

# ARMENIA NGO SECTOR ASSESSMENT



YEREVAN  
2001

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# PREFACE

If civil society is an essential element of a democratic polity, in nations where the association realm had been organized, led, and controlled by the state as an extension of its policy mechanisms, is it possible to create—or recreate—a civil society through foreign assistance to NGOs?

Any country emerging from a repressive and authoritarian regime will face the task of building or rebuilding the organizational life that gives expression to the norms and interests of its people. The endowment of history varies greatly from country to country, and it is apparent that some countries have more to build on than others.

Recognizable and distinct “realms” for civil society, government, and business is an important benchmark for the development of democratic society. When the boundaries between the state, the economy and civil society are not well formed or maintained, it is very difficult to create a sense of citizenship (as understood in liberal democratic polities from ancient Greece to the present) or the kind of checks and balances on the acquisition and use of the power.

It is a challenge to foster the development of a civil society in a way that respects the history, culture, and experience of the particular nation or society. Foreign assistance usually coincides with periods of rapid social, economic and political change, signifying extreme stress for many segments of the society. The natural reaction to dislocation and change is to cling to what is known and valued from the past. Respecting that past, and finding ways to build on it for a different future is one of the most difficult problems for a foreign assistance program in this sector.

Another challenge is that we don’t really know how to build a civil society, especially in countries that have suffered the fate of Armenia. We do not have a “technology” for this sector in the way we developed technologies for the Green Revolution, the Demographic Revolution, or the Health Revolution. Nor do we have the luxury of extended time frames during which we can work together and to experiment with developing the best approach. In civil society and democratic development generally, we in the west cannot assume that because we come from democratic societies, we can easily package and export to emerging democracies what took three to four hundred years to develop in the west. In this field, we must learn as we go. That means being experimental, flexible, and self critical about our efforts. It means devoting some of the foreign assistance energy, time, and money to policy and program-oriented research and analysis such as this sector assessment. The necessary next step is to learn from our experience and try a different approach if that is called for.

Civil society, according to Ottaway and Carothers, is “an intermediate associational realm between state and family populated by organizations which are separate from the state, enjoy autonomy in relation to the state, and are formed voluntarily by members of society to protect or extend their interests or values.”<sup>1</sup>

This seemingly neutral definition of civil society focuses on the organizational manifestation of civil society, yet it clearly builds on certain fundamental norms and values usually associated with democracy, including the right to free association, the right to autonomy, and the right to speak out and to influence the state or to check state power. Underlying these norms is a deeper assumption about the existence of clearly defined “realms,” such as the realm of the state, the economy, and civil society. These distinctions that took many generations to develop in the west, and they are more rhetorical than real in many societies emerging from

1. Ottaway, Marina and Carothers, Thomas, eds., *Funding Virture: Civil Society Aid and Democracy Promotion (2000)*

the monolithic structure of the Soviet state. A related underlying notion is the idea of citizenship in a democratic society. Unless people have an active notion of citizenship, democracy may mean little more than the absence of onerous state coercion. Without social differentiation and an active notion of citizenship, it is unlikely that civil society or the democratic polity can survive in the long run. Thus, from the development perspective, we propose that the democratic civil society be defined as a collection of organizations that *conform in general to procedures and values consistent with the functioning of a democratic polity and state.*

Why is this distinction important? Strengthening civil society is important to the process of democratic development precisely because without those norms and values associated with a deeply rooted democratic political culture, an “NGO sector” created, strengthened, and supported by foreign assistance may not take root. A well-developed civil society is the lake in which the NGOs must swim. Without a supportive and enabling political culture, the potential for the ultimate failure of an artificially created NGO sector is very real, regardless of how well it may perform in the current context of supportive foreign assistance.

The difficulty for development practitioners is that while NGO development is concrete and specific, nurturing a democratic political culture is a challenge that we don’t know how or don’t have time to meet. NGOs are legal entities that have a material existence. Given the proper training and assistance, they can be brought to a standard of performance that permits us to offer public financial assistance. We can expect them to demonstrate a degree of organizational maturity, to be financially accountable, and to perform services of value to the community. We even expect some of them to become effective advocates in the public realm for the interests they represent. Measuring the progress of the NGO sector is relatively easy if we are satisfied with counting the increase in the number of active NGOs or assessing the growth in their organizational maturity as measured by contacts, papers presented, meetings attended, or even laws and policies passed. There may be difficulties with all these measures, but at least we know we are dealing with real, recognizable organizations that try to do worthwhile things in their societies. In contrast, assisting in the development a vibrant democracy is too abstract, too long term, and too hard to measure in terms of annual results reports to have operational meaning.

If we look at the content of the democratic political culture implicit in most concepts of civil society, we can find certain elements that set off what we will call a “democratic civil society,” or a civil society that is supportive of a democratic polity and good governance. Terms like Social Capital, Trust, Cooperation, Public Ethics, Accountability, Transparency, Respect for Human Rights, are all associated in the western mind with the kinds of values we expect civil society to advance and protect.

Foreign donors have to make choices about how to spend the resources available to them. When civil society is defined as any organization filling the space between state and the family, however, we are hard pressed to make development assistant choices between different types of organizations. As long as the association is formed voluntarily, organizations as diverse as chess clubs, musical associations and the Ku Klux Klan qualify as part of the associational life of civil society.

Most donor organizations recognize the need for focus. Almost all exclude cultural and sports organizations, even though some of these organizations may contribute to democratic civil society. Some focus attention on service NGOs, others on NGOs specializing in public education, still others, such as USAID in its democracy programs, place much of their attention on developing the advocacy NGO, the ones that extend and protect interests.<sup>2</sup>

The development practitioner is tasked with helping societies move away from monolithic regimes to ones that foster and respect different and diverse sectors. What kinds of choices can we make about how to do this? What strategies should we pursue? The issue is complex and cannot be treated fully here, but a brief answer is important to understanding the sector assessment.

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2. Gary Hansen, CDIE, USAID.

A broad strategy for developing civil society would focus not only on NGOs, but on government and the educational system as well. Its primary clientele might well be the younger generation still in the process of formulating civil society values and norms they will carry with them for life. We might engage government, especially local government officials, on how to govern democratically, focusing on the values of transparency, responsiveness, and citizen participation.

Since much of what we do in promoting civil society is restricted to the creation and development of broad-based, sustainable NGOs, we need strategies that produce more than a foreign aid-dependent NGO sector. We need to find ways to invest in NGOs that are, or have the potential to become the schools for civil society, where the political culture of democracy is taught by the way the NGO is organized to do its business or by the model it presents to the community. NGOs that are authoritarian in style, opaque in their dealings with the public, and more responsive to foreign donors than to the local community needs should not be high on the list for foreign assistance support, regardless of their technical capabilities or performance. NGOs that demonstrate some connectivity to their constituents or their communities may offer greater potential for contributing to the civil society as well.

In Armenia and in many other emergent nations, we should invest in organizations that model democratic norms and values, both for their members and for the society and large. In other words, when a democratic political culture is nascent and struggling to evolve in the face of weak governance and a poor economy, the NGO sector must be able to demonstrate more than maturity as an organization and more than programmatic effectiveness; it must also implicitly and explicitly contribute to the development of a democratic civil society.

**Richard Blue, David Payton, and Lusine Kharatyan**  
*September 2001*

# I NTRODUCTION

## ARMENIA'S ORGANIZATIONAL ANTECEDENTS

Armenia is about the size of Maryland in the United States. Formerly a Soviet Republic economically and political linked to Russia, it is a highly educated, urbanized and—at least in former times—industrialized society and economy. Soviet industrial and strategic interests resulted in the growth of Yerevan as the dominant metropolis in the country. Soviet organizational policies reinforced the importance of Yerevan, with most social activists and social organizations serving the entire nation from headquarters in the capital. Branch offices were established in smaller towns, but they were clearly answerable to Yerevan.

In the Soviet system, social organizations generally existed to serve the state and Communist Party. The Soviet model has had a major impact on the prospects for building a civil society and independent NGO sector in contemporary Armenia. As one very prominent Armenian NGO leader remarked, “We have our own model of education, we have our soviet culture, we have the Armenian model of social work. Other models are useless.”

## PUBLIC ORGANIZATIONS

The meaning of the term “non-governmental organization” is clearer in English than in Armenian. “NGO” is translated into Armenian as “Public Organization (PO),” a term that bears the weight of Armenia’s Soviet past. In the Soviet era, the Communist Party defined the activities and the mission of POs based on Party ideology. Public Organizations, such as the “Committee for the Cultural Relations with Foreign Countries” and “sister-cities” organizations<sup>3</sup> were created to regulate different types of relations with the outside world. Other organizations, such as the Union of Writers, the Union of Composers, and the Union of Painters, were formed primarily for uniting people with similar professional interests and background. These organizations were committed to advocating for people’s professional rights. Occasionally, POs were based on the parochial interests of a particular Soviet Republic. In Armenia, for example, was the “Committee for the Relations with Diaspora.”

Public Organizations were not a grassroots phenomenon. One respondent explained that while she was working at a scientific institution, the director informed her of an order to form a Women’s Council branch in their institute and offered her a leadership position in that branch. Later, her assignment was presented as a result of a general vote.<sup>4</sup> The role of the Women’s Councils was ambiguous; indeed, it was somewhat artificial in terms of promoting women’s rights, for the state had taken practical steps towards implementing legally mandated gender equality: men’s and women’s rights were either equally protected or equally unprotected.

Public Organizations were funded largely from the state budget,<sup>5</sup> and they depended on government for virtually everything. Thus, the State institutionalized and dictated the broad range of associational activity that might otherwise have been community based. One of the most interesting examples is the institutionalization of age groups through POs like the Pioneer Organization or *Komsomol* (Communist Youth). For example, every child after ten years old was unofficially required to become a member of a Pioneer Organization. Indeed, every school had a Pioneer Organization. There were Pioneer Organization committees at the school,

3. For example Yerevan was a sister city with Cambridge in the US.

4. Interviewer Diary

5. Officially, membership dues were collected as well.

as well as at the district, regional, and national levels.<sup>6</sup> All of these operated under a central committee of Pioneer Organizations.

Children became members in a special swearing-in ceremony. There were pioneer camps throughout the Soviet Union; there were central ones for pioneer leaders and most active members of the organization, as well as for the creative and talented school children, such as *Arlionok* and *Artek* in Crimea. In effect, all the children of the Soviet Union aged ten to fourteen were the members of the same organization. The organization had the same structure; ceremonies, ideology, and even vocabulary in all the Soviet Republics. After “Pioneering” came *Komsomol*. Both organizations were strong leadership schools for future political and public leaders. Indeed, PO leaders were usually accepted by the government and may even have had State authority.

Public Organizations, with the exception of labor unions and youth institutions, were formed mainly from the intelligentsia. It is fair to say that this elite gained much of its understanding of the social and economic strata of society through the mass media, rather than through first-hand experience. Nevertheless, it was conventionally believed that PO leaders enjoyed popularity among large masses of the public and when needed, the government exploited their popularity. When called upon, PO leaders made speeches and organized meetings with worker collectives to promote state policy.

Society accepted the existence of the POs and people generally perceived those organizations as a type of state governance. Conversations with our interviewees confirm that the majority of people rarely joined POs. Even members of labor unions applied to their organization not so much to protect their rights, but to benefit from some financial support or bonus.

In its contemporary meaning, “Non Governmental Organization” entered the Armenian lexicon together with “environmental protection,” “human rights,” “women’s rights,” “humanitarian aid,” “socially unprotected,” “refugee,” and similar terms. Entering the new Armenian reality with the title “Public Organization,” NGOs also inherited the meaning and connotations associated with the Soviet past. Perceptions and attitudes towards Soviet POs were also inherited, and, consequently, language affected the development of the concept and reality of the Armenian NGO. In short, the term “Public Organization” has been an obstacle.

