ARMENIA

2012 Scores for Armenia

Category	Score
CSO Sustainability	3.9
Legal Environment	3.9
Organizational Capacity	3.8
Financial Viability	5.2
Advocacy	3.4
Service Provision	3.9
Infrastructure	3.4
Public Image	4.0

Sustainability Enhanced — Sustainability Evolving — Sustainability Impeded

Capital: Yerevan

Population: 2,974,184

GDP per capita (PPP): $5,600

Human Development Index: 87

CSO SUSTAINABILITY: 3.9

CSO Sustainability in Armenia

1998: 5.5, 1999: 5.1, 2000: 5.0, 2001: 4.4, 2002: 4.2, 2003: 4.1, 2004: 4.1, 2005: 4.1, 2006: 4.1, 2007: 4.0, 2008: 4.0, 2009: 4.0, 2010: 4.0, 2011: 4.0, 2012: 3.9

The year 2012 in Armenia was marked by parliamentary and local elections. CSOs were more involved in the election process this year, forming a number of coalitions to monitor the elections and raise public awareness, and increasingly using new technologies for mobilization, communication, and public relations. In addition, several CSO representatives ran for office, some of whom won.

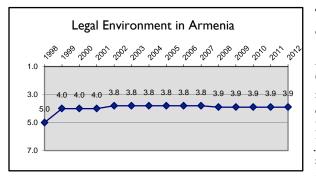Long-discussed changes to the CSO legal framework were not adopted in 2012. However, CSOs were more actively involved in tangible steps to improve the legislation and continued to collaborate with governmental bodies.

According to the Ministry of Justice, there were 3,432 public organizations, 733 foundations, and 301 legal entity unions registered in Armenia as of October 2012. This represents a slight decrease over the past year, as several organizations were closed for not providing tax reports. Experts estimate that only 15 to 20 percent of registered institutions are active.

LEGAL ENVIRONMENT: 3.9

Legal Environment in Armenia

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
		4.0	4.0	4.0	3.8	3.8	3.8	3.8	3.8	3.8	3.9	3.9	3.9	3.9	3.9

There were no major changes in the CSO legal environment during 2012.

Armenian legislation regulates two types of formal CSOs: membership-based public organizations and non-membership foundations. Both public organizations and foundations register with the State Register of Legal Entities based within the Ministry of Justice. Applicants usually receive a response to their applications within twenty days, but the Register frequently requests additional information or changes in CSO charters. As a result, CSOs often have to pay multiple visits to the State Registry, which presents additional obstacles to those based outside of Yerevan. Online registration is expected to be made available to CSOs in 2013; business entities can already register online. In addition to eliminating the need for multiple trips to Yerevan, an online registration system will eliminate the opportunity for corruption that comes from face-to-face interaction with officials.

The legislation allows public organizations to create any type of governing body that represents the general assembly of members. However, since CSOs generally create boards as their formal representative bodies, the State Register often rejects charters that propose alternative governance structures.

Since 2009, local CSOs and international organizations have raised numerous concerns about the draft Law on Public Organizations through a national advocacy campaign that continued through 2012. The draft was revised several times in 2010 and 2011. In August 2012, the Ministry of Justice (MoJ) published yet another version, which reflected the feedback received from CSOs. However, CSOs still believe there is a need for further legislative improvements, particularly in the areas of CSO financial sustainability, volunteering activities, and advocacy.

In 2012, a working group comprised of government and CSO representatives prepared a Concept on CSO Institutional and Legislative Improvement, which recommends changes to the laws governing financial sustainability, volunteering, reporting systems, representation of CSOs in courts, and the types of CSOs. The Concept has been discussed and finalized with the Ministry of Justice. The refined draft is expected to be presented for public discussion at the beginning of 2013. Upon approval of the Concept by the government, draft laws to implement the Concept's recommendations will be developed and presented to the National Assembly for approval. In addition, the Public Council, a public advisory body created by presidential decree in 2009, drafted a Concept on CSO Development Strategy, which addresses the overall situation of CSOs; the draft was being circulated among stakeholders at the end of 2012.

