



2021 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

ARMENIA
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For Armenia

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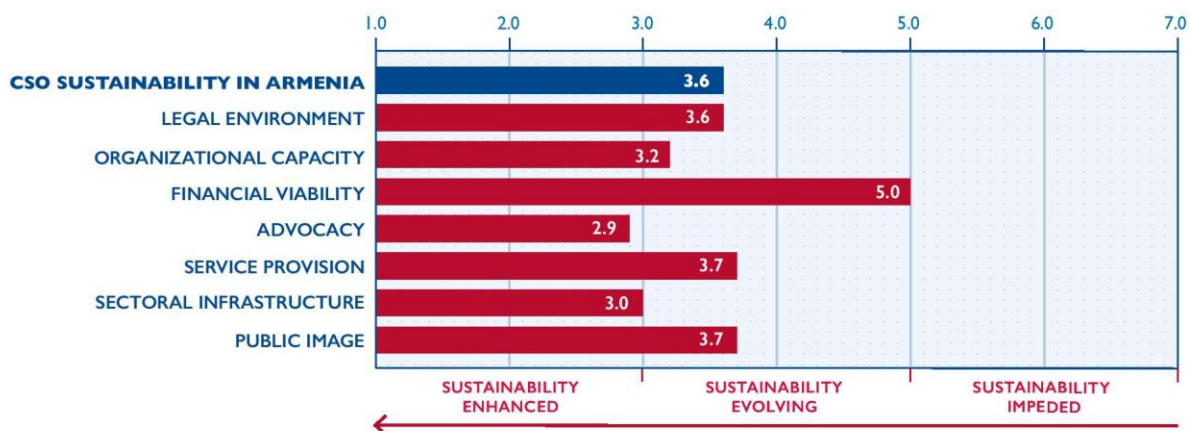
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OVERALL CSO SUSTAINABILITY: 3.6



In 2021, Armenia continued to deal with the aftermath of its defeat in a forty-four-day war with Azerbaijan over the territory of the Republic of Artsakh (also known as Nagorno-Karabakh). As a result, much public attention during the year was focused on national security issues, the humanitarian crisis in Artsakh, and the unstable situation on the Armenian-Azerbaijan and Artsakh-Azerbaijan borders. Despite the November 9, 2020, ceasefire agreement that ended the war¹, Azerbaijani military forces frequently initiated hostilities in the border regions of Armenia in 2021. For example, in May, Azerbaijani military troops advanced across the sovereign territory of Armenia, while in November, large-scale hostilities broke out, resulting in casualties and the capture of soldiers from the Armenian side. Overall, the Armenian public was frustrated with the war's devastating outcome and plagued by uncertainty about the future. The post-war political, social, and economic situation in Armenia also impacted CSOs, making humanitarian and social agendas the priorities for them.

Armenia also faced a significant political crisis during the year. After Armenia's defeat in the war and the signing of the ceasefire agreement, the opposition organized protests against the current government, led by the Civil Contract Party. In February, a new wave of anti-government protests broke out after Armenian military officials demanded the resignation of Prime Minister Nikol Pashinyan. In April 2021, Pashinyan resigned as prime minister to resolve the political crisis, triggering snap parliamentary elections that were held in June. Pashinyan's Civil Contract Party won a parliamentary majority and Pashinyan was re-appointed as prime minister. Under the leadership of two former presidents, Robert Kocharyan and Serzh Sargsyan, two opposition blocks—Armenia Alliance and I Have Honor Alliance—received parliamentary seats. International organizations and the Constitutional Court of the Republic of Armenia deemed the elections to be free, competitive, fair, and well-organized, and the Constitutional Court upheld the election results after the opposition contested them. The political situation stabilized after a new government was formed in August 2021.

Reflecting the positive experience with the snap elections and successful implementation of electoral reforms, judicial reforms, and progress in democratic governance, Freedom House changed its rating for Armenia in its 2022 Nations in Transit report from a semi-consolidated authoritarian regime to a transitional or hybrid government. At the same time, the rating for media independence in the same publication declined as lawmakers from the ruling party re-criminalized certain forms of defamation and insults against public figures, thereby threatening the freedom of speech and media.

The COVID-19 pandemic continued to impact Armenian society in 2021. The total number of COVID-19 cases in the country reached 344,930 as of December 31, 2021, while the number of fatalities reached 7,975. Two waves of infection hit the country in 2021: one in March and April, and another in October and November, with between

¹ The ceasefire was brokered by Russia and signed by Prime Minister Nikol Pashinyan of Armenia, President Ilham Aliyev of Azerbaijan, and President Vladimir Putin of Russia.

