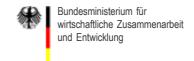# Practitioner's Guide:

## Strengthening Local Self-Governance through Community Unions

## Community Development Through Community Unions in Armenia

gtz

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**FRCS**
Food Security, Regional
Cooperation & Security
(Georgia, Armenia, Azerbaijan)

# Strengthening Local Self-Governance

**Example**

## Community Development Through Community Unions in Armenia

### Background

**By forming Community Unions, a number of communities can tackle joint problems and achieve economies of scale more efficiently:**

In addition, community unions are a way of enlarging the concept of community from the local to the district level.

The success of such unions depends on the presence of democratically elected local representatives. Unions are better able to have a positive impact on the communities they serve if the following conditions are met:

▶ Clear rules that promote transparency and accountability are codified in a manual.
▶ Unions are formalised through legal registration within a clear legal framework.
▶ Elected mayors show a strong political will to make community unions successful.
▶ Confidence is built from the outset, before unions are formed.

**Establishing a development fund is the key to the success of community unions:**

Such a fund gives unions a decisive role to play in community development. Otherwise, the chronic lack of funds experienced by local governments may make unions all but irrelevant to people's needs. The unions manage the fund, which is used to support the implementation of community development projects by local self-administrations.

Oversight and coordination is provided by a province-level commission uniting representatives of different community unions, provincial administration, NGOs and potential donors.

The development fund can be used for the training of community groups and other investments as long as the interventions are directly related to food security, income or job creation, or poverty reduction.

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## Capacity Building

**Ongoing capacity building is an integral part of the establishment of a community union:**

Community union members received intensive training on organisational development, financial and legal issues, advocacy, monitoring and evaluation. This improved their performance and client-orientation, and enabled them to promote widespread participation in decision-making by community members.

In addition, training courses totalling four days were organised in each of the participating communities, involving mayors, councillors, accountants, secretaries and civil society representatives. These courses covered issues from financial management and taxation over legal issues to poverty reduction, citizens' participation, and project management.

Capacity building took place in parallel to the creation and establishment of Community Unions. Training of trainers multiplied the effects and ensured that a very large number of people could be reached. Within one year, over 17,000 people had received some form of training. Apart from the provision of training, capacity building sometimes also involved the support in the creation of the necessary physical infrastructure such as offices, equipment, and supplies.

Capacity building targeted five specific groups: local government officials, Community Union members and staff, regional government representatives, local non-governmental organisations, and community groups.

a.  Town, village mayors and councillors were trained in:

▶ Decentralisation potentials / framework and local governance
▶ Participatory needs assessment and development planning
▶ Transparent and accountable budget formulation
▶ Financial management

b.  Members and staff of Community Unions received training in:

▶ Formation and registration of a Community Union
▶ Transparent and accountable financial management of the development fund
▶ Keeping and filing financial records and other documentation
▶ Communication skills
▶ Meeting skills
▶ Mission and strategy development
▶ Development of meaningful project proposals
▶ Methods of accessing external funds
▶ Accounting and computer skills (for CU secretaries)

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c.  The capacity of regional government representatives was built through:

▶ Discussion forums on the potential benefits of decentralisation for the region
▶ A workshop on communication and meeting skills
▶ Assistance with the formation and running of a Food Security Commission
▶ Assistance in assessing project proposals and integrating them into overall strategy

d.  The ability of civil society organisations to play a positive role was enhanced through:

▶ Coordination and networking assistance
▶ Publication of a brochure explaining decentralisation and local governance
▶ Training in participatory needs assessment and project planning
▶ Workshops on moderating, meeting, and fund-raising skills
▶ Support for mission and strategy development through a further workshop
▶ Training in financial management

The regional development fund organised the training of community groups in:

▶ Project design and implementation
▶ Monitoring
▶ Project maintenance and user fee collection
▶ Community savings and loaning procedures
▶ Formation of farmers, water users, and other associations
▶ Taking practical steps to improve the natural environment

The following steps were followed to promote community development through community unions:

## 1. Introducing Concept of Community Unions

The concept of community unions is introduced and explained to the district administration and to community mayors.

Workshops were convened with the support of the regional government and brought together all mayors of the region. The executive officer of an already established Community Union took an active part in the proceedings to enable the other participants to benefit from his experiences. The mayors actively participated in discussions about how a union could further development in their area, what roles it could play, and what aims it should have.

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## 2. Inception / Founders Meeting

**Those mayors who have expressed interest in joining a community union convene for a founders meeting, at the end of which they democratically elect the chairperson of their future community union.**

At the founders meeting, the detailed process of community union formation was explained to future union members. In addition, a sample operational manual detailing union rules was distributed to participants.

