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GEORGIA

CASE STUDY

Empowering Local Government

New law shifts property ownership from central to local government



Photo: Urban Institute/Nana Kurdadze

This City Hall in Akhaltsikhe, a medium-sized city in western Georgia, is now owned by the local government.

“Control over local property is vital for real self-governance” said Tamaz Petriashvili, Mayor of Akhaltsikhe.

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Challenge

In Georgia, the central government owned the property used by local governments on a day-to-day basis, such as city halls, park equipment, and municipal water and sewage systems. While the central government allowed local governments to use this property, the situation restricted local government’s ability to make important decisions regarding repair, maintenance, and quality control. As a result, in many communities, government buildings and local infrastructure are falling apart.

Initiative

USAID’s local government project assisted the Georgian government in writing a law that transferred this property from central to local government. During the process of drafting the legislation, USAID sponsored technical assistance in the form of analysis, expert advice, and support for bringing stakeholders together. It was important that the legislation be drafted in a participatory manner, involving representatives from local government as well as the central government. To achieve this, the project organized several regional dialogues to develop and debate the content of the legislation. Over 700 local government representatives participated in these meetings.

Results

In March 2005, the Georgian Parliament passed the “Law on State Property Transfer to Local Self-Governing Units.” Passage of the law resulted in an enormous transfer of assets from the central government to local government. This transfer has impacted local government in two ways: it is improving management of local assets and increasing government transparency and accountability. Local government will be able to develop strategies for how to best use its property to benefit citizens. For example, it will be able to take advantage of property that offers income-generating opportunities, such as leasing space to private sector groups. Because they now own the properties, local governments will also invest more in maintenance. Finally, the transfer is increasing government accountability to citizens, because all property-related costs and decisions will be reflected in local budgets and subject to scrutiny by local communities.