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MAPPING STUDY



CSO ENGAGEMENT IN POLICY-MAKING AND MONITORING OF POLICY IMPLEMENTATION: NEEDS AND CAPACITIES

ARMENIA

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LIST OF ABBREVIATIONS

AMD	Armenian Drams	LSGB	Local Self-Government Body
CDPF	Civic Development and Partnership Foundation	LTD	Limited Company
CIS	Commonwealth of Independent States	MoU	Memorandum of Understanding
CSO	Civil Society Organisation	NA	National Assembly
CSF	Civil Society Forum	NGO	Non-Governmental Organization
CSR	Corporate Social Responsibility	NGOC	NGO Center
DA	Difficult to answer	PFCS	Professionals for Civil Society
EaP	Eastern Partnership	RA	Republic of Armenia
EU	European Union	SANAP	Support to the Armenian National Assembly Program
GDP	Gross domestic product	SO	State Non-Commercial Organizations
GoA	Government of Armenia	ToR	Terms of Reference
HDI	Human Development Index	UNDP	United Nations Development Programme
ICHD	International Center for Human Development	USAID	United States Agency for International Development
KAS	Konrad-Adenauer-Stiftung e.V.	USD	United States Dollars
LAAD	Legislative Agenda Advocacy Days	VAT	Value-added tax

EXECUTIVE SUMMARY

This study aims to identify and analyse civil society actors' needs and capacities to get involved in policy dialogue, as well as the way in which these actors can contribute to specific sectors' policy dialogues. The specific objective of the report is to provide an in-depth analysis of the CSO landscape in Armenia, their needs and capacities to get involved in policy dialogue. The report has been produced within the framework of the EU funded Technical Assistance project "Strengthening non-State actors' Capacities to Promote Reform and increase Public Accountability", implemented by a Consortium led by the Konrad-Adenauer-Stiftung e.V. (KAS).

Desk study of a number of publications and researches in CSO field, and analysis of data from empirical research conducted in the first quarter of 2014 were utilized for producing the report. The research consists of quantitative and qualitative components, including the results of interviews with 150 CSOs and 12 focus group discussions with local and international CSOs, state representatives, and experts in CSOs field.

In accordance with the main topics covered by the study the following findings can be highlighted:

Overview of CSOs in Armenia

Armenia has gone through different political, economic, and social developments in recent 20 years, including overcoming transition period, consequences of war conflict, earthquake, economic and social crisis. Corruption is considered one of the most significant problems of the country along with high emigration rates. At the same time, international reports assess civil society in Armenia as relatively high developed.

CSOs in Armenia include public organizations, foundations, legal entities unions, as well as non-formal groups and movements. There are over 5,200

public organizations, foundations, and legal entities unions registered as of October 2014, while experts estimate only 15 to 20 percent of registered organizations to be active. Many organizations are present only on paper, as many CSOs discontinue their activities after their projects are finished.

About half of registered CSOs are located in Yerevan, and the other half is almost evenly distributed among regions, with more CSOs in Shirak, Lori, Ararat and less in Aragatsotn and Vayots Dzor; rural CSOs compose a very small minority in Armenia while most of regional CSOs are located in central cities of regions. According to survey data, CSOs included in the sample are mostly active in the sectors of education, community development, social services, humanitarian assistance, and youth issues. More than one third of CSOs are active on the national level, while the number of regional and community-based CSOs accounts for almost the half of the sample.

Dependency upon international funds is still one of the major aspects of CSO financial vulnerability, as well as one of the reasons for low level of trust towards the sector. Lack of proper needs' assessment and mission-based strategy are accounted towards weak points of CSOs and serve as obstacles to gain public trust, facilitate effective policy dialogue and local fundraising. As for the strengths, the commitment of Armenian CSOs, their expertise and analytical capacities are mentioned, though it refers to professional skills of staff members rather than to institutional capacities of CSOs.

A special attention in the study is given to non-formal civic groups, which have recently gained a significant place in policy dialogue. Non-formal civic groups developed considerably after 2008, mostly in the sectors of ecology and public space protection. Civic activism is more notable in Yerevan, while there are also many active groups on community and regional levels that are not much covered by media and social networks. Many community groups have been established in the framework of international programs. Though



activities of non-formal groups are mostly short-term, these initiatives largely contribute to the culture of self-organization and to civic education of youth.

CSO legal environment

The legal framework for CSO activities is in general supportive, and the rights and freedoms of citizens to express their opinion, unite in associations, participate in assemblies and get information of public interest from state bodies is guaranteed by the Constitution. However, some constraints in this regard, particularly related to freedom of press and freedom of assembly, exist. CSO legislation is not strict in terms of registration and reporting for CSOs; however, a ban on providing paid services exists for public organizations, which is believed to be a major obstacle for ensuring CSO financial sustainability. Changes in legislation related to CSO types, registration, reporting and financial opportunities are expected in upcoming years after the Concept on CSO Institutional and Legislative Changes was approved by the government in 2014.

CSO relationship with other stakeholders

A range of policies, regulations, and bodies have been developed in the context of CSO-state partnership in recent years, though not all of these innovations are considered to be effective by CSOs. Collaboration with local authorities is rated higher than with the central government: several CSOs have established partner relations with local and regional governments. However, such collaboration is spontaneous and dependent on personal relations instead of being an institutional mechanism. Collaboration between CSOs and private companies is weak, which is conditioned by low trust toward CSOs, lack of communication between sectors and insufficient experience in private funding solicitation. Interactions with mass media play a key role in the PR activities of CSOs. Surveyed CSOs indicated a high score of collaboration with media, while noting that most often this collaboration means inviting media for their events, as well as involving them in the awareness raising or public campaigns. Mass media is more inclined to cover activities of CSOs they know well, and activities that are more visible and related to the topic of the day. Regional CSOs have established better collaboration with local media, usually entering into partner relations.

CSO financial sustainability

Financial sustainability is the problem number one for Armenian CSOs. The primary source of funding for Armenian CSOs is international organizations. According to the survey results, 75% of CSOs had international organizations and 14% – the state as their major funding sources in the last three years. Researches show that most state agencies do not have clear funding mechanisms and the grant allocation is not done on competitive basis, though some positive developments are noted in this regard. Membership fees and private donations also comprise a small portion of CSO funding. Lack of tax incentives for charitable donations and low trust towards CSOs are main obstacles to private funding. Paid services are almost non-existent as an income source mostly because of legislative limitations. Lack of financial sustainability hinders strategic development of Armenian CSOs, and negatively affects their institutional capacities thus having a negative impact on CSOs as participants in policy-making.

CSO participation and capacities in policy-making

Advocacy capacity of Armenian CSOs is rated the highest among all other institutional capacities according to the CSO Sustainability Index. CSOs demonstrate the ability to engage in policy dialogue, mobilize constituencies and organize advocacy campaigns but are not always successful in terms of impact. The successes observed are believed to be temporary solutions, while the root of the problem is often not solved. Moreover, CSOs indicate that they can be successful only where they do not harm interests of power holders, while protest movements and human rights groups may even face ignorance or pressure. At the same time, the progress is visible in terms of increased opportunities for CSOs to participate in policy formulation and monitoring, along with higher capacities on both sides – states' and CSOs' – to engage in effective policy dialogue.

Among opportunities for CSO participation in the policy dialogue on the institutional level the following are the most significant:

- Public consultations as a channel for the public to present its opinion regarding draft laws.
- Various MoUs between state structures and CSO networks

- Councils, working groups and other consultative bodies created within ministries and other state bodies

It often depends on the discretion of a particular state body whether efforts to involve CSOs in policy discussion will be made or not; as a rule, the draft policies and laws are posted on the website of corresponding bodies and CSOs should demonstrate proactive efforts to be involved in the discussion and present suggestions. Coalitions and networks are often more successful in bringing change and achieving success in advocacy activities. Environmental and disability-related coalitions have been more active in this aspect. Many successful campaigns by CSO coalitions have been funded by international organizations. Non-formal groups are successful in policy impact when they gain large public and media support.

Local self-government law identifies several participation opportunities for the public, including public hearings, participation in local council's sessions, and involvement in working groups. Community meetings serve as the most widespread form of public consultations. However, in present Armenian communities, public participation in most cases is limited to public awareness and consulting, while participation in and impact on decision-making largely depends on the pro-activeness and capacity of local CSOs, including organized community groups, as well as motivation of a particular local authority. In any case, an increase in CSO participation and impact on local decision-making can be noted in the recent 5 years. Community development programs implemented by various local and international organizations play an important role in creation of participation culture and in capacity-building of CSOs, local authorities, and citizens for effective policy dialogue.

The surveyed CSOs mention dissemination of information on specific issues as the most often used mechanism to influence state policies, then participation in assemblies, conferences, and discussions are named. Regional and local campaigns are also mentioned, but not often. The general trend is that CSOs are more involved in large scale activities with little impact on policies; however, awareness raising activities play their role in changing mentality and forming public opinion as well. Usage of online tools contributes to faster dissemination of information and larger involvement of people, especially youth, in public activities.

There is a significant difference between the answers of Yerevan-based and regional CSOs in terms of involvement in the policy dialogue. Only a few regional CSOs are regularly participating in regional and local councils and regional and community campaigns, while Yerevan-based organizations more often participate in the work of parliamentary committees and republican councils. These differences are explained not only by the location of organizations, but also by discrepancies in CSO capacities.

According to the research results when it comes to capacity development needs, CSOs prefer traditional format of trainings to e-learning. Yerevan-based CSOs indicate higher willingness to participate in e-learning courses. Finance management and fundraising, PR and communication, human resource management and leadership skills are the most requested topics in the organizational development area, while in policy-making, training on dissemination of information on CSO role in policy reforms is the number-one mentioned topic followed by the training on public monitoring and evaluation, role of Eastern Partnership in the reform process, and monitoring of public policies at all levels. Besides, the study highlights the need to develop accountability and visibility of CSOs to improve trust towards the sector, as well as applying strategic approach in organizational management, particularly in the fields of external relations, fundraising, and policy dialogue. The study concludes that CSOs should apply more efforts for building own capacities, develop their skills and train others to enlarge the scope of impact.



INTRODUCTION

This report has been produced within the framework of the EU funded Technical Assistance project “Strengthening non-State actors’ Capacities to Promote Reform and increase Public Accountability”, implemented by a Consortium led by the Konrad-Adenauer-Stiftung e.V. (KAS). The Consortium partner in Armenia is European Integration NGO.

The project is implemented within the EU’s Eastern Partnership programme, which aims to improve stability, good governance, security and prosperity of the EU’s neighbours in the East. Civil society actors play an important role in the EaP as they foster democratic values and human rights and hold governments accountable for their actions. Through helping civil society organisations (CSOs) to develop their advocacy capacity and ability to monitor reforms, the EU strives to broaden its partnership with societies in the EaP region and thereby support the democratic and economic development of the region.

The overall objective of the report is to identify and analyse civil society actors’ needs and capacities to get involved in policy dialogue, as well as the way in which these actors can contribute to specific sectors’ policy dialogues. The specific objective of the report is to provide an in-depth analysis of the CSO landscape in Armenia, their needs and capacities to get involved in policy dialogue.

It is expected that the report will serve as a tool for EU Delegation and other donors to understand the current civil society landscape more clearly, and based on this, to then define national and regional engagement with CSOs.

Basic concepts

Civil society is generally understood as an arena outside the family, the government structures and for-profit area, which is created by individual and collective actions, organisations and institutions to defend public interests¹. According to EU Policy Documents, **Civil Society Organization** is any legal entity that is non-governmental, non-profit, not representing commercial interests and pursuing a common purpose in the public interest². In this report, in line with the Armenian legislation, public organizations, foundations, and legal entities’ unions are included in the category of formal CSOs, while non-formal groups and movements are also considered as CSOs as long as they are formed as a collective effort to protect public interests.

Public policy term is used in this study for a system of regulatory measures, laws and other legal acts, as well as strategies and priorities that are adopted and/or discussed by the state. Inclusive public policy is aimed to ensure that the interests of all segments of society are considered. In Armenian, the same term is used for “policy” and “politics”. Though CSOs cannot participate in political processes as defined by law, they can participate in formulation, discussion, monitoring and evaluation of public policies, as usually CSO’s mission is closely related to specific sectorial policies.

Public Policy Dialogue is the interaction between government and CSOs at various stages of policy development process to encourage the exchange of knowledge and experience in order to have the best possible public policies³.

1 CIVICUS Rapid Assessment, 2014

2 ANNEX III SPECIFIC PROVISIONS related to “Research for the benefit of specific groups» http://ec.europa.eu/research/participants/data/ref/fp7/92973/annex3cso_en.pdf

3 Adapted from Code of Good Practice on Policy Dialogue, Developed by the Joint Accord Table of the Voluntary Sector Initiative, October 2002, http://www.vsi-isbc.org/eng/policy/policy_

One of the mechanisms to influence public policy is implementation of advocacy campaigns by CSOs and citizens in general.

Advocacy refers to non-violent activities designed to influence policies, practices and behaviour. It includes lobbying (non-violent by nature) and other activities that are not lobbying, but are non-violent and considered legal⁴. An **advocacy campaign** is a time-bound initiative that involves a process of managing information and knowledge strategically to change and/or influence specific policies and practices. The primary purpose of an advocacy campaign is to influence the policies and practices of government and multilateral institutions on a specific issue that affects the lives of the most vulnerable. **Lobbying** is a specific type of private or public advocacy, aimed to amend (adopt, cancel) a concrete law (or a part of it) or decree.

code.cfm, last retrieved on 25.11.2014

4 Manual on Advocacy and Policy Influencing for Social Change, Technical Assistance for Civil Society Organisations – TACSO Regional Office, 2011



METHODOLOGY

The following methods have been utilized to produce this report:

- 1) **Desk Study:** A number of publications and researches in CSO field have been analysed, including CIVICUS Civil Society Index, USAID CSO Sustainability Index, reports produced by several local CSOs, scientific works and available research data.
- 2) **Analysis of a field study data:** The data of the research conducted by SOCIOMETR independent sociological research center in the first quarter of 2014 was utilized as an empirical base for the report. The research included quantitative and qualitative components:
 - a) Quantitative survey involved 150 CSOs, selected through sampling layered by regions in proportion to the population size. The information on CSOs was collected through various Internet sources and through snow-ball method. Interviews were conducted in face-to face format. The questionnaire was developed based on the research question, and included both open-ended and closed questions. Before the survey, the questionnaire had been approbated and corresponding corrections made. Interviewers were trained appropriately as to get better understanding of each question and the survey in general. Each interview lasted from 20 to 70 minutes depending on the volume of the information provided.
 - b) Qualitative part of the survey included 12 focus groups, 2 of which were conducted in capital Yerevan and the others – in central cities of all Armenian regions. Both CSO and local government representatives were involved in discussions to provide different views on the questions discussed. In total, 111 CSO representatives and 10 local government representatives from 23 cities and towns of Armenia were involved. The focus groups were conducted based on guidelines including a set of questions, giving floor to discussion and exchange of opinion, and moderated by focus group facilitator. The duration of each focus group discussion was about 1.5–2.5 hours.

The survey data was processed through SPSS statistical software. The analysis included producing frequency tables for finding distributions of specific variables as well as cross-tabulations to compare and find links between different variables. Focus group data was analysed through grouping information into categories that are in the focus of research and extracting most interesting citations for illustrative purposes.

Methodological limitations

The desk study: In general, researches and reports published after 2010 were covered in this study; however, it is possible that minor changes have occurred after the study is published. Thus, several sources have been utilized where possible, and the desk study outcomes have been complemented with field study results. Another limitation of the desk study is the limitations of the reports themselves: the precondition that the data of the reports is valid and credible is applied thereof.

The field data: As there is no complete and comprehensive database of CSOs, the CSOs involved in the survey were found through different sources, and many contacts were not possible to reach. Thus, the sample included in the survey is not representing Armenian CSO community in scientific terms. Further, there is no accurate data on rural CSOs in Armenia: they are harder to reach as they often do not register with internet resources, while the research was conducted in central regional cities of Armenia only. To partly fill this gap, representatives of rural community groups were invited to focus group discussions.

OVERVIEW OF CSOS IN ARMENIA

Political, social and economic environment and CSO operation

Armenia is a small, landlocked, ethnically homogenous country, with about 3mln population. As all post-Soviet countries, Armenia passed through difficult political and economic transformation after independence in 1991. The transition period was aggravated by impact of 1988-earthquake and Karabakh war in early 90s, associated with blockade of borders, which led to shortage of energy and goods. Though the economic situation has significantly improved due to shifting to a market-oriented economy through reforms, external inflow of capital and remittances, Armenia is still characterized by low GDP and high poverty rates and described by World Bank as a low middle-income country⁵. In 2013, the poverty rate in Armenia was 32%, and average nominal monthly salary was 146,524 AMD (358 USD)⁶.

The unfavourable economic situation is deteriorated by corruption: Corruption Perception Index by Transparency International ranks Armenia 94th out of 177 countries, with a score of 36 on a scale from zero (highly corrupt) to 100 (very clean)⁷. Political and economic powers have been consolidated in the hands of the ruling elite and though there are a number of opposition parties, the reproduction of the power with little challenge on the side of opposition and general population is describing Armenia's current political reality. The recent report of Freedom House characterizes Armenia as Semi-Consolidated Authoritarian Regime, with dominance and control of resources by the ruling party⁸.

On the other side, human development indicators such as literacy and life expectancy are higher in Armenia as compared to neighbour countries. Armenia's HDI value for 2013 is 0.730 — which is in the high human development category—positioning the country at 87 out of 187 countries and territories⁹. However, Armenia is among the countries of ageing population with 10.6% of population aged above 65¹⁰. This trend is more alarming taking into account the growing number of young people leaving the country.

