

STRENGTHENING  
CIVIL SOCIETY  
GLOBALLY



## 2020 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

# ARMENIA

2020



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**Cover photo:** Stepamakert, the capital of Artsakh (Nagorni Karabakh), ruined by the Azery and Tuirkish military during the 44-day war in 2020.

# 2020 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

For ARMENIA

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**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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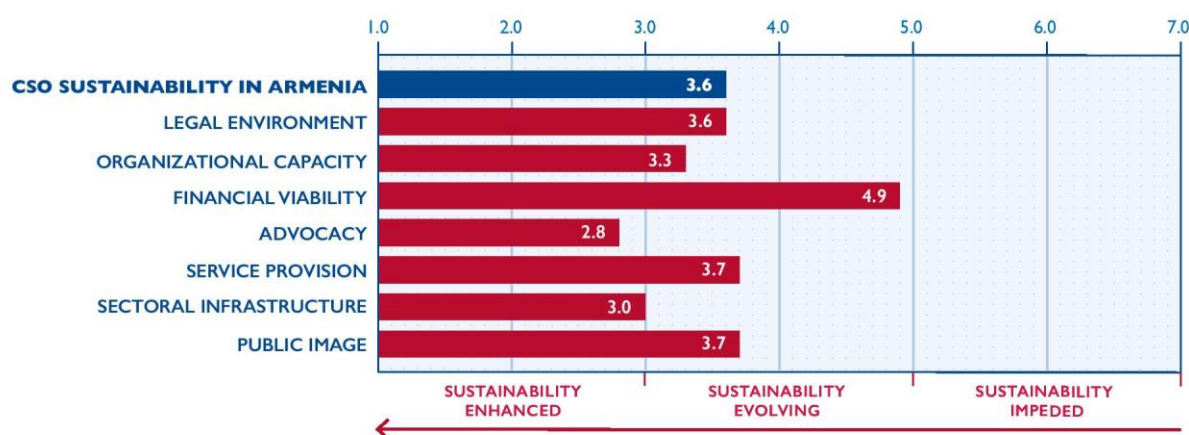
## LOCAL PARTNER

Civic Development and Partnership Foundation (CDPF)  
Gagik Vardanyan, CEO  
Sonya Msryan, Expert

# 2020 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

## ARMENIA

### OVERALL CSO SUSTAINABILITY: 3.6



Armenia experienced two significant crises in 2020 that weakened the economy and increased political instability: the COVID-19 pandemic and a war with Azerbaijan.

Armenia recorded its first case of COVID-19 in March. To contain the outbreak, in April, the government declared a state of emergency, which imposed travel restrictions, mandatory self-isolation, limitations on public gatherings (including protests and demonstrations) and the operation of media outlets, enforced mask-wearing, social distancing measures, and the closure of schools, universities, and non-essential businesses. In July, COVID-19 transmissions and fatality rates began to decline, and many restrictions were eased. As of the end of December 2020, the country had recorded approximately 160,000 cases of COVID-19 (5.4 percent of the total population) and 2,800 fatalities.

On September 27, 2020, Azerbaijan, with the support of Turkey, attacked the Republic of Artsakh (also known as Nagorno-Karabakh). Martial law was imposed in both Armenia and Artsakh and a forty-four-day war ensued that ended on November 9 with the signing of a ceasefire agreement between Armenia, Azerbaijan, and Russia. The war had terrible consequences for both Artsakh and Armenia; more than 5,000 soldiers and civilians were killed during military operations, more than 10,000 people were wounded, about 90,000 Artsakhi residents (more than 60 percent of the population) were displaced, major infrastructure was damaged, and territories—including the strategically important town of Shushi—were lost. Based on the terms of the agreement, Russian forces were deployed to Artsakh to undertake peacekeeping operations.

Throughout the war, government propaganda failed to disclose the reality of what was occurring in Artsakh, and the November 9 peace deal was signed by Armenian Prime Minister Nikol Pashinyan without any opportunity for public debate. Immediately following the signing of the agreement, violent protests erupted in Yerevan, and the political environment became increasingly unstable. A coalition of political parties, mainly consisting of supporters of the previous government, began protesting against the prime minister and his cabinet, demanding his resignation and jointly proposing the candidature of former Prime Minister Vazgen Manukyan as his replacement. However, these protests did not receive wide public support, and the majority of the population was eager for political stabilization. A nationwide poll conducted by the International Republican Institute (IRI) in February 2021 confirms these attitudes, with political instability listed as one of the most important problem faced by the county; 33 percent of respondents indicated that they would vote for the ruling party if elections were held next Sunday. At the end of December, the prime minister called for consultations with political parties on possible snap elections in 2021.

