The role and place of local democracy and decentralisation in the modernisation and consolidation of democratic processes in the Eastern Partnership countries
This report was written by Sergio Vasarri and Paulina Salek-Lipcean (A.R.S. Progetti S.P.A.)

It does not represent the official views of the European Committee of the Regions.
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List of Abbreviations

ABD- Area-Based Development
ADA- Austrian Development Agency
BMZ- German Federal Ministry for Economic Cooperation and Development
CAA- Communities Association of Armenia
CALM- Congress of Local Authorities from Moldova
CECC- Central Election Commission of Belarus
CELoG- Civic Engagement in Local Governance
CoE- Committee of Regions
COMMA- ComManaging Municipality in Belarus
CORLEAP- Conference of Regional and Local Authorities for the Eastern Partnership
CSOs- Civil Society Organizations
DEZA- Swiss Agency for Development and Cooperation
EaP- Eastern Partnership
EU- European Union
GIZ German Agency for International Cooperation
IBRD- International Bank for Reconstruction and Development
MRDI- Ministry of Regional Development and Infrastructure of Georgia
NALAG- The National Association of Local Authorities of Georgia
SDC- Swiss Development Cooperation
TARA- Territorial and Administrative Reform in Armenia
UNDP- United Nations Development Program
USAID- US Agency for International Development
UNFPA- United Nations Population Fund
Summary

The objective of the study is to provide background information, as well as basic facts and figures, to support the CORLEAP co-chair rapporteur’s work on the report “The role and place of local democracy and decentralisation in the modernisation and consolidation of democratic processes in the Eastern Partnership countries”. Consistently, the research done provides an overview of the state of local democracy and local self-governance with a focus on decentralization, modernization and consolidation of democratic processes in six Eastern Partnership (EaP) countries: Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova and Ukraine.

The methodological approach combines quantitative and qualitative elements, focusing on a particularly accurate selection of data sources, on a relevant data collection activity - covering a wide range of sources for the last 2-3 years - and subsequent data analysis. In this perspective, comparable data with consolidated historical data series have been preferred, where available. EU and CoE official documents and EaP Member States’ national legislation/governmental programmes have been considered as main sources, but also relevant reports and data indicators from other sources have been explored and considered.

Those data are presented in tables with short descriptions, contributing to analysis and proposals regarding the macro-areas of interest:

1) State of play of the level of local self-governance and decentralisation reform process – from the governance, administrative and fiscal perspective - in the six EaP countries. In particular, looking at the level of implementation of the EU Charter of local self-government and how the principles fostered by the Charter are reflected in EaP countries’ constitutions, laws and by-laws.
2) The investigation of concrete experiences and specific projects on decentralization reforms paths supported by international programmes but also by the EaP countries’ own governments.
3) State of play of the overall level of democratisation in EaP countries, providing factual statistical information on the level of democratisation, referring to internationally accepted comparable indicators.

The last section of the study provides brief conclusions and recommendations to support CORLEAP’s work on this area of action.
1. State of play: level of local self-governance and decentralization in six EaP countries

1.1. Local Democracy and local autonomy as a pan-European value based on the European Charter of Local Self-Government

1.1.1. Reflection of local democracy and local autonomy based on the Charter in national constitutions and organic laws in EaP countries.

There is a general compliance – except from Belarus, which has not ratified the Charter of Local Self-Government - of national legislations with Article 2 of the Charter. However, some differences between the countries covered by the study are noteworthy: in Armenia, Georgia, Moldova and Ukraine, the principle of local self-government is recognised in the Constitution as well as in ordinary legislation. In Azerbaijan, while the principle of local self-government is recognised in the Constitution, the administrative and governance at local level is still highly centralised.

<table>
<thead>
<tr>
<th>Country</th>
<th>Description</th>
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<tbody>
<tr>
<td>Armenia</td>
<td>Armenia’s legislation complies with Article 2 of the Charter. The principle of local self-government is recognised in both the Constitution (art.179§1)(^1) and Law no. HO-337 “On Local Self-government”(art.3)(^2), which define local self-government as the guaranteed right and capacity of local bodies to decide and manage – under their responsibility and within the scope prescribed by laws – local public affairs and finances in the interests of residents.</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>Azerbaijan’s legislation is not in line with Article 2 of the Charter.</td>
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</tbody>
</table>


While the principle of local self-government is recognised in the Constitution (Section IV, Chapter IX), the entire system remains highly centralised. Local authorities are not granted the autonomy to regulate and manage local public affairs, they are not included in the state structure (except for the Nakhichevan Autonomous Republic) nor make part of public administration; instead, administrative districts are territorial branches of the central administration and do not dispose of any significant power. The concept of interest of the local population is also not defined.

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<thead>
<tr>
<th>Country</th>
<th>Details</th>
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<tbody>
<tr>
<td>Belarus</td>
<td>Belarus has not ratified the Charter of Local Self-Government. The legal status of local and regional authorities and self-government are laid down in the Constitution of the Republic of Belarus and Law no. 108-3 “On Local Government and Self-government”. The principle of self-government is functionally in line with Article 2 of the Charter and is defined as “a form of organisation and activity of the population living on the territory for the pursuit of interests and the interests of citizens in a way that takes into account the developmental characteristics of administrative and territorial units”. Nevertheless, the structure is highly centralised and controlled by the President, thus local authorities are not autonomous in regulating and managing local affairs despite the powers they are granted by Law no. 108-3.</td>
</tr>
<tr>
<td>Georgia</td>
<td>Georgia’s legislation complies with Article 2 of the Charter.</td>
</tr>
</tbody>
</table>

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7 See, inter alia, art. 119 of the Constitution of Belarus.
The principle of local self-government is recognised both in the Constitution of Georgia (i.e. art.7§4) and in ordinary legislation such as the Code of Local Self-Government (art.2). According to these provisions, the citizens of Georgia are granted the right to regulate and manage local affairs autonomously under the legislation of Georgia, and in line with the principle of subsidiarity. Furthermore, the State is required to ensure financial resources to local self-governing entities according to their powers determined by the organic law.

**Moldova**

Moldova’s legislation complies with Article 2 of the Charter. The principle of local self-government is explicitly recognised and established in the Constitution (i.e. Article 109.1) and ordinary legislation such as Law no.436 “On Local Public Administration” (artt.3§1 & 7). The basic principles of local public administration provided by these acts include the constitutionally guaranteed right to local autonomy in organizing and managing local affairs, decentralization of the public services and consultation of the local population on matters of their interest. These principles have been also endorsed by several Constitutional Court rulings including rulings No. 71/1999 and No. 14/2004 reaffirming the autonomy of local authorities to manage local public affairs under their responsibility and in favour of the local population.

**Ukraine**

Ukraine’s legislation complies with Article 2 of the Charter.

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The principle of local self-government is set out in the Constitution (Title XI, artt.7, 92§15) as well as in ordinary legislation such as Law no. 1275-VI “On Associations of Local Self-government” (art.2§1). Accordingly, the autonomy of local bodies to determine and manage local public affairs under their responsibility and in the interest of the local population is recognised and guaranteed by law. Furthermore, the Constitution outlines the principles of organisation, powers and responsibilities of local bodies (Title XI).

1.1.2. CoE Congress of Local and Regional Authorities' latest recommendations (particularly Articles 4 and 5 of the recommendations).

The CoE Congress of Local and Regional Authorities' latest recommendations reflect the picture that was outlined by the research findings for Q1.

Trying to summarize the salient elements of the recommendations, there is undoubtedly the request to overcome an alternation of efforts towards greater administrative decentralization and moments of pause in this process. What emerges mainly from the recommendations is in fact a situation, from both the regulatory and the implementation perspective, of administrative decentralization and consequent fiscal rebalancing, which struggles to complete its process and achieve its objectives.

Also in this case there are differences between the six countries: between those which seem to want to continue with the implementation of the regulatory framework (Georgia) or in any case to resume a path that has suffered a slowdown (Armenia, Moldova, Ukraine), and those which have yet to define the objectives and take clear decisions towards a new governance structure (Azerbaijan).

14 Constitution of Ukraine, 1996 <https://zakon.rada.gov.ua/laws/show/254-%D0%BA/96-%D0%B2%D1%80#Text>

<table>
<thead>
<tr>
<th>Armenia</th>
<th>Date of the monitoring visit: from 12 to 15 May 2019; Report adopted on: 15 June 2021</th>
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<tr>
<td></td>
<td>The main recommendations included: increasing the share of public affairs managed by local authorities to guarantee the right of local authorities to be consulted on matters that concern them directly; revising and clarifying “own” competencies of municipalities and limiting the state supervision of their tasks to the control of legality; ensuring that local authorities have access to adequate financial resources of their own; making sure that in practice the financial equalisation system compensates the regional discrepancies and different financial capacities of the municipalities as well as reviewing the calculation methods of central grants to adjust them to the real costs of the fulfilment of mandatory tasks and functions taking into account the legitimate differences in the various municipalities.</td>
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<thead>
<tr>
<th>Azerbaijan</th>
<th>Date of the monitoring visit: from 23 to 25 February 2021; Report adopted on: 17 June 2021</th>
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<td></td>
<td>The main recommendations included: unambiguously recognising municipalities as state institutions exercising public power as part of the overall public administration; amending the Law on the Status of Municipalities and the other laws transferring tasks and functions to municipalities to ensure that the powers and duties entrusted to municipalities are full and exclusive; adopting a law on the status of the capital city and establish a unified and democratically elected municipal government in Baku; creating a legislative framework for consultation of municipalities and their associations in the process of drafting legislation relevant to them; completing the process of repealing from legislation the obligation for municipalities to report to parliament on their activities and adopt a law regulating reporting by municipalities in line with Recommendation CM/Rec(2019); reducing financial dependence of municipalities from the state by increasing and making sustainable their own revenues; specifying the dismissal procedure of the chair of the municipalities; ratifying the Additional Protocol to the European Charter of Local Self-</td>
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<thead>
<tr>
<th>Country</th>
<th>Status</th>
<th>Visit Date</th>
<th>Main Recommendations</th>
<th>Remarks</th>
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<tbody>
<tr>
<td>Belarus</td>
<td>NOT PART OF THE CHARTER</td>
<td></td>
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<td></td>
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<tr>
<td>Georgia</td>
<td>Visit April 2018, report adopted in November 2018</td>
<td>The main recommendations included: accelerating the alignment of the legal framework, notably sectoral legislation, and policies with decentralisation objectives to ensure that powers given to local authorities are full and exclusive; revising the formula of calculation of equalisation transfers, in particular the distribution criteria, and increase the equalisation fund to smooth out regional and inter-municipal disparities; increasing the direct accountability of the Tbilisi executive to the Tbilisi municipal council; making the local administration more flexible and adjustable to local circumstances; enhancing the financial capacity of local governments, including the capacity to generate their own resources through all available means; further elaborating the legal framework in order to facilitate and promote inter-municipal co-operation; ensuring balanced and sustainable socio-economic regional development; ratifying provisions of the Charter which are <em>de facto</em> applied in Georgia; signing and ratifying the Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority (CETS No. 207) as soon as possible.</td>
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<tr>
<td>Moldova</td>
<td>Date of the monitoring visit: from 12 to 15 June 2018, Report adopted on: 4 April 2019</td>
<td>The main recommendations included: getting back on the path to decentralisation through appropriate and full implementation the National Strategy of Decentralisation (2012) and of all previous Congress recommendations considering only a moderate progress in this direction; allocating sufficient financial resources to local authorities; increase fiscal capacity of local authorities; revising</td>
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and clarifying the system of local competences; increasing the managerial capacity of local authorities and allowing local authorities to have more discretion in adapting the exercise of their tasks to local conditions; raising the wages of mayors and district council presidents in proportion with the importance of their responsibilities; ensure a proportional system of supervision over the acts of local authorities; reinstating a fair consultation process with local authorities; considering signing and ratifying the Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority (CETS No. 207); establishing an adequate legal framework to review and clarify the system of local competences; strengthening the managerial and budgetary capacity of local authorities and restoring an appropriate consultation process and political dialogue; refraining from exercising any type of pressure against local elected representatives.

