



**ULUCHAY**

Social-Economic Innovation Center

# LOCAL GOVERNANCE ASSESSMENT REPORT



# **Local Government Assessment Report**

Sheki, Azerbaijan

**“Uluchay” Social-Economic Innovation Center**

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## **I. ACKNOWLEDGEMENTS**

The Local Government Assessment provides the in-depth assessment of services of Sheki city Municipality of Azerbaijan. The assessment has been done by “Uluchay” Social-Economic Innovation Center (thereafter Uluchay) through the Citizen Reporting Card system and in-desk research carried out by researchers of Uluchay. The main objective of this report is to monitor and assess the effectiveness of service provision, as well as to review the overall civic engagement procedures at the Sheki city Municipality

The authors are grateful to the individual citizens, experts, NGO leaders, Sheki municipal and government officials who gave their time to be interviewed for this report. The authors also thank to independent experts in the field of civic engagement and local governance system for their assistance and support provided within the development of this report.

## II. EXECUTIVE SUMMARY

Civic engagement is essential to the process of democratic local self-governance. In Azerbaijan, as elsewhere, citizens rely on government to provide a wide array of services in their local communities, from maintaining public order to ensuring that garbage is collected and disposed. In order for such services to be provided efficiently and effectively, governance structures must be responsive to citizens' preferences and accountable to citizens for policy outcomes. But citizen participation is more than just a means to an end. As the European Charter on Local Self-Government, of which Azerbaijan is a signatory, states, citizens have the right "to participate in the conduct of public affairs."

This report assesses the effectiveness of service delivery and also extent of civic engagement by the local self-government in Sheki city, Azerbaijan. Specifically, the report has been concentrated on three major services provided by the municipality:

- Use, sale, lease and privatization of municipal lands;
- Outdoor advertising; and
- Parking.

The phrase "civic engagement" may encompass a wide variety of activities initiated by a range of actors in the public sphere. This report focuses on those activities initiated by entities of local governance that seek to inform and involve citizens and civil society organizations in the process of local government. These activities may range from simple, informal means of communication between local councils and their constituents, to complex partnerships with NGOs for policy development and service delivery.

An assessment team composed of researchers from Uluchay and interviewed citizens, local NGO leaders, and staff and officials from Local Executive Authority (LEAs or ExComs) and the locally elected municipal councils. The report addresses both the enabling environment for civic engagement and the activities initiated by entities of local governance that seek to inform and involve citizens and civil society organizations in the process of local government. Main observations include:

### ***Service delivery***

- Local population is not satisfied with the service delivery of Sheki city Municipality and is willing to get better and effective services from the municipality. Despite of the willingness of the municipality to increase the number of services for local population, they do not have enough responsibilities to realize it, as majority of services are managing by the Executive Committee (Excom).
- There is a lack of management of services and their promotion among the local population. This has been identified as a result of surveys, that local population is not aware about which structure is responsible for parking and advertising. The municipality, despite of the willingness, do not have enough finances in order to involve more staff members in order to improve the management of services, increase the effectiveness of

provided services. There is a space to increase the income from services through the increased effectiveness.

- Majority of respondents are not satisfied from the management of sales, lease and use of municipality lands and the overall structure how they are organized. There is still a lot of opinion about the corruption within the management of these lands. Despite of the changed procedures of lease, sale and use of municipality lands, majority of local population are not aware about the procedures.

### ***Enabling Environment***

- Despite the creation of locally elected Municipal councils, the structure of local governance is still centralized. Excoms, and state Ministries have responsibility for nearly all aspects of local service delivery. In contrast, Municipalities have almost no service responsibilities and lack significant financial resources.
- National legislation requires some civic engagement on the part of Municipalities, such as the requirement that Municipality members report to the public every six months, although most of the requirements lack detail.
- The local NGOs in Sheki are neither large nor highly capable and face considerable barriers to growth. However, all of the government officials could point to some successful local NGOs.
- Sheki municipality had organized neighborhood block committees, known as mehella committees, which register with the local Municipality. Each mehella committee typically serves about 1,500 people. However, not all of the citizens covered by an organized mehella committee.

### ***Local Civic Engagement Activities***

- Excom officials emphasized informal methods of engaging with citizens, particularly "open reception days" at their offices. None used formal means of understanding citizen preferences, such as local surveys. While all of the Excom officials hold public meetings, the efficacy of many of these events was questioned by local NGO leaders. None of the Excom officials could provide any public documentation regarding their activities such as annual reports or local budgets.
- Municipal officials reported engaging citizens in a similar manner as Excoms, but there was greater variation from mehella to mehella in Municipal civic engagement activities. Those mehellas with stronger NGO communities tended to be more familiar with their civic engagement obligations. Municipal officials interviewed could provide some public documentation of their activities and these were mostly to budget and work plan (see [#Annexes](#)).
- Both Excom and Municipal officials reported having positive relations with local NGOs. However, relations with NGOs were typically limited to participation in NGO trainings or

limited joint implementation of events, such as holiday festivities. NGOs were typically not seen as a source of policy advice or as potential partners for policy implementation. Competitive grants or contracts for NGOs to provide services were non-existent.

- Municipal officials, but not Excom officials, typically reported having close relations with mehella committees. Municipal officials noted that they often met with mehella leaders in order to understand the problems of local citizens and to distribute information about the activities of the Municipality.

The enabling environment for civic engagement, in general, is not strong, leading one to expect a low level of civic engagement at the local level. For the most part, that is the case. The civic engagement activities of Excoms and Municipalities in Sheki were informal, limited in scope, and lacking in depth. Moreover, there were missed opportunities for improving civic engagement in Sheki. Simple measures, such as replicating the civic engagement practices of the most successful Municipalities would likely lead to improvements and help prepare Municipality should service delivery be devolved to municipalities.

