

# Baseline Questionnaire— Community Profile

## Agarak

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### GENERAL FEATURES OF COMMUNITY

Agarak is located in Syunik *marz* and is approximately 403 kilometers from Yerevan, 11 km west of Meghri. On the southern border of Armenia adjacent to Iran, it is one of the most distant communities from Yerevan.



### General Executive Summary

Agarak is a rural community with a population of nearly 5,000 and 1,200 households. Mining and ore processing constitute about 60 percent of the local economy, followed by agriculture, which constitutes 25 percent of the local economy. The Agarak Copper-Molybdenum Combine is the largest employer, employing 1,000. Also located in Agarak are the Armenia Customs Office and frontier market (Iranian-Armenian trade in retail goods). In addition, the Iranian-Armenian gas pipeline started in Agarak in November of 2004 and is expected to provide some local employment.

The community appears to be politically stable. Mayor Armen Sargsyan is in his second term, having been reelected in November, 2005. There is an 11 member all-male city council, three of whom are newly elected. The city government is administered by a 12-member staff.

A review of the 2003-2005 budget years reveals that Agarak's annual budget has seen a steady increase in expenditures and sporadic increase in revenues. The annual revenue range has been \$115,000-\$145,000.<sup>1</sup> Of particular concern is the declining tax revenue. In 2003, the land and property tax accounted for 33 percent of the total actual revenues. But in 2005, the land and property tax accounted for only 15 percent of the total actual revenues. Some of the difference was made up in one-time revenues such as capital transfers from the national government budget. However, the 2005 land and property tax revenues were only 55 percent of what they were in 2003. Given that the land and property tax revenue database has only a five-percent error, an analysis to identify the cause of the decrease in land and property tax revenues is needed.

Local public services are provided by a mix of local government departments and a local enterprise 100 percent owned by the city. Solid waste collection, street cleaning, street lighting maintenance, storm drainage, street repairs, and cemetery maintenance are services carried out by Gihon KBT, the city-owned enterprise. Kindergarten, music, sports, and art schools are provided by city staff. The community center and library are also manned by city staff.

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<sup>1</sup> The dollar calculation is based on one U.S. dollar equaling 450 Armenian drams.

Agarak is served by two *marz* newspapers but no local TV or radio. The city staff is aware of the requirements of Armenia’s law on freedom of information. Approximately 90 percent of citizen requests, averaging 30 per month, are processed in a timely manner. However, neither city staff nor the local council has received training on public and media relations and information handling. Council sessions are open to citizens. An information board in City Hall displays minutes and agendas along with other important information.

Agarak’s local council members have established rules of procedures. However, they have not followed all the required procedures, perhaps because they lack formal training on the roles and responsibilities of council members. Although the local council receives agendas in a timely manner, improvements can be made to encourage citizens to more actively participate in council meetings by (1) publicizing the agenda, time of meeting, and place of meeting prior to each meeting and (2) having council members encourage citizens to participate in meetings.

**Table 1-1. Key Contacts**

Position	Person	Telephone
Mayor	Armen Sargsyan	(0286) 2-23-50; (091) 41-74-15
Deputy Mayor	Martin Hovakimyan	(0286) 2-24-56
Chief of Staff	Dzhemma Hovhanisyan	(0286) 2-24-57

