



CAPSTONE

**FOREIGN AID AS A TOOL FOR PROMOTING
DEMOCRACY: ARMENIA'S EXPERIENCE**

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OUTLINE

- Introduction
- Literature Review
- Hypothesis and Research Questions
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- Conclusions and Questions for Further Research



INTRODUCTION

- Post-Soviet Armenia suffered through Karabakh Movement & Spitak Earthquake
- Since independence, Armenia has implemented different projects to revive certain sectors in its economy.
- No extensive research has been done to explore foreign aid and democracy building in Armenia
- This research will mainly focus on development aid



TYPES OF FOREIGN AID

Bilateral

- From one country to another
- Example: from Germany to Armenia

Multilateral

- Usually organized by international organizations
- Example: from World Bank to Armenia



FOREIGN AID AS A TOOL FOR DEMOCRACY

Mathematical Approach

- use equations and calculate the success rate of foreign aid

Country's Political Systems

- The less democratic it is, the more likely it is to receive aid to become one

Depending on the Donor

- China is a foreign aid donor but it is not intending to make its donors democratic country



HYPOTHESIS & RESEARCH QUESTIONS

- Hypothesis: Foreign aid has, to some extent, contributed to the development of institutions of democracy in Armenia.
- RQ1: How has foreign aid assisted to the development of democracy in Armenia?
- RQ2: Have the donors been on the same line with Armenia's definition of democracy when allocating aid to the country?
- RQ3: Have foreign aid agencies influenced or challenged Armenia's definition of democracy and its ways of implementing projects in this field?



METHODOLOGY

- Primary research
 - Interviews with Civil Society Organizations
 - Interviews with Donor Organizations
- Secondary data
 - Reports
 - Studies
 - Comparing statistics



INTERVIEWEES

- Donor Organizations
 - World Bank Armenia
 - European Union (EU) in Armenia
 - UK Embassy
 - USAID Armenia
 - Asian Development Bank in Armenia (ADB)
- Civil Society Organizations
 - Transparency International Armenia
 - Eurasia Partnership Foundation
 - Open Society Foundations
- Other Actors
 - International Center for Human Development (think-tank)
 - United Nations Development Program (UNDP) Kolba (Social Innovation Lab)