The Soviet era is over, and the term “non-governmental organization” entered the Armenian lexicon with “environmental protection,” “human rights,” “women’s rights,” “humanitarian aid,” “socially unprotected,” “refugee” and similar terms. Yet “NGO” inherited the meaning and connotations associated with Soviet POs, and attitudes towards Soviet POs linger. Consequently, language affects the development of the concept and reality of the Armenian NGOs. In short, the term Public Organization has been an obstacle.

## INDEPENDENT ARMENIA

The NGO sector in Armenia developed after independence, and the introduction of Western ideas into society encouraged various national, social, and political movements. The first NGO-style groups were mainly concerned with environmental protection, and some of these groups later became NGOs. During the Soviet period, only certain activities were allowed, and the ecological movement was one of them. In the beginning, the movement’s political orientation was obscured by its ecological objectives, and the authorities evidently did not view this group as posing any serious threat to their regime. Thus, in many cases the democratic as well as nationalistic movements began as an ecological movement<sup>7</sup> against the chemical industry, copper mining industry, and others.

Even though the new types of public activities cloaked themselves in a veil of preserving national values, they

6. Each Soviet Republic had a national committee of pioneers.

7. Abrahamyan L. H. (1999). “Aggressiveness and National Violence in the Former USSR.” In *Divided Europeans: Understanding Ethnicities in Conflict*, Kluwer Law International (59-75)

were opposed to the political regime. Although the national movement in Armenia during the late-1980s did not develop from the ecological movement, the latter was nevertheless always present during mass rallies and was even used effectively during the election campaign of 1990, which brought the anti-Communist national movement to power.<sup>8</sup> Later, the main political parties and POs were formed on the basis of this movement, and the leaders of the “Ecological” period were re-organized into political parties and, in different ways, came into power.

As a result of the ecological movement, some important industries were temporarily shut down, and others were demolished so thoroughly (for example, the copper smelting works in Allaverdi) that they could not be rebuilt, which deprived Armenia of a significant source of income.<sup>9</sup> The public blamed the economic crisis and great unemployment on the ecological movement. Many felt the industrial collapse and subsequent unemployment, as well as the lack of electricity (the Nuclear Station was finally closed), were the consequences of the environmental movement. Of course, all these realities had other causes as well, but the negative stereotype towards any kind of environmental protection mission was nevertheless formed. In the end, public activists were generally seen by the public as exploiting “environmental protection” as a tool to seize power. The consequences are still felt, and even today there is a general public distrust of any kind of ecological campaign.

Other phases in Armenian civil society are evident. In the response to the 1988 earthquake, the war in Karabakh and resulting blockade, the refugee influx from Azerbaijan to Armenia, and growing poverty, a large number and variety of “benevolent organizations” appeared on the Armenian landscape. After the earthquake, the world’s attention was focused on Armenia and many foreign organizations began to provide humanitarian assistance to the country. These foreign organizations became prototypes, of local benevolent organizations. The local grassroots response was immediate and profound.

The refugee influx coincided with the earthquake, and the public reaction was equally altruistic. People took the refugees to their houses and provided them with food and clothing. These early, improvised associational activities were in response to a challenging reality; no one called them “public activities” at that time. Only later on did some of these ad hoc groupings seek formal organization in the NGO form.

International NGOs began working in Armenia the 1990s. Most were organized, experienced, and relatively wealthy. At the very beginning, they worked mainly with and through the Armenian government and its institutions. At the outset, their humanitarian aid was distributed through inexperienced local authorities. Aid distribution was frequently unorganized and often characterized as unfair. Victims of the earthquake, refugees, the socially vulnerable and disenfranchised—the very groups the aid was intended to help—still claim today that the people truly in need received only small portions of the aid intended for them. No attempts have been made to address this widely held opinion, so an attitude of distrust towards charity in general, and towards Armenian benevolent organizations in particular, remains.

Since 1994, with the end of war in Karabakh and the later re-opening of Nuclear Electricity Station, a new era in Armenian NGO life has been observed. Several foreign organizations have opened their offices in Armenia, and information from Western countries has flooded the country. “Human Rights,” “Democracy,” “NGO” and other similar terms have become part of the local vocabulary and daily conversation.

While some progress has been made, POs continued to be perceived as attachments to government, and many still do not trust that these organizations will help those in need. In addition, the fact that some political leaders are now leaders of newly formed NGOs has not helped win public trust. In short, Armenian NGOs still must prove their utility and ethics.

8. Abrahamyan L. H. (1999). “Aggressiveness and National Violence in the Former USSR.” In *Divided Europeans: Understanding Ethnicities in Conflict*, Kluwer Law International (59-75)

9. Ibid

Armenian NGOs must demonstrate their willingness and ability to serve public needs. But international organizations promoting civil society have in some sense started to dictate the possible directions and methods of Armenian NGO activities. The evolution of the public good was not derived from the grassroots, but from international actors who coordinate responses to public needs. Of course, the earthquake, refugees, border war, the psychology of poverty, and many other challenges have been and are becoming the scope for NGOs activities. Still, even these activities remain separated and unorganized, and are losing momentum.

Though many Armenian NGOs were founded to address alarming and real emergencies, very soon they began to address the issues that had international appeal. One long time foreign expert observed, “Before 1997 NGOs were created largely as a response to the agenda.” Advocacy and human rights NGOs were considered very important in the world’s eyes. Very often these types of organizations were initiated by foreign players who lacked knowledge of the field or Armenian specifics. Many such organizations were and still are operating on an abstract, theoretical level. For example, although unemployment is a major problem in Armenia, only a very small portion of NGOs sees this challenge as part of their mission. Out-migration is causing very serious demographic changes, but it received local NGO attention only when the International Agency of Migration became involved.

## FOREIGN ASSISTANCE TO ARMENIA

Sandwiched between Turkey, Iran, Georgia and Azerbaijan, Armenia receives surprisingly high levels of foreign assistance from both public and private sources. The Organization for Economic Co-operation and development (OECD) reports that Armenia received \$209 million dollars in net ODA in 1999. The World Bank committed \$125 million in 1998, followed by \$48 million in 1999. Diaspora organizations contribute an estimated \$12 to \$15 million each year. The Soros Foundation and some faith-based organizations in Europe and America provide additional assistance. The more recent Diaspora of Armenians in Russia and other parts of the former Soviet Union provide additional inflows in the forms of remittances. Tacis estimates that its commitment each year since 1996 has been about e500,000 for NGO development. Other countries fund programs as well. Total foreign assistance for the 1994-1999 period approached \$450 million.

The U.S. government is the NGO sector’s largest donor, allocating over nearly \$90 million dollars in foreign assistance in FY 2001, of which \$13 million is earmarked for democracy and governance activities in 2001. Most of these programs provide resources to NGOs in one form or another. The USAID Social Transition program has also focused on NGO service delivery development with an additional \$13 million. The USAID-funded Eurasia Foundation granted nearly \$750,000 in Armenia, mostly to NGOs.

The International NGO community began to support Armenia in an effort to help Armenians cope with the aftermath of earthquake and war. Beginning in 1994-95, almost all donor organizations, public and private, began to shift toward the general goal of building a sustainable NGO sector. Although progress has been made, donor officials and most Armenian leaders are quick to acknowledge that much remains to be done to develop the NGO community, and more needs to be done to link that community with the broader issue of creating a democratic civil society.

USAID’s Strategic Objective concerning strengthening citizen participation in government decision making is a key element of the overall USAID strategy, complemented by programs supporting non-governmental organization of other sectors, including businesspeople, lawyers, judges, and other professions.

The USAID NGO Support Program operated by World Learning and its partners is funded at \$6.5 million over a four-year period. It is one of the few public donor programs that focuses its attention on the creation of a broad based and sustainable NGO community in Armenia, and, by extension, contributes to the more long term development of a healthy democratic civil society.

## THE WORLD LEARNING NGO STRENGTHENING PROGRAM

In August 2000, World Learning joined USAID in a cooperative agreement to implement a four-year *Armenia NGO Strengthening Program* (NSP). In partnership with Management Systems International (MSI), the International Executive Service Corps (IESC), and the International Center for Not-for-Profit Law (ICNL), NSP seeks to strengthen the NGO community's self-awareness and self-confidence as a legitimate sector in Armenian civil society, ultimately enabling the sector to become a compelling voice in Armenia's democratic evolution.

The NSP mandate covers advanced NGOs primarily located in Yerevan, as well as the more nascent NGO community outside the capital, particularly in Vanadzor and Yeghegnadzor, in the north and south of Armenia, respectively. The NSP also works with the government of the Republic of Armenia to refine its NGO-related laws to help create a more favorable environment for NGO action throughout the country.

The NSP assists NGOs through a flexible, demand-driven capacity building package of technical assistance, training, and grants. By systematically improving the knowledge, physical assets, funding, and skills of NGOs, the NSP pursues a goal of *more developed and broad-based NGOs* throughout Armenia.<sup>10</sup> Consequently, Program activity is organized around the following strategic components:

- Provide support to NGOs outside of Yerevan to strengthen their basic organizational capacity, with a focus on internal management and accountability
- Support advanced advocacy-focused NGOs throughout Armenia to strengthen their institutional and programmatic capacity and to improve their ability to represent the needs and interests of their constituents
- Improve the legal and regulatory framework for NGO operations
- Develop mechanisms for increased NGO networking and cooperation with government, the media, and the private sector
- Facilitate grants to support nascent NGOs, advocacy, and special initiatives

NSP's strategic components each address, in separate yet complementary ways, many of the steps necessary for the Armenian NGO community to make a lasting impact on the quality of life in Armenia. These components guide the Program Plan and set the direction for technical assistance, training, and grants. Within this framework, the NSP focuses on institutional development of NGOs and their relationships with other sectors, and it also indirectly addresses important external factors that affect and influence the NGO community's growth and maturation.

In short, the NSP provides training, technical assistance, and grant resources to strengthen the operational capacities of Armenian NGOs. The Program also uses these methods to help NGOs echo and promote their constituencies' interests through advocacy. NSP support to an organization is generally prefaced by a participatory evaluation conducted jointly by NSP staff and members from the NGO. Evaluations are undertaken with the help of World Learning's Institutional Analysis Instrument (IAI), which is designed to help organizations understand their level of development and capacity in ways that allow them to plan effectively.<sup>11</sup> The IAI assesses Governance, Operations & Management, Human Resources, Financial Resources, Service Delivery, and External Relations & Advocacy at four organizational phases: start up, capacity building, consolidating, and mature. Used properly, the IAI can pinpoint organizational weaknesses that might respond to specific training and technical assistance interventions.

10. This goal corresponds to USAID/Armenia's Intermediate Result 2.1.

11. Because it complements USAID's NGO Sustainability Index, the IAI served as a basis for developing the capacity data section of the Survey Instrument.

# T HE NGO SECTOR ASSESSMENT

An important foundation of any successful program is the reliability and accuracy of its baseline data. As part of its charge under the Cooperative Agreement, the NSP planned to do a census of the Armenian NGO community to clarify NGO needs. This is particularly important to the NSP, considering its mandate to reach out to fledgling NGOs beyond Yerevan, the capital city. In the early months of the Program, however, the NSP partners began to realize that much of the official NGO sector data was faulty, self-selected, or no longer relevant. We viewed this obstacle as an opportunity not only to assess NGO capacity, but also to develop a clearer picture of the NGO sector and its position in Armenian civil society, essentially to cast the net wider and cover those organizations not typically identified on development “sonar.”

