

The Role and Effectiveness of Local Governance in Public Administration System of Armenia

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ABSTRACT

The efficiency of public administration is largely conditioned by the optimal division of powers and functions between the branches of power, which will enable to provide appropriate mechanisms for checks and balances between them. The efficiency of state government and local government is affected by extremely dynamic and mutually interrelated factors of internal and external environments, such as economic situation, political stability, or international relations. In these circumstances it becomes necessary to monitor and evaluate the effectiveness of the public administration and local government, and to implement reforms of the system. The goal of this paper is to assess the effectiveness of local government and to identify the problems to be solved, which can result in the further development of public administration. Within the framework of this research the problems of inter-municipal cooperation, enlargement policies as well as opportunities and obstacles of the direct participation of citizens have been unveiled.

Keywords: Local Governance, Public Administration, Participation, Enlargement

JEL Codes: H700, H790

1. Introduction to the Problem

The efficiency of public administration is largely conditioned by the optimal division of powers and functions between the branches of power, which will enable to provide some appropriate mechanisms for checks and balances between them. At the same time, the efficiency of state government and local self-government is affected by extremely dynamic and mutually interrelated factors of internal and external environments, such as economic situation, political stability, or international relations. In these circumstances it becomes necessary to monitor and evaluate the effectiveness of the public administration, and, if necessary, to implement reforms of the system. The current paper has been in pursuit of a goal to assess the effectiveness of public administration and local self-government and to identify the problems to be solved, which can result in the further development of the components of public administration.

Since the formation of state governance bodies among ancient civilizations people have always been trying to reveal some ways of improvement of relationships between the state and the “consumers” and the tools of public administration as well. In the modern era of democracy, human rights and the approach of total participation in public policy, the modern sense of public administration supposes four main groups of everyday participants: state governance bodies, LSG bodies, non-profit organizations, and media¹. The former two are the primary participants, while the influence by latter two is indirect, so those are considered secondary participants. But the existence of those secondary participants is vital for the whole system of public administration. Civil society is the main term describing the capability of the environment within the country to form public administration institutions. In RA it is one the primary issues

¹ Almond G., Verba S., “The Civil Culture: Political Attitudes and Democracy in Five Nations”. Princeton, “Princeton University Press”, 1989:

to discuss and generate solutions. So some observations are made to evaluate the capabilities of civic society in RA by its legal, institutional and public terms, and reveal the main barriers. It's obvious that today we can't speak about totally formed civil society in Armenia. But it is also important to realize that in modern conditions the majority of civil society is acting in virtual environment. This informal internet civil society is even more efficient than the activity of formal organizations. Some international comparison is also made to evaluate the relative achievements of Armenian non-profit organizations and media by the means of their freedom and participation capacities.

The primary indicator for measuring the financial efficiency of public administration is the total sum of costs made to guarantee the existence of the system. In other words, people and organizations input something to the system of public administration by taxation and other means. The most of this "contribution" is to be spent for the core functions of the state, but some amount is paid just to form and keep the structure and the human resources. The observation of dynamics and structure of these costs gives opportunity to reveal the main reserves of improvement. About 8.5% of all costs of state budget are made to keep the bodies of public administration. A very strong co-variation is also revealed between the total costs of state budget and the costs made to keep the state structure. This means that those costs are being made not "by needs" but "by opportunities", which is a huge shortcoming for the financial efficiency. The wages paid to public servants and particularly civil servants are of interest as well as their number.

The distribution and redistribution of incomes within public administration system is an important issue to achieve a normally acting system of LSG, in which case all the LSG bodies could be financially and professionally capable to execute their functions efficiently.

The activities of the legislative body, the formation of the representative body, their functions, internal organizational issues, the relationships between governmental bodies have always been in the axis of the political reality and in the constitutional doctrine. Democratization tendencies in the society, political system and governmental bodies mainly depend on the steps and the activities of the commonwealth representatives and on the level of the development of the parliamentarism. Gradually, in the Republic of Armenia new governmental institutions have been established on the basics of democracy. The existing institutions were improved and became more modern and the political system became more stable. The new parliament elected by the nation in 1990 had a huge impact on the formation of new value system. After declaration of its independence, the Republic of Armenia established a completely new governmental system and the legislative body got fundamentally new role. During the past 22 years the parliament has had drastic changes; it was improved and the new competences and functions were defined taking into consideration the principles which were typical to a legislative and democratic country².

