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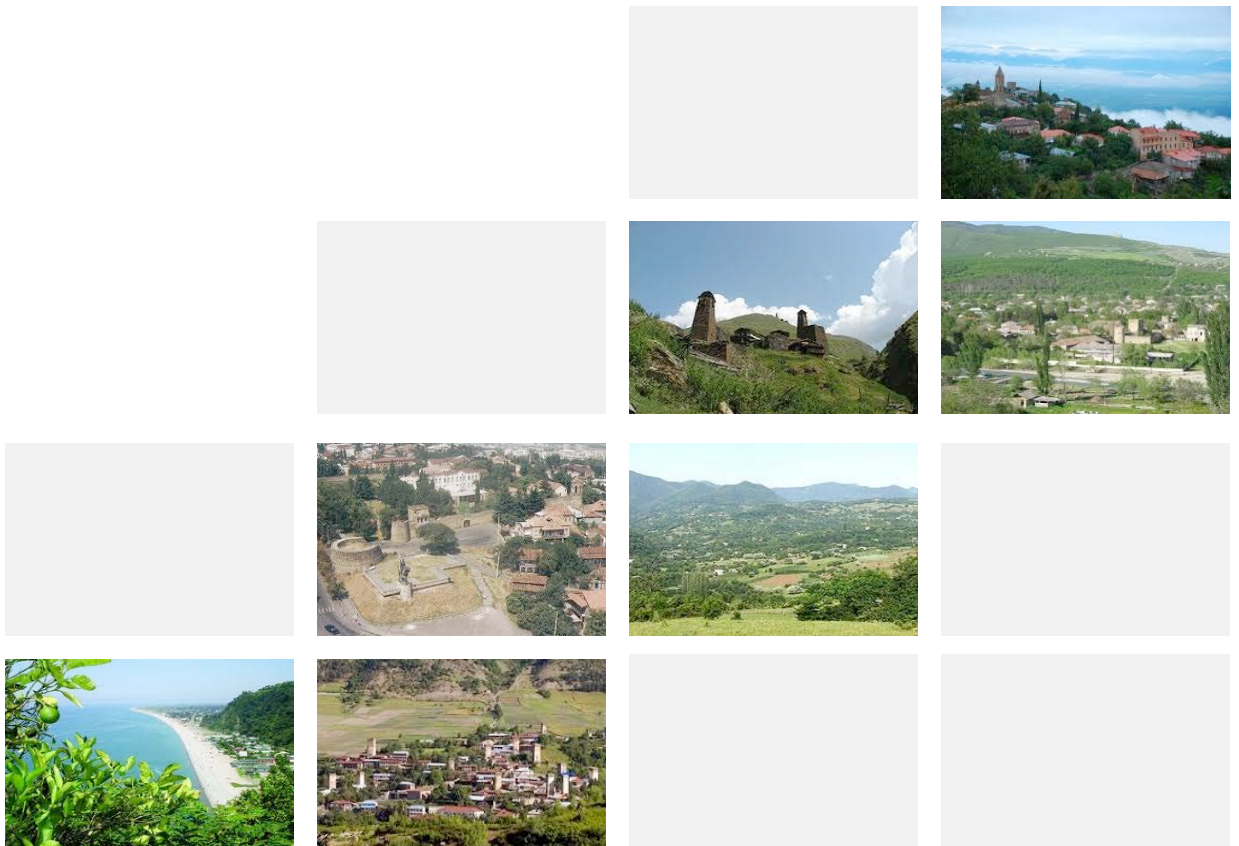
NALAG

Research and Development Papers

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**Decentralization, Region Development, Spatial  
Planning Aspects and Policy Milestones for  
Georgia**

**David Melua**



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## David Melua



*This material was developed and published under the framework of the cooperation program between the Norwegian Association of local and Regional Authorities (KS) and the National association of local authorities of Georgia (NALAG) thanks to generous funding from the Norwegian Ministry of Foreign Affairs. Views expressed in this publican are sole responsibility of authors of this publication.*

## Introduction

The present paper aims to review the decentralization, region development and territorial management issues in the context of scientific research, to facilitate development of the evidence-based policy and to overcome the practice when major decisions are made as a result of narrow party interests and activities of certain groups.

Decree # 223 of March 1, 2013 has approved The Basic Principles of Decentralization of Georgian Government and Development of Local Self-Governance in 2013-2014. These Principles are mainly based on the Comprehensive Concept of Georgia's Local Self-Governance System<sup>1</sup> (Kandelaki, Losaberidze, Melashvili, Shergelashvili, Georgian Development Research Institute, 2012). This research, as well as the Governmental Decree# 233 is based on the general norms of democracy (the territorial area of participation, representation levels, national revenues distribution), and provides for the general comparison with the European systems. Both the Decree and the research (Kandelaki at al) are lacking several dimensions, without which it is impossible to create the effective policy in the sphere, namely: a) the balance of size and function of public authorities, b) the spatial planning and urban typologies of the country, c) the national spatial development zoning and its administration forms.

The experience of developed countries shows that no actual and structural territorial reform and process of decentralization of the state power can be started and managed without the appropriate scientific background. A good example is the problems occurred within the execution of the Government Decree #223, namely, the delay in a great part of activities foreseen in the schedule of this concept because of the fact that it is extremely difficult (may be impossible) to transfer the generalized vision into specific models and institutions in a particular time and environment. This concept and the process of its performance (or non-performance<sup>2</sup>) have shown that the implementation of ambitious plan requires a solid methodological basis. Both the Concept and further documents contain confusion of notions, inappropriate use of terms and indicators that more ambiguates the subject of policy and misleads both the government and society.

The present study aims to provide to the state officials the information about the European principles of the spatial planning and public administration territorial development and to propose the framework which may be useful for Georgia. In our opinion, for Georgia, which is seeking integration with the European Union, it is very important to share the European nomenclature of territorial division.

In the context of the European experience, in this paper we will discuss the European terminology, typology, spatial planning nomenclature and forms. We also will analyze

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<sup>1</sup> <http://www.lsg.ge/uploadedFiles/filed/koncepcia-1-12-424-54354-phpap02.pdf>

<sup>2</sup> All terms and dates provided in Decree #223 of the Government have expired already.

the aspects of balance between the function and size, the functional role of settlements in the national economy and its impact on the architecture of public authorities. The final part of the paper provides the analysis of resettlement of Georgian population, conformity of settlements with the European nomenclature and possible aspects of spatial planning policy.

The concept realized in this paper is the following - the decentralization of state power and the territorial division by its essence are the components of the country's spatial development. Consequently, the attempts of territorial arrangement and power transfer shall be preceded with the obligatory inventory-making of the country territory, classification of settlements, and determination of their functional status and development objectives. Definition of the administrative status of a settlement or a group of settlements should be based on the results of such an analysis, but not vice versa. As the function determines the structure in the biological world, so in the public administration the function also largely determines what a form of power and structure should be.

In this work we have used the materials of the European Union on the balance of size and efficiency. In the part of the spatial planning we have used the nomenclatural documents of the European Commission and the materials of the European Commission's Joint Research Centre for Territorial Development. For the Georgian data we have used the respective studies of the Department of Statistics, GEOLAND Service and Georgian Institute of Geography.

To summarize it can be said that the study has shown that the current classification of population settlement in no way reflects the historical experience of Georgia or the current socioeconomic status, and it is rather far from the Georgian reality (this will become even more evident after the 2014 census). The absolute majority (if not all) of Georgian settlements in no way is consistent with modern urban settlement nomenclature. It is, on the one hand, the result of the Soviet planned economy, and on the other hand, it still remains a hostage to the Soviet mentality. The analysis results also have shown that the administrative architecture we have today, obtains the potential to be the basis for further development. Accordingly, the prompt and irrational decision-making will lead to disruption of the administration system and economic relations and as a result, to the disintegration of the country. Instead of hasty decisions it is necessary to transit to the system based on scientific analysis, function-oriented and sustainable development potential making.

This work cannot be regarded as a classic scientific research and undeniable truth. This is an attempt to explain to the authorities what kind of work is to be done and to show the right direction as the spatial administration and planning issues represent the iceberg of diversified activities, the top of which only is attributed to the politics sphere while the basis of which is the professional research and analysis.

## Chapter I European Experience

### 1. Classification of Administrative and Territorial Units in Europe

The classifiers of administrative and territorial units in the European Union are set up by the Eurostat. In the initial stage, these classifiers fully coincides with 5 Nomenclatures for Units of Territorial Statistics, where the first three (NUTS1, NUTS2, NUTS3) were used for the administrative - territorial units (provinces, regions/unions of regions, special areas), and the last two (NUTS4; NUTS5) – for local administrative units.

Later the Eurostat has separated classifiers for regions and local administrative units. The argument was that, in their essence, just the regions are the subject of the European equalization policy and the system of socioeconomic indicators is set up and the policy is developed at this level. The local authorities are more microsystemic in nature and have more communal-administrative function than the development of economic policy. Consequently, for the local administrative units they have introduced a new classifier LAU (Local Administrative Units). There are two types of LAU – LAU1 and LAU 2.

According to the classification, LAU1 is an administrative unit, which unites settlements of several types<sup>3</sup>. This implies, for example, a province in Ireland, a municipality in England, a poviat in Poland, a union of communes in France, metropolis cities, such as the Greater London, Oslo agglomeration and so on ...

According to the classification, LAU2 are rural and urban communities, the lowest level of local administration<sup>4</sup>. Those are, a “gmina” in Poland , a commune in France, a slautina in Lithuania, a town, a township and village in other countries.

At the subnational level they use NUTS and its subtypes are determined by the amount of inhabitants. NUTS1 is a province where the population numbers 3-7 million; NUTS2 is a region where the population is 800 thousand to 3 million, while NUTS3 is a region with a population of 150 thousand to 800 thousand<sup>5</sup>.

This classification is imperative and cannot be confused, therefore it is impossible to assign to the area which meets NUTS3 standard the status of NUTS2. This nomenclature pays less attention to the forms of governance; whether a self-governance (decentralized power level) or administration, two-level self-governance (i.e., two LAUs will have the own authority and budget) or another kind of governance will be at each unit, this is to be decided by a member-state. The forms of governance at the NUTS level - the autonomy

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<sup>3</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts\\_nomenclature/local\\_administrative\\_units](http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts_nomenclature/local_administrative_units)

<sup>4</sup> Ibid

<sup>5</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts\\_nomenclature/principles\\_characteristics](http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts_nomenclature/principles_characteristics)

or the deconcentrated administration of the central government – are also determined by the national government.

Using the example of 27 member-states of Europe (EU27) we may say that at LAU2 levels in many member states there is local elective government. However, in some countries (England, Ireland, Denmark, Iceland, Lithuania, and a few others), the self-governance is only at the LAU1 level and LAU2 represents only a territorial unit (a *sautina*, parishes). However, in the majority of European Union member-states at the level of both local administrative units (LAU1 and LAU2) there is an elective government, or two-level self-governance.

In case of NUTS classifiers the situation is comparatively homogenous. Federal states are exception because the provinces there are the subjects of the federation, and most of them have NUTS2 classification and in some regions - NUTS1 (e.g. in Germany). However, in the member-states of the European Union (EU27) there is a tendency when the regions (mainly NUTS2, NUTS3) are the deconcentrated levels of the central government and pursue the equalization policy and economic development. This trend is particularly strong in the new member-states of the European Union (EU15)<sup>6</sup>.

This diversity is based on one general rule - the areas, which are attributed to the NUTS, are classified either as a region (or its synonym) or as the upper level of local authority (LAU1). If a region has an elected government, has own powers and budget, then this is an autonomous region, and if its higher executive officer is appointed by the central government and the regional administration is a structural part of the central government, then this is a territorial authority of the central government (the deconcentrated level). On the European continent (not only in the European Union) there is no precedent when the area correspondent to the NUTS classification is given the status of the second level local administrative unit, or settlement (LAU2), because such confusion would completely destroy the spatial morphology and administrative map of the European Union.

## ***2. Settlement Typology and Their Functional Classification in Europe***

The science defines a human settlement by the geospace as “a place where people live and work”. The special science “Landscape History” studies human settlements morphology (structure) and its change in different periods of history. The twentieth century has generated a separate field of urban morphology, which studies the structure of the metropolis.

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[http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts\\_nomenclature/correspondence\\_tables/national\\_structures\\_eu](http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts_nomenclature/correspondence_tables/national_structures_eu)

Human settlements are generally divided into two major groups - dispersed and nucleated settlements<sup>7</sup>. It is believed that dispersed settlements are more typical for the rural space, while nucleated settlements are typical for urban areas. Of course, through centuries the structure of the residential area of people has been changed. Moreover, it diversifies and creates various forms thus making the landscape of human settlement complex.

A study of the morphology and forms of human settlement on the European continent has attracted attention within the last 30 years, in particular, after the establishment of the unified European Community (European Union). Two factors have played a crucial role here - the EU equalization policy and the European common agricultural policy. The objective of the equalization policy is to attain to the homogeneous development on the entire territory of the European Union, for which the availability of effective regional development policy is necessary. The objective of the common agricultural policy is to develop rural areas and to maintain the competitiveness of the agriculture, therefore, the territorial target of this policy is rural settlements.

The implementation of this policy has shown that the general definition will no longer be useful for human settlements and that the well-defined morphology of settlements is required which would allow the Commission to more accurately customize those policies to the needs of a specific settlement. The European Commission for Regional Development and Equalization has established the Directorate-General for Regional and Urban Development (DG REGIO) and two research tools – the Joint Research Centre (JRC), which studies the typology of settlements and the Peri-urban Space Management Research Project (PRUREL), which studies the relationship of urban and rural settlements.

Together with other scientific centers these two research tools provide identification of the European Union's urban typology and nomenclature, its monitoring and updating. These centers carry out a study of settlements once every two years, using the database in order to update the typology of settlements. In 1999 the European Spatial Development Perspective was approved, which is based on these typologies and nomenclature. Every 2 years in preliminarily selected countries of the European Union is conducted an inventory of settlements (the study of territorial morphology and urban audit) and, therefore, every inhabited point of Europe is classified as a rural or urban settlement based on those studies.

A unit of measurement of the space (one unit of raster graphics) is taken as 1 square kilometer. By the modern approach the quantity of population is no longer used for establishment of the typology. If in the 19<sup>th</sup> century the quantity of people in a certain

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<sup>7</sup> The emergence of 'concentrated settlements' in medieval Western Europe: Explanatory frameworks in the historiography by Daniel Curtis 2007. Follow the link: <http://independent.academia.edu/CurtisDaniel>

settlement was important (say, a settlement with 10 thousand inhabitants), today we use the proportion of the population to the settlement area, i.e. the criterion of density of the population per square kilometer<sup>8</sup>. This is the most objective criterion, as it accurately reflects the spatial morphology. Simply put, 10 thousand inhabitants per a thousand square kilometers is the depopulated area because the density is 10 inhabitants/km<sup>2</sup>. The same 10 thousand people settled on 80 km<sup>2</sup> are considered as a village, because the density is 125 inhabitants/km<sup>2</sup>, and the same number of people settled on 2 km<sup>2</sup> is already a high-density urban center (a part of a city), because the density is 5000 inhabitants/km<sup>2</sup>. Consequently, the population cannot be the sole criterion in determining the type of settlements, many factors should be considered here.

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### ***Typology of European rural settlements***

To identify the typology of rural settlements the European Commission applies 3 basic criteria. Those are: population density, peripherality index and land cover index. These criteria are applied at LAU2. During the study the following geospatial databases are applied:

1. Eurogeographics administrative boundaries map (EuroBoundaryMap) – where the administrative boundaries of LAU1, LAU2, NUTS3, NUTS2 areas and the information about the transport network are provided;
2. Eurostat SIRE database – the population census data at the LAU2 level (communities)
3. Europe Economic Area (EEA) land cover database CORINE LAND COVER 2000

Based on the analysis of the information retrieved from these databases the following standard of the rural settlements have been established<sup>9</sup>:

- a) Population density - lower than 150 inhabitants/km<sup>2</sup> means that the settlement is a village.
- b) Peripherality index: a rural settlement is deemed as isolated from an urban center **if the travel time from the concrete settlement to the urban center requires more than 45 minutes**<sup>10</sup>, in other cases the settlement is close to the urban center (accessible). This index is calculated by a concrete formula for roads of different types in consideration of such factors as: speed limit, traffic density/congestion and slope. The mobility concept has been also reviewed in the European Commission nomenclature. If in the 19<sup>th</sup> century the mobility meant the possibility of a citizen to walk on foot the N distance in one day, since 1999 the term “vehicle based mobility” has been officially used. Accordingly, this criterion implies

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<sup>8</sup> Delimitation of rural areas in Europe, using criteria of population density, remoteness and land cover, F. Jonard at al, JRG 2009

<sup>9</sup> Delimitation of rural areas in Europe, using criteria of population density, remoteness and land cover, F. Jonard at al, JRG 2009

<sup>10</sup> Ibid, p.12



the transportation time but not the distance, because the distance is a relation notion and under conditions of the vehicle-based mobility it changes according to the speed, road type and traffic density.

- c) *Land cover index* - the land cover implies the landscape, flora and fauna (natural) and landscape created as a result of a human activity (artificial). By using this index two type of settlement have been distinguished - Open Space and Closed Space. ***Open space is an urban settlement where minimum 75% of space is covered with forest, agricultural lands and natural landscape***<sup>11</sup> (including inland waters). In all other cases an urban settlement is of a closed space type. The latter criterion is used only for those settlements where the population density exceeds 150 inhabitants/km<sup>2</sup> or is an urban-type settlement (town, township).

By combination of these three criteria the following types of rural settlements are identified at LAU2 level.

***Rural-peripheral (RP)*** characteristics: the population density is less than 150 inhabitants/km<sup>2</sup>, the travel time to an urban center exceeds 45 minutes.

***Rural-accessible (close) (RA)***: characteristics: the population density is less than 150 inhabitants/km<sup>2</sup>, the travel time to an urban center is less than 45 minutes.

***Urban open space (UO)*** characteristics: population density higher than 150 inhabitants/km<sup>2</sup>, 75% and more of the territory are covered with forest, agricultural land and natural landscape.

***Urban closed space (UC)*** characteristics: population density higher than 150 inhabitants/km<sup>2</sup>, less than 75% of the territory is covered with forest, agricultural land and natural landscape.

All these four typologies are introduced in the classifiers of the Organization for Economic Cooperation and Development (OECD) and are applied both in the EU countries and in other countries-OECD members (e.g. Norway).

26.2% of local administrative units (LAU2) of the EU countries (EU27) (that includes also urban settlements) is classified as rural-peripheral, that is 47.8% of the whole territory of the EU, but only 8.8% of the EU27 population is living on this territory. Only 10.9% of the local administrative units is classified as urban-closed space that is only 3.1% of the EU27 territory but 45.5% of the population is living there<sup>12</sup>

### ***Typology of regions***

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<sup>11</sup> Ibid, p. 16

<sup>12</sup> p. 21. Delimitation of rural areas in Europe, using criteria of population density, remoteness and land cover, F. Jonard et al, JRG 2009

The typology of regions is based on the aggregate of the results of the typology at the level of local administrative units applied to the NUTS3 and NUTS2 levels. The Organization for Economic Cooperation and Development (OECD) offers the following typology<sup>13</sup>:

- a) **Rural regions**, where more than 50% population is living in a rural commune;
- b) **Intermediate regions**, where 15% to 50% population is living in a rural commune;
- c) **Urban regions**, where less than 15% is living in a rural commune.

In the 2009 survey (F. Jonard et al), in course of specification of typology at LAU2 level was specified the typology of regions and to the existing there types 3 subtypes were added. Finally 6 types of regions have been identified<sup>14</sup>:

- 1) **rural-peripheral region (RPR)** characteristics: 50% and more population is living in a rural commune and more than 59% of this population is living in remote rural settlements.
- 2) **rural-accessible region (RAR)** characteristics: 50% and more of population is living in a rural commune and less than 50% of this population is living in remote settlements.
- 3) **intermediate-open space regions (IOR)** characteristics: more than 15% and less than 50% of population is living in rural communes, more than 50% of population is living in open-space urban communes.
- 4) **intermediate-closed space regions (ICR)** characteristics: more than 15% and less than 50% is living in rural communes, less than 50% of the population is living in open-space urban communes.
- 5) **urban-open space regions (UOR)** characteristics: less than 15% is living in rural communes, more than 50% of population is living in open-space urban communes.
- 6) **urban-close space regions (UCR)** characteristics: less than 15% of population is living in rural communes, 50% and less population is living in open-space urban communes.

For a more accurate typology the following qualifying indicators are also used:

- **Population of an urban center.** If a rural region has an urban center with a population of 200 thousand and more and this population is more than 25% of the population of the entire region, than this rural region as classified as an intermediate region, and if the intermediate region has an urban center of more than 500 thousand inhabitants, which is 25% of the total population of the region, then the intermediate region is reclassified as an urban region.

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<sup>13</sup> p. 22, Ibid

<sup>14</sup> p.23, Ibid

- **Total added value.** In urban-open space regions up to 50% of the total added value should be produced in secondary and tertiary sectors of the economy and in the urban-close space regions this indicator should exceed 70 %.
- **Employment,** in urban-open space regions 50% of the population is employed in urban centers and in urban-closed space regions this indicator should exceed 70 %.

In the European Union countries (EU27) at the local administrative units level (LAU2) a major part of territories is covered with rural-accessible communes (see Map # 1). As for the regions, there the rural typology is as follows: at the NUTS3 level the largest part of territories is occupied with rural-accessible and intermediate open-space regions (See map # 2), and a large part of the NUTS2 regions is classified as intermediate closed-space regions (see map # 3).

In conclusion, it can be said that the majority of local administrative units in Europe is an open space, which means that it is a combination of urban and rural settlements, where the distance, or the travel time between communes and urban centers, is equal to 45 minutes or less. As for the regions, the majority of average size regions (800 thousand to 3 million inhabitants) are classified as urban-closed space, that is due to inclusion of large metropolises in the NUTS2 territory. As for the small sized regions (NUTS3 150 thousand to about 800 thousand inhabitants), most of them are intermediate closed-space regions that is a result of industrialization of Central Europe.

### ***Typology of urban settlements (towns, cities) in Europe***

Towns and cities are the oldest local administrative units in Europe. Accordingly, the determination of the typology of cities together with the objective factors includes the subjective factors such as: tradition, historical heritage and function. For example, Santa Davis settlement in Wales, where population is less than 2000, has the status of an urban center (city), granted to it by the monarch in the 16<sup>th</sup> century. Despite such “subjective abnormalities”, in general, in the urban studies they have agreed that delimitation of the urban clusters of settlements depends on the population density (over 300 inhabitants/km<sup>2</sup>) and the economy (the secondary and tertiary sectors of the economy should be developed in the cities).

The monitoring of the urban development in Europe is performed through the Urban Audit. The Urban Audit is a joint project of the European Commission’s Directorate General for Regional and Urban Policy and the Eurostat. Within the framework of this project the Urban Audit is carried out in the European Union cities. The Urban Audit methodology identifies core cities, urban centers, larger urban zones, sub-city districts as a

subject of study<sup>15</sup>. Audit of cities is carried out by using 27 indicators and the results are provided to the European Commission<sup>16</sup>.

In 2012, the European Commission’s Directorate General for Regional and Urban Policy developed a new nomenclature for urban settlements. This nomenclature is mainly based on population density and spatial morphology.

The following indicators have been introduced for urban settlement:

Population density 150 inhabitants/km<sup>2</sup> to 300 inhabitants /km<sup>2</sup>- ***densely populated rural area (township)***

Population density 300 inhabitants/km<sup>2</sup> to 1500 inhabitants /km<sup>2</sup> – ***urban cluster*** (township, small town<sup>17</sup>)

Population density 1500 inhabitants /km<sup>2</sup> to 5000 inhabitants/km<sup>2</sup> -***urban center*** (town<sup>18</sup>)

Population density 5000 inhabitants /km<sup>2</sup> and over - ***high-density urban center*** (megapolises and metropolises functional center, city).

Urban Audit methodology, as well as the new definition of cities/towns of the Organization for Economic Cooperation and Development/European Commission recognizes as cities only the urban areas which population is at least 50000 and as towns – the urban communes of less population and density of less than 1500 inhabitants /km<sup>2</sup>. Currently the special project “TOWN” of the European Commission is in progress which is studying the morphology, socioeconomic and spatial development of such settlements. At present the following has been agreed upon: the communes where the population density is 300 - 1 500 inhabitants /km<sup>2</sup> are considered as an urban cluster of rural area but not a separate urban center<sup>19</sup>.

As for cities, according to the population they are divided into the following categories<sup>20</sup>:

<b>Type</b>	<b>Population</b>
Small city (S)	Between 50 000 and 100 000
Medium city (M)	Between 100 000 and 250 000

<sup>15</sup> p. 9. Urban Audit, Methodological Handbook, European Commission, Eurostat. 2004

<sup>16</sup> pp.-65. Ibid

<sup>17</sup> p 14. Cities in Europe, the new OECD-EC definition. Lewis Dijkstra and Hugo Poelman, European Commission.2012

<sup>18</sup> Ibid

<sup>19</sup> p. 9. Urban Rural Typology, Eurostat. Statistics explained, 2013.