Ukraine

Date of the monitoring visit: from 20 to 23 May 2012 and from 22 to 23 April 2013, Report adopted on: 31 October 2013

The main recommendations included: reinforcing subsidiarity by granting local authorities competence for a substantial share of public affairs and increasing the capacity of local authorities to act; reinforcing the financial autonomy of local authorities and improving the equalisation system, providing a fair and transparent redistribution of funds, based on clear criteria and objectives in conformity with Article 9 of the Charter; transferring the competences of the administrations in districts and regions to elected representatives to establish an administration under their responsibility; developing specific strategies, notably by transferring competences to the local level, and involving local authorities in these geographical areas in the development of these strategies; ratifying the Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority (CETS No. 207).

19 Recommendation 436 (2019), The Congress of Local and Regional Authorities, Council of Europe, Local and Regional Democracy in the Republic of Moldova, 4 April 2019 <https://search.coe.int/congress/Pages/result_details.aspx?ObjectId=090000168093d89d>.

20 Recommendation 348 (2013), The Congress of Local and Regional Authorities, Council of Europe, Local and Regional Democracy in Ukraine, 31 October 2013 <https://search.coe.int/congress/Pages/result_details.aspx?ObjectId=090000168071aa8a>. New report was to be debated for adoption at the Congress Session in March 2022.
1.1.3. Dialogue and consultations between central and local governments in EaP countries – how extensively are these reflected in the constitution, in laws, in by-laws, and in informal and formal practices? Are dialogues and consultations between central and local governments represented at government sessions, in parliament, with national ministries, etc.?

As far as dialogues and consultations between central and local governments are concerned, the situation of the six EaP countries is much differentiated, in a range that goes from satisfactory methods of regular consultation between the levels of government, to conditions that are still too unsatisfactory.

In Ukraine and in Georgia, the principles governing the interactions between local self-government associations with the central government are outlined in both the Constitution and in laws, but are also made effective by the practices and consultation procedures of local authorities, which take place regularly - also in the form of preliminary opinions - both on matters of their interest and on specific relevant issues (in Ukraine, for example, about amendments to the Constitution concerning decentralization or about budget consultations).

In Azerbaijan, a network of informal consultations is quite well developed and serves as the main channel to raise awareness of local affairs among regional and central authorities. Clearly, in order to take a step forward, these practices need to be formalised.

In Armenia and in Moldova, despite a favourable constitutional and legislative framework, dialogues and consultations between central and local governments still seem to be not sufficiently institutionalized and too tied to the will of the central government. This obviously constitutes a hindrance to an effective transition towards a more decentralized system and to greater involvement of the local level.

| Armenia | Currently, there is no formalized exclusive mechanism of consultation and dialogue between central authorities and local self-governance in matters which concern them directly. Local |
Authorities and their associations are consulted on legislative proposals and can submit their drafts as well as can make use of several channels to signal their needs to the central government, but in this process, they are treated as any other public association in the country. The constitutional provisions oblige the government to hear the opinion of the affected communities (art. 190) in case of the envisaged amalgamation process, and this right is further guaranteed by an amended Law no. HO-307-N on Local Referendum\(^21\), yet it maintains an advisory character and “does not provide necessary guarantees for its legal implementation in the law enforcement practice”\(^22\). All in all, currently the involvement of the local authorities in the consultation mechanism depends on the government’s will, even though a debate on setting the mechanisms of consultation is ongoing\(^23\).

| **Azerbaijan** | Legislation of Azerbaijan does not provide an institutionalised framework for conditions and procedures of consultations and dialogue between different tiers of public administration with an exception of financial issues which directly affect municipalities (e.g. subsidies and subventions to be included in the draft budget). Nevertheless, municipalities and their associations are frequently consulted and are allowed to submit legislative proposals in matters of their direct interests. Furthermore, a network of informal consultations is quite well developed and serves as the main channel to raise awareness of local matters among regional and central authorities. These practices, however, are not formalised nor are “perceived as an important element for the functioning of local self-government”\(^24\). |
| **Belarus** | NOT PART OF THE CHARTER |

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\(^{22}\) *LOCAL SELF-GOVERNMENT IN ARMENIA*, ed. by Vahram Shahbazy (Yerevan: Communities Finance Officers Association, 2019), Book 12.


<table>
<thead>
<tr>
<th>Georgia</th>
<th>The principles guiding the consultation process are outlined in both the Constitution (Article 76, paragraph 4) and the Code of Local self-government (art. 4.6, 7.3). Accordingly, state authorities are required to consult with local self-government in matters of their direct interests, e.g. preliminary consultations with legal entities that comprise more than half of the country’s municipalities must be held before making decisions on issues relating to the powers of a municipality (art. 7§3 of the Code). Furthermore, all draft laws relating to local self-government are submitted to NALAG (the association uniting all local self-governing bodies) for comments which must be subsequently attached to legislative proposals submitted for parliamentary discussion. Both the Constitution and the Code of Local self-government contain also provisions obliging the central government to consult local authorities before deciding on territorial reforms, including change of boundaries (see art.74§2 of the Code).</th>
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</thead>
<tbody>
<tr>
<td>Moldova</td>
<td>According to the Moldovan legislation, central authorities are obliged to consult local authorities and their associations on matters which directly affect them (see, <em>inter alia</em>, Article 3§g of Law no. 435 on Administrative Decentralisation(^{25}) and Article 6§5 of Law No. 436 on Local Public Administration). Nevertheless, in practice, the mechanisms of consultations and dialogue between different levels of public administration are not sufficiently institutionalized. More specifically, local entities are not regularly consulted on important issues which directly affect them and do not regularly participate in legislative and decision-making processes. Moreover, despite a formal right, the main self-governance association, the Congress of Local Authorities from Moldova (CALM), is systematically excluded from governmental talks and negotiations in the field of local reforms. In other words, “the extent and effectiveness of this consultation depend on many variables, such as the political orientation of the ruling government, the personal</td>
</tr>
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</table>

\(^{25}\) *Law № 435 of the Republic of Moldova ‘On Administrative Decentralisation’, 2006*  
affinities between local and central rulers, or the will of certain politicians”\textsuperscript{26}.

| Ukraine | The principles governing the interactions between local self-government associations with the central government are outlined in Law No. 1275-VI “On Associations of Local Self-Government” (Section IV: Article 17§2a and 2b). In practice, the mechanisms of consultations and dialogue between different tiers of public administration seem to work quite effectively\textsuperscript{27}. In particular, the representatives of local self-governance associations are admitted to parliamentary meetings and to government meetings on an advisory basis to discuss matters which affect them directly, including, \textit{inter alia}, discussion of amendments to the Constitution of Ukraine concerning decentralization. They are also involved in drafting legislation relevant to their interests, once a year they participate in budget consultations with the Ministry of Finance\textsuperscript{28}. |

\textsuperscript{26} The Congress of Local and Regional Authorities, Council of Europe, “Local and Regional Democracy in the Republic of Moldova”, Report CG36(2019), paragraph 63.
\textsuperscript{27} The Congress of Local and Regional Authorities, Council of Europe, “Local and Regional Democracy in Ukraine”, Report CG(25)8, paragraph 98.
1.2. Decentralisation and local government reforms in EaP countries

1.2.1 Key priorities in decentralisation reform by EaP countries

Regarding the dynamics of decentralization in the six EaP countries, it is interesting to note that in some cases there are well-focused objectives and a coherent and almost constant process of implementation, while in other cases there is no such continuity, or worse there is no real strategy.

In Georgia, the national Decentralisation Strategy 2020-2025 seems to consolidate the whole process, pursuing three strategic goals: increase local self-governments’ role in managing a substantial share of public affairs; ensure adequate materials and financial resources for local self-governments; develop reliable, accountable, transparent and results-oriented local self-government.

Similarly, in Ukraine decentralisation has been among the top priorities for all governments since 2014, when a comprehensive strategy was launched with the Concept of Local Government Reform and Territorial Organization of Power in Ukraine. Currently, the second phase of the reform is being implemented with the following priorities: building a new territorial basis for the operation of public bodies; ensuring efficient local governance and creating an optimised system of territorial organisation of power on a new territorial basis; fiscal decentralisation; constitutional amendments to complete the process.

In Moldova, on the other hand, the decentralization reform is not following a clearly delineated path and has been heavily hindered by internal political instability. The core reform under the National Decentralisation Strategy 2012-2015 (extended until 2018) expired with little overall implementation, although objectives of administrative and fiscal decentralization are still some of the priorities included in the Government’s Action Plan 2021-2023.

In Armenia, Azerbaijan and Belarus, no coherent or consolidated decentralisation reform is taking place. In Belarus, in 2020, the president suggested that the time has
come for decentralization of power, but yet again an opposite trend of even stronger centralization could be observed.

There is no one, consolidated decentralisation strategy in Armenia. Currently, it continues the amalgamation of municipalities under the territorial-administrative reform launched in 2015\textsuperscript{29}. Besides, the main priorities of the government addressing decentralisation in some way can be found in its action plan for 2021-2026:

<table>
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<tr>
<th>Armenia</th>
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| Objectives (p. 215):
1. Reviewing the organisational structures of the Marzpeterans and developing the system of community services (actions: submit drafts of the Decision of the PM “On approving the statutes of staffs of Marzpets” and the Decision of the government “On repealing a number of decisions of the Government of the Republic of Armenia”);
2. Improving the quality of administrative services provided to the citizens in the merged multi-dwelling communities and expanding the accessibility thereof;
3. Ensuring continuity of the administrative and territorial reforms, decentralising the powers (actions: a. elaborating a concept paper on decentralisation of the powers, based on the powers and study of needs of the merged communities (2\textsuperscript{nd} ten-day period of December 2022); b. drafting recommendations on changing the powers of local self-government bodies, as well as the roles and responsibilities thereof in the selected sectors or fields (2023-2026); c. elaborating and submitting to the PM drafts of the necessary legal acts ensuring implementation of the powers, in particular those presuming amendments and supplements to the Law of the RA “On local self-governance”, the Law “On social assistance”, the Law “On general education” and to the relevant secondary legislative acts (2\textsuperscript{nd} ten-day period of September 2024);
4. Introducing different forms of inter-community co-operation; Public Administration Reform Strategy Package until 2030 (as discussed in 2021)\textsuperscript{30}: |

\textsuperscript{29} Based on the Concept № 44 of Community Enlargement and Formation of Inter-Community Associations, 2011 [https://www.arlis.am/DocumentView.aspx?DocID=73958].
1) The strategic goal is:

Effective public administration that provides excellent services through progressive democratic practices in favour of increasing public welfare.

2) The sub-goals of the strategy are:

- Establishment of a realistic, productive, predictable reporting system for strategic planning and policy implementation
- Providing civic, accessible community services
- Establishment of public service, professional, with a sense of public interest, with a decent salary, regardless of the change in the balance of political forces
- Establishment of effective state institutions on the principle of "maximum value for money"
- Establishment of a self-sufficient system for capacity building necessary for the formation and maintenance of quality human capital in the state system
- Establishment of an innovative technology management system
- Resource-efficient and sustainable public administration.

Currently, no coherent decentralisation reform is taking place. “Political power in Azerbaijan is concentrated at the executive level, with regional leaders appointed directly by the president. Municipal authorities align themselves with local branches of state administration, which are extensions of the ruling party and its structure. Azerbaijan has an unofficial system whereby an official or oligarch whose business interests dominate the region unofficially controls each region”\(^{31}\).

In 2020, a National Action Plan for 2020–22 on the Promotion of Open Government was adopted with a component on ensuring accountability, transparency and public participation in local self-governance (Objective 7)\(^{32}\), but its implementation is currently suspended.

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Belarus

There is no coherent decentralisation strategy. The Constitution of the Republic of Belarus provides for two types of local government: the local executive bodies appointed and accountable to the president and the local self-government embodied by the Local Council of Deputies, directly elected for four years. Both levels are subordinated to the central authorities, “they have little say in decision-making and are primarily tasked with implementing instructions from above”33.

In 2017, a discussion on local government reform between the President, the parliament and the National Academy of Science led to a conclusion that no reform was needed, and that the priority should be on “improving the current system”34. Although President Lukashenko suggested a move towards greater autonomy of local self-government bodies, no concrete steps followed and only minor amendments were made to the Local Government Act leaving the entire system highly centralised35.

In 2019, the head of the CEC suggested direct elections of local executive committees and city mayors (currently appointed by the president or elected by members of local councils, however, the idea was not followed up by the central administration36.