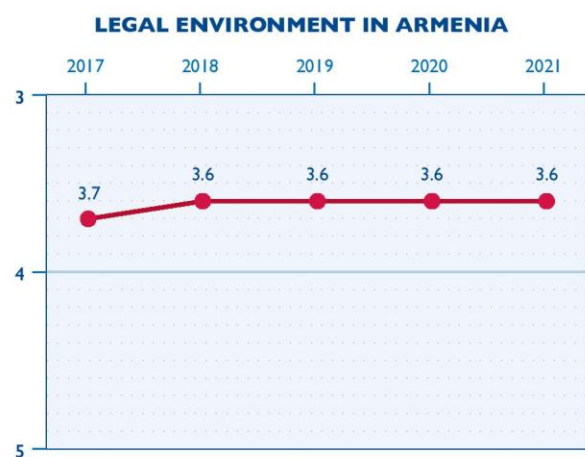
1,500 and 2,500 daily cases on average at the peaks. Although the government promoted vaccinations among the population, given the spread of conspiracy theories and distrust in the vaccines, only 31.9 percent of the population had received at least one dose of the vaccination by the end of the year, and only 23.4 percent were fully vaccinated. Despite this, most of the COVID-19 related restrictions, such as the mandatory wearing of face masks, social distancing, and restrictions of public gatherings, were either gradually removed or weakly enforced, and the rate of infections had fallen by the end of the year.

The CSO sector's overall sustainability remained largely stable in 2021, with improvements in some dimensions balancing out deterioration in others. Driven by further digitalization and capacity building of CSOs, the organizational capacity of the sector improved during 2021. In contrast, advocacy worsened as CSOs' participation in decision making and public dialogue declined. Financial viability also declined, driven by the increasingly disproportionate access to foreign donor funding and ongoing complaints about the nontransparent distribution of public funds.

The Electronic Register of the Ministry of Justice (MoJ) provides information on the number of legally registered public organizations and foundations. According to MoJ statistics, the number of public organizations increased by 523 in 2021 to a total of 5,659. The number of foundations also increased, from 1,335 in 2020 to 1,476 in 2021. Meanwhile, as mentioned in previous reports, 225 legal entity unions remain registered on the books, even though they have not been considered legal bodies since legislative changes were made in 2017. These legal unions are supposed to modify their charters and re-register as either foundations or public organizations. However, the process has stalled largely due to a lack of legislative enforcement.

According to the *Artsakh Press*, there are approximately 250 CSOs registered in the Republic of Artsakh. Most of these work in the areas of philanthropy and social aid, youth, health, education, science, culture, art, and sports. Experts estimate that less than 20 percent of registered CSOs are active, the vast majority of which are concentrated in the capital city of Stepanakert. As a result of the forty-four-day war, some CSOs, especially those operating in territories occupied by Azerbaijani military forces, ceased their operations, while others changed their mandates to engage in philanthropy, humanitarian assistance, and social aid.

LEGAL ENVIRONMENT: 3.6



The legal and regulatory environment governing CSOs remained essentially unchanged during 2021.

Overall, CSOs operate in a free environment. The legislative framework enables the registration of two types of organizations—membership-based public organizations, regulated by the Law on Public Organizations, and non-membership foundations, regulated by the Law on Foundations. The registration process for both is easy and straightforward. CSOs can register in the regional offices of the State Register in the MoJ. Although traditional businesses can register online, there is still no online registration system for CSOs. Registration of a public organization or foundation takes ten to fifteen days and costs approximately USD 20.

While registration procedures are easy, the processes

for liquidating and closing CSOs remain complicated, resulting in an excessive number of defunct organizations remaining on the books.

CSOs may operate without registration as long as they comply with general legal regulations and do not engage in formal financial transactions. However, informal civic groups still have access to some sources of funding, including crowdfunding and local philanthropy.

The Law on Public Organizations and the Law on Foundations precisely regulate the internal governance of CSOs, with both providing clear roles and responsibilities for the relevant board members, supervising committees,

executives, members, and staff. The laws also guarantee the independence of CSOs by restricting intervention in a CSO's internal affairs by the state or any third-party actor as long as the CSO complies with the law.

An amendment to the Law on Public Organizations adopted in May 2021 allows CSOs to represent their constituencies in court in cases related to environmental protection and the protection of the rights of persons with disabilities. CSOs welcomed the change as previously they were only allowed to initiate public interest cases in the area of environmental protection and/or represent their constituencies in court through a notarized power of attorney. However, the procedures for representing constituencies in court are still complicated and bureaucratic.