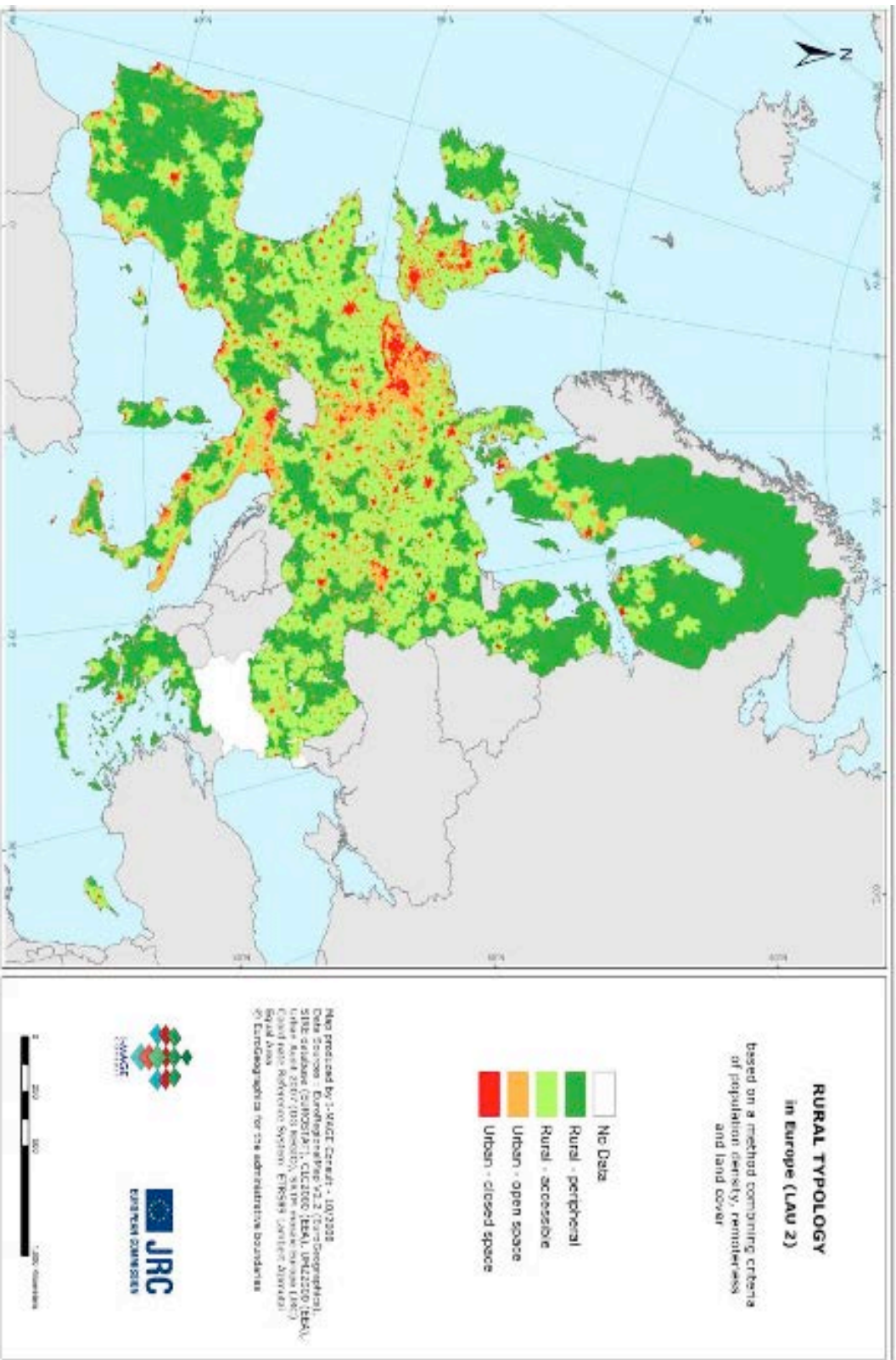
<sup>20</sup> p. 5, Cities in Europe, the new OECD-EC definition. Lewis Dijkstra and Hugo Poelman, European Commission.2012

Large city (L)	Between 250 000 and 500 000
Metropolis XL	Between 500 000 and 1 000 000
Mega city XXL	Between 1 000 000 and 5 000 000
Global city GC	5 000 000 and over

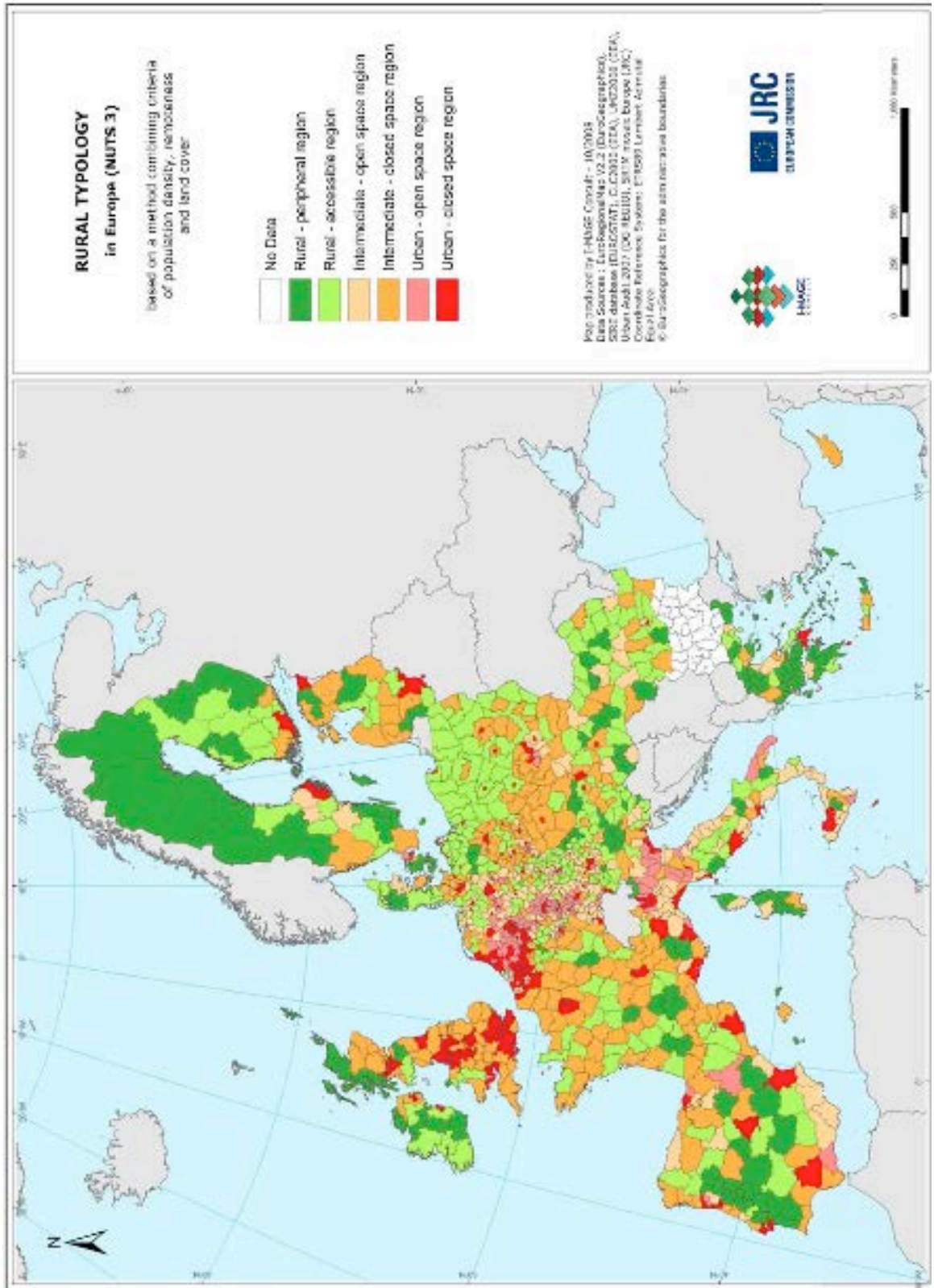
Accordingly, the Urban Audit and the OECD/EC definition refers to the cities, where the population density is over 50 000 and the density exceeds 1500 inhabitants/km<sup>2</sup>. However, it should be noted that at the request of the member states to the list of these cities were added 77 cities, which do not fit the criteria, but due to their historical and cultural factors they are considered urban centers. Accordingly, the Urban Audit is carried out in those cities as well (see Map #4).

The abovementioned types of settlements: rural settlements, urban settlements and regions are forming the commune-based (LAU2) spatial morphology of the European Union. This is the functional and geographical union of communes that forms a larger local administrative unit (LAU1) and a region (NUTS) which represents the spatial scheme of the European Union. This scheme consists of three layers, namely: spatial cell, local administrative units (LAU) and the statistical regions (NUTS). All three layers are parts of a single structure (see Map #5).

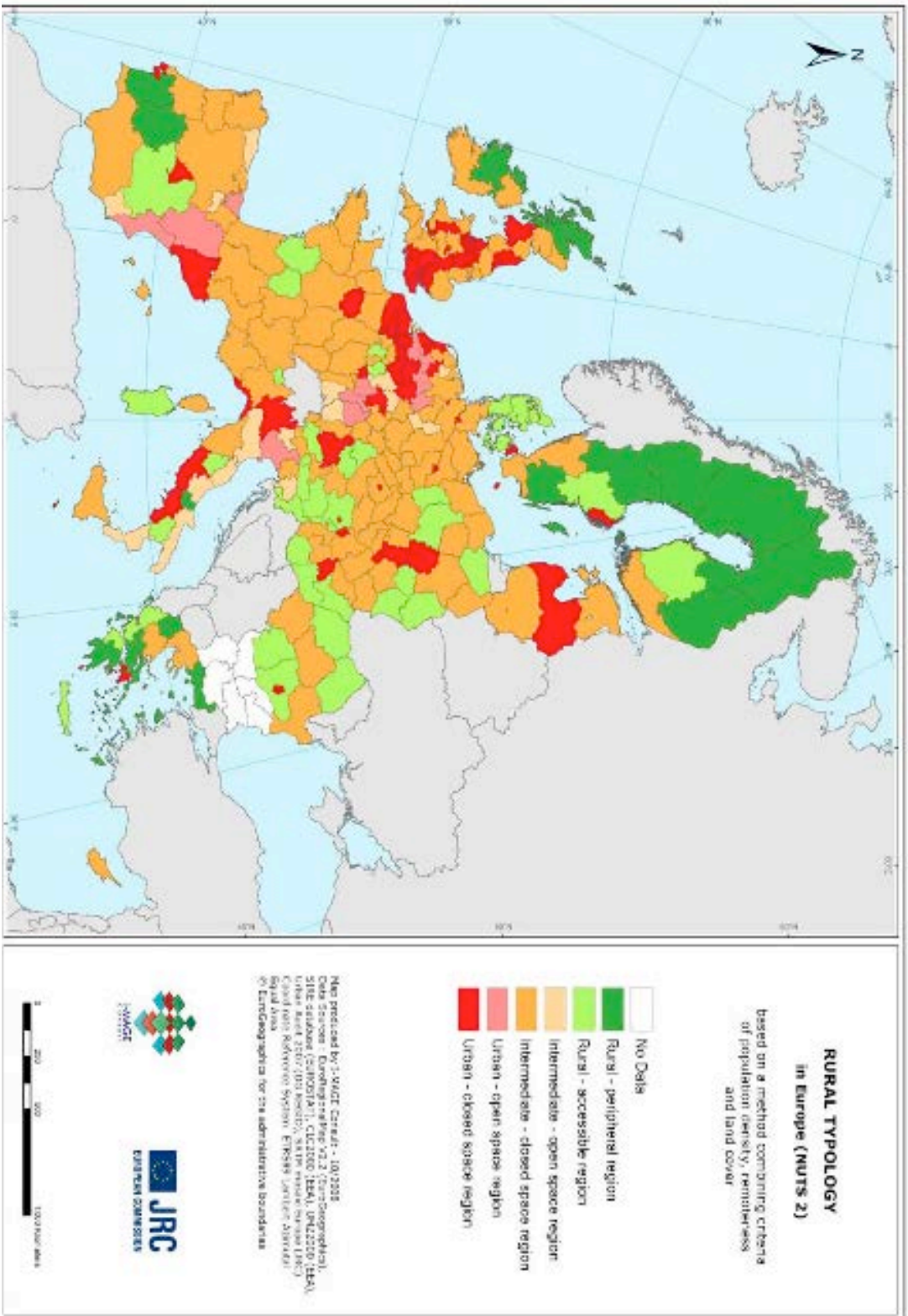
Map 1. Rural typology in the European Union (LAU2)



Map 2. Rural typology in the European Union. NUTS3

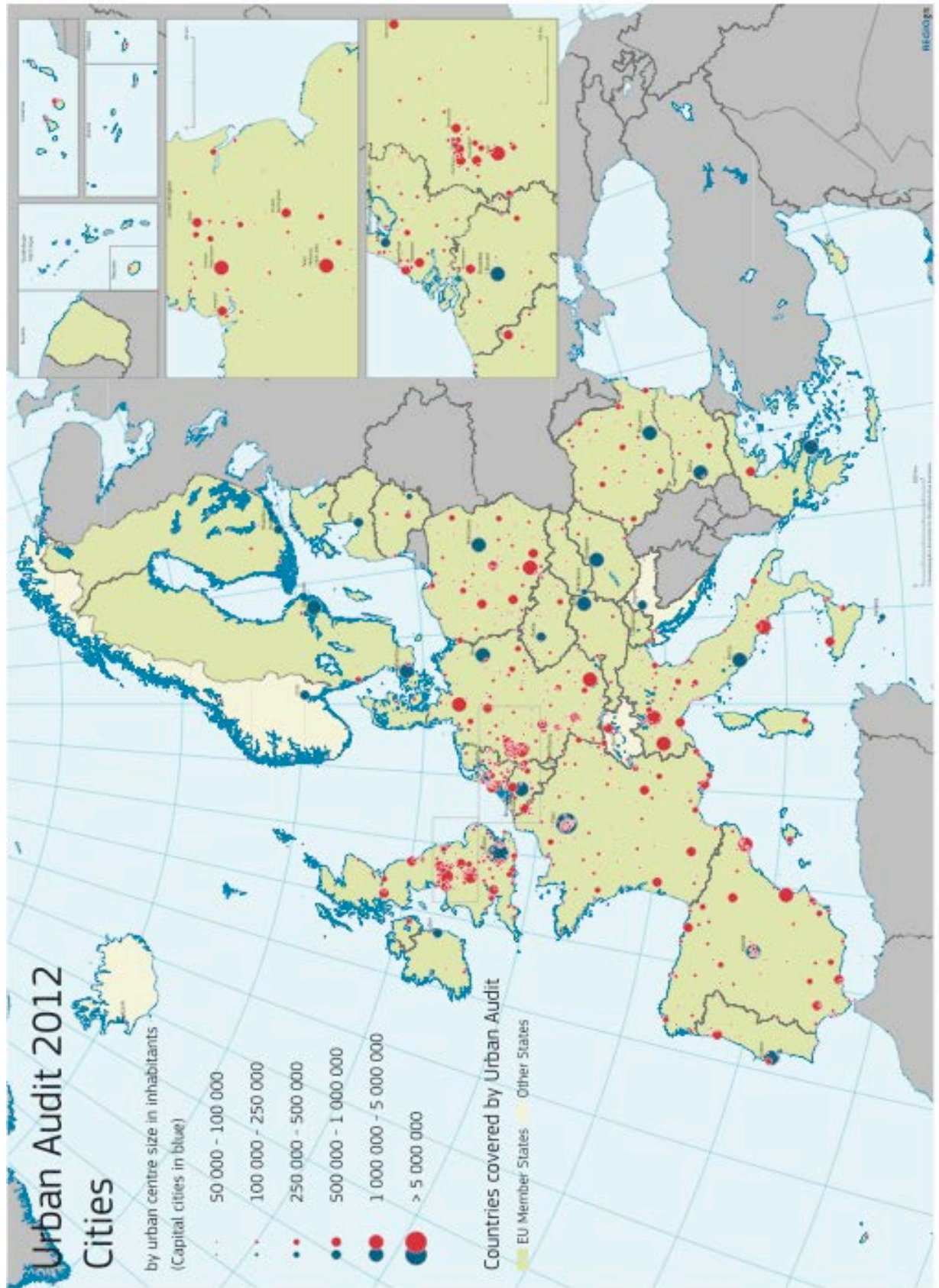


Map 2. Rural typology in the European Union NUTS2





Map 4. Urban Audit 2012 Cities



# Scheme 1. Spatial Morphology of Europe



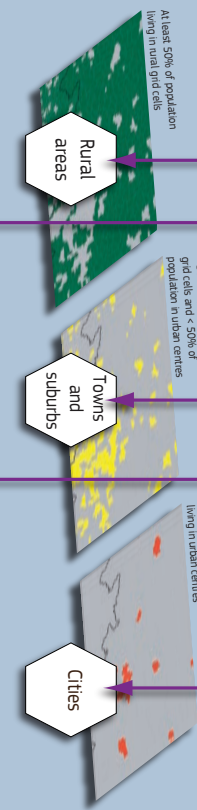
## A system of urban/rural typologies

## Three levels of urban/rural classification based on population distribution

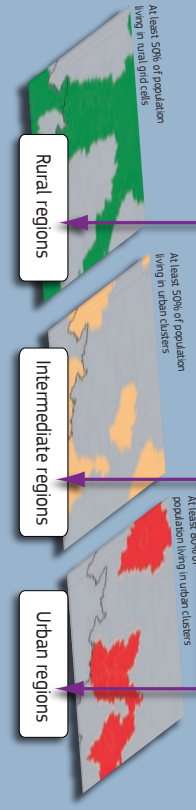
**Grid cells**  
A classification of raster cells of 1 km<sup>2</sup> using criteria of population density and contiguity. Where available, the population distribution is derived from registers. Elsewhere, it is downscaled from local (LAU2) population figures.



**LAU2 units**  
A classification of local administrative units (LAU2) based on the share of local population living in urban clusters and in urban centres.



**NUTS 3 regions**  
A typology of NUTS-3 regions based on the share of regional population living in rural grid cells and in urban clusters.



These typologies have been developed by DG Regional Policy in co-operation with DG Agriculture and Rural Development, Eurostat, DG Joint Research Centre and OECD.  
Data sources: Eurostat, DG JRC, national statistical institutes, EFGS

Regional policy

For more information:  
- A revised urban-rural typology (NUTS3 level) <http://ec.europa.eu/eurostat/tgm/table.do?code=ks-ks-16-30-1-15>  
- A revised degree of urbanisation classification (LAU2 level) <http://ec.europa.eu/eurostat/tgm/table.do?code=ks-ks-16-30-1-15>

REGIO8

### *3. Functional Unification Types of Settlements in Europe*

The public development creates the necessity of providing more and more diverse product, service or good governance. The growth of people's requirements and needs gives rise to such services (e.g., the Internet service, cable TV, non-polluting transportation, integration of people with disabilities, e-governance) which hardly could have been imagined 50 years ago. These new requirements are both a challenge and an opportunity. The response to them finds its expression in spatial terms. This is also added with the migration and irreversible urbanization trends, which significantly effect the type and spatial morphology of human settlements. Therefore, we can observe the apparent trend of consolidation of settlements, their binding to each other for consolidation and effectiveness of resources. The types of such associations are:

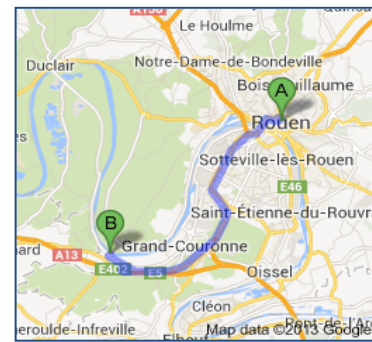
#### **Agglomerations**

The association of low-density settlements is called a rural agglomeration. In many cases, this association includes both rural and urban settlements. Such associations are formed for performance of those tasks which cannot be performed at the commune (LAU2) level. Typically, these services are: economic development, environmental protection, solid waste management, water resource management, employment and labor resources, climate change impact and natural disaster risk reduction, health, education, construction and land resource management, communication, transport and other. Such associations can be formed on the voluntary basis, under the agreement or in virtue of the law, or even without any administrative dimension, based on the economic and social interaction. Such voluntary associations were formed in France, however, after Jean Paul Chavus' reform they have been formed under the law. Such associations in France are of two types: "the commune of communes" where the communes associated in it is less integrated and its administration bodies are created under the indirect order (by nomination from the units). The second type is "the agglomeration of communes" where the government is elected. In other European countries (Great Britain, Portugal, Bulgaria, Lithuania, Sweden, etc.), the government of such agglomeration is elected as an independent administration body. In all countries LAU1 is the classifier of such agglomeration.

It should be noted that both in France and in other European countries , the agglomerations are the functional links of the local authorities having real power and all the important public services are provided there, while the communes (settlements) are oriented to the primary simple tasks (registration, public services, social services). During the formation of such units are used rural commune indicators (density, peripherality and

land cover). The most homogenous (equal) these units are formed in France, the largest such units are in Portugal (regions).

Example 1. Rouen communes agglomeration (France) unites 45 communes with total population 411 000, area 448 km<sup>2</sup>. Out of 45 communes 19 communes are townships (average population - 15000) and 26 – villages. The administrative center is the city of Rouen. The average travel time between the administrative center and communes included in the agglomeration is 20 minutes. The smallest travel time between the center and the unit is 8 minutes, and the biggest – 45 minutes.



*Map 6. Distance between Rouen and Bullier*

Example 2. Faro District (Portugal) unites 16 communes, total population 458 733, area 4 960 km<sup>2</sup>. Out of those communes (municipalities) 7 are of urban type (with average population 21 000) and 9 – of rural type. The administrative center of the region is the city Faro; the average travel time between the administrative center and the units of this agglomeration 40 minutes; the travel time between the most remote unit and the city of Faro is 1 hour and 10 minutes.



*Map 7. Distance between Faro and Sagres*

One of the most important feature of the rural agglomerations is transformation of their administrative centers into urban centers and their gradual transformation into urban agglomerations.

### ***Conurbanization – urban zones/urban agglomerations***

The latest trend of urbanization is well readable on the settlement map of Europe. More and more consolidation of towns and cities, on the one hand, irreversibly reduces the rural areas and, on the other hand, the integration of economy requires closer communication between urban centers. In latest years in the territory of Europe the number of urban regions where the majority of population lives in average and large cities, has been grown irreversibly.

The policy of both the European Commission and national governments to a great extent is oriented to the homogenous development that implies the equal development of each city/town. In practical terms this means that in the European primary member-states (EU15) the urbanization is not the migration from one part of the country to another one (or to a specific city/town) but, in general, the growth of share of urban inhabitants in the total population of a country at the expense of reduction of the share of rural population.



## *Metropolises*

Metropolises by their essence are much like urban agglomerations, with the difference that if the urban agglomerations unite at least several equal cities (or one large city and several equal ones), the metropolis is formed on the basis of one dominant city. The dominant city is the metropolis center. The main characteristics of this center is high density (5 000 inhabitants/km<sup>2</sup> and more), the core city is an operational center where the tertiary sector of economy is maximum developed as well as the secondary sector of the economy is traditionally strong. Usually, the metropolis is surrounded by settlements of less density at the expense of which the metropolis core city increases and a great part of the operational zone (trade centers, car stores and so on) transfers to those suburbs which step-by-step become the operational part of the metropolis economy. One more typical feature of the metropolis is that the economic influence of metropolis expanded far from its boundaries. A metropolis can involve the labor from settlements located some hundred kilometers from afar.



*Fig. 1. Satellite view, Buenos-Aires night lights*

Unlike the urban agglomeration the metropolis takes up neighboring settlements, including small and medium cities. At first the cities located around are functionally bound to the metropolis center and then the metropolis physically “enter” those cities and takes them up in the own space. Consequently, in the spatial development (planning) it is recognized that if more than 15% of population of one settlement works or is engaged in the business in a neighboring settlement, then these two settlements represent a functionally single organism<sup>22</sup>.

Therefore, the core city in majority of metropolises involves the labor from neighboring settlements and irreversibly extends its functional zone, forming such space which is called the functional urban area (FUA)<sup>23</sup>. It step-by-step adds new areas and settlements. Metropolises are the majority of European capital cities as well as those cities worldwide the population of which exceeds one million and where the density of population in the metropolis center exceeds 5 000 inhabitants/km<sup>2</sup>.

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<sup>22</sup> Urban Audit, Methodological Handbook, European Commission. 2004 edition

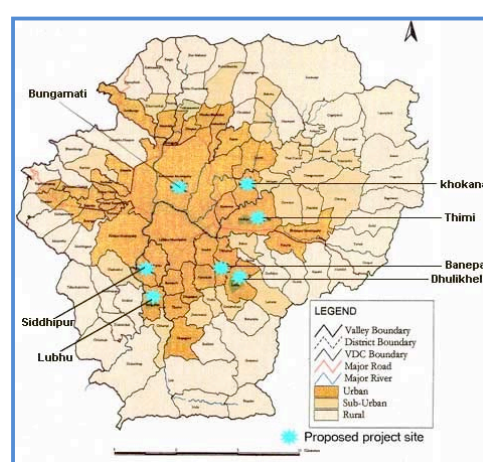
<sup>23</sup> Review of Typologies of European Rural-Urban Regions. Piotr Korcelli. PLUREL 2008

### Peri-urbanization. Unity of urban-rural spaces

The urban development is the driving force of the modern economy, though it has its shortcomings. One of the most significant negative effects is the territorial extension of cities that reduces the open space and occupies rural areas. Rapid development of cities more widens the gap between the urban and rural development that, in its turn promotes migration to large cities and depopulation of rural areas.

For mitigation of the negative aspects of urban development is used the urban-rural, single space – the so called peri-urban region. Peri-urbanization is quite a new concept, though the harmonization of the urban and rural development is not a new idea which originates from Howard's garden cities<sup>24</sup>. However, peri-urbanization was elaborated as the urban concept as far as in the 60s of the 20<sup>th</sup> century and today is believed to be one of the prospective areas of the special planning.

In the literature the peri-urban space is sometimes referred to as a “rurban region” (the term generated from uniting “rural” and “urban”) and sometimes as an interim agglomeration. The peri-urban space is defined as a single area of a rural settlement and surrounding villages. Large peri-urban areas may include towns and villages. A peri-urban area is a “*discontinuous built development, containing settlements of less than 20,000, with an average density of at least 40 persons per km<sup>2</sup>*”.<sup>25</sup>



Map 10. Peri-urban area

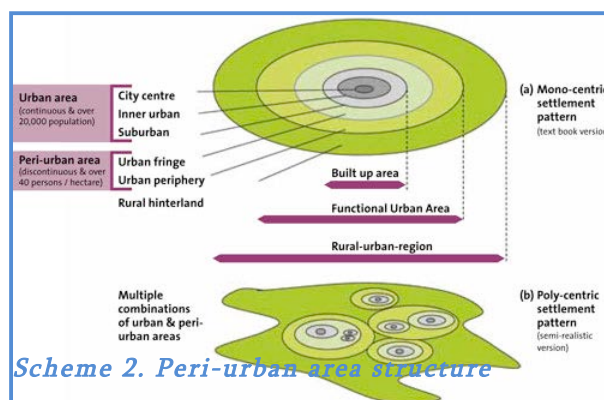
Regions of such type promote development of cities and do not cause the increase in the population density and congestion in urban settlements. At that time peri-urban regions are a good tool for rural development because the migration cycle here is enclosed within the peri-urban area. Here the population exchange between the rural and urban settlements takes place inside a concrete area (see Scheme 3, p. 27). When it all comes down, the peri-urban space is a mitigated variant of urban development where instead of urban sprawl is formed such a functional region where rural settlements get services from the neighboring urban settlements and where the communal and service sphere is close to the urban standards, while a city gets the land cover necessary for the existence of urban-open space. Hence, in a peri-urban region urban and rural communes exchange spaces, where a village gives the space to a city while a city gives to a village the welfare, service and income. When defining a peri-urban region the following formula is used: urban area

<sup>24</sup> Garden Cities of Tomorrow, Ebenezer Howard. London: S. Sonnenschein & Co., Ltd. 1902

<sup>25</sup> Peri-Urbanization in Europe. Eds. Annette Piore, Joe Ravets, Ivan Tosics, EC/PLUREL 2010

+peri-urban area = functional urban area. If we add to this peri-urban space the rural hinterland settlements (which are located at the distance of 45 minutes travel time) we will get a rural-urban region/area<sup>26</sup>.

A peri-urban region consists of: urban settlement which is an economic, and usually, administrative center of this area; suburbs; rural hinterland and separated villages. Usually, peri-urban areas are monocentric, or contain only one urban settlement, though in some cases one peri-urban area contains several urban settlements. The main rule is that in a peri-urban area the distance between the



urban center and communes shall not exceed 45 minutes of travel time. In the last years there has been introduced such a new definition as a peri-rural area<sup>27</sup>. This is an area where the population density in an urban settlement is less than 40 inhabitants/km<sup>2</sup> or where an urban settlement does not exist at all but which is a rural settlement with the well developed industry, technological and service business (secondary and tertiary sectors of economy). However, an area of such type still is not exactly delimited on the territory of the European Union.

As for the peri-urban area administration, two models are used – a peri-urban region is interpreted as a single administrative unit or it is divided into several units which from commonwealth organizations. When a peri-urban area is one administrative unit it is attributed to a local administrative unit of the first rank (LAU1).

The authority of the administration on the peri-urban area covers the following spheres: local economy, rural development policy support, environment protection and climate change, land management, zoning and spatial planning, pursuing financial regulation policy, transport and communication, business promotion, social service and health care, education and innovation policy. The regions where peri-urban areas are well developed are called rural-urban regions and here the economical growth is approaching to the growth of urban regions of high density. Economists call a peri-urban area also a territorial model of integrated development of economy. In the last years the peri-urbanization has been actively developed in the United Kingdom, Germany, France, Spain and other EU countries as well as in Latin America and Pacific Rim. In the USA they call a peri-urban space as “metropolitan area”. Architects call peri-urban regions as a space of new type.

<sup>26</sup> Peri-Urbanization in Europe. Eds. Annette Piorr, Joe Ravets, Ivan Tosics, EC/PLUREL 2010

<sup>27</sup> Defining Periurban: Understanding Rural-Urban Linkages. David I. Laquinta, Alex W. Drescher. 2000



Example 1. The example of a peri-urban area is Guildford district (UK), England. The population of Guildford town is 66000, this is an historical town with well developed educational and service spheres. The town is the center of Guildford district<sup>28</sup>, which includes 27 villages which are closely connected with the town by their economy and employment as up to 40% of employees live in the neighboring villages. The total population of the area is 137 000, area - 276 km<sup>2</sup>. The district has the elected mayor and local council. The villages included in the district have own parish council. The Guildford district was established in 1974 as a result of association of the town Guildford and 27 rural communes (27 villages). This association was conditioned by the needs for town development (merger of areas) on the one side, and on the other side, because of the growing economical dependence of the rural population from the town. The average



distance between the town and villages united in the district is less than 45 minutes of travel time. *Map 11. Guildford district*

The European Union supports the platform of cooperation of peri-urban regions. It operates in 7 selected peri-urban regions and provides monitoring of the development, In addition, the European Commission has set up PLUREL program which is also supported by the European Commission. This program unites more than 10 research centers throughout the European Union and provides the study of the peri-urban areas. In academic circles is widely spread the opinion that the peri-urbanization is the future of the European settlements.