Migration is one of the most painful and critical problems in Armenia. According to the state statistical service, the net population migration has been negative for recent years and comprised -8.1 per 1000 people in 2013 which is the largest negative migration rate in the recent 5 years¹¹; the average annual estimated number of population of the age 15 and above, who emigrated over the period of 2010–2013 for 3 months and more and had not returned as of 2013, is around 25.7 thousand.¹²

Unemployment and poor social-economic conditions are reported as priority reasons for migration; however, in recent years, the situation of apathy and distrust, inability to protect own rights is frequently mentioned as an important driving force for emigration. According to the National Human Development Report on Armenia, people are becoming more likely to emigrate, more indifferent towards the future of the country, less likely to struggle for the country's development or against injustice and violations of law¹³.

5 The World Bank, Armenia Overview, <http://www.worldbank.org/en/country/armenia/overview>

6 Statistical Yearbook of Armenia, 2014, National Statistical Service of RA

7 Transparency International Corruption Perceptions Index 2013

8 Freedom House, Nations in Transit 2014: Armenia

9 Armenia HDI values and rank changes, Human Development Report 2014

10 Statistical yearbook of Armenia, 2014, National Statistical Service of RA

11 Statistical yearbook of Armenia, 2014, National Statistical Service of RA

12 The Demographic Handbook of Armenia, 2014, National Statistical Service of RA

13 National Human Development Report 2009: Migration and Human Development, UNDP Armenia



In this environment, CSOs have both challenges and opportunities for their operation. As noted by the participants of focus groups conducted within the framework of the study, difficult social-economic conditions, atmosphere of distrust and apathy may hinder CSO activities; though on the other hand, CSOs have more work to do and are more demanded in these conditions. *“The present conditions are exactly those conditions where a person with inner civic consciousness comes and takes up the role of civil society and starts an active struggle”* (CSO representative, Vanadzor).

CSOs, which participated in the survey conducted by SOCIOMETR, mention corruption as the most significant factor influencing Armenian civil society (see Table 1). Widespread poverty and economic crisis, as well as social/economic inequality and social crisis are next factors most often mentioned as influential for CSOs.

Table 1. To what extent the following factors influence Armenian civil society?

		very much	much	some	minor	none
1	Corruption	41,3	27,3	26,7	4,7	5,3
2	Widespread poverty	40,7	33,3	16,7	0,7	4,7
3	Economic crisis	36,0	36,7	18,0	0,7	4,0
4	Social/economic inequality	30,7	40,7	18,0	2,7	3,3
5	Social crisis	29,3	39,3	20,7	0,7	3,3
6	Public perception	29,3	32,7	23,3	4,7	4,7
7	Political stability	22,0	34,0	30,7	3,3	5,3
8	Excessive bureaucracy	21,3	27,3	30,7	7,3	6,7
9	Limited access to information	16,7	28,7	32,7	7,3	10,0
10	State harassment	14,7	26,0	29,3	10,7	11,3
11	Karabakh conflict	14,7	12,7	32,7	10,0	20,7

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

Public perception of CSOs is another factor that influences Armenian civil society: we will return back to this factor later in the report. Other factors that were considered important by most of surveyed CSOs were political stability

and excessive bureaucracy. Limited access to information and state harassment are less often mentioned as very influential though still significant for CSOs. These aspects will be touched upon in the next chapter of this report discussing civic rights and freedoms.

Finally, Karabakh conflict is considered as the least influential among the mentioned factors. Third of surveyed CSOs consider this factor as somewhat influential. It should be noted that though cease-fire was established in 1993, the conflict with Azerbaijan over the territory of Nagorno Karabakh is currently in the “frozen” stage. Despite several initiatives to resolve the conflict, the consensus between Armenia and Azerbaijan could not be reached, and periodical breaches of cease-fire take place on the border of neighbouring countries. The issue of Karabakh conflict is a substantial aspect influencing international relations policy of Armenia.

Intention of providing security for Armenian borders is believed to be one of the reasons for signing the agreement on joining the Eurasian Economic Union in October 2014, a very recent and noteworthy development in the political and economic life of the country. Despite preparations to sign the Association Agreement with the EU before 2013, Armenia has changed its political course towards Russia, as was announced by the RA president in September 2013. This announcement produced numerous concerns, protests, discussions and debates; however, there was no opportunity for public or CSOs to appeal or challenge this decision before further steps toward signing the document are taken. A month after signing the document, Armenian National Platform of EaP CSF issued a statement expressing its concern that Armenia will lose its sovereignty as a country, and stating that “Armenia is joining a Union, whose members are authoritative, not democratic states, where violations of human rights and freedoms are widespread”¹⁴. Participants of the focus group conducted in the framework of this study also expressed their concern about expected changes: *“There is an explicit pressure on CSOs after September 3rd. Reproduction of Russian legislation and practices, which is not the best model of civil society, together with Kazakhstan and Belarus, which represent closed societies, which initiate only prohibiting and closing measures: if we pursue this direction, then we are moving towards a closed society”* (CSO representative, Gyumri).

¹⁴ Statement of the EU EaP Armenian National Platform on Armenia’s Accession to EEU, November 10, 2014, <http://eaparmenianews.wordpress.com/2014/11/11/issue-194/>

Given all the above-mentioned political, economic, and social developments, international reports assess civil society in Armenia as relatively high developed. According to Freedom House report, “Armenia’s civil society remains active, diverse, and independent”, and is rated the highest among other democracy indicators (3.75 on a scale from 1 to 7 where 1 is the highest)¹⁵. USAID CSO Sustainability Index for Armenia is 3.9 (on the scale 1-7 where 1 is the highest), which is the second highest index in the CIS region after Ukraine¹⁶.

CSO types and basic regulations

The development of CSO sector in Armenia mainly started in post-Soviet period. After 1988, CSOs were growing spontaneously to provide solutions for harsh social, economic and humanitarian needs, deterioration from earthquake, war situation and independency. On the other hand, vast investments of international development and humanitarian organizations and grant funds contributed to boost of CSOs and defined their missions in accordance with external incentives rather than local needs.

In Armenian reality, CSOs in Armenia include public organizations, foundations, legal entities unions as defined by law, as well as non-formal groups and movements which are not regulated by special law but their activities are based on various legal provisions on freedom of assembly, association, etc.

Public organization is a membership based organization where members’ assembly is the supreme decision-making power. According to the law, only physical persons can establish a public organization in order to satisfy their non-religious spiritual and other non-material needs; to protect their and other persons’ rights and interests; to provide material and non-material assistance to the public or specific social groups and carry out other activities for public benefit¹⁷. Article 4 of the Law on Public Organizations describes main principles of NGO activities, including legality, publicity, voluntary membership, equality of members’ rights, self-governance and joint leadership.

Foundation is a non-commercial organization, which is established based on voluntary contributions of property on behalf of citizens and (or) legal persons, and which does not have members and pursues social, charitable, cultural, educational, scientific, public health, environmental or other public benefit goals¹⁸. Foundations are governed by Board of Trustees.

Legal entities unions are created both by commercial and non-profit organizations to coordinate their activities, present and protect their common interests¹⁹. As a rule, the decision-making body in these unions is the Council composed of leaders of the member entities.

Non-formal civic groups and movements are most often organized around a specific issue of public interest or as a community group focused on the development of a specific community. They are not registered and their membership is not formalized.

According to the Ministry of Justice, there were 4,066 public organizations, 902 foundations, and 296 legal entities unions registered as of 1 October 2014²⁰. Experts estimate only 15 to 20 percent of registered organizations to be active²¹. One of the explanations of this situation is that unlike companies, CSOs may have neither budget nor staff for years but still not be dissolved; thus, many organizations are present only on paper. On the other hand, many CSOs are created and function only within a project and discontinue their activities after the project is finished.

About half of registered CSOs are located in Yerevan, and the other half is almost evenly distributed among regions, with more CSOs in Shirak, Lori, Ararat and less in Aragatsotn and Vayots Dzor²². Though there is no statistical data on urban and rural distribution of CSOs, according to reports in the

¹⁵ Freedom House, Nations in Transit 2014: Armenia

¹⁶ 2013 CSO Sustainability Index for Central and Eastern Europe and Eurasia, USAID, June 2014

¹⁷ RA Law on Public Organizations, art. 3.1

¹⁸ A Law on Foundations, art. 3.1

¹⁹ RA Civil Code, art. 125

²⁰ Report on the statistics of organizations registered with State Register of Legal Entities within the Ministry of Justice, http://moj.am/storage/files/legal_acts/legal_acts_1224865184711_stat2014-10_1_.pdf

²¹ CSO Sustainability Index 2013

²² Report on the statistics of organizations registered with State Register of Legal Entities within the Ministry of Justice, http://moj.am/storage/files/legal_acts/legal_acts_1224865184711_stat2014-10_1_.pdf



field and expert estimations, rural CSOs compose a very small minority in Armenia while most of regional CSOs are located in central cities of regions.

According to the Law on Public Organizations, the interference of state bodies and local self-governance bodies and their officials in the activities of an organization is prohibited, except for cases stipulated by law²³. At the same time, state bodies can create non-commercial State Organizations (SO), which are regulated by law. These organizations can be established by the government only, which has an ultimate power over the decisions made in the organization. An authorized state body carries out the general management of SO, appoints the executive body, ensures its day-to-day operation and takes responsibility for implementation of the activities²⁴. As a rule, the authorized bodies are ministries or state agencies to which SOs are attached and the activities of a specific SO serve the purposes of development, implementation and monitoring of its managing ministry or agency policy. SOs usually provide services in spheres of health, education, culture, research, etc. that are similar to those provided by public organizations. Besides, all state educational and cultural establishments (schools, universities, museums, theatres, etc.) are registered as SOs. State organizations are funded primarily by state but can also seek other funding sources such as grants, donations, or fees from paid services. In the current report, we do not consider SOs as civil society organizations as the definition of CSOs implies their non-governmental nature.

However, though we qualify foundations as CSOs, it should be said that unlike public organizations, foundations can be founded by the Republic of Armenia and its communities²⁵. There are several major foundations established by the state via decrees and funded primarily by state funds: state officials are often present in the Board of Trustees of these foundations. In these terms, state founded foundations are similar to state non-commercial organizations. However, as the current legislation does not make any distinction between state-founded and other foundations, foundations in general are considered in this report as CSOs regardless of their founders.

Apart from foundations and SOs established by state, there are numerous foundations and public organizations in Armenia that are not registered as

23 RA Law on Public Organizations, art. 5.4

24 RA Law on Non-Commercial State Organizations, art.14

25 RA Law on Foundations, art. 12.3

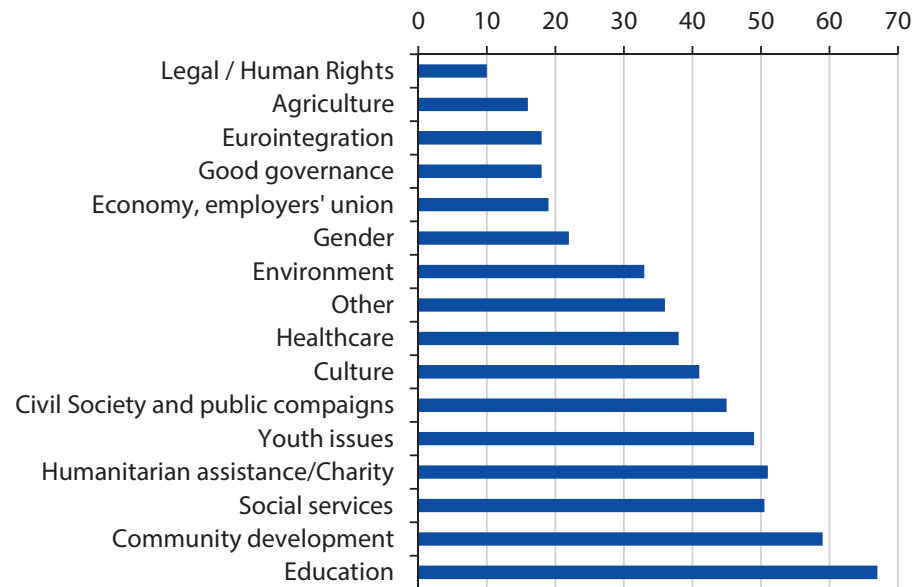
state-founded or state organizations but have been founded and/or are managed by an official, or have a state official in their Board, and several organizations are believed to be managed by government officials' affiliates. These CSOs can be referred to as "governmental NGOs" (GoNGOs), and they receive significant portion of the state funding. A practice of using GoNGOs as substitutes for human rights and advocacy organizations for providing positive feedback in various policy discussions and election monitoring is noted by CSOs as a negative trend that undermines CSO image and role.

Areas and types of CSO activities

There is no complete database on Armenian CSOs where their activity areas, goals and other information are compiled. Thus, the survey data with the sample of 150 CSOs may provide basis for getting a general understanding of the areas and types of activities of Armenian CSOs.

The areas of activities of CSOs in sample are as follows:

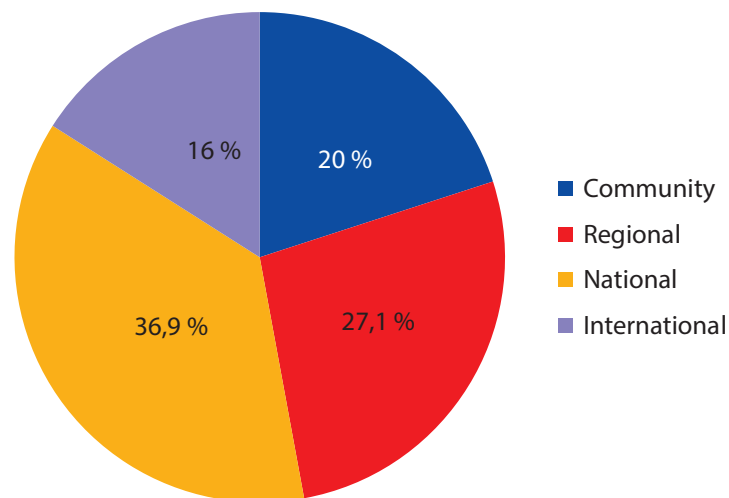
Figure 1. **Areas of activities of surveyed CSOs (%)**



Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

Distribution of CSOs by activity levels shows that more than one third of CSOs are active on the country level, while the number of regional and community-based CSOs accounts for almost the half of the sample. 24 organisations implement their activities on international level.

Figure 2. **CSO activity level (%)**



Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

CSOs organize different types of events throughout their work, such as meetings, trainings, press conferences, etc. These types of activities are most commonly mentioned among CSOs. 12.7% of CSOs provide services to various social groups. Among the activities related to participation in policy making and monitoring, the following data shall be pointed out: 8% of CSOs implement monitoring and observation, 4% organize petitions and write claims, and 3.3% implement lobbying. Personal meetings and researches may also be considered as potential tools for participation in policy making: each of these activities have been reported by 6% of CSOs.

Table 2. **Types of CSO activities**

Activity	%
1 Meeting, conference, forum, round table, discussion	58.1
2 Training, seminar	40.7
3 Development of draft laws, programs, projects	22.0
4 Awareness raising, media coverage, media campaign, press conference	16.7
5 Providing assistance, social services, fundraising	12.7
6 Monitoring, election observation	8.0
7 Pilgrimage, expeditions	8.0
8 Research	6.0
9 Face-to-face meetings	6.0
10 Consultations	6.0
11 Cultural center, club, sections	5.3
12 Petitions, letters, requests	4.0
13 Lobbying	3.3
14 Other	8.0

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

Most often mentioned stakeholders/beneficiaries are youth, children and women. Half of the CSOs involve general public in their work, and 22% – other CSOs. 30% of CSOs has mentioned state structures and local self-governance bodies among their stakeholders.

Table 3. **CSO stakeholders/beneficiary groups**

Group	%
1 Youth	46.7
2 General population	44.7
3 Children	36.0
4 Women	26.0
5 CSOs	22.0
6 LSGB	17.3



7	State bodies	12.7
8	Private sector	12.7
9	Elderly	12.7
10	People with disabilities and their families	12.7
11	Vulnerable groups	5.3
12	Rural households	2.7
13	Refugees, prisoners of war, court prisoners	2.0
14	Consumers	1.4
15	Other	4.7

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

CSO organizational capacities

Armenian CSOs continue developing their organizational capacities; however, according to a number of researches in the field, most of Armenian CSOs are in developing stage of their existence. Governing body not fulfilling its functions in full value, strategic planning not being conducted properly, and lack of financial sustainability and relevant capacities – all of the above serve as main obstacles to CSO organizational development in general. CSO staff is hired on project basis, as most of the CSOs do not have funding for full-time staff. According to the research, more than one third of surveyed CSOs did not have staff at the moment of interview, while another third had up to five employees.

Table 4. **How many staff members are there in organization at the moment?**

number	%
0	36.7
1-5	34.0
6-10	14.0
11-15	10.7
16 and more	4.7

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

Many CSOs rely on volunteer work, while non-formal groups are based exceptionally on volunteer members. The survey shows that unlike paid staff, there are only 14.7 CSOs that do not have any volunteers, while most of them have more than 10 volunteers.

Table 5. **How many volunteers are there in organization at the moment?**

number	%
0	14.7
1-10	34.0
11-20	20.7
21-40	13.3
41 and more	17.4

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

CSOs mention that they have to produce significant amount of work deliverables with little resources and one staff member often performs diverse roles in the organization. Lack of human and financial resources makes CSOs focus more on services and projects and less on own capacity development, including management system, strategy development, needs assessment, public relations. As to the strengths, the commitment of Armenian CSOs and their involvement, expertise and analytical capacities are mentioned²⁶.

Armenian CSOs are strong first of all due to their leaders' and members' skills rather than institutional development which make them vulnerable as an organization. On the other hand, dominance of funding from international sources makes Armenian CSOs first of all follow donor priorities and be accountable to donor rather than community. In this situation, long-term planning and setting own priorities become difficult, resulting in disregard of own development needs and low level of trust toward the sector in general.

