

TERMS OF REFERENCE (TOR)

FEASIBILITY STUDY FOR A PROJECT: PROMOTING LOCAL DEMOCRATIC GOVERNANCE, PARTICIPATION AND ACCOUNTABILITY

1. CONTEXT / BACKGROUND

Georgia's local government system was established with the first post-independence multiparty elections in 1991 and consisted of locally elected councils and President-appointed prefects. Since then the country has experienced periods of both accelerated decentralization and regressive centralization. As of today, local government in Georgia is realized at the level of 64 self-governing municipalities: 59 self-governing communities and 5 self-governing cities. The municipalities consist of three branches: the Sakrebulo (local councils in Georgian) constitute the representative branches, which fulfil the legislative functions; the Gamgeobas (city halls in Georgian) are the local administrative branches, headed by the Gamgebelis (heads of municipalities or mayors in Georgian) who belong to the executive branches of the self-governing communities.

Over the last years, Georgia has, on the one hand, made progress towards strengthening of the local governance policy framework and towards the capacities of local civil servants. On the other hand, in 2014, endorsement of a new Local Self-Government (LSG) Code fostered the decentralization of LSGs' competences and decision-making powers by:

- Introducing direct elections of mayors and heads of district municipalities, enhancing public participation through establishment of two new forms of citizens' engagement¹,
- Transferring certain management competences² from the national level to the LSG entities, and
- Improving the financial capacity of local governments by granting them additional tax revenues³.

Later on, in 2017, by introduction of the subsidiarity⁴ and commensurability principles⁵ and the clause⁶ of general competence into the Constitution, assurances were provided to independence and autonomy of municipalities.

Following a two-year elaboration process, in 2019 the five-year Decentralization Strategy (2020-2025) has been endorsed by the Government of Georgia as a framework for the consistent decentralization, development and modernization of local self-governance in Georgia.

Despite of the overall evolution of the LSG system in Georgia, achieving citizen-responsive and credible local self-governance is still being hindered due to interconnected challenges, including:

- Insufficient level of decentralization of competencies,
- Lack of independent financial resources,
- Low human and institutional capacities,
- Weak checks and balances,
- Poor accountability practices, including the over-concentration of power in the hands of the mayors vis-à-vis local councils, and
- Deficient citizen participation mechanisms in local government affairs.

While the Caucasus Barometer's 2019 poll pointed to a decline of the public trust in local governments from decade-long 36% to 27%, this indicator is still higher than 20% of votes given in favor of the central

¹ Village Assemblies on the village level and Civil Advisory Councils on the municipal level.

² According to the Local Self-Government Code's Article 16, 24 separate competencies are delegated to the LSGs; however, these competences are not fully exercised by the majority of municipalities, mostly due to lack of financial resources and human capacities.

³ Since 2016, part of personal income tax has been kept by the local budgets together with the property tax, which had always been a local tax.

⁴ According to Article 7. Basis of Territorial Arrangement, paragraph 4: "the citizens of Georgia shall regulate affairs of local importance through local self-government in accordance with the legislation of Georgia. The separation of the powers of state authority and self-governing units is based on the principle of subsidiarity. The State ensures that the financial resources of self-governing units correspond with their powers as determined by the organic law."

⁵ Article 75. Powers of Self-governing Units, paragraph 4: "delegation of powers by the state to a self-governing unit shall be carried out on the basis of a legislative act or agreement by transferring appropriate material and financial resources".

⁶ Article 76. Guarantees of Local Self-government, paragraph 5: "decisions made by the bodies of local self-government within the scope of their competences shall be binding on the territory of respective self-governing units".

government. Although LSGs are managing a relatively limited share of public affairs, their impact on the lives of the residents is perceived to be more significant than of the central government.

It is widely acknowledged that civic and democratic engagement has the potential to improve trust and credibility between LSGs and their constituents. Moreover, active engagement of citizens in various pertinent government-led processes and consultations has been declared as a priority by the Government of Georgia. Furthermore, the participation of citizens and various stakeholders in decision-making is regulated by the number of laws, with the Constitution being supreme among them. However, as systematic approach is mostly missing to ensure effective public participation, the public institutions, in the best case scenarios, merely inform their constituency on the procedures followed and decisions taken *fait accompli*, thus downplaying the citizens' interests and engagement.

