

Good Governance for Local Development in the South Caucasus (GGLD)

Supporting Local Governance and Regional Development in Georgian Municipalities

Promoting Good Governance for Local Development in the South Caucasus

The German Government has been supporting public administration reform efforts in the South Caucasus since 2005, including in the areas of public finance, municipal administration, and legal and judicial reform. Despite significant improvements in these areas, there is a continuing demand for technical development cooperation, particularly to strengthen participatory municipal planning and integrated investment projects in rural areas as well as to promote local economic development and the (economic) empowerment of women.

The Good Governance for Local Development in the South Caucasus (GGLD) project advises and supports respective partner organisations at national, regional (sub-national) and local levels in Armenia and Georgia (in Azerbaijan until 03/2023) in the implementation of cooperation initiatives towards improved local development. It supports the improvement of framework conditions, addresses regional (sub-national) governance issues, and works towards the improvement of municipal services and citizens' participation at the local level.

Since February 2022, the EU-co-financed initiative "EU4ITD – Catalysing Economic and Social Life in PIRDP Regions" (CESL) promotes the re-balancing of economic and social life within Georgia away from the metropolitan areas of Tbilisi and Batumi. The three priority areas of CESL are urban renewal, tourism development as well as income generation and economic activation (especially of rural women or youth led businesses).

Georgian Context

During recent years, Georgia has significantly improved in the area of public service delivery. However, it still faces major

challenges when it comes to effective local self-governance structures as well as towards balanced regional development and territorial cohesion. There are for instance regional disparities in quality and access to social and administrative services, particularly in rural and remote areas. Legal, financial and administrative framework conditions are not adequate for providing services to citizens in line with the 2030 Agenda and the level of citizen participation in local decision-making processes is still low.

Project name	Good Governance for Local Development in the South Caucasus (GGLD)
Commissioned by	Bundesministerium German Federal Ministry for Economic Cooperation and Development (BMZ)
Co-financing partner in Georgia	European Union (EU) – "EU4ITD – Catalysing Economic and Social Life in PIRDP Regions (CESL)"
Project region	South Caucasus
Lead executing agency	Ministry of Regional Development of Georgia (MRD)
Contact Person	Dr Anka Derichs (Programme Director)
Duration	04.2020 – 07.2026 (in Georgia until 09/2025)
Budget	EUR 36.15 million (overall budget for Armenia, Azerbaijan, and Georgia, incl. EUR 6.5 million EU co-financing budget in Georgia)

Georgia has committed to improving local self-governance according to international standards by adopting national policies into its Decentralisation Strategy 2020-2025. The Decentralisation Strategy foresees a transfer of more competences and finances to local governments as well as the promotion of transparency, accountability and participation at the local level. Georgia also ratified the European Charter of Local Self-Government and its protocol on the right to participate in the affairs of a local authority



Left Photo: Market Huts for Local Entrepreneurs Selling Local Handicraft in Kutaisi.

Right Photo: Municipal Wine Testing Laboratory in Bagdati to Support the Local Economic Development in Imereti.



Left Photo: Female Entrepreneur started her own business in Chokhatauri.

Right Photo: Localising SDGs in Action.

Our Approach

The GGLD project strengthens institutional and human partner capacities, particularly at the sub-national level. Its objective: public institutions in the South Caucasus are better able to provide citizen-oriented public services. Its measures:

- Improving legal and institutional framework conditions of local public institutions for citizen-oriented service delivery.
- Strengthening capacities of key actors for citizen-oriented service delivery and their funding areas.
- Introduction and facilitation of citizen participation mechanisms in the provision of services, incl. complaint mechanisms on local administrative decisions.
- Developing institutional prerequisites (such as procedures, instruments, institutions) for local development.
- Enabling and facilitating exchange and learning between civil society organisations, businesses and municipal administrations on citizen-centric public services.

Throughout all its measures GGLD promotes gender equality as well as citizen participation in local decision-making processes and thereby aims for needs-based and sustainable reforms.

The EU-co-financed initiative CESL strengthens integrated regional development in the Georgian regions of Guria, Imereti, Kakheti, as well as Racha-Lechkhumi and Kvemo Svaneti. CESL's main approach is the promotion of municipal-led investment initiatives in the areas of urban renewal, tourism development as well as income generation and economic activation to ultimately catalyze existing – however otherwise untapped – potential for positive social and economic development in the regions.

Selected Achievements and Impact

Among other things, the following results in the areas of regional and local economic development, fiscal decentralization, transparency, citizen participation, strengthening of local self-

governance, SDG localization, and economic empowerment of women are already achieved:

✓ Mobilising Financial Resources at the Local Level:

As a result of a performance and incentive-based mechanism between the national and subnational level, already in 2021, 7 municipalities received an additional total of 1.530.000 GEL (approx. 385.000 EUR) due to the fulfillment of public expenditure and financial accountability (PEFA) criteria.

✓ Introducing and Upscaling Participatory Budgeting:

In 3 pilot municipalities – Keda, Rustavi, and Sagarejo – citizens were invited to submit ideas for local development projects. Through a transparent voting process, 16 project ideas were selected. These projects were funded with 750.000 GEL (approx. 190.000 EUR) from municipal budgets. Scale-up: A total of 23.060 Georgians have been involved in participatory budgeting resulting in 124 municipal-financed projects.

✓ Promoting Women-led Small-scale Businesses:

CESL supports more than 100 women – mostly from remote rural areas – in kick-starting small businesses and thereby fosters their income generation.

✓ Investment Initiatives in regional municipalities:

Through the support of CESL, 22 investment projects in 17 Georgian municipalities are implemented – ranging from the construction of bus stops in Telavi, the full rehabilitation of the Local Lore Museum in Dedoplistskaro to the arrangement of a visitor center and entrance for the Kolkheti national park. Co-financing by municipalities was required and, overall, the beneficiary municipalities provided 17% of the total budget for the implementation of 22 projects.

✓ Introducing Municipal Services Software:

With the support of the project, the so-called *Municipal Services Development Agency Software* was introduced as standard software for local administrative service delivery in all municipalities throughout Georgia. The software is applied by citizens' offices of Georgian municipalities. GIZ Georgia (incl. GGLD) was supporting the establishment of those citizen offices since 2008.