

**Organic Law of Georgia
Local Self-Government Code**

**Section I
Local Self-Government**

**Chapter I
General Provisions**

Article 1. Scope of the Code

This code defines the legal and financial-economic basis of implementation of local self-government, powers of local self-government bodies, rules of their formation and operation, relations with citizens, state government bodies, legal entities of public and private law, as well as the rules of implementation of the state supervision and direct state governance of the local self-government bodies.

Article 2. Concept of local self-government

1. Local self-government is the right and capability of Georgian citizens, registered in the self-governing entity, to decide on local issues through their elected local authorities, on the basis of Georgian legislation.

2. The local self-government entity is a municipality. The municipality represents an inhabited locality (self-governing town) or an association of inhabited localities (self-governing community), which has its administrative boundaries, representative and executive authorities of the elected local self-government (hereinafter-municipal authorities), has its own property, budget, incomes and is an independent legal entity of public law.

Article 3. Self-governing town and self-governing community

1. The local self-government is exercised in municipalities – self governing cities and self-governing communities.

2. A self governing town is an inhabited locality with no less than 15.000 residents, registered in its territory, which has a potential of urban attractiveness and development and is given a status of town. According to the resolution of the Parliament of Georgia, the status of a self-governing town may also be granted to a town with less than 15.000 registered residents.

3. A self-governing community is an association of several inhabited localities with historically formed and/or uniform socio-economic and natural-geographic characteristics, which has been given the status of self-governing community.

Article 4. Primary territorial unit of population's settlement

1. The primary unit of the population's settlement is an inhabited locality, which has a name, administrative boundaries, an area, has the registered population and is registered in the united registry of inhabited localities. The inhabited locality categories are:

a) Village – an inhabited locality, which mainly includes agricultural lands and other natural recourses within its boundaries and the infrastructure of which is substantially aimed at implementation of agricultural activities;

b) Settlement – is an inhabited locality, which has industrial factories or/and touristic and resort industry or/and curative and socio-cultural institutions in its area, and performs the functions of the local economic and cultural centre. The settlement's infrastructure is essentially not focused on implementation of agricultural activities. Besides, an inhabited locality may be

attributed to the category of settlements, if it is the administrative centre of a self-government entity, or has the prospects of further economic development and population growth.

c) Town – a large inhabited locality, consisting of no less than 5 000 registered residents, which has a network of industrial enterprises, touristic, curative and socio-cultural institutions, suchwise serving as the local economic and cultural centre. The town's infrastructure is not focused on implementation of agricultural activities. An inhabited locality with less than 5 000 registered residents may be attributed to the category of towns, if it is the administrative centre of a self-governing entity, or has the prospects of further economic development and population growth.

2. The government of Georgia is authorized to establish additional criteria for determining the categories of inhabited localities.

3. The rules for creation of an inhabited locality, its abolition, granting and changing the relevant category, as well as for changing the administrative boundaries of the inhabited locality are determined by Georgian government.

Article 5. Legal basis for implementing local self-government

1. The Constitution of Georgia, European Charter on "Local Self-Government", international treaties and agreements, this Code, other legislative and statutory acts of Georgia make the Legal basis for implementing the local self-government.

2. The local self-government authorities in Adjara Autonomous Republic are determined by the Constitutional Law of Georgia on the "Status of Adjara Autonomous Republic", the Organic Law of Georgia on "Approval of the Constitution of Adjara Autonomous Republic", and under consideration of norms of this Code.

Article 6. Exercising of local self-government right by citizens of Georgia

1. Citizens of Georgia exercise the local government right according to the Constitution of Georgia, European Charter on "Local Self-Government", international treaties and agreements, this Code and other legislative and normative acts subject to law.

2. Citizens of Georgia have the right to elect local self-government authorities according to the procedure, established by this Code and electoral legislation, as well as the right to be elected to these authorities, regardless of their race, skin colour, language, sex, religion, political or other views, national, ethnic or social origins, property and title status.

Article 7. Guarantees for exercising municipal powers

1. Relations between the state and municipal authorities are based on the cooperation principle.

2. In order to provide exercising of the municipal powers, the state agencies are required to establish the appropriate legal, financial-economic and organizational conditions.

3. The bodies of state power are obliged to hold preliminary consultations with the non-productive (non-profit) legal entities that incorporate more than half of the country's municipalities, prior to making decisions on the matters relating to the municipality powers established by this Code.

4. Municipality has the right to apply to the Court in order to appeal against the administrative-legal acts and practices that restrict the exercising of the local self-government powers, established by the legislation of Georgia.

5. The Municipal council is authorized to appeal to the Constitutional Court of Georgia, in accordance with the legislation of Georgia, for the purpose of reviewing the issue of constitutionality of the normative acts, with respect to the seventh¹ chapter of the Constitution. The decision on submitting the appeal to the Constitutional Court is made by the majority of the full Municipal Council.

Article 8. Analysis of local self-government's functioning

1. In Georgia the analysis of the local self-government's functioning is carried out by the Ministry of Regional Development and Infrastructure of Georgia. The Ministry also supports representation of interests of the municipalities during communications with the state authorities

2. During the performance of the functions, described in the first paragraph of this article, the Ministry of Regional Development and Infrastructure, on initiative of the municipalities or on its own initiative, will develop and submit a proposal in the field of decentralization and local self-government system reform to the Government of Georgia for its consideration.

Article 9. Symbols of municipality

1. A municipality has an emblem and a flag, and it also may have other symbols.

2. The emblem, flag and other symbols, the forms and descriptions of their expression are established by the Municipal Council, based on prior consultations with the State Council of Heraldry at the Parliament and with its consent. The municipal symbols are subject to the state registration, as prescribed by the legislation of Georgia.

3. Procedures for using the symbols are determined by the Parliament resolution.

Chapter II

Administrative - territorial Organization of Local Government

Article 10. Establishment, abolition of a municipality and determination (change) of the administrative centre

1. A basis for establishing/abolishing a municipality can be:

- a) Division of the municipality into two or more municipalities;
- b) Merging of two or more bordering municipalities into a single one.

2. The Government of Georgia is entitled to apply on its own initiative and based on consultations with the municipality's (municipalities') council (councils) and residents of the relevant municipality (municipalities), or by a petition of the relevant municipality (municipalities) and based on consultations with residents of the relevant municipality (municipalities), to the Parliament of Georgia with a recommendation of establishment or abolition of the municipality (municipalities).

3. In the case if a new municipality is established as a result of a larger municipality's division, the petition/recommendation should specify:

- a) The justification of necessity of the municipality division;
- b) The number of an inhabited localities and residents of the municipality (municipalities) to be established as a result of the division;
- c) The administrative boundaries and schematic map of the municipality (municipalities) to be established as a result of the division;
- d) The administrative centre (centres) of the municipality (municipalities) to be established as a result of the division, except for a self-governing town;
- e) The procedure of allocation of financial and other rights and duties, as well as the property to the newly established municipality (municipalities).

4. The decision on the municipality establishment or abolition is made by the Parliament of Georgia, based on the recommendation of the Government of Georgia.

5. The decision of the Parliament of Georgia on the municipality establishment becomes effective on the day when the next local self-government elections are appointed, and the elections will be held in the relevant municipality along with the next local self-government elections.

6. The Government of Georgia is entitled to apply on its own initiative and based on consultations with the municipality's (municipalities') council (councils) and residents of the relevant municipality (municipalities), or by a petition of the relevant municipality (municipalities) and based on consultations with residents of the relevant municipality

(municipalities), to the Parliament of Georgia with a recommendation of determining (changing) the administrative center of the municipality (municipalities)(except for a self-governing town).

Article 11. Changing administrative boundaries of municipality

1. The Government of Georgia is entitled to apply on its own initiative (based on consultations with the municipalities' councils, community councils and residents), or by a petition of the municipality's/municipalities' councils, to the Parliament of Georgia with a recommendation of changing the administrative boundaries of the municipalities. The decision on changing the municipalities' administrative boundaries is made by the Parliament of Georgia.

2. The petition/recommendation for changing the municipalities' administrative boundaries should specify:

a) The justification of necessity of changing the municipalities' administrative boundaries;

b) The new administrative boundaries and schematic map of the municipalities.

Article 12. Registration of municipalities

1. A systemic compilation of the municipalities' data - municipal registry - is created for the purpose of the joint registration of the municipalities' general data.

2. The municipality registration data include:

a) The name of the municipality;

b) The inhabited localities, included in the self-governing community (indicating the type of the an inhabited locality);

c) The administrative centre of the self-governing community;

d) The taxpayer registration date of the municipality and the identification code of the registration;

e) The administrative boundaries and schematic map of the municipality.

3. The registration of the municipality according to the registration data, update of the registration data and their publication in accordance with the resolution, adopted by the Parliament of Georgia upon the recommendation of the Government of Georgia, is carried out by the Legal Entity of Public Law – the National Agency of Public Registry - acting in the operational field of the Ministry of Justice of Georgia.

Article 13. Procedure of settling disputes, related to municipality establishment, abolition, change of its administrative boundaries

A decision of the Parliament of Georgia on establishment or abolition of a municipality, or on changing its administrative boundaries may be appealed according to the procedure, established by the legislation of Georgia.

Chapter III Powers of municipality

Article 14. Types of municipal powers

1. The types of municipal powers are:

a) Own powers;

b) Delegated powers.

2. The municipality's own power is the power, established under this Code, which is exercised by it independently and under its own responsibility.

3. The power, delegated to the municipality, is the power, transferred to it under the provision of appropriate material and financial resources by the state/ Autonomous Republic's

authorities on the law or contract basis, according to the procedure established by law.

Article 15. Own powers of municipality

1. The municipality's own powers are exclusive powers. In accordance with this Code, determination of the scope of the municipality's powers and the procedure of their exercising is permissible only on the basis of legislative acts, except in cases when the Code directly indicates the possibility of regulating own powers in accordance with the legislation of Georgia.

2. The municipality's own powers include:

a) Preparation of the municipal budget's project, its review and approval, introduction of changes to the approved budget, reporting and evaluation of the budget implementation; disposal of the budgetary funds in accordance with the Legislation of Georgia, carrying out treasury operations and banking transactions;

b) Management and disposal of the municipal-owned property in accordance with the procedure, prescribed by this Code,

c) Introduction and abolition of local taxes and dues in accordance with the procedure, established by the Legislation of Georgia, as well as determination of their rates within the quantitative limits, established by law; withdrawal of the local taxes;

d) The municipality's spatial-territorial planning and determination of regulations and standards in the relevant field; approval of urban planning documents, including the land use master plan, the regulation plan for landscaping, the regulation procedures for the use and landscaping of urban areas;

e) Improvement of the municipal area and development of the relevant engineering infrastructure; cleaning of streets, parks, squares and other public places within the municipal area, the territory planting, street lights, solid (household) waste collection and disposal;

f) Water supply (including the technical water supply) and sewerage provision; development of the local reclamation system;

g) Creation of the municipality-owned pre-school and extramural educational institutions and provision of their functioning;

h) Management of the motor roads of local importance and organization of the traffic on the motor roads of local importance; provision of parking places for vehicles and adjustment of parking/stopping;

i) Issuance of the permit for the regular passenger transportation within the administrative boundaries of the municipality; organization of the public transportation services;

j) Control of the external trade, exhibitions, markets and fairs;

k) Issuance of the building permit and supervision of the construction within the municipality area, in the manner and within the frameworks prescribed by legislative acts of Georgia

l) Management of the issues, related to the holding of meetings, rallies, demonstrations, in the manner prescribed by the Georgian law;

m) Naming the geographical objects within the administrative boundaries of the municipality, such as: historically established areas, certain zones, micro-districts, springs; squares, avenues, highways, streets, lanes, cul-de-sacs, exits, embankments, esplanades, boulevards, alleys; public gardens (squares), gardens, parks, forest parks, the forests of local importance, cemeteries, pantheons, buildings and facilities; transport system facilities - in the manner prescribed by the Georgian law;

n) Management of placement of the outdoor advertising;

o) Establishment of regulations for keeping pets, and management of the issues, related to stray animals;

p) Arrangement and maintenance of cemeteries;

q) Protection and development of the local identity, creative activities and cultural heritage; maintenance, reconstruction, rehabilitation of the local cultural monuments; provision

of operation of the municipality-owned libraries, club facilities, cinemas, museums, theatres, exhibition halls, sports and recreational facilities, and construction of new ones;

r) Provision of shelters to homeless persons, as well as their registration; creation of the safe environment for human health, development of the adequate infrastructure for persons with disabilities, children and elderly people at the local facilities, including the provision of appropriate adaptation and equipment of the public gathering places and municipal transport;

s) Providing fire safety and rescue assistance in the manner, prescribed by the Georgian law.

3. The municipality is entitled to handle on its own initiative any issues that, according to the Legislation of Georgia, do not fall within the scope of authority of another governmental body and are not prohibited by law.

4. The local self-government authority is entitled to take actions in the manner defined in the paragraph 3 of this article, for the purpose of: employment promotion, facilitation of the agriculture, including the support of agricultural cooperation and tourism development, social assistance, the local youth policy development, promotion of mass sports, environmental protection, public education, establishment of the healthy lifestyle, attracting investments to the municipality area, support of the innovative development and etc.

Article 16. Procedure and terms for powers' delegation

1. The self-government entity may receive such powers from the state government body, exercising of which is more effective at the local level.

2. Delegation of powers to the self-government by the state governmental authorities and governmental authorities of the autonomous republics is accordingly permissible upon the legislative act of Georgia, the law of the autonomous republic, as well as upon the agreement, concluded on the basis of the legislation of Georgia or of the autonomous republic, with the adequate transfer of material and financial resources.

3. Within the frameworks established by the legislation of Georgia, the municipality has the discretion of exercising the delegated authority by adapting to the local conditions.

4. When the authority is delegated by the Legislative act, the same act should specify the Ministry that would undertake the state control over the exercising of the delegated powers.

Article 17. State standards and technical regulations in field of municipality's own and delegated authorities

For the purposes of equal socio-economic development of the country's entire territory, the relevant bodies of the state authority are entitled to establish the state standards and technical regulations by the appropriate statutory act in the field of own and state-delegated powers of the local self-government.

Article 18. Forms and mechanisms of powers' exercising

In exercising the powers according to the Legislation of Georgia, the municipal authorities:

a) issue administrative-legal acts;
b) develop, approve and implement appropriate programs, strategies, action plans, projects etc;

c) carry out procurements;

d) conclude agreements;

e) acquire and create their own property, as well as possess, use and dispose of the property owned by them;

f) create and manage legal entities of the private law;

g) raise loans;

h) provide the implementation and development of innovative technologies, electronic control systems in order to improve the service quality and management efficiency;

- i) provide the construction, maintenance, rehabilitation, reconstruction and development of the relevant infrastructure;
- j) carry out other activities.

Article 19. Municipalities' right to establish non-productive (non-profit) legal entities and joint services and carry out cross-border cooperation

1. In order to coordinate their activities, the municipalities have the right to establish non-productive (non-profit) legal entities and join them, in the manner prescribed by the Legislation of Georgia.

2. The non-productive (non-profit) legal entities, considered in the first paragraph of this article, are authorized to participate in preliminary discussions and consultations on the draft laws that are related to the local self-government, as well as to cooperate with the state authorities and international unions of self-governing entities.

3. To effectively exercise the authorities, established by this Code, the Municipalities have the right to form, in the manner prescribed by the Legislation of Georgia, and on the basis of an agreement a joint service, to which the municipalities would transfer certain uniform functions existing within the scope of their authority, with the relevant material and financial provision. Regulations and conditions of the joint service management, financing and control shall be determined by an agreement between the municipalities.

4. According to the "European Convention on Guidelines of Cross-Border Cooperation Between Administrative Territorial Entities or State Authorities" and the legislation of Georgia, the Municipalities are authorized to cooperate with local self-government authorities of other countries.

Section II Municipal Bodies

Chapter IV. Municipal Representative Body

Article 20. Municipal Council

1. A collegiate administrative body - the Municipal Council is the municipal representative body.

2. The Municipal Council is elected for a term of 4 years by the citizens, registered in the territory of the municipality, on the basis of direct, universal, equal suffrage through a secret ballot, according to the procedure established by the Organic Law of Georgia - "Election Code of Georgia".

3. The number of the Municipal Council members is determined in accordance with the number of voters registered in the municipal area, not less than 15 nor more than 30 members.

4. The procedure of the Municipal Council elections is defined by this Code and the Organic Law of Georgia - "Election Code of Georgia".

Article 21. Powers of Municipal Council

1. The Municipal Council powers include:

a) In the field of the municipality's administrative-territorial organization and determination of its identity:

a.a) Creation of administrative entities within the self-governing entity, determination and cancelation of their boundaries;

a.b.) Submission of a petition for establishment/abolition of the municipality, or for changing its boundaries;

a.c) Determination of the local symbols – emblem (coat of arms), flag and other symbols

in accordance with the Legislation of Georgia;

a.d) Establishment of the procedures for introduction and granting of honorary titles and awards of the self-government;

a.e) Naming of Historically established areas, certain zones, micro-districts, springs; squares, avenues, highways, streets, lanes, [cul-de-sacs](#), exits, embankments, esplanades, boulevards, alleys, public gardens (squares), gardens, parks, forest parks, the forests of local importance, cemeteries, pantheons, buildings and facilities; transport system facilities;

b) In the field of organizational activities:

b.a) Approval of the City Council regulations;

b.b) Election and dismissal of the board chairman and vice-chairman;

b.c) Making decisions on acknowledgment of the council members' powers and their early termination;

b.d) Establishment of committees, election and dismissal of the committees' chairmen, approval of the committees' personal composition and regulations and introduction of changes to them;

b.e) Creation and cancellation of temporary working groups, approval of the personal composition of the working groups and introduction of changes to them;

b.f) Approval of the City Council statute, staff list;

c) In the field of regulating and controlling activities of the Municipal executive bodies:

c.a) Control of activities of the local self-governing bodies and officials; hearing and assessing their reports;

c.b) According to this Code, approval of regulations and staff list of the Board (City Hall), its structural units;

c.c) Declaring no-confidence to the governor/mayor in accordance with the procedure, established by this Code;

d) In the financial – budgetary field:

d.a) review, approval of the project of the municipal draft budget, amendment of the approved budget, the budget performance control and the budget performance assessment in accordance with the procedure, established by the legislative acts of Georgia and this Code;

d.b) introduction and cancellation of local taxes and dues in accordance with the legislation of Georgia;

d.c) approval of the agreements, concluded on behalf of the municipality, if the agreements value exceeds - 5% of the municipal budget charges;

d.d) determination of remuneration amounts for officials and employees of the Municipal Council and the Board in accordance with the position ranking system for civil service employees, established by the legislation of Georgia;

e) In the field of the municipal property control and disposal:

e.a) establishment of regulations for the municipal property control and disposal, proposed by the governor (mayor), as well as for property management of the enterprise that was established by the participation of over 50 %, in accordance with the regulations, determined by this Code and prescribed by the legislation of Georgia;

e.b) approval of the municipal procurement plan, proposed by the governor (mayor);

e.c) determination of standard prices for the non-agricultural lands, owned by the state and self-government entities, in accordance with the regulations established by the Government of Georgia;

e.d) approval of the list of municipal property facilities subject to privatization, as well as approval of the privatization plan, proposed by the governor (mayor);

e.f) making the decision on the municipality-owned property granting to the state, in accordance with the provisions of this Code;

e.g) determination of the management regulations for the forests and water resources, owned by the self-government entity, in accordance with the Legislation of Georgia;

2. Exercising other powers, established by this Code, the Legislation of Georgia and the Council regulations is also part of the Municipal Council powers.

3. The Council powers, established by this Code, shall not be delegated to other entities or officials.

Article 22. First session and assembly of newly elected municipal council

1. The first session of the newly elected Council is held within 2 weeks after the disclosure of the final report on the election results by the relevant Electoral Committee. The date of the first session of the newly elected Council is appointed by the Chairman of the relevant Electoral Committee. The Council will start working, if the relevant Electoral Committee approves (declares elected) the election of no less than 2/3 of the full number of the Council members.

