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The Europeanisation of the Local Self-Government in the South Caucasus¹

Abstract: The following paper employs a normative approach and focuses on the problem of the current state of the local self-government in the South Caucasus countries: Georgia, Armenia, and Azerbaijan. Since all these countries are members of the Council of Europe, a reference point for decentralisation is the European Charter of Local Self-Government. The paper's main thesis is that despite showing some similarities, the countries have introduced different models of decentralisation that do not fully meet the Council of Europe's criteria. Such variation is in line with the different political systems of these states and their level of democratisation. The more democratic the state is, the stronger the decentralisation it has adopted. Thus, decentralisation in Georgia follows the European model of public policy, while Azerbaijan is preserving the former Soviet model of weak self-government, with central authorities playing the leading role in public services. The current changes in Armenia's model resemble the Georgian track of reforms. The findings of this paper may be applicable both in further theoretical research and in implementing reforms of local self-government in various post-Soviet states.

Keywords: *decentralisation, local self-government, democratisation, South Caucasus*

1. Introduction: Decentralisation and Local Self-Government in a Democratic Country

In a recent paper, Christian Welzel (2021, p. 132) has argued that the swelling pessimism about democracy is unwarranted and that the future of self-government is bright. Nevertheless, the democratic slide occurring across the world raises questions about the strength of institutions that ensure pluralism and state capacity. The interdependence between democ-

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racy and local self-government surfaces in many scholarly writings and justifies the analysis of the type of local self-government as a convenient indicator of the level of democracy in a particular country.

The decentralisation of public powers in Europe is common, albeit not linear. For a long time, there was little agreement about decentralisation and how it should be measured. To some extent, it results from the fact that decentralisation is gradable, and possible according to various models. Such a situation is conditioned by formal and informal institutions peculiar to each country. History, political culture, and administrative law are among the most important factors shaping the model of public powers' organisation. Scholars agree that decentralisation is roughly about transferring power and resources from the central government to the local units. According to A. Schneider, there are three dimensions to decentralisation:

- administrative;
- political;
- fiscal (Schneider, 2003, pp. 32–56).

Administrative decentralisation is the scope of own competencies enjoyed by the local units and the set of legal instruments for executing them. Political decentralisation concerns the degree of local units' autonomy in political decision-making, their relations with the government, and the level to which political parties penetrate local authorities. Fiscal decentralisation refers to how the central government cedes fiscal impact to local self-government units.

Even if there is no unified “European” model of decentralisation, there is no doubt that decentralisation is an inherent element of democracy (Savy et al., 2017, p. 4; Bogandy et al., 2017). As stated in the European Charter of Local Self-Government, the “local authorities are one of the main foundations of any democratic regime”, and the “rights of citizens to participate in the conduct of public affairs is one of the democratic principles” (*European Charter of Local Self-Government*). It confirms a tight link between decentralisation and local self-government. It is no coincidence that all former socialist republics in Central and Eastern Europe have, to a greater or lesser extent, undertaken reforms in this field, also in the broader context of Europeanisation (Zacharko & Janik, 2019, pp. 203–215; Dolnicki, 2021, pp. 19–22; Bukowski et al., 2005, p. 27; Bolkvadze, 2016, pp. 751–769; Marszałek-Kawa & Rezmer-Płotka, 2021, pp. 211–223).

The idea of decentralisation is embedded in the division of powers between the state institutions and local authorities, which are elected and autonomous. Contrary to the European experience of the 18th and 19th centuries, there is no contradiction and opposition between the central government and local units. Decentralisation does not mean depriving the state of its competencies or limiting its sovereignty. Decentralisation is a model of central-local relations that enables reaching common goals in public policy and providing services to citizens in a better way. According to the concept of subsidiarity, local, democratic authorities, provided with political autonomy and financial resources, best respond to local needs. Is it

impossible to introduce decentralisation without the establishment of local self-government? There is no “European” model of local self-government, however. Many nations have their own, strong models of public administration and territorial organisation, which can be as unlike as federal Germany, unitary France, and regionalised Italy. The solutions adopted differ between large and small countries (i.e., Spain vs Estonia), and between populous countries and sparsely populated ones (i.e., Great Britain vs Finland).

