



USAID
FROM THE AMERICAN PEOPLE

EVALUATION OF THE MOBILIZING ACTION AGAINST CORRUPTION (MAAC) PROJECT

USAID/ARMENIA

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Social Impact, Inc.
2300 Clarendon Boulevard
Arlington, VA, 22201
Tel: (703) 465-1884
Fax: (703) 465-1888
info@socialimpact.com

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Acronyms

AAC	Advocacy and Assistance Centers
ABA ROLI	American Bar Association Rule of Law Initiative
ACSMC	Anti-Corruption Strategy Monitoring Commission
C&A	Casals & Associates, Inc.
CoC	Chamber of Control
CRRC	Caucasus Research Resource Center
CSO	Civil Society Organization
CTO	Cognizant Technical Officer
FOICA	Freedom of Information Center of Armenia
GOAM	Government of Armenia
GRECO	Group of States Against Corruption, Council of Europe
HRD	Human Rights Defender
IACC	International Anti-Corruption Conference
ICHRP	International Council on Human Rights Policy
MAAC	Mobilizing Action Against Corruption Activity
MES	Ministry of Education and Science
MOH	Ministry of Health
NIE	National Institute of Education
NGO	Non-Governmental Organization
RFA	Request for Applications
RFP	Request for Proposal
SOW	Scope of Work
STS	State Tax Service
TI	Transparency International
UITE	Union of Information Technology Enterprise

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Executive Summary

Introduction: This report is the product of an evaluation assignment conducted in June and July 2010 by John H. Sullivan, Ph.D., and Carl Ulbricht of Social Impact Inc., of Arlington, VA.

Methodology: This evaluation made use of the several methodologies, including intensive document review, interviews with key informants, focus groups, and a few site visits.

Background and design of the project: Against a backdrop of studies showing deep-rooted corruption in the country permeating all levels of government and all sectors of society, MAAC was conceived as a freestanding project that would mount an aggressive and multifaceted campaign against corruption in Armenia. The project was designed to have a 3-year base period with a 2-year option, and a total budget of \$9.8 million. The project was awarded to Casals & Associates, Inc. of Alexandria, Virginia in July 2007. The base period expires in July 2010 and an extension has been granted. As of May 31, 2010, \$5.84 has been expended.

Design: The MAAC Project was designed with four principal components:

- 1: Establish a mechanism that addresses grievances and effects systems-level and procedural reforms.
- 2: Design and implement anti-corruption initiatives with targeted government agencies.
3. Provide grants to Civil Society Organizations (CSOs) to develop innovative approaches to combat corruption.
4. Increase awareness among youth and adult against corruption.

Findings: Design: the project was seen as aggressive and antagonistic and there was some initial resistance in government circles, leading to administrative problems for the contractor. Component 1 drew on the experience of existing legal assistance centers in the country, but was unique in its focus on corruption. Component 2 appears to have been designed with little or no input from government agencies, and was over-ambitious in scope. Component 3 did not envisage any particular focus for the anti-corruption grants to CSOs. Component 4 was designed to break acceptance of corruption and to focus on youth.

Findings: Implementation: The funding of 11 Advocacy and Assistance Centers across the country is generally considered by stakeholders to be the principal achievement of MAAC. However most of the implementing NGOs have failed to develop a degree of cooperation with the authorities as required by the project design. The centers are expensive to run, with their sustainability by no means assured, and some of them handle a disappointingly low volume of enquiries.

In component 2, the contractor's engagement with the 3 counterparts named in the SoW has brought limited results, with the most positive aspects being its support to the Anti-Corruption Strategy Monitoring Commission to develop a strategy and action plan, and then its support of implementation monitoring. The project also identified other counterparts and worked with 6 government agencies with similarly mixed results; some attempts at collaboration never really got off the ground.

A total of 19 grants have been made under component 3, with the themes being chosen by the CSO grantees. A variety of sectors have been covered; 7 of the grants concerned corruption in the public health system. Although many of the grantees are optimistic about sustainability, only a small number of the projects have led to systemic changes.

Under component 4, the project has funded several television programs that feature anti-corruption themes, and has published a newsletter and information sheets that feature individual “success stories”. Household surveys have been conducted in 2008 and 2009, but show little if any impact by the project.

Findings: Results: MAAC is behind on achieving many of the important indicators for the components, and is failing to impact on the cross-cutting indicators, which tend to show that perceived corruption in Armenia has increased.

Conclusions: MAAC was poorly designed and this has impacted on implementation. The SOW was optimistic regarding impact and at the same time antagonistic in tone. The contractor has pursued limited goals when working with government agencies, rather than seeking high-level support for more fundamental change. The AACs are the major MAAC achievement, but are not a uniform system and are unlikely to be sustainable. The CSO grants have led to a disappointingly small number of systems-level changes with little attempt at synergy and coalition-building, and on the whole achievements appear to have been modest relative to the resources expended. MAAC’s public awareness activities have highlighted corruption issues, but surveys indicate that, if anything, corruption has worsened in the country.

Recommendations:

1. The U.S. should continue to encourage anti-corruption activities as part of all or most of its projects, not a stand-alone effort.
2. High-level efforts should be made to identify champions in government and to design effective but non-confrontational reform programs.
3. As the AACs are arguably the best product of the MAAC project, they deserve further support to ensure sustainability to the fullest possible extent.
4. The contractor should not be obliged to make a minimum of 17 CSO grants during the remaining period simply to achieve the overall target of 50.
5. Mission management should consider early termination of the MAAC project and redesign an activity more appropriate for current needs.

I. Methodologies:

This evaluation made use of the several methodologies noted above, including intensive document review, interviews with key informants, and a limited number (2) of site visits. Although an online survey of beneficiaries was contemplated, concern by USAID staff about the access of respondents to e-mail caused a shift to focus groups. It also should be noted that, at the request of USAID, the MAAC sub team submitted a “summary report” of its findings, conclusions and recommendations regarding the MAAC Project within a week of its return from Yerevan.

