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Shelter Sector Reform Project Newly Independent States of the Former Soviet Union

An ICMA Report

Prepared for the Office of Housing and Urban Programs
Agency for International Development



**Technical Assistance on the Development
and Implementation of the Law on
Local Self-Government in Armenia**

March 13 through September 1996

Prepared for the U.S. Agency for International Development, Bureau for Europe and the
New Independent States,
Office of Environment, Energy and Urban Development,
Urban Development and Housing Division

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Abstract

The following report summarizes activities that Mr. Winnie conducted as a legal consultant to the International City/County Management Association ("ICMA") in the Republic of Armenia. This report covers the period from March 13, 1996 through September 1996.

Although Mr. Winnie had previously assisted ICMA in the development of the Law on Real Property, legislation and regulations related to condominium ownership, and other matters related to realization of a real property market; activities during the period of this report were entirely devoted to the technical assistance on development and implementation of the Law on Local Self-Government.

I. National Forum on Local Self-Government

On July 5, 1996, the Republic of Armenia adopted a new Constitution, setting forth a new structure for central and local government. Four laws were subsequently adopted to implement the structure outlined by the Constitution:

1. *The Law on Territorial Administration* (enacted in November 1995). This law consolidated the Republic's thirty-eight administrative districts into eleven units, ten "Marz", and the capital city of Yerevan. Each administrative unit is directed by a "Marzpet" or Regional Governor. (The administrator of Yerevan is alternately described as "Mayor.")
2. *The Law on Transitional Provisions of Local Self-Government, Regulations of Relations between Local Self-Government Bodies and the Central Government* (enacted in December 1995). This law, supplemented by a Presidential Decree *On Structure and Rules of Procedure of the Government of the Republic of Armenia* (issued in January 1996), elaborates the duties of the Marzpet and sets November 10, 1996, as the election day for the governing bodies of the new local governments.
3. *The Law on Local Self-Government* (adopted June 1996) This law defines the **duties and administrative structure of local governments and their relationship to the Marzpets.**
4. *The Law on Election of Local Self-Government Officials* (adopted June 1996) This law sets forth the method of conducting elections of local government officials.

ICMA assistance on the above four laws was provided primarily through the following Armenian officials: Reuben Barseghian, Minister of Territorial Administration, and Edward Yegorian, Chairman of the National Assembly Standing Committee on State Legal Issues. Chairman Yegorian's Committee were responsible for drafting the laws and Minister Barseghian was responsible for implementing them.

Shortly after adoption of the Constitution, ICMA began advising the Chairman Yegorian and Minister Barseghian on technical issues related to local government organization and finance. As the Armenian drafters finalized the Law on Local Self-Government, they expressed the need to consider a variety of international models. These models were to include the federal model of the United States, the unitary model of the Republic of France and the forms of local government being adopted by countries of Central and Eastern Europe and the former Soviet Union, which are undergoing a civic and economic transition similar to Armenia. This request led to the National Forum on Local Self-Government.

The National Forum on Local Self-Government was conducted in early April 1996. Minister Barseghian and Chairman Yegorian were co-convenors of the Forum and Mr. Winnie served as Moderator. The forum was sponsored by ICMA with support from the United States Agency for International Development ("USAID") and The World Bank, which is working closely with the Government of Armenia on the financing of municipal services and infrastructure. About fifty officials of the Government, Marz (regional units

of the central government), National Assembly and several existing local governments attended the Forum.

Issues Presented at the Forum

Participants in the Forum began by considering what functions should be assigned to local governments and what interests the central government might have in exercising control or oversight of these functions.

In reviewing each governmental function, they addressed three distinct, but related, questions: *Who decides?* (sets policy), *Who executes?* (administers), and *Who controls?* (establishes standards and assures equity). In addressing these issues, they considered criteria such as operating efficiency, existence of a national interest, the need to adjust to local conditions or exercise local choice, and the need to ensure inter-regional equity.

The second half of the Forum considered how to finance the responsibilities that would be assigned to local governments. Assignment of a function or responsibility to local government will not accomplish its purpose unless the assignment is supported by the fiscal means of performing the responsibility.

There are three basic methods of funding local services and infrastructure: taxes and fees (either shared by the central and local governments or dedicated to local use); "piggybacking" of local and central revenue sources, and transfer payments by the central to the local government. The following are important considerations in selecting among these methods:

1. ***Stability and predictability:*** To the extent that local governments rely upon intergovernmental transfers, the amount of revenue to be received by the local government should be dependable and predictable. This enables local governments to plan beyond the current budget year.
2. ***Equalization:*** Services are often funded by revenue transfers from the central government in order to adjust for differences among localities in their relative fiscal capacities. This is an especially important consideration in providing essential public services and social welfare support.
3. ***Consistency with macro-economic goals:*** The sharing and assignment of revenue sources, as between the central and local governments, should be such that the revenue collection will not adversely affect achievement of economic goals. For example, duplicative taxation of business profits can result in tax evasion or create a disincentive for business development.

A significant amount of time was spent discussing means of financing infrastructure improvements. Frequently, local government is charged with responsibility for installing and maintaining infrastructure such as water distribution facilities. It should be equipped with the ability to pay for and recover capital expenditures for such purposes. This should also include borrowing capability.

Impact of the Forum on the Law on Local Self-Government

The Forum was to provide the Armenian Government and legislative officials with insights into organizational and financing issues related to the draft Law and to help these officials anticipate training, financial, and other measures that will be needed to implement the law.

The Forum was internally related to development of the Law on Local Self-Government. Two days were devoted to presentation by two experts on United States, European, and post-Soviet models of local government. This was followed by a third day when the experts met with members of the National Assembly Committee on State and Legal Issues to refine the legislation.

Appendix A of this report contains the draft Law on Local Self-Government as it existed at the commencement of the Forum. Appendix B contains the final version of the law which was adopted in June 1996.

The original version differs from the final product in several important ways:

1. The law was amended to allow intergovernmental agreements, so that local governments can work together on common problems. This is intended to create "economies of scale" and districts which can address area-wide problems.
2. Additional provisions were added to this Law and to implementing regulations to ensure stability of intergovernmental transfers of revenue and to allow local governments to raise revenue independently.
3. The Law was clarified in relation to the property that was to be transferred to local units of government.
4. Provision for borrowing by local governmental units.

These changes were made as a direct consequence of discussions at the Forum and subsequent consultation with Chairman Yegorian and members of his committee and with Minister Barseghian.

II. Post -Adoption Consultation

Following adoption of the Law on Local Self-Government, Mr. Winnie continued to meet with Chairman Yegorian and Minister Barseghian to discuss additional assistance which could be provided in support of implementation of the law. The following are recommendations which were provided to ICMA as the result of these discussions:

Follow-up 1: Analysis of revenue correspondence.

Minister Barseghian (counterpart) would oversee a small project that would analyze the correspondence between the *responsibilities assigned to local governments* under the law and the *financial resources available to local governments* (whether derived locally or by central government transfer), using two or three specific cities as examples. This analysis would consider two trendlines:

1. The assigned services as they are presently operating and
2. The assigned services as they are projected to shrink or rise - with clearly stated assumptions about the changes.

In reference to the latter, it is important to recognize that the nature of local government services is changing - especially with respect to communal services. This should responsibility should shrink very substantially due to privatization and this shrinkage should be reflected in a reduced cost of providing service in this area. There are other types of privatization that will affect local governments (utilities, street cleaning, etc.) In order to make realistic projections of correspondence, it is important to work with the central government to cause it to state its expectations regarding these trendlines.

Follow-up 2: Planning of central/local fiscal relations.

Minister Barseghian would be the counterpart on this task, but there should be significant involvement (through Minister Barseghian) with the Minister of Finance. The purpose of this task would be to form the basis of central/local fiscal relations in advance of the effective date of the Law on Local Self-Government. It would consist of two parts.

1. It would bring the concept of revenue correspondence into the Budget Law and related legislation. From the standpoint of the budget law, there should be sufficient subsidies in that law to achieve correspondence (based on the analysis in Task 1).
2. The central government should enable local governments to impose fees (through legislation and other means) and otherwise raise revenue for at least the exercise of "voluntary powers" which are provided by Article 7 of the Law.

The Minister of Territorial Administration and the Minister of Finance should develop an agreement on the methods and procedures for monitoring local expenditures and borrowing, including the development of standardized budget forms and reporting devices.

Follow-up 3: Training of Local Governmental Officials

The new local legislators will be elected in November 1996 and seated in January 1997. The third recommended follow-up, therefore, is to plan for and implement a program for helping the new local governments implement the law. Minister Barseghian would be the client on this task also. It would consist of the following two parts:

1. There should be a general introductory course for locally elected officials. This should be conducted in late January or February 1997. It could take the form of a huge conference or video tapes that move about the country or other vehicles. The theme would be government has changed (i.e. it is now a "government" rather than a "party committee") and so to have the type of services and incentives/methods that operate them. It would also detail the administrative relationship between elected and administrative officials, as the law expresses. Hopefully, this would get local government officials off to a strong start, rather than allowing them to continue the methods that were previously used and that are no longer feasible.