2. The first session of the newly elected Council may be opened, if it is attended by (were registered) more than a half of the full number of the newly elected Council members. The first session of the newly elected Council is opened by the chairman of the relevant Electoral Committee. Prior to the election of the Council Chairman, the Council sessions are chaired by the eldest member of the Council.

3. The first session of the newly elected Council will be considered held, if the number of the Council members, whose authority was recognized by the Council, makes no less than two-thirds of the full number of the Council members. From this moment, the powers of the previously elected Council are terminated.

4. If the number of members of the Council, whose authority was recognized by the Council, is less than two thirds of the full number of the Council members, the Council session is terminated. The next session of the newly elected Council is convened by the Electoral Committee Chairman within 10 days from the date, when it becomes possible to raise the issue of recognizing the powers of such a number of persons by the Council, which is enough to make two-thirds of the total number of the Council members.

5. If the powers of the appropriate number of the Council members are failed to be recognized within the period, specified in the paragraph 4 of this Article, re-elections will be appointed.

Article 23. Procedures of Municipal Council activities

1. Subsequent sessions of the Municipal Council are convened by the Chairman at least once a month.

2. An extraordinary session of the Municipal Council is convened:

a) by a proposal of the Municipality governor (mayor);

b) on the initiative of the Municipal Council Chairman;

c) on a written request of no less than one-thirds of the listed number of the Municipal Council members;

d) on a proposal of the Municipal Council faction;

e) by a request of no less than 1 % of the total number of the voters, registered in the municipality area;

3. Within one week after the request (proposal) for convening the extraordinary session of the Municipal Council, the Council Chairman convenes the session. In the case of non-convening the extraordinary session by the Council Chairman within one week, the Council is authorized to meet in the session.

4. The information on the convening to the extraordinary meeting is provided to the council members by the Chief of the Municipal Council Office, according to the procedure established by the Municipal Council regulations. In the case of absence of the Chairman and secretary of the Council at the extraordinary session, the council session is chaired by the eldest member of the audience.

5. The Municipal Council is authorized, if it is attended by more than half of the total number of the Council members.

6. A secret ballot is held in the Municipal Council on the issues of a person's election to a position and declaring non-confidence.

7. Administrative-legal resolutions of the Municipal Council are adopted by the majority of the attendees, though by the support of not less than 1/3 of the listed members, if not otherwise prescribed by this Code.

Article 24. Municipal Bureau

1. The Municipal Bureau consists of the Council chairman, deputy chairman (deputies), the Council committees and the chairmen of the factions.

2. The Council Bureau:

a) sets the drafts for the Council session agenda, Council work plan and work programs;
b) coordinates the work of the Council committees and temporary working groups;
c) reviews the conclusions and recommendations of the Council committees and temporary working groups on the drafts of the legal resolutions to be submitted to the Council session;

d) hears reports of the municipal officials;

e) exercises other powers, established by the Council regulations.

Article 25. Municipal Council Committees

1. Local committees in the amount not exceeding five are formed for the purpose of preliminary preparation of issues in the Municipal Council, facilitating the implementation of decisions, control of the Board (City Hall) and its structural units, as well as the legal entities established by the municipality.

2. The Municipal Council chairman is elected from among the Council members. The committee members are approved by the Council, under consideration of the proportional representation. A Member of the committee may only be the council member. According to the procedure established by the Council regulations, other individuals may also be invited to work in the committee, temporarily or for the period of time, for which the committee is authorized.

3. The operation procedure of the Municipal Council committees is determined by the Council regulations, in accordance with the Legislation of Georgia.

Article 26. Temporary working group

1. Municipal Council is authorized to establish, if necessary, temporary working groups in order to inquire into certain matters.

2. The leader of the temporary working group is elected by the Council from among its members, for the term not exceeding 3 months. . According to the procedure established by the Council regulations, other individuals may also be invited to work in the temporary working group as its member for the period of time, for which the working group is authorized.

3. The operational procedure of the working group is determined by the Council regulations.

Article 27. Faction of Municipal Council

1. The Municipal Council members may unite in a faction of the Council. The Council members willing to establish the faction will work out the faction's political platform and statute. The union of the Council members obtains the status of faction from the moment of its registration. The procedure of the faction establishment and functioning, its authority is determined by the Council regulations.

2. The number of the faction members shall not be less than three.

3. The Municipal Council members may join only one faction.

4. The faction may be established both on a party and non-party basis.

5. It is impermissible to form fractions by national, territorial or other private (religious, professional, etc) characteristics.

Article 28. Office (Apparatus) of Municipality Council

1. The organizational part of the Municipal Council is provided by the Council Office.
2. The Chief of the Municipal Council Office and its staff are appointed and dismissed by the Council Chairman, in accordance with the procedure, established by the Legislation of Georgia.

Article 29. Municipality Council Officials

Municipality Council officials are:

- a) The Council Chairman;
- b) The Deputy Council Chairman;
- c) The Chairman of the Council Committee.

Article 30. Municipal Council Chairman

1. The Municipal Council Chairman is elected by the Council from among its members for the time of the Council authorization by more than half of the listed members of the Council.
2. No less than three members of the Municipal Council have the right to nominate a candidate for the Council Chairman.
3. After the nomination of the candidates for the Council Chairman council session, the chairman announces the nomination list of the candidates and asks their permission to run for the chairman's position. The session chairman sets the joint list of candidates for voting by the order of presentation.
4. If 1 candidate had participated in the elections to the City Council Chairman and has failed to poll the necessary number of votes, re-elections are held.
5. If 2 candidates had participated in the elections to the City Council Chairman and the both have failed to poll the necessary number of votes, the candidate with more votes runs the re-voting. If he fails now aging to poll the necessary number of votes, new elections are held. If the votes appear to be equally divided, new elections are held.
6. If more than 2 candidates had run in the election to the Council Chairman and none of them has polled necessary number of votes, the second round of the elections is held between the 2 candidates, who have received the most votes. In the case that the two vote shares are equal during the second round voting, new elections are held. If none of the candidates has received the necessary number of votes in the second round, the candidate with more votes runs the re-voting. If this candidate fails this time to poll the necessary number of votes, new elections are held. If the candidate, who passed the second round of voting, has withdrawn his candidacy, the candidate with the next highest number of votes runs instead of him.
7. The candidate to the Council Chair is entitled to withdraw his candidacy prior to each voting.
8. One and the same person may be nominated as a candidate for the Council Chairman only twice.

Article 31. Dismissal of Municipal Council Chairman

1. The Council is entitled to dismiss the Council Chairman.
2. The issue of dismissal of the Council Chairman may be raised with the Council in writing by not less than one third of the full Council. The Chairman shall be considered dismissed, if the proposal is supported by more than half of the listed members of the Council.
3. If the Council has not made the decision on dismissal of the Council Chairman in accordance with paragraph 2 of this Article, it is inadmissible to re-start the procedure for the Chairman's dismissal within the next 3 months.

Article 32. Powers of Municipal Council Chairman

1. The Municipal Council Chairman:
 - a) convenes, opens, chairs, leads the Council session and declares it closed by the Council's decision;
 - b) provides observance of the procedures, established by the Legislation of Georgia and regulations of the Council;
 - c) works out the sequence draft for the issues, provided in the agenda of the council sessions, a list of the persons wishing to speak on the issue under consideration, and, according to the procedure established by the regulations of the Council, determines the order of speakers and gives the floor;
 - d) raises the issue to a vote and announces the voting results;
 - e) coordinates the work of the Council committees;
 - f) represents the Council within the powers granted under this Code;
 - g) upon recommendation of the Council Committees' Chairmen, invites experts and specialists to the Council committees; concludes and cancels agreements with them;
 - h) signs decisions, resolutions and minutes of sessions of the Council;
 - i) appoints and dismisses employees of the Council Office;
 - j) submits to the Council a report on the executed done, in according with the procedure established by the Council regulations;
 - k) submits to the Council the Council regulations, Committee statute and Office statute for approval;
 - l) approves the internal regulations of the Council Office and post profiles;
 - m) makes decisions on the promotion of the Council Office employees, and imposition of disciplinary sanctions to them;
 - n) exercises other powers, established by the Legislation of Georgia and Council regulations.
2. The Council Chairman is accountable to the Council before.

Article 33. Deputy Chairman of Municipal Council

1. Deputy Chairman of the Municipal Council is elected: upon recommendation of the Council Chairman, from among its members, for the term of the Council authorization, by more than half of the listed members of the Council.
2. Functions of the Municipal Council Deputy Chairman are determined by the Council regulations and/or by order of the Council Chairman.
3. The Municipal Council Deputy Chairman performs the duties of the Council Chairman in accordance with the procedure, established by the Council regulations, if the Council Chairman is unable to perform the duties assigned to him, or in the case of his resignation or dismissal.
4. The Council is authorized to dismiss the Council Deputy Chairman. The issue of dismissal of the Council Deputy Chairman may be raised in writing with the Council by the Council Chairman, by not less than one-fifth of the listed members of the Council. The decision on dismissal of the Council Deputy Chairman shall be deemed as adopted, if it is supported by more than half of the listed members of the Council.

Article 34. Committee Chairman of Municipal Council

1. Committee Chairman of the Municipal Council is elected by the Council from among its members, for the term of the Council authorization, by no less than half of the listed members of the Council. One fifth of the listed members of the Council, as well as factions are entitled to nominate a candidate for the Committee Chairman.
2. The Chairman of the Municipal Council Committee:
 - a) Convenes, opens, chairs and leads the Committee sessions;

b) provides observance of the procedures, established by the Legislation of Georgia, Council regulations and Committee statute;

c) works out a draft agenda for the Committee sessions, a list of the persons wishing to speak on the issue under consideration, and, according to the procedure established by the Council regulations and Committee statute, determines the order of speakers and gives them the floor;

d) Raises issues to vote and announces the poll results;

e) Signs the minutes of the Committee sessions;

f) acts on behalf of the Committee;

g) is accountable to the Council;

h) Exercises other powers, established by the Legislation of Georgia, Council regulations and Committee statute.

3. The council is authorized to dismiss the Council Committee Chairman. The issue on dismissal of the Council Deputy Chairman may be raised in writing by not less than one-fifth of the listed members of the Council, more than half of the members of the relevant Committee, as well as the Council Chairman. The decision on dismissal of the Council Committee Chairman shall be deemed as adopted, if it is supported by more than half of the listed members of the Council.

Article 35. Chairman of the Faction

Faction of the Municipality Assembly (Sakrebulo) shall be headed by the Faction Chairman. Procedure for electing the Chairman and its powers shall be specified in the Faction Charter.

Article 36. Municipality Assembly (Sakrebulo) Official's Conflict of Interest

1. The issues related with the Municipality Assembly official's conflict of interest (Sakrebulo) are regulated in accordance with *the Law of Georgia on the Conflict of Interest and Corruption in Public Service*.

2. An official of the Municipality Assembly (Sakrebulo) may be a member or an official of the Collegial Body of the Municipalities' Regional Association – the Association Council.

Article 37. Status of the Municipality Assembly (Sakrebulo) Member

1. Status of the Municipality Assembly (Sakrebulo) Member is a legal position of such member defined under the Law, which includes the authority, responsibility, activity and guarantees of the Assembly (Sakrebulo) Member.

2. Georgian citizen, who is 21 as of the voting date, can be elected as a member of the Municipality Assembly (Sakrebulo). A citizen who has lived in Georgia for at least 2 years can be elected as the Assembly (Sakrebulo) Member.

3. A member of the Municipality Assembly (Sakrebulo) shall have a free mandate not to be recalled. Assembly member, when fulfilling its duties, shall not be restricted by rules and orders of voters and nominating political parties.

4. It shall not be permitted to transfer the powers of the Assembly (Sakrebulo) Member to another person.

5. Free mandate does not relieve the Assembly (Sakrebulo) Member of working with the voters and the related responsibility, as specified in the Georgian legislation and the Assembly (Sakrebulo) Regulation.

6. Authority of a Municipality Assembly (Sakrebulo) Member begins on the date when his/her authority is recognized and ends on the first session of the newly elected Assembly (Sakrebulo) or upon premature termination of the authority of such member.

7. Authority, work procedure and guarantees of the Municipality Assembly (Sakrebulo) Member shall be defined under the present Code and the Regulation of the Municipality Assembly (Sakrebulo).

8. A Municipality Assembly (Sakrebulo) Member shall be involved at least in one commission of the Assembly. Municipality Assembly (Sakrebulo) Member can simultaneously be engaged in the other commission, though overall in not more than two.

9. An employer shall not be entitled to restrict the right of an employee to nominate himself/herself as a candidate in elections of local self-government, become a member of Assembly (Sakrebulo) or participate in Assembly (Sakrebulo)'s (Commission and Faction) work. An employment agreement, which provides for such restriction of the employee's rights on the aforementioned grounds, shall be void. It shall not be permitted to dismiss the person based on such reason, transfer to another position with a lower payroll or discriminate him/her otherwise.

10. Failure of public servants, enterprises, institutions, organizations, public and political associations to meet lawful requirements related with activities of the Assembly (Sakrebulo) member or impeding activities of such member shall entail responsibility in accordance with the Georgian legislation.

Article 38. Remuneration for Activities of a Municipality Assembly (Sakrebulo) Member

1. Municipality Assembly (Sakrebulo) Member shall exercise his/her authority without leaving the job and for free. Only the following officials of the Assembly (Sakrebulo) shall receive remuneration for work:

- a) Chairman of the Municipality Assembly (Sakrebulo);
- b) Deputy Chairman of the Municipality Assembly (Sakrebulo);
- c) Commission Chairman of the Municipality Assembly (Sakrebulo).

2. Maximum amount of the remuneration for the Chairman of the Assembly (Sakrebulo) shall be defined under the Decree of the Georgian Government.

3. Expenses of a Municipality Assembly (Sakrebulo) Member, except for an official of the Assembly (Sakrebulo), related to fulfillment of its duties as an Assembly Member shall be reimbursed in accordance with the procedure set under the Assembly Regulation.

4. Pursuant to Paragraph (3) of this Article, reimbursement of Assembly Members' expenses in the form of bonuses and additional payments shall not be permitted.

Article 39. Restrictions for Municipality Assembly (Sakrebulo) Member

Municipality Assembly (Sakrebulo) Member shall not be entitled to:

- a) be a member of another representative body, except for the one of the Municipalities Regional Association;
- b) Simultaneously occupy the position of an official provided for in *the Law of Georgia on the Conflict of Interest and Corruption in Public Service*;
- c) Occupy the position on which a person is to be elected, appointed or approved by the Parliament of Georgia;
- d) Occupy the position on which a person is to be appointed by the President or Prime Minister of Georgia;
- e) Occupy the position on which a person is to be elected, appointed or approved by the Highest Representative Bodies of Autonomous Republics of Adjara and Abkhazia;
- f) Work in judicial authorities of Georgia and prosecutor's office, State Audit Office of Georgia, in the systems of the Ministry of Internal Affairs and the Ministry of Defense;
- g) Be an officer of the Election Administration of Georgia;
- h) Work in that state body, which exercises state supervision over local-self-government entities;
- i) work in the Assembly Office and Gamgeoba (City Hall);
- j) Take part in management of the local-self government entities (be a director, deputy director, member of the Supervisory Council or a Directorate and etc.), or be a director or deputy director of the institution funded by the budget of respective self-government entity, except for educational (schools and etc.), cultural (theaters and etc.) and healthcare institutions.

2) An official of the Municipality Assembly (Sakrebulo) may be a member or an official of the Collegial Body of the Municipalities' Regional Association – the Association Council.

Article 40. Preterm Termination of Municipality Assembly (Sakrebulo) Member's Authority

1. Authority of Municipality Assembly (Sakrebulo) Member shall be terminated:
 - a) Based on personal application;
 - b) Upon entering into force of guilty verdict for criminal case against such member;
 - c) Upon declaring such person by the court as incapable, gone missing or deceased;
 - d) Upon termination of Georgian citizenship;
 - e) If he/she has not participated in the work of the Assembly (Sakrebulo) for 6 months due to unjustifiable reason;
 - f) If appointed, elected or approved in the position representing conflict of interest for the Assembly (Sakrebulo) Member;
 - g) In the event of death.
2. Authority of the Municipality Assembly (Sakrebulo) member shall also be ceased if such member occupies position or pursues activity representing conflict of interest for an official under the *Law of Georgia on the Conflict of Interest or Corruption in Public Service*.
3. The issue of preterm termination of the Municipality Assembly (Sakrebulo) Member's authority, except for the case provided for in Paragraph 1(e) of this Article, shall be accepted as notice by the Assembly (Sakrebulo) without voting.
4. Pursuant to Paragraph 1(f) of this Article, authority of the Municipality Assembly (Sakrebulo) Member shall be terminated prematurely on the date following effective date of the act on appointing, electing or approving the member to the position representing conflict of interest.
5. If a Municipality Assembly (Sakrebulo) Member has not taken part in the work of Assembly (Sakrebulo) for six months due to unjustifiable reason, the respective Commission of the Assembly (Sakrebulo) shall identify the reason for absence in accordance with the procedure set under the Assembly (Sakrebulo) Regulation. Where the reason for absence turns out to be unjustifiable, the Commission shall draft an opinion and submit to the next session of the Assembly (Sakrebulo) to make the respective decision.
6. Municipality Assembly (Sakrebulo) Member shall not have the right to abuse the powers defined under the Law or use opportunities related with such powers in personal interests. Member of the Assembly (Sakrebulo) shall abstain from taking part in decision making and voting on the matter where he/she has the personal interest or where there is another circumstance, which may affect resolution of the case.

Article 41. Forms of Activities of the Municipality Assembly (Sakrebulo) Member

Forms of activities of the Municipality Assembly (Sakrebulo) Member shall be:

- a) Participation in Assembly (Sakrebulo) sessions;
- b) Drafting and initiating decisions of the Assembly (Sakrebulo);
- c) Taking part in activities of the commissions, factions and temporary working groups;
- d) Applying with a question to officials reporting to the Assembly (Sakrebulo);
- e) Receiving voters, reviewing their letters, proposals and claims;
- f) Other forms as specified in the Georgian legislation.

Article 42. Relations of the Municipality Assembly (Sakrebulo) Member with Voters

Relations of the Municipality Assembly (Sakrebulo) Member with the voters shall include:

- a) Implementing activities provided for in Georgian legislation for purposes of protecting voters' rights, their freedoms and interests;
- b) Receiving citizens;

- c) Cooperation with governmental agencies and local self-government entities, public organizations and political associations;
- d) Informing voters on performed work;
- e) Meeting voters at least once in three months.

Article 43. Exercising Authority of the Municipality Assembly (Sakrebulo) Member at the Assembly (Sakrebulo) Session

1. Municipality Assembly (Sakrebulo) member, at the Assembly (Sakrebulo), shall be entitled to:

- a) Raise the issue for review;
- b) Submit comments and proposals on all issues falling under the Assembly (Sakrebulo) competence;
- c) Take part in debates, pose question to the speaker and the Chairman of the session, request response and assets it;
- d) Make the Assembly (Sakrebulo) acquainted with letters and applications of citizens;
- e) express an opinion on bodies to be established by the Assembly (Sakrebulo) and nominations of those officials who are elected, appointed, approved by the Assembly (Sakrebulo) or whose appointment needs to be consented by the Assembly (Sakrebulo);
- f) Take part in review of the budget of the self-government entity and in introducing changes and amendments thereto;
- g) Exercise the other powers provided for in the Georgian legislation and the Assembly (Sakrebulo) Regulation.

2. Procedural issues related with exercising powers by the Municipality Assembly (Sakrebulo) Member shall be defined under the Assembly (Sakrebulo) Regulation.

Article 44. General Powers of the Municipality Assembly (Sakrebulo) Member

1. Municipality Assembly (Sakrebulo) Member shall be authorized to:

a) Pose a question to and receive response from a body reporting to the Assembly (Sakrebulo), Gangebeli (Mayor) and the other official. Respective body and the official are obliged to provide response to the posed question of the Assembly (Sakrebulo) Member within a week. This term may be extended for maximum 10 days in agreement with the author of the question;

- b) Freely meet officials who are reporting to the Assembly (Sakrebulo);
- c) Directly take part in review of issues posed by himself/herself;
- d) Use any information according to the procedure set by the legislation, which is necessary for exercising of his/her authority;
- e) Request respective information and provision of organizational-technical service from the Assembly (Sakrebulo) Office;
- f) Enjoy the preferential right to provide information to those mass media that are funded from the budget of the respective self-government entity.

