



# Local Government in Georgia – Recent Developments and Challenges

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# System Sub national Administration

- Autonomous Regions
- Local Authorities
  - Cities – 5 (including Tbilisi)
  - Municipalities 60
- Sub municipal level
  - 72 Urban Districts
  - 733 community administrations



# Local Government competences

## Mandate of Local Authorities

- Municipal services
- Local Finance and Budget
- Local economy
- Local Culture, sport and Religion organizations
- Social protection
- Pre-school education
- Urban Development and special planning
- Land use planning and zoning
- Local transport and road infrastructure
  - Military recruitment
  - Disaster response
  - Veterinary



# Internal Structure of Local Authorities

- Mayor (Head of Executive) – Directly elected by 50% + 1 vote
- Local Assembly – Elected by mixed system (party lists and single mandate constituencies)
- Administrative departments and services
- Territorial Units (sun municipal administrative units)



# Revenues of Local Budgets

- Own revenues
  - Local Tax revenues (Property tax)
  - shared tax - 19% of VAT
  - Service fees
  - Local levies (on Property transfer, etc.)
  - Revenues from operation of own property
- Earmarked Revenues
  - Special transfers from central budget for delegated functions
  - External funds and Grant

Local revenues (excluding equalization grant) constitute 57% of local budget revenues in 68 units. Total share of local Authorities revenues (including equalization grant) in GDP equals to 5.7%



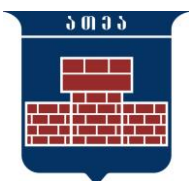
# Recent Developments

- VAT is shared by Local and Central Governments (19% goes to local budgets).
- Mechanisms for direct democracy have been established on sub-municipal level.
- Urban land (<1 ha) that is registered as state property owned by ministry of economy automatically goes under the ownership of LAs



# Challenges

- Imbalanced Regional Development (Urban versus rural)
- High turnover in municipal public service
- Need for hard infrastructure (water supply, sewage water, solid waste) and impact of Georgia – The EU AA
- Need for modern skills and knowledge



# Future Plans

- GoG works on new decentralization strategy;
- Additional protocol to the ECLSG will be ratified in October;
- GoG of Georgian will start dialogue on sharing of PIT
- Georgia will start implementation of new regional development policy





Thank you for your attention