

Local self-government in Armenia

Existing challenges and Reforms

Mr Chairman,

Dear colleagues,

Representatives from the Parliamentary Assembly, Congress, and the INGO Conference,
Members of the Secretariat,

I greatly appreciate the opportunity to update you on the ongoing reform of local self-government in Armenia. Advice and support from the Council of Europe, and in particular this Committee and its Centre of Expertise for Good Governance, have played an important role in shaping the reform process in Armenia.

I will use this brief presentation to highlight some key points of the ongoing reform process – including issues of particular interest to the work of this committee such as participation / consultation and financial equalisation / fiscal decentralisation.

I will also give you a brief overview of the projects implemented by the Council of Europe to support this process.

1. Existing challenges, Territorial Reforms and Decentralization of power from State Bodies

- In the presentation from Minister Mr Sigurður Ingi Jóhannsson from Iceland yesterday, we heard of the challenges he faces in supporting the emergence of sustainable local government units fit for modern purpose.

In Armenia, the existing territorial and administrative division and the limited level of decentralisation are considerable challenges that impact on:

- ⇒ The development of local governance;
- ⇒ effective service provision; and
- ⇒ efficient use of scarce financial resources.

In order to address these challenges, the Government of the Republic of Armenia has launched a large-scale structural reform process, the Territorial and Administrative Reform of Armenia.

Any analysis of the existing challenges facing local administration in Armenia makes it clear that consolidation of the human, financial and material resources available to the local government system is possible only via a merger of the smaller, weaker communities.

In 2011 the Government adopted the concept municipal amalgamation. This process was launched in three pilot clusters (Dilijan, Tumanyan and Tatev) in 2015-2016 following local referenda in those municipalities. We have continued with this process and to date 465 settlements have now been regrouped into 52 amalgamated communities.

Before launching the amalgamation process, there were 915 communities in the Republic of Armenia, 48% of which had a population of less than 1,000. Given the small number of inhabitants, the management of and development prospects for these smaller communities was not very promising.

During amalgamation process, several consultations and discussions were organised in the communities of each of the proposed amalgamated municipalities, with the direct participation of the Minister of Territorial Administration and Infrastructure. Representatives of amalgamated local administrations also participated in all hearings on amalgamation of communities at the National Assembly of Armenia.

To support the reform implementation, and also to ensure continuity of service provision in every settlement of enlarged municipality e-governance tools were introduced, in particular Municipal Management Information or MMIS. MMIS ensured integrated management of enlarged municipalities, effective communication and data exchange among the settlements, faster service delivery to citizens. At present all 52 enlarged municipalities are equipped with MMIS, this includes 460 settlements. In the centres of enlarged municipalities Citizen Offices are established to ensure service provision in accordance with "single window" approach. At present there are 47 Citizen Offices functioning across Armenia, out of which 38 in enlarged municipalities.

To ensure transparency of LSG decision making processes online broadcasting of Council Meetings is introduced in 41 municipalities, out of which 21 are enlarged.

For effective and efficient training of municipal servants an e-learning platform is currently being introduced by the Ministry to suggest alternative modes of trainings and to reduce costs and time spent on traditional classroom trainings.

The reform process in Armenia is supported by our international partners, such as "Good Local Governance Programme South Caucasus" implemented by GIZ, Swiss Agency for Development and Cooperation, USAID.

As the next phase of the reforms, a roadmap for decentralization of powers of the State bodies has been developed. The "Democratic Development, Decentralization and Good Governance in Armenia" project of the Council of Europe, has supported the Ministry in developing strategies and legislative drafts to give effect to this Roadmap based on Council of Europe standards. The drafts include decentralization of powers from State bodies and elements of financial and fiscal decentralization to support local autonomy.

Another important direction of the reform is supporting municipalities in human and institutional capacity development and improvement of their organizational performance. A number of initiatives have been already implemented and are planned. In particular performance benchmarking in the field of financial management has been conducted in 18 enlarged municipalities through the support of Council of Europe. Recently another benchmarking project was concluded in the areas of municipal service delivery (pre-school, education, social services, waste collection and public participation). At the moment also a pilot project is being implemented with the support of GIZ to introduce organizational performance assessment model in enlarged municipalities.

2. Consultation with local self-government bodies and strengthening community capacity

Consultations with representatives of local authorities, the Communities Association of Armenia, Community Finance Officers Association, and other interested NGOs and government bodies are conducted on a daily basis.

The Government-created websites www.e-gov and www.e-draft.am contains all legislative drafts including the ones related to local self-government.

With the participation of local and international experts from the Council of Europe, conferences, discussions and community visits are regularly organized to present, discuss, collect opinions and recommendations on legislative drafts, concepts, strategies and guidelines about activities of Local self-governments.

Under the "Democratic Development, Decentralization and Good Governance in Armenia" and the previous Council of Europe project, a process called "Community Consultation

Initiatives” was launched whereby draft proposals for policy and legislation affecting local government are presented to and discussed with all relevant stakeholders.