2. Pursuant to the procedure set under the Georgian legislation and the Assembly (Sakrebulo) Regulation, the Assembly (Sakrebulo) Member shall be entitled through the initiation procedure submit to the Assembly (Sakrebulo):

- a) Draft of administrative-legal act of the Assembly (Sakrebulo) except for the cases provided for in the present Code;
- b) Proposal on issuance of the administrative-legal act of the Assembly (Sakrebulo);
- c) Proposal on invalidation of the legal act adopted by the Assembly (Sakrebulo) or introducing changes and amendments thereto.

3. Municipality Assembly (Sakrebulo) shall review the issues submitted to the Assembly (Sakrebulo) session under the initiation procedure according to Paragraph 2 of this Article.

4. Municipality Assembly (Sakrebulo) Member, when reviewing issues falling under

competence of the Assembly (Sakrebulo), shall enjoy the right of casting vote. Member of the Assembly (Sakrebulo) enjoys deliberative right in work of those bodies of the Assembly (Sakrebulo) where he/she is not a member of;

5. Municipality Assembly (Sakrebulo) Member shall:

a) Observe the Constitution of Georgia and laws;

b) Meet the citizens according to the procedure set under the Assembly (Sakrebulo) Regulation;

c) Take part in the Assembly (Sakrebulo) sessions and the work of the Assembly (Sakrebulo) commissions;

d) Not disclose and use in personal interests the information, which according to the Georgian legislation is protected from publicity;

6. In the event of detention or imprisonment of the Assembly (Sakrebulo) member the authority of the Assembly (Sakrebulo) member shall be suspended until the final verdict is reached on the criminal case.

7. In the event of termination of the criminal case or acquittal by the court:

a) Authority of the Assembly (Sakrebulo) member shall be restored if the term of office of the Assembly (Sakrebulo) he/she is a member of has not expired. In addition, the member shall be given compensation in accordance with the Georgian legislation;

b) If the term of office of the Assembly he/she was a member of expired the term of detention or imprisonment shall be counted in the total term of being the Assembly (Sakrebulo) member and the member is to be paid the appropriate compensation.

Chapter V. Executive Body of the Municipality

Article 45. Gamgebeli (Mayor)

1. Municipality Executive Body shall be Gamgebeli in a self-government community and a mayor in the self-governing city. Gamgebeli ensures execution of the municipality powers in accordance with the present Code, respective acts of the municipality and the Georgian legislation.

2. Gamgebeli (Mayor) is an elective official of a local self-government, the highest official of the municipality. Gamgebeli (Mayor) shall be reporting to the Assembly (Sakrebulo) and the municipality population.

Article 46. Gamgeoba /City Hall

Gamgeoba is an institution, which ensures fulfillment of the Gamgebeli's powers. Gamgeoba shall be governed by the Gamgebeli (Mayor). Gamgeoba (City Hall) consists of structural units. Structural units of Gamgeoba (City Hall) shall ensure execution of assignments of the Assembly (Sakrebulo) and Gamgebeli (mayor) by respective fields.

Article 47. Election of Gamgebeli (Mayor)

1. **Gamgebeli (Mayor)** shall be elected by direct, universal, equal vote, through secret ballot for the term of four years in accordance with the procedure specified under *the Organic Law of Georgia on the Election Code of Georgia*.

2. Georgian citizen with voting right from the age of 25, who has lived at least for five years in the country, may be elected as a Gamgebeli (Mayor).

Article 48. Impeachment of Gamgebeli (Mayor)

1. The ground for initiating impeachment against Gamgebeli (Mayor) shall be a written motion of more than the half of the Assembly member list or at least 20% of registered municipality voters on impeaching Gamgebeli (Mayor).

2. The motion shall be reviewed within 10 calendar days following its submission. The Gamgebeli shall be deemed impeached if the motion is supported by two third of the Assembly member list. Impeachment entails termination of Gamgebeli's (Mayor's) authority.

3. In the event of not impeaching Gamgebeli by the Assembly (Sakrebulo), repeated initiation of impeachment shall not be permitted within the next six months.

4. Initiation of impeachment and impeaching Gamgebeli (Mayor) shall be impermissible within six months following elections of self-government entities, as well as during the last one year of Gamgebeli's (Mayor's) office term.

Article 49. Officials of Municipality Gamgeoba (City Hall)

1. Officials of Municipality Gamgeoba (City Hall) shall be:

- a) Gamgebeli (Mayor);
- b) Gamgebeli's (Mayor's) First Deputy;
- c) Deputy (ies) of Gamgebeli (Mayor);
- d) Head of structural unit.

2. Gamgebeli (Mayor) appoints officials of Gamgeoba (City Hall). The number of Gamgeoba (City Hall) officials shall not exceed 13.

Article 50. Remuneration of Gamgeoba Officials

1. Maximum amount of Gamgebeli's (Mayor's) remuneration shall be set within the range determined by the Government of Georgia.

2. Remunerations for Gamgeoba (City Hall) officials and the other staff shall be determined by the Municipality Assembly (Sakrebulo) based on Gamgebeli's (Mayor's) proposition.

Article 51. Authority of Gamgebeli (Mayor) – the Head of Municipality Executive Body

1. Gamgebeli (Mayor):

- a) in the field of Gamgeoba activities:
 - a.a) governs and coordinates activities of Gamgeoba (City Hall) structural units;
 - a.b) submits Gamgeoba's (City Hall's) regulation and regulations of its structural units to the Assembly for approval;
 - a.c) appoints and discharges from the position officials of Gamgeoba (City Hall) and the other personnel of Gamgeoba (City Hall);
 - a.d) allocates functions among Gamgeoba (City Hall) employees; gives tasks and receives reports from Gamgeoba (City Hall) officials on work performed;
 - a.e) delegates powers to Gamgeoba (City Hall) officials according to the procedure specified in Gamgeoba (City Hall) regulation except for powers, which require approval or consent of the Assembly (Sakrebulo) in accordance with this Code.
 - a.f) makes decisions on incentives of Gamgeoba (City Hall) employees and on imposing disciplinary responsibility;
 - a.g) approves internal regulation of Gamgeoba (City Hall) and job descriptions.

b) in the field of relations with the Assembly:

b.a) submits report to the Assembly on the performed work at least once a year, as well as a special report requested by one third of the Assembly members according to the procedure set by the Assembly regulation.

b.b) for purposes of exercising the self-government entity's own and delegated powers drafts and submits draft legal acts to the Assembly for approval;

b.c) applies to the Assembly Chairman with the request to call a special meeting, brings additional issue at the ordinary meeting of the Assembly, attends the open and closed sessions of the Assembly and Assembly Commissions. It is authorized to have a permanent representative in the Assembly;

b.d) is authorized to send back to the Assembly for review the normative administrative legal act initiated by it in the Assembly – except for the Municipality budget- with comments, in the manner prescribed by this code.

b.e) ensures enforcement of legal acts adopted by the Assembly;

c) In the field of municipality Finance and Budgeting:

c.a) drafts and submits draft budget to the Assembly for approval as well as draft of amendments to the budget. Ensures fulfillment of the approved budget within its competence.

c.b) submits report on annual budget fulfillment to the Assembly for approval;

c.c) pursuant to the Budgetary Code of Georgia, based on the procedure set by the Assembly makes decision on allocation of amounts between budgeting classification items and codes of the spending institution without introducing changes to the approved budget of the self-government entity.

c.d) submits to the Assembly for approval draft resolution on introducing, changing and abolishing local taxes and duties defined under the Georgian legislation.

c.e) on behalf of the municipality and under the consent of the Assembly takes loan according to this Code and the legislative acts of Georgia.

c.f) submits to the assembly for approval the state procurement plan of the municipality for the year.

d) in the field of management and disposal of the municipality property:

d.a) pursuant to this Code and the procedure set by the Assembly makes decision on management and disposal of the Municipality's property;

d.b) under the Assembly's consent makes decision on: establishing, reorganizing and liquidating legal entities of private law (entrepreneurial and non-entrepreneurial (non-commercial)); participation and membership in establishing of legal entities of private law; changing capital of enterprises established by municipality participation; participating in partnership, acquiring the share (stock) of entrepreneurial legal entity;

d.c) in agreement with the Assembly and in cases stipulated in this Code, makes decisions regarding transfer of property rights for the movable municipal property through the direct disposal procedure, either for a certain fee or free of charge under certain conditions or unconditionally;

d.d) in agreement with the Assembly makes decision on transfer of property rights for the real estate through the direct disposal procedure, either for a certain fee or free of charge under certain conditions or unconditionally;

d.e) in agreement with the Assembly is authorized to resolve the issue of relieving from penalty imposed/to be imposed for failure to meet liabilities assumed under the agreement by the buyer of municipality property/ recipient of the right to use/recipient to use with the management right;

d.f) in agreement with the Assembly is authorized to resolve the issue of relieving the recipient of privatized property or/and property transferred under the right to use of the liability to meet requirements related with such property, except for requirements related with fulfillment of financial and investment liabilities;

d.g) in accordance with the present Code and under the consent of the Assembly makes decision on disposal of the municipality's major (not disposed of) property;

d.h) ensures taking care of, construction, reconstruction and renovation of the municipality property;

d.i) submits the list of the property to be privatized and draft privatization plan to the Assembly for approval;

d.j) in accordance with the procedure set by the Assembly makes decision on privatization of the property of the self-government entity by means of an auction;

d.k) exercises monitoring over observance of the municipality property usage rules by natural persons and legal entities;

d.l) in the event of disposal of the municipal property through the auction with terms monitors observance of such terms by natural persons and legal entities;

e) in the other fields of executive activities:

e.a) represents a self-government entity in relations with the third parties, signs the agreement concluded on behalf of the self-government entity, executes the other representative functions;

e.b) within the competence of the municipality ensures preparation of respective social-economic development plan and the other programs, strategies, plans and submission to the Assembly for approval, as well as their implementation;

e.c) issues individual administrative-legal acts within the scope of its competence;

e.d) establishes deliberative bodies – councils and working groups for studying the issues in its competence and drafting respective opinions and recommendations;

e.e) grants honorable titles and awards;

e.f) exercises the other powers defined under this Code, Gamgeoba (City Hall) regulation and the Assembly's legal acts.

2. Gamgebeli shall be entitled to appoint the Gamgebeli representative in the municipality settlement(s). The authority of a representative shall be defined under the Regulation of municipality Gamgeoba.

3. When making decision on personal issues, interference of an Assembly member in Gamgebeli's (Mayor's) activities shall not be permitted.

Article 52. Conflict of Interest of Gamgebeli (Mayor)

The issues related with Gamgebeli's (Mayor's) Conflict of Interest shall be regulated under *the Law of Georgia on the Conflict of Interest and Corruption in Public Service*.

Article 53. Grounds for Termination and Suspension of Gamgebeli's (Mayor) Authority

1. The ground for suspension of Gamgebeli's (Mayor) power shall be:

a) prison sentence imposed by the court;

b) administrative imprisonment imposed by the courts as an administrative punishment;

c) vacation;

d) temporary disability;

e) being nominated as a candidate in presidential elections or elections of representative bodies unless provided otherwise in the Law;

f) Other cases of suspending the authority (in accordance with the law or on its basis).

2. Grounds for terminating the Gamgebeli's (Mayor's) authority shall be:

a) expiry of the office term;

b) resignation;

c) entering into force of the guilty verdict against him/her;

d) death;

e) declaring by the court as incapable, gone missing or deceased;

f) termination of Georgian citizenship;

g) impeachment by the Assembly;

h) occupation of the incompatible position or pursuance of incompatible activities provided for in *the Law of Georgia on the Conflict of Interest and Corruption in Public Service*;
i) cases provided for in Chapter XVIII of this Code.

3. Pursuant to Paragraphs 1(a) and 2 of this Article, except for the case provided for in Paragraph 2(i), in the event of termination or suspension of the Gamgebeli's (Mayor) authority his/her duties will be executed by the Assembly (Sakrebulo) Chairman.

4. During the period of fulfilling the Gamgebeli's (Mayor) duties, the status as a Chairman of the Assembly (Sakrebulo) shall be suspended.

5. Term for suspension of Gamgebeli's (Mayor's) authority shall be determined as the period of administrative imprisonment and imprisonment.

6. In the event of preterm termination of Gamgebeli's (Mayor's) authority, the special elections of Gamgebeli (Mayor) shall be appointed in accordance with the Election Code of Georgia, within 40 days following termination of the authority.

7. In the event of preterm termination of Gamgebeli's (Mayor's) authority, the term of office of a newly elected Gamgebeli (Mayor) shall be defined as the Assembly's term of office.

8. If less than a year is left before the elections of the local self-government entities, the special elections of Gamgebeli (Mayor) will not be held.

Article 54. First Deputy and Deputy(ies) of Gamgebeli (Mayor)

1. Gamgebeli (Mayor) appoints and discharges its first deputy and deputy (ies) to/from the position. In self-governing cities, pursuant to the City Hall's regulation, the position of Vice Mayor may be introduced instead of the position of First Deputy. The status of Vice Mayor is equal to the one of the Gamgbely's First deputy.

2. Deputy Gamgebeli (Mayor), in accordance with the allocated functions, supervises the field (fields) falling under the Gamgebeli's (Mayor's) competence, organizes and controls fulfillment of municipality's legal acts and tasks assigned by Gamgebeli (Mayor) and pursuant to the Gamgeoba's (City Hall's) regulation issues individual administrative-legal acts.

3. The authority of the First Deputy and Deputy of Gamgebeli (Mayor) shall be defined under the Gamgebeli's Regulation.

4. In case of Gamgebeli's (Mayor's) temporary absence, its duties shall be executed by Gamgebeli's (Mayor's) First Deputy or Deputy in accordance with the set procedure, except for the case specified in Article 53 (3).

Article 55. Positional Conflict of Interests of the First Deputy and Deputy of Gamgebeli (Mayor)

Positional conflict of interests of the First Deputy and Deputy of Gamgebeli (Mayor) shall be regulated in accordance with the Georgian Law "On Conflict of Interests and Corruption in Public Service."

Article 56. Suspension and Termination of Authorities of Municipality/City Hall Officials

1. Authorities of the First Deputy and the Deputy/Deputies of Gamgebeli (Mayor) shall be suspended and terminated in case of the presence of circumstances provided by the first part of Article 53 and paragraphs: (a)-(g) of the second part of the present Code; as well as upon the termination of the authorities of Gamgebeli (Mayor);

2. Furthermore authorities of the First Deputy and the Deputy/Deputies of Gamgebeli (Mayor) shall be terminated in case of their dismissal by Gamgebeli (Mayor).

Article 57. Head of Structural Unit of Municipality (City Hall)

1. Head structural entity of municipality (City Hall) is a public servant of local self-governance who is duly appointed and dismissed on this position by Gamgebeli (Mayor) in compliance with Georgian Law on Public Service;

2. Head of structural entity of municipality (City Hall) shall:

- a. Direct the activities of the structural entity and be responsible for the accomplishment of all tasks and duties assigned to them;
- b. Distribute duties among employees of the entity;
- c. Submit proposals to Gamgebeli (Mayor) on personnel issues of the entity, staff incentives, disciplinary actions, annual leaves, work travels, re-training and training;
- d. Set the rules, ways and methods of organizing and planning the activities of the structural entity as well as duties of employees of the entity;
- e. Submit Gamgebeli (Mayor) issues, proposals, conclusions and recommendations prepared by the structural entity;
- f. Submit periodic reports to Gamgebeli (Mayor) on the work performed by the structural entity;
- g. Issue individual administrative and legal acts in accordance with the provisions of municipality (City Hall);
- h. Be accountable to Gamgebeli (Mayor).

3. Activities of municipality (City Hall) shall be supervised by Gamgebeli (Mayor).

Article 58. Legal Acts Concerning Municipal Sakrebulo (Council) and its Officials

1. Sakrebulo of the municipality and its officials, within authorities conferred to them by the legislation of Georgia, shall issue respective administrative and legal acts;

2. Sakrebulo Resolution represents normative administrative and legal act of the representative body of the municipality;

3. Individual administrative and legal acts of officials of municipal bodies are as follows:

- a. Provision of Sakrebulo;
- b. Order of Gamgebeli (Mayor);
- c. Order of a chairperson of Sakrebulo;
- d. Order of the First Deputy and/or Deputy of Gamgebeli (Mayor);
- e. Order of structural entity of municipality (City Hall).

4. Administrative-legal acts of Municipal Sakrebulo are adopted at the Sakrebulo session by the majority of votes of the Sakrebulo members attending the session, but not less than 1/3 of listed members of the Sakrebulo, unless otherwise prescribed by this Code.

5. The Sakrebulo is obliged to send the Sakrebulo's resolution, initiated by the Gamgebeli (Mayor) in accordance with this Code, to the Gamgebeli (Mayor) within 2 working days after its receipt. Within 5 working days after receipt of the administrative-legal act sent by the Sakrebulo, the Gamgebeli (Mayor) agrees with it, or returns it to the Sakrebulo with his own comments. The Gamgebeli's (Mayor) comments, in the event he considers it expedient to adopt this normative act or its part edited in a different way, should be accompanied by the according edition of this statutory act or its part. Disclosure of the resolution is not admissible prior to obtaining the Gamgebeli's (Mayor) consent.

6. The Sakrebulo is obliged to hold a ballot for adoption of the Gemgebeli's (Mayor) comments and cancelation of the first edition of the Sakrebulo's resolution within 15 calendar days. The number of votes required for the adoption of the Sakrebulo's resolution, specified in paragraph 4 of this Article, is sufficient to make the mentioned decision. If the comments are not adopted, the issue of disclosing the first edition of the Sakrebulo's resolution will be voted. The Sakrebulo's resolution will be disclosed in its first edition, if it is supported by the majority of the full Sakrebulo, after which the Sakrebulo Office will no later than within two working days send it in order of its disclosure in the manner, prescribed by the Georgia legislation.

7. Rules for preparation, adoption, promulgation, implementation, registration and systematization of administrative and legal acts of a municipality shall be defined by the present Code, as well as General Administrative Code of Georgia, Georgian Law on Normative Acts, Provisions of local self-governance entities and other normative acts.

Article 59. Appealing of Municipal Legal Acts

1. Administrative and legal acts of municipal bodies and officials shall be appealed to the court in accordance with Georgian legislation;

2. With the exception of Gamgebeli (Mayor), individual administrative and legal acts by officials of municipality/city hall shall be appealed to Gamgebeli (Mayor) and afterwards to the court in accordance with the provisions of Georgian legislation.

Section III.

Tbilisi – the Capital City of Georgia

Chapter VI

Status of the Capital City

Article 60. The Capital City of Georgia and its Status

1. Pursuant to Article 10 of the Constitution of Georgia, the Capital City of Georgia is Tbilisi.

2. Tbilisi is a self-governing city.

3. The status of self-governing city of Tbilisi (hereinafter referred to as ‘Tbilisi’), as the capital of Georgia, means particular legal status, which for the purpose of protecting the common national and local interests, ensure governing of Tbilisi through local self-governing bodies.

4. Unless otherwise stated by the present Section, legal and economic principles of Tbilisi, as a municipality, as well as the authorities, organizational arrangement and rules regulating its activities shall be defined by provisions set forth for municipalities by respective chapters of the present Code.

Article 61. Authorities of Tbilisi

The following fall under the authorities of Tbilisi:

- a) Rights specified under Article 15 of this Code;
- b) Provision of emergency ambulance service;
- c) Giving names to any natural or anthropogenic GIS unit within the defined administrative boundaries of the capital, as well as to administrative units of Tbilisi, historical districts, planned areas, zones, micro-districts and other territorial units; mountain, hill, gorge, river, lake, spring; square, avenue, highway, street, turn, lane, exit, river embankment, esplanade, boulevard, alley; square, garden, park, recreation park, forest, city cemetery, pantheon, building and facilities; facilities of transport system.
- d) Solid (household) waste management;
- e) Cleanup and disposal of wastewater.

Article 62. Self-governing Bodies of Tbilisi

1. In Tbilisi local self-governances executed through a representative body such as Tbilisi Sakrebulo as well as the system of executive bodies of Tbilisi, such as City Hall.