In 2020, the president suggested that the time had come for decentralization of power, but yet again an opposite trend of even stronger centralization could be observed37. Likewise, the most recent constitutional reform has not strengthened the autonomy of

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37 Shraibman and Hubarava.
local self-governance and no follow-up was registered on the publicly discuss decentralization; on the contrary, a few presidential decrees adopted in the last months have reinforced the vertical structure of power concentrated in the hands of the president.  

The three strategic goals of the current Georgian Decentralisation Strategy 2020-2025 (December 2019) are:

1. Increase local self-governments’ role in managing a substantial share of public affairs (Objective 1.1 Ensure full implementation of powers granted to local self-governments by the law; Objective 1.2 Increase competencies of local self-governments based on the principle of subsidiarity);

2. Ensure adequate materials and financial resources for local self-governments (Objective 2.1: Support a consistent increase in local government's revenues; Objective 2.2 Improve mechanisms for the allocation of state resources);

3. Develop reliable, accountable, transparent and results-oriented local self-government (Objective: 3.1 Introduce effective and innovative management and quality service delivery systems at a local level; Objective 3.2: Introduce high standards of transparency and accountability; Objective 3.3: Facilitate effective participation in decision making and implementation at a local level).

The decentralization reform in Moldova has not been following a delineated path and has been heavily hindered by the political instability of the country. The core reform under the National Decentralisation Strategy 2012-2015 (extended until 2018) expired with little overall implementation. Since then, the issue was addressed more or less directly by several governmental decisions and strategies, including Public Administration Reform Strategy.

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38 See, for instance, Указ Президента Республики Беларусь от 29 декабря 2020 года №503 (Decree of the President of the Republic of Belarus dd. 29 December 2020 No. 503) expanding the mandate of president-nominated regional inspectors.


Currently, the main priorities are included in the Government’s Action Plan 2021-2023 (Chapter XVI. PUBLIC ADMINISTRATION AND LOCAL AUTONOMY):

16.1. Building a direct, systematic, institutionalized, effective and real dialogue between the Government and local public administrations

16.3. Real and effective involvement of local public authorities in the decision-making process (16.3.1. Creating the platform for communication and consultation of public policies in the field of local public administration through representative associations; 16.3.2. Mandatory consultation of the representatives of the local public authorities in the decision-making process by the central public administration, which concerns the competencies of the local public administration).

16.4. Increasing the financial independence of the first level public administration

16.5. Implementing the e-government agenda at the local level

16.6. Facilitating cooperation and twinning between local public authorities of the Republic of Moldova and the member countries of the European Union, to increase the capacity of local authorities and direct financing of development projects

16.7. International cooperation concerning local democracy.

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### Ukraine

Decentralisation has been among the top priorities for all governments since 2014 when a comprehensive strategy was launched with the Concept of Local Government Reform and Territorial Organization of Power in Ukraine\(^{45}\). Currently, the second phase of the reform is being implemented with the following priorities:

1. Building a new territorial basis for the operation of public bodies;
2. Ensuring efficient local governance and creating an optimised system of territorial organisation of power on a new territorial basis;
3. Fiscal decentralisation\(^{46}\); 4. Constitutional amendments to complete the process\(^{47}\).

### Armenia


**Strategies:** Government’s Five-year action plan\(^{50}\); Public Administration Reform Strategy Package until 2030; Council of Europe Action Plan for Armenia 2019-2022\(^{51}\).

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<thead>
<tr>
<th>Country</th>
<th>Main laws</th>
<th>Strategies</th>
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<tbody>
<tr>
<td>Moldova</td>
<td>Constitution of the Republic of Moldova (chapter VIII);</td>
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<th>Territorial &amp; Policies</th>
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<tr>
<td><strong>Ukraine</strong></td>
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<tr>
<td><strong>Territorial Organisation of the Republic of Moldova</strong>[^59]; Law no. 397 “On Local Public Finances”[^60];</td>
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</tbody>
</table>


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1.2.3. What decentralisation reform dimensions were supported by international aid in EaP countries over the last 2-3 years?

As far as international aid devoted to the six EaP countries decentralisation reform dimensions in the recent years (2-3 years) is concerned, the sectors of intervention were many, in line with the international principles and standards that guide the public administration, local services and the growth of an aware and participatory civil society.

Regarding mainly Armenia, Georgia, Moldova and Ukraine, the support was in fact addressed to reform implementation towards efficiency, transparency and accountability of local administrative and governmental bodies, to modernisation and further digitalisation of public services delivery, in general enhancing the impartiality, transparency, accessibility and accountability of civil services. In this perspectives, international aid supported also the capacity building of the local public administration, service delivery and self-government improvement. Furthermore, international support in the above-mentioned countries targeted citizens’ engagement and involvement, citizens’ mobilisation and the improvement of gender equality and inclusive participation of women in local decision-making.

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In this general picture, however, it seems appropriate to highlight some specific interventions in the six countries, which are of particular interest:

- in Armenia, aid for self-reliance of local communities;
- in Georgia, aid for efficiently addressing rural-urban differences;
- in Moldova, aid for strengthening the accountability, transparency and integrity of public administration, including its professionalisation and depoliticization;
- in Ukraine aid for supporting fiscal decentralization by promoting the effective and efficient management of fiscal resources at local and regional government level as well as the mobilisation of local own-source revenue and external financing for investment. Moreover, aid for supporting the decentralisation process in Donetsk and Luhansk regions, an issue that is of particular importance in the tragic moment we are experiencing.

Data collected so far for Azerbaijan and Belarus, do not allow having a meaningful picture of this field of research. What emerges from a first analysis is that in Azerbaijan international donors have engaged in supporting the promotion of women participation in key governance and decision-making processes, through instruments such as commissions on gender equality, gender budgeting and gender statistics. In Belarus, small grants have been made available to municipalities for local projects. A continuation of research and data collection is still ongoing.

<table>
<thead>
<tr>
<th>Armenia</th>
<th>International donors have supported the following main dimensions:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- local governance and democratic consolidation through supporting the development of effective, transparent, accountable and inclusive self-government bodies;</td>
</tr>
<tr>
<td></td>
<td>- capacity building of the local public administration in line with the Principles of Public Administration;</td>
</tr>
<tr>
<td></td>
<td>- efficient service delivery to local communities;</td>
</tr>
<tr>
<td></td>
<td>- self-reliance of local communities, enhanced citizens’ mobilisation around key reforms, including the Territorial and Administrative Reform (TARA) and inclusive participation of women in local decision-making.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Azerbaijan</th>
<th>International donors have supported the following main dimensions:</th>
</tr>
</thead>
</table>
- facilitating and promoting women's participation in key governance and decision-making processes through instruments such as commissions on gender equality, gender budgeting and gender statistics.

**Belarus**

Small grants to municipalities for local projects to enhance self-governance and management of public funds.

**Georgia**

International donors have supported the following main dimensions:

- facilitating the implementation of public administration reform (2016-2021) through the strengthening of policy planning, human resources management, accountability and service delivery at the central level;
- supporting the implementation of integrated territorial development measures by facilitating the implementation of systemic reform of local and regional governance;
- increasing citizens’ engagement in decision-making and human rights protection at the local level; establishing effective mechanisms of dialogue and cooperation between citizens and self-government administrations, improving gender equality and women's participation in local governance;
- strengthening the efficiency of local administrations by providing advice on aspects such as improved procedures, efficiently addressing rural-urban differences, and others;
- increasing the efficiency, transparency and accountability of local administration through strengthening municipal governments’ institutional and strategic capacity;
- enhancing the impartiality, transparency, accessibility and accountability of civil services.

**Moldova**

International donors have supported the following main dimensions:

- supporting national administration reform through modernisation and further digitalisation of public services delivery as well as inclusive and evidence-based policy development;
- improving public finance management practices in local governments and increasing locally-generated revenues;
- strengthening the accountability, transparency and integrity of public administration, including its professionalisation and depoliticisation;
<table>
<thead>
<tr>
<th><strong>Ukraine</strong></th>
<th>International donors have supported the following main dimensions:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• enhancing civic participation in decision-making, improving the accountability of local authorities towards their communities as well as strengthening the dialogue and consultation mechanisms between civil society and local self-governance;</td>
</tr>
<tr>
<td></td>
<td>• improving the quality of and access to local public services, particularly in rural areas.</td>
</tr>
<tr>
<td></td>
<td>• international donors have supported the following main dimensions:</td>
</tr>
<tr>
<td></td>
<td>• boosting the capacities of key actors at national, regional and local levels to implement key aspects of decentralisation reform through knowledge sharing and capacity building;</td>
</tr>
<tr>
<td></td>
<td>• improving coordination among different levels of government by strengthening local ownership and providing a balance of authority and responsibility between central and local self-governments;</td>
</tr>
<tr>
<td></td>
<td>• supporting fiscal decentralization by promoting the effective and efficient management of fiscal resources at the local and regional government level as well as the mobilisation of local own-source revenue and external financing for investment;</td>
</tr>
<tr>
<td></td>
<td>• supporting capacities of amalgamated communities to deliver efficient, modernized, accessible and transparent public services;</td>
</tr>
<tr>
<td></td>
<td>• strengthening citizens’ engagement and participation in decision-making by facilitating participatory and result-driven dialogue between citizens and self-government institutions as well as supporting the diffusion of information on the decentralisation process and establishment of an effective, transparent and participatory systems of education management for democratic citizenship and human rights;</td>
</tr>
<tr>
<td></td>
<td>• supporting the development of e-services and e-democracy both at the national and the communities’ level;</td>
</tr>
<tr>
<td></td>
<td>• supporting the alignment of local legislation with international standards (e.g. the Council of Europe standards and good practice);</td>
</tr>
<tr>
<td></td>
<td>• supporting the decentralisation process in Donetsk and Luhansk regions.</td>
</tr>
</tbody>
</table>
1.3. Fiscal decentralisation in EaP countries

1.3.1. Key priorities in fiscal decentralisation reform (if any) by partner countries.

Regarding fiscal decentralisation reform, Ukraine and Georgia are making important progresses, while the other countries are still lagging behind. In Ukraine, fiscal decentralization reform was envisaged as part of the comprehensive decentralisation reform launched in 2014: since then, operational and fiscal transparency of local self-governing bodies, as well as civic participation, have been enhanced. In particular, the 2014 amendments to the Budget Code of Ukraine introduced new incentives for fiscal equalisation on local communities, which were granted the right to set local tax and fees rates. The 2020 amendments to the Budget Code further reinforced fiscal autonomy of local authorities and reduced the influence of power groups over local finances.

In Georgia, the “Decentralization Strategy 2020–2025”, alongside an action plan for 2020–2021, envisaged the main priorities of the fiscal decentralization reform. Basically, the introduction of shared tax instead of fixed transfers of 19% of VAT to local budgets and the introduction of a new system for financial equalisation through an assigned share of the Personal Income Tax (PIT) for municipalities (by 2023).

In Moldova, despite the adoption of a favourable regulatory framework, fiscal decentralisation reform is not actively pursued by the government.
In Armenia, Azerbaijan and Belarus no fiscal – or at least not a coherent one – decentralisation reform is currently taking place.

| Armenia | Currently, there is no one coherent fiscal decentralisation reform. The legal framework governing fiscal decentralization is set out in the Constitution, adopted in 1995; the laws on Administrative and Territorial Division (1995); Local Self-Government (1996); Budgetary System (1997); Local Duties and Fees (1998); Financial Equalization (1998); and Local Self-Government (2002)\(^72\). In |

particular, Law on State Budget approved annually establishes the taxes and duties, the income, profit taxes and environmental payments\textsuperscript{73}. Overall, local governments rely strongly on transfers from the central government transfers. In 2019, the Law on Financial Equalization was amended\textsuperscript{74} to allow a more fair distribution of state funds among municipalities based on their budget capacity\textsuperscript{75}.