All legislative drafts related to local self-government bodies with the representatives of local governments, Union of Communities of Armenia, Union of community financiers, and other interested NGOs and government bodies, are also being discussed in the Standing Committee of the National Assembly on Territorial Administration, Local Self-Government, Agriculture and Environment.

3. Equalization of financial resources and financial decentralization

In 2016 with the support of the Council of Europe, the National Assembly of the Republic of Armenia drafted and adopted Laws on Local Self-Government; Financial Equalization; and Local Duties and Payments. These drafts were prepared with input from the experts of the Council of Europe, including the Honorable Professor Robert Herzog.

According to the CoE experts, Armenia has made significant progress in introducing a new financial equalization mechanism and in improving local government legislation for the purpose of clearly defining relationship between 39 local services and payments for them.

In order to improve the Community's financial independence index, the Law on Subventions from the State Budget of the Republic of Armenia is currently being elaborated within the framework of the Council of Europe's "Democracy Development, Decentralization and Good Governance" program, which aims to meet the requirements of Article 3, Part 1 of the European Charter of Local Self-Government, which states that "under the Local self-government, it understands the right and real capacity of local self-governments to regulate and manage a significant part of state affairs acting within the law, at their own risk and in the interests of the local population".

In September 2018, a report prepared by the Council of Europe with input from the Italian specialists of SOSE, was discussed and presented to stakeholders in Yerevan. It contains several proposals which are being explored further in the context of the "Democratic Development, Decentralization and Good Governance in Armenia" project.

4. Reforms implementation with Council of Europe

1) "Democratic Development, Decentralisation and Good Governance in Armenia"

Donor: Austrian Development Cooperation

Partners: Ministry of Territorial Administration and Infrastructure, local authorities in Armenia, local government associations, civil society organisations

The Project “**Democratic Development, Decentralisation and Good Governance in Armenia**” aims at supporting democratic consolidation by developing effective, accountable and transparent local government bodies, promoting good governance principles, and fostering inclusive participation and equal opportunities for women in political decision-making across mutually reinforcing lines of action.

The specific objectives of the Project are to strengthen the legal framework for local democracy in Armenia based on European standards;

- ⇒ develop the capacities of local institutions and officials;
 - ⇒ promote local ownership and sustainable outcomes; and
 - ⇒ promote respect for principles of good governance and public administration.
- ⇒ This ambitious and comprehensive project, developed in the context of the Council of Europe Action Plan for Armenia 2019-2022, is financed by [Austrian Development Agency](#).

The project will promote the standards of the CDDG and implement several toolkits of the **Centre of Expertise**, including Civil Participation, Public Ethics, Inter-Municipal Cooperation, and adapt the e-learning tool on Good Governance to the Armenian context.

The project Steering Committee met in Yerevan on 27 November 2019 and took note of significant progress made in the first year of implementation. The Capacity Development component of the project focuses on the 52 newly amalgamated communities and includes a small grant programme to support development at local level. The deadline for applications for the grants was Friday 6 December and it was oversubscribed – 34 communities submitted 45 project proposals for only 20 available grants!

2) Strengthening the Communities Association of Armenia and Transparent, Participatory Local Governance in Armenia

Donor: Swiss Agency for Development and Cooperation

Partners: Ministry of Territorial Administration and Infrastructure, Communities Association of Armenia

The aim of the “**Strengthening the Communities Association of Armenia and Transparent, Participatory Local Governance in Armenia**” project is to improve the quality of local democracy in Armenia and enhance citizen’s confidence and trust in local

authorities through greater voice, accountability, effectiveness and inclusiveness of the local self-government bodies.

The Project has two main lines of actions:

- ⇒ on national level the Project focuses on supporting institutional strengthening of the Communities Association of Armenia (CAA) for representation of the interests of its member local authorities and establishing a formal, effective consultation mechanism between the Government and the local authorities;
- ⇒ on local level the Project focuses on raising the awareness on the Council of Europe standards on political integrity, ethics, transparent and open local governance and supporting the local authorities to develop, adopt and implement local codes of conduct and local anti-corruption strategies.

5. Monitoring of the European Charter of Local Self-Government in Armenia dated on 26.09.2019

It is obvious that a huge amount of work and information analysis has been carried out by the Congress and we express our deep gratification to the monitoring team.

The draft report could benefit from some clarifications and input from Armenian authorities and we had a very constructive meeting with the Secretary General of Congress and the monitoring team yesterday.

In order to ensure the report accurately reflects the situation in Armenia, we will organise deep and comprehensive consultation of all relevant stakeholders. We have agreed to provide comprehensive analysis and recommendations on each section of the draft Report.

We are confident that our recommendations and the final report will be important:

- ⇒ for the improvement of the relations between the central and local authorities of Armenia and for their cooperation, and
- ⇒ for the purpose of giving clearer messages for the future activities of the local self-governments in the light of the European Charter of local self-government.

I would like to extend my gratitude to all the partners involved in reform processes in local self-government system in Armenia. It has been proved that only joint efforts can bring tangible and fruitful results for citizens of Armenia. We look forward to continuing and further engaging our cooperation.

Thank you for your attention.

**Deputy Minister of Territorial Administration
and Infrastructure of the Republic of Armenia**

Vache Terteryan