## **III. INTRODUCTION**

### **3.1. Citizen Report Card surveys**

The assessment on effectiveness of service delivery involved a review of existing documentation and internationally recognized Citizen Report Card (CRC) tool with individuals from citizens, municipality, government and civil society. CRC surveys collect and analyze information on the public's level of satisfaction with the quality, efficiency and accessibility of municipal services and can identify problems faced by users in their interaction with public institutions including hidden costs and corruption. The surveys are also useful tool for delivering users' feedback on ways to improve public service provision.

If the results of the survey are to be generalized to the wider audience, it is important to use rigorous methods and to ensure that the respondents are representative of the particular area. Citizen Report Card surveys use stratified random sampling to identify respondents who are representative of the target area as a whole, and whose opinions represent those of the target area as a whole. Citizen Report Card surveys use rigorous procedures for developing the questionnaire, conducting interviews and for data analysis. As a result, we can be confident that the Survey provides an accurate picture of the Sheki citizens' views.

### **3.2. The Citizen Report Card survey in Sheki**

The Citizen Report Card survey in Sheki is the first attempt to gauge public opinion on the quality, effectiveness and accessibility of municipal services. At a time of significant developments in the country, the study provides a useful input to the discussion of best practices for reform of the local self-government sector. Through the survey, respondents were asked to assess three services provided by Sheki municipality, as follows: (1) use, sale, leasing and privatization of municipality lands; (2) outdoor advertising; and (3) parking. The activity consisted of six main stages: assessment of local conditions, pre-survey groundwork, conducting the survey, post survey analysis, dissemination of findings and improving services. Under this activity Uluchay conducted 200 surveys among local citizens, developed a monitoring report, and will present the report to the stakeholders and organize an advocacy and awareness raising campaign based on the results of the developed monitoring report.

### **3.3. Objectives of the Survey**

The main objectives of the survey are:

- To increase transparency and accountability in the municipal services by providing citizen feedback on services
- To assess the effectiveness of service delivery and provide recommendations for their improvement; and
- To strengthen the capacity of citizens to monitor the performance of municipality.

The survey assesses the level of utilization of municipal services, the views of users of the accessibility and quality of services, and their levels of satisfaction with service provision. It



elicits information on difficulties faced in accessing services. Respondents were also asked to make suggestions for improvements in service provision. The survey also investigates the availability and quality of information about municipal services and how the citizens usually contact municipal authorities, including through technologies such as the internet or mobile phones. Respondents were asked to identify which services they would prefer to access via the internet or mobile phone.

### **3.4. Survey Methodology**

The 200 respondents in the survey were selected using a stratified random sampling methodology such that they were representative of Sheki's citizens as a whole. Respondents were aged 18 or more, from all 30 mahallas of Sheki.

Data was gathered through face to face interviews undertaken during the period April – September, 2016 by three teams of interviewers with experience of similar surveys. The fieldwork has been implemented by 2 interviewers and 3 supervisors. Field work was managed, coordinated and controlled by the Project Manager and two researchers of Uluchay. All interviewers were trained in the questionnaire content and were briefed on the survey's goal. Following the face-to-face interviews, a test-questionnaire was administered in order to check the reliability of the data. The test-questionnaire was conducted through telephone interviews and follow-up visits to the homes of respondents.

As a result of fieldwork 200 interviews were completed. To achieve the planned number of interviews, the visits were made to 250 persons pre-selected from the lists of voters, as well as to 12 households of IDPs living in the target mehallas. So, the total response rate is 76.9 percent.

Confidentiality of the interviews was strictly guaranteed. All respondents were interviewed in private. Participation was fully voluntary.

Where the selected respondent was not available, the interviewer made an appointment to return to conduct the interview. At least two additional visits were made before the potential respondent was considered lost to follow-up. No replacements were made for interviews that could not be completed. Non-responses were appropriately recorded in the route lists to later determine non-response bias.

Fieldwork supervisors conducted 44 (22%) call-backs and repetition of interviews conducted. They all have confirmed that the interviews were conducted in a full capacity. Logical control by supervisors on filled questionnaires was also done. As a result of logical control interviewers made six return visits to correct the detected logical inconsistencies or omissions in the completed questionnaires.

The questionnaire was developed in Azerbaijani language by researchers of Uluchay and is based on the methodology and experience of CRC surveys elsewhere in the world. The draft questionnaire was pre-tested on 10 respondents.

Using both closed and open-ended questions, respondents were asked to assess services they had used in the 6 months prior to the date of the interview. These assessments are based on the user's own perspective and expectations in terms of accessibility, availability and quality of municipal services. Therefore, the findings of the survey and any classifications of the quality of municipal services are based on the respondents' subjective opinions.

Margin of error for the total sample is +/- 4.6%

The team met with representatives of the local Executive Authority, or "Excom" of the Sheki and the municipal council. In addition to describing the responsibilities and capabilities of their organization, these officials were asked to describe and document the extent to which their offices communicate with citizens and involve citizens and civil society groups in decision making and policy implementation.

In the interviews for this assessment, officials from both Excoms and Municipalities were generally pessimistic about the interest of citizens in public affairs. NGOs leaders interviewed were more optimistic, but recognized that encouraging active citizenship would be a difficult task in their areas. Some were particularly positive about the role young people could play in starting new NGOs and actively engaging local government.

The assessment team also conducted roundtable discussions and individual interviews with representatives of local NGOs. These local NGO representatives were also asked to provide their perspective and experience on efforts by local government to engage with citizens.

