



Civic Engagement in Local Governance (CELoG) project

Quarterly Progress Report Reporting period: 1 October-31 December 2014

Cooperative Agreement No. AID-111-A-14-00004

1. Political Context

There have been several political developments within the reporting period as well as between the submission of the project proposal and awarding that have had direct or indirect influence on the process of implementation of the decentralization reform.

The first major change that took place on April 3rd, 2014 when Prime Minister Tigran Sargsyan resigned and a new Cabinet was formed by the newly-appointed Hovik Abrahamyan. Despite the fact that both former and current Prime Ministers are from the same political party and the general policy of the authorities did not change, the change in the political leadership had an impact on the process of implementation of reforms. Mainly, the decentralization reform suffered yet another delay, which was prolonged by another change initiated by the current Prime Minister Hovik Abrahamyan. In November 2014, the Ministry of Territorial Administration and the Ministry of Emergency Situations were merged. Armen Yeritsyan, the former Minister of Emergency Situations was appointed the new Minister of Territorial Administration and Emergency Situations. This resulted in another delay in the implementation of the decentralization reform, particularly in the announcement of the launch of the communities' consolidation process.

Another more global process that had an impact on Armenia in general and on the reform implementation process in particular was the Ukraine Crisis that affected the economic situation in Armenia through the sanctions against Russia, due to the country's economic dependence on Russia. The significant decrease of oil prices has also affected the Russian economy which in its turn has resulted in economic stagnation in Armenia where the Russian economic and political presence is significant.

The economic and political influence of Russia in Armenia has also grown after Armenia decided to join the Russia-led Customs Union on September 3rd, 2013 and joined the Eurasian Economic Union on January 2nd, 2015. There is currently an increase in the prices of products imported from non-EU countries, which also has a negative impact on the Armenian economy.

The stagnation in the economy forced the Armenian authorities to direct all available resources towards the stabilization of the financial market since a devaluation of the Armenian Dram by

between 15-20% was registered.¹ Since Armenia is an import-based economy, the devaluation of the Armenian Dram resulted in significant inflation and the Government is currently seeking ways out of the current crisis.

Overall the political context doesn't have an essential impact on the project for it was uncertain when the green light for the active start of the reform would be given. However this situation allowed the CELoG Consortium to be more active before the state initiated the reform (i.e. set up the Consortium, establish contact with target communities and other partners).

However, all activities planned as part of the Annual Work Plan were accomplished within the established timeframes.

2. Summary of Conducted Activities

Activity 1.1. Signing of agreements between the Consortium lead and other members and setting up the Consortium management system (CFOA, EPF, ISDTC)

The project was launched with the development and signing of the grant agreements between the CELoG lead organization (CFOA) and partner organizations (EPF, ISDTC, YPC, CRRC and AJC). The CFOA Grant Manager, in consultation with the COP and USAID, prepared five grant agreements to be signed with all partners. Project Managers/Coordinators and the Financial Managers/Accountants of partner organizations received a training on CFOA grant management procedures, reporting requirements, relevant policies, and other relevant issues to partner organizations.

In order to ensure effective communication, the project team has created electronic communication groups on CFOA server. In addition, a Facebook group was created by ISDTC to ensure more effective communication between the Consortium members.

After signing the grant agreements and creating the necessary communication network, the project team set up a reminder system that aimed at informing Consortium members about the approaching deadlines in advance, as well as informing each other about all the activities and events taking place within the framework of the project.

The signing of agreements was followed by the development and submission of documents reflecting the first-year performance indicators as well as the Monitoring and Evaluation Plan to USAID. This was implemented jointly by CFOA and EPF, and after the receipt of the approval from USAID of the Annual Work Plan, the document was disseminated among the partners.

Activity 1.2. Opening Presentation and signing agreements with Project's pilot communities (CFOA)

After the signing of the agreements, the Consortium organized the first official board meeting to discuss the project implementation process as well as to develop basic rules and procedures for the Consortium Board.

¹ http://arka.am/en/news/society/armenian_dram_s_devaluation_triggers_15_20_price_hikes/



The project team developed the Project logo, dissemination materials, agenda, invitation texts as well as the list of invitees of the opening presentation. All the materials developed by the project management team were developed through close communication with USAID and were considered as final only after the receipt of approval from USAID.

The Opening Presentation took place on December 2nd, 2014 in the Sis room of the Marriott Hotel. Around 110 participants were present at the event, including state and local officials, representatives from USAID-Armenia and other international organizations, local NGOs, media and other interested groups.