In general, European models of local self-government perform two main functions. Firstly, a symbolic role reinforces a democratic model of governance. Secondly, they perform a servicing role, being in charge of implementing public policy in local communities. Various evolving models of local government exist in Europe. Regularly undertaken local self-government reforms aim to optimise its structure and enhance performance. These models vary in terms of:

- the size of local units (occupied territory);
- the scope of own competencies;
- the scope of duties imposed by the central government;
- the model of horizontal and vertical political relations;
- the level of financial autonomy.

It is widely agreed that decentralisation is a good response to the problem of the effectiveness of public services. Decentralised authorities have sufficient resources to exercise their powers and provide good administration. Even if they fail, they are accountable to the local community. As a result, the local community is responsible for the state of its affairs. Its success in local matters depends on its own ability to take advantage of decentralisation.

Until now, the focus in studies on decentralisation and local self-government has been on Western Europe, almost totally omitting the plenty of Eastern models. It confirms the domination of Western-centric narratives in political science. The most popular typologies recognise two basic models of decentralisation and local self-government: northern-European (with greater autonomy of local units) and southern-European (with a limited autonomy of local units) (Page et al., 1987). Analysing the functioning of local self-government in Central and Eastern Europe, Polish scholar Paweł Swianiewicz has distinguished its five types. In the construction of his typology, he applied the following criteria:

- the territorial organisation and the number of tiers of local self-government;
- the level of functional decentralisation (the scope of duties of the local self-government units);
- the level of fiscal autonomy;
- the model of local government – mainly relations between the local legislature and the executive (Swianiewicz, 2014, p. 307).

2. The State of the Art, Aims, and Structure of the Paper

There is a need for normative and empirical studies on the East European models of local self-government. There is vast and growing literature regarding decentralisation in Europe. Such fact confirms that this problem is relevant and multifaceted both in academic and practical dimensions. It is tackled in a broader context of democratic transformation, and administration reforms (Kuhlmann & Wollmann, 2019; Himsworth, 2015; Bovens et al., 2001; Silva et al., 2017; Manning & Parison, 2004). Until now, few papers that shed light on the functioning of self-government have been published when it comes to the South Caucasus. Among already published studies are devoted to particular countries, mainly Georgia (Losaberidze et al., 2001; Czachor, 2015; Jgenti, 2021; Zotkishvili, 2021), leaving behind Armenia and Azerbaijan (Dulgaryan & Drampian, 2008; Babajanian, 2008; Czachor, 2015a; Tumanyan, 2001; Shahbazyan, 2021; Mamedova et al., 2001; Czachor, 2015b). Under scrutiny are political aspects of reforms, their background or scope with no focus on the legal aspects. Even the Venice Commission of the Council of Europe, which supervises democratic progress in its member states, has paid less attention to the problem of administrative reforms in the South Caucasus. Recent reports of the Congress of Local and Regional Authorities of the Council of Europe were published in 2018–2021 (Report CG 35/2018/18 final; Report CPL 2021/40-02 final; Report CG 2021/40-2).

In this context, the following paper fills the gap in comparative studies in the democratic transformation of the South Caucasus countries. It aims to discuss the problem of administrative decentralisation in Armenia, Azerbaijan, and Georgia in the context of European patterns of self-government stipulated by the European Charter of Local Self-Government. In other words, the paper checks the conformity of the legal basis of Georgia, Armenia and Azerbaijan with the Council of Europe's standards. It imposes normativism as a methodological approach applied in this paper.

The following paper omits this issue since the European Charter of Local Self Government and European as a standard of decentralisation has been exhaustively discussed in the literature. It starts with providing a general overview of administrative reforms in these states. Consecutively, it tackles different aspects of their models of local self-government: the legal provisions, the size of local units, the model of legislative – executive relations, and the scope of their competencies. The final remarks highlight that the South Caucasus countries have adopted different decentralisation models despite having a common starting point. The extent of decentralisation reflects the level and maturity of democracy in each of these countries. Due to reasons of space, this paper covers the problem of administrative decentralisation only comparatively, leaving its political and fiscal dimensions for further in-depth studies.