Challenges associated with the insufficient level of decentralization of competencies and lack of independent financial resources are limiting the local officials from exercising their competencies prescribed by Georgia's LSG Code. Moreover, similar complications are also restricting local citizens from partaking in local matters on their own volition, and thus holding LSGs accountable.

Additionally, lack of clarity in distribution of important competences between the central government and LSGs, along with their limited capacities and over-politicization, is a major obstacle inhibiting local elected leaders and counselors from playing a vital role in development of their communities.

Furthermore, while a new LSG code includes provisions for the direct citizen participation in local government decision-making processes, it has not established efficient mechanisms for its practical implementation by local citizens. In view of this situation, bringing disengaged citizens back into the local democratic processes is vital for improvement of effectiveness, efficiency and legitimacy of LSGs.

Since 2012, Swiss Agency for Development and Cooperation (SDC) has been actively engaged in the local and regional development in Georgia. Its aim is to contribute towards improvement of the normative framework, efficiency of LSGs and Local Economic Development system. In this respect, enhancement of municipal executive bodies' functions to foster inclusive and sustainable local (economic) development and respective public service delivery has been under the primary focus of the SDC-supported programs, implemented in partnership with UNDP and the WB.

Apart from the SDC, some other development agencies are also offering specific capacity development projects to local civil servants of the LSGs' executive bodies, with an explicit focus on improving the quality of municipal services. In this respect, it is noteworthy that the latest monitoring mission report of the Congress of Local and Regional Authorities of the Council of Europe (CoE) acknowledged a limited (if not a total absence of) capacity development support rendered to legislative bodies of the LSGs as a critical gap of the LSG system. Moreover, the CoE has recommended⁷ developing capacity-building programs for the local council members.

The Regional Guidance South Caucasus 2021-2024 specifies the implementation of Switzerland's International Cooperation (IC) Strategy 2021-2024 in the South Caucasus (Armenia, Azerbaijan, Georgia). Along with the other priorities, it acknowledges the importance of the Swiss support for continued institutional reforms, in particular in the field of local governance and decentralization. Moreover, the Guidance emphasizes the significance of working with local councils and civil society to increase their accountability and participation, respectively.

Hence, a new initiative to promote democratic governance, participation and accountability on the local level by (i) supporting capacity enhancement of the municipalities' legislative bodies and their elected officials, and (ii) facilitating citizens' engagement in local governance related matters will be fully aligned with the Swiss Regional Cooperation Program 2022-2025. Furthermore, by exploiting complementarities with the SDC's ongoing projects with UNDP and WB, the Swiss Cooperation Office (SCO) will approach its engagement in local governance in a more comprehensive manner.

Against this background, **promotion of democratic governance, participation and accountability at local level** is an important pillar of the Swiss Regional Cooperation Program 2022-2025.

In contemplating modalities to this effect, with a primary focus on promoting local democratic governance, participation and accountability, the SCO is offering the following assumptions for possible validation and/or commenting:

- **Basic policy framework to enhance the local capacities necessary to deliver accessible and citizen-responsive public services is in place.** Constraints associated with the improvement and

⁷ Recommendation 426 (6.c) (2018), Local and Regional Democracy in Georgia.

operationalization of respective legislation are sufficiently acknowledged by international and national stakeholders.

- **Adequate resources are allocated** to address constraints confronting the **executive branches** of LSGs in the context of ongoing and planned initiatives/programs supported by USAID, EU, GiZ, DANIDA, ADA and SDC.
 - **Capacity needs of local legislative bodies⁸ are not adequately addressed.** This significantly hampers the LSGs in delivering inclusive, accessible and citizen-responsive public services.
 - **The local legislative bodies demonstrate political will to fulfil their competences in a transparent, accountable and efficient manner.** However, the culture of popular accountability is still weak in Georgia.
 - **Lack of awareness and capacities of local community groups and civil society organizations (CSOs) to participate in local decision-making** translates into sparse civic engagement. Moreover, it limits the exposure and knowledge by local authorities to deliver citizen-responsive public services.
- Subsequently, all of this contributes to insufficient quality of local democracy and accountability.

