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Institutionalization of Climate Change Adaptation and Mitigation in the Georgian Regions (ICCAMGR)

ANALYSIS OF THE CAPACITIES OF THE LOCAL AUTHORITIES:
EXECUTIVE SUMMARY

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1. Acknowledgements

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2. Introduction

In April 2012, through the support of USAID, the National Association of Local Authorities of Georgia (NALAG) began implementing the Institutionalization of Climate Change Adaptation and Mitigation in Georgian Regions (ICCAMGR) program. Through USAID's assistance, ICCAMGR conducted an in-depth assessment of the basic needs of the Georgian municipalities for implementing measures to mitigate the impacts caused by climate change and proposed relevant adaptation measures.

This report, entitled the *Analysis of the Capacities of the Local Authorities* is the first assessment to provide an in-depth study of the environmental and climate change institutional set-up within the Georgian municipalities. The *Analysis* was developed to support not only municipalities, but also other stakeholders, when developing and implementing future plans related to climate change concerns.

In addition to providing an assessment of capabilities of five municipalities, the *Analysis* includes the following sections:

- An analysis of the Georgian legislative framework, inclusive of a review of various guiding policy papers as well as relevant environmental legislation;
- An overview of the municipal legal and organizational frameworks that related to climate change concerns;
- An analysis of the relevant institutional frameworks within five pilot municipalities;
- An overview of the municipal decision making process concerning environmental management;
- An analysis of the municipal legal frameworks as well as descriptive narratives of the responsibilities and roles of the national and municipal governments related to environmental management;
- An analysis of the national and municipal governmental management systems related to environmental issues;
- Recommendations for future action steps to be taken by the national and municipal governmental bodies.

The *Analysis of the Capacities of the Local Authorities* is intended to be a guiding document for the Georgian national authorities and municipal governments in both evaluating the present realities on the ground as well as proposing legislation that will support the municipal governments in tackling climate change issues.

3. Research Methodology

The main goal of the *Analysis* was to assess the abilities of Georgian municipalities by collecting information in the five pilot Georgian municipalities in the following fields: water resources management, waste management, climate change, desertification, forest resources management, mineral resources use, natural disasters as well as land resources management. The researchers selected the municipalities of Akhmeta, Dedoplistskaro, Mestia, Kobuleti and the self-governing city of Poti as these areas represent diverse environmental zones and experience a variety of climate change and environmental related concerns.

In order to collect the qualitative findings for the study, researchers conducted group interviews with the employees of the municipal councils and boards. In addition, the researchers conducted in-depth interviews with specialists in the relevant fields to gather relevant information. The researchers conducted in-depth interviews with experts in the relevant fields covered within the study. In total, researchers conducted five group interviews, with an average of 8-10 people in each group, and 17 in-depth interviews. The ICCAMGR team members were involved in preliminary selection of interviewed experts.

4. Overview: Background and Key Findings

The study found that elected representatives in the five selected local government units, in most cases, do not exercise control over the management of the natural resources located within their municipalities. Essentially, the municipal representatives, in most cases, are not involved in decision-making processes regarding protection and use of these resources even if the Georgian legal framework grants them certain rights and responsibilities. In addition, researchers found that municipal representatives were not sufficiently informed about environmental management issues within their respective municipalities.

In addition, researchers were not able to find either comprehensive quantitative or qualitative data detailing the status of environmental and natural resources management located within the five pilot municipalities. As the pilot municipalities are critically lacking in legal competencies in environmental and natural resources management, they are not capable of collecting relevant information on a regular basis. As such, municipal representatives were not capable of making informed decisions about needed mitigation and or adaptation activities and measures.

Based on the research findings, ICCAMGR proposes a series of recommendations for the national and municipal governments. These recommendations cover issues related to legislation, institutional make-up and finance.

4.1 Georgian Legal Framework: Environmental Management

The development the Georgian legal framework for environmental protection, climate change adaptation and mitigation issues can be divided into three stages:

- 1994-2004. Georgia ratified several critical international agreements and began formulating a legal framework;
- 2004-2012: The process of deregulation of environmental protection and natural resources started. Control and supervisory mechanisms were either removed from the legislation or weakened;
- 2013: The Ministry of Environment and Natural Resource Protection (MoENRP) was strengthened and several critical environmental laws were put back into place.

However, no considerable steps have been made to improve the capabilities and/or enlarge the role of municipal governments in the area of environmental protection, and in particular in climate change adaptation and mitigation. The Local Self-Government Code, adopted in 2014, brought little changes to the local self-governments' statutory functions. Please reference Table 5 below for further details.

