



Budgets4Citizens

Baseline evaluation research

Draft report

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With the aim of contributing to the participation of civil society organizations in the budgetary processes in Armenia and the effective implementation of monitoring and advocacy in that field, the Armenian Association of Lawyers has commissioned this baseline study to inform the future work of the Project.

This publication has been produced with the assistance of the European Union in the scope of “Budgets 4 Citizens” (B4C) Project.

The contents of this publication are the sole responsibility of the “Armenian Lawyers’ Association” NGO and can in no way be taken to reflect the views of the European Union.

The baseline study has been compiled on behalf of the Armenian Lawyers’ Association by Carl Ulbricht.

The “Armenian Lawyers’ Association” non-governmental organization was founded in 1995 with the aim of creating a strong civil society and supporting the development of Armenia as a sovereign, democratic, legal and social state. The organization has contributed to the development of Armenia’s public policies in the areas of anti-corruption and return of stolen assets, human rights and gender equality, budgetary processes, good governance and rule of law.

The “Budgets 4 Citizens” (B4C) project funded by the European Union is implemented by a consortium consisting of the Armenian Lawyers’ Association, cooperation with partners “Economic Development and Research Center” (EDRC) NGO and “Agora Central Europe” NGO from Czech Republic. The Overall Objective of the project is to foster an inclusive and transparent budgetary process with participation of Civil Society in Armenia and to enhance participation of Civil Society in public budgetary processes. The sectors of justice, agriculture, social security and education are selected as the target sectors of the Project.

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Abbreviations

ALA	Armenian Lawyers' Association
EDRC	Economic Development and Research Center
EUD	European Union Delegation
FGD	Focus Group Discussion
LSG	Local Self-Government
MEScCS	Ministry of Education, Science, Culture and Sport
MLSA	Ministry of Labour and Social Affairs
MoF	Ministry of Finance
NA	National Assembly
OBS	Open Budget Survey
OGP	Open Government Partnership
TI	Transparency International
ToR	Terms of Reference

Executive summary

This report is the result of a baseline study which has been commissioned by the “Budgets for Citizens” project in order to collect and analyse data on the awareness, needs and use of budget information by CSOs, to inform the project going forward.

The baseline study was undertaken during the period March-May 2023 and involved an online questionnaire which was completed by 81 CSOs, as well as stakeholder interviews, focus group discussions and attendance at ministries' budget hearings.

The findings reveal a low level of awareness and use of budget information, with 13.8% never accessing state budget information, and 43.8% of CSOs only accessing state budget information one or two times a year. The most popular sources for accessing information are the ministries' and local government (LSG) websites. Although 32.5% of CSOs say they have participated in budget discussions, in most cases this has been prior to 2022 and in many cases has been with LSG rather than state bodies. Only 6% of CSOs have participated in discussions both in 2022 and in earlier years. Further, only 20% of CSOs have conducted monitoring of budget implementation, and feedback from state stakeholders suggests that there has been hardly any monitoring in 2022.

Unsurprisingly, the vast majority of CSOs (more than 90%) have never drafted simplified (“citizens”) budgets, and only one CSO drafted such budgets in 2022.

The main reasons given as obstacles to participation include lack of awareness (70%), lack of capacity (70%) and lack of time (43.8%).

Although 37.5% of the survey respondents claimed to have conducted advocacy in respect of the state budget, in reality the number is less, and only 10% have conducted advocacy in recent years. Reasons for failure to conduct advocacy include lack of resources (68.8%) and lack of awareness of advocacy tools (51.3%). Also, many claim that the authorities do not want to cooperate (38.8%).

The main skills which CSOs seek to improve are budget analysis (83.8%) and access and use of budget information (82.5%), followed by monitoring (73.8%) and advocacy (71.3%). The top issue that CSOs noted in order to improve their advocacy skills was information on national and international advocacy experience. More generally, CSOs need to improve their financial sustainability, as well as to acquire skills in strategic planning and stakeholder relations, including participation in networks and coalitions.

A majority of CSOs have never participated in budget-related training; those who have generally participated prior to 2021, while the main training provider in the last 2 years has been EDRC.

The findings also provided baseline data on the level of CSO engagement in 2022, and show that only a handful of CSOs have both skills and capacity in this sector, while the overall level of awareness is also low.

The conclusions and recommendations focused on CSOs’ awareness and participation, advocacy, capacity building needs and the project website/platform, as well as other issues. The low level of awareness and participation is due not only to CSOs’ capacity constraints, but also as a result of a passive approach by some state bodies. At any rate, a series of recommendations set out ways in which state bodies could encourage greater engagement with CSOs. These include financing CSO monitoring efforts, focusing on priority budget issues and actively facilitating discussions.

As regards advocacy, there is a need for the project to play a facilitating role, in order for CSOs to overcome concerns that state bodies are not receptive. There are also a range of capacity building needs, including suggestions on issues to focus on when conducting budget analysis. More generally, as regards capacity building, the report stresses that assistance is needed both as regards specific budget sector skills and as regards CSO governance and sustainability.

A wide range of suggestions were collated regarding information and methodological material which can be included in the project website/platform, and this reflects CSOs’ wish to have a single-point access to the whole spectrum of information which can help them.

Finally, other issues covered in the conclusions and recommendations section include an analysis of various indicators and values in the project logframe, with a suggestion to update it accordingly.

Introduction

Under the auspices of the "Budgets for Citizens" programme funded by the European Union and implemented under the leadership of the "Armenian Lawyers' Association" NGO, a baseline assessment of awareness, needs and use of budget information by CSOs was conducted. In particular, the purpose of the assessment was:

- To study and assess the awareness, needs and capacities of CSOs to conduct monitoring and analysis of state and local self-government budgets, including simplified budgeting,
- To study and evaluate the awareness, needs and capacities of CSOs in the implementation of participatory budgeting and advocacy during the budget process,
- Provide insights into CSO awareness, needs, and capacity to inform the programme of existing gaps and issues to focus on when developing CSO capacity building interventions within the programme
- Provide baseline data on the awareness, needs and capacities of CSOs that can be used to measure the effectiveness of the project (a similar evaluation is planned at the end of the project).

Accordingly, a baseline assessment was carried out during the period March-May 2023, comprising a range of tools including an online survey, focus group discussions and individual interviews of key stakeholders. This report sets out the methodology, findings, conclusions and recommendations arising from the assessment.

Methodology

Desk review

The consultant conducted a desk review covering the following issues:

Literature review

The primary purpose of the literature review was to check for similar surveys of the CSO sector in Armenia, particularly to check for research that might include a list of surveyed CSOs. A number of research papers were identified, however, none that were directly relevant to the task in hand.

In addition, in connection with the Open Budget Survey and international best practice, resources such as the OECD Budgeting Transparency Toolkit were identified.

Review of state bodies' websites

Websites of the relevant state bodies (the ministries responsible for the four sectors on which this project focuses, plus the Ministry of Finance, National Assembly and the Audit Chamber) to reveal information published regarding state budgets, including regarding public discussions to discuss draft budgets.

Discussions with EDRC reps

The consultant interviewed EDRC experts to get background information on the state budget process, in order to be able to ask relevant questions to the civil society, independent experts and state body stakeholders.

Drafting methodological documents

The consultant drafted the following documents:

CSOs list

A list of CSOs was compiled, based on the following sources:

1. Education sector: Armenian Education Network (a CSO coalition) (<http://armedunet.com/members/>)
2. Agriculture sector:
 - Agricultural Alliance of Armenia (<https://ccd.armla.am/16157.html>)
 - Armenian Business Coalition (<https://ccd.armla.am/9735.html>)
3. Justice sector:
 - CSO Anti-corruption Coalition of Armenia (<https://aac.am/>)
 - “Juremonia” platform (<https://juremonia.am/huրըսւղ/>)
 - Coalition to stop violence against women (<https://coalitionagainstviolence.org/en/>)
4. Social sector:
 - Inter-Regional Coalition Dealing with the Problems of Children with Disabilities (<https://ccd.armla.am/16157.html>)
 - Inclusive Legal Reform Coalition (<https://coalition.am/>)
 - “Winnet Armenia” Network of Women Resource Centers
 - Child Protection Network (<http://armeniachildprotection.org/>)
5. Multisectoral:
 - Eastern Partnership Civil Society Forum Armenian National Platform (EAP CSF ANP) (<https://eap-csf.am/hy/our-members/hap-andamneri-cucak/>),

- Public Council (<https://publiccouncil.am/>)
- EU-Armenia Civil Society Platform (<https://www.eesc.europa.eu/en/sections-other-bodies/other/eu-armenia-civil-society-platform/organisation>):

In addition, members of the project consortium gave their recommendations, and People in Need Armenia office provided a list of Syunik-based CSOs.

The lists were used for the purpose of disseminating the CSO questionnaire and for inviting CSOs to participate in the FGDs.

CSO questionnaire

The consultant drafted a standard questionnaire to be distributed and filled in by CSOs. The questionnaire aimed to cover all the key issues concerning CSO participation in, monitoring and advocacy of state budgets, as well as capacity building experience and needs.