Non-formal groups

Civil movements per se have been developed in Armenia since late 80s, starting primarily with ecological causes. Non-formal civic groups developed

²⁶ Risks and Opportunities for the NGO Sector in Armenia, Transparency International Anticorruption Center, Yerevan, 2011

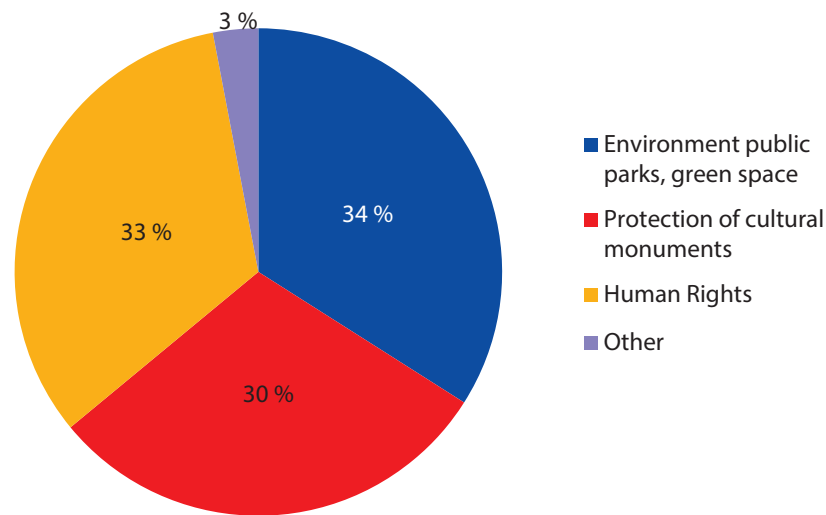
significantly after 2008, with ecological and public space movements. Wide usage of social networks by Armenian youth contributed to dissemination and activation of non-formal movements. Many initiatives took place in social networks, mostly Facebook. Persons involved in the movements are more known in public as “civic activists”.

The following areas of non-formal movements can be specified²⁷:

- protection of public space and cultural monuments
- human rights protection
- ecological issues
- social issues

In her work “Civil Society, Development and Environmental Activism in Armenia” Dr. Armine Ishkhanian specifies the following types of civic movements in Armenia:

Figure 3. **Areas of activities of non-formal groups**



Source: Ishkhanian A., Civil Society, Development and Environmental Activism in Armenia. Yerevan, 2013

According to Ishkhanian, 80% of civic movements were initiated in Yerevan, 17% – in other cities, and 3% have undefined location (mostly online)²⁸.

Certainly, civic activism is more notable in Yerevan. At the same time, there are active groups on the community and regional level that are not much covered by media and social networks. For several years, USAID has funded capacity development and small projects of youth and community clubs, as a result of which many community and youth groups have been active in local policy development, non-formal youth education and leisure organization. Similar groups were organized within the framework of EPF Youth Bank program, JMF Civic Dialogue and Action program. The groups established through projects may be considered more vulnerable when compared to spontaneous self-developed groups, as they are more inclined to fade when external support is stopped. However, they play a significant role in boosting up changes in communities and upbringing new generation with civic consciousness. At the same time, any civic initiative is more issue-based and aimed at specific goal, and, thus, short-term. Non-formal groups sometimes become registered organizations with long-term mission; in case of split up many of their members join other CSOs.

²⁷ Tadevosyan A., Civic Initiatives and New Technologies in Armenia, Yerevan, 2013 (in Armenian)

²⁸ Ishkhanian A., Civil Society, Development and Environmental Activism in Armenia. Yerevan, 2013



CSO LEGAL ENVIRONMENT

General rights and freedoms related to CSO operation

The right to create public associations in Armenia is provided by Constitution. According to article 28 of RA Constitution, “Everyone shall have the right to freedom of association with others, including the right to form and to join trade unions”. Paragraph 4 on Public Associations in Chapter 5 “Legal Entities” of the Armenian Civil Code includes provisions on public organizations, foundations, and legal entity unions as the three types of legally registered non-commercial public associations. There are no specific provisions related to non-registered associations: non-formal movements and groups are rather regulated as groups of individuals that shall comply with legal provisions in general.

Throughout their advocacy campaigns and other initiatives, CSOs use their right to freedom of peaceful and unarmed assembly which is provided in the article 29 of RA Constitution. The Law on Freedom of Assembly was adopted in 2011 and includes regulations on organization, notification, and termination of assemblies. According to this law, to conduct a public assembly, the organizer shall give written notification to the local community head, except for assemblies with up to 100 participants, urgent and spontaneous assemblies. The purpose of notification is to ensure that the state can take the measures necessary for securing the natural and peaceful course of the assembly, as well as take necessary measures for protecting the constitutional rights of other persons and the interests of the public. The notification shall be presented beforehand, but not earlier than 30 and no later than 7 days before the event²⁹. When discussing the notification on conducting the assembly, local authorities shall also consider the opinion of Police, and in some cases – if the assembly is planned to be conducted nearby cultural or historical monuments – the

opinion of the Ministry of Culture. If, as a result of consideration, the local authority intends to propose conditions for conducting the assembly, apply certain limitations on the assembly, or prohibit the assembly, it shall conduct hearings to come to a final decision. There are few cases when authorities prohibit assemblies; however, there have been several cases when they suggested to postpone the event or change the venue justifying that other events are planned in the same date or venue. According to the CSOs interviewed, they do not see many obstacles in the area of organizing public campaigns. 60% note that there are no such obstacles, 8% mention that there are obstacles, while 31.7% cannot answer. Those who find there are obstacles mention limitations imposed by Law on Assembly and cases of LSGB not allowing meetings; at the same time, about half of them do not mention any specific obstacles. Focus group outcomes shed more light to the limitations of freedom of assembly, indicating cases when people from regional communities were not allowed to leave for Yerevan to participate in assemblies (usually organized by opposition parties) via different methods – from blocking the road by police to threatening employees of state-funded organizations. Several incidents of violent treatment of participants of protest actions by police took place in recent 2-3 years and were reported by local media and human rights organizations.

Civic activities are also regulated by the right to freedom of expression and speech, including “freedom to search for, receive and impart information and ideas through any means of information regardless of the state frontiers”, as well as “the right to submit letters and recommendations to the authorized public and local self-government bodies for the protection of one’s private and public interests and the right to receive appropriate responses to them in a reasonable time”³⁰.

29 RA Law on Freedom of Assemblies, adopted on 14.04.2011

30 RA Constitution, art. 27 and 27.1

Law on Freedom of Information was adopted by the parliament in 2003, to regulate the procedures, ways and conditions to get information. In particular, it defines that each person has the right to address an inquiry to information holder to get acquainted with and/or get the information sought by him as defined by the law. At the same time, information holder at least once a year publicizes information related to its activity and/or changes to it, including provided services, budget, personnel, impact on environment, procedure of accepting citizens, etc. The response to a person's written inquiry shall be given within 5 days after the application is filed. If additional work is needed to provide the information required, than the information is given to the applicant within 30 days after the application is filed, about which a written notice is being provided within 5 days after the application submission, highlighting the reasons for delay and the final deadline when the information will be provided³¹. Each quarter "Freedom of Information Center of Armenia" NGO produces a black list of officials and institutions that infringed people's right to access to information. According to their reports, in 2012 the number of unanswered inquires of the NGO decreased twice, dropping to 15.6%, compared to 35% recorded in previous years. Besides, as they state it, if "previously the officials tended to avoid providing information that could have shown their institution at a disadvantage, and left the information inquiries unanswered", currently, "in response to "problematic" information inquiries the officials prefer to provide incomplete, evasive and unessential responses, rather than leaving them unanswered"³².

According to Armenian Constitution, freedom of expression also means that everyone shall have the right to freely express his/her opinion. No one shall be forced to recede or change his/her opinion³³. Armenian CSOs are free to express their opinion via statements, speeches, publications, disseminated through electronic or printed resources. They can also use the resource of mass media.

Freedom of mass media and other means of mass information are guaranteed by the Constitution. The state shall guarantee the existence and activities of

an independent and public radio and television service offering a variety of informational, cultural and entertaining programs³⁴.

According to the Freedom House report, despite constitutional and legal guarantees, press freedom in Armenia is restricted, and the media environment remains dominated by political influence³⁵. A number of defamation cases are periodically initiated against media companies, mostly by politicians, and compensation for libel is sought. Committee to Protect Freedom of Expression NGO reported about 44 cases of violence against journalists in the first half of 2014, including 5 cases of physical violence, 29 cases of persecution of media representatives and journalists, and 10 cases of violation of the right to obtain and spread information³⁶.

Media diversity is also limited by license regulations for TV and radio stations. As it is put in the Freedom House report, most of the dominant media are controlled by the government or government-friendly individuals. Print media is more pluralistic; however, it often tends to reflect the political and ideological views of their owners and does not provide balanced views. Online media is more independent and provides diverse views and the size and popularity of online media is increasing. The internet penetration rate was 46 percent in 2013 and there are no limitations on access to internet³⁷.

Organizations interviewed in the research of SOCIOMETR mostly assess the situation of ensuring basic civil rights and freedoms in Armenia as good or satisfactory, while about third of them consider the situation with civic rights and freedoms as bad or very bad.

31 RA Law on Freedom of Information, art. 6-9

32 Freedom of Information Center of Armenia website: White and Black Lists, Criteria, <http://www.foi.am/en/criteria/>

33 RA Constitution, art. 27

34 RA Constitution, art. 27

35 Freedom House, Freedom of the Press 2014: Armenia

36 Report of the Committee to Protect Freedom of Expression on the Situation with Freedom of Speech and Violations of Rights of Journalists and Media in Armenia: First half of 2014

37 Freedom House, Freedom of the Press 2014: Armenia



Table 6. **How would you assess the situation in Armenia in the following aspects? (%)**

	very good	good	satisfactory	bad	very bad
1 Civil rights and freedoms in general	0	12,7	44,7	30,7	4,7
2 Freedom of assembly and association	2,0	16,7	46,7	25,3	2,7
3 Freedom of speech	12,0	18,7	42,0	18,0	2,0
4 Access to any information of public interest on the local government level	0,7	18,7	37,3	30,7	6,7
5 Access to any information of public interest on the national government level	0	13,3	37,3	36,7	4,0

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

At the same time, as compared to general situation with rights and freedoms, implementation of specific rights is assessed better: more than 65% of respondents assess freedom of assembly and association to be in the range of “satisfactory – very good”, with 28% assessing it as “bad”. The freedom of speech is more often rated as “good” or “very good” – 30.7%, “satisfactory” – 42%, and 20% of the respondents assessed the implementation of this right as “bad” or “very bad”. Access to information is rated lower: 50.6% of the respondents find that access to any information of public interest on the national government level is “satisfactory” or “good”, while 40.7% think it is “bad” or “very bad”. Access to information on local government level is rated relatively higher: 56.7% rated it as “good”, “very good” or “satisfactory”, and 37.4% think it is “bad”.

Regulations on CSO registration and operation

Establishment of registered CSOs (referred in legislation as public associations) is regulated by RA Civil Code. As mentioned above, there are three main types of formal public associations provided by the current legislation – public organizations, foundations, and unions of legal entities. Public

organizations and foundations are regulated through special laws, while the registration and activities of unions of legal entities is covered by Civil Code. In addition, RA Law on Charity introduces the concept of **charitable organizations** – organisations (registered either as public organisations or foundations) which carry out charitable activities and shall include the word “charitable” in their name³⁸. Non-formal organizations are not regulated by law and may operate freely as long as they do not conduct financial operations.

In September 2009, the government adopted a new draft Law on Public Associations, developed by the Ministry of Justice and further presented to National Assembly. However, the amendments had not been circulated for discussion among CSOs, and public organizations initiated a campaign against the new draft. As a result, the draft was revised several times, and the last version of the draft law gained wider consensus among CSOs. However, its adoption in the parliament was postponed because of further developments. Particularly, due to the large-scale discussions and improved collaboration between Ministry of Justice and CSOs, further revision of the CSO legal regulations was initiated. The joint working group composed of representative of the Ministry, local and international organizations produced a Concept of Institutional and Legal Improvements of Public Organizations which was further widely discussed among interested parties. The Concept was finalized and adopted by the Government in late September 2014. It is expected that a range of legal amendments will follow to adopt significant changes in regulations on CSO types, registration, reporting and financial opportunities.

Registration

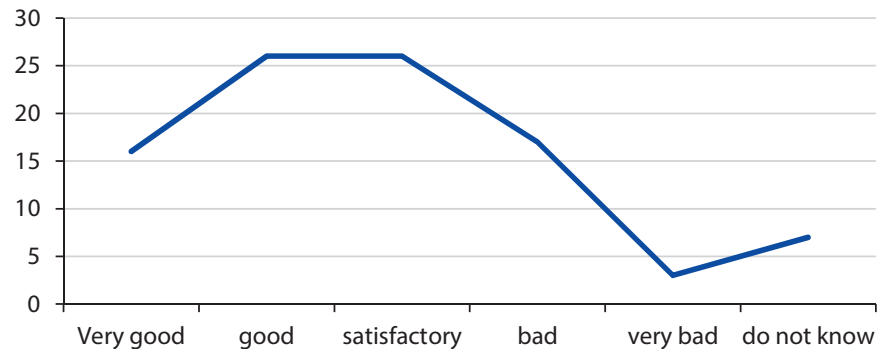
Formal CSOs register with State Register of Legal Entities within the Ministry of Justice. The State Register must respond to registration applications within twenty-one days. At present, CSOs have to present their registration documentation in person, in Yerevan. This creates additional difficulties for regional CSOs, which have to visit Yerevan several times, spend additional time and bear transportation expenses. The State Register often requests either additional information to be provided or changes to be made to CSO charters throughout the registration process (if there are disparities with legal provisions); changes also may be requested regarding registering organiza-

³⁸ RA Law on Charity, art. 11

tion's name (if it does not comply with legal provisions or repeats the existing name of another organization).

CSOs involved in the survey assess CSO registration procedure mostly as good or satisfactory, while about 19% consider it bad or very bad.

Figure 4. **How would you assess the CSO registration process in Armenia? (%)**



Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

CSOs that participated in focus group discussions mention that the main obstacle for registration process is necessity to visit Yerevan for regional organizations as well as several back and forth processes in document review.

The CSO Sustainability Index report mentions that CSOs report less bureaucracy in registration process in 2013³⁹. It is expected that online registration system will be available to CSOs in the near future as the provisions on it exist already and only technical issues have to be solved.

Public organizations can be founded by two or more persons. Foundations can be also established by legal entities. Unions of Legal Entities can be established exclusively by legal entities.

Governance

The governing and supervisory body of a Foundation is Board of Trustees, the members of which cannot serve as staff member and get payments for their work⁴⁰. Sessions of the Board of Trustees are gathered by the president of the board at least once a year⁴¹.

For public organizations, Assembly of Members is its supreme body, which has the authority to make the final decision on any matter concerning the activities of the organization. The meeting of the assembly is held at least once in four years⁴². A representative body, such as board of directors, can manage the organization in between the meetings if it is stipulated by the organization's charter. There are no limitations for the board members to be contracted as a paid staff member.

Reporting

The requirements for inventory and reporting are stricter for foundations as compared to public organizations. Administrative costs of foundation cannot exceed 20% of general annual expenses. Besides, within 6 month following the end of each fiscal year, the foundation has to publish its financial report and information about its activities in mass media that publish information about state registration of legal persons. This information shall cover implemented projects, sources of funding, the total amount of financial means used in the fiscal year and the amount of administrative expenses, the usage of property, names of board members, manager, etc.⁴³ If the value of the foundation's actives exceeds 10 million drams, then the audit conclusion should also be published.

The reporting requirements for public organizations are less demanding. As stipulated by law, the organization is obliged to submit for approval to a general meeting of organization reports on its activities and on utilization of its property, not less than once in two years, guaranteeing the publicity of those

40 RA Law on Foundations, art. 22

41 RA Law on Foundations, art. 26.4

42 RA Law on Public Organizations, art. 14.2

43 RA Law on Foundations, art.39

39 CSO Sustainability Index Armenia 2013, CDPF/USAID, June 2014



reports⁴⁴; however, the ways of ensuring the publicity are not specified. More developed organizations usually publish annual reports or post such information on their websites, though such organizations do not exceed a few tens.

Funding

According to the Law on Public Organizations, the property of these organizations comes from membership fees, grants, donations, activities carried out in the manner prescribed by the law, and from other sources not prohibited by the law, including foreign ones⁴⁵. The public organization cannot carry out entrepreneurial activities, including paid services, though may engage in entrepreneurial activities through creating a commercial organization or through participating in one⁴⁶. Unlike public organizations, foundations' property can come from both grants and donations and funds received from entrepreneurial activities carried out by the foundation, or commercial organizations that were created by the foundation or to which the foundation participates⁴⁷. At the same time, entrepreneurial activities shall fit within foundations' purposes and be prescribed by the charter.

There are no tax deductions for LTDs founded by public organizations or for foundations on the income they have from paid services. Foundations with annual incomes of over 58.3 million AMD (approximately \$144,000) must pay VAT at the same rate as business entities.

CSOs can apply to the State Humanitarian Commission and request recognition of specific projects as charitable, which will make it possible to submit further requests for exemption from VAT for purchases for the charitable projects.