3. The Main Features of Public-Sector Reforms in the Post-Soviet Republics of Georgia, Armenia, and Azerbaijan

Contemporary Georgia, Armenia, and Azerbaijan emerged after the collapse of the Soviet Union. The first years of independence were a tough time for the South Caucasus. The post-communist transformation was accompanied by severe internal political crises (in the case of Georgia and Azerbaijan, even civil wars that led to coups d'état and presidents Zviad Gamsakhurdia and Abulfaz Elchibey being overthrown), separatist breakaways and unfriendly relations with neighbouring countries (Bremmer & Taras, 2011). A specific political culture, where traditional values, clans and patriarchal customs coexisted with the Soviet style of ruling, as well as a dramatic pauperisation of vast masses of people have hindered fast and successful democratisation and decentralisation. For a long time, these societies had to deal with the ineffectiveness of the public institutions developing informal practices, including nepotism, corruption and state-capturing (Stefes, 2006). Accustomed to this during the Soviet period, these nations did not express the need for a transparent and democratic public policy (Antoszewski, 2010; Parrott, 1997; Areshidze, 2009).

The political development of the South Caucasus states in the last three decades is characterised by some common features. These are, first of all:

- post-Soviet countries, which have the same starting point of the transformation and reforms in 1991;
- countries that have undergone chaotic democratisation, until now unfinished, with various political turmoils;
- countries that deal with separatism and external destabilisation (the role of Russia and Turkey);
- countries in which decentralisation and strengthening of local self-government have never been at the heart of the political agenda and have been developed as part of other political reforms;
- countries that belong to the Council of Europe are parties to the European Charter of Local Self-Government, and participate in the Eastern Partnership programme, which is evidence of their adherence to the European culture and tradition.

The political development of the states that achieved sovereignty after the dissolution of the Soviet Union is a salient theoretical challenge. First of all, the theses that newly independent countries would follow the Western model of democracy have not been confirmed. This conclusion was reached by political scientists at the beginning of the 21st century, and was followed by the development of new paradigms. Among them stand out regime cycles theory and the concept of informal politics. The former emphasises that the dynamics of the political development of former Soviet republics resembles a loop, and phases of decentralisation and re-centralisation are regularly repeated. The latter highlights that political life in post-Soviet states is driven mainly by informal institutions. As Henry Hale wrote, constitutions and formal institutions are not influential in current politics (Hale, 2015).

A significant obstacle to public-sector reforms in the South Caucasus is the preservation of the Soviet model of public management. These countries inherited from the Soviet Union parallel structures of “local management” (*mestnoe upravlenie*) and “local self-government” (*mestnoe samoupravlenie*) with overlapping competencies. It resulted from the reluctance of the central governments to grant the local self-government units broader autonomy. In other words, the central governments did not want to be “hollowed out” and lose their capacity. They were not driven by the will to provide public services (i.e., transportation, electricity or sewerage) but rather by concerns about the possible loss of political influence in the local communities (Verheijen, 2003, pp. 489–496).

In general, self-government is limited to the very basic level of the administrative division of the countries and only to the local councils. These are organs of local self-government, directly elected by the local population but deprived of any serious impact on the local executive committees. As a result, local councils are rather consultative bodies that may express the local community’s opinions. Another important issue related to decentralisation in post-Soviet countries is the lack of long-term visions and strategies and even awareness of the need to strengthen local self-government. Apart from dynamic reforms in Georgia during the presidency of Mikheil Saakashvili and current developments in Armenia, such a problem has not constituted a matter of concern for the governments. Periodically local politics have even been a “hostage” of the political interests of authoritarian leaders. Until now Georgia has undertaken most advanced decentralisation reforms, including *Decentralization Strategy 2020–2025* (*Decentralization Strategy*, 2021). In last few years Armenia boosted its efforts to accomplish the Europeanisation of public administration, including self-government. The Programmes of the Government determined the aims and the scope of reforms for 2017–2022 and 2021–2026 (*Programma Pravitel’sstva 2017–2022*; *Programma Pravitel’sstva 2021–2026*). The following part of the paper presents the main features of the local self-government in Georgia, Armenia, and Azerbaijan.