The draft questionnaire was reviewed by the consortium members and the EUD, and at the recommendation of the latter, the online tool Google Forms was used to make it easier to fill in the questionnaire and to collate the answers. As a result, some of the questions in the original draft were split up to conform to the required format of Google Forms. The questionnaire is attached as Annex 3, and the online link is [here](#).

Question sheet for FGDs

To ensure a standard format for facilitating the FGDs, a question sheet was drafted and reviewed by the consortium members and the EUD. The final version is attached as Annex 5.

Question sheet for interviews with experts and state representatives

To ensure a standard format for facilitating the interviews with experts and state representatives, a question sheet was drafted and reviewed by the consortium members and the EUD. The final version is attached as Annex 6.

As per the ToR, the consultant was requested to interview at least 10 independent experts as well as representatives from the target state bodies:

- Ministry of Finance
- Ministry of Economy (agricultural sector)
- Ministry of Justice
- Ministry of Labour and Social Affairs (social sector)
- Ministry of Education, Science, Culture and Sport (education sector)
- National Assembly standing committees (representatives of two standing committees from the relevant sectors),
- Audit Committee

The consortium members provided a list of independent experts, which is attached as Annex 7.

Fieldwork

Testing the questionnaire

The questionnaire was sent as a Word document to three CSOs to fill in, and the responses were reviewed. The responders confirmed that they had no issues when completing the form, and a review of their answers confirmed this.

Disseminating the questionnaire

The questionnaire was distributed by sending mails (with an electronic link to the questionnaire) to all the CSOs on the CSOs list, as well as to the CSOs in the list of Syunik organisations provided by PiN. In the process, it became obvious that some email addresses were no longer active, and in following up by phone, there were also cases of wrong or inactive phone numbers. In some cases, through internet research and contacts, it was possible to find new email addresses and/or phone numbers for a number of CSOs.

The questionnaire was also distributed on Facebook.

The ToR for the survey had envisaged a target of 80-100 responses to the questionnaire. Initially this appeared to be unrealistic, but through a process of follow-up emails, phone calls and SMS reminders, eventually 81 valid responses were secured. In this task the consultant also employed an assistant, Ellen Adamian. However the adherence to an ambitious target led to delays in finalizing the analysis, and the final response was received too late to be fully included in the analysis. Thus, the statistical analysis is based on 80 responses to the survey.

Conducting interviews

Interviews were conducted with:

- 11 independent experts (10 from the list provided, plus a representative of Eurasia Partnership Foundation)
- 7 representatives of state bodies (repeated requests for an interview with the head of the National Assembly standing committee on science, education, culture, diaspora, youth and sport proved to be in vain; after endless delays, the standing committee's staff member promised that written questions would be answered within a day, but then requested a further month.
- 2 donor representatives

The list of interviews is attached as Annex 8.

Attending state bodies' budget hearings

In addition to the interviews, the consultant took advantage of the fact that the survey period coincided with the deadlines for ministries to publish their draft annual budgets and hold discussions, and so the following hearings were attended:

- Discussion on general education budget, at Ministry of Education, Science, Culture and Sport, held on 31st March
- Discussion at Ministry of Finance, held on 4th April
- Discussion on social sector budget, facilitated by the USAID-financed “Armenia Public Finance Management Activity” programme, held on 29th March

Attendance at these events enabled the consultant to assess the extent of CSO participation and the quality of discussions.

FGDs

As per the ToR, 8 FGDs were held: 4 in Yerevan, and one each in the following towns: Gyumri, Vanadzor, Goris and Kapan. Selection of CSOs to be invited to attend the Yerevan FGDs was initially done on a random basis, but because of the low rate of response, it was later necessary to systematically invite all CSOs for whom there were valid email addresses, to ensure sufficient attendance at the sessions.

The FGD attendance sheets are attached as Annex 9.

The table below sets out the overall engagement of the stakeholders during the assessment:

CSO questionnaire	Number of valid responses received: 81	Number of responses included in the statistical analysis: 80
Individual stakeholder interviews	Number of interviews planned: 10 independent experts, 8 state bodies, 2 donor representatives	Number of interviews held: <ul style="list-style-type: none"> • 10 Independent experts • 7 State representatives • 2 Donor representatives
Focus Group Discussions	Number of FGDs held: 8 (4 in Yerevan, 4 in marzes)	Number of FGD participants: 26
Attendance at budget hearings	Not foreseen in the ToR	3 sessions attended: MinFin, MEScCS, MLSA

Data analysis

To ensure comprehensive and accurate analysis of the survey results, a sociologist (Anush Shakhshuvaryan) was engaged; her analytical report is set out as Annex 10, and the cleaned database of responses is Annex 11.

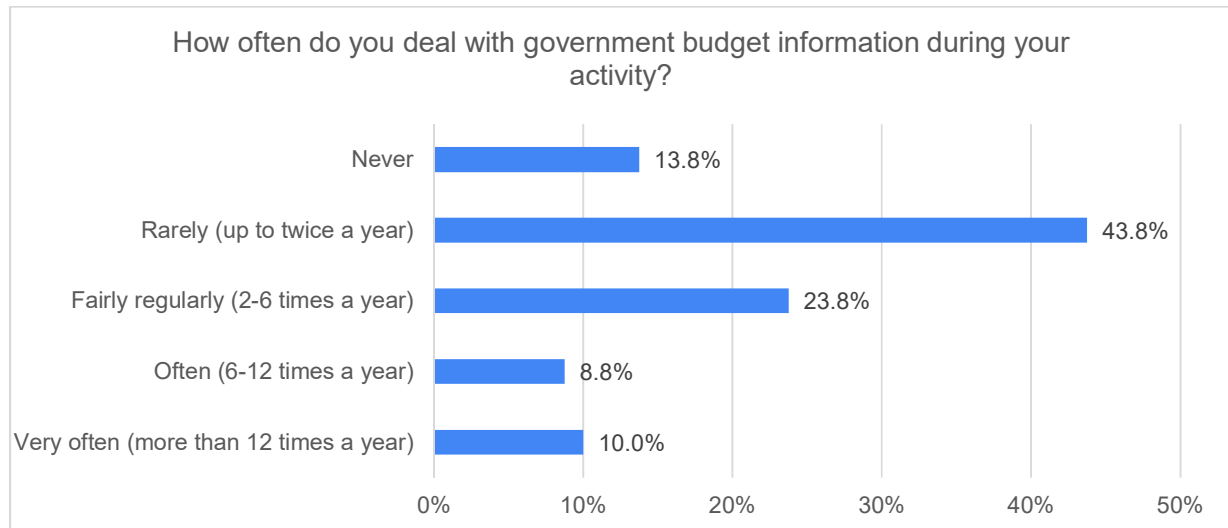
Findings and discussions

This section sets out the questions and tasks presented in the ToR, and responds to each of them in turn. The questions and tasks have been numbered based on the order in which they appear in the ToR, but have then been grouped thematically, for consistency of approach.

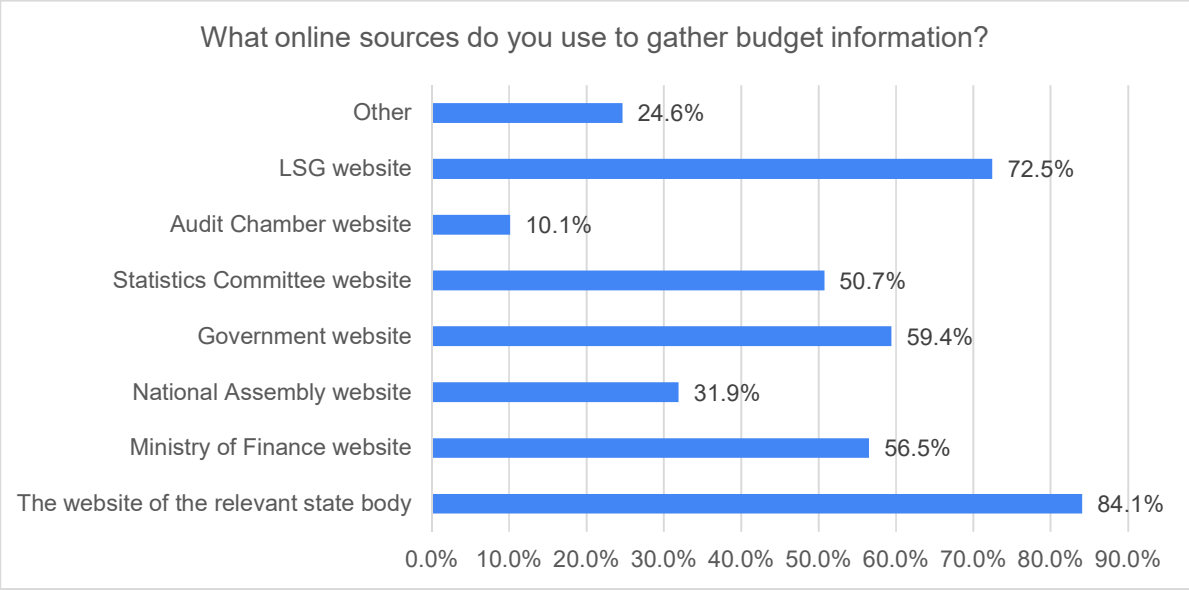
Budget information and awareness, participation in discussions

ToR question 1: How much (in what proportion?) do CSOs have experience and information of monitoring and analysis of draft budgets, budgets of RA state central bodies (RA government, ministries, independent and autonomous bodies, NA commissions, etc.) and local self-government bodies, including simplified budgets compilation?

