

Decentralization Strategy 2020-2025

Mid-term Evaluation Report

1. EXECUTIVE SUMMARY

The Ministry of Regional Development and Infrastructure of Georgia (MRDI), with the funding of the USAID Local Governance Program and the help of the Association of Finance Officers of Georgian Local Self-Governing Units, conducted a mid-term evaluation of the Decentralization Strategy 2020-2025 (hereinafter referred to as “the Strategy”), specifically covering the period of 2020-2022.

Purposes of the Mid-term Evaluation

The main purposes of the mid-term evaluation are to analyze the Strategy’s implementation process, to assess performance so far with the result indicators, and to determine the impact on local self-government. Relatedly, this report makes recommendations for the next phase of the Strategy’s implementation.

Following Chapter 9 of the Strategy document, the MRDI, in cooperation with the Association of Finance Officers of Georgian Local Self-Governing Units and with the support of the USAID Local Governance Program, was to conduct a mid-term evaluation of the Strategy’s implementation, performance concerning the target indicators, and the estimated impact of the achieved results on local self-government. The mid-term evaluation covers the period of 2020-2022.

Mid-term Evaluation Methodology

The evaluation methodology is designed to achieve public policy goals and thus involves qualitative evaluation of the Strategy’s implementation process, the results achieved so far, and the impact it has had. The mid-term evaluation’s methodology is based on the hypothesis that the opinions of those in society on whom the Strategy has a direct impact are the most important when it comes to gauging the effectiveness and efficiency of the Strategy. In this regard, representatives of local self-governments have been identified as the main target group for the evaluation. Accordingly, members of the Executive Council of the National Association of Local Authorities of Georgia (NALAG), heads of departments for Local Finance and Economic development of municipalities, and representatives of civil society organizations (CSOs) have been interviewed during the mid-term evaluation process. During the mid-term evaluation period, 56 respondents were interviewed and 35 people participated in focus groups. In addition to the interviews and focus groups, document review, statistical and financial data analysis, and a questionnaire survey were also used to inform the mid-term evaluation.

At the mid-term stage, discussing the impact of the Strategy is complicated by the fact that the studies necessary to identify the extent to which target indicators have been fulfilled (for example on the level of citizen satisfaction and the level of women’s participation) are scheduled for the next stage of the Strategy’s implementation. Therefore, at the mid-term evaluation stage, the impact of the Strategy can only be evaluated by referring to the respondents’ opinions, experts’ assessments, and counterfactual analysis.

Key Findings of the Mid-term Evaluation

The implementation of the Strategy’s action plans has progressed successfully up to this point. In particular, the 2020-2021 Action Plan has been fully completed and the implementation of the new Action Plan for 2022-2023 shows an impressive dynamic as the majority of activities and indicators have already been completed by the end of 2022. Of note, any amendments made during implementation to the activities and indicators set out in the action plans have all entailed increasing their number and/or scale, which in itself is a positive sign. The implementation process has also remained more or less on time, with only some minor setbacks affecting civil servant training activities in 2020 due to restrictions

imposed about the COVID-19 pandemic. The ensuing backlog was subsequently cleared up in 2021 and 2022 (for more detailed information, see subsection 4.1).

The management and coordination of the Strategy so far have been evaluated positively. The managing link of the strategy is the State Commission for Local Self-government Reform and Decentralization (hereinafter referred to as “the State Commission”). Courtesy of the action plan performance reports, the State Commission has been fully informed about the Strategy’s implementation process. Coordination between the government bodies responsible for the implementation of the Strategy, the municipalities, and relevant associations is thus far evaluated as strong (for more detailed information, see subsection 4.2).

About **consultations and citizen awareness and engagement**, during the implementation of the Strategy, the MRDI has to date achieved a high standard of accountability. In particular, three annual reports for the Strategy’s action plans were prepared and submitted to the State Commission and the Regional Policy and Self-Government Committee of the Parliament of Georgia. However, the awareness of *Sakrebulo*¹ members and representatives of civil society about the implementation of the Strategy’s action plans was found to be relatively low (for more detailed information, see subsection 4.3).

The achievement of the Strategy’s expected results was assessed using the target indicators presented in Chapter 7 of the Strategy document. The analysis showed that 92% of the target indicators listed under the first strategic objective had been met, that 66% of the target indicators listed under the second strategic objective had been met and that 47% of the target indicators listed under the third strategic objective had been met. Thus, the average rate of achievement for the target indicators across all three strategic objectives is 68%. Specific shortcomings were observed concerning the target indicator concerning the transfer of state property to local self-government bodies (for more detailed information, see Chapter 5).

Realization of target indicators of the strategy in percentage

Strategic objective 1	92%
Strategic objective 2	66%
Strategic objective 3	47%
Average realization	68%

In terms of the **impact of the Strategy on the local self-government system**, 88% of the surveyed respondents agreed that the full and effective implementation of the tasks outlined in the Strategy would inevitably lead to a significant increase in their municipality’s own financial and property assets. The official materials prove that the share of total revenues of all municipal budgets in national GDP increased from 4.7% (in 2019) to 5.3% by the end of 2022. Despite the fact, that the impact of the Strategy is likely to be significant on local self-governments’ transparency and accountability, as well as citizen participation, the respondents were divided in their opinions, with many expecting that the Strategy will have a positive effect, and others (mainly representatives of civil society organizations (CSOs) and *Sakrebulo* members affiliated with opposition parties) claimed that the Strategy –would not give true independence to the municipalities. To establish some sort of objective view, the following question is pertinent: What would the result have been if the Strategy’s activities listed in this evaluation report had not been carried out? It would appear to be beyond doubt that the local self-governments would have had much less authority and money, be less efficient, and may have been needy or even gone bankrupt. Therefore, the difference between the reality at the time of this report and what would

¹ *Sakrebulo* is Georgian name for municipal assemblies.

have been without the Strategy is substantial and demonstrates the positive impact of the Strategy (for more detail, see Chapter 6).

Highlighted challenges hindering the implementation of the Strategy included the restrictions imposed with the COVID-19 pandemic, as well as the long process of formation of local administrations after the local elections in 2021, which delayed some activities for several months (for more details, see Chapter 7).

Conclusion of the Mid-term Evaluation

The mid-term evaluation showed that the Strategy's implementation is proceeding smoothly and successfully. In the evaluation period (2020-2022), most of the activities outlined in the Strategy document were implemented and more than 80% of the output indicators of the action plans were met. Moreover, the impact of the Strategy on the local self-government system is assessed as significant. However, there remains a need to accelerate the process of transferring state property to local self-governments (for more detailed information, see Chapter 8).

Main Recommendations

- More communication with members of local representative bodies, CSOs, and citizens in general is needed to increase the visibility of the results achieved courtesy of the Strategy.
- The process of sharing state tax revenues with local self-governments and the transfer of state property to municipalities should both be accelerated.
- Further efforts are urgently needed to increase the share of municipalities' revenue concerning GDP, and in the transfer of a significant proportion of public affairs to local self-governments.

2. INTRODUCTION

On 31 December 2019, the Government of Georgia (GoG), under Ordinance #678, adopted the Decentralization Strategy 2020-2025 ("the Strategy") and the Action Plan 2020-2021. The Strategy document was developed by the MRDI, and its approval was preceded by lengthy consultations with representatives of local self-governments, CSOs, and academic actors. The documents underpinning the Strategy were prepared with the assistance of development partners (UNDP, The European Union for Georgia, GIZ, USAID, Austrian Development Cooperation, Ministry of Foreign Affairs of Denmark, Swiss Agency for Development and Cooperation, Association of Finance Officers of Georgian Local Self-Governing Units, National Association of Local Authorities of Georgia).

The Strategy aims to promote the devolution of more state competencies to municipalities and to contribute to realizing the provisions of the Constitution of Georgia on the subsidiarity of powers and balanced territorial development. The Strategy pursues the following three main objectives: 1) increase local self-governments' role in managing a substantial share of public affairs; 2) ensure adequate material and financial resources are provided to local self-governments; and 3) develop reliable, accountable, transparent, and results-oriented local self-governments.

The Strategy document sets out three strategic goals, eight objectives, and 26 activities to be implemented within its six-year lifespan.

Strategic Goal 1 - Increase the role of local self-governments in managing a substantial share of public affairs. The Strategy's implementation is to achieve this goal by accomplishing two specific objectives: Objective 1.1 - ensure full enforcement of powers granted to local self-governments by the law, and Objective 1.2 - increase the competencies of local self-governments based on the constitutional principle of subsidiarity.

Objective 1.1 envisages identifying and analyzing the factors hampering the full exercise of existing competencies by local self-governments, as well as promoting the execution of these competencies. Objective 1.2 foresees picking out additional powers to be transferred to local self-governments, as well as identifying the necessary legal, logistical, and material resources to support the execution of these powers. Once Strategic Goal 1 has been achieved, the municipalities will have new powers and will be able to successfully execute them.

