Mid-Term Review Report

"Improvement of the Local Self-Governance System in Armenia" Program

Swiss Cooperation Office
South Caucasus

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Annexes

Abbreviations

ATDF	Armenian Territorial Development Fund (formerly: Armenian Social Investment Fund)
CAA	Communities Association of Armenia
CO	Citizen Office
CoE	Council of Europe
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GmbH)
IT	Information technology
LSG	Local Self-Government
MDP	Municipal Development Plan
MMIS	Municipal Management Information System
MTAD	Ministry of Territorial Administration and Development
MTR	Mid-term Review
NTS	National training system
ROB	Results-oriented budgeting
SDC	Swiss Agency for Development and Cooperation
SILD	Social Investment for Local Development Program
TA	Technical Assistance
TARA	Territorial and Administrative Reform in Armenia
TF	Trust Fund
UNDP	United Nations Development Program
USAID	United States Agency for International Development
WB	World Bank

Executive Summary

The Mid-term Review of the SDC-funded program "Improvement of the Local Self-Governance System in Armenia", implemented since 2014, assessed the effectiveness of support provided by the project partners – GIZ, CoE, UNDP and ATDF – to the Territorial and Administrative Reform and improvement of the local governance in Armenia, led by the Ministry of Territorial Administration and Development.

The on-going Territorial and Administrative Reform in Armenia is irreversible. It enjoys a coordinated response of different donors and agencies, which is highly appreciated by the government. Rolling out of the reform, both in mid and long-term, is a major challenge where the government requires continuous technical and financial support. Three enlarged clusters (Dilijan, Tatev and Tumanyan) have already been established in 2016 and 15 more were approved by the Parliament in mid-2016. At the same time, a larger vision of the decentralization reform beyond municipalities' enlargement is still missing, which hinders the process of gaining wider support to the reform.

Being a lead agency in the provision of technical assistance to national and local government in the course of the reform implementation, GIZ has effectively supported the Ministry in elaborating the reform concept, planning and operationalizing new clusters of municipalities and organizing the communication process related to the reform.

As the Ministry gains experience with the reform implementation, there is a growing need to learn from it, as well as to feed the first evidence of reform benefits to the communication process. Improvement of the National Training System is among the crucial challenges to be addressed in order to bridge the vast gaps in capacities of local self-governments.

It is to the advantage of the reform that it is supported with good quality methodologies and guidelines on new municipal managerial tools, prepared with the assistance of GIZ (like Program Planning, Results-oriented Budgeting, Municipal Management Information Systems and Citizen Offices). In the three pilot clusters, key capacity-building needs are being well addressed, and some municipal management innovations have already been introduced across the country. There is a growing demand for horizontal experience exchange in this context.

Promising results are being achieved by UNDP in terms of women's empowerment at the local level, but the environment is still not conducive for women's active participation: multiple stereotypes exist, and women have fewer chances of being elected in the enlarged municipalities. Furthermore, experience shows that political empowerment of women is difficult to achieve without economic empowerment, and without targeting men. Continued advocacy, work with men, and early engagement in the to-be enlarged municipalities are among the strategies for enhancing women's empowerment work.

Constructive dialogue between the national government and the municipalities on the reform is not yet established. The possibility that the Communities Association of Armenia can play a greater role in facilitating this dialogue is worth considering, given the Association's recent organizational improvements, achieved with the support of CoE at both management and member levels. If the positive trends continue, the international community could consider supporting the Association and cooperating with it more closely, by allowing the Association to properly exercise its role, to further strengthen its organizational capacities and to regain its position as an important stakeholder.

Synchronization in the provision of technical assistance and capital investments to municipalities is a pending issue to be addressed, in order for the two instruments to have a reinforcing effect. ATDF managed to improve its institutional capacities with the support of SDC's institution-building grant. However, ATDF is not yet in a position to provide communities with the full range of technical assistance needed in order for them to generate capital investment projects with a clear local and regional development orientation.

This calls for new approaches to the involvement of external technical assistance and partnership with other actors.

1. Brief Program Overview

This report is a result of the Mid-term Review (MTR) commissioned in the framework of the SDC-funded program "Improvement of the Local Self-Governance System in Armenia", implemented since August 2014 in support of the Territorial and Administrative Reform (TARA) in Armenia. The program contributes to strengthening accountability, effectiveness and efficiency of the local self-governance system in the country.

The program works at national and local levels and involves the provision of both technical assistance (TA) and direct capital investments to the municipalities that are already enlarged as a result of the reform, or will be enlarged in the near future. SDC closely cooperates with the existing actors and other initiatives (including those of CoE, USAID, WB) that are joined in their efforts to support a programmatic approach to the TARA implementation.

The main components and partners of the SDC-funded program are:

- ✓ GIZ (which already implements a comprehensive synergetic local governance support program in the region commissioned by the German Federal Ministry of Economic Cooperation and Development, BMZ) is a lead TA agency in the SDC-funded program and has a dual task. GIZ supports the Ministry of Territorial Administration and Development (MTAD) in advancing the frame conditions for the reform and provision of TA and limited equipment to municipalities for improving their governance and management as a pre-condition for the reform. GIZ also receives co-financing from USAID for the same purposes, which allows it to increase the coverage of municipalities.

