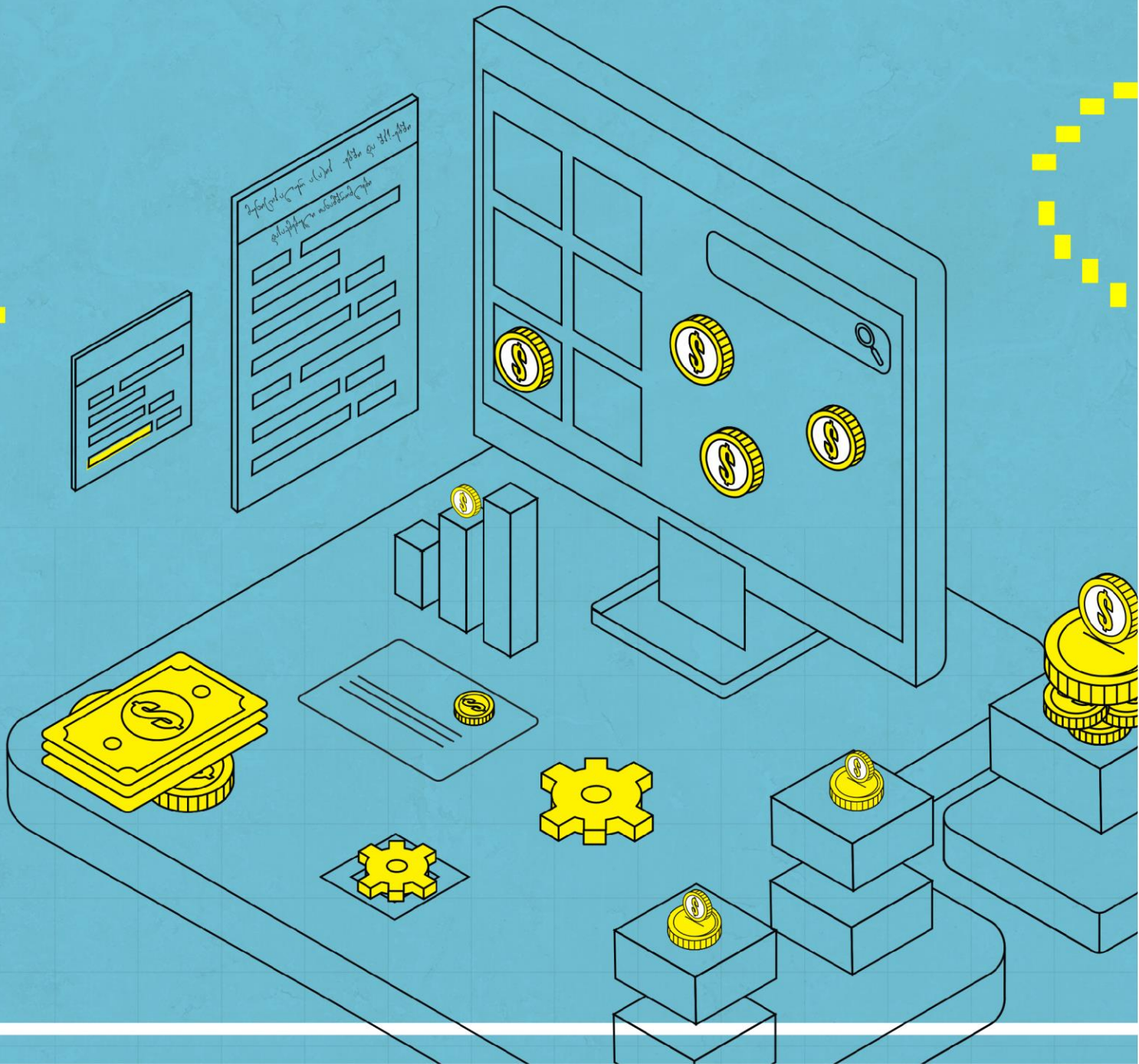


Employees and Remuneration Expenses of Municipal N(N)LEs and LLCs



Supported by
Luminate
Building stronger societies



Institute for Development
of Freedom of Information

The research was prepared within the grant for Good Governance for Georgia project from the global philanthropic organization, Luminate. The Institute for Development of Freedom of Information (IDFI) is responsible for the content of this document. Views expressed in therein do not reflect the position of Luminate.

Contents

Main Findings 4

Introduction 5

Non-entrepreneurial (Non-commercial) Legal Entities Established by the Municipalities 6

 Number of Employees at Municipal N(N)LEs (not including Tbilisi Municipality) 7

 Salary Funds of Municipal N(N)LEs (not including Tbilisi Municipality) 9

 Tbilisi Municipality N(N)LEs 10

Limited Liability Companies (LLCs) Established by the Municipalities 11

 Number of Staff Members Employed at Municipal LLCs (not including Tbilisi Municipality) 12

 Salary Funds of Municipal LLCs (not including Tbilisi Municipality) 13

 Limited Liability Companies Established by Tbilisi Municipality 15

Staff Lists Analysis of Municipal N(N)LEs and LLCs 16

Conclusion 22

Main Findings

- Based on the data of 35 municipalities, the number of staff members employed at their N(N)LEs increases by 5% each year.
- The salary funds of the studied municipal N(N)LEs increases by approximately 14% each year.
- There are under 1000 staff members employed at the N(N)LEs of Tsageri Municipality, while the total population of the municipality is 8,800.
- During 2019-2020 there were approximately 4,000 employees at the N(N)LEs of Kutaisi Municipality. This figure is twice as high compared to Rustavi Municipality.
- In 2020 the total budget of Tbilisi Municipality N(N)LEs equaled 263,296,876 GEL. There were 3,942 staff members employed at the N(N)LEs, the total salary expenses of which reached 30 million GEL.
- The remuneration expenses of the 10 largest municipal enterprises studied (with the exception of Tbilisi) equaled 18,284,225 GEL in 2019. Most of them do not make any profit and are subsidized from municipal budgets.
- The remuneration of accountants, administrators and procurement specialists at Tbilisi Municipality N(N)LEs is on average twice as high compared to the same position employees of other municipalities.
- All of the 12 highest-paid heads of the studied N(N)LEs are employed at the entities of Tbilisi Municipality, and their remuneration fluctuates from 3,000 to 6,000 GEL.

Introduction

In recent years, a number of studies have been conducted regarding the legal entities established by municipalities. The studies discussed various bureaucratic challenges faced by the entities.

Through establishing Non-entrepreneurial Non-commercial Legal Entities (N(N)LEs) and Limited Liability Companies (LLCs) municipalities delegate important functions to the entities, including communal services, tourism and monument protection, sports and culture, preschool education etc. According to the Local Self-Government Code municipalities may, for the coordination of its activities, establish N(N)LEs. The head of the entity is appointed and dismissed by a governor/mayor. Determining the structure, staff list and salaries of the employees also falls within the mandate of the mayor and the head of the N(N)LE. Relevant legislation does not include clear regulations on the specifications and criteria to be used in the process, thus creating risks for the unsubstantiated use of budgetary resources.

Conducting a full-fledged survey of municipal legal entities is significantly complicated by the lack of publicly available data. The e-portal created by the State Audit Office in 2017, was supposed to improve the access to this information, by providing annually updated quantitative information on municipal legal entities and their employees. Unfortunately, the process of publishing the information on the e-portal is significantly delayed. On multiple occasions, the data of numerous municipalities is not available on the website.

Unified statistical information on municipal N(N)LEs is not regularly produced. The latest similar data is available in the 2016 report of the State Audit Office – “Audit Checks of Municipal Budget Spending and Execution during 2014-2015”.¹ It should be noted that the audit report identified a number of significant shortcomings. In particular, the lack of control mechanisms over the subsidies issued by the municipalities, the unjustified increase of the number of staff members employed at N(N)LEs and the cases of unjustified establishment of N(N)LEs themselves. Unfortunately, no updated data is available on the topic.

The practice of establishing municipal limited liability companies (LLCs) is similarly opaque and vague. The legal document regulating the area is the Law on Entrepreneurs. The law includes relevant provisions on the organizational arrangement of those enterprises in which the state owns more than 50% of the shares. However, the legislation does not include any regulations, determining the grounds for establishing municipal LLCs and relevant necessary provisions.

