Quo Vadis? Local Autonomy in Armenia: Progress, Challenges, and Comparisons with European Trends

Abstract

This article examines the trajectories of local autonomy reforms in Armenia from 2014 to 2022, comparing the progress with European trends using data from the Local Autonomy Index (LAI). The study finds that while Armenia has made notable increases in local autonomy, it remains below the European average. Key challenges include financial constraints, administrative burdens, and uneven progress in infrastructure and service delivery, highlighting the need for enhanced fiscal autonomy and robust local governance reforms. The study captures significant legislative changes and two stages of amalgamation reforms in Armenia, reflecting their impact on local autonomy. It also addresses inaccuracies in the current LAI country profile for Armenia, particularly in organizational autonomy, policy scope, and effective political discretion. By correcting these inaccuracies, the paper provides a more accurate representation of Armenia's local governance. Situating Armenia within the broader European context, the analysis shows some improvement in Armenia's self-rule and interactive rule indices but underscores the need for substantial fiscal decentralization reforms. This study contributes to the academic discourse on local autonomy and governance by offering corrected data and insights to inform future policy-making and research, emphasizing the importance of accurate measurement in understanding local governance dynamics.

Introduction

This study aims to assess the trajectories of local autonomy reforms in Armenia from 2014 to 2022, using data from the Local Autonomy Index (Ladner, Keuffer, & Bastianen, 2022). The focus is on the progress made over this period and how it compares to other European countries. One of the most ambitious projects on local autonomy (Ladner, Keuffer, & Baldersheim, 2015) assessed its level between 1990 and 2014 across Europe, with a follow-up (LAI 2.0) first taking this analysis to 2020 (Ladner, Keuffer, & Bastianen, 2021) and then all the way to 2023, with the number of participating countries increasing significantly as well (Ladner, Keuffer, & Bastianen, 2023). This set of studies allowed scholars and practitioners capturing trends pertaining to the different aspects of local autonomy and provide a clear assessment in terms of the direction in which the continent is moving. The study aims to build up on the findings of the second stage of Local Autonomy Index (LAI 2.0) and offer some corrections to the inaccuracies we uncovered in the assessment of local autonomy in Armenia.

Integrating Armenia, a signatory of the European Charter of Local Self-Government Government (Council of Europe, 1985), into a continent-wide map of local autonomy has offered us valuable comparative insights, given its unique position at the crossroads of Europe and Asia. Our study compares the Local Autonomy Index scores for Armenia, using the data from 2014, 2018 and 2022. These three time dots allow capturing significant legislative changes in 2016 and two stages of amalgamation reforms in the country (2016-2018 and 2020-2022). This analysis and corrections not only enhance the dataset but also aim to encourage further academic contributions to the index as the 30th anniversary of the Charter approaches.

Local Autonomy in Armenia

Since gaining independence from the Soviet Union, Armenia's local government system has struggled to establish stability. In 2010, for example, Yerevan, the capital city, accounted for 56.6% of the total budgetary income of all communities, while financial equalization subsidies comprised about 40% of the budgetary income for communities

outside Yerevan (Government of the Republic of Armenia, 2011). Regarding expenditure, as demonstrated in my earlier study (Gasparyan, 2024), 76.6% of the income was allocated to administrative costs, with 36.4% directed towards education, 10.1% to economic activities, and approximately 25% to public services of a general nature, primarily covering administrative personnel salaries. In smaller communities, the share of budget devoted to public services of a general nature could reach up to 85%. Additionally, local councils often lacked real authority, their roles being largely ceremonial. Consequently, some mayors have remained in office for up to 30 years, whereas council members rarely seek re-election beyond a second term, with third-term candidacies being exceedingly rare. As noted in my previous study (*Ibid*), there has been very few studies examining local government reforms in Armenia. A prominent one among these characterized the country by strong functional and financial centralization alongside territorial fragmentation of local government units, making it one of the most centralized countries in Europe, especially compared to Western European countries (Swianiewicz, 2014, p. 306).

Against these figures, in 2015, the Government initiated and implemented a constitutional referendum, following which, in 2016, the law on local self-government was drastically reformed as well, to provide more autonomy and empower local communities. Thus, these legislative reforms made it possible to assess its impact on local autonomy. Our study, thus, covers the period of 2014-2018-2022, i.e., 1) the period before major legislative reforms, 2) the period following the first stage of major territorial reorganisation reforms in Armenia (2016-2018), and 3) the period following the second (and currently final) stage of major territorial reorganisation reforms in Armenia (2020-2022), which is also when the LAI 2.0 began covering Armenia (Ladner, Keuffer, & Bastianen, 2023).

It is important to note that the current country profile for Armenia (Ladner, Keuffer, & Bastianen, 2022), as documented in the LAI 2.0, contains several inaccuracies (most notably within the ‘organisational autonomy’, ‘policy scope’ and ‘effective political discretion’ units of aggregation). These discrepancies can lead to misunderstandings about the true state of local governance in Armenia. Therefore, another key purpose of this paper is to correct these mistakes and provide a more accurate representation of Armenia's progress in local autonomy.