2. There should be an administratively/fiscal management-oriented program directed at administrative officials. This would begin with the "changed government/changed method" theme and move to the practical aspects of managing an market-oriented/incentive & democracy-based operation of local government. It would be very public administration - oriented. An elaborate, year-long program is warranted, but it is probably necessary to target it more narrowly in terms of the most important functions and more constrained in time.

III. Appendices

The following appendices are attached as part of this report:

- Appendix A: Draft of Law on Local Self-Government (version prior to conduct of National Forum on Local Self-Government.

- Appendix B: Adopted Version of Law on Local Self-Government.

- Appendix C: Decision of Prime Minister setting forth measures required for the implementation of the Law on Local Self-Government.

**DRAFT LAW OF THE REPUBLIC OF ARMENIA
ON LOCAL SELF-GOVERNMENT**

DRAFT

Chapter 1. General Provisions

Article 1. The Notion of Local Self-Government

Local self-government is direct or indirect (through elective bodies) self-organization of the population of a community with a view to disposal of the community's property and solution of the problems of community importance.

Article 2. Purposes of this Law

This Law is to govern relations that arise in the course of local self-government in the Republic of Armenia, as well as to set out the notion of local self-government, goals, principles of functioning and authorities of local self-government bodies.

Article 3. Legislation Regarding Local Self-Government

Local self-government in the Republic of Armenia shall be governed by the Constitution of the Republic of Armenia, this Law and other legislative acts.

Chapter 2. Local Self-Government in the Communities

Article 4. The System of Local Self-Government

A community is an administrative territorial unit which independently resolves all the problems of community importance, has a budget, and establishes local charges and duties in a manner provided for by legislation. A community is a subject of property law and it is entitled to acquire and dispose of property (assets) in the manner specified by legislation.

To dispose of the community's property and to resolve the problems of community importance, local self-government bodies shall be elected in communities, such as the Community Council having 5 to 15 members and the Chief of the Community.

A Community Council shall be a representative body which shall discuss and approve the community budget, establish local charges and duties, supervise the performance of the budget.

A Chief of the Community shall be an executive body of the community. The Chief of a Community (Chief of the Village in rural communities, Mayor in municipal communities, and Chief of the Neighborhood in the neighborhood communities of the city of Yerevan) shall form and manage its staff: Village Chief's Office, Mayor's Office or Neighborhood Chief's Office.

A Community Council and Chief of the Community shall be elected by the constituency of the given community for a three year's term of office by universal, equal and direct suffrage through secret ballot.

Article 5. The Principles of Local Self-Government

The following shall be the principles of local self-government:

- state protection of the rights, legitimate interests and the property of the community;
- independence from State government bodies;
- harmonization of national and community interests.

Local self-government bodies shall act in accordance with the Constitution of the Republic of Armenia, this Law and other legislative acts.

Article 6. Relationship between State Government and Local Self-Government Bodies

State government bodies shall be entitled to interfere with the activity of local self-government bodies only within the limits of their competence determined by the Constitution and the laws of the Republic of Armenia.

The Government may dismiss a Chief of a Community from office upon the submission of the Governor of the respective region or (if in Yerevan) upon the submission of the Mayor of Yerevan.

In the event of a dismissal of the Chief of a Community from office, an extraordinary election of the Chief of the Community shall be held in the community by the Government's decision within 30 days. Until the newly elected Chief of the Community accepts the office, the Government shall appoint a substitute Mayor, and the Regional Governor (Mayor of Yerevan) shall appoint a substitute Chief of Village (Chief of Neighborhood).

Local self-government bodies shall be entitled to appeal to a court against any actions of State authorities and officials that infringe the rights of the community.

Decisions and actions of local self-government bodies may be appealed by State authorities and officials to a court.

Chapter 3. The Activity of Local Self-Government Bodies

Article 7. Organization of the Activity of a Community Council

A community Council shall act through sessions of the Council, which shall be convened as frequent as the Council may determine, but in any case not less than once per month.

At the sessions of a Council, any matter related to the interests of the community may be discussed. The Council shall pass decisions regarding the matters discussed.

As regards the matters related to the interests of the community but being beyond the competence of the Council, the latter may pass messages addressed to the Chief of the Community, the Regional Governor or to any other State authority.

Decisions and messages shall be passed by the affirmative vote of more than 50 per cent of the Council's members.

The Council shall elect a Chairman and Vice Chairman (Vice Chairmen) of the Council from among its members.

The Community Council shall organize, on a periodical basis, meetings with the population of the community, as well as conduct receptions of citizens.

Article 8. Sessions of a Community Council

Sessions of a Community Council shall be valid in the presence of more than 50 per cent of the members of the Council.

The sessions shall be presided by the Chairman of the Community, and in his absence, by the Vice Chairman.

The Secretary of the executive body shall maintain minutes of the sessions of the Council.

The Governor of the respective region or (if in Yerevan) the Mayor of Yerevan, as well as the Chief of the Community may participate in the sessions of the Community Council with a deliberative vote.

Officers of the executive body, as well as the residents of the community may be invited to the sessions of the Community Council.

Sessions of the Council shall be held in accordance with the Regulations of the Council, which shall be approved by the Council.

Sessions of the Council shall be open, but in exceptional cases, closed sessions may be held by the decision of the Council.

The Chief of the Community shall be obliged to assist in the organizing of the sessions of the Community Council.

Article 9. Extraordinary Sessions of a Council

An extraordinary session of the Community Council shall be convened by the Chairman of the Council upon his own initiative or on the initiative of one-third of the members of the Council, the Chief of the Community or the Regional Governor (in Yerevan - Mayor of Yerevan).

An extraordinary session of the Council shall be convened by the Chairman of the Council at the agenda proposed by the initiator within one week, having obtained the consent of the initiator as to the date of the session.

Article 10. The First Session of a Newly Elected Council

The mandate of the Community Council shall terminate at the date of the first session of the newly elected Council.

The first session of the newly elected Council shall be convened not later than 20 days from the date of the elections. the first session shall be convened and presided over (until a new Chairman of the Council is elected) by the Chairman of the former Council or, in his absence, by the eldest member of the Council.

The following matters shall be mandatorily included in the agenda of the first meeting of the Council:

- elections of the Chairman of the Council;
- elections of the Vice Chairman of the Council;

- approval of the Regulations of the Council.

Article 11. Elections of the Chairman and the Vice Chairman of a Council

The Chairman and the Vice Chairman of a Council shall be elected by the members of the Council through secret ballot.

The candidate who has received the affirmative vote of more than 50 per cent of the members of the Council shall be deemed elected as a Chairman or Vice Chairman of the Council.

In the event of resignation of the Chairman or Vice Chairman of the Council, new elections of a Chairman and Vice chairman of the Council shall be conducted in accordance with the procedure set forth in this Article.

Article 12. The Powers of the Chairman of a Council

The Chairman of a Council shall:

1. organize the activity of the Council; preside over the sessions of the Council; prepare matters to be submitted to the Council for discussion;
2. represent the Council in the relations with the Chief of the Community, community's population, State-owned and private enterprises, institutions and organizations;
3. sign decisions and messages passed by the Council, minutes of the sessions of the Council;
4. demand and receive from State authorities and officers information related to the interests of the community and not considered as State secret.

In the absence of the Chairman of the Community or in case than he is not in a position to exercise his powers, the powers of a Chairman of the Council shall be exercised by the Vice Chairman of the Community Council.

Article 13. The Powers of a Council

A Community Council, upon the submission of the Chief of the Community, shall:

1. approve the structure, list-of staff and rates of the salaries of the employees of the executive body; agree on the establishment of enterprises of community subordination or on participation in any other enterprises;

2. approve the general urban development plan of the community or the settlement included in the community, and agree on the submission of that plan to the regional Governor;
3. approve the annual budget of the community; make amendments to the budget; agree to the borrowing of money and to the expenditure of free assets of the budget; approve the annual report of the Chief of the Community regarding the performance of the budget;
4. establish local charges and duties; agree on leasing of the property owned by the community; approve rates of rents;
5. ratify agreements regarding cooperation with other communities, establishment of inter-community associations, or cooperation with the self-government bodies of other countries, signed by the Chief of the Community and providing financial obligations for the community.

A Community Council shall:

1. establish the procedure for awarding of foreign citizens with the title of the Honorable Citizen of the Community; establish privileges granted to honorable citizens of the community in the territory of the community;
2. at its own initiative or at the request of the Chief of the Community, appoint and hold local referenda regarding the most important local problems;
3. pass a vote of censure on the Chief of the Community in a manner specified by law;
4. discuss and resolve any other matters delegated to the Community Council pursuant to this Law.

Article 14. Passing of a Vote of Censure on the Chief of a Community

A Community Council shall discuss the matter on passing of a vote of censure on the Chief of the Community, if so requested in writing by at least 50 per cent of the constituency or by one one-third of the members of the Council.