Strategic Goal 2 - Ensure the provision of adequate material and financial resources for local self-government. The following two objectives are set under this strategic goal: Objective 2.1 - support a consistent increase in local self-government's own revenues, and Objective 2.2 - improve mechanisms for the allocation of state resources. To accomplish these objectives, the Strategy document outlines the implementation of the following activities: Activity 2.1.1 - set up legislative mechanisms to allocate more money to municipalities from revenues collected by the central government from the disposal of state property; Activity 2.1.2 - revise local fees; Activity 2.1.3 - define the competencies of local self-governments about specific types of licenses; Activity 2.1.4 - upscale the process of sharing state tax revenues with local self-governments; Activity 2.1.6 - transfer of property; Activity 2.2.1 - improve adherence to the principle of revenue distribution; and Activity 2.2.2 - enhance mechanisms for the provision of funds for the execution of delegated competencies by local self-governments.

Upon the achievement of Strategic Goal 2, the municipalities' own revenues and their role in local economic development will significantly increase.

Strategic Goal 3 - Develop reliable, accountable, transparent, and results-oriented local self-government. The following four objectives are determined under this goal: Objective 3.1 - introduce effective and innovative management and service delivery systems at the local level; Objective 3.2 - introduce high standards of transparency and accountability; Objective 3.3 - facilitate effective participation in decision-making and implementation at the local level; and Objective 3.4 - set up a local development planning and coordination system. In order to complete these objectives, the following activities were scheduled: Activity 3.1.1 - further improve the management systems and administrative structures of local self-governments; Activity 3.1.2 - improve the public finance management systems at the local level; Activity 3.1.3 - build the capacity of local self-government staff; Activity 3.1.4 - adopt unified (minimal) standards for the delivery of municipal services and support the effective delivery of municipal services; Activity 3.1.5 - develop intermunicipal cooperation; Activity 3.1.6 - devise a mechanism for the collection of reliable statistical data pertaining to each of the municipalities to enable informed decision-making; Activity 3.2.1 - support the Open Governance Partnership (OGP) in all municipalities; Activity 3.2.2 - revise the legal framework to ensure higher standards of transparency and accountability; Activity 3.3.1 - improve the legal framework and corresponding mechanisms pursuant to the effective participation of stakeholders in decision-making and implementation; Activity 3.3.2 - ensure public participation in the implementation of the Strategy; Activity 3.4.1 - make legal arrangements for development planning; Activity 3.4.2 - create a methodological framework and standards for development planning; and Activity 3.4.3 - introduce an effective system for monitoring, evaluation, and self-assessment of local self-governments.

The achievement of Strategic Goal 3 will contribute to establishing principles of good governance in municipalities and raise the quality of municipal services in general.

In the Strategy document, 14 target indicators are listed, against which the success and effectiveness of the Strategy's implementation are to be evaluated. Moreover, a three-level management system was set up to ensure effective coordination of these efforts, composed as follows: 1) Decision-making level - The GoG is responsible for general framework for implementation of the decentralization strategy; 2) Consultative level - the State Commission for Local Self-government Reform and Decentralization ("the State Commission") is responsible for the implementation of decisions made by the GoG, adopts action plans of the strategy and carries out its monitoring and evaluation through the MRDI, which shall also prepare a report on the progress of the implementation of the Strategy and submit it for the State Commission's review; and 3) Executive level - responsibility for the implementation of the Strategy and action plans shall be assumed by the relevant ministries, municipal bodies, state agencies, and organizations, while the responsibility for coordinating the implementation of the Strategy and its action plans shall be taken by the MRDI.

The 2020-2021 Action Plan was approved by the decree (#678) of the Government of Georgia in 2019, which included 26 activities and 46 target indicators for their performance. The deadline for meeting 22 of the target indicators was the end of 2020, and the deadline for the other 24 target indicators was the end of 2021. At the end of 2021, a new action plan for 2022-2023 was approved, comprising 25 activities and 44 target indicators, with eight of the latter scheduled to be implemented by the end of 2022.

Following Chapter 9 of the Strategy document, the MRDI, in cooperation with the Association of Finance Officers of Georgian Local Self-Governing Units and with the support of the USAID Local Governance Program, was to conduct a mid-term evaluation of the Strategy's implementation, performance with the target indicators, and the estimated impact of the achieved results on local self-government. The mid-term evaluation covers the period of 2020-2022.

3. DESCRIPTION OF THE METHODOLOGY

The mid-term evaluation was carried out with the support of the USAID Local Governance Program by an expert invited by the Association of Finance Officers of Georgian Local Self-Governing Units and the Program.

At the initial stage, an evaluation methodology was developed, the approach of which is designed to achieve public policy goals, entailing the qualitative evaluation of the Strategy's implementation process, the results achieved, and its impact on the strategic goals. Due to the changing and complex environment in which the Strategy is being implemented, it was deemed necessary to evaluate the implementation process.

The mid-term evaluation's methodology is based on the hypothesis that to assess the effectiveness and efficiency of policy documents we need to know the opinions of those groups in society on whom the Strategy has a direct impact. These views are especially valuable at the mid-term evaluation stage, as there is still time to rectify identified shortcomings.

Based on the hypothesis of the mid-term evaluation, the main target group was local self-government representatives. Accordingly, a research group was selected from mayors and *Sakrebulo* personnel, members of the Executive Council of the NALAG, and heads of the departments for Local Finance and Economic Development of the municipalities. In addition, representatives of CSOs, members of the Regional Policy and Self-Government Committee of the Parliament of Georgia, academic actors, and local businesspersons were selected as sources of alternative information. Of note, an emphasis was

placed on *regional* CSOs. To gather information, a questionnaire survey was issued, and interviews were conducted.

A key challenge facing any mid-term evaluation is to separate qualified opinions from views that are attributable to incorrect or insufficient information, or bias. To overcome this challenge, a structured questionnaire survey was developed for the mid-term evaluation, comprising two parts: one with closed-ended questions; and one with open-ended questions. To facilitate the inclusion of the whole target group in the mid-term evaluation process, an electronic version of the questionnaire survey was developed, which could be filled out online.

The following two methods were selected to confirm the validity of the conclusions obtained: a) *collection and analysis of data and information*; and b) *focus groups*. The former, about data, included financial and budgetary data, socio-economic indicators, and statistical data, while information was drawn from reports on the implementation of the action plan, as well as other reports published by various organizations covering the Strategy to varying extents.

The methodology here envisaged structuring the evaluation around the following three issues: 1. the Strategy's implementation process; 2. the Strategy's achievements to date; and 3. the Strategy's possible impact. To assess the implementation of the Strategy, reports on the implementation of the action plans, respondents' feedback, various other relevant reports, the minutes of hearings held at the Regional Policy and Self-Government Committee of the Parliament of Georgia, and evaluations published earlier by several organizations were all studied. The corresponding analysis revealed the extent to which the strategic goals had been completed by gauging the progress made concerning the target indicators outlined in Chapter 7 of the Strategy. Elsewhere, to assess the Strategy's impact, existing studies and conclusions of international organizations were referred to. Moreover, the obtained results were validated by two focus groups, one comprising local self-government personnel, and the other made up of local CSO representatives. Overall, during the mid-term evaluation, 56 selected respondents were interviewed, and 35 people participated in the focus groups.

4. EVALUATION OF THE STRATEGY'S IMPLEMENTATION PROCESS

The implementation of the Strategy began on 1 January 2020 with the strong leadership and coordinative role of MRDI. The Strategy is being implemented under the guidance of corresponding action plans. Each action plan differs in some ways from the previous one, and in a new action plan, output indicators may be added or modified to account for an increasing number of municipalities involved. The implementation of the activities is evaluated according to the degree to which corresponding target indicators have been met. A target indicator is considered to have been fully met if 100% of the relevant objectives have been completed, while when between 50% and 99% of the objectives have been completed, the status of the target indicator is set as "ongoing - largely fulfilled." Meanwhile, where completion of the relevant objectives is below 50%, the status of the target indicator is presented as "ongoing - partially fulfilled." Accordingly, if all of the target indicators under a given activity have been 100% fulfilled, then the status of that activity is classified as "implemented." Otherwise, if more than half of the target indicators are "ongoing - largely fulfilled," then the activity is considered to be "ongoing - largely implemented," and if the majority of the target indicators under activity are deemed to be "ongoing - partially fulfilled," then the activity is described as "ongoing - partially implemented."

During the reporting period, two action plans were approved, one for 2020-2021 and the other for 2022-2023. Meanwhile, during the period covered by the report, no modifications or additions were made to the Strategy document. The MRDI prepared three reports on the implementation of the relevant action

plan for each year from 2020 to 2022. These reports were submitted to the State Commission and the Regional Policy and Self-Government Committee of the Parliament of Georgia. No other mid-term evaluation of the Strategy's performance has been conducted.