The presentation was hosted by the US Ambassador John Heffern, who gave an opening speech. The CoP of the Consortium, David Tumanyan, also welcomed the participants and presented consortium partner organizations. Each of partners had a short presentation of the organization he/she represents and its role in the Consortium. The welcoming and introductory speeches were followed by the project presentation by Mikayel Hovhannisyan, Consortium Program Manager, which included the goals, objectives, activities and expected outcomes of the project. After the presentation, there was a question-and-answer (Q&A) session, where participants mainly stated the importance of the Program and confirmed their willing to cooperate. The presentation was concluded with the signing the MOUs with the selected 35 communities.

Activity1.3. Survey on perceptions of LSG and decentralization (CRRC)

CRRC began to develop its countrywide household survey of civic engagement – the CELoG Index. CRRC discussed the approximate structure of the survey and the results expected by the Consortium with the CELoG Management Team.

A desk study was conducted and a green paper, describing the methodology, expected results and structure of the study, was drafted and sent to CFOA for review. The CRRC project team participated in coordination meetings and public events within the CELoG project.

Activity1.4. Organizational Activity Seminar on strategies of public involvement in LSG (EPF)

EPF has started the preparation activities for the Organizational Activity Seminar planned for February 25-March 1. Together with the OAS Methodologist, the scenario of the OAS and possible participants were discussed. The scenario of the OAS is currently in the process of development. EPF and CFOA have started to contact the preferred participants from among the communities, central authorities, experts and civil society representatives. The event will involve 60 representatives from the above-mentioned sectors and will discuss possible joint strategies for effective implementation of the decentralization reform.

Activity1.6. Development of decentralization and LSG monitoring methodology (CFOA, AJC)

The CFOA expert team reviewed its methodology for the LSG monitoring that had been used for many years. It was improved in the light of current imperatives and trends in the LSG



development. Particularly, the modified methodology sets up the following topics to be included in the report:

1. Legal and programmatic assessment of reforms in local self-government,
2. Administrative and territorial reforms and inter-community cooperation,
3. Formation of local government bodies, their powers, obligations and activities, CSO participation in LSG,
4. Property, development plans and financial autonomy of the communities,
5. Parity of powers available to local self-government bodies and financial resources,
6. Relevance of structural setup and resources with respect to the resources available to LSG and the assistance of international donor organizations,
7. Delivery and management of community services.

In order to receive feedback from civil society, state institutions and experts in the sphere of LSG, CFOA organized a discussion of the drafted Local Governance Reform Monitoring Methodology. The event took place on December 25 at EPF and involved 20 representatives from civil society organizations and state institutions.

CFOA experts introduced the revised methodology for the development, publication and discussion of reports based on annual monitoring results. The presentation was followed by a Q&A session and discussion. The participants made recommendations related to the improvement of the methodology, its accessibility to the interested parties in the near future and other issues.

Based on the collected feedback, the methodology was improved by the CFOA expert team. The suggestions made during the discussion were taken into consideration and appropriate changes were made to the Methodology. The final version of the Methodology was sent to USAID for approval from AOR.

Activity1.7. Trainings on FoI in LSG (AJC, CFOA)

After the receipt of the list of the 35 target communities from CFOA, AJC started to plan the trainings on Freedom of Information in these communities. AJC introduced the training methodology to CFOA and discussed possibilities for its further improvement. This was followed by the development and planning of trainings in the Shirak and Lori regions in 6 communities. Presentations, handout materials and other necessary documents were developed. The trainings in these communities are planned for January-February 2015 (6.02.2015-Alaverdi, 20.02.2015- Odzun, 23.02. 2015-Maralik, 27.02. 2015-Akhuryan).

Activity1.9. Redevelopment of the CFOA website and re-launch of “Hamaynk” periodical (CFOA)

According to the CFOA HR policies, CFOA announced an IT specialist position to be responsible for the development of the new CFOA website. The announcement was placed on the website www.careercenter.am. CFOA hired an IT specialist, who is currently working on the preparation of the technical documentation for the new website. The site’s ToR will be discussed



within CFOA to ensure that the site requirements meet the needs of the organization and the project.

Activity1.10. Grant management system upgrade (EPF)

In order to ensure effective grant management by CFOA, EPF shared its experience in grant management and helped CFOA to improve its policies and procedures regulating grant administration. EPF provided CFOA with the main documents necessary for grant administration such as Acceptance Memos, grant agreement forms, reporting, monitoring and evaluation forms. EPF also provided detailed instructions on the major requirements necessary for grant management.