- ✓ CoE (which already implements the project "Support to Consolidating Local Democracy in Armenia" as well as "Strengthening Institutional Frameworks for Local Governance" activities) received a mandate from SDC to improve the associational capacities of municipalities and communes through organizational development of the Communities Association of Armenia (CAA) and its ability to engage in the reform.

- ✓ UNDP (which has supported the government in improving gender equality policies and regulations and has actively promoted women's political participation throughout the country), through the SDC grant, extends and deepens its support of women's involvement in politics and local affairs in the south of the country.

- ✓ ATDF (a principal national structure for delivering capital investment funds to communities) received a grant from SDC in support of its internal transformation towards a regional development fund. From 2016, it begins delivering capital investment grants to enlarged or to-be enlarged municipalities in the south through the SDC-funded local governance program, implemented through a World Bank (WB) Trust Fund (TF) arrangement, as part of the larger WB "Social Investment for Local Development" (SILD) project.

The SDC-funded program has one main phase (2014-18) focusing on building consensus around the reform agenda, strengthening capacities of main stakeholders to implement the reform, and ensuring that the reform is well informed by the experience of "pilot" municipalities. Possible follow-up activities under SDC's next cooperation strategy (2017-20) are currently being discussed.

2. MTR Objective, Scope and Methods

This MTR looks at mid-term progress, achievements and challenges of the current program phase at several levels:

A. *Delivery of program results*, as well as approaches used to build in the *elements of sustainability*, according to the program system of outcomes and outputs (See Box 1 in the next chapter). This includes progress achieved through the support of the internal institutional transition of ATDF (outcome 4), and the preparatory phase for the provision of capital investment grants to municipalities in the south of Armenia through the WB TF (Additional Credit).

B. *Context, risks and challenges of program implementation*, including those related to TARA with its political and administrative dimensions.

C. *Issues related to the programmatic approach and TARA coordination arrangements*.

D. *First lessons learned* that can inform the implementation of both the program and the local governance reform.

The MTR was conducted in a participatory manner with the involvement of main stakeholders and beneficiaries. Although it was externally facilitated (by SDC backstopping consultant Olena Krylova, who supported the implementing partners during their internal process of critical reflections, and GIZ facilitator Nikolas Beckmann, who moderated the MTR final workshop) it relied to a large extent on the self-assessment and self-reflection of the program partners.

The MTR drew on several assessment methods and was structured as follows:

- ✓ Agreement with each implementing agency regarding the content of self-assessment and a program for carrying out participatory consultations and relevant field works (May 2016);
- ✓ MTR preparatory work by each agency in line with the content and program agreed upon (first part of June 2016);
- ✓ Conducting externally facilitated self-assessments by each agency, involving field visits and focus group discussions with relevant partners and beneficiaries (June 20-28, 2016); for the detailed program see *Annex 1*;
- ✓ Conducting a participatory partners' MTR workshop (June 28-29, 2016) where the agency-specific MTR results were presented, reviewed and concluded, as well as discussion of issues of synergies and coordination.

3. Mid-Term Review Results

The MTR focused on assessing program progress and success based on the following results framework:

Box 1. Program Results Framework

<u>Outcome 1</u>: National and local stakeholders have advanced framework conditions for TAR in the country (GIZ with the support of UNDP).

Outputs:

1.1 MTAD has improved its capacities to guide the implementation of TAR.

1.2 The national system of training and retraining for municipalities is improved.

1.3 "Pilot" merged municipalities are established and have systems and processes in place, allowing their functioning.

<u>Outcome 2</u>:
The Communities' Association of Armenia (CAA) is strengthened and becomes an active stakeholder of the governance system (CoE).

Outputs:

2.1 The Association elaborates organizational development strategy supported by its constituencies.

2.2 Internal governance and system of management of the CAA is strengthened.

2.3 Communication between the CAA and its constituencies has improved.

2.4 Administrative and financial management practices of the CAA are advanced.

<u>Outcome 3</u>: Municipalities have strengthened their governance and management (GIZ, UNDP).

Outputs:

3.1 Municipalities have improved participatory development planning frameworks.

3.2 Municipalities have enhanced/modernized budgeting procedures linked to a 4-year Municipality Plan (using results-oriented/Program Budgeting Approach). Municipalities have introduced and institutionalized program budgeting practices.

3.3 Municipalities use new management and administration instruments, including MMIS and COs.

3.4 Women are empowered to play a role in local governance and politics.

<u>Outcome 4</u>: Improved abilities of municipalities to access capital investments for projects that facilitate cross-municipal cooperation and merging of municipalities (ASIF/ATDF).

Outputs:

4.1 ASIF/ATDF is equipped to support more complex local and regional development projects through decentralized implementation.

3.1 Improvement of TARA Framework Conditions

This chapter provides results of the MTR assessment in accordance with the program outcomes and outputs structure.