<table>
<thead>
<tr>
<th>Country</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azerbaijan</td>
<td>No fiscal decentralisation reform is currently carried out. Local budgets depend on subventions, subsidies and loans from the central budget as regulated by Article 26 of the Law on the Budget System. Moreover, “local and regional self-governing bodies, which do not pay their local revenues, must receive financial support from the central budget”\textsuperscript{76}.</td>
</tr>
<tr>
<td>Belarus</td>
<td>No fiscal decentralisation reform is currently carried out. The principle of fiscal decentralisation has had “essentially a declarative character”\textsuperscript{77}: although having some degree of autonomy (e.g. in setting tax thresholds), local authorities are still heavily dependent on centrally decided transfers from the state budget, which do not necessarily take local specificities into account\textsuperscript{78}.</td>
</tr>
<tr>
<td>Georgia</td>
<td>Currently, the main priorities of the fiscal decentralization reform are outlined in the “Decentralization Strategy 2020–25” alongside an action plan for 2020–2021. In particular, &quot;Priority 2: Transfer more financial resources to municipalities” includes a. introduction of shared tax instead of fixed transfers $\rightarrow$ 19% of VAT to local budgets (implemented since 2019) and the introduction of a new system for financial equalisation $\rightarrow$ assigned share of the Personal Income Tax (PIT) for municipalities (by 2023)\textsuperscript{79}.</td>
</tr>
</tbody>
</table>


\textsuperscript{75} LOCAL SELF-GOVERNMENT IN ARMENIA, ed. by Vahram Shahbazyan (Yerevan: Communities Finance Officers Association, 2020), Book 13.

\textsuperscript{76} Ibrahimov.


28
Currently, fiscal decentralisation reform is not actively pursued by the government. Law no. 397 on Local Public Finances enforced in 2015 introduced a new formula for distributing funds from central to local budgets, which reduced the control of central authorities over the process. However, the central government still decides on applied taxes, which undermines the autonomy of local self-governance. Several legislative amendments enhanced the fiscal decentralisation, including changing the destination of land use (2016), transfer of the Road tax to local governments (2017), and sharing the corporate income tax with local governments of the first tier. Finally, in 2020 the Ministry of Finance advanced a legislative proposal to cap local taxes according to which the amount of local taxes would be based on the amount of current revenues collected by local authorities.

Fiscal decentralization reform was envisaged as part of the comprehensive decentralisation reform launched in 2014. Accordingly, the 2014 amendments to the Budget Code of Ukraine introduced new incentives for fiscal equalisation in local communities which were granted the right to set local tax and fee rates. The 2020 amendments to the Budget Code further reinforced the fiscal autonomy of local authorities and reduced the influence of power groups over local finances. Furthermore, a law regulating the succession of property and financial obligations to newly formed territorial units from their predecessors envisaged resources and competencies to provide public service. Overall, the operational

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83 Hirchak, pp. 14–18.


and fiscal transparency of local self-governing bodies, as well as civic participation, have been enhanced recently.

1.4. Administrative territorial reforms in EaP countries

1.4.1. Administrative territorial reforms in EaP countries (if any) and a brief description.

An analysis of what emerges from the data collected on administrative territorial reforms tells about the different levels of progress that the six EaP countries are achieving with regard to decentralization, more or less in line with what emerged in the previous sections of the study.

In Azerbaijan and Belarus the reform process is not moving forward, although there have been some unsuccessful attempts to adopt supporting laws in the last 4-5 years.

In Moldova, the administrative territorial reform has stalled. There have been three reform thus far, the most radical carried out in 1998-1999, which transformed the second-tier of administrative organization of the country (smaller counties instead of Soviet-inherited large ‘raions’) and led to the reduction by approximately one-third of the first tier municipalities. The reform was reversed in 2001, with the return to the previous territorial-administrative system. A new reform was included as a top priority in the Public Administration Reform Strategy 2016-2020, but was not followed up despite calls from international and national experts.

Administrative territorial reforms are progressing in Armenia, Georgia and Ukraine.

In Armenia, the pilot stage of the Territorial and Administrative Reform (TARA) was launched in 2014 and carried on in 2015/2016 in three pilot clusters. The process of municipal amalgamation, launched in 2011 and set to be accomplished by 2018, is yet to be completed. The current plan envisages the further amalgamation of municipalities into 37 clusters. To facilitate the process, a package of legislative amendments has been recently discussed.

In Georgia, the reform process was launched with the adoption of the new Local Self-Governance Code in 2014, granting the self-governing status to all provincial capitals.
and introducing direct election of all mayors, district executives and local councils. The amendment of the Code in 2017, however, reduced the number of self-governing cities from 12 to 5 and provided for amalgamation of several communities.

In Ukraine, the reform process started in 2014, pursuing the main objectives of increasing the size of the lowest level of administrative units, consolidating settlements into amalgamated communities, and decentralizing power in order to delegate authority for the provision of public services to local governments. To back this reform process, specific legislation has been adopted and budgetary laws were amended to transfer powers and corresponding budgetary resources to local authorities in amalgamated communities. In June 2020 the number of territorial communities diminished from 11250 to 1470. The amalgamation process is still ongoing, following the adoption of a new system of administrative-territorial division.

| Armenia | The reform of municipal amalgamation was launched in 2011 with a government’s concept of Community Enlargement and Formation of Inter-Community Associations. The pilot stage of the Territorial and Administrative Reform in Armenia (TARA) was launched in 2014 and carried on in 2015/2016 in three clusters (Dilijan, Tumanyan and Tatev). The process of amalgamation was set to be accomplished by 2018, however, it is yet to be completed. The current plan envisions the further amalgamation of municipalities into 37 clusters. To facilitate the process, a package of legislative amendments has been recently discussed.

| Azerbaijan | No territorial-administrative reform is currently carried out. In 2010, the Milli Majlis (National Assembly of Azerbaijan) reduced the number of municipalities in Azerbaijan from 2757 to 1766, but this reform was reversed. In 2021, the country was divided into 10 |

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<table>
<thead>
<tr>
<th>Country</th>
<th>Status</th>
</tr>
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<tbody>
<tr>
<td>Belarus</td>
<td>No administrative-territorial reform is currently carried out. A few draft proposals were advanced; the latest two in 2018. In September 2020 an interdepartmental working group was established to prepare legislative proposals for enlarging the powers of local authorities and for the administrative-territorial-reorganisation of the country.</td>
</tr>
<tr>
<td>Georgia</td>
<td>The administrative-territorial reform was launched with the adoption of the new Local Self-Governance Code in 2014, which granted the self-governing status to all provincial capitals and introduced direct election of all mayors, districts executives and local councils. The amendment of the Code in 2017, however, reduced again the number of self-governing cities from 12 to 5 and provided for the amalgamation of several communities.</td>
</tr>
<tr>
<td>Moldova</td>
<td>Currently, the territorial-administrative reform is stalled. There have been three reforms thus far; the most radical carried out in 1998-1999, which transformed the second-tier of the administrative organization of the country (smaller counties instead of Soviet-inherited large ‘raions’) and the reduction by approx. 1/3 of the first tier municipalities. The reform was reversed in 2001 with the return to the previous territorial-administrative system. A new reform was included as one of the main priorities in the Public Administration Reform Strategy 2016-2020 but was not followed through despite solicitation from international and domestic experts.</td>
</tr>
</tbody>
</table>
| Ukraine     | Administrative-territorial reform was launched in 2014 as a core component of comprehensive decentralisation reform. Its main priorities include: “increasing the size of the lowest level of administrative units, consolidating settlements into amalgamated communities, and decentralizing power to delegate authority for the

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93 For details see Osadci.
 provision of public services to local governments\textsuperscript{94}. The reform is carried out in two phases (1\textsuperscript{st}: 2015-2019; 2\textsuperscript{nd}: since 2019). In 2016, two laws (no. 4772&4773) regulating the voluntary unification of self-government bodies were passed\textsuperscript{95}, which simplified administrative procedures for newly unified communities, e.g. in accessing funds from the central budget. Concomitantly, budgetary laws were amended to transfer to local authorities in amalgamated communities several powers and corresponding budgetary resources.

In 2017-2018 Parliament adopted several key legislative pieces including a law allowing for consolidation across the district boundaries\textsuperscript{96} and mergers of rural communities with oblast cities and already established amalgamated communities\textsuperscript{97}.

The main aim of the second phase of the reform is to conclude the amalgamation process\textsuperscript{98}. To this end in 2020 the law no. 562-IX was adopted to bestow on the government the powers to “approve territories of territorial communities and designate their administrative centres”\textsuperscript{99} which then served as a basis for October 2020 local elections. Furthermore, administrative-territorial plans were prepared for each region proposing borders for newly consolidated communities. In June 2020 the number of territorial communities diminished from 11250 to 1470\textsuperscript{100}. Currently, the amalgamation process is still ongoing\textsuperscript{101} following the adoption of a new system of administrative-territorial division\textsuperscript{102}.

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\textsuperscript{95} ‘Законопроекти Щодо Добровільного Приєднання Територіальних Громад Прийнято в Першому Читанні (Bills on Voluntary Joining of Territorial Communities Were Adopted in the First Reading)’, 2016 <https://decentralization.gov.ua/news/3320>.
\textsuperscript{99} Hirchak.
\textsuperscript{100} Ibid.
\textsuperscript{101} The progress of the reform can be consulted here: <https://decentralization.gov.ua/mainmonitoring#main_info>
\textsuperscript{102} For more details see Ministry of Communities and Territories Development of Ukraine, ‘Адміністративно-Територіальний Устрій України (Administrative Division of Ukraine)’ <https://atu.decentralization.gov.ua/>.
2. Reform support through international development and development policy at the present stage

2.1. Support of local government reforms in EaP Countries

2.1.1. Scaled decentralisation projects in EaP countries over the last 2-3 years, including future commitments and a brief analysis

| Armenia | a. Democratic Development, Decentralisation and Good Governance\(^{103}\)  
(Council of Europe; donor: Austrian Development Agency; 01.12.2018 - 31.05.2022; funding amount: EUR 1 350 000)  
The main goal of the project is to strengthen the efficiency of municipal services and institutional structures at the local level in Armenia through improved governance practices, more effective citizens’ participatory mechanisms, including equal opportunities for women in political decision-making, as well as an improved legal framework aligned to European standards. It is designed to support the development of accountable and transparent local government bodies, develop the capacities of local institutions and officials; promote local ownership and sustainable outcomes; and promote respect for principles of good governance and public administration. The target group comprise an estimated number of 20,835 direct beneficiaries, including central and local officials, civil society actors, and indirectly residents of 10 amalgamated communities. |
<table>
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<tbody>
<tr>
<td>b. Strengthening the Communities Association of Armenia and Transparent, Participatory Local Governance(^{104})</td>
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</tbody>
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(Council of Europe, donor: Swiss Agency for Development and Cooperation, 15 July 2019 – July 2022, budget: EUR 900 000)

The Project aims to improve the quality of local democracy in Armenia and enhance citizen’s confidence and trust in local authorities through greater voice (empowering local authorities by consulting them on matters that concern them directly), accountability, effectiveness and inclusiveness (enhancing consultations with citizens and civic participation in local decision-making) of the local self-government bodies. The Project has two main lines of action a) at the national level, supporting the institutional strengthening of the Communities Association of Armenia (CAA) for representation of the interests of its member local authorities and establishing a formal, effective consultation mechanism between the Government and the local authorities; on the local level raising the awareness on the Council of Europe standards on the political integrity, ethics, transparent and open local governance and supporting the local authorities to develop, adopt and implement local codes of conduct and local anti-corruption strategies.

c. Good Local Governance in the South Caucasus program 105
(Implementor: German Agency for International Cooperation-GIZ; April 2020 – March 2023)

The program is implemented in partnership with the RA Ministry of Territorial Administration and Infrastructure, with the support of the German Federal Ministry for Economic Cooperation and Development and co-financed by the Swiss Agency for Development and Cooperation (DEZA) in Armenia. The objectives of the programme include capacity development at the local level in the South Caucasus countries, enhancing the delivery of high-quality services, promoting the participation of residents in municipality management and overall improvement of the local self-governance. It operates across several thematic areas such as the administrative-territorial reform, municipal economic development, planning and program budgeting, capacity development of municipal servants and e-governance.

