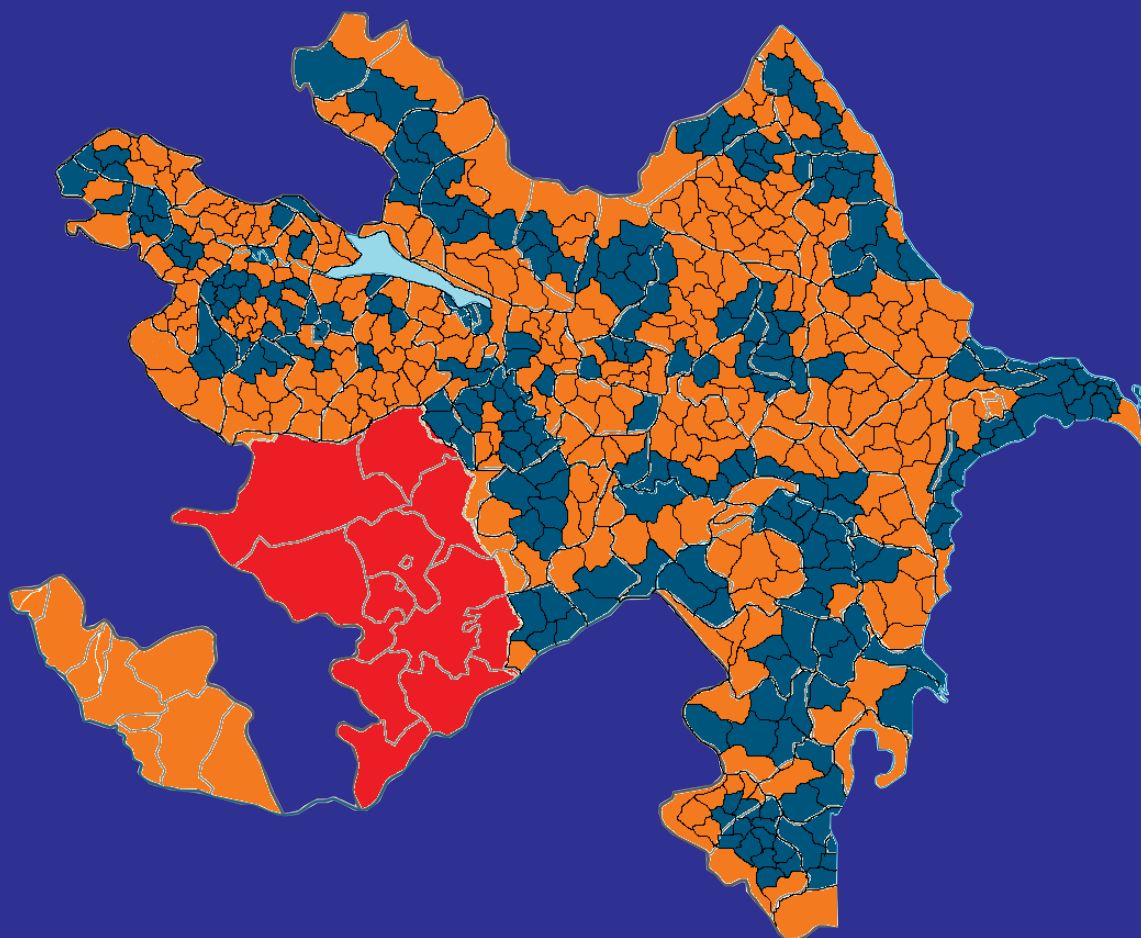


Municipality 20/20: Local Self-Governance in Public Opinion

ANALYTICAL REPORT



○ Survey areas



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About Social Research Center

The Social Research Center (SRC) was established by Decree No. 525 of the President of the Republic of Azerbaijan dated February 8, 2019. It operates as a public legal entity, systematically analyzing the development dynamics of social relations. The SRC identifies current trends, forecasts changes in this field, and investigates their potential impact on society. Applying modern information technologies and scientific approaches, the SRC conducts social research and surveys public opinion. Its findings are then provided to governmental bodies for consideration and action.



SOCIAL RESEARCH CENTER

AZERBAIJAN BAROMETER

The third edition

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MUNICIPALITY 20/20:
LOCAL SELF-GOVERNANCE
IN PUBLIC OPINION

ANALYTICAL REPORT

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INTRODUCTION

Azerbaijan is experiencing the decisive stage of radical changes in the country's life and the eve of the reformation of local self-governance bodies. Over the past 20 years, renouncing the Soviet legacy and closer involving the people in governance, defining the contributions of municipal institutions in ensuring local democracy and socio-economic development, and objectively assessing expectations from these measures have become extremely important national-scale issues.

It is undeniable that compared to European countries, establishing an institution that unites thousands of people's representatives, creates a legal platform for their activities, and fosters relations with governmental bodies within defined powers, while meeting local needs and fulfilling population wishes, is no easy task in our country in the short term. It requires well-established laws, strong political will, involvement of qualified experts, effective management, civic engagement, and resolution of fundamental issues to build public trust in new institutions.

Hence, there are valid reasons for the prevalence of ambivalence and critical views toward municipal bodies shortly after regaining independence. However, the municipal representatives to be elected on December 23, 2019, will be judged by the public as the outcome.

In November, the Social Research Center conducted surveys to gauge the population's attitude toward municipalities ahead of the upcoming elections. It interviewed leaders of 1606 local self-governance units selected using scientific methods and randomness principles and studied expert opinions.

The analytical report, reflecting a synthesis of these methods, aims to encapsulate public opinion and expectations on a national scale and to inform certain components of state policy regarding prospects.

Methodological Principles and Implementation Algorithm of the Survey

Municipality 20/20: Local Self-Governance in Public Opinion



Preparing an exemplary questionnaire and conducting a pilot survey

A pilot survey was held with about 100 respondents in Baku and the surrounding villages, and appropriate notes on improving the survey questions were considered in the final version.



Preparing and approval of final questionnaire version

1. Demographic questions (12 questions)
2. General survey questions (94 questions and sub-questions)
3. In-depth interview questions (7 questions).



Planning (arranging) fieldwork

1. Identifying clusters by region by conducting a survey*
2. Defining the survey route on the random sampling principle
3. Involving interviewers (25 persons) in the process, training them, and preparing appropriate notices

*92, 47, and 39 clusters in, respectively, rural, settlement, and city municipalities. A total of 2848 respondents in 176 clusters were involved in the survey.



Supervising fieldwork



Field control

Implementing the GPS monitoring by the STM's Public Survey Department



Implementing centralized control over the **SurveyToGo** application



Implementing the monitoring of indicators set for the optimal survey duration



Data processing



Analyzing the survey data using the SPSS software



Preparing a report by the STM's Socio-Economic Analysis Department



Data collection and storage



Visualizing and sharing data with relevant institutions



Arranging open and closed discussions of relevant findings



Publishing (printing) the report

“The survey results were analyzed with a 95% confidence interval and a statistical error probability of 1.83%”

“The rural municipality respondents made up the majority since they were selected according to the municipality classification number. Therefore, the standard reduction procedure was used when processing the data obtained”

“Along with the descriptive analysis, Pearson correlation and ANOVA and X^2 tests were used to determine the relationship between variables.”

“Due to the rounding of indicators, the total percentages in the diagrams may differ slightly from 100%”

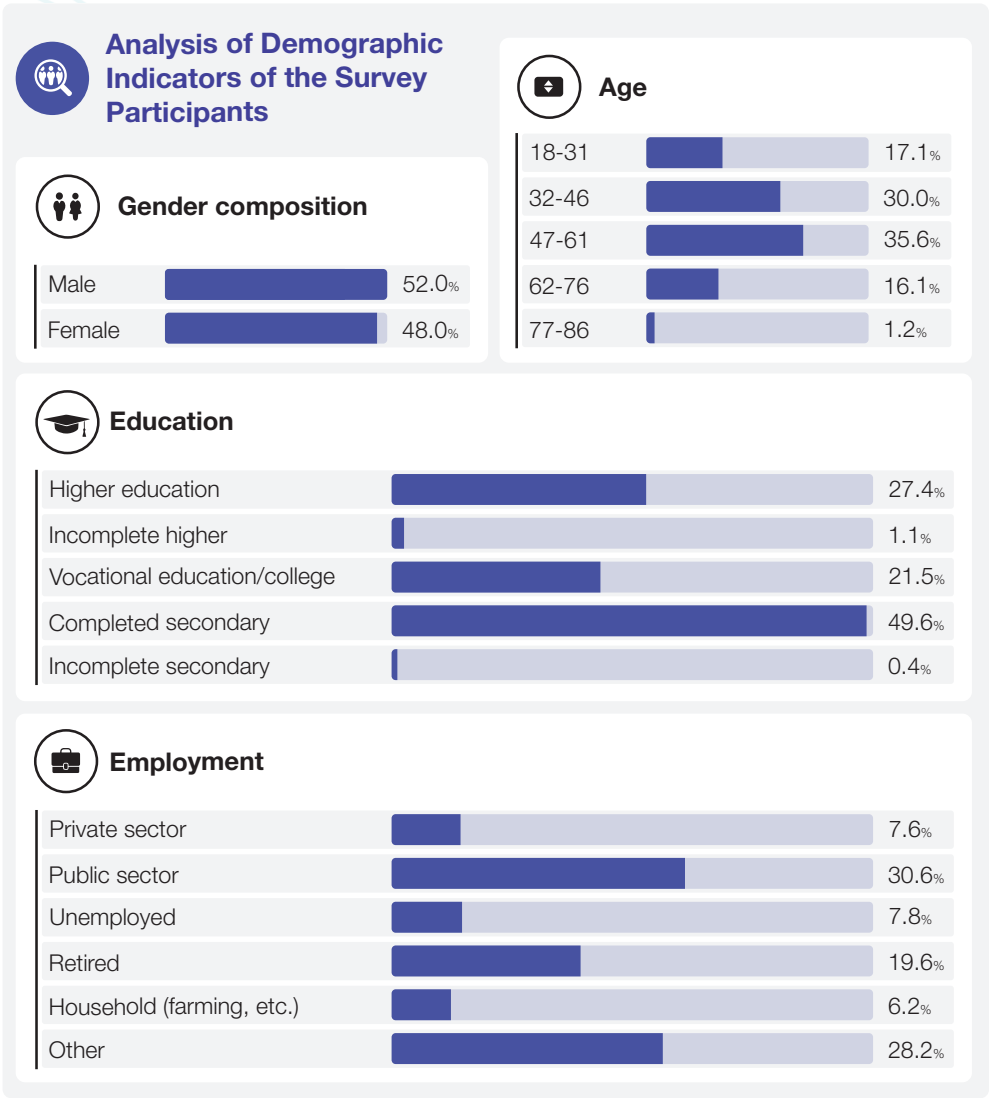
The analytical report was mainly designed based on a sociological survey as a quantitative research method (covering 2,848 respondents), a focus group (21 people) as a qualitative research method, and an in-depth interview (9 people) in the context of studying public opinion of local self-governance (municipalities) in Azerbaijan.

In order to ensure comprehensive study results, the quantitative data collection method entailed conducting a survey among individuals aged 18 and above, using a nationally representative random sample. The public opinion poll relied on a random sampling approach, targeting city, settlement, and village clusters designated as enumeration districts within each region. In total, 178 clusters were randomly sampled according to addresses selected across the country, and the first 16 people in each of them who agreed to

participate in the survey was included in the main sample.

The number of respondents in each cluster was determined in proportion to the number of different municipality types (village, settlement, and city). Consequently, the sample included 92 clusters representing rural municipalities, 47 clusters representing settlements, and 39 clusters representing cities. In total, 2848 individuals were polled across 176 municipalities.

The survey covered the following economic-geographic regions, excluding the Nakhchivan Autonomous Republic and the occupied regions: Baku, Absheron, Guba-Khachmaz, Daghlig Shirvan, Shaki-Zagatala, Aran, Ganja-Gazakh, Upper Karabakh, and Lankaran.



Section I. GENERAL INFORMATION

1.1. The Analytical Report Objective and Scope

This analytical report was prepared by the Social Research Center based on the findings of a survey conducted in November 2019 across the country (except for Nakhchivan AR) among 2848 respondents covering rural, settlement and city municipalities, in-depth interviews with focus groups of 7 people each per village, settlement, and city, and rural, settlement, and city mayors (9 people) selected accordingly on a random sample basis, as well as studies and consultations. The document identified the priority areas to be investigated by the government of Azerbaijan. These can be divided into two groups, i.e.: (i) The attitude of citizens toward municipalities in Azerbaijan (studying public opinion based on a sociological survey) and (ii) The key problems faced by municipalities and fixing them.

The document encompasses an analytical study of responses obtained from respondent surveys, focus group discussions, municipal reports, relevant laws, and regulatory documents concerning local self-governance (municipality) in Azerbaijan. Additionally, the analysis draws on international standards, rules, and practices, as well as insights from recent surveys conducted by organizations such as the World Bank and OECD. It synthesizes the best international practices of local self-governance (municipalities) from selected countries, highlighting their experiences on relevant parameters and comparing them with those implemented in our country.

The analytical report does not perform a full and comprehensive comparative analysis of the rules and standards applied in the field of local self-governance in Azerbaijan with international ones. The document provides the attitude of the respondents to the approach applied in the local self-governance currently and over the last 20 years and relevant proposals for structural and functional improvement of municipal administration.

The analytical report aims primarily to

enhance municipal administration practices and policies, redefine incentives in alignment with citizens' expectations, and advocate for a systematic civic position based on public opinion to improve service delivery in Azerbaijan. To achieve these objectives, the following tasks were undertaken: (i) synthesizing respondents' opinions, assertions, and expectations regarding current municipal administration through random sampling, incorporating various socio-demographic indicators such as gender, age, education, profession, region, and social class; (ii) formulating a series of policy recommendations about local self-governance (municipality) and proposing additional reforms aimed at enhancing their effectiveness.

1.2. Local Self-Governance (Municipal) System: Political and Socio-Economic Significance

Local self-governance (municipal) bodies are institutions protecting the common interests and supplying the common needs of the population living within certain territorial boundaries and in this sense, contributing to the socio-economic development of the territory and implementing all this as part of a unified state policy.

According to the new economic paradigm that has been proliferated worldwide since the end of the 20th century, the tendency to disengage from the social state model has placed the responsibility in the social sphere on local self-governance bodies, turning them into vital institutions. In contrast to the classical concept of municipalism, the provision of vulnerable population groups unprotected against socio-economic risks with social assistance through local self-governance bodies, the increasing role of municipalities in social services and necessary infrastructure gave rise to the concept of social municipalism. Thus, with their active efforts in various spheres of public life, local self-governance bodies have gained the status of the first instance the population addresses for the solution of many problems. The local self-governance system allows for counter-centralization and ensures the arrangement of public ser-

vices according to the local (territorial) population's needs, thereby saving the budget. The local self-governance institution instils the habits of participation in social and political life in the population and plays an exceptional role in the formation of national statehood consciousness by encouraging their active participation in implementing the state policy and making and implementing decisions related to identifying and supplying local (territorial) needs.

1.3. Constitutional Framework

The local self-governance in Azerbaijan is arranged as municipalities. This is an elected body, the status of which is determined by the Constitution, and the municipal election rules are prescribed by law. The local self-governance formed as a result of municipal elections on December 12, 1999, has passed a 20-year history. Currently, the local self-governance comprising 1,606 rural, settlement, and urban municipal ecosystems, acts through meetings and district electoral and other committees.

The Constitution of the Republic of Azerbaijan identifies nine different fields of municipality powers. These are, respectively,

- (1) recognizing the powers of municipal members, recall and termination of their powers in cases prescribed by law;
- (2) approving the municipality regulations;
- (3) electing the mayor and his/her deputies, permanent and other commissions;
- (4) determining local taxes and fees;
- (5) approving the local budget and reporting its implementation;
- (6) owning, using, and disposing of municipal property;
- (7) adopting and implementing local social protection and development programs;
- (8) adopting and implementing local economic development programs;
- (9) adopting and implementing local environmental programs.