4.1 Execution of the Strategy's Action Plans

Under *Strategic Goal 1 (Increase the role of local self-governments in managing a substantial share of public affairs)*, performance with six indicators determined the level of the 2020-2021 Action Plan's implementation through the carrying out of five activities. In 2020, two such activities were fully implemented. By the end of 2021, the other three activities were also fully implemented. Meanwhile, in 2020, three indicators were 100% fulfilled, two were largely fulfilled, and one was partially fulfilled. By the close of 2021, only one indicator remained largely fulfilled, and the other five were 100% fulfilled.

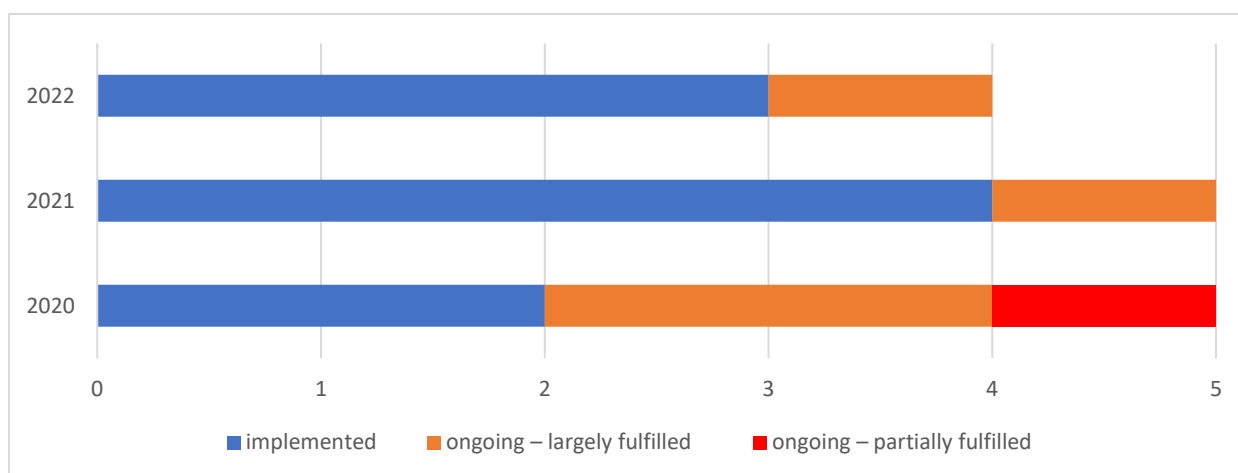


Figure 1 – Implementation of Strategic Goal 1 activities (by year)

According to the 2022-2023 Action Plan, four activities were to be implemented and eight indicators were to be fulfilled under Strategic Goal 1. Of these, three activities had been implemented and five indicators had been 100% fulfilled by the end of 2022. The deadline for completion of one activity and its output indicators was set as the end of 2023. No qualitative changes were observed between the first and second action plans regarding this strategic goal. After the 2020-2021 Action Plan was revised, Activity 1.2.1 was deemed to have been fully implemented at the end of 2020. Later, with the introduction of the 2022-2023 Action Plan, several new indicators were added under this activity, provided for in the Strategy document. As a result, the status of Activity 1.2.1 changed to “ongoing - partially implemented” by the end of the mid-term evaluation period.

Under *Strategic Goal 2 (Ensure adequate material and financial resources for local self-governments)*, the fulfillment of 14 indicators across eight activities was scheduled from 2020 to 2023. In 2020, three such activities were planned, of which two were fully implemented, and one was largely implemented. From 2020 to 2021, another two activities were scheduled, of which one was fully implemented, and one was largely implemented. Ultimately, under this strategic goal, only one activity was fully implemented by the end of 2021.

According to the 2022-2023 Action Plan of the eight activities scheduled under this strategic goal, one activity was fully implemented by the end of 2022. Meanwhile, three activities were planned for 2022-2023, of which two have been fully implemented and one has been largely implemented.

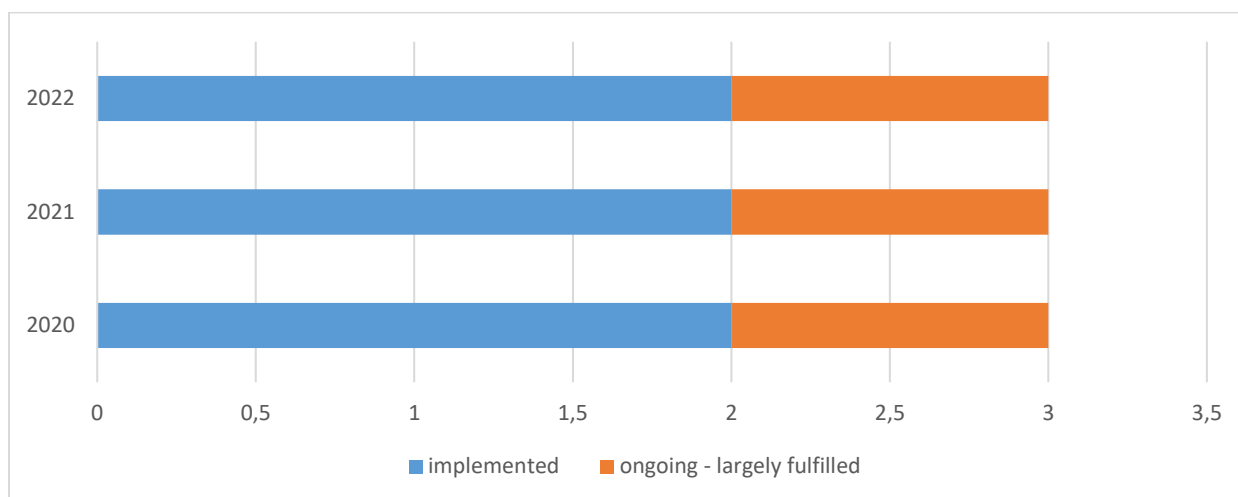


Figure 2 – Implementation of Strategic Goal 2 activities by year

By the end of 2023, it was planned for a further four activities to be fully implemented.

Ultimately, seven of the 14 indicators set under Strategic Goal 2 have been 100% fulfilled, three have been largely fulfilled, and four were scheduled to be fulfilled by the end of 2023.

Under *Strategic Goal 3 (Develop reliable, accountable, transparent, and results-oriented local self-government)*, the 2020-2021 Action Plan provided for the implementation of 15 activities and the fulfillment of 34 indicators. By the end of 2020, two such activities had been implemented, 12 had the status of "ongoing - largely implemented," and one had the status of "ongoing - partially implemented." By the end of 2021, 11 activities had been implemented, and four were "ongoing - largely implemented." As for the indicators, in 2020, a total of 22 indicators, and by the end of 2021, a total of 31 out of 34 indicators had been 100% fulfilled, with the remaining three classified as "ongoing - largely fulfilled."

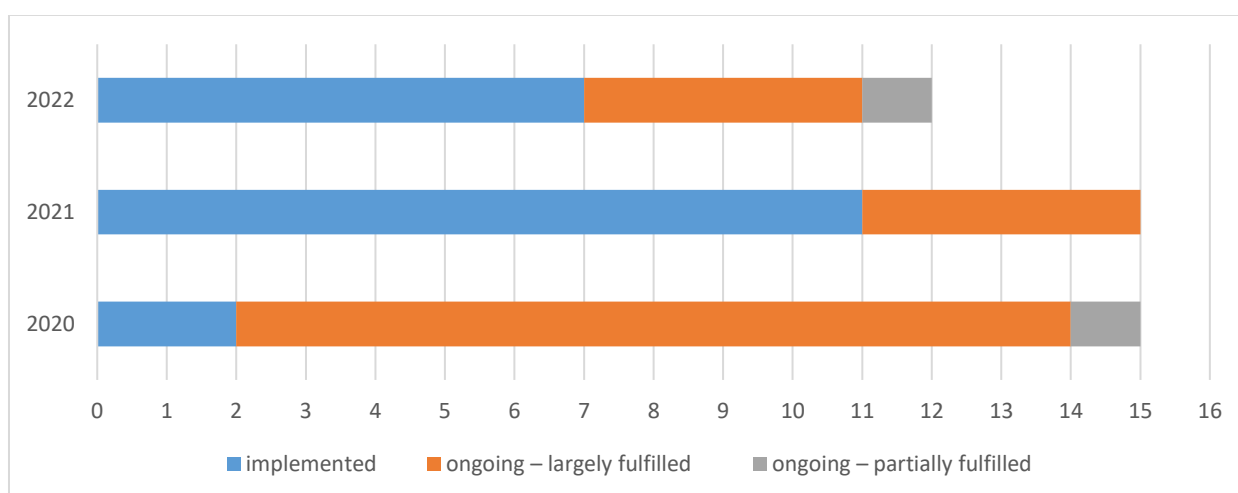


Figure 3. Implementation of Strategic Goal 3 activities (by year)

The 2022-2023 Action Plan envisaged the implementation of 14 activities and the fulfillment of 28 indicators under Strategic Goal 3. By the end of 2022, seven of these activities had been implemented, four activities had achieved the status of "ongoing - largely implemented" and one was "ongoing - partially implemented." The other two activities were scheduled to start in 2023. Of note, 18 of the

indicators under this strategic goal have been 100% fulfilled, with two largely fulfilled and three partially fulfilled.