Literature Review

Local Autonomy

Local autonomy has gained significant popularity in recent decades and many development organisations and institutions, such as the World Bank and the Organisation of Economic Co-operation and Development and the Council of Europe, among many others have praised it as a key tool of good governance (Keuffer & Horber-Papazian, 2020). But why does local autonomy matter? There is a large body of literature that points at local autonomy being one of the issues without which it is almost impossible to discuss the relationship between central and local government, or local political dynamics, for that matter (Sharpe, 1970) (Jones & Stewart, 2002). However, at least until 1980s there was no general consensus on the positive nature of local autonomy. On the contrary, there was a notable debate between Page (1982; 1983) and Jones and Stewart (1982; 1982) throughout which the former argued that putting too much emphasis both in political and academic circles on preserving local autonomy at all

costs would consequently also focus public attention away from wider political conflicts that largely determine central-local tensions. Jones and Stewart, on the other hand, while acknowledging that local autonomy was not a public good in and of itself, posited that it was rather a crucial component of ensuring government responsibility, responsiveness and accountability (Stewart, Jones, Greenwood, & Raine, 1981). From these grounds, they also argued that local authorities have a distinct advantage over their counterparts at higher levels across all three dimensions. They were thought to be more representative of their community, had more control over policy processes which was an indicator of accountability and that they were also more visible and responsive to the needs of their constituents (Jones & Stewart, 1982). As a second stage of this argument, Jones and Stewart have also called for a major and multidimensional (encompassing political and organisational arrangements, coupled with constitutional provisions) public finance reform to promote the three aforementioned concepts of responsibility, responsiveness and accountability. This idea was, henceforward and to a large extent, the foundation of main arguments for local autonomy (Jones & Stewart, 1982). But how does one define local autonomy? The earlier literature on local autonomy has looked at it both normatively, defending local government from higher authorities (Wolman, 1990; Carr, 2006) as well as empirically, both internationally – as a comparative tool for measuring local democracy (Page, 1991; Wolman & Goldsmith, 1990; Goldsmith & Page, 1987) – and locally, to measure a constitutional change (Chandler, 2008). Another approach to local autonomy was treating it as a companion of decentralisation: more decentralisation would lead to larger autonomy and vice versa (Fesler, 1965; Rolla, 1998). In addition, local autonomy has been used interchangeably with fiscal decentralisation (Shi, 2018; Wolman & McManmon, 2010). In this regard, a simple yet quite pragmatic definition of 'autonomy' was offered by Verhoest and colleagues who defined it as 'the level of decision-making competencies (discretion) of an organisation' (Verhoest *et al*., 2004, p. 233). An important explanation for the present study that was introduced by the authors is that the process of granting public sector organisation autonomy involves 'delegation, devolution or decentralisation' (Ibid). In other words, decentralisation is an inseparable component of local autonomy, rather than its determinant. In a similar fashion, Shi, following the argumentation put forward by Harold Wolman and McManmon (2010) claimed that fiscal decentralisation is a crucial element of local autonomy but not its equivalent, stating in the process that local autonomy is comprised of three dimensions: importance, discretion and capacity (Shi, 2018). This approach is largely a marriage between 'freedom from' approaches with management competences to deliver services as well as fiscal responsibilities of local government. In our eyes this simple and pragmatic approach offers the possibility to make generalisations and look into distinct aspects of autonomy – and one that we have borrowed for our case as well.

Verhoest and colleagues also made a conceptual distinction between managerial autonomy and policy autonomy (Verhoest, Peters, Bouckaert, & Verschuere, 2004). Unlike the authors, however, who solely concentrated on managerial autonomy (discretion to choose from and use resources), and not policy autonomy (choice of objectives, instruments and the quality and quantity of policy outputs), our approach is twofold, since we view the combination of these two approaches as proxies and/or indicators for decentralisation of power and capacity.

Thus, our approach to local autonomy largely follows the definition initially coined in the American literature and introduced by Wolman and Goldsmith – that it is 'the ability of local governments to have an independent impact on the well-being of their citizens' (1990, p. 3) – which we apply to the European countries.

It should be noted that there have been a number of attempts to capture level of autonomy (and/or decentralisation) on the European continent. Some of the more prominent ones include the IMF "Government Finance Statistics" database (IMF, 2022), capturing different aspects of fiscal decentralization, the "localization and decentralization index" by Ivanyna and Shah (2012) or the "Relevant regional governments index" by Siaroff (2013). However, this study will heavily rely on the logic introduced by the late Andreas Ladner and his co-authors in a number of influential studies.

The main novelty in their approach was that the authors noted how negative the original definition of local autonomy was, merely looking into local authorities' ability to resist the constraints – both from the top and the bottom. This 'freedom from' approach was largely developed by Clark (1984) defining it through the discretion that local authorities enjoy from central government.

However, this approach changed in 90s with several studies looking into how local authorities realise local interests as well as are capable of implementing other values (Hansen & Klausen, 2002; Chapman, 2003; Kjellberg, 1995; Bunch, 2014; Ellison, 2001). According to them, the first major attempt to compartmentalise the definition of local autonomy was by Goldsmith who stated that local autonomy portrayed the capacity of local governments 'to determine for themselves the mix of local goods of services, as well as local tax rates' (Goldsmith M. , 1995, p. 229). This definition is very similar to that of Pollitt (2005) who emphasised local governments' ability of supplying public services to fulfil (both own and delegated) functions. Another distinct approach was proposed by Fleurke and Willemse (2006) who assessed local autonomy three dimensions of: initiative (who takes the initiative for a certain decision), freedom of choice (to what extent local councils have freedom in policy formulation and policy making) and dependency (to what extent local councils depend on other actors when making decisions).