**Table 1: Summary Data on Sites Visited for Assessment, 2016<sup>1</sup>**

Items	Sheki
Rayon population (2012)	63,700
No. of NGOs in Rayon	70
Municipality Population	63,700
Municipality Budget Expenditures (AZN) (2016)	56,000
No. of Municipality members	17
No. Municipality Executive Staff	16
No. of Mehella (neighborhood) Committees in Municipality	30

### 3.5. The profile of municipal services from a citizen perspective

This chapter focuses on:

- The level of utilization of municipal services in three spheres:
  - Use, sale, lease and privatization of municipal lands;
  - Outdoor advertising; and
  - Parking.
- Perceptions of the quality of municipal services;
- The level of satisfaction with the way services are provided;
- Accessibility of information concerning municipal services;
- Difficulties faced by respondents in municipal services.

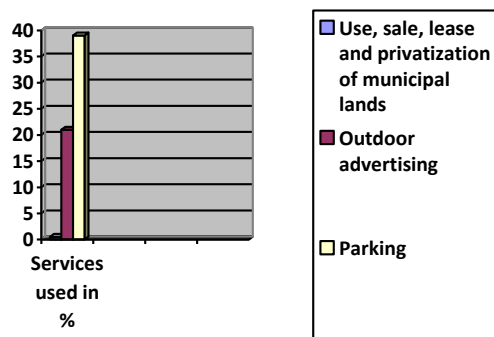
<sup>1</sup> Sources: Rayon Population from Azerbaijan Republic State Statistics Committee, 2012; Number of NGOs in Rayon from interviews with Excom officials; all other information from interviews with Municipal councils.

### 3.6. Level of utilization of services

Utilization of services was measured by the proportion of respondents who had accessed a service at least once during the last 12 months. 73% of all respondents had used at least one of the aforementioned municipal services, with little difference in utilization between male and female respondents. However, people aged 65 or more using these services in the last year slightly less, with only 67% of people aged 65 or more using municipal services last year.

The most frequently accessed services was parking (39%). The service with the least utilization was privatization (0.5%). A relatively large share of respondents – nearly 21% -- had not utilized any municipal services in the previous 12 months.

**Chart 1. Level of utilization of municipal select services**



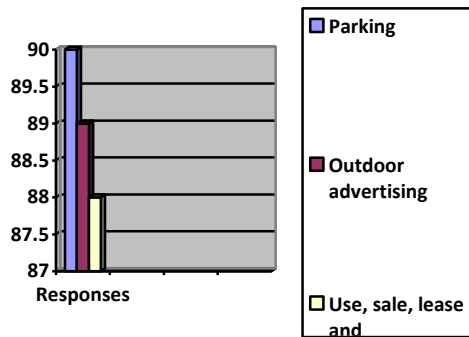
### 3.7. Quality of Municipal Services

The quality of select municipal services was measured based on the proportion of respondents who responded "yes" to the question *Are you satisfied with the quality of municipal services?* This question was asked for each respondent had used.

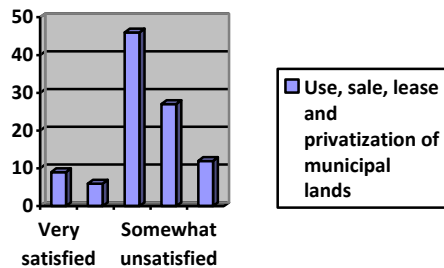
In general, the majority of respondents were satisfied with the quality of services provided by Sheki Municipality. 90% of respondents expressed satisfaction with the parking services, 89% with outdoor advertising and 88% with use, sale, leasing and privatization of municipal lands.

In general, both men and women gave a similar assessment of the quality of services, although there was a small gender difference of about 3 percentage points, but there was no consistency in this across the different mehellas: in some cases, men were more satisfied with services than women, and in other cases vice versa. There were much larger differences between people settled in upper and lower parts of Sheki, with 76% upper part respondents expressing satisfaction, compared to only 60% of lower settlement of the city.

**Chart 2. Quality of municipal select services**



**Chart 3. Satisfaction/dissatisfaction of citizens of municipal select services**



Respondents were asked whether they were satisfied with the current municipal services in (1) use, sale, leasing and privatization of municipal lands; (2) outdoor advertising; and (3) parking. The response alternatives were i) Very satisfied, ii) Somewhat satisfied, iii) Neutral, iv) Somewhat unsatisfied, and v) Very Unsatisfied.

Only about 15% of respondents declared to be "satisfied" ("Very Satisfied" or "Somewhat Satisfied") while about 39% of them declared to be "unsatisfied" ("Somewhat unsatisfied" or "Very Unsatisfied"). A big number of respondents (46%) declared to be "neutral" regarding satisfaction with current conditions (neither satisfied nor unsatisfied).