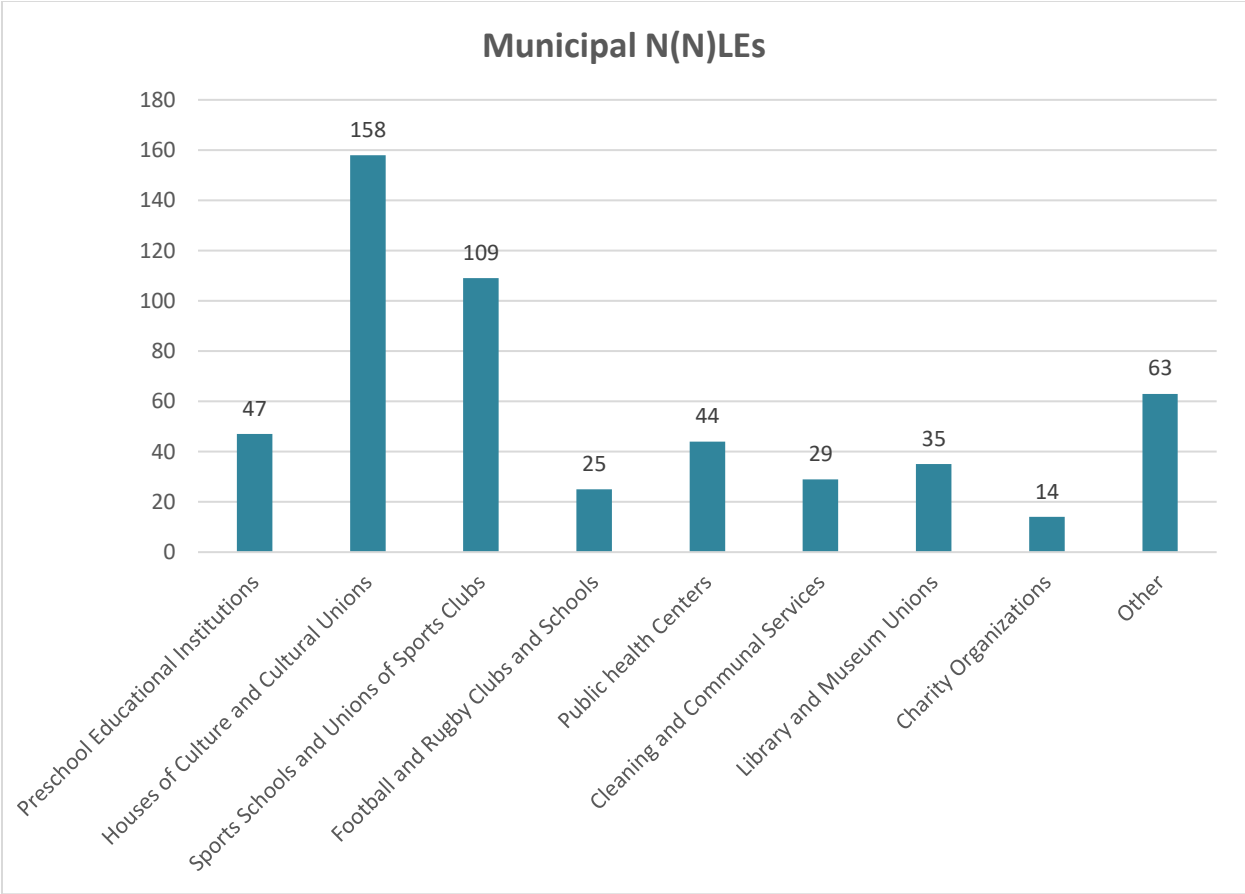
In order to study the latest developments in the area, Institute for Development of Freedom of Information (IDFI) requested relevant information from 64 municipalities of Georgia, namely: the lists of LLCs and N(N)LEs established by the municipalities, the number of staff members employed at the entities and their annual salary funds during 2018-2020. In addition, IDFI requested the staff lists of LLCs and N(N)LEs as of 2020, indicating staff positions, number of staff members employed at each position and their remuneration.

¹ <https://sao.ge/Uploads/2019/11/adgilobrivi-2014-2015.pdf>

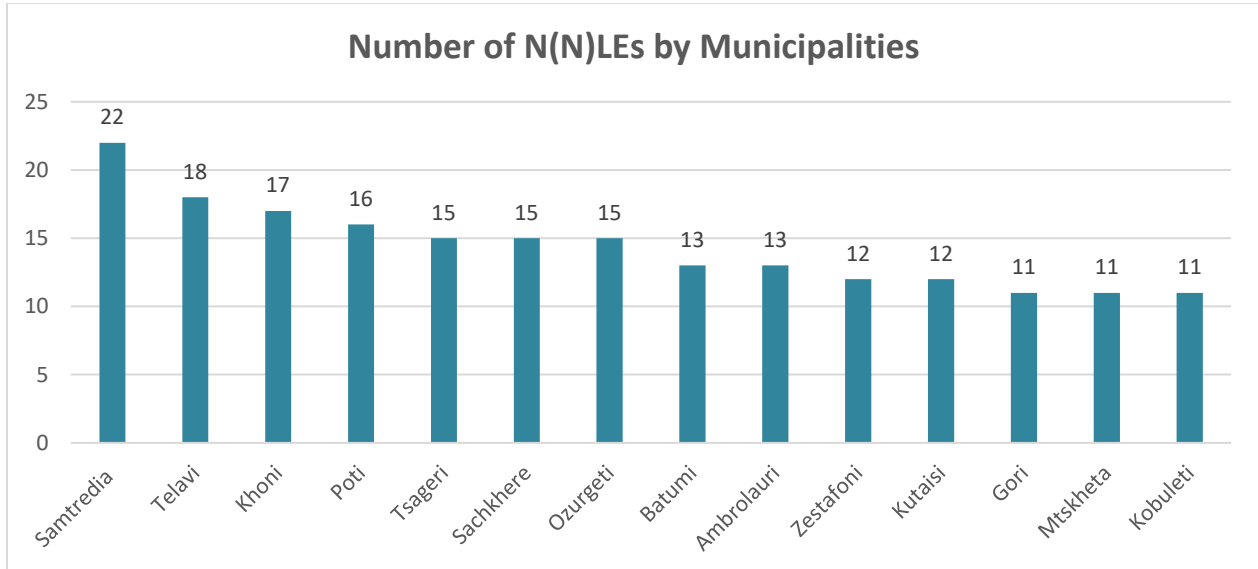
It should be noted that the information provided by the municipalities was often incomplete, which significantly complicated the process of comparison and analysis. The data for 2018 was obtained from 37 municipalities, 47 municipalities provided us with the data for 2019, while the data for 2020 were received from a total of 48 municipalities. As for the staff lists of legal entities, only 35 municipalities disclosed the information.

Non-entrepreneurial (Non-commercial) Legal Entities Established by the Municipalities

During 2020, there were 524 non-entrepreneurial (non-commercial) legal entities established by 48 municipalities surveyed. Most of these entities constitute sports and cultural-educational institutions, among them sports unions, schools and clubs, music, theatre and art schools as well as youth houses. Among the entities, there are multiple examples of so-called "houses of culture" and cultural associations. These N(N)LE perform a variety of functions, linked with educational, tourism, and museum activities. They also often have the functions of libraries, dance and music clubs. Moreover, there are preschool educational unions and public health centers in almost all municipalities.



The graph below shows 15 municipalities with the highest number of N(N)LEs (not including Tbilisi). There are 22 N(N)LEs in Samtredia Municipality, while Ozurgeti, Sachkhere, Poti, Khoni, Telavi and Tsageri municipalities have 15 or more N(N)LE.



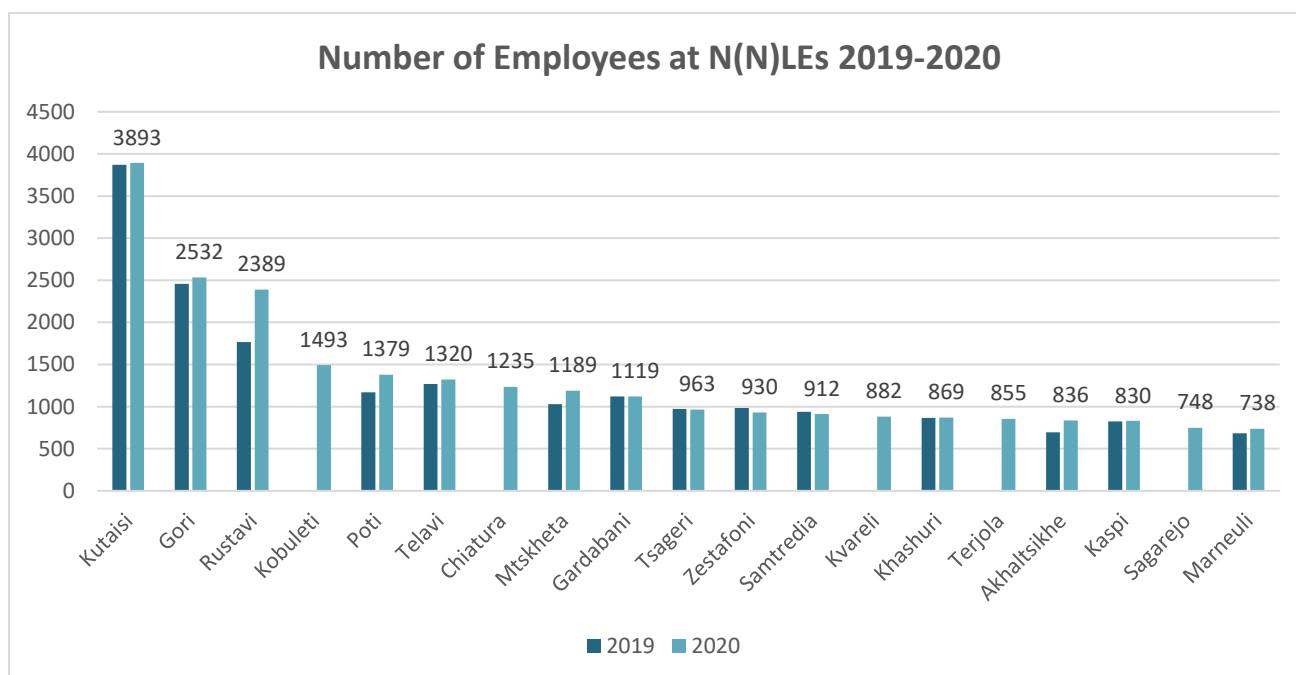
Number of Employees at Municipal N(N)LEs (not including Tbilisi Municipality)

Based on the data of 15 municipalities, the number of staff members employed at their N(N)LEs increases by 5% each year. The number of staff members employed at the N(N)LEs of these municipalities, increased from 32,539 to 34,040 in 2020, compared to the previous year. The highest increase was demonstrated at Rustavi, Gori and Poti municipalities. The case of Tsageri Municipality is particularly interesting. While the total population of the municipality is 8,800, the number of staff members employed at municipal N(N)LEs is almost 1000.