Capacities to Guide and Manage the TARA Implementation

The fact that TARA is irreversible and is enjoying well-coordinated support from different donors is among the chief achievements of the program that is highly praised by the government. The programmatic approach to reform implementation, that links main donor contributions under one results framework approved by MTAD, initiated by SDC and adopted by program partners, is among the key results and is an important pre-condition for ensuring coherent international community response.

GIZ as a lead TA agency has been heavily involved in supporting MTAD in elaborating the concept of TARA, identifying the first 14 clusters and conducting relevant studies, establishing the first three pilot clusters (Dilijan, Tatev and Tumanyan) in early 2016, and developing and implementing a communication strategy in the support of TARA. To reinforce gender aspects, UNDP has been advising the MTAD on mainstreaming gender in the TARA concept, and some key Ministry representatives have become remarkably sensitized to gender issues.

As a result of the received support, the Ministry is currently on track with the implementation of the TARA Action Plan 2015-16, despite several deviations (due to political reasons) from the initially approved approach.

In mid-2016, the Parliament approved the establishment of 15 additional enlarged municipalities, and MTAD has repeatedly stressed its commitment to roll-out the reform nationally by 2018. At the same time, the lack of a clear strategy for other aspects of the decentralization reform (in particular, fiscal decentralization) is a serious hindrance that affects not only the process of planning technical support to the reform, but also the communication process. The MTAD leadership appears to have some vision for decentralization in terms of delegation of powers and responsibilities (judging by recent statements), but this vision is not being broadly discussed or communicated.

The initial stage of the reform also shows that the communication campaign, implemented in support of TARA, suffers from limited evidence of benefits derived from the consolidation process, and endures a high level of skepticism and resistance in the targeted municipalities.

National level support to piloting merged municipalities

With the support of the partners, MTAD has now accumulated first experiences in TARA implementation, but a more systematic harvesting of knowledge and lessons is still needed.

It should be noted, however, that in the three pilot clusters key capacity-building needs are being well addressed. Good methodological support is available through GIZ and networking is taking place in a number of areas, such as program planning, budgeting, Municipal Management Information System (MMIS), and Citizen Offices (CO). On the ground, GIZ is generally perceived as a close, flexible and technically sound partner.

At the same time, GIZ finds it impossible to proceed with the elaboration of road maps for the upcoming clusters, and carry out any capacity-building activities, before the municipal elections take place in these locations (i.e. before the issue of formal leadership/ counterparts is settled). This explains delays in the delivery of TA. Furthermore, many municipalities (especially in peripheral/rural areas) face human resource constraints: the slow process of hiring staff, low qualification of staff, low salary, and turnover of young

professionals are among the factors that hinder the operationalization of new clusters and cause further delays in provision of TA.

National Training System

The reform is not yet supported by provision of training inputs from the formal system of training and retraining. The current system is outdated and does not address the needs of municipalities, especially in the context of TARA. A strategic approach from MTAD to review the national training system (NTS) is urgently needed.

GIZ plans to conduct a training needs assessment and to organize a study tour to Germany to look at the system of HR management and (re)training in local self-government (LSG). Support of the MTAD in this process, along with establishing a working group that focuses on human resources management and NTS, will be crucial.

3.2 Strengthening the Communities Association of Armenia

The chief tangible achievement of this program component implemented by the CoE/ Congress of Regional and Local Authorities is the adoption of the CAA *Organizational Development Plan* 2016-2020, in December 2015.

It was preceded by a thorough baseline assessment that looked at the institutional capacities of the CAA, identified its current institutional strengths and weaknesses, analyzed members expectations and needs, and laid the fundament for the elaboration of the CAA's five-year Organizational Development Strategy. Participatory discussions organized by the CAA in order to define key strategic organizational development goals involved more than 200 mayors and revealed different shortcomings in the functioning of the CAA, its Board and the role of its members. This first comprehensive written Strategy of the Association since 2010 has stated the CAA's commitment to an institutional reform. The Strategy also emphasised a need to improve the CAA's communication and public relations processes and frameworks.

For reforming the CAA, a combination of several approaches was instrumental: promotion of the Congress standards, international peer exchange and re-activation of the CAA members. Other CoE initiatives targeting municipalities and Mayors were highly synergetic for activating the CAA members and challenging the way the CAA functioned.

A number of important *changes have been registered a) at the level of the CAA leadership* (openness to discussing problems, and interest in improving not only the CAA organizational practices but also revision of the Charter and internal decision-making mechanisms; wider outreach to members during the events; willingness to hold a General Assembly and elections of statutory bodies), *and b) at the level of CAA members* (interest and engagement in the process of strategic planning; more open exchange and critical reflections during statutory body meetings and strategy development workshops; emerging greater awareness of European standards for local democracy and aspirations to belong to the European LSG community).

Changes in organizational practice already taking place include:
- ✓ Regularly held statutory meetings of the CAA Board and the Republican Council;
- ✓ The CAA has been trying out different forms of more active members' engagement with the thematic working groups becoming more prominent;
- ✓ The CAA management has begun delegating authority (e.g. different members of the Republican Council represent the CAA in public councils adjacent to

Ministries) and is committed to introducing the practice of a "group of leaders" within the CAA;

✓ For the first time the CAA budget execution report 2015 and budget plans for 2016 were shared with the members; and, on the CAA management's request, an external audit was commissioned this year;

✓ Information is more regularly shared internally among CAA members (increased use of e-mail based information circulation, ad hoc member surveys through survey monkey platform) and external communication improved (the new CAA web-site is being developed, active utilization of CAA's Facebook page, regular updates on all events).