The SCO's hypothesis is as follows: (i) if people are equipped with efficient and effective mechanisms to participate in and influence the local decision-making affecting their lives, and (ii) if the local legislative bodies' (capacity) needs are sufficiently addressed to enable them to efficiently exercise their power and authority in a responsive and accountable manner towards the local constituency, (iii) then the citizens and local authorities will build mutual trust and constructive state-society relations. As the participatory governance will allow people to drive up the change and partake in decisions impacting their well-being, local democracy will be considerably strengthened for inclusive and sustainable local development.

2. OBJECTIVES OF THE FEASIBILITY STUDY

The overall **purpose** of the feasibility study is to provide the SCO South Caucasus (SC) with a sound analysis and advice to determine feasibility and efficiency of initiating a new project **promoting democratic governance, participation and accountability** on the local level by supporting institutional enhancement of local councils and fostering citizens' engagement in local decision-making in Georgia.

During the assignment, the consultants will focus on the **following objectives**:

- **Conduct a comprehensive context analysis, including aspects of political economy, based on a desk review and targeted interviews**

The comprehensive context analysis will be done using a mix of a desk review, targeted interviews and subsequent online validation workshops. Assessment should capture (i) de facto and de jure roles played by the local councils, and (ii) an existing legal framework and actual practices of citizens' engagement in local governance affairs in light of respective international treaties. The assessment should capture general policy analysis, including implementation of international treaties in the field of local democracy.

- **Perform a detailed stakeholders' analysis (who has what kinds of interests and power, how are the relations and who are possible local 'drivers of change')**

Undertake stakeholder mapping and analysis, targeting relevant international, national and subnational players working with the local councils to improve citizens' engagement practices at the local level (please see a preliminary list of stakeholders to interview as an Annex III of this ToR).

- **Verify and comment the above assumptions and hypothesis; offer flexible mechanisms to monitor the assumptions and hypothesis**

The assumptions under Chapter 1 refer to the perceived weaknesses and constraints of the LSG system in Georgia. The study is expected to substantiate or reject these premises. According to the hypothesis, after these alleged weaknesses are addressed, the quality of local democracy will improve, with the local councils being able to operate efficiently and citizens' engagement becoming more active and vocal.

Having written the above, the SCO is fully aware of the fact that assumptions and the hypothesis need to be revisited, tested and monitored over time. Thus, the Office would like to (i) be equipped with the simple and

⁸ Locally elected representatives have the right to monitor the activities of municipalities; to organize hearings on reports provided by the mayors and heads of departments; to discuss, adopt and monitor local budgets; to request any information on the spending of public funds by local executive bodies and entities subordinated to the municipal administrations. These rights are not used sufficiently due to limited capacities of local elected officials and insufficient structure of local councils.

flexible monitoring tools to test assumptions and to (ii) create a learning partnership with a limited number of development partners so that the process is truly locally driven and sustainable.

- **Identify possible lines of intervention for the SDC's support**

This includes an analysis of the SDC's possible intervention strategies for a new project. In case of joining an already ongoing project, advantages of such cooperation modality for the SDC will be defined considering its prior knowledge and expertise in the field.

- **In consultation with the SCO, develop a project concept note, estimated modalities, timeframe and budget for implementation**

The Project Concept Note should include a comprehensive Theory of Change (ToC) for a new project (or for a complementary project), defining specific objectives on outcome level (along with preliminary baselines and target indicators to the extent possible) and estimating budget of the project. Besides, information about context related risks (including possible reputational risks for the SDC) and their mitigation measures must be included.

3. DELIVERABLES / REPORTING

The consultant will be expected to provide the following deliverables:

- A **power point presentation** summarizing key findings, conclusions and recommendations to be discussed with the SCO;
- An **inception report** (15-20 pages) expanding on the presentation as per the attached format in Annex I.
- A **project concept note** (max. 5 pages) for a new SDC project along the lines and orientations discussed with the SCO, and as per the attached format in Annex II.

An electronic copy of all the deliverables shall be submitted to the Swiss Cooperation Office in Tbilisi as defined in the approved work plan. It is expected that the SCO will provide the consultant with its feedback within 5 working days after the submission. The final reports shall be delivered to the Office within one week after receiving the SCO's feedback.

4. PROPOSED WORKPLAN

The mission to Georgia is expected to take place at the earliest convenience of the consultant, but not later than the first week of June 2021. The mission will be undertaken in compliance with COVID-19 containment measures effective in Georgia. Should the epidemiological situation worsen disallowing travel, online format of the consultancy will be considered by the SCO.