4.2 Table 5. Division of Roles and Responsibilities: Private Sector as well as National and Municipal Governments

Scope of Functions	National	Municipality	Private sector
I. Education			
1. Pre-school education		x	x
2. Secondary	x		x
3. Vocational, technical vocational schools	x		x
4. Universities	x		x
II. Health Care			
Emergency medical services	x	x ¹	
Disease prevention (Preventive treatment)	x		
Hospitals	x		x
Public health care	x	x	
Medical insurance	x		x
III. Social Security			
Children and adolescents social security	x		x
Assistance for unemployed and socially unprotected	x	x	
Homeless shelters		x	
Individual services for invalids and elderly people	x	x	
Special services (for homeless, socially unprotected families, IDPs,	x	x	

¹ Only in the Tbilisi Municipality

Scope of Functions	National	Municipality	Private sector
etc.)			
Public housing stock		x	
IV. Culture, Recreation, Sports			
Theatres	x	x	x
Museums	x	x	x
Libraries	x	x	x
Public Parks	x	x	
Sports, recreation	x	x	x
Culture centers		x	
V. Utility Services			
Water supply	x	x	
Drainage systems and sewerage		x	
Power supply			x
Gas supply			x
Central heating			x
Phone and internet networks			x
VI. Public Sanitation and Environmental Protection			
Waste collection and removal		x	
Landfills	x ²		
Streets clean-up		x	
Cemeteries		x	
Environmental protection	x	x ³	
VII. Roads and Public Transport			
Motorways	x	x?	
Railway	x		
Municipal public transport		x	x
Inter-city transportation	x		x
Ports, airports, sea and air transport	x		x
VIII. Spatial Planning and Economic Development Planning			
Spatial planning	x	x	
Local economic development		x	
Tourism planning	x	x	

² Except for the Tbilisi Municipality.

³ Is entitled to implement those environmental activities not included in the competences of central government on own initiative.

Scope of Functions	National	Municipality	Private sector
IX. General Administration			
Administrative functions (licenses and permits issuance, etc.)	x	x ⁴	
Tax and income collection	x	x ⁵	
Fire brigades	x		
Law enforcement	x		

Based upon research findings, ICCAMGR recommends that the national government delegate more financial resources and decision-making authorities to the municipal governments in the area of environmental management. The study results show that in compliance with Georgian legislation, the competencies of local self-governments in natural resources management, such as land, forest, water and minerals, are severely restricted and significant changes in that direction are required. The Georgian national government should view environmental protection, inclusive of climate change, as a concern impacting local communities as well as the national government. While action needs to be taken at the national and international levels, they must be aligned with relevant local policies and activities.

Furthermore, ICCAMGR recommends that the roles and responsibilities of national and municipal governments regarding natural resource management be more clearly defined through harmonizing various laws, as well as issuing relevant subordinated legal acts. ICCAMGR recommends that the national government decentralize the management of municipal natural resources and transfer administrative control of these resources to the municipal representatives. It is obvious that a strategic differentiation between natural resources should be made, i.e. between natural resources of national versus local importance.

A pertinent example of such differentiation is the law on water. This law details the difference between bodies of water holding national versus local importance and provides itemized lists of all water resources, per strategic importance. A similar approach can be applied to forests and minerals resources. However, to ensure the sustainable use of natural resources, ICCAMGR recommends that the Georgian national legislation should include the category of importance, while taking into account relevant mechanisms of rational and sustainable use. These mechanisms can be considered in delegated competences to municipal governments in the areas of permitting and licensing. To ensure the sustainable management of natural resources by the municipal governments, ICCAMGR reviewed seven critical environmental management laws and proposed constructive amendments. The entire legal analysis section may be found in the comprehensive *Analysis* report, while this Executive Summary cites the example of the Georgian forest code.

⁴ To issue construction and outdoor advertising permit, while in self-governing cities also a permit for regular passenger transportation
⁵ Local incomes

4.2.1 Example: Forest Code of Georgia

Following a review of the Georgian national legislation overseeing management of forests, ICCAMGR proposes amending the legislation to allow for sustainable management of forests and creation of a “community” based forest management system. For instance, the roles and responsibilities of the national and municipal governments regarding management of forests should be legally defined and codified. In addition, all forest and related natural resources should be categorized based upon its strategic value within the country. The forests of strategic and national importance would fall under the management of the national government while the rest of forests would fall within the authority of the relevant municipal governments.