Along with all this, the provision of local self-governance (municipalities) with additional powers by the legislative and executive authorities to ensure their more effective involvement in the political, social, and economic life of society in Azerbaijan is enshrined in the Constitution.

Exercising such powers is controlled by, respectively, the legislative and executive authorities.

The Constitution of the Republic of Azerbaijan guarantees the judicial protection of municipalities and the coverage of their additional costs arising from the decisions of state bodies. (Article 146. Ensuring the Independence of Municipalities)

As noted, the local self-governance (municipality) system in Azerbaijan is elected and operates based on the principles of equality. Recall that as a result of the first municipal elections, 2,757 municipalities were established across the country, the smallest of which were further merged to reduce their number to 1,718 and then 1,606. According to the law, in our republic, municipal elections are held every five years. Respectively, the second, third, and fourth municipal elections were held in 2004, 2009, and 2014. Currently, the fifth municipal elections are underway.

1.4. Overview of the Legal Framework Regulating the Activity of Local Self-Governance (Municipal) Bodies



Since regaining independence, the state administration of the Republic of Azerbaijan has undergone a process of decentralization, introducing local self-governance (municipal) bodies alongside central authorities. From July 27, 1999, to August 26, 2019, and from December 24, 1999, to January 10, 2019, the President of the Republic of Azerbaijan signed about 40 decrees and 83 orders, respectively. These measures were aimed at enhancing the functionality of the local self-governance (municipality) system in Azerbaijan.

“The President signed about 40 decrees and 83 orders in this field.”



From July 2, 1999, to July 3, 2019, significant legislative efforts were undertaken to develop the local self-governance (municipal) system in Azerbaijan. The Milli Majlis of the Republic of Azerbaijan has drafted, discussed, adopted, or appropriately amended approximately 128 regulatory legal acts (laws) related to organizing and regulating the activities of the local self-governance (municipal) system. Additionally, reports from the Center for Work with Municipalities of the Ministry of Justice were presented and considered during this period.

“The Milli Majlis adopted or appropriately amended about 128 laws.”



From January 12, 2000, to May 13, 2019, the Cabinet of Ministers adopted 31 resolutions to organize the activity of local self-governance (municipal) bodies in line with Presidential decrees, orders, and legal acts. These resolutions primarily focused on establishing procedures and regulations concerning the functioning of municipalities and approving their charters.

“The Cabinet of Ministers adopted 31 resolutions in the relevant field.”

Section II. IDENTIFYING PROBLEMS OF LOCAL SELF-GOVERNANCE BODIES (MUNICIPALITIES) IN AZERBAIJAN

The development of local self-governance (municipal) institutions is directly linked to democratization and regional socio-economic development indicators, both theoretically and practically.

The establishment (formation) of the local self-governance (municipal) system is based on the logic (philosophy) of transferring some powers and responsibilities of the central authorities to local administration and arranging public services on this scale.

The analytical report objectives include justifying the need for more comprehensive/complex reforms based on the identification of the successes achieved by those

institutions and the problems they faced these days when Azerbaijan celebrates the 20th anniversary of the local self-governance system.

The Social Research Center identified 5 key problems and 12 derived ones based on the retrospective analysis of the local self-governance (municipal) system development stages in Azerbaijan and the appropriate public opinion*.

"In general, when evaluating the respondents' attitudes on a 3-point scale, the vast majority of them rate the activity of municipalities (1.60) lower than that of the central (1.85) and local (1.65) executive authorities."

"The respondents rated the performance of rural municipalities (1.72) higher than that of urban ones (1.45)."

"60.7% of the respondents stated that they are not interested in the municipalities' activity."

Increasing the importance of secondary problems derived from the key ones by evaluating them from a different context is not excluded.



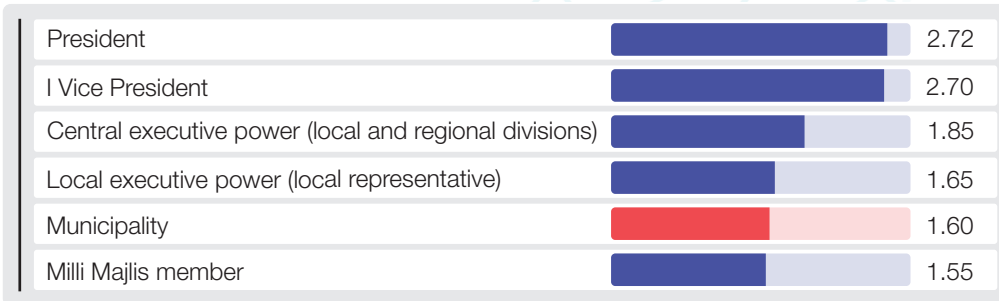


Diagram 1.
How do you assess the activity of individuals or organizations listed below?

2.1. General Assessment of the Activity of Local Self-Governance Bodies (Municipalities) (descriptive analysis of survey findings)

This year is characterized by large-scale structural and staff reforms implemented on a national scale in parallel with the socio-economic upgrades. The study examined respondents' attitudes toward individuals and organizations involved in state administration by asking them to evaluate their activity on a 3-point scale, where 1 represented extremely low efficiency and 3 represented high efficiency. According to the findings, municipalities received a negative assessment compared to other public figures and institutions, with an average score of 1.60.

Interestingly, highly educated respondents tended to view municipalities as ineffective ($X^2(16)=48$, $p<0.01$). Conversely, the activity of municipalities received more positive assessments from the rural population, with average scores of 1.72, 1.62, and 1.45 for rural, settlement, and city municipalities, respectively.

In the same context, according to the answers given by the respondents when asked, "How useful do you find addressing your problems to individuals or organizations listed below?" (Diagram 2), applying to local executive authorities is considered more useful (45.7%) than addressing municipalities (32.9%). Among those who believe that applying to municipalities is useful, representatives of the older generation make up the majority ($X^2(16)=19$, $p<0.01$); those with higher education take the opposite position ($X^2(4)=17$, $p<0.01$).

Studying the level of public control over the municipal body's activity as one of the key objectives of the analytical report is extremely important. The analysis of the attitude of the respondents asked for this purpose, "How interested are you in your municipality's activity?" allows us to draw the following conclusion. While 39.3% of the respondents stated their high interest, 60.7% of them expressed a lack of interest at all. When characterizing in more detail, 55, 40.5, and 24.1% of those who answered positively to this question were respondents from, respectively, rural, settlement, and urban municipalities. In the context of this

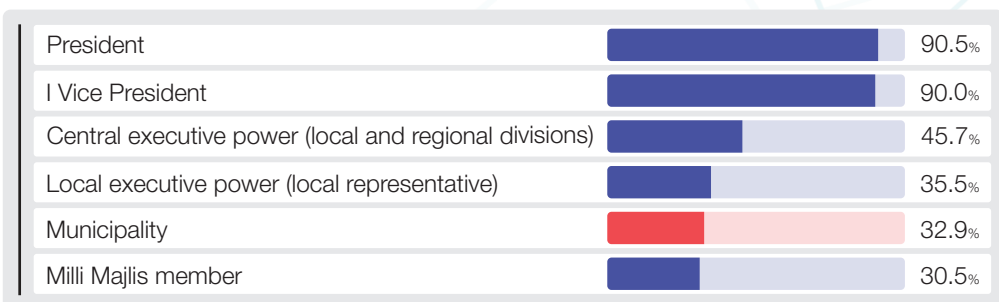


Diagram 2.
How useful do you find addressing your problems to individuals or organizations listed below? edirsiniz?

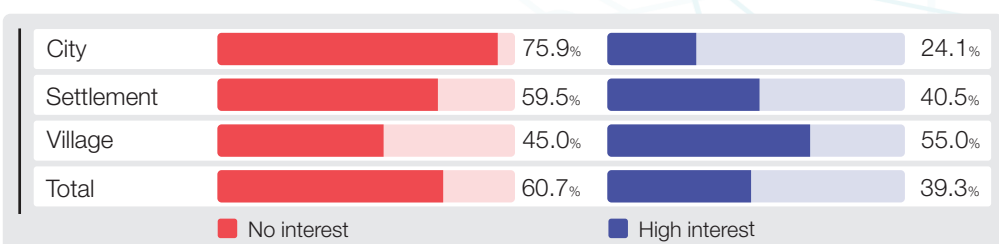
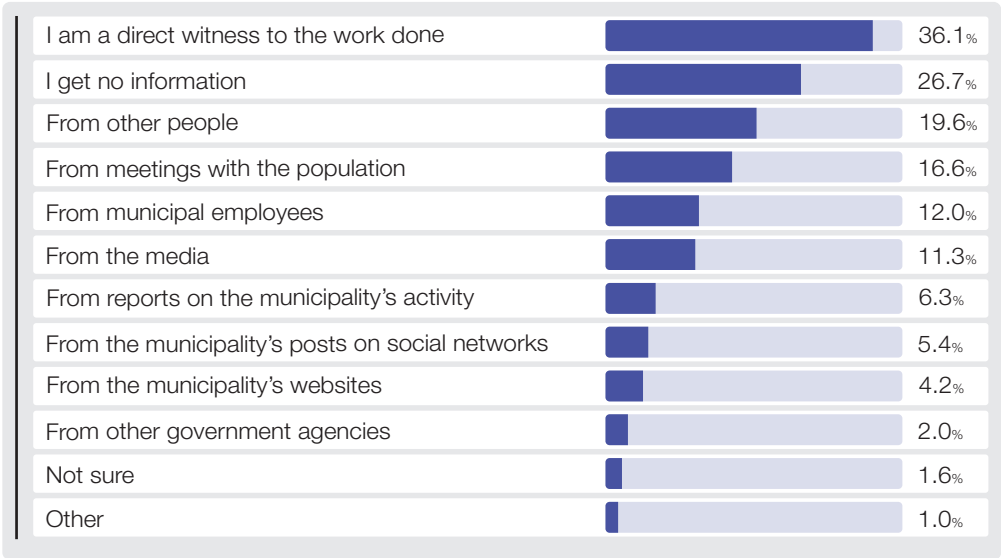


Diagram 3.
How interested are you in your municipality's activity?

Diagram 4.
How do you usually get information on your municipality's activity?



question, the results of discussions with the focus group participants and field observations allow for concluding that public control over and involvement in the activity of rural municipalities is higher.

The respondents' answers to the question, "How do you usually get information on your municipality's activity?" can be characterized as follows. From the methodological aspect, the respondents could choose from several answer options. According to Diagram 4, while 36.1% of the respondents reported their direct witnesses of the work done, the indicators of informing by the municipalities were very low. The respondents received information from municipal employees (12%), municipalities' posts on the Internet (5.4%) and social networks (4.2%), and only 6.3% of them from municipalities' reports on their activity. One of the interest-

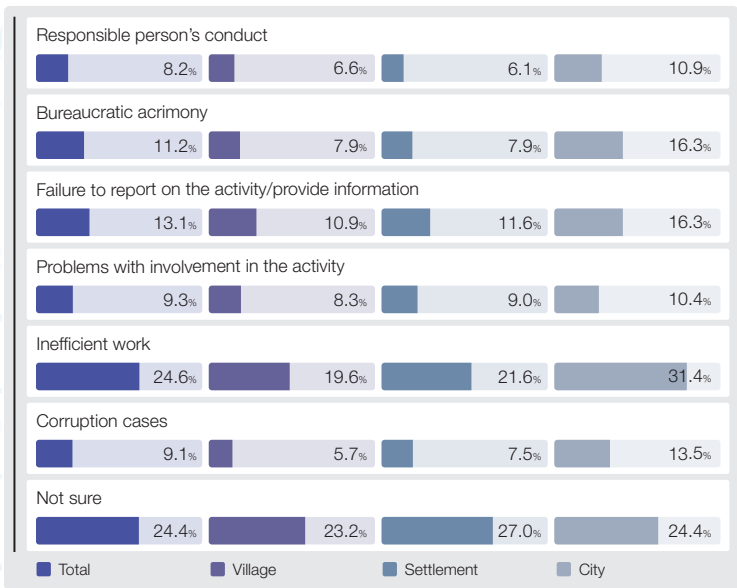
ing points is that according to 26.7% of the respondents, they do not get information at all. These indicators allow us to conclude on the low level of the municipalities' accountability and work with citizens.

In response to the question, "What was the most disappointing aspect of your municipality's activity?", respondents were provided with several options to choose from. A descriptive analysis of the results reveals that approximately one out of every four respondents encountered difficulties in expressing their dissatisfaction (24.4% of respondents).

The main areas of dissatisfaction included inefficient activity (24.6%), failure to report on activity (13.1%), bureaucratic obstacles (11.2%), difficulty in participating in the municipality's activities (9.3%), and cases of corruption (9.1%). For urban municipalities, similar indicators were slightly higher, with inefficient activity (31.4%), failure to report on activity (16.3%), bureaucratic obstacles (16.3%), difficulty in participating in the municipality's activities (10.4%), and cases of corruption (13.5%) being the primary concerns expressed by respondents.

The respondents' answers to the question, "Have you used any municipal services during the current year?" allow objectively assessing the municipalities across the country. Thus, the majority of respondents (72.5%) stated that they had not used any municipal services.

Diagram 5.
What was the most disappointing for you in your municipality's activity?



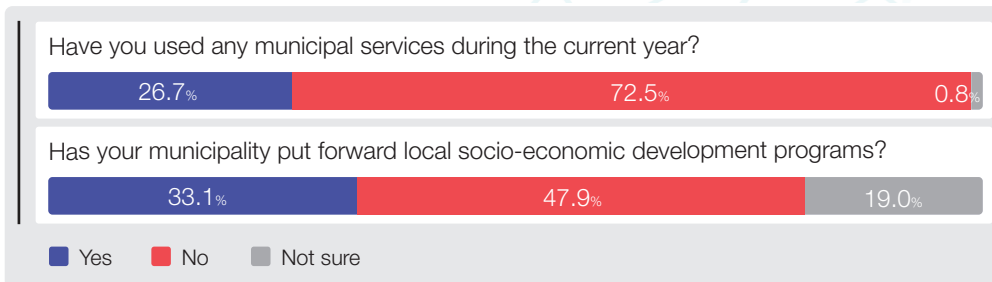


Diagram 6.
Have you used any municipal services during the current year?

Diagram 7.
Has your municipality put forward local socio-economic development programs?

Compared to the urban population, the rural one uses municipal services more ($X^2(6)=110, p<0.01$). Reconciliation of the survey results allows us to say that a significant part of those interested in the municipality's activity is simultaneously those who use their services ($X^2(4)=285, p<0.01$).

The analysis of respondents' answers to the question, "Has your municipality put forward local socio-economic development programs?" reveals the following insights. While 33.1% of respondents reported witnessing such initiatives from their municipalities, 66.9% chose the options 'no' and 'not sure'. Interestingly, rural and settlement respondents showed a more positive response compared to the urban population ($X^2(4)=63, p<0.01$).

The analysis of the question "What are the key problems of the municipality you live in?" presented to the respondents highlights several key points. Methodologically, respondents were provided with various options to choose from. The major trend in the answers reveals that low income (41.5%) and lack of powers (31.2%) of the municipalities are the most pressing issues. Overall, 53% of respondents emphasized the problem of dependency on the local executive authority or the lack of powers. The analysis suggests that while the issue of low income is more pronounced in rural and settlement municipalities (48.7% and 42.0%, respectively),

the problem of lack of powers (33.8%) is predominant in urban areas. Additionally, 19.1% of respondents found it challenging to express their opinion on the key problems of municipalities in general.