The manual was indispensable, as it clearly set out objectives, roles, and decision-making procedures of the future union, providing a roadmap for all stakeholders. Union members could later change the contents of the manual if they unanimously voted in favour of amendments.

In the case of the Berd Community Union in Armenia, the main objective of the union was to promote the establishment of food security and to contribute to poverty alleviation by financing small-scale projects that benefit the poor in the area. Its work was based on the principles of transparency, efficiency, accountability, and non-bureaucratic response to citizens' needs within the framework of an elaborated annual work plan and budget.

The manual clearly defined the roles and responsibilities of the various decision-making bodies, employees and stakeholders of the union. A key role was played by the executive officer, who was responsible for the day-to-day management of the union. In order to ensure transparency and accountability, the manual also set accounting and auditing standards and specified procedures.

In addition, the manual envisaged the creation of a commission coordinating and uniting four Community Unions. This commission was composed of the executive directors of all four unions, four regional government representatives, and four representatives of NGOs and donors. The commission was informed about small projects, approving and overseeing the implementation of larger projects, while monitoring projects, and guiding the overall policy of the development fund.

Clear and objective project selection criteria were set out in the manual. For example, to be eligible for development fund monies, projects must benefit the poor and vulnerable, be sustainable, not involve the construction of administrative or religious buildings, and envision an implementation time of less than a year.

A quantitative scoring sheet was included as an annex to the manual to help Community Union members to objectively evaluate projects submitted for approval by awarding points for criteria, such as the number of beneficiaries, the cost per beneficiary, the number of communities involved, the sector targeted, and post-implementation maintenance expenditures.

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Possible future conflicts could be settled with reference to the manual. For example, if a community group failed to properly implement a project, the Community Union had the right to break the contract for that project, exclude the group from future funding opportunities, and initiate legal action.

At the end of the founders meeting, the participants agreed on entrance and membership fees for the union. This income was vital for financing the union's day-to-day running costs.

Finally, the mayors elected a Community Union chairperson from amongst themselves. The chairperson serves for one year on a rotational basis, and is responsible for calling union meetings, preparing the agenda, informing participants in advance of which projects will be discussed, and chairing the bi-annual meetings.

## 3. Hiring of Union Executive Officer

The members of the Community Union select and hire an executive officer to take care of the union's day-to-day management and administration.

In order to ensure that this important role was filled by a trusted and competent person, union members agreed on which skills and experience their future executive officer should possess. One union required candidates to be under 35 years of age, have a higher education, at least three years' professional experience in management, and an excellent knowledge of the region.

After minimum qualifications and experience had been specified, the vacancy was widely advertised by placing announcements in all towns in the region. Members jointly interviewed candidates about what knowledge and skills they can bring to the job, how they see the role of the position within the community, and what priorities they would set. After the interviewing, the mayors jointly discussed all candidates. Finally, they held a secret vote on who to hire.

The elected executive officer signed a probationary contract that stipulated which tasks he or she had to accomplish during the period of probation. The executive officer then went on a cross-visit to an experienced community union to study their procedures, policies and approaches.

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## 4. Formal Establishment of the Union

After consultation with the Ministry of Justice, the community union was registered as a non-profit, non-trade public organisation uniting several individual community administrations. This gave it a status similar to that of an NGO. Registration formally established the union as a juridical person, which allowed it to handle both public and private resources.

Its executive officer opened a bank account and began collecting the previously agreed-upon membership fees from union members. Membership fees served the purpose of increasing long-term sustainability by covering the union's operational costs. In addition, they boosted the sense of local ownership.

The union set up a supportive structure, the so-called technical working group, hired staff and established an office, which was renovated and equipped with the support of donor funds.

## 5. Setting of Project Selection Criteria by the Union

Community union members discussed which criteria should govern the selection of community development projects put forward by individual communities. Clear criteria were established, and communities were requested to put forth proposals.

A score sheet containing all agreed-upon criteria was drawn up. The score sheet not only constituted a transparent and objective tool for evaluating and ranking proposals, but also provided valuable guidance to communities during the proposal development process.

The following main criteria were established:

- ▶ Number of participants in the project
- ▶ Number of communities involved
- ▶ Cost per direct beneficiary
- ▶ Community contribution (as percentage of total project cost)
- ▶ Financial input required from community union
- ▶ Maintenance costs as percentage of total project costs

On each criterion, proposals could receive between one (minimum) and five (maximum) points. The score sheet quantified exactly how points were awarded.