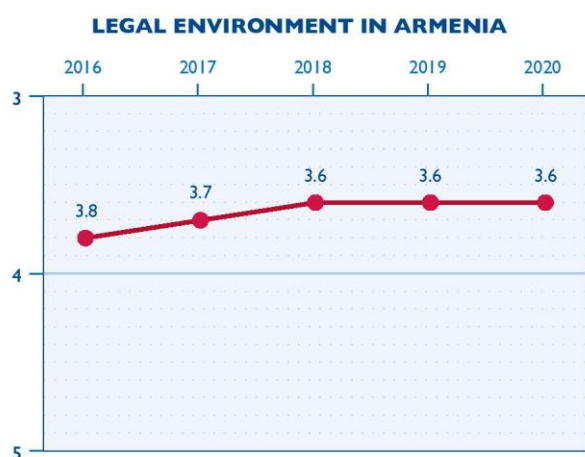


Overall, the state of emergency during the pandemic and martial law imposed during the war resulted in a significant deterioration in human rights and public freedoms, including the freedom of speech, the right to assembly, and the right of access to information. The situation also dealt a strong blow to the Armenian economy, with gross domestic product (GDP) declining by an estimated 7.2 percent in 2020. Meanwhile, the government demonstrated an unwillingness and general lack of readiness to solve the complex problems facing society. In contrast, CSOs played an active role during the pandemic and the war, providing a significant amount of humanitarian aid and support to affected people and vulnerable groups.

The CSO sector's overall sustainability remained largely stable in 2020. The organizational capacity of CSOs improved during 2020, driven by advances in CSO digitization and the use of online management tools, as well as CSOs' ability to act and adapt during times of crisis. CSO advocacy worsened as formal and non-formal advocacy channels with the government ceased to function.

According to statistics provided by the Ministry of Justice (MoJ), 5,136 public organizations (compared to 4,794 in 2019) and 1,335 foundations (compared to 1,212 in 2019) were included in the state register as of the end of 2020. At the end of the year, 229 unions remained on the books, even though, according to legislative changes in 2017, unions are no longer considered as legal bodies and must modify their charters and re-register as foundations or public organizations.

## LEGAL ENVIRONMENT: 3.6



The legal and regulatory environment governing the CSO sector did not change significantly during 2020.

CSOs may register either as membership-based public organizations, regulated by the Law on Public Organizations, or as non-membership foundations, regulated by the Law on Foundations. CSOs generally do not experience any barriers to registration, as the procedures are clear and well-articulated. Since 2019, CSOs have been able to register in the regional offices of the State Register of the MoJ. No online registration system for CSOs is currently available. Officially, registration of a public organization can be completed in a maximum of ten days, while registration of a foundation should be completed within fifteen days; both cost approximately USD 20. Registration is not mandatory as long as a CSO complies with general legal regulations and does

not engage in any formal financial transactions. These informal types of civic initiatives still have access to some sources of funding, such as crowdfunding and local philanthropy. In contrast to registration procedures, the closure and liquidation process remains complicated. This has resulted in defunct organizations remaining officially registered, thereby distorting sectoral statistics.

The internal governance of CSOs is regulated by the Law on Public Organizations and the Law on Foundations, both of which distinguish clear roles and responsibilities for the relevant boards, supervising committees, executives, and members. Meanwhile, the laws restrict any external intervention in CSOs' internal affairs by the state or any third-party actor.

A CSO's scope of permissible activities is not limited if it complies with general legal requirements. The Law on Public Organizations allows CSOs to represent their constituencies in court if a notarized power of attorney is in place. CSOs are allowed to initiate public interest cases in the courts only in the area of environmental protection, although this involves complicated bureaucratic procedures.

Amendments to the Law on Public Organizations that were adopted in March 2020 introduced new requirements for CSO reporting, which specify that public organizations must publish annual activity reports on their mission and goals, implemented projects, income, expenditures, and more. An order of the State Revenue Committee (SRC) Chairman defined the reporting procedures and provided templates and reporting requirements, which will become effective in May 2021. The final version of the amendments was a significant improvement compared to the first draft and took into account CSO recommendations to limit the scope of information they would be required to disclose. Though the new reporting requirements impose some additional burdens on CSOs, CSOs generally

perceive these changes to be positive and believe that they will enhance the sector's overall transparency and accountability.

