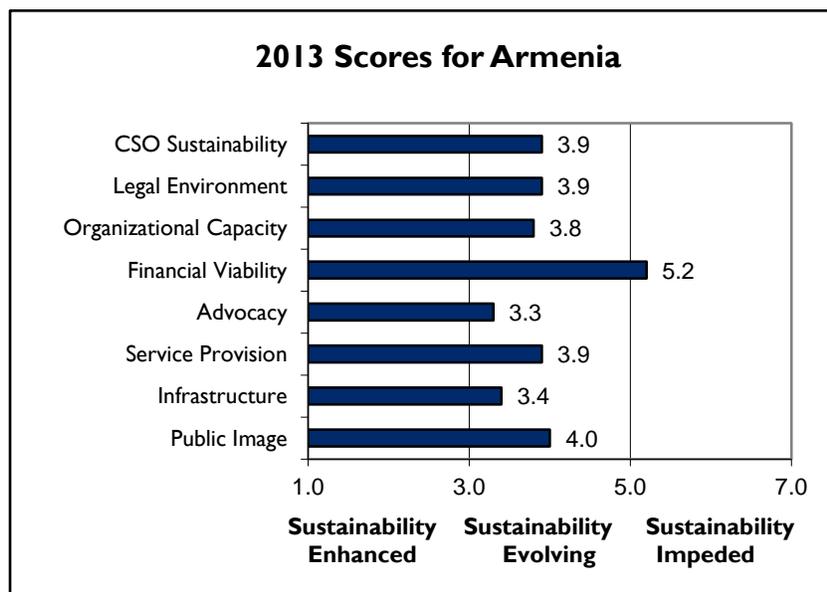


ARMENIA



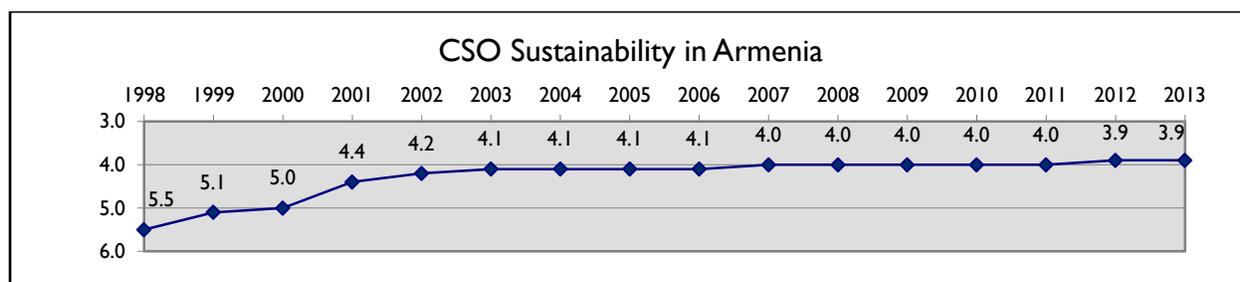
Capital: Yerevan

Population: 3,060,631

GDP per capita (PPP): \$6,300

Human Development Index: 87

CSO SUSTAINABILITY: 3.9



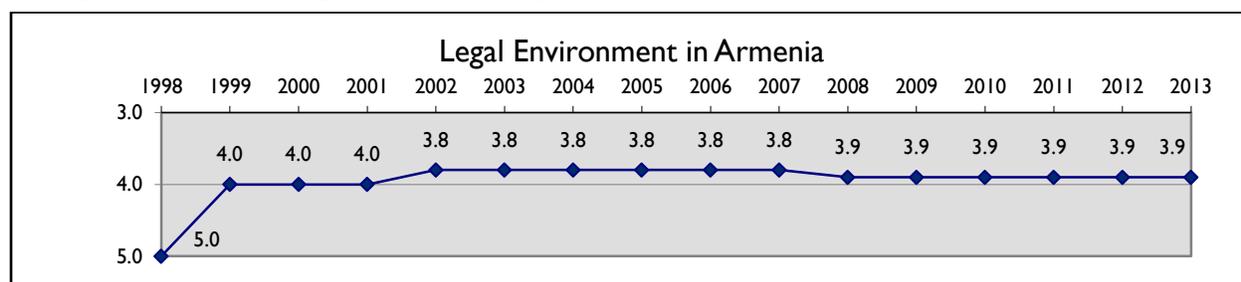
Presidential and Yerevan city municipal elections were held in 2013. The elections were followed by mass protests against purported election fraud and the current government. However, these protests waned after more than a month of demonstrations. Another noteworthy event was the president's decision to enter Armenia into the Russian-led Customs Union, despite years of preparation to integrate with European institutions and sign an Association Agreement with the EU.