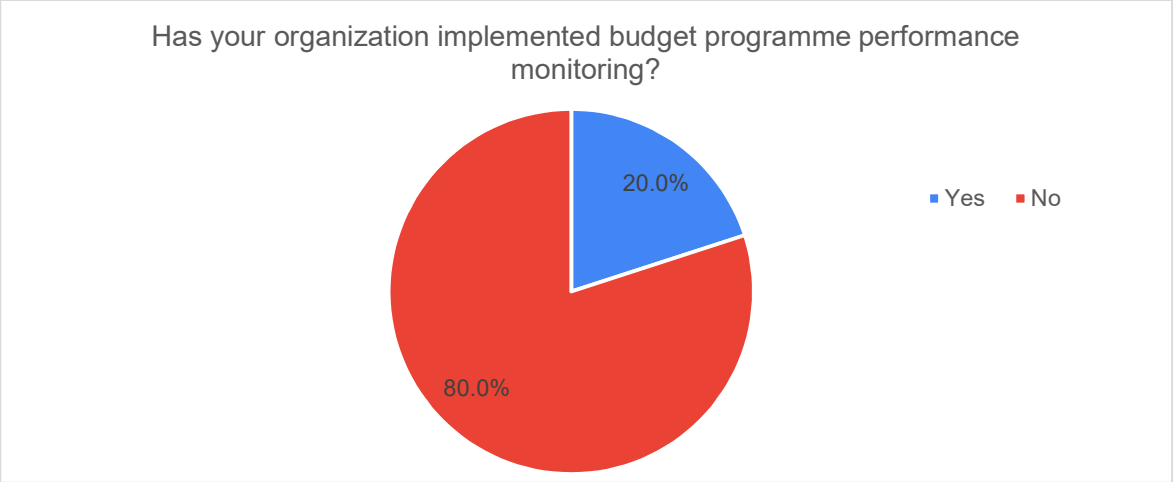
In the survey, when asked the question “How often do you deal with government budget information during your activity?”, respondents replied as follows:



Thus, less than half the surveyed CSOs access budget information with any regularity. Moreover, many of them access budget information from LSG bodies rather than state bodies, as can be seen by the response to the survey question “What online sources do you use to gather budget information?”:



As regards monitoring activities, responses from the survey reveal that 20% of CSOs have monitored budget implementation, while 80% have never conducted budget monitoring.

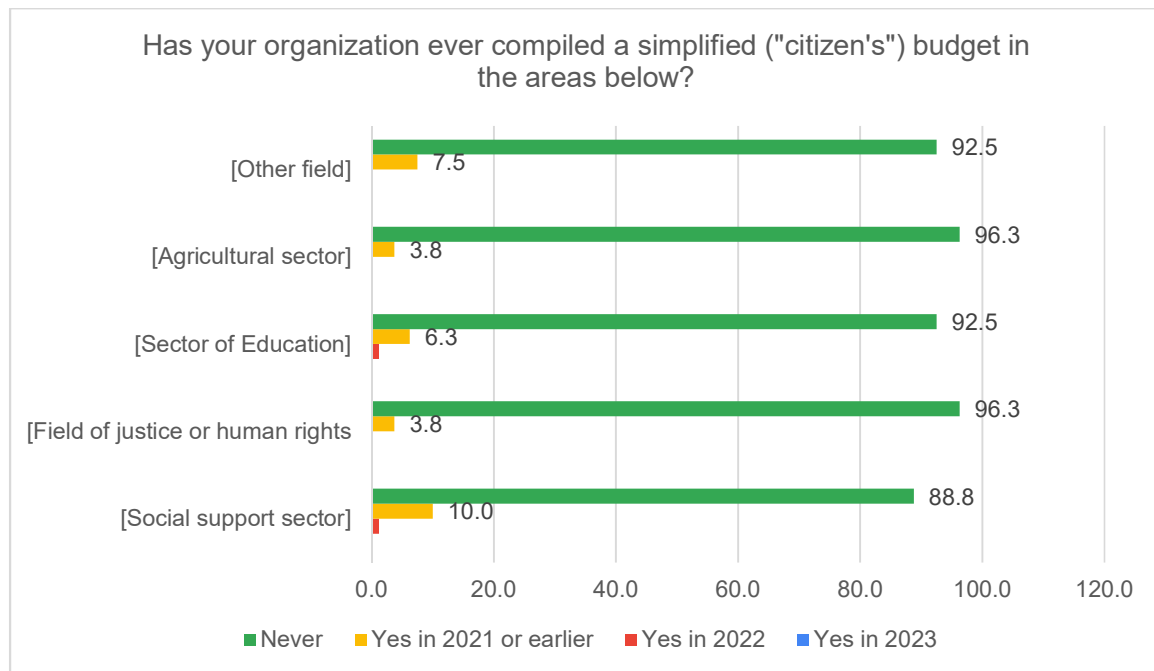


From the FGDs it is clear that many of those who have conducted monitoring have done this at the LSG rather than national level. This is confirmed by the interviews with representatives of the line ministries: none of them were aware of any budget monitoring by CSOs in recent years.

As regards analysis of draft budgets, the data on CSO participation in discussions with the relevant bodies gives a good indication of this, and is set out in more detail in the answer to ToR question #5. Briefly, participation in discussions tends to be low, with some cases when no CSOs at all have attended the sessions held in the relevant ministries (e.g. in the last 2 years no

one has attended the sessions hosted by the Ministry of Justice). Further, observation of two sessions hosted this year (by MEScCS and MLSA respectively) suggests that CSOs do not undertake detailed analysis of the draft budget before attending discussions. At any rate, the questions asked at those sessions tended to be very general.

As regards simplified budgets, according to the results of the survey, only one CSO prepared simplified budgets in 2022. The sectors covered were social and education. No simplified budgets were prepared in 2022 by CSOs in the sectors of justice and agriculture.

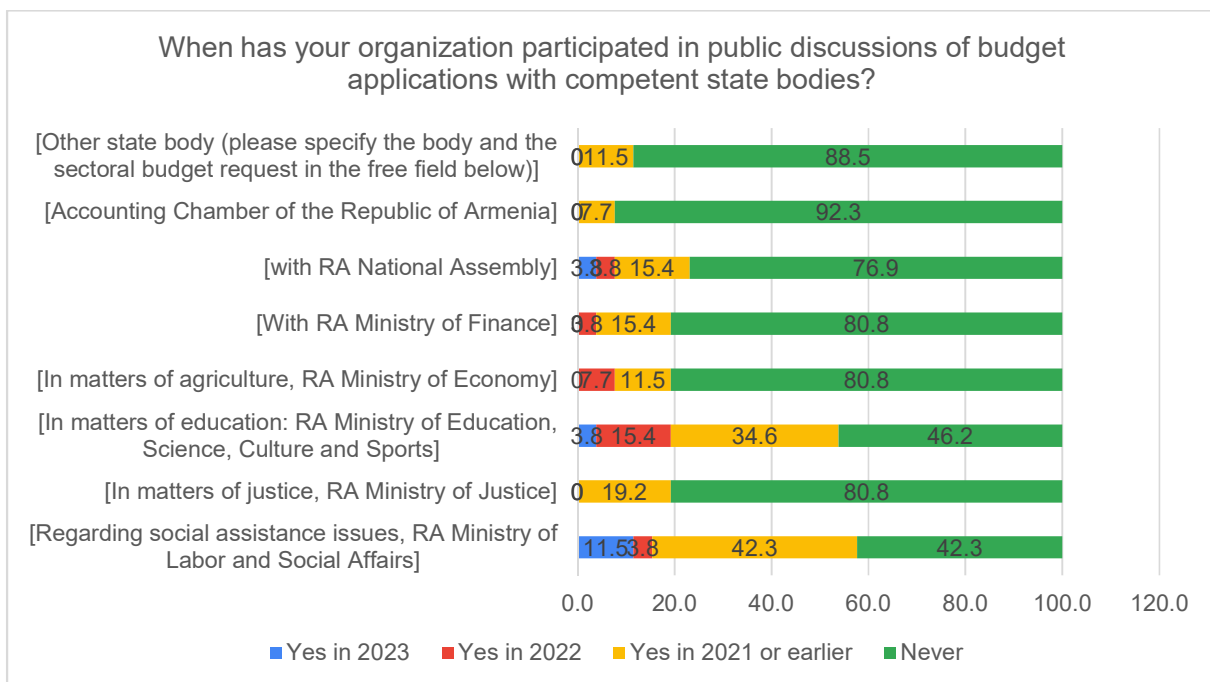


This is confirmed by the FGDs, in which no CSOs had prepared simplified budgets, and many were not even aware of their existence. In previous years, according to the survey results, a few CSOs have been involved in the preparation of simplified budgets, mainly in the LSG sector.