A decision on passing of a vote of censure on the Chief of the Community shall be deemed as taken, if at least two-thirds of the Council members have voted therefor.

Irrespective of the results of voting, the written petition and motivations of initiators shall be communicated to the Regional Governor or (if in the city of Yerevan) to the Mayor of Yerevan for knowledge.

The Community Council may discuss the matter on passing of a vote of censure on the Chief of the Community not earlier than one year after the Chief of the Community accepts his office, and not more than once per year.

Article 15. Restriction on Occupation of other Posts by a Member of the Community Council

A member of the Community Council may not simultaneously work:

- a) in the staff of the Chief of his community;
- b) as a key officer in the Regional Governor's Office of the respective region or (if in Yerevan) in the Mayor's of Yerevan Office;
- c) in law enforcing or judicial authorities.

A member of the Community Council may not simultaneously act as a member of any other Community Council.

Article 16. The Rights of a Member of a Community Council

A member of a Community Council shall be entitled to submit proposals regarding the agenda of sessions of the Council, to prepare and submit to the Council for discussion any matters or draft decisions.

Article 17. The Duties of a Member of a Community Council

A member of a Community Council shall:

1. participate in the sessions of the Council and in activities carried on beyond the sessions;
2. periodically meet the population of the community, inform the electors about the work of the Community Council, hear their complaints and proposals;
3. participate in the receptions of citizens organized by the Council.

Article 18. Termination of the Mandate of a Member of a Community Council

The mandate of a member of a Community Council shall be terminated by the Council before expiration of its period, if:

1. the member of the Council has lost the Armenian citizenship;
2. a final and decisive sentence has been passed by the court in respect of that member;
3. he has been declared incapacitated, partly incapacitated, absent or deceased by a court decision;
4. he is dead.

The mandate of a member of a Community Council may be terminated by the Council before expiration of its period, if he:

1. has resigned;
2. occupies the post that is inconsistent with membership in the Council;
3. is absent from three consecutive sessions of the Council without due excuse;
4. leaves the territory of the community for permanent residence in another settlement.

A decision on the termination of the mandate of a member of the Community Council shall be passed by two-thirds of the total number of the members of the Council.

Chapter 4. The Chief of a Community and His Staff

Article 19. The Formation of the Staff of the Chief of a Community

The Chief of a Community, not later than one month after he accepts his office, shall submit the structure of his staff to the Community Council for approval.

The staff of the Chief of a Community shall be a legal person and shall have a seal bearing the State Emblem of the republic of Armenia and its name.

The staff of the Chief of a Community may be composed of departments and divisions.

The Chief of a Community shall appoint and remove from office of deputies of the Chief of the Community, the Secretary of the staff and chiefs of subdivisions.

Article 20. Inconsistency of the Post of the Chief of a Community

The Chief of a Community may not simultaneously occupy any other State post, perform any other paid work, except for creative, scientific and pedagogical activities.

Article 21. Termination of the Mandate of the Chief of a Community

The mandate of the Chief of a Community shall be terminated by a newly elected Chief of the Community on the date that the latter accept that office.

The mandate of the Chief of a Community shall be terminated by the Government before the expiration of its period, if:

1. the Chief of the Community has lost the Armenian citizenship;
2. a final and decisive sentence has been passed by the court in his respect;

3. he has been declared incapacitated, partly incapacitated, absent or deceased by a court decision;
4. he is dead.

The mandate of the Chief of the Community may be terminated by the Government before the expiration of its period, if he:

1. has resigned;
2. is in breach of the provisions of Article 20 of this Law;
3. leaves the territory of the community for permanent residence in another settlement.

The Chief of a Community may be removed from office by the Government, if the Community Council has passed a vote of censure on the Chief of the Community in accordance with the provisions of Article 14 of this Law.

Chapter 5. The Powers of the Chief of a Community

Article 22. The Activity of the Chief of a Community in the Sphere of Protection of the Rights of Citizens

In the sphere of the protection of the rights of citizens, the Chief of a Community, within his competence, shall:

1. protect and guarantee the legitimate interests of the community residents within the territory of the community;
2. ensure the implementation of the provisions of the Constitution and legislation of the Republic of Armenia in the territory of the community;
3. represent the community in the relations with the Republic's of Armenia and foreign physical and legal persons, as well as in the lawcourts;
4. conduct receptions of citizens; consider complaint, applications and proposals of citizens in a manner specified by law and take necessary measures in their respect;
5. take measures for the protection and use of property transferred to the community as inheritance;
6. take measures for the prevention of natural disasters and elimination of their consequences.

Article 23. The Activity of the Chief of a Community in the Sphere of Defense

In the sphere of defense, the Chief of a Community shall:

1. assist to military service calls, military assemblies, periodical military training, as well as to organization and conduct of primary military training;

2. take measures for social security of the families of military servants, assist demilitarized persons and war veterans with the solution of their social problems;
3. assist civil defense authorities with their operations;
4. carry on activities directed at military and patriotic upbringing of the population, especially young people.

Article 24. The Activity of the Chief of a Community in the Sphere of Planning, Building-Up, Construction and Land Use

In the sphere of planning, building-up, construction and land use, the Chief of a Community shall:

1. organize the preparation of the general plan of the community, submit it to the Community Council for consideration;
2. approve detailed planning and building-up projects of certain parts and construction complexes of the community;
3. assist in the works related to the maintenance of land cadastre;
4. by the consent of the Community Council, sell or lease land-plots owned by the community.

Article 25. The Activity of the Chief of a Community in the Sphere of Public Utilities and Provision of Amenities

In the sphere of public utilities and provision of amenities, the Chief of a Community shall:

1. manage public utilities of the community's subordination, ensure proper operation of public residential buildings, dormitories, public utilities, administrative buildings and other structures, organize their major and current repairing;
2. manage the operation of electricity, sewerage, water-supply, irrigation and gas-supply systems and structures of the community's subordination;
3. engage in the improvement of the settlement, organize planting of the territory of the community, take measures for the protection and care of green plantations, and for the protection of reservoirs, beaches and other resting zones for citizens;
4. ensure proper maintenance of cemeteries and other burial sites;
5. organize trash collection.

Article 26. The Activity of the Chief of a Community in the Sphere of Transport and Communication

In the sphere of transport and communication, the Chief of a Community shall:

1. as a client, organize construction, repairing and operation of roads, bridges and other engineering structures of the community's subordination, at the cost of the community budget;
2. manage the operation of transport enterprises of the community's subordination.

Article 27. The Activity of the Chief of a Community in the Sphere of Trade and Services

In the sphere of trade and services, the Chief of a Community shall:

1. supervise the operation of public catering and consumer services units of the community's subordination;
2. monitor the compliance with sanitary and hygiene standards.

Article 28. The Activity of the Chief of a Community in the Sphere of Education and Culture

In the sphere of education and culture, the Chief of a Community shall:

1. organize the building of specialized schools, kindergartens, clubs, culture centers, libraries and other education and culture institutions, and finance the operation of such institutions;
2. appoint and remove from office directors of specialized schools, kindergartens, clubs, culture centers, libraries and other education and culture institutions of the community's subordination;
3. organize the development of national crafts, amateur and folk arts;
4. organize mass arrangements related to national and State holidays, anniversaries, and assist in the performance of traditional national rites;
5. take measures for the protection and effective use of historical and cultural monuments located in the territory of the community.

The procedure and terms of appointment of directors, teachers, tutors, librarians and other specialized employees of educational and culture institutions shall be set out by the respective ministry.

Article 29. The Activity of the Chief of a Community in the Sphere of Public Health, Physical Culture and Sport

In the sphere of public health, physical culture and sport, the Chief of a Community shall:

1. manage the operation of health institutions of the community's subordination, take measures for the strengthening of their material and technical basis, organization of medical services for the population;
2. assist public health authorities in the conduct of sanitary prophylactic and anti-epidemic measures, as well as in the organization of sanitary training of the population;
3. ensure the conduct of measures for the prevention and elimination of noise in the streets and squares of the community;
4. exercise supervision over the sanitation of environment, and the compliance with the regulations for sanitary protection of reservoirs, land and atmosphere;
5. take measures for the use of buildings for allocation of diseased persons in case of the raising of epidemic diseases, apply quarantine arrangements and supervise their performance;
6. ensure taking of measures for the protection of maternity and childhood; sponsor multi-child families;
7. take measures for mass development of physical culture and sport among the population, for the construction of sport sites and other sporting structures; organize community competitions; assist in the participation of sport clubs and certain sportsmen in regional and national competitions; make arrangements for the creation and regulation of mass resting zones.

The procedure for appointment and qualification requirements for directors, physicians and other medical servants of health institutions shall be set out by the respective ministry of the Republic of Armenia.