Tax incentives for businesses providing donations are defined by Law on Profit Tax, which says that when determining taxable profit, gross income shall be reduced in the amount of assets provided or in the value of services rendered to the non-commercial organizations, other social or healthcare institutions, but such reduction cannot exceed 0,25 percent of gross income. However, ac-

44 RA Law on Public Organizations, art. 16.1

45 RA Law on Public Organizations, art. 17.1

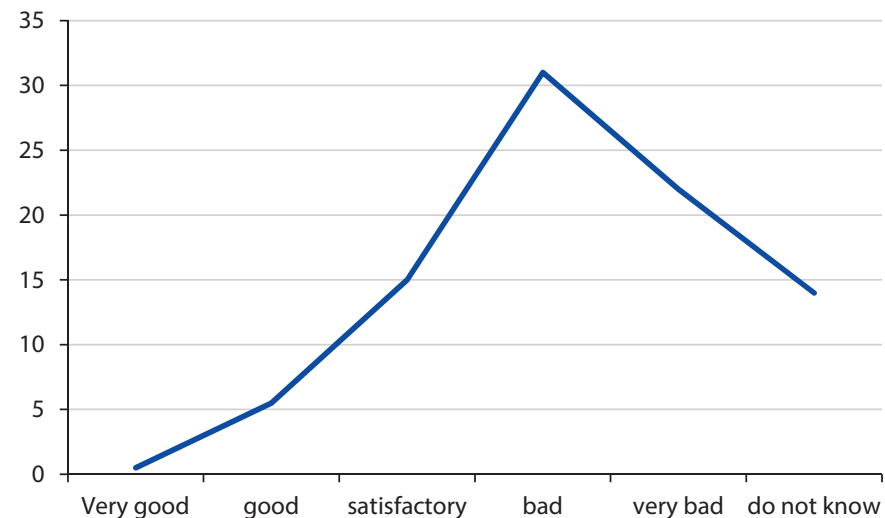
46 RA Law on Public Organizations, art. 4.3

47 RA Law on Foundations, art. 8.4

ording to business representatives, this amount of deduction is incompatible with the paperwork required, thus they prefer not to use this opportunity.

CSOs that participated in the survey expressed their dissatisfaction regarding tax incentives for charity. More than half of them consider these incentives as bad or very bad. At the same time, almost 15% of surveyed CSOs do not know about these incentives.

Figure 5. How would you assess the tax incentives for charity in Armenia? (%)



Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

In general, the survey results reflect the problem of CSO vulnerability in terms of legal framework on CSO funding. 34% of the interviewees are not satisfied with the legislation on CSO funding, and 24.7% note that there is no such legislation.

Volunteering

Public organizations can only utilize their members for volunteer work, though charitable projects are allowed to engage non-member volunteers⁴⁸. There is no law on volunteer work in Armenia. Several years ago a draft law was circulated among CSOs and Ministries; however, the draft law did not gain consensus neither among CSOs nor ministries. Absence of legal regulation on volunteers has some negative impact. First, it gives basis for tax bodies to inspect organization for keeping volunteers as hidden workforce. Second, it harms volunteers due to no recognition of volunteer work as formal work experience, and lack of regulations of volunteer rights and responsibilities. Finally, the current legislation does not provide any incentives for volunteerism, with the exception of the award “Volunteer of the Year”, which is granted by RA President as defined by RA Law on Charity⁴⁹.

Dissolution

According to the law, a public organization can be dissolved by the decision of its supreme body or through court process: “A public organization may dissolve voluntarily upon the decision of its supreme body, including expiration of the terms for which the organization was founded or accomplishment of objectives for which the organization was established. Only the court may adopt a decision on compulsory dissolution of a public organization, at the request of the state authorized body and only with presence of grounds stipulated by the law”⁵⁰. As to foundations, their dissolution can be carried out only by the court decision, upon demand of interested persons and only in accordance with the grounds defined by law. The dissolution of an organization should be registered in State Register.

As it was mentioned, many organizations stop their activities but do not take a decision on dissolution not to enter into bureaucratic processes. To regulate the issue of non-existent organizations, a law was adopted in 2011 to dissolve organizations that did not present any tax report by 2008, did not have any

property or tax obligations. The lists of these organizations were posted on Register’s website, and in case the representatives of the listed organizations did not provide any note that they were functioning and/or had property within two months, the organizations were announced to be dissolved. As a result, about a hundred public organizations were announced as dissolved in 2012.

48 CSO Sustainability Index Armenia 2013, CDPF/USAID, June 2014

49 More information on CSO Volunteer engagement experience may be found at: L. Hakobyan, M. Tadevosyan, Culture of Volunteerism in Armenia. Counterpart International and CIVICUS: World Alliance for Citizen Participation, Yerevan, 2010.

50 RA Law on Public Organizations, art.20



CSO RELATIONSHIPS WITH OTHER STAKEHOLDERS

In the context of participation in policy making, CSOs' ability to collaborate with other stakeholders and mobilize supporters is one of the preconditions of success. This chapter will review CSO collaboration with peer CSOs, state bodies, private companies and mass media, outlining general trends of collaboration of Armenian CSOs with other stakeholders and presenting the findings of empirical research in this aspect.

CSO collaboration, networks and coalitions

In recent years, CSOs started to form more coalitions and networks, both for specific advocacy campaigns and as a platform of joint work for their strategy implementation. Ecological and disability-related coalitions have been more active: quite a few forums, networks and alliances have been formed around these issues. Due to the joint work of disability CSOs, several legislation changes have been adopted by the parliament and government. Women and children networks have also been active. A coalition named To Stop Violence Against Women, is actively promoting draft law on domestic violence and unites not only registered organizations, but also non-formal groups working in this area. The Civil Society Development Network became active with regard to proposed changes to Public Organizations' Law and was successful in reaching consensus with the government on developing a new concept of CSO institutional and legislative development.

CSOs involved in the survey most often mention the following networks and coalitions: Public Network (12 CSOs), Environmental Alliance and other environmental networks (12 CSOs), networks on women issues (4 CSOs), disability related alliance (3 CSOs), Action by Church Together (ACT) Alliance initiated by World Council of Churches (8 CSOs), Mother and Child Health coalition (4 CSOs). Ten CSOs mentioned that they were members of Armenian National

Platform of Eastern Partnership Civil Society Forum. Out of 150 CSOs, 110 CSOs did not mention any network, platform, or coalition they participate in⁵¹.

Though activities of several coalitions and networks are visible and often successful, many coalitions are formed and/or function within grant projects, with support and assistance of international organizations. A few, mostly issue-based coalitions have been formed spontaneously and face challenges of self-coordination and finding resources.

According to the available research in the field, although joint efforts bring to more successful results, CSOs do not tend to collaborate much with each other⁵². Some experts note that there is an excessive perception of competition among CSOs for scarce resources, which is an artificial one; CSOs should more think about sharing resources rather than competing if they want to function more effectively with little resources⁵³. On the other hand, there is a notion that the CSO community is able to mobilise when there is a need to change a non-advantageous decision⁵⁴.

Advocacy groups recognize the need for collaboration in a larger extent as compared to service-providing organizations. One of the focus group participants highlighted the importance of collaboration of the following format: *"CSOs are small groups scattered here and there, but to have a more effective impact, [...] 100 percent of resources spread throughout Armenia should mobilize in one community for one issue. We should go to another community to*

51 Data of survey of CSOs conducted by SOCIOMETR, 2014

52 International Center for Human Development, Supporting Policy, Regulatory and Institutional Reforms for Civil Society Development in Armenia: Existing gaps and recommendations, 2012.

53 Report on Youth NGO Mapping Research and Evaluation of State-Funded Youth Projects, Youth Studies Institute, Yerevan, 2014

54 Risks and Opportunities for the NGO Sector in Armenia, Transparency International Anticorruption Center, Yerevan, 2011

support them and should expect that they would come to ours to support us as well” (CSO representative, Vanadzor).

The CSOs participated in the survey rate their collaboration within the sector at the highest as compared to the collaboration with other structures: the results of survey show that CSOs assess their interaction with other CSOs as the closest one.

Table 7. **Please rate the level of your interaction with other structures (1 – the weakest, 10 – the closest)**

Structure	Rate(mean)
1 State authorities	5.61
2 Regional authorities	5.90
3 Local authorities	6.68
4 International organizations	6.89
5 Other Armenian CSOs	7.67
6 Foreign CSOs	4.94
7 Mass media	7.06
8 Business	3.91

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

The collaboration with foreign CSOs is weaker, and happens due to joint participation in various international events. In Table 8 below, collaboration forms with foreign CSOs are presented. Thus, most often the collaboration comes down to joint participation in various events. At the same time, 36% of respondent CSOs have initiated a joint project with a foreign CSO, and 46.7% have had joint activities, which is a quite high rate taking into account that not all of the CSOs have possibility to interact with foreign organizations due to language obstacles and travelling difficulties.

Table 8. **In what way do you collaborate with foreign CSOs?**

Form of collaboration	%
Meet at events	62,7
Participate in consultations	51,3
Draft joint recommendations or other documents	38,7
Apply for joint projects	36,0
Implement joint projects or services	46,7
Are members of the same platform or network	20,7

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

Increased accountability of CSOs and putting more effort on external relations development would help them to be more aware of the activities of other CSOs and find more ways of collaboration.

Collaboration with authorities

There is no unified policy on the collaboration of state and civil society structures in Armenia. However, there are a range of policies, regulations, and bodies created in the context of CSO-state partnership development, which has a growing tendency in recent years.

- Through 2008-2010, in accordance with RA Government decree, collegial bodies (councils) have been created in all ministries, where, beside ministry representative, CSO representatives shall also be included.
- Several state agencies established joint working groups and committees where information flow between state structure and public is guaranteed and through which CSOs can participate in decision-making processes. For example, General Prosecutor’s created a working group involving international and local CSOs to ensure free and fair elections in 2012. Ministry of Justice established a Public Council in 2014 as a consultative body composed of CSOs. The Ministry of Employment and Social Issues adopted a code on the partnership with CSOs in 2008 which summarizes basic legal provisions for public participation, outlines the principles and format of collaboration with CSOs.



- Public Network was established in 2008 to provide an institutional mechanism for CSOs to collaborate with the parliament. Main activities of Public Network are dissemination of information on parliamentary initiatives and draft laws and organizing public hearings.
- Several councils established by the government, prime minister and president involve CSO representatives such as RA National Council on Sustainable Development, National Youth Policy Council, Council on Women's Affairs, etc. RA Public Council was established by RA President Decree in 2009 with a status of consulting body, and was created to serve as a channel between civil society and governmental bodies. Several provisions have been adopted enabling the Public Council to take part in the work of the government and to present the position of CSOs.
- In September 2011 Armenia joined "Open Government Partnership" initiative, which is another platform for CSO-government collaboration. This is an international initiative to secure concrete commitments from governments to their citizenry to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance⁵⁵.

At the same time, not all of these structures are considered as fully effective by CSOs. The advisory councils created within the ministries do not always include CSOs, and the mechanism of CSO involvement is not specified. In general, there is an opinion that CSO involvement by the state bodies is often an imitation, rather than a genuine involvement⁵⁶. Many of collaboration initiatives are imposed by international agreements and/or initiated within the framework of a grant project, while state bodies rarely demonstrate initiative to collaborate with CSOs: "In case of state bodies, reaction model is the only existent model [of collaboration], if you address – they will react, but to initiate, to enlarge opportunities, to promote strengthening of civil society – no, there is no such a thing" (CSO representative, Gyumri). A selective approach to CSOs is also noted, which is based on the personal connections or biased attitude toward specific organizations. "I represent two organizations, and when I apply to a state body for information or with other request, it depends what CSO I rep-

resent at that moment: in one case, they easily provide support, and in the other, there are numerous obstacles to go through" (CSO representative, Vanadzor). In any case, there are currently significantly more opportunities of collaboration with authorities for CSOs compared to those available a decade ago and CSO representative note that in case CSOs are more persistent and have a more professional approach, the collaboration will be more successful⁵⁷.

On the level of collaboration with local authorities, progress has also been noticed. Several CSOs have established partnership relations with local and regional government and are consulted with on specific issue-related decisions, as well as participate in the development of community and regional strategic plans. Some CSOs have provided trainings and consultancy to local authorities on their planning. Social partnership mechanisms have been adopted de facto by local authorities in some communities due to CSOs lobbying and assistance. Within the framework of this process, decisions on allocating community budget to CSO activities have been taken. However there is no legal mechanism for social partnership in Armenia.

In general, authorities appreciate the work done by service-providing CSOs and are more eager to collaborate with them as opposed to human rights groups. One of the focus group participants which represented a service-providing NGO noted: "We do the work that they often do not want or cannot do, and thus they delegate this to NGOs and bear less responsibility for that work. [...] For example, the department for women and children's rights at our regional authority invite all NGOs when discussing an issue, delegate all the work and finally present a report on the completion of work as if they did it themselves" (CSO representative, Vanadzor).

Researches show that one of the factors hindering effective collaboration between CSOs and state authorities is the lack of trust on both sides. State officials express opinion that CSOs in general are weakly connected with their constituencies: they mostly carry own or donors' agenda rather than reflect the public interest⁵⁸. Moreover, many CSOs are perceived as profit-seeking institutions, and a stereotype exists that establishing CSO is a way to earn

57 Report on Youth NGO Mapping Research and Evaluation of State-Funded Youth Projects, Youth Studies Institute, Yerevan, 2014

58 Risks and Opportunities for the NGO Sector in Armenia, Transparency International Anticorruption Center, Yerevan, 2011

55 Open Government Partnership Armenia website, www.ogp.am

56 International Center for Human Development, Supporting Policy, Regulatory and Institutional Reforms for Civil Society Development in Armenia: Existing gaps and recommendations, 2012

money and provide job opportunity to relatives. Besides, authorities question CSO professionalism and capacity to analyse information and prepare well-justified suggestions rather than unconstructive criticism. On the other hand, CSOs are reluctant to enter into collaborative relationship to avoid bureaucratic and inefficient processes.

The table below shows the empirical data from the CSO survey, where obstacles for CSO-state collaboration as perceived by CSOs are presented. Obstacles of the first group are conditioned by state structures (60.7%) and those from the second group – by CSOs' own skills and capacities (20%). Most often, CSOs think that authorities do not have enough resources or potential for civil society dialogue. Corruption is the second most often mentioned obstacle.

Table 9. **What are the main obstacles to your interaction with the state authorities?**

Obstacle	%
Authorities do not have enough resources/ potential for civil society dialogue	26.0
Corruption is an obstacle to the interaction with authorities	12.0
Authorities do not wish to engage with us	8.7
State authorities do not trust our organisation	6.0
Our organisation does not trust the authorities	8.0
We do not know how to approach authorities and get involved in processes	8.0
We do not have enough information	6.0
We do not have enough staff	6.0
Other	14.0

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

The research also addressed the question on ways of collaboration of CSOs with national state authorities, regional and local authorities.

Table 10. **What is your experience of collaboration with state authorities?**

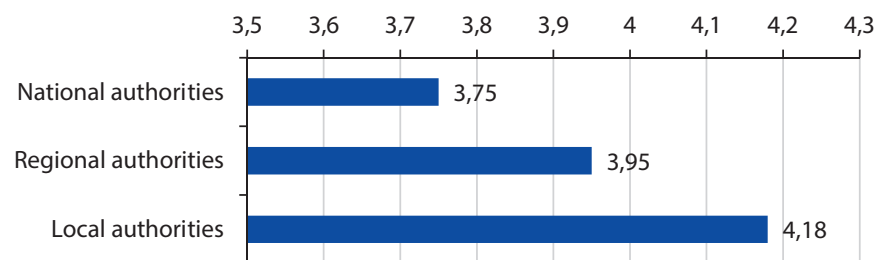
Form of collaboration	Local	Regional	National
1 Provided consultation on specific issue	75,3	58,7	43,3
2 Initiated a joint project	67,3	54,7	42,7
3 Provided consultation on developing their strategy	57,3	42,0	40,7
4 Participated in decision making	52,0	38,7	32,7
5 Participated in budget discussion	37,3	16,0	14,7
6 Provided fee services	14,0	14,0	7,3
7 Have been funded to implement a project	24,0	13,3	4,7

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

If all collaboration possibilities of all respondent CSOs would be accounted as 100%, we may conclude that CSOs have utilized 21% of collaboration potential. Moreover, the higher the level of authorities is, the lower the level of collaboration is. These findings are also confirmed by Table 7, where CSOs mention that they have closer collaboration with local authorities (6.68 on 10-point scale) as compared to regional and national level authorities (5.90 and 5.61, respectively).

Accordingly, CSOs have assessed their satisfaction with collaboration with local authorities better than collaboration with high level authorities.

Figure 6. **How would you rate our collaboration with authorities? (1 – very bad, 5 – very good)**



Source: Data of survey of CSOs conducted by SOCIOMETR, 2014



Thus, CSOs collaborate with local authorities more closely and effectively as compared to national state authorities. One of the explanations for this is personalized relationship and informal networks on the local level, which is a common feature for Armenian culture. On the other hand, there are many grant projects that are funded with precondition of community contribution. Sometimes the contribution from local budget is up to 40%. As a result of collaboration within specific project, CSOs and local authorities continue their collaboration beyond project for identification and resolution of other community issues. For example, after negotiations with local and regional authorities within the framework of several advocacy projects, Martuni Women Community Council NGO was further invited to the meetings and consulted with on strategic decisions on local and regional level. Similar practice exists in communities of Shirak and other regions where CSOs are more active. This trend has very a positive impact on formation of collaboration culture; however, such collaboration is spontaneous and dependent on personality rather than based on institutional mechanisms.

Collaboration with the private sector

In developed countries, private companies have their significant contribution in funding CSO activities and supporting various development and advocacy initiatives. However, the legal environment in Armenia does not provide incentives for charitable contributions while the culture of giving and active citizenship is not quite developed to provide basis for effective CSO-private sector partnership.