In 1918–1920 the parliament and parliamentarism in Armenia made their first steps; moreover, the functions of legislative and executive bodies were separated. Already in 1991 when the third republic was established a more democratic model of government was developed. Now the Republic of Armenia National Assembly is considered to be the inheritor of RA parliamentarism. RA National Assembly which is the important part of the state government system carries out the supreme legislative authority. The National Assembly plays an important role not only in the social and political life of the society and promotes the establishment of legislative, democratic and social government but it also reviews and regulates important social relationships enriching and developing the legislation of RA and its state and legal practice.

Local self-government is one of the integral components of the public administration. Various subjects should play a role in local self-government bodies' capacity building. The state (central) government bodies have a primary and a crucial role in this process. Through the

² The Constitution of the Republic of Armenia: Yerevan, "Tigran Mets", 2005.

decentralization of power and by making it closer to people the state must ensure the appropriate capacities for the utilization of that power.

Financial and human resources of most municipalities don't allow them to implement public services which are vested in them. There is a need for inter-municipal cooperation concerning water supply, power supply, scavenging, waste disposal, tax collection for local budgets and other matters. Such cooperation is also important in terms of the increase in management efficiency as separate municipalities simply can't solve administrative problems that arise in their territories. The reason is that they don't have any experience and, besides that, they don't have enough financial resources to invite highly qualified specialists. Although the Law on Local Self-government in the Republic of Armenia defines that municipalities can form inter-municipal unions for joint solution of problems and for cutting down expenses³, not a single case of formation of any union has been fixed yet. Thereupon two main obstacles on the way of formation and operation of inter-municipal unions can be noted: lack of financial resources and shortcoming of legislation. Inter-municipal unions should also serve as a directory for further administrative-territorial reforms, which in our opinion will bring to the administrative extension of municipalities as a final result.

2. Current Challenges and Policies

- An important change in administrative and territorial setup of the country is that the entire territory of the republic is covered by communities. Thus, the enforcement of local government in the entire territory of the Republic of Armenia is a fact of life.
- Despite the fact that the Government has taken formal note of the Concept Paper on Establishment of Inter-community Unions and Consolidation of Communities, it has not been finalized or adopted yet.
- Communities, as units of local government, continue to remain extremely small and weak in capacities. No essential changes were done in the direction of developing inter-community cooperation. No inter-municipal unions have been created so far. (Fig. 1).

Name of the region	Up to 100	101-400	401-1000	1001-2000	2001-5000	5000 and more	Total
Aragatsotn	3	30	41	21	14	2	111
Ararat	0	4	15	32	36	6	93
Armavir	0	4	7	40	39	4	94
Gegharkunik	1	20	23	13	18	12	87
Lori	3	37	21	25	16	3	105
Kotayk	1	5	15	14	18	7	60
Shirak	3	32	35	31	13	2	116
Syunik	20	44	24	8	6	0	102
Vayots Dzor	0	16	9	11	4	1	41
Tavush	0	10	17	17	13	0	57
Total	31	202	207	212	177	37	866

Fig. 1: Population of rural communities in Armenia by regions.

³ The Law of the Republic of Armenia on Local Self-Government: Yerevan, 2002.

- The autonomy of communities and their financial independence continues to be at very low levels, whilst the property extremely insufficient (Fig. 2).

Name of the region	2012			2013		
	Total incomes (thousand AMD)	Own incomes (thousand AMD)	Share of own incomes (%)	Total incomes (thousand AMD)	Own incomes (thousand AMD)	Share of own incomes (%)
Yerevan	57,147,056	16,058,550	28.10	63,605,525	16,995,034	26.72
Aragatsotn	2,477,326	776,898	31.36	2,745,175	819,197	29.84
Ararat	4,620,352	1,535,154	33.23	5,302,091	1,717,797	32.40
Armavir	4,975,262	1,872,686	37.64	5,429,652	1,927,719	35.50
Gegharkunik	4,079,882	1,018,270	24.96	4,555,509	1,081,645	23.74
Lori	5,152,653	1,422,217	27.60	5,509,187	1,511,472	27.44
Kotayk	5,103,416	2,068,591	40.53	5,568,214	2,176,299	39.08
Shirak	5,278,789	1,567,397	29.69	5,686,310	1,734,877	30.51
Syunik	3,243,626	1,146,638	35.35	3,616,556	1,216,018	33.62
Vayots Dzor	1,125,911	352,903	31.34	1,320,311	474,781	35.96
Tavush	2,219,169	579,643	26.12	2,401,927	604,224	25.16
Total	95,423,442	28,398,946	29.76	105,740,458	30,259,062	28.62

Fig. 2: Income of local budgets of communities by regions (2012-2013).