In the coming months (certainly before this component of the project ends in mid-2017), the CoE jointly with the CAA will focus on addressing several challenges and risks, in order to consolidate sustainability of the launched processes:

✓ The CAA governance reform and tackling the existing issue of conflict of interest in the management, finding a balance between an efficient internal decision-making mechanism and ensuring wide representation of members' interests. This will be done through a thorough revision of the CAA Statute. Apart from the adoption of a new Statute, the upcoming General Assembly meeting will elect the Association's leadership (the first major step in re-organization of the Association);

✓ Ensuring financial sustainability of the CAA for proper implementation of its strategic objectives;

✓ Making sure that the positive changes within the Association are visible to external partners, as well as building trust between the CAA and other national stakeholders.

3.3 Strengthening Municipal Governance and Management

Municipal Development Planning

Based on the recently approved Municipal Development Planning (MDP) methodology, the three pilot clusters (Dilijan, Tatev and Tumanyan) were supported in the elaboration of their MDPs and the design of main socio-economic development indicators to inform the planning process. Capacities of 75 staff members and direct stakeholders (LSGs, regional authorities - marzpetarans, civil society groups, mass media, and businesses) to elaborate participatory MDPs and link them to local economic development are being improved.

This experience is still young and MDPs are not (yet) perceived as the guiding document to manage and fund local development. Also, a gap still exists between the identification of the bottom-up planning/grass-roots priorities by municipalities, on one hand, and projects that receive capital investment funding/donor support, on the other hand. For instance, projects that are currently implemented in the three clusters by ATDF differ from those included in the list of priority projects compiled by GIZ during clusters feasibility studies, or from those ideas that were initiated by communities immediately after the Call for Proposals was launched.

Rolling out the planning process in 15 more clusters in 2016-2017 is another challenge that requires careful planning and prioritization for efficient assistance delivery.

Results-Oriented Budgeting

Based on the elaborated and published Results-Oriented Budgeting (ROB) methodology and support provided to municipalities in terms of advisory support, training (163 people trained), conducting discussions and public hearings (30 public hearings), 50 municipalities (10 in 2015 and 40 in 2016) have their ROBs developed. Although the ROB process is

linked to the MDP process procedurally and functionally, the challenge ahead remains to ensure that ROB becomes a fully-fledged instrument for managing local budgets and investments (also harmonized with the national budgeting process). Furthermore, participation in budgeting is difficult to promote when the resources, on which LSGs can decide on their own discretion, is meager and a large portion of LSGs' budget (especially in social sectors) is already pre-assigned.

E-Governance

A key program achievement in advancing e-governance practices is the large coverage of municipalities with MMIS: 190 municipalities have established MMIS, and centralized MMIS in the three cluster municipalities of Tatev, Dilijan and Tumanyan; this is a result of intensive capacity-building inputs (725 staff members trained, 10 knowledge management events, 65 monitoring visits and 136 online monitoring consultations) and direct investments (12 municipalities in three clusters have renovated their rooms hosting MMIS).

Following the revision of the Concept on Citizen Offices (CO), four[1] new COs were established with the support of the program (Tumanyan and Tatev clusters, in Abovyan and Artashat) and four COs upgraded (in Dilijan, Goris, Jermuk, Vayk). Citizen satisfaction surveys conducted in 2015 reveal high quality and efficiency of administrative services provided by municipalities[2] (as much as 97% of respondents reported improvement of services and satisfaction with services).

Deviation from the initially agreed cluster lists has affected the schedule of MMIS (IT procurement, MMIS in 18 municipalities of Jajur, Pemzashen, Byureghavan, Sarchapet clusters) and has sometimes complicated the establishment of COs. Support was also provided to Pemzashen municipality, which was initially foreseen as cluster centre, in order to establish a Citizen Office. As the government plans for clusters changed and Pemzazhen was removed from the list of pilot clusters, it was agreed with USAID that even though Pemzashen would not yet be affected by reform implementation, the municipality should use the refurbished room and provided knowledge and IT-equipment by providing administrative services to citizens in a small-scale one-stop shop following the single window approach.

As an additional activity, with the support of UNDP, 17 communities of Syunik and Vayots Dzor introduced an SMS polling tool as an instrument of receiving feedback from citizens. Raising people's interest to engage in SMS polling has been a challenging task, although currently some 22.5% of voters in targeted communities have already joined the SMS-polling database.