Tsageri Municipality N(N)LEs	2020 Plan	
	Number of Employees	Annual Salary Fund
Preschools and Non-school Educational Service Entity	217	573,180
Tsageri Music School	14	68,244
Tsageri "Communal Service"	117	420,060
Tsageri Sports School Complex	41	192,360
Tsageri Painting School	18	47,400
Support Center for Self-Government and Farming Development at Administrative Units	180	508,200
Tourism Development and	42	112,800

Monument Protection Support Center		
Tsageri Main Library	77	124,320
Tsageri Culture Center	79	239,790
Tsageri Municipality Women's Rights and Gender Equality Center	14	53,400
Center for Youth, Public Relations and Prospective Planning	59	178,320
Football Club Khvamali	18	71,520
Tsageri Volleyball Club	11	85,680
Local Health Center	29	83,880
Tsageri History Museum	47	151,680
In all:	963	2,910,834

In terms of the number of employees, Kutaisi Municipality needs to be highlighted, which employed up to 4,000 staff members in its N(N)LEs during 2019-2020. In this regards the figures of Kutaisi Municipality, is almost twice as high compared to Rustavi and Gori Municipalities. Comparing two-year data is complicated by the fact that a large proportion of the municipalities provided incomplete information. Therefore, this list does not include, the data of Batumi Municipality, for example.



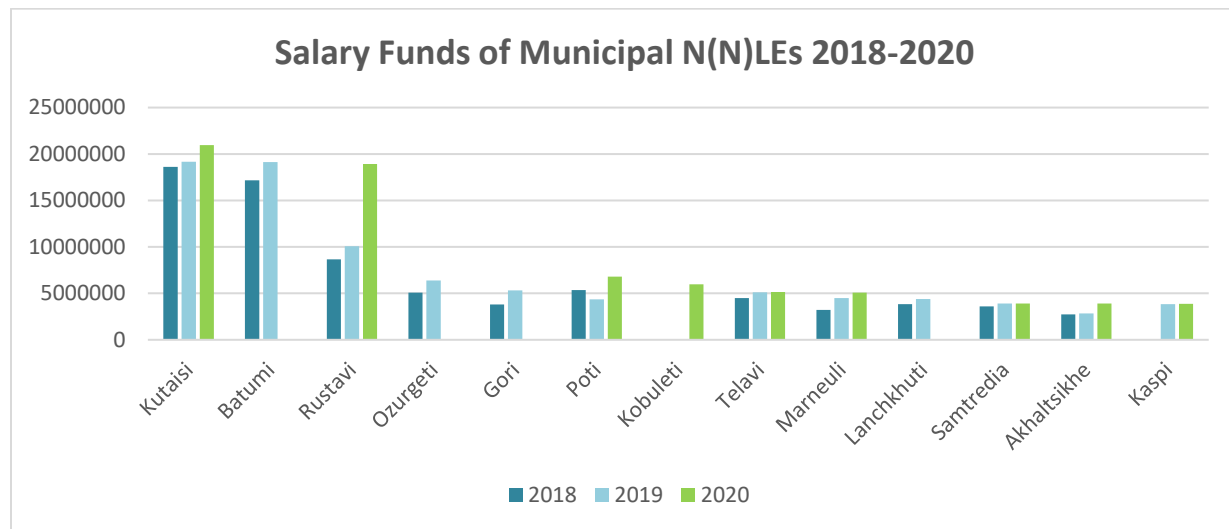
Salary Funds of Municipal N(N)LEs (not including Tbilisi Municipality)

Based on the 2018-2019 data analysis of 39 municipalities², there is almost 14% rise in salary funds. Namely, from 138,977,067 GEL in 2018 to 161,205,692 GEL in 2019.

For example, the salary fund of Gori Municipality N(N)LE Preschool Educational Agency increased from 2,069,313 GEL to 3,538,600 GEL. There was a considerable rise in the salary funds of all four Kazbegi Municipality N(N)LEs as well. The Education, Culture and Sports Development Center needs to be emphasized among them, the salary fund of which increased from 151,520 GEL in 2018 to 755,945 GEL in 2019. The salary budget of N(N)LE Emerald Labor Remuneration Fund in Sachkhere grow from 82,728 GEL to 484,068 GEL. The average budget of five Kareli Municipality N(N)LEs increased by 30%, while the average salary funds of Ozurgeti Municipality grow by 26%. In the latter case, the rise is mainly caused by the almost triple increase of salary funds after the merge of N(N)LE Ozurgeti Rugby Development Union and N(N)LE Ozrugeti Sports-Health Entity.

Based on the monitoring of the N(N)LE salary funds of 29 municipalities³ during 2020, we can conclude that the trend of growth persisted, from 106,013,842 GEL to 123,449,331 GEL in 2019. This is particularly evident in the case of Rustavi, Poti and Akhaltsikhe municipal N(N)LEs, the overall salary funds of which increased by 12,396,841 GEL. The decrease was evident in the case of six municipalities only, among them Khelvachauri and Zestafoni.

The growing trend of salary funds at non-entrepreneurial (non-commercial) legal entities is particularly noteworthy since, in contrast with the rules of appointing civil servants, employment at N(N)LEs does not include competitive procedures of appointment. The heads of N(N)LEs take relevant decisions mostly individually, while the heads themselves are appointed solely by the Mayors of the municipalities.



² Municipalities which provided complete information on the salary funds of 2018-2019.

³ Municipalities which provided complete information on the salary funds of 2019-2020.

Tbilisi Municipality N(N)LEs

By 2020 there were 71 N(N)LEs in Tbilisi. 34 of these constitute art schools with their own income, while 37 are financed from the state budget.⁴ N(N)LE Municipal Service Development Agency is the largest entity among them, in regards to the number of employees and salary fund. There are 245 staff positions at the entity and 58 staff members are employed based on a contract. The highest increase of salary funds (18%) is evident in the case of the National Botanical Garden, from 1,993,724 Gel in 2019 to 2,359,018 GEL in 2020. However, the number of employees at the N(N)LE has not changed. It needs to be emphasized that all the remuneration of all staff member has increased at the National Botanical Garden, with the exception of the director.

The table below presents the list of the 15 largest N(N)LEs of Tbilisi Municipality financed from the state budget:

N(N)LE	Number of Employees 2019	Salary Expenses 2019 (GEL)	Number of Employees 2020	Salary Expenses 2020 (GEL)	Average Salary 2020 (GEL)
Municipal Service Development Agency	304	4 618 895,25	303	4 642 678,69	1796
National Botanical Garden	199	1 993 724,90	199	2 359 018,77	1099
Tbilisi Development Fund	63	2 252 097,38	71	2 260 023,32	2693
Multifunctional Libraries Union	30	1 337 229,44	317	2 066 145,27	519
Gldani-Nadzaladevi Multi-Sports Center	230	1 308 203,97	244	282 958,97	782
Public Communication Agency	63	592 536,06	58	592 849,27	2171
Tbilisi Youth House	192	1 003 864,16	170	678 726,31	626
National Youth Palace	186	1 506 385,92	177	1 336 336,13	582
National Screening Centre	69	2 010 016,31	70	1 696 647,06	1039
Union of Tbilisi Museums	81	651 123,00	65	667 375,01	870
Parasport Development Centre	48	528 599,43	48	541 650,00	943
Big Band	35	465 512,50	35	473 870,00	1173
Sandro Akhmeteli State Drama Theatre	84	458 339,00	63	498 985,00	650
Municipal Shelter	32	503 945,20	32	495 802,17	1259
My Lawyer	24	452 393,71	22	447 924,31	1823

Source: Information on the salary funds have been obtained from the budget implementation report of Tbilisi Municipality.

The table does not contain N(N)LE Tbilisi Municipal Laboratory and N(N)LE Tbilisi Zoological Park, since the municipality did not provide us with their staff lists. Moreover, N(N)LE Georgian Music Competitions Fund, N(N)LE Tbilisi Musical Festivals Center and N(N)LE Tbilisi Choral Music Festival are not included in

⁴ Either fully or partially – e.g. the salary costs of Tbilisi Youth House teachers are partially covered by the organization's own income (generated from tuition fees).

the table, since these legal entities did not have any salary expenses and their budgets were mainly spent on various subsidies.

Out of the N(N)LEs included in the list, the salary expenses decreased only in the case of five entities. Among them Tbilisi Municipal Shelter. The shelter provides the homeless with living space and basic needs. In 2020 the total budget of the entity equaled 1,140,671 GEL, which falls considerably behind compared to the budgetary financial resources allocated by Tbilisi Municipality to such N(N)LEs as Gldani-Nadzaladevi Multi-Sports Center, National Youth Palace, Zoological Park, Union of Museums, Municipal Laboratory, Public Communication Agency, Municipal Service Development Agency and National Botanical Garden.

Multifunctional Libraries Union was established in 2018 and had 30 employees. In 2019 it was merged with the Main Library of Tbilisi which had approximately 300 staff members, including librarians.⁵

In terms of average salary Tbilisi Development Fund needs to be highlighted, which employs engineers, builders and architects, however, the staff members with the highest remuneration are 5 deputy directors (5,000 GEL per month) and three advisors (3,500 GEL per month).

N(N)LE Public Communication Agency, established in 2018 has also distinguished itself in regards to the average salary. In 2020 the entity had 18 staff members and up to 40 contractual employees. The main function of the agency is ensuring public communication, the salary of 24 PR managers employed at the entity fluctuates from 1,700 GEL to 2,375 GEL.