4. Key Aspects of the Functioning of Local Self-Government in the South Caucasus

4.1. Basic Legal Provisions

All the countries presented in this paper had a common starting point for decentralisation reforms. Initiated by the communist party leader Mikhail Gorbachev, the *perestroika* sparked a sudden development of national movements in almost all Soviet republics and a revival of political activity. In 1990–1991, the South Caucasus republics issued declarations of national sovereignty and subsequent declarations of independence. The creation of a new democratic model of governance took a few years. Eventually, the constitutions of all three countries stipulated the decentralisation and improvement of self-government.

Adopted in 1995, the Constitution of Georgia guaranteed local self-government, although problems with the state-building process hampered its real establishment until 1997 (*Georgia's Constitution*). There were two tiers of self-government with their own legislatures – councils. At the lower level, councils were elected directly by the local community, at the higher – indirectly. The councils independently chose their own executives. Apart from the two-tier local self-government, there were also provinces, 12 in total. Headed by Presidential appointees (governors), they were a part of the central government administration. In late 2004, Georgia adopted the European Charter of Local Self-Government. To be in line with its provisions, the country prepared for a serious reform introduced under the pro-European presidency of Mikheil Saakashvili in 2006. The newly adopted model of self-government was adjusted in 2014. It was preceded by adopting a decentralisation and self-government development strategy for 2013–2014 (*The Government of Georgia Approved*). The document asserted a need for more radical decentralisation, especially fiscal decentralisation (Murgulia et al., 2021). Finally, the changes adopted in 2014 were not as progressive as recommended. In 2017, the amended bill introduced direct elections of the local executives (until then this was only practised in Tbilisi) (*Kodeks o mestnom samoupravlenii*). Currently implemented *Decentralization Strategy 2020–2025* focuses on three strategic goals: increasing the role of self-government units in public affairs, strengthening the financial and material base of the self-government, introducing accountability and transparency (*Decentralization Strategy*, 2021).

Local self-government in Armenia was introduced by the Constitution adopted in July 1995 (*Armenia's Constitution*). In July 1996, a bill of the Republic of Armenia on the local self-government that provided its legal basis was passed. Despite the existence of a two-tier administrative division of the country, self-government was installed only at the lower level. Both the local legislature and executive were directly elected. A new bill, “On Local Self-Government” (*Zakon Respubliki Armeniya №3P-5*), was adopted in 2002, when Armenia ratified the European Charter of Local Self-Government. Since then, it has been frequently amended.

Similarly to Georgia and Armenia, local self-government in Azerbaijan was introduced by the new Constitution, adopted in November 1995 (*Azerbaijan's Constitution*). There are two tiers of the territorial-administrative division of the state, but self-government operates only at the lower level. The bill package regulating local self-government was passed in 1999, when the first local elections were held (*Zakon Azerbaidzanskoj Respubliki “O statute municipalitetov”*). Some amendments to the bills were introduced later, the last in 2020. In 2002, Azerbaijan became a party to the European Charter of Local Self-Government.

The facts illustrate a significant effort of the South Caucasus countries on their democratic track. In general, the legal basis of self-government is sufficient for decentralisation and in line with European experience. Nevertheless, each country has its own specific model of local self-government.

4.2. The Current Administrative-Territorial Division

The territorial division of a state is not a matter of interests of the European Charter of Local Self-Government. Nevertheless, every comprehensive reform of the self-government should consider the territorial make-up. The guiding rule of the territorial division should be the effectiveness of providing public services and the principle of subsidiarity.

The organic bill “On Local Self-Government”, adopted in December 2005, has brought Georgia a new administrative-territorial division. The basic tier (*raioni*, composed of villages, neighbourhoods and cities) was eliminated. The already existing 67 regions and 5 major cities, including the capital city, Tbilisi, became a basic unit of administrative division and self-government, called municipalities (*municipaliteti*). Subordinated to the government 9 regions (*mxare*), continued their functioning. Such reform resulted in the dissolution of roughly 1,000 former basic units of public administration. According to current Georgian law, breakaway quasi-states, Abkhazia and South Ossetia, that since the beginning of the 1990s are out of the central government control, will not be recognised as autonomous regions until Georgian jurisdiction is reinstated. Adjara, a region in the south-western part of the country, formally maintains its autonomous status.

