

Strengthening Local Government Capacity in Armenia

Since the breakup of the Soviet Union in 1991, Armenia has made progress in moving toward a Western model of local self-government and away from the centralized Soviet archetype. The legal grounds for decentralization were embodied in the Constitution of Armenia, adopted in a referendum on July 5, 1995; the 1996 Law on Local Self-Government; and other laws and regulations. Armenia passed the most recent Law on Local Self-Government in 2002. Constitutional amendments approved in November 2005 provided further decentralization measures and created the Ministry of Territorial Administration (MTA).

In an effort to strengthen accountability, fiscal management, and service provision at the local government level, the U.S. Agency for International Development launched the Armenia Local Government Program—Phase 3 (LGP3). In 2005, RTI began implementing LGP3, expanding the predecessor program’s successful training and best practices from 12 to 38 Armenian cities and four municipal associations.

As LGP3 enters its fifth year, participating cities are demonstrating impressive results in each of the program components. Most notably, citizen surveys and revenue data show that solid waste collection, a top priority for citizens, has improved in quality and financial sustainability. Cities that collaborated with LGP3 to enhance this service now collect fees that approach, and in many cases exceed, operating costs. In addition, other cities are now adopting LGP3’s model. Moreover, from 2005–2008, the percentage of Armenian citizens satisfied with their local governments rose from 38% to 66%.

LGP3 assisted the MTA by reviewing and commenting on the following legislation:

- Law on Intercommunity Unions
- Law on Local Self-Government
- Law on the Budget (covers national and local budgets)
- Law on Delegated Functions
- Law on Financial Equalization



Strengthening Local Government Policy

On November 27, 2005, Armenia passed a national referendum to the constitution, mandating that the government draft new legislation under the Law on Local Self-Government. Capitalizing on the momentum from this decision, the LGP3 team began work at the national level, providing technical assistance to the MTA and the National Assembly as they created the necessary new legislation and procedures.

The program also has supported the development of other laws and policies. LGP3 drafted regulations concerning the creation of intercommunity unions to consolidate service provision. At MTA’s request, LGP3 staff researched and analyzed models for local government borrowing. In response to that research, LGP3 recommended changes to related legislation and the establishment of a municipal loan fund.

Additionally, LGP3 has worked with local government associations, particularly the Community Finance Officers’ Association, to strengthen their organizational structures and help them advocate for decentralization reforms at the national level.



Capturing Resources for Public Service Delivery

At the municipal level, LGP3 works with local governments to increase their capacity to sustainably finance and improve the delivery of public services. LGP3 staff have provided training to city officials on fiscal and performance management and budget reform. The program also has helped municipalities access new revenue streams.

Among its capacity-building initiatives, LGP3 conducted workshops on capital investment planning and budgeting for 84 municipal financial officers and staff. The workshops provided training on topics such as asset and property management and land tax administration. The program also assisted the cities in completing proposals for local priority capital investment projects.

LGP3 piloted a strategy in five cities in which USAID and municipalities co-financed the purchase of top-priority, service-related infrastructure. The pilot initiative was so successful in terms of impact and sustainability that USAID agreed to provide funding for public service delivery projects in 33 additional cities. The majority of municipalities chose to receive co-financing for garbage and utility trucks, but others selected school heating system improvements, business district lighting, and water system rehabilitation.

Similar to work in other cities, in Artik, LGP3 partnered with a municipal working group to develop a strategic plan for solid waste management. The LGP3 team advised the working group on the national legal framework to ensure compliance by service providers and citizens. LGP3 also provided a computer with billing and collection software that enables service providers to better track revenue and design efficient collection routes.

To help municipalities expand sustainable public service delivery, LGP3 developed a municipal creditworthiness self-assessment toolkit that allows the government and banks to review local budgets and judge a city's financial capacity to accept and manage a loan. In addition, LGP3 assessed potential private, public, and multilateral lenders as sources of additional funding.

LGP3 also assisted the State Tax Service in transferring the collection of property and land taxes to cities as a way to increase locally acquired municipal revenues. Historically,



Several LGP3 participating communities received garbage trucks, like this one, to help them provide solid waste management services. [Photo: LGP3 staff]

municipalities have been much more reliant on limited funds provided by the central government.

As a result of LGP3's efforts, the level of locally acquired municipal revenue increased from 48% to 58% from 2005–2008.

Improving Public Relations

LGP3 also aims to increase communication between local government officials and citizens and to improve the government's responsiveness to citizens' requests for information and assistance. To date, 121 municipal staff from 37 cities have participated in training in public and media relations, and staff from 23 cities have received customer service training. LGP3 also facilitated six Council-Citizen forums to increase citizen participation in community problem solving and implementing solutions.



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