2.2. The Scale Problem of Local Self-Governance Bodies (Municipalities).

According to international practice, providing public services through administrative units closest to the population fosters more efficient management. This involves decentralizing public services from central authorities and organizing them locally to address local needs. While government services are typically provided based on the principle of equal treatment, delivering them equally as part of a unified state policy may not yield fully effective results, as local needs vary based on natural-geographical factors and development indicators. As a result, municipalities emerge as the optimal choice for organizations that correspond to local needs and can tailor services accordingly to regional contexts.

The provision of public services by administrative structural units closest to the population necessitates the determination of their optimal scale. Although small-scale local self-governance units create wide opportunities for the population to directly participate in management, limited available resources deteriorate the quantitative and qualitative indicators of the provided services. In this

"As the most disappointing in the municipality, 24.6 and 13.1% of the respondents indicated its inefficient activity and failure to report on activity."

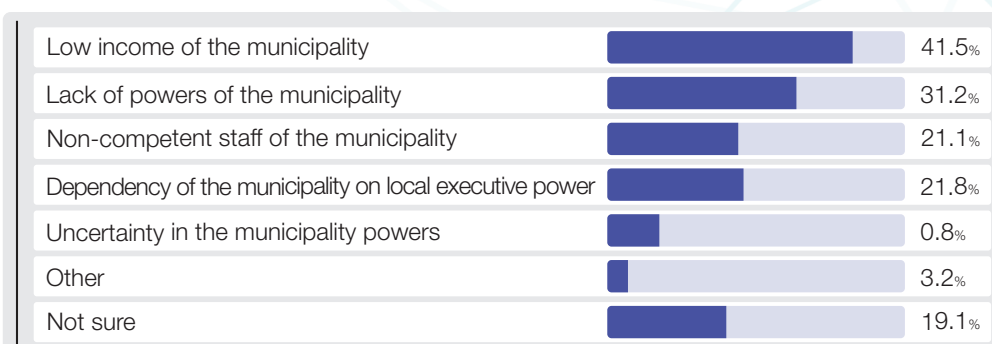


Diagram 8.
What are the key problems of the municipality you live in?

Diagram 9.

Comparative analysis of population and territory indicators worldwide by municipalities

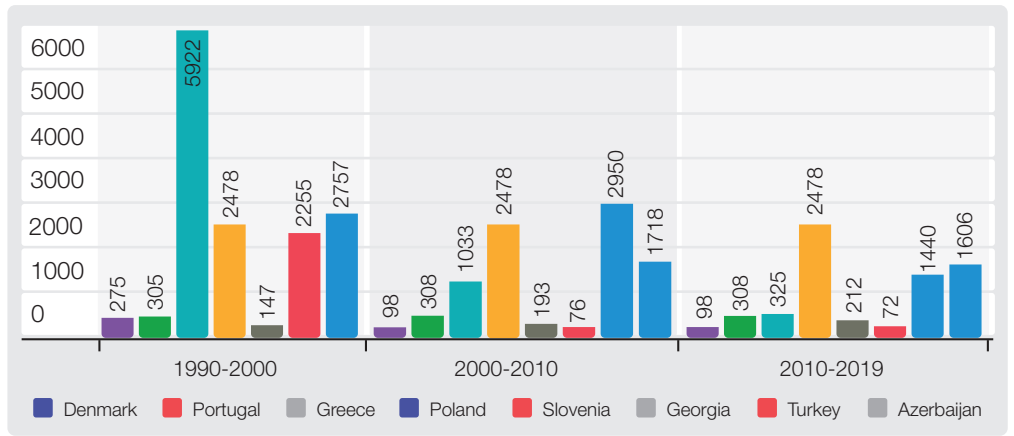
"72.5% of the respondents stated that they had not used any municipal services during the current year."

"As for the merger of municipalities, 41.4% of the respondents consider that the current situation should remain as it is."

(1) When selecting countries to compare the scale of municipalities, the practice of Northern European countries with a competent and bureaucratic local self-governance structure such as Denmark, Southern European ones with a weak and fragmented local self-governance system such as Greece and Portugal, the post-Soviet Eastern European countries such as Poland and Slovenia, as well as neighboring Georgia and Turkey has been covered. Along with a unitary structure, attention was paid to the correspondence of the country to Azerbaijan in terms of the ratio of population and territorial indicators.

Diagram 10.

Comparative analysis of population and territory indicators worldwide by municipalities



sense, to effectively provide public services, world practice tries to find the optimal ratio between the resources of local government units and the local population. World practice has different approaches to defining the optimal scale of municipalities. Herewith, the key trend is to increase revenues and optimize costs by increasing the scale. In this regard, according to Diagram 9, the number of municipalities in different countries (1) tends to reduce over the years.

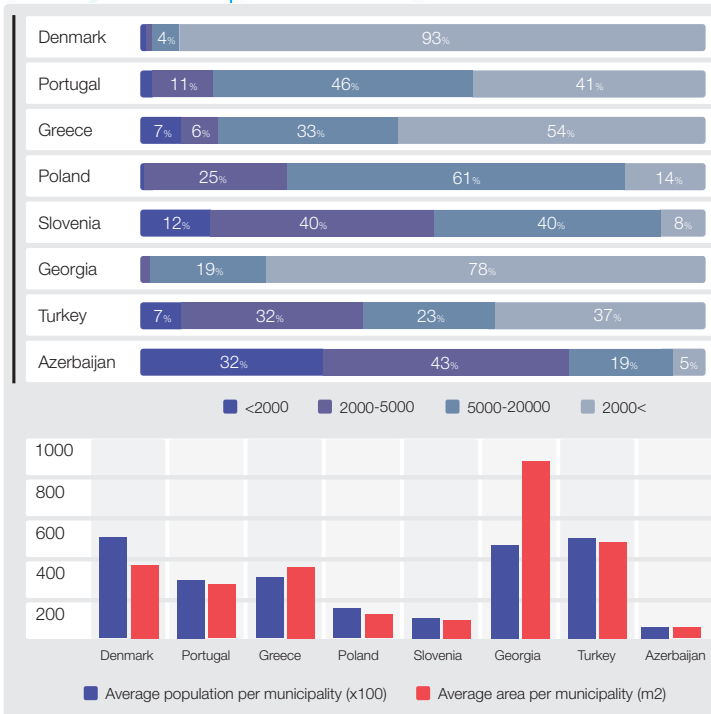
In our country, the trend in the scale distribution of municipalities in terms of population and territorial indicators does not align with international norms. Since the establishment of municipalities, their numbers have gradually decreased over the years. For instance, the 2757 municipalities established in 1999 were reduced to 2731, 1718, and 1607 in 2004, 2009,

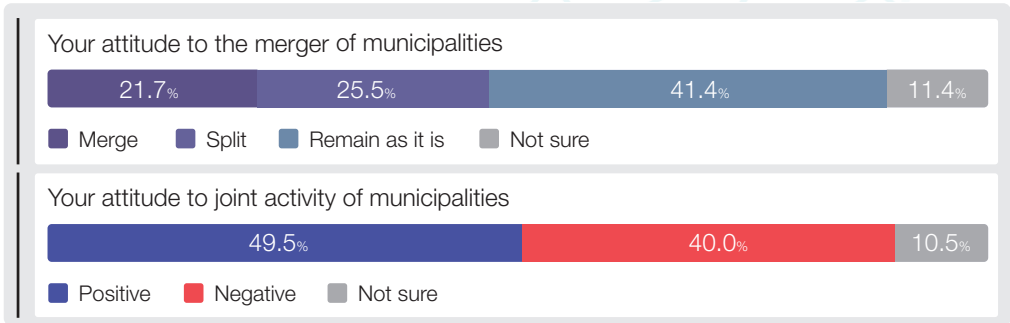
and 2014, respectively, through mergers. Presently, there are 1606 municipalities operating across the country, comprising 73 cities, 146 settlements, and 1387 rural areas. Despite the decrease in the number of municipalities, their scale distribution concerning population and territorial indicators does not mirror global practices.

Thus, in world countries, the number of municipalities with a population of less than 2000 has significantly reduced as a result of the reforms. In our country, this category of municipalities makes up 32% of their total number. Also, 75% of the total municipalities are those with a population of up to 5000. In the said countries, municipalities with a population of more than 20,000 make up about 40% of their total number while in our country, only 5% of municipalities with this indicator operate. Along with the population, our country differs from other world countries in terms of the small average territory covered by each municipality (53 km²).

REFERENCE

During the local self-governance reforms in Denmark, a minimum population of 20,000 was adopted for each reorganized municipality. Municipalities with less population were merged with other neighboring ones. Thus, 65 municipalities were merged, and 33 remained as they were. Only 7 of them have a population of less than 20,000. In the practice of England and Sweden, the optimal scale of local self-governance was determined by considering the opportunities for the provision of specific service areas. In Sweden, which set a minimum population of 2,000 per municipality in the first stage of the reforms in this field, in the second stage, the municipality scale was determined according to the opportunity to provide educational services, and a requirement for at least





Descriptive Analysis of Survey Findings

The meetings with mayors and the focus group discussions show that the work on merging the municipalities over the past years has not given positive results in improving their activities. Despite its efficiency in terms of increasing municipal revenues and optimization of costs, the merger of several villages and settlements with undeveloped road and transport infrastructure, located at a distance of several km from each other, into a single municipality was not welcomed by some. However, some mayors believe that the merger of municipalities will positively affect their activity in the future.

According to the survey results, 21.7% of respondents gave a positive answer to the question, "What is your attitude to the merger of municipalities?" while 25.5% of them wished the joined municipalities to operate separately. 41.4% of the respondents answered that the current situation should remain as it is, and 11.4% of the respondents found it difficult to answer.

49.5 and 40 % of the respondents answered, respectively, positively and negatively the question, "What is your attitude to cooperation with municipalities?" The analysis of the correlation between the indicators shows that the city respon-

dents are more willing in cooperation with the municipalities than the village and settlement ones. ($X^2(4)=19$, $p<0.01$) Retirees, housewives, and public sector workers have a better attitude to cooperation than others ($X^2(10)=25$, $p<0.01$).

The analysis of the results for both questions allows for concluding that most respondents support maintaining the existing scale of municipalities and defining areas of cooperation with them.

2.3. The Staff Problem of Local Self-governance Bodies (Municipalities).

Although the rate in the number of municipal members per local population set by the law is in line with international indicators for corresponding areas, their current number in the country is higher than in the aforementioned countries. Reducing the number of municipalities has led to decreasing the number of municipal members over the years (Diagram 14). However, compared to the world countries (Diagram 13), the number of municipal members in our country is high.

The higher number of municipal members can be explained by the large number of small-scale municipalities. The discussions with mayors allow for concluding that

Diagram 11.
What is your attitude to merger of municipalities

Diagram 12.
What is your attitude to cooperation with of municipalities?

"Compared to urban municipalities (34.3%), the absolute majority (77.6%) of the respondents representing rural municipalities said that they know their mayors."

(2) Despite the lack of exact figures, the number of municipal employees was roughly estimated based on observations at the meetings held.

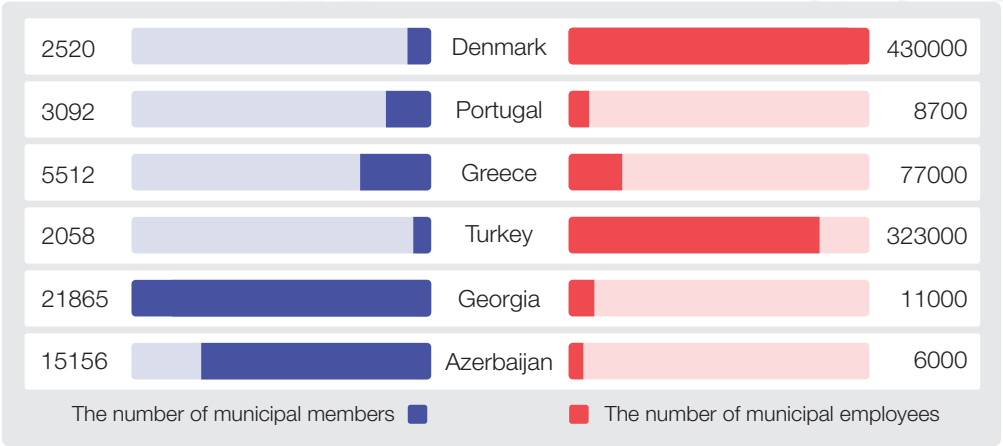


Diagram 13.
Comparative analysis of the number of municipal members and employees worldwide

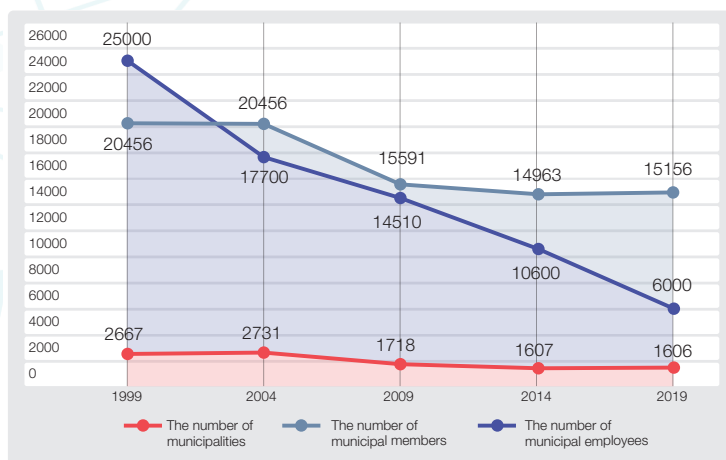


Diagram 14.
The dynamics of changes to municipal members and employees in the country over the years

municipal meetings are not held regularly since municipal members are not motivated to participate in the municipal meetings.

Despite the large number of municipal members, the number of municipal employees in our country is low compared to other countries (2). Village and settlement mayors explain the reducing number of municipal employees with the scarcity of available resources.

The meetings with mayors have highlighted an important issue: while citizens from villages and settlements seek employment opportunities within the municipalities, the mayors often express limited interest in hiring them. They cite constraints related to limited funds, and employment within the municipalities is irregular. Since the law governing the formation of municipal structures lacks specific minimum requirements, and such matters are left to the discretion of mayors, village and settlement municipalities have gradually reduced their staff in recent years. Presently, only one or two municipal employees typically work for this category of municipalities, according to the accounting and tax service records.

The indefinite legal status of the municipality plays a decisive role in the limited social security and rights of its staff. According to the widespread definition in international practice, municipalities are public legal entities established to meet the common needs of the residents of a certain geographical territory, determining the decision-making bodies elected by the local population, and having legally defined duties and powers, as well as independent financial and human resources. Although municipalities at the local level and are part of the constitutional order, the uncertain legal regime of the municipality's subordination in the law in force cannot help affecting the status of its

staff. Thus, although in the latest version of the Law on the Status of Municipalities, the words 'non-state system' in the definition of municipalities was replaced by the provision that municipalities 'can perform part of the state work,' which granted them public authority, the status of municipalities within the state legal entity or as an independent (public) legal entity is indefinite. In terms of performing part of the state work, the lack of the legal basis of the municipal service within the general frameworks of the state service policy limits the status of municipal employees and their social security and rights. The lack of an advanced mechanism for admission to municipal service and failure to ensure service conditions for municipal employees, prepare a Job Classification Code according to the level of their competence and qualification, form a salary fund according to the classification or appropriate local population, and consider their pension, health insurance, etc., are the key problems in this field.

REFERENCE

As a rule, three models of municipal service can be found in international practice concerning public service or central government. In the first model, widespread in developed countries, i.e. an independent system, the administrative intervention and control of the central government are limited, so municipalities are fully free in their activities. The second model is a unitary system with a direct transition between state and municipal services under the same legal regime. In the mixed system, comprising certain features of both models, municipalities are free in certain matters, but their activity is partially interfered with and controlled by the state through various bodies.