Women in local politics

UNDP inputs in women political empowerment resulted in the following main quantitative achievements:

✓ Wide coverage of women candidates in pre-election period (639 women from more than 50 communities benefitted from pre-electoral support meetings and trainings in 2015-16 elections) with a high level of satisfaction reported by those women;

✓ From six women candidates supported during December 2015 and April 2016 local elections in Alvank, Nzhdeh, Kuris and Chapni in Syunik marz, five were elected;

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[1] 3 more CO's have been opened till August 2016: Ashtarak, Zaritap and Urtsadzor. Alaverdi CO will be opened by the end of autumn.
[2] A survey on the citizen satisfaction with the services provided in the first 10 GIZ-supported COs was conducted in November and December 2015 in Aparan, Goris, Dilijan, Yeghegnadzor, Ijevan, Charentsavan, Jermuk, Sisian, Vayk and Vedi..

- ✓ 25 women representatives of LSG from 22 communities of Armenia (10 in Vayots Dzor and 12 in Syunik) advanced on leadership and governance processes;

- ✓ 11 self-driven (zero-budget) creative initiatives were implemented as a result of the youth camps, including those related to women's participation and governance (most in partnership with LSG): local surveys; volunteer bank; young women sensitized on and trained in local governance issues; potential female candidates identified; networks facilitated; awareness raised among residents on the importance of women engagement.

Qualitatively, the project boosted women's self-confidence and ability to realize their potential in the community through training, networking, leadership advancement and implementation of self-led initiatives. Women participating in the focus group discussions conducted in the framework of the MTR refer to examples of women shifting the borders of their traditional roles in families and communities. Further, there are instances of young leaders/community mobilizers emerging across targeted communities (10 young people are already enlisted by the project as potential resource persons and facilitators).

Overcoming multiple existing stereotypes regarding female and male traditional roles, and women's competitiveness towards each other appears to be a major challenge. It manifested on several occasions, including a low response to publicly announced training events for women, causing the project to prolong the application deadline several times. Another challenge is linked to the slower than planned pace of activities in newly enlarged communities, due to multiple and competing priorities faced by newly established LSGs and thereby stretching their capacities.

In parallel to UNDP, in other locations GIZ has been aiming at women's empowerment as a part of its larger program. As a result of the GIZ support, local female politicians report an increase in their capacities through participation in trainings, conferences (regional, national), study visits and round table discussions; there are examples of targeted women running in mayoral elections. Further, local female politicians were able to implement seven small grant projects related to participatory local governance, and benefiting some 1'100 citizens. Also, a network of local female politicians is being further expanded.

Both agencies warn of the risk that community enlargement could reduce the chances of women being elected. The competition gets tougher; people believe that the candidates are "pre-approved" and the emergence of "non-usual suspects" is not possible. As a result, there are instances of municipal councils with no female representatives (e.g. Tatev), despite on-going women's political activism. In this situation, amendments of the Electoral Code are essential for the advancement of female candidates.

3.4 Facilitating Access to Capital Investments through Support to ATDF

The TA package provided to ATDF in the framework of the SDC-funded program, in order to facilitate its *transition from a social investment fund to a territorial development fund*, included support to several technical studies to improve ATDF's operational modalities and instruments, a study tour to Poland and Ukraine, conducting an organizational review and providing organizational development peer advice by Regional Development Fund colleagues from Albania. The organizational assessment proved that the implementation of a large volume capital investments portfolio requires adequate structures and human resources potential that ATDF has to gradually build up and invest into.

As a result of this technical support, the Fund underwent some restructuring and its departments have been strengthened (with focus on M&E, donor relations/PR, project appraisal and analytical functions). Furthermore, ATDF operational tools were adjusted to accommodate the implementation of new and more complex capital investment projects

(compared to the previous generation's simple social investment projects). In its new shape, ATDF attracts additional partners (including ADB and USAID) and becomes more visible.

The **Call for Proposals launched for the three first pilot clusters** (Tatev, Tumanyan, Dilijan), has generated initial experience and awareness within ATDF on what "more complex development projects" may mean and what the challenges connected to stimulating such projects are. The experience revealed:

- ✓ Very weak capacities at the local level to formulate more complex development projects, as well as some differences in the understanding of MTAD, communities and donors on which development projects should be supported (in order to steer project elaboration processes, ATDF had to compromise its procedures on a number of occasions);
- ✓ A need to find a balance between ATDF flexibility and openness for new ideas, on one hand, and providing clear guidance and orientation to municipalities on "new" projects, on the other hand;
- ✓ The importance of coordination of local project initiatives with broader national and regional strategies (e.g. solid waste management);
- ✓ A lack of enthusiasm among the municipalities linked to a lack of competition (enlarged or to-be enlarged municipalities know that they will most likely receive capital investments).
- ✓ Difficulties with raising local contribution/co-funding at the required level;
- ✓ The inability of ATDF to monitor sustainability of its investments, which will be more critical for complex development projects than for simple social investments.

Furthermore, ATDF has limited abilities to provide TA to municipalities in the course of project preparation, due to governmental restrictions on ATDF expenditure for experts. Meeting these challenge requires a more strategic approach, and cooperation with other TARA supporters (GIZ, SDC, USAID, UNDP) and local development actors.

4. Lessons and Recommendations

4.1 Lessons Learned

The MTR process has identified the following key lessons from the existing program experience:

- **Longer-term vision of the reform (all comprehensive package)**, as well as linkages between the national level decision-making process and grass roots experiences of the reform implementation are crucial for effective management of the reform process.