II. Background of the Project:

When Armenia gained independence from the Soviet Union in 1991, the first non-Baltic country to do so, it faced numerous challenges. As the years passed the international community became concerned that the dominance of the executive branch, coupled with a weak democratic political culture, was resulting in increasing systemic corruption in government and society. Surveys taken by Transparency International (TI) and other organizations in the mid-2000s indicated that a majority of Armenians believed that corruption had increased during the past three years. In preparation for its 2004-2008 Country Strategy, USAID/Yerevan commissioned a Rule of Law/Anti-Corruption Assessment. Among its conclusions: “Corruption in Armenia is rampant and systemic....Corruption permeates all levels of government and affects all segments of society.”

Against this backdrop, the MAAC project was conceived, developed, funded and contracted. The basic framework for the MAAC, its scope of work (SOW), envisioned a freestanding project that would mount an aggressive and multifaceted campaign against corruption in Armenia. It was anticipated that the MAAC activity would address corruption in Armenia on the demand side by supporting civil society efforts and on the supply side by partnering with specific government entities that demonstrate the political will to implement anti-corruption efforts. This design was chosen after some debate within the Mission’s Democracy and Governance staff about adopting this approach *vis-à-vis* including anti-corruption as a major element in most or all of the Mission’s portfolio. Concerns centered around the willingness of Armenian state agencies to collaborate with an undisguised frontal assault on corruption.

Following a full and open competition the contract for the MAAC project was award to Casals & Associates, Inc. of Alexandria, Virginia. The award, funded initially at \$9.98 million, was made in July, 2007. The project was anticipated to have a three year base period and two option years for a total of five years. As of May 31, 2010, \$5.84 million has been expended the base period ends in July of this year and an extension already has been granted. The amount obligated for the extension is \$1.14 million. If no further funds are authorized the amount obligated after five years would be \$6.39 million.

The MAAC Project was designed with four principal components:

- 1: Establish a mechanism that addresses grievances and effects systems-level and procedural reforms.
- 2: Design and implement anti-corruption initiatives with targeted government agencies.

3. Provide grants to Civil Society Organizations (CSOs) to develop innovative approaches to combat corruption.
4. Increase awareness among youth and adult against corruption.

It should be noted that these four components drive both the results indicators and are the basis for the breakout of funding amounts.

III. The Context of Anti-Corruption Strategy and Programming

The MAAC evaluation team has been asked to put its evaluation into the context of best practices and lessons learned in order to assist the Mission in future anti-corrupting program decisions. In approaching this subject several points must be made as a kind of preface:

1. Unlike many areas of international development concern, anti-corruption programming has not yielded significantly to becoming more highly focused with time. As the current USAID website entitled “Types of Anti-Corruption Programming” indicates from its opening sentence, the Agency has “developed a wide range of programs for fighting corruption. “ This is born out further by the DCHA/DG Activities Handbook of October 2009 that lists no fewer than 40 of possible anti-corruption activities and adds: “This list of possible activities is indicative, not necessarily exhaustive.”
2. The USAID document also notes that anti-corruption programming is “often in response to local program environments and problems or to specific windows of opportunity within a region or country.” In effect then, anti-corruption initiatives have often been reactive in nature, responding to specific situations in specific countries. No “silver bullet” has been discovered to be applied generally to situations of corruption.
3. A review of recent publications from organizations like the World Bank and UNDP indicates a similar lack of real ability to winnow down the potential types of anti-corruption intervention to a few that have certified prospects of success.
4. Much of the academic literature on anti-corruption is dated. For example, the February, 2009, USAID Anti-Corruption Assessment Handbook references no scholarly works published after 2005.
5. That said, a useful document from the standpoint of benefiting from experience is the November, 2009, document from USAID entitled “Lessons Learned Fighting Corruption in the MCC Threshold Countries: The USAID Experience.” This study assessed the lessons to be drawn from \$250 million in anti-corruption programs that USAID designed and implemented in 14 MCC threshold countries. Collectively, it is stated, this investment represented the largest freestanding anti-corruption program USAID had designed and implemented. One of the stated purposes of the document was to “codify some best practices and lessons learned to guide future programming by USAID in the anti-corruption arena.”

We believe that this document provides helpful recent guidance and direction that USAID/Yerevan may wish to consider as it moves forward to address corruption in Armenia. It

breaks anti-corruption efforts into several areas, roughly tracking with the USAID/EE Bureau's TAPEE formulation. Using those headings, the following are "lessons learned" that may have the most utility for USAID/Yerevan:

1. **Statutory Framework.** While a sound statutory framework is very important to combating corruption, the study indicates that long delays typify attempts to combat corruption through legislative and political processes. Emphasizing a formal change in laws often has been time consuming and frustrating. The document suggests that supporting domestic stakeholders in their advocacy and being willing to settle for improved practices on a less formal basis often can be more successful.
2. **Identify and Expose.** The study points out that as important as they are, transparency enhancing mechanisms are limited if there are not accompanying processes for reviewing the information. It suggests an important role for civil society in appropriately using the information being made available.
3. **Reducing Opportunities.** The "Lessons Learned" document points out the importance of government streamlining processes, e-governance, automated systems, and limiting official discretion in the battle against corruption. These steps can be applied as part of programs in multiple sectors.
4. **The Culture of Corruption:** Here the document suggests the utility of collaborative development of ethics codes by officials at all levels of an organization, followed by providing training in the codes to the larger community of officials.
5. **Public Perception:** The document points out that raising public awareness of corruption has its own down side. The public can become cynical about the extent of corruption and the potential for reform. Such an attitude can seriously undermine programming.