Consequently, the main purpose of the assessment was to establish accurate, replicable, and up-to-date qualitative and quantitative baseline from which NSP training and technical assistance priorities could be refined, implemented, and measured.<sup>12</sup> In designing and implementing the assessment we were guided by several criteria. First, it had to be completed as quickly as possible. Second, it had to have practical relevance for short- and medium-term project planning and results monitoring. Third, it had to be as comprehensive and multidimensional as possible. Fourth, it had to be conceptually rigorous, empirical, and replicable. In short, recognizing the time constraints, it had to be good applied social science. We intend to provide an analysis that will be directly useful to World Learning and its partners, including USAID, for making modifications to the program assumptions, activities, and the NSP Second Annual Work Plan. Although the Armenian case has unique features, there is much that is comparable to the situation in other transitional societies of Eurasia and in other parts of the developing world.

Only in the broader context of civil society could we interpret the NGO sector, and we have presented this report on that basis. In addition to building on USAID-commissioned survey research and contemporary scholarly literature on Armenia, the assessment team developed two primary data sources: open-ended but structured interviews with 51 Armenian and foreign opinion leaders in Yerevan, and questionnaire interviews with 165 NGO leaders from randomly selected Marz (the principle Armenian administrative unit below the Center).<sup>13</sup>

The opinion leaders were selected by reputation from among the major sectors of society, including church, state, political parties, business, media, academics, Diaspora organizations, foreign bilateral and multilateral donors, foreign foundations, and assistance agencies. A common set of questions was used to structure the interviews, which were open-ended dialogues. Except in a few cases, all answers and points in this report are paraphrased. Respondents were promised anonymity; therefore, only general reference to their position is used in introducing their remarks.

Survey interviewers all hold degrees in social science and are experienced in conducting national sample surveys for other assistance organizations. Interviewers were given limited training in interview techniques, stressing the need to listen, to avoid leading the respondent, and to avoid response bias. Interviewers were asked to keep personal diaries to record anything unusual, or to provide a sense of the context. Interviewers began fieldwork mid March, completing 165 interviews by March 25. Interviewers worked in teams of two per Marz. An experienced World Learning Armenian staff person supervised the work.

12. The NSP was just underway as our data collection began, so there was no “contamination” of the data from that source.

13. Data collection for this study was carried out during the month of March 2001. Translation, coding, formatting, and analysis took two months. The first draft of the assessment was prepared and given limited circulation for comment by a select group of Armenian and foreign experts in July 2001.

We modeled the survey questions along the lines of the Institutional Assessment Instrument and the USAID Sustainability Index issues. We also sought to develop rough approximations to issues regarding social capital, trust, and cooperation. The questionnaire was prepared in English, translated into Armenian, then back translated and tested in Yerevan before being finalized for use by interviewers.

In developing the sample, the original intent was to randomly select from the government’s “public organization” registration list a 1 percent sample after adjusting the list to remove sports organizations. This intent could not be met due to deficiencies in the government’s list. We then turned to an area sampling. A “positive list” of all NGOs known to have been active in the last two years was then prepared for each Marz using lists collected from various foreign assistance funded support groups. Sampling was done from these lists.

Because of the USAID and World Learning interest in helping those NGOs outside of Yerevan, it was decided to double the sample for the non-Yerevan regions. Based on our trial run, we also prepared alternate lists for each Marz if the NGO on the primary list proved to be inactive. Indeed, in all regions we faced great difficulty finding many of the NGOs on either the primary or the alternate list. In some cases as many as 30 to 40 percent of the NGOs no longer existed or could not be found. Interviewers then went to the next NGO on their positive list for that Marz, and so forth until they found a respondent. In some cases, with time a limiting factor, we were unable to reach the desired sample size altogether. Our original goal was to interview 200 NGOs. We managed 165.

Our debriefing sessions with our experienced interviewers and our analysis of the data led us to conclude that our data are qualitatively—but not statistically—representative of the entire universe of Armenian NGOs. The main constraint is that as of March 2001, there was no reliable register of active NGOs. Therefore, the parameters of the NGO sector can at best be estimated. Another factor in considering the results is that we deliberately over-sampled in the Marz so that we could make comparisons between Yerevan NGOs and those in the outlying regions. By using percentages within the two subsets, we believe we can make valid comparisons, but overall, we have more non-Yerevan NGOs in our sample than would have been the case using a constant sample size for all regions.

If the new government registration list now underway proves to be reasonably stable, it should be possible in the near future to conduct a true random sample of the NGO sector. If a second assessment is done in the next few years, additional time should be allotted for the questionnaire construction and data collection phase, perhaps up to two months rather than three weeks, as was the case for this study.

# SIZE AND SCOPE OF THE ARMENIAN NONPROFIT SECTOR

A list provided by the Ministry of Justice and last modified in May 31, 2000 showed approximately 2,300 organizations had registered as NGOs since 1991. In 1999 the government required re-registration in order to have all groups conform to the new Civil Code, and, according to that list available, by May 2000, 326 NGOs had registered. From a legal standpoint, the NGO community has shrunk to just over 25 percent of its original size, but this fairly dramatic reduction may be misleading. Many NGOs formerly registered may have formed without serious intent or community support. Others may have simply failed. Respondents indicated that some NGOs collapsed when its leader, often a government or political figure, lost interest or left the organization. While many NGOs no longer function, we found that other NGOs remain active even though they did not re-register. Moreover, the survey team located other NGOs that had never registered with the Ministry.

Only one or two opinion leaders had a reasonably accurate idea of the size of the NGO community. One very experienced Armenian foundation executive estimated 1,000 active NGOs. An academician stated that there were 2,500 legal NGOs, but only 25 percent were actually working. An Armenian with an international organization asserted that there were only a few NGOs active in any meaningful sense. A government official estimated only seven NGOs could be counted on. A knowledgeable foreign expert estimated that Armenia had 200 NGOs, which is too many to be sustainable. A leader of a Diaspora organization stated with confidence that there are over 2,000 NGOs, but many of these “are businesses.” Only one Armenian NGO leader got close to the official mark when he said, “Of the 2,300 NGOs, 80 percent don’t work.” This startling range of views from people in the field urges one to bear in mind that there is little consensus about what constitutes an NGO, an “active” NGO, or a sustainable organization. Almost all opinion leaders are skeptical about the size of the NGO community, as well as its importance and its potential.

Government figures claim 500 official Armenian NGOs. Our study located 97 out of 150 that had re-registered, suggesting that we have selected approximately 20 percent of the currently legal NGOs. We also found another 53 previously registered NGOs that are functioning at some minimal level, and another fourteen that had never registered at all. If we extrapolate from the 67 currently non-legal NGOs, we might expect to find throughout the country another 200 or more NGOs in the same category. Add those to the 500 currently re-registered, and we have a fair estimate of nearly 700 operating nonprofit organizations that should be the focus of intelligent efforts to strengthen civil society in Armenia. Our sample consists primarily of NGOs that had originally registered beginning in 1991.<sup>14</sup>

“There are not many NGOs outside Yerevan,” said an Armenian senior government advisor. On the contrary, our research found that there were substantial numbers of NGOs outside Yerevan. As seen in table 1, 57 percent of the NGOs sampled are from outside of Yerevan. The more distant Marz of Shirak and Lori to the north, and Syunik and Vayots Dzor to the south make up 42 percent of the total. The concentration of NGOs in the north is not surprising, given the impact of humanitarian relief following the 1988 earthquake and the work of the NGO Center (NGOC) as well as Eurasia Foundation’s regional office. There are fewer NGOs in the south, and the reason for NGO development there is less clear.

14. USAID, as with most donors, must work with registered NGOs.

**Table 1. Number and Percentage of NGOs Sampled, by Area**

	Number	%	Cumulative %
Yerevan	70	42.4	42.4
Shirak	18	10.9	53.3
Lori	17	10.3	63.6
Vayots Dzor	17	10.3	73.9
Kotayk	12	7.3	81.2
Syunik	18	10.9	92.1
Ararat	13	7.9	100.0
<b>TOTAL</b>	<b>165</b>	<b>100.0</b>	<b>–</b>

We do not suggest that NGOs in outlying regions are more active than those in Yerevan, but the data suggest that the NGO sector is more developed in some regions than population and the degree of urbanization would imply. It is possible that relative to the population base, there are disproportionately more active NGOs outside of Yerevan, although the number of legally registered NGOs in Yerevan is greater. Also, the proximity to government and donors contributes to the development in Yerevan of a class of professional NGOs, the leaders of whom interact with government officials or may hold office themselves. As a leading donor said, “Donors do like to go to already well organized groups,” most of which are found in Yerevan.

The existence of substantial numbers of functioning NGOs outside of Yerevan has serious implications for any donor’s effort to build a broad-based NGO sector. Given the level of NGO activity that already exists, donors must consider how much more new NGO development can be accomplished in the regions. Moreover, if the intent is simply to broaden and deepen the NGO sector per se, there may be vastly greater opportunity for such effort if the metropolitan Yerevan population is included. Donors may find it fruitful to strengthen the capacity of local organizations in the light of their objectives and near term resource base regardless of their geographical location. Here, as we shall see, the evidence suggests that both Yerevan and regional NGOs could profit from such a strategy.

# THE ARMENIAN ASSESSMENT FINDINGS

## MAJOR CHARACTERISTICS OF THE NGO SECTOR

### TRUST AND SOCIAL CAPITAL

The characteristic that sets civil society organizations apart from other sectors is the pursuit of some public good, rather than profit or power. Trust and reciprocity are essential to cooperative enterprise for the public good.

“There is no atmosphere of trust,” said one NGO respondent when asked whether Armenian NGOs trust each other. This is an over-generalization, but the tenor of comments on collective trust suggests a lack in confidence in others to be fair and reciprocating, unless there is a close, established relationship. Many echoed one respondent’s confession, “I trust only those NGOs whom I know.”<sup>15</sup> Indeed, a practical or “utilitarian” trust more befitting commercial enterprises than NGOs seems to be the norm. “We don’t need to trust each other, we just need to work together,” one opinion leader, an Armenian sociologist, told us. One wonders whether this utilitarian exchange generates the same kind and quality of social capital upon which civil society depends.

***"Some [NGOs] enjoy widespread trust, but not many."***  
**- an Armenian opinion leader**

Perhaps we have more to learn about building trust than we do conflict resolution, but common sense still applies; as one Armenian opinion leader said, “When people work together, they start to trust each other.” The implication for external assistance is that it may be possible to build utilitarian trust in the short to medium term, but whether it is possible to overcome the skepticism and pessimism of ingrained norms that limit trust is difficult to predict. The sheer force of international assistance may reinforce a quid pro quo attitude in such an overwhelming way that a deeper “culture of trust” may never settle into the NGO sector, at least in the way that it permeates the third sector elsewhere.

Nonetheless, Armenian NGOs have recently formed NGO councils. These groups may reflect some older, Soviet styles of organization, as well as provide a means for networking and collective action. Nearly forty percent (39%) of surveyed NGOs are involved in these councils, and those involved tend to consider them effective, and consider themselves active members. These councils are a good method of making contacts and exchanging ideas, as well as pooling resources and gathering a greater constituency for large-scale projects. However those who are not involved the councils are in vocal opposition. Many consider the councils a government method to exert monitoring and control measures; others think that councils subsume weaker NGOs.

From a general public perspective, NGOs are still confused with the Public Organizations of the past. They are also perceived to be closely associated with foreign organizations or “just another form of government and just as bad,” as one opinion leader said. Or, they are tainted by guilt of association, lumped together with the discredited so-called charitable organizations that siphoned off portions of humanitarian aid intended for victims of the earthquake and other tragedies. Armenians tend to associate these negative perceptions with Yerevan, the big city. People in small towns, however, are accorded a greater degree of social capital; they are considered “more generous, they give what they have,” said another opinion leader.