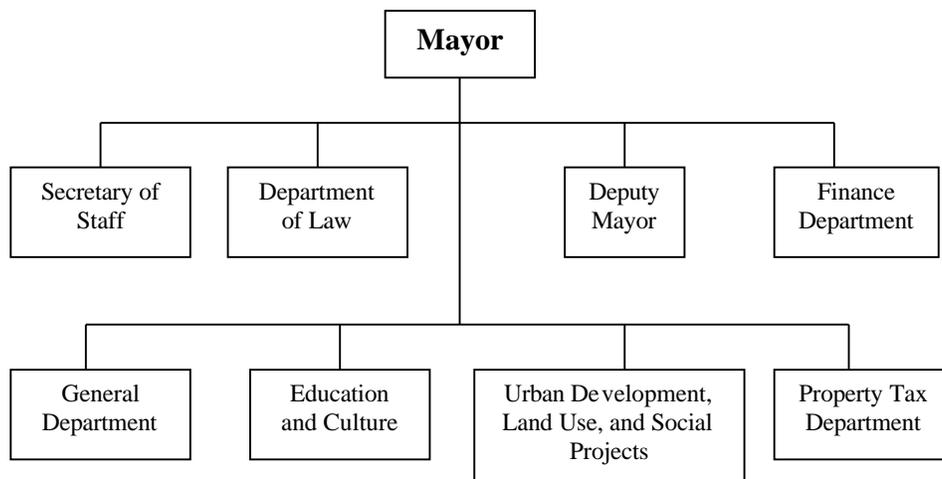
**Table 1-2. General Information**

Item	Number	Yes	No
Population, 2002 census	4,998		
Number of households	1,200		
Area (est.)	73 hectares		
Certification of boundary		X	
Term of mayor (1st, 2nd, etc.)	3rd term		
Number of local council members	11		
Number of local council members reelected	8		

**Table 1-3. Gender Mix of Council and City Staff**

Office	No. of Males	Percent of Total	No. of Females	Percent of Total
Mayor	1	100	0	0
Local council	11	100	0	0
Staff of City Hall	4	33	8	67
<b>Total</b>	<b>16</b>	<b>67</b>	<b>8</b>	<b>33</b>

**Figure 1-1. Organization Chart of Local Government**

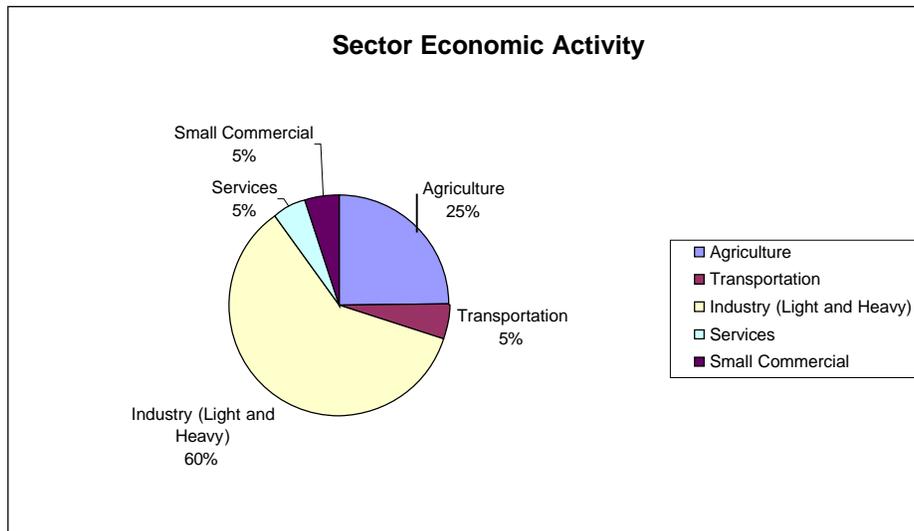


**Table 1-4. Economic Base of City**

Sector	Estimated Percentage of Local Activity
Agriculture	25
Transportation	5
Tourism	0
Industry (Light and Heavy)	60
Services	5
Small Commercial	5
Other	0
Total	100

The estimated unemployment rate for the city is 8 percent .