Article 30. The Activity of the Chief of a Community in the Sphere of Labor and Social Security

In the sphere of labor and social security, the Chief of a Community shall:

1. manage the work of social security institutions of the community's subordination;
2. for the purpose of ensuring employment of the population of the community, organize improvement, planting, sanitary cleaning of forests, road operation and other paid works at the cost of the local budget;
3. take measures for the improvement of the housing, material and social conditions of disabled persons, families that have lost the sponsor, citizens needing care at home, assist needy citizens with their allocation in State institutions.

Article 31. The Activity of the Chief of a Community in the Sphere of Agriculture

In the sphere of agriculture, the Chief of a Community shall:

1. assist in the development of agricultural production, construction and operation of community irrigation systems; coordinate due payments for irrigation water;
2. coordinate application measures for the protection of the plantations of agricultural farms, performance of obligatory arrangements for the struggle against pests, diseases of agricultural plants, and weeds;
3. coordinate works for the performance of plant quarantine regulations.

Article 32. The Activity of the Chief of a Community in the Sphere of Nature and Environment Protection

In the sphere of nature and environment protection, the Chief of a Community shall:

1. take measures for the protection of reservoirs from pollution;
2. assist State authorities with the performance of environment protection arrangements;
3. ensure the protection of State reserves, national parks and other environmental objects in the territory of the community;
4. assist non-governmental organizations and State environmental authorities in the protection and restoration of natural resources and environmental objects.

Article 33. The Activity of the Chief of a Community in the Sphere of Nature and Environment Protection

In the sphere of nature and environment protection, the Chief of a Community shall:

1. take measures for the protection of reservoirs from pollution;
2. assist State authorities with the performance of environment protection arrangements;
3. ensure the protection of State reserves, national parks and other environmental objects in the territory of the community;
4. assist non-governmental organizations and State environmental authorities in the protection and restoration of natural resources and environmental objects.

[Note: Repetition of Article 32 and Article 33 is in the Armenian original]

Chapter 6. The Property and Economic Activity of a Community

Article 34. The Property of a Community

The property of a community shall be managed by the Chief of the Community in the manner specified by the Community Council.

The following may be the property of a community: land-plots located in the territory of the community; public (communal) residential buildings and flats; administrative buildings; religious, cultural, sport and other objects and structures; enterprises; roads; engineering communications; transport facilities; other movable and immovable property and securities.

The property of a community shall be protected by the State, and it may be taken only by a court decision.

The property of a community shall be subject to obligatory annual inventory by the Chief of the Community.

Annual inventory documents shall be submitted to the Community Council for approval.

The assets of the community budget shall also be deemed as a part of the community's property.

The property of a community may be derived:

- as a result of the business of enterprises of the community's subordination;
- as a result of a transfer of State property or State-owned enterprises to the community;
- through the receipt of charitable contributions and donations from citizens and organizations;
- from other sources not prohibited by the legislation of the Republic of Armenia.

Article 35. Business Activity of a Community

The executive body of a community may establish enterprises of any organizational and legal form of a local government body, as well as become a member of such enterprises in a manner specified by law.

Chapter 7. Community Budget

Article 36. The Notion of a Community Budget

A community budget is a balance of anticipated annual revenues and expenses, which, upon being approved by the Community Council, shall be binding on the executive body of the community.

A community budget shall be approved each year by the Community Council. In the course of preparation and approval of the budget, the vital interests of the community's population, annual and prospective programs of the community's development, and available resources shall be taken into consideration.

A community budget may be amended by the Community Council.

Article 37. Free Assets of a Budget

Free assets derived as a result of unforeseen excess of the budget revenues over the expenses may, by the suggestion of the Chief of the Community and upon approval of the Community Council, be directed at the making of new investments (works) or be transferred to the next year's budget.

Article 38. Local Charges and Duties

In cases specified by law, local charges and duties may be established and levied by the Community Council.

Chapter 9. The Main Stages of Elaboration, Approval and Implementation of a Community Budget

Article 39. Elaboration of Budget

A community budget shall be prepared by the executive body of the community and shall be submitted to the Community Council for approval.

In the course of elaboration of a community budget, the following shall be taken into consideration:

1. the quarter financial plan of the community's development;

2. the results of the performance of the previous year's budget, and the results of the 9 month's performance of the current year's budget;
3. financial and economic situation in the community and development prognoses;
4. mandatory budget expenses (redemption of debts, financing of the activity of inter-community associations, etc.)
5. transfer allocations made from the State budget to the community budget.

Article 40. Consideration and Approval of a Draft Three-Year Program of the Community's Development and a Draft Community Budget

The Chief of a Community shall submit the draft three-year program of the community's development and a draft community budget to the Chairman of the Community Council not later than _____. The Chairman of the Council shall communicate the submitted documents to the members of the Council and shall convene a session of the Council for budget discussion one week after the receipt of such documents.

On the first day of discussions, the Chief of the Community and the Treasurer shall present to the Council a draft three-year program of the community's development and a draft community budget, answer the questions of the Council members and hear motions brought in the course of the discussion.

On the basis of the results of the discussion, the Chief of the Community may either request to give him up to one additional week to make necessary amendments or alterations to the submitted documents, or demand from the Council to approve the budget by voting.

If the community budget is not approved and the period specified for the approval of a budget has not yet expired, the drafts shall be returned to the Chief of the Community for revision.

If the annual community budget is not approved by 1st March of the current year, the Chief of the Community, until the approval of the budget, shall organize the activity of the executive body according to the proportions of the previous year's budget.

Article 41. Publishing of a Three-Year Financial and Economic Program of the Community's Development and a Community Budget

The three-year financial and economic program of the community's development and the community budget shall be published upon being approved.

To make the three-year financial and economic program of the community's development and the community budget more popular and accessible for the population of the

community, bulletins and brochures containing general indexes, statistical and graphical data shall be prepared and published.

Article 42. Performance of the Budget

On the basis of the approved budget, the Chief of the Community shall define the goals of the executive body of the community and its subdivisions, approve quarter and annual plans of cash transactions by the subdivisions.

The Chief of the Community shall be a loan manager and shall sign all financial documents.

The Treasurer of the community shall ensure the direct performance of the budget, sign all financial documents on a mandatory basis and shall be personally responsible for the accurate and legal performance of financial operations.

Cash performance of the community budget shall be carried out by banking institutions of the Republic of Armenia.

Article 43. Consideration and Approval of Quarter and Annual Statements Regarding Performance of the Budget

The Chief of a Community shall submit to the Council quarter, semi-annual and annual statements regarding the performance of the budget.

Quarter, semi-annual and annual statements shall be submitted to the Council within one months after the end of the reported period.

An annual statement regarding the performance of the budget shall be submitted to the Council after the end of the budget year, together with the quarter statement regarding the performance of the budget,

Budget performance documents shall be communicated to the Council members in advance.

At the session of the Council, the chief of the Community and the Treasurer shall answer the questions posed by the members of the community, and give necessary explanations.

The Community Council may request additional explanations, make inspections, and if illegal or suspicious expenses or transactions are revealed, shall communicate the respective materials to the Prosecutor's Office.

The Community Council shall approve the performance of the budget by voting, and may postpone the approval of certain articles in cases referred to in paragraph 6 of this Article.

Article 44. Supervision over the performance of a Budget

The internal supervision over the performance of a community budget shall be exercised by the Community Council, which shall be entitled to check any budget transaction, the effectiveness and the quality of the performance, and to request reports regarding the expenses, etc.

Permanent Committee for State and Legal Matters

15.01.96

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**LAW OF THE REPUBLIC OF ARMENIA
ON LOCAL SELF-GOVERNMENT**

ORIGINAL

*Adopted by the National Assembly
on 30 June 1996*

CHAPTER 1. GENERAL PROVISIONS

Article 1. Legislation Regarding Local Self-Government

Local self-government in the Republic of Armenia shall be governed by the Constitution and the laws of the Republic of Armenia, and if so provided for by law, other normative legal acts.

Article 2. Purposes of this Law

This Law is to set out the notion, goals, principles, of local self-government, local self-government bodies and their powers, as well as to govern relations between State authorities and local self-government bodies.

Article 3. The Notion of Local Self-Government

Local self-government is the right and capacity of local self-government bodies acting at their own responsibility, to dispose of the community's property and to resolve the problems of community importance with a view to improving the well-being of the population.

Local self-government bodies shall be elected by community members. Any citizen of the Republic of Armenia who permanently resides in the given community or is included in the list of tax, local duty and charge payers in the community uninterruptedly during the last three years shall be deemed as a member of that community.

Article 4. The Principles of Local Self-Government

The following shall be the principles of local self-government:

1. delegation of the powers of the State authorities to local self-government bodies, if such powers can be more effectively exercised in communities;
2. general authority: the right to carry on any activity related to the interests of the community and not conflicting with the laws, unless that is vested by legislation in State authorities.
3. double function of the Chief of a Community: as an autonomous government body and as a representative of the State authority in place;
4. judicial protection of the rights, legitimate interests and the property of the community;
5. correspondence between the exercised powers and their financing;

6. assistance to financially weak communities through financial harmonization;
7. independence and responsibility in exercising local self-government;
8. organization of services to be rendered to the population by local self-government bodies through tenders;
9. personal management and responsibility of the Chief of a Community within his jurisdiction;
10. transparency of the activity of local self-government bodies.