When evaluating the Strategy's implementation process, it was found that several activities earmarked under the first action plan were modified in the 2022-2023 Action Plan. In particular, Activities 3.1.1 and 3.1.2 were assigned additional indicators, the number of municipalities involved increased to 64 from the initially planned 35, and new indicators were added to Activity 1.2.1. In addition, Activity 3.2.2 was also given new indicators encompassing the revision of the legal framework about transparency and accountability. At the same time, as a result of the modification of the indicators under Activity 3.3.3, the number of municipalities where youth programs were being implemented increased to 10 from the initially planned 4. Concerning the relevant indicator for Activity 3.4.2, 25 new municipalities have been added, taking the number of municipalities benefiting from this activity to 64. Figures 2 and 3 show that the Strategy's implementation was well underway by the end of 2020, with activities being completed and scaled up in the following years. Only one activity in the 2022-2023 Action Plan was not in the first action plan. The 2020-2021 Action Plan has been fully implemented, while the implementation of its successor, the 2022-2023 Action Plan, is progressing as scheduled, as the majority of activities and indicators had been implemented and fulfilled by the end of 2022.

Notably, any differences in the 2022-2023 Action Plan compared to its predecessor were all revisions designed to accommodate a greater number and/or scale of activities. Comparing the actual fulfillment of indicators against the Strategy's implementation plan shows that the process has been carried out on schedule, with only some minor setbacks affecting the 2020 civil servant training, caused by restrictions imposed concerning the COVID-19 pandemic. The corresponding backlog was subsequently recovered in 2021 and 2022. The 2020-2021 Action Plan's implementation has surpassed 80%, and the 2022-2023 Action Plan has reached a similar level (see Table 1), making it reasonable to conclude that the Strategy is being implemented successfully.

Activities and Indicators	Scheduled	Implementation Status				
		Implemented	Ongoing - Largely Implemented	Ongoing - Partially Implemented	Scheduled for the Post-evaluation Period	Realization %
Strategic Goal 1						
Activity	9	7	2		-	100
Indicator	14	13	1		-	100
Strategic Goal 2						
Activity	8	2	5		1 (2023)	88
Indicator	14	7	3		4 (2023)	71
Strategic Goal 3						
Activity	29	18	8	1	2 (2023)	90
Indicator	62	49	5	3	5 (2023)	87
Total Extent of Implementation						
Activity	46	27	15	1	6 (2023)	91
Indicator	90	69	9	3	9 (2023)	87
(Including from the 2020-2021 Action Plan)						
Activity	26	19	7			100
Indicator	46	40	6			100

Table 1 - Realization (%) of Activities and Indicators in 2020-2022

Table 1 shows the actual and planned implementation of the Strategy's action plans, suggesting that the Strategy is on course for effective and timely completion.

4.2 Management and coordination

The State Commission plays a pivotal role in the management and coordination of the Strategy. In addition, the implementing organizations are the MRDI, relevant other ministries, and development partners, as well as the NALAG and the Association of Finance Officers of Georgian Local Self-Governing Units.

Courtesy of reports on the implementation of the action plans, the State Commission has been kept fully informed about the Strategy's progress. A high level of coordination has also been recorded between municipalities and the entities responsible for the Strategy's implementation.

At the level of the MRDI, the Strategy's implementation has been coordinated by the Deputy Minister of Regional Development and Infrastructure, and the Department for Local Self-Government Development and Policy of the Ministry has been directly responsible for managing the implementation of the action plans.

One of the issues raised during the interviews conducted for the mid-term evaluation was the role of the MRDI. Overall, 80% of respondents positively evaluated the role of the MRDI in managing the implementation of the Strategy and believed that its activities in this regard had to date been flawless. Meanwhile, those who held the view that the MRDI needed to improve its management of the Strategy pointed to alleged shortcomings in terms of informing the population.

4.3 Consultation, awareness-raising, and involvement

One of the activities foreseen in the Strategy is to provide the public with information about its implementation. In the process of implementing the Strategy, the MRDI has thus far achieved a high standard of accountability. Relatedly, three annual reports for the action plans' implementation have been prepared, which were submitted to the State Commission and the Regional Policy and Self-Government Committee of the Parliament of Georgia. The minutes of the relevant hearing of the Committee confirmed that these reports had been taken into consideration publicly.

Representatives of non-governmental organizations (NGOs) have also been involved in discussions regarding the Strategy's implementation and action plans. Taking into account the restrictions imposed at the time of the COVID-19 pandemic, a meeting was held online for NGOs, where the report on the implementation of the 2020-2021 Action Plan was presented. The meeting was attended by member organizations of the Strategy's working group. Annual reports on the implementation of the action plans are available on the MRDI's website (www.mrdi.gov.ge). In addition, reports on the implementation of the Strategy have been systematically issued to development partners.

Regarding public awareness of the Strategy, the interviews showed that there is indeed a need to intensify work in this direction. In total, 72% of respondents said that they partially knew of the Strategy and 28% claimed to know of it in detail. In general, respondents' awareness of the reports on the implementation of the action plans was limited. Overall, 50% said that they knew of these reports partially, while 21% claimed to be fully aware, and 28% said that they did not have any information about these reports, 3 respondents refused to answer the question. Meanwhile, only 28% of respondents had participated in reviewing performance reports. In particular, one member of the Executive Council of the NALAG noted that no members of the Council had been involved in the review of such reports [Questionnaire #4, Buadze]. In general, the surveyed mayors were much better informed about the

implementation of the Strategy than *Sakrebulo* members and the heads of departments for local Finance and Economic Development of the municipalities. The level of awareness among representatives of CSOs was even lower.

The limited awareness of CSO representatives is not attributable to poor access to information though. The relevant respondents' answers made it clear that they have access to the MRDI's website where performance reports as well as other information about the Strategy are published. However, such representatives shared the opinion that the MRDI should formally invite CSOs and officially present such reports on the implementation of the action plan to them. During the pandemic, it was of course not possible to organize such presentations, and in any case, would only gather a miniscule audience compared to the number of persons with access to the MRDI's website.

Ultimately, this report draws the following conclusions:

- a) The implementation of the Strategy's action plans is progressing successfully, as the 2020-2021 Action Plan has effectively been fully implemented with only one of its activities still ongoing, and that is due to the addition of new indicators in the 2022-2023 Action Plan. The coefficient of performance (CoP) for activities stands at over 95%, which indicates the successful and near-full implementation of the first action plan.
- b) Management of the Strategy's implementation has been effective so far, the level of coordination among implementing organizations is strong, and the standard of accountability on the part of the MRDI is also high. Moreover, relevant reports are available on the MRDI's website.
- c) Local self-government representatives are informed about the Strategy and their participation in reviewing reports is significant. Moreover, information on the Strategy's implementation is regularly issued to development partners. However, the awareness of *Sakrebulo* members is relatively low and is even lower among CSO representatives.

Therefore, the Strategy's implementation process can be considered successful to date, although in the future a more active information campaign is needed to inform the general public about its achievements.

5. EVALUATION OF THE STRATEGY'S RESULTS

In the Strategy document, the expected results are listed under each strategic goal. It should be noted here that at the mid-term evaluation stage, it is of course difficult to talk with certainty about the achievement of certain results. Accordingly, the mid-term evaluation of the Strategy is determined by the extent to which target indicators set out in Chapter 7 of the Strategy document have been fulfilled.

Furthermore, for each of the three strategic goals, the implemented activities have been evaluated concerning the expected results.

5.1. Results Achieved under the Strategic Priority 1

The expected results for Strategic Goal 1 are: a) ensure the full execution of powers granted to local self-governments by law; and b) increase the competencies of local self-governments based on the constitutional principle of subsidiarity.

During 2020-2022, important work was carried out to ensure the full execution of powers granted to local self-governments. Moreover, a study was prepared on the extent of the powers granted to local self-governments and their implementation. In addition, a study titled "Mandate of Local Self-Governing Units in the Property and Financial-Budgetary Sphere" was also conducted. In both studies, the factors hindering the exercise of granted powers are fully identified. Between 2020 and 2022, seeking to harmonize the legislative framework, 171 laws were amended by the Parliament. The MRDI submitted four draft laws to the Parliament, including amendments to the law of Georgia on the "Administrative Offenses Code of Georgia".

Over 70% of the surveyed respondents considered these legislative changes to be very important in assisting local self-governments to exercise their powers.