105 https://www.giz.de/en/worldwide/20315.html
<table>
<thead>
<tr>
<th>Country</th>
<th>Project Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azerbaijan</td>
<td>a. <strong>Open Government Partnership</strong>&lt;sup&gt;106&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>The project is currently suspended, but its 3&lt;sup&gt;rd&lt;/sup&gt; Action Plan was</td>
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<tr>
<td></td>
<td>supposed to be carried out between 2020 and 2022. It contains several</td>
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<tr>
<td></td>
<td>objectives aimed at enhancing local self-governance, in particular objective 4.</td>
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<tr>
<td></td>
<td>Measures to improve public services; objective 5. Expanding the activities of</td>
</tr>
<tr>
<td></td>
<td>civil society members, increasing public participation and civilian oversight;</td>
</tr>
<tr>
<td></td>
<td>and especially the objective 7. Measures to ensure accountability, transparency</td>
</tr>
<tr>
<td></td>
<td>and public participation in local self-governance.</td>
</tr>
<tr>
<td>Belarus</td>
<td>a. <strong>Strengthening participatory democracy and human rights at the local level</strong></td>
</tr>
<tr>
<td></td>
<td>in Georgia**&lt;sup&gt;107&lt;/sup&gt;**</td>
</tr>
<tr>
<td></td>
<td>(implemented jointly by the Directorate General of Democracy, Division of</td>
</tr>
<tr>
<td></td>
<td>Elections and Participatory Democracy and the Congress of Local and Regional</td>
</tr>
<tr>
<td></td>
<td>Authorities under the Council of Europe Action Plan for Georgia 2020-2023;</td>
</tr>
<tr>
<td></td>
<td>amount: EUR 1 800 000):</td>
</tr>
<tr>
<td>Georgia</td>
<td>The project’s main objectives are enhancing citizens’ public participation</td>
</tr>
<tr>
<td></td>
<td>in decision-making and human rights protection at the local level as well as</td>
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<tr>
<td></td>
<td>introducing mechanisms of effective cooperation between local authorities and</td>
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<tr>
<td></td>
<td>CSOs. It also aims at strengthening the capacities of local authorities and</td>
</tr>
<tr>
<td></td>
<td>the National Association of Local Authorities of Georgia (NALAG) to protect</td>
</tr>
<tr>
<td></td>
<td>human rights in its decisions and strategies. Its key activities focus on</td>
</tr>
<tr>
<td></td>
<td>promoting effective, balanced and inclusive citizens’ participation in local</td>
</tr>
<tr>
<td></td>
<td>decision-making, developing the institutional capacities of local authorities</td>
</tr>
<tr>
<td></td>
<td>and NALAG to carry out their responsibilities, strengthening the protection of</td>
</tr>
<tr>
<td></td>
<td>human rights at the local level, and contributing to the development of national</td>
</tr>
<tr>
<td></td>
<td>legislation and policies in line with European norms and standards. Project</td>
</tr>
<tr>
<td></td>
<td>activities are implemented in selected municipalities in the</td>
</tr>
</tbody>
</table>

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<sup>106</sup> https://www.opengovpartnership.org/members/azerbaijan/  
priority regions, i.e. Tbilisi, Samtskhe-Javakheti, Kvemo Kartli, Kakheti, Imereti, Guria, Racha-Lechkhumi and Kvemo Svaneti.

b. Good Governance for Local Development South Caucasus – Georgian Component

(Commissioned by: German Federal Ministry for Economic Cooperation and Development (BMZ); Partner Agencies: Ministry of Regional Development and Infrastructure of Georgia (MRDI) and Ministry of Finance of Georgia (MoF); April 2020 – March 2023; funding amount: EUR 6 800 000)

The project is part of the regional Good Governance South Caucasus programme aimed at strengthening the good governance principles through, among others, enhancing citizens’ participation in local decision-making, improvement of the legal and institutional framework, procedures, instruments and institutions, enhancing citizen-oriented, efficient public services, strengthening citizen participation mechanisms in the provision of services and promoting gender equality. It is also supportive of the implementation of Agenda 2030 at the local level.

c. Support the Public Administration Reform in Georgia

(Implementing Organisation: Sofreco, Particip GmbH Consultants für Entwicklung und Umwelt, Konrad-Adenauer-Stiftung; Donor: EU; 26.01.2019 – 17.10.2023; funding amount: EUR 3 642 200)

The main aims of the project are to provide technical assistance to the Georgian government in an efficient implementation of Public Administration Reform, improvement of the quality of public administration in line with European principles and professional standards, enhancement of transparency, accessibility and the quality of services, strengthening transparency, accessibility and accountability of public administrations and improved management of public finances.

Moldova

a. Ma Implic - Project on civic engagement in local governance

109 https://eu4georgia.eu/projects/eu-project-page/?id=332
110 The project has two phases, further details can be consulted here https://www.eda.admin.ch/countries/moldova/en/home/internationale-
The main objective of the project is to strengthen the capacities of rural municipalities to provide high-quality, efficient and accessible services to local communities as well as enhance the capacities of the local administrations to manage service provision in a participatory, effective, inclusive and sustainable way, including resource mobilisation and co-financing. It also aims at facilitating the participation of citizens in the decision-making and monitoring of public services. Finally, it envisages assistance to central authorities and key stakeholders in developing appropriate policy and legislative frameworks and financial environment to support the implementation of the decentralisation reform. The project is developed in synergy with other initiatives involving international donors, including USAID, UNDP, UNFPA and the Council of Europe aimed at facilitating the decentralization process in Moldova through building the capacities of local governments to meet citizens' needs and strengthen citizen confidence in democratic institutions.

b. Regional Fund Administrative Reform in the Eastern Partnership – Phase II

(commissioned by German Federal Ministry for Economic Cooperation and Development and led by partner institutions in each country; 2020 – 2024; funding budget: up to € 500 000 to finance sub-measures for up to 3 years)

The Fund provides financial support for regional cooperation among EaP countries aimed at supporting decentralisation reforms in target countries. The cooperation is anchored on the SIGMA principles promoting a well-functioning public administration and reporting system and envisages several areas of action, including enhancing the competencies of decision-makers, civil servants, and public employees in charge of designing and implementing the reforms.

The project targets all six EaP countries, including Moldova, for details see https://www.giz.de/en/downloads/Flyer_EN_web.pdf

111 The project targets all six EaP countries, including Moldova, for details see https://www.giz.de/en/downloads/Flyer_EN_web.pdf
improving the regulatory and institutional frameworks, enhancing access to and performance of public services and e-governance as well as support the creation of a network of the reform-related actors to foster cooperation and mutual learning.

c. Single Support Framework Republic of Moldova 2017-2020\(^{112}\)

(Objective 2. Strengthening institutions and good governance, including the Rule of Law and Security; overall funding budget: EUR 42 600 000 – 52 200 000)

Objective 2 aims at supporting the implementation of public administration reform at the national and local levels through several measures including, among others, the development of an accessible, efficient, cost-effective and high-quality public services at the national and local levels, improvement of the framework of administrative procedures for service delivery and increased availability of effective e-governance services, modernisation and further digitalisation of public services delivery, enhancing inclusive and evidence-based policy development and coordination based on high-quality official statistics, improvement of accountability and governance of public administration, enhancing transparency and efficiency of public finance management systems as well as support for professionalization and depoliticization of public administration.

<table>
<thead>
<tr>
<th>Ukraine</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Enhancing decentralisation and public administration reform in Ukraine(^{113})</td>
</tr>
<tr>
<td>(implemented under the framework of the Council of Europe Action Plan for Ukraine (2018-2022))</td>
</tr>
</tbody>
</table>

The project has three interrelated components aiming at improving the legislative framework on local self-government aligned with European standards (through the provision of legal expertise and policy advice), strengthening the capacities of local and regional authorities to deliver efficient and service-oriented public administration (through an exchange of good practices, capacity building training, etc.), and raising awareness of the results and impact of decentralization of power and local self-government reform among the general population.

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b. Governance And Local Accountability (Hoverla) Activity\textsuperscript{114} (USAID, 19.03.2021 – 20.03.2026, funding amount: USD 74 000 000)

The project assists the Ukrainian government in implementing decentralization reform by supporting local governance institutions to become more self-reliant, accountable to citizens, and able to effectively provide services as well as to develop a clear division of responsibilities and authorities between different levels of government. It aims to ensure that Ukraine’s system of local self-governance is increasingly institutionalized and effective, that subnational governments are more self-reliant, and that citizens can play an increasingly influential role in local governance processes, increased citizen awareness and participation in budgeting. The project’s activities are concentrated in Kyiv and 7 oblasts (approximately 50 consolidated communities) and it targets government institutions, aligned with other donor-funded projects to ensure relevant and timely technical assistance is provided.

c. U-LEAD with Europe: Ukraine – Local Empowerment, Accountability and Development Programme\textsuperscript{115} (implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Swedish International Development Cooperation Agency (Sida); supported by European Commission, German Federal Ministry for Economic Cooperation and Development (BMZ), Ministry of Foreign Affairs of Denmark, Ministry of Foreign Affairs of Estonia, Ministry of Foreign Affairs of Poland, Ministry for Foreign Affairs of Sweden in partnership with the Ministry of Development of Communities and Territories of Ukraine (MinRegion); 01.01.2016 – 31.12.2023, funding amount: EUR 152 300 000)

U-LEAD with Europe is a multi-donor action of the European Union and its member states to support Ukraine in strengthening local self-government. Its main objective is to help Ukraine to develop transparent, accountable and responsive multi-level governance, enhance the capacities of key national, regional and local actors to carry out tasks supportive of the implementation of decentralization.

\textsuperscript{114} https://donors.decentralization.gov.ua/en/project/hoverla
\textsuperscript{115} https://donors.decentralization.gov.ua/en/project/u-lead
reform, strengthen citizens’ participation in local public affairs and enhance the development of well-functioning Administrative Service Centres capable of delivering citizen-oriented services. U-LEAD has its regional offices in all 24 oblasts of Ukraine, and an EU Project Office in Mariupol, Donetsk Oblast, to support the Sea of Azov region where it provides advice on strengthening local self-government and regional development to the national level, improving coordination between different ministries and levels of government.
2.2. Support of the local government in EaP countries

2.2.1. Projects in which local governments are beneficiaries in EaP countries over the last 2-3 years, and a description of the biggest projects and approximate total number of small projects. The extent to which projects benefitted from investments in infrastructure and local services, and a brief analysis.

<table>
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<tbody>
<tr>
<td></td>
<td>The project was a USAID funded five-year activity, aimed at increasing civic engagement in decentralization and local self-government reform. It provided citizens with reliable information and strengthened civil society’s capacity to promote effective, accountable and participatory local governance. The Program was implemented by a consortium of local organizations, which carried out activities such as identification of perceptions and expectations of the society from local government and decentralization reform, building the capacity of local authorities and civil society actors to articulate needs and monitor the implementation of reforms, supporting local civil society initiatives and providing high-quality policy and legal recommendations on local self-government and decentralization.</td>
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<tr>
<td></td>
<td>b. Local Governance Reform Activity(^{117}) (August 2015-June 2022; funding budget: USD 10 900 000)</td>
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<tr>
<td></td>
<td>The project, sponsored by USAID and GIZ and implemented by the Armenian Territorial Development Fund, assists the Ministry of Territorial Administration and Infrastructure to implement the Territorial and Administrative Reform of Armenia. Its main objective is to strengthen local governance through improved service delivery to constituents and providing matching grants for community development in 13 consolidated clusters aimed at boosting the local self-government process.</td>
</tr>
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</table>


c. Improvement of the local self-governance system in Armenia\textsuperscript{118} (main donor: Switzerland; 01.07.2019 – 30.06.2023; funding budget: CHF 8 307 675)

The project aims at achieving four main outcomes, including favourable framework conditions for decentralization created by the central government, delivery of relevant services at the local level, enhanced civic participation at the local level and delivery of the required services to the municipalities by the Community Association of Armenia (CAA). The programme supports the already consolidated 52 municipalities as well as yet-to-be-consolidated municipalities in the framework of the further roll-out of territorial-administrative reform (TARA). The Ministry of Territorial Development also benefits from this program in terms of capacity development, the elaboration of a National Training system and a sound legal framework for decentralization.

d. Citizens Voice and Actions on Local Development in Consolidated Communities in Armenia\textsuperscript{119} (main donor: EU (89%); Implementing Partners: Communities Finance Officers Association (CFOA), Union of Communities of Armenia (UCA), Association of Local Democracy Agencies (ALDA); funding budget: EUR 1 120 000):

A 30-month EU funded project targeting the 52 consolidated communities across Armenia, aiming at enhancing their capacity to design and implement sustainable local development projects. The project also aims to strengthen cross-border cooperation between Armenian and Georgian communities, create a pool of more than 50 small and 7 middle-scale innovative community-driven investments to promote outdoor activities and local tourism development and raise awareness on civic engagement and oversight, particularly via citizen budgets and outreach campaigns. In addition to the small and medium-scale projects, up to 3 large-scale projects will be awarded grants and implemented in Lori, Tavush and Shirak marzes.