Feedback from the FGDs reveals a low level of awareness of the state budget process, and only one of the participants had conducted monitoring of the state budget – and that was more than 10 years ago. Others mentioned that they believed TI and EDRC had conducted monitoring, whilst during the interviews with independent experts, media monitoring of state budget expenditure by Iravaban.net and Hetq was mentioned. None of the ministries’ representatives were aware of any monitoring or advocacy by CSOs in the last 2 years.

ToR question 5: How many (in what proportion?) CSOs regularly participate in the discussions of the budget requests and draft budgets of the RA state central bodies (RA government, ministries, independent and autonomous bodies, NA committees, etc.) and local self-government bodies

Although in the survey 32.5% of respondents said that they had, at some time or other, participated in budget discussions with state bodies, in fact this figure is misleading for a number of reasons. Firstly, in most cases the participation has been in 2021 or earlier, and, secondly, it is apparent from the responses that in some cases the discussions were held not with state bodies but with LSG. And finally, very few CSOs *regularly* participate in budget discussions with state bodies: only five of the survey respondents stated that they had participated in discussions both in 2022 and in previous years. A further 8 CSOs said they had participated in discussions in 2021 or earlier, but not since then.



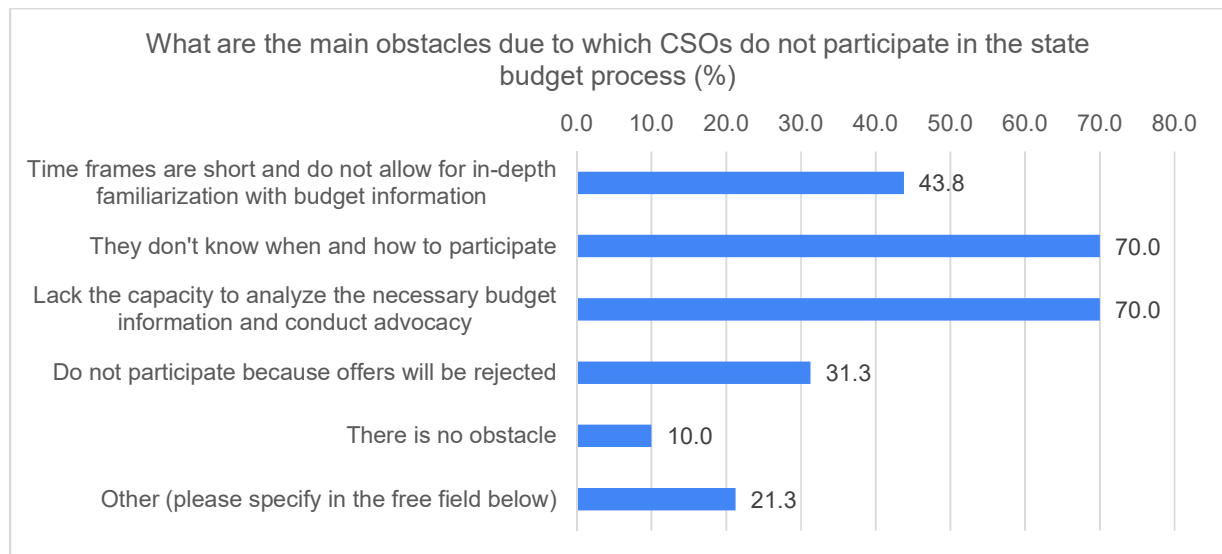
Discussions have mainly been with MLSA and MEScCS; only two CSOs said they had had discussions with the Audit Chamber (and none since 2021). Seven said they had participated in discussions at the National Assembly, but in only two cases was this more recent than 2021.

CSOs are more likely to have participated at LSG level: according to the survey 11 of them have, although only one respondent specifically stated they had had budget discussions with LSG in the last two years.

The FGDs revealed a higher level of involvement with LSG: 7 of the participants said they had discussed LSG budgets in recent years. Independent experts also identified several NGOs which are active at the local level, such as the NGO Centre (Vanadzor), Armavir Development Centre and the Centre for Community Mobilisation and Support (Alaverdi).

ToR question 4: What are the main gaps and obstacles to the participation of CSOs in the process of monitoring and analyzing budgets, including simplified budgeting?

Responses to the survey were as follows:



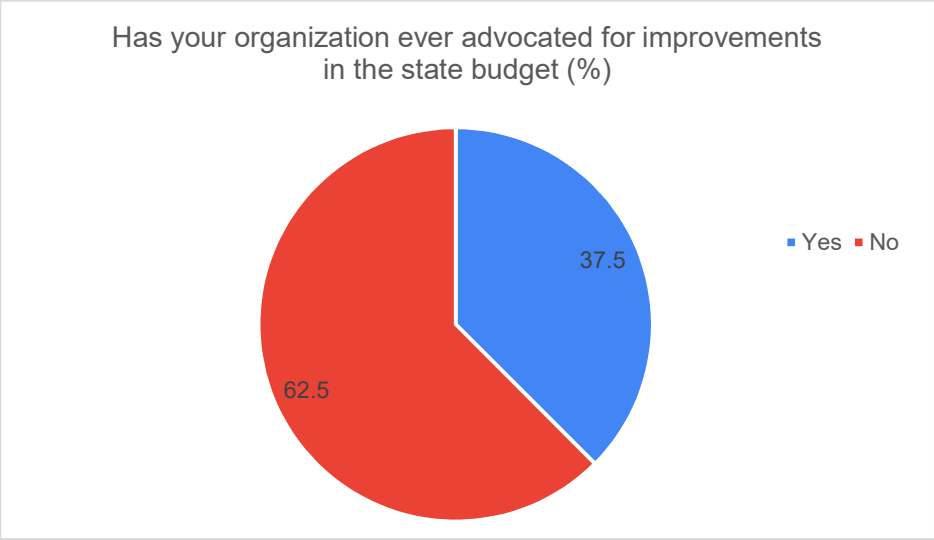
Most of the comments under “other” focused on two themes: low expectations that recommendations will be accepted, and lack of human and financial resources.

In addition, one of the independent experts noted a lack of info as regards the draft state budget, that priorities are not publicised and therefore there’s a lack of awareness. This in turn is one reason for the lack of discussions.

The FGDs largely echoed the same themes: lack of time and resources to analyse the budget, failure to be notified of discussions, lack of a simplified draft budget. One participant argued that budget discussions are not a priority for NGOs, as it’s not clear what they can gain from taking part in discussions - if it’s important, they can find the time and resources.

Advocacy

ToR question 6: To what extent (in what proportion) do CSOs have experience and information in the implementation (advocacy) of interests protection and improvement of public policies in the budgetary process of RA state central bodies (RA government, ministries, independent and autonomous bodies, NA commissions, etc.) and local self-government bodies?

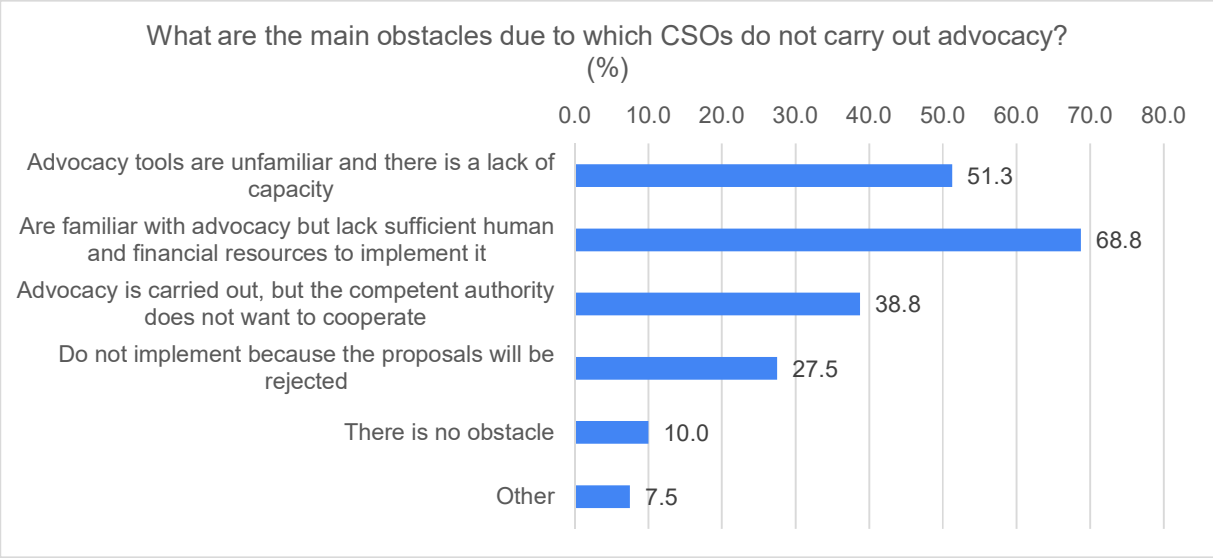


As we can see from the above, the survey results present a fairly positive picture: when asked the question “has your organization ever advocated for improvements in the state budget?”, 37.5% replied positively. However, from the explanations provided by the respondents it becomes clear that at least 6 of them only conducted advocacy with respect to LSG budgets, whilst the answers of a further couple of respondents reveal that they undertook general advocacy rather than specifically budget-related. In total, only 8 respondents said they had conducted advocacy in the last 2 years.