The Law on Public Organizations states that public organizations can only be dissolved by court. About a hundred public organizations were dissolved in 2012 because they failed to provide tax reports. Similar pressure was applied on foundations, which in 2012 had to start publishing their annual reports not only through newspapers but also on the State Register's official website. A considerable number of foundations received written warnings for incomplete reports. Foundations report that the system is still not clear and that the Ministry of Justice provides limited training and information.

In June 2012, the National Security Service (NSS) began an investigation into alleged money laundering by Vartan Oskanian, the founder of Civilitas Foundation. Mr. Oskanian, a former Minister of Foreign Affairs and current member of the National Assembly, claimed the charges were politically motivated. The focus of the investigation has since broadened to include the activities of the Civilitas Foundation, and Civilitas employees have been harassed and followed home. The civic initiative "We Demand to stop Vartan Oskanian's Political Persecution" organized a petition drive. NSS officials questioned those who spearheaded

the campaign, as well as individuals from around the country who signed the petition. Civilitas' donors, supporters, and partners have also been questioned. Civilitas has attempted to maintain its activities and public engagement and Civilitas's most visible project, CivilNet, continued its work throughout the various campaign periods.
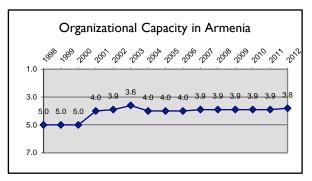
Public organizations, but not foundations, are legally prohibited from engaging in any kind of income-generating activities, including public procurement. CSOs do not receive any automatic tax exemptions, but can apply to the State Humanitarian Commission for exemption from VAT for specific projects that are recognized as charitable or funded by an international donor. CSOs with annual turnovers of over 58.3 million Armenian Drams (approximately $144,000) must pay VAT at the same level as business entities. Neither individual nor corporate donors receive any tax benefits.

CSOs increasingly utilize the expertise of legal professionals, who can now also be accessed through online channels, such as social media and websites. In the past few years, numerous networks and coalitions also started to make legal expertise available to their member organizations.

ORGANIZATIONAL CAPACITY: 3.8

Experts report some improvement in the organizational capacity of CSOs in 2012. Due to the drop in international funding in 2008-2009, fewer CSOs are now active. The major players in the field, however, continue to develop and strengthen. International organizations and ISOs indicate greater demand for capacity building services from CSOs.

Organizational Capacity in Armenia

In comparison with previous years, more CSOs, informal groups, and initiatives are developing strategic plans not only to meet donor requirements, but because they recognize the importance of planning. Likewise, more organizations develop projects based on their strategic plans, and fewer CSOs adapt their missions to match donors' priorities.
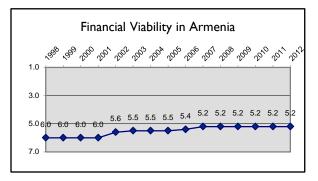
In many CSOs, the leader acts as the sole organizational representative and makes most organizational decisions. Most CSOs have boards of directors or trustees in accordance with their charters, although the boards often play a purely symbolic role. In addition, CSO members sometimes work as executive staff.

CSOs increasingly use new technologies, including Facebook, to publicize their activities. This especially benefits regional organizations by increasing their ability to share information and keep themselves updated on nationwide developments in their fields. Research on the use of information and communication technology (ICT) by CSOs conducted by American University of Armenia graduate student Armine Shahbazyan concluded that over the last decade, "ICTs have significantly increased the opportunities and effectiveness of CSOs in mobilization and outreach by improving organizations' capacity."

Financial challenges make it difficult for CSOs to hire and retain long-term paid professional staff; thus CSOs increasingly use volunteers to implement their activities. Many organizations, including Armenian Volunteer Corps, Birthright Armenia, US Peace Corps Armenia, AIESEC, and European Voluntary Service, also utilize international volunteers.