CSO advocacy improved in 2013. Informal groups were particularly active in advocacy, confronting unfavorable state decisions, such as adoption of the mandatory cumulative pension system. Formal CSOs and CSO networks were also more successful in providing input to public policies and decision making, and mechanisms of CSO-government collaboration became more effective, though more effort is needed to optimize this collaboration.

Anticipated amendments to CSO legislation have not yet materialized, but progress was made in discussing and formulating relevant policies and concepts. The Concept on CSO Legislative and Institutional Improvements, which is expected to be approved in 2014, will allow for more flexibility on the legal forms of CSOs, governance, and registration options. It will also propose transparency mechanisms and more opportunities to diversify funding.

According to the Ministry of Justice, there were 3,783 public organizations, 824 foundations, and 287 legal entity unions registered in Armenia as of October 2013, representing slight increases in the number of public organizations and foundations and a slight decrease in the number of legal entity unions. According to expert estimations, only 15 to 20 percent of registered organizations are active.

LEGAL ENVIRONMENT: 3.9



The law regulates two types of formal CSOs: membership-based public organizations and non-membership foundations, both of which register with the State Register of Legal Entities within the Ministry of Justice. The State Register must respond to registration applications within twenty-one days, though it often requests additional information or changes to CSO charters. CSOs reported a slight reduction in bureaucratic procedures during the registration process in 2013. Online registration for CSOs was expected to be available in 2013, but was delayed due to technical issues. Informal civic groups are not regulated and can conduct activities freely as long as they do not conduct financial transactions.

The Civil Society Development Network's (CSDN) Concept on CSO Legislative and Institutional Improvements was widely discussed in 2013 to gain CSO consensus and ownership. The Concept focuses on improving the legal environment for CSOs by reducing limitations on public organizations' entrepreneurial activities, creating an online registration system, and providing CSOs with more flexibility in terms of the types of governance structures they can have. The Concept also introduces regulations on endowment funds, legal forms of CSOs, and transparency mechanisms, such as the annual publication of narrative and financial reports on an official website. The government is expected to approve the Concept in 2014. After the Concept is approved, corresponding draft laws will be developed and added to the parliament's agenda starting in 2014.

In 2013, several informal groups were subject to government harassment, particularly unwarranted arrests, violence, and sexual harassment by the police, including some unsanctioned actions towards participants in protests by individual police officers. In addition, some civic activists were assaulted by criminal groups. The police did not investigate or pursue many of these criminal acts. On the contrary, administrative and criminal proceedings were initiated against several protesters for resisting the police.

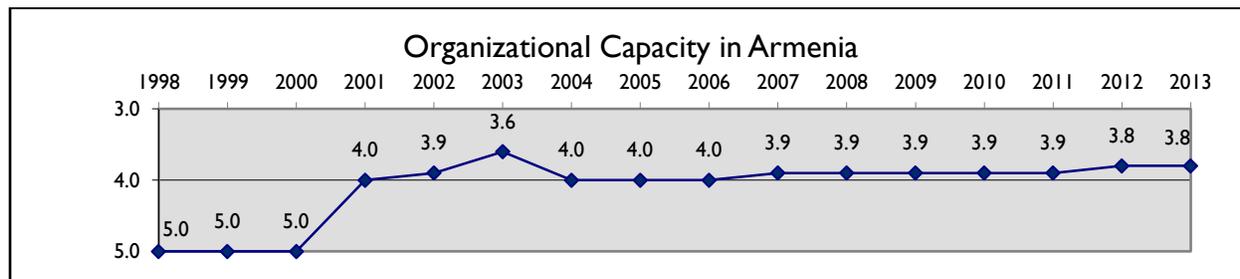
A purportedly politically-motivated criminal investigation against Vartan Oskanian, the founder of Civilitas Foundation and a member of the National Assembly, was closed in July 2013. Oskanian had been accused of money laundering. However, the State Revenue Service continues to investigate the Civilitas Foundation beyond legally permitted terms. For example, while the law states that investigations should be completed within two months, the investigation against Civilitas has lasted much longer. Public organizations, but not foundations, are prohibited from engaging in any income-generating activities, including public procurements. Only charitable projects are allowed to engage non-member volunteers, while public organizations can only utilize their members for volunteer work.