The USAID document also describes best practices for implementation strategies. It emphasizes the need for sustained political will on the part of the government and the public. It suggests the importance of making anti-corruption initiatives congruent with host country strategic approaches and of using existing institutional structures to the extent possible. Creation of new institutions is deemed "problematic" and discouraged.

A second document that contains valuable 'lessons learned' is USAID's Anticorruption Strategy (2005). Some of the 'less effective' approaches listed on page 12 of the strategy make informative reading:

- Public sector reforms in environments of low political will appear to have limited chances of success.
- Failure to take a long-term, sustained approach to the problem of corruption means that the approach is unlikely to succeed.
- Though clear planning is needed to avoid the problem of proliferation of agencies without clear definitions of roles and responsibilities, "national anticorruption plans" can be time-consuming distractions and ultimately may not be executable. Often developed with donor technical assistance and including every conceivable reform, these plans can easily become large and

unwieldy wish-lists that far outstrip implementation capacities. Both the USAID Strategy Paper and the November 2009 experience document present important considerations for the design and implementation of the MAAC Project and have helped inform the Team's evaluation activities.

IV. Findings for the MAAC Project

Our MAAC findings are divided into three major areas: design, implementation and results. Each of these also addresses separately the four major components.

A. Findings: Design

The design of the MAAC Project was described as problematic by a number of respondents. Even the name -- Mobilizing Action Against Corruption -- was seen by some as unduly aggressive and antagonistic to the government. Further evidence of this was the suspension by USAID of MAAC public activities in November, 2007, after the first major event, a launching ceremony on Nov. 7, which apparently alerted government officials to the existence of the project and prompted a response. Two days after the project launch the application for residency cards for the two international members of the Casals team, the Chief of Party (COP) and his Deputy, were denied.

A Mission KI told us that some in the Armenian government thought that MAAC was an American effort to foment revolution. The Casals COP told us that he was followed by government operatives following his arrival in country. Only after some high level negotiations was the government mollified. Residency permits were granted and two months later, on January 30, 2008, the suspension of public activities was lifted by the Mission. Note that this occurred a full six months after contract award.

Design - Component 1: The entities for addressing grievances, which many respondents believe to be the most positive outcome of MAAC, were named by the project, Advocacy and Assistance Centers (AACs). The concept of a specific organization to accept and follow up on citizen grievances was not completely unfamiliar in Armenia. Organizations such as the Armenian Young Lawyers Association (AYLA) and Transparency International already had assistance centers as did the American Bar Assn. through its Central European & Eurasian Law Initiative (ABA-CEELI), funded by USAID. The AACs were perhaps unique in that they were to be entirely focused on receiving reports of alleged corruption, were to be in every county (*marz*), and form a "network."

Design - Component 2: Although MAAC anticipates collaborating closely with government agencies and three are specifically mentioned in the scope of work, there is scant evidence of close and careful dialogue with high or even medium-level government officials in advance about the scope and purpose of the project or what it might accomplish. None of our government KIs indicated significant interaction about MAAC prior to its launch. This could well account for the Armenian government's initial reaction.

Design- Component 3: Anti-corruption activity grants to local civil society organizations (CSOs) were anticipated to be both in specific, targeted areas and for unsolicited grants from CSOs. The original goal was for 50 to 100 such grants, most of them small (under \$30,000). The SOW distinguished them from other Mission and donor grants in that they would focus specifically on and support only anti-corruption activities. Use of the NGO Marketplace mechanism is specifically mentioned and was employed in Year Two of the project. A review of the grants given indicates that the funding was not targeted at any specific region or sector but widely scattered.

Design - Component 4: Public awareness was portrayed in the project design as breaking “the cradle to grave” acceptance of corruption, specifically targeting youth, and making both youth and adults more knowledgeable about the causes and effects of corruption. In addition to the use of electronic media, suggested avenues included enlisting journalists and the Diaspora in the effort. Neither group, however, has been significantly involved in the awareness efforts.

B. Findings: Implementation of the MAAC

At the time of our evaluation field work, MAAC was finishing its third year. Because of its rocky beginnings, however, the project had only been operative for 30 months. The Casals implementing team of some nine full-time staff, two expatriates and seven Armenian locals, have been responsible for the implementation of the MAAC. They were accorded the approbation of many KIs for their accessibility, responsiveness and dedication.

Implementation: Component 1: The MAAC Project has financed an AAC in Yerevan and in each of the other 10 *marz* of Armenia. While they are generally considered by stakeholders and others to be the principal achievement of MAAC, they do not represent a single mechanism, but rather a loose network of organizations linked by a website but little else. Moreover, the 11 AACs are divided into two distinct, virtually antagonistic, modes of operation. Five of them, those run by the Armenian Young Lawyers Association (AYLA), operate largely at the local levels through memoranda of understanding (MOUs) with local authorities. Most of the cases they accept are handled administratively. None of the other six have signed MOUs with state counterparts, although two of them may have informal agreements with government units. Three AACs (operated by Transparency International (TI) and its sub-grantees) are strongly opposed to any links with government bodies. They take their cases to prosecutors and the courts. The original SOW, however, states that: “In order to be successful, the MAAC project must establish relationships between the AACs and government.”

The AACs also differ significantly in the effectiveness and efficiency of operations. The Aragatsotn *Marz* AAC, in a sparsely populated rural area that the evaluation team visited, has three employees. Operated by AYLA, it reported handled an average of 50 citizen reports a month for the 10 months ending in May 2010. It also had 16 cases resulting in corrective action over that period. By contrast the Yerevan AAC run by Transparency International (TI) – in which lives more than a third of the population of Armenia – for the same timeframe reported an average of 31 cases per month and only 6 that resulted in corrective action. It has nine employees involved in the AAC work, although at least two of them are part-time.

Although this component was to effect systems-level and procedural anti-corruption reforms, none were reported at the national level and only the AYLA MOUs with local government officials appear to have affected limited procedural reforms at the *marz* level (although it is too early to definitively assess the impact of the MOUs). Costing an estimated \$500,000 annually to operate, the AACs have only one more year of MAAC funding available, and that at a reduced level.