ARMENIA'S DEMOCRACY SCORE

Freedom House – 5.43/7

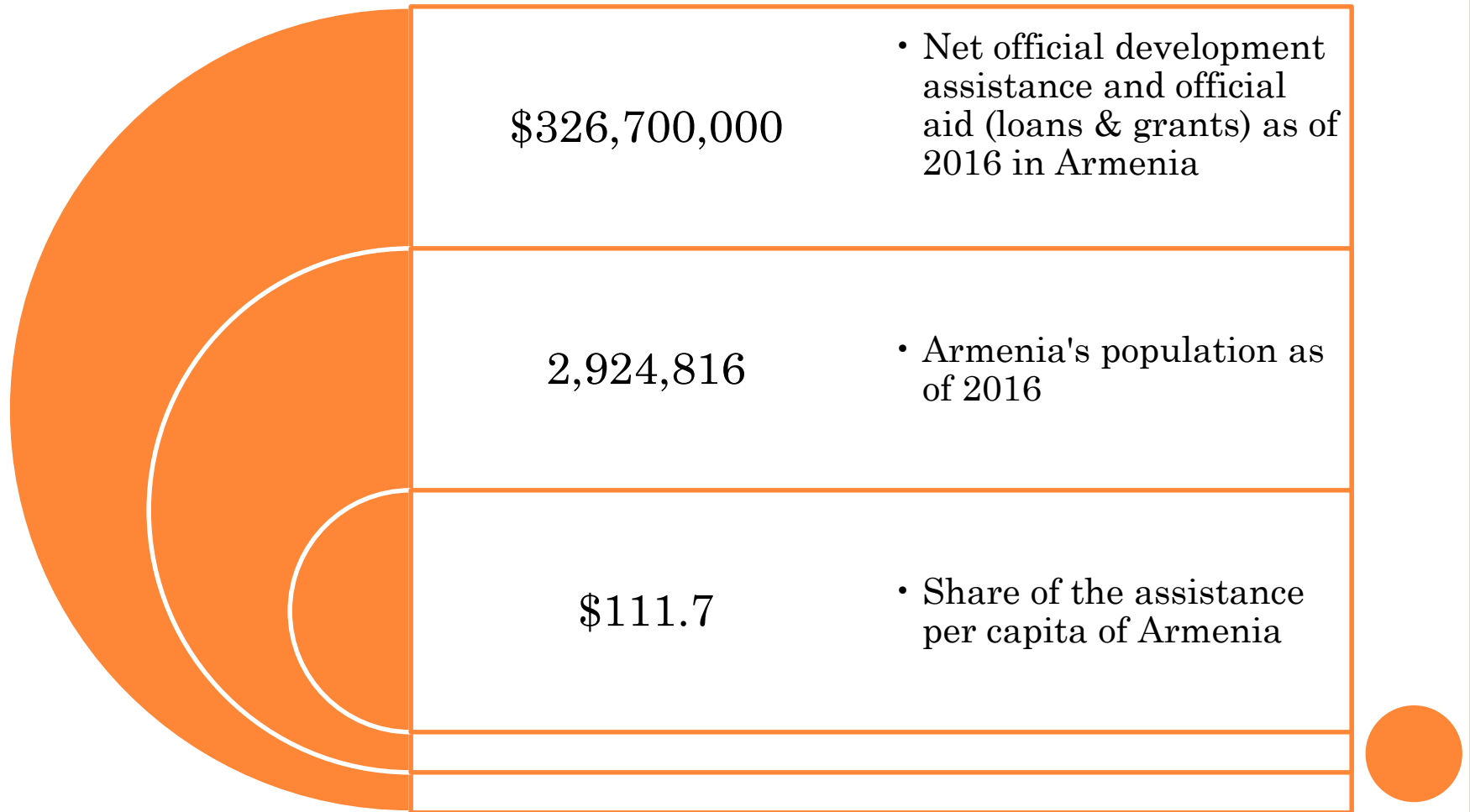
- 7=least democratic
- Civil Society Score – 3.75/7

The Economist – 4.15/10

- 1=Most Authoritarian
- Category of “Hybrid Regime”