According to amendments to the Law on Public Organizations adopted in March 2020, beginning in May 2021, CSOs are required to submit annual activity reports with information on their mission and goals, implemented projects, income, and expenditures, among other information. Templates and reporting requirements are provided by the State Revenue Committee (SRC). Though CSOs have concerns that the new reporting requirements impose additional burdens on them, they also perceive the changes as a positive step toward enhancing the sector's overall transparency and accountability. According to the European Center for Not-for-Profit Law's CSO Meter, in 2021, SRC issued 790 warnings to public organizations and 356 to foundations for not meeting reporting requirements in a timely manner. Furthermore, SRC fined CSOs if they still did not comply after the warning notifications were sent. Twenty-one CSOs were fined AMD 50,000 (about USD 100) after the first notification and ten CSOs were fined AMD 200,000 (about USD 420) following the second notification.

Martial law, which was established during the Nagorno-Karabakh war, remained in force until March 2021, although the government lifted the provision on public assemblies and strikes in December 2020. However, public assemblies were still prohibited through August 2021 by COVID-19 pandemic restrictions. Despite the restrictions, public assemblies were still organized from time to time. Several incidents of violence by law enforcement bodies were reported during these protests and demonstrations, indicating the disproportionate usage of the police force.

In 2021, the government imposed restrictions that could obstruct the freedom of speech and media. These included limitations on the free movement of journalists in the parliament and in several regions in Syunik Marz. CSOs and international organizations also expressed concerns that authorities may violate the freedom of expression by abusing the criminalization of defamation and insults against politicians and public figures and pressure media organizations and public figures criticizing current officials. By the end of 2021, nine criminal cases were already opened against people accused of insulting public figures, including Prime Minister Pashinyan. In addition, CSOs and the Committee to Protect Freedom of Expression (CPFE) reported increased violence against journalists covering opposition protests and demonstrations.

In a rare incident of state harassment, a CSO leader and human rights activist representing minority rights was charged with "actions aimed at the incitement of national, racial or religious hatred" in November 2021. The case was initiated in response to an interview in which the activist spoke about the problems and discrimination faced by the Yezidi minority in Armenia. Despite multiple statements and petitions by CSOs and international human rights organizations, such as Freedom House, Human Rights Watch, and the Helsinki Citizens' Assembly, the case was sent to court.

CSOs are legally allowed to mobilize financial resources from foreign donors and through fundraising campaigns, the provision of goods and services, and participation in procurement procedures. The income generated through such activities should be used only to accomplish the goals stipulated in the organization's charter.

CSOs are at a disadvantage when competing for public procurements with traditional businesses, as public organizations receiving public funds in excess of AMD 10 million (about USD 20,000) are obliged to pass independent audits. Therefore, CSOs have to include audit expenditures in their bids, unlike traditional businesses, which are not subject to mandatory audits for projects they implement using public sources. Moreover, the entrepreneurial activities of CSOs are subject to a 20 percent value-added tax (VAT) and distinct accounting operations, while traditional businesses enjoy access to simple tax regimes. At the same time, however, CSOs are less frequently subjected to tax inspections than traditional businesses. CSOs interested in social entrepreneurship prefer to establish separate for-profit organizations or operate as private entrepreneurs rather than engage in entrepreneurial activities directly as this allows them to enjoy an improved tax regime with low tax rates and simplified bureaucracy.

CSOs with an annual turnover exceeding AMD 115 million (about USD 280,000), including income from grants, must pay 20 percent VAT. Projects deemed charitable by the State Humanitarian Commission and those implemented under inter-governmental agreements between Armenia and the respective donor countries are eligible for VAT exemptions.

Fiscal incentives to promote donations to CSOs are limited. Commercial organizations can deduct up to 0.25 percent of their gross annual income for donations made to eligible CSOs. Individual donors do not receive any tax deductions for their contributions.

CSOs can receive legal advice from various CSOs, including but not limited to the Armenian Lawyers' Association (ALA), Transparency International's Anticorruption Center (TIAC), the A.D. Sakharov Armenian Human Rights Protection Center, the NGO Center (NGOC), and the Eurasian Partnership Foundation (EPF). As remote work has become more common over the past two years, legal expertise has become more available for CSOs both in the capital city and in secondary cities. However, demand for legal assistance in the sector is not high, and specialization in CSO laws is not an attractive field for legal consultants. Accordingly, the number of experts in this sector is still limited.

ORGANIZATIONAL CAPACITY: 3.2

Organizational capacity improved in 2021, driven by continued improvements in digitalization and capacity building. However, there is a lack of comprehensive research on the development of CSOs' organizational capacities.