- Although the legislation foresees the opportunity of sharing taxes between state and local budgets, no shared revenues were made available to the community budgets so far.
- Armenia has not recorded any serious progress towards development of local democracy. Despite the existence and availability of all methods and ways by the law⁴, budget publicity is still not provided at the necessary level in our country. In many cases, the relevant requirements of the law are simply not met, and even in the case of meeting the requirements residents often demonstrate apparent indifference. Some significant part of the population is not even aware of the publications of draft budget in press media or budget directories and brochures, containing statistical and graphical information. This indifference and unawareness serves as a reason for the council meetings to be held mostly closed despite the fact that the community council meetings should be public by the law
- The share of local budgets in consolidated budget remains at a very low level (Fig. 3).

⁴ The Law of the Republic of Armenia on Budgetary System: Yerevan, 1997.

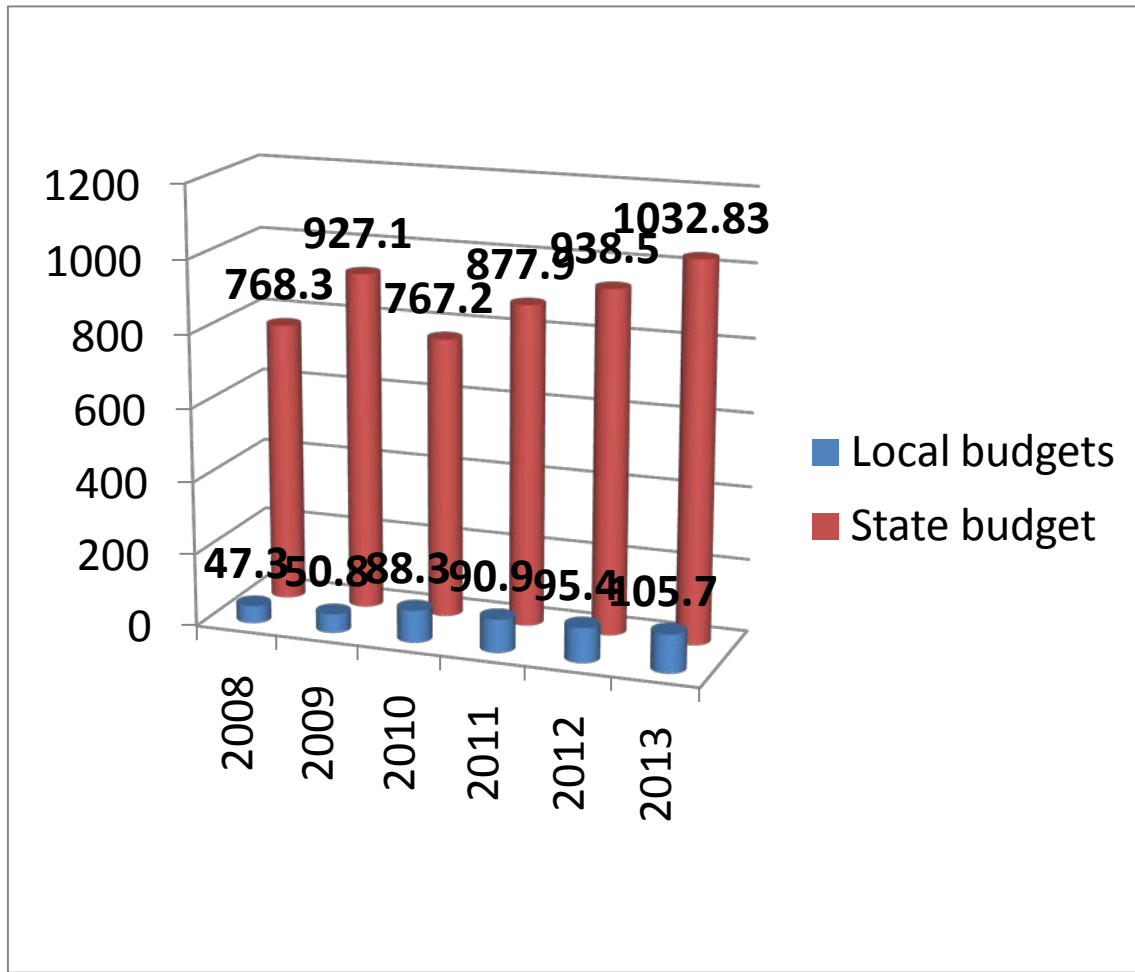


Fig. 3: The share of local budgets in the consolidated budget of Armenia (bln AMD).