There is a widely held perception that establishing and running an NGO is undertaken by single individuals

15. From Survey question: “Do NGOs trust each other?”

motivated by potential financial gain or political status. Though, this perception within and outside the NGO community may be more opinion than reality, a carry-over from the abuses of past leaders and political figures, it casts a shadow on the sector's integrity and legitimacy in the eyes of the public.

It appears that, considering the small NGO universe in Armenia, the distance between organizations and their potential constituencies is quite significant. This is somewhat surprising when we consider the low confidence in the social welfare system and variety challenges Armenians face. The few Armenians who know of NGOs, and even NGOs themselves, often perceive NGOs as distinct from their communities. In fact when asked how the NGO gets support from the community, one respondent said, "We didn't apply because the community would start setting their own conditions." Such opinions affect the relationship between NGOs and the communities they presumably serve, particularly in terms of advocacy, and certainly sustainability. On the service delivery side, tangible benefits brought by NGOs are mistaken for government assistance or foreign charity, also commonly assumed to be guided by an ulterior motive.

## BLURRED BOUNDARIES

The relationship between the state and civil society in Armenia thus goes beyond issues of regulation and protection and involves questions of the state in actual NGO formation and management. In one respondent's view, "local authorities want to realize their own interests through NGOs." A Ministry official told us "if we in government were given the opportunity [that NGOs have], we would present our own proposals [to donors]."

A number of government officials and members of the NGO community itself express the concern that "very often political parties and businesses try to hide behind NGOs. Some really use NGOs for starting businesses and avoiding taxes. What blurs it all and causes problems is that they don't have a real community base."<sup>16</sup> As we have seen, the early emphasis on service delivery led the general public to view NGOs as "just another form of government."<sup>17</sup>

One opinion leader said, "too many government workers are now forming NGOs," but considering the insignificant budgets of local government, as compared with the relatively large amounts of donor resources that flow to NGOs, it is not surprising that government officials are perceived as running their own NGOs. "Government is starting to move in on the NGO sector, not to suppress it, but to 'cash in' on the donor willingness to support the NGO sector rather generously," said an opinion leader from an international organization. A less cynical perspective, articulated by another opinion leader from a humanitarian organization, is that "government wants to protect its revenues [and] tends to favor NGOs that deliver services that are a help to the economy in some way."

From the perspective of people working for government who are also leaders of the NGO community, as is quite common in Armenia, the view is that government can be helpful in developing the NGO community, but that government does want to see more coordination and get more regular information about the workings of these NGOs. By working from within, these government/NGO leaders hope to influence government, or to at minimum prevent greater harm.

Opinion leaders shared with us a number of viewpoints about what motivated people to form NGOs. Most of them leaned toward the view that NGO leaders are motivated by interests other than the public good. One prominent and well established Armenian NGO leader said, "NGOs are businesses that rely on foreign donors for capital." The director of an international organization echoed this view when he said, "NGOs are not an effective voice of the people here. Rather, they are a 'family-run businesses.'" A prominent Armenian academician and NGO leader had a different view: "The creation of a civil society is the fifth priority of the

16. Opinion Leader (Armenian from international contractor)

17. Opinion Leader (Armenian from international donor agency)

people; it is the work of professionals—the intelligentsia!” The number of very competent former scientists and engineers working as directors or program directors for donor-supported civil society organizations is remarkable. As one Armenian opinion leader rather bluntly stated, “We have better people in the NGO sector than the state or business sector...this is where the money is.”

Examining the relationship between NGOs and government from the ground up, we find that our NGO survey respondents have a rather thick relationship with government, especially at the local level. Many are located in government-supplied building or office space. Thirty-five percent said they were in regular contact with government, but probes by interviewers found that these contacts often had to do with routing issues of taxes and legal matters, rather than contacts involving NGOs presenting government with its views on issues. A few NGOs, 12 percent, do have some contact with members of Parliament, but most prefer to work out problems at the Marz level. A remarkably high 63 percent report that they have actually tried to influence government on an issue, and of those, 32 percent claim some success. It is interesting to note that nearly 88 percent believe government needs to do more to help solve NGOs problems, and 32 percent trust government to do the right thing.

**During a pre-test of the questionnaire, the team interviewed a group of younger professionals in the public health area, who, frustrated by lack of budget in their government offices to do the work for which they were trained, had decided to set up an NGO as an extension of their government duties. They told us this would allow them to serve the community far more effectively. They were very enthusiastic but had very little understanding of how to organize an NGO or what its role was. They did see the establishment of an NGO as a means to increase their resources. The commitment and ingenuity of these young professionals impressed us. Some success had already come their way with quick registration, the loan of good government space for their outreach center, and an equipment grant from a foreign private church related organization. The group was eager to learn about proposal writing and grant management. The merger of government and NGO role and function appeared effortless. It presented no moral or legal contradiction for these young professionals. The lack of differentiation between various roles, structures and sectors in Armenian society and economy was found repeatedly in our research.**

## NPO LEADERSHIP

Many opinion leaders criticized political party leaders and government officials for starting their own NGOs. Most politically based NGOs were dismissed as little more than campaign finance schemes. Government workers also start NGOs, creating a more serious problem for some Armenian activists. The leader of an important Diaspora organization noted, “Too many government workers are now forming NGOs. This is an issue. So many professionals and intellectuals work for the government, so it is natural, but when they use government influence and access to favor their NGO, there is a problem.” Opinion leaders believe that for the most part, NGOs must be led by intellectuals and professionals, but say many of these NGOs are instruments for narrow interests at best, and may simply be means for building a power base, avoiding taxes, or creating a supplemental income stream.

Many Armenian NGOs struggle with the dominance of a “charismatic leader.” Indeed, one NGO respondent raised the familiar point that all things, including trust, depend “on the chairman.”<sup>18</sup> Although there are expressions of open associational experience, many, such as one opinion leader, are “worried that traditional hierarchies and dominance are starting to reassert themselves.”

Our survey results gave a somewhat more complex answer to the question on NGO leadership. We examined age and gender of NGO leaders in order to get some sense of the background of this group.

## AGE AND LEADERSHIP

Because NGOs founded before 1990 by definition were founded or at least tolerated by the state, their

18. From Survey question: “Do NGOs trust each other?”

leadership reflects this. Soviet-educated leaders are in the majority of all NGOs in our sample. The majority of these leaders were organizational leaders during the Soviet era.

As seen in table 2, fifty-nine percent of NGO leaders are between the ages of thirty and fifty nine, with a surprising 26 percent over sixty. These leaders, educated, both formally and informally under the Soviet system, understand adaptation, consolidation and the power of connections, all important qualities for functioning under soviet rule, but also useful qualities for thriving within the international donor created NGO market. Only 12 percent are between the ages of 19 and 29, reflecting perhaps a lack of new or activist youth culture.

**Table 2. Age of NGO Leaders**

	Frequency	%	Valid %	Cumulative %
19-29	19	11.6	11.6	15.9
30-39	41	25.0	25.0	40.9
40-59	55	33.5	33.5	74.4
>60	42	25.6	25.6	100.0
<b>Total</b>	<b>164</b>	<b>100.0</b>		

## GENDER AND LEADERSHIP

Armenian opinion leaders in Yerevan may leave one with the impression that women run the NGO sector. Armenian women are conspicuous as directors and chief program officers in many foreign-funded organizations in Yerevan. Several have moved from being NGO leaders to advisors in various government ministries and offices. The principal officers in the NSP are women, as is the case in OSI, Armenian Assembly of America, the new NGO Resource Center, and in the six or seven women’s associations. As one experienced Armenian leader observed, “Women’s associations are not advocacy organizations, leadership of these groups is still in the Soviet period.” Another NGO leader, also a senior official, had a different view. She sat on government committees and worked in a non-confrontational way to influence government, but she also kept in touch with a few organizations that, according to her, had a more militant role to play. Armenian men seemed to work in human rights, press, law, and other proto-advocacy organizations.

In a society where women outnumber men by seven to one in some age groups, one would expect the vast majority of NGO leaders to be female. However, as seen in table 3, 60 percent of all leaders are male. In Yerevan, male leadership reaches 67 percent. Some data points to male leadership being more formal than real in some organizations. Interviewers reported that many NGOs are structured as traditional families, with men as a figureheads and women actually engaged in the day-to-day work and decisions.

**Table 3. Gender of NPO Leaders**

	Frequency	%	Valid %	Cumulative %
Male	95	57.9	57.9	57.9
Female	69	42.1	42.1	100.0
<b>Total</b>	<b>164</b>	<b>100.0</b>	<b>100.0</b>	

We may have a situation where the quantitative evidence reflects the formal face of the NGO world, but if we examine the admittedly anecdotal and impressionistic data with a view to differentiating between the formal and the real, we might come to the conclusion that women are the prime movers and doers in many types of

NGOs, but may avoid the more visible and confrontational reform and advocacy oriented NGOs.

Comparing formal leadership of NGOs in Yerevan with the regions, we find that a substantial majority of regional NGOs are led by women. This may reflect a tendency of regional NGOs to be more community-based and oriented toward local issues at the neighborhood and school level, issues that might not be as compelling for Armenian men.

**The male-female division of labor was illustrated during interviews with opinion leaders. A very senior government advisor was interviewed. His views were traditional and based on surprisingly little information or experience with the NGO community. Sitting in on the interview was a younger woman in her 40s, who fetched refreshments but said nothing during the interview. Later in the week, the silent assistant was observed making a passionate and well-informed speech on behalf of the NGO sector at a public gathering of NGO leaders.**

## AGE OF SECTOR

The Armenian NGO sector is at most 12 years old, if one accepts that all current Armenian NGOs were founded after 1988. For this assessment, we divided recent Armenian NGO history into four phases: Before 1990, 1990-1994, 1995-2000, and 2001. Table 4 shows the distribution of founding dates of NGOs in our sample.

**Table 4. Founding dates of Assessment Participants**

	Frequency	%	Valid %	Cumulative %
Before 1990	28	17.1	17.1	17.1
1990-1994	52	31.7	31.7	48.8
1995-2000	77	47.0	47.0	95.7
2001	7	4.3	4.3	100.0
<b>Total</b>	<b>164</b>	<b>100.0</b>	<b>100.0</b>	

The fact that 17 percent of the NGOs were founded before 1990 might be surprising were it not that many NGOs were more or less socialist organizations that reinvented themselves as the political environment changed, while others were genuine responses to perestroika, prior to the collapse of the system. Our survey data suggests that NGOs are forming at a slower rate. Other more recent data indicate that the rate of new NGO formation is increasing, but very little is known about the composition of these newly registered NGOs.

Before 1990, more regional NGOS than Yerevan NGOs were established. The findings show that many of the regional NGOs, such as the Red Cross, the National Women’s Councils, labor unions, and veterans organizations, were officially sanctioned and had offices throughout Soviet Armenia. Yerevan-based NGOs increase rapidly after 1990, but after 1994, the increase in NGOs is about the same in Yerevan as it is in the regions, reflecting in part the role of the NGO Center and the general expansion of development-oriented foreign assistance available in Yerevan and some of the regions.