In addition, it should be noted that a number of other legal advice and assistance centers currently operate in Armenia. AYLA, in addition to the centers funded by MAAC, also has citizens' advice offices in Yerevan, Gyumri, Vanadzor, Gavar and Kapan. ABA CEELI, with USAID funding, supports legal clinics in Yerevan, Gyumri, Gavar and Kapan. While the ACCs established by MAAC are the only ones that specifically target corruption cases, a high degree of duplication exists in terms of the initial inquiries that citizens bring to these centers.

At the time of the evaluation fieldwork, MAAC had just begun the process of issuing full and open tenders for a further year operation of the AACs. It is to be hoped that this process may lead to improved efficiency and effectiveness.

Implementation-Component 2: The original Statement of Work envisaged that MAAC would work with a number of government agencies in what the document itself described as “an ambitious agenda”. The targets set for the project were:

- At least 2 government partner agencies and systemic reform projects submitted for approval to USAID and begin implementation by the end of Year 1.
- At least 3 new, systemic reform projects developed and implemented with government agencies in each subsequent year.

Further, the SOW exhorted the contractor to “plan activities to yield early and frequent victories”, noting that “enabling systems-level solutions to reduce opportunities for corruption is a key goal of MAAC”. At the same time, it was clear from passages elsewhere in the document that corruption was perceived to be entrenched and political will lacking. Thus if difficulties were encountered, the SOW envisaged various way to overcome them, including the recommendation that “the Contractor could request that officials from USAID, the U.S. Embassy, or other donors apply pressure at higher levels.” Although the Prime Minister is widely seen as a reform-minded leader in government, no evidence exists that the project made any attempt to engage him in formal discussions about guidance for MAAC. Even when it became clear that the project was not achieving its objectives, the contractor appears not to have asked for USAID or Embassy help in gaining high-level access.

Initially, as dictated by the SOW, the contractor worked with the Chamber of Control (CoC), the Human Rights Defender (HRD, aka ombudsman) and the Anti-Corruption Strategy Monitoring Commission (ACSMC). Other agencies with which MAAC implemented activities included the Ministry of Health, State Revenue Committee, and Ministry of Education together with the National Institute of Education. MAAC also tried but largely failed to develop cooperation with the National Assembly, whilst proposed work with the Civil Service Council never got off the

ground. A brief description of MAAC's efforts and achievements with each of these partners is set out below.

Chamber of Control: MAAC was initially optimistic that this counterpart was reform-minded and willing to collaborate. Early assistance was centered round general capacity building and the drafting of a training plan, as well as a review of guidelines and procedures that had previously been provided to the CoC by the World Bank. Then in 2008 CoC officials were taken on study trip to Bulgaria, to learn from the experience of the Bulgarian National Audit Office. Upon their return, the debriefing was positive and it was agreed that the agency would develop its strategy. However, relations deteriorated thereafter, with no further assistance agreed, and no sign of the strategy, despite MAAC requests for an up-date on progress. When the evaluators interviewed the counterpart, they got the impression of a prickly relationship with MAAC. Somewhat dismissively, the evaluators were given a copy of the draft strategy with permission to share it with the project. While this initial draft does give an overall sense of the CoC's mission that was totally lacking during the interview. In discussions, much was said about equipment that the CoC had either received from donors or still needed, but nothing about the ultimate goal of the agency's work and the way it might contribute to a reduction in misuse of public funds.

Human Rights Defender: Work with the HRD/ Ombudsman has been disappointing overall; despite extensive contacts over the three years, outputs have been thin on the ground. Highlights have been a training workshop for HRD staff linking human rights protection and anticorruption, and the publication of the Armenian translation of a report which highlights the links between human rights violations and corruption. At the same time, MAAC has striven to establish close cooperation between the ombudsman and the AACs. Whilst there have been examples of AACs passing on human rights cases to the ombudsman, this has not crystallized as a formal agreement. MAAC drafted a cooperation framework with which a majority of the AACs agreed, but the HRD has declined to sign it.

Anti-Corruption Strategy Monitoring Commission (ACSMC): The project has had some success here in that the strategy and action plan have been approved by the Anti-Corruption Council and then adopted by Government decision. The project's role in this has included funding development of the monitoring and evaluation system, as well as supporting an NGO to facilitate public consultation meetings and thus enhance civil society participation during the drafting of the strategy. At the same time, the project's international expert made recommendations on the strategy. A key issue is the excessive volume and lack of prioritization – the action plan has 124 action points. Unfortunately the ACSMC took the view that, in contrast to the previous strategy, all sectors must be covered – hence a wide-ranging document which lacks focus.

More recently, the project has been funding experts to train and assist those responsible within the ministries to monitor and report on implementation of the action plan. The Chairman of the ACSMC said of these experts: 'they are like my staff', thereby highlighting the fact that the ACSMC has no budget or permanent staff. Whilst there are assurances that a permanent staff will be forthcoming, there is no indication of when this will be; to date, the whole process has been donor-led, and the ACSMC, which has not met since last December, was described to us by a donor as a "paper tiger."

Relations with Gevorg Kostanyan, the Chairman of the ACSMC, have generally been good, although he has refused to support implementation of a corruption perceptions survey of government employees, and more recently there appears to have been a misunderstanding regarding an international expert hired by the project to work on the issue of ethics commissions. Mr. Kostanyan advised that he did not need an expert at this stage, but the expert came anyway.

Ministry of Health: While the project has funded several CSO initiatives in the health sector, under Component 2 its activities in this sector have been more limited, largely confined to conducting anti-corruption training. The one more substantive piece of work has been support to an NGO in Armavir marz to monitor the “State-guaranteed free of charge birth-assistance and introduction of the Obstetrical State Certificate (OSC) system”.