The first major attempt to develop a definition of local autonomy that would be rather distinct from local democracy was made by Pratchett (2004), who built his approach on three theoretical concepts: 1) local government's independence from constraints; 2) local governments' discretion to possess to act, free from control from above; and 3) 'capacity to define and express local identity through political activity' (Pratchett, 2004, p. 366). If one sums up the different typologies of local autonomy, they could be grouped into four approaches. The first, **legalist**, approach is evident in the works of Clark (1984), Blair (1991) and many others mostly focuses on the legal regulations, typically following a 'freedom from' approach to local autonomy. The second approach – **organisational** or politico-administrative – looks into how local authorities are organised or, rather, self-organised, in order to perform certain functions. The theoretical roots of this approach date back to the concept of 'system capacity' developed by Dahl and Tufte in their seminal work (Size and Democracy, 1973, p. 20). A notable example of this approach includes Reddy et al (2015). Next, **functional approach** is tasked with the vertical organisation of the public sector, the assignment of functions and finances to authorities at different levels (Oates, 1990). This approach looks into the input (financial resources essential for the execution of specific functions) as well as output (the scope of services

provided) sides of administrative process. A notable example of this approach would be Oates (2001), which looks into the extent to which local authorities are in charge over setting and levying taxes and fees. Finally, the **politics approach of intergovernmental relations** looks into vertical relations between authorities at different levels (Mueller, 2011) as well as potential veto players that can significantly impact the decision-making process (Tsebelis, 1995).

The Local Autonomy Index

The index of local autonomy developed by Ladner and colleagues is a composite of two other indices: self-rule and interactive rule, which was developed following an identical approach in the Regional Authority Index of Hooghe, Marks and Schakel (2010). The detailed description of all dimensions can be found in 'Self-rule Index for Local Authorities' (Ladner, Keuffer, & Baldersheim, 2015, pp. 20-23). But why is each of the dimensions important and what can we infer from this approach for the current study? These dimensions could be grouped into determinants of **fiscal decentralisation** (fiscal autonomy, financial transfer system, financial self-reliance and borrowing autonomy), **administrative decentralisation** (institutional depth, policy scope, effective political discretion and organisational autonomy) and **local-regional dynamics** (legal protection, administrative supervision and central or regional access), although the authors themselves used 7 different groups, four of which contained a single dimension (Ladner, et al., 2019, pp. 221-222). All dimensions are rooted in both legal and academic sources. Academically, the dimensions are embedded in the works of several authors. For instance, policy scope largely relies on the study of the competences of local authorities carried out by Gerard Marcou (2010) who assessed 'the extent of local authorities' freedom of action in the light of the relations they necessarily maintain with state authorities or regional authorities' (Ibid, p. 3). More generally, though, as the index of local autonomy presented by Ladner and colleagues (Ladner, et al., 2019, p. 25) is respectful of all four main approaches to local autonomy, whereby legal protection and institutional depth dimensions fall under the legalist approach, policy scope, effective political discretion, fiscal autonomy, financial transfer system, financial self-reliance, and borrowing autonomy all belong to the functional approach, organisational autonomy represents the organisational approach, while administrative supervision of local government, and central or regional access reflects the politics approach of intergovernmental relations (Ibid, pp. 49-54).

Legally, at least partially, these 11 dimensions of local autonomy are embedded in the European Charter of Local Self-Government (Council of Europe, 1985), the primary instrument for protecting and promoting local self-government (please see Table 2). The three dimensions of local autonomy which are also present in the Interactive Rule index (a modification of the Self-rule concept initially developed by Hooghe et al (2010)) are also based on stipulations of the Charter.

Table 2: Legal and academic roots of the Local Autonomy Index

Variable	**Legal Roots (European Charter of Local Self-Government**	**Academic Roots**
Institutional depth	Article 2	Legalist approach

Policy scope	Article 4.3	Functional approach
Effective political discretion	Article 4.2	Functional approach
Fiscal autonomy	Article 9.3	Functional approach
Financial transfer system	Article 9.7	Functional approach
Financial self-reliance	Article 9.1	Functional approach
Borrowing autonomy	Article 9.8	Functional approach
Organizational autonomy	Articles 3.2 and 6.1	Organisational approach
Legal protection	Articles 4.1 and 11	Legalist approach
Administrative supervision	Article 8	Politics approach of intergovernmental relations
Central or regional access	Article 4.6	Politics approach of intergovernmental relations

There are a few notable diversions as well, however. For instance, the **fiscal autonomy** dimension somewhat deviates from the definition and the limits provided by the Charter as the definition of this dimension is in 'extent to which local government can independently tax its population' (Ladner, Keuffer, & Baldersheim, 2015, p. 36). The same can be noted about **organizational autonomy**, the final dimension of the Self-Rule index. Here, Article 3.2 of the Charter stipulates that local self-government 'shall be exercised by councils or assemblies composed of members freely elected by secret ballot on the basis of direct, equal, universal suffrage, and which may possess executive organs responsible to them'. It is evident, that this only refers to the political aspect of autonomy. At the same time, according to the Article 6.1, 'local authorities shall be able to determine their own internal administrative structures in order to adapt them to local needs and ensure effective management', which encompasses the administrative elements of autonomy. Therefore, the definition of organizational autonomy is a composite of both traditions and refers to 'the extent to which local government is free to decide on its own organization and on its political system' (Ladner, Keuffer, & Baldersheim, 2015, p. 44).