## NGO INTERESTS, ACTIVITIES, ADVOCACY AND BENEFICIARIES

At one level, we found that the NGOs that are still active in Armenia do what they need to do to in order to survive. This could be interpreted as chasing grants and attending conferences without much to show for it, a view shared by many Armenian leaders in and out of the NGO community. Many believe that Armenian NGOs are not especially active or effective. One Armenian leader stated, “Its difficult to find really competent NGOs.... We have one working in women’s issues, but there are not many mature NGOs.” Another Armenian representing a donor said that “less than 15 to 20 percent [of NGOs] are ‘real.’” An Armenian businessman

said, “They are new and lack history,” while a prominent Armenian NGO leader concluded that NGO activities consist of “too many speeches and conferences with groups attending who are not really doing anything.” A foreign academic summarized the situation as follows: “The NGO sector is propped up by donors, organized top down, and dominated by academics and professional intellectuals.”

Other opinion leaders, while recognizing the weakness of the sector, held a more optimistic view. One Armenian director of a program working in rural areas said, “Actually, small local NGOs are useful even if not very strong.... The stronger ones spend so much of their time trying to get grants that they don’t do much.” Another Armenian official with an international organization noted, “Human rights NGOs are a more or less well developed sector due to its reliance on donor assistance. The environmental NGO sector is developing, but the sustainability is missing.” Some opinion leaders, while not ignoring the weaknesses, do see things moving slightly in the right direction. An Armenian foundation leader noted that “over the last two years there has been a change in the perception of NGOs, from humanitarian to more developmental.” Another opined, “In spite of all the problems, people are beginning to change ... there are groups who understand what it means to be an NGO. People are learning that they have, or can have, power!”

In general, we found that Armenian NGOs are most interested in helping less fortunate groups in society. They are more interested in serving than in advocating. A second priority seems to be supplementing the faltering educational system, where possible. In the regions, the orientation toward vulnerable groups is very strong, while in Yerevan, there is more interest in broader issues of social injustice, human rights, and other public policy issues. But this public policy orientation is limited to a few of the most sophisticated and professionalized NGOs, and not many of them found their way into our sample.

We present the results of our survey data by discussing what interests NGOs advance, how their activities reflect these interests, what advocacy activities they undertake, and who their beneficiaries are.

## INTERESTS

The diverse interest areas of Armenian NGOs reflect the divergent influences that formed the sector. Cultural, social, and educational NGOs make up the largest area of interest. Self identified as “benevolent”

*Excerpts from survey question asking NGO leaders about their organization’s mission:*

**“We promote activities for young people to revive Christian values”**

**“Our organization tries to promote the development of tourism in Armenia, to enlarge people’s knowledge about Armenian nature and society”**

**“We try to create work opportunities for families of dead or injured soldiers.”**

**“We struggle against AIDS”**

organizations, these NGOs range from exact replicas of soviet cultural organizations to social service organizations that have formed to fill a gap left by an ineffectual government. Economic NGOs are trade associations, run by entrepreneurs with an interest in strengthening their sector as a whole; trade unions are rare due to the soviet history and scarce job market. Democracy and governance<sup>19</sup> NGOs are a fairly new phenomenon; interest areas such as human rights protection, gender equality, and “civil society construction,” reflect melioristic intent and a broader, more democratic view of society, but also have the

distinct ring of western donor language.

A number of NGOs have been established to help wounded soldiers, war widows, and their families. Another major theme relates to families that have been made vulnerable by war, dislocation, unemployment, old age, or the lingering effects of earthquakes. The elderly are a special concern because so many young people have migrated to find work elsewhere and because state pensions and services are no longer adequate, leaving

19. The spheres of health, and gender issues have been separated due to donor interest and influence in these sectors, but they can be collapsed into social NGOs and democracy and governance NGOs, respectively, and do not differ significantly from their larger categories.

many elderly people in dire straits. Community-based NGOs have tried to find ways to assist these very needy people.

## NGO ACTIVITIES

The single most important activity pursued by Armenian NGOs is some form of service to their communities, or more frequently to various vulnerable groups or families. Thirty-nine percent of the interviewed NGOs attempt to ameliorate the condition of others. Armenian benevolent associations made up the majority of NGOs engaging in service delivery and have started to fill a niche left by the decaying Armenian social service sector. Opinion leaders differ on how effective these service organizations might be. A donor commented somewhat ironically, “There are many very good NGOs with committed people who can write good proposals.” A bilateral donor official noted that “some people in the government recognize the potential for social service, but want such services to be coordinated by government.” As Armenian’s lose faith in their government’s ability to serve them, some are turning to NGOs, according to some opinion leaders. One Armenian NGO leader remarked, “People, especially in smaller places, know NGOs are a place they can go to be listened to and get some assistance.” Another Armenian leader said, “Armenians, when talking about NGOs, usually understand humanitarian assistance.” Another factor in shaping the service delivery NGOs is again the prominence of the family system in Armenia. Many opinion leaders observed that people will do what they can to help out family members, and indeed, some NGOs are basically extensions of an Armenian family. One Armenian NGO leader said quite simply, “Armenian’s prefer to solve problems through family or friends.”

Several donors, among them GTZ, USAID, and to some extent TACIS and UNDP have social service delivery programs that focus on the developing and training NGOs to deliver social services under various contractual and coordinated relationships with the government. The Social Welfare Ministry recently organized a new Social League under its auspices to provide coordination. The League reportedly has sixty members, but according to one opinion leader, who attended some of the organizational meetings, “Most NGOs joined to avoid making the government unhappy.”

Developing service delivery capability in the NGO community, with or without government sanction, appears to be a promising area of development. It builds on strong Armenian values of family and social responsibility to neighbors, and fills an important need in the absence of both private sector or government actors in this sector. There are dangers inherent in this kind of focus that should be well-known to the NGO community. First, the NGO may be converted into a not-for-profit business undertaking contract work for the government. This is not a bad thing in and of itself, but from a civil society and democracy perspective, the creation of highly professional not-for-profit businesses does little to strengthen citizenship, participation, or accountability of government. Second, there should be room for the small, community-based, less than professional organization whose leaders and volunteers are committed to giving service to their neighbors or to vulnerable groups. NGO respondents to the survey did indicate a strong desire to become more technically competent, but the scale of such development should be kept modest and paced in accordance with the evolution of the organization’s capacities and aspirations.

A third concern arises in the process of developing professional service delivery NGOs that is particularly relevant to the donor community. In the best sense, the possibility of positive linkages between democracy development and improved delivery of health care has been demonstrated in many USAID programs. Synergistic outcomes may occur, which lead the NGO to develop greater self-confidence, respect, and

***Excerpts of responses to question about NGO activities:***

**"advocacy to protect doctor's civil rights"**

**"training of young artisans in the high schools"**

**"organize seminars on psychological health twice monthly"**

**"provide information on uniting businessmen for common purposes"**

**"humanitarian assistance to needy single mothers"**

legitimacy in the view of local citizens, and to go on to develop its own agenda independent of government or the foreign donor. As one opinion leader remarked, “A few NGOs are learning to say no!” Conversely, the engagement of NGOs in government-sponsored service delivery can be harmful if government decides it doesn’t like what is being done and, in effect, fires the NGO, or changes its policy to jettison NGO involvement. In this scenario, the NGO becomes simply a means to an end: an end that has little to do with strengthening civil society.<sup>20</sup> When discussing the capacities of the smaller community-based NGOs, one very senior advisor to the government said rather ominously, “If we have to choose, there may be only twenty that will be supported.”

## ADVOCACY

The development of NGO advocacy is a primary policy concern for USAID, a major donor to Armenia. In 1999, USAID revised its democracy strategy away from the development of democratic institutions such as political parties and election commissions, toward a greater focus on “encouraging and enabling citizens to engage public officials and their appointees in meaningful dialogue.”<sup>21</sup> In the FY/2001 USAID Program Description, two out of four key results are increased citizen advocacy and increased government accountability and responsiveness to citizens, primarily at the local level. The new World Learning NGO Support Program funded by USAID is dedicating nearly one third of its grant funds and substantial technical training to supporting the development of advocacy skills and practices by Armenian NGOs. This program is a significant part of the \$6.5 million proposed for democracy development in FY/2001 by USAID.

***“People here don’t know how to lobby, even people with clout.”  
-a foreign observer***

How ready are Armenian citizens to join together in NGOs to promote dialogue and to demand an accountable and responsive government? The evidence from opinion leaders and NGO respondents suggests that while there are successful examples of advocacy, and there is interest in the process, the more general picture is rather sobering.

“Advocacy? People here don’t know how to lobby, even people with some clout like local mayors,” said a prominent foreign academic familiar with government administration. A donor official admitted, “Government dislikes and resists advocacy, saying NGOs don’t represent anybody as most have few members.” However, an Armenian official with another foreign donor working at the local level said, “It’s easy to cooperate and influence government, it’s easy to get right to the issue.”

An Armenia human rights leader said plainly, “Government doesn’t actively support NGOs or respond to citizens unless pushed to do so.” This may be true of most governments, but in Armenia, are people prepared to do the “pushing”? A savvy Armenian leader of an NGO remarked that advocacy is culturally and socially difficult for Armenians... “Advocacy is not a strong value for NGOs, most are motivated by the desire to help; they do not see government as responsive, or even capable of being responsive.” One senior leader implied there are other ways to get things done when, with a wink and nod, she told interviewers, “NGOs are an alternative social structure, but government likes us because we are not competing, we are helping.” Another Armenian official with an international organization raised a concern that while advocacy efforts on behalf of women’s issues do have some impact, she feared that it was “perhaps because of the special gender programs by international agencies.” An Armenian NGO official expressed a similar concern, when she observed,

**Local governments do not respect indigenous NGOs that don’t have foreign money. When [a partner organization] goes to a Ministry by themselves to get government attention or even a signature, they don’t get it...when they go with us [the international NGO], they are listened to.**

How can donor organizations strengthen Armenian NGOs interest in and capacity to get government to

20. Lippman, Harold, *Cross Sector Linkages*, CDIE Report, USAID, 2001.

21. USAID Armenia FY2001 Program Description and Activity Report.

respond to them, and not to the “foreign donor with the money and power?” It may be that power and legitimacy has to be transferred to or built by the local NGO, with training, technical assistance, and grants.

Overall, opinion leaders are not optimistic about the potential in Armenia for developing a high level of citizen advocacy. As we noted above, most believe that people like to solve problems on a personal level, and in a small country where “one has 1,0000 cousins,” it is not farfetched to believe that something can be accomplished if one approaches one’s relatives in the Ministry.

The respondents to the NGO survey for the most part confirmed some of the opinion leaders’ views. As seen in table 5, only 9 percent said they participated in advocacy activities. If advocacy is defined more broadly than interaction with government to affect policy change, and expanded to include interaction with society on public issues, then the percentage rises to nearly 40 percent. Another 3 percent report conducting research related to issues as an activity, suggesting a small “think tank” type potential that might be an opportunity for donor support.<sup>22</sup>

**Table 5. NGO Activities**

Advocacy	Information Dissemination	Education	Research	Service Delivery	Income generation
9%	22%	10%	3%	39%	3%

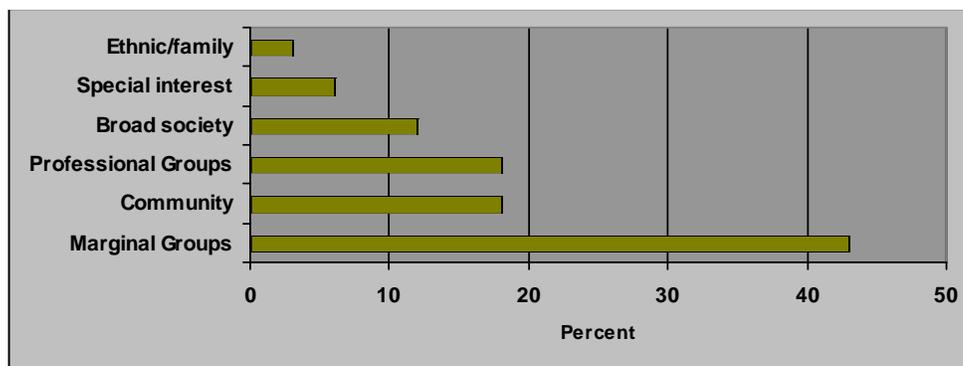
Most western experts in advocacy would agree that public education, information dissemination, and media campaigns are an important part of the advocacy process. It is not clear from the Armenian survey respondents that they see their effort in this regard as preliminary steps in a campaign for participation, reform or responsiveness. Rather, there is an ad hoc quality to these efforts. Some of this may have to do with general Armenian views about government: if you want to solve a problem, do it through a personal connection, “cousin,” or friend who works for government.