Immediately after adopting Armenia’s Constitution in July 1995, a new bill, “On the Administrative-Territorial Division in the Republic of Armenia”, was passed. It has dramatically changed the territorial organisation of the state. According to this law, there is a two-tier structure, including provinces (*marz*) and municipalities (*hamaynk*). The special status was granted to the capital city of Yerevan. Regions are governed by the central authorities, and their administrations are subordinated to the central authorities. The heads of provinces are appointed by the government, while the mayor of Yerevan is elected by the city’s council. At the provincial level, there are deliberative bodies with advisory functions that consist of the mayors of municipalities and the head of the province. On the other hand, municipalities enjoy self-government. The reform of 1995 resulted in the consolidation of administrative-territorial units: 37 former regions were replaced by 10 provinces and the capital city. The basic unit and simultaneously the only tier of self-government is the municipality. The constitutional reform of 2015 was an incentive for strengthening self-government and changes in a fragmented system of municipalities. It was continued in 2015–2020 by a package of legal acts regarding the territorial division of the country and the institutional design of the local self-governance. Currently, slightly more than 480 municipalities (roughly 500 in 2016) vary significantly in terms of inhabitants: most of them consist of only one settlement and the average number of dwellers of a municipality is about 3,000. 11 new municipalities should be created instead of the current 186 municipalities to overcome this issue. The amalgamation should finish by the end of 2021, significantly reducing the number of less inhabited units, unable to effectively perform public services (Shahbazyan, 2020). Additionally, 10 new municipality clusters are planned.

The administrative-territorial make up of Azerbaijan is roughly similar to that of the other two countries (*Zakon Azerbaidzanskoj Respubliki “O territorialnom ustrojstve”*). It consists of two tiers: higher – districts (*rayon*) and republican cities (*şəhər*); and lower – municipalities (*bələdiyyə*). There are 66 districts, 7 republican cities and almost 2,700 municipalities. In general, such a structure is inherited from the Soviet era. Only small changes occurred due to the abolishment of the Nagorno-Karabakh Autonomous Oblast and the merging of some municipalities. A part of the Azerbaijani territory comprises an autonomous region – the Nakchivan Autonomous Republic, another part is controlled by a *de facto* state – the Nagorno-Karabakh Republic. According to the Azerbaijani Constitution, only municipalities enjoy limited self-government, while districts are ruled by Presidential appointees.

In the last three decades, all the South Caucasus countries have adjusted their administrative-territorial structure. The most significant changes happened in Armenia and Georgia, while Azerbaijan preserved its former structure. Local self-government is limited to the basic units of territorial division. The higher, regional tier, is organised according to the purposes of the central government. Such a two-tier model of organisation is in line with the European standards and justified by the local specificity of all three countries. Current territorial division of Georgia seems to be proper. Armenia and Azerbaijan still need to work towards an optimal model of territorial division through the consolidation of municipalities. Some of them have less than 1,000 inhabitants, which dramatically limits their performance in the field of public services, as well as generates budgetary costs.

4.3. Relations Between the Local Legislature and the Executive

The position of local self-government among other state institutions is determined by its autonomy and ability to exercise own competencies. According to the art. 3 of the European Charter of Local Self-Government, “1. Local self-government denotes the right and the ability of local authorities (...) to regulate and manage a substantial share of public affairs under their own responsibility and in the interest of the local population. 2. The right shall be exercised by councils or assemblies composed of members freely elected by secret ballot on the basis of direct, equal, universal suffrage, and which may possess executive organs responsible to them”.

In Georgian municipalities, the assembly (*sakrebulo*) is a representative body. Members of the assembly are chosen in direct elections for four-year terms. The head of the assembly is elected by its members. He or she at least once per month convenes a session. The head of the assembly, vice-heads, leaders of working groups and political factions comprise the assembly’s bureau, which is responsible for preparing the agenda of sessions and coordinating the work of its permanent and temporary commissions. Assembly members should not be members of any other public body, including the Parliament of Georgia. Any citizen who is at least 21 years old and a permanent resident of Georgia for at least 5 years has the right to

stand for election to the local legislatures. The electoral law is mixed: in all municipalities, 15 mandates are distributed proportionally; additionally, 1–4 mandates (according to the number of inhabitants of the municipality) are allocated in the majoritarian system. In Tbilisi this corresponds to 15 and 10 mandates, respectively.