CSOs can apply to the State Humanitarian Commission for exemption from VAT for purchases made under specific projects that the government recognizes as charitable. CSOs with annual incomes of over 58.3 million AMD (approximately \$144,000) must pay VAT at the same level as business entities. In 2013, tax

reporting procedures were streamlined when several different personal taxes were merged and the calculation process was simplified. In addition, communication with taxation administrative bodies improved during the year.

CSOs utilize the expertise of legal professionals through online channels, such as social media and websites, as well as partner networks and coalitions.

ORGANIZATIONAL CAPACITY: 3.8



CSOs continued to improve their institutional capacities throughout 2013. More CSOs are developing strategic plans with clear missions and goals. Informal civic groups also showed better strategic approaches and capacities, particularly in advocacy and mobilizing supporters.

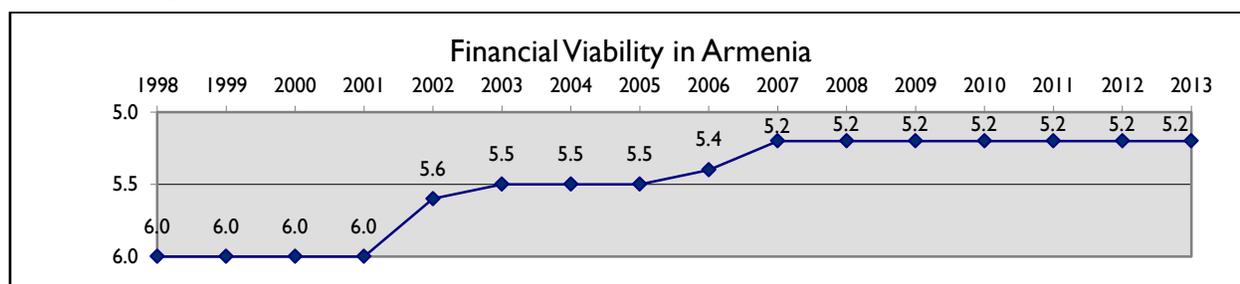
More CSOs in the regions increased their institutional capacities by participating in capacity strengthening programs during the year. For example, over fifty CSOs attended courses in 2013 at the Civil Society School—run by the A.D. Sakharov Armenian Human Rights Protection Center since 2004—and many initiative groups registered as formal CSOs with the School's assistance. Nineteen CSOs improved their organizational policies and procedures, as well as the professional skills of their staff, through the Institutional Capacity Development Project, which is supported by USAID and implemented by Counterpart International Armenia. CSOs also initiated their own organizational development activities as they increasingly recognized their development needs and the competitive environment in which they operate.

Advocacy-oriented CSOs actively build local constituencies for their initiatives. However, few CSOs make systematic efforts to build long-lasting relationships with their constituents.

CSOs mainly hire staff based on project needs, as they cannot maintain full-time employees without consistent funding. Many CSOs still act as "one-man-shows," where the leader is the sole organizational representative and exclusively makes organizational decisions. Most CSOs have boards of directors or trustees in accordance with their charters, but they often either play a nominal role or operate as executive staff. Informal civic groups have more flexible management styles and non-hierarchical operational structures. Such groups plan activities on as-needed basis and are usually led by multiple leaders, relying exclusively on volunteer members. Formal CSOs also make use of volunteers, particularly students. A number of programs offering CSOs an opportunity to involve volunteers are run by organizations including the United Nations Development Program (UNDP), Armenian Volunteer Corps, Birthright Armenia, and Peace Corps.