**Figure 1-2. Agararak Economic Activity by Sector**



**Table 1-5. Computer and Office Equipment of Local Government**

Equipment Type	Number	Yes	No
Notebook computers	0		X
Desktop computers	3		
Servers	1		
Networked		X	
Copiers	1		
Fax machines	1		
Internet service		X	

**Table 1-6. Computer Software in Use**

Software Function	Yes	No
Word processing	X	
Microsoft Excel	X	
Specialized budget		X
Oracle (tax collection)	X	
Geographic information systems (GIS)		X
Citizen registry	X	
Office Works by the Information Systems Development Training Center (ISDTC)	X	

**Table 1-7. USAID or Other Donor Programs Active in Community**

Donor	Type of Program
German Technical Assistance Agency ( GTZ)	Renovation of art school, 2002
World Food Programme (WFP)	Park and playground for kindergarten

USAID = United States Agency for International Development

**Table 1-8. Active Nongovernmental Organizations or Civil Society Organizations**

NGO or CSO	Type of Cooperation or Service with Local Government
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There are no NGOs or CSOs in Agarak

CSO = civil society organization ; NGO = nongovernmental organization

**Table 1-9. How the City Receives Information about Adopted Legislation**

Source	Yes	No
IRTEK (Legal Information Center)		X
LGU associations	X	
<i>Marzped</i>	X	
National Assembly		X
Other (newspapers, TV, etc.)	X	

LGU = local government unit

## Component Two

### Local Government Financial Management Systems

#### Executive Summary

A review of the 2003-2005 budget years reveals that Agarak's annual budget has seen a steady increase in expenditures and sporadic increase in revenues. The annual revenue range has been \$115,000-\$145,000.<sup>2</sup> Of particular concern is the declining tax revenue. In 2003, the land and property tax accounted for 33 percent of the total actual revenues. But in 2005, the land and property tax accounted for only 15 percent of the total actual revenues. Some of the difference was made up in one-time revenues, such as capital transfers from the national government budget. However, the 2005 land and property tax revenues were only 55 percent of what they were in 2003. Given that the land and property tax revenues have only a five-percent error in the database, an analysis to identify the cause of the decrease in land and property tax revenues is needed.

During the 3-year data period, the city had not borrowed money from any source. The level of citizen participation in or access to the budget development process is left to the local council. However, the city does produce or distribute a budget in brief to facilitate the budget review process. The community development plan contains no funding for projects. The city has been relying on national government funds (subventions) or donor funding for capital improvements. Local government asset management, procurement, and internal controls are lax or follow only the general guidance from the national government.

**Table 2-1. Revenues and Expenditures, 2003-2005—Planned**

Fiscal Year	Revenues (AMD)	Per Capita Revenues* (AMD)	Expenditures (AMD)	Per Capita Expenditures* (AMD)
2005	69,651,900	13,936	69,651,900	13,936
2004	57,855,000	11,576	57,855,000	11,576
2003	44,030,000	8,810	44,030,000	8,810

AMD = Armenian drams

Budget numbers include both operating and capital budgets. Budget figures not adjusted for inflation.

\* Based on census population figures.

<sup>2</sup> The dollar calculation is based on one dollar equaling 450 Armenian drams.

**Table 2-2. Revenues and Expenditures, 2003-2005—Actual**

Fiscal Year	Revenues (AMD)	Per Capita Revenues* (AMD)	Expenditures (AMD)	Per Capita Expenditures* (AMD)
2005	62,339,300	15,253	62,123,400	12,430
2004	65,176,900	13,041	53,468,600	10,698
2003	51,736,700	10,351	47,191,600	9,442

AMD = Armenian drams

Budget numbers include both operating and capital budgets. Budget figures not adjusted for inflation.

\* Based on census population figures.

**Table 2-3. Property Tax Collections, 2003-2005**

Fiscal Year	Property Tax (AMD)	Per Capita* (AMD)
2005	9,406,600	1,882
2004	14,756,600	2,953
2003	17,255,800	3,453

AMD = Armenian drams

Budget numbers include both operating and capital budgets. Budget figures not adjusted for inflation.

\* Based on census population figures.