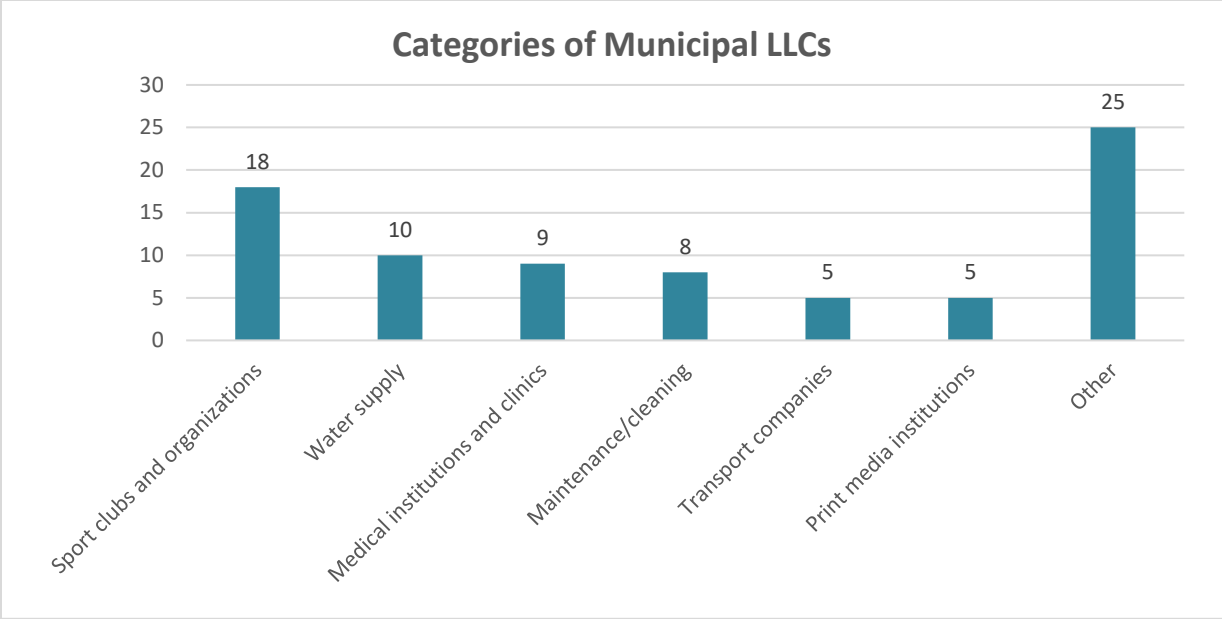
According to the Tbilisi Municipality budget implementation report, the total budget of the municipal N(N)LEs in 2020 equalled 263,296,876 GEL. There were 3,942 staff members employed at the entities with total salary expenses of up to 30 million GEL.

Limited Liability Companies (LLCs) Established by the Municipalities

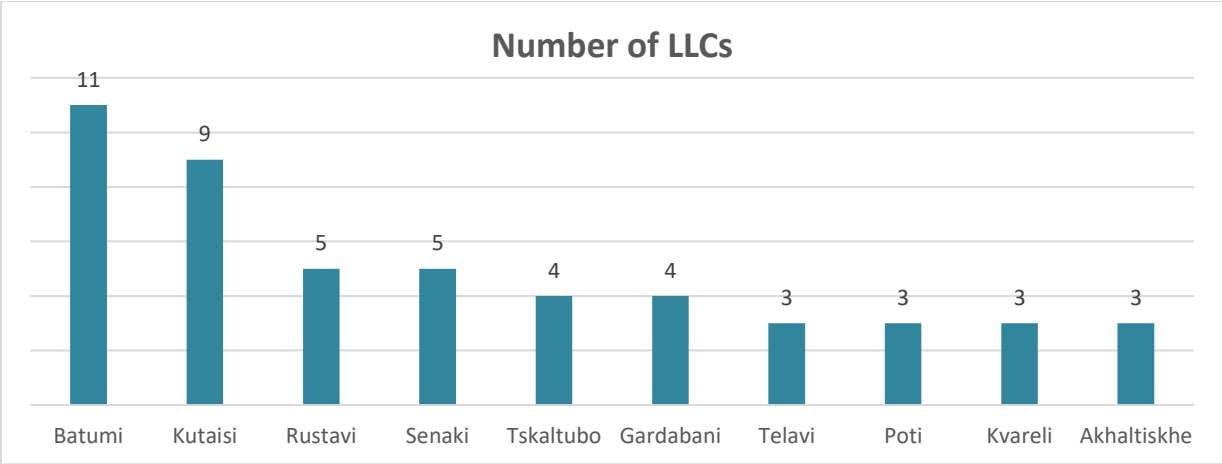
According to the 2020 Fiscal Risks Analysis Report,⁶ in 2019 there were 173 municipal, state-owned enterprises in Georgia, with a combined income of over 323 million GEL. IDFI referred to the municipalities and requested information on their LLCs, namely the list of LLCs established by the municipalities, number of their employees, salary funds and staff lists. It should be noted that some of the municipalities refused to provide us with the information, or disclosed incomplete data. Accordingly, the research covers 80 LLCs established by 28 municipalities. Most of them are sports facilities and clubs, as well as organizational entities responsible for ensuring water supply, medical and cleaning services. The research also covers a number of transport companies and printing and publishing houses.

⁵ <https://netgazeti.ge/news/359278/>

⁶ https://www.mof.ge/images/File/publications/2021/03-02-2021/FRS_2020_Nov.pdf



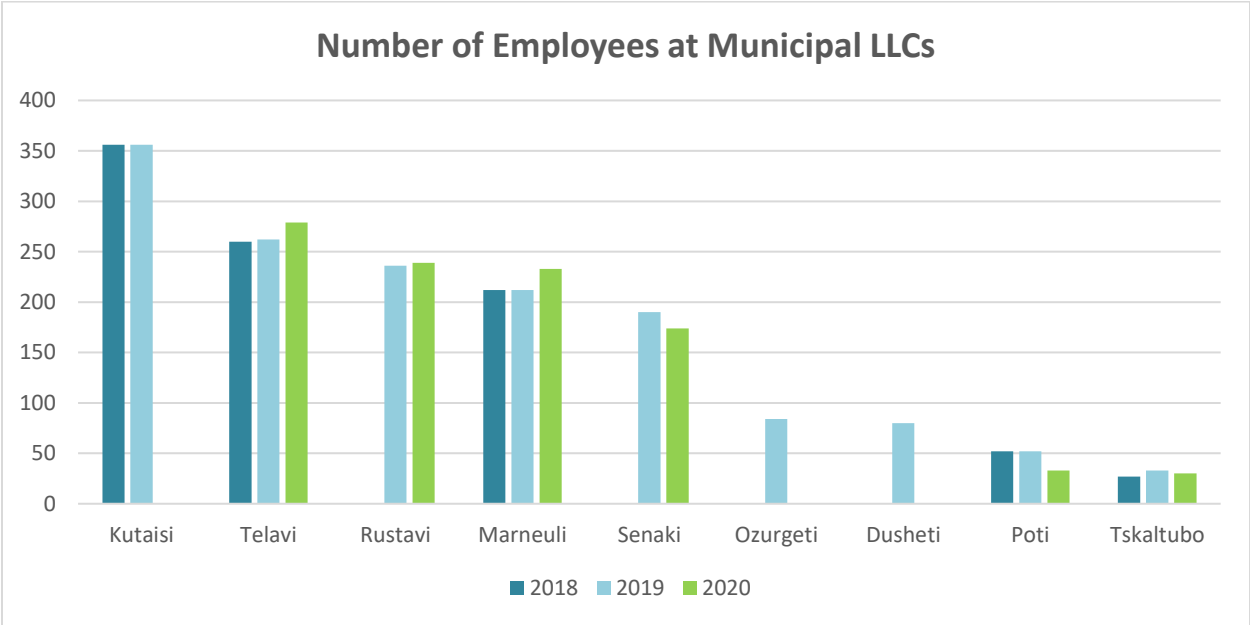
The highest number of LLCs are operating at Batumi Municipality. Namely, the municipality has established 11 LLCs, most of which constitute various sports clubs. Unfortunately, the municipality refused to disclose information on the number of staff members employed at the LLCs and their salary funds. Among the LLCs established by Kutaisi Municipality, there is Kutaisi Elevator, the main function of which is providing elevators with technical assistance. LLC Kutaisi Elevator is the only entity with these functions among the studied companies. The main functions of all five LLCs established by Senaki Municipality is the provision of medical services, the only exception is LLC Information Center.