It should also be noted that the work on the index didn't conclude after its creation and LAI 2.0 was introduced a few years after its initial version. The methodology was applied to 57 over a more extensive period of time (1990-2020, as noted above), and almost all member states of the EU, the Council of Europe and the OECD were covered, including Armenia (Ladner, Keuffer, & Bastianen, 2023).

Materials and Methods

Given the reform agenda of then Government of the Republic of Armenia, we assume that a strategy has been put together to provide more autonomy to communities. The main question we aim to answer is 'has it been the case'. We hypothesise that local autonomy has increased only marginally as a result of these reforms. Furthermore, we also

hypothesise that it remains below the European average. Following the line of reasoning proposed by Jones and Stewart (1982), we argue that this is reasoned by the absence of solid fiscal decentralisation reforms.

Methods

This study uses the most recent iteration of the Local Autonomy Index (LAI 2.0) to assess the level of local autonomy in Armenia for the years 2014, 2018, and 2022. The clarified index for Armenia was computed through policy content analysis based on relevant provisions of the Law on Local Self-Government, the Electoral Code, the Tax Code, other pieces of legislation, and recommendations from the Council of Europe Congress of Local and Regional Authorities.

Results

To succinctly and systematically present the developments in Armenia regarding local autonomy and their impact on local governance, the following sections will discuss each of the three indices: the self-rule index, the interactive rule index, and the local autonomy index (including remarks on local autonomy). These indices will be presented and discussed in the order mentioned by the original authors, with corresponding commentary from qualitative interviews. The scores for Armenia will be compared against major trends across Europe to understand its standing on the continent. Generally, we will follow the LAI 2.0 country profile for Armenia unless inaccuracies are found, necessitating corrections.

Table 1: Local Autonomy Index for Armenia (2014 vs 2018 vs 2022)

Variable	**Score for 2014**	**Score for 2018**	**Score for 2022**
Institutional depth	2	2	2
Policy scope	1.5*	2	2
Effective political discretion	1.5*	2	2
Fiscal autonomy	0	0	0
Financial transfer system	3	2	2
Financial self-reliance	2*	2	2*
Borrowing autonomy	1	1	1
Organizational autonomy	2.75*	2.75*	2.75*
Self-Rule Index	**13.75 = 14**	**13.75 = 14**	**13.75 = 14**
Legal protection	3*	2	2*

Administrative supervision	1	1	1
Central or regional access	1	1	3*
Shared/Interactive-Rule Index	**5**	**4**	**6**
Local Autonomy	**19**	**18**	**20**

Self-rule Index

Policy Scope and Effective Political Discretion: Article 37 of the Law on Local Self-Government (2002) implies that the community head is responsible for implementing housing construction and complex renovation of other social facilities, though it does not provide further details. Therefore, for both components (Housing and town development (0-0.5); Social housing (0-0.5)) of 'Housing (0-1),' we have assigned a score of 0.25 instead of 0 for each of the three years. Article 46, amended in 2016, states that the mayor organizes and manages schools under the community's supervision, including their operation, usage, and renovation work. This indicates that schools under local government subordination should be managed by the local administration. However, this authority has not been utilized by any local self-government body. Consequently, we have assigned a score of 0.25 instead of 0 as in the country profile. Thus, the overall score for both Policy Scope and Effective Political Discretion increased from 6.5 (in the country profile) to 7.0 for 2014 and to 7.5 in 2018 and 2022 (with the rounded final score, after dividing by 4.25, equalling 1.5 for 2014 and 2.0 for 2018/2022).

Financial Self-reliance: We argue that an inaccuracy appears in the country profile, which suggests that communities' own sources constitute 10-25% of their budget, while for each of the three reported years, the percentage has been well above 25% (29.2% for 2014; 33.2% for 2018; 36.1% for 2022). This means that the score should be 2 for each of the years (Ministry of Finance of the Republic of Armenia, 2024; Communities Finance Officers Association, 2012).

Organizational Autonomy: Another inaccuracy is noted, as local executives in Armenia, according to Article 7 of the Law on Local Self-Government, are elected by the municipal council (in the predominant majority of cases) or directly by citizens (in a few small communities where the majority of the population belongs to national minorities). Thus, for the 'Electoral system' component, the score is 1 instead of 0, and the total score is 2.75 for each of the three years instead of 1.75.

Comparing Armenia to the rest of Europe, the Self-rule index presents a mixed picture, which isn't surprising given the differences between countries based on individual variables included in this index (Institutional Depth, Policy Scope, Effective Political Discretion, Fiscal Autonomy, Financial Transfer System, Financial Self-Reliance, Borrowing Autonomy, and Organizational Autonomy).