State Revenue Committee: MAAC’s first contact with the State Revenue Committee (SRC), the government tax service, was early on in the project, when it received a request to design an internal whistleblower system. Subsequently cooperation was suspended, and so the assistance did not achieve its objective. More recently, the project was able to respond to a request to draft guidelines on the detection of bribes in companies’ accounts. This would enable Armenia to comply with a GRECO recommendation. MAAC accordingly provided technical assistance to draft the guidelines, which were modeled on international best practice and then (through consultations) modified to incorporate relevant Armenian examples of corruption activities. Subsequently 400 tax auditors were trained, and the guidelines were approved by the SRC and posted on its website. A SRC representative was unable to confirm whether this activity has led to increased detection of corruption, since apparently the SRC’s statistical reporting system has recently changed and it is not possible to compare old and new statistics with respect to this particular category of corruption offence.

Ministry of Education with the National Institute of Education: This has been a successful activity, in that it has achieved the immediate objective. Good collaboration was established with both government agencies to develop an anti-corruption teachers’ manual and to train teachers on how to include anti-corruption topics in the national curriculum. Technical assistance inputs were well targeted and good use was made of Baltic experience in this field. The manual was approved by the National Institute of Education and 1400 teachers (one in each school across the country) were trained via a ToT program. Already, anti-corruption is being taught as part of the citizenship curriculum. However it is too early to assess the impact on pupils and the wider effect on social circles.

National Assembly (NA): During the past 12 months the project has attempted to develop relations with the NA, based initially on a request from the latter for assistance. MAAC drafted a program of technical assistance and made contact with the Global Organization of Parliamentarians Against Corruption (GOPAC). The latter expressed interest in assisting, and MAAC spent further time exploring potential collaboration. However, at a meeting with NA representatives in which MAAC set out a proposed scope of work, there was no indication from the counterpart of their agreement. Subsequently, MAAC funded an NA representative (along with the head of the ACSMC) to attend an international conference where they met GOPAC representatives. Even after that, the NA took no action.

Civil Service Council (CSC): Early on in the project, MAAC funded Vache Kalashyan, head of the Union of Armenian Government Employees NGO ('UAGE'), to draft a model code of ethics for public servants. This was potentially of use to the CSC in its efforts to develop the law on public service, not least since UAGE has close contacts with the CSC. Much later on, the project attempted to open a dialogue with the CSC on the issue of ethics in the public service, particularly as regards ethics committees and declarations of interest. However, a UAGE proposal was rejected by MAAC due to sustainability issues. MAAC then drafted a program of technical assistance, but could not agree it with the CSC, facing differences of opinion and then a lack of response from the CSC.

Implementation-Component 3: The Scope of Work states that the contractor "will solicit and award grants using four methodologies: 1) NGO marketplace, 2) Annual Program Statement (APS), 3) Direct solicitation, and 4) Coalition Building", and prescribes that between 50 and 100 grants will be made over the life of the project. Currently the project has awarded a total of 33 grants, including those to NGOs to establish the AACs. The contractor is planning to fund a new round of 17-19 grants in 2010, at a reduced level of \$15,000 for each grant, to enable the minimum target of 50 grants to be met whilst keeping within the budget.

The SoW states that "all grants should be geared toward concrete actions and include clear and tangible expected results", and prescribes by way of results that: "at least 5 projects/activities are sustainable, i.e. will continue without additional grant funding from the Contractor by the end of the base period and 5 additional by the end of the award."

Of the 33 grants awarded so far, 19 have been under component 3: 11 through APS and 8 through the NGO marketplace. Although MAAC has chosen not to encourage particular themes, nevertheless 7 of the grants have been in the health sector; other themes have included local government (4 grants) and media (2).

MAAC has spent considerable time and resources on the administration of the grants, not least because the APS grant-making process included 3 stages: concept paper, full proposal and then a sometimes lengthy negotiation process before the grants were awarded. The NGO marketplace involved a design phase with involvement of an international expert and then, after the one-day event (attended by 1700 people), further negotiations with the 8 selected NGOs to achieve workable projects and agreed budgets.

Systems-level changes: In our focus group with CSO recipients, two reported important national changes as a result of their activities: one regarding customs procedures on imports of IT components, the other on labeling of non-food items. In addition, one organization working in a single marz reported significant local hospital reforms as a result of its grant-funded activities.

Many of the other projects were local in scope and focused more on raising awareness and expectations of the population than on securing permanent changes. Where some changes had been achieved, this was often the result of monitoring and the engendering of enthusiasm. As that enthusiasm wanes and/or the monitoring stops, there is always the danger that the old way of doing things will resume.

Sustainability: A majority of those participating in the focus group assessed that their activities were at least partially sustainable. There appear to be two main factors that ensure continuation:

- Availability of funding, usually from other international donors but in one case in the form of local donations to their foundation
- A good working relationship established with government counterparts and other stakeholders, ensuring that the reform process was on the way to becoming institutionalized

Generally, the more successful and sustainable projects were those where the NGOs involved had already gained a reputable track record in their sector.

Success stories: Grant recipients interviewed during the focus group were generally quite positive as regards their achievements and the chance of sustaining their activities. Individual success stories include:

UITE: This project aimed to contribute to preventing corruption in customs services through improvements in administering customs regulations. The initial reaction of the government counterpart was one of rejection, but after the 6th or 7th meeting the two sides had developed a level of mutual trust and a joint working group was established which continues to this day. The result has been improved treatment of IT imports.

Martuni Women Community Council: The goal of this project was to prevent corruption in birth-assistance sphere of health sector in 4 regions of Gegharkunik marz. In the opinion of the NGO, there is now no bribe-taking in the hospitals they monitored. They know this because they continue to monitor those hospitals under the Nova project.