2. For ensuring effective participation of local population into local self-governance, representation and protection of their interests in Tbilisi self-government authorities and the making the decisions provided by this Code under consideration of the local population’s interests and local conditions, Borough Councils - representative bodies of Tbilisi administrative units - are established (hereinafter - the district councils).

3. Borough Councils shall execute authorities of Sakrebulo (representative body of Tbilisi self-government) conferred to them by this Code.

4. Tbilisi Sakrebulo is authorized to transfer its power to Borough Councils with the consideration of limitations set forth by the present Code.

Article 63. Administrative Units of Tbilisi

1. Territory of Tbilisi is divided into administrative units. Administrative units of Tbilisi are: a borough and a district. Tbilisi administrative unit does not represent self-governing entity.

2. Territory of a district shall coincide with the territory of one or few districts. Districts consist of territorial bodies of Tbilisi city hall, such as Tbilisi District municipalities (*Gamgeoba*) (hereinafter referred to as “District Municipality”).

3. Tbilisi Sakrebulo shall make decision concerning the creation or abolishment, as well as defining and changing the boundaries of administrative entities on the basis of the request of Tbilisi Mayor and as for boroughs, it requires at least one third of members to submit a request. The decision shall be made by the majority of the full composition of the Council.

4. Decision on abolishment of a borough of an administrative unit shall enter into effect after the expiration of authority of current borough Council of the administrative unit.

Article 64. Main Criteria for Forming Administrative Units of Tbilisi

1. The main criteria for forming administrative units are as follows:

- a) **Proportionality** – administrative unit shall be formed in accordance with size of its population and assigned territories;
- b) **Continuity of a territory** – administrative unit shall not cross natural, technical and infrastructural elements/components forming and/or confining essential urban area that will cause the breach of its territorial integrity. Forming of an administrative unit within the boundaries of another administrative unit shall not be allowed.
- c) **Homogeneity** – set territorial units shall be characterized with more or less distinct functional profiles and sufficient homogeneity of internal structures, such as: development, terrain, housing (real estate), etc.
- d) **Territorial coincidence** – while defining boundaries of each administrative unit, it is necessary to take into consideration the boundaries of historic neighborhoods (local public groups with separate geographic, social and cultural identities living on certain area). Administrative unit/borough should territorially coincide with historic borough (if any) or represent the union of several boroughs of such type.

Chapter VII

Representative Bodies of Tbilisi Self-government and Tbilisi Administrative Entities

Article 65. Tbilisi Sakrebulo

Tbilisi Sakrebulo (local council) is a representative body of Tbilisi self-government, which consists of maximum 50 members. Rules of electing Tbilisi Sakrebulo are set forth in Georgian organic law on “Election Code of Georgia.”

Article 66. Authorities of Tbilisi Sakrebulo

1. In addition to authorities of municipality Sakrebulo defined by the present Code, authorities of Tbilisi Sakrebulo include the following:

- a) To supervise activities of officials of Tbilisi government;
- b) In cases provided by the present Code, to give consent to Tbilisi government on loans in accordance with the legislation of Georgia.
- c) To give names to natural or anthropogenic GIS units located within pre-defined administrative boundaries of the capital, as well as administrative units of Tbilisi, historical boroughs, planned districts, zones, micro-districts and other territorial units; mountain, hill, gorge, river, lake, spring; traffic circle, avenue, highway, street, turn, lane, exit, river embankment, esplanade, boulevard, alley; square, garden, park, recreation park, forest, city cemetery, pantheon, buildings and facilities and facilities of transport system.
- d) By the suggestion of Tbilisi government to make decisions on the establishment, re-organization and liquidation of legal entities of public and private law and approve provisions on legal entity of public law in accordance with the legislation of Georgia.

Article 67. Organization of Sakrebulo Session

1. Rules of convocation of the extraordinary session of Sakrebulo shall be defined pursuant to the procedures established under part 2 of Article 23 of this Code.
2. Extraordinary session of Sakrebulo shall be convened upon the request of at least 10,000 voters registered in Tbilisi.

Article 68. Borough Council

1. Representative body of Tbilisi borough is the borough council that shall be elected for the term of office of Tbilisi Sakrebulo by secret balloting by the citizens of Georgia registered on the territory of administrative unit on the basis of direct, overall, equal election rights in accordance with the provisions of Georgian organic law “Election Code of Georgia.”
2. Members of Tbilisi Borough Council shall be defined in accordance with voters registered on the territory of administrative unit and shall not be less than 10 and more than 20 members.
3. Elected member of the Borough Council shall be any citizen of Georgia who, by the time of the balloting, turned 21. A citizen who had lived in Georgia for at least last two years can be elected as a member of the Borough Council.
4. Authority, structure and rules of operation of Borough Council shall be provided by the regulations of Borough Council in accordance with the present Code. Tbilisi Sakrebulo shall develop and approve typical regulations for Borough Council and typical provisions for staff office.

Article 69. Authorities of Borough Council

1. Authorities of Borough Council are as follows:

- a) Prepare, approve and submit to Tbilisi Mayor project proposals within the scope of budgetary appropriations of Tbilisi budget designed for administrative unit;
 - b) Prepare and submit to Tbilisi Sakrebulo proposals on giving names to square, avenue, highway, street, turn, lane, exit, embankment, esplanade, boulevard, alley, park, garden on the territory of administrative unit.
 - c) Hear and evaluate annual reports of officials and territorial body of Tbilisi City Hall located on the territory of an administrative unit;
 - d) Elect chairman and deputy chairman of the Council;
 - e) Establish Borough Commissions, elect chairmen of the Commissions and approve and amend the composition of Commissions;
 - f) Make decisions on recognizing and early termination of authorities of Council members;
 - g) Develop and submit to Tbilisi Sakrebulo respective proposals concerning the amendments of the Council Regulations and Provisions of the Staff Office.
 - h) Request information from Tbilisi self-governing bodies on programs and activities to be implemented on the territory of the borough;
 - i) Ask questions to Tbilisi officials;
 - j) Issue individual administrative and legal act/decrees within its competencies;
 - k) Upon the request of 2/3 of the total composition to apply to Tbilisi Sakrebulo with the request of convening extraordinary session;
 - l) Execution of other authorities defined by the Regulations of the Borough Council.
2. Furthermore Borough Council shall execute its authorities conferred to it by the decision of Tbilisi Sakrebulo.
 3. Local self-government bodies of Tbilisi are responsible to run preliminary consultations with Borough Council if the disputable issue is related to administrative unit.
 4. Within one week after submitting Borough Council request on calling up of extraordinary session of Tbilisi Sakrebulo, Chairman of Sakrebulo shall convene Sakrebulo session; in case of failure to convene the session within the set period, Sakrebulo is authorized to convene itself.
 5. Through a resolution Tbilisi Sakrebulo shall define procedures for preparation, approval and submittal of project proposals of Borough Council to Tbilisi City hall.

Article 70. Member of Borough Council

1. Member of Borough Council (being and administrative and territorial unit) is entitled to simultaneously be the member of Tbilisi Sakrebulo.

2. Member of Borough Council shall exercise his/her responsibilities voluntarily without interrupting his/her official duties. Only the work of the Chairman of Borough Council shall be reimbursed.

3. Provided that official of Tbilisi Sakrebulo is at the same time the chairman of Borough Council, his/her job at Borough Council shall not be paid.

Article 71. Chairman of Borough Council

Chairman of Borough Council shall:

- a) Supervise the operation of Borough Council; organize preparations of sessions of the Council; chair Council sessions; ensure free expression of opinions at the sessions; convene and chair sessions of the Council Bureau;
- b) Represent Borough Council within the competencies set forth by the present Code and Regulations of Tbilisi Sakrebulo;
- c) Coordinate operations of Commissions of Borough Councils (if any);
- d) Convene extraordinary sessions of Borough Council;
- e) Sign individual administrative and legal acts by Borough Council;
- f) Issue individual administrative and legal acts/decrees concerning organizational issues of Borough Council and execution of authorities granted to it by the legislation of Georgia;
- g) Set agenda for Council sessions in cases defined by the Regulations of the Borough Council;
- h) Be entitled to request the floor during the sessions of Tbilisi Sakrebulo or Sakrebulo Commission. Within no later than 30 calendar days, Tbilisi Sakrebulo or Sakrebulo Commission shall hear his/her information and requests that are related to the respective borough;
- i) Execute other responsibilities in compliance with the legislation of Georgia and Regulations of Sakrebulo.

Article 72. Development, Approval and Implementation of Budgetary Programs

1. Borough Council shall ensure development, approval and submittal to Tbilisi Mayor project proposals within the budgetary appropriations defined by Tbilisi budget for administrative unit in the following areas:

- a) Landscaping and plantings in administrative unit;
- b) Social issues of administrative unit;
- c) Support the development of condominium of apartment building owners;
- d) Develop infrastructure on the territory of administrative unit;

2. Size of budgetary appropriations for the Borough required for funding project proposals defined by the first part of the present Article shall be set forth by Tbilisi Budget. Criteria and procedures for calculation of the size of budgetary appropriations shall be approved by a decree of Tbilisi Sakrebulo.

3. While developing project proposals, Borough Council shall ensure maximum involvement of local population for which it shall organize meetings with local communities, opinion polls, accept and review their projects and proposals.

4. Project proposals shall be approved by the decree of the Borough Council. The Mayor is entitled to return the Decree of the Borough Council with his/her comments to Borough Council and task Gamgebeli of the respective district to agree the comments with the Borough Council. In case of the failure to reach the agreement Tbilisi Sakrebulo shall make the final decision.

5. Borough Council is authorized to address the Mayor and Gamgebeli of the district in writing and request information on the status of implementation of approved project proposals. Tbilisi Mayor and Gamgebeli shall reply to Borough Council in no later than 10 working days after the appeal.

6. Provided that Gamgebeli of the district fails to ensure the implementation of approved project proposal, Borough Council shall be authorized to submit respective request and recommendations to the Mayor, as well as to question the liability of Gamgebeli of the District.

7. In case the Mayor of Tbilisi fails to implement the programme approved by the Borough Council, the Council shall address to Tbilisi Sakrebulo in accordance with the procedures set forth by the present law.

Chapter VIII

Executive Body of Tbilisi Self-Government

Article 73. City Hall of Tbilisi

City Hall of Tbilisi (Tbilisi Mayor, Tbilisi government, structural entities of Tbilisi City Hall and municipalities (Gamgeobas) of Tbilisi districts) represents a system of executive bodies of self-governance, which ensures executive and directive functioning of self-government of Tbilisi.

Article 74. Mayor of Tbilisi

1. Supreme executive body of Tbilisi – Tbilisi Mayor (hereinafter “Mayor”) is the highest official of Tbilisi and the chief of the government. The mayor is elected by direct voting for a term of 4 years. Rules for Mayor’s election shall be defined in accordance with organic law of Georgia “Georgian Election Code.”

2. Any citizen who is above 25 and has lived in Georgia for at least 10 years and who resides in-country for the date of announcement of election is entitled to run for Mayor’s office.

3. Mayor shall:

- a) Submit to Sakrebulo a typical resolution of Tbilisi district municipality for approval;
- b) Submit to Sakrebulo for approval the price of issuing permits for regular city public transport, procedures of bidding for issuance of permit and payment for issuance of permit;
- c) Direct activities of government, submit Regulations of the government to Sakrebulo for approval and distribute duties among his/her deputies; chair government sessions; depending on the government's activities Mayor shall develop and present to Sakrebulo projects on legal aspects of Tbilisi Sakrebulo.
- d) Sign the resolutions of the government;
- e) Issues Mayor's order which is individual administrative and legal act.
- f) Following the provisions of the present article as well as Article 76, the Mayor shall execute authorities of Gamgebeli (Mayor) defined under article 51 of the present Code.
- g) Execute other responsibilities defined by the present Code.

4. Mayor shall remove his/her authorities and be accountable towards Tbilisi population and Sakrebulo. The mayor shall be responsible to present annual speech to Sakrebulo. By the request of 1/3 of members of Tbilisi Sakrebulo the Mayor shall present extraordinary report.

5. Procedures for declaration of distrust to the Mayor and suspension and termination of his/her authorities are set forth under Articles: 48 and 53 of the present Code.

Article 75. Government of Tbilisi

1. Tbilisi Government (hereinafter "the Government") is a collegial administrative body, which under the competencies defined by the Georgian legislation, shall ensure execution of decisions by Sakrebulo and Mayor, as well as development and implementation of development strategy of the capital, and documents and budget breakdown for priorities of the capital.

2. The government consists of: Mayor, his/her first deputy (vice-Mayor) and deputies, heads of structural units of Tbilisi Mayor and Gamgebeli of Tbilisi district, except the heads of structural units under Tbilisi City Hall that are designed to provide control and supervision.

3. Government sessions shall be chaired by the Mayor or his/her first deputy (vice-mayor) or one of his deputies.

4. Structure of the government, authorities and procedures shall be defined by the present Code and resolution of Tbilisi City Hall, which shall be presented by the Mayor to Sakrebulo for approval.

Article 76. Authorities of the Government

The following fall under the authorities of government:

- a) Execution of decision made by Sakrebulo;

- b) Tasking the government members to prepare and execute issues within their area of expertise;
- c) Development and review of the draft of Tbilisi budget, review and implementation of the budget; if required, introduction of proposals on amendments to the budget, drafting of budget implementation report and ensuring its publicity;
- d) Preparation and submittal of proposals to Sakrebulo on the introduction of local taxes and fees provided by the Georgian legislation, as well as defining their amount, abolishment and organizing the collection of local taxes;
- e) Ownership, management and use of local property in accordance with the procedures defined by Sakrebulo;
- f) Development of the Regulations of Government, drafting of amendments to it and submittal to Sakrebulo for approval;
- g) With the consent of Sakrebulo: establishment, reorganization and liquidation of legal entities of private law (entrepreneurial and non-entrepreneurial (non-commercial); participation and joining to the establishment of legal entities of private law in accordance with the procedures provided by the law; change of capital of entrepreneurial legal entities established by government, participation into comradeship, purchase of shares (stocks) of entrepreneurial legal person.
- h) Submittal of Rules of Action to Sakrebulo for approval concerning legal entities that were established by municipalities according to rules provided by the Georgian legislation and/or with 50 % or more shares;
- i) Submittal of proposal to Sakrebulo concerning the establishment, reorganization and liquidation of legal entities of public law;
- j) Develop the statutes (resolution) for the legal entity of public law and submit it to Sakrebulo for approval;
- k) Establish commissions, councils and other advisory bodies to examine certain fields under its area of responsibilities and to produce respective conclusions and recommendations;
- l) Organize construction, reconstruction and fixing of internal roads of the capital;
- m) Within the authorities assigned to it under the Georgian legislation, organize traffic and public transport services for population;
- n) Determine routes for local public buses (M2 and M3 categories) transporting the citizens within administrative boundaries of the capital; submit the draft routes to Sakrebulo for approval;
- o) Issue permits for local regular public transportation;

- p) Set up rules for issuing electronic construction permits and individual administrative and legal act; submit them to Sakrebulo for approval;
- q) Set up the routes for buses (M2 and M3 categories) assigned to the territory of Georgia and used for regular transportation of citizens within the territory of Georgia; submit the routes to Sakrebulo for approval;
- r) Organize cleaning services of the capital and manage the removal of solid (household) waste (prevent piling of waste; waste collection, transportation, use, processing, separation, decontamination and damping);
- s) Develop and submit to Sakrebulo for approval spatial territorial planning of Tbilisi;
- t) Participate into development and rehabilitation of territories within administrative borders of Tbilisi and management of architectural and urban planning processes, including: landscaping of separate areas of the capital, installation/arrangement of street decorations, small architectural forms, separate architectural details and decorating elements; implementing respective activities to ensure the execution of the above noted competences;
- u) Funding of social, cultural and sporting events;
- v) Develop and implement a paper of priorities of the capital;
- w) Develop development strategy of the capital and submit it to Sakrebulo for approval; also implement and monitor the implementation of the strategy;
- x) Execute authorities assigned under the present Code, as well as the Regulations of the City Hall and decree of the government.

Article 77. First Deputy Mayor (Vice Mayor) and Deputies

1. The Mayor shall have First Deputy (Vice Mayor) and Deputies.
2. Following to the distribution of functions, Deputy Mayors shall lead the areas assigned to the competencies of executive bodies; prepare and submit to the Mayor proposals on activities implemented in respective areas; organize and supervise implementation of decisions by Sakrebulo, Mayor or Government.

Article 78. Structural Entities of Tbilisi City Hall

1. Structural entities of Tbilisi City Hall shall be established in accordance with the provisions of this Code on the grounds of Resolution by Tbilisi City Hall or respective changes into it, in order to ensure management of social-economic fields that fall under the competencies of the government and streamline the operation of the City Hall.
2. Authorities of structural entities of Tbilisi City Hall shall be defined by respective resolutions.
3. Head and deputy head of the structural entity of Tbilisi City Hall shall be appointed and dismissed by the Mayor.

4. Authority of the head of structural entity of Tbilisi City Hall shall be provided by the resolution of Tbilisi Mayor. Head of structural entity of Tbilisi City Hall shall issue a decree, which represents individual administrative and legal act.

5. Head of structural entity of Tbilisi City Hall is accountable and reports to the Mayor.

Article 79. Financial Control and Supervision of Structural and Administrative Entities of Tbilisi Self-governing System

Financial control and supervision by means of planned and/or thematic audit of structural and administrative entities under the system of self-governing bodies of Tbilisi shall be carried out by respective structural unit of Tbilisi City Hall.

Article 80. Establishment of Legal Entity of Public Law

1. Heads of legal entities of public law shall be appointed and dismissed by the government after receiving the approval from Sakrebulo.

2. Legal entity of public law that was established by the normative act of Sakrebulo represents an organization that is separate from central governing and local self-governing bodies and independently carries out social, educational, cultural, economic and/or other activities specified by the government under the government's supervision.

3. Pursuant to part one of the present article, Sakrebulo is authorized to establish legal entity of public law for conducting respective research and development of recommendations regarding the issuance of construction permits, drafting of concept for urban development of the city and ensuring its spatial and territorial planning; as well as privatization of property and transfer of ownership rights for temporary use or for any other reasons.

4. Based on the government's initiative, Sakrebulo is authorized to define for the legal entity of public law (that was established by Sakrebulo itself) amount of fees for activities, services and/or simplified services, including quick issuance of construction permit that are assigned in accordance with the Statute (Provisions) of the legal entity of public law.

5. Legal entity of public law that was established by Sakrebulo is authorized to carry out its activities that are defined by respective law and/or its statutes/resolution.

6. Government is authorized to submit the following to Sakrebulo for approval: rules and regulations for introducing and issuance of administrative and legal acts as well as administrative processing through electronic document handling system by the legal person of public law;

7. Following to the advice of the government, Sakrebulo shall establish legal entity of public law by giving out respective property. The property shall be directly handed to legal entity of public without any charges for the use for a limited or unlimited period.

8. Legal entity of public law is authorized to give out its owned property to self-governing unit of Tbilisi for free.

9. Upon the approval of Sakrebulo, legal entity of public law is authorized to give out its own property for use in accordance with Chapter XV of this Code and procedures provided by the Georgian legislation.

10. Rules of managing legal entity of public law as established by Sakrebulo shall be defined in accordance with the Statutes/Provisions of Legal Entity of Public Law.

11. Decision by legal entity of public law established by Sakrebulo shall be appealed pursuant to procedures of Georgian legislation.

12. In case of liquidation of legal entity of public law established by Sakrebulo, its remaining property shall be moved under the ownership of Tbilisi.

Chapter IX

Tbilisi District Municipality

Territorial Body of Tbilisi City Hall

Article 81. District Municipality

1. In administrative units, district municipality is a territorial body of Tbilisi City Hall.
2. District municipality is made out of structural units.
3. Staff list of district municipality, positions and remunerations, organizational structure and provisions shall be submitted by the Mayor and approved by Sakrebulo in accordance with the Georgian legislation.
4. District municipality is headed by district Gamgebeli. District Gamgebeli shall be appointed and dismissed by the Mayor in accordance with Georgian legislation.
5. Structural units of district municipality execute decisions made by Tbilisi Sakrebulo and Borough Councils as well as tasks assigned to them by Gamgebeli within their respective areas of competencies.
6. Functions of structural units of district municipality are set forth in respective provisions that are submitted by district Gamgebeli and approved by Tbilisi Sakrebulo.
7. Deputies of district Gamgebeli, head of structural unit of the municipality as well as other employees of the municipality shall be appointed and dismissed by Gamgebeli in accordance with Georgian legislation.