In 2020-2021, municipalities were delegated the responsibility of covering capital expenditures for public schools and providing student transportation. Further delegated responsibilities included those related to forest management and the protection of children's rights. In terms of children's rights, municipalities were assigned the responsibility of protecting children in public spaces, supervising group transportation of children, and taking preventive and responsive measures to protect children from harm (including access to alcohol and tobacco products).

Guidelines have been prepared by MRDI for the municipalities on various aspects including administrative complaint review procedures, the waste management fee calculation methodology, and digital municipal services management. More than 82% of the respondents believed that these guidelines had helped their municipality to execute its powers successfully.

According to the provision of necessary logistical and financial resources to enable the execution of the additional powers granted to municipalities, work has started on creating rules and a methodology to calculate the cost of each of the delegated powers. For this purpose, an amendment was made to the organic law of Georgia on the Local Self-Government Code, based on which the GoG adopted rules for calculating the cost of delegated powers, which entered into force on 1 September 2023. At the same time, according to calculations of one of the existing delegated powers, the targeted amount to be transferred from the state budget to municipalities will increase by GEL 7.1 million. Overall, 78% of respondents believed that this activity significantly contributed to the provision of logistical and financial resources to enable the execution of delegated powers.

As a result of the activities carried out under Strategic Goal 1, the powers of local self-governments have increased, municipalities can exercise and implement more powers, the financial and logistical resources for such execution have increased, and, as a result, conducive conditions have been created in which to increase the share of public affairs handled by local self-governments. This conclusion was generally supported by the respondents, over 56% of whom believed that the listed activities had made a significant contribution to the fulfillment of indicators under Strategic Goal 1, and 15% of the respondents held the view that these activities contributed more or less to it.

Strategy-determined objectives	Strategy target indicators	Implementation of the Strategy's target indicators by the end of 2022	realization %
Objective 1.1: Ensure full execution of powers granted to local self-governments by law.	Studies were conducted in all municipalities (64). Baseline: not identified.	Studies were conducted in all 64 municipalities.	100
	Harmonization of legislation promoting the full execution of existing powers by municipalities. Baseline: not identified.	Parliament amended 171 laws. Four draft laws have been prepared and adopted.	98

Objective 1.2: Increase competencies of local self-governments based on the constitutional principle of subsidiarity.	Five powers/capacities delegated to municipalities. Baseline: not identified.	Four powers were transferred (delegated) to municipalities.	80
Average for Strategic Goal 1 (%)			92

Table 2 Realization of target indicators under the strategic objective 1 in percentage

5.2. Results Achieved under the Strategic Priority 2

The expected results for Strategic Goal 2 are: a) the share of total municipal revenues in GDP should be no less than 7%; and b) at least 20,918 property assets should be transferred to the municipalities and, by the end of 2025, the relevant municipality should take ownership of unregistered property on its territory.

In 2020-2022, important measures were taken to enhance municipal revenues.

Relatedly, a study about local fees in Georgia and the existing international practices in this area was prepared by MRDI with the help of USAID. Moreover, recommendations to improve the system of local fees in Georgia were also issued by the Council of Europe and other international organizations. Taking into account these recommendations, amendments were made by the Parliament to the Law of Georgia on Local Fees. The types of licenses to be transferred to local self-governments were analyzed and identified, and further recommendations were drafted by MRDI.

To increase the municipalities' revenues received from the disposal of state property in their territory, a draft amendment to the Budget Code was prepared and subsequently approved by the Parliament in 2023. Specifically, the Amendments to the Budget Code (2.05.2023. N2791) provide for an increase in the percentage share of the income received from the disposal (i.e. sale, leasing, or transfer of management) of state property (land, buildings, and other physical assets) to be transferred to local budgets. The mentioned increase will lead to an increase in municipal revenues of approximately GEL 10-15 million according to the base data of 2022.

Analysis of the effects of changes made to the distribution of VAT revealed that the share of VAT in the budgets of municipalities in 2022 increased by a total of GEL 603 million compared to 2018.

Meanwhile, an examination of the 2022 budget performance reports of the municipalities revealed that by 2022 their revenues amounted to 5.3% of GDP on average.

Regarding the transfer of property to municipalities, the types of property to be transferred, as well as the conditions and procedures are defined in the decree of the government of Georgia. In compliance with the mentioned procedures, 4,750 assets were transferred to municipalities from 2020 to 2022.

In the majority of municipalities (43), the accounting, inventorying, and registration of municipal property has increased. Pertinently, an electronic asset management program (Eproperty. ge) has been introduced in the municipalities by the Association of Finance Officers of Georgian Local Self-Governing Units, comprehensive accounting and evaluation of municipal assets was carried out together with employees of the municipalities.

Strategy-determined objectives	Strategy target indicators	Implementation of the Strategy's target indicators by the end of 2022	realization %
<u>Objective 2.1:</u> Support a consistent increase in local self-governments' own revenues.	Share of local self-government revenues in GDP not less than 7%. Incomplete.	Share of local self-governments' own revenues in GDP as of 2022: 5.3%.	75
	The number of properties transferred to municipalities increases by at least 20,000 units. Baseline data: 918 units	4,750 assets were transferred to municipalities in 2020-2022.	23
<u>Objective 2.2:</u> Improve mechanisms for the allocation of state resources.	Principles and methodology for calculating the funding of delegated powers developed and implemented. Baseline: not identified.	Rules for calculating the delegated powers have been developed and approved.	100
Average for Strategic Goal 2 (%)			66

Table 3 Realization of target indicators under the strategic objective 2 in percentage

5.3. Results Achieved under the Strategic Priority 3

The expected results for Strategic Goal 3 are: a) establishing principles of good governance; increasing the competitiveness of human resources; b) increasing the availability and quality of municipal services; c) creating a development planning and monitoring system in municipalities; and d) promoting results-oriented management.

A variety of work has been carried out to establish the principles of good governance and promote results-based management. By the end of 2021, a unified electronic system of information flows had been introduced in 41 municipalities, which includes an online portal of electronic services for citizens (ms.gov.ge), an electronic system for case management (mm.gov.ge), and an electronic system of geospatial information (maps.gov.ge). By the end of 2022, this system was operational in 63 municipalities.

The main aim of Activity 3.1.2 is to improve the system of public finance management at the local level. Important measures have been taken in this direction. In particular, all nine indicators under this activity have been fulfilled. With the help of GIZ and USAID programs, an analysis of state expenditure and a financial accountability assessment was carried out in 64 municipalities according to Public Expenditure and Financial Accountability (PEFA) standards. In the process, deficiencies in the field of public finance management were identified. A significant number of the indicators scored low and required improvement. Taking this into account, a mechanism was introduced to correct the highlighted deficiencies. In particular, memorandums of cooperation (MoCs) were signed between the Ministry of Finance of Georgia (MoF) and the mayors of municipalities, providing for the elimination of deficiencies identified in the PEFA-assisted evaluation reports.

In turn, this mechanism (PEFA) envisages the improvement of the budget process in 13 areas. If the marked deficiencies are eliminated, the municipalities will be allocated grants subject to the GoG's approval. It should be noted that in 2020-2022, GEL 13.5 million was allocated to municipalities for this purpose, including GEL 1.5 million going to seven municipalities in 2020, GEL 5.0 million to 11 municipalities in 2021, and GEL 7.0 million to 23 municipalities in 2022.

With the help of GIZ, the USAID Good Governance Initiative (GGI), and the Association of Finance Officers of Georgian Local Self-Governing Units, to strengthen results-based budgeting (program budgeting), trainings and workshops have been held in almost all municipalities, and a budget reference

guide has been prepared. To improve program budgeting, amendments were made to the Law of Georgia on Budget Code of Georgia.

The Association of Finance Officers of Georgian Local Self-Governing Units assessed municipalities' budget formats. The assessment included a comparison of the formats of the 2018 and 2022 budgets against the Budget Code and PEFA assessment indicators. The analysis revealed that in 2018, only 33% of municipal budget formats met the corresponding requirements and that in 2022, this had soared to 72%.

Following the agreement signed between the United Nations Development Programme (UNDP) and the National Statistics Office of Georgia (Geostat), the relevant structural unit was recruited, and a municipal statistics portal was created on Geostat's website where up to 80 indicators are available. The portal provides visitors an opportunity to compare key indicators across municipalities.