Corporate social responsibility (CSR), which is a part of business agenda worldwide, is a newly developing concept in Armenia. Representatives of private sector sometimes confuse CSR with charity⁵⁹, while those who have integrated CSR into their policies, do not view CSOs as full partners. Most often, corporations prefer to implement social and charity activities without contracting CSOs as intermediary organizations. Businesses believe that many CSOs are unprepared to communicate with them and are more focused on

59 M. Tadevosyan and L. Hakobyan: *Corporate Social Responsibility in Armenia – a New Framework for Action*. Counterpart International and CIVICUS: World Alliance for Citizen Participation, Yerevan, 2010

seeking funding rather than implementing their missions⁶⁰. As in the case with state collaboration, the lack of trust toward CSOs again serves as a key factor hindering development of collaboration. According to CSO assessment, the level of collaboration with private sector is the lowest among all the stakeholders – 3.91 out of 10 points, where 10 indicates the highest level of collaboration⁶¹.

At the same time, the seeds of collaboration between CSOs and businesses are visible. Companies rarely provide grant funding to CSOs for project implementation, but corporations that have adopted CSR policy collaborate with CSOs within their projects, as well as consult them for information. For example, Orange Armenia partnered with CSOs to implement several initiatives in healthcare, education, and assistance to benefit children in vulnerable communities.

Research data shows the following experience of CSO collaboration with private sector.

Table 11. **How do you collaborate with businesses?**

	Form of Collaboration	%
1	Initiated joint projects	18.7
2	Consulted with us on specific issues	18.0
3	Provided funding for our activities	15.3
4	Provided financial assistance	14.7
5	Contracted us for a service	5.3
6	Provided volunteers	5.3
7	Provided free training for our members	3.3
8	Other	7.3

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

Thus, most often the collaboration is constructed around specific causes or projects, while about one sixth of CSOs also enjoyed financial assistance from businesses. At the same time, 67 CSOs (44.7% of the sample) have not indicated any type of collaboration.

60 CSO Sustainability Index 2013 Armenia, CDPF/USAID, June 2014

61 Data of survey of CSOs conducted by SOCIOMETR, 2014

Those who have collaboration experience are mostly satisfied with the effectiveness of the collaboration (51.3% of CSOs with collaboration experience), while 31.3% are not very satisfied and 10% are not satisfied at all.

In regions, businesses more often provide assistance to CSOs, though the monetary value of the assistance is less when compared to Yerevan. This trend is demonstrated both by focus-group and survey results.

The research has also addressed the ways of improving CSO-business collaboration. The following answers from CSOs were got in response to the proposed solutions.

Table 12. **How the collaboration between CSOs and business be improved?**

	Response	%
1	Organize joint meetings and events	34,0
2	Develop a strategy for CSO-business collaboration	32,0
3	Inform business on CSO activities	24,7
4	Present the principles of public-private collaboration to businesses and CSOs	10,7
5	Implement joint projects	21,3
6	Adopt enabling legislation for promoting charity/ sponsorship	22,7
7	Other	3,3

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

Certainly, communication between the sectors would help to identify the obstacles for and clarify the expectations of collaboration on both sides. At the same time, development of a collaboration strategy through joint efforts of CSOs and business representatives, outlining collaboration principles, approach, goals and format, will create an institutional basis for collaboration and further serve for more effective communication and joint activities. Improved visibility of CSOs and raising awareness on CSO activities, promoting principles and benefits of collaboration would also help to improve general level of trust towards CSO sector and engage business more effectively.

Collaboration with media

CSO collaboration with media is critical to raise awareness on CSO work and to gain support and influence in advocacy initiatives. As the lack of trust toward CSOs is the topic of the day for the present Armenian civil society⁶², creation of positive public image of CSOs primarily depends on their effective relationship with media.

There is a general perception of CSOs as grant-chasing organizations, which undermines the public image of CSOs, and CSOs believe that broadcast media have had their input in creation of that image. However, CSOs themselves do little to publicize their work, and few of them develop PR strategy. Most CSOs do not possess the resources or capacities to engage in regular public relations activities⁶³.

The research conducted in 2014 addressed the ways that CSOs use to publicize their activities. According to this data, 82% of CSOs use media, including internet to disseminate news, 66% organize public events, 46% provide reporting through media channels, and 43.3% use print resources. Public campaigns as a way of awareness-raising have been mentioned by about 25% of CSOs.

Table 13. **How do you inform the public on your activities?**

	Answer	%
1	News and press release (newspaper, TV, radio, internet)	82.0
2	Public events (roundtable, conference)	66.0
3	Reports in mass media	46.0
4	Flyers/ leaflets	43.3
5	Public campaigns	24.7

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

It can be seen that interactions with mass media play a key role in the PR activities of CSOs.

⁶² According to Caucasus Barometer research, conducted annually by Caucasus Research Resource Centers, in 2013 only 18% of public had trust towards CSOs, which was even less than the figures of 2012.

⁶³ CSO Sustainability Index 2013 Armenia, CDPF/USAID, June 2014



In the research by Transparency International, media representatives indicated positive opinion about CSOs with whom they cooperated, but expressed negative attitudes towards the sector in general. They expressed their preference to work with NGOs who were effective, had something to say and some work to present. Oppositional media particularly appreciated the cooperation with human rights groups and professional media associations, while the representatives of government controlled outlets mainly named government-linked organizations.⁶⁴

There is a quite high score indicating the level of CSO interaction with mass media – 7.06, which is surpassed only by interactions with other CSOs (see Table 7). As to the ways of CSO-mass media collaboration, surveyed CSOs most often indicate that they have invited media for their events, and collaborate in the framework of awareness or public campaign.

Table 14. **How do you collaborate with mass media?**

	%
1 Invitation to events for coverage	90,7
2 Collaboration in raising awareness or implementation of public campaigns	44,7
3 Publication of results of studies / analyses	31,4
4 Using media as an instrument for lobbying, pressure on government	24,7
5 Training of journalists	20,0
6 Funding of reports/investigations by journalists	10,0

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

Again, if we consider all possible collaboration mechanisms that all CSO can potentially have as 100%, the degree of the present collaboration with media would be 36.9%. At the same time, it is clear that CSOs first of all see media as a tool to tell about their activities and provide their visibility rather than as a partner in advocacy or other civic activities.

64 Risks and Opportunities for the NGO Sector in Armenia, Transparency International Anticorruption Center, Yerevan, 2011

CSOs are mostly satisfied with their collaboration with media – 72.7% mentioned that they were fully or mostly satisfied, while 24.6% were little satisfied or not satisfied at all.

Those who are not satisfied with their collaboration explain their opinion with the following reasons.

Table 15. **If you are not satisfied with this collaboration, what is the reason?**

Response	%
Our mission and activities are incompletely depicted	7,3
Mission and purpose of our organisation's activities are explained insufficiently	5,3
There was an explicit and inadmissible bias in the coverage of our organization	1,3
Other, including:	
they do not understand the topic they need to cover	
the text is often distorted and full of errors	
our issues are not sensational enough	6,7
they cover event only if authorities are there	
we have to pay	
media is not free	
Difficult to answer	6,0

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

Several publications note that according to CSOs, media representatives are often not really interested in the real work CSOs do, covering CSO activities and events only when there is a celebrity attending or scandalous topic in focus. CSO Sustainability Index report specifies that service-providing CSOs receive mostly positive coverage, while advocacy and watchdog CSOs receive negative coverage by broadcast media⁶⁵. Regional CSOs have established bet-

65 CSO Sustainability Index 2013 Armenia, CDPF/USAID, June 2014

ter collaboration with local media, usually entering into partnership relations. Besides, online media is more active in covering CSO activities and events.

Efforts of informal groups addressing the priority issues of large social groups' activities benefit more from media coverage. Women addressing issue of maternity leave compensation, youth addressing the law on compulsory cumulative pension, environmental and other civic movements are widely covered, especially by online media.

Thus, mass media is more inclined to cover activities of CSOs they know well, and activities that are more visible and related to the topic of the day.

To conclude, though CSOs and mass media interact closely, the coverage of CSO activities by mass media is not enough to provide better visibility of CSOs and promote trust toward CSO activities. On the other hand, CSOs do not utilize strategic approach in working with mass media, which would help them sustain more effective collaborations, and few CSOs regard mass media not only as a tool for raising awareness but as a strategic partner in service provision and advocacy campaigns.



CSO FINANCIAL SUSTAINABILITY

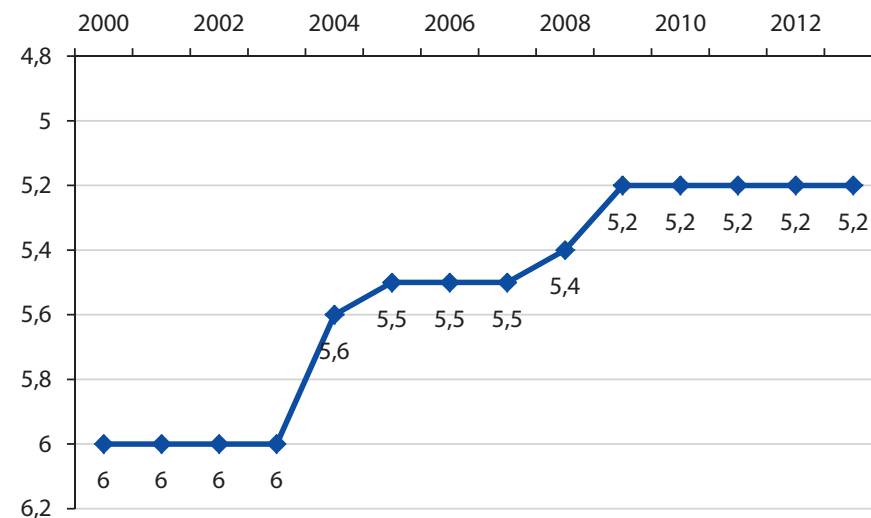
Financial sustainability is defined as continuous availability of diverse sources of financial means necessary for organisations activities. The availability of multiple sources is a key condition to financial sustainability as it allows not being dependent on a soul source and thus reducing the risk of changes in donor policies or other external factors.

Overview of CSO financial sustainability in Armenia

Reports and researches in the field as well as the research conducted by SOCIOMETR in 2014 show that financial sustainability is number one priority problem of Armenian CSOs.

According to CSO Sustainability Index 2013, financial sustainability of Armenian CSOs is rated as 5.2 on the seven-point scale where 1 is the highest and 7 is the lowest rate. Thus, the score of 5.2 appears in “sustainability impeded” section and is the lowest among all seven dimensions of CSO Sustainability in Armenia. At the same time, no progress has been indicated in the course of the last five years in the rating of this dimension.

Figure 7. Dynamics of financial sustainability score in Armenia according to CSO Sustainability Index



Source: CSO Sustainability Index – Armenia, 2013

The research data confirms this picture. 44% of surveyed CSOs assessed the financial sustainability of Armenian CSOs as “bad” and 26.7% of CSOs told that it did not exist at all⁶⁶. Answering the question on main difficulties they faced, 68% of CSOs mentioned funding issues. The second most often mentioned answer was difficulty in negotiations with state bodies, while the third was lack of professionals, and the fourth – lack of office space. We may suggest that last two problems are also interrelated with financial resources, thus,

66 Data of survey of CSOs conducted by SOCIOMETR, 2014

financial sustainability is the number one challenge for CSOs. According to CSOs, their human resources are limited and not enough for the work needed as professional staff requires more financial resources. Moreover, the staff that develops professional capacities in the situation of limited funding prefers to leave the job s/he likes for a better paid job. All these issues are interrelated as lack of professional staff brings us back to the lack of fundraising capacities.

6.7% of CSOs noted that their problem was lack of fundraising capacities, thus addressing one of the reasons of the problem. Experts say that CSOs sometimes are too much focused on the lack of funds itself rather than reflecting on the reasons of their financial problems and finding respective solutions⁶⁷.

CSO funding sources

The data on funding sources of CSOs gives a clue for understanding CSO financial sustainability in Armenia.

Studies by John Hopkins University show that the most significant funding sources for CSOs worldwide are income from CSO services (53%), state funding (34%) and private donations/ charity (12%)⁶⁸.

In Armenia, the situation is considerably different. According to the research results⁶⁹, the major funding source for Armenian CSOs is international organizations (75.3% of CSOs), which are also most often mentioned as the primary source of funding (67.3%). Membership fees and donations are on the second place (26.7% and 26.6%, correspondingly). As to the fees from services, this source has not been mentioned as a primary one and is the least mentioned one among all the sources (13 instances or 8.7% of CSOs).

⁶⁷ Report on Youth NGO Mapping Research and Evaluation of State-Funded Youth Projects, Youth Studies Institute, Yerevan, 2014

⁶⁸ Salamon, Sokolowski and Associates, Global Civil Society, Dimensions of the Non-profit Sector, Volume 2; 2004. The study has been conducted in 36 countries of the world – both developed and developing.

⁶⁹ Data of survey of CSOs conducted by SOCIOMETR, 2014

Table 16. **Three major income sources of CSOs for the last three years**

	Source	Priority			Total	
		I	II	III	N	% of CSOs
1	International organizations, foreign donors	67.3	6.0	2.0	113	75.3
2	Membership fees	6.7	14.7	5.3	40	26.7
3	State funds	5.3	6.7	2.0	21	14
4	Private sector	2.0	5.3	2.7	15	10
5	Donations	7.3	11.3	8.0	40	26.6
6	Service fees	0	6.0	2.7	13	8.7
7	Other	5.3	2.7	1.3	14	9.3

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

Further, the specifics of each of the funding source are examined.

International organizations

International organizations are still the primary source of funding for Armenian CSOs. After collapse of Soviet Union, international funding started to flow to the region aiming at development of civil society, and since state support or other types of funding such as private donations or corporate social responsibility virtually did not exist in the post-Soviet countries, foreign funding has become the major source for Armenian CSOs⁷⁰. International donors present in Armenia include government entities, like USAID, the Canadian International Development Agency (CIDA), the Norwegian and US Embassies, and the EU. Other organizations such as the Open Society Foundations-Armenia, World Vision Armenia, and Oxfam Armenia also provide grants to CSOs for policy-related work, development activities, and service provision⁷¹.

⁷⁰ M. Tadevosyan and L. Hakobyan: *Financial Sustainability of Armenian CSOs: from Dependency to Autonomy*. Counterpart International and CIVICUS: World Alliance for Citizen Participation, Yerevan, 2010.

⁷¹ CSO Sustainability Index 2013



As seen from the table above, the dominance of donor funding is also confirmed by the research data. CSOs have mentioned various international organizations as funding sources 227 times, whereas local sources were mentioned only 52 times.

Table 17. **CSO funding sources by type**

Source	N	% of answers
Foreign		
American organizations	74	26.1%
Worldwide organizations	56	19.8%
European organizations	50	17.7%
Embassies	17	6.0%
Other international organizations and representations	23	8.1%
Other foreign governments	7	2.5%
Total	227	80.2%
Local		
Ministries, President	13	4.6%
Armenian organizations	14	4.9%
Business companies	8	2.8%
Local government	8	2.8%
Philanthropists	5	1.8%
Population	2	0.7%
Own resources	1	0.4%
Diaspora	1	0.4%
Total	52	18.4%
Other	4	1.4%
Grand Total	283	100.0%

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

Thus, the foreign sources are the dominant ones in CSO funding. There is a risk that donor dependency does not allow CSOs to implement mission-based activities as they are more vulnerable to changes in donor agenda. Lack

of diversification of funding sources leads to limitation of sustainability, lack of neutrality and professionalism as CSOs start chasing any grant opportunity. At the same time, there are several trends that make foreign funding more and more difficult for Armenian CSOs, such as decrease in grant funding and number of international donors in the region, and reluctance of most of donor organizations to fund core expenses, which forces CSOs to focus their efforts on finding financial resources for short-term projects rather than concentrating on a mission-based long-term strategy implementation⁷².

State funding

As mentioned above, state funding comprises a significant share in CSO funding worldwide. In Armenia, however, only 14% of CSOs mentioned state funding as one of the major funding sources in the last three years. There are theoretically two ways of CSO funding by state – grants and service contracts.

In case of *grant funding*, the government proposes an issue (or area) where CSOs offer corresponding solutions. The size of the budget allocation for specific types of projects is defined by the government; however, the specific project grant amount depends on the activities proposed. In 2012, the funding of CSO projects from state budget accounted to 7.4 billion AMD (about \$18 million)⁷³. According to PFCS research, the major share of state funding goes to state-funded foundations and sport federations. Sometimes the budget line where the funding is allocated is named “to state non-profit organizations” though the organizations are registered as non-governmental. This and other researches in this area claim that most state agencies still do not have clear funding mechanisms, the grant allocation is not done on competitive basis, and there is no standardized system of selecting, monitoring, and evaluating state-funded projects.

In any case, some positive developments could be noticed in recent years in terms of funding transparency, inclusiveness and accountability. For example, if previously no report could be found on the organizations funded, starting in 2010 Ministry of Sport and Youth Issues established an online system

⁷² M. Tadevosyan and L. Hakobyan: *Financial Sustainability of Armenian CSOs: from Dependency to Autonomy*. Counterpart International and CIVICUS: World Alliance for Citizen Participation, Yerevan, 2010.

⁷³ Current situation and challenges in the provision of state financial support to civil society structures, Professionals for Civil Society NGO, Yerevan, 2013 (in Armenian).

where grant announcements and results of previous competitions are published each quarter. Starting in 2013, Armenian Youth Foundation, the partner organization of President's Administration for grant provision, also posts the competition announcement and the results. In both cases described, the selection is conducted with involvement of CSO representatives.

However, these cases are rather exemptions, since the mechanism and information on grant provision by other state bodies is not openly available. Often, the state body selects a CSO for specific service provision and signs a contract. The Ministry of Employment and Social Issues, for example, allocates a budget line to provide grants (subsidies) to specific organizations which are selected in advance. At the same time, there are no binding legal regulations related to outsourcing service provision to CSOs.