Article 82. District Municipality Officials

1. District municipality officials are:
 - a) Gamgebeli

- b) Deputy/deputies;
- c) Head of structural unit.

2. District municipality officials are public servants of local self-government who are appointed and dismissed on these positions pursuant to Georgian Law on Public Service. In selection board for district municipality officials it shall be mandatory to include council(s) members of borough(s) of respective district into the competitive attestation commission, which will be presented but respective council(s).

Article 83. Tbilisi District Gamgebeli

1. Tbilisi district Gamgebeli shall lead the activities of the municipality; ensure management of the district, coordinate Tbilisi and borough council and execution of decisions made by Mayor and government.

2. District Gamgebeli is the integral part of the government.

3. District Gamgebeli shall:

- a) Lead the activities of municipality, distribute duties among the members of municipality and chair the sessions of municipality;
- b) Pursuant to the present Code as well as Georgian Law on Public Service, Gamgebeli shall appoint and dismiss municipality officials and employees;
- c) Present to Borough Council annual report on performed work; also upon the request of one third of members of Borough Councils, Gamgebeli shall present extraordinary reports to Sakrebulo in compliance with the provisions of Sakrebulo Resolution;
- d) Address to a chairman of Borough Council with the proposal of convening extraordinary session of Sakrebulo; submit additional topics for discussion for the next meeting of Borough Council; be authorized to attend the sessions of Borough Council and commissions of Borough Council;
- e) provides adoption of legal acts, programs and projects by the Sakrebulo of Tbilisi;
- f) introduces budget requests to the relevant structural unit of Tbilisi City Hall;
- g) signs contracts and agreements concluded on behalf of the Board (Gamgeoba), represents the Board (Gamgeoba) and acts on its behalf by official communications; perform other representative functions;
- h) issues an individual administrative-legal act-order within its competence;
- i) participates in the development of the capital priorities' document and draft budget;
- j) is responsible for appropriate payment of the city budget-provided allocations to a district;

- k) prepares the information on implementation of the budget-provided allocations and submits it to the relevant structural unit of Tbilisi City Hall ;
 - l) exercises other powers, prescribed by this law and Tbilisi City Hall regulations.
4. The District Gamgebeli divests himself of authority and is responsible to the City Hall.

Article 84. District Gamgebeli Deputies

1. A district Gamgebeli may have no more than 3 deputies
2. The district's deputy Gamgebeli is appointed by the district Gamgebeli
3. The district deputy Gamgebels, according to the functions' distribution by the Gamgebeli, supervise the branches appointed to the Gamgeoba (Board) competence; they prepare and submit to the Gamgebeli proposals on the actions to be undertaken in respective branches; organize and control implementation of the Gamgebeli decisions.
4. In the case of absence of the district Gamgebeli, or if the Gamgebeli is temporarily unable to fulfill his duties, on his behalf the duties of the Gamgebeli are fulfilled by one of his deputies.

Article 85. Structural Units of District Gamgeoba

1. The district's structural units guide activities of different branches of the population servicing within their competence.
2. The activities of the district's structural units are supervised by the heads of the structural units, who are appointed and dismissed by the Gamgebeli.
3. Organization of activities and competence of the district structural units are determined by the Gamgeoba regulations.

Section IV

Citizens Participation in Local Self-Governance and Public Council of a Settlement

Chapter X.

Citizens Participation in Local Self-Governance

Article 86. Ensuring Citizens Participation in Local Self-Governance

To ensure participation of citizens into the implementation of local self-governance, municipal bodies, their services and officials shall create organizational and material-technical conditions to ensure meetings with citizens and their participation into sessions of municipal bodies and transparency of decision making process. Accordingly, subject to Georgian legislation the municipal bodies shall:

- a) Publish the following through local media or the Resolutions of Sakrebulo:
 - a.a. Initiated draft decisions;
 - a.b. Procedures and timelines for reviewing draft decision initiatives;
 - a.c. Agenda, place and date of the venue for the sessions of Sakrebulo and Sakrebulo Committee;
 - a.d. Approved normative acts, as well as various administrative and legal acts; deadlines and procedures of their appeal;
 - a.e. Timelines and procedures for ensuring citizens' participation into monitoring of execution of decisions.
- b) Ensure access to adopted normative acts as specified by Georgian legislation;

Article 87. Initiating Draft Resolution of Sakrebulo through Petition

1. At least 1% of voters registered within municipality are required to develop and submit to Sakrebulo a draft of normative administrative-legal act or proposal concerning the annulment of normative administrative and legal act of Sakrebulo.
2. The issue shall be raised through petition in writing in the form of draft Resolution of Sakrebulo that has to be signed by at least 1% of constituency registered under this self-governing unit.
3. A project submitted through petition shall provide the justification of the need of this decision, name and address of author(s) of the project as well as a speaker for Sakrebulo session.
4. Sakrebulo staff office shall register received petition in accordance with Georgian legislation.
5. Sakrebulo must discuss petition project at Sakrebulo session in one month after the registration date.
6. A speaker appointed by the authors of the project shall take part into the review of petition project and he/she shall be equipped with voting right.

Article 88. Publicity of Collegial Bodies of the Municipality

Sessions of Sakrebulo, borough council, Sakrebulo Commissions and Tbilisi government shall be public unless otherwise stated by the Georgian legislation.

Article 89. Hearing of Public Reports by Municipal Officials and Sakrebulo members

1. Voters registered at the municipality shall be eligible to attend without any limitation public hearings of reports by municipality officials and members of Sakrebulo.
2. Gamgebeli (Mayor) and member of Sakrebulo shall be obliged to hold public meetings with constituency at least once a year and present them a report on performed work; as well as answer questions asked by voters after hearing their reports.

Chapter XI. Concept of Public Council of a Settlement

Article 90. Concept of Public Council of a Settlement

1. Public Council of a settlement(s) (hereinafter “Public Council”) is the right of voters registered in settlement(s), as well as capability to use general assembly in order to ensure the development of settlement(s) and effectively participate into local self-governance in accordance with Georgian legislation.

2. Any settlement, except self-governing cities, is authorized to have one public council only. In self-governing cities, public councils shall be created within territorial boundaries defined by the municipality.

3. Public Council does not represent a form of execution of public power; Public Council is the tool for ensuring participation of local population in the execution of local self-governance.

4. Public Council is a membership-based legal entity of public law, which has its own agencies and is authorized to have its own property and income.

5. Within the scope of competencies set forth by the present Code, Public Council shall act on its behalf to acquire rights and responsibilities, make deals and be either plaintiff or defendant at the court. If requested by Public Council, municipality administration shall be responsible to provide legal assistance to it.

6. Public Councils do not fall under General Administrative Code of Georgia, Georgian Law on Legal Entities of Public Law, Georgian Law on Public Service and Georgian Law on State Procurement.

Article 91. Establishment of Public Council

1. Initiative group consisting of at least 10 voters registered in the settlement(s) shall be eligible to submit an initiative concerning the establishment of Public Council.

2. Initiative group shall address to municipality Gamgebeli requesting the registration of an initiative proposed by the initiative group on the establishment of public council. Statement of initiative group shall include names, last names and addresses of its members.

3. After the registration of an appeal at municipality (city hall), information concerning the start of procedures for establishing of public council shall become public.

4. In case of refusal to register the public council, the initiative group shall appeal the decision to respective district (city) court within 5 days after receiving the refusal.

5. Initiative group shall start collection of supporting signatures from the day of receiving confirmation of registration of the appeal.

6. Signatures shall be collected on a sample paper approved by Gamgebeli. Each of these papers shall contain signatures of maximum 50 citizens who have to write down their names, last names, and dates of birth, national ID numbers, addresses and dates of signature. A person, responsible for the collection of signatures shall sign each paper with such data and put his/her address on it. His/her signature shall be verified by notary bureau or a person authorized by Gamgebeli.

7. Within a month after the registration of an appeal, the initiative group shall submit to municipal Gamgebeli an initiative and attached signatures verifying that at least 10 per cent of constituency registered in the settlement(s) support the initiative.

8. Gamgebeli shall make decision on the convocation of Constituent Assembly or if he/she considers that the appeal contradicts with the provisions of the law, he/she shall decide to reject it within one month after its receipt.

9. Gamgebeli shall ensure convocation of Constituent Assembly within 2 months after the decision to satisfy the appeal.

10. Constituent Assembly shall approve provisions by public council and its bodies. Constituent Assembly shall be convened in accordance with the present Code.

Article 92. Origin of Legal Capacity of Public Council and its Registration

1. Public Council shall acquire the status of legal entity of public law only after the approval of the provisions and election of an authorized individual for representation.

2. Registration data of Public Council shall be as follows:

- a) Name(s) of Public Council and respective settlement(s);
- b) Date of registration as a taxpayer and taxpayer's identification code;
- c) Resolution of Public Council;
- d) Public Council authorized representative.

3. Pursuant to the registration data of the Public Council, National Agency of Public Registry, which is a legal entity of public law under the Georgian Ministry of Justice, shall be responsible to carry out registration, update and publishing of registration data in accordance with the procedures approved by the Minister of Justice.

Article 93. Authorities of the Public Council

In accordance with the legislation, the Public Council shall:

- a) Manage the property under its ownership or use;
- b) Participate into the drafting of strategic development plan and budget for the municipality;

- c) In the manner specified by the municipality, participate into selection, planning and implementation of monitoring of those projects that are to be funded by the targeted programs of municipality and dealing with respective settlement(s);
- d) Carry out other activities required for the development of Public Council.

Article 94. Bodies of Public Council

1. General Assembly and Representative Board of the General Assembly (hereinafter “Assembly Board”) are the bodies of Public Council.
2. General Assembly is chaired by the Chairman of General Assembly.
3. The work of the General Assembly, Chairman of the General Assembly and members of the Assembly Board shall not be reimbursed.

Article 95. General Assembly

1. General Assembly is a supreme body of the Public Council that unites all members of Public Council;
2. Every citizen with voting rights registered at the territory of Public Council is considered to be a member.
3. As a rule, General Assembly of Public Council shall be convened twice a year. General Assembly can be convened by the request of at least one tenth of the members, or by the request of the Assembly Board or by the initiative of Chairman of General Assembly.
4. Chairman of General Assembly and members of the Assembly Board shall organize the General Assembly.
5. General Assembly shall be considered eligible if it is attended by at least one fifth of its members. General Assembly makes decisions by means of survey, open or secret balloting. At the General Assembly the decisions are made by the majority of votes. In those Public Councils that require two or more General Assemblies due to the size of population, the decisions are made on the basis of summing up of voting results. Procedures for organizing General Assembly and making decisions shall be provided by the Resolution of Public Council.
6. General Assembly shall:
 - a) Approve the Resolution of Public Council; introduce amendments into it;
 - b) Elect the Chairman of the General Assembly and members of the Assembly Board; give them guidelines and tasks;
 - c) Review and approve priority directions for Public Council;
 - d) At every session of the General Assembly hear the briefing/report of the Chairman of the general Assembly on spending of the Public Council;

- e) Submit proposals to Assembly Board on the management of property of the Public Council;
- f) Carry out other duties specified by the legislation and the provision of Public Council.

Article 95. Assembly Board

1. Assembly Board is a representative body of the General Assembly; it is elected by the General Assembly through secret balloting for three year term.

2. In a Public Council with less than 200 registered members, the size of Assembly Board shall vary from 3 to 5 members including the Chairman of the Council.

3. In a Public Council with more than 200 registered members, the size of Assembly Board shall vary from 5 to 21 members.

4. Number of the members of Assembly Council as well as the election procedures shall be provided by the Resolution of the Public Council.

5. Chairman of the General Assembly shall convene the meeting of the Assembly Board at least once a month. Assembly Board shall be considered eligible if it is attended by the more than half of its members. Assembly Board shall make decisions by the majority of the total members.

6. Member of the Assembly Board shall act in accordance with the directions and assignments of the General Assembly. Removal of authorities of the member of the Assembly Board shall be carried out in accordance with the procedures of his/her election.

7. Assembly Board shall be chaired by the Chairman of the General Assembly.

8. By the advice of the Chairman of the General Assembly, the Assembly Board shall approve action plans of public council, solve the issues related to the management of property, approve the lines of expenditure for funds designed for Public Council, supervise the activities of the Chairman of the General Assembly and perform other duties provided by the Provisions of the Public Council.

9. Assembly Board shall be accountable to the General Assembly.

Article 97. Chairman of the General Assembly

1. General Assembly shall elect Chairman for 3 year term by using secret balloting;

2. Candidate for the Chairperson shall be nominated by at least one tenth of attending members. Elections shall be carried out between the period of the 7th and 15th day after the nomination of candidates. Candidate who receives the majority of votes of attending members shall be elected as the chairman. In case of equal distribution of votes, the winning candidate shall be identified by means of sortition.

3. Chairman of the General Assembly is the head of the Public Council. Chairman of the General Assembly shall execute decisions made by the Assembly and the Board; represent public council at other agencies and be personally liable for the activities of the Public Council.

4. According to the legislation and procedures stipulated by the Public Council, the Chairman of General Assembly shall carry out the following duties:

- a) Run the operations of the Public Council;
- b) Ensure the link between the population under Public Council and municipality Sakrebulo, Municipality (City Hall) and their officials;
- c) Submit to Gangebeli (Mayor) proposals on problems of respective Public Council and offer possible solutions;
- d) Organize inquiry of population living on the territory of the relevant Public Council and carry out public discussions;
- e) Participate into drafting of budget for respective municipality, organize introduction of draft budget to population and arranging of public discussions; organize comments and proposals of the population concerning the draft project; sharing of these comments with Gangebeli (Mayor); prepare proposals on activities to be implemented on the territory of the Public Council with the funds from local budget;
- f) Develop proposals on projects to be implemented by the Public Council;
- g) Develop proposals concerning the use and management of property owned by the municipalities on the territory of the Public Council.
- h) Coordinate inventory of the property of municipality and public council on the territory of public council; ensure control for safeguarding and targeted use of this property;
- i) Chairman of the General Assembly is eligible to request the floor at the session of Municipality Sakrebulo or Sakrebulo Commission. Municipality Sakrebulo / Sakrebulo Commission is obliged to hear his/her briefings and requests concerning the respective settlement(s) within 30 calendar days;
- j) Carry out other responsibilities provided by the Georgian legislation and the provisions of the General Assembly.

5. In case of insufficient performance of the Chairman of General Assembly, General Assembly can be convened and extraordinary elections of the chairman of the General Assembly shall be help upon the request of at least one fifth of the members of the General Assembly.

6. Chairman of the General Assembly shall be accountable to the General Assembly and Assembly Board.

Article 98. Holding of Elections

1. Elections of the Chairman of the General Assembly and the Board shall be held by the Ballot Counting Commission staffed with the members of the General Assembly; its terms of office, establishment and abolishment, rules of selecting voting time and venue, voting process, counting of ballots and identification of the winner and if required, procedures for sortition shall be provided by the resolution of the Public Council.

2. Ballot Counting Commission of the General Assembly shall consist of maximum 3 members. Member of the Ballot Counting Commission shall not be the candidate of the election, current chairman of the General Assembly or current member of the Assembly Board.

3. The work of the Ballot Counting Commission shall not be reimbursed.

Article 99. Types of Income for Public Council

1. The following serve as income sources for Public Council:

- a) Contributions;
- b) Income generated from the contract-based work;
- c) Targeted assistance received from natural or legal persons on the basis of a contract;
- d) Other income provided by the legislation of Georgia.

2. Public Council shall independently define (except targeted funds) areas to be funded by it. The rules and regulations for making this decision shall be defined by the Provision of the Public Council.

3. Income of the Public Council shall be used only for executing competencies of Public Council.

4. Public Council is not allowed to take a loan.

Article 100. Accounting and Reporting of Public Council

1. Public Council shall carry out accounting and reporting of its financial and economic activities in accordance with the Georgian legislation, prepare the balance sheets and submit it to Gamgebeli of the Municipality (Mayor) for approval.

2. Gamgebeli shall ensure inspection of financial activities of Public Council.

3. If requested by the Public Council, the municipality shall carry out accounting of its financial and economic activities and preparation of accounting balance sheets.

Article 101. Property of the Public Council

1. Any item and intangible property that belongs to the Public Council in accordance with the Georgian legislation can be considered its property.

2. Upon the mutual agreement, the municipality shall be authorized to give to the Public Council, which is a legal entity of public law, any property owned by the municipality for free, including land and facilities in accordance with the provisions of this Code and Georgian legislation

Article 102. Liquidation of Public Council

1. Liquidation of Public Council shall be carried out by the decision of the General Assembly and shall comply with the procedures provided by the Resolution of Public Council.

2. Property that is left after the liquidation of Public Council shall be given to respective municipality.

Article 103. Cooperation Between Public Councils

In order to implement joint activities, Public Council is authorized to sign an agreement with other public council(s).

Article 104. Provisions of Public Council

Activities of the Public Council shall be regulated by the provisions that shall include the following data on Public Council:

- a) Title with the status, such as “Legal Entity of Public Law.”
- b) Missions, duties and area of operations;
- c) Rights and responsibilities for establishing management bodies;
- d) Decision making rules;
- e) Principles of financial operations;
- f) Rules for forming of the property;
- g) Rules for amending the provisions.

Article 105. Exercising Safeguards for Community Council Powers

1. The state and local self-government authorities, within their competence and in accordance with the procedure, established by the legislation, facilitate the creation of necessary conditions for the Council functioning.

2. The state and local self-government authorities and officials are obliged to consider proposals and appeals of the Council no later than within one month after their receipt.

3. The chairman of a general meeting, or his authorized representative are entitled to attend sessions of the Municipal Council, Council committees and temporary working groups, as prescribed by this Code and the Council regulations.

4. The local self-government authorities are obliged to provide the Community Council, within a reasonable period of time, with the Community Council-associated:

- a) drafts of the decisions, initialized in the Council;
- b) information on the procedures and terms for reviewing the drafts of the initialized decisions;
- c) the agenda of the Municipal Council and Council committees’ session, as well as the information on locations and terms of its holding;

d) the adopted administrative-legal acts, information on terms and procedures of the appeal against them;

5. The heads of municipal representative and executive bodies are obliged to provide the Community Council an annual report on the implemented activities.

Section V

Municipal budget and Economic Fundamentals

5. Chapter XII. Municipal Budget

Article 106. Municipal budget

1. The municipal budget is the complex of revenues to be received for the purpose of fulfilling the municipality's functions and duties, charges to be covered, and balance changes, approved by the relevant representative body of the municipality.

2. Preparation of the municipal draft budget, its submission, review, approval, verification, budget execution, accounting and control procedures are established by this Code, the Budget Code of Georgia and other normative acts.

Article 107. Independence of municipal budget

1. The municipal budget is independent from the budgets of other municipalities, as well as from the budget of the autonomous republic and the State budget of Georgia.

2. The independence of the municipal budget is provided by the own revenues and by the authorization for independent determination of the charges for exercising the own powers.

Article 108. Review and approval of Municipal draft budget

1. The municipality Gamgebeli (Mayor) submits the draft budget along with attached materials to the municipality Sakrebulo no later than 15th of November, in accordance with this Code and the Budgetary Code of Georgia.

2. Within 5 workdays after submitting the draft budget to the Municipality Sakrebulo it should be disclosed for the public review.

3. The Municipal Sakrebulo holds the public review of the draft budget and, prior to begin of the new budgetary year, makes decision on the municipal draft budget approval. The decision on the draft budget approval is made by the majority of the listed members of the Municipality Sakrebulo.

4. If there are any comments, the Municipality Sakrebulo returns the commented draft budget to the Gamgebeli (Mayor) no later than 25th of November.

5. The Municipal Gamgewbeli (Mayor) submits the same draft budget or its amended variant to the Municipality Sakrebulo no later than within 10th of December.