CSOs increasingly use new technologies—including social media and online media resources—to publicize their activities, which especially helps organizations in the regions to share information and stay updated on nationwide developments in their fields. Most CSOs have basic office equipment and Internet access. However, donor funding limitations do not usually allow CSOs to purchase new equipment.

FINANCIAL VIABILITY: 5.2



CSO financial viability did not improve in 2013. Foreign donors are still the primary source of funding for most registered CSOs. Such donors include government entities, like USAID, the Canadian International Development Agency (CIDA), the Norwegian and US Embassies, and the EU. 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 level of donor funding did not change significantly in 2013.

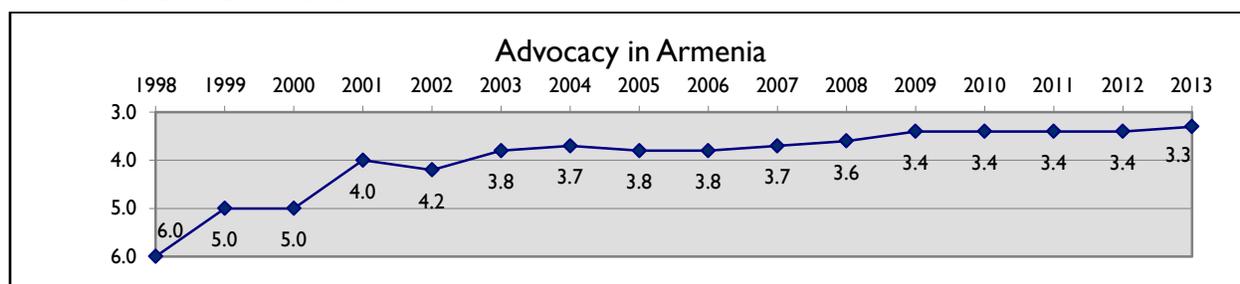
Informal CSOs have some experience in collecting local contributions and in-kind resources, mostly from their members. However, most CSOs have difficulty raising funds from local sources, including businesses and the public, because the public has limited trust in CSOs, partly due to CSOs' lack of financial transparency. Many CSOs do not even attempt to seek local resources and instead only pursue donor grant opportunities.

Business representatives report difficulties donating funds for charitable purposes because of the bureaucracy related to taxation and reporting. The few companies that have corporate social responsibility (CSR) policies prefer to implement charitable projects themselves, though they increasingly collaborate with CSOs on such activities. A few private foundations and diaspora organizations operating in Armenia are also more inclined to work directly with beneficiary groups rather than with CSOs.

State funding of CSOs, including funding from ministries, the prosecutor's office, regional administrations and the President's Office, increased to 7 billion AMD (about \$18 million) in 2012 and was estimated to be roughly the same in 2013. However, most state agencies still do not have clear funding mechanisms, and there is no standardized system of selecting, monitoring, and evaluating state-funded projects. For example, the President's Administration Office provided grants to several CSOs in 2012, but did not publish any information about the recipients. According to research conducted in 2013 by Professionals for Civil Society, sports federations and state-funded foundations received most of the state funding in 2012. CSOs providing social, youth, and healthcare services also received a significant portion of the state support. Few CSOs collect membership dues, as they do not contribute much income and would have to be recorded in accounting systems. Public organizations cannot engage in income-generating activities.

CSOs that receive significant grant funding have improved their financial management systems to comply with donors' funding requirements. A limited number of organizations, however, show transparency in their funding sources and spending. Foundations are obliged to publish their financial reports online. On the other hand, with the exception of larger and more developed CSOs receiving international funding, public organizations rarely publish such reports.

ADVOCACY: 3.3



The advocacy capacity of CSOs improved in 2013. CSO partnerships with state structures are now more institutionalized due to public councils (advisory bodies in ministries that generally involve CSOs), joint working groups, and other bodies that facilitate the flow of information and enable CSOs to participate in decision making. At the same time, not all of these structures operate effectively, and their activities depend on the discretion of particular state agencies.

Informal movements actively organized protest campaigns in 2013, while formal CSOs were more successful in promoting legislative changes and advocating on public policy issues. The most prominent and successful advocacy campaign of the year focused on the Yerevan Municipality's decision to raise public transportation fares by 50 percent in July 2013. Many people boycotted the new fare and continued paying 100 drams. Celebrities also joined the campaign, offering pedestrians free rides. After a five-day boycott, the mayor of Yerevan agreed to suspend the increase. However, discussions on restoring the increased fare still continued at the end of the year.

