REPORT

Reforms in Local Self-Government

in Armenia in 2008

DELIVERING COMMUNITY SERVICES

7. DELIVERING COMMUNITY SERVICES

7.1. Public services delivered by communities

Part of powers to deliver public services in Armenia is attributed to local self-government bodies. The changes taken place in delivery of public services by communities in 2008 are set out below by individual sectors.

Tree planting and improvements

Tree planting and improvements can be arranged through either community based organizations or those selected on competitive basis. As in the previous years, these works were implemented mainly in urban, larger rural and Yerevan district communities. Scarcity and often absence of financial resources in medium-size and small communities hardly allowed such works done.

Armenian Tree Project has implemented series of activities in this area. In particular, in the framework of community tree planting component some 5600 trees were planted in 17 urban and approximately 120 rural communities[53].

Maintenance of cemeteries

This area is regulated under the law on Arrangement of funerals, operation of cemeteries and crematoriums, government decree N1910-N of November 23 on establishment of procedures and rules, as well as the sample of cemetery titles prescribed by the above law, and government decree N1301-N of November 8 2007 on Cremating, transportation and funeral of corps in cases of sanitary and hygienic risks and procedures of burying, as well as other legal acts.

On December 26 2008 technical amendments were introduced in the above law stemming from the change in the status of Yerevan. In particular, the phrase … Yerevan community (or Mayor) in Yerevan was removed from the text.

With the objective to enhance awareness of population and accessibility of relevant information, information billboards were installed in all 21 cemeteries in Yerevan with all relevant decisions, information about individual cemeteries being closed, partially closed and open, plans of the cemeteries, allocation of cemeteries, as well as service fees, applicable rules and placing other information as necessary[54].

[53] Source: www.armeniatree.org/atpnews/newsletter/atp_newsletter_spring08.pdf
[54] Source: www.foi.am, Freedom of information already in the cemeteries

Trash removal

Arranging trash removal is among mandatory powers of the head of community. Legal regulation of this sector is established by the law on Local Self-government and on Exhausts (no changes or additions were introduced in these laws in 2008), as well as Presidential Decree PD-728 (May 6 1997) on State administration in marzes of Armenia, Government decree N1625-N (October 10 2002) on Mandatory norms applicable to maintenance of common areas in multi-apartment residential buildings, and other legislative acts. The norm for removal of solid household waste, namely at least once in three days, has remained unchanged.

In the recent years the volume of solid waste in Armenia has doubled hitting 1 mln tons per annum. Trash is predominantly collected in 60 communal sites, which are rather obsolete and do not meet contemporary sanitary-hygienic or environment protection requirements; some waste is pooled in sporadically formed and uncontrolled places. Trash sorting procedures are not established or controlled. There are no special trash collectors for heavy metals in Armenia. Safe wastes get mixed with hazardous one threatening environment. There are facilities for sorting, processing or extracting secondary raw materials. Trash removal is not existent in prevailing majority of the Armenian communities. Other communities face many problems, such as lack of vehicles, or existing vehicles are not envisaged for this services, etc. Multi-apartment and multi-storey residential buildings in Armenia also encounter serious challenges with trash removal. As a result of failure to maintain mandatory norms applicable to common areas in multi-apartment buildings, trash tubes are often clogged entailing anti-sanitary conditions and spread of rodents[55].

Fees for trash removal service are established by the community council. The fees vary from community to community and can be between 50 and 150 drams per person.

Trash removal services to commercial and non-commercial organizations are delivered on contractual basis. In 2008 there were no steps taken towards establishment of unified methodology to estimate fees for trash removal services.

In 2008 UNDP, Izmirlyan Foundation and Meghri community jointly embarked on implementation of a project to improve trash removal services in Meghri. The project resulted in renovation of the municipal trash collector, and 35 trash containers and 35 bins were installed in various places all over the town. In addition, a trash transporting vehicle and an excavator were provided to secure delivery of daily trash removal services in the town. The trash removal company was replenished with 12 new positions occupied by local people[56].

RTI implements Local government project-3, in the framework of which trash removal vehicles were purchased in 2008 for a number of urban communities[57]. The

[55] Source: www.armenianow.com/?action=viewArticle&AID=2515&lng=arm&IID=1153&CID=2492, Dirty facts, Garbage Removal and Odorous problem in Armenia

[56] Source: www.undp.am

[57] Source: Armenia Local Government Program-Phase 3. Performance Report-Base Period 2005-2008

organization also pilot tested the approach of joint financing with the objective to improvement of public services. Five communities were involved in the pilot and three of them, namely, Aparan, Vedi and Noyemberyan, purchased trash removal vehicles under the joint financing scheme. Success of the pilot led USAID to a decision to continue the implementation of joint financing initiative expanding the number of beneficiary communities. In particular, such vehicles were acquired for 29 urban communities in 2008 (including two vehicles for Vanadzor community).