In the wake of the crises facing the country in 2020—namely the COVID-19 pandemic and the Second Nagorno-Karabakh War—CSOs continued to provide humanitarian assistance to their constituencies in 2021. CSOs focused on addressing newly emerging needs such as those of vulnerable families impacted by COVID-19, people displaced during the war, and wounded soldiers and their families. As a result, they developed fieldwork capacities, including skills to identify people in need, conduct rapid assessments, work with new

constituencies, coordinate with different actors during the provision of assistance, and cooperate with local self-governmental bodies. In addition, a wide range of both urban and rural CSOs expanded their skills in using information and communication technologies (ICTs) to build relationships with their potential constituents and beneficiaries.

In response to the shocks of 2020, CSOs re-evaluated their strategies and policies in 2021 with a focus on resilience and preparedness for emergencies. During the year, some donor-funded projects also targeted CSOs' resilience and sustainability. For example, with funding from the European Union (EU), the COVID-19: Civil Society Resilience and Sustainability project provided digitalization grants to CSOs to sustain their operations, improve their online work, and mitigate the immediate and longer-term impacts of COVID-19. Another EU-funded project, Eastern Partnership (EaP) COVID-19 Solidarity Program, targets the capacities of CSOs and watchdog initiatives for inclusive recovery policies and sectoral reforms. In addition, local CSOs implemented the USAID-funded COVID-19 Response to Communities Project, which targeted community resilience and COVID-19 impacts. However, there continue to be gaps between CSOs' defined missions and strategic plans and their actual activities, as CSOs often act in an ad hoc manner, aligning their work with available grants and projects.

CSOs have access to guidelines, capacity development, and self-assessment tools developed within the framework of different donor-funded projects to support their internal management and project implementation capacities. For example, in 2021, within the USAID-funded Data for Accountable and Transparent Action (DATA) project, partner organizations launched the Youth Programming Assessment Tool Kit to help youth organizations foster the effectiveness of their projects. On the other hand, though many CSOs have adopted policies, procedures, and systems guiding their internal governance, only relatively large CSOs follow them. In particular, small CSOs lack

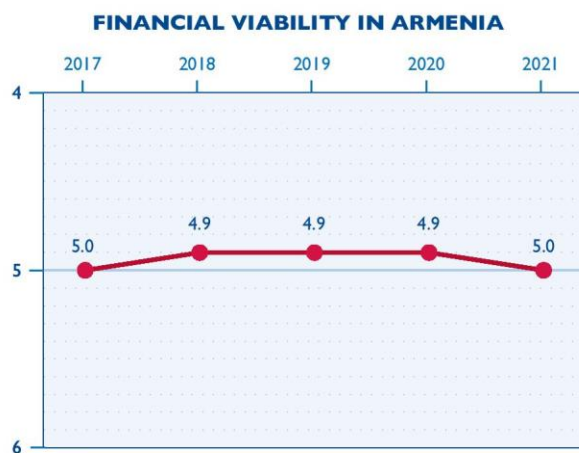


clear divisions of the roles and responsibilities between their board and staff members. CSOs increasingly acknowledge conflicts of interest and seek to avoid such issues to the extent possible.

Only relatively large CSOs with access to longer-term funding can afford to maintain permanent staff. As a result, small CSOs mostly rely on short-term service provision contracts when they have active projects. As a rule, CSOs outsource professional services, such as accounting, IT, marketing, and legal services, and only a few large CSOs can afford to maintain such staff permanently. CSOs, especially regional ones, successfully engage volunteers. Although the rate of volunteering decreased somewhat in 2021 after it surged in 2020, the culture of volunteering is developing among youth who perceive it as a good starting point for their future career opportunities. According to the Charities Aid Foundation's World Giving Index 2022, which covers developments in 2021, 11 percent of respondents in Armenia reported volunteering in the previous month.

In 2021, CSOs continued to improve their skills and usage of digital technologies as they adopted remote working arrangements and focused on their online presence and visibility on social media. CSOs used various platforms, such as Zoom, Microsoft Teams, and Slack, to organize online meetings, discussions, and training sessions, and manage their work. CSOs' activity on social media platforms, including the most popular networks, such as Facebook, YouTube, Instagram, and Telegram, also increased. The shift to remote work enabled CSOs to realize some savings due to reductions in costs associated with maintaining permanent offices, transportation, and utilities. Regional CSOs, especially youth initiatives and organizations, continued to enjoy access to free office space in buildings owned by local self-governmental bodies. Relatively cheap internet is accessible throughout the country. CSOs still do not pay significant attention to cybersecurity issues.