The feedback from the FGDs, expert & state representative interviews was very clear: no-one was aware of recent advocacy campaigns as regards the state budget, whilst engagement with LSG was more widespread.

ToR question 9: What are the main gaps and obstacles to CSO participation and advocacy in the budget process?

As regards advocacy in the budget process, the survey results are as follows:



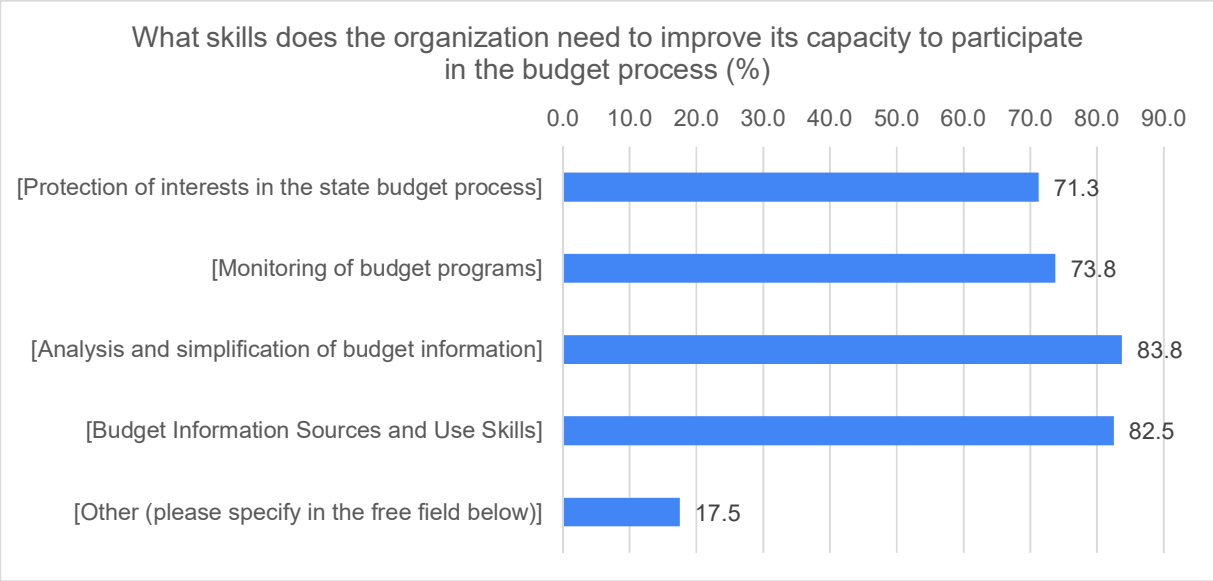
Feedback from the FGDs and interviews confirms the fact that the main impediments are lack of skills and resources as well as doubts that there will be a positive outcome. There were however occasional exceptions. One FGD participant, from the agricultural sector, was very positive about the ability to influence state policy, noting that the key to “getting the message across” when raising an issue was to talk to the ministerial advisors. Independent experts noted the lack of skills, and the concern was also expressed that some CSOs are not really engaged in advocacy – rather they are lobbying for more resources for themselves. This may be a reflection of the competition for funding and CSOs’ lack of diversification of financial sources.

As for participation in monitoring and analysing budgets, please see the answer to ToR question #4 above.

Capacity building needs

ToR question 3: What capabilities would CSOs like to improve in order to be able to monitor and analyze budget requests and budgets, including drafting simplified budgets?

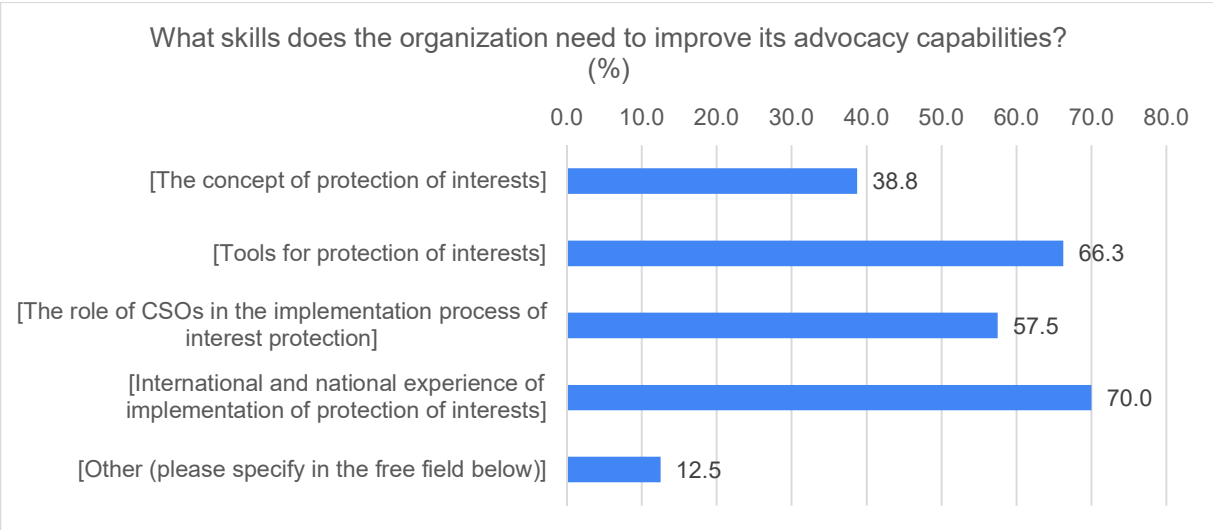
Responses to the survey were as follows:



Additional suggestions made by the respondents included issues such as strategic planning, formation of coalitions, constructive dialogue with state bodies, evidence-based policy analysis.

Suggestions during the FGDs confirmed the need for analytical skills, as well as skills in monitoring and advocacy. The independent experts and state representatives confirmed that CSOs need budget analysis skills and that they need to improve their monitoring and advocacy skills, to be aware of data sources and opportunities to monitor particular sectors and/or aspects of the budget process.

The survey also enquired regarding advocacy skills, and respondents stated that they needed the following skills:



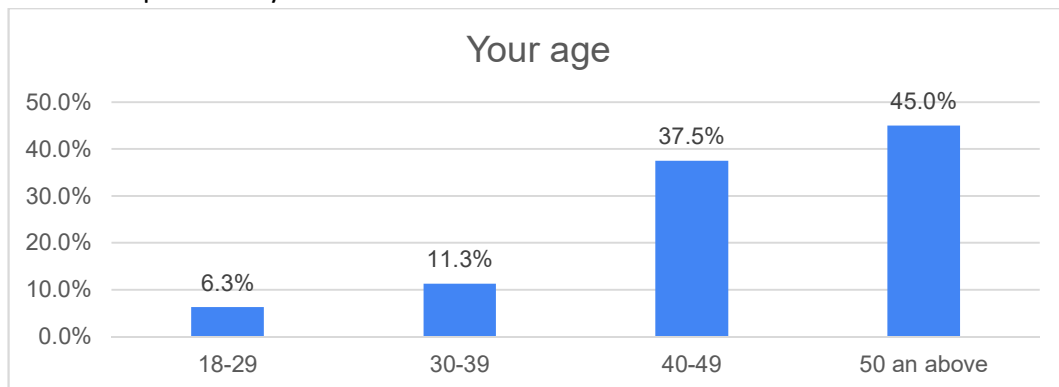
ToR question 8: What capabilities would CSOs like to improve to be able to monitor and analyze budget requests and budgets, including simplified budgeting?

Please see the answers to ToR question #3 above.

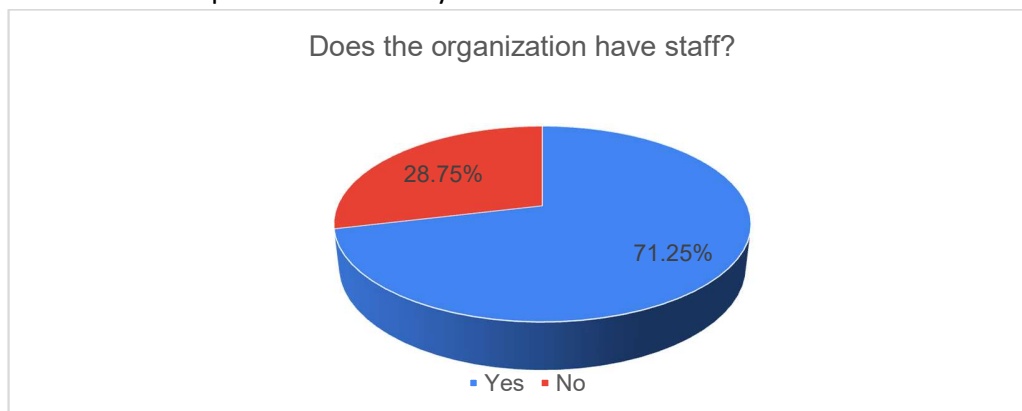
ToR task 10: Study and assess other related needs, capacities, gaps and problems of CSOs

Analysis of the survey results highlights a number of more general problems, which are typical of the CSO sector:

- CSOs tend to lack youth leaders. The responses to the survey were submitted by representatives who were mainly aged 50 or over (45%) or 40-49 (37.5%). Those aged 18-30 comprised only 6.3%



- Many CSOs do not have staff – in the case of the survey respondents: 28.75%. Clearly, if one takes the CSO sector as a whole, this percentage would be even lower, since active CSOs with more than one representative were more likely to have the time and resources to respond to the survey.