Number of Staff Members Employed at Municipal LLCs (not including Tbilisi Municipality)

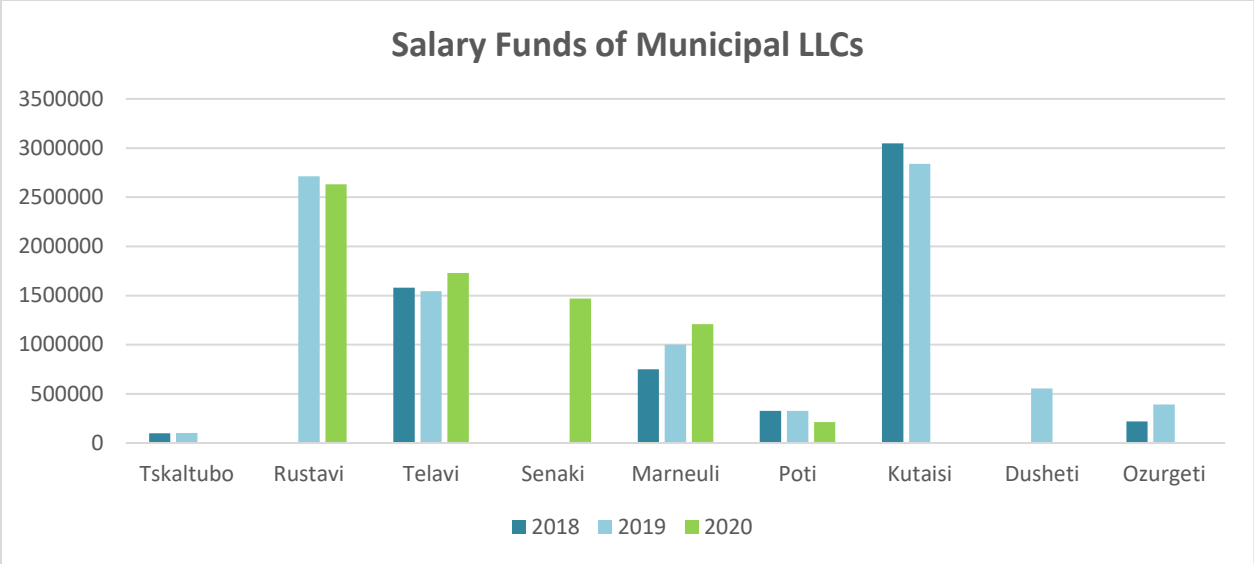
The data on the number of staff members employed at the LLCs during 2020 was provided by 24 municipalities only. Based on the data in all there are 1,918 staff members at 56 municipal LLCs.

Kutaisi municipality has to be highlighted in terms of the staff members employed at its LLCs. There are 356 personal employed at nine LLCs. The largest of these is LLC Kutaisi Multi-profile Clinic, which employs 127 staff members. The same number of staff members are employed at LLC Rustavi Municipal Transport Enterprise. Unfortunately, the data provided by the municipalities is highly incomplete, thus rendering it impossible to compare staff numbers by years.



Salary Funds of Municipal LLCs (not including Tbilisi Municipality)

During 2019, the highest salary funds were allocated to Kutaisi Municipal LLCs. The total salary funds of eight LLCs equaled approximately 3 million GEL, which is only 125,000 GEL more compared to the total salary funds of Rustavi Municipal LLCs. It should also be emphasized that the total salary funds of Rustavi Municipal LLCs are almost twice as high compared to the total salary funds of Telavi Municipal LLCs, even though it employs 30 fewer staff members. This is mainly caused by the high average remuneration of the staff members employed at Rustavi municipal sports clubs. Considerable increase in salary funds is evident in the case of Ozurgeti Municipality as well, which was mainly caused by the transformation of the Football Club “Metskhali” from N(N)LE to LLC and the increase of its salary funds from 29,000 GEL to 135,000 GEL.



The reporting portal (reportal.ge) created by the sub-entity Service for Accounting, Reporting and Auditing Supervision enables us to conduct a more detailed analysis of municipal enterprises. The portal includes financial and management reports of various organizational entities among them state enterprises.

IDFI analyzed additional information on the ten LLCs with the highest volume of financial flow.⁷ LLC Batumi Transport given on the table below needs to be highlighted here. The entity had an income of 11,792,382 GEL in 2019 and employed up to 500 staff members. In the same year, the company was subsidized from the budget of Batumi Municipality by 8,423,363 GEL. However, the company faced a total loss of 713,925 by the end of the fiscal year. Batumi LLC Sancleaning made a total profit of 428,926 GEL, however, it should be emphasized that 97% of the income was generated through the provision of cleaning services to the municipal sector. Among the LLCs established by Batumi Municipality, the Black Sea Flora and Fauna Educational Scientific-Research Centre, which includes Batumi Dolphinarium was most profitable. The main source of its income was generated from selling dolphinarium show tickets. During 2019 the center received an income of up to 4 million Gel and after covering the operational costs, had the remaining profit of 890,088 GEL. Similar profit was monitored in the case of LLC Telavi Municipal Youth Health Center, which employed up to 114 staff members and had a financial flow of 1,761,402 GEL.

All other LLCs given in the table below had a negative balance by the end of the 2019 fiscal year. It should also be emphasized that all of the companies receive various subsidies from relevant municipalities.

Financial Auditing Report 2019	Municipality	Profit/ Loss 2019	Profit/ Loss 2018	Average Number of Employees 2019	Salary Fund 2019	Salary Fund 2018	Total Income 2019
LLC Batumi Transport	Batumi	-713,925	-3,431,479	500	5,666,111	4,018,459	11,792,382
LLC Sancleaning	Batumi	428,926	1,623,792		7,623,279	6,139,171	10,632,221

⁷ Among them those the financial and management reports of which are published on the portal.

LLC Black Sea Flora and Fauna Educational Scientific-Research Center	Batumi	890,088	537,101	95	1,896,328	1,816,793	4,055,923
LLC Marneuli Water	Marneuli	-118,681	-63,251	136	798,146	449,372	2,133,558
LLC Telavi Municipality Children Health Center	Telavi	481,272	308,957	114	825,842		1,761,402
LLC Mtskheta Water	Mtskheta	-141,307	127,355	93	537,048	492,975	891,850
LLC Sachkhere Water Supply	Sachkhere	-293,356	-509,725	83	333,562	294,394	770,389
LLC Satsi	Ozurgeti	0		41	245,501		484,600
LLC Parking Service	Kutaisi	-424,391	-879,778	37	344,667	386,895	455,322
LLC Ramaz Shengelia Stadium	Kutaisi	-372,962	-288,795	23	137,410	177,866	326,571

Source: reportal.ge

The salary expenses of the municipal enterprises listed in the table equaled 18,284,225 GEL during 2019. The expenses is considerably increased in almost all LLCs compared to 2018. It should also be highlighted that the majority of these companies do not make any profit and they are mainly subsidized from municipal budgets.

Limited Liability Companies Established by Tbilisi Municipality

Tbilisi Municipality disclosed incomplete information regarding its LLCs and only provided data on three municipal companies. However, there are 17 LLCs listed on the website of Tbilisi City Hall (this information might not be complete either).

Tbilisi Transport Company the 100% of which is owned by Tbilisi City Hall, employs 6330 staff members. It should be noted that the salary fund of the company exceeds 115 million GEL (average salary per employee equals 1,520 GEL).

LLC Ecoservice Group is responsible for the planting of greenery in the capital and the maintenance of its green zones. By 2020 the organization employed 667 staff members, the total salary expenses of which equaled approximately 7 million GEL.

And lastly, LLC Hermes which constitutes a company for the delivery of ritual services, employs 276 staff members, with an overall salary fund of 2.2 million GEL.

In addition to the information provided by Tbilisi Municipality IDFI also studied the financial and management reports published on reportal.ge. Out of the 17 LLCs listed on the website of the municipality, the portal included reports on 5 of them only.

Based on the report the income of Tbilisi Transport Company was over 152 million GEL in 2019. The three main sources of income were Metro services – 67,851,000 GEL, bus services – 66,802,000 GEL and up to

5 million GEL from cable car services. Regardless of the above-mentioned Tbilisi Transport Company had a total loss of 71 million GEL, which exceeds the figure of 2018 by 15 million GEL.

LLC Tbiliservice Group is one of the largest state enterprises established by Tbilisi Municipality. Its main activities are linked with ensuring street cleaning and drainage maintenance services throughout Tbilisi. In 2019 the company employed 4,939 staff members, and its financial flow was over 86 million GEL. Based on the information published on the portal, 56,561,352 GEL was spent on the salary expenses of the company employees, while the salary fund of those at the managerial positions equaled 360,362 GEL.

In the case of Ecoservice Group, it was ascertained that in 2020 the company employed twice the number of staff members compared to 2019. Accordingly, the salary funds increased by approximately 2.5 million GEL.

Financial Reporting Audit 2019	Total Profit/Loss 2019	Total Profit/Loss 2018	Average Number of Employees 2019	Salary Funds 2019	Total Income 2019
LLC Tbilisi Transport Company	-71,293,000	-55,786,000	6,284	118,983,000	152,874,000
LLC Tbiliservice Group	-15,112,534	-71,269,329	4,939	56,561,253	86,418,510
LLC Ecoservice Group	-5,903,384	-4,450,114	366	4,686,385	1,645,576
LLC Tbilisi 25 th Adult Polyclinic	-3,477			237,320	289,528
LLC Rose Revolution Park	-180,293	-180,022	25	153,171	152,583

Source: reportal.ge

Staff Lists Analysis of Municipal N(N)LEs and LLCs

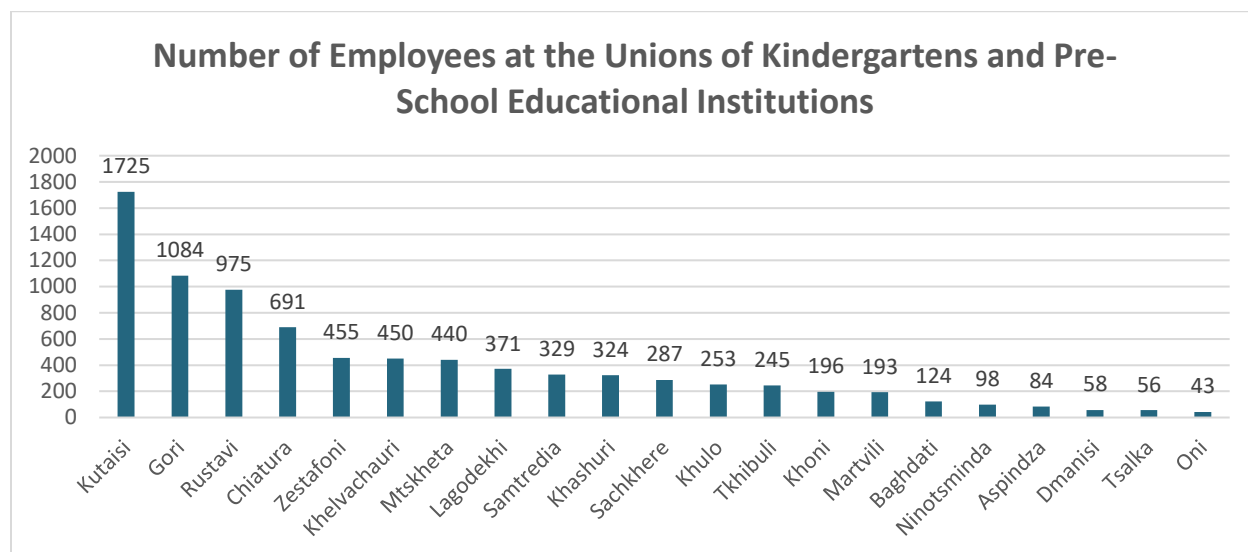
IDFI referred to the municipalities and requested 2020 staff lists of their N(N)LEs and LLCs. A number of the municipalities did not provide any response to our request, others disclosed incomplete information. Accordingly, this part of the document includes information on up to 380 N(N)LEs and 33 LLCs established by the municipalities, which employ over 31,000 staff members in all.