FINANCIAL VIABILITY: 5.0



Financial viability, which has long been the weakest dimension of CSO sustainability in Armenia, worsened further in 2021 due to the increasingly disproportionate access to foreign donor funding and ongoing complaints about the lack of transparency in the distribution of public funds. The war and COVID-19 changed the landscape and target areas of donor and state funding, with sectors such as culture and sports receiving less funding. As a result, CSOs report that the overall volume of funding for certain types of projects and the diversity of target areas shrank during 2021. Though CSOs acknowledge the importance of self-financing and seek different approaches to reach it, most remain highly dependent on foreign donor funding.

Prominent foreign donors in Armenia supporting the CSO sector include the EU, USAID, Open Society Foundation (OSF), and the Black Sea Trust for Regional Cooperation. In addition, small grants are provided by the Swedish, Dutch, and German governments; the US, Czech, and Japanese embassies; and Robert Bosch Stiftung and Friedrich Ebert and Heinrich Boell Foundations. Some large foreign projects in 2021 included the USAID-funded DATA (2020-2022), Civic Engagement in Local Governance (CELoG, 2014-2022), and Media for Informed Civic Engagement (2014-2022) programs; and the EU-funded Strong CSOs and Local Partnerships for Accountable Communities and Inclusive Social Protection in Armenia (2021-2024), COVID-19: Civil Society Resilience and Sustainability (2020-2024), and EaP Civil Society Facility (2021-2024) programs.

Small and newly founded CSOs express concerns regarding their limited access to foreign donor funding as primarily large and well-known CSOs receive most of this money. At the same time, large organizations often award sub-grants to smaller organizations. Once an organization receives such grants, they are more familiar with the established procedures and are more likely to receive future funding. Donors that support social enterprises mainly fund newly established social enterprises. In contrast, older social enterprises face difficulties in the market given the overall worsened socio-economic situation in the country.

CSOs receive public funds from both central governmental and local self-governmental bodies. In 2021, the government allocated about AMD 75 million (approximately USD 187,000) in support to CSOs. CSOs increasingly criticize the allocation of public funds by the government, as organizations that support government policies or have links to government officials frequently receive state funding through non-transparent, non-competitive grant allocation procedures.

Local philanthropy and diaspora giving suffered somewhat in 2021 as the government failed to assure proper transparency and accountability in the distribution of funds collected through the All-Armenian Fund. This fund collected more than USD 170 million during the war, USD 105 million of which was transferred to the government; no public information was made available on how these funds were spent. People are more likely to donate to informal small public initiatives and fundraising campaigns initiated by CSOs that address specific and distinct issues, such as support to a vulnerable family or a wounded soldier or coverage of accommodation or health-care expenses of people in need. According to the World Giving Index 2022, 16 percent of respondents in Armenia reported donating money in 2021.

CSOs increasingly use online platforms and other electronic tools and instruments to raise funds. For example, the ReArmenia collaboration platform successfully raised funds through online crowdfunding platforms and then used them to support innovative solutions to problems. CSOs have also started to integrate “donation” sections into their websites. In addition, after the war, new funds were created and named after killed soldiers which successfully raised funds for public projects.

Corporate philanthropy decreased in 2021 compared to 2020, with companies preferring to carry out their own corporate social responsibility projects, thereby bypassing CSOs.

The economic situation in the country, which has been shaped both by the pandemic and the war, continued to negatively impact CSOs’ capacities to generate income through the provision of services, products, and renting assets.

Mandatory reporting requirements from SRC and donor organizations encourage CSOs to maintain sound financial management systems. In addition, CSOs undergo external audits when required by the state or donor organizations. As a rule, CSOs outsource financial management and accounting services.

ADVOCACY: 2.9

CSO advocacy deteriorated slightly in 2021. Given the overall unstable political situation in the country and national safety concerns, CSOs widely engaged in self-censorship, avoiding criticism of the government. At the same time, the government was unwilling to engage with CSOs in shaping public policies and carrying out reforms. In 2021, Armenia’s score on V-Dem’s civil society participation index decreased from 0.8 to 0.74², indicating a decrease in the extent to which CSOs are routinely consulted by policymakers.