While the average score in Europe remained intact (16) between 2014 and 2020, and Armenia's score didn't change over time either (14 for the period 2014-2022). Some notable findings can be observed on the continent. In 2014, Armenia ranked 29-32 out of 46 countries, with Sweden (25), Finland (24), and Denmark (22) scoring highest, and Belarus (9), Moldova (9), and the Russian Federation (8) scoring lowest. By 2018, while Armenia's score did not change, its ranking slightly improved (27-33) due to several countries decreasing their scores. By 2022, this trend continued, with the score for self-rule remaining unchanged but the country's ranking marginally improving again (26-32).

Looking at the biggest improvements over time, Portugal (from 17 in 2014 to 20 in 2018 and 2020) and Belarus (from 9 in 2014 to 10 in 2018 and 12 in 2020) are the most notable examples. Several countries have shown significant declines as well, with the most notable cases being Cyprus (from 12 in 2014 to 9 in 2018 and 2020) and especially Montenegro (from 15 in 2014 to 14 in 2018 and 8 in 2020). By 2022, the list of highest and lowest-scoring countries remained largely the same, with minor additions: Finland (25), Sweden (24), Iceland (22), and Denmark (22) scoring highest, and Moldova (9), Cyprus (9), Montenegro (8), and the Russian Federation (8) scoring lowest.

Interactive rule Index

The second index combines three variables: Legal Protection, Administrative Supervision, and Central or Regional Access. Here, there are discrepancies regarding two dimensions: Legal Protection and Central or Regional Access.

Legal Protection: We believe that the scores for Legal Protection should be 3/2/2. Before the constitutional amendments of 2015, which came into force the following year, the central government was required to organize a non-binding local referendum before any reform that could threaten the existence of communities (such as amalgamation). While the government could overrule the results of these referenda, they still allowed community residents to voice their opinions on policies affecting them locally. After the 2015 constitutional referendum, the provisions for holding referenda in the case of administrative territorial changes were removed from Armenia's constitution, and the amalgamation reforms starting in 2016 did not consider the local population's opinions, aside from several local stakeholder consultations. Therefore, for 2014, other means existed to protect local autonomy (such as the impossibility of forced mergers), but this was no longer the case in 2018.

Central or Regional Access: The suggested score for 2022 is 3, due to the provisions of the May 4, 2020, Government Decision N 647-N "On Determining the Procedures of Formation and Activities of Regional Councils," which likely appeared after the country profile was drafted (Government of the Republic of Armenia, 2020). Specifically, Article 2 of this document stipulates that "the regional council is a deliberative body attached to the governor. The regional council includes the governor, his/her deputy (deputies), and the heads of the communities within the region (by agreement)." Additionally, Article 7 stipulates that "the members of the Council of Elders of the communities of the region present their recommendations regarding the inclusion of issues in the agenda of the session of the Regional Council through the head of their community." These two articles provide enough

justification to argue that, since 2020, local authorities have gained access to higher-level decision-making through formal representation structures (per Article 2) and formal consultation procedures and mechanisms (per Article 7).

Overall, in terms of interactive rule, the mean score in Europe remained at 6 from 2014 to 2020. The situation was relatively stable among most countries during this period. In 2014, the leaders were Slovakia and Spain, each scoring 9, with several other countries scoring 8. Armenia's score (5) was just below the average, placing it within a large group of countries ranked 30-39. The lowest-scoring countries were Ireland (3), and Belarus and Moldova (2).

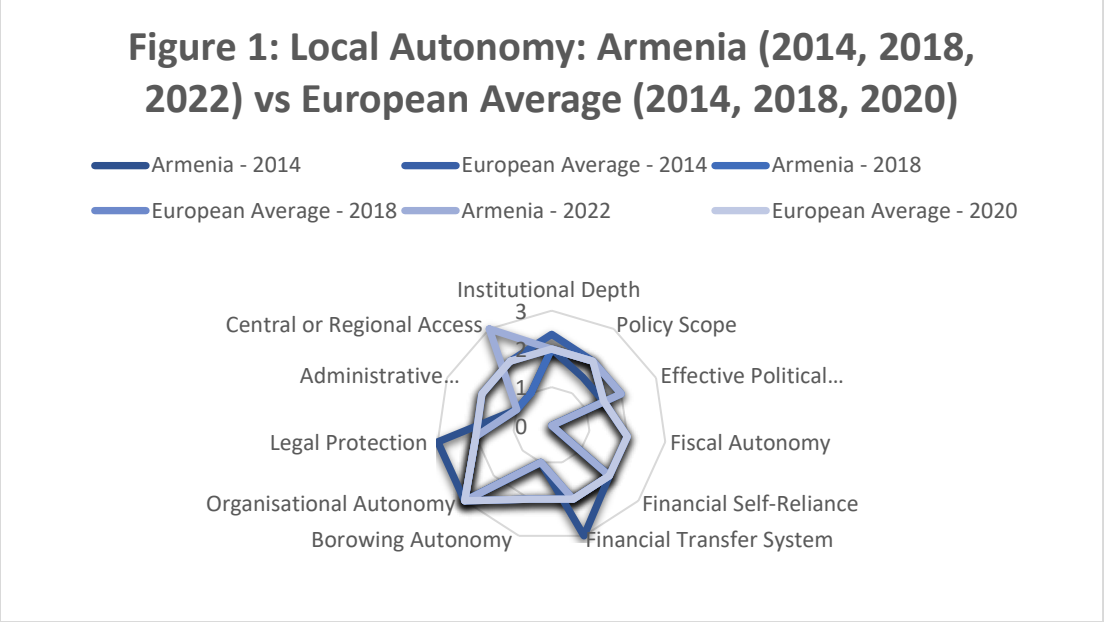
By 2020, the two leading countries remained at the top, but the lowest-ranking countries changed significantly. Hungary, Turkey, Belgium, and Ireland were at the bottom, with the lowest score reaching 4. Armenia's score increased from 5 to 6, putting it on par with the European average and within a very large group of countries ranked 23-36. The most notable improvements on the continent were, once again, Belarus (from 2 in 2014 to 7 in 2020) and Moldova (from 2 to 5), while Montenegro experienced the most noticeable decline (from 8 in 2014/2018 to 6 in 2020).