\textsuperscript{118}https://www.eda.admin.ch/countries/armenia/en/home/international-cooperation/projects.html\textsuperscript{119}https://cfoa.am/activity/program/5d1295c7ca0ab22b75166a54
e. Social Investment and Territorial Development Program\textsuperscript{120} (2015-2023)

Since 2015, the Territorial Development Fund has been implementing its Social Investment and Territorial Development Program, which has two main components, a. Support to Socio-Economic Development (including, among others, development of social and economic infrastructure), and b. Inter-Community Social support (including, among others, reduction of regional asymmetries of socio-economic local development). The program provides co-financing for small- and micro-projects in the consolidated communities for a total of USD 42 930 000 (of which USD 30 000 000 is an IBRD loan). It envisaged supporting exclusively the sustainable public investments, excluding any private business or investments that could be privatized in the future.

f. There are currently 4 ongoing projects in the field of Public Administration supported by the World Bank\textsuperscript{121} (Local Economy and Infrastructure Development Project; Fourth Public Sector Modernization Project; Third Public Sector Modernization Project; Implementation of the National Strategy Program for Strengthening of the National Statistical System).

\begin{tabular}{|l|}
\hline
**Azerbaijan**  
a. There are currently 4 ongoing projects in the field of Public Administration supported by the World Bank (Second National Water Supply & Sanitation Project; Judicial Services and Smart Infrastructure Project; Additional Financing for Judicial Services & Smart Infrastructure Project; Integrated Solid Waste Management Project)\textsuperscript{122}.

b. The EU-funded projects\textsuperscript{123}

\hline
**Belarus**  
a. Support to Local Economic Development in the Republic of Belarus\textsuperscript{124}

\hline
\end{tabular}

\textsuperscript{120}http://www.atdf.am/Content/UploadedFiles/SILD/BriefSILDE.pdf
\textsuperscript{121}https://projects.worldbank.org/en/projects-operations/project-detail/P148836
\textsuperscript{122}https://maps.worldbank.org/projects/wb/sector/Public\%20Administration/country/AZ/Azerbaijan?active=1
\textsuperscript{123}https://eu4azerbaijan.eu/projects/?filter=ongoing\&country_view%5B0%5D=6\&pageno=1
\textsuperscript{124}https://www.by.undp.org/content/belarus/en/home/projects/SPRING.html
The Project aims at developing strategic solutions to the problems of local development in conjunction with regional processes and at supporting grassroots initiatives. Its objective is to assist local authorities and civil society organizations to improve good governance standards through a participatory approach and strengthened dialogue between authorities, businesses, not-for-profit organizations and citizens as well as strengthen the sustainable socio-economic development and reduce regional disparities. Project partners include Regional Executive Committees, as well as district administrations and self-governance bodies in the territory of these regions. The project strategy is centred on Area-Based Development (ABD) methodology, which takes into account the local specificities of each target area and its main activities include, among others, training and technical assistance in the preparation and planning of local initiatives, co-financing options and formalization of applications. It also provides financial aid for local projects.

b. ComManaging Municipality (COMMA) – communication and management for community involvement in municipal governance in Belarus  
(May 2018 – March 2023; main donors: UNDP, Government of Poland, EU Commission; implementing partner: Ministry of Economy of Belarus)

The main goal of the project was to share knowledge on measures aimed at improving municipal governance and urban residents' well-being by encouraging efficient cooperation between local authorities and communities and participatory management through seminars, conferences and consultations held between partner cities in the EU and Belarus. The thematic areas of the project included, among others, urban green zone development (in Mahilioŭ), IT for

urban management (in Baranavičy), and innovative technology solutions for improving energy performance (in Čavusy).

c. **TANDEM-IV Cooperation for Citizen Participation and Community Development in Belarus**
   (October 2017 – March 2019)

TANDEM IV was the 8th round of a program led jointly by ALDA and its Belarussian partner “Lev Sapieha” NGO since 2011. The main aim of the project was to provide mini-grants for local projects promoting sustainable development as well as strengthening citizens' participation in decision-making at the local level. The main pillar of the TANDEM IV project was to provide support in the delineation and implementation of citizens’ initiatives for local development and to strengthen the cooperation between citizens and local authorities. During the 8 rounds, a total of 98 projects (with 420 applications received) were funded for a total of EUR 473 000.

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<th>Georgia</th>
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| a. The main bilateral projects in Georgia are:
| The Covenant of Mayors
An EU-financed initiative supporting actions to mitigate climate change effects at the local level involves 40 municipalities. It supports the development of Sustainable Energy Action Plans and provides grants for municipality-based projects.
| Mayors for Economic Growth (M4EG)
An EU-funded initiative aimed at the promotion of inclusive economic growth at the local level involves 45 municipalities of which 37 have developed municipal strategies for social and economic development. 3 municipalities were awarded grants (350 thousand EUR each) for the implementation of specific projects on local economic development.
| Open Governance Partnership
A UNDP-led multi-donor initiative involving 50 municipalities of which 10 have developed action plans for enforcement of the Open Governance Partnership principles and 3 municipalities have

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developed strategies for the fight against corruption at the local level.

**Fostering Local and Regional Development in Georgia**

A UNDP-implemented programme, funded by the Swiss Development Cooperation (SDC) and the Austrian Development Agency (ADA) involves 27 municipalities that receive financial assistance for implementing projects for support of local SMEs, tourism development and good governance.

**The EU through civil society organisations and local administrations development programs**

Georgian municipalities participate in calls for proposals announced by the EU Delegation to Georgia. 5 municipalities are beneficiaries of the program with an average budget of EUR 450 thousand per municipality. The themes include tourism development, promotion of local economy, energy efficiency, revitalisation of industrial cities and good governance.

**USAID Georgia Good Governance Initiative**

This project assists 5 municipalities in the organisation of inter-municipal cooperation.

**Polish Aid**

Assists 6 municipalities with the implementation of the Citizen Budgeting Initiative as well as funds the Citizen Participation Academy established by Polish and Georgian partners.

b. Furthermore, there are currently 5 ongoing projects in the field of Public Administration supported by the World Bank (Third Regional Development Project; Economic Management and Competitiveness Development Policy Operation: COVID19 Supplemental Financing; Additional Financing for the Second Regional and Municipal Infrastructure Development Project; Second Regional and Municipal Infrastructure Development Project; Second Regional Development Project Additional Financing)\(^{128}\) as well as several EU sponsored Good Governance projects\(^{129}\).

**Moldova**

a. Edinet - Insights into tomorrow's cities\(^{130}\)

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\(^{128}\)[https://maps.worldbank.org/projects/wb/sector/Public%20Administration/country/GE/Georgia?active=1]

\(^{129}\)[https://eu4georgia.eu/projects/?search=&filter=ongoing&country%5B%5D=1&country%5B%5D=2&topic%5B%5D=15]

\(^{130}\)[https://eu4moldova.eu/projects/eu-project-page/?id=1556]
The project’s main objective is to improve the quality of urban development, citizens’ satisfaction and public services in Edinet municipality through the implementation and evaluation of long, medium and short-term smart solutions in different fields of urban development, including e-local governance, urban mobility, public lighting, water supply, public security, green area management, etc. The smart solutions are selected based on inhabitants’ opinions regarding local challenges and priorities in each field of urban development.

b. EU4Moldova: Focal Regions\(^{131}\) (2019-2024; funding budget: approx. USD 26 000 000)

It is a multi-partner project benefitting the municipalities of Ungheni and Cahul (and neighbouring communities) aimed at improvements in three key areas: a. at the self-governance level through enhancing transparency and accountability of local public authorities as well as improvement of the accessibility, quality and efficiency of public services and utilities; b. at the citizens’ level through strengthening their participation in local governance processes and capacity to articulate their demands; and c. at the private level through promoting smart specialization of the economy, encouraging private investments, and creating employment opportunities for inhabitants of the two focal regions. In the framework of the programme, 4 local public service and infrastructure development projects have been finalized (including building a new water supply network in Ungheni and preparing a technical design for creating a SMART public street lighting system in Cahul) along with the launch of 2 projects to improve local public services and infrastructure development (revitalization of Cahul municipality urban centre and renovation of the public street lighting system and construction of a SMART grid in Cahul municipality).

c. AGREED\(^{132}\)

\(^{131}\)https://www.md.undp.org/content/moldova/en/home/projects/eu4moldova-focal-regions.html

\(^{132}\)https://www.alda-europe.eu/progetto/agreed/
The AGREED project was designed to strengthen the capacity of Moldovan local authorities to perform transparent and participatory governance in their communities, with a specific reference to the policymaking process related to the upcoming decentralisation reform. To this end, project activities focused on building the capacities of local authorities and civil society organisations to plan and implement their activities in closer cooperation with local communities, involving them in planning and implementation, reinforcing dialogue, and trust in local communities. The project aimed also at promoting a multi-level governance dialogue between the national government and the local authorities.

d. Besides, there are currently 3 Public Administration Projects sponsored by the World Bank (Land Registration and Property Valuation Project; Tax Administration Modernization Project; Modernization of Government Services in the Republic of Moldova)\(^{133}\) as well as several other local projects sponsored/coordinated by the EU\(^{134}\).

Ukraine

a. Decentralization Offering Better Results and Efficiency (DOBRE)\(^{135}\)
(08.06.2016 – 30.09.2022; funding budget: USD 67 000 000)

The main objective of this project is to provide technical and financial assistance to 75 consolidated communities in seven target oblasts (Dnipro, Ivano-Frankivsk, Kharkiv, Kherson, Kirovohrad, Mykolaiv, and Ternopil) to support the supply of good local governance by strengthening their capacities to manage financial resources and provide high-quality, accessible and transparent public services, among others. It also aims to enhance citizens’ engagement in the decision-making process at the local level and to support constructive interactions with local authorities. In this way, its ambition is also to build broader public support for the overall decentralization process and serve as a model and motivation to other communities seeking to amalgamate. DOBRE Consortium is

\(^{133}\)https://maps.worldbank.org/projects/wb/sector/Public%20Administration/country/MD/Moldova?active=1
\(^{134}\)https://eu4moldova.eu/projects/?search=&filter=ongoing&country%5B%5D=1&country%5B%5D=4&topic%5B%5D=15
\(^{135}\)https://donors.decentralization.gov.ua/en/project/dobre
led by Global Communities, an international NGO with significant experience around the world improving local governance and communities, and comprises several partner organisations including local and foreign partners.

b. **Policy for Ukraine Local Self Governance Project (PULSE)**\(^{136}\) (donor: USAID; implementer: All-Ukrainian Association of Ukrainian Cities (AUC) with its 24 Regional Offices; 14.12.2015 – 13.12.2020, funding budget: USD 8 200 000)

The main purpose of the project is to strengthen local governance, deepen democracy, improve conditions for the development of communities and promote stability. It has three main components:
a. Development of the legal framework for decentralisation reforms aimed at involving local government officials in the legislation work, providing expertise in the law-making process, and enhancing policy dialogue between local government officials and central agencies of the state executive; b. Increasing resources under local self-governments’ authorities focused on expanding the tax base of local self-governance, increasing the effectiveness of property taxes, legalization of income, and strengthening the financial autonomy of institutions in the public sector; and c. Increasing the capacity of key stakeholders to implement decentralization reform by providing training, support consultations and dialogue, etc. PULSE provides consultants at 24 AUC Regional Offices – on budget, on legal issues, and communications and replication of decentralisation reform successes. In addition, 6 hubs on local economic development cover communities from all the oblasts.

c. **Partnership for Local Economic Development and Democratic Governance Project (PLEDDG)**\(^{137}\) (implementor: Federation of Canadian Municipalities (FCM); donor: Global Affairs Canada; ended on 31.03.2021)

The project aimed at strengthening Ukraine’s municipal sector, facilitating effective democratic governance, and fostering economic development in 16 partner cities in Vinnytsia, Ivano-Frankivsk Poltava and Zaporizhia oblasts. Its main activities

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included the development and implementation of strategic documents, conducting educational activities, and exercising successful initiatives that have created a solid basis for qualitative transformations and further development in communities.

d. A comprehensive list of 27 major projects supporting decentralization reform in Ukraine can be consulted here: https://donors.decentralization.gov.ua/en/projects.
3. State of play: overall level of democratization in EaP countries

A) 2021 Nations in Transit Report\textsuperscript{138} (previous versions of this report might also be worth looking at; reports concern the year 2020 though):

a. Armenia

<table>
<thead>
<tr>
<th>2021</th>
<th>2020</th>
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<tbody>
<tr>
<td>Overall score: 33/100 (Semi-consolidated Authoritarian Regime)</td>
<td>Overall score: 33/100 (Semi-consolidated Authoritarian Regime)</td>
</tr>
<tr>
<td>Global score: 55/100 (partly free)</td>
<td>Global score: 55/100 (partly free)</td>
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<tr>
<td>Local Democratic Governance: 2.25/7.00</td>
<td>Local Democratic Governance: 2.25/7.00</td>
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</table>

Key points (chapter on Local Democratic Governance):

- “Under the current government, local governance in Armenia is not as politicized as in the past. Strengthening local governance and autonomy remains a priority of the government and has been a focus of local civil society as well. Local governments and communities need fiscal autonomy in order to be independent and to set priorities based on their needs rather than wait for central government subventions.”;

- “In July 2020, legislators amended the process for electing mayors and municipal councils, requiring elections in towns of more than 4,000 voters to be held through closed-list proportional representation. The changes also eliminated a current bonus seat provision by which a party that receives 40–50 percent of council seats is awarded additional seats in order to reach a majority; required a 70/30 gender quota for electoral lists; and reduced the electoral threshold from 6 to 4 percent for parties and from 8 to 6 percent for party blocs”.