Article 5. Local Self-Government Bodies

In communities, the following local self-government bodies shall be elected for a three-year term of office:

- Community Council;
- Chief of the Community.

A Community Council shall be a representative body to be elected by community members in a manner specified by law, which shall exercise powers provided for by the Constitution and this Law.

A Chief of a Community (Mayor in municipal communities, Chief of the Neighborhood in the neighborhood communities of the city of Yerevan, and Chief of the Village in rural communities) shall be the executive body of the community to be elected by community members in a manner specified by law, who shall exercise powers provided for by the Constitution and this Law.

A Chief of a Community shall accept his office on the date of termination of the mandate of the former Chief of the Community.

Article 6. The General Description of the Powers of Local Self-Government Bodies

The powers of local self-government bodies shall be divided into their own powers and powers delegated by the State.

Own powers shall be divided into mandatory and voluntary powers.

Mandatory powers and powers delegated by the State shall be subject to mandatory funding and regular performance.

Voluntary powers shall be exercised to the extent possible, according to financing provided for by the community budget.

Voluntary powers listed in this Law shall not be exhaustive. Local self-government bodies may carry on any activity related to the interests of the community and not conflicting with law, unless such activity is vested in State authorities by the legislation.

The regulations on the exercise of the powers delegated by the State shall be stipulated by law or the Government's decision.

Article 7. Relationship between State Authorities and Local Self-Government Bodies

Relationship between State authorities and local self-government bodies shall be governed by the Constitution and the laws.

The Government may dismiss a Chief of a Community from office upon the submission of the Governor of the respective region or (if in Yerevan) upon the submission of the Mayor of Yerevan, in cases specified by this Law.

Until the newly elected Chief of the Community accepts his office, the Prime-Minister shall appoint a substitute Mayor or a substitute Chief of Neighborhood in Yerevan, and the Regional Governor shall appoint a substitute Chief of Village.

Local self-government bodies shall be entitled to appeal to a court against any decisions or actions of State authorities, State officials and citizens that infringe the rights of the community.

Decisions and actions of local self-government bodies may be appealed to a court by the respective Regional Governor or (if in Yerevan) by the Mayor of Yerevan.

CHAPTER 2. COMMUNITY COUNCIL

Article 8. Organization of the Activity of a Community Council

A Community Council shall act through its sessions, which shall be convened as frequent as the Council may determine, but in any case not less than once per quarter.

At session of a Council, any matter related to the interests of the community may be discussed. The Council may pass decisions and messages regarding the matters discussed.

In respect of the matters related to the interests of the community but being beyond its jurisdiction, the Council may pass messages addressed to the population of the community, the Chief of the Community, the Regional Governor or to any other State authority.

Article 9. Session of a Community Council

The sessions shall be presided over by the Chief of the Community, who shall have a deliberative vote.

Sessions of a Community Council shall be valid in the presence of more than 50 per cent of the members of the Council.

The Regional Governor or (if in Yerevan) the Mayor of Yerevan may participate in the sessions of the Community Council with a deliberative vote.

Officers of the Staff of the Chief of the Community, by invitation from the Chief of the Community, and if so decided by the Council, other persons may participate in the sessions of the Community Council.

Sessions of the Council shall be held in accordance with the Regulations of the Council.

Decisions and messages of the Community Council shall be passed by a majority vote of the Council members present at the session.

A copy of the decisions of the Community Council shall be delivered to the respective Regional Governor's office within seven days.

Article 10. Extraordinary Session of a Council

An extraordinary session of the Community Council shall be convened by the Chief of the Community on his own initiative or on the initiative of one-third of the members of the Council or the Regional Governor (in Yerevan - the Mayor of Yerevan).

An extraordinary session of the Council shall be convened by the Chief of the Community by the agenda and within the period proposed by the initiator.

Article 11. The First Session of a Newly Elected Council

The first session of the newly elected Council shall be convened not later than 20 days from the date of the formation. The first session shall be convened by the Chief of the Community.

The Community Council shall be deemed as formed, if more than 50 per cent of the Council members have been elected.

Article 12. The Powers of a Council

A Community Council shall:

1. pass its Regulations;
2. supervise the performance of the community budget and the use of loans received by the community;
3. establish the official salary of the Chief of the Community in the manner specified by this Law;
4. bring a motion to the Regional Governor for dismissal of the Chief of the Community in the manner specified by this Law;
5. demand and receive from State authorities and officers any information regarding the goals of the community and not deemed as secret specified by law. Such demands shall be mandatory for the State authorities and officers.

A Community Council, upon the submission of the Chief of the Community, shall:

1. approve the structure of the Staff of the Chief of the Community;
2. agree to the establishment of enterprises of the community's subordination;
3. approve the general urban development plan of the community
4. approve the land use scheme;

5. agree to the general community rules of operation of enterprises and entities involved in trading, public catering and servicing in accordance with legislation;
6. approve the annual budget of the community; make amendments to the budget; agree to the expenditure of free assets of the budget; approve the annual statement of the Chief of the Community regarding the performance of the budget;
7. in a manner prescribed by law, establish local charges and duties; agree to lease or transfer of the property owned by the community; approve rates of rents and the starting price of a property to be sold by auction;
8. approve the community's annual property inventory documents;
9. agree to naming or renaming of streets, avenues, squares, parks of the community and educational, culture and other institutions of the community's subordination, as well as to numbering of houses, buildings and structures;
10. ratify agreements regarding cooperation with other communities, establishment of inter-community associations, or cooperation with the self-government bodies of other countries, executed by the Chief of the Community;
11. agree to the conclusion of loan agreements by the Chief of the Community;
12. exercise other powers stipulated by the Constitution and this Law.

A municipal and rural Community Council shall approve regulations for awarding citizens of the Republic of Armenia and foreign citizens with the title of the Honorary Member of the Community.

Article 13. Bringing of a Motion for Dismissal of the Chief of a Community

A Community Council shall discuss a motion for dismissal of the Chief of the Community, if so requested in writing by at least one-third of the total number of the Council members.

A decision on a motion for dismissal of the Chief of the Community shall be passed by a majority vote of the total number of the Council members. The said decision shall be immediately delivered to the Regional Governor.

The Regional Governor shall submit the motion for dismissal to the Government within three days, and shall attach thereto a statement of his opinion.

A representative of the Council and the Chief of the Community may participate in the discussing of the motion at the Government with a deliberative vote.

The Community Council may discuss a motion for dismissal of the Chief of the Community not earlier than one year after the Chief of the Community accepts his office, and not more than once per year.

Article 14. Restriction on Occupation of other Posts by a Member of the Community Council

A member of the Community Council may not:

1. work in the Staff of the Chief of the same community or in the Regional Governor's office or as a director of an enterprise or organization of the community's or the region's subordination,
2. act as a Chief or a member of the Council of any other community,

3. work in law enforcing entities or serve in the Armed Forces.

Article 15. The Rights of a Member of a Community Council

A member of a Community Council shall be entitled:

1. to submit proposals regarding the agenda of sessions of the Council and discussed matters;
2. to prepare and submit to the Council for discussion any matters or draft decisions and messages;
3. to demand and receive from the Chief of the Community any official information regarding his activities.

Article 16. The Duties of a Member of a Community Council

A member of a Community Council shall:

1. participate in the sessions of the Council;
2. periodically meet the population of the community, inform the electors about the work of the Community Council;
3. participate in the receptions of citizens organized by the Council.

Article 17. Earlier Termination of the Mandate of a Member of a Community Council

The mandate of a member of a Community Council shall be terminated by the Council before expiration of its period, if:

1. he resigns;
2. his Armenian citizenship is terminated;
3. a condemnation sentence passed by the court has come into legal force in respect of that member;
4. he has been called to military service or commenced a service in the Armed Force;
5. he has been declared incapacitated, absent or deceased by a court decision entered into legal force;
6. he occupies the post inconsistent with membership in the Council;
7. he is dead.

Earlier termination of the mandate of a Council member shall be recorded in a protocol by the Council.

The mandate of a member of a Community Council may be terminated by the Council before expiration of its period, if within one year he has been absent from the half of voting at the sessions of the Council without a reasonable excuse;

CHAPTER 3. THE CHIEF OF A COMMUNITY AND HIS STAFF

Article 18. The Formation of the Staff of the Chief of a Community

The Chief of a Community shall exercise his powers through his Staff and enterprises and organizations of the community's subordination.

The Chief of a Community, not later than one month after he accepts his office, shall submit the structure of his Staff to the Community Council for approval.

The Staff of the Chief of a Community shall be a legal entity and shall have a seal bearing the State Emblem of the Republic of Armenia and its name.