CSOs continued to collaborate with the National Assembly (NA) and local and national governments to promote new draft laws and policies. In 2012, the USAID-supported Civil Society/Local Government Support (CSLGS) Program, implemented by Counterpart International Armenia, organized the Legislative Agenda Advocacy Days (LAAD) to allow CSOs, activists, and representatives of local authorities to develop legislative recommendations related to health care, human rights, social affairs, and other issues. By the end of 2013, the NA had adopted three of the recommendations developed through this process. These included a law on equal rights and opportunities for men and women, a decree related to hearing aids, and an amendment to the Law on Psychiatric Aid related to the legal protection of people with psychiatric disorders. In 2013, LAAD continued to provide a platform for CSOs to influence the legislative agenda through direct meetings with the NA Standing Committees. Recommendations on thirty-six laws were presented, eleven of which received commitments for action.

The Public Network, which was established in 2008 to provide an institutional mechanism for CSOs to collaborate with the parliament, continued disseminating information and organizing public hearings. Discussions were held on the healthcare budget, a draft of the Armenia Long-Term Development Program, and draft laws on employment, education, and social assistance. The resulting recommendations were sent to state agencies, which agreed to consider the recommendations in most cases.

The Armenian National Platform (ANP) of the Eastern Partnership Civil Society Forum (CSF) initiated direct contacts with government officials to exchange information and organize discussions on various issues. In 2013, these contacts contributed to the CSF's effective implementation of the Eastern Partnership Roadmap monitoring, as well as research on the use of EU funds in the state budget.

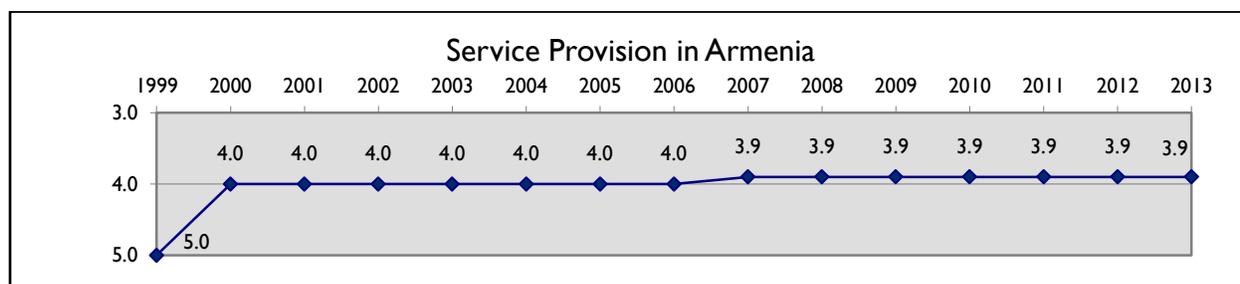
Several CSO-government working groups continued their work in 2013. For example, in 2013 the Ministry of Labor and Social Affairs produced a draft law on the rights of persons with disabilities in close collaboration with a network of CSOs working in the disability field.

The government and parliament discussed and approved or considered dozens of draft policies and laws generated by CSOs. For example, Confidence NGO, in consultation with pediatricians from around the country and in cooperation with the Ministry of Health, developed recommendations to revise the Standards of Child Health. The Ministry of Health approved these recommendations and submitted them to the Ministry of Justice for approval.

Cooperation with local governments has also improved. The New Generation NGO worked with youth groups in Gyumri, Artik, and Maralik to develop strategic plans to implement community youth policies. The municipalities approved the strategic plans, and for the first time Maralik decided to allocate 100,000 AMD (about \$250) each year to a youth-related activity. In many communities, networks organize discussions between local groups and local and state governments. At the same time, most advocacy campaigns still take place in Yerevan, while CSOs and individuals rarely organize advocacy campaigns in remote communities and rural areas.

CSOs actively engaged in monitoring, awareness raising, and information dissemination for the Presidential and Yerevan municipal elections held in 2013. For instance, in advance of the Yerevan municipal elections, four CSOs and several individuals established the Observer Citizen coalition to monitor the election process and publicize election fraud.