Kindergartens or preschool educational unions are established in almost all municipalities. They mostly have the form of municipal N(N)LEs. The highest number of employees was monitored in the case of Kutaisi Kindergartens Association, with 1,725 staff members. This figure is almost twice as high compared to Rustavi Kindergartens Unions and Gori Municipality Pre-School Educational Agency. This difference is unusual taking into consideration that the number of residents in these three municipalities is almost similar.⁸

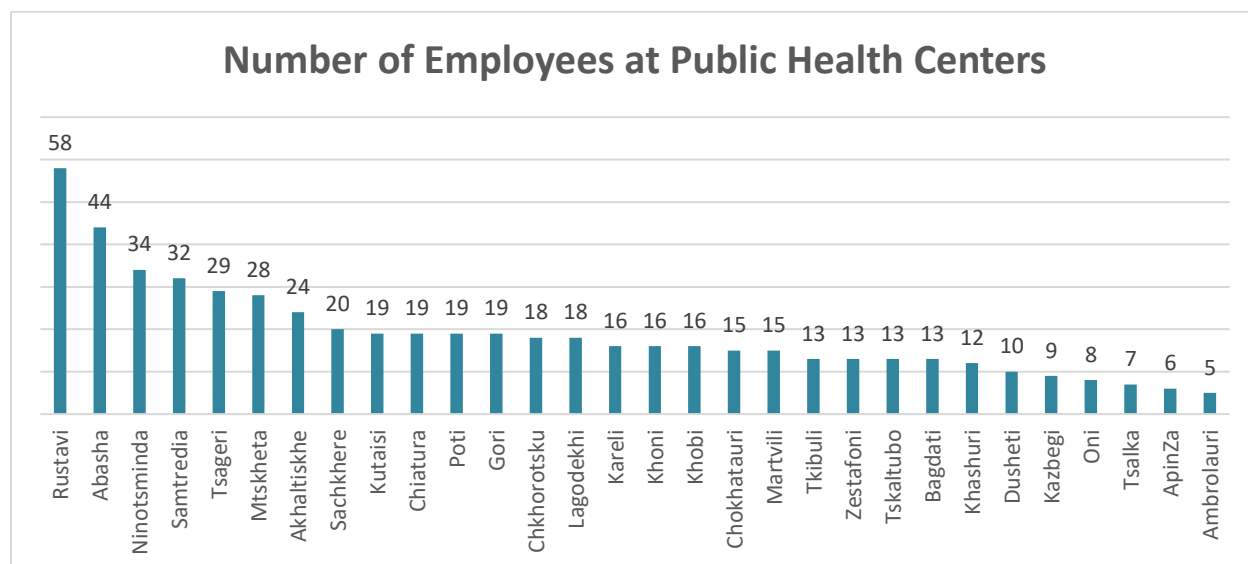
N(N)LE Kindergartens Management Association, which oversees the activities of pre-educational institutions established by the municipality had a total budget of 134 million GEL in 2020, out of which 122,767,496 GEL was distributed to 185 kindergartens in the form of subsidies. The staff list of N(N)LE Kindergartens Management Association (60 employees) does not include those working at the kindergartens of Tbilisi. Therefore IDFI does not have complete information on the number of staff

⁸ According to the 2020 data of GeoStat the population of Kutaisi equals to 135,000, while the population of Rustavi - 128,000.

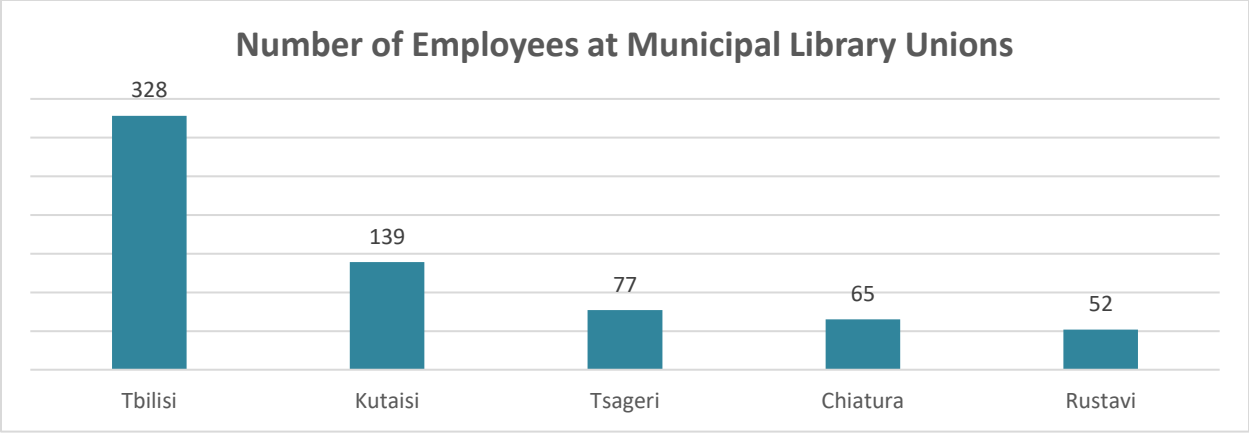
members employed at municipal kindergartens in Tbilisi. Based on the 2020 data of the National Statistics Office there are 5,078 nursery teachers/assistant employed at pre-educational institutions of Tbilisi Municipality.



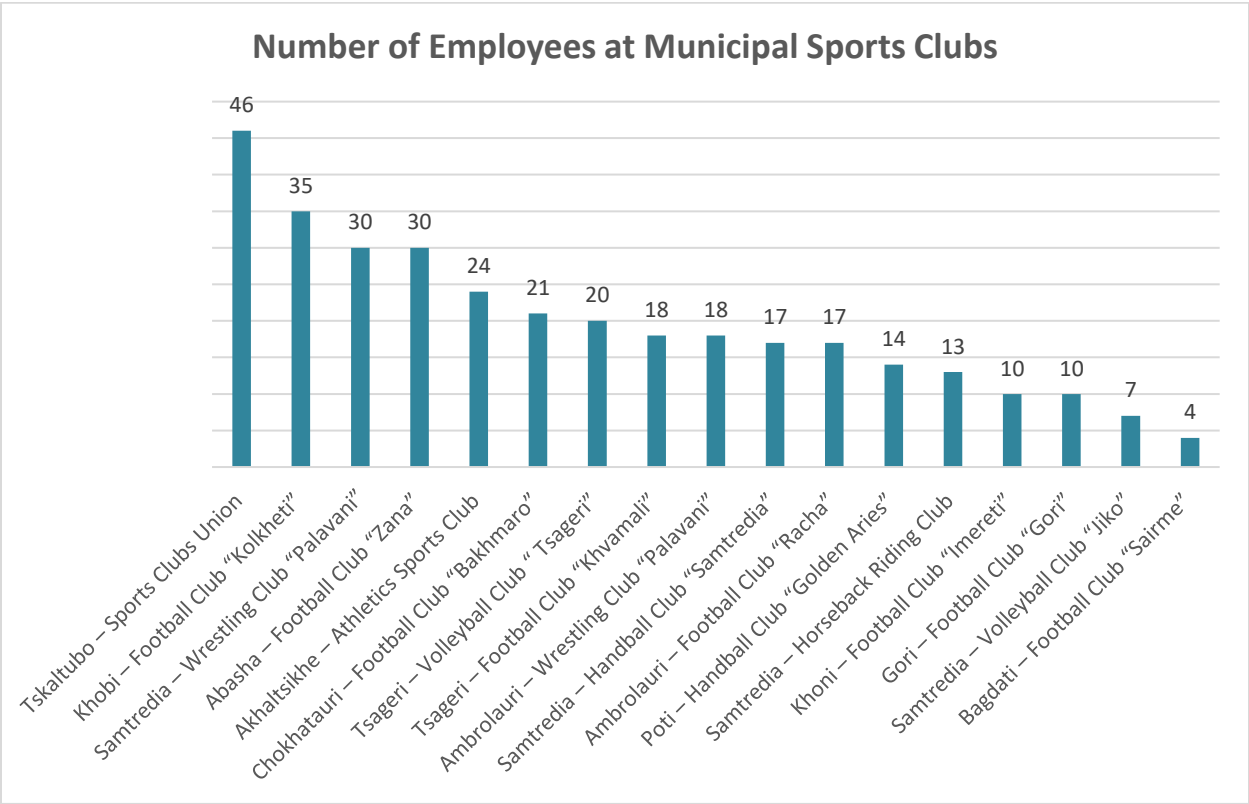
Public Health Centers are also operating in most of the municipalities, which mainly employ epidemiologists, entomologists, parasitologists, immunologists and other general medical staff. Among these N(N)LEs the highest number of employees (58 staff members) are at Rustavi Public Health and Safety Center. In contrast, Ambrolauri Local Public Health Center employs only 5 staff members.