Descriptive Analysis of Survey Findings

According to the survey results, the respondents living in villages and settlements are relatively more informed of their mayors and municipal employees compared to those living in cities. Thus, 77.6, 50.4, and 34.3% of the respondents in, respectively, the village, settlement, and city municipalities positively answered the question, "Do you know your mayor?" While a significant part of young respondents (56%) do not know the mayors, the absolute majority of respondents between 50-65 state that

"It is also noteworthy that the respondents indicated low income (41.5%) and lack of power (31.2%) as the key problems of their municipalities."

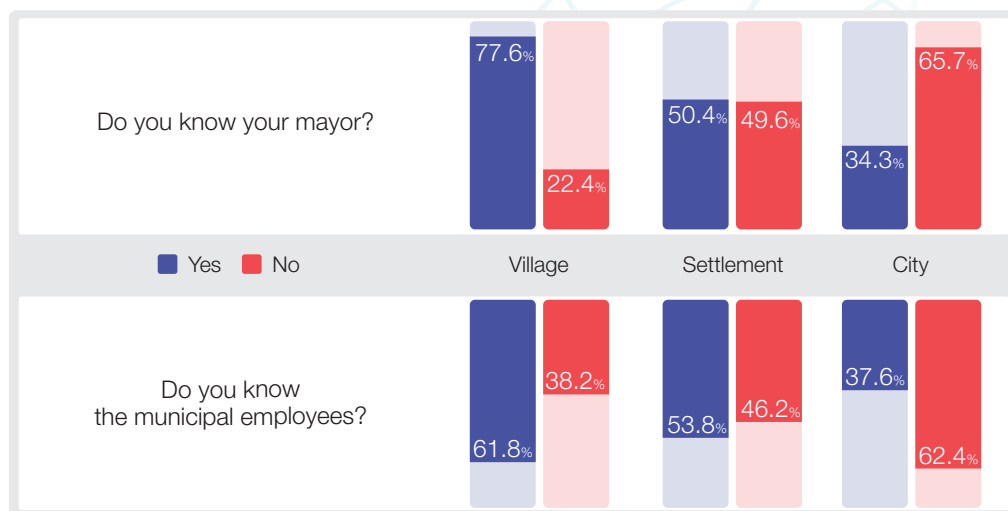


Diagram 15.
Do you know the mayor and municipal employees?

they know them. This allows asserting that municipalities cannot choose a successful strategy in the field of work with youth.

61.8, 53.8, and 37.6% of the respondents in, respectively, the village, settlement, and city municipalities positively answered the question, "Do you know the municipal employees?"

The positive responses from respondents in village and settlement municipalities indicate that their municipalities are more accessible to them for various appeals compared to city municipalities, often serving as a single administrative unit within the area.

According to the survey results, respondents generally hold a positive opinion regarding the competence of municipal members and employees. Specifically, 66.1%, 56.7%, and 45.4% of respondents in village, settlement, and city municipalities, respectively, positively assessed the competence of municipal members. Similarly, 60.8%, 55.1%, and 45.0% of respondents in village, settlement, and city municipalities, respec-

tively, regarded municipal employees as competent. Notably, the majority of those considering municipal employees competent reside in villages and settlements, as well as among householders and public servants ($X^2(4)=44, p<0.01$).

For both indicators, the results are mostly high in rural and settlement municipalities, and are lower in urban ones. However, the focus group discussion revealed that the positive position of the majority of respondents who answered questions on the municipal members and employees did not reflect the reality, and they answered based on humanitarian principles.

2.4. The Competence Problem of Local Self-Governance Bodies (Municipalities).

In international practice, municipalities act within the framework established by law and have local exclusive powers delegated by the central government. Delegation of certain powers from the central government

"24.9% of the respondents wish the local government to consist of municipalities, and 44.8% - only the local executive power."

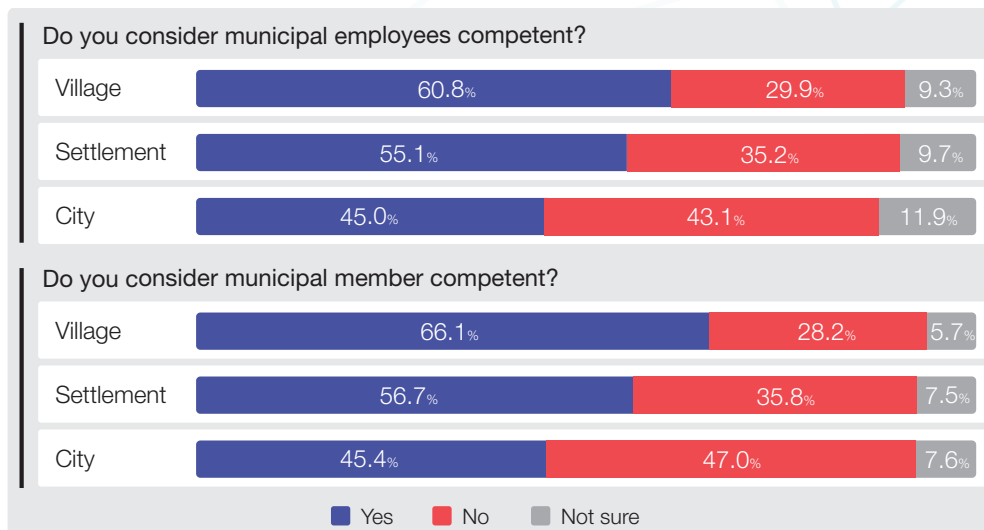


Diagram 16.
Do you consider municipal employees competent?

Diagram 17.
Do you consider municipal members competent?

(3) State Program for Poverty Reduction and Sustainable Development in the Republic of Azerbaijan for 2008-2015

Diagram 18.
Comparative analysis of the municipality powers worldwide

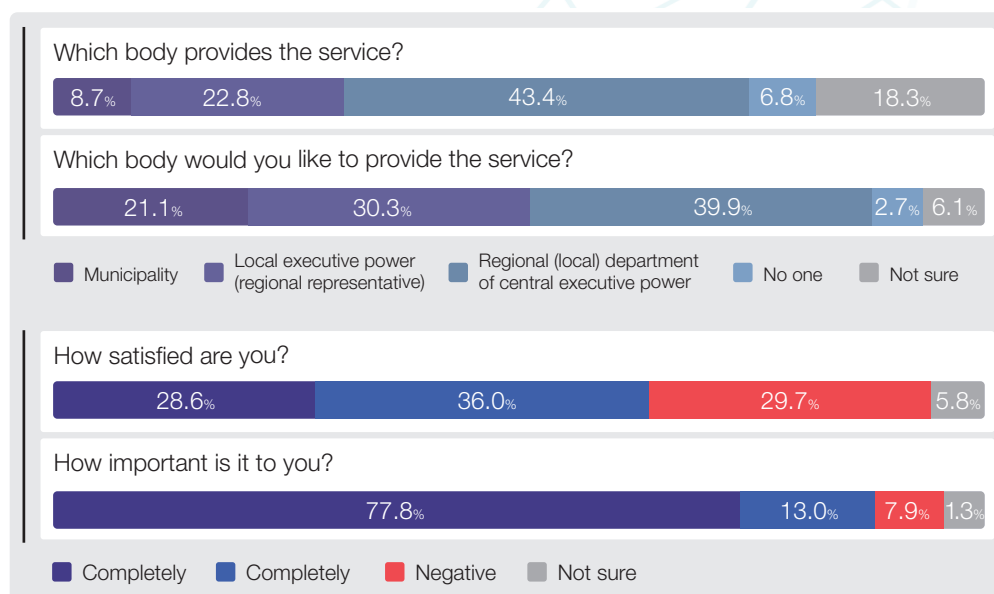
to bodies elected by the local population and control over their activities in the manner prescribed by law creates advantages in terms of reducing the administrative and financial burden of the state, arranging management according to local needs, and imposing political responsibility on elected bodies, regularly changing their composition.

One of the main guarantees for the independency of local self-governance bodies is the clear division of powers between them and local executive bodies. As known, local executive power and local self-governance bodies operate based on, respectively, the principle of scope and the delegation of powers. The relevant law defines the right of municipalities to resolve issues of local importance independent-

ly and freely within their competencies. However, municipalities and local authorities have also overlapped powers. Although the state program (3) provides for "specifying the distribution of rights and powers between local self-governance and local executive bodies, improving the legal framework regulating the activity of municipalities, and expanding their role in arranging social (education, healthcare) and utility services for the population" to eliminate the problem, no noticeable progress has been achieved in the role of municipalities. Thus, the activity of municipalities in the areas of local social protection, economic development, environmental safety, etc., is not based on exclusive powers but is of intercomplementary nature.

	Denmark	Portugal	Greece	Poland	Slovenia	Turkey	Georgia	Azerbaijan		
								Municipality competence	Provided by municipality	Local executive power competence
Services	Municipality competence									
Security, police		✗	✗			✗				
Rescue, firefighting		✗	✗		✗	✗	✗			
Social protection	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Pre-school education		✗	✗	✗	✗	✗	✗			✗
Education	✗	✗	✗	✗	✗					
Healthcare	✗		✗	✗	✗	✗	✗			
Spatial planning		✗	✗	✗	✗	✗	✗			✗
Water supply, sewage system	✗	✗	✗		✗	✗	✗	✗	✗	✗
Transportation & processing of waste	✗		✗	✗		✗	✗	✗	✗	✗
Cemeteries		✗	✗		✗	✗		✗	✗	
Environmental protection	✗	✗	✗	✗	✗	✗	✗	✗		✗
Consumer protection		✗	✗							✗
Theaters, museums & libraries	✗	✗	✗	✗	✗	✗		✗		✗
Parks, planting & improvement		✗	✗			✗		✗	✗	✗
Public transport	✗	✗	✗	✗	✗	✗	✗	✗		✗
Regional & municipal roads	✗	✗	✗	✗		✗	✗			✗
Natural gas, power supply		✗	✗	✗			✗			✗
Agriculture, amelioration		✗	✗		✗			✗	✗	✗
Tourism	✗	✗	✗		✗	✗	✗			✗
Trade or industry		✗	✗		✗	✗		✗		✗
Licensing		✗	✗			✗				
Looking after children, adults & the elderly	✗		✗			✗	✗	✗		✗
Employment & unemployment insurance	✗					✗	✗	✗		✗

Diagram 19.
A set of questions concerning social assistance provided to vulnerable groups of the local population



REFERENCE

There are two key approaches to explaining the division of powers between the central government and local self-governance bodies, which date back to the 19th century: representation and partnership models. According to the representation model, local self-governance is a locally (regionally) arranged form of public services, operating as a local representative of the central government within the powers defined by the latter. According to the partnership model, local self-governance bodies act independently, and their relations with the central government are based on the principle of equal partners.

Descriptive Analysis of Survey Findings

Meetings with mayors, focus group discussions, and the analysis of the survey results show that although the respondents consider municipalities to be more accessible, especially in rural and settlement municipalities, they see state bodies as having decisive powers and authority in various issues. According to the public opinion concerning the issues within the municipality's competence, despite the low real expectations of the respondents from the municipalities, they are high when looking forward.

The respondents' perspective on the provision of social assistance to vulnerable groups within the local population, a significant aspect of municipal services in Azerbaijan, is noteworthy. A summary of the responses to questions regarding so-

cial assistance reveals several key points.

Based on descriptive analysis of the survey results, only 8.7% of respondents acknowledge that the municipality provides social assistance to vulnerable local groups. However, the responsibility for this assistance largely falls on local executive bodies, as noted by 66.2% of respondents. Despite the perceived importance of providing social assistance, with 90.8% of respondents affirming its significance, satisfaction levels vary. Approximately 28.6% express full satisfaction, while 29.7% report being entirely dissatisfied. Another 36% indicate partial satisfaction with the services offered in this domain.

21.1, 30.3, and 39.9% of the respondents wish social assistance to be provided by, respectively, the municipality, local executive power, and central executive power. The analysis shows that most householders positively assess social assistance provided to vulnerable groups of the population (ANOVA $F(6)=6$, $p<0.01$). Those with a higher education assess the provision of these services by the municipality more positively than less educated ones ($X^2(2)=6$, $p<0.05$).

Meetings with mayors have shown that when in small territorial units such as villages and settlements, the authority to issue social assistance provided by the government is transferred to the municipality, it will be more targeted.

Performing the duties of the employment of the local population by the municipalities and evaluating them by the respondents is of particular importance as one of the fields of measuring the level of

"90.8% of respondents considered the provision of social assistance important while only 8.7% of them report that the municipality provides it."

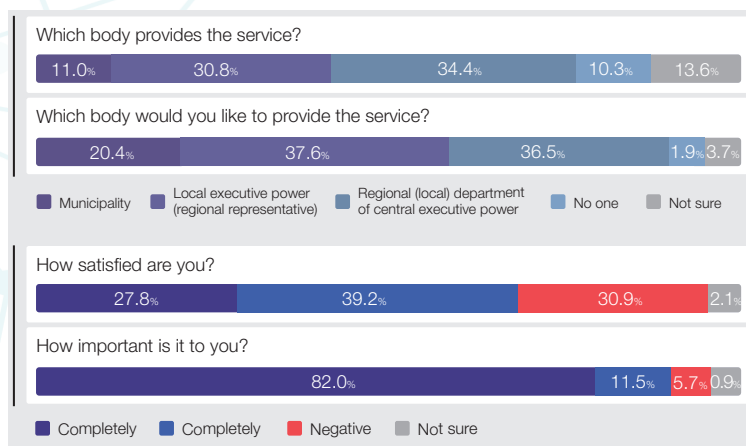
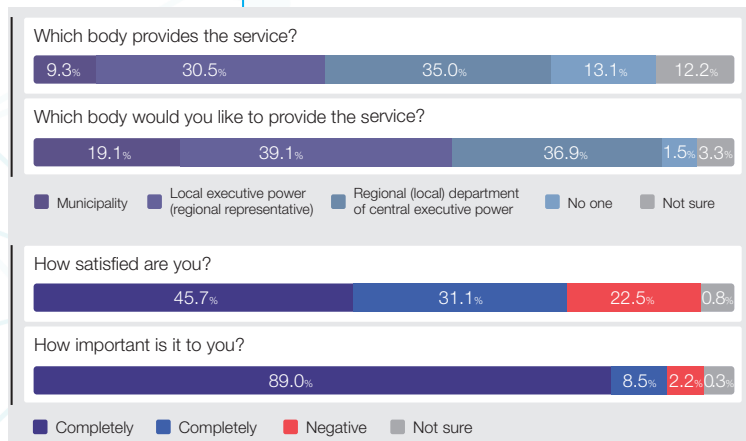


Diagram 20.
A set of questions concerning employment of the local population

“29.4% of the respondents consider that the municipality performs the work related to street and road infrastructure in the territory.”

Diagram 21.
A set of questions concerning the situation of public transport service in the territory



context, the analysis of the attitude to the set of questions concerning the situation of public transport service in the territory, addressed to the respondents, allows for concluding the following.

Only 9.3% of respondents note that the municipality provides public transport services. 65.5% of the respondents state that the public transport service is provided by the central and local executive authorities. According to 13.1% of respondents, public transport service is not provided by any of these bodies. 97.5% of respondents consider the provision of social assistance important while 45.7% of them are fully satisfied with it and 22.5% are not satisfied at all. 31.1% of respondents state that they are partially satisfied with this service. 19.1, 39.1, and 36.9% of the respondents wish public transport service to be provided by, respectively, the municipality, local executive power, and central executive power.

The analysis reveals a significant discrepancy in opinions between younger and older generations on the issue, with dissatisfaction notably higher among the younger respondents compared to their older counterparts ($F(4)=6$, $p<0.01$).