To promote private-public cooperation, a methodology for assessing the readiness for such cooperation was created and the corresponding assessment was carried out in three municipalities. In addition, different areas of potential cooperation were determined, namely public transport, solid waste management, public parking, water supply, outdoor lighting, replacement of damaged buildings, regional bus stations, public tourism and recreational infrastructure, cultural and sports infrastructure, and so-called "niche" areas (e.g. cycling trails). OGP activities were conducted in 15 municipalities and two additional municipalities subsequently joined the program. In 10 municipalities, the practice of broadcasting *Sakrebulo* meetings has been introduced. Over 80% of respondents (and 60% of CSO representatives) confirmed that their *Sakrebulo* meetings were broadcast using various methods (primarily online). Overall, 10% of respondents claimed that such broadcasting was not possible due to a lack of material and technical resources. As of 2021, *Sakrebulos* have started being equipped with computer equipment, video cameras, and other facilities needed to broadcast meetings online. It should be noted here that the audience for online broadcasts of such meetings is rather small, especially in rural settlements, due to low access to the internet and a lack of relevant skills among the population.

To improve citizen participation in the local decision-making process, two surveys were conducted: one on the Effectiveness of the Legal Framework and the second on the Challenges of Citizen Participation - an Assessment of the Institutional Framework and Existing Practices at the Civic Advisory Councils. Meanwhile, the implementation of participatory budgeting practices in municipalities started in 2020 and is continuing. Notably, a total of GEL 22.9 million was allocated in the budgets of the municipalities in 2020-2022. Specifically, participatory budgeting was implemented in five municipalities in 2020, for which GEL 3.7 million was allocated. In 2021, it was implemented in 14 municipalities with an allocation of GEL 8.8 million, and in 2022 a total of GEL 10.4 million was allocated for participatory budgeting in 15 municipalities.

Furthermore, action plans focused on achieving gender equality were developed and promoted through national conferences in municipalities. Overall, 65% of participants in the mid-term evaluation positively evaluated the activities carried out according to achieving gender equality. Meanwhile, 30% (mainly representatives of CSOs) said that more practical work was needed. To involve young people in local decision-making, in cooperation with UNDP, eight grant applications were financed, through which the participation of young people was promoted in 12 municipalities. In addition, seven students completed internships in municipalities and researched various aspects of their municipality's activities. The overwhelming majority of respondents (more than 80%) in the mid-term evaluation positively evaluated the results achieved under this activity.

Regarding the establishment of good governance principles and the promotion of results-based management, 60% of those interviewed during the mid-term evaluation said that the relevant activities carried out had contributed to an increase in transparency and accountability.

To increase the competitiveness of human resources, during the first three years of the Strategy's implementation, the concept of professional development and needs research of civil servants were created. Notably, a civil service mentor's handbook/manual was prepared. Moreover, civil servants in 22 municipalities were trained in joint procurement methodology, 54 civil servants were trained in project management, and 2,011 were trained on financial and budgetary issues. Elsewhere, 1,031 representatives of local self-government bodies received training in the following issues of municipal management: human rights; children's rights; gender equality; gender budgeting; and anti-discrimination policy. In total, by the mid-term evaluation stage, 5,138 civil servants participated in various upskilling events, with 2,087 of them partaking in the 2020-2021 period and the other 3,069 partaking in 2022. It is worth noting that such events were significantly delayed by the COVID-19 pandemic, but the target indicators were still fulfilled. The majority of respondents interviewed during the mid-term evaluation rated the training as "more useful than useless," 28% said that the training was "very useful" and 14% believed that the training was "extremely useful." Training courses such as property management and project management were rated as "very useful" by most respondents. Meanwhile, 30% of respondents believed that to increase the effectiveness of training, it would be necessary to concentrate on more practical issues, and 40% recommended that consulting services also be covered.

To increase the availability and quality of municipal services, electronic systems for their provision and management have been implemented and are functioning in 63 municipalities already, and a work management evaluation system has been developed for waste management and the cleaning of public spaces. Moreover, a self-assessment system for municipal management has been tested in 10 municipalities. In addition, 63 municipalities have been provided with computer equipment to introduce and implement electronic services. Elsewhere, a survey on inter-municipal cooperation needs in areas such as the supply of clean drinking water and the management of shelters for homeless animals was also conducted. Based on the survey's results, two inter-municipal collaborations were held, one with the participation of four municipalities in the Shida Kartli region, and the other with eight municipalities in the Kakheti region. In the first three years of the Strategy's implementation, seven municipalities were awarded the Best Practices Program Prize by the NALAG. Overall, 55% of respondents indicated that they were familiar with the relevant best practices and applied them in their municipalities. Meanwhile, more than 70% of respondents interviewed in the mid-term evaluation believed that the work performed under the Strategy had contributed to the improved quality of municipal services.

In the course of creating the development planning and monitoring system, an initial version of the draft law "On Elaboration, Implementation, and Monitoring of Municipal Development Planning Documents" was prepared. The GoG also issued the "Guideline on Municipal Development Planning," with 80 officials trained on the implementation and monitoring of the principles of sustainable development. During the mid-term evaluation, the process of updating development documents was initiated in 30 municipalities. Respondents were asked about the extent to which the conducted activities had contributed to the creation of a development planning and monitoring system in their municipality, with their answers given on a 10-point scale. In total, 60% of the answers ranged between 5 and 8, while the other 40% were below 5. As none of their answers were above 8, this suggests that the respondents generally recognize that progress has been made but they also see the need for improvement.

Strategy-determined objectives	Strategy target indicators	Implementation of the Strategy's target indicators by the end of 2022	realization %
Objective 3.1: Introduce effective and innovative management and quality service delivery systems at the local level.	A unified electronic system for managing information flows is implemented in all municipalities (64). Baseline: not identified.	A unified electronic system for managing information flows has been implemented in 63 municipalities.	98
	Satisfaction and trust in local self-governments increase by at least	Research was planned to be conducted in 2023.	(-)

	3%. Baseline: satisfaction - 68%, and trust - 70%.		
	No fewer than four inter-municipal collaborations were established. Baseline: not identified.	Two inter-municipal collaborations have been established.	50
Objective 3.2: Introduce high standards of transparency and accountability.	Analysis of state expenditures and financial accountability at the municipal level conducted in at least 35 municipalities. Baseline: not identified.	Analysis has been conducted in all municipalities.	100
	Implementation of IPSAS standards in local self-government units (100%). Baseline: not identified.	Out of the 24 IPSAS standards, 10 standards have been fully implemented in 64 municipalities.	42
	Quality assurance program PEFA (PI-26) established. Baseline: not identified	Analysis was carried out in all municipalities. MoCs signed with 62 municipalities.	97
	The overall (average) indicator for the Local Self-Government Index according to the 2025 unified national assessment of municipalities is at least 55%. Basic data: according to the unified national assessment, this stood at 28% in 2019.	The overall (average) indicator for the local self-government (transparency and accountability) index according to the 2021 unified national assessment of municipalities was 28%.	0% (concerning baseline)
3 Objective 3.3: Facilitate effective participation in decision-making and implementation at the local level.	The mechanisms for citizen involvement are refined, considering international best practices. Baseline: not identified.	Participatory budget mechanisms have been implemented in 20 municipalities.	30%
	The participation of citizens in the implementation of local self-governments increases by 10%. Baseline: 10% in 2019.	A study was planned for 2023.	(-)
	Women's participation in civic activity increases by 10%. Baseline: 8%.	A study was planned for 2023.	(-)
Objective 3.4: Set up a local development planning and coordination system.	There are strategic planning documents in all 64 municipalities. Baseline: not identified.	A strategic planning document has been approved in all 64 municipalities.	100
Average for Strategic Goal 3 (%)			47

Table 4 Realization of target indicators under the strategic objective 3 in percentage

5.4. Overall Assessment of Mid-term Results

As for their general assessment of the implementation of the Strategy, most respondents expressed a positive view. Many of them asserted that the implemented measures had largely corresponded to the tasks laid out under the strategic goals. The respondents were also asked to estimate what percentage of the Strategy's implementation corresponded to the target indicators given in Chapter 7 of the Strategy document. The highest percentage (60%) was assigned to the results obtained thus far under Strategic Goal 1, while the lowest (20%) was given to the improvement of citizen participation mechanisms.

The overriding aim of the mid-term evaluation is to assess the extent to which the expected results for the end of 2022 have been met, using the target indicators determined in the Strategy document. During the mid-term evaluation period, some opinions expressed by respondents were corrected following

reference to information obtained from the studies and various other robust sources, and thus the perceptions of respondents more closely reflected the actual situation.

When interviewed during the mid-term evaluation, respondents were also asked questions about the consistency of the Strategy's mid-term results with the target indicators. This issue was discussed at meetings held with selected representatives of local self-governments and local CSOs. Although the respondents generally did not have complete information about the products created during the implementation of the Strategy, based on their practice and expertise, they nevertheless made judgments about the degree to which the Strategy's expected results had been achieved.

An analysis of the respondents' feedback revealed that under Strategic Goal 1, a relatively high rate of fulfillment of the target indicators had been achieved (Fig. 4). Even though their feedback was less positive for the other two strategic goals, the rate was still above 50% for most target indicators, meaning that the Strategy's implementation is by and large on schedule.