The Staff of the Chief of a Community shall be composed of the Deputy Chief of the Community, the Secretary of the Staff and its divisions.

The number of employees of the Staff of the Chief of a Community shall be established by the Government according to the number of the community's residents, in a manner specified by decree of the President of the Republic.

Article 19. Deputy Chief of the Community

The Deputy Chief of the Community shall exercise powers vested in him by the Charter of the Staff, and shall substitute the Chief of the Community during the periods of his temporary absence.

The Deputy Chief of the Community may exercise other powers by the instruction of the Chief of the Community.

Article 20. Secretary of the Staff

The Secretary of the Staff of the Chief of the Community shall organize:

1. preparation of the sessions of the Community Council and their minutes, and signing of minutes of the Council by the Council members;
2. document processing, letters processing and Archives activity in the Staff;
3. preparation and publishing of decisions, orders and other official documents of the Chief of the Community;
4. reception of citizens by the Chief of the Community and the Community Council, the process of consideration of their proposals, applications and complaints;
5. supervision over the performance of decisions of the Chief of the Community and the Community Council, and over the labor discipline at the Staff of the Chief of the Community;
6. delivery of decisions passed by the Council to the respective Regional Governor's Office;

The Secretary of the Staff of the Chief of a Community shall exercise other powers vested by the Charter.

Article 21. Inconsistency of the Post of the Chief of a Community

The Chief of a Community may not simultaneously occupy any other State post, perform any other paid work, except for creative, scientific and pedagogical activities.

Article 22. Earlier Termination of the Mandate of the Chief of a Community

The mandate of the Chief of a Community shall be terminated by the Government before the expiration of its term, if:

1. he resigns;
2. his Armenian citizenship is terminated;
3. a condemnation sentence passed by the court has come into legal force in respect of that member;
4. he has been declared incapacitated, absent or deceased by a court decision entered into legal force;
5. he is in breach of the provisions of Article 21 of this Law;
6. he is dead.

The Chief of a Community may be dismissed by the Government upon the submission of the Regional Governor made at his own initiative or on the basis of the respective decision of the Council.

The Regional Governor shall submit a motion for dismissal of the Chief of the Community to the Government and shall simultaneously send a copy of such a motion to the Chief of the Community. The Chief of the Community shall convene an extraordinary session of the Community Council within two weeks after the receipt of the motion of the Regional Governor. The Community Council, at its session, shall discuss the motion of the Regional Governor for dismissal of the Chief of the Community, which shall be submitted to the Government. The latter shall discuss the motion of the Regional Governor for dismissal of the Chief of the Community in a due manner.

The Government may dismiss the Chief of the Community only for unsatisfactory performance of mandatory powers or powers delegated by the State, specified by law.

Article 23. Remuneration of the Chief of a Community

The salary of the Chief of a Community shall be established in accordance with this Law.

The salary of the Chief of the Community shall be established at the following percentage to the salary of the Regional Governor:

- 1 up to 40 per cent - for the Chief of a community having less than 1,000 population;
- 2 up to 50 per cent - for the Chief of a community having 1,001-5,000 population
- 3 up to 60 per cent - for the Chief of a community having 5,001-20,000 population
- 4 up to 75 per cent - for the Chief of a community having 20,001-75,000 population
- 5 up to 85 per cent - for the Chief of a community having above 75,000 population.

Article 24. Remuneration of the Staff of the Chief of a Community

The salary fund of the Staff of the Chief of the Community shall be established by the community budget, and the rates of remuneration of the employees of the Staff shall be established by the Chief of the Community, but in the amount not more than 80 per cent of the salary of the Chief of that community.

CHAPTER 4. THE POWERS OF THE CHIEF OF A COMMUNITY

Article 25. The Powers of the Chief of a Community

The Chief of a Community shall:

1. form his Staff and approve its Charter;
2. establish a list-of-staff and official salaries of the Staff members;
3. appoint and remove from office of the Deputy Chief of the Community, Secretary of the Staff, heads of structural subdivisions and other officers of the Staff, as well as directors of enterprises and organizations of the community's subordination;
4. hold the sessions of the Council;
5. submit to the Council for review a draft three-year program and a draft annual budget;
6. pass decisions and issue orders within his jurisdiction;
7. perform instructions of the respective Regional Governor regarding organization of civil defense, anti-epidemic and quarantine measures and reduction of the risk of technological and natural disasters and elimination of their consequences;
8. exercise other powers specified by the Constitution and this Law.

The Chief of the Community may submit a motivated proposal in writing to the superior body regarding inconsistency of the director of an enterprise or organization of the community's subordination with his occupied post. The respective superior body shall, within one month, consider the proposal in the presence of the Chief of the Community and take a decision in respect thereof.

Article 26. The Activity of the Chief of a Community in the Sphere of Finance

In the sphere of finance, The Chief of a Community shall exercise the following mandatory powers:

1. prepare and submit to the Council for review in a due manner a draft budget of the community;
2. dispose of the funds of the community budget, ensure target spending of such funds;
3. bring motions to the Council for establishment of local duties and charges.
4. sign financial documents.

Article 27. The Activity of the Chief of a Community in the Sphere of Protection of the Rights of Citizens

In the sphere of protection of the rights of citizens, the Chief of a Community shall exercise the following mandatory powers:

1. within his jurisdiction, take measures for the protection of the rights and legitimate interests of the community residents;
2. represent the community's interests in the relations with other persons, as well as in the law-courts;
3. conduct receptions of citizens; consider complaint, applications and proposals of citizens in a manner specified by law and take necessary measures in their respect;
4. resolve matters regarding permission for holding of meetings, demonstrations, marches and other mass arrangements in a manner specified by law (this power is not vested in the Chief of a neighborhood community);

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In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. take measures for the prevention of technological and natural disasters and elimination of their consequences;
2. form the lists of electors in a manner specified by law;
3. resolve matters regarding adoption, guardianship and trusteeship in a manner specified by law.

Article 28. The Activity of the Chief of a Community in the Sphere of Protection of Public Security

In the sphere of protection of public security the Chief of a Community shall exercise the following powers delegated by the State:

1. in order to properly exercise mandatory powers vested by this Law, may demand appropriate assistance from the authorities responsible for protection of public security and operating within the territory of the community. Such demands shall be subject to mandatory performance within the framework of legislation;
2. approve location and placement of traffic signs on the roads of the community, by the submission of the competent authorities;
3. impose administrative sanctions in cases and in a manner specified by law.

Article 29. The Activity of the Chief of a Community in the Sphere of Defense

In the sphere of defense, the Chief of a Community shall exercise the following powers delegated by the State:

1. assist to military service calls, military assemblies, periodical military training;
2. assist the civil defense authorities in their activities;

In this sphere, the Chief of a Community shall exercise the following mandatory powers:

1. take measures for social security of the families of military servants, assist demilitarized persons and war veterans with the solution of their social problems;
2. assist in military and patriotic upbringing of the population, especially young people.

Article 30. The Activity of the Chief of a Community in the Sphere of Planning, Building-Up, Construction and Land Use

In the sphere of planning, building-up, construction and land use, the Chief of a Community shall exercise the following mandatory powers:

1. prepare the general urban development plan and the land use scheme of the community in a due manner, and upon their approval by the Community Council, submit them to the Regional Governor;
2. according to the general urban development plan of the community, approve detailed plans of certain sectors and urban development complexes of the community, and perform building-up activities (the Chief of a neighborhood community may exercise this power only by the consent of the Mayor of Yerevan);

- 3. name and rename streets, avenues, squares, parks, educational, culture and other enterprises and organizations of the community's subordination;
- 4. establish numbering of houses, buildings an other structures.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

- 1. assist in the maintenance of the real property cadastre;
- 2. in cases and in a manner specified by legislation, allocate, revoke and lease lands located in the territory of the community, in accordance with the general urban development plan and the land use scheme of the community.

In this sphere, the Chief of a Community exercises the following voluntary power:

- 1. carry on construction of civil and other objects of social importance.

Article 31. The Activity of the Chief of a Community in the Sphere of Public Utilities and Provision of Amenities

In the sphere of public utilities and the provision of amenities, the Chief of a Community shall exercise the following mandatory powers:

- 1. manage public utilities of the community, ensure operation of residential buildings, non-residential premises, dormitories, administrative buildings and other structures owned by the community, organize their major and current repairing, registration and distribution;
- 2. manage the operation of electricity, sewerage, water-supply, irrigation and gas-supply systems and structures of the community's subordination;
- 3. organize planting and improvement of the community.;
- 4. organize trash collection;
- 5. organize construction, reconstruction and operation of sanitary cleaning facilities (this power shall not be exercised by the Chief of a neighborhood community);
- 6. ensure proper maintenance of cemeteries and other burial sites (this powers shall not be exercised by the Chief of a neighborhood community);
- 7. supervise the conformity of the activity of a condominium association with the legislation and its charter;
- 8. prepare and hold a founding meeting of a condominium association, assist in the holding of general meetings of condominium associations.