In 2020, the Ministry of Labor and Social Affairs (MLSA) released a draft Law on Volunteering Activities and Voluntary Work that was a significant improvement compared to the previous version discussed in 2017-2018. The current version contains fewer restrictions and more flexibility for organizations in managing information on volunteers.

In April 2020, the government approved amendments to the Law on Freedom of Information that would allow it to withhold environmental information if publication of this information would have a negative impact on the environment. CSOs and members of the Eastern Partnership Civic Society Forum's Armenian National Platform objected to these amendments, with more than 230 CSOs demanding their withdrawal.

The rights to assemble and participate in peaceful public protests are generally guaranteed in Armenia. However, both the state of emergency resulting from the COVID-19 pandemic and the declaration of martial law during the Artsakh war placed significant limitations on civil rights and political freedoms, including freedom of assembly, freedom of movement and expression, and the right to privacy. Although these restrictions were temporary, there are concerns about their longer-term impact. In addition, according to Human Rights Watch and CIVICUS monitoring reports, COVID-19 related restrictions to freedom of assembly were often applied selectively with less tolerance towards protests organized by the opposition while allowing assemblies organized by pro-governmental groups. Though the constitution guarantees freedom of expression and CSOs can freely address matters of public debate and express criticism, the situation in the country led many CSOs to self-censor in 2020.

The CSO sector has also been impacted by the overall polarization of society and tense political environment. There were multiple cases of protests, demonstrations, and verbal attacks against CSO representatives and even physical attacks on several CSO offices mainly by pro-nationalist forces. For example, the office building of the Open Society Foundation (OSF) was attacked during the night of November 10. Neither the government nor law enforcement authorities actively responded or investigated these attacks and, in general, the state did not provide adequate protection to CSOs or speak out about these attacks, fearing that any collaboration with CSOs might lead to stigmatization as "Sorosian" or "anti-national."

CSOs are legally able to mobilize financial resources through the provision of goods and services, entrepreneurial activities, participation in procurement procedures at the state and local levels, fundraising campaigns, and by receiving funds from foreign donors. Any income generated should be used to accomplish the goals stipulated in the organization's charter.

Public organizations that receive public funding exceeding AMD 10 million (about USD 20,000) are required to disclose an independent auditor's report. This requirement imposes an additional burden on public organizations. CSOs often do not have the resources to pay for professional financial audits and appear to be at a disadvantage when competing with traditional businesses, which are not subject to mandatory audits for projects they implement using public sources.

CSOs directly engaged in commercial activities or social entrepreneurship do not receive any special fiscal or other benefits, and in fact are often put at a disadvantage when competing with businesses. For example, the entrepreneurial activities of CSOs are subject to a 20 percent value-added tax (VAT), while traditional businesses are subject to simple tax regimes. Additionally, the law requires CSOs engaged in entrepreneurial activities to maintain distinct accounting operations, which imposes an additional administrative burden on them. As a result, CSOs prefer to establish separate for-profit organizations rather than engage in entrepreneurial activities directly. Amendments to the Tax Code that entered into force on January 1, 2020, enable an improved tax regime with low tax rates and simplified bureaucracy for social enterprises established as limited liability companies, which may be classified as "micro-businesses."

The Tax Code specifies a 20 percent VAT for CSOs if their total annual income, including from grants, exceeds AMD 58.35 million (about USD 117,000). CSOs are eligible for VAT exemptions for certain projects and procurements only in cases where there is an inter-governmental agreement between Armenia and the respective donor countries and when the projects are deemed charitable by the State Humanitarian Commission. Commercial organizations and corporate donors can deduct donations to eligible CSOs from their taxable income up to 0.25 percent of their gross annual income. Individual donors do not receive any tax deductions for charitable donations.

Although CSOs do not often seek legal advice, they are able to turn to several organizations for legal assistance if needed. These include the Armenian Lawyers' Association (ALA), Transparency International's Anticorruption

Center (TIAC), the A.D. Sakharov Armenian Human Rights Protection Center, the NGO Center (NGOC), the Eurasian Partnership Foundation (EPF), and the Civic Development and Partnership Foundation (CDPF). Legal advice is available throughout the country. The shift to remote work during the pandemic enhanced CSOs' access to legal expertise as many lawyers working for organizations as fixed-time employees had more flexibility and started to do more freelance work.