The executive body in the municipality is a directly elected mayor (*gamgebeli*, until 2017 elected by the local assembly). The candidates for mayor must be Georgians, at least 25 years old and living permanently in Georgia for at least 5 years. The mayor is the head of an executive administration called a City Hall, which has an extended structure. The assembly and the local community have the right to initiate the impeachment of the mayor. Such a decision should be reached by two-thirds of all assembly members.

According to the law, in Armenian municipalities, self-government bodies are divided into legislatures – councils (*avagani*), and executives – the heads of the communities. Both are directly elected by the inhabitants for five-year terms. The exception are three biggest cities, including the capital city Yerevan, where mayors are elected indirectly, by the local council. The councils do not have speakers. The meetings of the council are called and presided by the head of the municipality. The meetings take place at least once every two months. The council members adopt decisions by a simple majority of votes. The right to run for the council is reserved for those at least 21 years old and registered in the municipality for at least 6 months. Political parties and electoral committees may submit candidates. Actually, members of the council are elected in the proportional system, except for the small municipalities (up to 4,000 voters), where the majoritarian system is maintained. The number of council members depends on the size of the municipality. In municipalities with up to 1,000 inhabitants, there are 5 members, while in the biggest municipalities (over 70,000) – 33 members.

The directly elected head of the municipality should be an Armenian citizen, at least 25 years old, be a permanent resident of the municipality for at least 6 months and have secondary or higher education. Council members are limited to maximum two consecutive terms. The council is able to oust the head of the community in the case of constitutional abuses or local law passed by the council. Such a decision, supported by the majority of the council's members, is passed to the government. Currently, the government has no right to reject the council's decision. In practice, recent developments tend to replace the former model of “weak council – strong mayor” by strengthening the council's position and the mayor's accountability to it.

As mentioned, local self-government in Azerbaijan, like in the two other countries of the South Caucasus, operates only in municipalities. According to Azerbaijani law, the term municipality refers both to the territorial unit and the local council and the local executive committee. However, as the Congress of Local and Regional Authorities noticed, municipalities are not a “part of the overall public administration. Rather, (...) they are a special form of the social activity of the citizens, albeit performing part of state affairs” (Report CG/2021/40-2). The local executive is a part of state administration, while elected

council of the municipality enjoys limited competencies. The number of council members varies and depends on the number of inhabitants, ranging from 5 (in municipalities up to 500 inhabitants) to 19 (in municipalities up to 300,000 inhabitants). People who wish to stand as council members must be Azerbaijani nationals over 21 years old. Excluded are civil servants, members of the Parliament, judges and priests. To be valid, the turnout in local elections should reach at least 25%. The term of office for self-government bodies is five years. Sessions of the council are held once a month, and for them to be valid the presence of half of the whole number of its members is required. In contrast to Georgia and Armenia, the executive body (the head of the municipality) is chosen not directly, but by most council members. The council is free to oust the head of the municipality. Formally, this leads to a “strong council – weak mayor” model, but both self-government institutions are of limited political importance. It is because even at the level of municipalities, overwhelming executive power is in the hands of Presidential representatives. The Constitution states that the President of Azerbaijan establishes local executive organs for exercising executive power. The heads of the local executive authorities are appointed and removed by the President, who also determines their competencies. In practice, this leads to the marginalisation of the role of self-government units in local policy.

As shows the experience of many countries, including Poland after the introduction of direct elections of mayors in 2002, the stronger the position of the mayor in relation to the council, the better the performance of the local community. The current model adopted by Georgia and Armenia seems to be optimal for both countries. In Azerbaijan, the weak position of the appointed head of the municipality is accompanied by the functioning of local executive powers that belong to the President’s administration. Such a situation significantly reduces the autonomy of self-government bodies, turning them into a facade of a real local democracy.

4.4. The Scope of Competences of Local Self-Government Units

As argued, properly organised self-government performs public policy, fulfilling needs of a local community. The European Charter of Local Self-Government stipulates, that “local authorities shall (...) have full discretion to exercise their initiative with regard to any matter which is not excluded from their competence nor assigned to any other authority”.