SERVICE PROVISION: 3.9



CSOs provide a wide range of services including legal, social, and healthcare assistance to vulnerable groups, as well as informal education, capacity building, online media, and research.

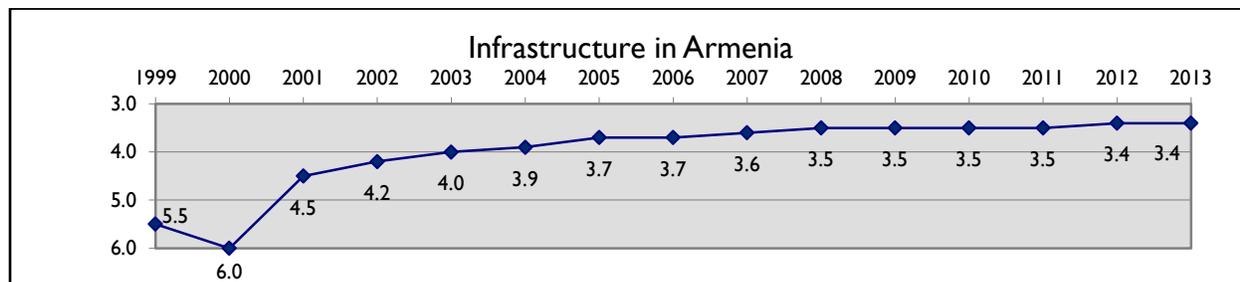
CSOs usually respond to community needs, which they often identify through community meetings, but the extent of their responsiveness and effectiveness varies with their organizational capacities. Service-providing CSOs often focus on specific social groups such as women, disabled people, elderly, children, national minorities, and other vulnerable groups. A few CSOs, particularly professional societies and sport federations, provide services exclusively to their members. Many CSOs extend their services beyond their members or vulnerable groups, providing informational, educational, and consulting services to the public at large. More experienced and professional CSOs, in particular think tanks and analytical and scientific organizations, produce publications and analytical papers and market them to other CSOs, academia, and government.

A limited number of CSOs operate social enterprises that allow them to recover some costs and to provide employment to their beneficiaries. A stationery shop established by Armavir Development Center started to earn a profit in 2013, allowing the organization to cover part of its office maintenance costs. Capacity building initiatives and expected amendments to the CSO law will help improve CSO cost recovery.

State structures continue to provide limited subsidies and grants to selected CSOs for the provision of social, cultural, education, and healthcare services. Mission Armenia, one of the largest recipients of state funds, continues to receive subsidies from the Ministry of Labor and Social Affairs to provide social and medical

care to the elderly. Luys Cultural Scientific Foundation, which was founded by the president and prime minister of Armenia, manages state funds allocated for the support of Armenian students' studies abroad.

INFRASTRUCTURE: 3.4



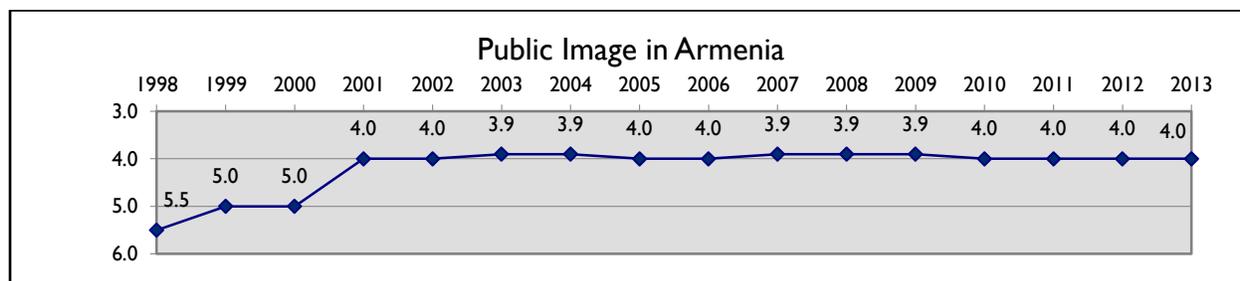
CSO resource centers and intermediary support organizations (ISOs) located in Yerevan and other central cities continued to support CSOs throughout 2013. These centers provide grants, trainings, and consulting, including capacity building in using new media tools. Infotun informational resource centers continued to provide trainings, workshops, information, and Internet resources to regional communities, especially youth. Several local grantmaking organizations re-grant donor funds.