## BENEFICIARIES

Interviewing NGO leaders is not the best way to get information as to who and how many persons are served by that NGO, because most of the NGOs leaders want to demonstrate their relevance and usefulness. Nevertheless, we did attempt to find out who was served by NGO activities. The answers were fairly straightforward. Service organizations, or Benevolent Organizations, serve the vulnerable and marginalized groups. Industry-specific groups, artisans, teachers, and the like, serve their own compatriots. Some of the teacher-oriented groups supplement public school curricula on an individual basis. Figure 1 shows the percentages of NGO beneficiaries.

***"Helping people is a national characteristic."  
- Armenian NGO Leader***

**Figure 1. NGO Beneficiaries**



22. Support for public policy think tanks is an important part of several USAID strategies in Central Europe and the former Soviet Union. See, for example, the DEMNET program, or the USAID Russia strategy.

An Armenian official in a donor organization said, “People generally do not perceive that NGOs can do anything.” There may be merit to this observation in that it was difficult to determine whether surveyed NGOs were able to make much of a real difference in helping to resolve the fundamental problems facing most

**Excerpts from survey question about who benefits**

**"Families. We provide \$50 and use personal contacts to find jobs for people."**

**"We provide the rural needy with cows, sheep and geese."**

**"We stimulate and reward talented pupils at schools with internships."**

Armenians today. Their work with vulnerable and marginalized groups is admirable, well meaning, and should not be discounted. But it is difficult to argue that either from a service delivery perspective, an advocacy perspective, or a beneficiary perspective that the Armenian NGO sector is making much of a difference at the societal level, however much they may do for individuals. There are important exceptions. Some of these NGOs may be the 20, or 7,

or 10 that various leaders refer to when asked about NGO effectiveness. There may be other benefits to be derived from the creation of an Armenian NGO sector, such as practicing self help, operating democratically, making the effort—all part of building a civil society in general. And to the single mother who was helped to find a job by a local NGO, that may be enough.

## ORGANIZATIONAL CAPACITY

Much of what donors do through grants, training, and technical assistance is aimed at building stronger, more effective and more sustainable organizations. USAID and its partners have developed sophisticated diagnostic instruments to determine an organization’s strengths and weaknesses, or level of development. The assumption behind these diagnostic tools is if properly applied, they will be possible to read the diagnosis and apply the specific remedy to move the organization to the next higher level of performance capability. The objective of these efforts is to build capacity, improve the likelihood that the organization can become institutionalized, thereby increasing its sustainability, and through enough of these changes, the effectiveness and sustainability of the NGO sector as a whole. As capacity, institutionalization, and sustainability increase, so then does the sector’s ability to demand reform, accountability, transparency and equal treatment before the law.

Most critics of the approach do not fault the reasoning so much as the assumptions and the application of the diagnostics. On the assumptions side, there is a remarkable

**"We do tend to go to the stronger organizations" - a foreign assistance official**

resemblance between the “mature organization” of the diagnostic template and the professional NPO in the U.S. and to some extent, Western Europe. This western model is applied over the reality of Armenian, or Georgian, or Slovenian history, culture, and political

experience. Because the model comes from the west, and because the Armenians and Slovenians want to share in the wealth of the west, the model can be presented with great power and conviction.

But the failure to create a model for change that actually incorporates elements of Armenian culture and experience is considered by many a critical weakness. The result is that the various attributes of the model, boards of directors, elected presidents, by laws, and the like, may all be there, causing the organization to receive high scores on the organizational development scale when in fact the organization operates in a quite different manner altogether.

Another criticism of the single organizational development model is that it is used judgmentally as a standard for allocating awards and status, rather than as a diagnostic tool. The “professional” NGO is one that has a membership list, a board of directors, an elected president, a set of by laws and procedures for organizing work, a well-defined organizational structure and division of labor, a vision and strategy for growth and sustainability, and a well thought out approach to media relations, public relations and networking. More than

likely, these organizations can produce reports in English, and they have annual audits available to the general public. These are the organizations skilled in grant writing, reporting, and speaking forthrightly in international conferences about the needs of the people. Whether or not all these attributes are “real” in the sense that they have operational content and impact on the way the organization actually operates may be quite another issue. Nevertheless, it is the professionalized NGO that gets the grants and the attention. Whether this level of organizational structure is either necessary or, more problematically, sustainable in the absence of significant donor support, is an important question.

A more significant question may be: Is all this capacity building really the solution to transforming these organizations into an effective, democratic civil society? Or does the donor community end up creating a two-tiered class structure within the nascent civil society; the first tier being the professionalized NGOs who fit the standard, more or less, and the second tier being all those other organizations that donors know nothing about?

These are not merely abstract issues. Armenian and foreign opinion leaders have their views, as do our NGO respondents. The strength or capacity of NGOs for some is a function of two things, management and money. One foreign official stated flatly, “The basis of everything is money; when NGOs have it, they are strong.” Another official, an Armenian, said, “NGOs are strong when they have a professional base,” referring in part to a preference for NGOs led by professionals or intellectuals.

With some, an interesting dichotomy began to emerge during the opinion leader interviews. There were strong organizations that managed to get things done and accomplish their objectives, but these same organizations are not “professional” by western standards. As a thoughtful Armenian leader of an international NGO put it, “NGOs see organizational capacity in terms of their ability to do a good job for their beneficiaries, which they do! [But] they need to know that in order to get response and support from foreign donors, they must become ‘professional.’” The same respondent noted that their Armenian partner organization “has 100 staff and good programs, but it is a long way from being professional.”

Turning to organizational features of the NGO community, we start with the size of the NGO. By size we chose to ask about the “core group,” or the number of people the NGO could count on to be involved in the NGO’s activities on a fairly regular basis.<sup>23</sup> We then turn to an organization’s formal structure, followed by its professional training.

## SIZE

Fifty-seven percent of NGOs in the survey are small, having less than ten people in the core group. Relatively few have three people or less. But some are quite substantial. Forty-two percent of the NGOs surveyed claimed a core group of more than 10 people. Many of these organizations are family or minority group oriented, the Georgian Women’s Society, for instance. Sometimes the president does the most of the work, with a few volunteers, which may swell to a more substantial number when events are mounted.

## STRUCTURE

To assess the extent to which Armenian NGOs fit the western model of organizational maturity, we asked eight questions eliciting information on everything from whether the organization had a board of directors to what kind of interaction they had with local media. We probed for information on membership, volunteers, personnel policies, vision and strategy statement, paid staff, public information planning and any association to which the organization might belong. This information was organized into a 12-point scale, with a score of 12 representing the highest (but not absolute) level of organizational structure attained by the respondent NGO. The results are found in table 6.

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23. Questions about membership were determined to be misleading and largely irrelevant to most of the NGOs in our sample.

**Table 6. Organizational Maturity**

0	1	2	3	4	5	6	7	8	9	10	11	12
3.7%	4.9%	6.7%	8.5%	10.4%	13.4%	12.2%	18.9%	5.5%	9.1%	1.2%	4.9%	0.6%

We further refined the scale to more closely resemble the four stages of organizational development identified in the World Learning IAI, which in turn is conceptually similar to the USAID Sustainability Index (table 7).

**Table 7. Armenian NGO Formal Structure Index**

	Percent	Number
Lowest quartile	23.8	39
Second	36.0	59
Third	33.5	55
Highest quartile	12.1	11

As may be seen above, 12.1 percent of the NGOs had reached an impressive level of formal organization. At the other end, nearly 25 percent had very little structure. The distribution looks very much like a normal curve, with most organizations (69 percent in second and third quartiles) having the basics of organizational structure already in place.

Having a personnel plan would make little sense for organizations with less than ten core supporters, a president or formal leader, but no paid staff. A surprising 58 percent had a written strategy and 60 percent replied that they had a system for monitoring and evaluating their work. Boards of directors are rare; only 17 percent of all NGOs have boards. Surprisingly, 88 percent had contact with media and had brochures, Web pages, posters, even films. But only 32 percent had a marketing plan as such.

NGO respondents demonstrated an understanding of the need for good management. The lack of consistent funding for many NGOs gives them an accordion like quality: when they have a grant, they find an accountant, pay some staff, and develop some materials. In between grants, most of the formal structure is put on the shelf. This expansion and shrinkage makes it difficult for the community-based NGOs to see the applicability of what they learn from NGO management training sessions, or to become operationally like the models they are presented.

The size of the core group at founding is associated with an organization's expansion. Organizations with a core group of 10 or more at its founding were able to grow their constituencies. The number of groups that began with substantially less than 10 core members at founding have actually reduced in number.

Responses to questions about strategic plans, a monitoring system, and other responses having to do with organizational capacity all showed the NGOs in the regions as reporting greater formal organizational structure than those in Yerevan.

## TRAINING TO BECOME PROFESSIONAL

Along with grant making, training is the most important instrument available to donors to transfer the skills necessary for NGOs to become more effective and influential members of civil society. The models, concepts, and values that trainers inculcate along with the skills they teach are equally important to giving people the confidence to adopt new ways of doing business. It is also an area where criticism is easy, as the impact of training is difficult to measure, and, some trainers are simply better at their job than others. One of the most

difficult problems with training programs is knowing when it is time to listen as well as teach. Devising and sequencing training activities in a way that keeps pace with the evolutionary path of different sets of NGOs is very difficult to do. Donors rarely design their training programs in a demand responsive way, resulting in considerable redundancy and lack of a coordinated and sequenced strategy over time. As some development cynic once said, “When in doubt, train!”

NGO training in Armenia initially developed informally, through Armenians who have worked with foreign organizations and learned on the job during the first influx of NGOs in the early 1990s. More formal training in NGO management got started in 1995 with the NGO Resource Center program, which touched many NGO leaders, especially in Gyumri. Other IOs have also offered training, especially overseas training, for Armenian leaders. The new WL NSP project also has a very full slate of trainers focusing on everything from Logical Framework as part of the design of good proposals, to how to build an advocacy campaign. As a result of this work, our survey found a higher than expected number of NGO leaders who had attended various foreign offered training; these NGO leaders have strong preferences about what they need to know in order to pursue their work.

***"Training is okay, but it is not trusted when done by foreigners; I don't know how these people are selected to come here."***  
**- A Senior Government Official**

The majority of international donors require training before grants are awarded, and 60 percent of NGOs have received training, most of which was in general NGO management. For the overwhelming majority of NGOs, the training took place after 1995. Although about 15 percent of the NGOs reporting some training had had less than a week of training, 66 percent of the respondents had a week to a month of training, primarily in general NGO management.

NGO leaders are anxious to achieve greater technical competence in their field, and expressed a strong desire for more of this kind of training. Sixty-eight percent of NGO respondents have received professional or technical training, which dramatically increases their funding chances. In fact, when asked what type of training they would like in the future, most NGOs responded with different training in their field. Only one NGO wanted to see NGO training, mostly for “other younger NGOs.” In fact another NGO leader commented, “We do not trust any training, we are aware of local problems.” However, they understood the need to comply with training to receive a grant and noted, “There is no need to participate in NGO related training if the grant will be definitely awarded.”