Formula LLC: This grant project prepared and broadcast 7 “Special Reportage” TV programs on corruption issues. Apparently popular, a further series may occur if funding can be found. What made this activity unusual is the fact that the programs were aired on the main state TV channel, which ordinarily is very wary of making any criticism of the authorities.

Anti-corruption forums: Seven such forums have been held over the first 3 years of the project – not at the rate of one every 2-3 months that the contractor had intended. Themes have ranged from health and education, to the private sector and the link between corruption and human rights breaches. It is difficult to assess the impact of these forums. Certainly they have enabled frank debate and the participation of a wide range of stakeholders. But clearly they have not been designed to lead to specific changes, and there is no indication that they have done so. They have played a part in increasing “sensitization” of the population to corruption issues, but it is too early (and in any case very difficult) to measure long-term effects.

Implementation - Component 4: Increased anti-corruption awareness has been implemented through a MAAC strategy with local media outlets. The project has funded several television programs that feature anti-corruption themes. In addition it has published a newsletter and information sheets that feature individual “success stories” at the local and national levels. Partly to gauge the effect of these efforts and, indeed, the entire MAAC program, household surveys have been conducted in 2008 and 2009. A similar survey was commenced at the end of 2009 to sample anti-corruption attitudes in the business sector. A third survey of civil servants

has been delayed indefinitely by the Armenian Government. Unfortunately, using the 2008 household survey as a baseline, the 2009 survey shows little or no improvement in the corruption situation in Armenia. On one key question regarding knowledge of the AACs, for example, citizens were only marginally more aware of a place to take their grievances than the previous year despite MAAC-initiated publicity efforts.

C. Findings: Results

The MAAC project has a rich set of performance indicators for inputs, outputs and results. Originally there were 14 indicators for Component 1, 12 for Component 2, 8 for Component 3, and 10 for Component 4, and 3 cross-cutting all components -- a total of 47. As implementation has proceeded, however, the contractor has asked that some of these be eliminated. In an agreement with the USAID COTR in September 2009 several indicators were dropped. Subsequently the contractor has asked to drop an additional indicator for Component 3 that measures the number of sustainable CSO projects to which MAAC grants have been made. Despite sustainability being a major emphasis in USAID projects and the MAAC SOW, the COP asserted that the MAAC CSO grants were not meant to be sustainable. He further indicated that the Mission had dropped the requirement in its extension although the project modification document does not indicate any change.

Beyond the indicators, MAAC sets out expected results for each component. By its own reckoning in the most recent MAAC the project is behind on three important indicators dealing with the implementation of procedural and system level reforms through the Component 1 AAC process. For Component 2 the record indicates that only four of 12 indicators have been met. Importantly, to cite the report: "MAAC is well behind on for indicators related to implementation of reforms by government, the number of cases processed by HRD, and all indicators related to the Chamber of Control." Although most indicators for Component 3 have been satisfied, the project is still well short of the 50-100 anti-corruption grants anticipated in the SOW. As for the indicators of Component 4 public awareness, the 2007 and 2008 household surveys show that the situation has worsened. The figures show that 1) an increasing number of Armenians believe that corruption is an inescapable fact of life, 2) are more willing to tolerate corruption, and 3) are less aware of what government is doing to fight corruption.

Similar shortcomings have been evident for the cross-cutting indicators. The MAAC projected that by the 4th quarter of FY2010, Armenia would increase its ranking on the Transparency International Corruption Perceptions Index (TI-CPI) from 2.9 to 3.3. Instead, Armenia has fallen in rank to 2.7. This places it 120th among 180 countries (down from 99th). Just half a decade ago it was 88th on the same scale. On other corruption indices Armenia has stayed about the same or declined slightly.

V. Conclusions

1. The MAAC Project was poorly designed from the outset. Despite strong concerns expressed by some Mission staff about the approach, the project describes a highly aggressive direct frontal attack on corruption in Armenia, using phrases like putting "heat" on government stakeholders and applying "pressure" at higher levels by, among other tactics, enjoining journalists. At the same time, however, MAAC set its own success on reaching understandings with key

government entities and officials about anti-corruption activities, agreements that were to be codified through MOUs. Thus, on the one hand the scope of work set an antagonistic tone that risked alienating government, and on the other hand it was naively optimistic in planning to engage state bodies in a reform process that was expected to have a significant impact on corruption levels.

2. While MAAC activities have been undertaken on behalf of some government agencies, not one Armenian governmental body has been willing to sign an agreement with the contractor. Moreover, once the training and supervision of departmental monitors ends in a few weeks, no new initiatives with government are in immediate prospect. Obviously an evident lack of “political will” to fight corruption by Armenian government officials contributes to this inactivity. It does not appear, however, that any concerted effort has been made by MAAC to secure high level support for significant reforms; as a result, the activities have tended to “tinker at the edges” while leaving the key issues untouched.

3. The AACs are clearly the major MAAC achievement. At the same time they do not add up to the type of mechanism envisaged in the scope of work. As noted earlier, they differ widely in approach, efficiency and effectiveness. Moreover, their sustainability is very much in question. According to the contractor, two U.S. potential funding sources have been identified. Yet at an annual cost of \$500,000 for the 11 AACs, it is difficult to anticipate full and continued funding for multiple years.

4. Most of the NGOs interviewed are upbeat about their achievements and future plans, and arguably the contractor has achieved the target of 5 sustainable projects/activities during the base period. However, there have been a disappointingly small number of systems-level changes – not least due to the fact that many of the projects apparently were not designed to achieve this goal. The contractor has not focused on building networks and coalitions, making little attempt to find synergies between the projects in the same sector (e.g. health). As with the other components of the project, achievements appear to have been modest relative to the resources expended.

5. While the NGOs that participated in our focus group indicated that their own sustainability was not in jeopardy, their focused anti-corruption initiatives may depend on new grants being available from MAAC. It is questionable whether, as planned, giving 17 new grants in 2010 will result in tangible systemic changes since the grants will not be targeted at any specific sector or region and will be funded at a maximum of \$15,000 each. The issue of sustainability, despite disclaimers by the contractor, also must be faced.