According to the bill “On Local Self-Government,” public services in Georgia are mostly provided by local self-government units, which reflects the principle of subsidiarity. This act has also introduced a *clausula generalis*, according to which the municipality is able to accomplish any important issue or task if it is not reserved for the central authorities. The local legislatures are in charge of:

- adoption of local law, including the budget and local taxes;
- possession of municipal property;
- adoption of spatial development plans;

- control over the general performance of the mayor, including ousting him from office.

The mayor in Georgia's municipalities is responsible for:

- preparing the project of a budget;
- preparing plans of local development;
- maintaining water facilities and sewerage;
- operation of kindergartens;
- organisation of public transport;
- maintaining local roads;
- organisation of street cleaning and garbage collection;
- maintaining cemeteries.

During the presidency of Mikheil Saakashvili, Georgia with considerable impetus started to introduce neoliberal reforms, including improvement of public services, fight against corruption and democratic procedures. Emphasis was also placed on local self-government, which operates relatively well. Many municipalities operate their property, collect local taxes and funds prescribed by the law.

Currently, the Armenian bill, regarding its competencies, provides local self-government institutions with a *clausula generalis*. During their sessions, councils are entitled to make any decision that affects their interests and is not reserved for the government. Particularly, the council's competencies include:

- adoption of programmes of local development;
- approval of the local budget and reports on the implementation thereof;
- initiation of local referendums;
- control over the local executive;
- organisation of education, culture, tourism, and social protection;
- possession of municipal property.

The head of the community is a local executive power and performs representative functions. Quite a wide range of competencies, including those related to the local council, make him or her the leader of the municipality. The prerogatives of the head of the community include:

- organisation and chairing of the council sessions;
- appointments and dismissals of the heads of the municipal institutions;
- projects of programmes of local development (adopted by the council),
- proposals of local taxes and duties (adopted by the council).

The head of the municipality is also responsible for the public services in the municipalities, including:

- water supply, sewerage;
- central heating;
- street-cleaning, garbage collection;

- maintaining kindergartens, schools, cultural institutions (museums, libraries, community centres);
- organisation of public transport;
- maintaining cemeteries.

Acknowledging the consecutive steps taken by the Armenian authorities towards strengthening local democracy, it is worth mentioning that some processes should be improved, including the transfer of state-owned property to municipalities, financial performance and strengthening staff capacity.

In Azerbaijan, the scope of competencies exercised by local self-government units is defined in the Constitution. Among them are:

- election of the chairman and deputy chairmen of the municipality;
- approval of the local budget and reports on the implementation thereof, the introduction of local taxes and duties;
- possession of municipal property, and the use and disposal thereof;
- adoption and implementation of local social security and social, economic, and ecological development programmes.

Decisions are taken by a majority of votes, and regarding fiscal issues – by a majority of two-thirds of the votes. The head of the municipality is responsible for:

- local road maintenance and street cleaning;
- keeping local registers;
- maintaining the public infrastructure (i.e., renovation activities, parks, cemeteries).

Undoubtedly, the main drawback of the current legal basis is the lack of a clear scope of competencies of the head of the municipality. Being elected by the local council, the head of the municipality politically depends on their decisions. Moreover, the whole system of Azerbaijani self-government is flawed, since in every municipality there operate executive bodies which belong to the central government system. Such a doubled system is incompatible with the very idea of self-government and the norms of the European Charter of Local Self-Government. In practice, services which are the most suited for local self-government units, like water supply and public transport, fall into the competencies of the central authorities. Municipalities are limited to social policy-making and maintaining local roads and cemeteries.

The overview of the legal acts reveals that local self-government bodies are responsible for a wide range of public services in all three countries. In Georgia and Armenia this matter is regulated by a bill, while in Azerbaijan – by the Constitution. Models adopted in these countries comply with European standards. However, the scope of competencies could be extended to cover education, basic health care and public order. Such a decision should be accompanied by increased self-government income resulting from fiscal decentralisation.