- Those CSOs which have significant staff numbers tend to be the ones which have access to significant and/or permanent donor funding (e.g. Eurasia Partnership Foundation, Transparency International, WINNET Goris Development Foundation)

This last point reminds one of the fact that CSOs continue to be largely donor-dependent for their funding, and this lack of financial sustainability means that they often do not have the resources to focus on their core issues year in, year out. Instead, they either suffer periods of inactivity, or – in the pursuit of donor funding – they regularly change their focus. In either case, they digress from the key goal of consistently representing or advocating for a particular stakeholder group or policy reform.

The expert interviews and FGDs also highlighted other weaknesses of the CSO sector. Whilst most of the bigger CSOs have the full range of governance skills, many of the smaller ones struggle to operate effectively, because they lack the following skills:

- Stakeholder relations: it is apparent that not only is there a failure to communicate effectively with state and LSG partners, but also to communicate with their beneficiaries and to understand the latter's needs.
- Strategic development: this is a skill which is relevant both as regards policy work – and thus can be useful when discussing sector strategies with the relevant line ministry or with LSG – but also as an internal tool to help a CSO focus on its goals and understand its growth needs (and therefore including self-assessment skills). Along with fundraising skills and diversification of funding resources, strategic development is a skill which can help CSOs stay focused on their key mission, and thus become better development partners.

In addition, it became clear during the FGDs and individual interviews that CSO coalitions can be effective both in pooling resources and in presenting a united front during dialogue with state counterparts. Smaller, weaker CSOs particularly benefit from such an approach, but it is important that stronger CSOs should not try to act alone, but can play a leadership role in coalitions and networks.

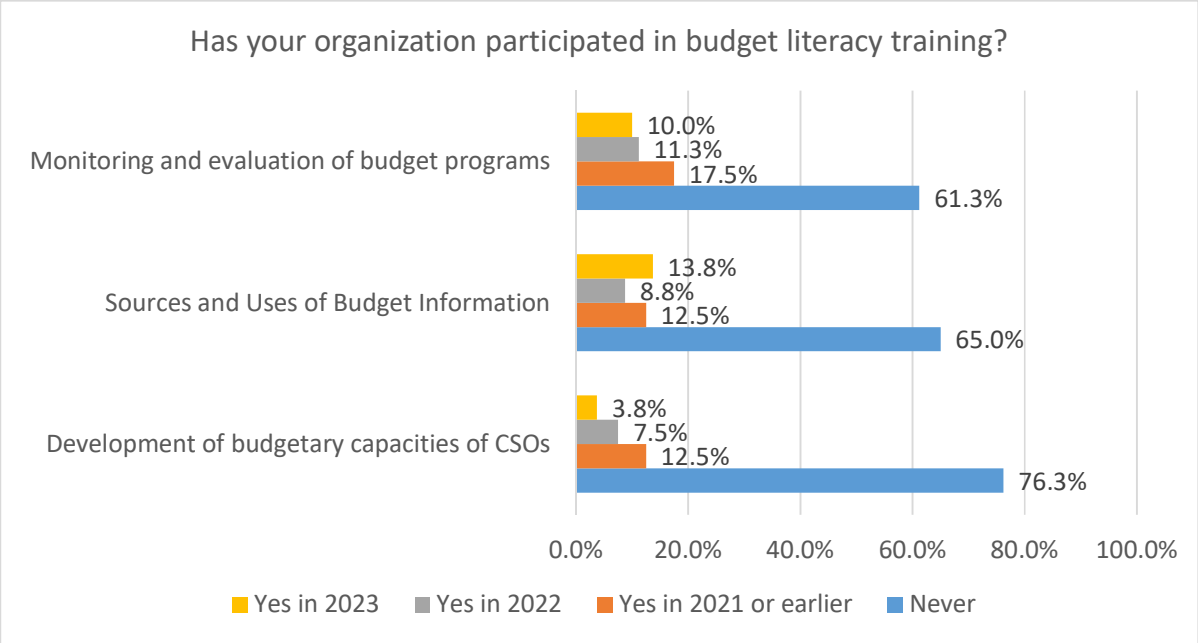
ToR task 11: Provide insights into CSO awareness, needs and capacity to inform the program of existing gaps and issues to focus on when developing CSO capacity building interventions within the program

This issue is dealt with in the recommendations (see below)

Training

ToR question 2: How many (in what proportion?) CSOs regularly received professional training on draft budgets, budget monitoring and analysis, including simplified budgeting

Responses to the CSO survey question “Has your organization ever participated in budget literacy training?” were as follows:

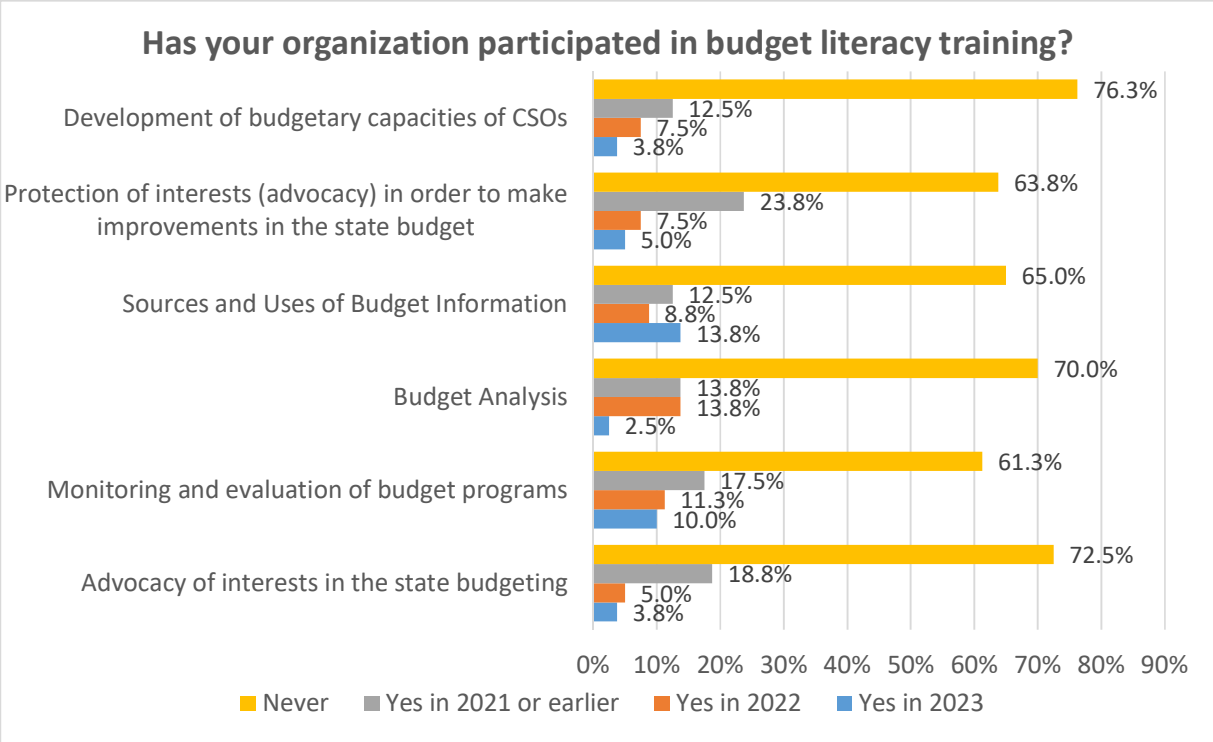


As one can see, most CSOs answered negatively – for example, 65% said they had never attended training on accessing and using budget information sources. Those who have participated in training indicated in many cases that it took place in 2021 or.

Data from the FGDs and interviews with independent experts also confirmed that training is not common. None of the FGD participants said they had attended training in the last year, and most of the independent experts were unaware of any recent training. State representatives also were unaware of any training for CSOs.

ToR question 7: How many (in what proportion) CSOs regularly received professional training on the topics of participatory budgeting, drafting of budget requests, as well as implementation of interest protection (advocacy) in the budget process and improvement of public policies?