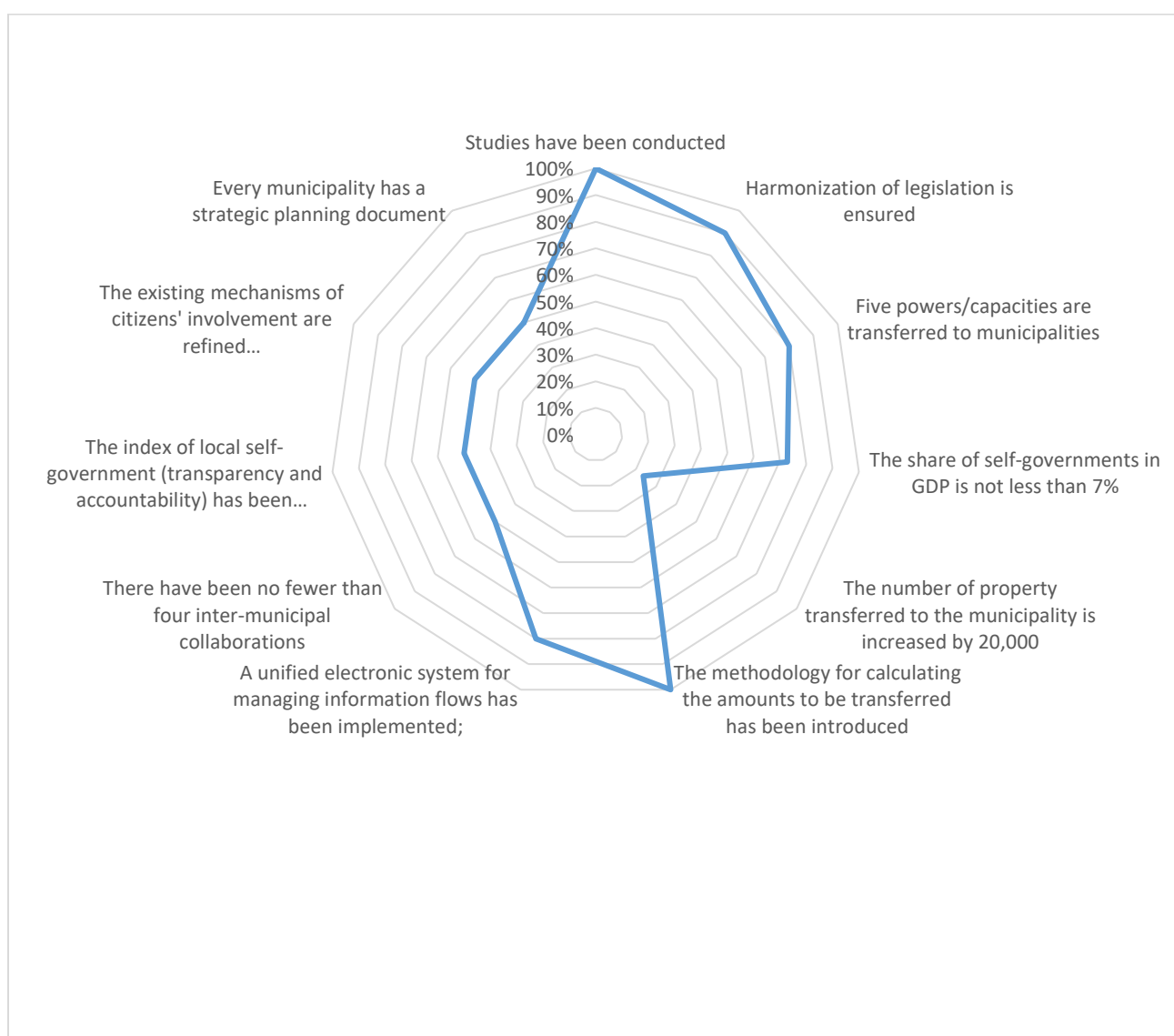


Figure 4. Percentage rate of fulfilment of target indicators at the mid-term evaluation stage

Figure 4 shows that according to most respondents, the results vary from one target indicator to the next. Moreover, the results show that activities under Strategic Goals 2 and 3 are somewhat behind those of Strategic Goal 1, even though the target indicators for Strategic Goal set out in the 2020-2021 Action Plan have been almost completely fulfilled.

Running parallel with the interviews, reviews were undertaken of the results achieved thus far in the Strategy's implementation, as well as the products created, and the new tools introduced in municipalities. The information gathered was analyzed and compared concerning the target indicators set out in Chapter 7 of the Strategy document. This analysis validated the opinions expressed in the interviews about the effectiveness of the Strategy's implementation. Moreover, analysis of pertinent documents showed that 92% of the target indicators listed under Strategic Goal had been fulfilled, with the corresponding results being 66% for Strategic Goal 2 and 47% for Strategic Goal 3. Overall, the average rate of the fulfilment of the target indicators for all three strategic goals was 68% (see Table 2). Accordingly, no significant disparity between the feedback gleaned from the interviews and the information presented in the relevant documents was revealed.

Strategic objective 1	92%
Strategic objective 2	66%
Strategic objective 3	47%
Average realization	68%

Table 5. Percentage rate of realization target indicators of the strategy by the end of 2022.

A comparison of respondents' opinions and conclusions drawn from the document analysis showed that the respondents were cautious in their assessments. For example, according to the respondents, the target indicators under Strategic Goal 1 had been 60% fulfilled, while the analysis of documents (e.g. adopted laws and studies conducted) revealed a significantly higher percentage (92%). The cautious attitude of respondents may be because the target indicators are mainly focused on legislative changes per se rather than particular aspects of their implementation. The respondents were inclined to focus on the execution or otherwise of the powers delegated by these changes and, therefore, their assessment of the progress made was relatively moderate.

It should be noted here that only 12.5% of the target indicators were envisaged to have been fulfilled by the end of the 2020-2021 Action Plan, and that the actual fulfillment has been much greater, especially under Strategic Goal 1. Accordingly, the mid-term results for all three strategic goals allow for a conclusion that the complete fulfillment of the target indicators by the end of 2025 is realistic.

6. ASSESSING THE POSSIBLE IMPACT OF THE STRATEGY

At the mid-term evaluation stage, it is difficult to talk with certainty about the impact of the Strategy on the development of local self-governments in Georgia, since the implementation process is still underway, and the final results of the Strategy are not yet known. Nevertheless, the information obtained during the mid-term evaluation makes it possible to determine what impact the successful implementation of the Strategy may have on the local self-government system in Georgia.

At the mid-term stage, discussing the impact of the Strategy is complicated by the fact that the studies necessary to identify the extent to which target indicators have been fulfilled (for example on the level of citizen satisfaction and the level of women's participation) are scheduled for the next stage of the Strategy's implementation. Therefore, at the mid-term evaluation stage, the impact of the Strategy can only be evaluated by referring to the respondents' opinions, experts' assessments, and counterfactual analysis.

6.1 Impact of the strategy on the decentralization process

First of all, of interest here is the influence of the Strategy on the process of decentralization and the implementation of one of the main principles of the European Charter of Local Self-Government: *the right and the ability of local authorities, within the limits of the law, to regulate and manage a substantial share of public affairs under their responsibility and in the interests of the local population.*

In 2020-2022, local self-governments received significant delegated powers, including in areas such as human rights, specifically the protection of children's rights, social work, and the protection of the rights of persons with disabilities. It should be noted that public powers related to human rights are determined by high-level state objectives since they are derived directly from constitutional and international law. Therefore, in many states, such functions do not belong to local authorities, and the localization of human rights protection even in advanced democracies has only recently begun.

It is undeniable that the protection of children's rights is one of the most important elements of public affairs, and the involvement of local self-governments in its implementation significantly increases the role of municipalities in the public administration system. Early and successful implementation of the objectives considered under the Strategy ought to enable the speeding up of the transfer of powers in the future and increase the role of local self-governments in the management of public affairs even further.

The majority of respondents, when answering the questions related to decentralization, noted that the powers delegated to local self-governments as of 2019 concern important elements of public affairs, although many also highlighted that local authorities must have sufficient independence to handle such affairs. An important component of public affairs is development planning, which falls under Strategic Goal 3. The successful completion of activities in this direction will further increase the role of local self-government. The most significant issue here is whether the local self-governments will have the necessary financial and other resources to manage public affairs properly.

6.2 Impact of the strategy on local government's finances and resources

The potential impact of the Strategy's implementation on local self-governments' financial and other resources is significant. Overall, 88% of the surveyed respondents believed that the implementation of the Strategy would lead to a significant increase in the municipalities' own financial resources and property assets, which in turn would contribute to the strengthening of the local economy. The factual materials available prove that the share of municipal revenues in GDP had increased from 4.7% to 5.3% by the end of 2022. However, the full achievement of the strategic goals largely depends on the prolonged continuation of the process of sharing state taxes with local governments.