## ORGANIZATIONAL CAPACITY: 3.3

The organizational capacity of CSOs improved slightly in 2020 particularly in the areas of digitization and mobilization in response to the pandemic and the war.

Throughout the year, CSOs remained flexible and adapted to the emerging crises. CSOs demonstrated their self-organization skills, flexibility, and capacity to immediately react and adapt to the emerging needs of their constituencies. For example, through an agreement with MLSA, the Armenian Association of Social Workers (AASW) created rapid-response groups to carry out rapid needs assessments of displaced people and address those needs. Many other CSOs, including Teaching and Partnership NGO and Martuni Women Center, also conducted needs assessments and provided services to displaced people. In another example, Armenia's Child Protection Network concluded that the risks of domestic abuse would increase during the lockdown. Therefore, it created a joint platform enabling different organizations to easily exchange information on their beneficiaries to avoid duplication.

ORGANIZATIONAL CAPACITY IN ARMENIA



CSOs improved their ability to identify and build relationships with potential constituents and beneficiaries. The increased use of online tools allowed CSO activities to reach more people, including people in different parts of the country. In some cases, CSOs refocused their efforts on new groups of people needing assistance, such as vulnerable families during the lockdown, displaced people during the war, and wounded soldiers and their families. However, constituency building suffered in other cases. This was especially true of CSO stakeholders with limited access to information and communication technology (ICT), including elderly people, impoverished families, and people with disabilities.

According to the results of a survey carried out within the framework of the USAID-funded Data for Accountable and Transparent Action (DATA) Program (hereinafter referred to as the DATA survey), approximately 70 percent of CSOs adopted strategies/rules for emergency situations. Additionally, the temporary suspension of many ongoing projects due to the pandemic enabled CSOs to allocate time to “back-up” work, such as updating mission statements, strategies, and internal procedures. However, despite developing more defined missions and strategic plans, CSOs often still acted on an ad hoc basis and aligned their work with available grants and funding resources. Generally, only relatively large CSOs plan the outcomes of their work or conduct impact assessments or evaluations.

Most CSOs have adopted policies, procedures, and systems of internal governance. However, only relatively large CSOs follow those procedures and clearly divide the responsibilities and work between their boards of directors and staff members. The CSO Development Program (CSO DePo) and other donor-funded programs have developed several guidelines, templates, and capacity development tools to improve the internal management of CSOs. CSOs have been developing a greater understanding of what constitutes a conflict of interest and they generally acknowledge the need to avoid such incidents.

Only relatively large CSOs with access to longer-term funding can maintain permanent staff, while small CSOs employ staff on short-term contracts based upon planned or existing projects. Although the government implemented several assistance programs to mitigate the impact of COVID-19, these mainly focused on private businesses and CSO sector employees were not eligible for these programs. No data is available on whether the number of employees in CSOs decreased in 2020 because of the pandemic. Volunteering increased significantly in response to the pandemic and the war. For example, many people engaged in volunteer efforts to support the war and assist displaced people. Most CSOs successfully manage to recruit and engage volunteers and outsource professional services such as accounting, marketing, and legal services.

CSOs' access to and use of technology significantly increased due to the pandemic and the subsequent lockdown, which forced CSOs to adopt remote work arrangements. According to the DATA survey results, 100 percent of CSOs utilized some online tools. CSOs began to widely use Zoom and other platforms to organize online discussions, meetings, and training sessions. Additionally, CSOs started to use innovative technologies, such as platforms and time-trackers to track their employees' remote working hours. Activity on social media platforms, especially Facebook, also increased. The DATA survey also indicated that CSOs experienced some difficulties in accessing equipment, such as laptops and tablets, to enable remote work. As a result of the shift to remote work, CSOs were able to save on expenses related to maintaining permanent offices, transportation, accommodation, and utilities, with 57.6 percent of respondents to the DATA survey reporting such savings. Regional CSOs continued to benefit from office facilities provided by their communities free of charge. CSOs have access to relatively cheap internet services throughout the country but do not significantly concern themselves with cybersecurity.

## FINANCIAL VIABILITY: 4.9



Financial viability, which continues to be the weakest dimension of CSO sustainability, was affected by both positive and negative developments during the year. Both the pandemic and the war hindered the disbursement of donor funds. Furthermore, CSOs remained largely dependent on donor-funding, and the completion of several large-scale, long-term donor-funded projects in 2019 created a gap in access to donor funds and local sub-granting. CSOs also faced difficulties generating income through the production of goods and services and in establishing and operating social enterprises. According to the DATA survey results, 51.2 percent of CSOs faced financial difficulties during 2020 due to these funding restraints, and 63.1 percent of CSOs were forced to use personal assets to cover some organizational costs. However, these negative developments were

offset to some extent by the creation of new donor programs and increases in philanthropy and crowdfunding.