International consultancy

Task / Activity	Number of Days
Preparatory work	3
Field mission to Georgia	20
International travel	2
Report writing	5
Total	30

Local consultancy/support in Georgia

Task / Activity	Number of Days
Assist an international consultant/team in organizing meetings with local stakeholders	2
Participate in meetings with stakeholders and contribute to report-writing	6
Total	8

5. REQUIRED QUALIFICATIONS

The consultant/consulting team with the following qualifications are eligible to **conduct the assignment**:

- Advanced University degree or equivalent in Public Policy, Public Administration, Governance, Development or a related discipline, preferably with focus on local governance, local and regional development, and decentralization.
- Minimum 5 years' professional experience of doing similar assignments for international organizations or public sector, preferably, in an area of local governance, democracy, decentralization, local and regional development.
- Familiarity with the development context in Georgia. Previous working experience in the country and good understanding of current development dynamics in decentralization and regional development will be preferable.
- Preference will be given to a team, consisting of international and local consultants.
- Strong research and analytical skills.
- Excellent verbal and written communication skills in English. Knowledge of the Georgian language is an asset.

6. APPLICATION

Interested candidates, including consulting firms and individual consultants, are invited to send an application package, including the below listed documents, in English to the following emails: sophia.svanadze@eda.admin.ch (Attn: Mrs. Sophia Svanadze) and tbilisi@eda.admin.ch by **26 April, 2021**:

- A profile/CV demonstrating the firm's/consultant's relevant experience and competencies.
- A brief proposal (maximum 5 pages) where the methodology and work plan are presented.
- A detailed financial proposal, indicating the cost required for undertaking the assignment. The financial proposal is to be submitted in accordance with the requirements outlined in Annex V.

In the subject line, please indicate "*Feasibility Study: promoting local democratic governance, participation and accountability in Georgia*".

Only complete applications with all the documents described above and submitted before the deadline will be considered.

ANNEXES:

- Annex I. Tentative Outline of an Inception Report
- Annex II. Tentative Outline of a Project Concept Note
- Annex III. List of Stakeholders
- Annex IV. List of Documents
- Annex V. Requirements for the Financial Proposal

ANNEX I. TENTATIVE OUTLINE OF AN INCEPTION REPORT

1. Executive Summary

2. Introduction and Methodology

3. Context analysis

3.1 General policy and institutional framework

3.2 Role of municipal (local) councils in local governance affairs

3.3 Citizens' engagement in local governance affairs

3.4 Conclusions and recommendations

4. Stakeholder analysis

4.1 National stakeholders (SWOT analysis)

4.2 International Development Partners (description of comparative advantages, limitations and strategic vision)

4.3 Conclusions and recommendations

5. Possible Lines of Intervention

List of annexes

ANNEX II. TENTATIVE OUTLINE OF A PROJECT CONCEPT NOTE

The project concept note shall provide, but be not limited to, the following reference information:

- **Context** - key information related to municipal (local) councils and citizen's engagement/civic engagement in local governance affairs; synthesis of available data (national statistics, reports of development agencies, monitoring reports of the Congress of Local and Regional Authorities of the Council of Europe).
- **Relevance** - relevance of the program with reference to the context analysis, stakeholders' architecture and organization; Government's priorities and other donors' interventions; contribution to SDGs; Swiss/SDC experience and comparative advantage.
- **Objectives** - overall impact of the intervention; main objectives/outcomes; Theory of Change and intended situation after the end of the project.
- **Intervention Strategy** - outline and analysis of possible options to implement the intervention; key criteria for the selection among these options; initial considerations on sustainability and scale up.
- **Beneficiaries and outreach** - detailed stakeholders' analysis, including tentative information about final beneficiaries and the intended impact of the intervention on the roles and capacities of the local councils, local elected authorities, local community groups and civil society organizations.
- **Partnership** - detailed stakeholders' analysis, including information about relevant partners in terms of roles and responsibilities, interests, and incentives (among others, to join a learning partnership to verify and test the suggested assumptions and hypothesis over time); and assessing the partners' potential to support relevant drivers of change and scale up.
- **Duration and budget** - estimated duration and SDC's budget for the entire intervention. Possible contributions of partners and other donors.
- **Risk assessment** - initial risk and opportunity assessment with related mitigation measures.
- **Open issues** - critical assumptions left for verification in the early stage of the intervention.