Most CSOs have access to basic office equipment, although many rely on outdated equipment purchased ten or more years ago. Current donor funding limitations do not usually allow grantees to purchase new equipment. Internet access in the regions increased in 2012.

FINANCIAL VIABILITY: 5.2

Financial Viability in Armenia

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	6.0	6.0	6.0	6.0	5.6	5.5	5.5	5.5	5.4	5.2	5.2	5.2	5.2	5.2	5.2

Financial viability remains the weakest aspect of CSO sustainability in Armenia. However, during 2012, the legislative changes outlined in the Concept on CSO Institutional and Legislative Improvement are expected to promote the financial viability of CSOs in the coming years by, for example, removing the ban on CSO entrepreneurial activities and introducing endowment funds. In addition, the International Center for Human Development (ICHD) is developing a draft law on endowments within the framework of the Concept.

Armenia still lacks a culture of philanthropy. Although CSOs increasingly recognize the need to raise funds locally, and there are some successful efforts, there is still a need for more experience and capacity in this area.

Business entities indicated more interest in public-private partnerships in 2012. For example, the telecommunications company Orange Armenia sub-contracted CSOs to conduct research and the Kapan mining factory provided grants to CSOs for community development initiatives as part of its corporate social responsibility (CSR) program.

Although state structures provide funding to CSOs, this funding is generally distributed on a non-transparent and non-competitive basis. According to research conducted in 2012 by Professionals for Civil Society, most state support continues to benefit sports federations and state-funded or state-operated organizations. Certain CSOs, particularly those providing social services to the elderly and disabled, receive regular government funding through ministries. Although some communities, including Vanadzor, Martuni, and Gyumri, have created separate budget line items to fund CSO activities, CSOs are either unaware of or unwilling to apply for these funds because the grant amounts are too small or they assume the competition will not be fair.

CSOs refrain from providing paid services due both to legal limitations and a lack of business skills and staff capacity.

Although Armenian public organizations are membership-based, only a few collect membership fees. For example, the Youth Initiative Center in Gyumri has a successful membership policy in place; if any of its approximately 150 members fail to pay their dues for more than three subsequent months, their membership is automatically canceled. Organizations that provide services to their members or involve their members in projects are more effective at collecting dues.

International donor funding continues to account for a considerable portion of CSO budgets. Major players in the field include USAID and other government agencies, such as the Canadian International Development Agency (CIDA), the Norwegian and US Embassies, and the European Union. Other organizations like the Open Society Foundations-Armenia, World Vision Armenia, and Oxfam GB Armenia also provide grants to CSOs for policy-related work, development activities, and service provision.
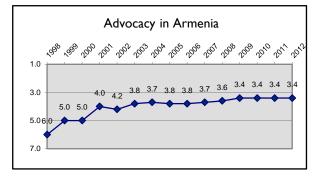
The most significant civil society development program is the USAID-supported Civil Society/Local Government Support (CSLGS) Program, which Counterpart has implemented since 2011. The program aims to increase the level of civic activism at the local and national levels and to promote more participatory, decentralized, efficient, and responsive local governance.

Many CSOs continue to improve their financial management systems, particularly systems for accounting, financial planning, and budgeting. All foundations make their financial reports available in both printed and electronic form as stipulated by the Law on Foundations.

ADVOCACY: 3.4

CSOs and informal civic groups implemented active advocacy campaigns in 2012 related to the environment, domestic violence, and other issues. Advocacy campaigns were more organized and institutionalized this year.

Environmental groups and coalitions continued to be successful advocates in 2012. The most prominent case was the civic initiative This City Belongs to Us, which formed in February to protect Mashtots Park in Yerevan from illegal construction. After a three-month

Advocacy in Armenia

sit-in, a petition, and applications to various state bodies, the construction was stopped and the contentious kiosks were eventually removed by order of the President.

Another successful environmental movement protested against a German-owned company's plans to expand open-pit mining in Kajaran, a village in the southeastern Syunik region. Residents of Kajaran opposed the plans, claiming that mining activities would be disastrous for the local ecosystem. Environmental activists and organizations, as well as some parliamentarians from the Heritage Party, supported the village and organized a nationwide campaign that stopped the process for now.