If this amendment were to be put into effect, the National Forest Agency could process the required documents to transfer forests to relevant municipal governments and further assist these municipalities in registering these forests. In addition, the national government would create the relevant regulations concerning licensing, permitting as well as management and usage of forests by the municipal authorities. In this case, the national government would ensure compliance with these regulations.

Regarding forestry, ICCAMGR recommends the following amendments be made to the Georgian legislation and following categories of local forests created:

- Forests used for restoration purposes should be used solely for recreational activities. The self-government unit should ensure the forests’ regeneration;
- Forests used for timber: In this category, the self-governance unit will issue licenses and permits for the forests’ use in accordance with applicable legislation;
- Forests used by local communities mainly for firewood: Control over these forests will be exercised by the relevant municipal government in compliance with established standards.

However, prior to transferring management rights of local forests to the municipalities, ICCAMGR recommends that the national government develop a forestry management plan and carry out a feasibility study for each municipality. In doing so, the national government will avoid placing additional financial, material and administrative burdens on the municipal governments while working to prevent environmental risk to these forests such as excessive logging.

4.3 Organizational Improvements and Capacity Building

4.3.1 Long-Term Vision

In the event that the functions, roles and responsibilities of the municipal governments are expanded, ICCAMGR recommends that the municipal governments be given the administrative resources to create supplemental municipal level agencies. For example, municipal governments would need additional offices and staff members to manage relevant forests, water and natural resources. In addition, if the critical areas of natural resource management are decentralized, relevant municipal governmental staff members would need to be trained in technical skills and administrative management.

To support better management of environmental information, ICCAMGR recommends establishing a method for information exchange regarding the environment, natural

resources management and climate change between municipalities and the MoENRP. This common methodology would adhere with the requirements in the National Report on the State of the Environment of Georgia. This system would support more effective management of natural resources, environmental protection and combat climate change at the municipal level. In addition, this information exchange mechanism will help the national government to become more aware of local problems and challenges, and in turn provide the relevant municipal authorities with technical assistance and capacity building activities. As the MoENRP does not have offices in the regions or municipalities, this feedback communication mechanism would benefit all parties.

4.3.2 Organizational Support for Climate Adaptation and Mitigation Activities

At present, one of the critical gaps facing national and municipal policy and decision-makers is the lack of reliable data. Therefore, ICCAMGR recommends that both the national and municipal governments create municipal offices responsible for collecting and organizing data on environmental related issues. These offices would facilitate decision-making processes and also be in a unique position to identify and analyze the “on-the-ground” realities faced by municipalities. As such, these offices, and their staff members, would support both the national and municipal governments in creating activities to tackle climate change issues. At present, ICCAMGR has created 53 municipal level commissions with the necessary technical skills and knowledge to identify climate change and environmental issues. By the close of the project in 2016, a total of 65 municipal commissions will be created. In addition, to ICCMAGR, the USAID supported Low Emissions Development (EC-LEDS) project is creating 10 municipal level positions to design and implement mitigation activities while the Covenant of Mayors (CoM) also supports the municipalities to develop and launch mitigation related activities. ICCAMGR strongly recommends that the MoENRP utilize these points of contact to gather information and conduct necessary field work, which would support the development of mitigation and adaptation activities at the municipal levels.

In addition, ICCAMGR strongly recommends that the municipalities create an active channel of communication with the national government to provide feedback on environmental issues. In parallel with developing active communication channels and feedback loops, the national and municipal governments should develop similar document management and data analysis systems to ensure synchronization of data. This compatibility would support the creation of national and municipal level reports and decision-making processes. ICCAMGR proposes that the relevant national ministries train the municipal authorities on various information classification systems to ensure compatibility in the data collection systems used at the national and municipal levels.

As an intermediate measure, ICCAMGR advises creating a staff position in each municipality who will accumulate information on all environmental and climate change related initiatives and projects. As such, each municipality would have an employee responsible for the above issues, who would also work with stakeholders and prepare relevant information for decision-makers within a municipality. This point of contact would also coordinate and monitor relevant initiatives at a municipal level and share these experiences with other municipal level points of contact.

It is strongly advisable that the appointed team members share expertise and experience provided by various stakeholders through trainings or retraining programs on environmental and climate change issues with the assistance of donors. Thus, one employee will be trained in municipalities. The availability of such employees would also facilitate more

efficient identification⁶ and management of “environmental” funds within the municipal budgets.