The survey question “has your organisation participated in budget literacy training?” elicited the following response:



As mentioned above, in the survey, 22 CSOs indicated that they had received training on advocacy during the state budget process, and 29 had received training on advocacy to improve state budget implementation. However, in most cases the training occurred in 2021 or earlier, and very few CSOs have received training more than once, so the number who could be said to have received “regular” training is minimal. This is confirmed by feedback from the FGDs and interviews, with no stakeholders reporting cases of regular training: it appears that there have been a series of “one-off” courses, but no sustained efforts over multiple years.

Baseline data

ToR task 12: Provide baseline data on the awareness, needs and capacities of CSOs that can be used to measure the effectiveness of the project (a similar evaluation is planned to be conducted at the end of the project implementation as well)

ToR tasks no.s 13-18 set out below the detailed requirements for baseline data, and are answered in turn.

ToR task 13: Availability, number and status of training programs for CSOs in the justice, social security, education and agriculture sectors on budget processes during 2022, including modules, online training and visualization tools

In total, 12 respondents to the survey indicated that they had taken part in training programmes on budget processes in 2022; one of them mentioned that EDRC had carried out the training, while another – Armavir Development Centre – mentioned that it had carried out the training.

During the expert interviews, Movses Aristakesyan mentioned that he (together with Susanna Yeghiazaryan) had drafted a concept paper for CSO monitoring of budget indicators and a handbook explaining the budget process. These materials may still be available.

None of the FGD participants or state representatives referred to specific training programmes.

ToR task 14: During 2022, the number of representatives of CSOs operating in the justice, social security, education and agriculture sectors, who have high skills in analyzing and monitoring public (state) budgets, participation and advocacy. These data should be presented according to the following target groups: women, men, young people, people with disabilities, location (activity)

To get a picture of those CSOs which have skills – by virtue of having undergone training, or through having been active in the sector, engaged in discussions, monitoring and training, it was decided to analyse the combined responses to the following issues:

- Has the CSO participated in budget discussions? (survey Q18)
- Has the CSO implemented budget monitoring? (survey Q19)
- Has the CSO undertaken advocacy as regards the budget? (survey Q22)
- Has the CSO participated in budget sector training? (survey Q23)

Analysis of the above shows that 10 CSOs responded positively as regards *both* participation in budget discussions *and* implementation of monitoring. 8 CSOs have participated in budget discussions *and* monitored the budget *and* conducted advocacy. 6 CSOs have done all of the above *and* have participated in training.

The above results were also crosstabulated against the responses regarding the existence of staff. 5 of the 10 CSOs reported they currently have no staff at all. Thus one can say that there are five CSOs which have skills and capacity in this sector.

Although it does not really make sense to conduct a statistical analysis of such a small number of CSOs, it is noteworthy that 4 of those 5 CSOs are women-led, and two are based outside Yerevan.

ToR task 15: Number of simplified budgets prepared by CSOs in the justice, social security, education and agriculture sectors during 2022

Overall CSO engagement in compiling simplified budgets has been addressed in the response to ToR question #1, and the chart there shows the minimal engagement in 2022. In fact, when one analyses the responses to the results of the survey, it becomes apparent that only one CSO prepared simplified budgets in 2022. The sectors covered were social and education. No simplified budgets were prepared in 2022 by CSOs in the sectors of justice and agriculture. This is confirmed by the FGDs, in which no CSOs had prepared simplified budgets, and many were not even aware of their existence.

ToR task 16: The number of budget programs monitored during 2022 and the recommendations developed by CSOs operating in the justice, social security, education and agriculture sectors for the programs of the coming years

Responses from the survey indicated that, overall, 18 (21%) of the respondents had undertaken monitoring, but it was not clear that any monitoring had been done in 2022. Of those 18 respondents, only 5 of them reported that their recommendations had been accepted by the state authorities, as follows:

- One concerned public procurement, and was conducted in 2021
- Two concerned employment programmes; one of which was conducted in 2017
- One was in the justice sector, concerning resolution of employment disputes
- One CSO simply mentioned the agriculture, social and health sectors, without giving further details
- One CSO mentioned that the monitoring was of LSG

None of the FGD participants had monitored any sectors of the state budget in 2022, and independent experts were also unaware of any successful monitoring efforts. However, one expert mentioned that MEScCS had ordered a review of budget implementation, and this was awarded to an NGO through a competition.

ToR task 17: Level of awareness of CSOs operating in justice, social security, education and agriculture sectors on best practices in budgets, budget processes, participation and financial transparency during 2022

The overall level of awareness of CSOs has to be assessed as quite low, on a number of accounts:

- The low level of participation in discussions on draft budgets
- The fact that many CSOs (as evidenced by the FGDs) are unaware of the timetable for discussing draft budgets with the line ministries, and have only participated at the LSG level

- The low level of awareness of simplified budgets, and the fact that only one of the surveyed CSOs had prepared a simplified budget in 2022
- The recognition by many CSOs – based on evidence from the survey and the FGDs – that they do not have the time, human or financial resources to undertake budget analysis

ToR task 18: During 2022, the number of beneficiaries of advocacy campaigns carried out by CSOs and mass media in the justice, social security, education and agriculture sectors. These data should be presented according to the following target groups: CSOs, mass media, location (activity), women, men, persons with disabilities.

In the responses to the survey, only 5 CSOs indicated that they had carried out advocacy campaigns in 2022, accordingly it would be statistically misleading to analyse this low figure in terms of distribution of the target groups.

Conclusions and recommendations

This section begins with the conclusions for each topic, and then lists recommendations for the key audiences in turn: the project, CSOs, and Government & state bodies.

Conclusions

Awareness and participation

CSO participation in budget discussions

Participation in budget discussions is at a low level, particularly in state bodies.

Among CSOs there is little awareness of the timeline for participating in budget discussions in the line ministries, and a main reason for failure to participate is the lack of resources/expertise to analyse the budget.

Although a main reason for the relative ineffectiveness of budget hearings at the line ministries is the lack of preparedness of CSOs, it is also true that the ministry representatives could be more receptive to CSO concerns.

In spite of the fact that participation in discussions with the line ministries is not at a satisfactory level, participation at other stages of the annual budgetary process is even lower. Discussions at the National Assembly are widely seen as perfunctory. The Audit Chamber is also very passive.

Some independent experts held the opinion that the potential to influence the draft budget is limited in any case, since it is based on the relevant sectoral strategies, and therefore it makes more sense for CSOs to focus their efforts on participating in the drafting of the various strategies. CSO participation in the LSG budget process is more common, with a majority of the surveyed CSOs indicating that they had been in contact with their local LSG on budget issues.

CSO awareness of and participation in citizen's/simplified budgets

Data from the FGDs show that there is very little awareness of citizen's budgets among CSOs. Indeed, they are more likely to have used the interactive budget on the www.gov.am website than to have accessed the citizen's budget on the MoF website. Compiling a citizen's budget clearly requires specific technical skills, and it is not surprising that hardly any CSOs have this skill. According to the survey, in 2022 only one CSO compiled citizen's budgets in the target sectors.

Advocacy

The CSO survey and the FGDs and interviews revealed both the general absence of advocacy in the budget sector, as well as the needs of CSOs both for specific training and also more general capacity building.

Obstacles which hinder CSOs from engaging in advocacy in the sector include not only a lack of specific skills and resources, but also a concern that their advocacy efforts will not bring positive results.

CSO capacity building needs

CSOs have a range of capacity building needs, covering not only issues related directly to engagement in the budget process, but also more general issues which affect their ability to operate effectively. In addition to the core subjects of budget analysis, monitoring and advocacy, there are also wider needs such as strategic development, human resources, projects & services, stakeholder relations and financial sustainability.

Recommendations to the project

Awareness and participation

Simplified budgets

The project should encourage a dialogue – a process of encouraging feedback – with the ultimate goal of making simplified budgets more relevant:

- Raise awareness and conduct training on budget cycles and simplified budgets, so that more CSOs are able to access and analyse those.
- Seek feedback from those CSOs: are the simplified budgets easy to use, are they useful?
- Consider changes in approaches to the compilation of simplified budgets, by incorporating the following elements:
 - Include an evaluation of whether targets have been achieved
 - Include a comparison with previous years, in order to show the trend of expenditure
 - Compile simplified budgets which focus on single issues – e.g. general education, disability support programmes
 - Consider publishing a simplified budget when the budget is at the draft stage, to help CSOs to analyse it before the budget is adopted.

Strategic development

Encourage CSOs to participate at the strategy stage, as this has direct influence on future budgets. For this, CSOs need to improve their strategic planning and monitoring abilities.

Advocacy

General

As well as training to improve specific advocacy skills and general governance capabilities, CSOs also need to gain confidence that they can influence their state and LSG counterparts, and the project can help this through, for example:

- the provision of good practice examples and international experience to inspire CSOs
- facilitating dialogue with state and LSG counterparts so that the CSOs are recognized as competent interlocutors

The project should also encourage CSOs to adopt a gender equality approach, both in their internal governance and in their external relations, as this can help to make them more influential in their advocacy efforts.

Networks and coalitions

The project should encourage the activity and/or formation of formal and informal networks, coalitions and other types of collaborative arrangements, perhaps by giving preference to such initiatives during the sub-granting process. This will enable CSOs to pool resources and to present a united front in dialogue with state bodies – factors which will increase their

professionalism and influence. A gender equality approach will be important in ensuring the representative nature of such networks and coalitions.