For example, a community contribution of over 50% would earn the full five points, a contribution of between 30% and 40% would earn three points, and a contribution below 20% would result in only one point being awarded. The operational manual specified that proposals with a contribution below 10% were to be excluded from consideration, and that at least 2% of the community input must be in cash.

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Three additional criteria were weighed less heavily. These criteria, for which extra points could be earned, were:

▶ Location of the community (mountainous and border communities receive points)
▶ Building peace and security (most points for cross-border initiatives)
▶ Priority sectors (agriculture and drinking water receive most points)

Adding up the points of each proposal created the final score. When several different proposals from different communities were compared and evaluated, the final scores provided an invaluable objective basis for deciding which proposals should be selected for funding.

## 6. Creation of a Project-Proposal Screening Commission

A province-wide independent screening commission was set up to overview the work of several (in this case, four) community unions. The commission was responsible for coordinating and approving larger development projects whose value exceeded a certain amount. In addition, the commission could veto the approval of smaller projects by individual community unions.

The commission's tasks were to:

▶ Study the feasibility of proposals for larger projects
▶ Evaluate proposals as to whether they pursue overall commission goals
▶ Avoid duplication and overlaps
▶ Accept or reject larger projects
▶ Supervise project implementation
▶ Ensure the unbiased distribution of projects and resources
▶ Monitor development fund policy and projects

The commission consisted of twelve people:

▶ The executive directors of the (four) community unions involved
▶ Four representatives of the regional administration
▶ Four representatives of development and donor organisations

Decisions in the commission were taken by a 2/3 + 1 (=10) majority so that at least one representative of each group had to agree.

The commission was chaired by one of its members, who was elected by members and served for one year on a rotational basis. The commission came together for a general meeting twice a year, during which it:

▶ Advised community unions on technical and financial problems
▶ Helped unions to elaborate precise project selection criteria
▶ Discussed and assesses proposals
▶ Assisted unions in locating external funding

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## 7. Selecting Community Development Projects

Communities conduct needed assessments rank priorities and submitted a proposal that addresses their top priority.

Community administrations called a public meeting during which possible projects were presented to the community as a whole for prioritisation. The operational manual listed criteria that communities should consider referring to during their evaluation.

These possible criteria included the total number of beneficiaries, the cost per beneficiary, the impact on poverty reduction and capacity building, and future maintenance expenditure.

Based on the outcome of the public meeting, the community administration then developed and submitted a proposal. Before the community union formally considered the proposal, it called a general community meeting to discuss it.

If the project was deemed feasible, the proposal was then forwarded to the community union for consideration. (Proposals that envisaged costs above a certain limit were forwarded to the province-wide screening commission, which was responsible for approving or rejecting it.)

The task of the technical working group was to assure the feasibility of the projects and the completeness of data in the proposal before the selection meeting.

In order to qualify for consideration, a proposal must benefit the poor and vulnerable in the areas they target, be socially, technically and economically acceptable and viable, be sustainable, and include a guarantee by the community submitting it that improvements resulting from the project will be maintained. Also, the timeframe for project completion may not exceed one year unless the regional screening commission agreed to allow an exception.

Projects envisaging the construction of administrative and religious buildings were excluded from consideration.

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The general board of the community union selected projects for funding approximately twice a year depending on the funding available to the community union. It did this by ranking all proposals received according to the previously established selection criteria and choosing those projects for funding that show the greatest potential for furthering community development.

The screening commission could later choose to veto a project approved by an individual community union.

## 8. Project Implementation

After a community development project had been approved, a contract was signed between the community union and the local self-government involved. The latter was responsible for implementing the project. The screening committee periodically carried out monitoring at project sites. Additional monitoring was done by the community itself, and by its community union.

Money was transferred in three instalments. 50% of the project cost was transferred at the beginning, another 40% once the project was half finished, and the final 10% following project completion. Financial reports were checked by a well-trained accountant of the community union to ensure that the project's financial documentation met the standards required by Armenian legislation.

After implementation had been completed, participatory evaluation at the community level allowed beneficiaries to give their feedback on the project

## 9. Conference of Unions

A conference brought together the chairmen and executive officers of all participating community unions, their employees, and representatives from donor agencies. Participants evaluated their work over the past year, reviewed an external evaluation of their accountants, and discussed possible changes in regulations and the operations manual. They debated new approaches and planned initiatives for the coming year.

Following the conference, a new grants cycle could be launched by issuing a fresh call for project proposals.