4.4 Financial Improvements

At present, all Georgian municipalities utilize a programming budget for directing and managing resources to various activities and programs. However, all the budgets have a sub-section on expenses budgets with relevant codes. This expense sub-section has a coded bi-line for funds relegated to be spent on environmental management activities. However, the overall programming budgets do not comprehensively reflect these coded sub-sections, i.e. there are no programs directly relegated for environmental activities in the programming budgets. According to this system, Georgian municipal budgets classify environmental and natural disasters prevention activities primarily as infrastructural programs.

Therefore, ICCAMGR strongly recommends that the municipal programming budgets be restructured to integrate an environmental protection and response to climate change program, with a proposed program code 06.00, into municipal programming budgets. Within this budget outline, the municipal governments would transfer environmental protection activities from the infrastructure budget to this newly created environmental response program.

In order to ensure overall environmental management and tackle climate change issues at the municipal level, ICCAMGR recommends the following change to the municipal budget structure:

- Creating a special program entitled environmental protection and response to climate change, with a proposed program code 06.00, in municipal budgets and the transfer of environmental protection activities from the infrastructure budget to this program;
- Creating a program entitled management and regulation of environmental protection and response to climate change that will allow municipalities to hire employees and spend administrative funds. This program is critical for those municipalities that signatories to the Covenant of Mayors. In the event that such a program is not created within the local budgets, municipalities will find it difficult to fulfill the commitments that they made under this agreement;
- It is essential that criteria for vulnerability to climate changes be correctly calculated and universally acknowledged, thus enabling municipalities to obtain funding for climate change mitigation. Currently, municipalities may apply for funding only after a disaster has occurred, which in the end is substantially more expensive for tax payers.
- It is essential to implement fiscal decentralization that will enable municipalities both to mobilize more funds and administer these funds per local needs. Examples at the international level actively demonstrate that municipalities with fiscal autonomy are effective in implementing climate change mitigation activities. Currently, Georgian municipalities perform only a coordination function for infrastructure projects.

⁶ For example, many municipal budgets allocate funding for activities such as the construction of protection gabions. Unfortunately, this activity is not regarded either as an environment activity or as a climate change adaptation measure, while the gabion construction falls into both categories.

5. Five Pilot Municipalities: Key Findings

5.1 Division of Functions, Roles and Responsibilities

The *Analysis* reviewed the division the roles and responsibilities within the five pilot municipal governments related to environmental management activities. In general, researchers found that Poti's municipal government had more clearly defined offices charged with designing and implementing climate change and environmental protection activities. In addition, researchers found that the prioritization of environmental rehabilitation activities within a municipal budget depended on the municipal government's level of awareness and knowledge. The following concerns and issues were found in the other four target municipalities, i.e. Akhmeta, Dedoplistskaro, Kobuleti and Mestia.

Critical Concerns and Issues:

- Forests are managed by the MoENRP, and specifically fall within the mandate of the forestry agency. As such, municipal governments are not given the authority and or resources to manage and regulate the usage of forests.
- Pasture lands, located within to municipalities and used by local communities but, *de jure*, fall under the authority of the Ministry of Economy. At present, the Ministry of Economy does not retain local offices to manage pasture lands and all issues are mediated at the central level. As such, the local communities and municipalities have no authority and or resources to manage pasture lands, and therefore do not expend any resources in the care and restoration of pasture lands.
- Landfills are managed by the Solid Waste Management Company, which is a subsidiary of the Ministry of Regional and Infrastructural Development; while solid waste collection is done by the municipalities. The company oversees the gradual improvement and conservation of the existing landfills in Georgia in order to reduce their negative impact on people and the environment. However, the code of local self-governments states that municipal waste management is a responsibility of the relevant municipalities. Hence, the current Georgian legislation needs to be reviewed to resolve these functional discrepancies.
- Water resource management falls under the purview of the United Water Supply Company LLC, which is a subsidiary under the Ministry of Regional Infrastructure Development. The company's activities include water abstraction, treatment and supply, design of water and sewer networks, construction, installation, maintenance and operation. In addition, the company provides water and waste water services to all municipalities in Georgia excluding Tbilisi, Mtskheta, Rustavi, Sachkere and Adjara. The company has six regional offices and 50 service centers throughout the country. Therefore, while municipal budgets allow for water supply and water restoration projects, the general perception within the municipal governments is that the responsibility for water supply and rehabilitation activities falls under the United Water Supply Company. However, some municipal territories are not covered by the United Water Supply Company, and therefore are not linked to the national sewage and water supply network. However, the Self-Governance Code states that both waste water treatment and water supply are functions of the municipalities.

- Natural disasters response and prevention activities are lacking at the national and municipal governmental levels. Legally, the prevention of natural disasters and associated risk assessments fall under the authority of the MoENRP and the National Environmental Agency (NEA). Moreover, these agencies are often more reactive than prevention oriented in their approach.