Activity1.11. Consortium Management and Communication training (EPF)

The Consortium Management and Evaluation training was planned initially to be organized by EPF in November-December 2014. However, EPF consulted with CFOA and USAID for the possibility to apply the Capacity Enhancement Tool developed within the framework of the CSO DePo project to identify the major needs of partner organizations and to tailor the training to those needs. EPF with the support of the CSO DePo team conducted interviews with all partner organizations and is currently in the process of developing the training module. Additionally, EPF analyzed the CELoG proposal and revealed the major types of activities to be implemented by the Consortium members to tailor the training specifically to the needs of the project. These two preparatory activities will allow EPF to conduct a training that will fully correspond to the needs of partner organizations on one hand and serve the needs of the project on the other. The training will be held the first half of March.

Activity 1.13 Development of the Consortium web portal and other IT tools of the project (ISDTC)

In communication with CFOA and other partners, ISDTC developed and launched the CELoG Facebook page and group. The page has registered around 1600 followers during the reporting period and is used as an external communication tool, while the group involves only Consortium members and is used as an internal communication tool.

ISDTC developed the Terms of Reference for the Consortium web portal and will launch discussion of the structure and the content of the portal during the next reporting period (January 2015).

Activity 3.5 Seminars and briefs for journalists (YPC)

Yerevan Press Club began preparations for organizing the trainings for media outlets envisaged by CELoG objective 1. YPC conducted a preliminary study of the media coverage of local governance reform and civic engagement in this process as well as a prior assessment of the Armenian media community awareness on local governance reform.

Activity 3.6.1. Production of talk shows on decentralization and broadcast via national TV

channel (YPC)

Negotiations were initiated with the national TVs to find the best suitable partner TV company which would broadcast the TV shows aimed at raising the awareness on decentralization reform. As a result, “Yerkir Media” TV company was preliminarily identified as the most suitable TV to host the talk shows.

Activity 3.6.3. Quarterly bilingual newsletter publication (AJC)

AJC has started preparatory activities for the development of the bilingual newsletter that will be issued during the next reporting period (February 2015). AJC has developed the concept of the newsletter and major directions. AJC has also planned interviews with the members of the Consortium for January-February 2015. The draft version of the newsletter will be submitted to CFOA for approval.

Activity 4.1 Communication with other USAID consortia on CSO environment (2 meetings, CFOA/EPF)

The Consortium has started cooperation with other USAID-funded consortia in several directions.

As mentioned above, CELoG has used the CSO DePo project tool to evaluate partner organizations as a preparation for the Consortium Management and Communication training. During the launch event, the Project Management Team discussed possibilities for cooperation with other consortium members and received preliminary opinions on how CELoG could contribute to social reform and transparency and accountability reform. CELoG Consortium Manager Mikayel Hovhannisyan took part in the meeting organized by Media Initiatives Center within the framework of the MICE project and discussed cooperation in the sphere of communication and visibility of actions. CELoG also invited members of other consortia to a discussion of the LSG Monitoring Methodology and received their feedback on it.

In order to avoid duplication of activities, the CELoG team discussed the possibility of postponing the inter-consortia meeting with the USAID and, since the latter also plans to gather representatives of its consortia, it was agreed to discuss the new dates of planned meeting additionally.

3. Progress towards results

The initial stage of the implementation can be described as a setup project. However it can be stated that there has been progress registered towards project results even in the initial stage.

Objective 1: To sustain and improve civil society’s ability to engage citizens and articulate their interests in local self-government and in the process of implementation of decentralization reform.

The first level of improving civil society’s ability to engage citizens in LG reform is improving



the capacity of the Consortium itself. Thus, activities implemented in strengthening the Consortium fully contribute to Objective 1 of the project. The Consortium communication and coordination mechanisms were established and the capacity of CFOA as the lead organization in the consortium and program management was improved. External and internal communication mechanisms, as well as contacts with major external actors, partners and beneficiaries were established.

According to the Agreement with USAID, CFOA should implement appropriate measures following the award of the cooperative agreement to meet the findings of the pre-award survey conducted by USAID. CFOA should address Finding 8 (Procurement Policies) immediately before the first advance is released. Within 30 days following the award, CFOA should address Findings (3, 4, 5, 6, 7 and 11), notify USAID if the subject policies and procedures are in place, and provide evidence of implementation.

Finding 3 – Bank Reconciliations

The bank reconciliation process is formalized in CFOA's P&P Manual in Chapter 1 Internal Control Policy. Documents needing monthly reconciliations are conducted and verified/approved by 2 signatures (Chairman and Accountant of the CFOA) since September 2014.

Finding 4 – Backup of Records

An electronic backup policy is included in the CFOA's P&P Manual in Chapter 7.7.6 Usage of Telephones, Computers, Internet and E-mail and is implemented accordingly.

Finding 5 – Control over Transactions

Before October 1st 2014, CFOA staff signed employment contracts according to the implemented projects. Persons working in different projects signed as many contracts as the number of projects. From October 1, CFOA started the implementation of a new approach. Each employee takes employment based on the CFOA's Chairman order and all documents related to the entry are collected in one package.