**Table 2. Mean scores for level of satisfaction with the municipal services in Sheki**

Region	Mean	N	Std. Error of Mean
Sheki	3,10	200	0,051

## IV. MAIN FINDINGS: QUANTITATIVE ANALYSIS

### 4.1. Executive Summary of Main Findings:

This chapter is a quick snapshot of three municipal services, namely (1) use, sale and privatization of municipality lands; (2) outdoor advertisements; and (3) parking lots:

- 1. Revenues from the due land and property taxes** – Although it is forecasted to collect 64,500 AZN (12.4% of total budget), it is not realistic to collect this sum from the constituents residing in the municipal area due to incomplete registration of private properties (both land plot and property). On the other hand, mistrust to the municipality does not provide enabling environment for full collection of taxes. Therefore, followings are strongly recommended:
  - In cooperation with local branch of State Property Committee municipality to complete registration of citizen properties;
  - Help those who do not have proper property documentation to fix their documents through the local municipal financial and administrative resources. It can accelerate the process of registration;
  - Assure transparency through generating a database of properties and tax collection in an alphabetical order. Cooperation with international agencies is essential in this process.
- 2. Revenues from the outdoor advertisements** – It is forecasted 10,000 AZN (1.9% of total municipal budget per annum). It is true that there are numerous small and medium entrepreneurs and more than 10 banks operating in Sheki municipality area, however, only few of them have outdoor advertisement. Recommendations may include to boost this sector:
  - Sheki municipality can use best international practices on outdoor advertisements. In addition, municipality needs to report to its constituents, particularly the entrepreneurs about their outcomes from this particular sector in order to encourage them to use this service. Financial reporting will ensure citizen trust to them. Another approach for encouraging the people to use their service would be while reporting, municipality can offer various design options of advertisements to the entrepreneurs. Municipality can use international expertise in this endeavor, e.g. they can invite international experts to help them.
- 3. Revenues from parking services** – Forecast in this service is 12,000 AZN (2.9% of total). There are some little attempts in this sector, however they are promising. In other words, there is increased number of parking lots around the municipal area, so outcome is expected to be more than the forecast. It is recommended to do followings:
  - Currently, while launching parking lots in most of the locations, implications of safety and environmental requirements are not taken into consideration. It is strongly recommended to comply with aforementioned standards;

- In order to insure 100% entry of payments to the municipal budget it is recommended to stop cash payments and introduce parking lot pay machines;
- Provide parking lot staff with special uniform and train them with the purpose behind to enhance the quality of services;
- It is also recommended to assign parking lot officers to insure control over the services.

#### 4.2. Socio-Economic Condition of Sheki Municipality

SI#	Question	Options	# of respondents	%
1.	Were you born in Sheki or have you moved to Sheki/come here?	I was born here	41	82
		I have moved/come here	9	18
2.	To what degree are you satisfied with the current socio-economic situation in your municipality?	Very satisfied	20	10
		Somewhat satisfied	68	34
		Neutral	4	2
		Somewhat unsatisfied	44	22
		Very unsatisfied	32	16
3.	How do you think, during the past 5 years the socio-economic situation in Sheki has...?	Considerably become better	28	14
		Slightly become better	104	52
		Not changed	44	22
		Slightly become worse	16	8
		Considerably become worse	8	4
	Don't know			

#### 4.3. Participation in socio-economic development at the municipal level

SI#	Question	Options	# of respondents	%
1.	How important is it to you to have current/updated information on issues/problems of your city?	Very important	118	59
		Somewhat important	28	14
		Not very important	28	14
		Not at all important	26	13
		Don't know		
2.	From what sources do you mainly/usually get information about important events happening in your municipality	Newspapers	12	
		TV/Radio	20	
		Internet	24	
		friends, relatives, neighbors and colleagues	45	
		Municipal notice board	4	
		Municipal newsletter	3	
		Meetings with municipality	27	
		Meetings with CSOs	9	
Other: Sheki Newspaper	1			

SI#	Question	Options	# of respondents	%
		Don't know		
3.	Have you participated in municipal activity during the last year?	Yes	76	38
		No	124	62
4.	How much opportunity is there for the citizens to participate in activities and meetings in regard to socio-economic problems/issues of your city?	A lot	16	8
		Quite a lot	48	24
		Some	24	12
		Not too much/very little	28	14
		Not at all	16	8
		Suggestion box		
		Roundtable meetings	4	2
		Open Door days	4	2
5.	During the last year, can you mention whether meetings took place to discuss socio-economic issues arising within your municipal area?	Don't know	60	30
		Yes, often	12	6
		Yes, few times	56	28
		Only once	12	6
		No	8	2
6.	What socio-economic issues/problems of your municipality had been discussed?	Don't know	112	58
		Roads	9	
		Electricity	1	
		Gas	1	
		Drinking water	7	
		Issues related to land use	18	
		Cutting trees, forestation	14	
		Cleaning	15	
		Building repair	3	
7.	Who initiated these meetings and discussions?	Don't know	26	
		Ordinary municipal citizens	9	
		City authority or influential members	2	
		Local CSOs	1	
		Municipality	19	
		ExCom or other gov. orgs	8	
		Local entrepreneurs	2	
		Don't know	27	
Other	4			



SI#	Question	Options	# of respondents	%
8.	Do you think that participation of the citizens in these meetings helps solving existing socio-economic problems?	Yes, a lot	12	6
		Yes, somewhat	52	26
		Very little	16	8
		Don't know	120	60
9.	During the last year, what activities have been implemented by your municipality based on citizen proposals?	Road repair	11	
		Electric transformer or lines repair	5	
		Water lines/canal/artesian-well repair	2	
		Tree planting, greening	11	
		Cleaning	20	
		Others: No idea	1	
		No such activities done	1	
10.	Have you participated in such activity during the last year?	Yes	72	36
		No	128	64
11.	For what reason did you decide not to participate?	I was busy	1	
		Not interested in such activities at all	3	
		Was not informed	8	
		Did not see any benefits of such activities	13	
		I prefer to stay far from such activities	5	
		There were no activities that represent my interests and concerns	1	
	My family prevented	1		

#### 4.4. Local citizens' involvement into decision-making

1.	What do you think, how much influence you or someone like you has on decisions related to solution of socio-economic problems in your municipality?	None at all	60	30
		Very little influence	48	24
		Some influence	44	22
		A lot of influence	36	18
		Don't know	12	6