5.2 Financial Resources

Based on research findings, the five pilot municipalities all indicated a lack of available financial resources for environmental management and protection. As indicated in the above section, while the relevant municipal budgets have a sub-section coded for environmental protection activities, the overall municipal programming budgets do not include environmental management activities.

Critical Concerns and Issues:

According to 2015 planned budgets for the pilot municipalities, the expenditures for environmental protection, functional code 705, are not equally represented. Researchers found that the pilot municipalities do not neglect environmental protection issues, but rather lack financial resources, comprehensive data on environmental concerns as well as needed technical skills and knowledge. For example, the Kobuleti Municipality, under the expenditures sub-section, allocates 20% of its budget for environmental protection activities while the Akhmeta Municipality recently allocated funds to manage the Tusheti Protected Area. Please find below the key findings from the five pilot municipalities:

- In Poti, environmental protection expenditures line account for about 1% of its planned budget, which equals about 2 million Gel. An emergency reserve fund exists, equaling 150,000 Gel.
- In the Akhmeta Municipality, environmental protection expenditures account for about 3% of the budget. Apart from this, a little over 1% of the budget is allocated for the management of protected areas; the municipality maintains a reserve fund of 90,000 Gel.
- According to the Kobuleti Municipality expenditures sub-section, 20% of its budget for environmental protection activities. In addition, the budget includes programming activities for water supply rehabilitation and maintenance as well as landscaping. The reserve fund is about 80,000 Gel.
- According to the Mestia Municipality expenditures sub-section, environmental protection activities comprise a little over 5% of the total budget. Moreover, a little over 2% of budget funds are allocated for river bank protection, or gabion, and irrigation channels while 7% is assigned to agricultural development programs. The reserve fund is 79,900 Gel.
- The Dedoplistskaro Municipal budget (expenditures sub-section) allocates 9.6% to environmental activities. Apart from this, 8% of the budget is allocated to emergency management programming while the reserve fund is about 50,000 Gel.

5.3 Human Resources

The researchers found that the pilot municipalities lacked document management systems as well as technical knowledge environmental management and protection issues while staff members were not trained in these areas. In addition, municipal budgets did not allow for capacity building trainings while national governmental ministries do not provide municipal staff members with relevant trainings and or capacity building programs. Rather, the researchers found that such trainings are normatively provided with the assistance of international donors. Due to these issues, municipalities are often not capable of creating and implementing policies and activities in the areas of environmental protection and management. ICCAMGR recommends that the national government support the municipalities to train designated staff members in environmental management and protection as well as climate adaptation and mitigation. In addition, these designated staff members should be tasked with document and information management to ensure that all relevant information and data is recorded.

6. Conclusion:

In conclusion, the *Analysis of the Capacities of the Local Authorities* assessed five pilot Georgian municipalities by collecting and reviewing information in the following fields: water resources management, waste management, climate change, desertification, forest resources management, mineral resources use, natural disasters as well as land resources management.

Overall, the study found the following:

- Elected representatives in the five target municipalities, in most cases, do not exercise control over the management of the natural resources located within their municipalities;
- Municipal representatives were not sufficiently informed about environmental management issues within their respective municipalities;
- As such, municipal representatives were not capable of making informed decisions about needed mitigation and or adaptation activities and measures;
- Per national legislation, the authority of municipal representatives is severely curtailed in managing natural resources located with their respective territorial boundaries.

Based upon research findings, ICCAMGR recommends that national government delegate more financial resources and decision-making authorities to the municipal governments in the area of environmental management. The Georgian national government should view environmental protection, inclusive of climate change, as a concern impacting local communities as well as the national government. While action needs to be taken at the national and international levels, they must be aligned with relevant local policies and activities.

Finally, ICCAMGR recommends that the roles and responsibilities be clearly delineated between state and municipal governments regarding natural resource management. Due to these issues, municipalities are often not capable of creating and implementing policies and activities in the areas of environmental protection and management. ICCAMGR recommends that the national government support the municipalities to train designated staff

members in environmental management and protection as well as climate adaptation and mitigation. In addition, these designated staff members should be tasked with document and information management to ensure that all relevant information and data is recorded. To ensure that these capacity building measures are cost-effective and sustainable, the national government may utilize the municipal focal points trained through the ICCAMGR activity, the EC- LEDS project as well as the CoM activities. Following these capacity building measures, ICCAMGR recommends that the national government decentralize the management of municipal natural resources and transfer administrative control of these resources to the municipal representatives.