CSOs collaborated more actively with the National Assembly (NA) and local governments this year. In June 2012, the Legislative Agenda Advocacy Days (LAAD), initiated by the CSLGS program, organized regional conferences where representatives from over seventy communities, including CSOs, activists, and representatives of local authorities, developed fifty-six legislative recommendations related to health care, human rights, social affairs, and other issues. The recommendations were presented to the NA Standing Committees and discussed in the fall of 2012. As a result, sixteen recommendations received commitment for action and nine legislative initiatives are currently in parliament's agenda. The Public Network, which was created in 2008 and has 150 CSO members, promotes CSO collaboration with parliament and plans to sign a memorandum of collaboration with the new NA in early 2013.
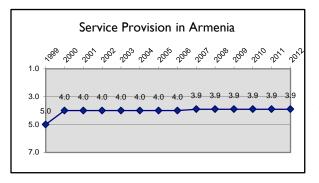
In the framework of the Vote for Change campaign, Oxfam Armenia and the Civil Society Partnership Network (CSPN) organized a series of round-table discussions with representatives of the political parties elected to the NA. The discussions focused on the implementation of reforms related to health care and agriculture. Reports of the discussions were sent to the parties with reminders of their pledges. The endorsement of the Concept on CSO Institutional and Legislative Improvement by the Ministry of Justice was also the result of successful CSO-government collaboration.

Several CSO representatives were elected to parliament and local councils in 2012. Representation of former CSO members in the legislative structures facilitates more openness of the state to civil society concerns and provides more opportunities for CSOs to express their views. In Gyumri's local elections in September 2012, local CSO leaders formed The City is Ours initiative to promote seven renowned public activists running for city council and to raise public awareness on the role of local government, mechanisms of citizen participation, and the need to stand up for their city. While only one of the seven activists was elected, a significant change has been noted in both the local authority's approach and citizens' attitudes. The public council's meetings are now broadcast live, a draft code of ethics for the council has been developed, and the

local government increasingly uses various social media and electronic tools to disseminate news and information on its activities.

Despite these successful examples, CSO-government collaboration often occurs only as a result of international and donor support or because of a politician's personal interest, which indicates the need to further institutionalize such cooperation.

SERVICE PROVISION: 3.9

Service Provision in Armenia

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.9	3.9	3.9	3.9

CSOs increasingly use needs assessments and collect feedback in order to better respond to community needs when providing services, although they still need to reduce their focus on donor priorities.

CSOs provide legal, social, and medical assistance to vulnerable groups, as well as informal education and capacity building in various fields. In 2012, a number of CSOs were involved in the parliamentary elections; they raised public awareness, corrected voting lists, observed electoral processes, and monitored media activities. CSOs utilized new tools and approaches for these activities, including flashmobs, online social networks, and mobile communication. For example, iDitord provided a mechanism for citizens to report electoral violations online as well as by SMS, Twitter, and telephone hotline. The Civilitas Foundation broadcast reports on various topics related to the parliamentary elections on its Civilnet TV and organized six public debates with representatives from a number of political parties that were streamed on civilnet.am.
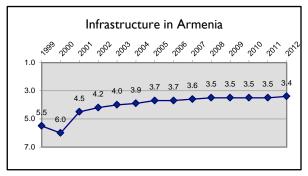
A limited number of CSOs operate social enterprises that allow them to recover some costs and to provide employment opportunities for beneficiaries. In general, however, amendments to the law and capacity building initiatives are needed to improve cost recovery.

For the first time, five CSOs received state certification to provide state-ordered training to teachers, a service previously monopolized by state organizations. Ministries continue to provide limited subsidies and grants to particular CSOs for service provision. The Armenian Apostolic Church expanded its support to educational groups and organizations implementing social and cultural projects in communities.

INFRASTRUCTURE: 3.4

CSO infrastructure improved slightly in 2012. Resource centers and coalitions were active throughout the year and intersectoral partnerships improved.