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<sup>28</sup> [www.guildford.gov.uk](http://www.guildford.gov.uk)

#### *4. Function and Size Balance in Europe*

For the spatial planning the balance of the size and function is very important: the more diverse functionally is a commune, the higher is its gravity and more territories it attracts. The European territories are covered with large functional zones, such as agglomerations, metropolises and peri-urban areas. The more functions local authorities have, the more is a demand for the area. Such public functions as the local economy, environmental protection, health care, waste management, education, communication and transport system now requires larger municipalities than in the early 19<sup>th</sup> century, when the local government functions covered only civil registration, public space (square) maintenance and street illumination.

The discussion of the standard of size and democracy is the Council of Europe's mandate. The European Committee on Local and Regional Democracy in its report definitely explains that there is no clear relationship between the size and efficiency, as well as between the size and democracy. That is a big unit, a priori, does not mean more efficiency, as well as a small unit, a priori, does not necessarily mean more democracy<sup>29</sup>. The main question to be posed is as follows - How big is big? Or how effective is the size with respect of functions. It is recognized that some functions, such as local economic development, infrastructure, environment, land resources - require big units. In theory, the optimal population-based size is 40 thousand inhabitants<sup>30</sup>. However, this size can be more or less depending on the country's specifics, development requirements, cultural and territorial traditions.

Obviously, in large units the democracy and public trust are limited with the space. This is balanced by the limited local representation (Parish Council) and by the two-level system. In all European countries, where the population at the LAU2 level is less than 40 thousand there exists in different forms a second level of local administration (LAU1), because in the first level conditions it is impossible to implement effectively the significant public functions.

There are several assumptions: a) small municipalities (less than 40 thousand) are ineffective in terms of economic and financial resource management; b) the more the population exceeds the upper limit of 40 thousand, the lower is the citizens' participation; c) in large units the participation and democracy may be increased by such instruments as: e-governance, institutional participation, direct democracy, while in small units there do not exist the reasoned and proven mechanisms of achieving the economic and financial efficiency<sup>31</sup>.

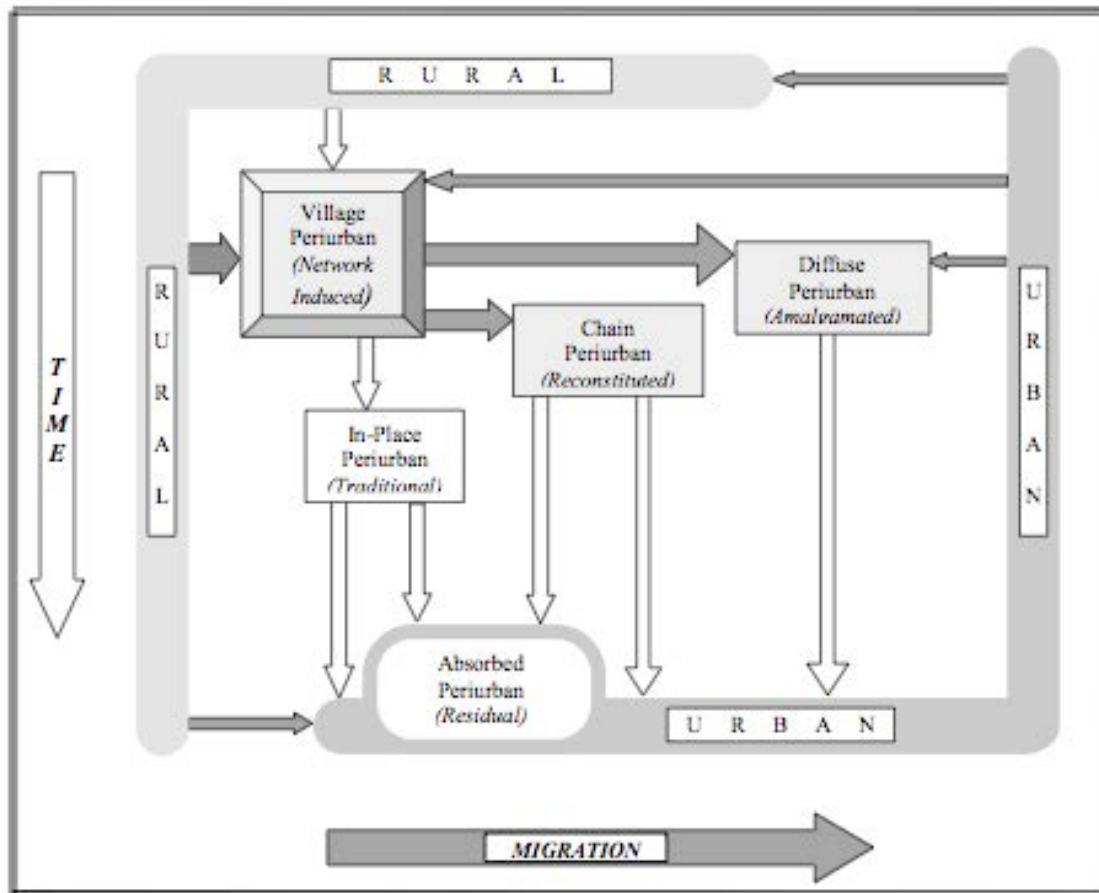
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<sup>29</sup> Relationship between the size of local and regional authorities and their effectiveness. CDLR, 2001

<sup>30</sup> p. 10, Ibid

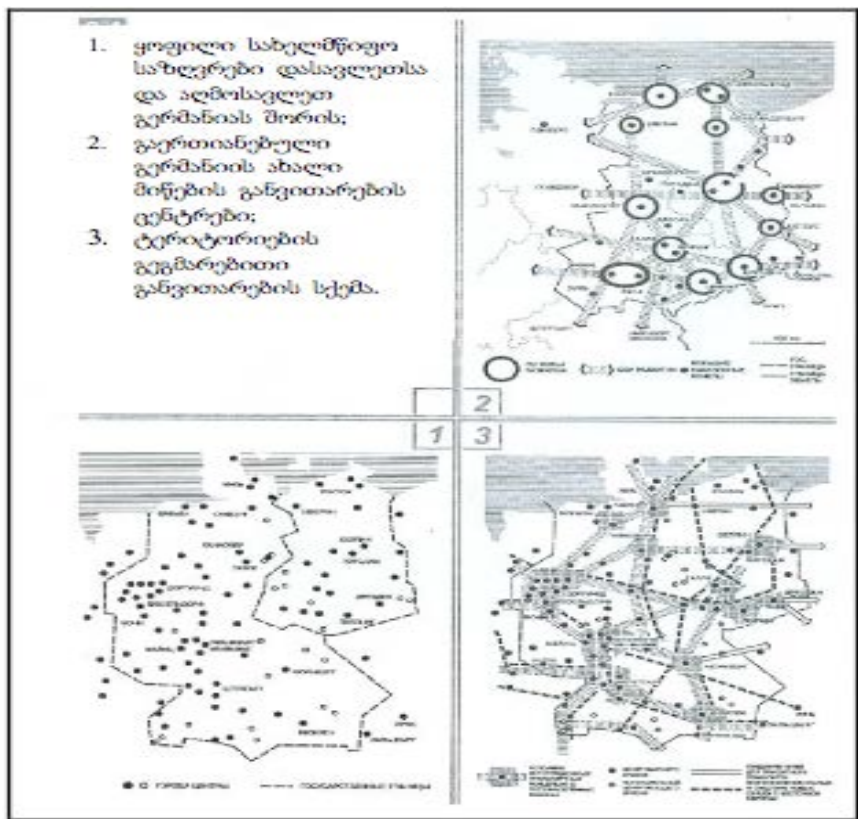
<sup>31</sup> p. 14, Ibid

*Scheme 3. Migration closed cycle in a peri-urban area*



Source: *Defining Peri-urban: Understanding Rural-Urban Linkages*. David I. Laquinta, Alex W. Drescher. 2000

*Scheme 4. Big urban sizes in Germany – integration mechanism*



Source: *Processing Georgian Resettlement System Development Trends (PhD Thesis)*. N. Chkheidze. Georgian Technical University, 2011

*Scheme 4. Big urban zones in Poland*



Source: *Processing Georgian Resettlement System Development Trends (PhD Thesis)*. N. Chkheidze. Georgian Technical University, 2011

## 5. Conclusions

The following summary can be made on the typology of rural and urban settlements, European practices of spatial development and functional associations, the European vision the size and democracy balance :

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- When determining the typology of settlements it must be taken into account not only the size of population (15 thousand inhabitants does not a priori mean a town) , but the ratio of population to area or population density. ***The units , where the population density is less than 1 500 inhabitants/km<sup>2</sup>, cannot be considered as an urban-type settlement as well as an urban settlement with a population of less than 50 thousand cannot be considered as an urban center or a city.***
  - In the 21<sup>st</sup> century the mobility is based on transport and the distance is understood as the travel time. Consequently, when we speak about the distance from the settlement/peripherality, we should know that ***the European standard of peripherality is the travel time of more than 45 minutes from a particular settlement to the closest urban cluster/center.***
  - For the population sustainability the land cover is essential , this is most true for the urban-type settlements (with the exception of high-density urban centers). Today, the population aspires to live in the urban-open space. For such communities in Europe there is defined the standard that ***75 % of their territories more should be covered by forests, agricultural land and natural landscape. Otherwise, they will be classified as closed spaces.***
  - There are no sterile settlements. ***Economic development and urbanization requires consolidation and merger of settlements.*** Urbanization is a feature of our civilization and for mitigation of its consequences is introduced a new concept of ***unity of urban-rural areas - peri-urbanization.***
  - From the socioeconomic and statistical point of view, ***a local administrative unit (LAU) and a region are clearly delimited and their confusion is impossible.*** There are two classifications of local administrative units - one for rural and urban communes (LAU2) and one for communes' agglomerations (LAU1).
  - ***There is no clear correlation between the size and efficiency as well as between the size and democracy.*** The size efficiency is measured with respect to functions, while democracy level is measured using institutions and procedures but not just by the population in a particular area. At LAU1 level above the average of population is 100 000, and at the LAU2 level the same indicator is 5 000 to 15 000.
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## Chapter II. Policy Alternatives for Georgia

### 1. Historical Perspective

The first confirmed fact of territorial organization in the history of Georgia came back from the 3<sup>rd</sup> -4<sup>th</sup> cc. AD when King Pharnavaz set up 7 military - administrative units “saeristao”. It should be noted that at first those “saeristao”s were military - administrative divisions of the central feudal regimen and their transformation into independent feudal units (autonomization) began after the disintegration of the single Georgian state.

During the era of power of the Georgian state (12<sup>th</sup>-13<sup>th</sup> cc.), when as a result of the reforms of David IV the “eristavis” (heads of Georgian administrative units) resigned themselves to the royal control and Georgia was centralized Georgia 's economy began to develop and many new settlements emerged. In that period in enfeoffments often occurred a place name “Akhalkalaki”, which indicated that new settlements were a kind of urban areas (“akhal” means “new” and “kalaki” means “town” in the Georgian language). For the first time after Pharnavaz there appeared a new type of union of settlements which according to “Kartlis Tskhovreba” (“Chronicles of Kartli”) was called “a town and its belongings<sup>32</sup>” that in in modern Georgian language mean - the town and its designated rural settlements. Just such unity of the town and the village was the basis of the economic strength of Georgia and its functional space of that time, which was the formation described by the European science as a “peri - urban unit” only eight centuries after.

The Mongol invasion destroyed both the country’s economy and the morphology of settlements. A short period of “revival” during the reign of the George Brtskinvali was not enough was not enough to regain the old heights. The Tamerlane’s invasions in the 14<sup>th</sup> century as well as emergence of “samtavro”-s (“principalities” -autonomous feudal units) and kingdoms (sovereign areas) completed the economic and political disintegration of Georgia. During this period only some towns had preserved but they were not the belonging of Georgia (except for some units) but the administrative and economic centers of invaders. The settlements were abandoned, the settlement in valleys was of the periodic character and the Georgian population displaced for residence to the mountain gorges. Consequently, settlements became smaller, the territories of the Eastern and Western kingdoms disintegrated and at one time the entire Georgian space was so declined that the place name “Akhalkalaki” in 17<sup>th</sup>-18<sup>th</sup> cc. was replaced with the place names “Nasoplari” (abandoned village) and “Nakalakevi” (abandoned town).

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<sup>32</sup> Overview of Administrative Structure of the State Territory of Historical Georgia. D. Muskhelishvili. Historical Geography of Georgia .

In 1801, after the annexation of Georgia, Russia adopted the 6-level system of territorial management level 6. Those were: a settlement, community (the integrity of settlements), uezd (police district), district, vicegerency, province, and the Caucasian Governorate General. The establishment of a centralized administration throughout the territory of the country (in June 1864 was abolished the last principality of Abkhazia) and the Russian military influence throughout the Caucasus had brought relative stability and economic growth to Georgia. This, above all, expressed not in the emergence of new settlements (in the first half of the 19<sup>th</sup> century no new settlement was founded in Georgia) but rehabilitation and extension of destroyed and plundered ones. The population transferred from the gorges to the valleys and towns and surrounding villages primarily grew up. In that period, Georgia had two province centers - Tbilisi and Kutaisi and towns which were the centers of districts<sup>33</sup>. The next stage of development was the rural public governance reform of April 11, 1865 (which took place in the Russian Empire in 1861) as a result of which the rural community was founded. It was an estates association and it united only the peasantry. In Russia, the rural public governance was of two kinds – the community administration which managed only economic affairs and the “volost” (cantonal) governance which was in charge of administrative affairs. In Georgia both functions of public governance were assigned to the rural public administration because unlike Russia, there was no communal land ownership. Consequently, the rural public governance in Georgia could have only administrative functions<sup>34</sup>. In fact, in Georgia the function of the rural public governance was only the distribution and collection of taxes among peasants, and, establishment of common land management rule, if applicable. The higher public governing body was village congregation. The congregation functions covered the election of village administrators, decision-making on expulsion of ill-minded persons, appointment of trustees for homeless children, establishment of dues for public needs, distribution of the treasury taxes assigned to the village among the households, control of officials, giving consent on the division of a household. The decision of the village congregation was lawful, if it was attended by the village head and at least half of the households. The financial issues and election of officials were decided by two-thirds of votes and other issues - by the simple majority. The village head was elected by the village congregation, but he was under a dual subordination, because he concurrently was a repressive of the district administration. The village head could be resigned by the governor without the consent of the rural public governance. The village congregation also elected village judges in composition of not less than 3 persons, who judged on property disputes between peasants the value of which did not exceed 100 rubles. In the 80s of the 19<sup>th</sup> century it became obvious that small villages were not able to financially maintain the rural public governance and the administration faced the necessity of consolidation of villages. For example, 633 villages in Gori district were united in 37 rural

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<sup>33</sup> Outline of Georgian History, Vol. V, p. 74

<sup>34</sup> Ibid, p. 80

communities that enabled to accumulate the necessary funds for administration. In total, in Georgia were formed 551 rural communities<sup>35</sup>.

After penetration of the Russian Empire in Transcaucasia, the cities/towns were managed by the police with the exclusion of Tbilisi where according to the Statute of 1841 the mayor and 6 voters (members of the local council) were elected. Under the new Statute developed in 1866, the number of voters in Tbilisi was increased to 100; the mayor's authority was extended too<sup>36</sup>. On June 16, 1870, Alexander II signed a new civil statute. The new regulation provided that the voters should be classified during the elections not by the social standing but by their economic standing (property classification). The right to vote and be elected was granted to a subject to the Russian Empire who had attained to 25 years, paid taxes, owned property and had no default in liabilities. According to the property classification three ranks of voters were set up: owners of large property, medium and small property owners. The number of voters varied from 40 - to 150 according to the size of a city.

The function of the city voters' assembly was to elect officials, to approve the city budget (expenditures), taking loans and receiving donations on behalf of the city, management of communal services<sup>37</sup>. The city voters and elected officials were elected for period of 4 years. On October 30, 1874, the Governor General was given the order to implement the municipal reform. The city council elections were appointed in the city of Tbilisi on November 18 of the same year. 72 voters were elected and the first head (Mayor) of the city became Dimitri Kipiani. The city council elections in Kutaisi were held on 16 September 1875, where 52 voters were elected and the city council's first session which elected Nikoloz (Nico) Abashidze the mayor, was held on December 1. In March 1876, the self-governance was granted to Gori but here the elections were delayed and only in late November 42 voters were elected. The reason for the delay was that the adoption of the self-governance required the increase in the city expenditures by 2 500 rubles and collection of this money was imposed on the population. However, collection of this sum from population was a problem<sup>38</sup>. For this reason the city was ruled by a designated official, a certain Elizarov. Only in 1881, Gori got the right to elect the mayor and the same Elizarov was elected to this post. The city Akhaltsikhe got the right to elect the city council in June 1876 and the head of the city was elected Mkhitarov. The city Poti got the right of self-governance in 1882. The election of city council was held and the city mayor was elected the Russian Army Major General Vakhramov. The city of Batumi got the self-governance right last of all. The city society applied with the relevant request to the Interior Ministry of the Russian Empire in 1885, though the Russian Empire held to give the self-governing city status to Batumi and finally Batumi got the right to elect the city

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<sup>35</sup> Ibid, p. 227

<sup>36</sup> Outline of Georgian History, Vol. V, p. 294

<sup>37</sup> Ibid, p. 310

<sup>38</sup> Ibid, p. 312



council in 1888. Thus, as a result of the administrative reform performed by the Russian Empire Georgia had got 6 self-governing cities and 551 rural communities. In the 90s of the 19<sup>th</sup> century another 4 cities got the right to elect the council. This system existed until 1920, the end of the First Georgian Republic. It was mainly based on the principle of urban centers and rural areas, because it granted the self-governance status not to any city, but to a city that was a large unit and urban center.

The First Georgian Republic started to work on the administrative - territorial reform. The main task was to change the system of districts, on the one hand, and on the other hand, to form local governments. However, this process was delayed and the 1919 municipal elections were held on the basis of the former districts. Pavle Ingoroqua was the first who tried to establish the concept of territorial development of Georgia. He divided Georgia into four functional parts: East Georgia, West Georgia, East Georgia hinterland - Lower Karia, Bambak, Kazakh- Mamshadil and Sakatala; West Georgia hinterland - Samurzakano, Abkhazia, Jiketi province<sup>39</sup> (Sukhumi and Sochi districts). Pavle Ingoroqua further extended his thesis in his paper "The Project of Administrative and Territorial Structure of the Country" dated 1920<sup>40</sup>, where he returned to the 12<sup>th</sup> century model of "the city and its belongings"; takes the urban area and the villages deployed round it at 25 km radius as a point of reference and by this unity he sets up administrative units. This approach was based on the opinions of the leading European scientific ideas and Pavle Ingoroqua in this concept succeeded to make a symbiosis of the Georgian historical experience and the advanced European thinking. Ingoroqua reasoned his choice of such territorial arrangement by historical experience, economic expediency and national security needs<sup>41</sup>. However, the Mensheviks government preferred the simple populism and selected the model of country planning which included 19 districts (where three had an autonomous status), and all settlements had own self-governance. Ingoroqua strongly opposed this model but to no avail, it was adopted. However, the model was not implemented because in 4 days after its adoption the Soviet Russia invaded Georgia.

In 1924, the Soviet government established the territorial development commission with participation of Pavle Ingoroqua. In 1930 the optimization of boundaries of local administrative units started that was largely based on the Ingoroqua's concept of 1920 (the integrity of urban and rural settlements). However, this concept was not developed immediately, and the formation of the Soviet-era regions continued until the 1970s. Finally there was adopted the system including 76 districts (with the exception of the city's districts). 551 rural communes were transformed into collective farms, the number of which was constantly changing and in 1985 in Georgia the number of collective and soviet farms on the basis of villages, towns and communities was 1180. Cities and towns

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<sup>39</sup> Pavle Ingoroqua, The report written for the 1919 Istanbul Conference

<sup>40</sup> District Division - the Main Principle of Territorial Planning of Georgia. Ronald Topshishvili, Annals, N1, Tbilisi, 2005. p. 19

<sup>41</sup> Ibid, p. 20

were defined as urban settlements by a simple criterion - if a settlement had no agricultural function (was not a collective farm), it was a city or a town. During the period of Soviet industrialization several new monofunctional cities (Tquibuli, Tquarcheli) emerged. A city has two statuses: a city of the republican subordination (which was not a regional center) and a city of regional subordination (regional centers). Local representative bodies were two-level. A city/town and village/community elected councils of people's deputies which sent their delegates to the district councils of deputies. The executive power belonged to the Executive Committee, which was formed by the Council of People's Deputies. It is senseless to talk about the soviet system of local government, because it was a tail of the central authority and a part of the strict party vertical built on the democratic centralism. However, formally, it was the two-level local self-governance system where at the village, community, town and city levels (LAU2) were directly elected a representative body, while at the region level (LAU1) the government was formed in an indirect manner, through all governmental levers were accumulated at the region (LAU1) level.

In 1991 in Georgia was adopted the Law On Transitional Model of Local Self-governance and Administration, which customized the multiparty system to the Soviet system and replaced the one-party control with the administrative vertical, that expressed in the appointment of prefects in all regions. This system was abolished as a result of the military coup in 1992 and the local government function was deteriorated. A new discussion on the country's territorial planning and development of self-governance began in 1995.

This discussion started not with lower administrative units, with the administrative-territorial organization of the country which had its reason. After stabilization of the government at the central level, it became necessary to establish effective control over the entire territory of the country. A very weak central government did not have adequate administrative resources in all villages and cities. Consequently, there was a need for such a unit which would allow the control over large areas by small administrative resources. When seeking such areas (there was set up the state commission headed by Temur Pipia) the historical references of the territorial - administrative division of Georgia ("saeristao", "satavado", district) aroused. The discussion mainly focused on two areas - the regional autonomy (in a broader meaning - federalization) and deconcentration of the state authority (establishment of regional bodies of the central government).

It should be noted that the discussions about the role and place of inner areas of Georgia are not new. This discussion comes from "The Chronicles of Kartli" and it can be vividly called as "a dispute between Aghmashenebeli and Baghvashi". Baghvashi had not violated none of three treasures named by Ilya Chavchvadze - he had betrayed neither language, not belief and nor motherland. He simply believed that his right as the "eristavi" in Kldekari specifically was dominant over the right of all Georgia. Accordingly, he should

fit the interests of Georgia (in this case of the Bagrationis family) to his personal interests. He fought against Rati Eristavi and forced him to subject to the Bagrat III. He also fought with David Agmashenebeli side by side, but when David IV started to pursue the interests of the entire state (including in Kldekari) Baghvashi opposed the king, concluding that the king wanted to take over his estate. From the point of view of regionalism there is nothing strange in the Liparit's "behavior", as the majority of feudal states of Europe has formed as a result of such approach and Liparit should have believed that he was right in terms with the Bagrationis. He simply did not realize that his personal objective did not match to the Georgian state objective and his interest did not conform to the national interests. Baghvashi had lost his battle, "but the idea of federalization of Georgia" preserved in kind of a Georgian territorial romanticism, which crops up from time to time more. If we disregard the Soviet-era harmful practice of ethnic and religious autonomization, for orientation both regionalism and federalism has nothing to reject, and all parties and experts have the own opinion with regard to the question - what's better? The only thing that provides a firm and single answer to this question, is the history of Georgia, which tells us that - when the state of Georgia was powerful, "regions" ("saeristavo" and their successors) were nothing but the functional link of the central government; and when "regions" were "self-governing" the state of Georgia was either very weak or did not exist at all. Consequently, all authorities should draw the conclusion from this answer.

This took place in 1995 when any form of institutionalization of regions was rejected, and moreover, it was written in the Constitution that the country administrative - territorial arrangement will not be completed as long as the territorial integrity is restored ( i.e., we do not know what we are dividing) . In order to outline the territorial scope of deconcentration of the central government, alongside the autonomous republics there emerged nine "regions". The new "regions" less abided social - economic factors and spatial models, but they repeated the approach of the First Republic and were based on the "provincial" division of Georgia. The Georgian society has adopted "Regions" cautiously and later under the decision of the Constitutional Court such division was declared illegal, the name of the "region" administration was legally defined as "the President of Georgia procurator's administration..." (Followed by the list of self-governance units where the procurator has a mandate). Those territorial units are united in those territorial boundaries which were originally defined as "the historic area" of a region, despite the fact that until 1995 these "regions" had never existed within those boundaries.

As for the self-governance, it was based on the existing model. In villages / communities (collective and soviet farms area) as well as in towns and cities (LAU2) were formed self-governing units. At the region level (LAU1) through the proportional system was elected the sakrebulo (council) and the governor was appointed by the President. The sakrebulo elected at the region level appeared to be a rather effective mechanism for protection of

local interests and the control over the governor appointed by the President. For this reason in 2002 the central government abolished the direct election of the regional council and introduced the associated council composed of the heads of administrative units of the first level. This has actually abandoned the local political representation. A step forward was that the three cities of five core cities were granted the right to elect the head of the local executive authorities. The local self-governance had rather adequate rights on the paper but in reality all governmental levers (including the budget) were accumulated at the region level which was the government level. The Council of Europe Congress 2003 Monitoring Report was rather critical towards this model<sup>42</sup>.

According to the reforms implemented in 2005 in Georgia was introduced the one-level local self-governance. On the territory of former regions were formed self-governing units- municipalities (LAU1) with the elected sakrebulo-councils, which in turn appoint the head of the executive power. Municipalities consist of territorial units (village, community, town, and city) where the municipality official and his/her staff are appointed. These communities have retained the status of administrative unit (LAU2). In 2008 through the amendments made in the organic law the administrative functions of those units further increased. All five core cities have become a full-fledged government unit with the sakrebulo and the head of executive power appointed by the sakrebulo. Since 2010, Tbilisi mayor has been elected by the general voting. The Organic Law does not regulate the internal division of five self-governing cities. Accordingly, these cities (including the capital city Tbilisi) are actually the first-level units (LAU2) that is clearly an anachronism. The biggest mistake is that after 2006 the reform has not been extended and has not transferred to decentralization that became quite possible after the total recovery of the administrative vertical of ministries since 2009.

Subject to the foregoing we may conclude:

***In 12<sup>th</sup>-13<sup>th</sup> centuries the territorial morphology of the country was based on the unity of the urban and rural areas,*** which was completely destroyed after the Mongol invasion. Disintegration of the country had killed this process of development.

The rural and urban reforms of 1874-1881 in Georgia commenced the creation of a new spatial morphology of the country. During the Georgia independence period the idea of the administrative arrangement and spatial development emerged. This idea was originated by the Georgian scientist Pavle Ingoroqua. Therefore, ***the current idea of municipalities is largely based on the Ingoroqua's concept and it has nothing to do with the Soviet ideology.*** The fact that during the period of the

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<sup>42</sup> [https://wcd.coe.int/ViewDoc.jsp?id=891917&Site=COE&BackColorInternet=C3C3C3&BackColorIntranet=CACC9A&BackColorLogged=EFEA9C#P146\\_21615](https://wcd.coe.int/ViewDoc.jsp?id=891917&Site=COE&BackColorInternet=C3C3C3&BackColorIntranet=CACC9A&BackColorLogged=EFEA9C#P146_21615)

Soviet Union the Georgian regions significantly differed from the regions of other Soviet republics, is evidenced by comparison with Moldova (the country which is similar by territory and population) where regions have twice more population<sup>43</sup> than in Georgia. The same is true with neighboring Azerbaijan<sup>44</sup> or even with distant Bulgaria, where in average there are 100 thousand inhabitants in one region<sup>45</sup>, not to mention Russia, where the population of some regions exceeds one million. Georgia was the only republic of the Soviet Union, where the program of consolidation of collective farms and regions by Nikita Khrushchev failed.

As a result of the 2005 reform *villages and small towns in Georgia were not abolished, those local administrative units were maintained* and self-governance have been actually taken from them to the upper level local unit - the municipality (the former region), thus reducing the local democracy quality but increasing the government efficiency, which largely based on the flexible management of the administrative resource but not on the institutional strength of local government. The real decentralization process has not gone forward and a substantial work is to be done in this regard.

*Current “regions” have neither legal nor historical preconditions*, the only thing this division is based is the “local” belonging. In a time when the country's economic integration is low, and it faces the problem of territorial integrity, institutionalization of these “regions” as any independent self-governing unit will be destructive.