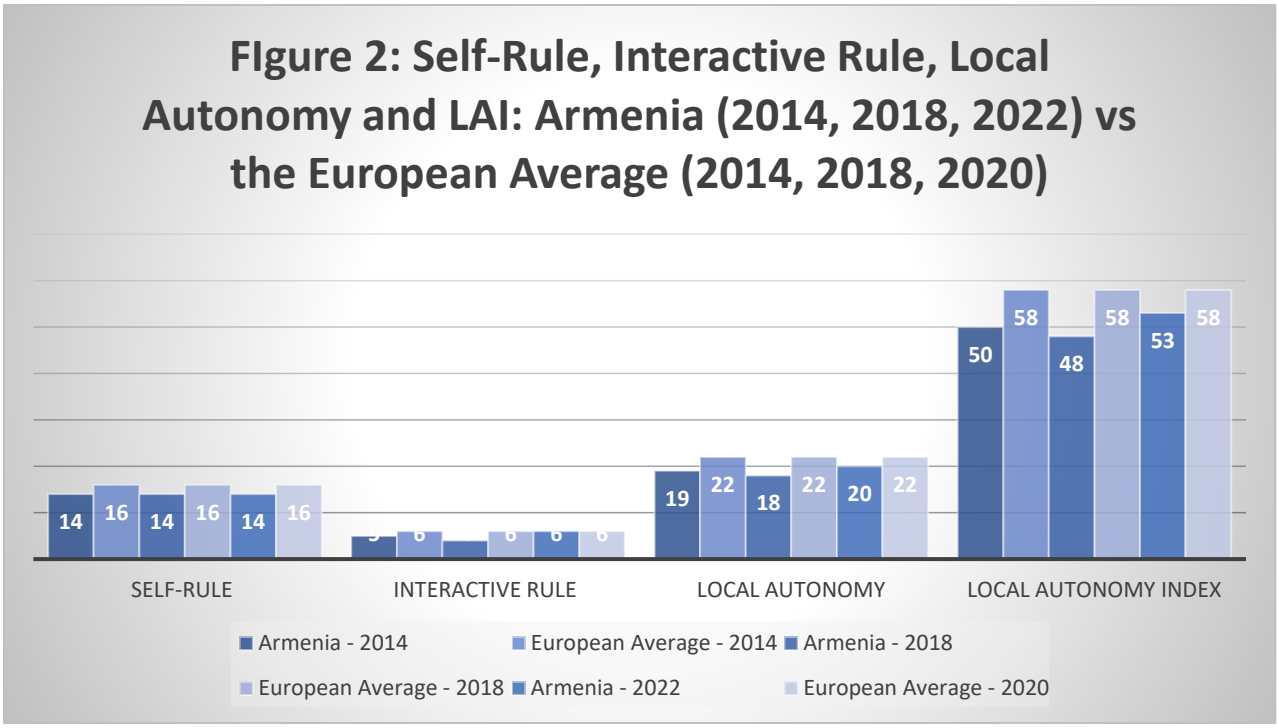
Local Autonomy Index

Prior to explaining the major European trends with regard to local autonomy and finally putting Armenia on the map of Europe, it should be stated that Ladner *et al*. (2015) have presented two different ways of measuring local autonomy, as demonstrated by table 5.16 (Local Autonomy, single countries) and figure 5.23 (Local Autonomy Index: Country Ranking 2014). The main difference between the two approaches is that Local autonomy measurement is the combined autonomy of local authorities and is measured through the collective score of all 11 variables or the two sub-indices, while LAI as well as LAI 2.0 have a more robust nature, as Boxes 1 and 2 of the explanatory article (Ladner, Keuffer, & Bastianen, 2023) for the revised index demonstrate.