In addition, RTI delivered training courses on planning and management of trash removal power encompassing 246 participants resulting in development of individual strategic plans for 15 communities. RTI also provided computer equipment and software to 30 urban communities to enhance efficiency and management of the trash removal service power. 35 staff of urban communities were trained in use of computer software. Finally, consumer satisfaction surveys were undertaken in 24 communities (covering 9600 consumers), and a discussion was held for 26 participating urban communities to review legislation regulating trash removal power.

Maintenance of residential buildings and non-residential areas

Legal regulation of this area involves laws on Condominiums (May 7 2002) and on Management of multi-apartment residential buildings (May 2002), as well as a number of other legal acts. No amendments or additions were introduced in these legal acts in 2008.

Residential buildings and non-residential areas of communities consists of multi-apartment residential buildings and individual houses. 95% of residential stock of Armenia is private. 71.6% of total residential stock is within the authority of condominiums, 1.5% under that of authorized managers, and 26.9% under the local self-government bodies[58].

An important legal act worth special mention is the government decree N1161-N (October 4 2007) on Establishment of mandatory norms of maintenance of common areas in multi-apartment residential buildings. LSGs are not particularly bothered to maintain these norms in view of scarcity of budget resources. However, expert assessments indicate that an average of some 20-30 drams per square meter is needed to maintain the norms, which is not a particularly heavy burden for community budget[59].

As of the end of 2008, condominiums covered all marzes of Armenia, however, the Table 16 below shows that majority of condominiums (some 71%) operates in Yerevan, while in marzes they are yet a few.

[58] The indicated shares relate to residential space and not the number of multi-apartment buildings

[59] Source: “Действенность механизмов по контролю и отчетности в государственной политике по управлению жильем”, Р. Мхитарян, А. Карапетян, Армения, 2009

Table 16: Distribution of condominiums by marzes[60]

(As of 01.01.2009)

Marz	Number of condominiums	Number of buildings	Number of flats
Yerevan	586	4715	232640
Aragatsotn	16	94	1041
Ararat	1	2	110
Armavir	16	100	3671
Gegharkunik	6	87	2720
Lori	70	1064	27113
Kotayk	60	913	36884
Shirak	33	769	20595
Syunik	27	377	14016
Vayots Dzor	2	6	199
Tavush	6	62	2155
Total	*823*	*8189*	*341144*

Overall, cooperation between communities and condominiums is not operations in many places, and in some cases, it is fictitious and furthers reciprocal needs.

Water supply, removal and irrigation

In 2008 many community water supply projects were underway funded in the framework of various loan projects, including KFW and Yerevan-Jur ltd, an international leasing company. Majority of rural and several urban communities implement water supply services on their own.

Table 17: Irrigation networks in surveyed villages[61]

N	Marz	Total (%)
1	Aragatsotn	50
2	Ararat	100
3	Armavir	96
4	Gegharkunik	69
5	Lori	37
6	Kotayk	85
7	Shirak	56
8	Syunik	45
9	Vayots Dzor	86
10	Tavush	62
	Total	*66*

According to a survey implemented in 262 rural communities in 2008, irrigation networks are available in 66.4%. in Ararat marz all the surveyed communities have such networks, in Lori the share of communities equipped with irrigation networks is only 37% (See: Table 17). Only 66% of surveyed communities are members of WUAs. Review of the situation by marzes show that all villages are members of WUAs in Ararat and Armavir marzes, while the share of members of WUAs in Syunik, Lori and Shirak marzes is 50% and lower[62].

[60] Source: www.armstat.am, Socio-economic situation of Armenia, January-December 2008

[61] Source: Main outcomes of rural community survey; NSS and MCA-Armenia, Yerevan 2009

[62] Source: Main outcomes of rural community survey; NSS and MCA-Armenia, Yerevan 2009

Among the activities implemented in the water sector in 2008, a separate mention should be made of the US government funded Millennium Challenge Corporation in the framework of Irrigated Agriculture component. In particular, secondary networks were constructed in Lanjazat, Abovyan, Arevshat and Griboyedov communities. All these communities co-fund 15% of the respective project values[63].

In 2007 Japan International Cooperation Agency launched studies in a number of communities with the objective to implement construction, rehabilitation and improvement of community water supply infrastructures, which continued in 2008. The communities are located in Aragatsotn, Shirak, Tavush and Gegharkunik marzes. According to these studies, in four marzes 565km of pipelines will be constructed, 844km of internal network, 248 catchments rehabilitated, 51700 water meters installed, etc. Since the value of this loan project is quite high (equivalent of 100 mln USD), it is envisaged to implement the project in two phases, three and a half years each. Government co-financing is 33 mln USD[64]. In Lchavan and Apnagyugh rural communities of Gegharkunik marz a pilot project was implemented towards establishment of units for operation and maintenance of water supply and removal networks, which are managed by heads of respective local administrations.