6. Although MAAC may have kept the subject of anti-corruption within the attention of the Armenian public and governments by its media, public outreach, and other activities, the sole quantitative measure of progress in awareness – the household surveys – show disappointingly little change. Many Armenians, including a majority of the stakeholders to whom we spoke, think corruption has worsened in Armenia over the past two years, not improved. The draft 2009 American Corruption Survey of Households bears out that trend. Finally, one key indicator chosen at the outset for the MAAC, the TI-CPI for Armenia. Now in sharp decline, that score indicates a lack of project effectiveness.

7. It is not clear that during the 3-year base period any MAAC project components have led to tangible reductions in corruption – even the efforts that MAAC regards as a success. Whether it is training HRD officials, or adopting the Anti-corruption Strategy and Action Plan, or introducing anti-corruption education in schools, there is no indication that these activities have led to a decrease in corruption. Similarly, training tax auditors in how to detect bribes, or improving the capacity of the Chamber of Control, may be laudable, but it assumes that the skills acquired are then used to counter corruption. This is not necessarily the case. Similarly, the overall impression of the range of MAAC’s dialogue with government counterparts is that activities have been tangential. As a result of the inability to tackle issues head-on, the project’s activities have had only peripheral effects. Given the prevailing political climate in Armenia, this situation is not likely to change during the next two years.

In summary, we recall the words of Amalya Kostanyan, head of the Armenian chapter of Transparency International, when she spoke at the 4th Anti-Corruption Forum which MAAC sponsored:

“I believe that if we do some things in some areas – I’m sorry but I cannot consider that to be adequate in the fight against corruption”
(quoted in the proceedings of the 4th Anti-Corruption Forum, July 22, 2009)

The above statement was made in the context of perceived widespread abuses in the elections system, but could apply equally to the relevance of MAAC’s activities against the background of the perceived high incidence of corruption in the Armenian government. The gist of the idea is that it is not particularly relevant to engage in a handful of relatively minor initiatives when the project purpose is to effect system-level changes that lead to a reduction in corruption.

VI. Recommendations

1. While the U.S. should continue to encourage anti-corruption activities in Armenia, the effort should be part of all or most of its projects, not a stand-alone effort such as MAAC. Concentrating intensively on one sector, such as health, might be a corollary option.
2. High-level efforts should be made to identify champions in government and to design effective but non-confrontational reform programs. In order to achieve significant results in a difficult political climate, anti-corruption projects, with USAID and Embassy support, should attempt to make formal and informal top-level contact as a means of assessing and potentially enhancing political will. Other methods to overcome potential resistance could include: a) agreeing on NGO monitoring and a consultative process to identify required reforms; and b) providing for phased introduction of reforms to reduce antagonism and fearfulness of government officials.
3. As the AACs are arguably the best product of the MAAC Project, they deserve further support to ensure sustainability to the fullest possible extent. This should take the form of: a) providing continued funding – whether through MAAC, the Civil Society Program, or another mechanism – for at least a year and preferably longer for the more effective centers; b) maximizing efficiencies by downsizing AAC staffs and seeking other economies commensurate with the

level of inquiries the centers are handling.; c) assisting grantees to find alternative funding sources, including from European donors, and d) avoiding duplication with similar centers (ABA CEELI, AYLA) in the *marzes*.

At the request of the Mission we also have considered a role for the Human Rights Defender (HRD) office. The HRD is attempting outreach by establishing regional offices in both the north and south of Armenia. Would it be possible for the Mission to negotiate an agreement that would fold some of the AACs into this arrangement? We find that problematic. The HRD almost certainly would want to provide total direction of the AACs. Moreover, many of the centers will refuse to ally themselves with any government office.

4. The Mission should free the contractor of the responsibility to make 50 grants by the end of the contract, a requirement that seems to be driving the decision to make 17 smaller grants during 2010. Instead, encourage CSO proposals that support key Mission-identified reforms and provide grants of more substantial amounts if warranted. For the future USAID should fund CSO anti-corruption grants, including media initiatives, through the Civil Society Program.

5. Mission management should consider early termination of the MAAC project and redesign an activity more appropriate for current needs.

ANNEXES

MAAC EVALUATION

Annex 1: Documents Reviewed

MAAC Documents

The MAAC Contract, dated 7/12/2007, with Modification #4
MAAC Annual Work Plans, Years 1, 2 and 3
MAAC Quarterly Progress Reports, Nos. 1 through 11
MAAC - "Review of the Anti-Corruption Strategy Report Paper" by Jean Pierre Bueb, Jan 2009
MAAC - "Detection of Corruption and Bribery Awareness Training for the Armenia State Revenue Commission" by Bueb, January 2008
MAAC - "Review of the World Bank PSMP Reports within an Anti-Corruption Framework for the Chamber of Control of Armenia" by Jacques M. R. Van Kempen, May 2008
MAAC - "Armenia: Corruption Survey of Households 2008, Yerevan 2009
MAAC - "2009 Armenia: Corruption Surveys of Households and Enterprises, DRAFT 2010
MAAC - "AAC Network Plan: What will the AAC Network Look Like in Years 4 and 5" Discussion paper, April 2010
MAAC - "Consultancy Report" by Erich de la Fuente, October 2008
MAAC - "Communications Consultancy Report" by de la Fuente, February 2008
MAAC - "Anti-Corruption Communications Assessment" February 2008
MAAC - "Building Good Governance in Health and Education: Report on Workshops and Technical Assistance, September-October 2008
MAAC - "Bulgaria Study Tour Program for Armenia Chamber of Control," July 2008
MAAC - "Report on Technical Assistance to the Chamber of Control for the Republic of Armenia," May 2008
MAAC - "Reports on the 4th, 5th, 6th and 7th MAAC Anti-Corruption Forums, Jul 2009 - Mar 2010.
MAAC - "Forum on International Obligations of Armenia in the Fight Against Corruption," July 2008
MAAC - "2009 NGO Marketplace Report," June 2009
MAAC - "Technical Assistance and Training on Design and Implementation of Reform Advocacy Strategies," by Igor Baradachev, December 2009
MAAC -- "Report on Anti-Corruption Education Consultancy Report" July-November 2009
MAAC -- "Advocacy and Assistance Centers: Striving for a Corruption Free Armenia" booklet/CD
MAAC -- "Measurement of Corruption in Armenia" July 2008
MAAC - Internal appraisals of the AACs, and Grantee monitoring reports
MAAC - Activity Newsletter Vol. 3 Issue 2
MAAC - website (www.maac.am)