Finding 6 – Petty Cash Limits

Petty Cash Limits are formalized in the CFOA's P&P Manual in Chapter 2.3 Cash Management according to the legislation of Armenia and are implemented.

Finding 7 – Inconsistent Use of Timesheets

Salary transfers since October 2014 are supported by timesheets, which are filled in on a daily basis.

Finding 8 – Procurement Policies

The Procurement Policy has been approved by the CFOA's Board and all procurement actions are implemented accordingly since October 2014.

Finding 11 – Accrued Leave Practice

CFOA has started the practice of annual leaves. The timetable of the annual leaves of CFOA employees was developed and, during 2015, it will be used properly. The calculation of annual



leaves starts from October 1st 2014 (date of signing of new contracts with employees) to avoid the risk of using USAID's grant for previous annual leave reimbursement. Sick leaves will be used in case such a necessity appears.

Objective 2: To strengthen civil society's capacity for monitoring the central and local government institutions and officials, and the implementation of decentralization reform.

Preparatory activities implemented by the Consortium aimed at developing monitoring and training tools for civil society actors indirectly contribute to this objective, however the current stage of project implementation does not expect significant progress to be registered for this objective.

Objective 3: To increase citizens' access to independent and reliable information on decentralization reform.

Preparatory activities implemented by members of the consortium responsible for awareness raising (YPC, AJC) as well as other partners have registered preliminary progress towards this objective. Contacts with potential partner media outlets were established and an analysis of the existing situation in the media was conducted with regards to covering decentralization and local governance reform.

Objective 4: To improve the civil society enabling environment with a special focus on decentralization

First contacts with other USAID funded consortia illustrate that there is much room for further cooperation and there is a strong necessity for coordination of efforts. Effective coordination and communication between the consortia will allow a multiplying effect of activities and will help to avoid their unnecessary duplication. In addition, the consortia are already important sources of information for each other and this capacity will continue to develop upon the appearance of the outcomes of these projects.

4. Data on Indicators

Data on all indicators are established in the Activity M&E Plan for the award activities. Data should be disaggregated by gender where relevant.

- ✓ 5 grant agreements signed between the lead organization and partners
- ✓ 110 participants of the launch event from central and local authorities, CSOs, experts and international organizations
- ✓ Project team visited and interviewed LSGBs in 50 communities and selected 35 communities
- ✓ 20 participants representing local and central authorities as well as CSOs took part in the discussion of monitoring methodology
- ✓ 6 Consortium member organizations were interviewed and evaluated with the Capacity Enhancement Tool

✓ 1600 CELoG Facebook page followers.

5. **Problems encountered**, *reasons why established goals were not met, if appropriate, and how challenges or problems will be overcome during the next reporting period.*

Despite recent changes in the Government there were no major problems encountered during the reporting period. All technical issues that appeared were solved in close cooperation with USAID AOR. There were several delays in project activities due to mainly technical reasons that did not affect the overall progress of the project.

However, several potential threats were identified due to the general situation in the country. Namely, the instability in the currency market may cause problems in reaching agreements with potential partners (TV companies, hotels and conference venues) which may cause an increase or decrease in prices indicated in the project budget. The Consortium will continue its day-to-day communication with USAID to mitigate these issues.

6. **A comparison of actual expenditures with budget estimates**, *including analysis and explanation of cost overruns or high unit costs, cost savings, and any other pertinent information.*

The actual expenditures during the reporting period are mostly in line with the budget estimations. There were slight changes in the budget due to miscalculation. Thus there were several adjustments in the budget based on possible savings. Another change was related to car renovation expenses that were charged from the transportation budget line. CFOA has made respective adjustment suggestions to USAID and received approval for the proposed changes.

Due to the instability of the financial market there might be the necessity to discuss several adjustments in budgeting for upcoming implementation periods.

7. **Priorities for programming during the next reporting period.**

The priorities for the next reporting period are to intensify activities in target communities and dialogue with central and local authorities.

Each of the partner organizations will continue to implement activities in line with the annual action plan and will continue the development of their own capacities as well as internal and external communication mechanisms.

Another important priority for the next reporting period will be a more substantial discussion of planned activities with other consortia.

Major activities planned by that consortium for the next reporting period include: trainings on FoI, the development of the first issue of the Monitoring Report, issuing the first TV discussions, the Organizational Activity Seminar, training for the Consortium staff on management and communication, development of the concept of the web portal, launch of the InfoTun network, launch of the survey on perceptions of decentralization reform, development of the regulations on public participation in LSGBs and trainings for members of target communities on using these regulations.

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