3. Conclusions and Recommendations

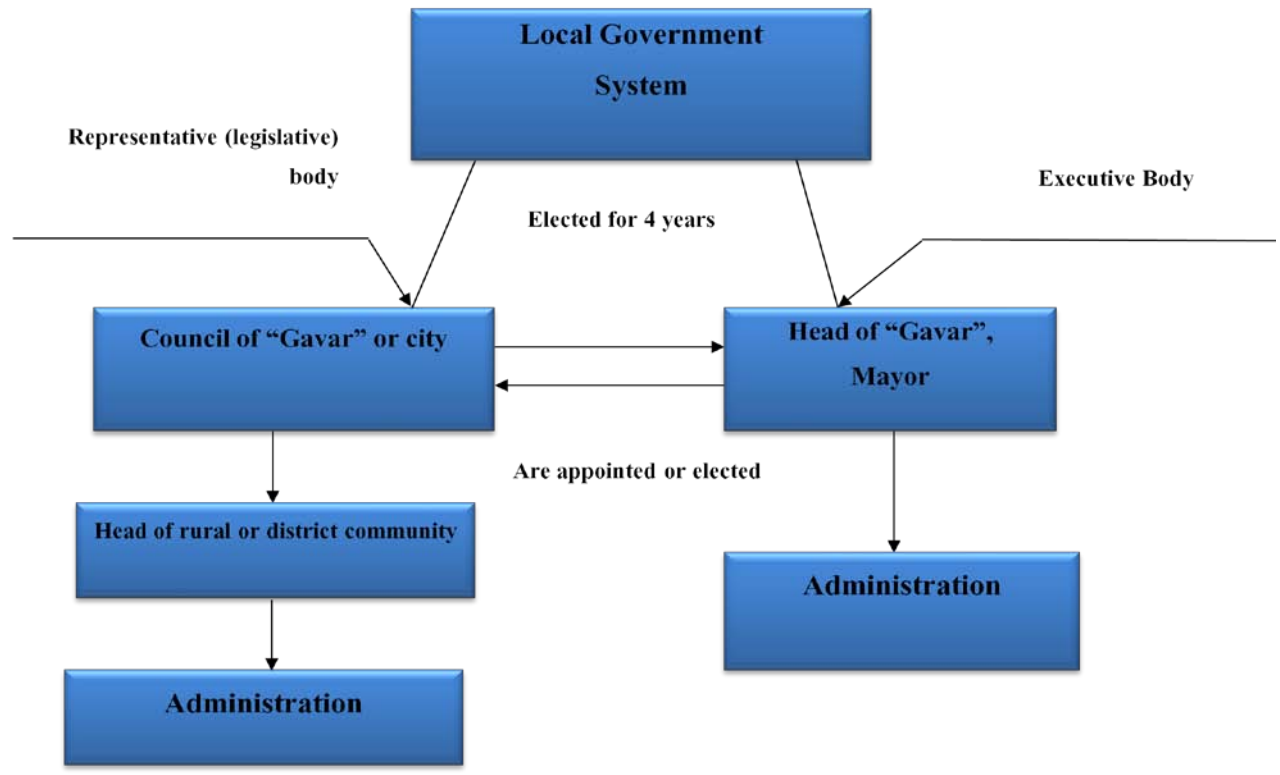
Further development of local government system in Armenia is possible through the creation of a two-tier local government system (Appendix 1) with a corresponding division of powers and financial resources between two tiers. New territorial-administrative division of Armenia for effective local government should include 20 “Gavars” and 3 “special zones”.

It is necessary to develop some new mechanisms which will ensure the active participation of community residents in the development and discussion processes of the local budget. Being focused on the fact that here the main difficulty is the limited municipality staff and the inability to have individual meetings with all the community's residents, we stress the importance of finding new sectors and parties, which may be involved in this process. In general, a very important aspect of effective management at any level is to find the interested stakeholders, who are ready to work together to achieve the objectives⁵. In other words, we need to search for the common field of interests, which will enable the parties to cooperate with each other and will provide some specific gains for each of them. In this sense, we believe that the cooperation between Yerevan City Hall and universities, on behalf of the Master's students in corresponding specializations, may be quite effective. It is urgent to promote inter-community cooperation,

⁵ A Local Official's Guide to Public Engagement in Budgeting: Institute for Local Government, From the Collaborative Governance Initiative, Sacramento, CA, 2010.

which would enable expanding financial resources channeled to service delivery through economies of scale.

4. Appendix 1



5. References

- [1] The Constitution of the Republic of Armenia: Yerevan, "Tigran Mets", 2005.
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- [3] The Law of the Republic of Armenia on Budgetary System: Yerevan, 1997.
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- [5] Almond G., Verba S., "The Civil Culture: Political Attitudes and Democracy in Five Nations". Princeton, "Princeton University Press", 1989: