



CASE – Centrum Analiz Społeczno-Ekonomicznych
CASE – Center for Social and Economic Research



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European and international funds and programs available to local governments in Armenia as part of development projects



Agenda

1. What is the role of self-government in the socio-economic development of local communities?
2. What is a development project?
3. European Union funds. Good practices: the Polish experience
4. International funds. The Polish experience.

Introduction

- Externally funded development projects are an **important complementary element** of the socio-economic development of local communities
- Funding sources often have a broad scope, and accessing funds can mean facing **high competition** from experienced, capable, and resourceful actors
- In Armenia, local governments very rarely implement externally funded development projects – in 2021, **only 0.21%** (in 2020 – 0.05%) **of local government income came from external grants**
- **Detailed, up-to-date information** on external funding opportunities is essential to enable local governments to take their first steps towards the successful acquisition of funds

The role of self-government in the socio-economic development of local communities

- Local governments play a fundamental role in their community's socio-economic development and are responsible for a **broad range** of activities:
 - They plan, finance, regulate, and manage
 - They build schools, communication routes, water systems, and telecommunication networks, among other things
 - They deliver public services in key sectors (healthcare, education, energy, environment)
 - They are increasingly focused on providing incentives, for example, they frame the business environment in their respective areas through introducing regulations, promoting business opportunities, using tax incentives, and creating special economic zones and concessionary utility rates

The role of self-government in the socio-economic development of local communities/2

- Local governments have considerable influence on attracting private investment and creating jobs
- But such activity is **conditional on local government finances** – in terms of both the size of budget revenues (in relation to the scale of the delivered services) and the capacity to obtain external funding
- The acquisition of external funding alone **will not lead** to the economic development of the community, but is **a step in the right direction**
- There are a number of additional preconditions e.g., quality of funds and project management, operational capacity, long-term development planning



The role of self-government in the socio-economic development of local communities/3

- While the implementation of development projects by self-governments is an integral part of regional development, the low activity in this field can be perceived as a potential factor contributing to the **aggravation of regional inequalities** within a state
- In Armenia, the bulk of municipal budgets and external funds is raised and managed by the capital city of Yerevan. In 2020, the capital's budget accounted for **48.5%** of the sum of all municipal budgets in the country
- In terms of raising external funds, in 2021, Yerevan received 200.7 million dram (**54%** of the total amount), while provinces such as Vayots Dzor and Syunik **did not attract** external resources



Distribution of external financing per marzes in 2021

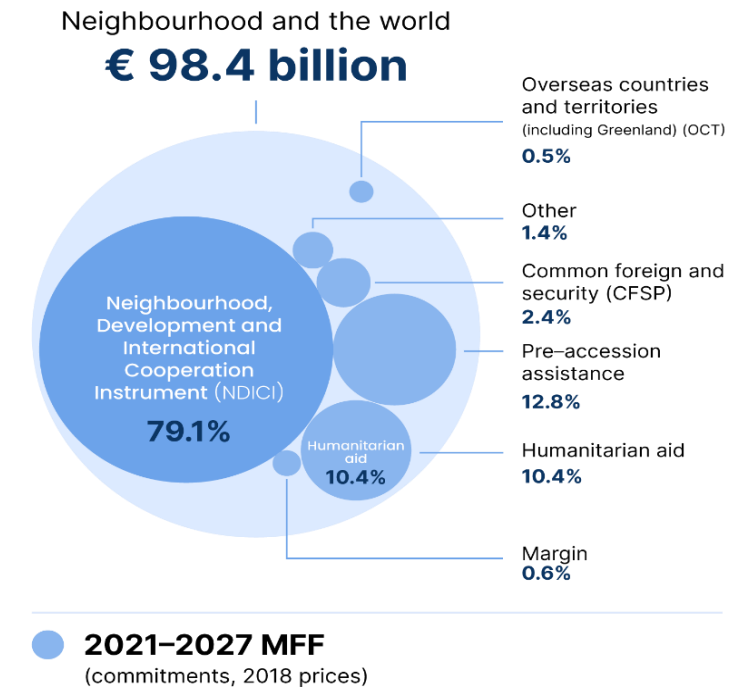
Marz		mln AMD	%
Երևան	Yerevan	200,724	54.3
Տավուշ	Tavush	7,400	2.0
Վայոց Ձոր	Vayits Dzor	-	-
Սյունիք	Syuniq	-	-
Շիրակ	Shirak	6,124	1.7
Լոռի	Lori	10,882	2.9
Կոտայք	Kotayq	9,765	2.6
Գեղարքունիք	Gegharqunusq	72,155	19.5
Արմավիր	Armavir	22,665	6.1
Արարատ	Ararat	25,883	7.0
Արագածոտն	Aragatsotn	14,298	3.9
Ընդամենը	Total	369,894	100.0

What is a development project?

- It as a project “designed to deliver a specific output aiming to **improve the economic and social conditions** of a group of people”. Its objective is “helping people and benefitting society”.
- It can envisage, for example, investment in infrastructure, building schools, knowledge exchange activities, promoting gender equality, empowering civil society, or improving employment through supporting local authorities in attracting investments.
- Development projects are diverse not only in terms of their topics and aims, but also in their duration, scope, funding sources, budget, and resources
- It faces specific challenges, such as limited resources or the lack of appropriate infrastructure

External funding: European Union funds

- The acquisition of European Union (EU) funds provides many possibilities to local governments located in regions with a relatively low level of economic development
- The funds and programmes available for entities in Armenia are primarily positioned under Heading 6 “Neighbourhood and the World” of the new Multiannual Financial Framework (MFF) for the financial period 2021-2027
- Special attention should be given to the Neighbourhood, Development, and International Cooperation Instrument – Global Europe (NDICI – Global Europe) and to one of its geographical pillars on the European Neighbourhood



External funding: European Union funds/2

- The new European financial architecture for development assumes greater involvement and coordination with such institutions as the European Investment Bank (EIB), the EU Member States development finance institutions (DFIs), and the European Bank for Reconstruction and Development (EBRD)
- In response to the COVID-19 pandemic, the EU also provides Armenia with specific funds which support the country to overcome its adverse effects.
- These funds are predominantly channeled to the national government and, therefore, it is expected that local governments will largely benefit from them in an indirect way



Overview of EU financial instruments available to the local governments in Armenia

REGIONAL

Cross-Border Cooperation Programmes: [2014 - 2020 ENI CBC Programmes](#)

Mayors for Economic Growth (M4EG) Facility: (ongoing) [Mayors for Economic Growth](#)

Eastern Europe Energy Efficiency and Environment Partnership (E5P): [Eastern Europe Energy Efficiency and Environment Partnership](#)

EU4Energy Programme: [iea for Eu4Energy](#)

Neighbourhood Investment Facility (NIF): [Neighbourhood Investment Platform](#)

EU4Culture: [Fostering culture in the Eastern Partnership countries EU4Culture](#)

EU4Youth: (ongoing) <https://eu4armenia.eu/projects/eu-project-page/?id=1468>

BILATERAL

Local Empowerment of Actors for Development (LEAD) Programme: [Armenia: new regional development programme launched - EU NEIGHBOURS east](#)

Overview of EU financial instruments available to the local governments in Armenia/2

THEMATIC

European Instrument for Democracy and Human Rights (EIDHR): [Programm: European Instrument for Democracy and Human Rights | EuroAccess Macro-Regions](#)

Instrument contributing to Stability and Peace (IcSP): [Instrument contributing to Stability and Peace \(IcSP\) | Cultural Relations Platform](#)

Creative Europe (renewed; 2021-2027): [Creative Europe 2021-2027 programme brings €2.44 billion to support the cultural and creative sectors | Culture and Creativity](#)

Erasmus+ (renewed; 2021-2027): [Erasmus+](#)

Horizon Europe (2021-2027): [Horizon Europe | European Commission](#)

Support for Improvement in Governance and Management (SIGMA): [SIGMA - OECD](#)

Technical Assistance and Information Exchange (TAIEX): [TAIEX](#)

Twinning: ec.europa.eu/twinning

European Union funds – Good practices: the Polish experience

- Poland's experience in obtaining EU funds provides a **source of good practices**. **How did we collect them?**
- The main sources of income of local governments in Poland come from its **own income and subsidies** from the state budget
- Yet, Poland has also benefited greatly from **external sources of funding** – largely from the EU
- Poland is **the biggest net recipient** from the EU budget, and at the same time a country which displays significant differences in terms of regional economic development
- Poland's **highly efficient acquisition** of external funding may be pushed further, as the country is set to remain the main beneficiary of the EU cohesion policy

European Union funds – Good practices: the Polish experience/2

- Applicants for EU funds face numerous and diverse challenges:
 - legal barriers
 - political barriers
 - economic barriers
 - managerial barriers
- Various instruments and programmes have different requirements, and for this reason the application procedure differs too

European Union funds – Good practices: the Polish experience/3

- The successful acquisition of EU funds for projects implemented by local governments in Poland provides us with some useful **tips and tricks**, for example:
 - Reaching out to **contact points** that provide specific information on EU funding opportunities
 - Applying in the **most relevant calls** – assessing if the project is in line with the long-term strategy of the municipality and with the interests of the local community
 - Determining **realistic** project outcomes
 - Being **proactive** in searching for potential project partners – yet, choosing partners must be prudent, and partnerships should be done only if required by the call or when genuine **synergies** are found
 - Forming **specialised teams** which focus on external funding opportunities (e.g. EU, EEA, Norwegian Funds)

European Union funds – Good practices: the Polish experience/4

- Seeking the **exchange of good practices** with other municipalities, attending dedicated conferences, training (provided both by the ministries, regional authorities, business entities and NGOs), platforms, and webinars
- New pilot project in Poland „Advisory Support Centre” (Centrum Wsparcia Doradczego), which provides additional support to the local governments. See more at: [Centrum Wsparcia Doradczego - Ministerstwo Funduszy i Polityki Regionalnej - Portal Gov.pl \(www.gov.pl\)](#)
- Providing relevant **training** to local government staff, for example, by WOKISS Association (Wielkopolski Ośrodek Kształcenia i Studiów Samorządowych) [Stowarzyszenie WOKISS](#)
- To obtain information on relevant calls, the local governments in Poland use **dedicated websites** or are informed about them by the **regional authorities**, responsible for the implementation of specific operational programmes (the Marshall’s Office).

Local Action Group (LAG)

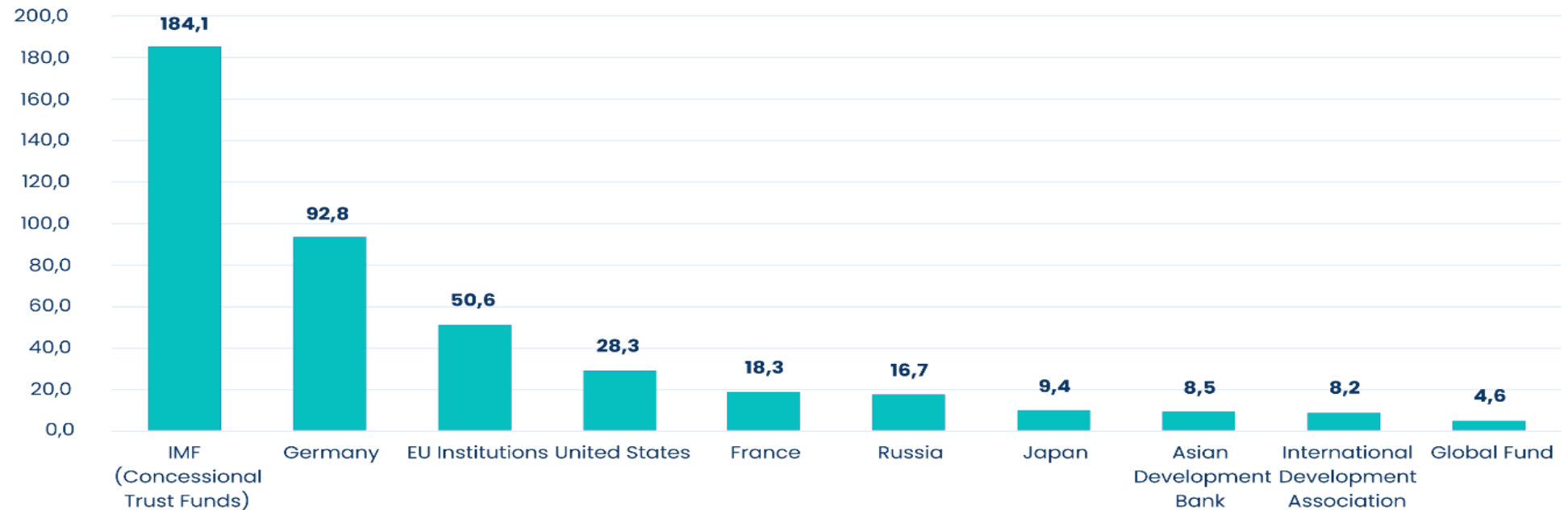
- Local Action Group is a territorial, public-private partnership functioning in rural and urban-rural areas
- The projects implemented through LAGs involve **broad range of stakeholders** (local governments, entrepreneurs, farmers, NGOs, etc.), aim at their region's development, and ensure greater **inclusiveness** and **transparency**
- LAGs can apply for financial assistance from the EU funds to develop a **local development strategy**
- Projects may concern, for example, regional promotion, activating and integrating local community, creating new businesses focused on social inclusion of disadvantaged and vulnerable groups
- Any views on such initiatives in Armenia? Do you have experience with LAGs? Did you use EU support?

The case of Ostrzeszów Town and Commune

- Project title: „Improvement of air quality through increased share of renewable energy sources in energy production in Ostrzeszów Town and Commune”
- Project value: 7 953 060.01 PLN; EU co-financing: 6 135 128.30 PLN (77%); EU fund: European Regional Development Fund
- The main ambition of the project was to **install renewable energy sources**. It was planned to install a total of 546 installations using renewable energy sources
- The objectives of the project were:
 - ✓ to increase the number of renewable energy installations
 - ✓ to increase the volume of electricity production from renewable energy sources
 - ✓ to increase the volume of heat production from renewable energy sources
 - ✓ to improve air quality, including CO2 reduction
 - ✓ **to increase the quality of life of local community**



Top ten donors of gross ODA for Armenia, 2018-2019 average, USD million



Source of data: OECD – DAC, <https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/aid-at-a-glance.htm>

International funds

- Although EU funds are a promising source of external funding for development projects in Armenia, **they are not the only ones** available
- Among the top donors of gross Official Development Assistance (ODA) for Armenia, a significant role is also played by other international donors, for example:
 - International Monetary Fund (IMF)
 - World Bank Group (International Development Association – IDA)
 - Asian Development Bank
- Funds disbursed by these donors do not necessarily concern Armenian local governments in a direct way
- See, for example, a USAID initiative “Local governance and community development”
https://www.usaid.gov/sites/default/files/documents/USAID_Armenia_Current_Activities_Sept_2020.pdf

International funds/2

- Projects may also be financed and implemented by a **consortium** of international donors through cooperation with various partners
 - For example, the “Flood Protection Project in the Oder and Vistula Basins”, which was financed by the consortium of international donors composed of the EU, the World Bank, the Council of Europe Development Bank, and the government of Poland
 - The main objective of the project is „to improve the protection of inhabitants and their property against flooding in selected areas of the Oder and Upper Vistula river basins and to strengthen the institutional capacity of the public administration in reducing the effects of flooding more effectively”.
 - The Project constructs a modern flood management infrastructure with accompanying technical measures
 - Polish public entities concerned by water resources management are responsible for its supervision, management and implementation.

Q&A session and homework

- Please note: not all of the presented funds specifically apply to local governments. The course will clarify and provide information about the international donors that offer programmes available to the local governments.
- **Do not hesitate to ask questions – the time is now!**
- **Homework:** please specify funds that would be the highest priority for a given local government due to its needs and taking into account its possibilities.

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