COVID-19 and the Artsakh war encouraged local philanthropy and diaspora giving. The All-Armenian Fund collected more than USD 170 million during the war through its Pan-Armenian fundraising campaign, which solicited funds to provide humanitarian aid for displaced people and repair damaged infrastructure as a result of military actions. Similarly, the Insurance Foundation for Servicemen collected more than USD 16 million through local philanthropy. However, this pattern of giving is specific to these particular crises and is not likely to comprise a sustainable source of financing for CSOs.

Key foreign donors for Armenian CSOs include the European Union, USAID, OSF, the Black Sea Trust for Regional Cooperation, as well as small grants provided by the Swedish, Dutch, and German governments, the US, Lithuanian, and Japanese embassies, the United Nations Development Programme (UNDP), Robert Bosch Stiftung, the European Endowment for Democracy, and the Prague Civil Society Center. Some large donor-funded projects implemented during 2020 include the USAID-funded Engaged Citizenry for Responsible Governance (2014–2021), the EU-funded EU4Youth: Better Skills for Better Future (2018–2020), and the USAID-funded DATA program (2020–2022). However, these funds mainly benefited large CSOs, which already had experience working with international donors, while small and recently-established CSOs had limited access to the same resources.

Some donors created new funding opportunities to mitigate the impacts of COVID-19 as well as to address the humanitarian crisis that emerged as a result of the Artsakh war. For example, the U.S. Embassy offered a total of \$200,000 to civil society and independent media organizations for COVID-19 response, reporting, and oversight. In addition, USAID provided \$180,000 in supplemental funding for CSOs through the Civil Society Innovation Initiative (CSII) and OSF provided approximately \$1 million to fight the impact of COVID-19.

CSOs have access to a small number of grants provided by the central and local governments. In 2020, non-governmental (public) organizations received about AMD 604 million (about USD 1.3 million) in government grants compared to AMD 110 million (about USD 220,000) in 2019.<sup>1</sup> Though the government announced its intention to

<sup>1</sup> The difference in the volume of financing between 2019 and 2020 results primarily from a change in the form of financial support provided. In 2019, much financial assistance was provided as “subsidies” while in 2020, most funding was provided as “grants” rather than subsidies.



allocate grants openly and transparently, grants were ultimately allocated through a non-transparent, non-competitive process, in which only CSOs that were perceived “favorably” by the state received state funding.

The use of crowdfunding through online platforms and other electronic tools and instruments significantly increased during 2020. The successful fundraising campaigns of the All-Armenian Foundation and the Insurance Foundation for Servicemen described above both utilized online tools. Meanwhile, the lockdown and state of emergency limited access to other types of fundraising tools such as events, charitable dinners, and festivals. Some membership-based organizations collect membership fees, although this income is insufficient to ensure sustainability.

The potential of CSOs to generate income through the provision of services, products, and renting assets significantly decreased during 2020 due to the economic impacts of the pandemic and the war. According to the “Social Entrepreneurship in Armenia” research developed as part of the USAID-funded Innovation for Change (I4C) Armenia project, approximately 20 percent of social enterprises ceased operations, 50 percent were forced to cease operations for five months, and CSOs and individuals faced significant difficulties when trying to establish new social enterprises. There was an overall 70 percent decline in social enterprise income in 2020 compared to the previous year.

CSOs acknowledge the need to improve their financial management systems to comply with the increasing requirements of state and donor organizations. CSOs generally outsource financial management and accounting services. Meanwhile, CSOs rarely initiate audits or disclose financial reports and information unless required by the state or donors.

## ADVOCACY: 2.8

CSO advocacy decreased slightly in 2020. CSOs’ opportunities to engage with state officials and participate in policy and advocacy initiatives to shape legislation decreased due to the *force majeure* events impacting the country and the government’s unwillingness to collaborate with CSOs.

Formally, CSOs have access to government decision-making processes through the Public Councils established adjacent to the ministries. However, the majority of Public Councils ceased operating in 2020. Due to the pandemic, formal and non-formal consultation procedures suffered, with face-to-face meetings, discussions, and public hearings limited or not held at all. Several government entities, including MLSA, attempted to organize public discussions on draft legislation using virtual platforms. However, these virtual meetings were not efficient, and CSOs reported a lack of concern for the issues and recommendations they raised in the virtual meetings.