CSO trainings are available throughout the country, primarily through grant programs. Few CSOs can afford to participate in paid trainings. Training opportunities still fall short of the demand for assistance, particularly in areas such as proposal writing, fund raising, producing professional reports, mobilizing constituencies, and running effective public relations and communication systems.

Many issue-based coalitions were active in 2013. The coalition To Stop Violence Against Women, formed in 2010, organized petitions, pickets and demonstrations to demand adoption of a domestic violence law in Armenia. Election-related coalitions formed to synergize resources and provide effective observation and awareness-raising activities throughout the country. The Partnership for Open Society initiative, a coalition of human rights CSOs and activists, produced several statements and initiated many discussions throughout the year, including a public discussion on Armenia's decision to join the Eurasian Customs Union. The ANP of the Eastern Partnership CSF, which involves 188 CSOs, registered its secretariat as a union of legal entities in 2013 and made progress in establishing institutional structures and mechanisms, evolving from an externally created structure to a locally-driven network. The Platform conducted election monitoring and produced a joint report with a task force of CSF members from the EU and Eastern Partnership countries.

Partnerships between businesses and CSOs are gradually increasing. For example, Orange Armenia partnered with CSOs to implement several initiatives in healthcare, education, and assistance to benefit children in vulnerable communities. CSOs, particularly in the regions, actively collaborate with the media to disseminate information and support their advocacy campaigns.

PUBLIC IMAGE: 4.0



Armenian CSOs have a contradictory image with the government. State bodies generally have a positive attitude towards the CSO sector as a whole and some state structures have long-lasting partnerships with CSOs with expertise in relevant fields. However, negative perceptions are also present, particularly towards CSOs and activists opposing governmental decisions and initiating protest campaigns. Government officials and affiliated groups label advocacy and watchdog groups as "grant-eaters" to discredit them.

According to the Caucasus Barometer survey conducted in 2013 by the Caucasus Research Resource Centers, only 3 percent of the public fully trust CSOs, with another 15 percent somewhat trusting them. Meanwhile, 34 percent neither trust nor distrust CSOs, and 36 percent of Armenians somewhat or fully distrust CSOs. These numbers represent slight decreases from 2012.

Anti-CSO propaganda by state-controlled media channels undermines the public image of CSOs. Service-providing CSOs receive mostly positive coverage, while advocacy and watchdog CSOs receive negative coverage. Various groups also make divisive statements and protest against advocacy, human rights, and gender-focused CSOs. For example, the Stop Gender Armenia initiative advocated against a law on gender equality adopted in June 2013, arguing that gender equality promotes homosexuality, incest, and the destruction of family values. Many CSO actors believe state authorities were responsible for fueling or allowing such attacks and propaganda.

The national media provides limited coverage of CSO activities and events, and coverage usually depends on whether any celebrities or state authorities attend the events. However, due to the efforts of informal groups addressing the priority issues of large social groups activities benefited from more coverage in 2013, especially online. For example, informal movements such as those protesting the increase in transportation fees in Yerevan and the state decision to join the Customs Union gained much more media attention than registered CSOs during the year. Regional media covers CSO events more actively.

Business entities have limited collaboration with the CSO sector. Companies that have institutionalized philanthropy and CSR practices collaborate with more professional and capable CSOs. However, businesses believe that many CSOs are unprepared to communicate with them and are more focused on seeking funding rather than implementing their missions.

Overall, the sector's external communications are insufficient. Many CSOs are deeply engaged with their communities but do little to publicize their work. Most do not possess the resources or capacities to engage in regular public relations activities. However, some CSOs are now working to publicize their work and collaborate with the media. In addition, more CSOs are using electronic communication and online networking tools.

Few CSOs are transparent about their activities, which undermines the sector's image. Armenian CSOs do not have a sector-wide code of ethics, although several individual CSOs have developed their own code of conduct. A small number of CSOs publish annual reports, including programmatic and financial information, in hard copy or on their websites.