In *service delivery*, the government proposes a ToR for service provision, where the framework of the action is given. According to the law on Public Procurement, tender is announced in case when services are to be outsourced and when both private companies and CSOs – foundations and public organizations, which have established an LTD – can participate. However, public organizations often do not participate in such tenders because of ban on entrepreneur activities, while few have founded LTDs because of limitations of human and financial resources.

CSOs in regions have initiated advocacy campaigns hoping that local governments provide budgets for CSO projects. Some communities, including Vanadzor, Martuni, and Gyumri, have been successful: the local government bodies created separate budget line items to fund CSO activities on annual basis. Namely, the municipality of Vanadzor was the first to organize a grant competition among CSOs in 2006, though this practice was not consistent because of lack of CSO follow-ups as well as small amount of grant money which resulted in lack of project applications. The law on Charity includes a provision on assistance of state and local government bodies to charitable organizations in the form of in-kind and monetary assistance as well as in the form of granting exemptions from paying fees for services rendered by state or community organizations or even in the form of provision of state or community property for rent⁷⁴. Many regional organizations are provided with an opportunity to use community buildings for their office space or activities free of charge.

⁷⁴ RA Law on Charity, article 16

Private sector funding and charitable contributions

As shown in the Table 16, private sector funding comprises a small proportion in CSO income in Armenia. However, this is an important source in terms of potential for CSO financial sustainability. According to RA Law on Charity, charity is a voluntary, disinterested, and permitted by the law material and spiritual assistance to natural persons, healthcare and non-commercial organizations by physical and legal persons, for the accomplishment of specified charitable goals⁷⁵.

As it was mentioned in the Chapter on Legal Framework, tax incentives for businesses for charity donations are insufficient for businesses. On the other hand, business representatives have low trust towards CSOs and find them unable to successfully manage funds thus they prefer to implement charitable projects themselves, though in collaboration with CSOs⁷⁶. The results of the research “Charity experience of commercial organizations” in 2008 also reflected the issue that companies are not willing to collaborate with CSOs: though they often know that in that case their contribution would be more targeted and they will have less logistical work⁷⁷, lack of tax incentives and low level of trust toward CSOs serve as main obstacles to their collaboration. Presently, these factors continue playing an important role in hindering CSO funding from private companies.

At the same time, recognizing that the law does not provide incentives for charity, CSOs themselves do not initiate policy changes in this area. According to the research, 24.7% of CSOs assess the Law on Charity as not beneficial for CSO sector, while 40% are even not aware of the law⁷⁸. This means that CSOs are not very interested in creating an enabling environment, which will secure local charitable contributions, although this issue is directly related to their financial sustainability problem. Besides, CSOs have to work on a better image so that companies can consider them relevant partners in social changes: “CSOs have much to do in terms of their positioning as social change agents so that private

⁷⁵ RA Law on Charity, article 3

⁷⁶ CSO Sustainability Index 2013

⁷⁷ Charity experience of commercial organizations, NGOC CSD NGO/ Counterpart International, Yerevan, 2008 (in Armenian)

⁷⁸ Data of survey of CSOs conducted by SOCIOMETR, 2014



companies are interested to invest in this sector within their social responsibility activities: this is the topic of the day” (CSO representative, Vanadzor).

Public fundraising initiatives are not very typical among Armenian CSOs; however, in recent years there are more efforts toward public fundraising. The most popular fundraising event is the “telethon” organized every year by All-Armenian Foundation, where the vast amount of money is collected from Diaspora population. In Yerevan, public fundraising initiatives are more common, though there were several initiatives in regions that have been quite successful. For example, street fundraising organized by regional centers of Fund Against Violation of Law NGO targeted specific community problem and was successful in almost all communities.

Private donations are among the funding sources for almost one third (26.6%) of CSOs involved in the research⁷⁹. However, researches show that the amount of these donations is very small; often CSO leaders and members contribute their personal savings to cover the basic expenses of the organization⁸⁰, thus private donations do not serve as a basis for financial sustainability for most of the CSOs.

Membership fee

Membership fees do not comprise a significant source for CSO financial sustainability in Armenia. Though, 26.7% of respondent CSOs mention membership fee as one of three main sources of funding in recent three years, researches show that the amount of funding that comes from membership-fees is tiny and cannot support even administrative costs of the organization. For example, in recent research on youth organizations 7.4% of organizations that indicated funding mentioned membership as one of their income sources; however, the volume of the funding from the fees comprised 0.3% of their annual budget in average⁸¹. At the same time, collection of membership fees creates additional paperwork in accounting thus many CSOs prefer not to use it at all. Organizations that provide services to their members or involve their members in projects are more effective at collecting membership fees. As they

79 Data of survey of CSOs conducted by SOCIOMETR, 2014

80 Report on Youth NGO Mapping Research and Evaluation of State-Funded Youth Projects, Youth Studies Institute, Yerevan, 2014

81 Report on Youth NGO Mapping Research and Evaluation of State-Funded Youth Projects, Youth Studies Institute, Yerevan, 2014

mention, collection of these fees is more important not in terms of financial base but rather as a tool of member mobilization.

Paid services

It was already noted that public organizations in Armenia are not allowed to provide paid services and should establish an LTD for entrepreneur activities. However, few public organizations establish such LTDs, noting that they do not have resources for an additional organization, moreover that after covering all the expenses and paying taxes, almost no profit remains to be channelled to the needs of the organizations. CSOs use their own human and material resources to maintain their enterprise, and due to that, the nature of the organizations may modify in terms of work style and environment since it is sometimes difficult to distinguish between business and civic mentality and behaviour. This challenge also serves as one of the hindering circumstances to establishing an enterprise.

In any case, there are CSOs that apply this model as an opportunity to deliver and promote their services to larger public. One of the focus group participants, though noting that there are several obstacles for running a social enterprise, described their experience in the following way: “We have established social enterprises with a primary goal to provide jobs and permanent income to our beneficiaries – women, and they already understand that they do not just do their job and receive an income, but they share this income with the community, and channel it toward community project, which is the essence of social entrepreneurship. Besides we have a possibility to provide some continuity of operation [for the organization] and thus become sustainable” (CSO representative, Yerevan).

Several social enterprises have been founded with the support of international organizations; e.g. in the framework of the USAID-funded “Livelihood Improvement through Fostered Employment (LIFE)” program “Save the Children” supported CSOs in creation of social enterprise with involvement of people with disabilities as employees.

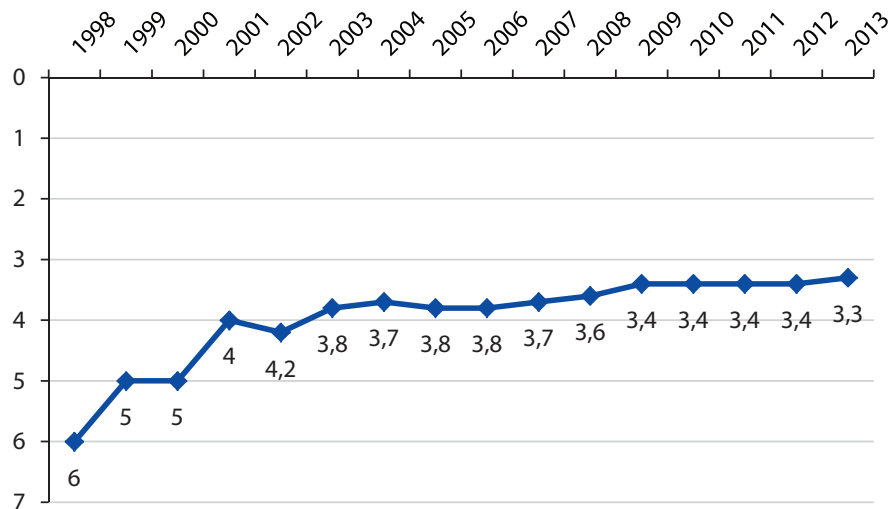
To conclude, the issue of financial sustainability remains a major problem of Armenian CSOs, hindering strategic development of organizations, their capacity to serve as an equal partner in development, and their need-oriented strategy implementation, which would provide basis for public trust and image.

CSO PARTICIPATION AND CAPACITIES IN POLICY-MAKING

Overview of CSO participation in policy-making and advocacy in Armenia

Armenian CSOs are rather successful in advocacy. According to CSO Sustainability Index, advocacy is rated as the highest among seven dimensions of CSO Sustainability in Armenia, improved from 3.4 in 2012 to 3.3 in 2013.

Figure 8. Dynamics of advocacy score in Armenia according to CSO Sustainability Index



Source: CSO Sustainability Index – Armenia, 2013

In general, CSOs demonstrate the ability to engage in policy dialogue, mobilize constituencies and organize advocacy campaigns; however, they are not

always successful in terms of impact. CSOs build issue-based coalitions to pursue policy changes or to oppose changes that they consider negative; many organizations are engaged in election monitoring process. A few think tanks conduct alternative policy analysis; however, many CSOs lack capacity of professional policy analysis. At the same time, most successful policy dialogue processes are made with the collaboration of international organizations.

According to donor organizations, local CSOs are more successful in regions in terms of advocacy impact, while efforts towards high-level reforms are not necessarily reaching their objectives⁸². Thus, the actual impact of CSO advocacy is limited in scope, level and duration. CIVICUS Civil Society Index Rapid Assessment results confirm this trend: according to the experts interviewed, the past five years have demonstrated that civil society can succeed if it is consistent in its struggle. However, they note that the successes observed have not resulted in structural changes but rather achieved temporary solutions: the potential of the sector has been mostly directed at the elimination of consequences rather than root causes⁸³. One of the focus groups participants noted that the success of influencing policy often depended on the motivation of the authorities: “All possible reforms, collaboration, relationships with CSOs are reviewed in the context of keeping the power: everything goes forward only as a result of this analysis, if this [change] does not harm them, then – ok, let’s do that. Otherwise, several tools, including rejecting, ignoring, not inviting, up to manipulations and imitations are used” (CSO representative, Gyumri). Another opinion is that CSOs approach is a key in influence: “I have been working for state structure and my experience shows that CSOs can influence state bodies. This is an obvious fact. Throughout years, respect and importance increased

⁸² Risks and Opportunities for the NGO Sector in Armenia, Transparency International Anticorruption Center, Yerevan, 2011

⁸³ CIVICUS Civil Society Index Rapid Assessment: Armenia Country Report, Yerevan, 2014



toward right, correct and balanced actions of CSOs” (CSO representative, Yerevan). At the same time, focus group participants indicate that constraints related to CSO impact in policy-making are clearly linked with the scope and cause of the advocacy campaigns in terms of going in line with or against state officials’ interests. This phenomenon is most apparent in human rights organizations’ work and protest movements, which can be seriously repressed if they touch upon business and/or power interests of the persons in power.

CIVICUS population survey showed that people were sceptical about civil society’s impact on policy making. About 58% of respondents noted that civil society as a whole had limited or no impact on policy making, 27% mentioned that it had high or some tangible impact, and 15% could not give an answer⁸⁴. Experts interviewed within the framework of this research expressed an opinion that in some cases civil society did not have sufficient expertise, while in other cases lack of political will of the authorities halted the efforts towards policy change. As a general observation, many CSOs conduct assessments, reveal legislative problems and make sound recommendations but the public at large remains uninformed whether the proposed recommendations were addressed or not.

Available institutional mechanisms and experience in CSO advocacy and participation in policy-making

There is a range of opportunities for CSO participation in public policy formulation. Freedom of speech and assembly ensure the right of CSOs to express their opinion; besides, there are several mechanisms and regulations for collaboration and dialogue with local and national governments, which provide opportunities for CSOs to become full participants of public policy-making.

Within the CSO survey by SOCIOMETR, the tools that CSOs used to achieve their goals were investigated. According to survey results, problem analysis and drafting of researches and reports is regularly used by most of CSOs, along with dissemination of information. Thus, one-way activities are more often used by CSOs as a way to achieve the target audience. Civic education is also often used by dominant majority CSOs, though with less frequency.

⁸⁴ CIVICUS Civil Society Index Rapid Assessment: Armenia Country Report, Yerevan, 2014

Table 18. **To what extent do you use the following tools to achieve your goals? (%)**

	regu- larly	often	rarely	never	do not know/ DA
Problem analysis and drafting of re- searches and reports	53.3	25.3	9.3	4.7	7.4
Dissemination of information	46	36	8.7	4	5.3
Civic education (through trainings, campaigns, etc.)	28	38	20	8	6
Public campaigns and events/activi- ties	16.7	32.7	22	16	12.7

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

Almost half of CSOs mentioned that they regularly or often organized public campaigns or other public events. These activities are often implemented within the framework of advocacy campaigns and provide basis for influencing decision-makers. At the same time, involvement in policy dialogue is not as widespread among CSOs as other abovementioned tools. Half of surveyed CSOs use policy dialogue at least on rarely basis at different stages of policy cycle.

Table 19. **To what extent do you use policy dialogue to achieve your goals? (%)**

	regu- larly	often	rarely	never	do not know/ DA
at the preparatory stage	14	24.7	10.7	25.3	25.4
at policy formulation stage	15.3	23.3	10.7	24	26.7
at policy implementation stage	13.3	24	10.7	26	26
at policy monitoring and evaluation stage	10	20.7	10	30.7	28
at the framework of partnership establishment	13.3	20.7	10	28	28
through organization of round table events	22	28.7	8	22.7	18.7
through forming working groups	16.7	22.7	11.3	27.3	22
through non-planned assemblies	2	9.3	11.3	51.3	26
within the framework of services provision	15.3	18	10	34	22.7

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

It should be noted that there is a significant difference between the answers of Yerevan-based and regional CSOs when it comes to the question on policy dialogue. On the average about 27% of Yerevan-based CSOs indicated that they were regularly involved in policy dialogue at various stages, while only 4% of regional CSOs did so. More regional CSOs as compared to Yerevan-based CSOs mentioned that they rarely or never engaged in policy dialogue (43-50% as opposed to 23-27%). As there are many examples of successful policy dialogue between CSOs and local authorities in the region presented further, we may suppose that only nation-level policy dialogue was referred to in this question.

Further, the mechanisms, experience, successes and obstacles in the process of CSO participation in policy-making will be reviewed with differentiation between national and local authorities.

Policy dialogue: national level

Public consultations are one of the channels for the public to present its opinion regarding draft laws. According to the law, alongside with the submission of a draft legal act to impact assessors, public consultations on the draft shall be arranged in order to notify the public and collect their opinions for necessary adaptation of the draft regulatory legal act based thereon. Public consultations shall be carried out through making the draft legal acts public — on the website of the body elaborating the draft, whereas at the initiative of the body elaborating the draft, consultations may be carried out through public meetings or meetings with stakeholders, open hearings, discussions, public opinion surveys, as well as possible telecommunications means. The period of carrying out public consultations shall be at least 15 days⁸⁵.

Though the draft laws shall be available for public consultations, there is no provision in parliament regulations requiring compulsory public hearings. The civil society participation in the legislative process is regulated either via Memorandums concluded with CSOs or ad-hoc projects initiated jointly by international organisations and the NA, or else, through collaboration with RA NA Standing Committees⁸⁶. Besides, the drafts are available on the parliament's website; however, pro-active actions of CSOs are needed to be involved in the hearings.

Public Network, a network of about 150 Armenian CSOs, signed a Memorandum of Understanding with NA in 2008 and serves as a channel for informing public on new draft laws and involving CSOs in public consultations. However, submitted opinions are merely of a consultative nature. In addition to this, the MoU articles regarding consultation procedures, provision of expert and advisory opinions as well as attendance of committee meetings and hearings always begin with “if needed”, putting this practice at the discretion of the

⁸⁵ RA Law on Legal Acts, art. 27.1

⁸⁶ Eduardo Lorenzo Ochoa, Policy Paper on Strengthening Civil Society and Its Interaction with State Institutions, European Union Advisory Group to the Republic of Armenia, 2012



NA⁸⁷. In 2013, Public Network members participated in discussions on the healthcare budget, a draft of the Armenia Long-Term Development Program, and several draft laws, including laws on employment, education, and social assistance. The resulting recommendations were sent to state agencies, which agreed to consider the recommendations in most cases⁸⁸.

Apart from dissemination of information via Public Network and posting it on the website, parliamentary committees rarely make efforts to reach CSOs or public as a large for consulting. Committee meetings are usually open, and anyone can be invited to attend the meeting to provide expertise. However, as there is no effort made to reach CSOs specialized in specific area for consulting on specific draft law, it depends on Committee Chairman whether CSOs will be invited or not, as well as on the initiative and watchfulness of CSOs themselves. In case CSOs contact committee with request to join the meeting and participate in the discussion of specific draft law, they are usually provided this opportunity, given that they have expertise in the topic being discussed and suggestions to present. As regards public hearings, any interested person can apply to attend. At the same time, CSO representatives that participate in meetings and hearings do not have mechanisms for following-up the results of their participation and usually are not given written replies on whether their suggestions have been counted in or not and why. The committees also form working groups on ad-hoc basis if they find it necessary for the discussion of a specific draft law.

The primary mechanism implying CSO participation in policy development process by government bodies is the same as in the case of the parliament – each draft law shall pass through public consultation process. Again, it often depends on the discretion of the particular state body whether additional efforts to involve CSOs in policy discussion will be made or not; as a rule, the draft policy is posted on the website and CSOs themselves should check the information and submit their suggestions.

In addition to consulting regarding the available draft, CSOs engage in the policy formulation process through joint working groups and councils with CSO and state representatives involved. These working groups are created

around specific laws or areas. One of the examples of successful collaboration is the working group comprised of government and CSO representatives that prepared the Concept on CSO Institutional and Legislative Improvement. This concept was based on the results of public discussions and a range of researches in the field and was initiated by the network of CSO mobilized around advocacy against amendment to the Law on Public Organizations. In 2014 CSOs dealing with disability issues initiated lobbying a quota for employing people with disabilities. A joint working group was formed with involvement of the Ministry of Labour and Social Affairs, other state representatives and CSOs to discuss and develop corresponding legal amendments. As a result, introduction of the quota was approved and added to the Law on Employment to be applied starting with 2015.