In the framework of the Eurasia Partnership Foundation's Alternative Resources in Media project, Infotun resource centers were established in Vanadzor, Gyumri, Armavir, Martuni, and Goris. The centers provide training courses and workshops on blogging and new media, Internet facilities, as well as meeting rooms for CSOs, community groups, and citizens.

Infrastructure in Armenia

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.5	6.0	4.5	4.2	4.0	3.9	3.7	3.7	3.6	3.5	3.5	3.5	3.5	3.4

The CSLGS Program provides extensive support to the sector. Three ISOs provide training, support, and grant administration. Nearly 500 youth were trained on community development, volunteer recruitment and

management, proposal development, communication, leadership, fundraising, and membership development. Additional trainings focused on developing effective and targeted messages. The program will also provide Project Design and Management trainings for community group members in 2013.
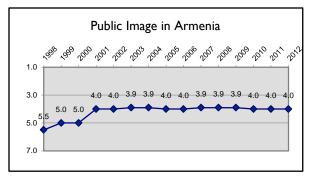
CSOs created more issue-based coalitions in 2012. While most coalitions in the past were created to meet donor requirements, this year's coalitions were created to address constituency needs or in reaction to urgent issues. Environmental coalitions have been the most successful, as described above. Other successful coalitions were created to monitor parliamentary elections and combat domestic violence. A number of coalitions were formed to pursue election-related activities. Prior to the elections, twenty-seven CSPN member organizations initiated the Vote for Change campaign to educate candidates about the need for specific reforms in the areas of health care and agriculture. Armenian CSOs, including Its Your Choice − the largest non-partisan domestic election monitor, united around a common methodology for election observation.

CSOs created more partnerships with state structures this year. Prior to the parliamentary elections, the General Prosecutor's Office of Armenia established a working group involving international and local CSOs to ensure free and fair elections. State employment centers formed councils involving businesses and CSOs in eleven communities. Regional forums involving businesses, media, CSOs and local government were held in Syunik to exchange ideas and initiate joint activities. Although ministries created public councils in 2008-2009 to ensure CSO involvement in policy and strategy development processes, few ministries fully realize the potential of these councils, and some formed councils without CSO involvement.

CSOs, particularly in the regions, actively collaborate with the media to disseminate information and support their advocacy campaigns. There is also a limited but growing tendency among businesses to contract CSOs to implement their philanthropy and/or research projects.

A few local foundations, including the Eurasia Partnership Foundation and the Orange Foundation, provide a limited number of grants to local CSOs. Community foundations have not been developed in Armenia.

PUBLIC IMAGE: 4.0

Public Image in Armenia

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.5	5.0	5.0	4.0	4.0	3.9	3.9	4.0	4.0	3.9	3.9	3.9	4.0	4.0	4.0

Media coverage of CSOs increased slightly in 2012 mostly due to CSOs' activities during the elections. Online media outlets are more active and willing to cover CSO activities.

Most CSOs lack the human and financial resources for extended public relations activities, but increasingly recognize the importance of promoting their work. The use of electronic communication and online networking tools has increased CSO visibility. Many CSOs have moved beyond the three-page flyers that used to be the sector's most common public relations tool, and now publicize their work through their own websites.

Research conducted by ICHD concludes that there is a lack of mutual trust between government and CSOs. According to the study, CSOs believe that the government discourages and marginalizes their involvement in the policy making cycle, and the government claims that some CSOs lack the necessary expertise to constructively engage in this process.

The parliament regularly requests information and expertise from certain CSOs. Some state structures rely on CSOs as experts and support their causes, though this still remains episodic and the impact of such collaboration remains to be seen.

The business community is generally skeptical of CSOs, although a limited number of corporations collaborate with CSOs in the framework of their CSR programs.

CSOs in Armenia do not have a sector-wide code of ethics, though a few organizations state their values and principles in their public relations materials and strategic plans. A small number of CSOs publish annual reports, including both programmatic and financial information either in hard copy and/or on their websites.