Public councils, which are formally attached to the ministries, should ensure CSOs with access to government decision-making processes. However, these bodies were mostly inactive during 2021, both before and after the elections. Legal acts of greater public importance may be subject to broader consultations such as parliamentary hearings and discussions with CSOs. However, formal and informal consultation procedures with CSOs initiated by the government were also limited during the year. Several of the most important legal acts during the year were adopted in a hasty manner without proper consultations and discussions. For example, in April 2021, the parliament adopted a new Law on Elections; only a limited number of CSO representatives were involved in the drafting and discussion of the legislative



² V-Dem uses a scale from 0 to 1, where 0 stands for low participation and 1 indicates high rates of participation.

reforms. In addition, the process was rushed and did not allow sufficient time for broader engagement and meaningful participation of interested CSOs. A report by the International Budget Partnership (IBP) and civil society partners, including TIAC in Armenia, finds that the level of accountability in COVID-19 fiscal policy responses was limited and lacked transparency, proper citizen engagement, and oversight.

Draft legal acts are posted on the www.e-draft.am portal, allowing the public to review, discuss, and comment on them. However, CSO representatives do not consider the [e-draft.am](http://www.e-draft.am) portal as a useful advocacy tool, as it does not enable meaningful and reciprocal communication. CSOs report that even subscribers to the portal do not receive proper notification when new draft legal acts are posted. In addition, many do not find the provision of their comments to have meaningful impact. Accordingly, drafts receive limited engagement, and though the number of published legal acts increased, the number of comments provided by users decreased by 51.4 percent in 2021 compared to 2020. In addition to www.e-draft.am, in September 2021 the government launched a unified electronic platform for petitions (www.e-petition.am), similar to change.org, through which citizens have the opportunity to submit individual and collective petitions related to the activities of the national, regional, and local authorities. Another online tool about governmental reforms is www.reforms.am portal, launched in 2021 by the Union of Informed Citizens NGO and funded by the US Embassy in Armenia. However, this platform only provides access to information and does not enable feedback to the government.

Given the overall political instability, border insecurity, and uncertainty over the status of Artsakh, CSOs self-censored their criticism against the incumbent government and limited their advocacy efforts. CSOs active in promoting democracy, anti-corruption, human rights, and government accountability tried to stay passive to avoid being targeted by anti-governmental and populist groups. In addition, many CSOs changed their priorities to address urgent humanitarian needs. In this context, CSO oversight over the government suffered.

Despite these challenges, there were several successful examples of CSO-government collaboration during the year. For instance, in March, the new Law on Higher Education and Science was adopted, establishing a new and more sustainable system for student self-governmental bodies within state universities. Some of the final provisions were advocated for mainly by the Restart Foundation for Science and Education, which was founded after the 2018 political changes and engages in promoting educational reforms in addition to anti-corruption initiatives.

The DATA project focuses on building CSOs' capacities to engage in fact-based policy-making processes by obtaining, analyzing, and reporting reliable data. In 2021, the project awarded sub-grants to enable such work and provided various capacity-building support. Around twenty CSOs received capacity-building training on policy paper development and advocacy, including problem identification, data collection and research, and policy communication.

Overall, governmental initiatives shaping the legal and regulatory environment of the CSOs were limited in 2021 due to changes in priorities in the post-war environment. Accordingly, though CSOs acknowledge the importance of such reforms, such advocacy was limited in 2021.

SERVICE PROVISION: 3.7

CSO service provision remained essentially unchanged during 2021 and continued to be shaped by the post-war situation in the country.

In 2021, CSOs continued to provide a wide range of services to their constituencies and beneficiaries. Given the humanitarian issues at hand, many CSOs focused on providing humanitarian, social, economic, health-care, psychological, educational, and cultural services to affected populations. Many CSOs that traditionally provide services in human rights, advocacy, and government accountability changed their mandates to respond to the humanitarian priorities and reach new groups of beneficiaries. Those groups included but were not limited to women and children displaced from Artsakh, people who lost their homes, and families of captured, killed, wounded, or missing soldiers and civilians. In addition, new funds were created. For example, the newly established Aren Mehrabyan Foundation, named after a soldier killed during the war, provides training and employment opportunities for people with disabilities. The foundation successfully collected funds through an online donation button integrated on its website.

The mitigation of COVID-19-related restrictions during 2021, which had challenged CSOs in 2020, enabled CSOs to again provide field-based goods and services in line with the newly developed virtual ones. Overall, CSOs



demonstrated a solid ability to address their constituents' and communities' priority needs, expand their range of services, and involve new target groups whenever critical situations arose.

The Law on Public Organizations stipulates that CSOs should not discriminate in the provision of goods and services on the basis of race, gender, ethnicity, sexual orientation, or other characteristics of the beneficiaries, and CSOs generally follow this rule. Membership associations primarily provide goods and services to their members; however, some of their activities target audiences beyond their members. For example, the Social Entrepreneurship Association, Corporate Governance Center, Small and Medium Business Association, and Chamber of Commerce and Industry

develop products or provide services that are of broad use and accessible to all businesses regardless of their membership.