## **2. Typology of Settlements in Contemporary Georgia**

Before the discussion about the administrative-territorial development we should know the morphology of settlements or by what building material should the administrative structure of the country be built. In this regard, we have a heavy picture:

- a) *Diversity of the types of rural settlements.* There are 7 types of rural settlements in Georgia (see Map 12): 1. East Georgia lowland and foothill areas with mostly large villages and compact settlement; 2. East Georgia lowhill area with mixed size villages and compact settlement; 3. East Georgia mountain basin and plateau area with mostly medium-sized villages; 4. East Georgia highland area with small villages; 5. Kolkhida lowland and adjacent foothill area with mostly large villages; 6. West Georgia foothill and hill area with mostly medium-sized villages; 7. West Georgia highland area with small village<sup>46s</sup>.

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<sup>43</sup> [http://en.wikipedia.org/wiki/Districts\\_of\\_Moldova](http://en.wikipedia.org/wiki/Districts_of_Moldova)

<sup>44</sup> [http://en.wikipedia.org/wiki/Administrative\\_divisions\\_of\\_Azerbaijan](http://en.wikipedia.org/wiki/Administrative_divisions_of_Azerbaijan)

<sup>45</sup> [http://en.wikipedia.org/wiki/provinves\\_of\\_Bulgaria](http://en.wikipedia.org/wiki/provinves_of_Bulgaria)

<sup>46</sup> Short Description of Territorial Resettlement of Georgian Population, Teimuraz Jashi, 2007

- b) *The current typology of settlements is the product of the Soviet era.* The centralized economy and administrative migration restriction prevented development of settlements and internal migration process. Consequently, very many settlements are now called a city or a town not they are of such a type, but because of the decision of a certain organ of the Soviet government.
- c) The biggest problem is the lack of the necessary tools for spatial inventory of the country - Georgia is included by the United Nations in the list of the countries which irregularly conduct a census of the population. In the best case the data of population we have are based on the calculations made with the data of the 2002 census (with methodology is doubtful in general). In Georgia there is no Euromap analogy (the Atlas of settlements boundaries), neither there is the land cover atlas (CORINE analogy), nor the road inventory atlas. Without these basic tools the discussion of the optimization of administrative units' boundaries and efficiency of area size is like a blind man looking for a needle in a haystack.

Today in Georgia are available only the data about the area of municipalities<sup>47</sup> and area of majority of cities<sup>48</sup> as well as the 2002 population census results for each of the settlements, some estimated data of the Georgian road system (international, intercity, municipal/local, rural and interurban) and their capacity.

Our aim is to make an attempt based on the scant information and using the nomenclature described in the previous section of this report and to identify the typology of Georgian settlements. Obviously, our attempt does not claim to provide precise delimitation. But it can provide: a) the approximate picture; b) the direction where to turn our efforts.

### *Typology of Rural Settlements*

There are up to 3 500 villages in Georgia (in its controlled area), the average population of which is 601 inhabitant. The majority of villages are united in communes. The object of our analysis is a unit having the status of territorial entity of municipalities (LAU2), their number in Georgia is 998. Because we do not have data about the area of each rural settlement (village, commune), we cannot we calculate the population density for a specific unit. Consequently, in this report, the density is calculated for a municipality (LAU1) in whole. If the density in a municipality is over 150 persons/km<sup>2</sup>, then the

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<sup>47</sup> The area and the boundaries of villages existing on the territory of the municipality have not been identified. The land was disposed by the collective and soviet farms and after their disintegration the land fund which was distributed among the households was entered in the land cadaster data which are not recorded by settlements and are of low accuracy. Accordingly, we are actually lacking the data of land belonging to the villages and households but only the total amount of land covered by the municipality is available.

<sup>48</sup> These data are retrieved form Geoland service under the contract. Those data are based on the city map and may have the margin of error up to 10% for calculated city area.

municipality area is deducted the data of a city included in it and the population density data is so calculated. It is obvious that such a method of delimitation cannot be compared by the accuracy with the model where the density is calculated individually for each locality, but for Georgia it is the only possible way.

the findings based on the analysis conducted by this method demonstrates that in the absolute majority of Georgian municipalities the population density is less than 100 persons/km<sup>2</sup> (see Table 1); the density of 150 persons/km<sup>2</sup>, and more is in the 5 municipalities, namely: Gori municipality, Zestafoni municipality, Zugdidi municipality, Samtredia municipality and Chiatura municipality. The population density 100 persons/km<sup>2</sup> to 150 persons/km<sup>2</sup> is only in four municipalities, namely : Marneuli municipality, Ozurgeti municipality, Kobuleti municipality and Tskaltubo municipality (Table 1). In the municipalities with the population density is over 150 persons/km<sup>2</sup> as a result of subtraction of urban areas and population, the picture radically changes. In Gori, Samtredia and Chiatura municipalities the population density drops below 150 persons/km<sup>2</sup> (in Gori, 44 persons/km<sup>2</sup> . The exception is Zugdidi municipality, which preserves the high density even without the city population and area (160 persons/km<sup>2</sup>, see Table 2) that means that it is actually the only municipality in Georgia which is really urbanized. Its area is small and the population is large, that results in a high density. In conclusion it may be said that the majority of municipalities in Georgia is mainly the rural area.

The subject of a separate discussion is a Georgian township (“daba”). There are 38 dabas on the territory currently controlled by the Georgian government. During the Soviet period the status of a daba was granted without clearly defined criteria for the given category. It may have been a settlement of more than 3 thousand inhabitants, the administrative center of a region or workforce compact settlements (for example, daba Nasakirili, Laituri, Kazreti). The typology of daba is difficult and it cannot be identified only using the population density criterion. In the absolute majority of daba the density is less than 1500 persons/km<sup>2</sup> (except Surami and Chakvi) and in more than half the density is 150-190 persons/km<sup>2</sup>. Therefore, by their essence, the Georgian daba are urban clusters of rural settlements. In the majority of them the population is employed in the agriculture sector. In 10 dabas – in the agriculture and recreation sectors. In Georgia dabas (where the density is over 150 persons/km<sup>2</sup>) are “urban-open space settlements” because their territories include agrarian lands and natural area. Their population cultivates farmland, has cattle and is engaged in farming. Daba is of flexible typology. Subject to its context a daba can be a rural settlement and a urban one that is caused by the specifics of the Georgian language<sup>49</sup>. Accordingly, in this report we will consider dabas as the urban

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<sup>49</sup> The Russian language identifies 9 types of rural localities (village, big village, rural settlement, Cossak village, sloboda, isolated farmstead, pochinok) and primary types of urban localities (town, township) to which in 1957 under the resolution of the USSR Supreme Council Presidium were added more functional types (industrial township, holiday village, summer colony). The word “daba” in Georgian language includes 5

clusters of rural area, though in the future it is necessary to conduct the detailed study and to accurately determine their typology.

When establishing the peripherality index it should be taken into consideration that actually there is one urban center in Georgia and that is the city of Tbilisi (see map 24 , which makes no sense to use the peripherality index. But if we adapt the methodology of the European Commission to the Georgian economy parameters and size, we may take consider small towns (where the density is over 1500 persons/km<sup>2</sup>, see Map 13A) as urban centers. Under these conditions, if we apply the peripherality index of 45 minutes travel time from the center of rural population to urban center, then 90% of rural settlements will be “accessible rural settlements” (see Map 15) where up to 99% of the country's rural population lives. The rest of the settlements are located in mountainous areas (Shatili, Mutso, Ghebi , etc.) and in those rural settlements lives 1 % of population (by optimistic forecast). If urban centers are the towns with more than 50 thousand population (as required by the EC nomenclature) then the situation dramatically changes, and 70% of rural settlements will be classified as “isolated settlements” (see Map 16). In this regard, the situation appears more complex in South Georgia, the northeast and southeast parts of the country.

Subject of a separate review are the villages isolated because of the road infrastructure. Such villages may be located in 10-12 km from the municipal center but because of lack of the road infrastructure they in fact should be considered as isolated. In Georgia there are about 200 such villages mainly in the mountain and foothill areas. A small part of the population lives there (the total number is less than 5 thousand), but because of the lack of proper infrastructure the communication is complicated.

### *Typology of urban settlements*

There are 54 cities on the territory controlled by the Georgian government where 52.4 %<sup>50</sup> of the country's total population lives. Determination of urban settlements typology is based largely on population density. Based on this data in 13 Georgian cities the population density is less than 1 500 persons/km<sup>2</sup>, in 22 cities the population density is 1 500 - 3 000 persons/km<sup>2</sup> . The population density over 5 000 persons/km<sup>2</sup> is only in three cities in Georgia (Kutaisi, Batumi and Chiatura), where the highest population density is in the city of Batumi - 7 293 persons/km<sup>2</sup>. The population density of the Georgia's biggest city - Tbilisi is 3 350 persons/km<sup>2</sup> (see Table 3), that is a very low figure for the cities similar to Tbilisi. Even by the perfunctory observations it is clear that Tbilisi faces the

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typologies from the Russian language (rural settlement, township, industrial township, holiday village, summer colony). For other types of rural localities we use the word “village”. Consequently, when speaking about “daba” type in Georgia (which was a part of the administrative space of Russia for 200 years) we shall get its meaning from the context, e.g.: Chakvi daba (as summer colony), Sioni daba (as holiday village), Kazreti daba (as industrial township), Mestia daba (as town) and Nasakirali daba (as village).

<sup>50</sup> The increase in urban population mainly resulted at the expense of Tbilisi.



balanced urbanization problem: there are places (the Central Saburtalo) where the density is over 17 000 persons/km<sup>2</sup>), and there is the city's left bank, where this indicator is less than 1 500 persons/km<sup>2</sup>. The city area growth, which in essence is not an urban sprawl but simply a mechanical merger of areas, further reduces the average density and creates the prospect of transformation of the capital city of the country into rural-urban area.

The analysis of correlation of the population density and population number of the cities (excluding 5 self-governing cities (see Table 4 ) shows that in Georgia the city population number does not determine the population density. Among 10 biggest cities (other than 5 self-governing cities) by the population number leads Zugdidi (69 600 inhabitants), however, it is only the fifth ranked according to the population density. By the population number Chiatura is a small city (19 587 inhabitants), but by the population density it holds the first place in the Table. Moreover, only three cities: Gori, Zugdidi and Chiatura are included in both columns of Table 4, while 10 top cities by population are not included in the density column at all. What does this correlation indicate? Only that fact that what we see is the result of the Soviet city planning, when the city was seen as an area of concentration of the labor force and the spatial sustainability of a city was given less importance. Today we have the situation when the majority of our cities by their parameters (spatial, economic, and social) do not meet the requirements. This situation will further aggravate after a new census when the data confirm the dramatic decline in the population of small towns that will further reduce the density indicators.

Then follows the problem of spatial development of cities. If we look at a schematic plan of cities we will see that regardless of the population number and density all cities are "urban-closed area settlements". The difference between the Georgian and European urban-closed area settlements is principal. In "Old Europe" (EU15) , more than half the population lives in closed areas while in Georgia (with the exception of 4 self-governing cities) the population of municipal cities is only 14% of the country's total population. The only thing that gives a chance of development to small (the so called municipal) cities is that their boundaries are conditional and they are urban centroids of the municipality area. This allows attributing the "natural areas" of the municipality (including agricultural lands, because the majority of population of those cities is engaged in agriculture and owns such lands) to the functional area of those cities that make them the urban-open area settlements. If these cities are removed from the territory of the municipality, they will automatically transform to the urban-closed area settlements. An urban-closed area settlement with 15 thousand inhabitants and a density of less than 1 500 persons/km<sup>2</sup> means that these cities are deprived of any opportunity of development and will remain a Soviet rudiment.

Urbanization is the accompanying trend of our civilization. Therefore the development focus of Georgia shall be the well-managed urbanization process. Beginning from the 30s of the 20<sup>th</sup> century Georgia began to transform from the fragmented settlement space (see

Map 13) to the dense settlement space and the so called East-West urban corridor (or urban axis, as it is otherwise known) has been formed<sup>51</sup> (see Map 14). In the 80s of the 20<sup>th</sup> century this axis was considered as a means of mitigating the internal migration through the collapse of the economy (and in particular, the economy of small towns) after the disintegration of the Soviet Union has caused the uncontrolled migration and this axis has been considerably weakened at the expense of growth of Tbilisi population.

For Georgia in addition to Tbilisi the development of other big urban centers is of vital importance as they will become the engines of the Georgian economy and will restructure the workforce (will unload the agriculture and load the secondary and tertiary sectors of the economy). Such centers will in no way be established by granting any status on the paper (call it whether a self-governing city or a metropolis) thereto. It is necessary to determine whether a settlement has the urban development potential, the simple indicator of which is the internal migration (“assessment by a citizen’s foot”, that is a citizen comes and lives there). Accordingly, for identification of such potential centers we have taken the EC “Urban Report” parameter “50000 and more population”, adapted this indicator for Georgia and reduced it to 45 thousand . On the other hand, we have used the EC nomenclature of the density of urban settlements. The analysis results are given in Table 5. In accordance with the analysis alongside five self-governing cities of Georgia there emerged two more cities (Zugdidi and Gori), which show potential for growth in urban centers. This conclusion does not guarantee that these cities will actually develop so. This is possible only in case of correct and reasonable management. The 2014 census results will be significant which will demonstrate the real picture.

So far, the following may be concluded:

The vast majority of cities (more than 70 %) are of low density. 13 cities (25%) are classified as an urban cluster of rural area of, and 23 cities (44%) are classified as a town, 13 cities (25%) are of relatively high density. Only 3 cities have the density of more than 5 000 persons/km<sup>2</sup> (see Table 15). However, out of 52 cities given in this Table, only seven cities have population of over 45 thousand. Such disproportion between the number and density of population is caused by the specifics of the Soviet state, where the status of a city was granted without taking into account the economic and spatial factors. There the status determined the socioeconomic development, but not vice versa.

After the disintegration of the Soviet Union the negative aspects of the artificial (fictitious) status have fully revealed itself. The so called targeted enterprises of monofunctional cities (Rustavi, Chiatura, Tqubuli, Zestafoni) stopped (or operate with hardly 10% load), the centralized funding has drastically reduced, the social sphere has collapsed. The city economy has remained in kind of just small vendors that gives a

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<sup>51</sup> Trending Development of Resettlement System of Georgia, PhD Thesis Abstract. Nino Chkheidze. Georgian Technical University, 2011

touch of the medieval character to the economy of Georgian cities. The migration from peripheral cities is high and the country's capital city draws the country's population.

In such conditions the last thing that the government should pay attention is the government status of cities. First of all it is necessary to work out the economic policy for the development of urban centers and small towns. It should be based on the city's economic development, growth equalization and diversification of the city's economy (development of secondary and tertiary sectors of the economy), migration localization (its enclosure in a short cycle - from rural settlement to a nearby urban settlement, see Chart 3). Pursuing such a policy would lead to the equalized urban growth (not only in the expense of Tbilisi) and only then the discussion whether or not any settlement shall have the status of urban center, will be reasonable.

Map 12 Typology of Rural settlements



**Table 1. Municipality Population number and density**

<b>Municipality</b>	<b>Area, km<sup>2</sup></b>	<b>Population</b>	<b>Density, inhabitants/km<sup>2</sup></b>
Abasha	322	28 500	89
Adigeni	799.6	20 400	14
Ambrolauri	1 142	16 019	16.3
Aspindza	825	12 700	15.8
Akhalkalaki	1 235	62 300	49.4
Akhaltzikhe	1 010	46 300	46
Akhmeta	2 201.6	44 100	20
Bagdati	815	28 700	35.9
Bolnisi	815	78 700	96.5
Borjomi	1 189	32 643	27.2
Gardabani	1 304	107 068	82
Gori	2 327	153 360	66
Gurjaani	846	73 200	86.5
Dedoplistskaro	2 529	30 240	12.2
Dmanisi	1 198	35 000	29
Dusheti	2 981	33 400	11.3
Vani	557	33 800	60.7
Zestafoni	423	75 400	178
Zugdidi	682	176 640	259.9
Tetritskaro	1 174.5	25 372	21.5
Telavi	1 095	68 000	62
Terjola	357	45 000	126
Tianeti	906	13 400	14.7
Kaspi	803	52 100	65.0
Lagodekhi	890	50 300	56.5
Lanchkhuti	533	37 800	71
Lentekhi	1 344	8 619	6.7
Marneuli	935	117 700	126
Martvili	880	47 333	54
Mestia	3 044	14 270	4.7
Mtskheta	805	65 200	80.9
Ninotsminda	1 354	34 600	25.5
Ozurgeti	675	84 126	124
Oni	1 712	8 372	4.8
Sagarejo	1 491	60 396	40.5
Samtredia	364.1	60 300	166

Sachkhere	973	47 300	48
Senaki	520.7	48 854	94
Signaghi	1 251	42 652	34
Tqibuli	478.8	30 100	63
Kareli	1 052	51 200	48
Kedi	452	20 317	44.6
Kobuleti	720	91 100	126
Kazbegi	1 081	4 900	4.5
Kvareli	1 000	40 663	40.6
Shuakhevi	588	22 600	38.6
Chokhatauri	825	22 900	28
Chkhorotsku	619	32 662	52.7
Tsageri	756	16 515	22
Tsalenjikha	646.7	40 360	62
Tsalka	1 056	21 745	20.5
Tskaltubo	632.3	73 600	116.4
Chiatura	542	55 000	101.5
Kharagauli	913.9	27 500	30
Khashuri	585	61 800	105.6
Khelvachauri	478	62 828	131
Khobi	656	41 749	63.6
Khoni	428.5	31 200	74
Khulo	710	25 500	36
Akhalgori	1 011	7 600	7.5

Table 2. Population number and density in 150-350 inhabitants/km<sup>2</sup> municipalities less the urban centers (cities)

Municipality	Population	Area	Density
Gori	102 220	2 310	44
Zestafoni	51 242	383.8	<u>133.5</u>
Zugdidi	107 040	665	<u>160.9</u>
Samtredia	30 539	311.7	<u>97.9</u>
Chiatura	35 413	487.5	72

Table 3. Population and density of cities

	City/town	Population *	Area **	Population density inhabitants/km <sup>2</sup>
1.	Tbilisi	1 172.500	350	3 350
2.	Kutaisi	192.500	36	5 347
3.	Batumi	180.000	64.9***	7 293
4.	Rustavi	116.086	30	3 869
5.	Zugdidi	69.600	18.8	3 700
6.	Gori	51.200	10.8	4 740
7.	Poti	45.775	18.4	2 487
8.	Samtredia	29.761	22.3	1 335
9.	Khashuri	28.560	9.4	3 038
10.	Senaki	28.082	9.7	2 895
11.	Zestafoni	24.158	9.6	2 516
12.	Telavi	21.800	14.8	1 472
13.	Ozurgeti	20.636	8.2	2 516
14.	Marneuli	20.065	13.3	1 508
15.	Chiatura	19.587	3.3	5 938
16.	Kaspi	19.900	6.5	3 061
17.	Akhaltikhe	18.452	4.2	4 393
18.	Kobuleti	18.302	5.2	3 519
19.	Tskaltubo	16.841	3.8	4 431
20.	Borjomi	14.445	3.5	4 127
21.	Tqibuli	13.800	5.7	2 421
22.	Sagarejo	12.566	7	1 793
23.	Gardabani	11.858	6.7	1 769
24.	Khoni	11.315	7.8	1 450

25.	Gurjaani	10.029	5.7	1 759
26.	Bolnisi	9.944	4.7	2 115
27.	Akhalkalaki	9.802	4.8	2 042
28.	Kvareli	9.045	4.9	1 846
29.	Tsalenjikha	8.956	3.3	2 713
30.	Akhmeta	8.571	6.2	1 382
31.	Lanchkhuti	8.000	5	1 600
32.	Dedoplistskaro	7.724	9.3	830
33.	Mtskheta	7.718	2.6	2 968
34.	Dusheti	7.315	2.1	3 483
35.	Kareli	7.185	3.5	2 052
36.	Sachkhere	7.000	2.2	3 181
37.	Lagodekhi	6.875	6.5	1 052
38.	Abasha	6.430	7.1	905
39.	Ninotsminda	6.287	3	2 095
40.	Tsnori	6.066	2.6	2 333
41.	Martvili	5.609	5.2	1 078
42.	Khobi	5.604	2.5	2 241
43.	Terjola	5.489	4.7	1 167
44.	Vale	5.031	N/A	0.0
45.	Jvari	4.794	N/A	0.0
46.	Bagdati	4.724	2.9	1 629
47.	Vani	4.641	6.0	773
48.	Tetrtskaro	4.041	4.4	918
49.	Dmanisi	3.427	2.9	1 181
50.	Oni	3.342	1.8	1 856



51.	Ambrolauri	2.541	1.6	1 588
52.	Signaghi	2.146	0.6	3 576
53.	Tsageri	1.961	1.7	1 153
54.	Tsalka	1.741	4.8	362

\* 2010 data

\*\* City/town areas are calculated from GEOLAND infor services. The areas are based on the map and cadaster data and may have the margin of error (= $\pm$ 10%).

\*\*\* The area of the city of Batumi includes the added territories.

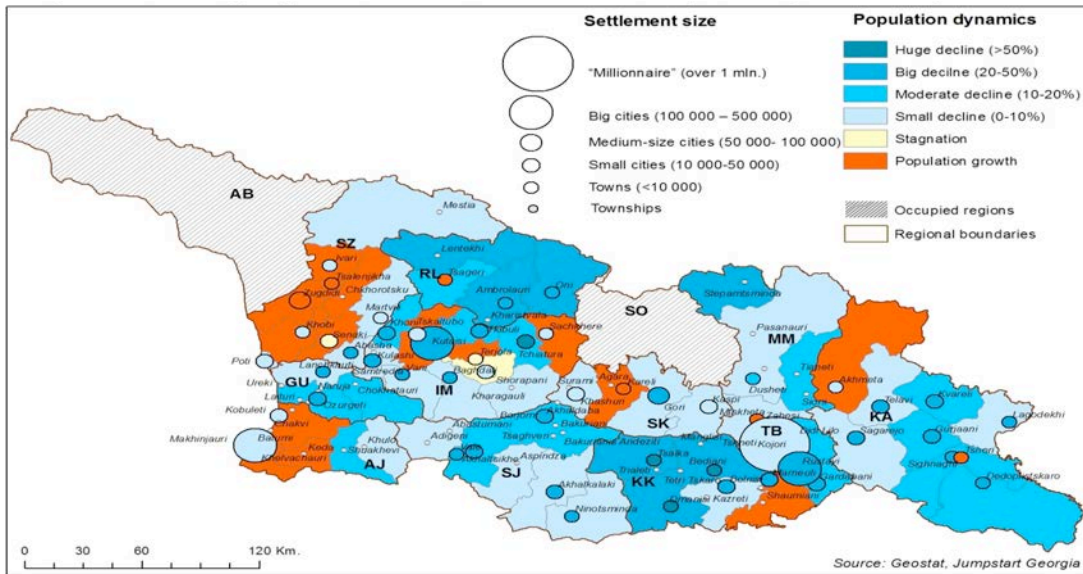
**Table 4 List of 10 Georgian cities/towns (other than 5 self-governing cities) according to population number and density**

According to population number		According to population density, persons/km <sup>2</sup>	
<b><u>Zugdidi</u></b>	69 600	<b><u>Chiatura</u></b>	5 938
Gori	51 200	<b><u>Gori</u></b>	<b><u>4 740</u></b>
Samtredia	29 761	Tskaltubo	4 431
Khashuri	28 560	Akhaltsikhe	4 393
Senaki	28 022	Borjomi	4 127
Zestafoni	24 158	<b><u>Zugdidi</u></b>	3 700
Telavi	21 800	Signaghi	3 576
Ozurgeti	20 636	Kobuleti	3 519
Marneuli	20 065	Dusheti	3 483
<b><u>Chiatura</u></b>	19 587	Sachkhere	3 181

**Table 5. Cities according to population density index and distribution of cities (45 thousand and more inhabitants) by density**

Density step inhabitants/km <sup>2</sup>	Number of cities	%	Cities with population (45000 – 55 000)	Cities with population (55001 – 100 000)	Cities with population (100 001 < )
< 300	0	0	0	0	0
300 – 1 500	13	25	0	0	0
1500 – 3 000	23	44.23	Poti (2 487)	0	0
3 000 – 5 000	13	25	Gori (4 740)	Zugdidi (3 700)	Tbilisi (3 350) Rustavi (3 869)
5 000 <	3	5.76	0	0	Kutaisi (5 347) Batumi (7 293)
Total	52	100	2	1	4

Map 13 A – Georgian cities



Source: Georgia urbanization review, volume 1, WB 2013

Map 13. Population settlement in 1926



Источник: Региональная схема расселения на территории ГССР на период до 1991-2001 г.г.