- Full **operationalization of new municipal development planning and budgeting approaches** requires more favorable fiscal conditions, further advancement of sectoral decentralization and better coordination with the national capital investment funding opportunities (like those provided by ATDF).

- **Horizontal exchange between LSGs** is an important precondition for effective reform implementation. Systematic learning and experience exchange platforms prove to be fundamental for scaling up the implementation of the LSG reform and building a solid support base for the reform across the country.

- **Political empowerment of women** is very challenging without simultaneously targeting men and addressing women's economic empowerment (women who already work and enjoy recognition have more chances of getting support in their communities). The attitude of men is among the key barriers to promoting women's

participation: even where women take up public functions, their burden only increases (as they henceforth have to do both their work at home and in public). A re-distribution of traditional gender roles does not occur as a rule.

- For the **organizational strength of CAA**, the strength and independence of its members (municipalities), as well as their ability to communicate and advocate common local governance interests, is fundamental. CAA's organizational development is a demanding process that entails time, patience and support of other actors. Cooperation between the CAA and other programme actors and international stakeholders is important for making the internal changes visible, while also further promoting the internal reform process.

- Weak **capacities at the local level to formulate more complex development projects,** contributing to local/regional development calls for extensive TA inputs, which have to be provided in partnership with multiple actors.

4.2 Recommendations

To build on the lessons learned and existing program achievements, as well as to respond effectively to the upcoming challenges, the MTR has generated a number of recommendations related to each program component:

Improvement of TARA Framework Conditions

- The government needs to formulate and communicate to partners its larger vision of TARA (particularly related to decentralization), which will be the basis for further planning technical support. An Action Plan for the reform rollout in 2017-18 should be designed as soon as possible.

- Based on further reform plans, MTAD should clearly define and communicate to partners its needs for further capacity-building support.

- Review the TARA Communication Strategy to ensure that it builds on that larger vision and the Action Plan, and reflects on the first experiences and benefits of LSG consolidation.

- There is an urgent need to establish periodic structured exchanges between the enlarged municipalities/clusters, MTAD and the TA providers, in order to timely capture, analyze and address challenges on the ground, prototype and disseminate solutions, and feed information to national level decision-making and regulatory work.

- Assess more systematically the experiences and lessons learned from the TARA piloting phase to support the establishment of new cluster municipalities, including through elaboration of standard products and guidelines in support of their quick operationalization.

- NTS can play a crucial role in scaling up the LSG reform. In the context of a rather sluggish cooperation on this issue with the relevant MTAD department, and based on the outcomes of the training needs assessment, the partners should carefully assess the feasibility of further developing NTS in Armenia. In case of low commitment level/ feasibility, the program would still need to ensure systematic provision of knowledge and training to enlarged municipalities through channels available to it. However, sustainability of this investment may be limited.

Municipal governance and management

- There is a need to agree on a list of enlarged municipalities (from the upcoming 15), which will be a priority target for providing TA (including in such areas as introducing/ upgrading MDP, ROB, MMIS and CO upgrade).

- First experiences with regard to the application and implementation of MDPs and ROBs need to be closely analyzed and lessons harvested. In the long run, a constructive dialogue platform should be established between the national government, experts and LSGs on the issues of fiscal and sectoral decentralization.

- Building on knowledge management experience in MMIS, a more systematic horizontal experience exchange and cross-fertilization among the municipalities on key governance and managerial innovations should be established.

- Further support exchange of experiences on women's empowerment, across different projects and initiatives. The upcoming GIZ Gender Regional Conference in Borjomi (September 2016) and a survey on the role of female politicians in local governance in Armenia (planned by GIZ/BMZ in 2016) may provide platforms for reviewing different approaches and drawing lessons.

- SMS polling can be a powerful additional tool of direct democracy, but it needs to be used in combination with other tools, allowing a more active form of citizen engagement and deliberation. Program partners (UNDP and GIZ in particular) should assess how to maximize abilities of the municipalities to make full use of the SMS-polling instrument as an additional valuable tool that can provide inputs in local decision-making, along with other citizen participation instruments that are currently being promoted.

- There is a potential for strengthening SDC regional experience exchange. The SDC program partners in Armenia can benefit by learning from the experience of the SDC-funded Decentralization Support Program in Ukraine; this program was recently reviewed and praised for its outstanding contribution to the support of the on-going large scale Territorial and Administrative Reform – specifically in the area of an effective Communication Strategy, facilitating horizontal learning (through Communities of Practice, LSG school and an e-learning platform) and linking the process of reforms implementation on the ground with the process of national legal and regulatory adjustments. The SDC office in Ukraine, in its turn, would be interested in the successful Armenian experience of joined multi-agency planning and coordination in support of the reform, which is a major upcoming challenge for Ukraine.

Women's empowerment

- Improved exchange and coordination between different women's empowerment programs and initiatives would be beneficial for ensuring their cross-fertilization and learning from experience. The fact that two main supporters of such initiatives – UNDP and GIZ – are already bound as partners in this program provides a good basis for strengthening such coordination.