Based on the monitoring of municipal libraries, the discrepancy between the total number of residents and employees of N(N)LEs was evident in the case of Rustavi and Kutaisi municipalities.



Among the N(N)LEs established by the municipalities, there are various sports clubs. The highest number of staff members are employed by Khobi Football Club “Kolkheti”, Samtredia Wrestling Club “Palavani” and Abasha Football Club “Zana”. In addition, there is a volleyball and a handball club in Samtredia Municipality, which employ 59 staff members in all. In the case of Tskaltubo there is a sports club union that combines various sports disciplines.



Various reforms implemented in civil service recently aimed inter alia at establishing a just and well-balanced remuneration system. However, based on the analysis of municipal N(N)LEs a number of existing challenges can be identified. The salaries of those employed at the same positions across various municipal N(N)LEs considerably differ from each other, which may indicate an arbitrary increase of staff numbers at the cost of the salaries.

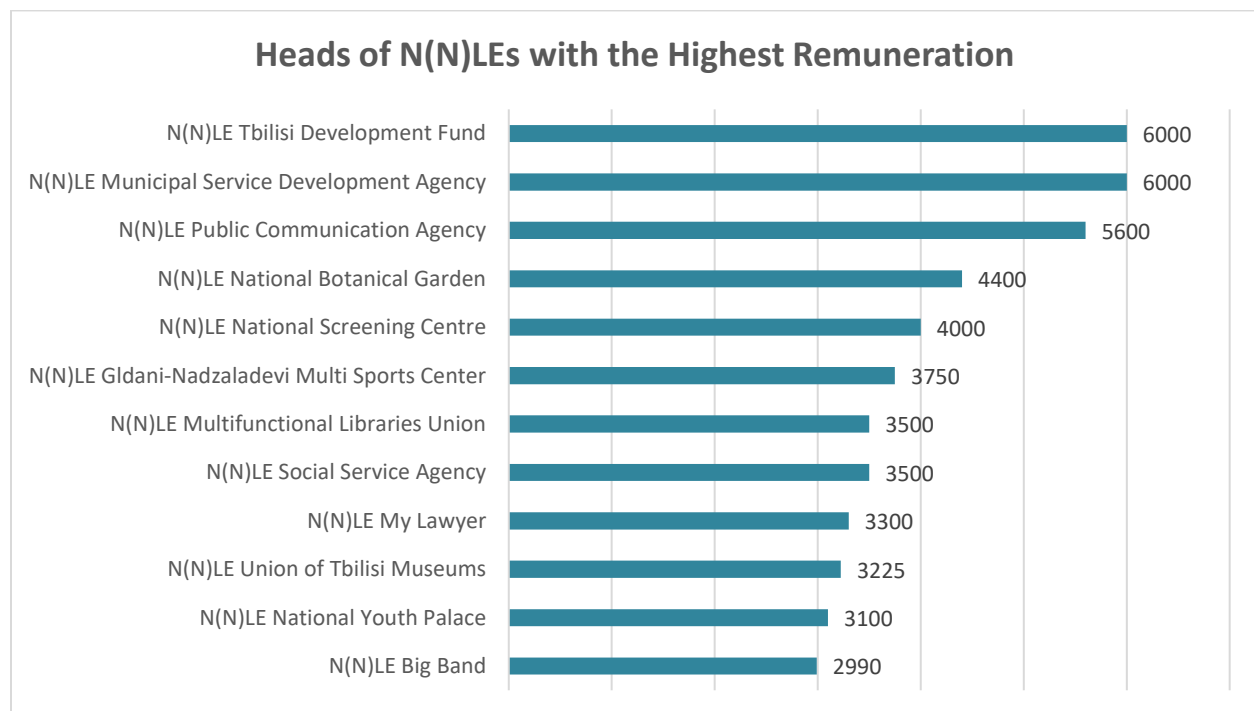
Out of the 83 N(N)LEs studied there is at least one lawyer employed per entity. Their remuneration fluctuates from 250 to 2,400 GEL. There are various positions of senior lawyers, head lawyers or lead lawyers, however, their salaries are often inconsistent, and in certain cases may be lower than the salaries of lawyers. It should be noted that all cases with remuneration higher than 1100 GEL are evident in the case of Tbilisi Municipality N(N)LEs only.

The same tendency was evident in the case of accountants as well. The salaries of 427 accountants studied fluctuates from 200 to 2400 GEL. Certain N(N)LEs employ head accountants, however, this is not always linked with higher remuneration.

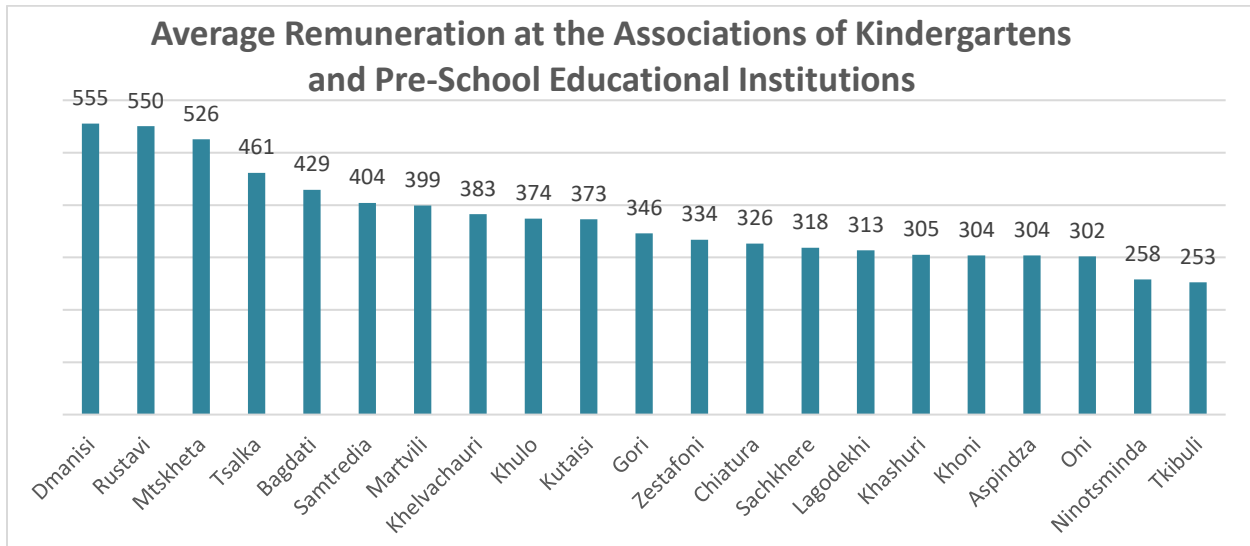
Among the studied N(N)LEs there are various staff members responsible for administrative case handling, 198 employees, in all. Their monthly remuneration fluctuates from 120 to 1,600 GEL. Public procurement specialists are also often employed at municipal N(N)LEs, 174 employees in all. Their salary fluctuates from 240 to 1,900 GEL.

As for the other standard positions, among the studied N(N)LEs there are 1,222 staff members employed as housekeepers (on average 3-4 housekeepers per entity), and their salary varies from 40 to 950 GEL. There are 387 staff members employed as drivers, with the salaries fluctuating from 160 to 1,100 GEL. There are also cases of employing specialized drivers (for excavators, tractors, graders) and those responsible for performing agricultural duties. There are 358 staff members employed at these positions among the 358 studied municipal N(N)LEs, with their salaries varying from 125 to 680 GEL.

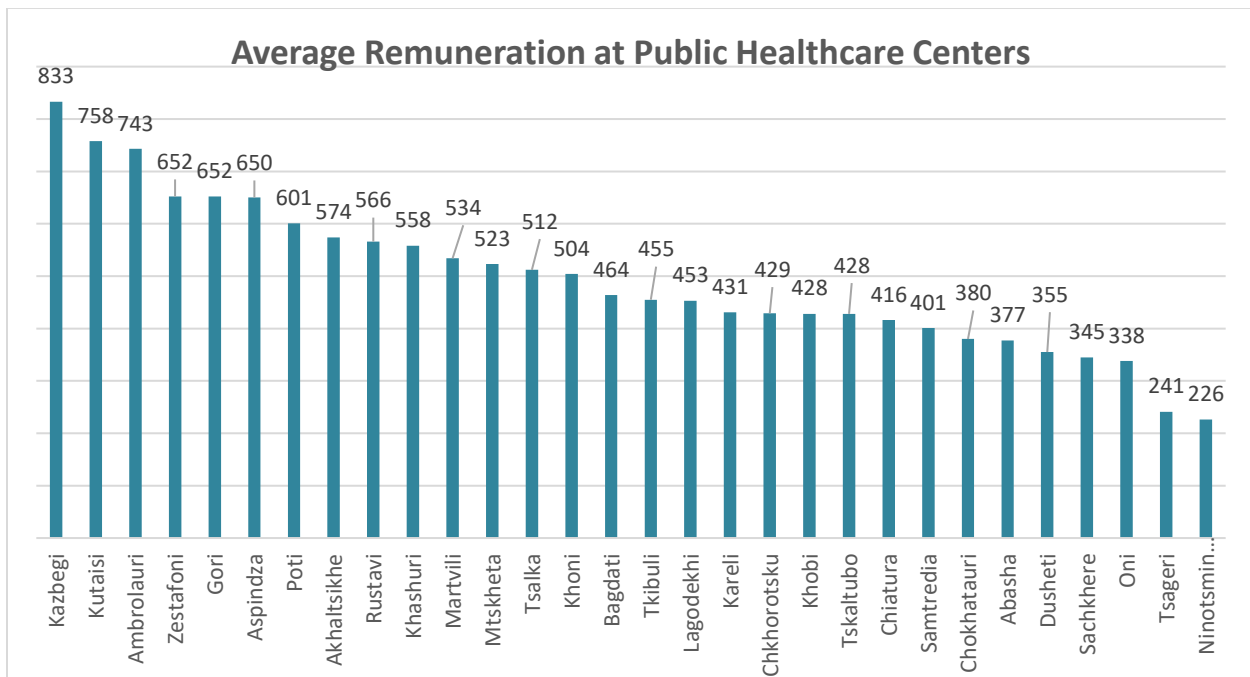
As in the case of lawyers, accountants, administrative and procurement specialist with the highest remuneration are employed and the N(N)LEs of Tbilisi Municipality. Their average remuneration is twice as high compared to the employees of other municipalities. This tendency is also observed in the case of the heads of N(N)LEs. Among the 12 heads of N(N)LEs with the highest monthly remuneration fluctuating from 3,000 to 6,000 GEL, all of them are employed at the N(N)LEs of Tbilisi Municipality.