6. During the review in the Municipality amendments to the draft budget may be made only after their agreement with the Gamgebeli (Mayor).

7. In the case of disagreement with the amended draft budget submitted by the Gamgebeli (Mayor), or non-approval of the initial draft budget by the Sakrebulo due to disagreement with the comments, the sakrebulo is authorised to approve by 3/5 of the listed members of the municipal sakrebulo the draft budget, initiated by the municipal sakrebulo faction or by no less than 1/3 of the listed sakrebulo members, which should consider the comments send only by a representative body to the Gamgebeli(Mayor) in accordance with paragraph 4 of this Article.

8. In the case of non-approval of the budget of the local self-governing unit prior to the planning year's begin; the relevant executive body is authorized to allocate per each priority an amount

not exceeding 1/12 of allocations of the last budgetary year. In the case of non-approval of the self-governing unit's budget within 3 months after the State Draft Budget approval the Georgian Government is authorised to anticipatorily cease the authorities of the Municipal Sakrebulo according to the procedures, prescribed by this Code.

9. The annual budget should be disclosed and made available to the public. The procedures established by paragraphs 4 and 6 of Article 58 of this Code do not apply to the municipality budget approval.

Article 109. Municipal budget revenues

1. Municipal budget revenues are the complex of cash funds, received by the budget during the reporting period:

- a) revenues;
- b) non-financial assets (the funds received as a result of the operations with non-financial assets);
- c) financial assets (the funds received as a result of the operations with financial assets, excluding the use of balance);
- d) commitments (the funds received as a result of making commitments).

2. The municipal budget revenues include own revenues and non-own revenues.

3. The municipality may, within its powers, independently, use its own revenues at its sole discretion.

4. The non-own funds of the municipal budget include capital, special and target transfers, loans and the grants, obtained in accordance with the Law of Georgia on "Grants".

5. The municipal budget revenues are administered, as prescribed by the Georgian legislation.

Article 110. Determination and administration of local taxes and dues

1. The amount of local taxes is determined by the municipality, as prescribed by legislative acts of Georgia.

2. The amounts of local dues are determined by the municipal representative body.

3. The municipal taxes are administered by tax authorities. Recovery of the funds to be withdrawn from other revenues and operations with non-financial assets, defined by the Georgian Legislation, is carried out by the relevant services, unless otherwise prescribed by the Georgian Legislation.

Article 111. Transfer (grant) types:

There are four types of transfers:

- a) equalization transfer;
- b) capital transfer;
- c) target transfer;
- d) special transfer.

Article 112 . Equalization transfer

1. The equalization transfer is the sum, allocated to the municipal budget from the state budget.

2. The purpose of the equalization transfer is the equalization of different financial capacities of municipalities, considering their economic potentials.

3. Revenues from the equalization transfer are used by the municipality at its own discretion, in order to exercise its powers.

4. The procedure for calculating the equalization transfers, distributable from the state budget to the municipalities, as well as the formula and equalization indexes are determined by the Law of Georgia - "Budget Code of Georgia".

Article 113. Capital transfer

1. The capital transfer is carried out from one budget to another budget for the purpose of implementation of a targeted capital project, which is related to the increase of the transfer recipient's non-financial assets.

2. The capital transfers may be carried out:

a) from the state budget to the municipal budget;

b) from the budget of the Autonomous Republic to the relevant municipal budget.

3. Total amount of the capital transfers to be transferred from the state budget to the municipalities is established by the legislation.

4. The basis for the issuance of capital transfers is the municipality's initiative.

Article 114. Target Transfer

1. The target transfer is carried out from one budget to another on purpose of financial support of the delegated powers.

2. The target transfer may be carried out:

a) from the state budget to the municipal budgets;

b) from the state budget to the budget of an union;

c) from the budget of the Autonomous Republic to the relevant municipal budget.

3. The procedure of the target transfer calculation and its consideration for the different level budgets is established by the Law of Georgia - "Budget Code of Georgia".

Article 115. Special transfer

1. Special transfers are allocated from the state budget, or from the budget of the autonomous republic to the municipal budget for elimination of consequences (damages) of natural calamities, environmental or other disasters, hostilities, epidemics and other emergencies, as well as for implementation of other measures by the municipality

2. The special transfers are allocated only if the reserve fund of the municipal budget is insufficient to finance the activities under the first paragraph of this article.

Article 116. Municipal reserve fund

1. A reserve fund is created for financing contingencies in the municipal budget; its volume should not exceed 2% of total amount of allocations, provided by the annual budget.

2. Funds from the reserve fund are allocated by the relevant structural unit of the Gamgeoba (City Hall) based on the decision of the Gamgebeli (Mayor), which contains the information on money amount and targets.

Article 117. Taking out loan by municipality

1. The municipality is entitled, with the permission of the Georgian government, within the limits of its powers and in its own name, on purpose of implementing capital investments, to take out a loan from natural and legal persons and legal entities in the amount and under observance of the procedures, prescribed by the Georgian legislation.

2. The total amount of the loan taken out by the municipality should not exceed 10 percent of its average income of the last three fiscal years. It is inadmissible to use the municipality-owned property as a means of the demand securing.

3. It is possible to take out a loan from the state and/or subordinated institution of the state government authorities and legal persons of public law under their control, in an amount exceeding the amount specified in the paragraph 2 of this section.

4. The approval of the Government of Georgia is also required, if the municipality warranties or provides any other guarantees for another person.

Article 118. Charges of municipal budget

1. Budgetary charges are the complex of cash funds to be disbursed from the budget during the reporting period:

- a) expenditures;
- b) non-financial assets (the funds allocated for the operations with non-financial assets);
- c) financial assets (the funds allocated for the operations with financial assets, excluding the balance accrual);
- d) commitments (the funds allocated for covering the principal part of commitments).

2. The municipality allocates no less than 1 percent of the total budget assignments provided for salaries for the training-skill improvement of local self-government's civil employees.

Article 119. Independence in determining directions of charges

The municipality determines independently the directions of charges provided for financing the exercising of the powers, established by this Code.

Article 120. Revenue compensation

Making of such decisions by the supreme bodies of state power of Georgia, also the bodies of state authority of the Autonomous Republics of Abkhazia and Adjara, which increase the amounts of charges of the municipal budget or reduce its revenue in the year of the decision-making, has to be appropriately compensated from the state or autonomous republic's budget.

Chapter XIII Municipal Property

Article 121. Field of regulation

1. This chapter identifies the municipal property categories, creation procedures and property rights (except for natural resources, use and ownership and management of which is regulated by the special legislation of Georgia), as well as the legal, economic and organizational principles and basic conditions for the municipal property privatization and its transfer with the right of use.

2. This chapter does not apply to:

- a) the goods/services, created by purchase, if the goal of the purchase was the further distribution, dispensation or other kind of disposal of the purchased goods/services;
- b) the cases, provided by the subparagraph "e", paragraph 3 of Article 10¹ of the law of Georgia on "Governmental Procurements";
- c) the alienation or any other form of disposal of suitable parts and materials, obtained as a result of reconstruction, repair, dismantling or demolition of the buildings and facilities that are the municipality-owned, assigned for use to the state government of Georgia, Autonomous Republic of Abkhazia, Adjara Autonomous Republic, a municipality, union or legal entity of civil law - which is carried out by these authorities or the legal entity in order to partly or completely cover the costs of the reconstruction, repair, dismantling or demolition of these buildings and facilities.

3. by the terms and conditions set by the government

3. the alienation or any other form of disposal of suitable parts and materials, obtained as a result of reconstruction, repair, dismantling or demolition of the buildings and facilities that are assigned for use to the state government of Georgia, Autonomous Republic of Abkhazia, Adjara Autonomous Republic, a municipality, union or legal entity of civil law - which is carried out by these authorities or the legal entity in accordance with the by the terms and conditions set by the government of Georgia in order to partly or completely cover the costs of the reconstruction, repair, dismantling or demolition of these buildings and facilities.

Article 122. Definition of Terms

For the purposes of this Code, the following terms defined in this Code have the following meanings:

- a) Disposal of municipal property - property privatization, transfer with the right of use, transfer with the right of control and granting to the state ownership;
- b) Privatization - transfer of municipal property to natural and legal persons, in a form and manner prescribed by this Code;
- c) Transfer with the right of use - transfer of municipal property to natural and legal persons with the right of use, in a form and manner prescribed by this Code;
- d) Transfer with the right of control - transfer of municipality-owned shares and stocks to natural and legal persons, in a form and manner prescribed by this Code;
- e) Initial fees of disposal - initial fees for transfer of the right of property privatization/use and transfer with the right of use;
- f) Disposal fees – fees for using.

Article 123. Property of the Municipality

1. Property of the Municipality consists of all equities and intangible assets that are under the ownership of the Municipality in accordance with Georgian legislation.

2. The property of the Municipality is as follows:

- a) The property assigned to the municipality under the provisions of this Code;
- b) Property transferred by the State to the possession of the Municipality;
- c) Property transferred by the Autonomous Republics to the respectful Municipalities for their possession;
- d) Property founded or acquired by the Municipalities in accordance with Georgian legislation

3. The property of the Municipality is divided in two categories: basic (inalienable) and additional property.

4. Basic (inalienable) property is the basis of execution of municipal authorities. The Basic can be used only for the implementation of the communal functions and responsibilities of the Municipality.

5. Additional property is the property which does not belong to the core Basic (inalienable) property and which can be used by the Municipality within the scope of Georgian legislation.

6. Based on the proposal of the Minister of Economy and Sustainable Development, the List of the basic (inalienable) property collections is approved by the Government of Georgia.

7. Disposal of the basic (inalienable) property is prohibited except the provisions of the article 138 of this Code. Transfer of the additional property is allowed in accordance with the regulations of this Code and Georgian legislation.

Article 124. Property disposed to the Municipality under this Code

Within the regulations of this Code, following property, located on the territory of the Municipality, is transferred to the Municipal ownership:

- a) Roads of local importance and their integral part, streets, undergrounds and pass ways, pavements, traffic lights, street lightings, playgrounds, parks, boulevards, fountains, parklands, green plants and flood domns;
- b) Non-agricultural land, except:
 - b.a) the land under private ownership that is attached to the state property;

- b.b) the land attached to the existing property with the state share;
- b.c) Land which is the subject of attachment to the populated land category in accordance of the regulations of Georgian legislation;
- c) The land attached to the facilities owned by the Municipality, including the land attached to the facilities with the provision of pharagrapg “a” of this Article
- d) Forest and water resources of local importance;
- e) Agricultural land, except:
 - e.a) Agricultural lands under private and state ownership, including pastures;
 - e.b) Cattle tracks;
 - e.c) Agricultural land within 500 meter boarder line;
 - e.d) Land of protected areas;
 - e.e) Land for the historical, cultural, natural and religious monuments;
 - e.f) Land of State Forest Fund;
 - e.g) Land disposed to public Spending Agencies and the Legal Entities of Public Law within the scope of usufruct;
 - e.h) Land of Water Fund;

Article 125. Free of charge disposal of the land under Municipal ownership to the State

1. Charge less disposal of the Municipal property to the State, including non-agricultural land, agricultural land together with or without buildings, also the transfer of shares (excluding the basic (inalienable) property that is needed for the execution of its authorities), is governed by the decision of Assembly (Sakrebulo) on the bases justified requisition of the owner of the property under the provisions of the Law on “State Property”.
2. Assembly (Sakrebulo) of the Municipality makes justified positive or negative decision. The response on the request shall be notified in a written way to the initiator party requesting it, within the timeframe of 45 days. If the authorized body does not make decision within 45 days, the property is disposed to the party requested and is the subject of registration as state property.

Article 126. Ownership rights on the Municipal Property

1. Municipality is independent in the execution of its rights on the property.
2. Municipal bodies are obliged to defend legitimacy interests of the Municipality, as the owner of the property.

Article 127. The main principles of the execution of property rights of the Municipality

1. Municipal entities do accomplish their property rights on behalf of the Municipality;
2. Municipal property can be located both on the territory of the Municipality or outside it;
3. Municipal entities do realize their property rights on the municipal property considering the interests of locals, in accordance with the rules established by Georgian legislation.
4. Use of the Municipal property for ensuring the creditors’ interests are forbidden.

Chapter XIV. Foundation of the property of Municipality

Article 128. Source for the foundation of the Municipal property

Municipal property is founded:

- a) By transferring the state owned property;
- b) Allocation of funds from own budget;
- c) As the results of deals, which, according to Georgian Legislation, are related to the consequences of the civil-legal results;
- d) With the foundation or acquisition of the property within the framework of Georgian legislation.

Article 129. Transfer of the state-owned property to the ownership of the Municipality

Property, which is required for the execution of the Municipal authorities, are disposed in free of charge by the State to the Municipality under the rule set by the Article 130 of this Code.

Article 130. Transfer of the State Owned Property to the Municipality for free of charge

1. Based on the justified request of the governor of the Municipality (Mayor), the manager of the property transfers the state owned property to the Municipality under its ownership.

2. The manager of the property, in a respond to the request mentioned in the 1st paragraph of this Article, makes justified decision and notifies about it to the applicant within 45 days of the request's submission. Within 10 days after making the decision, the conclusion about the transfer of basic (inalienable) property is sent to the Government for approval. Is the Government does not make decision within 45 days, the property is considered as disposed.

3. If the property is used more than once Municipality, then it is transferred for the ownership to the one where the property is located. Utilization and maintenance of such property is defined under the contract signed by the Municipality, which uses the property.

Article 131. Registration of the property disposed by State

1. Registration of the property (disposed by the State to the Municipality) in the public registry agency is being implemented on the bases of individual administrative-legal act of the owner of the property, within the regulations set by Georgian legislation, within 60 days after completion of the procesures governed by the article 130 of this Code.

2. Registration data, ammendments and changes in the data registration are public and shall be publishes in accordace with the rules of legislation.

Chapter XV

Privatization of the Municipal property and stansfer with the rights of use

Article 132. Privatization of the Municipal Property and Regulations on the transfer with user rights

1. Within the framework of the norms set by this Code, the Government of Georgia defines the Rule of municipal property privatization, use and management, as well as the initial privatization price and the rules of initial pricing and payment.

2. Within the framework of the norms of this Code, the Government of Georgia defines the rule of Municipal property privatization, rights of use and management transfer.

Article 133. Representative of the Municipality in the property management field

In the management, privatization or transfer of the ownership rights or in other types of management, Municipality can act through its own representative (authorized person).

Article 134. Procurer of the municipal property

1. Procurer of the Municipal property (except the cases of privatization of the agricultural land under Municipal property) can be the citizen of Georgia or foreign countries, or the Entity of Private Law or the union of the entities, which have less than 25% participation of the Municipality, Union or State bodies in their property.

2. Purchaser of the agricultural land, owned by the Municipality, can be a person assigned by Georgian legislation.

Article 135. Privatization forms of the Municipal property

1. Privatization of the Property of Municipality is arranged via public or e-auction forms except the cases of 2nd paragraph of this article.

2. In case of occurrence of insurance case, within the framework of insurance contract, the user of the Municipal property transfers the movable items to the insurance provider in an exchange of the item identical to the damaged one or the reimbursement of the item, in accordance with the insurance contract.

Article 136. Announcement and arrangement of the Auction

1. In accordance with the article 5 of the law on “State Property”, the information about property privatization via public auction is published on the respectful web.page, local and/or other publications.

2. In case of electronic auction, the information on the property privatization is uploaded on the website of the organizer of the auction.

3. The purpose of the property management via auction is transferring the ownership/use right to the person participating in the auction, who offers the best price in bargaining for the subject to the owner of property; If the auction is announced with the conditions, the ownership/use rights are transferred to the participant person, who takes responsibility to comply with the auction terms and offers the highest price to the manager of the property.

4. All interested persons who are about to participate in the auction, are obliged to present irrevocable bank guarantee issued by authorized body or make advance payment. Advance payment is commensurate with frozen amount of money on the bank account of the participant person, who is transferred to the account of the organizer of auction soon after the winning bid the participant party in the auction or in case of violation of the rules and conditions on auction defined by this Code.

5. The participant in the auction submits the application to the organizer of the auction. With the submission of the form, applicant confirms that he/she accepts the terms and conditions of the auction. In the registration form information about the participant, the name of the property of self-government entity, number of lot, price and other information are marked.

6. The results of the auction are canceled, if the winner of the auction:

a) Has not submitted documents that confirmed the payment for the property, within the timeframe defined under this Code;

b) Has refused to sign the contract.

7. In the cases that are regulated within 6th paragraph of this article, the amount of unconditional and irrevocable bank guarantee is fully transferred to the special account; already paid advance is not reimbursed to the participant of auction.

8. Except the cases of the paragraph 7 of this Article, amount of unconditional and irrevocable bank guarantee/advance is transferred to a certain budget, if the participant of the auction has violated the terms and conditions of participation in the auction ruled by the normative acts.

9. If the authorized body cancels the decision on the property management, advance payment is reimbursed to the participant of the auction.

10. If the management of the tendered property in a form of auction did not take place, the decision on the management of the property with changed initial price and/or terms is considered as second auction. The price can be reduced to 50% of the initial price. If the property is not sold on a repeated auction, then the price can be reduced further.

11. If the tendering the management of the property is not taking place, the administrator of the property is authorized to make decision to prolong the management of the property with the same terms.

Article 137. Signing the contract on the privatization of the municipal property and cancellation of the transaction

1. The confirmation of the winners act of the privatization of the municipal property via privatization is the promise of the Administrative body.

2. The protocol of confirmation of the winning bid in auction contains the core terms of the privatization of municipal property and responsibilities of the parties.

3. After the payment of full amount of the price of municipal property or/and fulfillment of the terms of auction, the ownership certification of the property is issued.

4. The limitation period of the resolution of disputes on privatized property is 3 years.

Article 138. The rule of tendering the basic (inalienable) Municipal property

1. The basic (inalienable) property can be disposed with the consent of the representative body of the Municipality only if the property has lost its functional meaning.

2. The governor of the Municipality (Mayor) submits the justified statement, together with the relevant supplementary documents, on the disposal of the basic (inalienable) property to the relevant representative body.

3. The representative body of the Municipality issues the resolution on the disposal of the basic (inalienable) property of the Municipality with the consent of 2/3 of its members.

Article 139. The Rule and Forms of transferring the property rights on municipal property, definition of the initial rental prices of the use of property

1. The right on the use of municipal property can be transferred via following forms under the Civil Code of Georgia

a) build

b) Usufruct;

- c) Rent;
- d) Lease;
- e) Lend;
- f) Other forms of use foreseen under the Civil Code of Georgia

2. Issues pertinent to transfer of user rights of the municipal property is regulated by this Code, the law of Georgian on “State Property”, Civil Code of Georgia and the Rule established by the Representative Body of the Municipality.

3. The initial price for renting the Municipal property is defined in accordance with the rule approved by the Government of Georgia.

4. The agreement/contract about the transfer of the user rights of the Municipal Property is concluded between the executive body of the municipality and interested person.

5. In the cases that are defined by the Executive Body of the Municipality, the decision of the authorized entity concerning the transfer of use rights (individual administrative-legal act) is equal to the contract foreseen under the paragraph 4 of this Article after the introduction of it to the interested party.

6. The Executive Body of the Municipality, with the consent of Representative Body, is authorized to transfer the property under ownership to the state entities without auctions via the forms of usufruct and landing to the Legal Entities of Public Laws, Non-commercial legal entities of the law and the enterprises established with 100% share participation of the municipalities.

7. The transfer of the Municipal property with the right of the use is ensured through auction or direct use rule.

8. Decision concerning the transfer of the management rights on the municipal property, in accordance with the rules set by this Code, is made by the executive of the self-governing entity in accordance with the rules established within this Code. The transfer of the right of the use of the municipal property is given not more than two years terms.

Article 140. The transfer of property user rights to execute the delegated responsibilities of the Municipality

1. The state transfers to the municipality the property, which is important for execution of their delegated responsibilities. The definitions of relevant property to be transferred to the Municipality and assignment of the user rights are ensured within the articles of this Code and in accordance with the delegated responsibilities.

2. The property transferred to the municipality for the execution of the exclusive responsibilities remains under state ownership.

