’ demand to postpone the discussions on the projects.

**Kutaisi**

Representatives of the local government pay less attention to the initiatives by civil society actors, although there are also examples of successful cooperation.

TI Georgia, together with other CSOs, approached the Commission on Competition and Certification with a request to make it possible for these CSOs to attend interviews that were part of the certification and competitions held in 2015. This request was only granted partially (in every concrete case it was necessary to obtain the competition participant’s consent regarding attendance at the interview), which decreased the transparency of the process and restricted the CSOs’ ability to observe an important process taking place in the municipality.

On the other hand, the Kutaisi City Hall took into consideration the request to put a public information noticeboard in the administration building. Examples of successful cooperation between the local government and civil society actors are also observed with regard to the issues concerning persons with disabilities.\textsuperscript{388}

**Zugdidi**

According to the chairman of the Zugdidi City Council, the National Democratic Institute identified the activities of the local government of Zugdidi – specifically, reports submitted, public discussions held, accountability and publicity – as a successful example of relations with citizens.\textsuperscript{389} A representative of the opposition in the City Council emphasized the need for an even more active communication with the civil society sector.\textsuperscript{390} A representative of the City Hall noted that the City Hall takes into consideration information received through consultations with various parties, citing the example of the process of budget review and approval.\textsuperscript{391}

\textsuperscript{386} Liberoli, “The status of landscape zone of a part of the territory necessary for Panorama Tbilisi is changed”, http://goo.gl/4NYved; 24 Hours, “City Council and the status of recreational zones”, http://goo.gl/ukU1V9
\textsuperscript{387} Netgazeti, “Tbilisi City Council supports Mirza Shapi project”, http://goo.gl/gt2nol
\textsuperscript{388} Interpressnews, “Persons with disabilities are given wheelchairs in Kutaisi”, http://goo.gl/9hvK9j
\textsuperscript{389} Interview of Merab Kvariaia, Chairman of the Zugdidi City Council (from Georgian Dream coalition), with Transparency International Georgia
\textsuperscript{390} Interview of Bartlome Shelia, a representative of the opposition in the Zugdidi City Council (from United National Movement), with Transparency International Georgia
\textsuperscript{391} Interview of Maia Ghubeladze, Head of the Public Relations Department of the Administration Service of the Zugdidi City Hall, with Transparency International Georgia
The council working on the needs of persons with disabilities, which the local government created at the Zugdidi City Municipality following a recommendation of non-governmental organizations can be considered a successful NGO initiative. The role of this council is to create an environment adapted to the needs of persons with disabilities.

Contrary examples are also worth mentioning. TI Georgia offered the Zugdidi City Municipality its recommendations regarding the draft budget of 2015, of which one recommendation was partially taken into consideration, while the recommendations concerning the development of the procedure for the payment of bonuses to public servants was not taken into account.

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Conclusions and Recommendations

The Local Integrity System Assessment has helped identify the strengths and weaknesses of the reviewed municipalities as well as the issues that require further attention from both central and local governments.

The scorecards of the three municipalities covered in this study are not significantly different from one another. We were, however, able to identify areas where municipalities could potentially share their good practice with each other.

The strengths of the three assessed municipalities include the fact that the functions of local executive authorities and municipal councils are clearly defined and in law. Therefore, there are no significant problems in this regard. Local bureaucracies of all three municipalities received high scores for their handling of financial, infrastructural and human resources. Transparency and simplicity of regulations in tax administration are also definite strengths, although problematic issues were identified in this area as well. Finally, strengths in terms of oversight and accountability include the procedure (in practice) of appealing decisions made by the local government and the legislative norms regulating the audit process.

The Tbilisi budget received the highest score in terms of transparency, while the Zugdidi and Kutaisi budgets received an average score for this component. Unlike the budgets of Zugdidi and Kutaisi, Tbilisi is also close to compliance with the program budget standards. The study found that even though the Tbilisi City Council has adopted a list of the types of information to be made public proactively, it is a substantially watered down version of a similar list approved earlier by the central government. The latter was compiled with the direct involvement and participation of civil society and provides for a much higher standard of transparency. Both of these examples highlight the importance of sharing and implementing best practices in municipalities.

The LIS Assessment revealed several important shortcomings as well. First and foremost, it should be noted that the City Council is a weak supervisory body in all three municipalities. For this reason, important steps need to be taken in order to increase its independence. The majority of respondents interviewed for the study stated that City Councils mostly focus on discussing initiatives coming from the local executive and ignore other issues of local importance.

All three municipalities received the lowest possible score for their management of local bureaucracy. Even though decisions made by the central government may improve the general situation, it is important for the local government not to limit itself to the initiatives coming from the central government and to work independently and proactively on introducing good governance standards.

The issue of local bureaucracy’s independence from political processes is also problematic. All three municipalities received the lowest possible score for this indicator, prompting the study to conclude that political independence of local bureaucracy is yet to be achieved. As a result, it becomes difficult to attract qualified staff to the local public sector, which affects negatively the quality of local government’s performance.
Problems also exist regarding the financial independence of local government. The study found that equalization transfers from the central budget make up a significant portion of the local budgets of all three reviewed municipalities, reducing their financial independence.

Finally, the weakness of interaction mechanisms between the local government and citizens is also a problem. The study found that the local government in all three municipalities is inactive in terms of raising public awareness on corruption risks. Such awareness-raising campaigns usually also include events aimed at increasing public participation in local government, which would strengthen civilian oversight and reduce corruption risks. The social accountability initiatives originating in the public sector are also largely ineffective, especially as far as important issues of public or urban policy are concerned. More active public participation and broader citizen consultations would substantially reduce corruption risks and increase the local government's immunity to corruption.