Map 14. Population settlement in 1970 and 2001

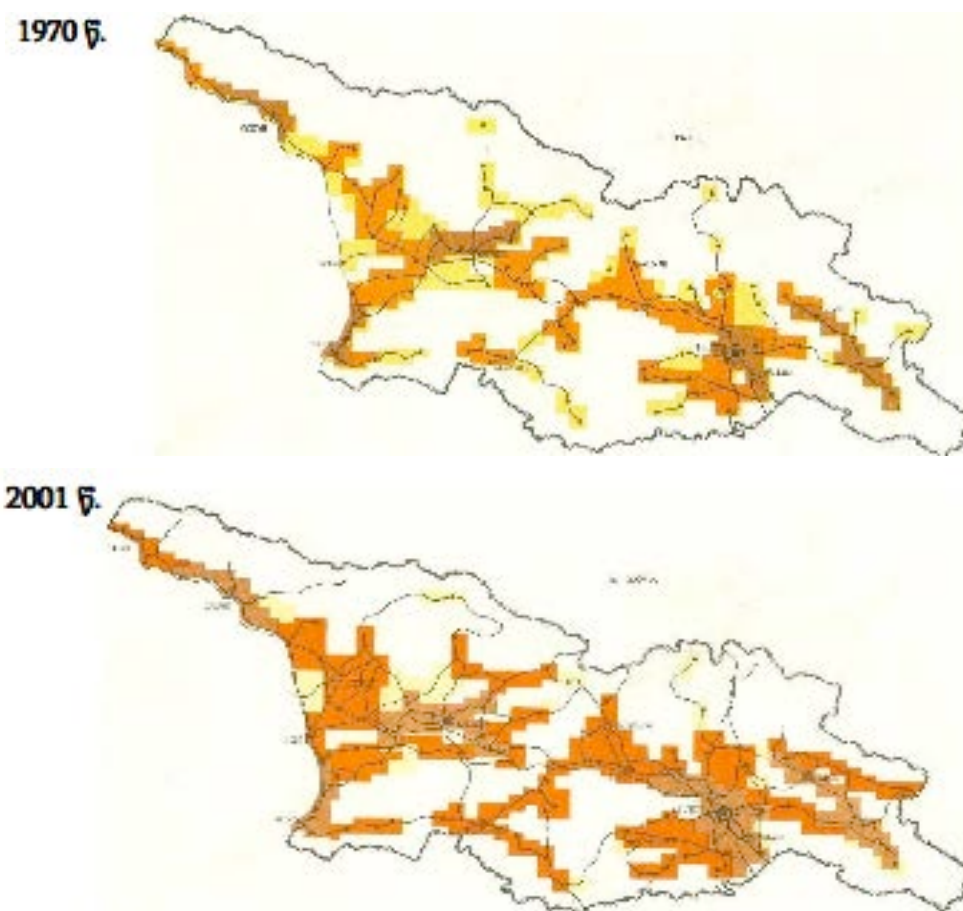
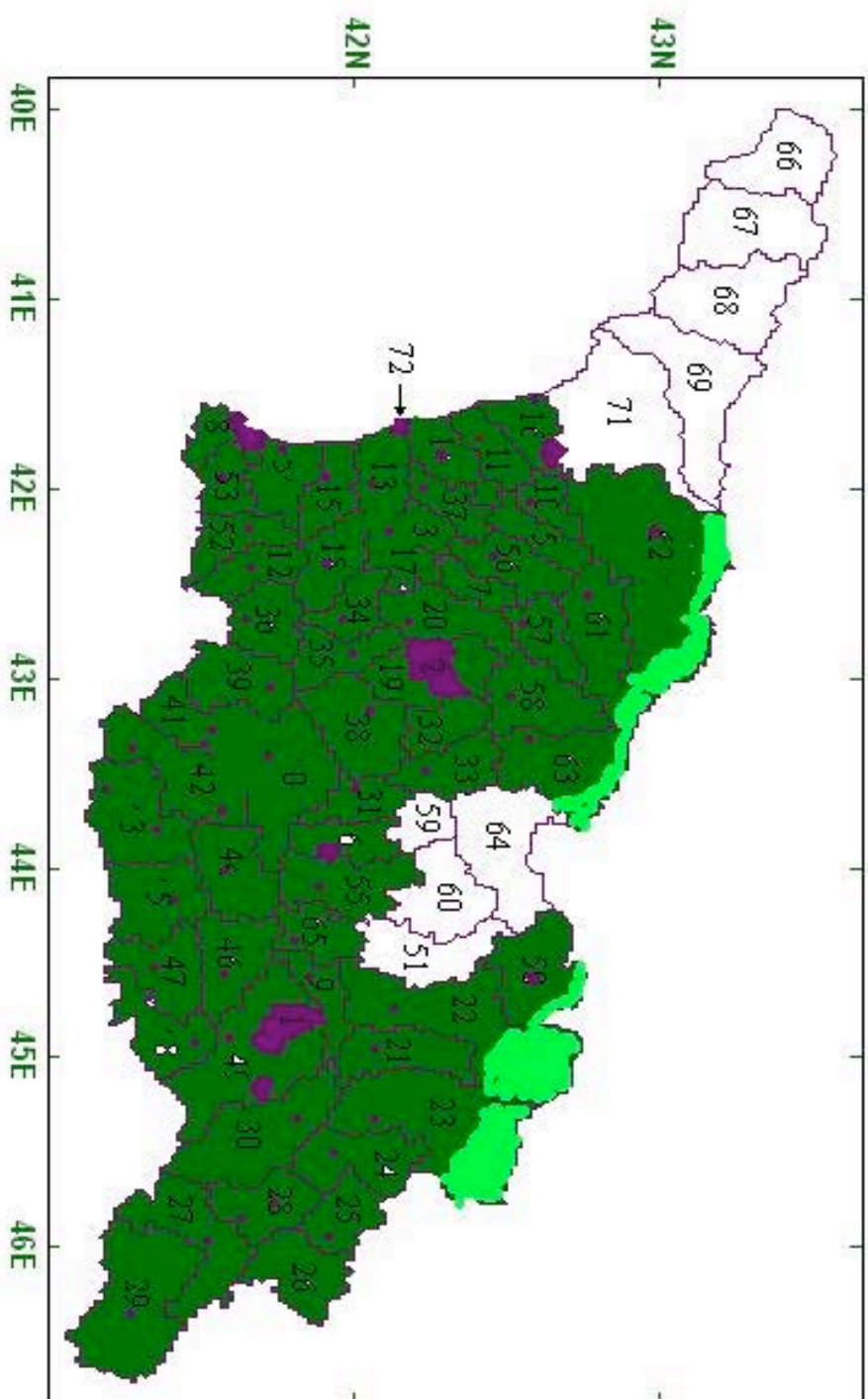
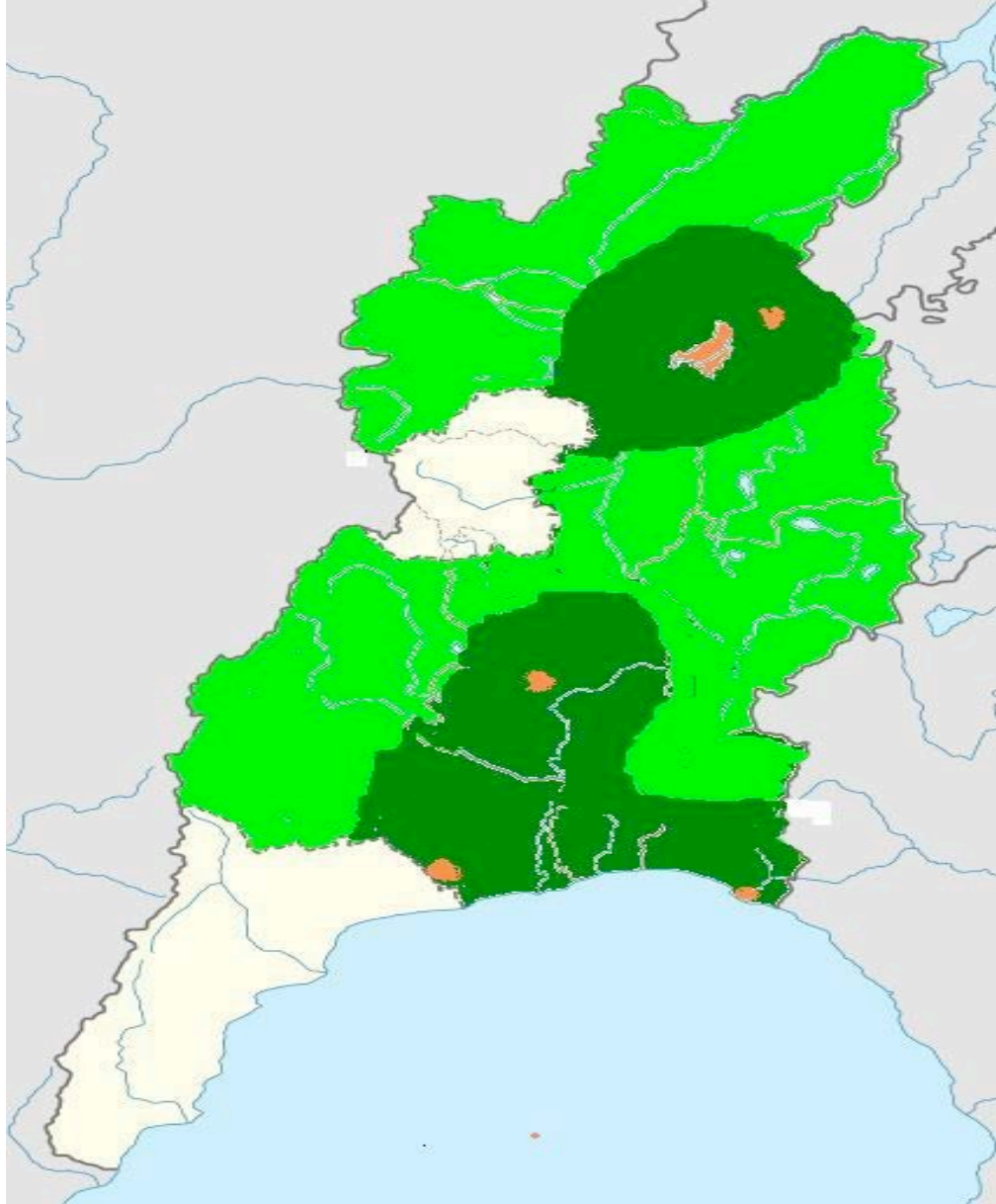


Рис. 14. Региональная схема расселения на территории СССР на период до 1991-2001 г.г.

Map 15. Rural settlements classification when municipal cities are considered as urban centers



Map 16. Rural settlement typology when urban centers are the cities with population of 50000 and more



### *3. Typology of Functional-Spatial Associations*

There are two forms of functional- spatial association in Georgia, the first is municipalities, and the second – Tbilisi metropolis. According to the Organic Law of Georgia On Local Self-Governance, a municipality is an agglomeration of settlements of different type (rural and urban) (LAU1). It includes urban settlements (towns) and surrounding villages and townships. Some municipalities have two towns (the so called two-core area). The greatest number of rural settlements in Georgia are in Dusheti municipality (300 villages are united in 14 communes) and the fewest – in Dedoplistskaro municipality (15 villages are united in 12 communes). Territorially the biggest is Dusheti municipality (2 981 km<sup>2</sup>), the smallest is Abasha municipality (322 km<sup>2</sup>). By the population number the biggest is Zugdidi municipality (176 thousand) and the smallest – Kazbegi municipality (4 900). The Comprehensive Concept published in 2012 (Kandelaki at al) calculates the average population of a municipality at 65 thousand that is a wrong figure. If we subtract 5 large cities from the total population of Georgia and divide this figure by number of municipalities (de jure 64 units), the average population will be 43 thousand, which is only three thousand more than the optimal number of population recognized by the Council of Europe (see this Report, p .26). In the example of 64 municipalities the population median is just 40 thousand (see Table 6); in the majority of municipalities (65 %) the population varies just in the range 30 - to 50 thousand (see Table 7). In a large majority of the municipalities the density is lower than 100 persons/km<sup>2</sup> and only in 5 municipalities the density is over 150 persons/km<sup>2</sup> (see Table 8). Zugdidi is the only municipality that is characterized by urbanization (259 persons/km<sup>2</sup>), where the density is high in both the town and village (see p. 38).

Municipalities are “open-space settlements” where a city and village are bound functionally. The administration, social infrastructure (hospitals, special education institutions, museums, cinema and theater), economic infrastructure (market, shops, services) are placed in the city. The city receives from the village agricultural products, labor and land (development area), drinking water (the headworks are located in villages), firewood and more. The village receives from the city markets (agrarian and consumer markets) , services (starting from outpatient clinic and ending with fire brigade) and products (which are not produced in family farms). The municipality area is designed around the city which represents the urban, administrative and economic center of municipality. The five-kilometer area from the city borders is the city’s functional area and extension of the city’s infrastructure. The ten-kilometer area is the city’s economic extension where the population is closely integrated in the city’s economy and social life (works, trades, children study in the city), beyond the ten-kilometer radius there is the hinterland, which is mainly the farming area (in Georgia greater part of population of municipal cities is engaged in agriculture in the hinterland). By its function and essence the absolute majority of Georgian municipalities is a classical peri-urban area (see pp. 23-25). Under the conditions development of municipal city economy the level of integration

of urban and rural settlements enhances more and more. Such integrity (peri-urbanization) is not unfamiliar for Georgia and it originates from the model of the “city and its belonging” model (pp. 30-32). Today the municipality is the most functional unit of a public authority and just under the conditions of management of the decentralization process it has the potential to become an important link of the national development.

The above does not mean that the boundaries of all municipalities are optimal, there are abnormally large municipalities like Dusheti which includes settlements located in the distance of more than 1 hour travel time from the (Barisakho, Gundani, Shatili, Arkhoti). the same is the mountainous area of Akhmeta municipality. There are some municipalities where the boundaries shall be adjusted (for example, several villages in the south of the Lanchkuti Municipality are separated from the town of Lanchkhuti by the ridge and functionally are connected to the town of Ozurgeti). Besides those single cases, the municipalities are historically formed and socially, culturally and economically integrated areas (see Map 17).

The sustained growth of the city of Tbilisi (both in terms of the economy and population) has expanded much its functional area. Today, the economic boundaries of the capital city many times exceed its administrative boundaries. Two parallel processes are going on in the capital city: a) expansion of boundaries (2010 ) – Tbilisi within its boundaries reaches neighboring villages and this process requires strict regulation as Tbilisi has big resource of development inside it; b) growth of functional boundaries - attraction of the labor from neighboring areas and capital export outside the city. Not only 15% but 50 % of the population of adjacent towns and rural settlements are working and receiving services in Tbilisi. Consequently, there is formed a new spatial agglomeration (p. 22) – Tbilisi metropolis. Since 2010 with the support of the European Commission and the Cities Alliance there has been launched the metropolitan governance project , which aims at the proper planning of metropolization process. At present, the metropolitan area of Tbilisi includes: the city of Tbilisi, the city of Rustavi, Mtskheta and Gardabani municipalities (See Map 18). Merging Marneuli municipality to this area is only a matter of time, because every morning the products are forwarded to Marneuli trade objects from Tbilisi warehouses, and in the evening the cash from sales is forwarded to Tbilisi. Almost one-third of Marneuli municipality administration staff live in Tbilisi and more than half of Marneuli population brings their agricultural products to Tbilisi markets daily for sale. So we can expect that Tbilisi metropolitan area will expand more. In other areas of Georgia the trends to conurbanization/metropolization ( pp. 20-21) have not yet observed that is mainly caused by the regional economy stagnation. There is no doubt that in conditions of the economic growth the urban centers will develop and expand their functional boundaries. Due to the specifics of settlement of population (p. 36). East Georgia has more potential for conurbanization than West Georgia, as the rural communes of East Georgia are more compact, and therefore, they are more likely to create a common urban than the fragmented and scattered rural settlements of West Georgia.

Table 6. Population according to municipalities

Number of Population	Number of Municipalities
10 000 >	4
10 000 – 20 000	5
20 000 – 30 000	10
30 000 – 40 000	10
40 000 – 50 000	10
50 000 – 60 000	4
60 000 – 70 000	7
70 000 – 80 000	4
80 000 – 90 000	1
90 000 – 100 000	1
100 000 – 110 000	1
110 000 – 120 000	1
120 000 – 130 000	0
130 000 – 140 000	0
140 000 – 150 000	1
150 000 <	1
	<b>60</b>

Table 7. Distribution of Municipalities according to Increase in Population

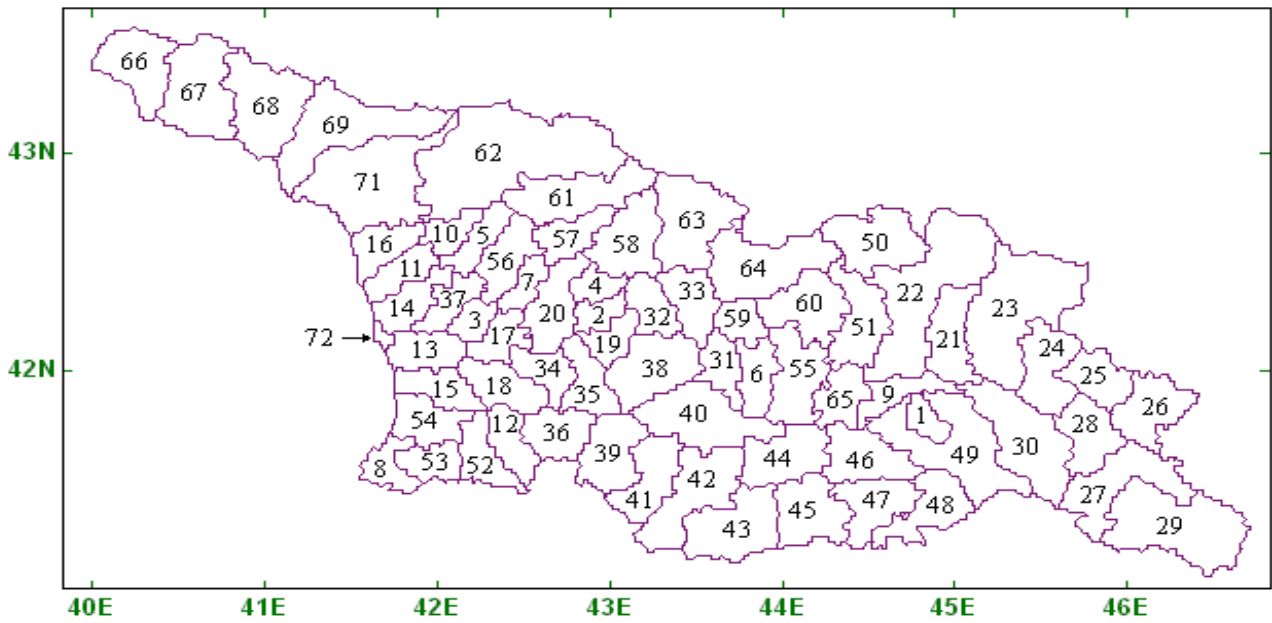
Number of population (according to Position 5)	Number of Municipalities	%	Number of population (according to Position 2)	Number of Municipalities	%
10 000 >	4	6.6	10 000 – 50 000	39	65
10 000 – 30 000	15	25			
30 000 – 50 000	20	33.3			
50 000 – 100 000	17	28.3	50 000 <	21	35
100 000 <	4	6.6			
Total	60	100		60	100

Table 8. Distribution of Municipalities according to Population Density

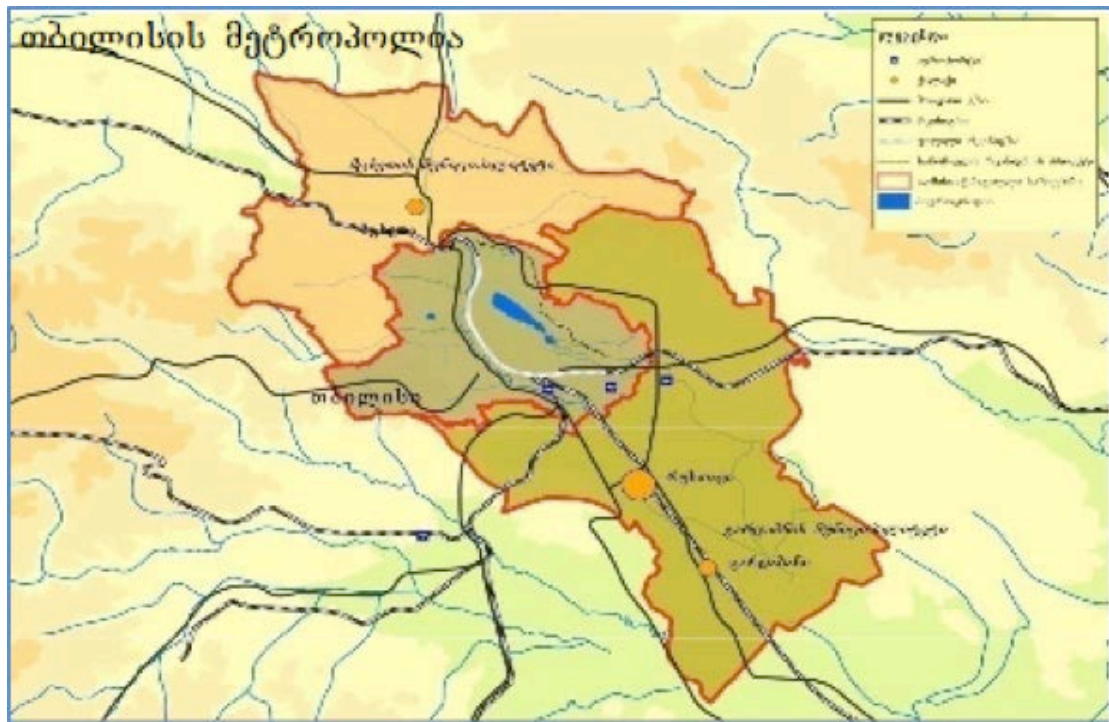
Density inhabitant/km <sup>2</sup>	Number of Municipalities
< 100	48
100 - 149	7
150 - 299	5
300 – 1 500	0
1 500 <	0



Map 17. Map of Self-Governing Units of Georgia



Map 18. Tbilisi Metropolis



#### 4. Topology of Regions

The Georgian regions have no legal status, although they are actively used as the territorial units of the central government and statistical units. Since 2009 a region has been treated as an economic development area, where a socioeconomic strategy must be developed. Starting from 2012 the Georgian Statistics Agency (GEOSTAT) has been publishing the regional statistics.

As it was mentioned above (p. 34) the current regional division of Georgia is based neither on economic nor on spatial factors as it is fruit of political solutions and is supported by the necessity of coordination of administrative resources and governmental programs. It is hard to identify the disparity between regions in Georgia according to economic factors. Even a simple analysis shows that Tbilisi City differs from the other Georgian regions by the development level. Non-development of the country's territories is aggravated by existence of the occupied territories that strongly complicates the talks on regional dimension of Georgia.

Whereas the Georgian regions exist as a disconcentrated unit of the central government, accordingly, we'll try to define their topology according to the EUROSTAT nomenclature. In this analysis we consider the Autonomous Republic of Adjara as an ordinary region as the political status is of no importance of the statistic topology, and in other aspects, Adjara differs in no way from other Georgian regions. Furthermore, due to the volume of population, Tbilisi is allocated as a separate statistical region.

7 regions from 10 Georgia's regions are pertinent to NUTS3 according to the volume of the population; and Guria region lacks 10 thousand inhabitants to reach the low level of the standard. The inhabitants of the two regions (Racha-Lechkhumi and Kvemo-Svaneti; Mtskheta-Mtianeti) are not enough to form classification of NUTS3 (See Table 9). The Department of Georgian Statistics does not publish the statistics for the said regions separately. Racha-Lechkhumi and Kvemo-Svaneti are lumped together with Imereti Region in the statistical indicators. Tbilisi complies with NUTS2 according to the volume of population.

According to distribution of population between a city and a village, all Georgian regions are classified as rural. A region which is closely to 50% of urban population is Imereti Region (See Table 9). The only top urban unit in Georgia is Tbilisi City. Tbilisi plays a decisive role in the country's urban status because if we remove Tbilisi inhabitants from the population-related data, then only the remained 38% of the population lives in urban areas (See Table 9).

No Georgian region has an urban center with 200 thousand and more inhabitants. Accordingly, none of the regions have a potential of being an intermediate region (See p. 10-11). Tbilisi Metropolis may be recognized as a closed space region. Although due to the fact that this metropolis and the borders thereof are not clearly delimited and exact identification of its topology is something for the future.

It is relatively sensitive to classify regions according to the gross value added. In Tbilisi 30% of the gross value added comes to the trade sector, 11 % - industry, 17% - transport and communications. in Kvemo Kartli 41% of the gross value added goes for the industrial sector (See Table 10) that definitely comes into conflict with granting a status of a rural area to Kvemo Kartli according to population (61% of the population lives in rural areas). Although, in Georgia, use of the gross value added data required for identification of the region's topology is attended with some difficulties. The economic structure of Georgia's regions is so scanty that a solid portion of the gross value added goes for state governance, education and health care. If the share of the gross value added driven by the state governance in Tbilisi is only 9%, then in other regions it reaches 15-17%. Another specific is that a large portion of agriculture is not registered and, accordingly, one cannot see it in calculations, although the share of the agriculture in regional gross value added is high in such context (See Table 10).

One can conclude that most of the currently existing regions of Georgia (8 from 10) are more or less closer to NUTS3 level nomenclature. As to the NUTS2 level nomenclature, theoretically, the territory of Georgia may be divided three groups such as Tbilisi (1.176 mln. inhabitants), Eastern Georgia (1.557 mln. inhabitants) and Western Georgia (1.768 mln. inhabitants)<sup>52</sup>. In fact, all of Georgia form NUTS1.

Analysis of structure, economy and institutional system of population in Georgia's regions shows that the Government of Georgia should abandon mythic thinking and proceed more creatively to projection of a policy for development of the Georgia's territories, as well as identify problems, set tasks for solving thereof and adapt the said tasks to the institutional structure of the regions.

Analysis of the data of the Georgian regions showed that territories forming NUTS3 face the following problems: mountainous regions of Georgia are experiencing depopulation. As to Georgia's lowlands, they sharply differ in terms of infrastructure: it concerns drinking water, road infrastructure, sewerage system, collection of solid waste, gas supply. At NUTS2 level, disparity appears between Tbilisi City and the other two regions (Eastern and Western Georgia), in particular: as opposed to Tbilisi, the number of self-employed is high, and a great difference is in expenditures per capita<sup>53</sup>, and a big variety is between monthly incomes of households. The structure of the gross value added characteristically differs between Tbilisi and the remained two regions.

Consequently, the objectives of the Government's regional policy should be development of the infrastructure at the existing level (NUTS3) of the administrative "regions". More "equalized regions" (NUTS2) must be allocated where, using a selected indicators, socio-economic development will be equalized to Tbilisi City.

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<sup>52</sup> The volume of the population does not involve inhabitants living on the occupied territories.

<sup>53</sup> GEOSTAT webpage [www.geostat.ge](http://www.geostat.ge)

Table 9. Number of Population and Settlement According to Regions (thous. inhabitants)

	Total	City	%	Village	%
Tbilisi	1, 175.7	1, 142.0	99	30.6	0
A.R. of Adjara	393.7	173.1	44	220.6	56
Guria Region	140.3	37.1	26	103.2	74
Imereti Region	707.5	338.3	48	369.2	52
Kakheti Region	407.1	84	21	323.1	79
Mtskheta-Mtianeti Region	109.7	27.1	25	82.6	75
Racha-Lechkhumi and Kvemo Svaneti	47	9.1	19	37.9	81
Samegrelo-Zemo Svaneti Region	479.5	193.4	40	286.1	60
Samtskhe-Javakheti Region	214.2	66.5	31	147.7	69
Kvemo Kartli Region	511.3	199.4	39	311.9	61
Shida Kartli Region	314.6	121.6	39	193	61
Entire Georgia	4, 497.6	2, 391.7	53	2, 105.9	47
Georgia less Tbilisi	3, 324.9	1, 249.6	38	2, 075.3	62

Map 19. Georgia's Regions (NUTS3 analogy)



Map 20. Georgia's Regions (NUTS2 analogy)



**ცხრილი 10. მილიანი დამატებული ღირებულება რეგონებში სექტორების მიხედვით (მლნ. ლარი)**

რეგიონი	სოფლის მეურნეობა, მეცხოველეობა, მეტევანეობა	მრეწველობა	მიდამეურნეობის პრიადუქცია	მშენებლობა	ვაჭრობა	ტრანსპორტი და კავშირგაბმულობა	სახელმწიფო მართველობა	განათლება	ჯანდაცვა სოციაური სფერო	სხვა	სულ	
თბილისი	0.2 0%	1,119.2 11.3%	88 0.9%	983.9 9.9%	2,708.8 <b>27.3%</b>	1,704.9 17.2%	897.6 9.1%	242.1 2.4%	496.5 5%	1,673.5 16.9%	<b>9,914.3</b> 100%	<b>47%</b>
კახეთი	275.8 <b>24%</b>	106.3 9.2%	82.3 7.2%	19.3 1.7%	62.4 5.4%	14 1.2%	168.3 14.6%	99.1 8.6%	91.1 7.9%	231.1 20.1%	<b>1,149.7</b> 100%	<b>5%</b>
შიდა ქართლი და მეტეია მონაიეთი	197 14.8%	299.1 <b>22.4%</b>	63.5 4.8%	42.9 3.2%	73.5 5.5%	37.7 2.8%	227.4 17%	72.6 5.4%	77.0 5.8%	243.9 18.3%	<b>1,334.6</b> 100%	<b>6%</b>
ქვემო ქართლი	338.3 18.9%	741.6 <b>41.4%</b>	78.2 4.4%	32.9 1.8%	127.5 7.1%	23.1 1.3%	154.9 8.7%	79.7 4.5%	68.0 3.8%	146.4 8.2%	<b>1,790.6</b> 100%	<b>9%</b>
სამცხე	213.7 <b>32.1%</b>	19 2.9%	41.2 6.2%	33.9 5.1%	33.5 5%	12.3 1.8%	108.5 16.3%	84 12.6%	29.3 4.4%	89.5 13.5%	<b>665</b> 100%	<b>3%</b>
აჭარის ა.რ.	94.8 5.8%	129.8 8%	60.8 3.7%	142.6 8.8%	197.6 12.2%	110.4 6.9%	284.4 17.5%	109 6.7%	147.6 9.1%	344.9 <b>21.3%</b>	<b>1,621.9</b> 100%	<b>8%</b>
ვითია	115.7 <b>26.4%</b>	23.9 5.5%	30.1 6.9%	6.4 1.5%	20.8 4.8%	5 1.1%	65.8 15%	49.1 11.2%	43.1 9.9%	77.8 17.8%	<b>437.6</b> 100%	<b>2%</b>
სამეგრელოთ ზღბი სვანეთი	300.2 <b>19.9%</b>	163.2 10.8%	76.7 5.1%	59.2 3.9%	100.9 6.7%	254.9 16.9%	174.6 11.6%	87.3 5.8%	97.4 6.4%	195.4 12.9%	<b>1,509.6</b> 100%	<b>7%</b>
იმერეთი და რაჭა-ლეჩხუმ-მეცხთ სვანეთი	309.4 12.5%	327.2 12.8%	135 5.3%	86.9 3.4%	227.6 8.9%	50 2%	361.4 14.2%	227 8.9%	225.5 8.8%	592 <b>23.2%</b>	<b>2,551.9</b> 100%	<b>12%</b>
სულ	<b>1,846.1</b> 9%	<b>2,929.3</b> 14%	<b>655.8</b> 3%	<b>1,408.0</b> 7%	<b>3,552.6</b> 17%	<b>2,212.3</b> 11%	<b>2,442.9</b> 12%	<b>1,049.9</b> 5%	<b>1,275.5</b> 6%	<b>3,494.5</b> 17%	<b>20,975.2</b> 100%	<b>100%</b>

## 5. Local Self-Government Reform and Long-Term Regional Development Program

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### *Concept*

The system development relies on the following three basic principles: heredity, length and modification. If those principles are ignored, the System will be in the phase of Permanent Making (i.e. Permanent Revolution) and will never become stable. Therefore, in any new initiative, the following issues should be clarified: a) a degree of analysis of shortcomings and potential of the current system, areas of improvement, b) how to improve so that not to lose the positive results of current system and c) pre-definition of the reform impact on the system stability and the further development potential.