ANNEX III. LIST OF STAKEHOLDERS

Stakeholders	Contact Persons
Ministry of Regional Development and Infrastructure of Georgia (MRDI)	<p>Ms. Mzia Giorgobiani, Deputy Minister e-mail: m.giorgobiani@mrdi.gov.ge</p> <p>Mr. Nikoloz Rosebashvili, Head of the Department for Relations with Regions and Local Self-Government Agencies e-mail: n.rosebashvili@mrdi.gov.ge</p>
National Association of Local Authorities in Georgia (NALAG)	Mr. David Melua, Executive Director e-mail: dmelua@nala.ge
EU Delegation of the European Union to Georgia	Mr. Irakli Khmaladze, Project Manager e-mail: Irakli.KHMALADZE@eeas.europa.eu
Council of Europe (CoE)	<p>Ms. Marité Moras, Cooperation Unit of the CoE Congress of Local and Regional Authorities e-mail: marite.moras@coe.int</p> <p>Mr. Vahagn Muradyan, Deputy Head e-mail: Vahagn.MURADYAN@coe.int</p>
USAID/Caucasus	Ms. Lina Panteleeva, Project Management Specialist e-mail: lpanteleeva@usaid.gov
Austrian Development Cooperation (ADC)	Mr. Vakhtang Mshvidobadze, Programme Manager e-mail: Vakhtang.Mshvidobadze@ada.gv.at
GIZ	Mr. Akbar Mohabat, Governance Project Manager e-mail: akbar.mohabat@giz.de
UNDP Country Office	<p>Mr. Gigi Bregadze, Democratic Governance Team Leader e-mail: gigi.bregadze@undp.org</p> <p>Ms. Tinatin Tkeshelashvili, Project Manager, SDC-funded Fostering Regional and Local Development project e-mail: tinatin.tkeshelashvili@undp.org</p> <p>Ms. Nino Kakubava, Project Manager, DANIDA-funded Fostering Decentralization and Good Governance at the Local Level project e-mail: nino.kakubava@undp.org</p>
LNGOs, local experts in local governance	<p>Mr. Koka Kiguradze, Executive Director, Center for Development of Governance Systems (MSDC) e-mail: kkiguradze@gmail.com</p> <p>Ms. Nino Tvaltadze, independent expert and researcher, former deputy mayor of self-governing city Kutaisi email: nino.tvaltadze@gmail.com; N.tvaltadze@kiu.edu.ge</p> <p>Mr. Konstantine Kandelaki, Director of the Board, International Center for Civic Culture (ICCC) e-mail: kote@iccc.org.ge</p>

ANNEX IV. LIST OF DOCUMENTS (non-exhaustive list)

1. Monitoring report and recommendations of the Congress of Local and Regional Authorities of the Council of Europe
2. Caucasus Barometer 2019 by CRRC
3. Organic Law of Georgia on LSGs
4. Decentralization Strategy 2020-25 and its Action plan 2020-21
5. The annual progress report 2020 of the SDC-funded project: Fostering Regional and Local Development in Georgia
6. Institutionalized Citizen Participation: Assessment of Existing Mechanisms, Congress of the Council of Europe, 2017
7. SDC Governance Guidance 2020

ANNEX V. REQUIREMENTS FOR THE FINANCIAL PROPOSAL

- **TYPE A for employed persons**

Mandate Type A

https://www.fdfa.admin.ch/content/dam/eda/en/documents/dienstleistungen-publikationen/Abrechnungsformular-Auftrag-Typ-A_EN.xls

- **TYPE B for legal persons and institutions**

Mandate Type B

https://www.fdfa.admin.ch/content/dam/eda/en/documents/dienstleistungen-publikationen/Abrechnungsformular-Auftrag-Typ-B_EN.xls

General Terms and Conditions of Business (GTC) of the Swiss Federal Department of Foreign Affairs (FDFA) for Mandates (Types A and B)

https://www.fdfa.admin.ch/content/dam/eda/en/documents/dienstleistungen-publikationen/auftraege/CG-contrats-A-B-2015_EN.pdf

Factsheet on Compensation for Fees and Expenses

https://www.fdfa.admin.ch/content/dam/eda/en/documents/dienstleistungen-publikationen/auftraege/Merkblatt-Honoraren-Spesen-2015_EN.pdf