UNDP, Children's Fund of Armenia and Yervandashat community jointly rehabilitated 7.5km of irrigation pipeline. A water reservoir of 150 cubic meters was constructed to maintain chlorine purification of water, in addition to rehabilitation of water pump-station. The implementation of this project yielded secured clean water supply to 204 households at one hour per day regime[65].

In terms of fee rates it should be mentioned that the decision N276-N of the Public Service Regulatory Commission (May 23 2008) on Establishment of fees for potable water supply and removal services delivered by Yerevan Jur ltd rescinded two decisions of the above commission (N225-N, May 16 2007, and N89-N May 30 2006) in order to establish new rates to go into effect since July 1 2008. Data in the Table 18 below show that the new rates are not actually much different from the formerly established ones.

[63] MCA-Armenia, Quarterly bulletin, N6

[64] Source: www.region.am, On Agenda: improvement of water supply and removal networks in rural communities high on agenda

[65] Source: www.undp.am

Table 18: Changes in service fee rates assessed by water supply companies, 2008[66]

Services	Unit of measurement	Prior to 2008 changes		After 2008 changes	
		Excluding VTA	Including VAT	Excluding VTA	Including VAT
1. Yerevan Jur ltd, of which 1.1. *Fee for potable water supply to consumers* 1.2. *Fee for water removal service* 1.3. *Fee for removal of waste water* 1.4. *Other persons authorized to use water systems or communities* - *Wholesale fees for provision of potable water* - *Wholesale fees for water removal and removal of waste water*	Dram/c.m.	122.400 10.080 11.520 7.20 15.80	146,880 12,096 13,824 8.64 18.96	122.400 10.080 11.520 7.60 16.40	146,880 12,096 13,824 9.12 19.68
2. Removal of underground waters for Yerevan Metro	Dram/c.m.	5.10	6,12	5.10	6,12

Fee rates applied by other organizations were not reviewed by the Public Service Regulatory Commission in 2008.

The fee rates in the communities, which deliver water supply services on their own, are established by the respective community councils. Nevertheless, rural communities usually do not establish any fees for water supply hence fees are not collected since water supply systems are predominantly gravity, not cleaned and considered to be low-value.

Public transport

Community transport services are delivered by community-based or private companies. In both cases fares are established by the community councils. Inter-community transportation is entirely delivered by private companies. According to the 2008 annual activity report of the Ministry of Transport and Communications, there were 370 transport routes in 2008. The service is delivered through buses and vans. According to the survey implemented in 262 rural communities, 76% of the target communities have regular bus communication. Average cost (price of the bus tickets) of round trips from these communities to marz centers and Yerevan are 769 and 2015 drams, respectively.

Education and culture

In the sector of education and culture LSGs implement the following mandatory powers: arrange and manage operations of kindergartens, community schools,

[66] Source: Decisions of the Public Service Regulatory Commission (N276-N May 23 2008, and N89-N May 30 2006).

clubs, culture houses, libraries, and other educational and cultural organizations and facilities, in addition to their maintenance and renovation works. Operation and maintenance costs are funded from community budgets and applicable fees.

Rates of fees applicable for services delivered in education and culture sector are established by the community councils. In some communities fees are not established whatsoever, and service delivery costs are entirely financed from the community budgets. It should be mentioned that even in cases when fees are established, they are symbolic and hardly meet even cost recovery requirements. For example, fees paid by parents for kids in kindergartens are used to meet the costs of purchasing food. In many communities collected funds are not sufficient even to meet these costs wither.

According to the surveys held in 262 rural communities in 2008, pre-school institutions exist in 57% of communities, musical schools in 15%, arts schools in 6%, painting schools in 1% and sports schools in 5%. It can so be stated that in other villages, with insignificant exceptions, the situation is identical.

The age of majority of the buildings, which house the above facilities is over 20 years, including 86% of pre-school institutions, 76% of musical schools, 87.5% of arts schools, 67% of painting schools, and 86% of sports schools[67].

In some communities renovation of educational and cultural fixed assets has been implemented by various donor organizations.

For example, UNDP - with financial support of the Italian Government - has completely rehabilitated the culture house in Lusadzor community, which was in actually ruined state[68], CHF renovated off-school centre in Artik and children and youth center in Gavar in the framework of public works program[69], etc.