A weakness of the document approved for public discussions by Government Resolution #223 is that it fails to analyze the current local self-government system and even more, it fails to recognize it. The document sticks to the opinion that such a system does not exist in Georgia at all. Such an approach principally contradicts both common sense and a conclusion of the competent organization – European Council, which states that the Georgian self-government system mainly complies with the principles of European Charter. The EC Congress Monitoring Report “Local and Regional Democracy in Georgia” was approved by the EC Local and Regional Government Congress in 2013. It states unambiguously that the reform implemented in 2006 was a step forward<sup>54</sup>.

Despite such an assessment, it is clear that the decentralization requires extension but this new stage does not have to destroy the achievement but has to analyze and improve it. One more task of the self-government reform in Georgia is that it has to ensure closer relations of Georgia with Europe. I.e. it has to be based on the deeper understanding and applying of the European experience so that the traditional values can be maintained and modern forms of government can be introduced. While approaching the Europe Associating Agreement, Georgia must set a specific plan – its administrative set-up and local self-government should comply with both the General Democracy Standards of the European Council and the Technical Parameters of the European Commission. Such an approach and the properly implemented reform will turn the Georgian and European administrative systems completely compatible, meaning that Georgia will be back to the European space with the proceeding political, economical, social and geopolitical consequences.

The concept offered by us relies on the three basic principles: a) elimination of defects in the current system and improve achievements; b) observation of local self-government principles of the European Council and implementation of the European Commission standards in Georgia; c) building capacity for further development. This reform concept consists of several components.

### *Setting up a unified register of settlements and administrative units*

At present, we use the typology of settlements we inherited from the Soviet Union. This typology is to a lesser extent fitted to the spatial planning principles and was in its time developed to fit the planned economic tasks of the Soviet Union. Due to its artificiality, this system gives rise to many problems and often turns out to cause confusion of administrative levels. Therefore,

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<sup>54</sup>[https://wcd.coe.int/ViewDoc.jsp?Ref=CG\(10\)22&Language=lanEnglish&Ver=original&Site=COE&BackColorInternet=C3C3C3&BackColorIntranet=CACC9A&BackColorLogged=EFEA9C](https://wcd.coe.int/ViewDoc.jsp?Ref=CG(10)22&Language=lanEnglish&Ver=original&Site=COE&BackColorInternet=C3C3C3&BackColorIntranet=CACC9A&BackColorLogged=EFEA9C)

beginning of any administrative reform must be preceded by the introduction of those classifiers which accurately define the settlement types available in the country.

To do this work, a unified nomenclature of settlements must be defined. According to the EU nomenclature, an administrative unit must be defined as a human area which has borders and a center. Availability of the settlement center is critical since in Georgia, there are different types of rural settlements. In the Eastern Georgia (Zones 1 and 2<sup>55</sup>), there are large villages with their own centers, in the mountainous Georgia and Western Georgia (Zones 4,6,7,3<sup>56</sup>), there are small fragmented settlements and some of them (communities) have a common center. Usually, a settlement center coincides with an administrative center of this settlement. At the next stage, a settlement type (urban and rural) must be defined by density of population. The settlements which have an urban appearance (i.e. there are blocks of buildings there) but with less than 1 500 heads/km<sup>2</sup> population density, must be included in the rural settlement type while the settlements in which a population density is over 1 500 heads/km<sup>2</sup> must be defined as urban clusters of the rural settlements (a municipal center or a small city – town). The urban settlements in which the population density is over 3 000 and a number of population is 45 000 or more, must be defined as an urban center / large city of Georgia.

Rural settlements should be classified as detached or as accessible. This classification should be made by the indicator – 45 minutes of motorized trip to the municipal center. The settlements where that coefficient is more than 45 minutes (due to both a distance and road impassability) must be classified as detached. The rural settlements being at a 10-minute or more trip distance from the urban center and at a 45-minute and less distance from its municipality's own administrative center (e.g. Tskaltubo Municipality, Kvitiri village), must be classified as a central rural settlement.

Urban settlements must be classified as open and close space urban settlements. Delimitation of the open space must be made according to the criteria specified in this report (page 9), furthermore, all those urban settlements being within the borders of peri-urban space must be considered an open space, i.e. current municipal cities will be automatically considered open space urban settlements. The urban centers with the population of 45 000 and more and with a population density of 3 000 and more per square km will be automatically considered close space urban settlements.

Individually should be judged a matter of internal district identification of large cities (urban centers). Such a settlement must be considered the internal district of a large city (population: 45 000 and more, population density: 3 000 and more per square km), which has: borders, distinct (economic, cultural and administrative) center and has at least 5 000 residents. Such a district must be defined as an intra-urban settlement (i.e. city district). No territory must be defined as an intra-urban settlement, which has no own center. Such quarters may be the territorial bodies of city administration but not the intra-urban settlements.

Such an inventory of settlements is essential at the initial stage: publication of Census 2014 results by settlements and set-up of the relevant database (SIRE analogue); development of the Georgian road atlas to plot the road types, speed limits and traffic jam density on those roads. At the following stage, settlement borders must be defined and a Georgian analogue of Euroboundarymap must be developed. Furthermore, a land cover map (CORINE land cover analogue) must be developed for the Georgian settlements. Using these tools, a unified register of the primary Georgian settlements must be developed. All settlements entered into this register must be given a status of the second degree local administrative unit (LAU2).

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<sup>55</sup> See Map 12, page 42 of this Report

<sup>56</sup> See Map 12, page 42 of this Report

The units which include settlements of different types (urban and rural) must be identified as municipalities. The municipalities include an administrative center, which is an urban settlement and internal local administrative units (rural and urban settlements) which are at a 45-minute motorized trip distance from the administrative center. In special conditions, municipalities may include some detached settlements (which are at >45-minute trip distance from the administrative center). A municipality must be classified as the first degree administrative unit (LAU1). The same status must be given to the cities with over 45 000 population and 3 000 and more population density per square km, having intra-urban settlements. New LAU1 units may be set-up by means of combining LAU2 units as well as dividing LAU1 units. LAU2 type unit may be ascribed to LAU1 type. LAU1 units must be entered in to the administrative unit register. In all the abovementioned databases and on all maps, the borders and data of the first degree local administrative units (LAU1) must be plotted.

Obviously, such a massive inventory may not be implemented within a short-term period. Therefore, by the elections of the year 2014, a LAU2 type unit will include all those settlements having a status of the municipality's territorial unit, while a LAU1 type unit will include municipalities and self-government cities. A problem is the city of Poti, which has a status of a self-governing city, but has no internal districts with distinct centers. Considering a potential of Poti, as exclusion it must be ascribed to type LAU1. After the local elections and Census 2014, a full inventory of the settlements and administrative units must be initiated, which should be finished by January 1, 2018.

To do such a work, an analogue of the Joint Research Center (JRC) of the European Commission is required, which will make inventory of the settlements, develop the unified register and adjust the settlement typology biannually using the methodology of the European Commission as well as will further adjust the methodology. Such a center may be established on the basis of Vano Khukhunaishvili Center of Efficient Management System and Territorial Arrangement (the Research Center), which should withdraw from the Ministry of Regional Development and Infrastructure of Georgia to be submitted to the Cabinet of Ministers, This Center must turn an instrument of consolidation of the Georgian academic opinion and on the basis of the universities, it should implement the research projects for the analysis of settlement typology, urban development and spatial arrangement. It should also analyze a system of the government system and prepare recommendations for the development of well-grounded policy.

#### *Reference points of the local self-government reform*

##### a) Citizens' representation on settlement levels (LAU2)

One of the defects of the local self-government system established in 2006 was mentioned a difficulty in the effective control of the local administration within the municipalities by the population. It was particularly clear in the territorial units of municipalities, where an appointed official was primarily accountable against his/her immediate supervisor.

Self-government of a village/community/town has always been fictitious in the contemporary history of Georgia. Till 2006, self-government on that level existed only on the papers and was subordinate to the district government and this is well-reflected in the European Council Congress Report.<sup>57</sup> This weakness is mainly caused by the unavailability of adequate financial and human resources of the capable government on this level (LAU2). The whole local economy here relied

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<sup>57</sup>[https://wcd.coe.int/ViewDoc.jsp?Ref=CG\(10\)22&Language=lanEnglish&Ver=original&Site=COE&BackColorInternet=C3C3C3&BackColorIntranet=CACC9A&BackColorLogged=EFEA9C](https://wcd.coe.int/ViewDoc.jsp?Ref=CG(10)22&Language=lanEnglish&Ver=original&Site=COE&BackColorInternet=C3C3C3&BackColorIntranet=CACC9A&BackColorLogged=EFEA9C)



upon collective farming and subsidy, which disappeared along with the Soviet Union and the settlements deprived of the economic base remained. Argument – then how did the Georgian village manage to support itself? It is irrelevant, since what we see today in the cities and villages, is not a result of natural development but rather a rudiment of the Soviet economy. These settlements own a vast social infrastructure (poly-clinics, hospitals, clubs, kindergartens, administrative buildings), but have no resource to support that infrastructure.

Therefore, on this level (LAU2), even where a self-governing unit exists, all decisions were made on the state government level, but at that time, population did not pay attention to it since the availability of the government (local or central) was actually invisible. Population started paying attention to this matter after the government had started implementing in the settlements the infrastructural projects and spending money. People guessed that the public money was hardly used for their interests and an issue of controlling the government and taking part in it turned out to be urgent.

The philistine opinion associates this issue with the large size of municipalities, however, the report of regional and local democracy committee of the European Council clearly explains that there is no link between a size and a level of democracy (see page 26), whilst a size effect largely determines the effectiveness of the service provision.

By the average data, the Georgian municipalities fully comply with the optimal population limit defined by the European Council (page 26). When one tells that in Europe, average population per self-government (i.e. a size of self-government) is only 10-15 thousand, is to say the least a speculation. Everywhere in Europe, there is the second-level self-government where the primary self-governing units are of this size. In 15 states of the EU, there is a two-level local self-government<sup>58</sup>, while in 8 states of EU, there are large municipalities and population has the participative instruments (community councils). A small-size unit local government is characteristic to the micro-states (Malta, Monaco) or to the federal-structure states (Austria, Switzerland).

Therefore, an institutional solution must necessarily be found. Considering the local Georgian state of economy, it is impossible today to implement a local self-government system on level LAU2 compliant with the requirement of the European Charter. It is an imperative requirement of the European Charter's local self-government that there is an autonomous budget at all levels of self-government and a significant part of incomes of that budget consists of the tax revenues. Today, in Georgia, it is actually an insuperable task (even if tax privileges on agricultural lands and property apply). Therefore, ***at this stage of development, residents of each settlement must be allowed to elect their own representative. The following approach must apply – one institution, two levels of representation*** where the first level of representation will be available for the government control and participation and a board of government (Sakrebulo) of the municipality/self-governing city will be a representative body with legislative functions.

Till the local elections 2014, a revised organic law on local self-government must be adopted, by virtue of which, in the territorial units of all Georgian municipalities (1011 units), there will be a rural society council or an urban society council elected by public (analogue of the year 1864). This council will elect a head of community from its composition, which will be authorized to speak on behalf of the rural or urban society and attend the meetings of managerial border (Sakrebulo) of the municipality with a consultancy vote. These councils' function will be approving the local expenditure priorities and submitting them to the municipal board of governments (Sakrebulo), offering the governmental program priorities on their territories, regulating public lands/areas,

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<sup>58</sup> Local and regional government in Europe. CERM 2012

approving spatial planning documents and development plans, determining the rules of disposal and use of the community's property and infrastructure. Announcing tenders for selecting an administrator of the territorial unit (settlement), founding a tender committee and selecting and submitting an administrator for the mayor of municipality. Distrusting an administrator by a majority vote. District public councils must be founded on the territory of self-governing cities (urban centers) with similar functions. Apart from those functions, the public governmental bodies of the settlements may be delegated by the municipalities and self-governing cities other administrative authorities provided that the delegation thereof does not contradict the Georgian legislation. Delegation of authorities may be asymmetric, i.e. the settlements and city districts may possess the delegated functions of different sizes. A size, period and a way of supervision of the function delegation must be defined by the municipality and board of government (Sakrebulo) of the self-governing city. In the event of function delegation, the public government must be supplied with adequate financial, material and human resources. Furthermore, a board of government (Sakrebulo) must define a public council election procedures and dates. Public government of the settlements operates within the term of mandate of the board of government (Sakrebulo).

An instrument of the public government of settlements will significantly improve citizens' control over the local government and the security of local interests. By January 1, 2017, a spatial inventory at the settlement level (LAU2) and a study of the government system effectiveness must be finalized. Based on the study results, new reference points must be set. In the conditions of fast economic development, it is expected that Georgia may be oriented to the two-level local government system (an example of Poland), however, today it cannot be accurately forecasted and all depends on the resources of the country.

A different model shall be developed for the mountainous regions of Georgia (historical regions: Svaneti, Lechkhumi, Racha, Pshavi, Khevsureti, Khevi, Mtiuleti, Tusheti). These territories must be classified as less favorable areas (LFA). Therefore, on those territories, a local government structure and a power mandate must be different. Here, a public government should be structured according to the principle of "Great Government" and the important functions of the central government (e.g. border security, protection of environment, public order) shall be directly delegated at the level of settlements. A public government of rural community, apart from the administrative functions, must have economic functions as well (disposal of agricultural lands, cooperation etc.). Apart from the funding by the municipality, the villages of mountainous regions of Georgia must be subsidized by the state budget of Georgia to support the community as well as social infrastructure. In the mountainous region, a rural public council shall be authorized to make decisions on the expenditure of the state subsidy for supporting the community and social infrastructure. They should have a bank account and must be authorized to use the money on that account. Application of such a different model in the mountainous regions of Georgia is conditioned by the following factors: a) these villages are actually classified as detached and governing is difficult from the municipal center; b) these villages are situated in the less favorable areas, therefore, the economy will never provide for the generation of sufficient resources and c) these villages face a problem of depopulation (given that all these villages are within a border line, then it is a matter of national security) and to avoid the problem, a protectionist policy must be implemented.

Considering all the abovementioned, by the year 2014, in Georgia, on the national level, two links of representation will be established. On the municipality and large city levels (LAU1), local government will be established (governmental link), while on the settlement and urban district levels, a public representation link, a village, city and city district public council (the term may be changed) will be established with its function to control the local administration. From 2018, in the mountainous regions of Georgia, a special model will be launched, in which a village/community public council will be additionally delegated state functions and it will have an

economic function as well to cease a process of depopulation. By this period, the Georgian organic law on Local Self-government will be added by a chapter on a special structure of local self-government in the mountainous regions of Georgia. Furthermore, a new law on Governing and Socio-economic Development of Mountainous Regions of Georgia will be adopted to ensure the governmental support and benefit system.

### ***b) Decentralizing the state power and changing the government system***

Georgia urgently needs a real reform of the state government, implying replacement of the Soviet-type industrial government by the territorial government. An actual decentralization is not a change in the settlement borders, but rather a transfer of a significant part of the central government power to the local governments. Usually, it is a long and difficult process. It requires setting of appropriate reference points, proper process planning and general public support. A traditional mistake of the Georgian government is that a process of decentralization has always been understood superficially and based on the conjuncture. This shortcoming is less characteristic to the government, which came after the parliamentary elections in 2012 and which plans to implement this unlimitedly ambitious strategy within 18 months and the plan has turned out to be a target for fair criticism of the European Council<sup>59</sup>.

At present, the problems, the local government is facing, has two sources: a) illusive decentralization of power and b) strictly centralized public funds.

The illusive decentralization means that the minimum power area, which is guaranteed to the local self-government bodies by virtue of Organic Law of Georgia on Local Self-government, is practically unfeasible. The organic law do recognizes a general framework of the authorities, but all those authorities, which are possessed by the local government, are duplicated by the industrial legislation and still retained by the ministries. Using the industrial legislation, the ministries monopolize a mandate of public affairs and actually replace the local authorities in the process of government. Such an approach leads to the abnormal situation when the rehabilitation of infrastructure being within the municipal authority is supervised by the central government (the same applies to cleaning, water supply etc.). I.e. using the purposefully disharmonized legislative base, a significant part of the local affairs is appropriated by the Ministry of Regional Development and Infrastructure of Georgia and in most cases the municipalities operate as structural divisions of this Ministry. The situation, which prevailed in the time of previous government, is also the same now, with the new government. Even more, by virtue of the bill “Local Self-government Code” developed by the abovementioned ministry, the Ministry of Regional Development and Infrastructure of Georgia is vested a right of the local self-government monitoring as well as a function of representation of the local self-government interests in the central government. Such a “legislative sincerity” has no analogues in the continent of Europe.

If the Georgian Government is actually willing to transfer the authority to the local self-government bodies, then it shall put an end to the implementation of the Permanent Revolution like reforms and start assigning the authorities of the central ministries to the local governments. Decentralization is nothing else but extension of the local government authorities at the expense of reducing the authorities of the industrial ministries.

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<sup>59</sup> Opinion of General Secretariat of the European Council on the strategy 2013-2014 of decentralization of Government of Georgia and development of the local self-government system (CELGR/PAD2/2013) See the document: <http://nala.ge/uploads/files/52301d868c595.pdf>

Generally, 10 governmental areas of public affairs are identified which may be assigned to the local government bodies. These areas<sup>60</sup> are divided into the intrinsic and delegated authorities of local government. The European Charter of local self-government requires that a local self-government possesses a significant mandate of managing of public affairs meaning that a major part of the local self-government authorities must be intrinsic rather than delegated from the central government. The assignment of authorities must be based on the subsidiary principle. It means that the authorities must be implemented on the level the implementation thereof is most effective. It is important that the term “effectiveness” is understood as a balance between economic effect and local interests. Furthermore, it is important to observe an appropriate proportion of the function and the size of local government, i.e. a mandate of wide function implementation cannot fit a small size and a multifunctional local government requires an adequate size territory and population.

Considering all the abovementioned, in 2014, a real process of decentralization must begin, which will set the following goals: a) assigning more authorities to the local self-governments, b) assigning the capacities required for the implementation of the authorities by local self-governments and c) disappearance in Georgia by the year 2030 of the so-called Unfunded Mandate of local self-government. As a consequence, the process of decentralization must ensure that the self-government bodies are able to develop and implement an effective policy within their authorities and to maximally fit the central policy to the local interests within the delegated competence.

A process of decentralization must be well-managed meaning that it shall be implemented for a 15-year period, in proportion to the development of country’s economy, institutional development of local self-government and the improvement of civil awareness.

This process must include three main components: a) Decentralization of state authorities; b) Decentralization of public funds; c) Reform of public service.

*In the process of authority decentralization:*

By the year 2014, a legislative base must be fully in place to form the property fundamentals, meaning that: a) intrinsic authorities of local self-government are increased; b) industrial legislation is in harmony with the organic law; c) the basic property is disposed by way of announcement.

Till January 1, 2018 a process of property assignment must be finalized (additional property shall be transferred by a simplified procedure. An initial registration cost of the property shall be born by the state). Water supply and solid waste management systems must be decentralized and assigned to the local self-government bodies.

By January 2022, the Ministry of Environmental Protection of Georgia (local forests) and the Ministry of Economy of Georgia (construction and zoning. Agricultural and non-agricultural lands) must be decentralized. In case of a two-level system, the regulation of agricultural lands and the management of public space shall be assigned to the first level (LAU2).

By the year 2025, the Ministry of Health, Labor and Social Affairs of Georgia must be decentralized and a part of its functions (mainly a social field) must be assigned to the local self-government bodies. From the Ministry of Energy of Georgia, local self-government bodies must be

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<sup>60</sup> Those authorities are listed in Articles 20 - 31 of the bill developed by the National Association of Local Self-government of Georgia.

assigned the authority of developing, implementing and regulating the recyclable energy and power efficiency programs.

By the year 2030, from the Ministry of Interior of Georgia, the local self-government bodies must be assigned Patrol (i.e. municipal) Police and emergency services. In case of two-level self-government, those services must be assigned to the second level (LAU1).

### *Decentralization of public funds*

The second critical component of the state authority decentralization is the public fund decentralization. The main obstructive factor for the local self-government development is high dependency of local budgets on the funds received from the central government. At present, only up to 15% of the local budget incomes are based on the taxes<sup>61</sup>, thus excluding a real local autonomy. This problem may be solved in two ways: the first way – development of local economy and the second – financial decentralization. For those purposes, the following measures should be taken:

By January 1, 2017 the first stage must be implemented meaning: a) transfer of the income tax to the local budgets; b) income tax payment by place of registration; c) transfer of 75% of the state property disposal located on the local self-government territory to the local budget. In result of these measures, by the year 2018, the own tax incomes must make up at least 25%.

By January 1, 2022 the following measures of financial decentralization must be taken: a) all benefits for the property tax (including agricultural land) must be cancelled; b) utility fees (cleaning, tap water) must be fixed by local self-governments; c) 80% of the public service fee must be transferred to the local self-government (including the fees subject to the Ministry of Economy and the Ministry of Environmental Protection), d) the existed “equalization” system must be changed (that is actually a system of distribution) and a real equalization system must be developed and linked to the total governmental expenditure data per capita. If by that period, there will be a two-level system of self-government in Georgia, a property tax must be ascribed to the first level (LAU2). In result of these changes at least 35% of the self-government’s consolidated (both levels) budget incomes must be its own tax incomes while at least 60% of the budget incomes must be its own incomes.

By January 1, 2005 fiscal decentralization must be implemented, meaning: a) assignment of the right of regulation of the local tax rates to the self-government bodies within a limited quantity; b) assignment of the right to introduce new local fees; c) a municipal development fund must be restructured and established as an independent self-funding instrument. As a consequence of those measures, at least 45% of local budget incomes (of both levels) must be received from the local tax incomes and at least 70% must be its own incomes.

By January 1, 2030 the following measures of financial decentralization must be taken: a) local self-government bodies must be allowed to take loans from the private capital market, b) 25% of profit tax must remain in the local budget (in case of two-level self-government – on the second level LAU1). As a consequence of these measures, at least 50% of the local budget revenue must be received from local tax incomes and at least 80% of the local budget incomes must be own incomes (including an equalization transfer). A target transfer must not exceed 20% of total budget revenues.

To implement those two components of decentralization, a detailed action plan must be developed to include specific tasks, consequences thereof, terms of fulfillment (taking into account the abovementioned periods) and the state agencies responsible for the fulfillment thereof. As a result of implementation of this program of decentralization, Georgian local self-government

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<sup>61</sup> Except for the city of Tbilisi.

bodies will be on an equal footing with the European local self-government bodies in view of their status, authorities and funds.

It is obvious that in this chapter, a maximalistic approach is used for the decentralization of authorities and a decentralization of the state authority of the given size has never been applied in many countries of old Europe (e.g. municipal police). In its essence, this matter is a political matter and must be addressed by consensus between political forces. A measure of the authority decentralization, which was agreed upon by the political forces of the country must be reflected by the Parliament of Georgia in the organic law. It is clear that it must be a process (as is described above) rather than a single action. In case of one-time assignment of authorities, a local self-government will not be able to implement it and a governmental chaos will occur.

It should also be noted that the abovementioned scheme of public funds decentralization will not be real if the government fails to ensure development of local economy, if higher growth rates of the state economy are not achieved (at least 8% annual growth), therefore, prior to the financial decentralization program, a program of development of the state economy must be implemented.

As regards the third component – public service reforms – we believe that a unified public service system must be maintained in Georgia and a separate governmental program should be developed to ensure that there is a professional, independent and stable public (including self-governmental) officers corps is available.

c) Optimizing the borders of settlements and local administrative units.

Similarly to any other country, settlements are subject to changes also in Georgia; therefore, it is necessary to monitor their spatial morphology and to optimize their borders. By the year 2018, when a unified settlement register as well as relevant databases will be in place (see page 60), a matter of optimization of administrative unit borders may be addressed.

Border optimization may include putting a part of territory of one settlement (LAU2) within the borders of the other settlement as well as dividing one settlement into several parts and optimizing borders on the municipality level (LAU1). A reason of the border optimization may be a recommendation of Research Center, an initiative of a local self-governing unit and/or public. Where the border changing leads to the establishment of a new self-governing unit, then the decision should be based both on the spatial criteria and the reasonableness of the new unit's financial sustainability as well as the indicators of socio-economic development. In case of establishment/separation of a new settlement (LAU2), the settlement's classification and type should be defined. Decisions on changing the borders of a municipality and a self-governing city (LAU1) must be taken by the Parliament of Georgia while a representative body of the municipality and self-governing city must take decisions on changing the borders of settlements (LAU2) (provided that it does not lead to changing the borders of the municipality and the self-governing city). Prior to taking the border change decisions, relevant maps and argumentation must be prepared and a survey of population must be conducted.

Criteria for the formation of a new unit resulted from settlement division or a new settlement establishment on level LAU2 are as follows:

*For the rural type settlements*

- a) Availability of the settlement center
- b) Availability of internal road/roads connected to the settlement center
- c) Availability of at least 500 residents (except for the mountainous regions of Georgia, where the availability of 50 seasonal residents is sufficient for giving a status of settlement)

d) Density of population must be less than 150 people per square km (except the mountainous regions of Georgia).

For the open space urban settlements

- a) Availability of at least 2 000 residents
- b) Density of population must be over 150 people per square km (except the mountainous regions of Georgia)
- c) 75% of the territory must consist of a pristine environment.

For the close space urban settlements (a city district)

- a) Population: at least 5 000
- b) Density of population: >1 500/km<sup>2</sup>
- c) Availability of a distinguished economic, social and administrative center
- d) 75% of the territory must be manmade (buildings, roads etc.)
- e) Must have the identified borders

The following criteria are required for the registration of new settlements with the settlement register

- a) A map of the borders
- b) Results of the public opinion survey on the consent of a majority population (the consent means that over 50% of population support the idea)
- c) Name, postal code and phone code of the new settlement

A new LAU2 unit must be entered in to the Georgian Settlements Register, included in the spatial development plan and financial budget systems of the relevant self-governing unit.

Consolidation of settlements (LAU2) is permitted when a distance between their borders is less than 200 m and:

- a) One center is identified in the new rural settlement
- b) A coefficient of pristine environment in the new unit of the open space urban settlement will not become less than 75% of the territory
- c) Density of population in the close space urban settlement will not become less than 1 500/km<sup>2</sup>.

In all other cases, by consolidating the settlements (LAU2), the first-grade administrative unit (LAU1) is formed.

The following criteria should be used in dividing/consolidating (establishment of a municipality following de-occupation) a unit existed on the level of municipalities and self-governing cities (LAU1):

Municipalities (peri-urban areas)

- a) Must include several units of the LAU2 classification
- b) Density of population: less than 1 500 residents per square km
- c) Population: up to 150 000<sup>62</sup>.

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<sup>62</sup> Where the population is over 150 000, a matter of municipality border optimization must be addressed, however, a number of population for level LAU1 will not be a decisive factor and main emphasis should be made on the socio-economic indicators and on the periphery index.

d) An administrative center must be available, which is an urban-type settlement (LAU2) with a density of population being at least 1 500 residents/km<sup>2</sup>.

e) A periphery index is maximum 45 minutes for motorized movement between the municipality's administrative center and the center of the most remote settlement (LAU2) center<sup>63</sup>.

f) At least 75% of the municipality territory consists of the uncultivated land cover (forests, agricultural lands, nature etc.)<sup>64</sup>

g) At least 15% of gross VAT within the potential municipality borders is produced in the trade industry and at least 10% - in other agricultural sectors.

h) At least 15% of budget revenues of the potential municipality must be received from local taxes (considering the property tax benefits for the owners of land with its area less than 5 he).