Regarding the duality of powers concerning the improvement of street and road infrastructure, the analysis of responses offers several insights. About 29.4% of respondents indicate that the municipality is responsible for street and road infrastructure work in their area, with higher percentages in villages (39.1%) and settlements (31.3%) compared to cities (18%). However, a majority (57.2%) attribute this responsibility to central and local executive authorities.

While 97.9% of respondents consider this work important, satisfaction levels vary. Approximately 44.7% express full satisfaction, with slight differences across rural, settlement, and urban areas. Another 32.2% report partial satisfaction, while 22.9% express dissatisfaction. Notably, the younger demographic exhibits higher levels of dissatisfaction with service provision ($P(4)=4$, $p<0.01$), with significant dissatisfaction observed among public sector and household workers ($F(6)=3.8$, $p<0.01$).

35% of the respondents (44.3% for the village, 36% for the settlement, and 24.6% for the city) wish this work to be done by the municipality, and 42.2% - by the local executive authority.

The analysis of the answers to the set of questions concerning the control over the arrangement of trade, public catering, and household services to the population in the territory allows for concluding the following.

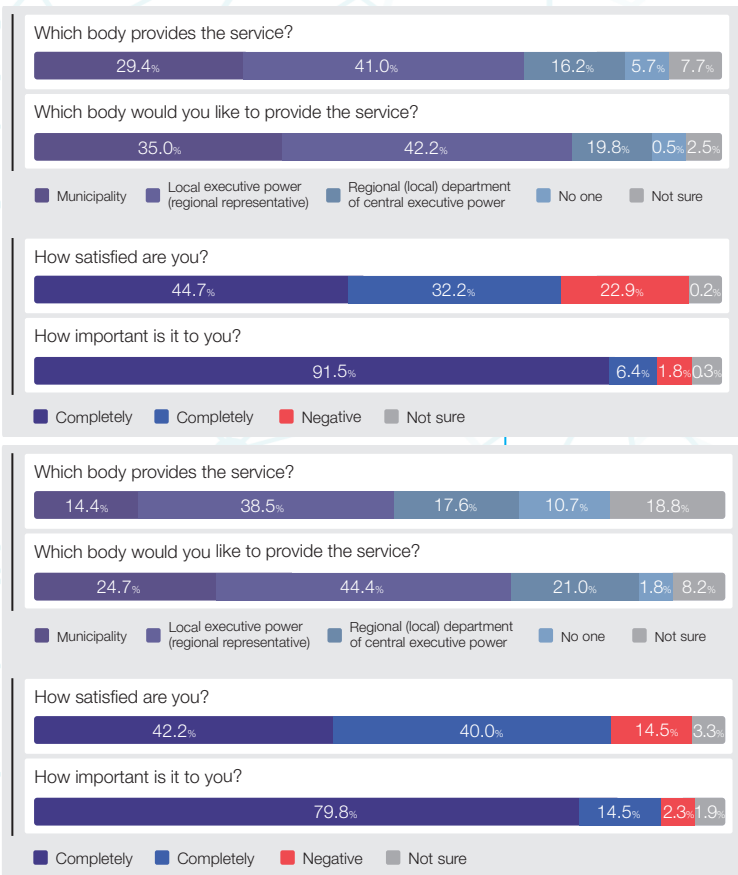
The analysis of responses regarding public catering and household services reveals several key findings. Around 38.5% of respondents believe that public catering services are organized by local executive bodies, while 17.6% attribute this responsibility to central executive bodies. Only 14.4% state that these services are provided by the municipality.

Similarly, for household services, 38.5% of respondents think they are arranged by local executive bodies, while 17.6% attribute them to central executive bodies. Only 14.4% indicate that household services are provided by the municipality. Despite these perceptions, 95.7% of respondents consider the provision of these services important. However, satisfaction levels vary: 42.2% express complete satisfaction, 40% report partial satisfaction, and 14.5% state they are not satisfied at all.

In terms of preferences for service providers, 24.7% of respondents wish for these services to be provided by the municipality, while 44.4% prefer local executive power, and 21% favor central executive power.

The respondents expressed a broader opinion in their answers to the set of questions concerning the collection and transportation of household waste, as well as ways to solve problems and high expectations in improving the quality of this service. 40.4% of the respondents note that the collection and transportation of household waste are arranged by the municipality. This indicator makes up 45.5, 51.1, and 29.8%, respectively, for village, settlement, and urban territorial units. The survey results have shown that in cities, the main burden in this field falls on the local executive power (53.3%). 97.8% of the respondents considered the provision of this service important while 47.6 and 25.8% of them are, respectively, completely and partially satisfied with them. 25.9% of respondents state they are not satisfied with this service at all (36.9% for the village, 19.7% for the settlement, and 17.1% for the city).

In general, 52.2% of the respondents

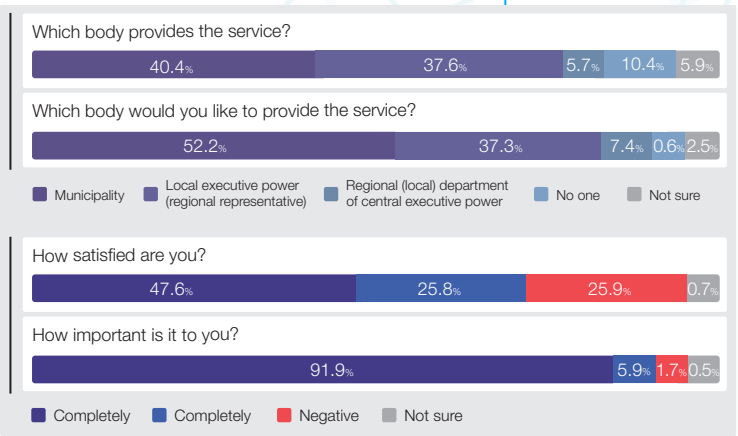


(63.3% for the village, 56.1% for the settlement, and 38.4% for the city) wish this service to be provided by the municipality. 37.3 and 7.4% of the respondents wish this service to be provided by, respectively, local and central executive bodies.

Compared to the elderly, young people are more satisfied with the provision of this service ($F(4)=5$, $p<0.01$). Household workers are more dissatisfied than those working in other spheres of activity ($F(6)=3$, $p<0.01$). Among the young segment of the respondents, the preference for the provision of this service by municipalities is more pronounced than among others ($X^2(4)=14$ $p<0.01$).

Diagram 22. / 23.
A set of questions concerning the work related to street and road infrastructure in the territory and control over the arrangement of trade, public catering, and household services to the population in the territory

Diagram 24.
A set of questions concerning the collection and transportation of household waste



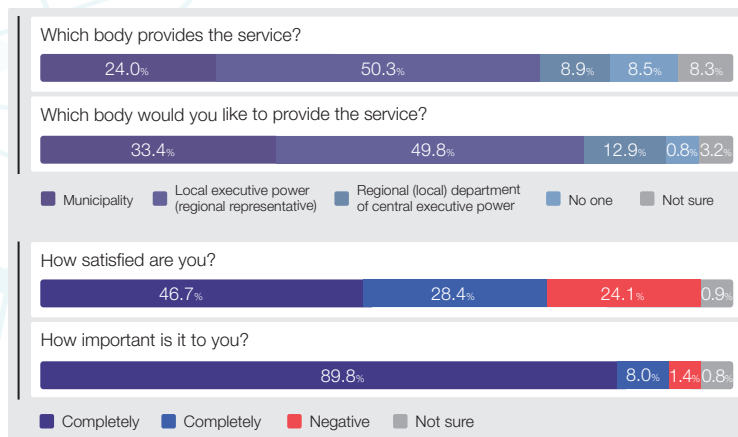


Diagram 25.
A set of questions concerning the arrangement of parks and planting, cleaning, lighting, and improvement work in the territory

According to the field observations, in urban territorial units, the collection and transportation of household waste are mainly arranged by the local executive power since municipalities have no required vehicles. Although in rural and settlement areas, this work is arranged by municipalities, the lack of necessary material and technical base causes some problems.

The analysis of responses regarding the arrangement of parks, planting, cleaning, lighting, and improvement work in the territory reveals several important insights. Approximately 24% of respondents believe that the municipality is responsible for arranging such activities, with varying percentages across different types of territorial units: 27.6% for villages, 31.1% for settlements, and 16.6% for urban areas.

In contrast, the majority of respondents (59.2%) believe that these tasks are performed by executive power rather than the municipality. Despite the perceived responsibility, 97.8% of respondents consider the work done in this field important. However, satisfaction levels vary: 46.7% express complete satisfaction, 28.4% report partial satisfaction, and 24.1% state they are not satisfied at all.

33.4% of the respondents (40.3% for the

village, 38% for the settlement, and 23.7% for the city) wish this work to be done by the municipality, 49.8 and 12.9% of them wish this work to be done by, respectively, local and central executive bodies.

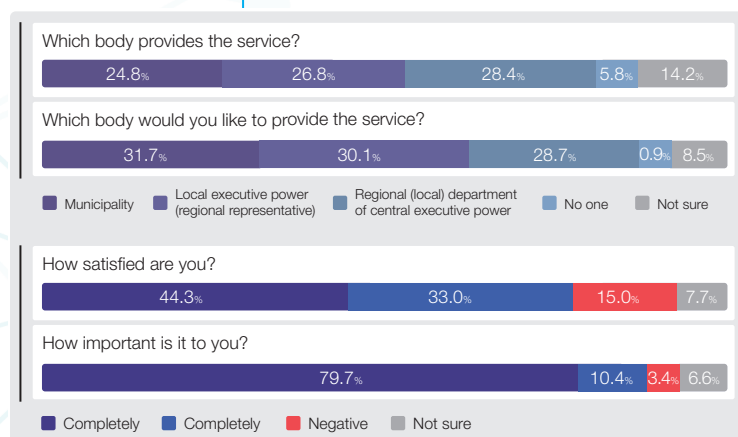
Compared to the elderly, the younger generation is more interested in doing this work by the municipality ($X^2(4)=18$, $p<0.01$). Those with higher education prefer this work to be done by the municipality more than less educated ones ($X^2(2)=8$, $p<0.05$).

Summarizing the respondent's answers in villages and settlements to the set of questions concerning the development of agriculture and the agrarian sector allows for concluding the following. 24.8% of the respondents in village and settlement municipalities state that the development of agriculture and agrarian sector in the area is performed by the municipality. 55.2% of respondents state that this work is performed by local executive bodies. 90.1% of the respondents considered this work important while 44.3% of them are completely satisfied with the arrangement of this work and 15% are not satisfied at all. 33% of the respondents state that they are partially satisfied. 31.7, 30.1, and 28.7% of the respondents wish this work to be done by, respectively, the municipality, local executive power, and central executive power.

Compared to other occupations, housewives, public sector workers, and those engaged in agriculture (farming, cattle breeding) are more satisfied with the work done in this field ($F(6)=5$, $p<0.01$).

A brief analysis of respondents' answers to the set of questions concerning ecology, sanitary and epidemiology, and environmental protection in the territory allows for concluding the following. 19.2% of the respondents state that the work in the field of ecology and environmental protection is performed by the municipality. Those who chose the answers 'local executive power' and 'central executive power' made up, respectively, 28.6 and 32.1%. 96.8% of the respondents consider the work done in this field important while 34.9 and 39.8% are, respectively, completely and partially satisfied with it. 24.3% of the respondents state that they are not satisfied at all. Those with higher education are less satisfied with this service than those with lower education ($F(2)=7$, $p<0.01$).

Diagram 26.
A set of questions concerning the development of agriculture and agrarian sector in the territory



29.1, 35, and 31.4% of the respondents wish this work to be done by, respectively, the municipality, local executive power, and central executive power. Compared to other occupations, those engaged in the household activity and self-employed wish this service to be provided by the municipality more ($X^2(6)=21$, $p<0.01$).

The analysis of respondents' answers regarding the provision of essential services such as electricity, drinking water, sewage, heating, and maintenance of cemeteries and funeral places yields several important observations.

Regarding the arrangement of water, heat, power supply, and sewage services, 70.5% of respondents believe that these tasks are handled by local executive power, while 14.8% attribute this responsibility to the municipality. Despite the perceived importance of these services (97.5% of respondents consider them important), satisfaction levels vary. Half of the respondents (50.7%) express complete satisfaction, 32.5% report partial satisfaction, and 16.5% state they are not satisfied at all. Self-employed individuals are notably more dissatisfied with these services compared to other occupations, while public sector employees express the highest satisfaction levels.

Regarding the control over the condition of cemeteries and funeral places, 45.4% of respondents believe that the municipality has the authority in this area. However, 25.6% attribute this responsibility to local executive power, and 4.5% to central executive power. While 95.9% of respondents consider this work important, satisfaction levels vary: 43.4% express complete satisfaction, 33.1% report partial satisfaction, and 19.5% state they are not satisfied at all. Housekeeping profes-



nals exhibit higher satisfaction levels compared to other occupations.

53.1, 32.9, and 7.2% of the respondents wish the condition of cemeteries and funeral places in the territory to be controlled by, respectively, the municipality, local executive power, and central executive power.

Respondents' answers to the set of questions concerning the control over the effective use of land in the territory, which is especially important in rural and settlement areas, are as follows.

49.4% of the respondents state that the municipality controls the efficient use of

Diagram 27.

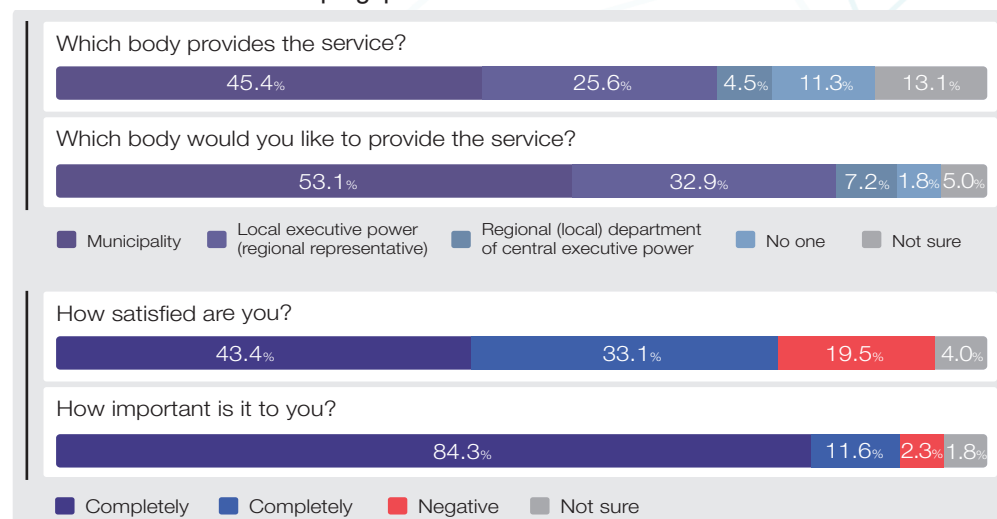
A set of questions concerning ecology, sanitary and epidemiology, and environmental protection in the territory

Diagram 28.

A set of questions concerning the uninterrupted supply of electricity and drinking water and the provision of sewage and heating services in the territory

Diagram 29.

A set of questions concerning the control over the condition of cemeteries and funeral places in the territory



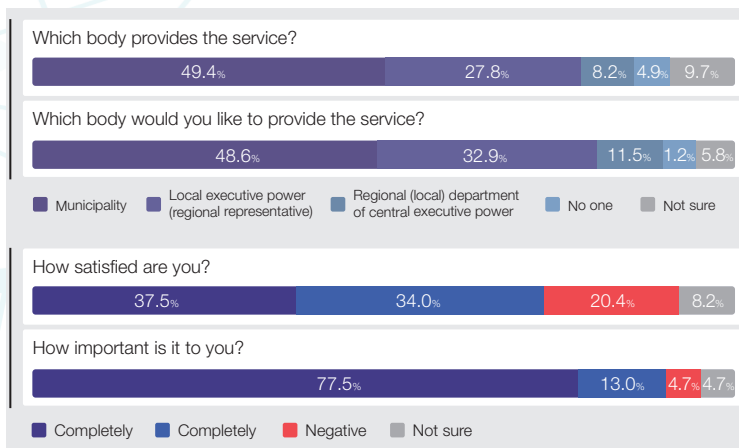


Diagram 30.
A set of questions concerning the control over the effective use of land in the territory

"50.8% of the respondents wish the government to appoint an official who will solve the existing problems in the territory."

land in the territory. Those who chose the answers 'local executive power' and 'central executive power' made up, respectively, 27.8 and 8.2%. 90.5% of the respondents considered the work done in this field important while 37.5 and 34% of them are, respectively, completely and partially satisfied with it. 20.4% of the respondents state that they are not satisfied at all. Those with higher education are less satisfied with this service than those with lower education ($F(2)=6$, $p<0.01$). Compared to other occupations, the respondents engaged in housekeeping are more satisfied with control over this area ($F(6)=7$, $p<0.01$). 48.6, 32.9, and 11.5% of the respondents wish the condition of cemeteries and funeral places in the territory to be controlled by, respectively, the municipality, local executive power, and central executive power. Those with higher education wish this service to be provided by the municipality more than less educated ones ($X^2(2)=9$, $p<0.01$).

Some village and settlement mayors noted that in the first years of the establishment of municipalities, land reform was not effective, and the lands given to municipal property were mostly unfit for cultivation. Herewith, the land plots allocated for the

further development of municipalities were sold earlier to form the municipal budget.

Respondents' perspectives on the selection of officials to address local issues and their views on the local administration system shed light on their preferences and perceptions.

Regarding the selection of officials, 50.8% of respondents believe it is appropriate for the government to appoint such officials, while 46.2% prefer that these officials be elected by the local population. Urban respondents tend to favor government-appointed officials, while those with higher education lean towards officials elected by the local population.

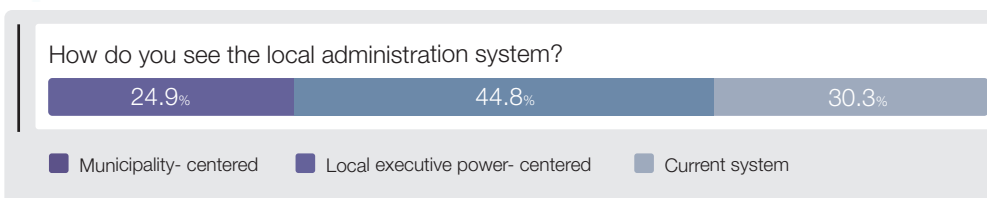
In terms of the local administration system, opinions are divided. 24.9% of respondents perceive the municipality as the center of local administration, while 44.8% see local executive power in that role. 30.3% express support for the current system. Settlement and village respondents, along with those with higher education, are more inclined to view the municipality as the central entity in local administration. These findings highlight the diversity of perspectives within the population regarding the structure and functioning of local governance.

The analysis of answers to the question, "Which institution do you address to solve a problem concerning the municipality?" aimed at defining the structures the respondents address with their complaints for the municipality, is as follows. 40.7% of the respondents state that in such cases, they address the municipality itself, and 40% state that they prefer to address the local executive power. 8.9% of respondents state that in such cases, they will apply to the court, and 4.8% - to the Center for Work with Municipalities.

Diagram 31.



Diagram 32.



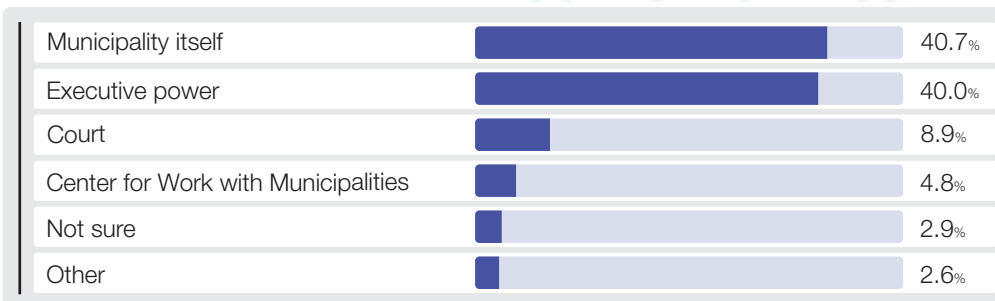


Diagram 33.
Which institution do you address to solve a problem concerning the municipality?

2.5. The Resource Problem of Local Self-Governance Bodies (Municipalities).

One of the key problems of the local self-governance system (municipalities) of Azerbaijan is the lack of resources. The resource potential of municipalities may be of financial and non-financial nature. In general, the services provided by municipalities and the expenses they bear primarily depend on the market demand. However, the approaches of the respondents within the survey, focus group discussions, in-depth interviews with mayors, and the analysis of official documents reveal serious uncertainties in this field.

The resource problem in municipalities reflects a mismatch between legislation and enforcement. Laws governing property transfer, financial bases, and taxes are not fully implemented, hindering municipalities from functioning effectively as institutions under the Law On the Status of Municipalities. Resolving these issues requires aligning legislation with practical implementation to ensure municipalities have adequate resources.

The municipal property, constituting the economic base of local self-governance in the Republic of Azerbaijan, is mainly formed from the following sources:

- State property transferred to the ownership of municipalities according to the related law and other regulatory legal acts. The findings show that this process is not performed at the desired level and according to the equal distribution principle.
- Property acquired and formed as a result of municipal activity. The lack of any database and a centralized registry in this field creates an analysis problem and does not allow for drawing a systematic

general conclusion.

Property acquired through the transfer of property without legal heirs to municipalities. This field is also characterized by limited analytic opportunities.

Although the transfer of state-owned property to municipal ownership is chosen as the basic solution mechanism in this field, problems still remain. Housing-utility, social and cultural, public, and other state facilities, owned by municipalities according to the related law and other regulatory legal acts and required to exercise municipal powers, are not distributed equally among the village, settlement, and city municipalities across the country. As a result, focus group discussions and in-depth interviews with mayors showed that administrative buildings, premises, and equipment required to ensure the activity of municipalities were not transferred to their possession according to definite principles.

Descriptive Analysis of Survey Findings

A descriptive analysis of the question, "Which municipal facilities do you use?" addressed to the respondents, allows for observing the real picture of the use of municipal resources (property) by citizens. Thus, more than half of the respondents do not use any municipal facilities (61%). The analysis shows that municipal lands are used more (30.8%). Note that the majority of land users are the rural population. The use of real estate and commercial facilities makes up 9.9 and 1.9%, respectively.

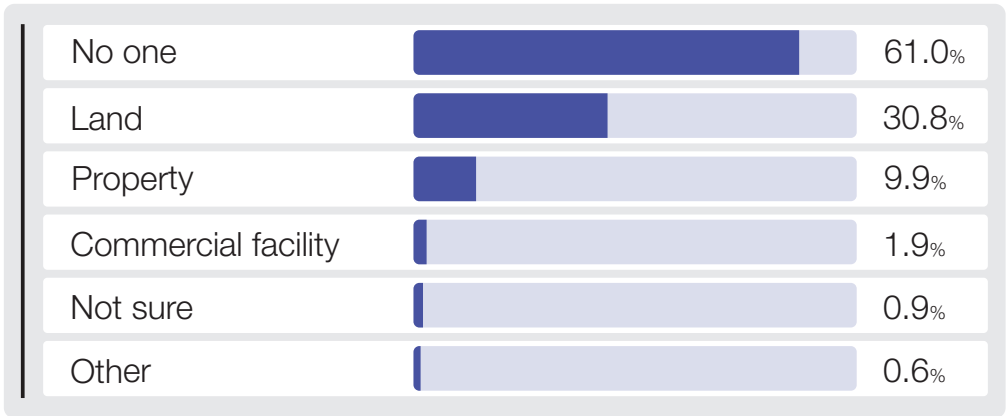
Municipal lands and the revenue generated from their utilization constitute the primary sources of municipal resources. As per current legislation, municipal lands are categorized based on their specific usage, including those for general use, legally leased to entities and individuals,

"50.8% of the respondents state that municipal taxes and fees are in line with the level of their income or even lower."

"61% of the respondents state that they do not use any municipal property"

"86% of the respondents state that they have no information on the land plots offered for sale by the municipality, their size, purpose, and cost."

Diagram 34.
Which municipal facilities do you use?



and designated as reserve fund lands. Within this framework, municipal lands may encompass all categories of land based on their intended purpose and the legal framework, unless otherwise specified by relevant laws.

The basic principles of effective management of municipal lands in the Republic of Azerbaijan are:

- use lands for their intended purpose; do not allow it to be unreasonably withdrawn from circulation;
- comply with the law and social equity principles in private ownership and lease of lands;
- use lands while paying the fee;
- inform the population of the lands involved in civil circulation for various purposes (4).

The analysis of the question, "Do you know about the land plots offered for sale by your municipality, their size, purpose, and price?", addressed to the respondents, allows for drawing an important conclusion in this regard. Thus, 86% of the respondents state that they have no information on the land plots offered for sale by the municipality, their size, purpose, and cost.

Despite the common rules for ownership, use, and lease of municipal lands, set by the law, focus group discussions revealed serious gaps in educating citizens in this field.

Despite the exceptional significance of tax revenues as the key source of municipal income, there are serious problems in the effective use of budget revenues by municipalities. Thus, in their answers to one of the most critical questions, "Does the municipality address you to collect taxes?", a significant part of respondents representing village and settlement municipalities (64% and 61%, respectively) stated that it does, but for city municipalities, this indicator makes up 43% ($\chi^2(2)=82, p<0,01$).

According to the Law On the Financial Base of Municipalities, local budget revenues (Article 8) stem from various sources. These include land tax from individuals as outlined in Articles 206.1-1 and 206.3 of the Tax Code, property tax from individuals, mining tax on construction materials of local significance, profit tax from municipally owned enterprises and organizations, fees for advertising carriers on municipal real estate, resort and hotel fees, parking fees, grants and subsidies from the state budget, revenues from property privatization, leasing, and use as per the law, funds from lotteries, financial assistance and grants from individuals, legal entities, international organizations, and foundations, funds for national significance events, and interest and sanctions as per local tax laws.

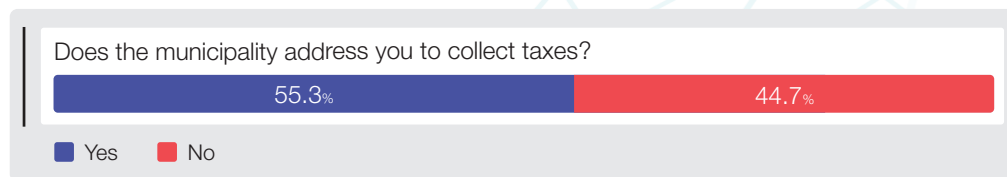
The analysis of respondents' answers to the question, "What fees and taxes do

(4) Excerpt from the Law On Management of Municipal Lands

Diagram 35.



Diagram 36.



you pay to the municipality?" covering all these directions, reveals that 56% of householders pay land tax, while for public and private sector workers, this figure is 33% and 25% respectively. Additionally, 30%, 37%, and 28% of public and private sector workers, and those engaged in agriculture respectively, do not pay any tax.

21, 18, and 11% of, respectively, public and private sector workers and those engaged in agriculture do not know the type of tax they pay. 18, 20, and 13% of, respectively, public and private sector workers and those engaged in agriculture pay property tax. When considering the trend of payment of property and land taxes by the respondents by age groups, increasing dynamics are observed for the corresponding age ranges up to retirement. A decreasing trend in this dynamic among respondents above the retirement age should be noted.

According to the Law On Local (Municipal) Taxes and Payments, in the cases specified in Articles 206.1-1 and 206.3 of the Tax Code, local taxes are composed of land and property tax from individuals, mining tax on construction materials of local significance (brick, tile clay, masonry sand, high-strength raw gravel), and the profit tax of municipal legal entities. The following questions were addressed to the respondents to find out the cause of the tax collection problems. The analysis

of their answers shows the following: Thus, answering the question, "How often do you pay property and land tax?", 9.9% of the respondents using municipal property and 30.8% of those using municipal land stated the following results in terms of payment frequency. Over 80% of them pay both taxes annually while 3.3 and 1.4%, respectively, make monthly payments. This has a very negative impact on municipal budget formation and does not allow for ensuring the intensity and optimality of municipal expenditure.

Along with local taxes, the structure of local payments also varies significantly across a wide spectrum. According to the relevant law (Article 9), local payments comprise the following: fees for placing advertising carriers on municipal real estate; revenues from the alienation, leasing, and use of municipal property according to the law; payments for stationary or mobile trade, public catering, and other services provided on land plots specially allocated by municipalities; payments from those providing hostility, sanatorium-resorts, and tourism services in the municipal territory (this payment is conventionally set not to exceed AZN 1.1 per day per person); payments for special parking lots owned by legal entities and individuals in municipal areas or permanent or temporary parking of all types of vehicles in places defined by the decision

"53.4% of the respondents consider housing and utility economy and improvement, and 39.7% - social protection and security to be the key direction of the municipal expenditure."

"49.7, 43, and 34.1% of the survey participants consider that the local budget should be formed at the expense of, respectively, the state budget, land tax, and property tax."

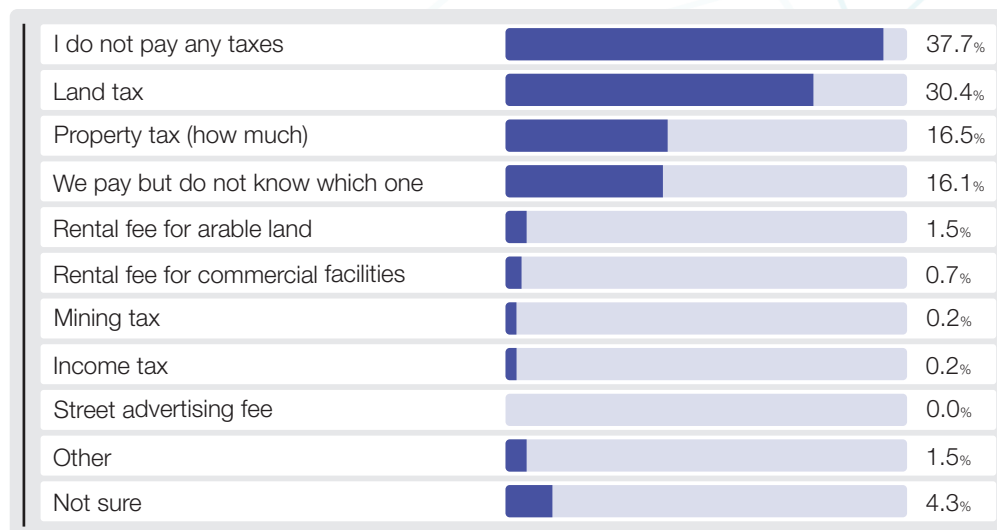
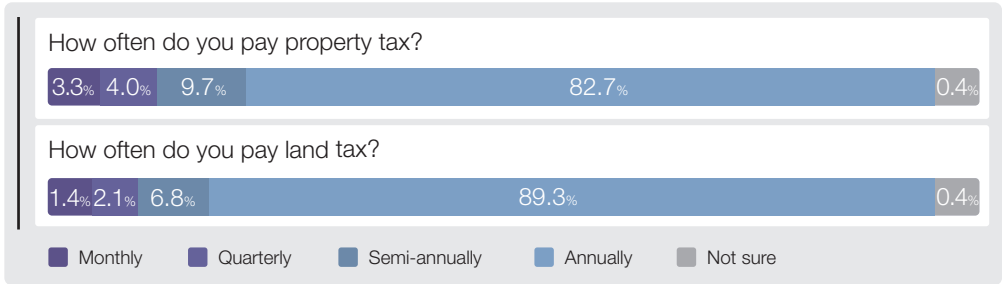


Diagram 37.

What fees and taxes do you pay to the municipality?

Diagram 38.



"11% of the respondents consider that local employment is arranged by municipalities. 30.8% of them consider that the local executive power does this."

"Only 19.1% of the respondents wish public transport services to be provided by municipalities."

of municipalities.

To study the situation with which of these payments is assumed to be more, the respondents were asked, "How often do you pay the rent for the use of commercial facilities and arable land?" The analysis of the answers allows for drawing the real picture of the municipalities' income sources. Thus, the expected income from the collection of rent is not satisfactory. 0.7% of the total respondents are those who pay the rent for the municipal commercial facilities while the collection of rent for arable lands covers only 1.5% of the respondents. While 1472 respondents involved in the survey (approximately 51.7% of respondents in 92 clusters) represent rural municipalities and have the opportunity to use the land lease service, those who actually pay rent make up approximately 3.2%. This is a very low indicator, which allows bringing to the fore a number of important theses. Firstly, there is no arable land left in the ownership of rural municipalities, or it makes a minority (due to the non-optimal sale of land plots in the balance); secondly, it is assumed that rural municipalities fail to properly sell the arable land on their balance sheets (ineffective investment attraction strategies). Another probability allows asserting that a significant part of the respondents (16.1%) do not know the purpose of the payments they make, which does not exclude rental fees for the use of arable land in their composition.

As part of the analysis of the general

situation with municipal financial resources, respondents were asked, "How does your income level match the municipal tax/payment rate?" The analysis of opinions by village, settlement, and city municipalities reveals the following:

In rural municipalities, 20% of respondents believe that tax/payment rates are low compared to income level. Meanwhile, 33% find it difficult to answer, and 39% state it is commensurable. Only 8% consider tax/payment rates high relative to income level.

For city municipalities, 13% of respondents perceive tax/payment rates as low compared to income level. However, 47% find it challenging to answer, and 29% believe it is commensurable. 11% report tax/payment rates are high relative to income level.

In settlement municipalities, 9% of respondents believe tax/payment rates are low compared to income level, while 15% believe they are high relative to income level.

An interesting point is that 17% of the respondents with low income level consider the tax/payment rates low with respect to the income level compared to those with high income level. 14% of respondents with medium and high income level believe that tax/payment rates are low with respect to their income level.

Diagram 39.

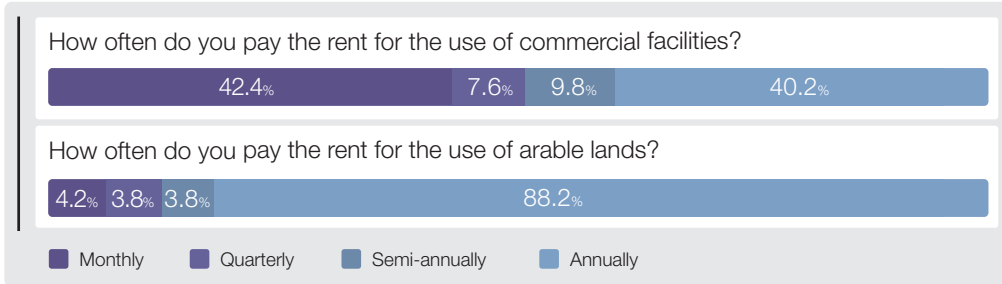




Diagram 40.

How does your income level match the municipal tax/payment rate?

About 10-12% across all three income groups consider the relation between income levels and tax/payment rates paid to municipalities high in favor of the latter.

One of the broadest criticisms of Azerbaijan's local self-governance system is related to ineffective use of municipal revenues. Considering it important to study the opinion of the respondents on this matter, we provide the results of the analysis of answers to the following question. 28.4% of the respondents asked, "What do you think of the efficiency of using municipal revenues?" believe that it is ineffective while 14.1% of them find it difficult to answer this question. The analysis of respondents' opinions according to their educational level shows that 32, 35, and 24% of those with, respectively, complete secondary, vocational, and higher education believe that it is used effectively ($X^2(20)=42$, $p<0,01$).

Thereat, if we consider the extent of the efficiency of using municipal revenues by village, settlement, and city municipalities, 35, 29, and 18% of the respondents in, respectively, village, settlement, and city municipalities find their use completely efficient. On the contrary, if we consider the opinions of those who believe that they are used completely ineffectively, we

can note that this indicator makes up 14, 20, and 23% for, respectively, village, settlement, and city municipalities ($X^2(8)=79$, $p<0,01$).

In reply to the question, "What do you think of the revenues to form the municipal budget?", the respondents could choose from several answer options. Their position can be characterized as follows. 49.7% of the respondents consider that municipal revenues should be formed by allocations from the state budget. 47, 58, and 48% of those in, respectively, village, settlement, and city municipalities share this approach.

While the rural respondents consider land tax to be the primary source of revenues (51% of the respondents), for the respondents in settlement and city municipalities, this source is allocations from the state budget (58% for the settlement and 48% for the city). Note that, in general, municipalities have higher expectations for allocations from the state budget, which is deeply regrettable. This conclusion is based on in-depth interviews with mayors.

In response to the question about the key directions of municipal expenditure, housing and utility economy and improvement ranked first, followed by social pro-

"66.9% of the respondents consider that municipalities fail to come up with local socio-economic development programs."

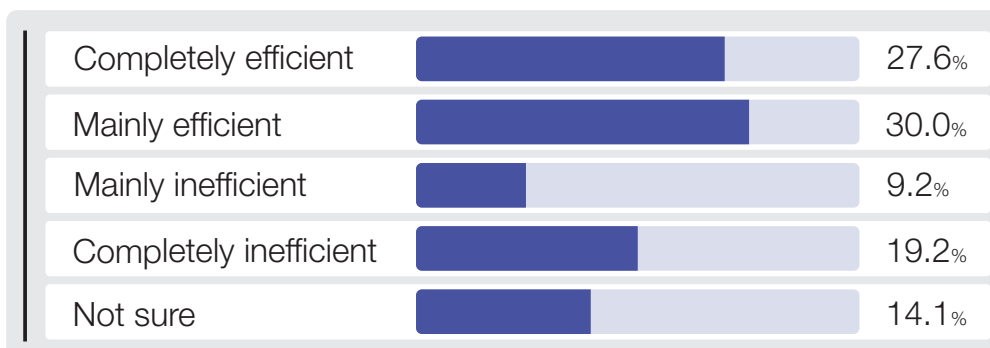
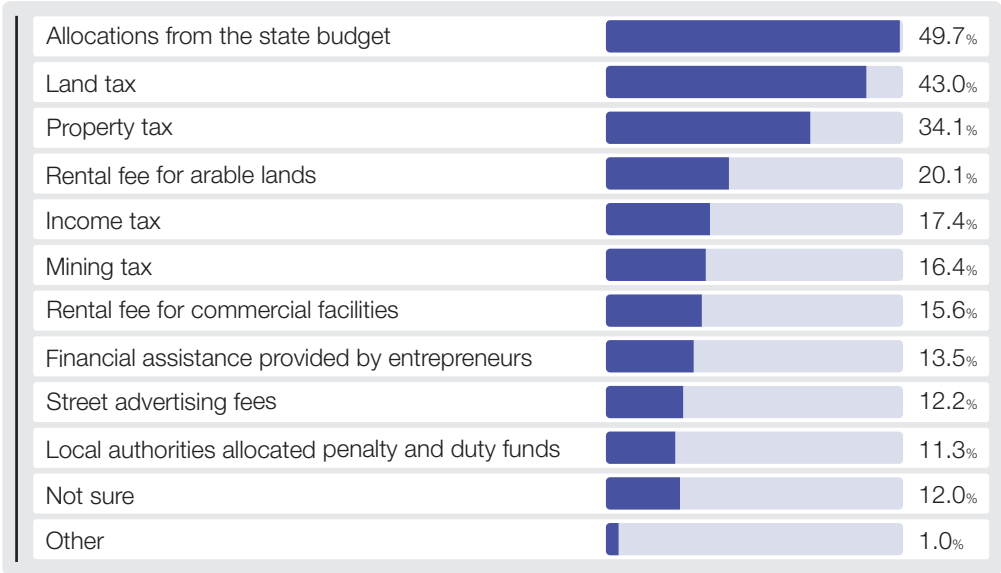


Diagram 41.

What do you think of the efficiency of using municipal revenues?

Diagram 42.
What do you think of the revenues to form the municipal budget?



tection and social security, and education and health services.

Regarding municipal revenue, Sumgayit municipality had the highest monthly income at about AZN 24,711, followed by Mingachevir, Ali Bayramli, Absheron, and Baku. The lowest revenue was in Yardimli, Fuzuli, and Dashkasan municipalities, with an average monthly income below AZN 35. Lerik region has 99 municipalities, each with a monthly revenue of AZN 61.

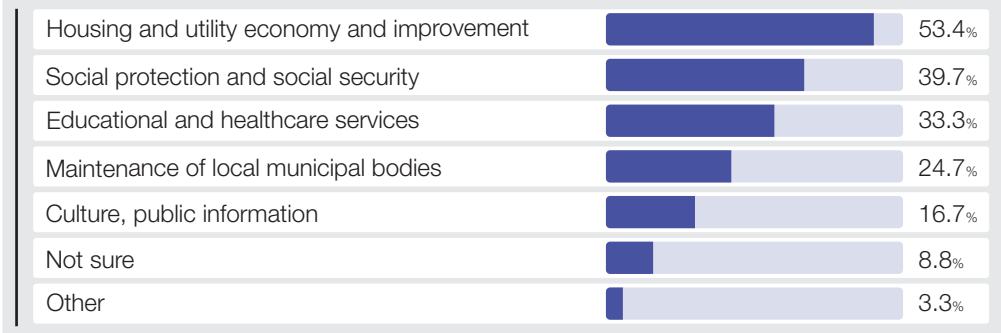
Analysis reveals that over 63% of municipal revenue nationwide comes from the privatization and leasing of municipal property, with 15% from land tax. Concerns arise about revenue from property tax, which has been less than 8% of budget revenues in 2002-2004 and only 2.6% in subsequent years.

Municipalities across the country own about half of the allocated 2,051,378 hectares of land, with 40% suitable for agriculture. They also possess 40% of the

republic's pasture fund, over 5% of arable land, and up to 17,541 hectares of homestead land.

(5) Referring to the
 Corpus of Municipal
 Power Documents

Diagram 43.
What do you think of the key directions of municipal expenditure?



2.6. The Participation Problem of Local Self-Governance Bodies (Municipalities).

Participation is the basic philosophy of the local self-governance (municipality) system, as well as its working mechanism. The practice of countries with a developed municipal system shows that the democracy of local self-governance institutions stimulates participation or representation initiatives. However, despite all this, the local self-governance system of Azerbaijan has serious problems in this field.

In the upcoming 2019 elections, 15,156 members will be elected to 1,606 municipalities nationwide, covering 118 electoral districts, excluding 7 under occupation. The unified list of voters comprises 5,212,902 people, with 49.17% men and 50.83% women.

As of the final days of preparing the analytical report, over 42,000 applicants applied to participate in the elections. Among them, 35,574 applicants received candidate status and registered, with approximately 28% being young people. The Central Election Commission (CEC) reported that about 300 young people under 21 were registered as candidates. Moreover, more than 30% of registered candidates are women.

Descriptive Analysis of Survey Findings

The analysis of respondents' answers to the question, "Which municipal elections did you participate in?"

shows increasing dynamics reflected in Diagram 44. For the period from the first elections to the local self-governance (municipal) institutions in Azerbaijan till those

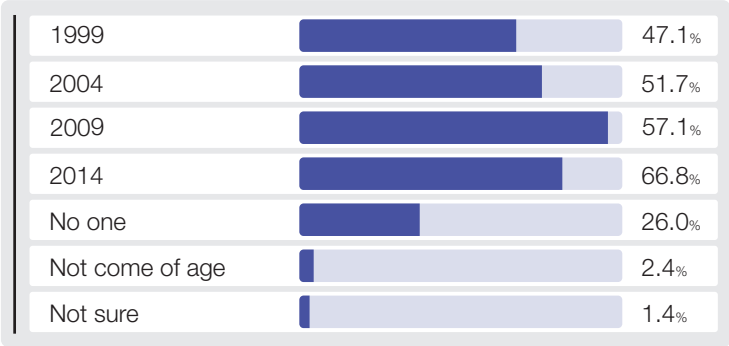


Diagram 44. Which municipal elections did you participate in?

to be held in the current year, participation in the elections shows a growth trend. Considering that the respondents could choose from several answer options, we found that a significant part of them (26%) did not participate in any municipal elections. This is very negative from the participation and trust standpoint.

The question, "Do you plan to participate in the upcoming municipal elections?" asked as part of the survey to study the respondents' positions, should be regarded as a harbinger of worsening the situation in this field. Thus, while most of the respondents (71.5%) stated that they did not plan to participate in the elections, only 28.5% stated that they would participate.

The analysis of respondents' answers to the question, "What is the degree of your trust in the municipal election results in the territory you live in?" shows the high degree of trust in rural municipalities (60% stated, 'I trust completely'). In urban municipalities, this indicator is lower than in rural ones (35%, respectively). While 52% of the respondents not planning to participate in the municipal elections state a lack of trust at all, 9% of those who plan to participate in the elections have the same opinion.

"71.5% of the respondents state that they do not plan to participate in the municipal elections to be held at the end of this year. Herewith, 26% of the respondents stated that they did not participate in any municipal elections at all."

(6) Referring to the Corpus of Municipal Power Documents

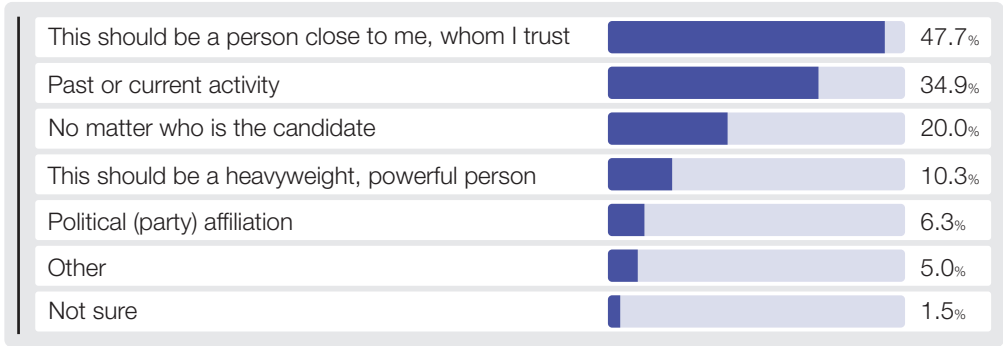


Diagram 45.



Diagram 46.

Diagram 47.
Which candidate criteria do you consider when voting in municipal elections?



When asked, "Which candidate criteria do you consider when voting in municipal elections?", the respondents could specify a maximum of 2 answer options. Although the same indicator ranked first in the respondents' choices in the village, settlement, and city municipalities, it corresponds to the following figures in terms of percentage. This indicator makes up 45, 31, and 27% in, respectively, village, settlement, and city municipalities. We should focus on the specifics of the high level of this criterion in rural municipalities. An interesting point is that political affiliation is not particularly important: this indicator ranked fifth with a figure of 6.3%. This allows for concluding that local self-governance (municipal) elections are not based on political competition. Another important point is that potential voters, i.e. respondents, do not care who is the candidate since the relevant indicator makes up 20%. In general, 27% of the respondents have no expectations about who the candidate is. This proves the lack of a direct relationship between the attitude to participation in the election and expectations.

The analysis of the respondents' attitudes by the level of education shows that the candidate's past or current activity is

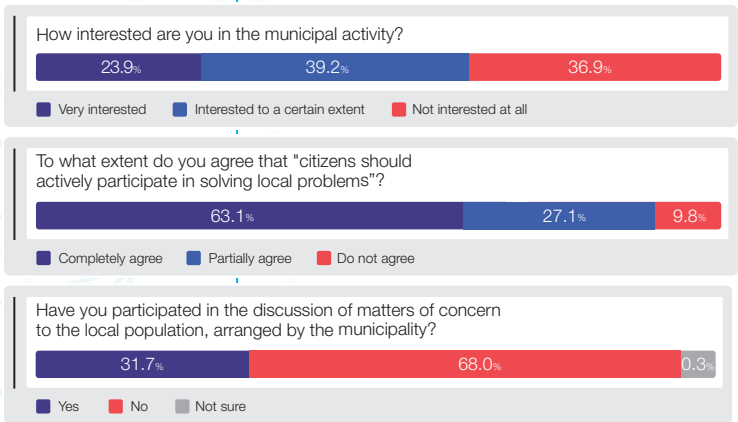
of particular importance for the respondents with higher education compared to those with complete secondary and vocational education (39% of the respondents with higher education are of this opinion).

In their answers to the question, "How interested are you in the municipal activity?", 32% of the respondents representing village municipalities stated a great interest while in the settlement and city municipalities, this indicator made up 23 and 16%, respectively. When considering the distribution of the respondents stated the lack of interest in the same issue, while in village municipalities, this indicator is 26%, in settlement and city municipalities, it makes up around 34 and 50%, respectively ($X^2(4)=132$, $p<0,01$). The analysis allows asserting that in village municipalities, the share of citizens' participation is high while in settlement and city municipalities, it is low.

Answering the question, "To what extent do you agree that "citizens should actively participate in solving local problems?", 63.1, 27.1, and 9.8% of the respondents stated that they, respectively, completely agree, partially agree, and do not agree at all.

The analysis of the answers to the question, "Have you participated in the discussion of matters of concern to the local population, arranged by the municipality?" shows that this indicator is relatively high in rural municipalities (44%) and significantly lower in urban ones (17%). This indicates that the participation of the population in urban municipalities is sharply lower compared to the rural ones.

Diagram 48.
Diagram 49.
Diagram 50.



Section III. PRIORITY CHALLENGES ASSOCIATED WITH LOCAL SELF-GOVERNANCE (MUNICIPALITY) REFORMS

3.1. Key Findings and Challenges Associated with Local Self-Governance (Municipality) Reforms in Azerbaijan

Meetings with mayors, focus group discussions, and analysis of the survey results show that in Azerbaijan, citizens' real expectations from municipalities are low due to the poor resource potential and material and technical base of local self-governance (municipalities). However, the observation and survey results allow for suggesting the growth in expectations from the municipalities in the future. Since the field of activity and capabilities of municipalities across the country are limited compared to international practice, some urgent challenges in this field should be specified.

As for the scale of municipalities, in the course of discussions, some mayors expressed the position of merging small village and settlement municipalities and adapting their number to international indicators. However, the work performed in this field over the past years shows the need for deeper analysis in defining the optimal scale of municipalities. Defining the optimal scale of municipal activity requires, first of all, determining the appropriate relationship between their resources and the distribution of powers.

Observations show that municipal members and employees work based on not specific competence requirements but mainly individual initiatives and personal experiences. Herewith, the results of in-depth interviews with the mayors of municipalities with weak material and technical bases, such as village and settlement ones, testify to their interest in the arrangement of the municipal service as a public service institution and benefiting from governmental assistance in this field. Given the limited opportunities of municipalities and the position of their mayors, we can point out the need to create governmental supporting mechanisms in this field.

Observations show that, along with educational and experience indicators, the work of individuals with high authority among the local population as a municipality member or mayor brings more rea-

listic results. Therefore, the requirements for candidates for municipal membership should be revised, and incentives should be created to encourage their close involvement in municipal activity.

Discussions with several mayors suggest that transferring many issues from local executive bodies to municipalities and having them handle these matters could lead to more effective results in meeting the needs of the local population. International practice indicates that concentrating powers, which can be exercised by local self-governance, at the upper level is not considered effective in terms of management.

Overall, mayors attribute the weak role of municipalities in exercising their powers to the lack of available resources. They argue that despite some powers being allocated to municipalities and local executive bodies, there are insufficient resources and material and technical bases to exercise these powers effectively. Particularly in villages and settlements, municipalities often rent necessary equipment from the private sector and individuals under contracts. Consequently, municipalities in such areas typically act more as initiators and organizers rather than direct service providers.

The meetings with mayors show that coordinate maps reflecting the location of land plots owned by municipalities differ. In this regard, despite a long time having passed since the establishment of municipalities, the uncertainties regarding the location of lands owned by them have not been completely eliminated. Also, undocumented property belonging to individuals in the municipal territory creates difficulties in terms of taxation. Solving such issues may play a positive role in eliminating the municipality's lack of resources.

CONCLUSION

The results of the public opinion survey, focus group discussion, and in-depth interviews with mayors can be grouped according to the 5 key problems that we have earlier identified and grouped as follows:

The optimal scale of municipalities should align with international standards. While mayors see merging small-scale municipalities as a way to bolster local budgets, respondents generally oppose this initiative. Focus group discussions reveal that recent efforts to merge municipalities have been met with resistance due to concerns about reduced accessibility to local services and uneven distribution of the budget among merged areas.

Analysis indicates that the country has a high number of municipal members compared to international norms, while the number of municipal employees is relatively low. This suggests a need for reforms in this area. Despite respondents' positive views on the competence of municipal members and employees, observations reveal lower activity levels among members in villages and settlements, where the number of municipal employees is often limited. Municipal maintenance costs feature prominently in the expenditure reports of municipalities.

The results of discussions show that although the village and settlement citizens address municipalities for the solution to their problems and consider them more accessible, the municipality's failure to resolve them, justifying this by a lack of resources or powers forces citizens to appeal to higher authorities regarding those issues. Despite the existence of numerous legal documents concerning municipalities, referred to herein, their 'de jure' status, 'de facto' powers, and uncertainty can be considered the main causes of emerging problems.

The survey results highlight low income and a lack of power as key problems faced by municipalities. Observations suggest that alongside resource constraints, the inadequate management skills and experience of mayors, and a lack of initiative also contribute significantly to the inability to address local issues. The low level of interest and awareness among

respondents regarding municipal activities indicates that municipalities are not prioritized in local governance and problem-solving.

Passive voter turnout in municipal elections, as revealed in the survey, reflects the challenging situation experienced by most municipalities. With 71.5% of respondents expressing no interest and 26% abstaining from all elections, coupled with 72.5% not utilizing any municipal services in the current year, addressing this situation requires a comprehensive set of measures.

Many issues within municipal competence being resolved at the local executive power level leads respondents to perceive it as the focal point of the local management system. However, survey findings suggest that respondents are interested in seeing municipalities take a more active role in addressing such issues in the future.

GENERALIZED SUGGESTIONS

Redesigning the local self-governance (municipal) system countrywide requires defining the reform framework from short and medium-term perspectives. The Social Research Center considers the following suggestions in this field appropriate:

1. The main goal of reorganizing the local self-governance (municipality) system in Azerbaijan is based on promoting the social local self-governance (social municipality) model, which relies on local socioeconomic initiatives and ensures an optimal balance between independence and accountability, to supplement the strategic priorities of the government in the field of regional development.

2. In this field, first of all, the current system's drawbacks should be identified based on complex (360°) diagnostics. In parallel, defining the potential of local self-governance (municipal) institutions (village, settlement, and city municipalities) as part of SWOT analysis and elaborating local (regional) development strategies in this area is appropriate. As part of the considered diagnostics, switching to the specialization of municipalities (social municipality, entrepreneurial municipality, etc.) is possible. When defining these strategies, they should be reconciled with the regional socio-economic development programs.

3. Revising the formation of local self-governance (municipal) associations is considered appropriate. Involvement of the associations in defining the strategic goals of the village, settlement, and city municipalities and monitoring them, and granting them the authority and independence in raising their problems before the central government is appropriate.

4. Interlinking relevant laws and regulatory acts in the field of arranging the activity of local self-governance (municipal) institutions by uniform guidelines and rules according to international practice will determine the focus of reforms in this field on the result.

5. According to good world practice, municipalities may play the role of a

strategic link in the harmonization of citizen-state relations. The formation of a municipal system capable of establishing flexible communication with citizens and promptly addressing their problems can be the strong resistance to the tradition of obscuring the state's social policy by politicizing and distributing social problems in the media.

6. According to the survey results, since merging municipalities to solve the scale problem requires extensive analysis and procedure, in the current situation, defining and promoting joint action mechanisms of municipalities at the initial stage is appropriate.

7. Since recruitment to the service in the village and settlement municipalities is not based on competition, and official rules are not working, the model of recruitment to the service in village-settlement and city municipalities should be differentiated, a unified centralized examination mechanism for the recruitment to the service should be prepared to form qualified staff of the city municipalities, and the supervisory role of municipal associations should be determined in this field.

8. Defining the minimum municipal structure, the payroll sheet, and a uniform salary schedule according to the relevant population to stimulate admission to the municipal service is desirable.

9. Defining the legal status of municipalities as a part of state administration, arranging the municipal service as part of the public service policy, improving the social security of municipal employees, and establishing their professional holiday are desirable.

10. To arrange the activity of the municipal members and stimulate their close involvement in solving local problems, defining the payment rates according to the level of their participation in the general meetings related to the municipal activity is desirable.

11. Transferring the economic and improvement work performed in the regions at the expense of the budgetary fun-

ds, powers to collect utility fees, or other specific powers and allocated funds to the exclusive authority of municipalities selected from different regions across the country as a pilot project, and checking the municipality's operational capabilities on this basis is desirable.

12. The ineffective arrangement of the distribution of land and other resources owned by the municipality creates conflicting legal problems between municipal and other central and local executive power bodies. We consider it necessary to perform a regulatory impact analysis in this field.

13. An approach based on new principles should be applied in the field of financial resources and budget policy of local self-governance (municipal) institutions. Current financial opportunities are insufficient to ensure the effective work of municipalities. The financial autonomy of municipalities and their opportunity to dispose of the local budget should be revised. As the major principles of the new approach:

- *Reviewing the mechanism for generating the municipal budget revenue through taxes and granting taxation powers is appropriate;*
- *Transferring taxes such as road tax, advertising tax, and legal entity income tax to the municipality is appropriate from the standpoint of strengthening the local budget;*
- *Allocating targeted financial assistance and subsidies from the central budget according to specific paragraphs is appropriate;*
- *Allocating targeted financial assistance based on rotation by municipalities (village, settlement, and city ones) is desirable;*
- *Developing and implementing the rules for the arrangement of new financial control over targeted financial assistance is appropriate;*
- *Ensuring openness and transparency of municipal budget documents is desirable.*

14. The scope of entrepreneurial activity of local self-governance (municipal) institutions should be expanded. As part of municipal economic initiatives, develop-

ing new requirements (standards) and evaluation criteria for economic projects in the field of local production and service sectors is appropriate. The important issues to be solved in this field can be grouped as follows:

- *Municipal clustering can be evaluated as a complementary component of regional clustering;*
- *Developing appropriate strategies for attracting foreign investment (by promoting joint entrepreneurship) can bring positive results;*
- *The export opportunities of specific local products should be considered, and import substitution policy measures should be prioritized;*
- *A nationwide specialized municipal banking initiative could be evaluated.*

KEY FINDING OF THE SURVEY

- 24.6 and 13.1% of the respondents indicated ineffective activity and the lack of accountability as their main dissatisfaction with the municipal activity;
- 72.5% of the respondents state that they have not used any municipal services during the current year;
- While 26.7% of the respondents stated that they did not get any information on the municipal activity at all, only 6.3% of the total respondents received information from the reports on the municipal activity;
- 9.3 and 9.1% of respondents believe that there are, respectively, difficulties in participation and corruption in municipal activity;
- 66.9% of the respondents consider that municipalities do not come up with local socio-economic development programs;
- It is noteworthy that the respondents indicated low income (41.5%) and a lack of powers (31.2%) as the key problems of their municipalities;
- Regarding the merger of municipalities, 41.4% of the respondents consider that the current situation should remain as it is;
- Compared to the city municipalities (34.3%), the absolute majority (77.6%) of the respondents in the village municipalities state that they know their mayors. In the settlement municipalities, this indicator makes up 50.4%;
- While 61.8% of the respondents in the village municipalities know municipal employees, in the city municipalities, this indicator makes up 37.6%;
- 11% of the respondents consider that local employment is ensured by municipalities. 30.8% consider the local executive power does this work;
- 90.8% of the respondents consider the provision of social assistance important while 8.7% of them state that municipalities have a share in it;
- While only 9.3% of the respondents state that the public transport service is provided by municipalities, 19.1% of them wish this service to be further provided by the municipality;
- 29.4% of total respondents consider that the municipality performs the work related to street and road infrastructure in the territory;
- Only 14.4% of the respondents state that municipalities are involved in the arrangement of trade, public catering, and household services to the population in the territory;
- 40.4% of the respondents consider that the collection and transportation of household waste are arranged by municipalities. 25.9% of the total respondents stated that they are not satisfied with this service;
- 24% of the respondents consider that municipalities perform the construction of parks, as well as planting, cleaning, lighting, and improvement work. 97.8% of the respondents consider this work important; 24.1% of them state that they are not satisfied with this work at all;
- 90.1% of the respondents consider the work done in the field of the agrarian sector development important; 31.7% of the respondents consider the work arranged by their municipalities in this field acceptable;
- While 19.2% of the respondents reported that municipalities perform ecological, sanitary and epidemiological, and environmental protection work in the territory, 24.3% of the total respondents stated that they were not satisfied with these services;
- 97.5% of the respondents consider the uninterrupted supply of electricity and drinking water and the provision of sewage and heating services important while only 14.8% of them consider that

municipalities do this work. 22.9% of the respondents wish these services to be further provided by municipalities;

- 45.4% of the respondents stated that municipalities supervise the condition of cemeteries and funeral places in the territory;

- 90.5% of the respondents consider the control over the effective use of land important while only 49.4% of them state it is performed by municipalities;

- 50.8% of the respondents wish the person who will solve the existing problems in the territory to be appointed by the government, and 46.2% wish him/her to be elected by the local population;

- 24.9 and 44.8% of the respondents wish, respectively, the municipality and the local executive power to be at the center of the local government system. 30.3% of the respondents wish the current system to remain;

- Only 4.8% of the respondents stated that they applied to the Center for Work with Municipalities to resolve controversial issues concerning municipalities. Among them, 40% of the respondents stated that they applied to the local executive authority, and 41.1% - to the municipality itself;

- 61% of the survey participants state that they do not use any municipal property;

- 86% of the respondents state that they have no information on the land plots offered for sale by the municipality, their size, purpose, and price;

- 71.5% of the respondents state that they do not plan to participate in the municipal elections to be held at the end of this year. Herewith, 26% of respondents stated that they did not participate in any municipal elections at all;

- While 63.1% of the respondents fully agree that citizens should actively participate in solving local problems, only 31.7% of them state that they participate in the discussion of issues concerning

the local population, arranged by the municipality;

- 50.8% of the respondents state that municipal taxes and payments match their income level or are low with respect to it;

- 49.7% of the survey participants consider that the local budget should be formed from the state budget, 43% - by a land tax, and 34.1% - by property tax;

- 53.4% of the respondents consider housing and utility economy and improvement, and 39.7% - social protection and security to be the key direction of the municipal expenditure.

NOTES

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