Legislative Agenda Advocacy Days (LAAD) implemented in 2011-2014 by Counterpart International Armenia within the framework of USAID-supported Civil Society/Local Government Support Program, served as an effective mechanism for policy dialogue between state and CSOs. The primary objective of LAAD was to provide a platform for CSOs to proactively influence legislative agenda at the start of the annual legislative cycle through direct meetings with the NA Standing Committees⁸⁹. It allowed CSOs, activists, and representatives of local authorities to develop legislative recommendations in several areas of their concern such as health, social issues, etc. This opportunity provided a specific mechanism for CSOs to be involved in the legislative process and to receive feedback on each of the suggestions made. As a result of this process, several recommendations have been adopted by the parliament, including development and adoption of legislative acts and amendments to laws. For example, the law on equal rights and opportunities for men and women was developed with participation of CSOs and further adopted in 2013. Through LAAD, the Maternal and Child Health Alliance presented amendments to the State Budget for 2012 to the Standing Committee on Healthcare, Maternity and Childhood, asking for an increase in health expenditures to provide better access to healthcare in Armenia's rural com-

87 Ibid.

88 CSO Sustainability Index Armenia 2013, CDPF/USAID, June 2014

89 Counterpart International Armenia website, http://program.counterpart.org/Armenia/?page_id=6446, last retrieved: 13.11.204

munities. As a result, health spending was eventually increased in the State Budget by over 3,000,000 Armenian Dram (over \$7,500)⁹⁰.

Research activities are also utilised by CSOs in their advocacy efforts. In 2013, Sustainable Development Initiative (SDI) NGO in Metsamor published a study on Positive and Negative Impacts of Nuclear Energy in Armenia, which recommended investing in the safety and extension of the functioning plant and against developing a new plant. The results were discussed in a round table attended by representatives from the Ministry of Energy and Natural Resources as well as representatives of the Metsamor Nuclear Power Plant, Metsamor Municipality and the Governor's Office. A public hearing was also organized to discuss the results of the study with the population of Metsamor where the nuclear plant is located. The study and discussions contributed to the government's decision on a plan to invest 150 million USD to provide for the safety and prolong the activities of the functioning plant, which was set to expire in 2016.

As it can be seen from the examples, coalitions and networks are often more successful in bringing change and achieving success in advocacy efforts. There are many networks and coalitions formed around environmental, human rights, disability related issues. Many coalitions are formed around a specific issue with a goal to advocate for a concrete cause. E.g., the coalition To Stop Violence Against Women, formed in 2010, organizes petitions, pickets and demonstrations to raise awareness on the problem of domestic violence and to demand adoption of a domestic violence law in Armenia. Election-related coalitions are formed during the election periods to mobilize resources for effective observation and awareness-raising activities.

Policy dialogue: local level

Local government authorities in Armenia are elected by community members and include the council of elderly – avagani, and the community head, which further appoint executive staff of the LSGB. The council is the superior governing body on community level, and takes main decisions regarding community development plan, budget, and other strategic issues related to community, as well as supervises the implementation of the decisions and

compliance of the decision of community head with the law. Meetings of community council are usually open and anyone can participate. Besides, the council may invite working groups and committees for resolution of specific issues related to the community.

Thus, the council of elderly is an important channel for public participation and represents the voice of the community. At the same time, this body is not properly functioning in many Armenian communities, especially in rural areas. The work in the council is not paid, and the council members are often “appointed” by the community head without alternative candidates in local elections. The head of the community in fact holds the major decision-making power in most communities. The participants of focus groups conducted throughout this study mentioned that the council does not fulfil its role: *“There is no active council, they do not collaborate with the people, do not know their rights and responsibilities”* (CSO representative, Gavar).

Apart from the participation in council's meeting and committees, local self-government law identifies several other public participation opportunities, including public hearings. According to the recent amendment to the law, a provision is included that the community head shall organize public hearings and debates related to legal drafts and major initiatives proposed by local self-governance body; collects suggestions and presents them to authors of drafts and initiatives⁹¹. The provisions related to public participation were adopted in 2013 as a result of CSO initiative and joint work of government, CSOs and international organizations.

Although citizen participation is a binding provision in local government legislation, public participation in most cases is limited to public awareness and in some cases consulting, while participation and impact in decision-making level is still on its way of development and largely depends on the activity and capacity of local CSOs, including organized community groups.

As a general trend, increase of CSO participation scope and impact on local decision-making is noted in the recent 5 years. The transition from imitative discussions organized by local authorities and usage of personal connections to solve issues toward more institutional and effective mechanisms of participation has started, though there is still a long way to go in this direction.

⁹⁰ ibid.

⁹¹ RA Law on Local Self Governance, art. 33.1



Again, even though this transition is happening mostly by the merit of international organizations and/or grant projects funded by international organizations, it slowly contributes to the change in local practices and culture in the area of local self-government. Reports indicate that due to CSO work, in some regions people are more informed about the responsibilities of local government, participate in local government and community council sessions, and demand accountability from the authorities⁹².

Community meetings are practiced in many regional communities for discussion of issues important for community and as a mechanism for public consultation. As a rule, this practice is initiated by national or international organizations; however, it proved to be a needed and working mechanism in communities and local authorities and organizations continue implementation of such meetings as a mechanism of need assessment and consulting. International Center for Human Development (ICHHD) is one of the organizations that initiated Town hall meetings in more than 60 communities, as a participatory mechanism, where representatives of various sectors discuss various “scenarios” describing a social problem, its solutions and available resources. The scenarios are developed in advance by the experts, based on the outcomes of interviews with relevant stakeholders, and after the discussion in community meetings, the priority scenario is selected and presented to the council for consideration. In rural communities about 100 representatives participate in the meetings, while in urban areas it is possible to arrange a meeting for up to 500 participants. According to ICHHD representatives, the priority scenarios may not often meet the priorities outlined by the local government, but local authorities usually accept the options that gained greater public consent. Typically, the follow-up research shows that 80 percent of those promises are being implemented, while the other 20 percent have clear explanations of the reasons for non-implementation. Furthermore, this practice is continued owing to local CSOs: “We sign a MoU to transfer this capacity to local CSOs so that they can organize and implement this. It means that this is a functional and healthy mechanism.” (ICHHD representative)

Another positive experience in policy dialogue on local level includes youth groups in Gyumri, Artik, and Maralik that successfully developed and advocated strategic plans to implement community youth policies. The municipal-

ities approved the strategic plans, and for the first time Maralik decided to allocate 100,000 AMD (about \$ 250) each year to a youth-related activity⁹³. The improvement of the transparency in allocating budget to CSOs in Vanadzor is another success example provided by a focus group participant: “A budget allocation of 1.5-2 mln drams is provided in our Mayor’s budget for CSOs and mass media. No one knows who receives this money and for what purpose. [...] Due to our pressings, strategy, whatever, we achieved a situation when during the meeting on budget approval they said – afterwards, CSOs and media will come and present their programs, and a discussion will be organized to see what is the best [project] to win” (CSO representative, Vanadzor).

Such examples suggest that organized, constructive and consistent actions by CSOs can have impact at the level of local government decision-making processes. On the other hand, community development programs implemented by various local and international organizations play an important role in creation of participation culture and in capacity-building of CSOs, local authorities, and citizens for effective policy dialogue.

Community programs take a key role in social policy programs worldwide, as the community is seen primarily as an administrative unit with the right and ability to act independently, which can evaluate and change its life through own efforts. The utilisation of the community’s own potential has proved to be very useful and effective for development.

This approach has been also prevalent in the programs of local and international CSOs implemented in Armenian communities for the last 10 years. A number of projects by Jinishian Memorial Foundation, Armenian Caritas, World Vision Armenia, Counterpart International Armenia, etc. covered community development issues through local policy dialogue and civic participation. Community members were actively involved in solving the problems, usually through activities of local non-formal groups whose aim was to provide a link between citizens and local governments to promote dialogue. There are multiple success stories in the framework of these programs including modifications in community budget, community related decisions, jointly developed codes and strategies. The achievements in local policy dialogue certainly have a great influence on the formation of the culture of participa-

92 CIVICUS Civil Society Index Rapid Assessment: Armenia Country Report, Yerevan, 2014

93 CSO Sustainability Index Armenia 2013, CDPF/USAID, June 2014

tory policy-making, as well as development of capacities for policy dialogue on both sides. The inclusions of new provisions on participation in the LSGB law can also be considered as a result of improved practice of local policy dialogue.

Non-formal movements

As presented in the first chapter, most of the movements in Armenia are focused around environmental, human rights, and urban issues. One of the first movements, Save Teghut, demanded stopping Teghut copper-molybdenum mine exploitation program in Teghut area, as it was destructive for local forests, water resources, and animal and plant species. Though this campaign was not successful and the mining is going on, the movement continued its work and together with other groups engaged in other environmental campaigns that sometimes were successful ones. One of the successes widely celebrated by the environmentalists was stopping the construction of a small hydropower station that was going to harm the waterfall. This decision was the achievement of numerous CSOs and individual citizens mobilized through petitions, demonstrations, and even through protest camps. Moreover, as a result of advocacy, the government granted the waterfall special protection status in 2011.

“We are the owners of this city” initiative is another non-formal movement that continuously addresses state and business initiatives that potentially harm green places in Yerevan. This movement together with other active groups and citizens engaged in Mashtots Park protection campaign, which protested against the construction started in the park in 2012. After a three-month sit-in, a petition, and applications to various state bodies, the construction was stopped and the buildings were eventually removed by order of the President.⁹⁴

Beside environmental issues, civic movements have been formed around various issues concerning violations in army, increase of transportation fare, demolishing buildings of cultural value, tax laws, etc.

A recent noteworthy advocacy campaign organized by informal groups in 2013-2014 was the movement “I am against”, protesting against the law on the mandatory cumulative pension scheme. The movement involved thousands of members participating in petitions, discussions, marches and protest actions in Yerevan and regions. In April 2014, the Constitutional Court suspended some provisions of the law, which were defined as inconsistent with the national Constitution. Further, amendments to the law were adopted, which though did not fully meet the demands of the movement, but postponed the entrance of the mandatory system for those who are not employed in the state sector.

The specific features of non-formal movements are: the mobilization of citizens around an issue of public interest, self-funding, and horizontal management structure.

CSO capacities and needs for participation in policy-making

CSO strategies to influence public policy

The survey of SOCIOMETR addressed the question on the mechanisms that CSO use to influence state programs and public policy. The most often-mentioned method was dissemination of information on the specific issue among corresponding audience, followed by participation in assemblies, conferences, and discussions. Regional and local level campaigns are also mentioned, but often – as moderately used mechanism of influence.

⁹⁴ More information on civic movements can be found at <http://organize-now.am/en/>, a website initiated by the Institute for Democracy and Human Rights (IDHR) and run by a group of young activists.



Table 20. **To what extent the following mechanisms of influencing public program and policy formulations are utilized by your organization? (on the scale 1-5, where 1 is the minimal and 5 – maximal)**

Activity	average score
Disseminating information on main issues in specific area	3.54
Participation in assemblies, conferences, discussions	3.27
Preparation of studies, strategies, draft laws	3.20
Implementation of regional/ community campaigns together with other CSOs	3.05
Participation in the work of local councils	2.97
Participation in the work of parliamentary committees	2.85
Participation in the work of regional councils	2.84
Implementation of national campaigns together with other CSOs	2.76
Participation through national councils	2.61

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

According to CIVICUS report, CSO representatives from the South of the country mentioned that CSOs set themselves milestones and success markers that are rather modest: awareness, discussions and involvement rather than achievements of set objectives⁹⁵. This opinion indicate the general trend of CSOs involved more in large scale activities that have little impact on policy change; however, awareness raising activities have their role in changing mentality and forming public opinion as well, and should not be neglected in this aspect. According to experts, in some cases civil society does not have the expertise and the capacity to suggest policy alternatives, and also lacks the capacity for supervision of the policy implementation⁹⁶.

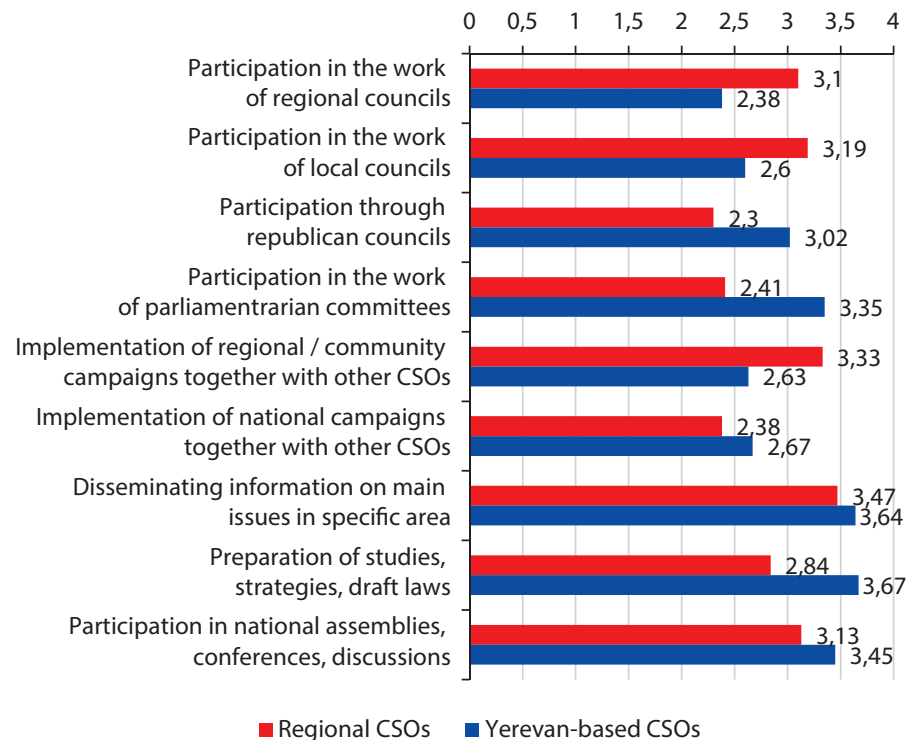
Coming back to the results of the survey, it should be noted that institutional mechanisms of participation such as involvement in the work of local, regional, and national councils, parliamentary committees, is less often used

95 CIVICUS Civil Society Index Rapid Assessment: Armenia Country Report, Yerevan, 2014

96 CIVICUS Civil Society Index Rapid Assessment: Armenia Country Report, Yerevan, 2014

by CSOs. If we compare Yerevan-based and regional CSOs, it is visible that regional CSOs are more active in participation in the regional and local councils and regional and community campaigns, while Yerevan-based organizations more often participate in the work of parliamentary committees and republican councils.

Figure 9. **To what extent the following mechanisms of influencing public program and policy formulations are utilized by your organization? (average value, on the scale 1-5, where 1 is the minimal and 5 – maximal)**



Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

This difference may be explained not only by the location of organizations, which defines the feasibility of participation in the work of local or national level state bodies, but also by differences in CSO capacities in the field of policy dialogue. Regional CSOs often mention that they have less access to capac-

ity development activities as compared to CSOs based in Yerevan; several cities such as Gyumri, Vanadzor, Goris may be exemption due to location of resource centers and organization of capacity-building events there. The Chart above also indicates that Yerevan-based CSOs more often prepare studies, strategies and draft laws as compared to regional organizations, which cannot be explained by physical location but only the difference in capacities again. The difference between the activity of Yerevan-based and regional CSOs in the policy making is more visible in the replies to question on achievements of CSOs. In total, 13.6% of organizations mentioned collaboration and impact on state structures, and 10.9% mentioned legislative changes as their major achievements. At the same time, majority of these CSOs are from the capital: 87.5% of those mentioning legislative changes as their achievement and 75% of those having impact on state structures are Yerevan-based CSOs.

The opportunities of regional organizations in terms of learning and PR have been significantly enlarged with the increasing volume of usage of new technologies. More and more organizations use social networks as a free resource for publicizing their work and mobilising supporters. According to the Youth NGO Survey, 28.2% of surveyed organizations had a website and 50.7% used social networks, mainly Facebook, as a tool for disseminating information⁹⁷. CIVICUS study conducted in 2014 quotes another survey conducted by the Turpanjuan Center for Policy Analysis at the American University of Armenia, which indicates that 72% of actively operating CSOs have websites and 65% – Facebook pages, while at least a quarter of CSOs also uses other social media, such as YouTube and blogs⁹⁸.

Facebook and YouTube have played a key role in mobilization of active groups throughout non-formal movements and campaigns. Online channels provided organizational, information, negotiation functions, and even played watchdog role by showing violations of state officials via immediate publications of videos through YouTube channel⁹⁹. Some online media, such as Radio Liberty (“Azatutyun”) and Civilnet provided live coverage of civic protests. However, some experts mention that due to new social media there

is a tendency of transferring the real struggle from offline to online platforms, and many people, actively campaigning online, do not physically become participants of real campaigns¹⁰⁰. In any case, usage of online tools contributed to faster dissemination of information and larger involvement of people, especially youth, in public activities, and CSOs increasingly realize the irreplaceable role that new technologies play in public mobilization and campaigning. Experts note that the capacity of organizing and administering discussions on online platforms should be developed by CSOs to effectively mobilize supporters¹⁰¹.

CSO needs and capacities for effective participation in policy-making

Throughout the report, CSO capacities and development needs have been covered in several aspects, including capacities in organizational development in general and particularly in policy-making field. Based upon the previous analysis, the following directions of CSO development should be highlighted:

- Organizational development in general: governance, strategic management, need assessment, PR
- Collaboration with other sectors: communication skills, visibility, accountability, strategic approach
- Financial sustainability: public fundraising, business funding solicitation, strategic approach
- Participation in policy making: policy analysis, presentation skills, proactive and consistent approach, visibility, budget and policy monitoring skills, usage of online tools

The training topics and format indicated by the surveyed CSOs will be further reviewed.