Budget analysis

Ideally, the project should adopt a differentiated approach to capacity building: general capacity development for most CSOs, and more advanced capacity development for specialised/advanced CSOs. For the latter, there is a need to conduct more advanced analysis to strengthen the logical framework of budgets. Examples include:

- Analysing the budget from the SDG perspective
- Analysing the relevance and usefulness of budget indicators
- Examining the link between a line ministry's budget and the relevant sectoral strategy: are strategic priorities fully or correctly reflected in the budget?
- Analysing implementation of the annual budget: have there been frequent amendments to the budget, and does this reflect a failure to accurately estimate the cost of particular budget lines? Are there lessons that can be learned for the following year's budget?
- As regards CSO participation in discussions with the National Assembly, international best practice has identified a number of activities that CSOs can do to enhance their influence (by the way, it should be noted that some of the points mentioned below are also relevant to other stages of the budget process, for example, discussions with ministries):
 - Preparation of a summary of the previous year's budget, which may offer an alternative view to that presented by government, and can inform the debate. (This can be in respect of the entire state budget, or as regards a sectoral/ministerial budget)
 - Provision of training on the budget process, which can be offered to mixed groups of NA members/employees and CSO representatives, thereby facilitating networking. The training can draw on budget and accountancy experts to provide in-depth expertise.
 - Analysis of specific budget headings or budget lines from a pro-poor policy standpoint. More widely, if resources permit, a CSO network could draft a poverty impact assessment, explaining the expected effect of the budget on marginalized groups in sectors such as health, education, welfare and agriculture.
 - Similarly, CSOs can present an analysis of specific macro-economic issues and their inter-relation with the budget (e.g. national debt, employment and growth trends). This may be a useful counterpoint to an overly optimistic official assessment.
 - Cross-cutting budgetary analysis may look at a range of sectors from the point of view of their impact on a specific beneficiary group, such as the elderly, persons

with disabilities, or ethnic minorities. Similarly, one could focus on the gender impact or the impact on children, in line with the country's international commitments in those sectors.

- Tax policy analysis can focus on the probable impact of taxation on pro-poor policies.
- Following initial discussions in the legislature, CSOs can summarise the main points of the debate and offer their conclusions. Dissemination of the summary in the mass media and in social networks can influence the ongoing debate.

CSO capacity building needs

Address CSOs' capacity building needs

The project's capacity building efforts should cover the following issues:

Directly relevant skills

- Understanding the budget cycle and the various points of entry, including adopting a strategic approach, defining priorities and understanding the scope for CSOs to influence earlier stages of policy development
- Budget analysis
- Data sources and analysis
- Evidence-based policy development
- CSO-state/LSG dialogue skills
- Monitoring skills
- Advocacy skills, including determining the audience, designing and planning campaigns, targeted messaging, presentation skills, stakeholder engagement, networking

Indirectly relevant skills

- Skills to enhance financial sustainability, such as fundraising, diversification
- Strategic development skills, both policy and organizational development, and including self-assessment (organizational development to include human resources, projects & services, external relations)
- Within human resources development, gender equality should be a special focus area. As well as having written policies, CSOs should organise internal training sessions to emphasize the importance of a gender equality approach and to ensure the operation of policies in practice.

- Stakeholder communications (with beneficiaries, state and LSG partners, but also with the wider public)
- Skills in building and operating coalitions and networks

In addition, the project could consider undertaking capacity building training – or at least making the modules available – for individual citizens.

Recommendations to civil society

Awareness and participation

Strategic development

Participate at the strategy stage, as this has direct influence on future budgets. For this, CSOs need to improve their strategic planning and monitoring abilities.

Advocacy

Budget analysis

Ideally, CSOs need to conduct more advanced analysis to strengthen the logical framework of budgets. Examples include:

- Analysing the budget from the SDG perspective
- Analysing the relevance and usefulness of budget indicators
- Examining the link between a line ministry's budget and the relevant sectoral strategy: are strategic priorities fully or correctly reflected in the budget?
- Analysing implementation of the annual budget: have there been frequent amendments to the budget, and does this reflect a failure to accurately estimate the cost of particular budget lines? Are there lessons that can be learned for the following year's budget?
- As regards CSO participation in discussions with the National Assembly, international best practice has identified a number of activities that CSOs can do to enhance their influence (by the way, it should be noted that some of the points mentioned below are also relevant to other stages of the budget process, for example, discussions with ministries):
 - Preparation of a summary of the previous year's budget, which may offer an alternative view to that presented by government, and can inform the debate. (This can be in respect of the entire state budget, or as regards a sectoral/ministerial budget)

- Analysis of specific budget headings or budget lines from a pro-poor policy standpoint. More widely, if resources permit, a CSO network could draft a poverty impact assessment, explaining the expected effect of the budget on marginalized groups in sectors such as health, education, welfare and agriculture.
- Similarly, CSOs can present an analysis of specific macro-economic issues and their inter-relation with the budget (e.g. national debt, employment and growth trends). This may be a useful counterpoint to an overly optimistic official assessment.
- Cross-cutting budgetary analysis may look at a range of sectors from the point of view of their impact on a specific beneficiary group, such as the elderly, persons with disabilities, or ethnic minorities. Similarly, one could focus on the gender impact or the impact on children, in line with the country's international commitments in those sectors.
- Tax policy analysis can focus on the probable impact of taxation on pro-poor policies.
- Following initial discussions in the legislature, CSOs can summarise the main points of the debate and offer their conclusions. Dissemination of the summary in the mass media and in social networks can influence the ongoing debate.

Recommendations to the Government and state agencies

Awareness and participation

Line ministries could be more receptive to CSOs' needs and concerns

Focus on priority areas

- The Minister can present a few focus areas/priorities when disseminating the draft annual budget. This could be via an introductory statement in the announcement of the timetable for budget hearings, or it could be a video address.
- Similarly, when opening the budget hearing session, the senior ministry official should set out the main budget priorities, avoiding technical language, and focusing on what progress is to be achieved in the next period.

Facilitate the discussion

The level of debate at budget hearings can be improved by structuring the discussion around key issues such as:

- Does the budget reflect the current priorities in that sector?
- Is it based on the relevant strategy/strategies?
- Are the budget targets and indicators realistic and useful?

Public Councils

Ministries should appoint a designated person who would be in charge of contacting CSOs, and who would maintain and update a mailing list. Line ministries should consider convening a meeting of the public council attached to the minister in order to discuss the draft budget – or at least to email all the members of the council to inform them of the dates of budget hearings.

Financing CSOs to undertake monitoring

Several stakeholders, including independent experts, recommended that there should be a budget and a mechanism for line ministries to finance CSOs to undertake periodic assessments of sector budgets. CSOs' assessment reports would lead to more effective use and better targeting of budget resources. The assessments could focus on particular beneficiary groups or budget lines.

Simplified budgets

- The Ministry of Finance could consider changes in principles/approaches to the compilation of simplified budgets, by incorporating the following elements:
 - Include an evaluation of whether targets have been achieved
 - Include a comparison with previous years, in order to show the trend of expenditure
 - Compile simplified budgets which focus on single issues – e.g. general education, disability support programmes
 - Consider publishing a simplified budget when the budget is at the draft stage, to help CSOs to analyse it before the budget is adopted.

Greater engagement by the National Assembly

The National Assembly can be more proactive in its outreach to CSOs. It can do this in a number of ways:

- Compiling mailing lists of CSOs and contacting them when scheduling hearings and discussions
- Seeking feedback from CSOs on the format and usefulness of dialogue events
- Reaching out to CSOs not only when discussing the draft annual budget, but also when reviewing implementation of the previous year's budget and programmes.

Other conclusions

Engagement of citizens

Bearing in mind the fact that the CSO sector does not always adequately represent and advocate on behalf of their beneficiaries, there is arguably a role for direct citizen engagement in the budget process, in addition to the mediation provided by CSOs.

Developments at the LSG level

Under the current (5th) OGP commitment, GIZ is implementing a pilot project in Armavir, Ashtarak and Abovyan, whereby each LSG is to have a separate budget line and to invite local stakeholders to discuss what it should be spent on. There is scope for the project to create links with that initiative.

Other recommendations

Assisting the quality of debate at LSG level

Although the project focus is CSO development, it should be borne in mind that many LSG councillors have a poor understanding of budget development and analysis, and this can hinder the efficacy of budget discussions. Therefore, on the project website consider the provision of capacity building materials which can help LSG council members to improve their understanding of the budget process. This will improve the quality of LSG budget hearings.

List of annexes¹

1. ToR
2. Methodological timetable
3. CSO Questionnaire
4. CSO list
5. Question sheet for FGDs
6. Question sheet for interviews with experts and state representatives
7. List of experts (Eng)
8. Interviews list (Eng)
9. FGDs attendance sheets
10. CSO survey analytical report

¹ Annexes are in Armenian unless stated

11. Database of CSO survey responses
12. Table of baseline indicators and values (Eng)