- To compensate for a lack of women in Councils of the enlarged municipalities, and to avoid gender blindness of LSGs, emphasis can be made on the introduction of women's committees and promoting the appointment of women in village-level working groups. Mainstreaming gender in LSG management tools, such as planning and budgeting, is another important approach to be further pursued. At the same time, it is also important to start working early in the to-be-enlarged communities on capacity development of potential female candidates.

- UNDP should further strengthen its cooperation with the CAA on pursuing gender issues more systematically in LSG, including through a working group on gender at CAA.
- To the extent possible, future interventions should include components/ small-scale support schemes aimed at men. The primary target group can include: LSG officials, families of active women and youth. More active showcasing of redistribution of gender roles (including appealing to competitiveness) can be useful in fighting stereotypes.
- UNDP should continue lobbying for a mixed election system in the Electoral Code.

Strengthening the CAA

- To minimize the risk of non-implementation of the CAA Strategic Plan, and the risk of failing to meet the important institutional development commitments declared in the Plan, the CAA, with the support of CoE, would need to carefully prioritize measures proposed by the Plan.
- Among other priorities, adequate attention should be paid to continuing work with the members (also in the context of potential turn-over of mayors after local elections), as well as targeting and integrating into the work of CAA the newly elected mayors and mayors of enlarged municipalities.
- The search for new financial sustainability of CAA will need to go in parallel with mobilization of support for further organizational development of the CAA. There is a serious risk of discontinuation of the already begun internal CAA reform if the CoE support to the Association is terminated as early as spring 2017. The reform process has gained momentum and raised CAA members' enthusiasm, crucial to maintain if sustainable results are to be achieved.
- Furthermore, there is potential to gradually involve the CAA in other program components, including the horizontal exchange of experiences among Armenian municipalities, which seems to be one of the tasks the CAA intends to pursue in the future.

Access to Capital Investments through ATDF

- In order to ensure that municipalities provide ATDF with good quality capital investment project proposals, the Fund needs to pursue two strategies: a) outsourcing provision of TA to municipalities at the stage of project proposal elaboration; and b) more actively engage in the process other development and private sector actors that are active in the municipalities and can support local initiative groups in formulating proposals. ATDF must be in a position to allocate adequate funds for outsourcing provision of required TA to municipalities.
- ATDF, with the support of MTAD and development partners, should carefully assess the first experiences of supporting "new generation" development projects and the targeting of enlarged municipalities, in order to both learn from these experiences and to feed lessons into the SILD II implementation and subsequent rounds of Calls for Proposals.
- In the long-run, ATDF will need to develop instruments allowing it to follow up on the sustainability and impact of funded projects, in order to maximize on opportunities to learn which approaches have proven to be effective for enhancing regional and local development.

Mid-Term Review of the program "Improvement of the Local Self-Governance System in Armenia"

CoE Component: Internal Review

Methods:
- Focus Group Discussion with CAA Board and management
- Interview with the CAA management
- Internal reflections session with the CoE project team

Objective: In a participatory manner, review project approach, assess outcomes of the CoE contribution towards strengthening the CAA, define challenges and ways forward.

Program - June 20

Time	Sessions	Participants
9.30-11.30	CAA internal session on new CAA Strategy	CAA Board, management and CoE project team
11.30-12.30	Lunch	
12.30-13.00	Presenting the goals of the MTR Brief presentation by CoE: Project approach, role of CoE, progress achieved and first lessons learned Q&A	
13.00-14.00	Discussion on project outcomes and impact to date, strength and weaknesses, challenges and risks	
14.00-14.30	Reflection on main lessons learned. Discussing recommendations related to project approach, priority areas of support and ways forward	
14.30-15.00	Break	
15.00-16.00	Interview with CAA management	CAA management
16.00-18.00	Session with CoE team: Summarizing findings, conclusions and lessons. Discussing the content of the presentation for the project partners MTR WS	CoE team

Mid-Term Review of the program "Improvement of the Local Self-Governance System in Armenia"

ATDF Component: Internal Review – June 21

Objective

In a participatory manner, review the ATDF approach and progress in improving abilities of municipalities to access capital investments and facilitate innovative thinking about development projects.

Methods

- Focus Group Discussion with beneficiary municipalities and stakeholders in Yerevan
- Internal reflections session with the ATDF team, WB and consultants

Program - June 21

Time	Sessions	Participants
13.00-15.00	Session 1: Focus group discussion in ATDF office with project focal points from three pilot municipalities, supporting consultants and relevant Marzpetaran staff	Dillijan, Tumanyan and Tatev municipalities
15.00-15.30	Break	
15.30-17.30	Session 2: Session with ATDF team, WB and consultants on summarizing achievements, challenges and lessons (for both direct institutional development grant to ATDF and the on-going work under Component II with the three pilot municipalities). Discussing the content of the presentation for the project partners MTR WS	ATDF core team

Mid-Term Review of the program "Improvement of the Local Self-Governance System in Armenia"

GIZ Component: Internal Review Workshop

<u>**Objective:**</u> In a participatory manner, review project approach, assess outcomes of the GIZ contribution towards improvement of local self-government system in Armenia, and define challenges and ways forward.