For each of the abovementioned criteria, a specific weight (coefficient) must be determined. For the criteria b) and c), the coefficient must be 1; for the criteria a), d), e), f) – 1.1; for the criteria g) and h) – 1.3. A potential sum of the coefficients is 9.26, a threshold sufficient for giving a status of municipality is 7.0 (76%).

#### Self-governing cities (Georgian urban centers)

a) Must include several (LAU2) units of close space urban settlements/city districts;

b) Density of population: over 2 500 residents per square km<sup>65</sup>;

c) Population: at least 45 000 residents;

d) At least 75% of the territory must be manmade (buildings, roads, parks);

e) Must have a single identified border;

f) At least 70% of the economic subjects of the city belong to the second and third line sectors of economy<sup>66</sup>.

g) At least 80% of gross VAT generated within the potential self-governing city borders are produced in the non-agricultural sectors<sup>67</sup>.

h) At least 30% of the potential municipality budget revenues must be received from local taxes.

For each criterion, a specific weight (coefficient) must be determined. For the criteria b) and e), this coefficient must be 1;

For the criteria d) and h) – 1.1 and for the criteria b), c), f) and g) – 1.3. A potential sum of the criteria is 9.40, a threshold sufficient for giving a status is 7.5 (80%)<sup>68</sup>.

For the delimitation of self-governing cities/urban centers, the results of census 2014 will be critical. Based on those results, the Georgian urban centers, which comply with the abovementioned criteria, must be identified. Presumably, there are 7 such units (5 self-governing cities plus the city of Zugdidi and the city of Gori). In 2015-2016, Urban Audit must be conducted

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<sup>63</sup> In the mountainous regions of Georgia, this coefficient may be 60 minutes and it may be retained for the detached settlements of lowland till the year 2018, which must be corrected or the municipality borders must be changed in result of the infrastructure program implementation.

<sup>64</sup> It should be decided whether the HPP (Engurhesi, Zhinvalhesi, Shaori etc.) reservoirs must be considered "uncultivated land cover". In Europe, 50% of the mirror of such reservoirs are considered an uncultivated area. In Georgia, taking into account the "wild reservoirization", this matter is doubtful.

<sup>65</sup> By the year 2030, this value must change and reach 3 500/km<sup>2</sup>.

<sup>66</sup> The second-line sector is: industry, production, manufacturing, construction. The second-line: trade, service, business. Also, high technologies and public products (which is also called the fourth-line sector).

<sup>67</sup> According to the regional development indicators defined by SakStat, a non-agricultural sector includes: industry, trade, construction, state government, education and other services

<sup>68</sup> For the cities, a higher threshold of the coefficient burden is determined to ensure more accurate identification of urban centers. It is essential, since what we call a city, is often an urban cluster of the rural area.



in these urban settlements, which will be an analogue of the urban audit in the EU<sup>69</sup> and which will determine whether these settlements comply with the urban center criteria of the country. If a city being within the borders of any current municipality is able to meet the self-governing city criteria, it must be separated from the territory of that municipality and a relevant status must be given to it. The most important point, the Georgian Government should take into account, is the Golden Rule – ***a function determined a status*** and giving a status of self-governing city to the settlement having no adequate demographic and economic function is nothing else but a time, money and spatial resources stolen from the future generations.

Considering all the abovementioned, by January 1, 2017 the Research Center must present a list of municipalities, borders of which require adjustments (transferring a part or territories of the settlements) as well as a list of those additional cities which comply with the self-governing city criteria. During the year 2017, relevant procedures must be implemented (preparation of maps, population survey and identification of alternative municipality centers) and a decision on giving a status shall be made by the Parliament of Georgia till January 1, 2018. The local elections 2018 must be conducted within the already adjusted borders.

Till January 1, 2018 the inter-urban settlement borders of self-governing cities must be prepared. Furthermore, prepared must be the borders of the cities of Zugdidi and Gori and the new borders, administrative centers of the municipalities, in which these cities used to be administrative centers. It must be taken into account that the current municipality of Zugdidi is characterized with a high density of population and it is quite possible, even without separation of the city, that conurbation of the entire municipality is done especially as construction of Anaklia Port has already been decided. If the city of Gori is separated from the adjacent settlements and becomes a close space urban settlement, then a new administrative center will have to be identified (or established) on the territory of Gori municipality. From 2018, a state urbanization program must be launched to ensure the development of the Georgian urban centers.

#### d) Strengthening of the internal institutional democracy

The harmful practice must necessarily be overcome in which a local executive government is out of the subordination of the local representative authority and is accountable only to the central government. Such a separation clearly contradicts the European Charter principle stating that self-government is implemented by a local elected body through an executive authority reporting to that body.<sup>70</sup>

In the city of Tbilisi, a local representative body has no actual executive power, as it is directly submitted to the directly elected mayor. In other self-governing units, an influence of the local representative body upon the local executive authority is also weak thus weakening the local democracy.

Georgia must choose the European model of internal structure arrangement of the local authority, where a locally elected council and a directly elected mayor compose a joint collegial executive body, which (but not the mayor alone) takes executive decisions. At the same time, a professional public official – head of administration – ensures the operation of the executive authority and the execution of the decisions. Many European states apply such a model (Baltic States, Poland, Hungary, and Czech Republic etc.).

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<sup>69</sup> [www.urbanaudit.org](http://www.urbanaudit.org)

<sup>70</sup> The European Charter of Local Self-government. Article 3(2).  
<http://conventions.coe.int/Treaty/en/Treaties/Html/122.htm>

Such a structure completely excludes sole decision-making as well as power usurpation by one political force or group. It incomparably improves local policy effectiveness and promotes complete functioning of the representative democracy locally.

### *Territorial government structure and balanced development of the country*

Due to the occupation of 18% of the Georgian territory, a matter of administrative-territorial structure of the country is postponed for an indefinite time, although, the government applies functional division of the territories and there is a de-concentrated link of the central authority as the President's attorneys/governors in the local self-government units. Notwithstanding the differences in the opinions on the territorial structure of the country (see page 34), the following is obvious:

- a) Authorities of the country need an instrument of effective territorial policy implementation;
- b) Territorial government of the country must promote the unified policy implementation and must precisely identify those areas in which a target policy is required;
- c) A territorial government system must be a mechanism of development and economic growth rather than establishment of bureaucracy;
- d) Considering the geopolitical situation in Georgia, a territorial government system must ensure the state power of Georgia.

After declaring the independency, a mistake of all governments was that they did not manage to conduct result-oriented discussions around territorial government. Society either tried to escape from such discussions, or used to develop some marginal ideas (federalism, regional self-government), which did not meet the needs of the economically weak and occupied country. Today, Georgia needs the de-concentrated bodies of the territorial government of the central authorities, rather than heavily bureaucratized regional institutions and those bodies must ensure: a) implementation of tailored policies to meet the needs of specific territories and b) minimization of inequality between the territories of the country.

To implement the territorial government, the EU approaches are deemed optimal, according to which Georgia may be divided by Eurostat NUTS classifiers. Here, comparable territories NUTS3 and NUTS2 may be formed.

NUTS3 level may include the settlements of the so-called "lands" of Georgia (Kakheti, Kartli, Samtskhe-Javakheti, Imereti, Guria, Samegrelo), plus the Autonomous Republic of Adjara. But the territories of the "existed regions" (listed in Article 3 of Presidential Order #406 dated June 27, 2007) must be re-arranged considering the specifics in Georgia, in particular: From the regions of Samegrelo-Zemo Svaneti, Mtskheta-Mtianeti and Kakheti, the mountainous settlements of the Great Caucasus must be separated to unite in a specific territory – Georgian Mtianeti Region (see Map 21). This region covers: 1. Svaneti – Mestia and Lentekhi Municipality (after de-occupation – Azhara Municipality), 2) Lechkhumi (Tsageri Municipality), 3) Racha – Ambrolauri and Oni Municipalities, 4) Khevi (Kazbegi Municipality), 5. Mtiuleti (high-mountainous zone of Dusheti Municipality), 6. Khevsureti (high-mountainous zone of Dusheti Municipality), 7. Pshavi (high-mountainous zone of Dusheti Municipality), 8) Tusheti (high-mountainous zone of Akhmeta Municipality). After de-occupation, the Georgian Mtianeti Region must cover high-mountainous villages of Java Region. At present, population in this region is around 65 000. This region will not meet NUTS3 standard, but its existence is important since it is a territory of predominant

depopulation. It is a matter of both demography and national security. Therefore, this specific territory, by its class, equals the NUTS3 region and is called Georgian Mtianeti Region.

Foothills of Mtskheta-Mtianeti Region (a remained part of Dusheti Municipality, Mtskheta and Tianeti Municipalities) belong to Shida Kartli Region. In result of such re-arrangement, on the territory under the control of Georgian Government, 9 NUTS3-classified regions are available<sup>71</sup> (see Map 22), while after the restoration of territorial integrity of Georgia, Tskhinvali Region (except for the high-mountainous settlements of Java) will include Shida Kartli Region and Abkhazia will be the 10<sup>th</sup> region of NUTS3 classification (see Map 23).

On the NUTS3 level (including a special region), territorial government will be implemented by a de-concentrated body of Government of Georgia – Administration of Region. Head of Administration of Region will be appointed by Order of Government of Georgia, who will be a representative of Government of Georgia on this territory. Administration of Region will be composed of the heads and staff of the de-concentrated bodies of industrial ministries. In the Administration, an advisory body – Regional Development Council - will be established, which will be composed of the elected mayors of municipalities and self-governing cities and the deputation of Sakrebulo (Board of Government). A function of this Council is to provide recommendations to the Government of Georgia on the development and implementation of the regional development programs. In the Georgian Mtianeti Region, the same structure is in place with the only difference: a regional development council will be composed of the chairmen of settlement public councils (LAU2). In this scheme, an exclusion is the Autonomous Republic of Adjara (as the Autonomous Republic of Abkhazia), where a function of the Administration of Region is fulfilled by the government of that autonomous republic.

As regards the establishment of Georgian Mtianeti Region, it does not imply for automatic changing of the existed municipality borders, since the NUTS3 territory is not an administrative-territorial unit, but a de-concentrated level of Government of Georgia on a specially defined territory. It is completely delimited from the local self-government and has no mandate of interference with local affairs. The matter of administrative-territorial arrangement must be addressed in the context of de-occupation. A political-legal status of the administrative-territorial units may be asymmetrical (as AR of Adjara and other “regions”) or symmetrical, however, in both cases, division by the NUTS classifier will be maintained as a territorial instrument of the state policy implementation.

By the NUTS 2 classification, Georgia will be divided into three regions. These regions are: the city of Tbilisi, Western and Eastern Georgia. It is a territorial area of socio-economic planning and development policy implementation. Here, a policy is developed and implemented by the Government of Georgia itself, through the industrial ministries and no de-concentrated bodies will be established on this level. In Tbilisi, the governmental programs are implemented by the city authority based on the agreement concluded with the Government of Georgia (see Map 20).

The NUTS3 level must be basically applied for statistics, for the development of settlement infrastructure, protection of environment, prevention of natural calamities, social protection of the population, public service provision by the state (health, education, civil registration, maintenance of law and order etc.), promotion of agriculture, rehabilitation of roads and communications, implementation of power supply and recyclable energy programs. In the Georgian Mtianeti Region, these functions are supplemented by the programs of ceasing de-population and improving the settlement accessibility. On this level, the development indicators must be as follows:

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<sup>71</sup> A matter must be clarified whether two Kartli regions (Shida Kartli and Kvemo Kartli) are required. However, considering the specifics of Kvemo Kartli, maintenance of this region may be even necessary. The same applies to Guria Region – but for the status of Adjara, this Region could be consolidated with Adjara.

accessibility of the settlements, availability of gasification and electrification, safe tap water supply, accessibility of health and education, minimization of environmental impact, increase in number of population, improvement of efficiency and competitiveness of agriculture, equalization of the levels of education.

On the NUTS2 level, a policy of improvement of labor market, urban centers, business competitiveness and direct foreign investments must be implemented. Furthermore, a policy of equalization of income levels, value-added production, employment and economic development must be implemented. Here, an indicator of the effectiveness of the policy must be the transformation of the West and East rural Georgian region into the interim region, equalization of the population's incomes, levels of employment, and sizes of the added value. On the same level, a policy of development of the Georgian urban centers must be implemented (see Map 23).

#### *State programs of territorial development of the country*

Georgian cities and villages may not be developed by only policy- and law-making. The targeted state programs must necessarily be implemented to ensure stable and even development of the country. Along with the programs implemented by local self-governments (municipalities and cities), the state programs must ensure the transformation of Georgia from the territorial rudiment of the Soviet System into the dynamically developing area of the European morphology.

Based on its specifics, the state programs must be implemented on two levels. The programs which have effect on specific territories must be implemented on the territory of NUTS3 classification. It is important to maximally maintain the local specifics during the implementation of those programs.

The programs, which aim at introducing new trends, with their effects beyond specific territories and which have a common national scale, must be implemented on the level of NUTS2 classified territories.

The state programs to be fulfilled on the NUTS3 level

##### a) Remote and Mountainous Villages Rehabilitation Program

The special program should be elaborated for the villages of mountainous regions and villages torn away from the plain regions of Georgia. In the regions of Georgia, except for the mountainous regions, the program for rehabilitation of alpine villages torn away from other regions should include: a) restoration and arrangement of road infrastructure so that the time for motorized transportation from the center of the settlement to the center of the municipality was less than 45 minutes; b) electrification of the villages; c) coverage of the villages by the networks of mobile operators. These tasks should be fulfilled till 01.01.2018. Since the indicated date there should be left no settlement in the NUTS3 regions of Georgia (except for the mountainous regions of Georgia) classified as 'torn away from other regions'. In case there are left 'torn away' settlements on the territory of the municipality since conducting these measures (except for the mountainous regions of Georgia), the municipality should provide such conditions in these regions that are defined for the mountainous settlements torn away from other regions (p. 77, paragraph 2). In order to provide such conditions, the central government should render the municipality the transfer for special purpose.

The complex state program should be carried out in the mountainous region of Georgia aimed at stopping the process of depopulation of the mentioned regions. This program should continue till 2030, the first stage of the program includes: a) delegation of state authority to the settlements

of the mountainous regions of Georgia on the basis of the Organ Law of Georgia 'on Local Self-Government' and the Law on Mountains (p. 63) and b) arrangement of infrastructure (roads, electrification, gasification, provision of drinkable water and telecommunication) of the villages of the mountainous regions of Georgia. The health care and social welfare programs should be implemented (which includes, but is not limited to: free childbirth, maternity and child health, care of the old people). This stage should be completed till 01.01.2018.

On the second stage of the state program the social privileges should be implemented and the economic development should be stimulated (cheap credits, 0% rate of property tax) in the mountainous regions of Georgia. The settlements affected by the harmful influence of the hydroelectricity station should be paid yearly compensation per each square meter of the reservoir surface. The education programs for farmers and support of the economically clear economy should come into force. In the mountainous regions of Georgia the ecologically clean agricultural production, relevant labelling and delivery should be supported. The majority of the natural resources should be produced in the mountainous regions: timber, cedar cones, mineral and drinkable springs and etc. The production object registered in the mountainous regions of Georgia should become free from property and profit taxes and the income tax rate for the employed people should be 50% less than in other regions of Georgia. In cases of newly registered marriages in the mountainous regions of Georgia the 50 % of the bank interest rate for mortgage credit taken by the couple will be covered by the state. The vinery micro zones of Racha and Lentekhi (Khvanchkara, Usakhelauri, Tvishi micro zones) should be separated and the vinery support programs should be carried out by the Ministry of Agriculture of Georgia.

In every settlement of the mountainous regions of Georgia (LAU2) classified as torn away from the administration center of the municipality (the motorized transportation takes more than 45 minutes) where there are more than 100 inhabitants in certain seasons, the following institutions should be built and supported by the state program: at least one pre-school and primary school institution, dispensary and primary stationary with 5 beds, a library equipped by internet, 'government house', veterinary and farmer consultation institution, police station with a helicopter deck. The blood, serum supply and specialized medications should be kept at the stationary in accordance with the relevant standards. The police station should have a rescuer in the mountains, should be equipped with the multi-station radio equipment and should possess a motorized transport for clearance snow off the roads; the fuel for such transport should be defined as 1000 L for November 1<sup>st</sup> each year. The above mentioned tasks should be fulfilled till 01.01.2025.

On the third stage of the state program inner tourism should be encouraged in the mountainous regions of Georgia, including school excursions. The Ministry of Science and Education of Georgia should allocate subsidies for transportation costs for schools and the expanses connected with food and accommodation will be borne by the parents. There are 559 400 pupils in about 2000 schools providing general education, if we consider that 30% of the pupils travel to the mountainous regions of Georgia once a year and the cost is about 50 GEL per a pupil (except transport costs), this means investment of about 10 million GEL per year in the real economy sector of the region. This equals to 85% of the total transfer allocated by the central budget of Georgia for the municipalities of the region.

The shore protection works and recti linearization of the river beds should be completed till 01.01.2030. Also, the landslide zones should be identified and the population should be moved to safe areas. The measures against landslide should be planned and taken. In the central and Northern-Eastern area of the mountainous region of Georgia the governmental program of implementation of 'clean energy' should come into force.

As a result of realization of this state program in 2030 the population increase rate in the mountainous region of Georgia should not be less than 1.1. According to the general expert

evaluation the cost of the program in the infrastructural section is about 400 million GEL (the cost is calculated considering the prices in 2013) and is intended for 10 years (2015-2025), this requires about 40 million GEL expenditure per year. What concerns social-economical component value, it requires calculation and these expenditures should be a part of the budgets of the branch Ministries.

b) Rural infrastructure medium-term development program

The infrastructure of the village settlement of Georgia left by the Soviet period has been actually destroyed during 20 years. In the absolute majority of the settlements in the regions (NUTS3) of Georgia the local infrastructure is destroyed and is unable to deliver the service (product) to the population.

According to the survey conducted by the World Bank in 2005 the majority of rural settlements named as priority the system of drinkable water, natural gas supply and repair of electricity system. In 2005-2012 the electricity supply was mainly improved, the major part of the subscribers were equipped by counters, works are still going on.

In village settlements of Georgia the supply of drinkable water, natural gas, collection of hard waste still remain major problems. The big part of village settlements require rehabilitation of bridges and roads connecting with municipality centers, also, it is urgent to provide shore protection works and recti linearization of the river beds, cleaning and maintenance of water channels, repair of inner-sectional roads.

Till 2025 the road communications linking the settlements with municipal center should be repaired, also, supply of drinkable water (including self-drifting) and implementation of water quality standard should be provided. By 01.01.2025 at least 75% of the village settlements of Georgia (except for the mountainous regions of Georgia) should be supported with secure water supply and in 80% of the village settlements the natural gas supply should be provided. In the same period shore protection works and recti linearization of the river beds should also be completed.

Till 2030 the rehabilitation of inner-sectional roads of the village settlement, gasification and repair of the roads to the agricultural plots should be completed. It should become possible to regularly collect hard wastes in every village settlement. At the same time it is also necessary to conduct branch policy (increase of agriculture and local economy) oriented on increase of income from family production so that they could pay costs for the service. By 2030, in the frameworks of the agriculture development policy, the repair of irrigation system and mechanization of agricultural production should be completed.

It is important to implement an electronic management in rural settlements that means opening of so-called "Government House". Such Government Houses will enable the population to obtain the most part of public and management products through electronic (internet) technologies. It regards the management products produced both by Municipal Government and the Ministries as well. The said Government House should operate in all rural settlements of Georgia by 2030.

This program aims at provision of Minimum Level of Public Services to rural settlements by 2030. The anticipated cost of the program is the following: the anticipated volume of the expenditures withy regard to the Government House project totals to GEL 190 mln (12 mln GEL on an annual basis by calculation over 15 year period). As for the rehabilitation of rural settlements infrastructure, according to the World Bank's expert valuation, the volume of the expenditures does not exceed GEL 1.6 billion, which, by calculation over 15-year period, is little more than GEL 100 mln per year.

#### d) Medium-term program for Small Towns Economic Restructuring

Most part of urban settlements of Georgia was established as a result of Soviet industrialization in the 20<sup>th</sup> century. Upon collapse of Soviet economics, these cities were slumped, urban economy was completely ruined, the population was significantly reduced and remained without economic functions. Small towns and lowlands of Georgia represent the urban clusters of rural settlements, the so-called centroids. In fact, it is a economic and spatial function of small towns. But in reality of Georgia, small towns economy fails to meet proper fulfillment of this function. Such non-compliance is caused by two factors a) irrelevant municipal infrastructure and b) economic backwardness.

Georgian Government addresses the important activities for ensuring the small towns with the water and gas supply, as well as arrangement of sewage system and inner roads. But it is no good without restructuring of small towns economy, because they are experiencing the depopulation in available economic conditions.

It is necessary to review the roles of small towns and acknowledgement that they should serve as economic leaders and service centers within the rural area<sup>72</sup>. That's why, it is necessary to develop economic sectors of tier 2 and 3 in urban centroids (hereinafter "small town" for simplification) of rural settlements of Georgia. The purpose of economic transformation project must be that by 2030 not less than 30 % of the total value added of small towns to be created in reprocessing industry and not less than 25% in trade, service and tourism sectors. Not less than 45% of the value added must be created by the small and medium enterprises.

Small towns have a quite limited resources for economic growth, accordingly, it is necessary that current administration model (present Municipality) to be transformed as growth mechanism, namely further deepening of peri-urbanization process. It's required to increase an economic integration between small towns and neighboring rural settlements (in consideration of peripheral index) and highlight economic roles of the towns, more specifically:

a) by 2018, each municipality (peri-urban territory) should have its sketch map by using road bed and peripheral index. (Where, more than 20 % of the villages within the present municipality are identified as remote from administrative center, the municipality boundaries must be reviewed until January 1, 2018).

b) by 2020, each municipality must have land use and development zoning map to be structured on the following principles: 5 km line around the municipality center (small town) is considered as functional zone of the town, where processing and other industries using the resources (e.g. the practice, when the saws are placed directly in the woodland, must subject to change; it adversely affects simultaneously on economy as well as on ecology) available on the municipality area must be developed. This 5 km zone shall be the area for development of tier 2 sector of economy. By 2025, minimum 30% of value added of small towns must be generated from this sector.

c) From January 1, 2020, "Urban Economics Restructuring Governmental Program" must be initiated for each municipality urban center of Georgia. It means to increase an educational, medical and public services delivery in municipality center (construction of public service houses, new hospitals, and vocational education institutions). At the dame time, from 2025, the allowances to income tax (5% reduction) must be effective for the companies implementing the projects with

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<sup>72</sup> Creating acces to economic opprotunities in small and medium towns. Dereen Atkinson. T.P.S. 2008

regard to innovative development in small towns. Investment and partner funds, while financing the projects belonged to Tier 2 and 3 sectors, must bring the support coefficient<sup>73</sup> for small towns. As a result of these activities, for 2025, minimum 15% of value added generated in small towns must be created in Economic Sector Tier 3.

d) The process of infrastructure and economic integration of periurban areas (the territory of municipalities), zoning of economic development on the territory of the municipalities, “short cycle blocking” of labour migration<sup>74</sup> and employment of the workforce released from the rural industry should have been completed by 2025 that means improvement of the traffic infrastructure. Municipal services (cleaning, water supply, transport) should be provided on the entire territory of the municipalities.

e) By 2030, natural gas should be used for heating purposes of the population in centers (small towns) of the municipalities and only 15% of firewood should be used. At least 20% of persons employed in the economically active zone of small towns must be inhabitants of rural settlements of the municipalities.

In the aftermath of such actions, urban clusters of the municipalities will be arranged as economic and social centers by 2030. Economics of the municipality will be based upon the following two key principles: a) integration among rural and urban settlements and b) network use of resources available on the territory of the municipalities should become a component of dynamics economy that will ensure rural development and stop migration.

#### *State Programs to be implemented at NUTS2 level:*

The projects to be implemented at this level will promote transformation of the entire country and they may be named as “megaprojects”. It is evident that the said projects cannot be finished till 2030 and the period for implementation thereof will be extended till 2050. Although, at least 25% of the said projects must be implemented till 2030.

##### a) a long-term urbanization program

Surveys conducted by the United Nations Organization<sup>75</sup> showed that circa 60% of the Georgian population will live in urban areas by 2030. The said information, on the one hand, confirms that Georgia is a part of global urbanization, and, on the other hand, it is very perilous because if increase of urban population is done at the expense of Tbilisi, it will not yield good results for the country. Today Tbilisi is the largest city in Georgia and the only urban center and its economic effect is exerted upon the entire country (See Map 24). Accordingly, it necessary to develop new urban centers and this must be done through reasonable and planned urbanization. Thus, it is necessary to ensure urban growth and conurbanization. Urban development matters of the capital city must be focused upon.

#### *Urban Development of Tbilisi City*

The problem of Tbilisi is low-average density of the population that is provoked by low urbanization of the certain parts of the city (the left embankment), as well as growth of the urban

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<sup>73</sup> Such ratios may be 1.3. whereas the ratio of the Georgian urban centers is 1.

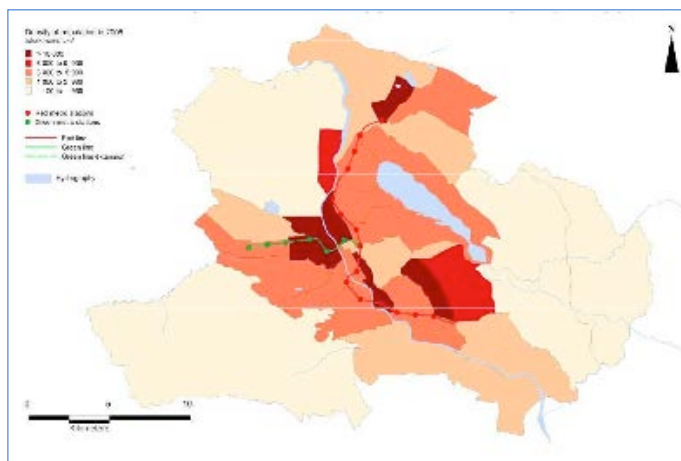
<sup>74</sup> See Pattern 3. p. 27

<sup>75</sup> UN World Urbanization Trends, 2009. Georgia Urbanization review. Volume 1, WB, 2013



territory (through merger with the nearby villages). Two development processes, such as population growth and expansion of the city borders, have been implementing in Tbilisi from 1990 of the XX<sup>th</sup> century.

Density of Tbilisi population was 3 350 inhabitants/km<sup>2</sup> on the initial territory (See Table 3), and upon addition of territories the urban area increased up to 504 km<sup>2</sup> that provoked a decline in average population density to 2 303 inhabitants/km<sup>2</sup> <sup>76</sup> that is a very low rate. Guided by the document “Tbilisi Development Strategy” Tbilisi holds only the 22<sup>nd</sup> place among other Georgian cities according to the density rate, and it held the 10<sup>th</sup> place according to the density rate within the former borders (See Table 3). It indicates that due to the off-control growth of territories and negligence of special planning practices, Tbilisi gradually losing a single urban morphology and transforms, step-by-step, into a rural-urban region with all consequent negative effects.



Map 19. Population density in Tbilisi

Against the background of low rate of average population density, Tbilisi also suffers from unequal urbanization. In some parts of the city the population density exceeds 20 thousand inhabitant/km<sup>2</sup>, and there are also territories where density is below 1 000 inhabitant/km<sup>2</sup>. High rate of population density is registered in Saburtalo, Gldani, Didube and Samgori zones, whereas the central part of Tbilisi is distinguished for a relatively low rate of density. Approximately 60% of the urban territory is within the low density area and, in fact, represents a rural region. Such unequal urbanization violates the urban integrity and provokes urban disintegration into different types of settlement.

Whereas Tbilisi is metropolis and the largest urban center which has an economic impact on the territory of the entire country (See Table 20), it is necessary to maintain a single structure of the city and take actions to reach a balanced urbanization. It covers the following: revision of the city borders, complete development of urban territories, transfer of the Soviet period dimensional but function-free infrastructure and liberation of territories. To help Tbilisi maintain a single urban appearance in future, it is necessary to uproot the practice of unreasonable expansion of city boundaries.

It is necessary to develop a special plan to be implemented in cooperation with Tbilisi and central government and ensuring urban development of the city, growth of population density in outskirts, as well as modernization of urban traffic arteries and city infrastructure.