**Table 8. Types of NGO Training Received**

Management	75%
Proposal Writing	1%
Training of Trainers	2%
Fund Raising	3%
Advocacy	1%
Bookkeeping	1%
PR/Marketing	3%
Other	3%
More than One	10%

Armenian opinion leaders seemed to sound a note of caution about the numerous training requirements being attached to grant funding. “Organizational strengthening is needed, but it must be proportional to Armenian needs and conditions,” advised one Armenian foundation leader. Another Armenian said nearly the same thing when she suggested, “Provide training to the level needed.” “Don’t have the same training for everyone,”

***“Organizational strengthening is needed, but it must be proportional to Armenian needs and conditions.”  
- an Armenian foundation executive***

noted another Armenian. Most were realistic about the basic fact that without foreign donors there would be little support for NGOs in Armenia. Armenian organizations that want to succeed in getting grants must learn to play the game according to international, that is, foreign, standards. An

Armenian officer with an international organization said bluntly, “Proposal writing and other skills are necessary to be integrated into the international community.” “NGOs that took NGO Center courses can write proposals and most are good at implementing the programs they set out to do,” observed another Armenian INGO leader. But in spite of all the training, a leading donor official concluded, “In general, NGO ability to deliver services is not well developed.” Another seconded this thought from the Armenian side: “Donors focus on development of NGOs, they should focus on services.” Many of our NGO respondents would concur.

In Yerevan, 65 percent of the leaders had received professional training, while in the regions, 72 percent reported taking such training. A somewhat larger spread emerges when comparing leaders from both areas on exposure to NGO management training. The difference between regional and Yerevan leaders was 71 percent to 61 percent having exposure to NGO management training, respectively. The incidence of training exposure for NGO leaders in the region was slightly concentrated in the north, but was also significant in the southernmost Marz as well.

## **SUSTAINABILITY**

Sustainability is a term generally used as an estimated prognosis rather than a conclusion based on commonly accepted facts. Sustainability is commonly understood to mean continued programmatic evolution, consistent financial support, and maintenance or expansion of organizational capacity to carry out increasingly complex and difficult tasks. Donors are naturally interested in sustainability because they want to be confident that what their money and efforts are helping to create will survive, evolve and become stronger after development assistance is finished. The USAID E&E Bureau places great reliance on its own Sustainability Index, which is a measure compiled annually for all countries receiving development assistance.<sup>24</sup> Sustainability is measured in different ways, including a favorable legal and policy environment, diverse indigenous sources of financing, and enhanced organizational capacity to assure good money and program management, and sufficient vision and strategic thinking to look forward in the face of changing circumstances. Of these, money may be the necessary, if not sufficient, condition.

Most donor analysts understand that the term sustainability is appropriately applied to the NGO sector as a whole. Particular NGOs will come and go, but if the rate of attrition reaches a point where only a few survive, then the sustainability of the sector must be in doubt. It is sustainability in the larger sense that concerns us in this assessment. It is useful nevertheless to examine the issue of sustainability at the level of the NGO in Armenia. The aggregation of their experience can identify important insights and patterns which may need to be addressed through more favorable donor and government policies and programs.

## **THE DONOR ROLE AS PERCEIVED BY ARMENIANS**

Armenian opinion leaders and NGO leaders alike have mixed feelings about the role of donors. Many

24. USAID 2000 NGO Sustainability Index for Central and Eastern Europe and Eurasia, 4<sup>th</sup> Edition, Jan. 2001

Armenians feel degraded by foreign assistance, and especially by what many see as a kind of righteous and poorly informed interference in Armenian ways of doing things.

Ninety percent of NGO respondents who received grants, however, rated their relationship with the grant-making organization as helpful or very helpful. Organizations that did not receive grants either do so out of principle or lack of opportunity. Grant recipients have a number of well-conceived suggestions to make to the donor community.

We asked each NGO respondent and opinion leader what advice they would give to donors who are providing assistance to NGO development in Armenia.

***"Armenians say to us, you want to change our skin."  
- Armenian official at foreign foundation***  
***"Pulling out now would be bad, not to come here is bad, but being here is also bad."  
- Armenian foreign partner official***  
***"[Donors] should leave our country; everything they do destroys our country."  
- Armenian NGO leader***

An opinion leader replied, "It would be much better if development agencies would ask

NGOs what to focus on!" summing up what several respondents said to us. Indeed, many NGO leaders stressed that donors should take into account the peculiarities of the society they work in and develop programs based on these specific conditions.

A very strongly held opinion is that donors do not do their homework, do not listen to NGOs, and serve their own program interests without regard to what NGOs really want to do. Many say the root cause of the mismatch is the failure of the donor's to invest in research and analysis prior to identifying their substantive priorities. One NGO respondent elaborated: "I think that in reality, donors fail to understand the basic problems of Armenian society. The donors provide money to sometimes useless and unimportant programs."

Many Armenians are skeptical of foreign experts whose primary experience is in other continents. One NGO respondent advised, "Conduct a deep study of the national mentality; never regard Armenia as a 3<sup>rd</sup> world country." Another respondent urged, "Obtain information about real problems in regions. We haven't seen any program for children's health and education." Another NGO respondent had a clear view of priorities: "The donors should focus mainly on a) education, b) poverty, and c) socially unprotected groups."

Donors must often integrate development assumptions and parochial attitudes. This process of "importing" different ideas and values often clashes with local norms. Donors, with the best intentions, can appear to unconcerned about local priorities when they choose an agenda. Even an important issue can be a source of cynicism if there is a sense that donors are not engaging NGOs to address the most pressing concerns of Armenians. The challenge is great, as evidenced by one respondent who derided the donor agenda of promoting gender equality: "DO NOT present programs that do not meet our nation's requirements. The whole thing about 'gender issues' is a la-la-la!"

Overall, of the 68 specific recommendations made by respondents, 41 percent urged donors to study the issues and support real problems and Armenian priorities and to become better informed about Armenian conditions before formulating programs. Opinion leaders were less vocal on this issue, but many would concur with the statements of view of one senior government advisor, who said, "Foreign programs do not correspond to our needs, foreigners have no real idea of our needs."

"A strong economy would do wonders for the NGO sector."<sup>25</sup> Considering the relative magnitude of funding, the role of foreign donor resources in the Armenian NGO sector has far-reaching implications for the development of civil society in general and NGOs in particular. If not properly stewarded, grant competitions

25. Opinion Leader (Armenian from international organization)

in the context of such a dilapidated economy undermine rather than support social capital formation. One NGO respondent explains that “because of grants, [NGOs] compete and do not trust each other.”<sup>26</sup> Furthermore, successful grant seekers want to protect their patron-client relationship. “Each donor makes its own community of NGOs. This is why NGOs don’t cooperate with each other”<sup>27</sup>.

## FINANCIAL SUSTAINABILITY AND GRANT MAKING

Any organization requires some type of financing, whether for a place to meet, coffee for meetings, or salaries and computers. And funding for an NGO can be acquired in a number of ways: grants, in kind donations, donations from the community, or dues paid by members. and Different levels of NGO organization necessitate different levels of funding. NGOs at a higher level of organizational capacity are more likely to have received grants in the past. While the exact causal relationship of grant making to organizational form is unknown, most likely the correlation is caused by a cyclic relationship. Donors frequently provide grants to those NGOs with higher organizational capacities, as they appear more capable of fulfilling obligations. Many donors require NGO management training before the grant is given.

Thirty percent of the NGOs surveyed receive a comprehensive combination of in kind donations, facilities, services, goods, and volunteer workers, but did not received grants. When asked whether they felt comfortable “asking the community for support” many responded, “Yes, if it’s not material assistance ... the community has no money,” or “We needn’t feel uncomfortable; everything is done for their sake.” These NGOs develop a close relationship with their constituencies and their communities, who are often one and the same. This combination of in kind support, says one, “even keeps us from appealing to donors.” How do the NGOs request support? Bulk mail request forms wouldn’t work very well, but in this case, as in many others in Armenian culture, contacts were made through friends and personal relationships. Some NGOs, especially older NGOs, receive support from the Armenian church, and the Armenian Diaspora, usually through personal connections or family members. Forty-five percent of NGO leaders reported that they collect membership dues from their members.

Sixty percent of the NGOs reported receiving community support of various kinds, and the difference between the regions and Yerevan was substantial. On matters of time, expertise, goods, services, and facilities, regional NGOs enjoyed consistently higher levels of support than did Yerevan based NGOs. For example, in Yerevan, only 21 percent of respondents reported receiving goods, while 50 percent of the regional NGOs reported receiving goods from the community.

Thirty-four percent of the surveyed NGOs did receive grants, and reported that they often tailor their activities on a grant-to-grant basis. Of these NGOs, a surprising 13 percent had received grants in excess of \$10,000. Some 11 percent were successful in getting grants from two or more sources.

The majority of NGOs surveyed, 53 percent, had no systematic source of support. These NGOs were able to effect very modest activities by relying on family, friends, local supporters and volunteers, or were largely inactive.

## THE COST OF BEING PROFESSIONAL

The cost of operating a professional NGO, one that functions on a continuing basis, provides services of relatively high quality, and has outreach beyond Yerevan, can be fairly high by Armenian standards. One such NGO leader estimated his annual budget has to be US\$45,000 to maintain his current level of activity, which is well regarded by many opinion leaders. Asked what would happen if donor funds were withdrawn, he said his effectiveness would drop 70 percent. The dependence on foreign grants brings with it considerable

26. From Survey question on Values and Motivation

27. Opinion Leader (Armenian from international organization)

negative valence as well.

A pessimistic foreign observer said,

**They're not real NGOs ... they're working to get grants. [They hire] too many professional grant writers instead of being focused on their work. It's just to get a job. People are in a survival mode here. It's too late to do anything.**

While not all would go so far as this expert, many see problems with the dependency relationship created by grants, and by the episodic and variable nature of the grant-making approaches used by donors. The variability seems to be driven more by the donor's agenda, rather than by an effort to respond to what Armenians NGO leaders say they want. A well-informed Armenian bilateral officer, criticized the way grants are made. "The grant cycle is too problematic," he said. "Every one is rising and falling according to waves of donor grant making. Competition is fierce."

Grant making by donors raises even greater skepticism among many Armenians who see large amounts going to the NGO sector. A senior advisor said, "International organizations are investing money for the realization of NGO programs ... but finances are not well used." Another Armenian academician went even further: "[Donors] don't understand what is really happening. If they did, they would probably leave. There is some \$5 million dollars coming in to NGOs, some of them are invisible." A media observer said, "Be more careful with money, because often work is just formal and the dollars never get where they are supposed to go."

In a country where money is in such short supply, suspicion and rumor mongering about who is getting what grants can be severe. Intermediary organizations, donor supported international organizations, even donor's countries can quickly become suspect of favoritism. One NGO respondent pleaded, "The funding should be distributed fairly." Four of the respondents urged that "there should be proper, transparent selection of NGOs for grant funding." The suspicion of unfairness is made worse, it seems, by the practice of open competitions, which attract many more applicants than can possibly be winners. One respondent, used to not winning competitions, said donors should do a better job of explaining why the proposal did not win, so the NGO can improve in the next round. Also, the fact that Armenian nationals command important positions in the offices of the various donors lends fuel to speculation that the grant-making process is not fair.