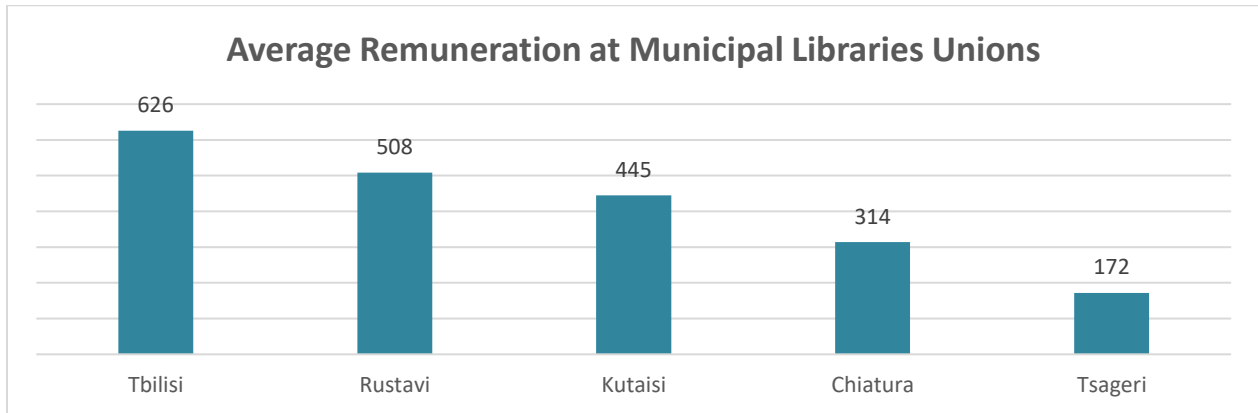
Inconsistent remuneration level is also evident when comparing N(N)LEs operating in similar areas. For example, the average remuneration at Rustavi and Tsalka Kindergartens Associations are twice as high compared to the salaries at similar institutions in Ninotsminda. The staff lists of pre-school educational institutions mainly include nursery teachers, cooks, guards and music teachers. Namely, the analysis included 4,559 nursery teachers and their assistants, with the remuneration fluctuating from 130 to 700 GEL; 1,017 cooks and their assistants, with the remuneration from 100 to 675 GEL and 1,173 guards/gardeners, with the remuneration from 110 to 700 GEL.



Among the municipal healthcare centers, the highest remuneration rates are at Kazbegi, Kutaisi and Ambrolauri municipalities – 700-800 GEL. The lowest average remuneration is at Tsageri and Ninotsminda municipalities – 220-240 GEL. It is notable, that the staff list of the latter is considerably longer compared to Kutaisi, Ambrolauri and Kazbegi municipalities, even though the number of their population is lower.

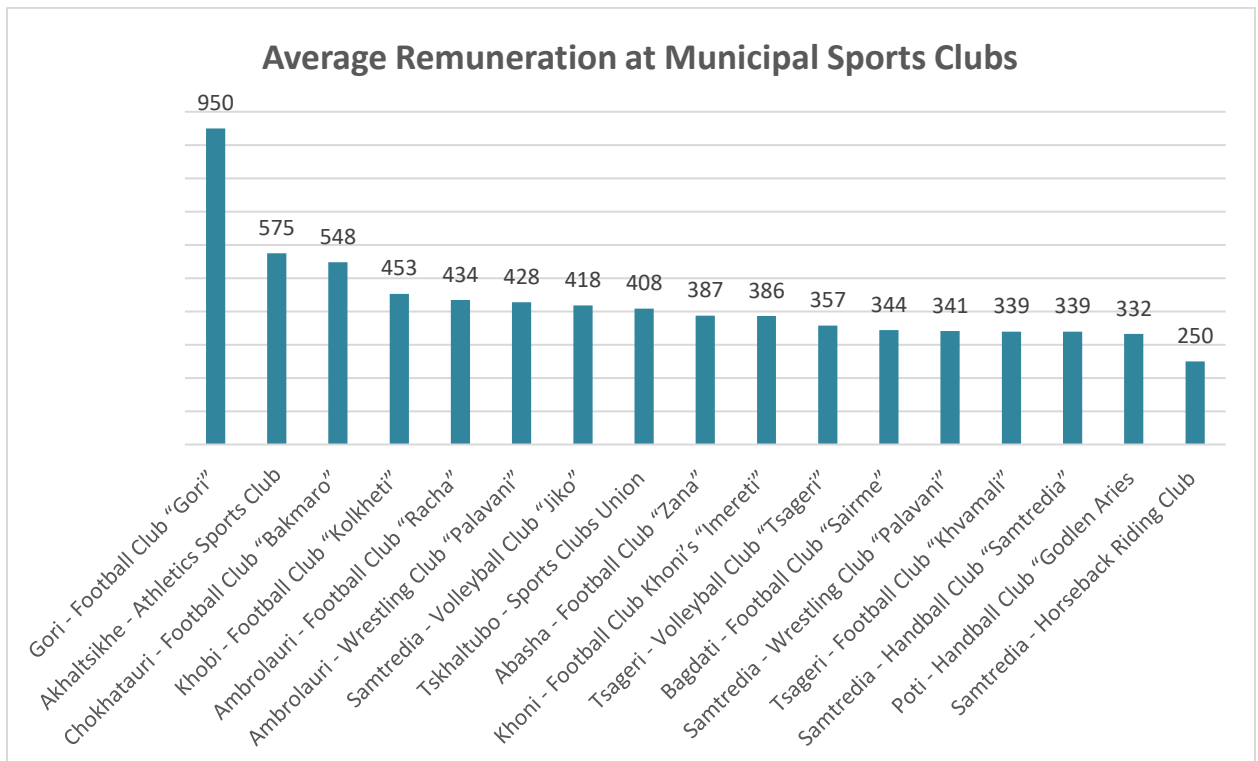


The tendency of Tsageri Municipality is evident in the case of municipal library unions as well. Their average salaries are unusually low, however, the number of employees is high, taking into consideration that the population of Tsageri municipality is 15 times lower compared to Rustavi Municipality.



Regarding the sports clubs established by the municipalities, Football Club “Gori” has distinguished itself in terms of average remuneration which equals 950 GEL, higher than the average remuneration of all other sports clubs studied.

N(N)LE Khobi Municipal Football Club “Kolkheti” includes male as well as female football teams. It is noteworthy that the average remuneration of female footballers as well as their coach is twice lower compared to the male counterparts. Even though this tendency is evident in the private sector, where the remuneration of players is partially determined by the profits from selling tickets, such misbalance needs additional justification when it comes to N(N)LEs financed from the state budget, such as Khobi Municipal Club Kolkheti.



Conclusion

Based on the 2018-2020 data analysis, the number of employees at municipal N(N)LEs and LLCs, as well as relevant salary funds allocated from the state budget are consistently increasing.

The analysis of staff lists demonstrates that the remuneration levels considerably vary across municipalities, which is evident based on significant salary differences among those employed in similar positions. Various examples, when the number of those employed at municipal N(N)LEs is suspiciously high compared to the number of municipality population, may suggest the attempt to mobilize administrative resources.

The misbalance between the remuneration levels of those employed at municipal legal entities is particularly evident if we compare Tbilisi with the regions. The staff members with the highest salaries are employed in Tbilisi. The difference is often disproportional, taking into consideration the general remuneration levels of employees in the private sector. The remuneration policies of municipal N(N)LEs promote social inequality between the residents of the capital and the regions.

Lack of publicly available information on municipal legal persons should also be highlighted among the main challenges identified by the analysis. Various municipalities disclosing incomplete data, use of different accounting methods and incohesive formats for disclosing data (lack of data provided in a machine-readable format) considerably hinder the process of conducting detailed analysis.

Based on the findings of the research, IDFI finds that it is necessary to review the recruitment, remuneration and staffing policies of municipal legal entities and take effective steps for establishing a flexible and well-balanced bureaucratic system.

Institute for Development of Freedom of Information (IDFI)



20, T. Shevchenko Street, 0108, Tbilisi;



+ 995 32 2 92 15 14



info@idfi.ge



www.idfi.ge