#### Development of new urban centers in Georgia

Simultaneously with urbanization of Tbilisi City it is necessary to develop other urban centers in Tbilisi. Thus, the following two mechanisms may be used: increase in population of the existing large cities and conurbanization of urban areas. Among the academic papers that has been published over the last past years, PhD thesis (Chkheidze 2011) on Processing of Trends for

<sup>76</sup> Tbilisi Development Strategy 2030. [www.tbilisi.gov.ge](http://www.tbilisi.gov.ge). Map 19, also extracted from this document of the Strategy.

Resettlement System in Georgia must be focused upon. This paper scientifically confirms the necessity of urban centers in the South Georgia. The quick walkthrough shows that balanced urbanization is vitally important for Georgia that means availability of several average urban centers in Georgia. Such urban centers must be identified at NUTS2 level as their social and economic impact will cover just this huge area.

In view of urbanization, Western and Eastern Georgia has different potentials. Considering the types of settlements in the Eastern Georgia (compact settlement) conurbanization will be more attractive, whereas in the Western Georgia (mostly, scattered rural settlements) certain cities must be generally developed.

The largest urban center in the Eastern Georgia is Tbilisi metropolitan region but three additional urbanization areas are also allocated:

Gori City – it is distinguished for its number of population and density. It has urban appearance and the relevant socio-economic infrastructure. Although, the present-day economics of the city, that was rooted in the Soviet period, is suffering heavy stagnation. Based upon 1989-year census, Gori population size was 67 800 inhabitants, and decline in population was revealed in 2002-year census data, the size of population dropped to 49 500, although the population upsurge was registered in 2010 and totaled 51 200 inhabitants<sup>77</sup>. Gori City may be, certainly, regarded as one of the urban centers in Georgia and it is necessary to foster the development thereof that means development of business, services and processing production, as well as enhancement of management and social services sector. As soon as the Georgian jurisdiction of Tskhinvali City is restored, harmonious development of the said two cities will fall within the issues of the Agenda. This is not only the issue of economy but also the issue of spatial development. Spatial resource of Gori is drastically limited by geographic factor (pit of Trialeti Mountain Ridge abutted on the city), on the one hand, and infrastructure factor (the key main of the country encircles the city in the north), on the other hand, that practically blocks the space required for future development. Accordingly, in store the urbanization process in this part of the territory of Georgia should be developed through conurbanization. The axis of such conurbanization falls within the territory existing between Gori and Tskhinvali with heavy density rural areas. Conurbanization of such areas is both the issue of economic and national safety importance.

Kakheti urban center – the settlements located round Gurjaani-Telavi highway are also distinguished for their high density of the population. In general, population density in Kakheti Region is low and the rate of urban population is extremely low among the Georgian regions, after Racha-Lechkhumi and Kvemo Svaneti Regions (See Table 9) which is not surprising and strange for a classic rural area. Although, the axis of Gurjaani-Telavi settlements attracts attention due to their high density rate. This area equals to 05% of the territory of Kakheti Regions but only 21.5% of populations lives in this region<sup>78</sup>. Consequently, this axis has an exact urbanization potential.

The urban center of South Georgia – the Georgian demographers, as late as 80-ies of the XX century, used to mention the necessity of developing a south axis simultaneously to east-west settlements. Today, in fact there is neither any urban center, nor any sound urban settlement in the central part of South Georgia (eastern part of Samtskhe-Javakheti and western part of Kvemo Kartli). Currently, it is a rural territory where settlements bear the traces of ethnic segregation. Accordingly, development of an urban center in this part of Georgia is the matter of national security of the country whereas the large urban center is the best way for integration of all groups of the society. Geography of this region presents difficulties to urban development in the South Georgia. There are three small towns in this region the largest of which is Akhaltsikhe with its 18

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<sup>77</sup> Such rate of population increase, mainly, falls within the expense of refugees from Tskhinvali Region

<sup>78</sup> 2002 –Year Census Results. GEOSTAT, Volume II

thous. inhabitants, then comes Akhalkalaki with its 9 thous. inhabitants and Ninotsminda with its 8 thous. inhabitants. Despite the size of population, Akhaltsikhe has not an advantageous geographic location and it evidently loses in terms of Akhalkalaki which has been playing a key economic function in the central part of the South Georgia after activation of Baku-Kars Railway. In our opinion, the state urbanization program must be focused upon Akhaltsikhe. A separate governmental program is developed for this city and development of its infrastructure.

The object of urban development program in the western Georgia covers such large cities as Kutaisi, Batumi, Poti with a status of self-governing cities. Zugdidi Municipality is also added thereto. A north-west part of Kolkheti lowland in the western Georgia is a zone with relatively high urbanization rate. Consequently, not only Zugdidi City but also the entire Zugdidi Municipality must users of the said urbanization program. It should be noted that constructions of a new city (Lazika) and/or a new port (Anaklia) is planned in this part of Kolkheti lowland. Accordingly, the lines of one of the largest urban centers in the western Georgia cross exactly the territory of Zugdidi Municipality where Zugdidi City together with Anaklia Port and sparsely populated villages create conurban area. Poti City is regarded as a part of Kolkheti lowland. Consequently, this part of Kolkheti lowland will become an economic center of the Western Georgia whereas Kutaisi (coupled with Tskaltubo) is granted a more administrative and educational function. Upon restoration of the territorial integrity of Georgia, Sokhumi City was added to the urban centers of the western Georgia which, together with Batumi City, represents an urban center of the resort area.

The objective of the state urbanization program is to reach the size of population in each urban center of Georgia (less Tbilisi) to 200 thous. inhabitants, and the population density – up to 5 000 inhabitants/km<sup>2</sup>.

Following development of this program, urban centers in the eastern Georgia will be as follows: Tbilisi metropolitan region, Gori-Tskhinvali conurbanization, an urban center of the South Georgia (supposedly, Akhaltsikhe), Gurjaani-Telavi conurbanization. Western Georgia: Kutaisi, Batumi, Poti, Zugdidi-Anaklia conurbanization and Sokhumi. Thus, Georgia will have 9 urban centers, wherefrom the population in Tbilisi metropolitan region will be 1.3 mln., and the same volume of population will distributed among the remaining 8 urban centers (see Map 25) that will ensure a balanced urban development on the entire territory of the country. Classification of NUTS2 territories (less Tbilisi) will be transferred from rural to intermediate. The key component of the urbanization process should be development of urban communal infrastructure and architectural appearance. Thus, it is vitally important to develop a special strategy and urban planning document for each urban center.

b) enhancement of traffic and communication systems between urban centers

Besides the benefits, urban centers may also pose problems. Integrity of the country's economic space will be violated if they are not adequately integrated. It is necessary to mobilize goods, services and workforce among the urban centers. Thus, it requires a high throughput traffic, railway and communication infrastructure. A premium is put to completion of the traffic main construction, expansion of Tbilisi-Ninotsminda-Akhalsikhe main, and construction of a highway along Akhalkalaki-Akhalsikhe-Goderdzi Gorge-Batumi and the Black Sea in the western and the eastern Georgia. It is vitally important to expand Kakheti highway.

Modernization of the Georgian Railway and development of the country's air transport is important. In this epoch of Internet the data exchange system allows online (live) exchange of information among the urban centers.

The Government should assist mobility of the workforce, studentship and business that means deconcentration of institutes of higher education operating in Tbilisi to different urban centers of Georgia. The urban centers must have a sound and well-developed international transport infrastructure that means international, motor, railway and air and in case of Batumi, Poti, Zugdidi-Anaklia and Sokhumi, overseas shipments.

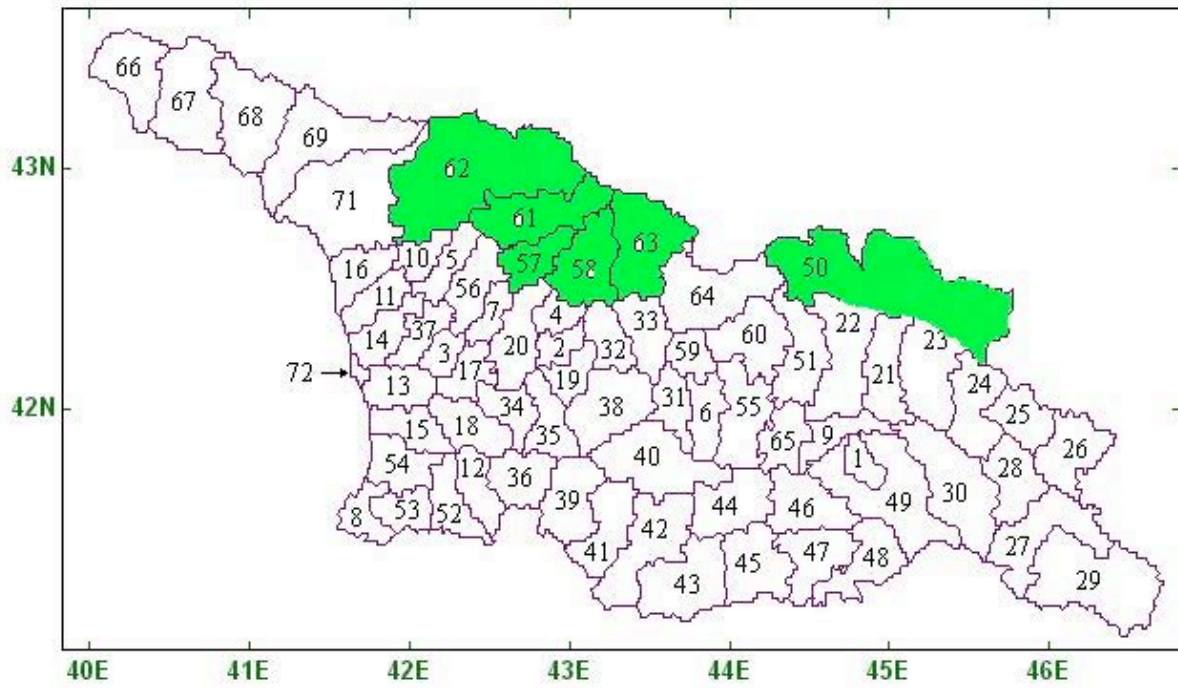
c) Development of traffic systems in mountainous regions

The third important state program is modernization and development of traffic infrastructure of Georgia's mountainous regions that is vitally important for improvement of the accessibility of settlements. Extension of Kutaisi-Tskaltubo-Tsageri-Lentekhi (Sh15) section of Zemo and Kvemo Svaneti main and connection thereof to Mestia Municipality through tunnel system is the first priority. This is a historic Svanetian road that will perfectly reduce the time of travelling to Mestia and ensure complete integration of Svaneti in the country's economic space. At the same time, construction of this road is the matter of national security as it is an alternative of Zugdidi-Jvari-Mestia (sh7) road located near Abkhazia occupied territory and in case of emergency will ensure connection of Svaneti with other territories of Georgia.

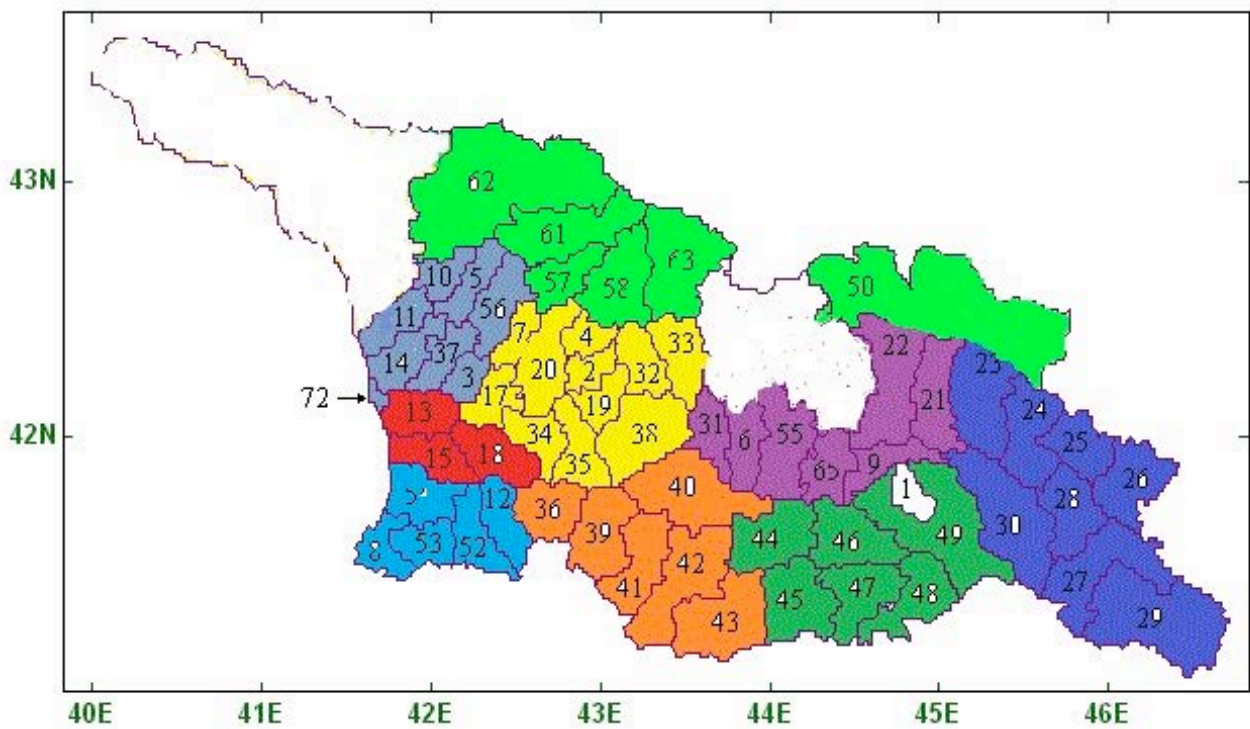
It is also important to modernize and improve the throughput of the Georgian military road (Tbilisi-Mtskheta-Kazbegi-Lars S3). Rehabilitation of the following traffic system of the Georgian mountainous regions: Zhinvali-Barisakho-Shatili (Sh6), Tianeti-Zaridzebi-Zhinvali (Sh27), Sno-Akhalsopeli-Juta (Sh47), Pshaveli-Abano-Omallo (Sh44), Akheta-Matani-Sakobio-Duisi-Jokoli (Sh83), Kutaisi-Alpana-Mamisoni (Sh16), Zugdidi-Jvari-Mestia-Lastali (Sh7), Kutaisi-Tskaltubo-Tsageri-Lentekhi-Lasdali (Sh15), Kutaisi-Tkibuli-Ambrolauri (Sh 17), Alpana-Tsageri (Sh18).

Implementation of the said mega projects at NUTS2 level will be a crucial and watershed stage in Georgia's history which will transform our country from a Soviet-space periphery to the central government of the Caucasian region. There is no doubt that implementation of the said projects needs high resources and all these should be done at the expense of changing the priorities of the government expenditures. This is the matter of a political choice for every Georgian – what is the objective of the Georgian's government? Waste of money for a short run interests or investment thereof in our children's future?!

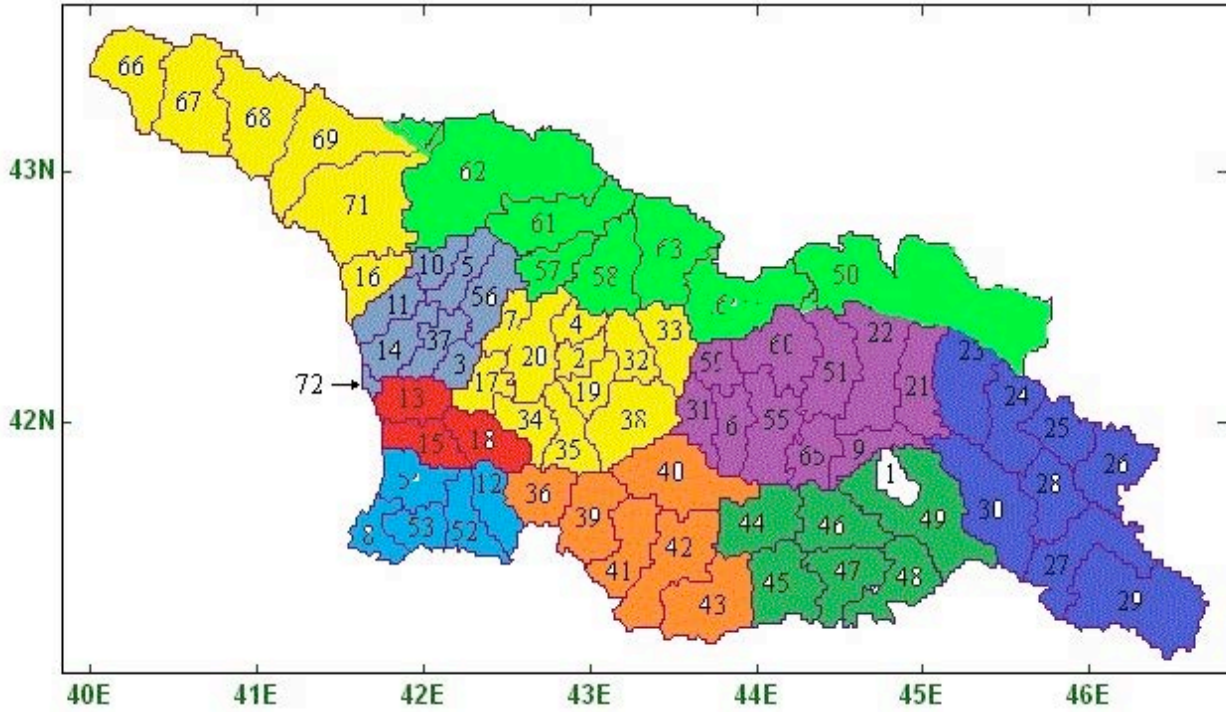
Map 21. Mountainous Regions of Georgia (as of the live data)



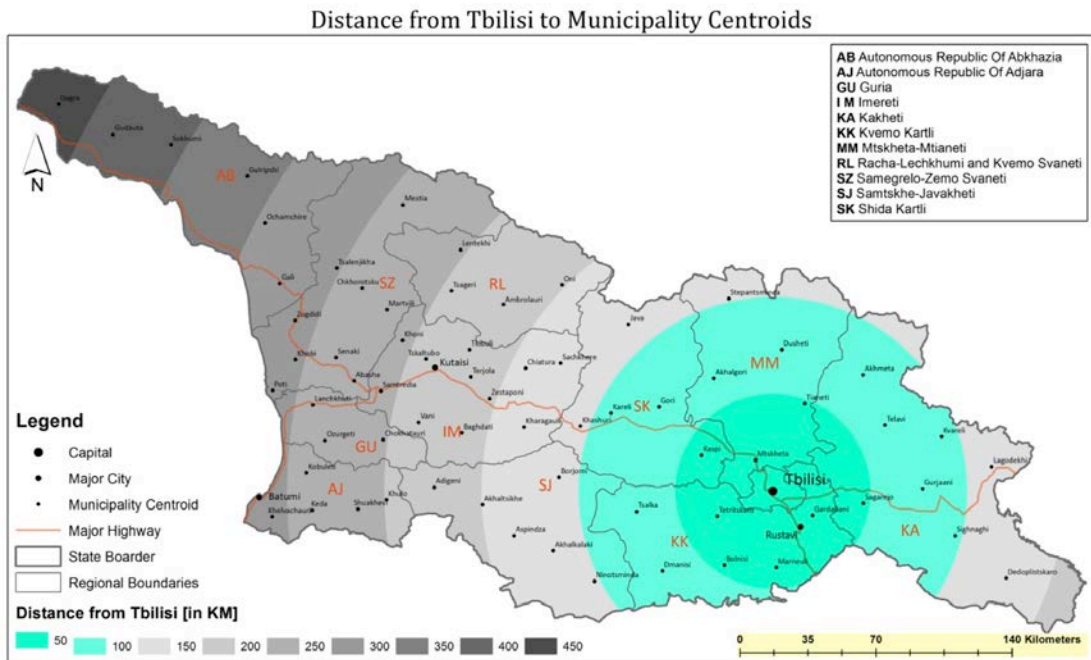
Map 22. NUTS3 Regions (as of the live data)

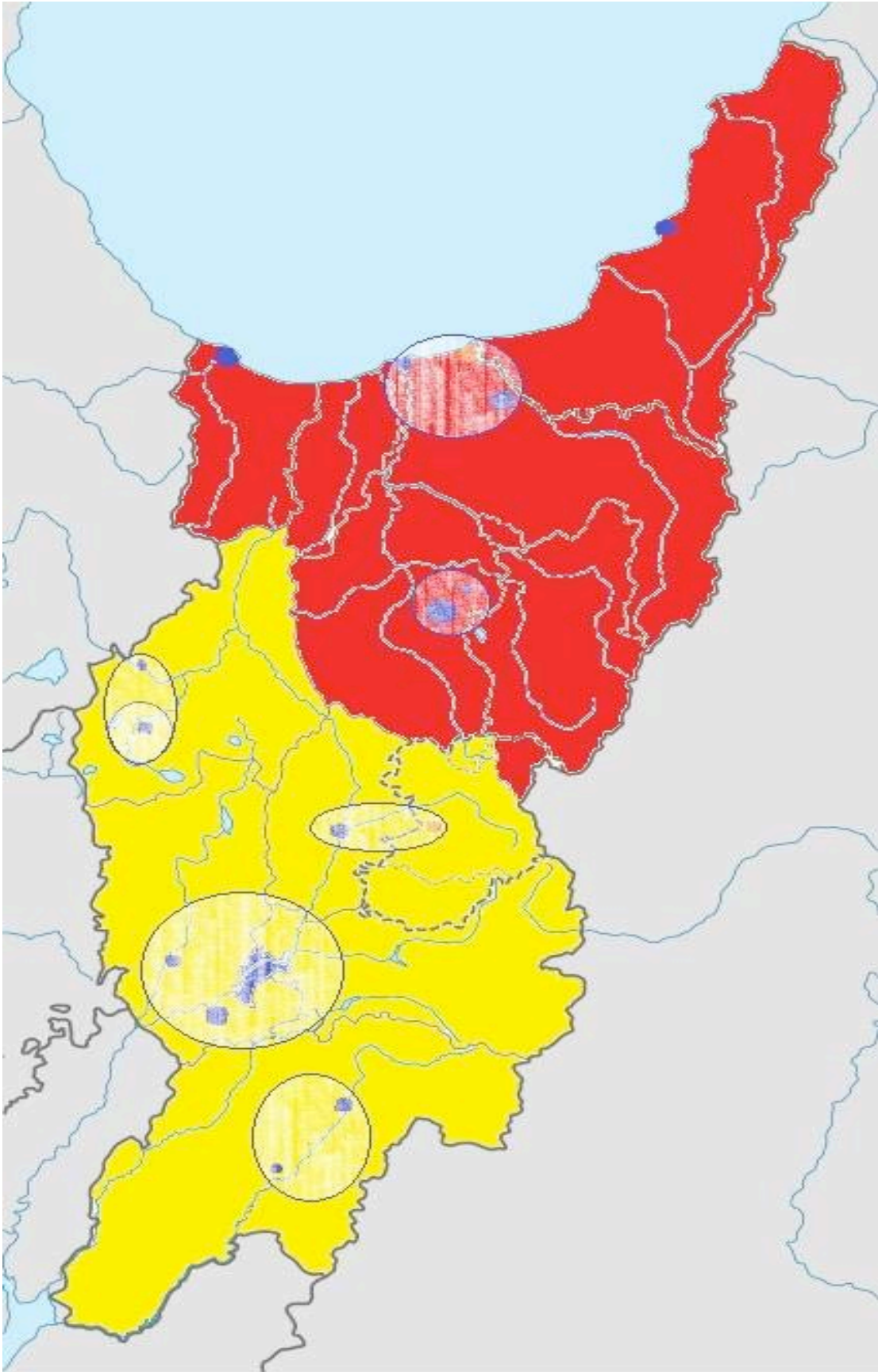


Map 23. NITS3 Regions de jure



Map 24. Distance from Tbilisi to Municipality Centroids





Map 25 Urban Centers of Georgia

## 6. Performance Strategy

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Having a glance over the previous chapters, the following question inevitably comes to mind – to what extent preliminary planning of a 15-year policy is practicable in Georgia? It is very legitimate question whereas the country is the epoch of quick changes and, thus, very often it is very hard to plan front-end changes, let alone a fundamental reform. Notwithstanding this fact the country still needs development benchmarks and the policy should implement their long-term prioritization. And a logically-related and a task-oriented Actions Plan must be developed for a short-term period (4/5 years). At the end of each such short-term period assessment should be given and a new stage should be planned. A format, action practice and participants may be changed but the development benchmarks should be the same.

Decentralization and territorial arrangement of the state government are inherently the key points of the domestic policy and represents the mandate of the Georgian Parliament.<sup>79</sup> Taking into account that this Policy is a medium-term, it is necessary to involve it within the subjects of the multi-party pact, i.e. a huge part of the political spectrum should assume liability therefor. It is vitally important to abandon a “permanent revolution” syndrome and make reforms irreversible. The following key benchmarks should be agreed – 9 large urban centers<sup>80</sup> (LAU1), 70 municipalities<sup>81</sup> (LAU1) and up to 1 100<sup>82</sup> rural/urban communities (LAU2), classification of regions according to EUROSTAT NUTS and maintaining a moratorium till full deoccupation of the country in view of defining a constitutional status of the regions.

Following such agreements, changes and amendments should be made to the organic law on Local Self-Governments through which : a) City Hall and Sakrebulo (Board) elections will be conducted in 59 municipalities and 5 self-governing cities controlled by the government of the country; b) a first-tier representation will be created in circa 1 025 urban and rural communities (including 5 self-governing cities) (See p. 61); c) improvement of municipalities’ authorities will be commenced (p. 66); d) democratization of the domestic structure (p. 70); e) NUTS will be introduced in “regions” (p. 72) and functions of territorial bodies of the central government will be adjusted. Furthermore, the Parliament should approve a document of the national policy. Under such decree of the Parliament the Government of Georgia should develop Actions Plan, Stage I (2014-2017). The status of the State Commission for Regional Development should be simultaneously improved. It should be granted a function of coordination of this plan’s implementation and should be subordinate to the direct Vice-Premier. Approval of the commission’s member should be defined at least by the rank of the First Deputy Minister. The “Research center” with its new composition, mandate and functions should be transferred to the Commission’s subordination. Stage II (2018-2022) should be approved before the 2018-year local elections.

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<sup>79</sup> The Constitution of Georgia, Article 48.

<sup>80</sup> including occupied territories

<sup>81</sup> including occupied territories

<sup>82</sup> including occupied territories



## 7. Conclusions

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The country lacks efficient strategy of territorial arrangement for development, spacial arrangement of settlements and the public government. Key decisions will be made spontaneously considering the current political situation.

Decentralization of the government, development of a local democracy and the country's spatial arrangement is a single system and solutions should be based upon the up-to-date knowledge, scientific researches and lessons from Georgia's history. ***We offer benchmarks for decentralization and territorial managements reform designed for a 15-year period.***

Today the existing municipalities (LAU1) are based upon the periurbanization principle and there is the analogue thereof in the history of Georgia. The currently operating system does not provide for representation and involvement at LAU2 level. ***Under the concept of this report, we offer introduction of a two-level representation within a self-governing unit. Self-government will be maintained in 5 self-governing cities and 60 municipalities, and a public board with its own and delegated authorities will be created in 1 025 settlements (including regions of self-governing cities).*** Assessment and further development of this system should be finished till 2018-year elections.

Arguments-based policy should be developed for changing the border of the municipalities and allocation of urban centers. ***Research tools and databases, that are vitally important for building an adequate policy, should be created in 2014-17.***

The currently existing regions have neither legal nor historical bases. Hidden regionalization entails great risks and does not provide for the lessons of the history of Georgia. This Report suggests ***transfer to the European system of classification of regions (NUTS) that will ensure implementation of a policy adapted to the needs of the territories.***

To appease uncontrolled increase in population of Tbilisi City, it is necessary to trigger the state program for development of the country's urbanization and urban centers in Georgia. ***Thus, 9 urban centers will be arranged in Georgia by 2030 and the said centers will serve as a driving factor for economic development of the country.***

***It is necessary to separate the mountainous regions of Georgia as a territory for development a specific national policy.*** The protective policy oriented on prevention of depopulation should be implemented on the said territory.

***If the standards set forth in this Report are activated it will ensure full compliance of the settlements and administrative units with the EU administrative morphology*** (See Pattern 1 and Pattern 5) and will totally separate Georgia from the post-Soviet area.



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