Competition for grants is a common practice in the West, although not all American foundations make grants in this way. USAID requires full and open competition by its partner organizations managing USAID grant funds. In the Armenian context, the competitive grant process has the advantage of being as demonstrably above board as one can make it, thereby reducing charges of favoritism, but apparently not eliminating them. It is also a way of eliciting interest from new entries into the competitive field, thereby allowing donors to expand their reach and support fresh ideas. The down side of the competitive approach to grant making is the episodic nature of the process, the tendency to incite "grant chasing" and reward "professionalized" organizations that either know how to write proposals or can enlist the support of the grant-seeking industry. The most serious charge against the competitive approach is that it by nature constrains the possibility of continuity and long term partnership with NGOs, thereby contributing to the accordion like quality of NGOs organizational development and to the weakening of the cumulative impact of NGO management training.

The NGO concern with donor grant making goes deeper than just suspicion of the grant-making process. Many NGOs expressed in various ways a desire for a different kind of relationship with the donor and partner organizations giving grants. One respondent advised: "before making decisions donors should talk personally with the NGO leaders and then decide who should be given the grants,..." Another echoed many when he called for donors to "be more close to NGOs," or "more trust towards local NGOs." A call for deeper involvement with the NGO during project implementation was heard from a number of respondents. As one OL leader, herself an Armenian with long experience in working with NGOs, advised: "do both monitoring and mentoring, be a Partner." Being a Partner means involvement with the NGO while "providing expert advice and support during the implementation of complex programs" said one NGO respondent.

Grant makers are well aware of these problems, and the NSP is attempting to reach out beyond the “professionalized” NGO community with a small grants program and other technical assistance interventions tailored to nascent NGOs outside of Yerevan. Grant-making organizations, however, are themselves constrained by accountability relationships, policies and regulations that originate in their home countries. These accountability and concomitant reporting requirements often serve to reduce donor’s ability to be more flexible or to tailor their assistance programs to more effectively fit the conditions of the country, or to be responsive to the demands and voices of the local NGOs. There is often tremendous pressure to achieve results in a very short time, results that can be quantitatively measured and which support pre-determined measures of success. In spite of good intentions and the desire to be a responsive partner, the necessity of staying on schedule, reporting results, and moving the money through several labor intensive rounds of competitive grant making too often leaves little room for nurturing closer relationships with NGOs. Finding ways to relax these constraints is an extraordinarily difficult task for officials in the donor bureaucracies.

## A SUPPORTIVE CIVIL SOCIETY

Some Armenian opinion leaders went beyond financial sustainability to discuss the general lack of knowledge, support, and participation in NGO life. Some alluded to lingering Soviet-era tendencies to rely on government to solve problems. Now many have lost faith in government, but they are too busy trying to make a living to think about participating in NGOs. At bottom, most agree that Armenians don’t understand citizenship and the role of civil society as something that holds government accountable and checks its power. An Armenian activist said, “I am worried that traditional hierarchies and patterns of dominance are beginning to reassert themselves.” “Democracy is not well set in people’s minds. People have lost faith after initial enthusiasm, and there is great uncertainty now,” said an Armenian opinion leader. Foreign officials and observers alike agree with one donor official who remarked, “Building civil society is a very slow process.”

Is Armenia moving in a direction that will deepen its commitment to democratic governance, or is donor assistance simply providing a means for employment for a few hundred people sufficiently skilled and adaptable to learn to play the game? Of the 164 NGOs surveyed, 92 percent said they were able to recruit volunteers for their activities, and 85 percent reported they cooperate with other NGOs on a variety of activities, prominently mentioning assistance at events, conferences, educational activities, and information exchange. Twenty-one percent reported that cooperation occurred fairly regularly. From this data, there does appear to be a guarded willingness to provide community support, to volunteer, and to interact and cooperate with other NGOs in common endeavors. If, as one opinion leader observed, cooperative behavior builds trust, there is some evidence to suggest that Armenians are, in their own fashion, putting in place some of the foundation stones for a civil society.

# C ONCLUSIONS

The average Armenian, like the average American, has probably never heard the terms “civil society” or “social capital,” yet if you ask about his or her perceptions of trust, reciprocity, cooperation, or even public responsibility, you get a vivid picture of an intricate network of relationships and associations that give life to the abstract categories of social scientists.

By binding people together under a common identity and for a common purpose, civil society organizations foster social capital and provide a vehicle for norms of public responsibility and conduct. The potential expressed in Armenian associational life is quite rich in this respect. From cultural to social protection organizations, broad societal as well as narrow, parochial interests are represented one organization or another. Charities, advocacy and ecological organizations, and compatriot unions, are just a few of the organizational forms present in Armenian civil society. This diversity, despite the relatively short history of the sector, has led us to believe that Armenian civil society as a whole is more than just a result of “imported demand” generated by the availability of international donor resources. At the same time, Armenians as well as international actors perceive the “professionalized” NGO as carrying the flag for the entire sector. In this case, the resources and interests of international donors and international NGOs have had a profound effect on the character and capacity of NGOs and their activities.

These influences are of course not received in a vacuum; there are other local variables such as economic conditions, government structures, and attitudes towards transparency and public responsibility that all contribute to the nature of the sector. However, even in the face of extraordinarily challenging circumstance—war, refugees, out-migration, natural disaster—experiences that could have proved to be catalysts for civil society action and growth have not resulted in broad associational momentum. Perhaps local initiative has been stymied by an entrenched mindset or diverted by donor resources with external strings attached. Either way, an elite community of organizations with professional grant writers—rather than mission-driven, community based initiatives—has come to dominate the sector. This is quite different from the organic evolution that development assistance intended to promote.

Through the Armenia NGO Sector Assessment, we have gained insight into what Armenians themselves think about civil society in general and NGOs in particular. This assessment has uncovered evidence of resources, values, attitudes, and behavioral tendencies in Armenian society that can be a foundation for the social capital necessary to build an Armenian democratic civil society:

- Armenians NGO leaders express trust in other NGOs, cooperate with one another, and can mobilize volunteers for participation in NGO activities, especially in smaller communities.
- Communities and local government provide support for NGOs at the local level, mostly facilities, services, expertise, and equipment.
- There is a strong desire to provide assistance to others.
- Strong family values provide metaphors for helping behaviors in a small country.
- Activists from the soviet era have adapted to new language, ideology, and conditions to provide leadership and organizational capacity to many NGOs.
- The experience with international NGOs has begun to create a sophisticated and committed group of activists who have an excellent understanding and grasp of the issues facing civil society today.

The assessment has also uncovered powerful attitudinal and behavioral constraints to the development of a western type liberal democracy and civil society, within which an NGO sector operates. The powerful demarcations between state, business, and civil society that exist in the west are nearly meaningless in Armenia. There is a “seamless” merging of state, business and society. This seamlessness is reinforced by the connections, loyalties, and mutual obligations that are mobilized to solve problems, advance individual and family interests, get jobs, housing, and the like. These behavioral and attitudinal attributes clearly inhibit the formation of independent and secular interest groups and advocacy NGOs in particular, but also have a great shaping influence on the kind of NGOs that have developed in Armenia since 1991.

- Alienation and frustration with the current situation does not promote social activism. A society filled with angry, former white collar workers now driving taxis for a living is not one inclined to become participants in an NGO.
- Lingering dependency on government for solving problems inhibits self-help initiative and independent collective action.
- Economic and financial constraints and the lack of a social surplus means most NGOs remain relatively modest in scope and level of continuous organizational development, or become activists in the search for donor support.
- In the absence of social surplus, NGOs in the regions, especially, remain heavily dependent on local government for facilities, services, and legitimacy.
- Although gradually changing, due to Soviet and post- earthquake experience with humanitarian relief organizations, Armenians tend to associate NGOs with government humanitarian services, rather than view them as independent and alternative self-help structures.

## **REGIONAL VERSUS YEREVAN**

There is more NGO activity outside of Yerevan than many Armenian and foreign donors realize, especially in the Marz more distant from Yerevan. Given the ratio of NGOs to the local population base, it may be that the potential for further development of the regional NGOs lies more in capacity building and technical strengthening, rather than in investing in “start up” NGOs.

There is substantial potential for NGO creation and expansion in Yerevan, where a number of unregistered groups already operate.

There may be potential for developing non-Yerevan NGO branch offices of former national organizations, especially in Ararat and Kotayk. These offices are carryovers from the centrist organizational style of the Soviet era, but are beginning to show interest in becoming more independent.

## **ADVOCACY AND ADVANCING DEMOCRATIC PROCESS**

There is little evidence that NGOs in general are interested in advocacy defined as active efforts to reform government policies or to protect democracy and civil society against arbitrary exercise of government power. NGOs for the most part are more interested in social service delivery and in helping disadvantaged groups.

NGOs do show considerable activism in public information and educational campaigns, usually dealing with relatively non-controversial themes having to do with public order, health, or children’s education.

NGOs, especially in regions but also in Yerevan, do show considerable access to government, and, through personal connections, do try to influence government action.

Few NGOs other than human rights groups would define themselves as democratic process activists. As indicated above, most are interested in practical issues created by the collapse of the economy and government services.

## **SERVICE DELIVERY**

NGOs are strongly interested in service delivery. They wish to become more effective in this regard, and consistently express the wish that foreign donors would recognize and support their efforts.

Government's interest in NGOs relates to mobilizing the NGO to provide social services with government certification, support, and coordination.

## **TRAINING AND ORGANIZATIONAL DEVELOPMENT**

There is substantial evidence that NGO leaders, especially regional leaders, have been exposed to NGO management training, but overall scores on various organizational structure and development diagnostic instruments remain relatively low. On a four point scale, both the World Learning IAI index and our four-point index converge on an average score of between 1.8 to 2.2. A possible conclusion is that more generalized training will not do the job.

There is also evidence that Armenian NGOs can be effective in their programs even while lacking the attributes of a modern professionalized NGO. This suggests there may be a particularly Armenian way of doing business that is alien to the models of professionalism developed in the West.

NGOs strongly prefer technical training to management training, anticipating perhaps the possibility of becoming a government supported service delivery organization. It may be possible to combine technical training with NGO and democratic process skill training as a way of meeting demand without sacrificing the need for better organizational and process skills.

Standardized training courses tied to grant making will be appreciated only in so far as it improves the chances of getting the grant. Otherwise, the half-life of lessons learned may be quite brief, especially for the unsuccessful applicants. A way needs to be found to tailor training not only to meet needs but also to be responsive to demand and stages of organizational evolution as well. This is a very difficult thing for donor organizations to do.

## **DISTINCT SECTORS?**

The “blurred lines” between what is public and what is private has profound implications for the conclusions above. The public, private, and nonprofit spheres in Armenia are collapsing. We believe this is a significant observation: The cultural, socio-political, and historical antecedents that define what we see as public and private interests are significantly blurred in Armenian society. Our premise is that civil society is characterized by the not-for-profit associational activity that occurs outside the family and beyond the direct intervention of the state—that is, it does not carry the coercive authority of the state, and it is not bound by formal obligations of kinship; it is voluntary. The question is whether, in the case of Armenia, this is an “imported” Western assumption. Opinion leaders have mixed views. They see the third sector as a necessary part of the democratic landscape, but they are not entirely convinced that an imported model of civil society is the answer to Armenia's democratic development. One opinion leader said, “Not everyone understands that we are the third sector of civil society; we need to think and we can start with strong NGOs, but we can't have

a Western model here.” The evidence suggests that it would be misguided to continue operating on the assumption that a distinct three-sector society exists in Armenia. The overlap between government, for-profit, and nonprofit activity, particularly outside Yerevan, is significant. Consequently, strategies to promote advocacy, and government-NGO relations, and even philanthropy, are only likely to be sustainable if they take into account the hazy boundaries between public and private action.