**Table 2-4. Property Tax Collection Process**

Activity	Amount	Description
Percentage error in property tax data	5%	Very good database
Who collects the property tax ?		City Finance Department
Tax collection commissions		Not applicable
Tax collection problems		None

**Table 2-5. Budget Process**

Activity	Amount	Yes	No
Borrowed money from a bank			X
Citizen participation in the formation of the budget			X
Citizen participation in the adoption of the budget			X
Produced a budget in brief		X	
Funding for projects in the community development plan			X

**Table 2-6. Asset Management**

Activity	Amount	Yes	No
Asset management plan developed			X
Local legislation regulating the sale or lease of property			X
Public announcement of sale or lease of property		X	
Sale or lease of municipal property	450,000 AMD annual lease; 2,530,000 AMD property sale	X	
Number of responses received	Negotiated, not bid – 0		
City has real estate market information for sale or lease of property			State Cadastre Info

AMD = Armenian drams

**Table 2-7. Anticorruption Effort**

Activity	Description
Who do citizens report suspected corruption to?	Mayor or <i>marzped</i>
Have there been any reports of possible corruption ?	No
Are procurement bids published?	No, purchases are negotiated
Are the advertisements posted in locations and in ways to solicit the maximum number of competitive offers?	No
How many bids are sought ?	None
Are bid evaluation committees staffed with professionals to review offers?	Not applicable

Activity	Description
Are the winning bids announced publicly?	No
What is the most useful criterion used by the city for accepting an offer for goods or services?	Highest price in sale or lease of assets; lowest price in purchase of goods and services
Is an internal control system in place ?	Yes
Who is the internal auditor and who does he report to?	Finance director; reports to the mayor
How is the collection of cash handled?	Property and land tax use the <i>Marzpetaran</i> Cash Collection Ledger System; all other cash is deposited in the Armsavingsbank and Ardshinvestbank in Meghri

## Component Three

### Public Service Delivery

#### Executive Summary

Agarak’s water and sewer services are provided by Armenia Water and Sewerage Company (AWSC), a national-government-owned and privately managed company.<sup>3</sup> Other basic services such as solid waste collection, irrigation, street lighting, storm drainage system maintenance, cleaning and repairs, and the cemetery are maintained by a city enterprise, Gihon KBT, a closed joint stock company (CJSC) with nine employees. Housing maintenance of over 1,000 apartment units is handled by one employee of the city.

The city also provides cultural and education services such as kindergarten (two sites), an art school, a community center, and a library. The art school and kindergarten are partially financed by fees, but the rest comes from the city budget. There are 107 city employees providing these services.

The collection rate for solid waste is currently 77 percent of the tariff billed. However, the fee and fee collection do not cover the entire cost of the solid waste collection. The city’s general fund must cover the shortfall. The solid waste service is provided to 80 percent of the community.

**Table 3-1. Basic Services Provided by the City**

Mandatory Service	Service Provider	Approximate No. of People Served	Number of Employees	Funding Source
Kindergarten (1)	City budget org.	205	56	78% budget; 22% fee
Art school (1)	City budget org.	130	27	73% budget; 27% fee
Community center	City budget org.	Entire city	11	100% budget
Library	City budget org	Entire City	12	100% budget
Solid waste collection Street cleaning Landscaping Street repair Street lighting Cemetery Storm drainage maintenance	Gihon KBT CJSC 100% city owned	80% of City	9	45% budget; 55% fee
Apartment building maintenance	City budget org.	3,027	1	100% fee

<sup>3</sup> In 2005, the AWSC signed a 5-year management contract with the French company SAUR.

**Table 3-2. Environmental Operations**

Service or Activity	Cited or Fined	Not Cited or Fined
Water treatment and supply		X
Wastewater collection		X
Solid waste collection		X

**Table 3-3. Collection Rates for Services**

Service	2003	2004	2005	Remarks
Apartment building maintenance	0	0	0	No condominium associations are active in collection of fees
Solid waste collection	Not available	Not available	77%	Collection agents collect a 10% commission

# Component Four

## Strengthening Local Government Public Relations

### Executive Summary

Agarak is served by two *marz* newspapers, but no local TV or radio. Unfortunately, no one is assigned the responsibility for public relations. The city has not established an information center or published a newsletter.