Throughout the 30 years, the European average grew from 19 in 1990 to 20 in 2000 when, for the first time, it was possible to calculate the score for all 46 countries on the European continent to 22 in 2022. Figure 1 below reflect the average European scores for the analysed period of 2014-2020/2022 across all 11 dimensions of local autonomy as well as the three indices presented above. As the discussion of the previous indices would indicate, the score for Armenia in 2014 (19) was substantially lower than the European average and on the same level with the European average from 1990. By 2022, due to the increased score for interactive rule, Armenia's score (20 – tied with Croatia, Georgia, and North Macedonia) already reached the European average from 2000, but still remained substantially lower than the continent's mean score for 2020. For a better context, Finland (32), and Iceland, Sweden and Switzerland (29), were the highest-ranking countries in 2020 with the lowest ranking ones being the Russian

Federation, Montenegro, and Moldova, each scoring 14 – more than twice as low compared to the leading countries. As the previous two sections would also showcase, the countries with most visible increase (from 11 in 2014 to 19 in 2020) and decrease (from 23 in 2014 to 14 in 2020) were, respectively, Belarus and Montenegro. While this analysis is not concerned with understanding the reasons of these developments in each country as well as their implications, their empirical and theoretical values are noteworthy.





While looking into the LAI, one may notice (Figure 2) that the gap between the European average and the score in Armenia for 2014-2022 narrowed compared between the similar difference for Local Autonomy. Hereby, while the Local Autonomy score for Armenia went from 86.4% of the European average to 81.8% and to 90.9% (i.e., an increase in 4.5%), the LAI score went from 86.2% to 91.4% or a 5.2% increase. This is because of the weighting enforced by the authors to highlight the importance of certain indicators compared to others (Ladner, Keuffer, & Bastianen, 2023).

Nonetheless, where would Armenia place in Europe? In order to respond to this question, we have also compared the local autonomy and the LAI 2.0 scores for Armenia (see Table 3). In terms of the local autonomy score, instead of measuring it through the simple overall score of all 11 variables, we have created a matrix, whereby the two sub-indices have served as the two dimensions of it (Figures 3 below). In this regard, the 2020/2022 score for Armenia (16 and 6) would be sandwiched between a large group of Eastern European and Balkan countries including Albania (13 and 6), Georgia (14 and 6), Bulgaria, Slovenia, and North Macedonia (14 and 7), but also the United Kingdom (13 and 5).

In terms of its place in Europe, Armenia's score fluctuations (50-48-53) would take the country from the lower middle range (2014), where it would be accompanied by several other countries from the same region or with a similar historical background, such as Ukraine (47), Romania (51), Hungary (51), Latvia (51), and Croatia (52), but also distinctly dissimilar countries like the United Kingdom (48). By 2018, although Armenia's score decreased to 48, it would still find itself in almost the same group of mostly Eastern European countries. Finally, after 2020, the improved LAI score (53) would bring Armenia closer to the European average and on par with some of the Balkan countries, such as Albania and North Macedonia (both at 54), Slovenia (53), but also Belarus, which made a rather impressive jump from 34 to 52 (the highest one on the continent) and slightly below the neighbouring country of Georgia, which made the second most impressive jump (from 44 to 57).