#### 4.5. How would you assess the following conditions, services and facilities in your municipality?

SI#	Services or facilities	Very good	Good	Fair	Poor	Absent
1.	Roads		62	112	28	
2.	Drinking water supply	4	60	100	36	
3.	Gas supply	32	148	20		
4.	Electricity supply	104	48	8		
5.	Health facilities, medical services	32	54	84	28	
6.	Cultural facilities (clubs, library)	12	52	92	44	
7.	Access to market/stores	164	28	4	4	
8.	Conditions of schools	8	164	32		
9.	Sport facilities, infrastructure	8	127	52	4	
10.	Ecological situation	32	136	24	8	
11.	Job places		48	32	68	52
12.	Business opportunities	8	40	64	64	24
13.	Access to land	20	88	68	24	

#### 4.6. How would you assess the following municipal services?

	Economically is not feasible	Economically is feasible	Remarks
Long term use of municipal land	58	142	
%	29%	71 %	
Sale	118	82	
%	59%	41%	

	Economically is not feasible	Economically is feasible		Remarks
Leasing	48	152		
%	24%	76%		
Privatization	122	78		
%	61%	39%		
Outdoor advertisement	38	162	Advertisement have to follow the standards	
%	19%	81%		
Parking	76	124	Transparency to be ensured in use of municipal land for parking lot purpose	
%	38 %	62%		

**4.7. Over the last year have you participated in the following types of activities concerning socio-economic problems/issues of your municipality?**

SI#	Activity	No	Yes, once	Yes, a few times
1.	Attended a municipal meeting	136	64	12
2.	Speech at the meeting	168	28	8
3.	Signing a petition, collective appeal	136	60	8
4.	Distributing information	160	24	24
5.	Meeting with officials	12	28	64
6.	Writing a letter to mass media (newspaper, etc.)	176	20	8
7.	Writing a letter to an authority	180	12	12

**4.8. There are different methods when people might try to influence municipality to communicate their problem and preferences. For each of the following things that people might do, please tell me how effective you think that activity would be:**

SI#	Option	Very effective	Somewhat effective	Not very effective	Not at all effective
1.	Individual communication with municipality	24	23	1	2
2.	Roundtable discussion	6	23	11	11
3.	Public meeting	5	10	15	21
4.	Suggestion box	2	12	17	32
5.	Write to mass media	4	14	18	15
6.	Apply to CSOs	2	8	27	13

**4.9. To what extent do you know the following officials represented in Sheki municipality?**

Name	Position	Know very well	Know partially	Have heard about him/her	Don't know
Elshad Ibadov	Chairman	78	67	49	8
Etibar Nuriyev	1st Deputy Chairman	181	14	5	-
Chimnaz Salamova	Deputy Chairman	54	52	66	28
Shirin Habibullayev		63	85	35	17
Irada Hajinabiyeva	Municipal Member	3	16	27	154
Sahib Alishanbeyli		49	72	46	33
Goshgar Mustafayev		5	19	32	144
Sevinj Bagiyeva		6	23	18	153
Anvar Mikaelzadeh		2	38	18	142
Dinar Rasulova		-	8	14	178
Gulnar Abakarova		4	24	15	157
Javad Ismayilli		11	37	9	143
Chinara Israfilova		2	13	26	159
Nazila Rashidova		-	7	24	169
Elnur Abdullayev		8	25	14	153
Leyla Gasimli		-	18	22	160
Intigam Ashirov		16	27	13	144

#### 4.10. Demographics

1.	Gender of respondent	Male	128	64
		Female	72	36
2.	Marital status	Single	16	8
		Married	180	90
		Divorced		
		Widowed	4	2
3.	Level of education	Higher	80	40
		Non-completed higher		
		Vocational	64	32
		Secondary	32	16
		Non-completed secondary	24	12
		Primary		
4.	Current occupation	None		
		Employer/manager of entity with 10 or more employees	24	12
		Employer/manager of entity with less than 10 employees	20	10
		Professional worker (engineer, teacher, doctor, accountant, etc.)	40	20
		Semi-skilled non-manual worker (secretary, nurse, etc.)		
		Skilled manual worker	4	2
		Unskilled manual worker	4	2
		Military, police		
		Self-employed	72	36
		Farmer		
		Unemployed, looking for a job	32	16
		Unemployed, not looking for a job		
		Student		
		Pensioner, including person with disabilities	4	2
Housewife				
Other				

#### **4.11. What are your suggestions for improving socio-economic life in your municipality?**

1. Give more authorities to the municipalities
2. Organize more transparent elections
3. Increase civic engagement in decision-making process
4. Increase control over municipal activities
5. Elect younger and more knowledgeable people to the municipalities
6. Give more independency to municipalities
7. More financial support to municipalities

## V. CONCLUSION AND RECOMMENDATIONS

Local government is the sphere of government closest to the community. Traditionally, local government has always been seen as a service delivery agent. The Sheki municipality is faced with the challenge of ensuring an effective provision of services in its area of jurisdiction. This municipality therefore has to manage its resources in such a way as to achieve more with less. This chapter will provide recommendations for further improvement on the basis of the findings as to how capacity within the Sheki municipality can be enhanced.