The local government has not received training on public and media relations, or information handling. However, the city staff is aware of the requirements of Armenia’s law on freedom of information. Staff responds to 90 percent of citizen requests, averaging 30 per month, in a timely manner.

Citizens do not participate in council sessions, but the council does produce a budget in brief for citizen review. An information board in City Hall provides minutes and agendas along with other important information. The city has not endeavored to engage youth in any discussions or local government programs.

**Table 4-1. Access to Local Media**

Media Type	Yes	No
Television		X
Radio		X
Newspaper, <i>marz</i> level	X	

**Table 4-2. Local Government Public Relations Responsibility and Capacity**

Activity	Amount	Yes	No
Established public relations responsibility			X
Aware of the freedom of information (FOI) law		X	
Received training on public or media relations, or information handling			X
Established an information center			X
Track citizen requests for information or service, or complaint		X	
Manual tracking system		X	
Average monthly inquiries, service requests, and complaints	30		
Timely response to FOI requests	90%		

Activity	Amount	Yes	No
City has an information board		X	
City Hall has a directory			X
City staff has access to citizens (TV, public meetings, etc.)		X	
City produces a newsletter for residents			X
City presents the budget to citizens			X
Youth involvement in local government activities			X
City collaborates with local nongovernmental organizations ( NGOs)			X
City Hall office numbers are published or otherwise made available to citizens			X

FOI = freedom of information; NGO = nongovernmental organization

## Component Five

### Assistance to Local Councils

#### Executive Summary

Agarak's local council members have not received formal training on the roles and responsibilities of council members. They have established rules of procedures. Although council members receive their agendas in a timely manner, improvements can be made to encourage citizens to more actively participate in council meetings by (1) publicizing the agenda, time of meeting, and place of meeting prior to each meeting and (2) encouraging council members to inform citizens about impending issues.

Of the 11 local council members, 7 were reelected in 2005. Council members do meet with constituents regularly and consider themselves knowledgeable about city operations. The council conducts oversight on city services and participates in developing strategic plans for the community. It receives legal guidance on passing local laws. City Hall lacks facilities for local council members to conduct business with constituents and, consequently, the council does not make use of focus or community groups.

**Table 5-1. Local Council Composition and Contact Numbers**

Council Member	Gender	Contact Information
1. Hrachya Gabrielyan	M	(0286) 21-589
2. Harutyun Hovakimyan	M	(0286) 22-250
3. Areg Khachatryan	M	(0286) 22-134
4. Liparit Ohanyan	M	(0286) 21-255
5. Tigran Ghukasyan	M	(0286) 22-117
6. Mkhitar Zakaryan	M	(0286) 21-278
7. Arkadiy Sargsyan	M	(0286) 21-649
8. Armen Hayrapetyan	M	(0286) 21-958
9. Artur Melkumyan	M	(0286) 22-251
10. Mekhak Pogosyan	M	(0286) 21-544
11. Derenik Muradyan	M	(0286) 21-565

**Table 5-2. Council Training and Selected Practices**

Item or Activity	Yes	No
Are established rules of procedure s in place?	X	
Have council members received training on the role and responsibilities of the council?		X
Do newly elected council members receive any training?		X
Do council members receive meeting agendas 3 days prior to public meetings?	X	
Are meeting agendas and time and place publicized prior to the meetings?		X
Do citizens actively participate in council meetings?		X
Are minutes of council meetings open to the public?	X	
Does the council participate in the strategic planning for the city?	X	
Does the council conduct service oversight hearings?	X	
Have council members participated in publicizing issues?		X
Are council members knowledgeable of city operations?	X	
Does the council receive legal guidance on passing local laws?	X	
Do council members meet with constituents regularly?	X	
Is there a place at City Hall where council members can meet with constituents?		X
Has the council used advisory committees, focus groups or special problem workgroups?		X
Does City Hall have a place for council members to receive mail or other communications?		X