According to the research results, CSOs prefer traditional format of trainings to e-learning. Some of the reasons mentioned for this preference is difficulty in understanding the material, technical issues related to Internet or equipment, as well lack of immediate face-to-face contact as opposed to traditional training. In specifying training topics they would like to participate in, CSOs

97 Report on Youth NGO Mapping Research and Evaluation of State-Funded Youth Projects, Youth Studies Institute, Yerevan, 2014

98 CIVICUS Civil Society Index Rapid Assessment: Armenia Country Report, Yerevan, 2014

99 Tadevosyan A., Civic Initiatives and New Technologies in Armenia, Yerevan, 2013 (in Armenian)

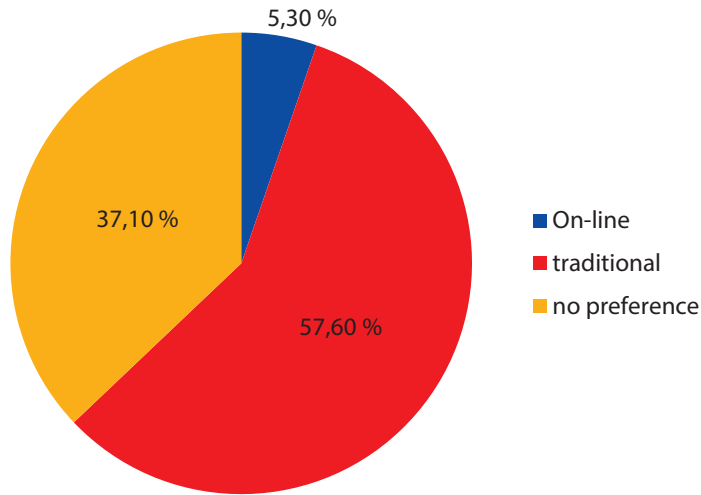
100 CIVICUS Civil Society Index Rapid Assessment: Armenia Country Report, Yerevan, 2014

101 CIVICUS Civil Society Index Rapid Assessment: Armenia Country Report, Yerevan, 2014



mentioned mostly traditional training format as a preferred one (58% of cases) while only online format was mentioned only for 10 topics (5.3% of cases).

Figure 10. Preferred format of training (% of cases)



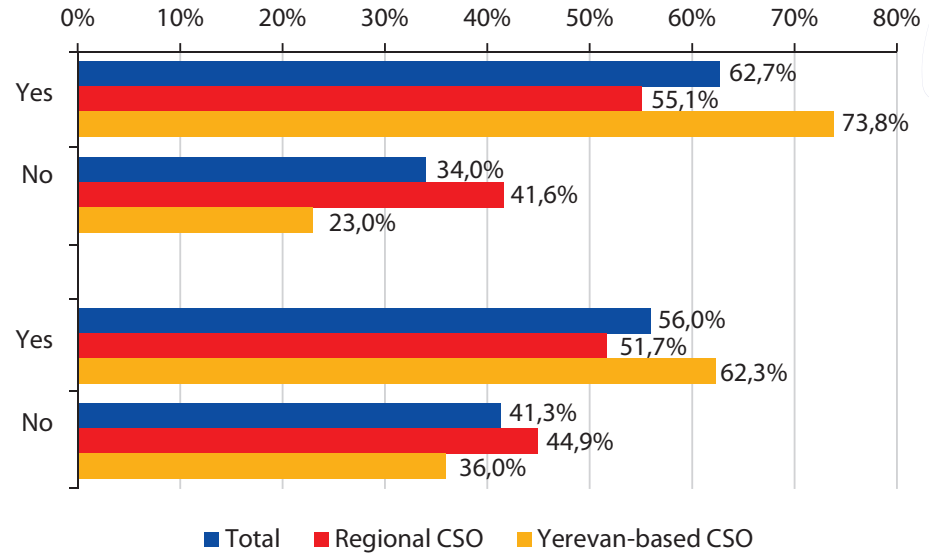
Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

Among the areas, in which CSOs are interested, the following training topics are most often mentioned by CSOs:

- Organizational development capacities/PR (43 times)
- Professional skill development (32 times)
- Grant project writing (30 times)
- Human rights (18 times)
- Collaboration with LSGB (14 times)
- Collaboration with international NGOs (11 times)

The CSOs have been also asked if they would like to participate in e-learning trainings in the areas of organizational development and policy evaluation/monitoring/advocacy. The answers are presented with differentiation of Yerevan-based and regional CSOs.

Figure 11. Would you like to participate in e-learning courses?



Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

Yerevan-based CSOs indicate more willingness to participate in e-learning courses. As in previous question on the training needs, regional CSOs mentioned more training topics than Yerevan-based CSOs, we can suggest that less of willingness in this case means resistance to training format rather than the learning process itself. It is also visible that in general less CSOs indicate willingness to participate in training related to policy-making.

Financial Management and Fundraising, PR and Communication, Human Resource Management and Leadership Skills are the most requested topics in the organizational development area. These answers reflect the findings of the report highlighted in the part on CSO organizational capacities section and the chapter on financial sustainability. Strategic planning and volunteer management go next, indicating CSOs' recognition of strategic planning importance and the role of volunteers in their work.

Table 21. **Please select the topics of e-learning that your organization would be interested to participate in**

	Organizational Development	quantity	%
1	Financial management, outsourcing, fundraising for CSOs	45	30.0
2	PR in a non-profit organization, successful communication, use of online and offline tools	44	29.3
3	General leadership skills. Human resource management, planning, delegation and goal performance.	42	28.0
4	Strategic planning. Why do we have to plan in advance?	34	22.7
5	Volunteer management, planning volunteer programs	33	22.0
6	Project design and project implementation	31	20.7
7	Public accountability of CSOs: how to involve target groups in decision-making in CSOs.	30	20.0
8	Standards, policies, procedures and instructions in the activities of non-profit organizations. Quality management, including internal assessment tools	27	18.0
9	How to start a non-governmental (non-profit) organization. Target groups, mission, vision	20	13.3
10	Other	5	3.3
Policy Evaluation/ Advocacy/ Monitoring			
1	Informing civil society about the role of CSOs in policy reforms	41	27.3
2	Public monitoring and evaluation: measuring the quantity and quality of public services and other activities of the government	40	26.6
3	Eastern Partnership and the reform processes: goals, mechanisms and platforms, major initiatives, potential role of civil society in the reform processes	39	26.0
4	Monitoring of public policies at all levels	39	26.0
5	Negotiations – a constructive dialogue	38	25.3
6	Lobbying and protection	34	22.6
7	State budget: from analysis to impact	30	20.0
8	Coalition building and networking	18	12.0

9	Stakeholder analysis, the structure of power	16	10.7
10	Other	1	0,7

Source: Data of survey of CSOs conducted by SOCIOMETR, 2014

As regarding topics related to policy-making, training on dissemination of information on CSO role in policy reforms is the number-one mentioned topic followed by the training on public monitoring and evaluation, role of Eastern Partnership in the reform process, and monitoring of public policies at all levels.

Participants of focus groups conducted within the framework of the study mention that CSOs should first of all be more critical about their own activities and apply more efforts for building own capacities. *“We present demands towards others but never reflect on our own activities. I think CSOs have much to do in terms of their own development, re-defining their mission and their values”* (CSO representative, Yerevan). CSO representatives stress the importance of focusing on the youth in capacity development efforts. A model of composing a group of active young people from different regions is mentioned as a successful experience: *“Three young persons from each out of ten regions, who are not very familiar with this field, came to one place and participated in a three-day program where experts provided knowledge on various aspects in the field in the discussion format, and eventually small grant projects were funded. This is an effective mechanism”* (CSO representative, Gyumri).

Development of trainers’ pool for providing capacity building to a larger number of CSOs would contribute to multiplication of knowledge and skills among CSOs. The results of the survey show that 58.7% of involved CSOs are interested in participation in Training of Trainers on the role of civil society in decision making, noting that such training will develop their skills and help to train others and enlarge the scope of impact.



CONCLUSIONS AND RECOMMENDATIONS

Country environment and CSO operation

The political, economic, and social environment in Armenia is not very favourable for smooth CSO operation. Corruption is considered to be the most significant factor influencing Armenian civil society, along with widespread poverty, social and economic crisis, as well as social/economic inequality. Joining the Eurasian Economic Union is viewed by many CSOs as threatening sign to further developments in CSO regulations. At the same time, CSOs assess the existing environment as a challenge for their work and stimulus to multiply their efforts in creating positive changes in the country.

In comparison to other democracy indicators, civil society in Armenia is assessed by international reports as relatively high developed. Though only 15 to 20 percent of registered organizations are estimated to be active, and most of them are still developing their institutional capacities, the commitment of Armenian CSOs and their involvement, expertise and analytical capacities are highly valued.

The problem of financial sustainability is considered as the most significant by CSOs, and lack of alternative funding apart from grants makes Armenian CSOs more vulnerable in terms of responsiveness to community needs and prioritization of public accountability, which together with lack of professional and strategic approach to organizational management contributes to low level of institutional development of Armenian CSOs.

A number of CSOs, including non-formal organizations, succeeded in making change and influencing public policy due to their ability to mobilise constituencies and organize advocacy campaigns.

Further, main findings and recommendations related to CSO legal framework, external collaboration, financial sustainability, and participation in policy-making will be outlined in detail.

CSO legal environment

In general, the freedoms and CSO legal regulations are favourable for CSO operation in Armenia. However, some problems in terms of enabling legal environment for CSOs can be identified based on the findings of the report:

- limitations related to freedom of assembly like harassment and violent treatment of participants of protest actions,
- restrictions regarding freedom of press and dominance of political influence over some media outlets, especially TV channels,
- problems with accessing information because of state agencies: though this access is guaranteed by law and state agencies generally follow the procedure, evasive and incomplete answers to inquiries can be received if the inquiry addresses problematic issues,
- obstacles to CSO registration, mostly related to unavailability of registration opportunities in regions and bureaucratic procedures with registration documents,
- ban on entrepreneurial activities for CSOs registered as public organizations,
- lack of tax incentives for social entrepreneurship and charity donations,
- lack of incentives for volunteer work,
- lack of clear mechanisms for dissolution of non-functioning organizations.

The recently approved Concept on CSO Legal and Institutional Improvement provides several provisions on improvement of CSO regulations, which are mostly welcomed by CSOs. Thus, legislative changes in the area of CSO regulation are expected, which will hopefully resolve some of the above-mentioned issues.

Collaboration with other stakeholders

According to survey results, primary partners of CSOs in their work are other CSOs and mass media. Collaboration with private sector is the weakest one, while CSO collaboration with state authorities is moderate, with stronger ties with local authorities as compared to national level state agencies. The following findings on strong and weak aspects of CSO external collaboration may be highlighted.

- CSOs do not fully utilize collaboration potential within the sector, even though joint efforts lead to more successful results, which are illustrated by success stories of several CSO coalitions and networks.
- Many coalitions are formed and/or function within grant projects, with support and assistance of international organizations, while a few issue-based coalitions are formed spontaneously and mobilize available resources of the members.
- Lack of information on other CSO activity and available resources in CSO community is one of the hindering factors for more effective collaboration efforts of CSOs.
- There is a range of policies, regulations, and agencies created in the context of CSO-state partnership development, though not all of the latter are considered to be highly effective, and sometimes even regarded as imitations. Many of state-CSO collaboration initiatives are imposed by international agreements and/or initiated within the framework of grant projects, while state agencies rarely demonstrate their own initiative to collaborate with CSOs.
- According to CSOs, lack of resources or potential for civil society dialogue on the side of authorities together with corruption are main obstacles for state-CSO collaboration. Besides, CSOs own skills and capacities are also limited in this aspect: they lack knowledge how to approach

authorities and get involved in the decision-making process and do not possess clear information on collaboration mechanisms. Lack of trust on both sides and low prioritization of collaboration are other hindering factors for collaboration.

- There is some positive dynamics in terms of CSO-business collaboration, but the use of collaboration potential still remains very low. Lack of trust toward CSOs, lack of CSR traditions are the main obstacles for collaboration between the sectors combined with limited skills of CSO self-presentation, lack of strategic approach and low motivation in developing partnerships with businesses.
- Though CSOs and mass media interact closely, the coverage of CSO activities by mass media is not enough to provide better visibility of CSOs and promote trust toward CSOs and their activities.
- Mass media is more inclined to cover activities of CSOs they know well, and activities that are more visible and related to the topic of the day. CSOs need to strengthen their communication capacities to work more effectively with media.

Increased accountability and visibility of CSOs, development of CSO skills and knowledge on collaboration tools and models, higher prioritization of collaboration, and mobilization of resources in this direction together with increased trust toward the sector would contribute to further development of CSO relations with other stakeholders. Dissemination of information on success stories, possible mechanisms and models of collaboration would contribute to increased motivation for collaboration. CSO trainings on communication, presentation and negotiation skills are also necessary for building more effective collaboration.

Strategic approach in working with mass media would be useful for CSOs to sustain improved CSO-media partnership. As mass media is usually considered a part of civil society, treating mass media not just as a tool for PR activities but also as a strategic partner in service provision and advocacy campaigns would help CSOs increase effectiveness of their work. On the other hand, motivating media to collaborate and presenting possible benefits to them such as utilization of CSO expertise, available research and analysis in the field would be helpful. Information banks on CSO activities will help



other stakeholders and CSOs themselves to find of the possible collaboration grounds and raise awareness about the sector in general.

CSO financial sustainability

Both research data and other sources confirm that the issue of financial sustainability remains a major problem of Armenian CSOs. As indicated in the report, this issue plays a major role in hindering institutional development of organizations, which in its turn influences their activities. The following conclusions are derived from the study of CSO funding sources:

- The dominant funding source for Armenian CSOs is international organizations providing grants. Dependency on grant funding limits CSOs work in terms of their mission implementation and negatively affects their image.
- State funding of CSOs is limited, and most state agencies still do not have clear and competitive funding mechanisms; specific monitoring and evaluation mechanisms for state-funded projects are not available. CSOs that provide social services, and, first of all, state-founded foundations and sport federations are primary beneficiaries of state funding. Many CSOs do not even attempt to apply for state funding because of lack of trust toward the system. Public organisations cannot directly participate in public procurements due to legislative limitations.
- Private sector funding comprises an insignificant proportion of CSOs' income in Armenia. Lack of tax incentives and trust in CSO professionalism, and limited efforts of CSOs in solicitation of business funding serve as main hindering factors.
- Public fundraising is becoming more popular recently though it still remains small in scope and is not regarded by CSOs as a source for their financial sustainability.
- Provision of paid services is also rarely used by CSOs for creating income because of legislation and lack of skills and resources to run a separate business entity.
- Membership fees, even though used by many CSOs, still comprise too small an amount to provide sustainable income for CSO activities.

Diversification of funding sources is a primary need for development of CSO sustainability, while their institutional development, increased accountability, strategic approach to securing financial sustainability and developed fundraising skills would help to provide more sustainable income.

CSO participation and capacities in policy-making

In recent years, CSO participation in public policy formulation has achieved some progress: various regulations enforcing participation, joint working groups and councils involving CSOs and state representatives have been created, while CSO coalitions, non-formal groups have launched more advocacy campaigns, using online tools and mobilising more people. However, CSO impact on public policy is still limited and non-structured. The following trends have been highlighted in the report in relation to CSO participation and capacities in policy-making.

- Most successful policy dialogue processes are made with the collaboration of international organizations and would be hardly possible without funding and technical support from donors.
- CSOs can succeed if they are consistent in their advocacy activities; however, the successes observed have not resulted in structural changes but rather achieved temporary solutions addressing consequences rather than root causes.
- CSO impact on policy-making depends on the scope and cause of the advocacy campaign. Thus, human rights organizations' work and protest movements can be seriously repressed if they touch upon business and/or authority interests of the persons in power.
- Political will of the authorities plays a key role in enabling CSOs to participate in policy formulation and implementation monitoring processes and often defines the outcomes of advocacy campaign. It often depends on the discretion of a particular state agency and/or official whether efforts to involve CSOs in policy discussion will be made or not. However, in case of pro-active approach and persistence CSOs are able to have more impact.
- Public participation in decision-making on local level is enforced by legal regulations; however, in most cases it is limited to public awareness

and sometimes consulting, while full participation and real impact on decision-making process is still on its way of development and largely depends on activity and capacity of local CSOs, including organized community groups.

- CSOs have limited expertise and capacity to suggest policy alternatives, as well as lack of capacities in mobilizing large support groups, planning, implementation and follow-up of advocacy campaigns. One-way activities such as awareness raising and production of reports are more often used by CSOs as a way to reach out to the target audience. In general, CSOs are more involved in large scale activities that have little impact on policy change.
- Differences between Yerevan-based and regional CSOs' are noted both in terms of involvement in national level policy dialogue and in terms of capacities: regional CSOs indicate less involvement in policy processes on national level. At the same time, they name more training topics interesting for them to participate in, though preferring traditional training format to e-learning.
- CSOs are more interested in training on organizational development rather than in training related to policy-making field, which reflects the notion that many CSOs do not view themselves as stakeholders in policy-making processes.

As a rule, coalitions and networks, as well civil movements mobilizing several groups and organizations are often more successful in bringing change and achieving success in advocacy efforts. Therefore, increased collaboration among CSOs would help increase the impact of CSO in policy-making. Organized, constructive and consistent actions by CSOs proved to have more impact on local decision-making processes. Joint efforts of CSOs along with building participation culture and capacity-building initiatives will contribute to more effective and powerful civic participation in Armenia.



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