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<tbody>
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<td>Democracy Percentage</td>
<td>27.38</td>
<td>27.38</td>
<td>26.79</td>
<td>26.19</td>
<td>32.14</td>
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<td>2.25</td>
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\textsuperscript{138}https://freedomhouse.org/country/armenia/nations-transit/2021
b. Azerbaijan

<table>
<thead>
<tr>
<th>2021</th>
<th>2020</th>
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<tbody>
<tr>
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<td>Overall score: 2/100 (Consolidated Authoritarian Regime)</td>
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<tr>
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<tr>
<td>Local Democratic Governance: 1.25/7.00</td>
<td>Local Democratic Governance: 1.50/7.00</td>
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</table>

2021 Key points (chapter on Local Democratic Governance):

- “Local government in Azerbaijan is grossly underfunded and has no real authority. While municipal councils are elected by the public, the local chief executives are appointed directly by the president and answer only to him. In 2020, local government played no significant role in the response to the COVID-19 pandemic.”;
- “In 2019, the average municipal annual budget in Azerbaijan was only AZN 22,700 ($13,360). The sum of all municipal budgets in 2019 was AZN 36.4 million ($21.4 million), meaning that Azerbaijan’s total annual expenditures on local self-government amounted to about two dollars per capita.”;
- “The only opposition candidate nationwide to win in the December 2019 municipal elections, feminist activist VafaNaghi, was removed from her position on the municipal council in the village of Kholgaragashli on August 20, 2020.”

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<tr>
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c. Belarus

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<thead>
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<th>2021</th>
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<td>Overall score: 5/100 (Consolidated Authoritarian Regime)</td>
<td>Overall score: 7/100 (Consolidated Authoritarian Regime)</td>
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<td>Local Democratic Governance: 1.25/7.00</td>
</tr>
</tbody>
</table>
2021 Key points (chapter on Local Democratic Governance):

- “Governance in Belarus is based on a high level of centralization. Since the adoption of the new constitution in 1996, all three levels of subnational executive powers are directly accountable to the central government; they have little say in decision-making and are primarily tasked with implementing instructions from above. Local governance (the executive) and self-governance (councils of deputies) de facto build joint entities. Self-governance bodies are elected in a public vote but act rather as an appendage to executive committees. While dependent on tax revenues for their financial well-being, local government officials have minimal influence on local taxation.”;

- “The year 2020 passed without significant changes at the local governance level. Amendments to the Local Government Act came into force in March, but they brought about little practical impact and only somewhat broadened local decision-making in the domain of investment plans. In September, an inter-agency working group met to draft proposals on expanding the autonomy of local government and local authorities, and to analyze the relevant legislation. Yet, all heads of regional and district executive bodies, as well as major state enterprises and universities, continued to be nominated and dismissed by the president. Belarus remained the only European nation that is not a party to the European Charter of Local Self-Government.”;

- “The presidential campaign demonstrated the dependency of local executive entities on the political and security policies advanced by the top levels of government.”;

- “In June, Lukashenka announced that the time for power decentralization was ripe, and that the planned constitutional reform should bring greater autonomy to local governance bodies. On August 17, the president hinted at the possibility that new parliamentary and local elections could be held once the constitutional changes had been adopted. It was far from the first time such plans had been announced but not followed through. Indeed, a reverse trend could be observed, and a December 29 presidential decree further expanded the mandate of Lukashenka’s personal regional aides, who now focused on the issues of national security and political stability.”

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<tr>
<td>Democracy Percentage</td>
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<td>6.55</td>
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d. Georgia

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<tbody>
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<td>Overall score: 36/100 (Transitional or Hybrid Regime)</td>
<td>Overall score: 38/100 (Transitional or Hybrid Regime)</td>
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<td>Global score: 58/100 (partly free)</td>
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<tr>
<td>Local Democratic Governance: 2.75/7.00</td>
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2021 Key points (chapter on Local Democratic Governance):

- “The concentration of power at the center continued to challenge the independence of local governments in Georgia. On the last day of 2019, the government approved the “Decentralization Strategy 2020–25” alongside an action plan for 2020–2021. Yet the strategy suffers from important limitations, discussing only in vague terms such matters as diversifying independent municipal income and transferring state or unregistered property to municipalities, and general plans are envisioned without specificity. However, most of these experts were not consulted prior to the approval of the strategy, which raised concerns about continuing efforts to keep central power concentrated. Limited financial resources continue to be one of the most important obstacles to establishing actual self-governance by local municipalities.”;

- “Still, the Decentralization Strategy encompasses several noteworthy observations regarding public accountability and tailoring of policies to local needs. Further, it identifies legislative collisions between the provisions of sectoral legislation and the existing law of local self-governments that complicates local governments’ independent conduct. It envisions “carrying out a comprehensive revision of Georgian legislation and preparing a package of legislative changes to harmonize with the requirements of the Organic Law on Local Self-Government.”

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</table>
e. Moldova

<table>
<thead>
<tr>
<th>Year</th>
<th>Overall score</th>
<th>Global score</th>
<th>Local Democratic Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>35/100 (Transitional or Hybrid Regime)</td>
<td>62/100 (partly free)</td>
<td>2.50/7.00</td>
</tr>
<tr>
<td>2020</td>
<td>35/100 (Transitional or Hybrid Regime)</td>
<td>62/100 (partly free)</td>
<td>2.50/7.00</td>
</tr>
</tbody>
</table>

2021 Key points (chapter on Local Democratic Governance):

- “While a succession of different governments have expressed support for a reorganization of Moldova’s administrative units, no such reforms made progress in 2020. Unlike in previous years, when at least debates and public events were organized to discuss the topic, the government ignored it completely.”;
- “In October, the Ministry of Finance proposed a law aimed at capping local taxes. The initiative was advanced without consulting mayors and other representatives of local public administrations. Under the draft law, the maximum amount of local taxes would be set based on an analysis of current revenues collected by local authorities. Critics warned that it would lead to the politicization of funding, and that the elimination of certain local taxes would have a negative impact on local budgets. Many mayors declared that the proposal was motivated by the central government’s desire to dominate the local authorities and put an end to their remaining autonomy.”
- “Cases of intimidation and legal harassment targeting local officials continued to be reported, with most directed against individuals who did not belong the ruling parties or had publicly criticized some government action or policy”.
- **Snap parliamentary elections were held in 2021**, which brought the change of government with the victory of pro-European PAS party. PAS now holds the majority in the parliament and the president’s office. It is in general pro-reform and pro-democratisation, thus the overall score of Moldova should improve in the next reporting round.

<table>
<thead>
<tr>
<th>Year</th>
<th>Democracy Percentage</th>
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<th>Local governance</th>
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</thead>
<tbody>
<tr>
<td>2015</td>
<td>35.71</td>
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</tr>
<tr>
<td>2016</td>
<td>35.12</td>
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<tr>
<td>2017</td>
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<tr>
<td>2018</td>
<td>34.52</td>
<td>3.04</td>
<td>2.50</td>
</tr>
<tr>
<td>2019</td>
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</tr>
<tr>
<td>2020</td>
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<td>3.11</td>
<td>2.50</td>
</tr>
<tr>
<td>2021</td>
<td>35.12</td>
<td>3.11</td>
<td>2.50</td>
</tr>
</tbody>
</table>
f. Ukraine

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall score</td>
<td>39/100 (Transitional or Hybrid Regime)</td>
<td>40/100 (Transitional or Hybrid Regime)</td>
</tr>
<tr>
<td>Global score</td>
<td>61/100 (partly free)</td>
<td>61/100 (partly free)</td>
</tr>
<tr>
<td>Local Democratic Governance</td>
<td>3.25/7.00</td>
<td>3.25/7.00</td>
</tr>
</tbody>
</table>

2021 Key points (chapter on Local Democratic Governance):

- “Although progress was made in Ukraine’s administrative-territorial reform, including safeguards for the fiscal autonomy of local self-governments, the system itself remained unbalanced in 2020.”;
- “In 2020, Ukraine adopted a new system of administrative-territorial division. New district divisions were necessary to avoid duplication of powers due to matching jurisdictions of new consolidated communities and old districts in the aftermath of the municipal election”.
- “Communities received guarantees of fiscal autonomy from both district and regional levels with amendments to the Budget Code on September 17. This is a step towards minimizing the leverage of local power groups over consolidated communities. On December 6, a law clarifying the rules of succession of property and financial obligations to newly formed territorial units from their predecessors came into force, thus providing material resources and competences for the provision of public service.”
- “Local governments enhanced their operational transparency and introduced participatory innovations during the year.”
- “In January, an inclusive consultation process began elaborating changes to align the constitution with the outcomes of the decentralization reform, which will continue into 2021. These consultations, involving civic experts, associations of local authorities, MPs, and the government, are ongoing with regard to two new legislative proposals that further delineate the competences of local state administrations and local self-government.”

<table>
<thead>
<tr>
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<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Democracy Percentage</td>
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<td>38.69</td>
<td>39.88</td>
<td>39.29</td>
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<td>39.88</td>
<td>39.29</td>
</tr>
<tr>
<td>Local governance</td>
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<td>3.00</td>
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<td>3.25</td>
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<td>3.25</td>
</tr>
</tbody>
</table>
B. EaP Index 2020-2021

1. Overall score for Democracy and Good Governance (pp. 15-42)

<table>
<thead>
<tr>
<th>Democracy and Good governance</th>
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<tbody>
<tr>
<td>Armenia</td>
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</tr>
<tr>
<td>Moldova</td>
<td>0.71</td>
</tr>
<tr>
<td>Georgia</td>
<td>0.70</td>
</tr>
<tr>
<td>Ukraine</td>
<td>0.69</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>0.35</td>
</tr>
<tr>
<td>Belarus</td>
<td>0.31</td>
</tr>
</tbody>
</table>

The first chapter include many aspects, not all of them may be useful for the purpose of this note, yet it might be worth looking at them for a comparative purpose.

Chapter on Public administration (pp. 38-42)

<table>
<thead>
<tr>
<th>Public Administration</th>
<th></th>
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<tbody>
<tr>
<td><strong>Rank</strong></td>
<td><strong>2020/21</strong></td>
</tr>
<tr>
<td>Georgia</td>
<td>0.72</td>
</tr>
<tr>
<td>Ukraine</td>
<td>0.72</td>
</tr>
<tr>
<td>Moldova</td>
<td>0.68</td>
</tr>
<tr>
<td>Armenia</td>
<td>0.59</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>0.52</td>
</tr>
<tr>
<td>Belarus</td>
<td>0.52</td>
</tr>
</tbody>
</table>

Public consultations

“Discrepancies in civil society’s involvement in public consultation processes persist across the region. Furthermore, palpable gaps exist between legislation and implementation. For example, in Georgia, whilst CSOs and international organisations are informed about which amendments to draft legislative acts are being tabled as a result of consultations, reality suggests that this is not consistently applied. In a similar vein, public consultations in Ukraine have tended to take place at the discretion of the Government. This is noteworthy, given that public consultations are legally required if a draft law deals with human rights issues. In Azerbaijan, authorities are supposed to issue green papers or ex-ante policy options.