Information requests submitted by CSOs and the public were either not properly addressed by governmental authorities, or responses were significantly delayed. The Committee to Protect Freedom of Expression reported many violations of the right to receive and disseminate information while the Freedom of Information Center of Armenia reported that government officials and local municipalities did not proactively disclose information as stipulated by the law.

All legal acts of public interest and significance proposed by the government are posted on [www.e-draft.am](http://www.e-draft.am). Stakeholders can submit their comments and recommendations on proposed legislation through this site. However, CSO representatives do not find this platform effective due to a lack of meaningful discussions and communication. According to CSOs, the procedure is mainly used to “tick a box” and officials do not treat it as an opportunity for real engagement. One example of positive change was the acceptance of amendments proposed by the Armavir Development Center to the Law on Local Self Governance that were adopted in early 2020. These amendments now require local municipalities with populations of more than 20,000 to post local legal acts on community websites for public discussion, which is automatically copied on the e-draft platform.

During 2020, CSOs widely self-censored, avoiding criticism of the government and local self-governmental bodies during the pandemic and the war. During the period of martial law, some legal measures limited freedom of

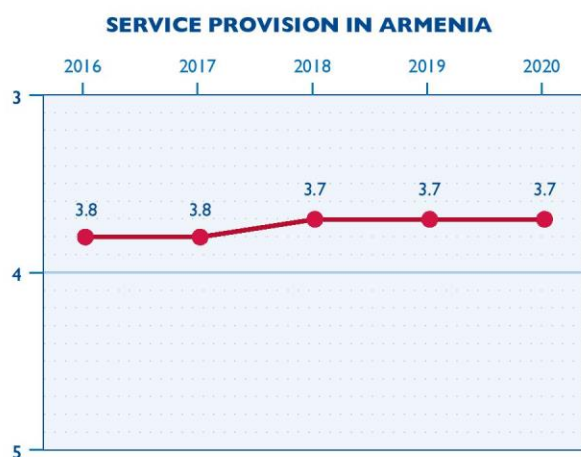


expression, such as a government decision that prohibited the publication of information “causing panic” among the public in the media and social networks. At the same time, the authorities used the crisis situation in the country to adopt laws and regulations unrelated to the pandemic or the war in a hasty manner, including measures regarding taxation and social assistance, bypassing the required public consultation procedures and ignoring public discontent. Due to the state of emergency and martial law, CSO oversight over the government also suffered.

CSOs reported significantly weakened communication with governmental bodies during 2020. Due to political instability, the government mostly acted as a closed body positioning itself for self-defense. Increased populism, disinformation, distrust, hate speech, fear, and manipulation all impacted the ability of CSOs to make their voices heard. Populist advocacy groups attacked CSOs as well as pro-democracy donor-funded projects. This, as well as overall changes in the political and humanitarian environment, significantly restrained CSOs from engaging in advocacy initiatives, forcing them to be more temperate and less visible. For example, CSOs provided almost no feedback on budgetary discussions in the city of Gyumri in contrast to previous years when budgetary discussions occurred in a tense yet productive atmosphere. On the positive side, CSOs continued to collaborate with the parliamentary working group on electoral reform, leading to the passage of the Law on Political Parties and the Electoral Code.

The CSO community continues to advocate for a favorable legal and regulatory framework for the sector and made some inroads in 2020. Examples of this include CSO reporting requirements adopted in March 2020, the increase in the threshold for mandatory audits for the use of public funds, and the draft Law on Volunteering Activities and Voluntary Work. However, due to the force majeure events impacting the country and a sharp change in priorities, CSOs’ advocacy in this field was limited in 2020.

## SERVICE PROVISION: 3.7



CSO service provision did not change in 2020, as it was affected by both positive and negative changes.

Despite the unprecedented events impacting the country in 2020 and considerable challenges to providing field-based goods and services, CSOs continued providing a wide range of goods and services to their target communities and constituencies. Goods and services provided during the year were mostly focused on humanitarian, social, economic, health-care, psychological, educational, and cultural efforts. Some CSOs expanded the range of services provided and the groups served. Many CSOs changed their mandates to respond to humanitarian priorities that emerged due to the COVID-19 pandemic and the Artsakh war. For example, CSOs providing services in human rights,

advocacy, and government accountability shifted their activities to more humanitarian and community-based services. CSOs largely addressed issues that were beyond the capacity and resources of the central government and local self-governmental bodies. For example, the Martuni Women Center started to produce face masks, bedding items, tents, and other items for those in need. The Aregak bakery-café, a social enterprise, produced bread and distributed it free of charge to vulnerable families during the lockdown and refugee families during the war. CSOs made use of new technology to provide online consultations, specifically to offer psychological help and medical advice.