To increase the effectiveness of local self-governance of Sheki, this report recommends the following integrated measures to be introduced for maximum impact:

Issue	Current state	Suggested mitigation mechanisms
Strategic planning for development defining development priorities	Lack of municipal development strategies	<p>Development of socio-economic development strategies for Sheki municipality, based on bottom-up principles, regularly updated taking into account citizens' preferences and voice. Working groups report on results progress; results clearly identified and communicated to citizens.</p> <p>Municipality should invite experts to increase the effectiveness of planning/solving issues considered by the local citizens as priorities. The recommendations of invited experts should be accessible to the citizens and be discussed openly.</p> <p>Results-oriented management practices used.</p>
Municipal finance management/effective and efficient budget spending, transparent budget	<p>Fiscal sources of revenue are not commensurate with the mandates of municipality.</p> <p>Lack of feasible and relevant criteria for evaluating needs and spending commitments of municipality.</p> <p>Opaque budget process. No possibilities for public monitoring</p> <p>Lack of stable revenue sources and subsidies for budgets of municipality</p> <p>Lack of criteria and</p>	<p>Transition to budget spending based on principles of results-oriented management</p> <p>Creation of a register of spending commitments of rural settlements</p> <p>Creation of system to monitor the effectiveness of public spending</p> <p>Attracting budget and off-budget financial resources</p> <p>A) creation of citizen foundations /social funds B) development of planning skills to attract budget and off-budget financial resources and to achieve local priority development goals</p> <p>Sheki municipality should encourage local</p>

	standards for evaluating the quality of municipal services	initiatives focusing on social and economic issues and allow off-budget resources to be used by creating grant programs/social funds as well as other windows supporting local initiatives with co-financing.
Quality of municipal services	No systematic municipal statistics	Development and implementation of service improvement action plans (SIAPs). SIAPs annually compiled detail the strategic development goals, use participatory approaches with expert support, and are periodically discussed and revised if necessary. Public monitoring of SIAPs carried out according to pre-set parameters.
Monitoring of socio-economic development of municipal statistics	No systematic municipal statistics	Systematic changes in methods and goals of collecting municipal statistics: new forms of data collection, analysis, use and dissemination not just for government control but also to inform citizens about the work of local administration in providing services and using municipal resources, and to compare results across settlements and districts.  Municipal statistics publicly available;  More comprehensive record in statistical data of municipal property
Training of municipal personnel	Weak municipal officials	Training of municipal consultants. Development of methodological materials/increasing qualifications of municipal staff.

### General Overarching Issues with recommendations for further improvements

1. *Work through the local NGO community.* The local NGO community in Sheki is not particularly strong, but the municipality at least recognizes NGO community as having value. While some municipal members grumbled a bit about NGOs, none seemed openly hostile. Sheki NGOs have actually worked with municipalities in a significant way and there seemed to be general recognition by municipalities that local NGOs are civil society actors that the municipalities could work with. Some of the NGOs that have worked with municipalities have real skills and built cooperative relationships with the municipality. In order to improve municipal services, it is strongly recommended to work through the NGOs.
2. *Focus initial efforts on municipalities...* One of the problems of local governance in Azerbaijan is that municipalities have the democratic credentials, but none of the authority or responsibility for services that the Excoms have. This isn't ideal, but it's what we have to work with. Despite their lack of service responsibility, there's still plenty of ways we can work with municipalities, and a number of reasons why we should focus our efforts on them. First, the assessment doesn't address political will, but it's an important factor in determining whether civic engagement activities will be successful. From my meetings with Municipalities and Excoms, it seems clear that while political will to make improvements is



weak in both, it's nonetheless stronger in Municipalities. This is partly due to the fact that Municipalities are new and seem less confident about their roles, while Excom officials seem content with the status quo. Second, even though the budgets of municipalities are small, they do have money to spend, and this money comes largely from local taxes. Without strict spending obligations (because they don't have service responsibilities), Municipalities have flexibility over how to spend their (limited) budget. This is an opportunity for getting better civil society input in Municipality decisions, and it's unlikely that there will be similar opportunities with Excoms or the local ministries with their budgets set at the national level. Finally, the structure of local governance may change. As you know, Azerbaijan is a signatory to the Council of Europe's Charter on Local Self-government and the parliament is considering new changes on local governments. We want to help prepare Municipalities for working with citizens in the process of taking on new responsibilities.

3. *Capacity Building.* It has been emphasized throughout this study that capacity building is a very important ingredient for sustainable development and effective service delivery. The personnel and councilors within Sheki municipality should undergo intensive training in local government policies and procedures. What then becomes vital is a mechanism to enable local community to govern themselves, with a view to maintaining and promoting their well-being and the development of their area. Proper local government should exhibit the classic features of being responsive, approachable and accountable.
4. *Start with the Basics.* Sheki municipality have already had training from local and international NGOs, such as IFES, Counterpart, on the many ways of involving citizens and civil society organizations in government, and these trainings have certainly had an impact. Still, Sheki municipality could make substantial improvements on some of the basics of civic engagement: communicating to citizens, holding public meetings, providing accessible documentation about their activities, etc. Current methods of communicating are very informal, they do not publish agendas for public meetings, and do not update the public notice board where citizens can pick up information about the various activities of the municipality. NGOs can help Sheki municipality in preparation for public meetings.
5. *Spread the word on legal obligations of Municipalities.* There are a surprising number of legal provisions – spread out among the various laws affecting municipalities – that oblige the municipalities to engage with citizens. Not all of the municipal officials are aware of their obligations, and it is doubtful that many citizens are aware of these obligations. While many of these obligations are vague, they present a great opportunity for educating citizens, the media, and municipality about municipal services. Bringing the various legal provisions together in a single, accessible compendium (booklet), with commentary that could be distributed widely could really be a good starting point to get across the message of civic engagement. The Center for Work with Municipalities in the Ministry of Justice has legal experts and is supposed to advise municipalities on their legal obligations.
6. *Help citizens monitor local government activities.* While a considerable number of the NGOs we met with complained about local government, few were actively monitoring how well municipality was working with citizens. A simple checklist type report card on municipal civic engagement efforts would be an easy activity for NGOs, particularly since there are legal obligations for municipal civic engagement. It is recommended to develop a checklist with

the NGOs and train them on keeping a report card. Ideally they would share this with the municipality and the local media.