Other Documents

USAID, Lessons Learned Fighting Corruption in MCC Threshold Countries, the USAID Experience, Nov. 13, 2009
USAID, DCHA/DG Activities, October 2009
USAID, Anti-Corruption Strategy, 2005
USAID, Anti-Corruption Assessment Handbook, February 28, 2009

USAID, Anti-Corruption Program Brief Series:
 Combating Corruption in the Judiciary, 2009
 Access to Information, 2009

USAID's Democracy and Governance Publications (webpage)

Republic of Armenia - "Anti-Corruption Strategy and Implementation Action Plan"

Armenian Center for National and International Studies, "Corruption in Armenia," Sept 2004

AYLA-OSCE – "Report of Public Monitoring Conducted within the Framework of the Multi-Component Monitoring in the RA Notary Offices Project," December 2009

AYLA newsletters February, March & April 2010

AYLA internal report on statistics of legal advice centers in Yerevan, Gyumri, Gavar and Kapan

GRECO Compliance Report on Armenia, dated June 13, 2008

GRECO report dated June 11, 2010 "Addendum to the Compliance Report on Armenia"

Chamber of Control draft "Strategic Development Plan" (undated)

ABA CEELI quarterly reports (dated Jan. & April 2010) and reports on legal clinics in Gyumri and Gavar

Caucasus Research Resource Center – Brochure

Transparency International - News, "South Caucasus must face up to anti-corruption challenge," May 2010

Armenia Now website article – "Awareness of anti-corruption programs in Armenia still low," June 1, 2010

OCHCR - Statement of the Special Rapporteur dated June 18, 2010

Spector, Bertram, ed., Fighting Corruption in Developing Countries: Strategies and Analysis, Kumarian Press, Bloomfield CT, 2005

World Bank's Control of Corruption Index (website)

Annex 2: MAAC Meetings Held

Date	Time	Organization	Person(s) met
June 14	10am	USAID	Tim Alexander Dr Simon Sargsyan Mariam Gevorgyan Diana Avetyan Bella Markarian
	4.30pm	USAID	Dr Jatinder Cheema Dr Simon Sargsyan Mariam Gevorgyan
June 15	10am	MAAC project office	Francois Vezina Eduardo Flores-Trejo
	2pm	Yerevan AAC	Sona Ayvazyan Eduardo Flores-Trejo (MAAC) Sergei (MAAC)
	4pm	Aragatsotn AAC (Ashtarak)	Lyudvik Davtyan Manush Hepoyan Karen Zadoyan (AYLA head office) Marat Atovmyan (Kotayk AAC)
June 16	2.30pm 3.30pm 4pm 5pm	MAAC project office	Garik Khachikyan Arik Brutyan Eduardo Flores-Trejo Sergey Sargsyan Kristine Grigoryan Philip Hovhannisyan Irina
June 17	11am	MAAC project office – focus group with AAC representatives	Manush Hepoyan (Aragatsotn) Tigran Tadevosyan (Ararat) Marat Atovmyan (Kotayk) Vahagn Tamrazyan (Tavush) Emin Beglaryan (Vayots Dzor) Suzi (AYLA head office) Sona Ayvazyan (Yerevan) Levon Barseghyan (Shirak) Arthur Sakunts (Lori)
June 18	10.30am	MAAC project office	Francois Vezina
	11am	MAAC project office – focus group with grantee CSOs	Karen Vardanyan (UITE) Abgar Yeghoyan (Protection of Consumers' Rights) Anahit Gevorgyan (Martuni Women's Community Council) Heghine Manasyan (CRRC) Artashes Torosyan (Partnership and Teaching)

			Eduard Hovhannisyanyan (Achilles) Tamara Sargsyan (Support to Communities) Narine Sargsyan (The Future is Yours) Shushan Doydoyan (FOICA) ? (Formula LLC) Arpine Hakobyan ('NGO Centre' Civil Society Development) Kristine Grigoryan (MAAC)
	3pm	Chamber of Control	Karen Arustamyan
June 21	10am	OSCE	Carel Hofstra Naira Gyulnazaryan
	1pm	Presidential office	Gevorg Kostanyan
	2.30pm	MAAC office	Francois Vezina Eduardo Flores-Trejo Garik Khachikyan
	4pm	AYLA head office	Karen Zadoyan
June 22	4pm	USAID	Dr Jatinder Cheema
June 23	9am	Ani Plaza – meeting with anti-corruption strategy monitoring and evaluation experts	Armen Khudaverdyan Samvel Manukyan Vahan Asatryan
	11am	HRD office	Rustam Makhmudyan
	1pm	Karma restaurant – meeting with ABA ROLI	Kregg Halsted Vache & Naz (interns)
	4.30pm	State Revenue Committee	Naira Avanesyan
June 24	11am	Counterpart International	Alex Sardar
	2pm	USAID	Tim Alexander Bella Markarian Dr Marina Vardanyan Anahit Khachatryan Mariam Gevorgyan Diana Avetyan + 2 others joined in