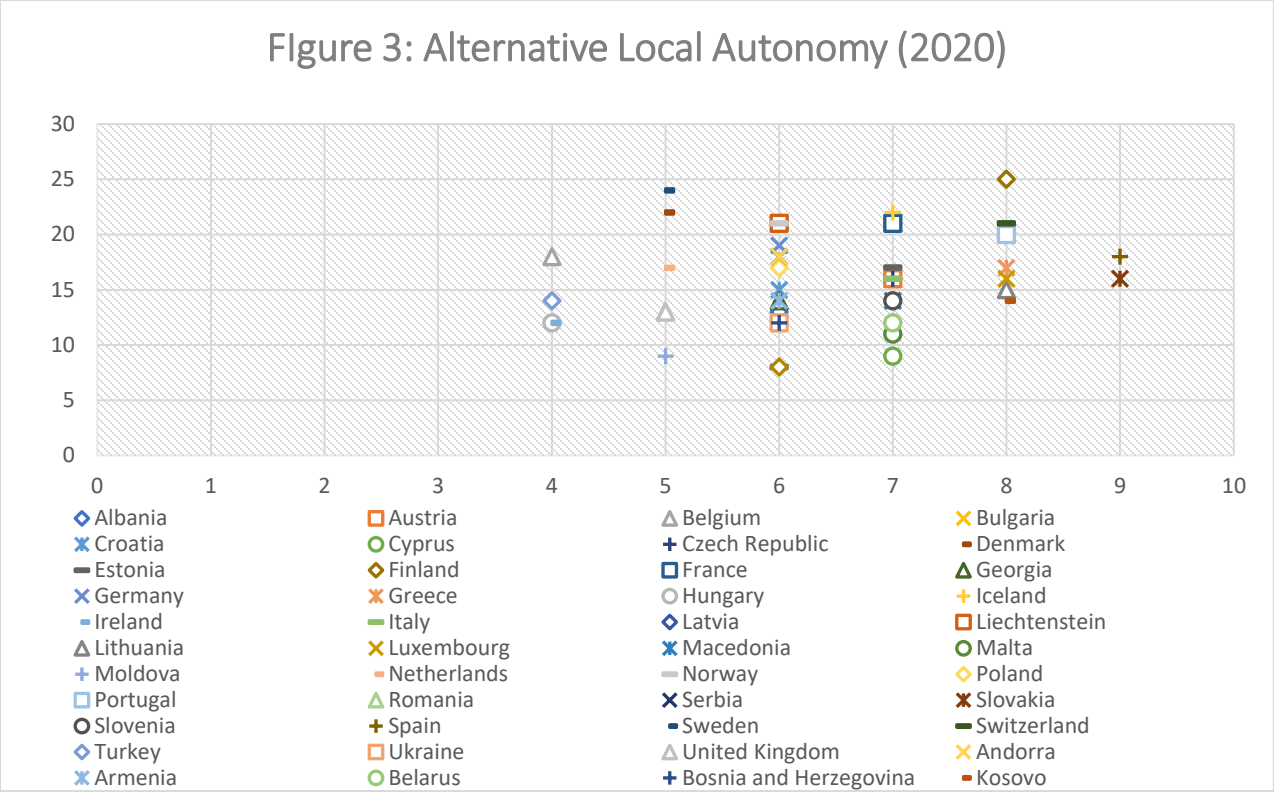


Table 2: The seven dimensions of local autonomy index in Armenia (2014 vs 2018 vs 2022)

Year	legal autonomy	organisational autonomy	policy scope	political discretion	financial autonomy	Non-interference	Access	Local Autonomy Index
2014	100	69	38	41	40	57	33	50
2018	67	69	50	50	28	57	33	48
2022	67	69	50	50	28	57	100	53

Discussion

So, what do we learn from these results? In order to generalise the results, and following the approach proposed by Shi (2018), we divided the variables into three groups: **administrative** (Institutional depth, Financial transfer system, Legal protection, and Administrative supervision), **service delivery capacity** (Policy scope, and Effective political discretion), and **fiscal** (Fiscal autonomy, Financial self-reliance, and Borrowing autonomy) with

Organizational autonomy simultaneously falling under administrative and service delivery capacity groups and Central or regional access treated separately.

Following Figure 1, our main findings are as follows: in terms of the first group, our results show that the reforms strategy has only touched two dimensions of the five included – and both have decreased (financial transfer system and legal protection). One dimension was below the European average. Others were equal but the two that had decreased were higher than the European average prior to the reforms. The findings were more enthusiastic regarding the second group, where two of the three dimensions had recorded an increase, and all three dimensions were equal to or slightly above the European average.

Finally, regarding the third group, and in line with the results presented by Swianiewicz (2014), for two of the three variables Armenia scored lower than the European average, and the only one that was equal had recorded no progress. In general, none of the three variables had recorded any progress, with fiscal autonomy consistently recording the lowest score, and borrowing autonomy the second lowest score. The fact that none of the variables in this group recorded an increase in the reported period, somewhat aligns this situation with the recommendation of Jones and Stewart (1982) regarding a multidimensional public finance reform.

And lastly, while Central or regional access was not included in any of the three groups, it is worth mentioning that here Armenia remained below the European average until a 2020 reform notably improved this dimension and put in above the European average. This is especially interesting keeping in mind that the aforementioned approach to local autonomy by Jones and Stewart was also respective of centre-local power dynamics.

Conclusions

And what are our main conclusions? This study confirms that while Armenia has made significant progress in increasing local autonomy between 2014 and 2022, it still lags behind the European average in several key dimensions. Enhanced fiscal autonomy and reduced administrative burdens are essential for further progress. When it comes to the current state of local autonomy across Europe, the main takeaway is that in most countries there have been minor to any changes over the last 30 years. Our suggestion regarding the fact that in a number of cases more than half of analysed countries did not carry out any local government reforms –aimed at either decentralisation or

centralisation of power – is in these countries reaching an optimal level regarding at least several dimensions of local autonomy.

Our assumptions and the two hypotheses regarding Armenia were accepted. We had hypothesised that local autonomy has increased in Armenia between 2014 and 2022, as a result of local government reforms. The numerous visualisations offered demonstrate the undeniable progress that Armenia made within this period in terms of different aspects of local autonomy and the LAI. Thus, the first hypothesis in confirmed.

Our second hypothesis was that Armenia was still behind the European average – and this is generally true. While Armenia has come closer to the European average in terms of local autonomy and even reached the European average for interactive rule, it is still significantly behind both in terms of local autonomy and the LAI score. Our reasoning that this could be explained by a lack of solid fiscal decentralisation reforms should be accepted as well. Of the three groups of variables discussed in the previous section, fiscal decentralisation turned out to be most helpful in this regard.

And what about our assumption regarding a reform strategy and the corresponding question of whether more autonomy has been, indeed, bestowed to communities in Armenia: has it actually been the case? A short answer is that it is yet to be seen. Firstly, one would need to keep in mind that despite similar or even identical designs, different countries have implemented reforms in quite different ways (Pollitt & Bouckaert, 2017; Musselin & Teixeira, 2014), and that policy learning is far from straightforward and rarely successful (Brynard, 2009), so the end results of among groups of countries could be substantially different from one another and/or from what was initially designed.

Additionally, while drawing any conclusions from these findings, one should keep in mind the Keuffer's conclusion, who, looking into whether increased local autonomy can facilitate reforms of the local government, stated that generally local autonomy has marginal if any impact on local reform initiatives (Keuffer, 2017). Thus, a substantial positive or negative growth in local autonomy would not directly lead to an increase/decrease in local authorities' capacity to carry out reforms or organise effective service delivery. Lastly, we suggest conducting a follow-up analysis within local governments of Armenia to assess the tangible impact of the aforementioned reforms.

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