3. The terms of using such property is defined by the agreement on property transfer.

Article 141. Intangible property and assets in ownership

1. To the intangible property under Municipal property belongs auctions and shares, as well as all the demands and rights, which might be transferred to other persons or is aiming at allocation of material welfare to its owner or/and grants the right to request anything from other persons.

2. Municipality, on the basis of its own property, in accordance with the law on “Entrepreneurship” founds Joint Stock Companies and Limited Liability Companies or/and non-entrepreneurial (non-commercial) legal entity.

Article 142. Disposal of shares

The disposal forms of the shares are as following:

- a) Privatization of shares;
- b) Transfer with the management right of the shares.

Article 143. Types of Auction

The auction of the shares are two-types: conditional and unconditional.

Article 144. Transfer of the shares with the management of the right

1. Transfer of the shares with the right on management is arranged via the form of auction.
2. The executive body of the Municipality executes the responsibilities of the partner of the enterprise, established with the participation of the Municipality. The executive body makes decision concerning the realization of the municipal property, including shares and financial contributions.

Article 145. Allocation of funds due to the disposal of the Municipal property

The funds which are allocated as a result of realization of the property rights of the municipality are addresses by the authorized body to the relevant budget of the municipality.

Section VI

State supervision, audit and direct state governance

Chapter XVI State supervision of activities of self-government bodies

Article 146 Types and concept of state supervision

1. State supervision is the activity carried out by executive governing bodies, which aims to ensure the legal activity of municipal authorities and provide [them] with proper implementation of delegated power.
2. The types of States supervision are as follows: Legal supervision and Field supervision.
3. Legal supervision is carried out within [the sphere of] municipal authority to ensure compliance of municipal acts with the legislation of Georgia.
4. Field supervision ensures legal and proper implementation of authority delegated to Municipality.

Article 147 Legal and Sectoral Supervision bodies.

1. The body of legal supervision is the Ministry of Regional Development and infrastructure of Georgia

2. The body of sectoral supervision (of power delegated to municipality) is a Ministry whose relevant power was delegated to municipality by the law or contract in accordance with the legislation of Georgia.

3. In the Autonomous Republic of Adjara the body of supervision is defined by the resolution of the Government of Georgia.

Article 148 Procedures and principles of implementation of state supervision

1. State supervision is implemented in accordance with and within the frameworks of the Constitution of Georgia, the European Charter on Local Self-governance, and procedures established by this Code. It is inadmissible to establish different procedures and frameworks of the state supervision by other normative acts of Georgia.

2. State supervision is carried out according to proportionality principle

3. Damages caused to municipality as a result of supervision undertaken in violation of principle of proportionality, will be reimbursed in accordance with Georgian Legislation.

Article 149 Legal Supervision

1. Normative administrative-legal acts adopted (issued) by municipality under its authority is subject to legal supervision

2. In a normative act within its authority, the legal supervision body is empowered to define a list of normative administrative-legal acts [to be issued] by municipality, which is not subject to legal supervision.

3. Legal supervision body is obliged to carry out the expertise of the normative administrative-legal act provided by municipal authorities for publication in “Legislative Herald of Georgia” and forward its conclusion to issuing authority. The legal supervision body prepares the relevant conclusion and sends it to the municipal Sakrebulo not later than within 15 workdays. The legal supervision body’s conclusion and instructions given in it are of recommendatory character.

4. In case of negative reference, municipal body is obliged to provide legal supervision authority of Georgia with normative act advising amendment or revocation of its normative administrative-legal acts, or provide a motivated written refusal within 30 calendar days.

5. In case of disregarding legal reference within the date specified in section 4 of this article, or in case of motivated written refusal from municipality, legal supervision body is eligible to apply court with request to suspend or invalidate normative administrative-legal act after expiration of specified date, or after 15 days from receiving motivated written response.

6. In accordance with the 4th section of this article, legal supervision body is authorized to take into account and recognize motivated written refusal [provided] by municipality.

7. If normative administrative-legal act issued by municipal body contradicts with norms of the Constitution of Georgia, or significantly violates Georgian legislation; or causes substantial and irreparable damage to the constitutional rights and freedoms, legal supervision body is eligible to immediately apply to the court for annulations or suspension of the act.

8. In accordance with law, municipal body is eligible to appeal against court’s decision to invalidate normative act or its part to higher court instances.

Article 150. Sectoral Supervision

1. Administrative-legal acts, issues within the delegated responsibility of the municipal

entity (official person) and implemented actions are the subject of sectoral supervision.

2. State supervision on the administrative-legal acts issued within the delegated responsibilities of the Municipality is the privilege of the respective Ministry in accordance with the Article 149 of this code, if the Articles 153 and 155 do not govern other regulations.

3. Sector supervision entity is authorized to perform the following operations for the execution of delegated responsibilities:

- a) Elaboration of recommendations;
- b) Request the information and relevant documentations for execution of supervision;
- c) Conduct inspection;
- d) Elaborate guidelines that are obligatory to be performed;
- e) Suspend or cancel the administrative-legal act of the Municipal Entity (authoritative person);
- f) Replace the local self-government entity.

Article 151. Instructions recommended

1. For ensuring the realization of responsibilities, the supervision body is authorized to elaborate the instructions for the Municipality.

2. The instructions recommended should not limit the Municipality to ensure the realization of the delegated responsibilities considering the local conditions.

Article 152. Request for the information

1. Supervisory body is authorized to request any official document and information, legal acts and administrative materials from the Municipal Entity (authority person).

2. Municipality is obliged to submit the requested documentation and information to the supervisory body within the timeframe of 5 days.

Article 153. Mandatory Guidelines

1. Supervisory Body is authorized to issue mandatory guidelines for the Municipality.

2. Municipality is obliged to inform the Supervisory body within the timeframe of 5 days about the decisions and implemented activities taken upon the guidelines of the supervisory body.

Article 154. Inspection

1. Supervisory body is authorized to conduct the field inspection of the Municipal activities for the purposes of execution of supervisory function. The rule, terms and timeframes for inspection are defined by the supervisory body.

2. Supervisory body is authorized to personally participate in the implementation process of the delegated responsibility, meet relevant authorities, as well as request the any document and information to be provided.

3. Municipality is obliged to create relevant conditions for the representative of supervisory body to implement his/her responsibilities.

4. Inspection of the Supervisory Body shall not cause the interruption of Municipal activities.

Article 155. Suspend or termination of the administrative-legal acts

1. Supervisory Body is entitled to suspend/terminate any administrative-legal act issued by the Municipal entities (officials) within the scope of delegated responsibilities.

2. If within 30 days of receiving mandatory guidelines, the Municipality will not follow the guidelines of the Supervisory Body, the Supervisory Body takes decision to cancel the administrative-legal acts issued within the scope of delegated responsibilities by the Municipal Entities (officials).

3. If the administrative-legal acts of the Municipal entities (officials) are contradictory with the norms of Georgian constitution or substantially violates Georgian legislation or causes significant damages to the constitutional rights and independence of the citizens or causes irrational and non-targeted use of state property and budget funds, the sectoral supervisory body is authorized to immediately suspend the administrative-legal act without an assurance of the mandatory guidelines.

4. Municipal entity (officials) is obliged to submit the administrative-legal act or justified rejection to the amendments made to the administrative-legal to the Supervisory Body within the framework of 15 calendar days after the suspend of the administrative-legal act.

5. After passing the timeframe defined under 4th paragraph of this Article, the Supervisory Body makes decision concerning the termination of the administrative-legal act or about the rejection of the decision made to cancel the act.

6. For the purposes of proper implementation of the delegated responsibilities, the administrative-legal act of the Municipality can be terminated with the motives of irrelevance if it does not correspond to the guidelines of the Supervisory Bodies. The decision about the termination of the Act with the motives of irrelevance should be justified.

7. It is not permitted to terminate the individual administrative-legal acts of the Municipality throughout the supervisory rules. This concerns the administrative-legal acts, which are issued in accordance with the Law of Georgia on “Public Sector” or Organic Law of Georgia on the “Labor Code” for the purposes of improvement of labour relationships.

8. The municipal body is authorized to appeal legality of the Supervisory Body decision on the termination of the administrative-legal act or its part in accordance with the rules established by the Georgian legislation.

Article 156. Replacement of Local Self-Government

1. If the Municipal Entity does not follow the legal obligation to issue normative administrative-legal act within the scope of its delegated responsibilities, the Sectoral Supervisory Body is authorized to give instructions to the Municipality about the obligatory nature to fulfill this responsibility.

2. The Municipal Entity is obliged to follow the instructions issued by the Supervisory Body within 30 calendar days after receiving the reference.

3. If the reference is not executed within the timeframe defined by the paragraph 2 of this article, the relevant administrative-legal act is issued by the State supervisory Body.

4. If the Municipal Entity (officials) does not fulfill responsibility which has been delegated in accordance with the procedure, established by this Code, or insufficiently fulfills it, the Supervisor Body is authorized to request sufficient execution of the obligations. The latter issues guidelines and instructions and defines affordable timeframe for the improvement of situation. The timeline should not be less than 15 working days. Prolongation of the timeline can

be achieved on the basis of the justified mediation of the Municipal Entity or the decision of the Supervisory Body.

5. The Municipal Entity (official person) is obliged to provide the information about implemented measures to the Sectorial Supervisory Body in accordance with the recommendations and guidelines.

6. After the passing deadlines set by 4th paragraph of this Article, if the Supervisory Body finds out that the Municipality insufficiently executes its responsibilities or does not implement at all the relevant activities or the improvement of the condition is impossible, delegated authorities of the Municipality are executed by the State Supervision Body. All the expenditures that are related to the execution of the activity shall be paid by the Municipality. It will be reimbursed via equality transfer of the next year.

7. Legality of the Supervisory Body's decision on replacement of the self-government authority may be appealed in accordance with the rules established by the Georgian legislation.

Article 157. Legal consultations

1. The Municipal Entity (official person) is authorized to issue the normative administrative-legal act can address the Supervisory Body in a written form to get legal consultations.

2. The written application concernin the legal consultations should have annex od the draft of the normative act to be issues (approved) and explanatory note.

3. The Supervisory Body is obliged to elaborate and submit the legal conclusion about the legitimacy of the legal act to be issues (approved) after 15 calendar days of receiveing the request. In case of detection of legal gaps and collisions in the act, the conclusion shall include the name of the normative act the draft legal act is in contradiction with, as well as the recommendations to overcome the them.

4. Legal Conclusion of the Supervisory Body is a recommendation by nature.

Article 158. Publicity of the activities of Supervisory Body (officials)

1. Supervisory Body is obliged to elaborate and publish the official report of the supervisions conducted throughout the years till the 1st of February of each year. The report is published in the „Legislative Herald of Georgia”.

2. The official report shall include the statistical information about the normative acts (as well as draft normative act is for recommendations) that are submitted by the Municipal Entities to the Supervisory Body, the full list of the legal acts that were challenged, terminated and adopted (issued), as well as the information about the rule of court made on the appeals of the supervisory board.

3. The Supervisory Body is obliged to submit the report to the Government and Parliament of Georgia within 15 days after elaboration the report.

Chapter XVII

Audit of the activities of the Municipal entities

Article 159. Ensurance of the legal basis and efficiency of the activities of the Municipal entities

To ensure the legitimacy and efficiency of the activities of the municipal entities, the following is implemented in accordance with the Georgian legislation:

- a) State Audit
- b) Independent Audit
- c) Internal Audit

Article 160. Audit of the activities of the Municipal entities, independent audit and internal audit

1. State Audit of the activities of the municipal entities is being conducted by the State Audit Office within the authorities assigned under the law of Georgian on the “State Audit Office”.

2. Based on the decision of Sakrebulo, invited auditor is authorized to conduct the independent audit of the activities of Municipality once in a year following the rule governed by Georgian legislation. The decision of Sakrebulo concerning the conduct of Independent Audit is approved with the request of 1/3 of the members of Sakrebulo. Report of the Independent Audit and conclusion is presented to Sakrebulo, submitted to the SAO and published publicly.

3. The Internal Audit of the activities of the executive body of the Municipality – Gamgeoba (City Hall) is being implemented in accordance with the law on “Public Internal Financial Control” and the Regulations of Gamgeoba (City Hall). Internal Auditors are assigned by the resolution of Assembly (Sakrebulo) / Council of Gamgeoba.

Chapter XVIII

Direct State Governance; Dissolution, Suspension of activity and Early Termination of Assembly

Article 161 Dissolution of Assembly or suspension of its activity

1. Dissolution of Assembly or suspension of its activity occurs under the circumstances determined in the J paragraph of the 73rd Article of the Constitution of Georgia, if a representative body due to its activity endangers state sovereignty, territorial integrity, and exercise of constitutional authority of state governing bodies.

2. A decree on dissolution of Assembly or suspension of its activity is issued by President of Georgia upon proposal of Government of Georgia and by consent of Parliament of Georgia.

3. Dissolution of Assembly or suspension of its activity causes termination or suspension of authority of district governor (mayor) accordingly.

Article 162 Early Termination of Assembly

1. Early termination of Assembly can occur if:

- a) Self-governing body is disabled by the decree of Parliament of Georgia
- b) The number of assembly members is reduced by more than half
- c) Within 3 months from adoption of state draft budget, assembly has not approved self-government budget drawn up according to legislation of Georgia
- d) Newly elected municipal assembly is not convened within 3 months.

2. The authority of district governor (mayor) is terminated in cases determined in “a” and “c” paragraphs of this article. The decision on early termination of assembly and authority of district governor is made by a decree of Government of Georgia.

Article 163 Establishment of Direct State Governance

1. Decision on establishment of direct state governance is made by Government of Georgia. The rule of implementation of direct state governance [upon establishment] is adopted by Government of Georgia.

2. Direct state governance is implemented by government attorney appointed by the Government of Georgia, or a collegial body – special administration, or a person authorized according to this code

3. Direct state governance in municipalities can be established in case of:

a) Dissolution of Assembly or suspension of its activity.

b) Early termination of Assembly in occasion described in paragraphs b, c and d in article 162 of this code.

4. By establishment of the direct state governance, the municipal budget is approved by Government of Georgia upon the submission by the person (authority), implementing the direct state government.

Article 164 Direct State Governance

1. Upon dissolution of Assembly or suspension of its activity direct state governance is implemented by Government Attorney, or a collegial body – special administration.

2. In case of early termination of Assembly on the basis of b, c and d paragraphs in article 162 of this code, direct state governance is carried out by the acting district governor (mayor) on behalf of Government; In case of termination the authority of district governor (mayor) as in paragraph a in article 162 of this code, Government of Georgia instructs him/her to fulfill the duty of government attorney until the election of new district governor.

3. Implementation of direct state governance according to the procedure established by a resolution of the Georgian government is supervised by the Government of Georgia or a ministry authorised by it.

4. Legality of the decision on municipal body’s dismissal, suspension of authorities and early termination may be appealed in accordance with the Georgian legislation.

5. Not less than 6 members of the dismissed, authorities-suspended or terminated Sakrebulo or the respective municipal Gangebeli (Mayor) are authorized to appeal against the decision.

Article 165 Direct State Governance Implementation Dates

1. Direct state governance is carried out until recognition the authority of municipal bodies elected by extraordinary municipal elections, or until recognition the authority of municipal bodies elected by subsequent municipal elections if there is less than one year from early termination of Assembly to next elections.

2. As defined in this chapter, in case of dissolution or early termination of assembly and district governor, new assembly and district governor is elected until the next [calendar] elections.

Section VII

Regional Union of Municipalities

Chapter XIX. Status and Authority of the Regional Union of Municipalities

Article 166. Status of the Regional Union of Municipalities

1. Regional Union of Municipalities (hereinafter – Union) is being established for the purposes of implementation of the authorities of this Code. The scope of authority implementation is in line with the area of implementation of the Governor's authority. Union is the Legal Entity of Public Law.

2. The aim of the Union is to ensure to consider the interests of member municipalities in the planning and implementation development of respectful territory.

Article 167. Entities of the Union

1. The Council of Union (hereinafter Council) represents the collegial body of the Union. The Union is led by the state representative – Governor.

2. The location of the Union Entities will be defined by the Regulations of the Union, which will be approved by the Resolution of Government.

Article 168. Authorities of the Union

The Union has following authorities:

a) Approval and implementation of the development strategy of the Union's authority realization.

b) Elaboration, approval and execution of the projects, programs and their expenditure plans:

b.a) Management of the roads under Union's management;

b.b) Maintenance of the libraries, museums, and exhibitions under the management of the Union, as well as their rehabilitation, construction, reconstruction and implementation of other activities those are essential for their functioning;

b.c) Management and utilization of the solid waste under the management of the municipalities of the Unions;

b.d) Cleaning and utilization of the waste water on the territory of the municipalities under the Union;

b.e) Construction, maintenance, rehabilitation and development of the melioration-irrigation system for common use of the municipalities under the Union;

b.f) Promotion of investment and promotion, support to the innovative growth on the territory of realization of the Union's authorities;

b.g) Support to the agriculture and tourism on the territory of realization of the Union's authorities; Support to the agricultural cooperatives among the municipal inhabited localities of the Union;

b.h) Construction, development, maintenance, rehabilitation and reconstruction of the local tourism infrastructure for common significance for the Union and implementation of other activities for their functioning;

b.i) With the coordination of the state and municipal bodies, arrangement of the activities to prevent natural disasters, catastrophes and emergencies in accordance with the Georgian legislation;

b.k) Maintenance, rehabilitation and development of the hospital that are transferred to the Union to manage.

Article 169 Formation and Composition of the Council

1. The Council is formed by the members of the Assemblies of Municipalities united within it according to the rule stipulated by this article. The term of authority of the Council is defined by the term of authority of the Assemblies within the Union

2. Representatives from municipalities is defined by one member of the Assembly on every 10.000 voters registered in each municipality.

3. From the municipalities where the number of registered voters is less than 40 000 (including from the municipalities where the total number of voters exceed 10 000) the number of members to be presented to the Council is 3. From the municipalities where the number of registered voters exceed 90 000 the number of the candidates to be presented to the Council is defined by no more than 9 members.

4. If the election subject won no less than 95 % of the mandates of Assembly as a result of the Assembly elections, then the candidate is entitled to present all Council membership candidates.

5. If the election subject won 75%-95% mandates of the Assembly as a result of the Assembly elections of the self-governing unit, the rule of presenting the members to the Council is as follows:

a) From the Assemblies of the municipalities where the total number of the members to be presented does not exceed 5, as per the part 2 of this article, one member is presented by the election subject of the minority of the Assembly and the rest of the members are presented by the election subjects having the majority of the Assembly mandates.

b) From the Assemblies of the municipalities where the total number of the members to be presented, is more than 5 as per the part 2 of this article, 2 members are presented by the election subjects in the minority of the assembly. The rest of the members are presented by the election subjects having the majority of the assembly mandates.

6. If the election subject possesses the mandates from 50% to 75 % as a result of Assembly elections of a self-governing unit the members from this self-governing unit are presented to the Council according to the rule as follows:

a) From the Assemblies of the municipalities where the total number of the members to be presented does not exceed 4, as per part 2 of this article one member is presented by the minority of the election subjects of the Assembly meanwhile the rest of the members are presented by the majority of the election subjects of the Assembly;

b) From the assembly of the Municipality where the total number of the members to be presented varies from 5 including 7 as per the part 2 of this article two members are presented by the minority of the members of the assembly whereas the rest of the members are presented by the majority of the assembly;

c) From the assembly of the municipality where the total number of the members to be presented is 9 as per part 2 of this article, 3 members are presented by the minority of the Assembly and the rest of the members – by the majority of the Assembly.

7. The Assembly of the municipality approves the candidates presented to the council by the majority of the list composition.

8. If neither of the election subjects received more than 50 % of the Assembly mandates as a result of Assembly elections of a self-governing unit, the rule on election of the Commission Chairman of the Assembly of the municipality prescribed by this Code is used for proposing the candidate to the Council from the municipality assembly.

9. The Assembly is obliged to elect the members of the council no less than within the 20 days term from holding the first sitting of the newly elected Assembly.

10. In case of early termination of authority of the Council members a new member is elected by the Council within the term of two weeks.

11. Authority of a member of the Council is terminated in case of termination his/her authority as a member of the municipality Assembly.