CSOs demonstrated their ability to proactively identify and address the emerging needs of their constituents and communities in 2020. During the pandemic lockdown, CSOs assisted vulnerable families and isolated elderly people, including by providing them with food and other necessities. CSOs actively used ICTs to identify and reach out to their constituents and to collaborate with each other. CSOs actively accepted refugees from Artsakh into their local communities and conducted assessments to identify their needs and priorities. At the same time, the goods and services that CSOs would normally produce and provide significantly decreased. For example, there were almost no in-person festivals, exhibitions, or conferences during which CSOs could present and sell their goods and services.

CSOs were extremely limited in their ability to recover costs for services rendered in 2020, especially as most of their services focused on humanitarian assistance. According to the research conducted as part of the I4C project,

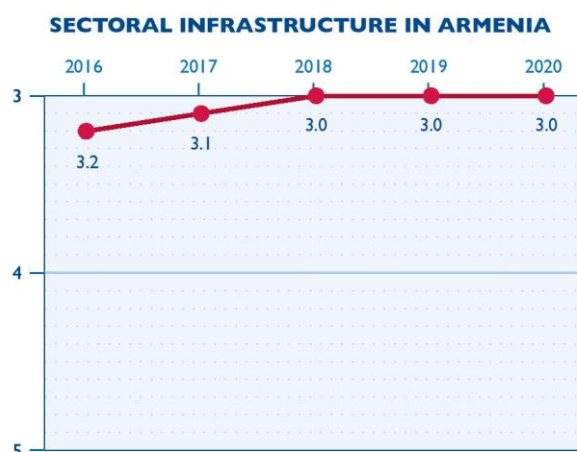
there was a 70 percent decline in goods and services provided by social enterprises during 2020, with the largest decline in the tourism sector.

Most of the work that CSOs undertook in 2020 to address the emerging social and humanitarian issues impacting the country was done without any acknowledgement or financial contributions from the government. MLSA is the only governmental entity that actively collaborates with CSOs. For example, MLSA actively worked with CSOs to mitigate the worsening social and economic conditions and assist people impacted by the force majeure events in the country.

## SECTORAL INFRASTRUCTURE: 3.0

The infrastructure supporting the CSO sector did not change, with both positive and negative developments noted.

During 2020, intermediary support organizations (ISOs) and resource centers including EPF, NGOC, Partnership and Teaching NGO, TIAC, the Infotun (information house) network, and CDPF continued to provide assistance to CSOs. The CSO DePo portal, created in 2016, continued to provide access to CSO-related information, announcements, and resources in a single location. The provision of paid services to CSOs by ISOs and resource centers was limited during 2020. There were also limited opportunities for local sub-grants during 2020, as most of the major donor-funded projects that had sub-granting components ended in 2019.

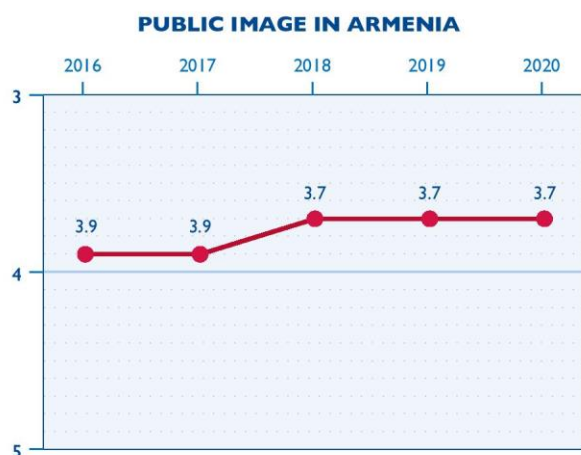


CSOs in both Yerevan and the regions have access to capacity-building activities and training opportunities. Although face-to-face training decreased significantly, online training opportunities, including a wide range of international offerings accessible through online tools, were available during 2020. Overall, the variety of capacity-building opportunities available to CSOs increased, and CSOs acknowledged a nearly inexhaustible number of resources available to them in the virtual domain. NGOC, for example, organized a two month-long online academy for twenty CSOs registered within the last five years that covered fourteen CSO-related topics. The Faculty of International Relations at Yerevan State University continued to provide a six-month long course on CSO management. Within the framework of My Armenia, USAID and the Smithsonian Institution trained approximately fifty CSOs on tourism development. However, distance learning modules and virtual training was generally considered to be less effective than their in-person equivalents.