In this sphere, the Chief of a Community exercises the following voluntary power:

- 1. organize maintenance and protection of resting zones.

Article 32. The Activity of the Chief of a Community in the Sphere of Transport

In the sphere of transport, the Chief of a Community shall exercise the following mandatory powers:

1. organize construction, maintenance and operation of roads, bridges and other engineering structures of the community's subordination;
2. regulate transport operations in the community, organize the operation of transport enterprises and organizations of the community's subordination (this power shall not be exercised by the Chief of a neighborhood community).

Article 33. The Activity of the Chief of a Community in the Sphere of Trade and Services

In the sphere of trade and services, the Chief of a Community shall exercise the following mandatory power:

1. specify community rules of operation for trading, public catering and consumer service enterprises and organizations in accordance with legislation and by the consent of the Community Council.

Article 34. The Activity of the Chief of a Community in the Sphere of Education and Culture

In the sphere of education and culture, the Chief of a Community shall exercise the following mandatory powers:

1. organize the building, maintenance and reconstruction of specialized schools, kindergartens, clubs, culture centers, libraries and other education and culture enterprises and organizations of the community's subordination, their building, operation and repairing works.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. organize mass arrangements the holidays of the Republic of Armenia and commemoration dates;
2. assist in the protection and effective use of historical and cultural monuments located in the territory of the community.

In this sphere, the Chief of a Community exercises the following voluntary power:

1. promote the development of national crafts, amateur and folk arts;

Article 35. The Activity of the Chief of a Community in the Sphere of Public Health, Physical Culture and Sport

In the sphere of public health, physical culture and sport, the Chief of a Community shall exercise the following mandatory power:

1. organize the activity of health and sport enterprises and organizations of the community's subordination;

In this sphere, the Chief of a Community shall exercise the following power delegated by the State:

1. assist public health authorities in the conduct of sanitary, prophylactic and anti-epidemic measures;

In this sphere, the Chief of a Community exercises the following voluntary powers:

1. assists to the sanitation and sanitary protection of environment;
2. assists to the development of physical culture and sport in the community, carry on construction of sport sites and other sport structures, creates resting zones;

Article 36. The Activity of the Chief of a Community in the Sphere of Labor and Social Services

In the sphere of labor and social services, the Chief of a Community exercises the following voluntary powers:

1. contributes to the creation of new work places, organizes paid public works;
2. take measures for the improvement of social conditions of invalids, families that have lost a sponsor and other socially needy groups.

Article 37. The Activity of the Chief of a Community in the Sphere of Agriculture

In the sphere of agriculture, the Chief of a Community shall exercise the following mandatory power:

1. conduct construction, reconstruction and operation of irrigation systems of community importance.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. assist in the works related to prevention of plant diseases, struggle against pests and weeds in the territory of the community;
2. assist in provision of veterinary services, performance of anti-epidemic arrangements and in observance of rules for prevention of animal diseases and other agricultural rules in the territory of the community;
3. assist in pedigree stock-breeding activities;
4. assist individual and collective farms with organization and development of agricultural production process;

In this sphere, the Chief of a Community exercises the following voluntary power:

1. assists in the performance of agricultural works.

Article 38. The Activity of the Chief of a Community in the Sphere of Nature and Environment Protection

In the sphere of nature and environment protection, the Chief of a Community shall exercise the following power delegated by the State:

1. assist in the organizing of arrangements for the use and protection of entrails, forest, water areas, atmosphere, flora and fauna.

CHAPTER 5. THE PROPERTY AND ECONOMIC ACTIVITY OF A COMMUNITY**Article 39. The Property of a Community**

A community may have property, and disposal of that property shall be exercised by local self-government bodies in a manner specified by legislation.

The following may be the property of a community: kindergartens, specialized schools, clubs, culture halls, libraries, health enterprises and organizations located in the territory of the community, heating, sewerage, water-supply, irrigation and gas-supply systems, streets, squares, resting zones, bridges, other structures of community importance, as well as residential buildings, residential units, non-residential premises, administrative buildings, historical, educational, culture, sport and other objects and structures, enterprises, organizations, transport facilities, other real and personal property. Municipal and rural communities may also own cemeteries.

The list of property owned by each community shall be approved by the Government of the Republic of Armenia.

The property of the community shall be subject to annual inventory by the Chief of the Community, which shall be submitted to the Community Council for approval.

The property of a community shall be accumulated :

- as a result of a transfer of the ownership title to State-owned enterprises or State property to the community;
- from the activity of enterprises and organizations of the community's subordination;
- from benevolent contributions, donations from individuals, enterprises and organizations;
- from other sources not prohibited by the legislation.

Article 40. Business Activity of a Community

The Chief of a Community, with a view to exercising mandatory powers, by the consent of the Community Council and in the manner specified by law, may establish non-profit enterprises, unless the effective performance of such powers is possible through acting enterprises.

Article 41. Borrowing by a Community

With a view to making investments for the purpose of developing social sub-structures of the community, the Chief of the Community, by the consent of the Community Council, may enter into agreements for a receipt of loans. The consent to enter into a loan agreement shall be given by the Ministry of Finance upon the submission of the Regional Governor.

CHAPTER 6. COMMUNITY BUDGET

Article 42. Community Budget

A community budget is a balance of anticipated annual revenues and expenses, which, upon being approved by the Community Council, shall be binding on the Chief of the Community.

A community budget shall be approved by the Community Council each year. In the course of preparation and approval of the budget, the vital interests of the community's population, annual and prospective programs of the community's development, and available resources shall be taken into consideration.

A community budget may be amended by the Community Council upon the submission of the Chief of the Community.

The procedure for preparation, discussion, approval and amendment of the community budget , as well as its relationship with the State budget shall be governed by law.

The Government and the respective Regional Governor shall provide methodological assistance in the preparing of the draft community budget.

Article 43. Sources of Formation of a Community Budget

A community budget shall be formed of:

1. land tax;
2. allocations from property tax and other taxes specified by the law;
3. local taxes and charges;
4. subventions and subsidies;
5. other sources not prohibited by law.

Article 44. Funding of Mandatory Powers

Mandatory powers shall be funded on a mandatory basis from taxes, other charges and subsidies allocated by the State.

Article 45. Free Assets of a Budget

Free assets derived as a result of unforeseen excess of the budget revenues over the expenses may, by the suggestion of the Chief of the Community and upon approval of the Community Council, be directed at the making of new investments or be transferred to the next year's budget.

Article 46. Discussion and Approval of a Community Budget

A draft community budget shall be submitted by the Chief of the Community to the Community Council for approval within one month after the approval of the State budget. The draft budget shall be sent to the members of the Community Council at least one week before the discussion.

The Chief of the Community shall submit the draft budget to the Community Council, answer the questions of the members of the Council.

After the discussions, the Chief of the Community may take one week for making required amendments and alterations to the submitted draft budget, or may request the Council to approve the budget.

Article 47. Three-Year Program of the Community's Development

The Chief of a Community, after being elected, shall submit a three-year program of the community's development to the Community Council simultaneously with the first community budget.

Article 48. Publishing of a Three-Year Program of the Community's Development and Annual Budget

The three-year program of the community's development and the annual community budget shall be published.

To make the three-year program of the community's development and the community budget more popular and accessible for the population of the community, bulletins and brochures containing general indexes, statistical and graphical data shall be prepared and published.

Article 49. Performance of the Budget

On the basis of the budget, the Chief of the Community shall define the goals of the Staff of the Chief of the Community and its subdivisions, approve quarter or monthly plans of cash transactions by the subdivisions.

The Chief of the Community shall ensure the performance of the budget, sign all financial documents on a mandatory basis and shall be personally responsible for the accurate and legal performance of financial operations.

Cash performance of the community budget shall be carried out through the Treasury of the Republic of Armenia.

Payment of taxes to the community budget shall be ensured by taxation authorities.

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Article 50. Supervision over the Performance of a Budget

Supervision over the performance of a community budget shall be exercised by the Community Council, which shall be empowered to check any budget transaction, the effectiveness and the quality of the performance, and to request reports regarding the expenses.

Article 51. Consideration and Approval of Statements Regarding Performance of the Budget

The Chief of a Community shall submit to the Community Council quarter reports regarding the performance of the budget.

An annual statement regarding performance of the budget shall be submitted to the Council after the end of the budget year, together with the report regarding the quarterly performance of the next year's budget.

At the session of the Council, the Chief of the Community shall answer the questions of the members of the Council and give necessary explanations.

The Community Council may organize the audit of the performance of the budget and, if breaches of law are revealed, apply to the respective competent authorities.

The Community Council discusses and approves the budget performance statement.

CHAPTER 7. INTER-COMMUNITY ASSOCIATIONS

Article 52. The Right to Form Inter-Community Associations

For the purpose of resolving jointly certain problems of the communities and reducing the costs, local self-government bodies may establish inter-community associations.

Inter-community associations shall enjoy the status of a legal entity.