FOREIGN AID SHARE PER CITIZEN

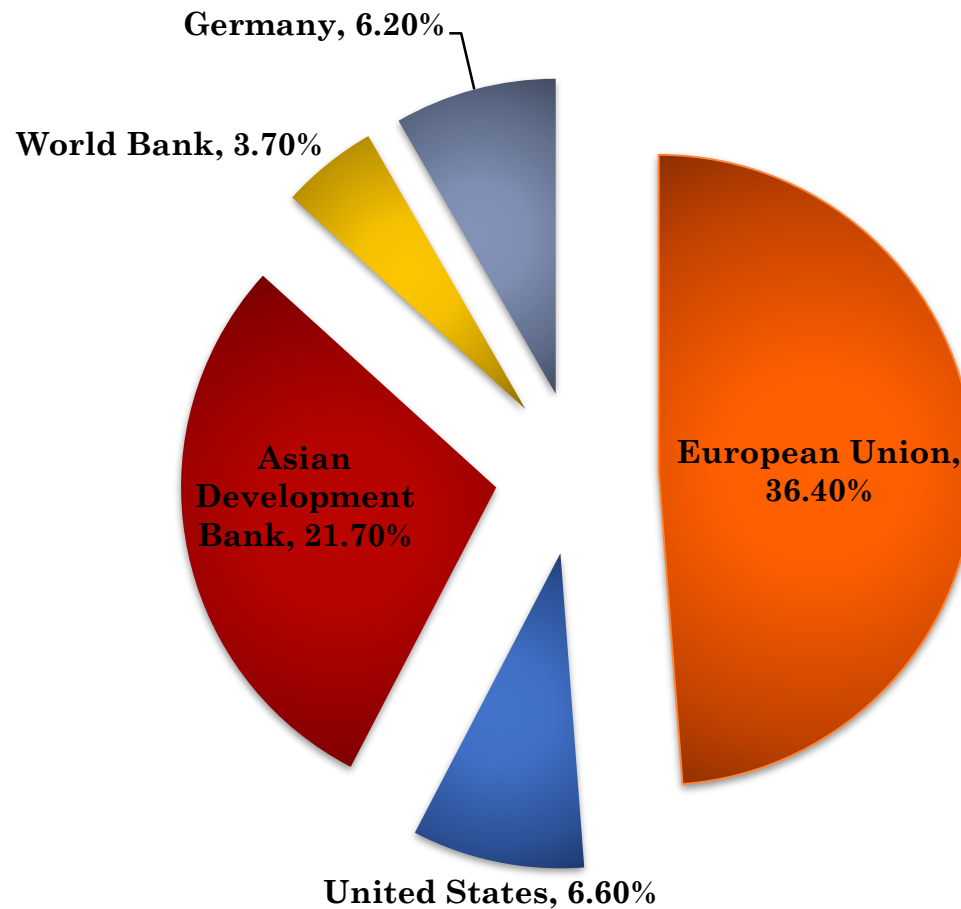


DRAWING COMPARISONS WITH OTHERS IN THE REGION

| Country | Gross Domestic Product (in USD) | Freedom House Democracy Score (1=most democratic, 7=least democratic) | Net ODA & Official aid (in USD) | Population | Share per capita (in USD) |
|------------|---------------------------------|---|---------------------------------|------------|---------------------------|
| Armenia | 10.572 bln | 5.36 | 326,760,000 | 2,924,816 | 111.7 |
| Georgia | 14.378 bln | 4.61 | 462,740,000 | 3,719,300 | 124.4 |
| Azerbaijan | 37.848 bln | 6.86 | 77,500,000 | 9,757,812 | 7.9 |



MAIN DONOR SHARE IN DEVELOPMENT ASSISTANCE FOR ARMENIA



MAIN SECTORS OF DISBURSEMENT BY DONORS IN ARMENIA



DO WE STILL NEED AID?

- Yes, we do!
- Foreign aid enables civil society to be independent and critical of the government
- It leads towards sustaining our “partly free status”
- However, the means of spending the aid should be revisited



MONITORING AND EVALUATION METHODS

- Numerical differences in economy development related projects
- Interim reports, visits to the projects by donors, end of project gatherings
- More challenging to measure are projects in fields such as peacebuilding, conflict transformation, civic participation
- These have longer term effects such as recent peaceful revolution in the country



WHAT COULD THE DONORS, CSOs AND GOVERNMENT HAVE DONE BETTER?

- Have better cooperation mechanisms among each other
- Civil society should think of better ways of self sustainability
- The government should think of investing the aid for bigger results
- Donors need to make their recipients more accountable – it is their taxpayer's money



LIMITATIONS

Political Instability in the Country

Interviewed Only Established CSOs


Lack of Time to Explore Every Type of Given Aid

HYPOTHESIS IS PROVEN AS CORRECT

**Foreign aid HAS, to
some extent,
contributed to the
development of
institutions of
democracy in
Armenia**



ANSWERS TO INITIAL RESEARCH QUESTIONS



It has contributed to establishing governmental and non-governmental institutions and systems in building the newly independent country

Foreign aid donors work on aligning with their beneficiaries' vision when allocating the money to the recipient

Agencies need results that will be sufficient to present to their respective countries' taxpayers or organization headquarters.

FINAL REMARKS

- As stated, the country should still receive foreign aid.
- However, with the newly appointed government, it will hopefully reach for more efficient use of foreign assistance
- Thrive for more instead of settling with what they have had until this moment.



QUESTIONS FOR FURTHER RESEARCH SHOULD BE:

- How can the development assistance be measured quantitatively?
- What spheres should the aid be allocated in the future for more effectiveness?
- How should government, civil society and donor organizations work together in consortium for better results?
- How should the foreign aid agencies prioritize their fund allocations for more tangible results?



SOME REFERENCES

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