CSOs have developed a range of paid services in areas such as consultancy, research, and leasing spaces. In a limited number of cases, CSOs offer publications, workshops, or expert analysis on a commercial basis. Nevertheless, there are still few festivals, exhibitions, or conferences that foster the demonstration and sales of CSO goods and services. CSOs established new social enterprises, such as the Social Entrepreneurs International Academy and Innovative Tourism, but overall, the sector still has a limited capacity to recover costs.

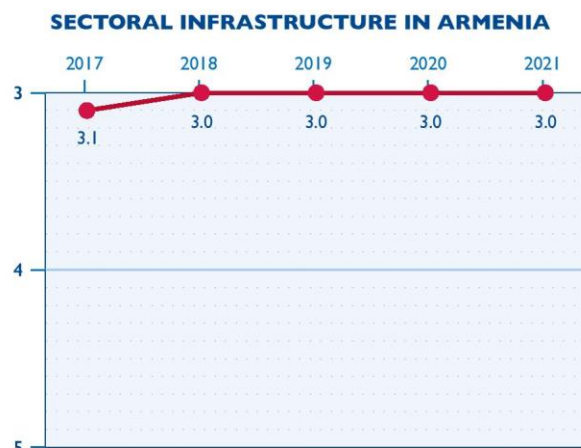
The government mostly appreciates the services provided by CSOs in the social sector, and the Ministry of Labor and Social Affairs (MLSA) commonly outsources social services to CSOs. For instance, MLSA supports psychological services and shelters for victims of domestic violence through eleven support centers operated by local CSOs throughout the country. In another example, in late 2020, MLSA transferred responsibility for implementing the Japanese Social Development Fund Project Promoting Social Inclusion and Self-Reliant Livelihood Activities, with a budget of USD 2.7 million, to the Armenian Association of Social Workers (AASW); the project was implemented in 2021 and 2022.

SECTORAL INFRASTRUCTURE: 3.0

The infrastructure supporting the CSO sector did not change in 2021.

Active intermediary support organizations (ISOs) and resource centers, such as EPF, NGOC, Partnership and Teaching NGO, TIAC, the Infotun (information house) network, Armavir Development Center, and ALA, continued to provide assistance to CSOs in 2021. The CSO DePO portal continued to house CSO-related information in a single location, providing access to up-to-date announcements, resources, news, and opportunities. ISOs and resource centers provide most of their services to CSOs free of charge. Local sub-granting was inconsiderable in 2021.

CSOs, both Yerevan-based and regional, continued to have access to online and in-person capacity-building and training programs. However, most trainings were provided online, which CSOs indicate is less effective than face-to-face training. At the same time, the increased digitalization of the sector allowed CSOs to seek new capacity-building opportunities in the virtual domain beyond what is offered in the country. Training opportunities were also available within donor-funded projects, including those supported by the EU, USAID, and United Nations

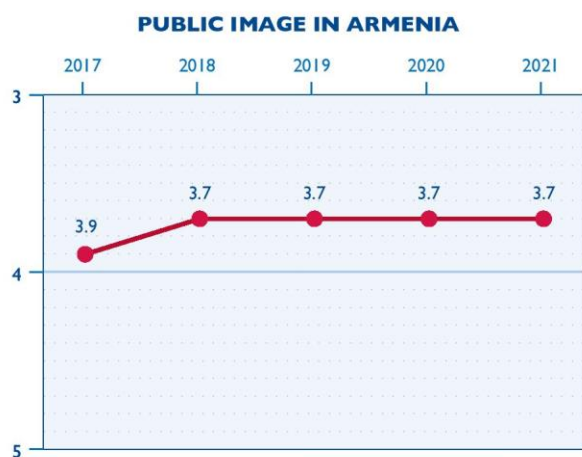


Development Programme (UNDP), and included CSO capacity building, youth entrepreneurship, advocacy, women’s empowerment, and other topics.

CSOs regularly work in consortiums and acknowledge the benefits and efficiency of such collaboration in addressing complex issues. The largest-scale donor-funded projects, especially those funded by the EU, promote CSO cooperation by allocating grants exclusively to CSO coalitions. For example, DATA is implemented by a consortium of five organizations. The project also supported five networks working in diverse areas including labor rights, state procurement, socio-ecological development of communities, mental-health issues, and strategic development. In addition, several active coalitions positively impact their respective areas’ overall landscape and operate regardless of the availability of donor funding. Such partnerships include, for instance, the Coalition to Stop Violence Against Women (an umbrella organization including ten CSOs) and the CSO Anti-Corruption Coalition of Armenia (consisting of more than seventy CSOs). Despite the increased cooperation among CSOs, the overall environment remains more competitive than collaborative. As a result, organizations are grouped under the umbrellas of different donors and compete against each other.