4.5. Self-Government in the Capital Cities

The capital cities of Yerevan, Baku, and Tbilisi are the only big cities in the South Caucasus with a number of inhabitants exceeding 1 million. According to the constitutions of Georgia and Armenia, they enjoy a special status entrenched in the bills. It is regulated in Section III of the Georgian act “On Local Self-Government” and a separate Armenian bill “On the self-government in Yerevan” (*Zakon Respubliki Armeniya №3P-5*). Azerbaijan did not adopt a bill on the status of Baku.

Tbilisi exercises the competencies of a municipality and has additional tasks regarding health care, infrastructure, and transportation. It is divided into 10 districts that are not self-governed. The local legislature consists of 50 deputies elected for 4-years tenure, half of them are elected the proportional and the other half in the majoritarian system. The executive power comprises of the directly elected and accountable to the council mayor of Tbilisi, the government of Tbilisi (composed of the mayor, deputy mayors, heads of city administration departments and heads of 10 districts). Heads of districts (*gamgeoba*) are responsible to the mayor for implementation of his or her decisions.

Yerevan has a status of a municipality and performs self-governance through the council and the mayor. The council counts 65 members elected in the proportional system. The sessions of the council are called and presided by the mayor. The mayor is elected indirectly: the city’s leader of the party that won more than 40% of mandates in the election to the Yerevan council is automatically elected for the mayor. Otherwise, the mayor is elected by the council.

Until now Azerbaijan has not adopted the law devoted to the status of the capital. As a result, there is no local self-government and the legal basis of current state is the Presidential Decree on local executive authorities issued in 2012 (*Ukaz Prezidenta*). The mayor of the capital is appointed by the President of Azerbaijan. Actually, Baku remains the only South Caucasus capital without directly elected governance. It is governed by a centrally appointed City Executive Committee. This Committee supervises and controls districts’ executive committees.

5. Summary

To sum up, as every public institution, local self-government needs to be reformed, improved, and adjusted according to the changing social demands. All three countries discussed in this paper have introduced some changes in this matter and adopted the European Charter of Local Self-Government. Serious reforms have taken place in Georgia and Armenia. They were conducted as part of a broader package of democratic reforms (especially the Georgian Rose Revolution and Armenian Revolution of 2018) which confirms the growing understanding of the importance of local self-government for democracy and state performance. The

most obsolete model of self-government, and the one most akin to the Soviet one, exists in Azerbaijan, which is also home to the most authoritarian regime in the South Caucasus.

While the legal basis of self-government in the discussed countries has already been partially reformed, serious problems still need to be resolved. The recent documents produced by the Local and Regional Authorities of the Council of Europe (Recommendation 426/2018; Recommendation 456/2021; Recommendation 461/2021) on each of these states highlight the following issues:

- all three countries are reshaping the administrative-territorial structure by the amalgamation of municipalities. Nevertheless, the smallest and financial weak units are not able to provide public services effectively;
- Georgia and Armenia undertook significant efforts to clarify the distribution of competencies between central and local organs, which are in line with the principle of subsidiarity; the legal basis of the self-government sufficiently meets the requirements provided by the European Charter of Local Self-Government;
- Azerbaijan until now, is far from implementing an effective model of local self-government. In general, the executive organs should be accountable to the local councils and possess exclusive competencies and autonomy from the central government. The capital does not enjoy the self-governance;
- in Georgia, there is a risk of over-concentration of power in the hands of the mayor, on the contrary, the strong position of the council in the Armenian model seems to protect from such threat;
- in Armenia and particularly in Azerbaijan, the process of transferring state property to municipalities should be continued;
- shortcomings of the current situation in all three countries concern financial autonomy of the self-government. The level of financial autonomy of local authorities is low, they are not provided with adequate funding to exercise tasks, and receive only a small amount of central grants.

There is a need for further legislative work to resolve these issues. Evidence from various parts of the world asserts that the transition towards democracy is a process with an open end. The local self-governments are often the first victims of severe political conflicts and authoritarian revivals. Reforms may fail due to: the lack of political consensus on reforms, the problem of reform design, and the changing signals of external organisations (Verheijen, 2003, p. 495). As the focus of the European Union and the Western donors who support transformation in the South Caucasus is on developing local democracy, the autonomy of municipalities is being strengthened and the development of civil society boosted.

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