6.3 Impact of the Strategy on local governments' transparency, accountability, and citizen participation.

The impact of the Strategy is likely to be high on local self-governments' transparency and accountability, as well as on citizen participation. One of the instruments used to measure progress made in all three aspects is the "Local Self-Government Index." The "National Assessment of Municipalities" published in 2019 singled out five municipalities as successful examples, with the city of Batumi recording the highest rate of progress (60%). In 2021, the same report named six municipalities as good examples, and Poti municipality reported the highest progress (70%). It was also noted that the municipalities participating in the OGP generally showed better results. Accordingly, the Strategy, which promotes the participation of municipalities in the OGP Local, ought to have a positive effect on transparency and accountability in municipalities. It is likely that by the end of 2025, these results will improve further as many more municipalities become involved in the OGP.

6.4 Impact of the strategy on Municipal Services and local development Planning

The Strategy's impact in terms of improving municipal services has been substantial, particularly with the implementation of the Municipal Electronic Services System. An evaluation of the system conducted in the city of Batumi by USAID's Good Governance Initiative in 2021² showed that it was very popular among the local population. Meanwhile, a survey conducted in the same year on access to municipal services by the Georgian Young Lawyers' Association (GYLA) revealed that one can already pay solid waste collection fees electronically in certain municipalities.³ Accordingly, the implementation and maintenance of the aforementioned system in municipalities will significantly increase awareness and usage of municipal services. A more complete discussion on the availability of municipal services will be possible after a population satisfaction survey has been carried out.

The impact of the Strategy concerning increasing the transparency of the work done by *Sakrebulo*s has thus far been significant, as evidenced by the growing prevalence of their meetings being broadcast online. The report "Access to Public Information in Georgia 2022" prepared by the Institute of Development of Freedom of Information (IDFI)⁴ lists the municipalities in which access to public information has been significantly improved, and all had received assistance through the Strategy's implementation (including the transfer of equipment).

The Strategy's impact has been tangible in the field of municipal development planning as well. Before 2020, municipal development strategy documents lacked a systemic and unified approach. Having a unified methodology that underpins municipal development planning plays an important role when preparing high-quality and results-based documents at the municipal level. Courtesy of such a methodology, by 2022, Georgian municipalities had started playing a far more important role in local development planning, and their practices have been recognized by international organizations.⁵

6.5 Assessment of the overall Impact of the strategy

When evaluating the impact of the Strategy's implementation, the opinions of respondents were radically different. Several respondents highlighted the beneficial effects of the activities conducted under the Strategy, while others (mainly representatives of CSOs and *Sakrebulo* personnel from opposition parties) stated that the Strategy had not been able to respond to what they deemed to be the main challenge – giving the municipalities genuine independence. Both perspectives are of course influenced to some extent by subjective factors and individual expectations. To arrive at some kind of objective view here, the following question is telling: What would the result have been if the Strategy's activities listed in this report had not been conducted? It would seem certain that the local self-governments would have had considerably less authority and money, be less efficient, and may have been needy or even gone bankrupt. Therefore, the difference between the reality at the time of this report and what would have been without the Strategy is substantial and indicates the positive impact of the Strategy.

Taking all of the above into account, it can be said that the impact of the Strategy on local self-governments is likely to be positive. The respondents generally confirmed this view, however, they also noted that in the remainder of the Strategy's implementation, the municipalities will need greater financial and other resources to execute a greater number of powers, thereby strengthening their independence.

² https://pdf.usaid.gov/pdf_docs/PA00Z3HS.pdf

³ Access to Municipal Services, GYLA, 2021.

⁴ Access to Public Information in Georgia 2022, IDFI, 2023

⁵ Mayors for economic growth: Eight Georgian municipalities as frontrunners new trajectories of Growth. K.R. Davies and A. Dumbadze. Georgia Today, 9 May 2022.

7. CHALLENGES

An important challenge affecting the Strategy's implementation was the restrictions imposed concerning the COVID-19 pandemic, which made it very difficult to conduct training courses in municipalities, and thus contributed to a lack of awareness about the results of the Strategy and insufficient communication with NGOs.

The Strategy's implementation coincided with the 2021 local elections, which slowed the process down for several months as the strategic goals and corresponding objectives and activities had to be introduced to newly elected mayors and *Sakrebulo* personnel. To illustrate this sort of complication, in 2019, a panel of elected local officials was involved in consultations over the Strategy, however by the second year of the Strategy's implementation that panel had been replaced following the aforementioned elections in 2021. Relevant respondents confirmed that the newly elected personnel lacked familiarity with the details of the Strategy.

During the mid-term evaluation period, no other significant challenges were identified as hurting the Strategy's implementation process.

The reluctance of CSOs' representatives to take part in the mid-term evaluation process was one of the evident challenges of the mid-term evaluation process. Experts developed special online questionnaire that was provided to respondents by email to make their participation easier and more convenient, however number of SCOs' representatives avoided interviews and focus group meetings.

8. CONCLUSIONS

Based on the mid-term evaluation, the following can be concluded:

- a) The Strategy's implementation process has been smooth and successful so far, the majority of the activities set out in the action plans have been implemented within the specified timeframe, while other ongoing activities have been implemented to a large extent. Meanwhile, most of the target indicators have been fulfilled while the majority of the others have already been fulfilled to a great degree.
- b) The Strategy's implementation has been managed and coordinated to a high level. Moreover, communication with the implementing organizations has been efficient and the State Commission has been kept fully informed about the details of the Strategy's implementation. Meanwhile, the MRDI has demonstrated a high standard of accountability, with its annual reports on the implementation of the action plans available on its website.
- c) The Strategy's implementation has already achieved some tangible results and the activities carried out during its first three years will play a significant part in realizing the strategic goals. In particular, the activities carried out under Strategic Goal 1 have been impressive, and the introduction of electronic municipal services systems in all municipalities of Georgia has had a highly positive impact..
- d) The positive effect of the Strategy's implementation in terms of strengthening the local self-government system in Georgia has clearly been established. Significant progress has already been made with respect to increasing the role of municipalities in the management of public affairs, the transparency of municipalities, access to public information, and accountability.

- e) CSOs need to be more actively engaged in reviewing the Strategy's implementation reports and more proactive in the dissemination of information about the Strategy's results.
- f) The mid-term results under Strategic Goal 1 are more impressive than for the other two strategic goals. This is understandable as Strategic Goal 1 concerns the transfer of powers, upon which the implementation of the Strategy as a whole depends. Accordingly, the results under Strategic Goals 2 and 3 are expected to improve and catch up with those under Strategic Goal 1 in the remainder of the Strategy's implementation.
- g) Expectations at the community level are high regarding the Strategy's results. Meanwhile, representatives of both municipalities and CSOs agreed that the Strategy would be important in the creation of strong, efficient, and democratic local self-governments in Georgia.
- h) The management and coordination system for the Strategy's implementation is working effectively. The MRDI competently leads the implementation of activities and ensures the involvement of donors, including in the financing of individual activities. Moreover, it has demonstrated a high level of accountability to Parliament.

9. RECOMMENDATIONS

The issued recommendations here are informed by the mid-term evaluation and can be divided into three groups. The first group concerns the Strategy's implementation process, the second covers the Strategy's achievements, and the third addresses the impact of the Strategy.

The following recommendations concern ***the Strategy's implementation process***:

- a) Better communication is needed with CSOs and citizens in general to disseminate and broaden awareness of the Strategy's results.
- b) Communication with members of *Sakrebulo* to improve their awareness of the Strategy's objectives and their implementation.
- c) Social media should be used more actively to inform the general public about the results achieved under the Strategy, with special attention paid to encouraging greater youth involvement.

The following recommendations cover ***the Strategy's achievements***:

- a) The complete implementation of activities and the fulfillment of objectives will be necessary for all three strategic goals if the Strategy is to have the desired high impact. In particular, it is necessary to accelerate the process of allocating a greater share of state taxes (including income tax) to local self-governments.
- b) Since almost all activities under Strategic Goal 1 have already been implemented, it is necessary to set new goals for these activities and to introduce or modify indicators in a way that will increase the local self-government's authority.
- c) For Strategic Goal 2, it would be appropriate to revise some of the target indicators. For example, chapter 7 of the decentralization strategy defined the exact number of physical assets (20,000) to be transferred to municipalities but, in the same document, it is also written that by the end of 2025, municipalities must become owners of all state assets located on their territories that are not

registered as property of the Central Government of Georgia. Thus, the possible number of such properties can be much higher than 20 thousand units.

The following recommendations address the Strategy's impact:

- a) Greater concentration needs to be placed on the Strategy's activities related to increasing the share of municipal revenues in GDP.
- b) A greater proportion of public affairs should be transferred to local self-governments.
- c) Following civil servant training, activities should be implemented to support the establishment of a sustainable system through which they can enhance their qualifications and career prospects.
- d) the MRDI should start researching what the needs and reform priorities of local self-governments are expected to be after 2025.