Cooperation between different CSOs increased, primarily in the scope of crisis management in response to the emerging crises through the year. As in previous years, many donor-funded projects, especially those supported by the EU, required applications to be submitted by coalitions, thereby promoting dialogue and cooperation within the sector. Fifteen CSO coalitions comprising a total of 260 member organizations that were created as a result of the EU-funded Commitment to Constructive Dialogue (CCD) project continued to operate in 2020. However, the relationship between CSOs continues to be more competitive than collaborative, and there are distinct camps of CSOs grouped under the umbrellas of different donors.

As a reaction to the crises that occurred throughout the year, collaboration between CSOs and the business sector, as well as the acknowledgment of the benefits of such collaboration, increased. Throughout the COVID-19 pandemic and the war, CSOs actively worked alongside private businesses to address the emerging needs of vulnerable groups and the displaced. For example, AmeriaBank and UNICEF initiated a joint project to provide children with tablets for distance learning during the COVID-19 pandemic. However, as reported by the DATA survey, although CSOs demonstrated the willingness and resolve to address the emerging crises resulting from COVID-19 and the war, their activities were mostly ad hoc and not coordinated with other sectoral agencies or the state. Collaboration with the state was not institutionalized and was mostly dependent on the personality of high-ranking officials in the ministries, with the possible exception of successful efforts by MLSA on the joint provision of social services.

## PUBLIC IMAGE: 3.7



The public image of CSOs remained largely the same in 2020. While CSOs' humanitarian aid programs and initiatives in the field were increasingly visible, they were also widely attacked through "fake-news," conspiracy theories, and negative publications mainly initiated by supporters of the previous government.

During 2020, only a small number of media platforms, such as the 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, provided primarily positive coverage of the role of CSOs in the country. Outlets belonging to supporters of the previous government, on the other hand, mainly provided a barrage of negative coverage. CSOs active in the fields of

democracy and human rights were branded as "enemies of the nation" by these media outlets, as well as fake social-media profiles controlled by these groups.

Public perception of CSOs is divided. On one hand, the day-to-day work of CSOs amidst the humanitarian crisis improved their visibility and acknowledgment among the public. On the other hand, some CSOs were accused and attacked for being "grant-eaters" and "anti-nationalists." The term "Sorosian," a pejorative term based on the name of philanthropist George Soros, was widely used to discredit some CSOs that receive foreign funding and engage in advocacy efforts, given that his foundation in Armenia is one of the leading grant-making institutions in the country. Such activities were initiated by former officials and groups aimed at discrediting the current government. Although people who interacted with CSOs had a positive view of their efforts, the overall perception of CSOs suffered significantly due to anti-CSO propaganda mainly labeled as a "war against Soros." During the crisis, society became less tolerant in general, and the tensions between society and the government increased significantly. Both online and offline domains were full of hate speech, accusations, and aggressive rhetoric; constructive discussion and understanding were notably lacking.

The government also exhibited a discriminatory attitude towards CSOs, categorizing them as either "favorable" or "unfavorable." CSOs with former employees currently working in the government in high-ranking positions were most likely to be among the "favorable CSOs." However, MLSA has a favorable perception of CSOs' service provision.

The business sector's perception of CSOs improved slightly in 2020, particularly through the implementation of joint initiatives during the crises. However, most businesses still have a limited understanding of the role of the CSO sector and conduct their own charitable and social projects, bypassing CSOs.

CSOs improved their capacity to introduce and promote the results of their work to the public, particularly through the use of social media skills, which they enhanced during the lockdown. However, CSOs carried out the majority of their humanitarian relief efforts during 2020 without soliciting coverage or raising public awareness around their efforts.

The accountability and transparency of CSOs remain weak points in the sector's image. Only relatively large CSOs put efforts into ensuring transparency and accountability by adopting codes of conduct and publishing reports or financial statements. Disclosure of annual reports is mandatory for foundations and public organizations that use public funds. However, the published reports are usually very generic and lack sufficient detail about CSOs' operations and financial flows.



## For Notes

[illegible]





**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.*