The following are our recommendations based on the main findings of this study:

- The municipal council’s supervisory function needs to be strengthened, its independence ensured, and the local executive made more accountable to it. City Councils need to start initiating discussions on important urban policy issues with a higher degree of public participation. According to the Local Government Code, but contrary to the established practice, the City Council is responsible for making key policy decisions of the local government.
  - The case of Kutaisi is especially noteworthy in terms of the City Council’s independence. The activities of Kutaisi City Hall and City Council need to be clearly delineated in practice. Consultations between the City Hall and the City Council need to become more formal in nature through working groups and commissions, which will involve the council’s opposition members as well as be open to the public. Such practice would be more inclusive and transparent than the current situation, when the City Council appears to be fully dependent on the City Hall.

- Local government representatives need to take effective steps to improve the management of the local bureaucracy. Even if the legal framework is improved on the national level, it will still be important for local governments to demonstrate that introducing good governance standards is a priority for them. Local governments must not limit themselves to the initiatives coming from the central government. Instead, they need to work independently on introducing good governance standards by fixing issues related to bonuses, salaries, and salary supplements, improving the rules for the recruitment, promotion and dismissal of employees, and ensuring transparency and accountability.

- Local government representatives need to ensure the independence of the local bureaucracy from the political process. They must not allow the violation of the political rights of public servants, and must protect them from forced involvement in the political process. Mass dismissals of public servants from the local bureaucracy following the recent local government elections raised serious doubts regarding an underlying political motivation. Such practice must be eradicated. Instead, local governments need to make an effort to attract professionals to the public sector regardless of their political views.
The mechanisms of interaction between local governments and citizens need to be improved through awareness-raising campaigns on corruption risks and active involvement of citizen groups and non-governmental organizations in the decision-making process. Specifically:

- City councils need to regularly hold open-door sessions and citizen consultations related to important local issues. Local officials need to demonstrate that ensuring the effectiveness of this and other mechanisms of public participation is a priority for them. Worth noting in this regard are examples of the Kutaisi and Zugdidi City Councils, where the holding of open-door sessions at least once every three months is an obligation prescribed by their Rules of Procedure and not subject to the local government's good will.

- Municipal councils need to honor their obligation to publish the information concerning session dates, agendas, etc., one week in advance. This issue is almost equally problematic for all three municipalities considered in this study. In order to ensure their proper functioning, municipal councils need to publish session agendas in advance and session protocols and voting results afterwards.

- Citizens must be able to meet their municipal council members regularly, at least once a week. The majoritarian members of Tbilisi City Council use their offices to hold such meetings. It is unclear, however, how the members elected through party list communicate with citizens. Members of the Zugdidi City Council have designated specific days and hours for citizen reception, which are published on the council's website. Citizen reception procedures need to be simple, institutionalized, and easily accessible.

- City council members need to make efforts to remove barriers and increase the participation of citizen, interested groups and civil society organizations. Parliament's decision to remove the requirement of passes needed to attend municipal council sessions is an important step forward in this regard. Citizen participation needs to be increased further through the monitoring of the implementation of legal amendments adopted by the Parliament on 22 July 2015, and, if necessary, through additional steps.

Local government authorities need to improve the organizational side of their work. Local government officials interviewed for this study reported encountering difficulties in exercising their authority due to problems in this area. For this reason:

- City councils need to switch from working mainly through extraordinary sessions to a more planned routine. While efficiency is important, of equal importance are ensuring citizen participation, mobilizing interest groups, allowing the possibility to prepare for agendas, ensuring transparency, etc. The study found that all of the above are significantly impeded by a general lack of organization in city councils. Therefore, the frequency of extraordinary sessions and the number of agenda topics for each need to be reduced. City councils need to designate a day for holding sessions, and publish relevant information within legal terms.

- Local government bodies need to pay greater attention to publishing timely, complete, and regularly updated information on their websites. Kutaisi falls behind considerably in this regard. The Kutaisi City Council does not run its own website, but rather has a section allocated to it on the Kutaisi City Hall website that has not been updated for several months. Empty sections on municipal
council websites constitute another problem. Finally, information related to the budget or specific legal amendments is rarely updated. These shortcomings need to be addressed.

- Local government authorities need to allocate more of their own resources for the training of municipal council members and local public servants. It is also advisable to introduce a mechanism for co-operation with external donors to fund certain staff trainings.

- Local governments need to constantly strive towards making use of existing best practices at least on the country level. The study identified the following potential areas for the sharing of local best practices:
  - Kutaisi and Zugdidi should follow the example of the Tbilisi local government and implement program budget standards. The budget of the Autonomous Republic of Adjara is also a good example to emulate. Representatives of Kutaisi and Zugdidi local governments need to make efforts to introduce best practices in their activities, including budget planning and management.
  - Service delivery standards also need to be improved. The single-window system, online services, and other innovations employed by the Tbilisi municipality are all good possible examples.
  - Local government bodies need to share and implement best practice standards related to the proactive disclosure of information, and should not be satisfied with minimum standards they are currently obligated to meet.

- The discretion of regulating construction held by local government authorities carries corruption risks and, therefore, needs to be reduced. Subjectivity in the decision-making process in this area can be reduced by creating guideline documents, such as the Land Use Master Plan and the Urban Development Regulation Plan, with a high degree of public participation.

- Further steps need to be taken to ensure the financial independence of the local government. The study found that equalization transfers from the central budget comprise a significant portion of the local budgets, which reduces the local government’s financial independence. Therefore, mechanisms for ensuring its financial independence need to be gradually developed and adopted.