Program – June 23

Time	Sessions	Participants
9.30-10.30	Welcoming words, presenting participants and setting objectives Presentation by GIZ: Project approach, role of GIZ, progress achieved and first lessons learned Q&A session	MTAD, key national experts, representatives from selected municipalities – majors and specialists (3 clusters +)
10.30-11.30	<u>Session 1:</u> Panel discussion on the improvement of national framework conditions for TARA (national level): Project Impact and Strength, Weaknesses, Challenges and Risks	
11.30-12.00	Break	
12.00-13.00	<u>Session 2:</u> Panel discussion on the strengthening municipal governance and management (local level and national standards): Project Impact and Strength, Weaknesses, Challenges and Risks	
13.00-14.00	<u>Session 3:</u> Reflection on main lessons learned. Discussing recommendations related to project approach, priority areas of support and ways forward	
14.00-15.00	Lunch	
15.00-17.00	Session with GIZ team: Summarizing findings, conclusions and lessons. Discussing the content of the presentation for the project partners MTR WS	GIZ team

Mid-Term Review of the program "Improvement of the Local Self-Governance System in Armenia"

UNDP Component: Internal Review – June 24-25

Objective

In a participatory manner, review project approach, assess outcomes of the UNDP contribution towards empowerment of women in local governance and politics, define challenges and ways forward.

Methods

- Focus Group Discussion with beneficiaries in the field (Syunik and Vayots Dzor)
- Interview with key local stakeholders
- Internal reflections session with the UNDP team

Program - June 24

Time	Sessions	Participants
9:00	Departure to Areni, Vayots Dzor	
11:00	Interview with Armenuhi Tsaturyan, the local council member in Areni and/or Sergei Arustamyan, the Mayor of Areni (tbc)	Armenuhi is a beneficiary for 'advancing women's leadership' component. Areni is a community that integrated SMS-polling tool in the pilot phase.
11:30	Focus group discussion in Areni Municipality with the Vayots Dzor project beneficiaries of the following components: advancing the women's empowerment and women and leadership components	Women serving in LSG (Local Council members, new potential candidates for LSF elections) Young women and men from "I am the Community" Leadership model
14:00	Departure to Tatev community (center in Shinuhayr village)	
16:00	Interview with the Head of Community and the Secretary (tbc)	The SMS-polling tool is in currently being installed in the Tatev cluster
17:00	Departure to Goris	

June 25

Time	Sessions	Participants
10:00	Focus group discussion in Goris (Women's Resource Center) with the project Syunik marz beneficiaries of the following components: advancing the women's empowerment and women and leadership component	Women serving in LSG (Local Council members, new potential candidates for LSF elections) Young women and men from "I am the Community" Leadership model
12:00	Interview with Goris Mayor	
13:00	Departure from Goris to Yerevan	
14:00 – 16:00	Session with UNDP team: Summarizing findings, conclusions and lessons	UNDP team

Mid-Term Review of the program "Improvement of the Local Self-Governance System in Armenia"

Partners Review Workshop Program

June 28-29

<u>Objective:</u> Assess program's mid-term progress, achievements (outcomes and impact level), approaches and challenges in terms of improvement of the local self-governance system in Armenia, and draw on first lessons learned.

June 28

Time	Sessions
9.00-9.15	Welcoming words, setting objectives, program overview Quick overview of the MTR process
9.15-10.15 10.15-11.15	**Outcomes of the internal participatory MTR process: Presentations by agencies** Presentation by GIZ "Improving national environment for TARA reform and strengthening municipal governance and management: Mid-term assessment of achievement, approaches, challenges, risks and lessons learned" Q&A / Discussion Presentation by UNDP "Women's empowerment in local governance and politics: Mid-term assessment of achievement, approaches, challenges, risks and lessons learned" Q&A / Discussion
11.15-11.45	Break
11.45-12.45	<u>Outcomes of the internal participatory MTR process: Presentations by agencies</u> Presentation by ATDF "Improving access of municipalities to capital investments and stimulation of innovative approaches to local development: Assessment of initial achievement, approaches, challenges, risks and lessons learned" Q&A / Discussion
12.45-13.45	Lunch
13.45-14.45	Presentation by CoE "Strengthening of the CAA: Mid-term assessment of achievement, approaches, challenges, risks and lessons learned" Q&A / Discussion
14.45-16.00	**TARA plans and its implications for the program** Inputs from MTAD on upcoming reform plans Discussion on implications of the TARA pace and plans for the project
16.00 -16.30	Break
16.30-17.30	Critical review of project approaches and discussion on modifications needed

June 29

Time	Sessions
9.00-9.15	Recap from the previous day
9.15-10.15	**Project implementation (process) and coordination** Discussion of achievements and challenges (strengths and weaknesses) and lessons related to program implementation process and coordination
10.15-11.00	Coordination of upcoming semi-annual plans between the agencies
11.00-11.30	Break
11.30-13.00	**Ways forward** Defining recommendations to program implementers and the national government based on the MTR review results
13.00-14.00	Lunch
14.00-15.30	Wrapping up: Summary of the MTR outcomes (by Olena Krylova)
15.30-16.00	Break