Health

Powers of communities in health sector are extremely limited. Only some rural communities have primary health care out-patient facilities, which are funded from community budgets and fees. These facilities in many communities are in dilapidated condition and without the least of possibilities to deliver primary health care services. According to the survey implemented in 262 rural communities, out-patient policlinics exist in only 32% of the surveyed communities[70].

World Vision has been implementing a community health project since 2004 financed by USAID[71]. The project aims to improve delivery of health care services in remote communities of Armenia. It was implemented in Tavush, Lori, Syunik and Gegharkunik marzes delivering services to total of 88.000 population in 123 communities. Medical assistance groups with family doctors, pediatricians, laboratory

[67] Source: Main outcomes of rural community survey; NSS and MCA-Armenia, Yerevan 2009
[68] www.undp.am
[69] Source: www.bridgearmenia.am/index.php?cat_id=198
[70] Source: Main outcomes of rural community survey; NSS and MCA-Armenia, Yerevan 2009

and ultra-sound specialists on board, delivered tens of thousands of consultation services. It should be mentioned that the project will wind up in 2009 and with the objective to secure its continuation beyond that year, the four marzpetarans and World Vision signed a memorandum, according to which Medical Assistance Group Project will be officially handed over to the Government of Armenia. The responsibility for delivery of primary health care services in remote communities of the four marzes will be assumed by the marzpetarans. According to the memorandum, World Vision will hand over to the marzpetarans all the equipment acquired throughout implementation of the project and KAMAZ vehicles with a view to secure continuity of the project.

LSG power to establish fees

In 2008 no legislative change took place in terms of the power of LSGs to establish fees.

As in the past, the legislation does not specify mechanisms to apply fines or penalties for non-payments of fees. When delivering services on contractual basis, the relevant contractual provisions defined for cases of non-payments will apply.

7.2 Administration of community services

As in previous years, delivery of services in predominant majority of communities remains at very low level in 2008. The situation is particularly poor in the case of communal services. Urban communities manage somehow to deliver these services, but rural ones continue to struggle as was the case in the past. In general, it would be at least naïve to expect any substantial development in the area of service delivery within the existing fragmentation of territorial and administrative units. In the existing circumstances delivery of many services (for example, trash removal, pre-school education, etc) does not even become merely inefficient; it does become impossible if adequate scope of operations is not secured.

Compared with the last years, expenses of administrative budgets for service delivery in 2008 increased, while those of the fund budget decreased (See: Table 19). The situation varies with individual communal services, in other words, share of spending for services in the fund and administrative budgets either increases or decreases. Particularly drastic a decrease - almost two times – was recorded in the aggregate fund budget for the line item of *transport and communication, road facilities*. Expenditures for community services in the structure of community budgets increased. More specifically, share of basic public services in total administrative budget is 50.7% in 2008 (45.2% last year). In case of fund budget it can be mentioned that despite the decrease in spend for delivery of public services in absolute

terms their share in the aggregate fund budget nevertheless increased reaching 71.9% in 2008 (67.3% last year), because in 2008 expenditures from the fund budget has generally decreased. The tendency of growth in correlation between delivery of basic community services and staff maintenance costs continued in 2008.

The above indicators generally show positive dynamics in expenses for delivery of community services and the structure of community budgets. However, in absolute terms these expenses are too far from being adequate. In any case the most powerful prerequisite for delivery of comprehensive and quality services is the availability of financial resources.

Table 19: Share of LSG staff maintenance costs and expenses for service delivery in community budgets

Mln drams

Expenditures	2007				2008			
	Administrative budget	%	Fund budget	%	Administrative budget	%	Fund budget	%
*Total expenditures, (excl. allocations from reserve fund of administrative budget) ** Including	*37362.5*	*100*	*18142.2*	*100*	*41224.6*	*100*	*15861.9*	*100*
Staff maintenance costs	11460.8	30.7	1661.3	9.2	12720.1	30.9	1310.8	8.3
1. Education	7408.1	19.8	402.3	2.2	9022.5	21.9	1011.5	6.4
2. Health	39.8	0.10	9.4	0.05	47.3	0.1	7.7	0.1
3. Culture, sports, religion	3024.7	8.1	196.0	1.08	3418.0	8.3	276.5	1.7
4. Communal utilities	7708.5	20.6	5176.0	28.5	7684.2	18.6	7006.2	44.2
5. Transport, communication and road facilities	475.0	1.3	6433.0	35.4	728.4	1.8	3103.5	19.5
Total 1+2+3+4+5	18656.1	45.2	12216.7	67.3	20900.4	50.7	11405.4	71.9
Public services to staff maintenance ratio	**1.63**		**7.35**		**1.64**		**8.70**	

* Includes Yerevan budget

In 2008 community budget did not finance either private sector companies to involve them in delivery of non-community services or non-governmental organizations to implement community projects, as was the case in previous years.