7. *Formalize information collection through citizen surveys.* Participatory citizen surveys are a new idea in sites visited. Sheki municipality relies on very informal means of collecting information from citizens, such as "open office days." While there's nothing wrong with such methods, they shouldn't be the only source of local government for learning and prioritizing local needs. Nothing in the assessment suggest that citizen surveys couldn't be effectively managed by local NGOs. Designing and conducting such surveys is also a great way to bring Municipalities, Excoms, Mahalas, NGOs, and citizens together. Moreover, the assessment shows that Municipalities and Excoms don't view NGOs as a source of policy advice. This could change if they take charge of this process. NGOs operating in Sheki, could be trained on the methodology and data analysis of citizen surveys.
8. *Improve municipal contact with media.* I would have liked to improve the information we received during the assessment regarding municipal contact with the media. Still, it's clear that there is room for Municipality to improve their media relations. We could organize media training for municipal staff.
9. *Hold off on social contracting efforts.* Neither the local NGO communities nor Sheki Municipality appear to have the requisite capabilities to engage in social contracting. Few NGOs provide services and most need basic training on financial management. Sheki municipality does not have responsibility for services to contract out, doesn't have a strong funding base, and don't have much procurement experience. The competitive contracting of local NGOs by local government can be an effective way to improve services, increase cooperation between government and civil society, and improve the financial base of local NGOs.
10. *Promote contact with well-functioning municipalities.* Municipalities differ quite extensively in terms of their understanding of civic engagement activities and their capacity to provide services. Many experts point to the few Municipalities as strong well-funded Municipalities with good citizen services. It is recommended to organize cross-visit for Sheki municipality to such strong municipalities to learn the best practices.
11. *Public-Private Partnerships (PPPs).* Strong emphasis should be placed on local government as a vehicle to ensure effective service delivery and not only as direct provider of a set of discrete services. Wherever feasible, a local council may partner with the private sector to ensure effective provision of services to residents.
12. *Co-operation with neighboring municipalities.* There is a need for co-operation (co-operative governance) among municipalities that share the same geographic area. This will assist in maximizing the developmental impact in their area of jurisdiction. This can take the form of municipalities pooling their scarce resources with the sole objective of optimizing returns.
13. *Reprioritization of the municipal budget.* This requires of Sheki municipality that they reprioritize their budgets with a view to achieving some equity in the reinvestment of the revenue collected. It is therefore imperative that every effort be made to ensure that the budgeted income is realized and that strict financial control be exercised over the budgeted

expenditure. Any variance, whether positive or negative, should be investigated and corrective action immediately taken.

**Summary.** The above recommendations can serve to improve the effectiveness of the Sheki municipality in pursuit of its constitutional mandate of ensuring an effective delivery of basic services.

## **VI. ANNEXES**

1. Work Plan for 2016 [#A1](#)
2. Revenues for 2016 [#A2](#)
3. Expenditure for 2016 [#A3](#)
4. Implementation Plan [#A4](#)
5. Annual Plan [#A5](#)

## Annex 1: WORK PLAN

SI#	What	When	Who
1	Ensure effective and efficient implementation of the planned activities	Yearlong	Municipal members and staff
2	Control over the municipal expenditures related to the activities planned for 2016	Yearlong	Municipal members and staff
3	Ensure timely reporting to the constituents about the municipal accomplishments	Semi-annual	Municipal Chairman and deputies
4	Control over the activities and orders approved by the municipality chairman	Yearlong	Municipality members
5	Be acquainted with the reports	Yearlong	Municipality members
6	Organize events	Yearlong	Municipality members
7	Address the citizen requests	Yearlong	Municipality members and staff
8	Ensure compliance of renovation activities with the general architecture of the city	Yearlong	J.M.Musayev
9	Enhance control over the collection of taxes	Yearlong	E.M.Nuriyev E.R.Mustafayev Sh.R.Guliyev
10	Involve private sector to the implementation of municipal activities	Yearlong	E.S.İbadov
11	Create conditions for civic engagement in municipal decision making process	Yearlong	G.Salamova
12	Ensure control over work of the permanent commissions	Yearlong	G.M.Salamova
13	Continue and widen relations with the League for Universe Historical Cities	Yearlong	G.M.Salamova
14	Search for new financial opportunities for the municipality	Yearlong	E.S.Ibadov E.M.Nuriyev G.M.Salamova Sh.M.Həbibullayev

## Annex 2: FORECASTED REVENUES for 2016

Indicator Code	Indicator Name	No	Amount (AZN)	%
I	II	III	IV	V
A.	Local budget revenues– total: (02+07+21)	01	530.000	
	<b>including:</b>			
A.1.	Tax revenues: total (03-06)	02	65.500	
	<b>including:</b>			
A.1.1.	Land tax from physical entities	03	39.000	7,4%
A.1.2.	Property tax from the physical entities	04	26.500	5%
A.1.3.	Tax for construction materials of local importance	05	-	
A.1.4.	Income taxes from the entities under the municipal command	06	-	
A.2.	No-tax income: total (08+09+10+11+12+13+16+19+20)	07	464.500	
	<b>including:</b>			
A.2.1.	Revenues from the municipal property	08	15.500	2,9%
A.2.2.	Revenues from the outdoor announcements	09	10.000	1,9%
A.2.3.	Revenues from the trades in municipal jurisdiction	10	-	
A.2.4.	Payments for the sanatorium, SPA, hotels and tourism services	11	2.000	
A.2.5.	Parking payments	12	12.000	2,9%
A.3.	Revenues from the privatization, and lease of lands	13	409.000	
	<b>including:</b>			
A.3.1.	Privatization	14	395.000	74,4%
A.3.2.	Lease	15	14.000	2,7%
A.3.3.	Financial contributions from the physical entities	16	1.000	
	<b>including:</b>			
A.3.4.	Fiscal supports from the physical persons	17	1.000	0,2%
A.3.5.	Fiscal supports from the legal entities	18	-	
A.3.6.	Fiscal supports and grants from the international agencies	19	-	
A.3.7.	State subsidy	20	15.000	2,8%
A.4.	Other inputs	21		