Article 170 First sitting of the Council

1. The first sitting of the Council is held within the term of 40 days after official declaration of the results of local self-government elections. The first sitting of the Council is convened by the State Trustee-Governor. The Council is entitled to gather if no less than 2/3 of the members of Union Council are elected. Until the election of the Chairman the sittings of the Council is led by the oldest member of the Council.

2. The first sitting of a newly elected Council is authorized to start working if attended (registered) more than half of the full composition of the newly elected Council. The first sitting of the Council is opened by the State Trustee-Governor.

3. The first sitting of the newly elected Council will be considered valid if the number of the Council members, whose authority is recognized by the Council, is no less than 2/3 of the total composition of the Council. The authority of the Council of previous convene is terminated after the first sitting of the newly elected Council.

4. If the number of the members of the Council whose authority is recognized by the Council is less than two third of the full composition of the Council the sitting of the Council terminates. State Trustee-Governor convenes the sitting of the Council no less than within 3 working days term when the issue of filling the composition of the Council to 2/3 becomes possible to be posed before the Council.

Article 171. Structure of the Council, rule of activity and officials

1. Structure and rule of activity of the Council is defined by the provision of the Union

2. Officials of the Council are:

- a) Chairman of the Council;
- b) Deputy Chairman of the Council.

3. Chairman of the council is elected by the term of own authority by the majority of the full composition of the Council. The right to name the Chairman of the Council has no less than three members of the Council. The rule of election of the Chairman and Deputy Chairman of the Council is defined by the provision of the Union.

4. The amount of the remuneration of the Council officials is defined by the government of Georgia. If the Council official is at the same time official of the representative body of the Municipality, his/her activity will not be remunerated.

5. Activity of the Council is ensured by the administration of the State Trustee-Governor.

Article 172. Authorities of the Council

Authorities of the Council are:

a) At the submission of the State Trustees-Governor within the frames of the budget assignments prescribed by the annual budget law:

a.a) Approval of projects, programs and their cost-estimates within the scope of competences defined by Article 174 of the present Code;

a.b) Approval of the strategy of development of the territory on which the Union exercises its authority.

b) Election of the Chairman and Deputy Chairman of the Council;

c) Making decision on the recognition of authority and early termination of authority of the Council members.

- d) Developing relevant proposals on making amendments in the provision of the Union and its submission to the Government of Georgia for approval;
- e) Requesting relevant information from the State Trustee-Governor on the projects to be implemented in the Union;
- f) Issuing individual administrative-legal act – decree of the Council within its competences;
- g) Raising an issue of dismissing State Trustee-Governor before the Government of Georgia;
- h) Exercising other authorities stipulated by the provision of the Union.

Article 173. Chairman of the Council

Chairman of the Council:

- a) Leads the working process of the Council; Chairs the sittings of the Council; ensures for free expression of opinion at the sitting;
- b) Represents the Council within the scope of competences defined by the present Code and the regulations of the Council;
- c) Convenes ad hoc sittings of the Council;
- d) Signs individual administrative-legal acts of the Council;
- e) In the events established by the provision of the Union draws up an agenda of the assembly sitting;
- f) Fulfills other obligations as per the legislation of Georgia and the provision of the Union.

Article 174. Preparation, approval and execution of projects and programs

1. Projects, programs and their cost-estimate are approved by the order of the Council. The Council is authorized to submit a proposal to the State Trustee-Governor on amendment or abolition of the submitted project or addition of the project. The Governor accepts or declines the proposal of the Council. In the event of failure to reach an agreement within 20 calendar days after the submission of the project, alternative versions of proposals of the State Trustee-Governor and the Council are submitted to the Government of Georgia for making final decision. The Government of Georgia makes final decision within the 10 working days.

2. State Trustee-Governor is responsible for fulfillment of the project application approved by the Council.

3. The Council is authorized to refer to the State Trustee-Governor in the written form and request information on enforcement of the approved projects. State Trustee-Governor is obliged to present the information no later than within the 10 working days after receiving the request.

4. State Trustee-Governor is obliged to make a special report before the Council in case of the request of the majority of the Council members.

Article 175. Head of the Union – State Trustee-Governor

1. State Trustee-Governor is responsible for enforcement of the decision of the Council. State Trustee-Governor enforces the decision of the Council through the Administration of the State Trustee-Governor.

2. While exercising the authority of the Head of the Union State Trustee-Governor:

- a) Provides for the enforcement of the Council decisions;
- b) Based on the agenda of the sittings of the Council, coordinates preparation of relevant issues;

- c) Signs the agreements concluded on behalf of the Union, in official relations represents the Union and acts on its behalf; Carries out other representative functions according to the Georgian legislation or the rule defined by the Council;

- d) Addresses to the Chairman of the Council with the proposal of ad hoc convene of the Council, initiates additional issue for advisement at the following sitting of the council, attends the Council sittings;
- e) No less than once in a year presents the activity report to the Council and also in case of the request by more than half of the Council members – special report;
- f) Other authorities prescribed by this Code and the provision of the Union.

Article 176 State Control of the Union

The Government of Georgia carries out the control over the Union

Section VIII Transitional and Conclusive provisions

Chapter XX Transitional provisions

Article 177 Local self-government elections and the term of authority

1. Local self-government elections in 2014 will be held in the municipalities and self-governing cities existing as of January 1, 2013, as well as in the self-governing cities and self-governing communities newly established on the basis of Article 179 of this Code, except for the municipalities abolished on the basis of Article 179 of this Code.
2. In 2014 at the local self-government elections, as per the present Code, assemblies of the municipalities and Chairmen of Municipality Boards (“Gangebeli”) and Mayor and in Tbilisi - District Councils - will be elected
3. Term of authority of the Chairman of Municipality Assemblies and Chairman of Board (“Gangebeli”) and Mayor as well as the district assembly elected at the local self-government elections of 2014 is defined by 3 years and the following local self-government elections will be held in 2017.

Article 178 Administrative Centre of Municipality

1. Administrative centers existing before the 2014 local self-government elections are defined as administrative centers in municipalities (except for the self-governing cities).
2. Administrative centers of self-governing units established on the basis of article 179 of the present Code are defined as per part 6 of article 10 of this Code.

Article 179 Territorial optimization of municipalities

1. State Commission for Regional Development established by the resolution N 297 of September 28, 2010 of the Government of Georgia “On approval of the provision of State Commission for Regional Development of Georgia” (hereinafter – State Commission):
 - a) Develops the criteria of territorial optimization of municipalities within the term of one month after issuing the present Code;
 - b) On the basis of criteria on territorial optimization developed as per the subparagraph “a” of the present article, within the term of three months prepares and submits proposals to the Government of Georgia: on division of the municipalities number of population living in administrative centers (cities) of which does not exceed 15 000 and as per article 3 and part 2 of the present Code shall be formed as a self-governing city;
 - c) Within the term of one month after the approval of the present Code prepares territorial boundaries of administrative units – districts of Tbilisi and submits to the Tbilisi City Assembly for its further revision;
 - d) Within the term of three months after establishing this Code also reviews the motions initiated (by the non-compulsory rules) by the representatives of those self-governing

units on the territory of which territorial optimization is not prescribed by sub-paragraph “b” of part one of the present article;

e) After completion of the works stipulated by sub-paragraphs “b” and “d” of the present article, prepares proposals in regard with optimization of other municipalities and no later than before the 2017 local self-government elections presents proposals to the Government of Georgia on the division of municipalities.

2. While developing the proposals foreseen in the sub-paragraphs “b”, “d” and “e” of the first part of the present article, the Commission is guided by the criteria developed as per the sub-paragraph “a” of the first part of the present article and by the requirements of article 10 of this Code.

3. In consideration of the proposals developed by the Commission on the basis of sub-paragraph “b”, “d” and “e” of part one of the present Code, by the rule stipulated by article 10 of the present Code the Government of Georgia refers to the Parliament of Georgia with the proposal of creation and abolition of municipalities.

4. On the basis of sub-paragraph “c” of part one of this article Tbilisi City Assembly approves the administrative boundaries of districts within the 3 months term after this Code enters into force.

5. 2017 elections of the municipalities are held in self-governing units defined by article 177 and in self-governing units established on the basis of the part one of the same article of the present Code.

Article 180. Creation of the Union and first sitting

1. “Legal Entities of the Public Law – Regional Unions of Municipalities” are set up on territories defined by article 3 of the Order N 406 of June 27, 2007 of the President of Georgia as of January 1, 2012.

2. First sitting of the Union will be held in 2014 within the term of 2 months after official announcement of the results of local self-government elections.

3. The first sitting of the Union Council is organized by the Ministry of Regional Development and Infrastructure of Georgia and the administration of the State Trustee-Governor. The first sitting of the Union is opened by the relevant State Trustee-Governor.

4. The Union Council elects Chairman of the Union Council at its first sitting.

5. LELP National Agency of the Public Registry under the Ministry of justice registers the relevant Union within the 10 days term after being presented by the authorized person.

Article 181 Measures to be implemented in regard with the bringing into force the present law

1. State Commission prepares temporary rule for drawing up a budget, distribution of budget receipts and payments for the period until the end of 2014 of new self-governing units formed as per article 179 of the present Code as well as rules on property and distribution of obligations between these municipalities.

2. Designs of administrative-legal acts mentioned in the first part of this article will be submitted to the Government of Georgia for approval no later than April 1, 2014.

3. In the self-governing units as a result of abolition of which new municipalities are established as per article 179 of the present Code, temporary working teams are set up before May 1, 2014 as per part one of the present article.

Temporary working team provides for the preparation of proposals on the distribution of property and obligations among municipalities on the grounds of the rules approved by the Government of Georgia and their submission to the Assembly. Assembly of the relevant municipality makes decision no later than the 2014 local self-government elections.

4. With the purpose of unhindered reflection of the receipts of new budget entities, the Ministry of Finance of Georgia implements relevant measures until June 1, 2014

5. First sitting of self-governing units elected as a result of 2014 local self-government elections will be held no later than July 1, 2014.

6. Until June 1, 2014 Ministries of Finance and Regional Development and Infrastructure of Georgia shall ensure preparation of temporary rule for drawing up post 2014 local self-government election period budgets of the municipalities formed on the basis of article 179 of the present Code and its submission to the Government of Georgia for further approval.

Authority of the Assembly of existing Municipality terminates after the first gathering of one of the assemblies of the relevant newly established municipalities on the territory of a newly elected assembly or municipality.

Article 182. System of execution, calculation and accounting of the budget expenses of municipalities

From January 1, 2015 the Government of Georgia provides for integration of performance, calculation and accounting of municipality budgets in the united system of the State Sub-agency – Treasury Service under the Ministry of Finance of Georgia.

Article 183. Separation of receipts between budgets

1. The Government of Georgia submits a bill on “Making amendments to the Budgetary Code of Georgia” to the Parliament for revision before September 1, 2015, defining the separation of receipts according to the percent indicators among the budgets of state, republican budgets of the Autonomous Republics of Ajara and Abkhazia and municipalities.

2. Proportion and mechanisms of distribution of income tax among the various level budgets as well as percentage of the whole fund of the equalization transfer to be allocated for municipalities in correlation with nominal GDP and the rule of distribution of equalization transfer are defined in the draft-law prescribed by the part one of the present article.

3. The Ministry of Finance of Georgia provides preparation of the draft-law prescribed by this article.

4. Funding of the Union will be carried out from the relevant assignments of the state budget.

Article 184. Definition of total amount of non-financial assets

1. Percent indicator of increase of total amount of non-financial assets in the total amount of budget expenses of the municipality planned for the same year should not be less than half compared to the same average indicator of the three years prior to the planning year

2. In the event of the case foreseen by this Code, while spreading the requirements of the part one of the present article over the municipalities established as a result of division of other municipalities, average indicators of three years previous to the planning year are calculated based on the data of the municipality before division.

3. Rule prescribed by the first part of this article is in force before January 1, 2019.

Article 185 Legal provision of transferring authorities to the Union

1. With the purpose of ensuring the implementation of authorities prescribed by subparagraphs “b.a”, “b.g” and “b.d” of article 168 of the present Code by the Union, Ministry of Regional Development and Infrastructure will develop relevant administrative-legal acts, including the list of designs of the facilities to be transferred under the management and submit them to the Government of Georgia before September 1, 2014.

2. With the purpose of ensuring the implementation of authorities by the Union foreseen by the sub-paragraph “b.b” of article 168 of the present Code, Ministry of Culture and Monuments Protection of Georgia will develop relevant administrative-legal acts including the designs of the facilities to be transferred under management of the Union and submit them to the Government of Georgia before September 1, 2014.

3. With the purpose of ensuring the implementation of authorities by the Union foreseen by the sub-paragraph “b.e” of article 168 of the present Code Ministry of Agriculture of Georgia will develop relevant administrative-legal acts including the designs of the facilities to be transferred under management of the Union and submit them to the Government of Georgia before September 1, 2014.

4. With the purpose of ensuring the implementation of authorities by the Union foreseen by the sub-paragraph “b.j” of article 168 of the present Code Ministry of Labor, Health and Social Affairs of Georgia will develop relevant administrative-legal acts including the designs of the facilities to be transferred under management of the Union and submit to the Government of Georgia before September 1, 2014.

5. As per the periodicity of authority of Unions and transfer, the facilities under the right to manage Ministry of Finance of Georgia while preparing draft-law on the state budget of Georgia shall take into consideration relevant budget assignments for Unions.

Article 186 Temporary rule for determining staff number of municipality public officials

1. The number of public officials of local self government provided by the staff list of public officials of the Board (City Hall) and City Assembly Apparatus is defined no less than 30 staffing position and it shall not exceed the sum received by adding one staffing position on every 500 voters registered in self-government entity and the noted minimum amount (30 staff position).

2. Fire service of Municipality isn't taken into account when maximum number of officials provided by the first part of this article is defined.

3. The number of supernumerary officials of Municipality shall not exceed 10% of the number considered by the public official's staff of the Board (City Hall) and City Assembly Apparatus. In those self government entities where 10% of staff number of officials is less than 5 positions, increase of supernumerary staff number no more than five positions is possible.

4. The salary expenses of public officials of the City Assembly and Board (City Hall) shall not surpass 25% of expenditures specified by the Municipality budget.

5. The first 4 parts of this article shall not apply to self government Tbilisi, as well as to Akhalgori, Kutaisi, Eredvi, Tighvi, and Ajara Municipalities.

6. This article is valid until 1 November, 2019.

Article 187 Training of local public officials

The Ministry of Regional Development and Infrastructure of Georgia is obliged to work out proposals in conjunction with the development of continued training system for public officials of local self government and submit it for discussion to the Government of Georgia no later than 1 April of 2014.

Article 188. Material - technical support of newly established Municipalities

1. The Government of Georgia ensures material and technical equipment (in case of necessity, transfer of the pertinent buildings, construction of new ones, repair - rehabilitation work of the buildings existing in the ownership of the Municipality) and accommodation of municipality bodies set up on the basis of article 179 of this Code

2. With the purpose of carrying out measures considered by the first part of this article, within the framework of competence, the respective measures are implemented by the Ministries of Finance, Regional Development and Infrastructure and Economy and Sustainable Development of Georgia by the decision of the Government of Georgia.

Article 189. Ensuring the development of infrastructure on the operational territory of Municipality

1. With the intention of fulfilling its own authorities by the Municipality, by the initiative of Municipality and the instruction of Georgian government, the appropriate state body is entitled to carry out projects essential for implementing its own authority of Municipality.

2. This article is valid till January 1 of 2018.

Article 190. Preparation of cartographic materials with the aim of establishing administration borders of Municipalities

The legal entity of public law of Ministry of Justice – National Agency of Public Register:

a) shall submit the draft resolution of Georgian Government for approval about determining the rule for the establishment of municipality borders to Government of Georgia until April 1 of 2014;

b) Shall submit respective state target program to Government of Georgia for approval with the purpose specified by subparagraph „a” of the same article before February 1 of 2014.

Article 191 Measures to be implemented in conjunction with setting up public council of inhabited locality (inhabited localities)

1. The Ministry of Justice of Georgia, within 2 months terms from the official announcement of results of the 2014 local self-government elections approves the registration rule of public councils of inhabited locality (inhabited localities)

2. The City Assemblies of Municipalities ensure their normative acts to be harmonized with this code within 2 months term after creating public councils of inhabited locality (inhabited localities)

3. Until the first January of 2017 the appropriate Municipality carries out accounting and balance sheet of financial and economic activities of public councils of inhabited locality (localities) by compulsory rule

Article 192. Transitional period of validity of legal acts

Prior to adopting relevant normative acts by the bodies of Municipalities established on the ground of article 179 of this code, the administrative-legal acts of the self government entity, which were divided with the purpose to establish new Municipalities are valid on administrative territory of these municipalities.

Article 193 Terms of agricultural land transfer for Municipalities

The Ministry of Justice, the Ministry of Regional development and infrastructure, the Ministry of Economy and Sustainable Development and the Ministry of Finance of Georgia will work out the respective schedule and rule demonstrating transfer terms of agricultural land resources for Municipalities until January 1, 2017.

Article 194 Implementation of local self-government on occupied territories of Georgia

1. Implementation of local self government on occupied territories of Georgia shall be defined after restoration of jurisdiction of Georgia.

2. In Akhgori, Eredvi, Kurti, Tighvi and Ajara self government entities, the elected local self government bodies implement authorities on the mentioned territories as a result of elections of local self government representative bodies of 2006 before restoration of jurisdiction

of Georgia and formation of local self governing bodies according to the rule established by Georgian Legislation.

3. Akhlagori, Eredvi, Kurti, Tighvi, and Ajara self governing entities are entitled on the territory of other self government entity where the internally displaced persons resettled densely, and whose permanent residences are Akhlagori, Eredvi, Kurti, Tighvi, and Ajara self governing entities, to implement the measures subject to their own and delegated authorities that are directly connected with the support of the mentioned people and improvement of their social and living conditions before returning them to their permanent places of residence.

Article 195. Actions to be implemented related to enactment of the law

1. the Government of Georgia shall ensure:

a) Approval of naming rule of geographic objects located in administrative borders of Municipalities before March 1 of 2014

b) Defining the rule of establishment and usage of flag, coat of arms and other symbols of Municipality until 1 March of 2014 on the basis of prior consultation with the Council of Heraldry existed at the Parliament of Georgia;

g) Approval of typical provision of union until June 1 of 2014;

d) Approval of the rule of the right of property privatization, management, and disposal, the initial privatization price during privatization, the rule of payment and determination of the rental initial price and rental price at the time of transferring the right of property disposal before May 1 of 2014.

2. Prior to announcement of results of the 2014 local self-government elections, the government of Georgia should provide preparation of relevant legislation changes in ensuring of full separation of the State and Municipal powers, as well as, if required, provide identification of respective fields and submission of the draft changes to the legislation in order to delegate powers to municipalities.

3. The Municipality Assemblies shall ensure to accommodate their normative acts with this code within a year from the moment of entering this code into effect.

Chapter XXI. Conclusive provisions

Article 196. The rule of enactment of local self government code of Organic Law of Georgia

1. This code except articles of 1, 2, 4, 9, 13, and 176, the first part of article 178, articles 180, 181, 186, 191, 192, 194, and 197 of this code shall become effective upon publication.

2. The first part of articles 1 2, 4, 9, 13, 117, 118, the second part of articles 119, 176, 178 and articles 180, 181, 186, 191, 192, 194, 197 of this code shall come into force upon officially announcing the results of elections of local self government bodies of 2014.

3. The second part of article 118 of this code shall enter into effect from January 1, 2015.

Article 197 Ineffective legislative acts concerning the enactment of the code

1. From the moment of officially announcing the results of the elections of local self government bodies shall be considered invalid:

a) Organic Law of Georgia “On local self government”

b) The Law of Georgia “On state supervision of activities of local self government bodies”

g) The Law of Georgia “On the capital of Georgia –Tbilisi”

d) The Law of Georgia “On the property of self government entity”

2. With regard to announcing invalidation of legislative acts specified by the first part of this article, the regulative, normative, administrative-legal acts issued on their basis maintain

legal power prior to annulling the these acts by the authoritative organs according to the rule established under the law of Georgia.

President of Georgia

George Margvelashvili

City Kutaisi

Of 2013 ---

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