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for public deliberation before work on draft laws commences, however, it was reported that proposals and recommendations from CSOs, citizens and experts are not seriously considered by law makers”. p.38

Consultations with local authorities

“In Georgia, the challenge lies with the fact that both central and local governments are run by one party, thus there is currently no local government opposition to decisions made at the centre. The only local government that could claim independence is the city of Tbilisi, and even in this case, given one-party rule, all matters appeared to be settled prior to the announcement of any major policy initiative. Meanwhile, in Moldova, there is no authority responsible for enforcing and monitoring the provision of laws regarding consultations with local authorities, which contributes to a weakening of the role of local authorities. In mid-2021 a new Strategic Plan was published by the Congress of Local Authorities of Moldova (CALM) with the support of the Congress of Local and Regional Authorities of the Council of Europe. The strategy envisages opportunities for local authorities to play a more significant role in the governance structures of Moldova. In Ukraine, the situation seems to be more in line with international best practice in both legislative and practical terms, which reflects the country’s relative success at decentralisation. The Rules of Procedure of the Cabinet of Ministers prescribes obligatory consultations with local authorities for all draft acts that contain issues of importance and concern for the local level. In these cases, representatives of local government bodies or associations take part in meetings of the Cabinet of Ministers”. pp. 38-39.

Principle of self-government

“The principle of local self-government is recognised in the Constitutions and / or relevant domestic legislation of all EaP states. All EaP states also have legislative frameworks that allow for the direct election of members of local councils or assemblies. However, in the case of Belarus, this is on paper only, since mirroring the situation at the national level, local elections are not free and fair.” p. 38.
4. Conclusions and Recommendations

In this section, the results of the research are analyzed in an overall reasoning to identify some possible conclusive indications and to elaborate useful recommendations for the continuation of the work in this area. Conclusions and recommendations are stimulated - and consequently elaborated - by some relevant questions.

**Do enhanced competences of the local government have a positive impact on the overall level of democratisation in a society?**

Looking at the specifics of our research, the matching between the data collected and analyzed and the selected indicators (EaP Index and Nation in Transit) outline a picture from which a correspondence between enhanced competencies of the local government/decentralization and progress of a democratization process emerges.

![EaP Index 2020-2021](image)

The values shown in the preceding and following graphs reflect the outcomes of the analysis carried out.
Where it was found that the countries have defined and are carrying out more consolidated strategies of devolution and political-administrative decentralization, the overall indexes on the democratization of the system and/or on the progress of a democratic transition tend to be higher and grow over time.

Naturally, not all the complexity of a set of phenomena and processes of socio-economic-political change can be summarized and traced back to those indices, but they still remain a very relevant indicator.

From a broader perspective, the correspondence between greater capacities of the local level of government and the level of democratization of a society is one of the cornerstones of the acquis communautaire. It is worth referring to one of the EU fundamental principles, the subsidiarity principle, whose rationale lies precisely in the consideration of the greater effectiveness of an action carried out, but also conceived or programmed, by a level of government closer to the interests of the community, whether it is national, regional or local. Furthermore, in the concept of subsidiarity, there is also the consideration that a local level of government is more accountable, and its decision-making processes are more monitorable and controllable by citizens and stakeholders in the various policy areas.

In terms of recommendations, therefore, it could be more effective to include in the fundamental or ordinary legislation of a country the principle and concept of subsidiarity, properly meant as a dynamic principle of allocation of powers among the different levels of government, rather than proceeding with partial or sectoral
reforms. This not only as a guiding principle of a more balanced and democratic system of government, but also as the inspiring principle of a new system of social and political relations. Finally, yet importantly, it could be a further step by a country and its society towards the system of values and rules represented by the acquis communautaire.

In this perspective, the European Commission communication “Empowering local authorities in partner countries for enhanced governance and more effective development outcomes” (EC, 2013), committing the EU to the promotion of territorial development, can also be considered a reference. In this landmark document, the European Union looks at the role of local authorities as key representatives of local polities in a given territory, not just managerial agents of the state, and at decentralisation as a vehicle to create space for developmental local authorities.

**Is citizen involvement greater in societies with higher levels of decentralisation and devolution of power?**

Without any doubt, it can be said that in general citizen involvement is greater in societies with higher levels of decentralization and devolution of powers. However, in order to go more into the specifics of the issue, the concept of citizen involvement must be developed in different dimensions of such an involvement: for example as far as budgeting, deliberation, planning, are concerned.

The research carried out makes it possible to strengthen this perspective, albeit always in general terms. In fact, it is not easy - and the data collected does not allow to do so - to evaluate the effective involvement of citizens in the relevant moments of the life of a community (in the sense of participation in the choices and decisions relevant to a community), except for an unequivocally decisive and identified moment such as that of participation in the electoral vote.

From a theoretical point of view, but in any case significant, democracy requires public participation and community engagement to engender a government “of the people, by the people, for the people”.

Local governments, more than national ones, find their essence in the ability to involve members of their own community. They are called to do it in a robust, constant and equitable manner in order to effectively carry out the key functions of government, such as shaping and implementing laws, budgets, plans, directives, and
a strategic vision. An equitable, inclusive community involvement approach to public decisions ensures that the people most affected and most marginalized, especially those who have been traditionally left out of decision-making (e.g., low-income people, returning citizens, national, ethnic and linguistic minorities, recent immigrants, etc.), have a say in the decisions that affect their lives.

In terms of recommendations, although the first important step is to promote the adoption of a favorable regulatory framework for pluralism and decentralization, the definition and implementation of practices and processes becomes crucial for the effectiveness of civic involvement. In fact, inclusive civic involvement results in consultation and deliberation processes and practices, leading to decisions that are more responsive to community priorities and creating relationships that hold local governments accountable.

The processes and practices that can be defined at the local level, such as community pacts and guidelines for consultative and deliberative democracy, are intended as operating rules and not necessarily as legal rules. Therefore, these are not acts having the force of law, with all the implications they have for their adoption and in terms of devolution of powers at the national level, but they are acts having the force of public consultation and the value of the public opinion of the community. These guidelines, these operational tools, can be effectively focused on some specific dimensions of civic involvement, as previously mentioned.

First, on budgeting, as far as the allocation of limited financial resources to support the delivery of local key public services is concerned. Civic involvement can support the sharing of a broad multi-year economic planning, commonly defining its vision, strategies and priorities.

Moreover, on planning for the future growth of a community. Community participation provides key information to help understand needs and concerns and, ultimately, to gather support for proposed projects.

Furthermore, on deliberation, that is something more than elections, involving dialogue, debate, and discussion among all interest groups at the local level about the key decisions and actions they face together, in an effort to solve problems that arise in the community.
Is larger funding that is offered to local and regional authorities (due to fiscal decentralisation, direct budgetary support, or from external financial support programmes) beneficial for raising the level of local democracy, particularly for increasing local politician and citizen ownership?

The research revealed the availability of economic support that EaP countries, in different sectors and not with the same volumes, have had in recent years.

However, this support has not always had the ideal characteristics, which are those of continuity/structurality (e.g. due to fiscal decentralization), direct involvement of the beneficiaries in the choice of intervention priorities, and programming of the support based on a correct needs collection and analysis.

In terms of recommendations, it should be pointed out that in this type of intervention, the resources undoubtedly have relevant importance, but the expenditure must also be effective and sustainable.

To achieve change objectives such as those in question, resources and spending planning must be guided by medium-long term strategies. The availability of financial resources could be not enough if not placed in a favorable context, which can be referred to as the concept of national ownership and long-term commitment and which implies - in our opinion - the existence of 3 enabling factors:

- an enabling regulatory framework
- a medium-long term strategy
- enabling pre-conditions (free information and freedom of information, communication and awareness-raising campaigns, constant investment in a free and plural education system, political education meant as the process of gaining knowledge about community affairs by the citizens, thus closing the gap between the political “elite” and members of the community)

These factors are consistent with an approach to funds and spending similar to that adopted and improved over time by the Cohesion Policy and the European Structural Funds, but also by other sources of EU funding, including pre-accession funds or cooperation funds. In those cases, the access to resources is bound to certain pre-conditions (so-called ex-ante conditionalities in the 2014-2020 Cohesion Policy programming period, or enabling conditionalities in the 2021-2027 programming period) that allow for a maximized and optimized impact.
Without these factors and preconditions for effective spending, investments cannot have a structural impact and, therefore, fail to generate change.

These are the lessons learned - if we want to go to the previous example - from the Cohesion Policy. Decades of investments, if not guided by strategy and supported by enabling conditions, have in many cases failed to generate the expected change, that is the growth of the GDP of all the Regions involved.

Finally looking at the external financial support, it is worth pointing out that evidence from several countries worldwide indicates that the efforts of international actors to support democratic transitions and devolution of powers to regional/local actors in the absence of strong domestic commitment are unlikely to be successful in the long run.

To be successful, international support must be sensitive to context and homegrown and shared democratic agendas, focusing on inclusive processes of decision-making and strong domestic accountability systems.

**Ultimately, is there a causal connection between the level of decentralisation and local democracy, and the overall level of democratisation in a given society?**

We can say that this is the case in general terms, also because a country and its society are made up of local societies, of territories. In this sense, however, decentralization must be broad and it must include, albeit with different levels of decentralization and autonomy, all the territories of the country, and not be limited only to specific and restricted areas. Decentralization must become the guiding principle of a governance model and not remain confined to good practices, which are linked only to some specific policy areas or only to some levels of government or specific territories with greater autonomy.

However, it is necessary to clarify what is meant by decentralization and local democracy. Once again, for there to be a parallelism between political-administrative decentralization and the democratization of society, such decentralization must be widespread and equitable throughout the country.

Aiming at proposing recommendations, the breakthrough from political-administrative decentralization to the democratization of a society requires the lever of real/effective involvement of local communities.
Local community participation is the cornerstone of modern notions of citizenship because its institutions and decision-making procedures may allow for a more direct form of democracy in which the voices of ordinary individuals can be heard most easily. Participation is understood in the meaning of proximity to the previously mentioned concept of deliberation.

Therefore, any form of support for the organizational and participatory capacities of the community is a factor in the growth and democratic development of a country and its society. In this perspective, the empowerment of civil society organizations, both those that represent the most influential actors and those that can give space to often-disempowered groups such as women, youth and minorities, can be the real link between decentralization and effective democratic ownership of local communities.

John Stuart Mill and other advocates of participatory democracy at the local level argued that unlocking the virtue and intelligence of the populace would foster good government and promote social welfare.
Resources:


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Armenia

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Civic Engagement in Local Governance (CELoG) Program

Democratic Development, Decentralisation and Good Governance

Good Local Governance in the South Caucasus program
<https://www.giz.de/en/worldwide/20315.html>

Improvement of the local self-governance system in Armenia

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Strengthening the Communities Association of Armenia and Transparent, Participatory Local Governance

Azerbaijan

EU-funded projects
<https://eu4azerbaijan.eu/projects/?filter=ongoing&country_view%5B%5D=6&pageno=1>

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Belarus

ComMananging Municipality (COMMA) – communication and management for community involvement in municipal governance in Belarus

Support to Local Economic Development in the Republic of Belarus

Georgia

EU sponsored Good Governance projects

Good Governance for Local Development South Caucasus – Georgian Component

Public Administration Projects sponsored by the World Bank

Strengthening participatory democracy and human rights at the local level in Georgia

Moldova

AGREED

Edinet - Insights into tomorrow's cities

EU4Moldova: Focal Regions

Local projects sponsored/coordinated by the EU
Ma lm - Project on civic engagement in local governance

Public Administration Projects sponsored by the World Bank
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Single Support Framework Republic of Moldova 2017-2020

Ukraine

List of all projects
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Decentralization Offering Better Results and Efficiency (DOBRE)
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Enhancing decentralisation and public administration reform in Ukraine
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Partnership for Local Economic Development and Democratic Governance Project (PLEDDG)
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Policy for Ukraine Local Self Governance Project (PULSE)
<https://donors.decentralization.gov.ua/en/project/pulse>

U-LEAD with Europe: Ukraine – Local Empowerment, Accountability and Development Programme
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Web sources
https://decentralization.gov.ua/mainmonitoring#main_info
Created in 1994, the European Committee of the Regions is the EU’s political assembly of 329 regional and local representatives such as regional presidents or city-mayors from all 27 Member States, representing over 446 million Europeans.