Article 53. The Procedure for the Formation of Inter-Community Associations

Inter-community associations shall be established by the Chiefs of the communities, through entering into agreements to be ratified by the Community Councils.

The community shall perform obligations undertaken in respect of the association.

Article 54. The Bodies of Inter-Community Association

For management of inter-community association, a council of the association composed of the Chiefs of the communities and members of the Councils shall be formed, which shall elect a chairman of the council from among its members.

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A meeting of the council of inter-community association shall be valid if more than 50 per cent of the members of the council are present in the meeting. Decisions shall be passed by a majority vote of the members in attendance.

CHAPTER 8. REGIONAL COUNCIL, YEREVAN COUNCIL

Article 55. Regional Council

A consultative body (the Regional Council) shall be formed under the Regional Governor, which shall be composed of the Chiefs of the communities and the Regional Governor.

The Regional Governor shall convene and hold the meetings of the Regional Council at the agenda determined by himself.

The activity of the Regional Council shall be governed by this Law and by the decree of the President of the Republic.

Article 56. Yerevan Council

A Yerevan Council shall be formed in Yerevan, which shall be composed of the Mayor of Yerevan and the Chiefs of the neighborhood communities. The Mayor of Yerevan shall be the head of the Yerevan Council.

The Yerevan Council, upon the submission of the Mayor of Yerevan, shall approve the estimated costs statement (the budget) for the city of Yerevan within the revenues generated from sources specified by law.

The Mayor of Yerevan, by the consent of the Yerevan Council, shall:

1. name and rename Yerevan streets, squares, avenues, parks, educational, culture and other enterprises and organizations of the city's subordination;
2. regulate the activity of trading and consumer service enterprises and organizations in accordance with the legislation;
3. approve regulations for awarding the citizens of the Republic of Armenia and foreign citizens with the title of "Honorary Citizen of Yerevan".

Regulations of the Yerevan Council shall be approved by the Mayor of Yerevan.

Decisions of Yerevan Council shall be passed by a majority vote of the Council members participating in the session of the Council, if more than half of all the members of the Council participate in the voting.

The activity of the Yerevan Council shall be governed by this Law and by the decree of the President of the Republic.

CHAPTER 9. FINAL PROVISIONS

Article 57. Coming of this Law into Force

This Law shall come into force on 10 November 1996.

Upon the coming of this Law into force, the following laws of the Republic of Armenia shall be repealed: the Law "Transitional Provisions regarding Regulation of Relations between Local Self-Government, Regional Government and Local Self-Government Bodies"; the Law "On Village and Urbanized Settlement Councils of Deputies"; the Law "On District Councils of Deputies"; the Law "On City, District in a City Councils of Deputies"; and Art. 9, par. 2 of the Law "On Official Salary Rates of Key Officers and Experts of Legislative, Executive and Judicial Bodies of the Republic of Armenia".

Article 58. Relations between the Local Self-Government Bodies and Condominiums

Decisions adopted by condominium bodies may not contradict to decisions passed by the local self-government bodies, and such decisions are not binding on local self-government bodies.

Article 59. Transitional Provision

The Government shall approve the list of property owned by the communities by 1 January 1997.

L. TER-PETROSIAN
PRESIDENT OF THE REPUBLIC OF ARMENIA

ENGLISH TRANSLATION BY :

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ICMA PRINTING DATE: July 12,
1996

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Approved
by Prime Minister of RA.
August 14, # 466.

LIST OF COMMITTEE MEMBERS.

R. Barsghyan	Minister of RA on Territorial Administration (head of the committee)
A. Hkudaverdian	Head of Department, Department of Territorial Administration, Government Secretariat.
K. Harutjunyan	Member of the Permanent Commission of National Assembly on the public-legal issues, member of the National Assembly.
M. Gimishyan	Member of the Permanent Commission of the National Assembly on public-legal issues., member of the National Assembly.
D. Harutjunyan	member of the Permanent Commission of the National Assembly on public-legal issues, member of the National Assembly.
G. Voskerchyan	member of the National Assembly, Head of the Abovian city Executive Committee.
V. Ajvazyan	Member of the National Assembly, Head of the Charenstavan city Executive Committee.
S. Kirakosyan	Deputy Minister, Ministry of Economy.
M. Harutjunyan	Head of Division on the administration of local budgets' current expenditures, Treasury Department, Min. of Finance.
M. Eranosyan	Head of Department on budget expenditures planning, Min. of Finance.
S. Tovmasyan	Deputy Minister, Ministry of Urban Development.
M. Vardanyan	Member of the National Assembly, Head of the Cadastre Department, Min of Urban Development.
A. Nazaryan	Head of Communal Department, Min of Urban Development.
H. Manykian	Head of the Staff, Min. of Justice.
G. Arzumanyan	Deputy Mayor of Yerevan city
A. Khrimyan	member of the National Assembly, Head of Yerevan Municipality Erebuni Department
H. Abrahamyan	Member of the National Assembly, Head of Artashat city Executive Committee.
A. Babakanyan	Head of the Division on Territorial Administration policy, Department on Territorial Administration, Government Secretariat

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Approved by the Prime Minister of RA

August 14, # 4661996.

LIST OF DRAFT LEGAL ACTS, RELATED TO THE "LOCAL SELF-GOVERNMENTS" LAW AND LOCAL SELF-GOVERNMENT STRUCTURES.

#	Items	Official executor	Date of execution
1.	The draft " On budgetary system of RA"	Min of Finance of RA	08.96.
2	Methodological guidelines "On local budget exercise and approval procedures"	Min of Finance of RA Mayor of Yerevan Marzpets	till 11.96.
3.	Order "On local budgets current revenue and expenditure accounting procedures."	Min. of Finance of RA Marzpets, Local -self-governments	till 11. 96
4.	Methodological guidelines "On identifying financial and social status of the community".	Min of Finance of RA Min. of Economy of RA Marzpets	09. 96.
5.	Methodological guidelines "On the community Council of Elders charter".	Min of Justice	10.96.
6	Methodological guidelines "On the community head staff charter"	---	10.96
7.	Methodological guidelines "On the community head staff structure charter"	Min. of Economy of RA Min of Finance of RA	10.96
8.	Methodological guidelines "On writing the communities"	Min of Justice of RA	10.96
9.	The draft Decision of the Prime Minister " On the number of staff of the community Head".	Min of Economy of RA Min of Finance	10.96
10.	The draft Decision of GoA "On the transfer of the rights property of state enterprises and organizations to the community"	Min of Economy of RA Min of Finance of RA Min of Justice of RA	till 11. 96
11.	The draft Decision of GoA "On the procedures of approving the community property"	Min of Economy of RA Marzpets Mayor of Yerevan	till 11. 96
12.	Methodological guidelines "On the operation of the community administrative departments and services provided".	Min of Justice	12. 96.
13	Draft Law of RA " On the amendments to the Law on Territorial Administration"	Minister of Territorial Administration of RA	09.96.
14	The regulations on the local governments responsibilities, as	Min. of Urban Development of RA.	11. 96.

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	the members of condominiums.	Min. of Economy of RA.	
15	Draft law of RA. " On settling the financial problems".	Min of Finance of RA	till 11. 96.
16.	Draft law " On State Cadastre"	Min of Urban Development Min of Economy of RA Min of Finance of RA Min of Justice of RA	08. 96
17.	Draft Decision of GoA "On the land allocation and claim procedures"	—/—	08. 96.
18.	Draft law "On the alication procedurcs of the public lands"	—/—	09. 96.
19.	Draft Decision "On the lease of public lands and property"	—/—	09. 96
20.	Draft " Land Code".	Min of Urban Development Min of Economy of RA. Min of Justice of RA	11. 96.
21.	Draft Regulations on the Community Water Supply and Water Treatment Maintenance Unified System"	Min of Urban Development Min of Economy of RA	12.96.
22.	Draft Law of RA " On local duties and taxes".	Min of Finance of RA Min of Economy of RA Minister of Territorial Administration	till 12.96.

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PRIME MINISTER OF THE REPUBLIC OF ARMENIA.

DECISION

August 14, 1996, # 466
Yerevan

The preliminary works on drafting the legal acts related to the law of RA " On Local Self-Governments" and local self-government structures.

1. To establish the Committee and approve the list of the names of the Committee members in the context of the preliminary works on drafting the legal acts related to the law "On Local Self-Governments".(See Attached)
2. To approve the list of the draft legal acts, related to the law of RA "On Local Self-Governments"(See Attached).
3. To the Ministry of Economy, to make available the funding from the World bank IBL and Structural Reforms loans for obtaining the necessary technical means and implementing the preliminary works on drafting the legal acts related to the law Local Self-Governments"

H. Bagratyan
Prime Minister of RA

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FBI - TAKE NOTE # 3 (THIS PP) ABOVE

Post-it Fax Note	7871	Date	Aug 23 1996
To	PETER ERSEW	From	SERGE ANJAN
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