## Annex 3: MUNICIPALITY EXPENDITURE for 2016

Indicator code	Indicator Name	No	Amount (AZN)	%
I	II	III	IV	V
B.	Local budget expenditures – total: (23+41+42+43+46+47+50+53)	22	530.000	
B.1.	Support for municipal building (23-40) (staff: 30 ppl)	23	266.768	
	<b>including:</b>			
B.1.1.	Full-time Staff salary: 30 ppl	24	117.360	22,1%
B.1.2.	Part-time staff salary: 24 ppl	25	48.630	9,2%
B.1.3.	Fee for transactions	26	10.000	1,9%
B.1.4.	Payment for Social Security	27	38.718	7,3%
B.1.5.	Payments for sick leave	28	1.000	0,2%
B.1.6.	Stationary payments	29	6.000	1,1%
B.1.7.	Trip expenses	30	10.000	1,9%
B.1.8.	Fuel and engine oil expenses	31	8.000	1,5%
B.1.9.	Expenses for other transportation costs	32	2.000	0,4%
B.1.10.	Communication expenses	33	6.000	1,1%
B.1.11.	Payments for electricity bills	34	8.500	1,6%
B.1.12.	Payments for water and sewerage services	35	560	-
B.1.13.	Payments for other utilities	36	1.500	0,3%
B.1.14.	FF&E expenses	37	3.500	0,7%
B.1.15.	Payments for renovation of buildings	38	1.000	0,2%
B.1.16.	Purchase of major equipment	39	2.000	0,35%
B.1.17.	Other expenses	40	2.000	0,35%
B.2.	Education	41	2.000	0,35%
B.3.	Healthcare	42	2.000	0,35%
B.4.	Social Welfare	43	5.000	0,9%
	<b>including:</b>			
B.4.1.	Social Welfare	44	4.000	-
B.4.2.	Funerals	45	1.000	-
B.5.	Culture, art, media, religious events, etc.	46	20.000	3,8%
B.6.	Utilities, renovation, and road rehabilitation expenses	47	175.232	33,1%
	<b>including:</b>			
B.6.1.	Utilities, renovation, and road rehabilitation expenses	48	170.000	-
B.6.2.	Overcoming consequences of emergency cases	49	5.232	-
B.7.	Agriculture expenses	50	3.000	0,6%
	<b>including:</b>			
B.7.1.	Agriculture	51	1.500	-
B.7.2.	Certification expenses for household farming activities	52	1.500	-
B.8.	Other expenses	53	56.000	10,6%

## Annex 4: IMPLEMENTATION PLAN

SI#	What	When												Amount (AZN)	Who	
		Q	I			II			III			IV				
		M	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov			Dec
<b>B.1</b>	<b>Maintenance of local budget office</b>														<b>266,768</b>	
B.1.1	Salary for the full-time staff: 30 persons														117,360	
B.1.2	Salary for the part-time employees: 24 persons														48,630	
B.1.3	Bank charges for transactions														10,000	
B.1.4	Payments for Social Security														38,718	
B.1.5	Payments for sick leave														1,000	
B.1.6	Stationary expenses														6,000	
B.1.7	Trip expenses														10,000	
B.1.8	Gas and oil expenses														8,000	
B.1.9	Other transportation expenses														2,000	
B.1.10	Communication expenses														6,000	
B.1.11	Electricity expenses														8,500	
B.1.12	Water and sewerage expenses														560	
B.1.13	Payments for other utilities														1,500	
B.1.14	FF&E expenses														3,500	
B.1.15	Maintenance of the buildings														1,000	
B.1.16	Purchase of main items														2,000	
B.1.17	Other expenses														2,000	
<b>B.2</b>	<b>Education</b>														<b>2,000</b>	
<b>B.3</b>	<b>Healthcare</b>														<b>2,000</b>	
<b>B.4</b>	<b>Social Welfare</b>														<b>5,000</b>	
B.4.1	Social welfare expenses														4,000	
B.4.2	Funeral expenses														1,000	
<b>B.5</b>	<b>Art, culture, renovation and road rehabilitation expenses</b>														<b>20,000</b>	



<b>B.6</b>	<b>Mənzil kommunal təsərrüfatı, mülki müdafiə, abadlıq işləri, yol tikintisi və təmiri xərcləri</b>														<b>175,232</b>	
B.6.1	Utilities, renovation, and road rehabilitation expenses														170,000	
B.6.2	Overcoming consequences of emergency cases														5,232	
<b>B.7</b>	<b>Agriculture (AG) expenses</b>														<b>3,000</b>	
B.7.1	AG expenses														1,500	
B.7.2	Certification expenses for household farming activities														1,500	
<b>B.8</b>	<b>Other expenses</b>														<b>56,000</b>	
	<b><i>TOTAL</i></b>														<b><i>530,000</i></b>	