There are several examples of CSO-business collaboration. For example, Viva-MTS, a telecommunication company, and Fuller Center for Housing Armenia provided support and housing to displaced and socially vulnerable families, while Partnership and Teaching NGO organized business training among youth in partnership with HSBC Bank. However, such cases are exceptional and the number of such partnerships declined in 2021, after recording an increase in 2020 in response to the humanitarian crises. CSO-government collaboration is also ad hoc and not institutionalized, and there are no strategic plans underlying such collaboration. The extent of collaboration depends mostly on the personality of high-ranking officials in the ministries or local self-government bodies. Positive exceptions include MLSA, which has strong links with CSOs providing social services, and Moj’s Legislation Development Center, which collaborated with diverse stakeholders throughout the year.

PUBLIC IMAGE: 3.7



The overall public image of CSOs remained unchanged in 2021, with both positive and negative trends noted. On the one hand, CSOs improved their public image through their day-to-day work addressing humanitarian issues. On the other hand, however, they became scapegoats for the previous regime’s supporters who accused them of promoting a “western agenda” and contributing to the country’s defeat in the war. Regional CSOs enjoy a more positive public attitude than those located in Yerevan, primarily thanks to their day-to-day work during the pandemic and the war and close relationships with the local population.

CSO-friendly media platforms, such as Article 3 Club (run by For Equal Rights), Media Center (managed by the Public Journalism Club), Azatutyun Radio Station/US,

Civilnet, Factor TV, and the Infocom information committee (known as the Infocom information portal), provide space for CSOs to share their messages, while CSO-hostile media outlets, funded mainly by representatives of the previous regime, provide negative coverage of CSOs. New formats in traditional and digital media outlets, such as audio and video podcasting, interviews, dialogues, and public discussions, became popular in 2021, and CSO representatives were invited to participate in such programs. For example, the Infocom information portal started a series of video podcasts on which the representatives of different CSOs cover topics related to socio-economic and political life, education, science, etc. Other examples include Public TV, which broadcasts the TV program Public Dialogues, and Public Radio, which hosted CSO representatives on talk shows along with politicians and experts.

The public perception of CSOs improved in 2021 in response to their efforts to provide humanitarian assistance and address the needs of beneficiaries during the pandemic, the Second Nagorno-Karabakh War, and in the post-war reality. The day-to-day work of CSOs and civic initiatives at the community level with displaced people,

families of killed soldiers, and socially vulnerable groups, among others, reinforced their positive image among the public. CSOs also continually improve and enhance their presence on popular social media platforms.

In their attempts to use the politically unstable situation to regain political power, former government representatives and supporters frequently targeted CSOs—particularly those focused on protecting human rights, fighting corruption, promoting democratic values, and advocacy—in their political smear campaigns against the government. These CSOs were accused of undermining the state, national security, and army, and thus of being culpable for the country’s defeat in the war. In addition, CSOs were accused of promoting a “western agenda” in the country that is opposed to national, traditional, and family values. As in previous years, the word “Sorosian,” a pejorative term based on the name of philanthropist George Soros, was widely circulated and used to discredit some CSOs that receive foreign funding and are involved in advocacy efforts. However, after the snap parliamentary elections in July 2021, in which the opposition won parliamentary seats, messages against CSOs lessened, with criticism mostly directed towards the government instead.

The government demonstrates a variable attitude towards CSOs, grouping them as either “favorable” and “loyal” or “hostile” and “unfavorable.” Those that criticize the government are more likely to be considered “unfavorable.” In contrast, MLSA trusts and values CSOs’ service provision. Thanks to its experience implementing projects jointly with CSOs to overcome the crises caused by COVID-19 and the war, the business sector improved its understanding and perceptions of CSOs.

The sector’s overall transparency and accountability improved after new reporting requirements on financial operations became effective in May 2021. However, only relatively large CSOs put extra effort into ensuring their transparency by adopting codes of conduct and disclosing user-friendly reports. As a rule, CSOs tend to publish very generic reports, and publication of detailed information on CSOs’ operations and financial flows is still limited.

Disclaimer: *The opinions expressed herein are those of the panelists and other project researchers and do not necessarily reflect the views of USAID or FHI 360.*

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