



SUMMARY OF CSO COMPREHENSIVE MARKET RESEARCH RESULTS

The CSO Market research was conducted in 2015 by the Caucasus Research Resource Center-Armenia within the framework of CSO DePo: CSO Development Program. The primary objective of the research was to evaluate the gaps in CSO capacity building and the services necessary for their development. The research consisted of two components – a selective quantitative survey of the CSOs located throughout the territory of Armenia and a qualitative study of the opinions of other stakeholders.

Comparing the results of this research with previous and other contemporary studies conducted simultaneously, one can note that the self-awareness of CSOs and the wording used for their problems have become more diverse and nuanced. Obviously, this has happened due to several factors, including the different kinds of assistance that CSOs have received from their supporting structures over the years. In this research, that issue becomes particularly noticeable when comparing the results of the quantitative and qualitative studies. This shows the opportunity for a new, and so far stable, stage in the development of CSOs. At the same time, new issues are coming up like, for example, the need to make a statement directed at the Armenian business sector about what CSOs are doing and why they are a necessity.

The summary presented is just a section of a multi-layered study with the relevant interpretation, and we hope that other users will complement the presented recommendations and/or clarify their prioritization by studying the results obtained from the research, thus imparting continued value to this research and the activities that stem from it.

CRRC-Armenia's team thank all the individuals and organizations that participated in the survey and/or expressed their opinions during the in-depth interviews and focus group discussions, and the representatives of the CSO DePo program who, led by EPF, contributed their part to the realization of this research, as well as to USAID, and specifically its Local Solutions team, who continuously support Armenian CSOs.

Brief Results of Quantitative Survey

The results of the quantitative research covers data received from the 101 surveyed CSOs, particularly focusing on the state of their operational development in various sectors, their needs and preferences for capacity building. A range of sampling frames was applied to finally sample the pool of respondents. To identify the quota for sampling, the overall CSO distribution by type (NGO vs Foundation) and location was considered. The final sampling included 40 Yerevan based and 61 marz based CSOs, having 84 NGOs and 14 Foundation per legal distribution.

1. According to the data obtained, the CSOs consider issues related to their financial sustainability to be particularly problematic, and prioritize fundraising as well as skills for partnership with the other sectors. According to the respondents, activities aiming at financial sustainability, along with media management and strategic planning constitute the **functions conducted insufficiently** in CSOs. The internal obstacles to development noted by CSOs are largely linked to financial needs, while the important external obstacles include legislative limitations and a lack of attention by the state authorities and business sector.
2. According to the survey results, there are positive trends seen in the **areas of management and governance** for organizational development. The replies of the respondents suggest that the management structures of the majority of CSOs—the general assembly of members, the board and administration—

often carry out their main functions as they should, and most CSOs adequately maintain a system to record meetings. 82 per cent of the CSOs participating in the survey had permanent staff and a large number of volunteers. 72 per cent of the organizations claimed that they use written job descriptions and 52% conduct staff performance evaluations at least once a year.

3. The data obtained from questions related to **financial governance and sustainability** showed that 44% of the surveyed CSOs had financial resources or perspectives for a period of less than one year. 56 per cent of the surveyed CSOs mentioned that the main source of funding for CSOs consists of the grants offered by international organizations, followed by individual donations made mostly to foundations (36%) or membership fees collected by non-government organizations (28%); the latter, however, do not constitute a large percentage of income. 84 per cent of CSOs has office space, while 57% of the organizations based in the regions of Armenia have the opportunity to use office space for free.
4. 60 per cent of CSOs noted that they use annual reports as their **accountability** tool. Following the requirement of the law, foundations provide financial reports more frequently than non-government organizations. The majority of CSOs surveyed said that they have a strategic plan and internal procedures, but not all of them noted that they always follow these rules.
5. **Partnerships** between survey respondent CSOs and the authorities are not regulated and occur on an ad hoc basis. The joint implementation of projects was the most frequently noted method of partnering with state authorities and particularly local self-government bodies, followed by the joint development of projects, support with public awareness raising and protection of rights. 55 per cent of the surveyed CSOs are members of local—and 37% – of international—coalitions and networks, improving their opportunities for professional development and visibility. The majority of CSOs has never partnered with the business sector to implement programs.
6. Regarding **development support**, the respondents gave preference to the topics of resource development, building partnerships with the business sector and working with donors. Public relations, media management and working with local self-government bodies were also capacity building topics that were in demand. At the same time, only a few organizations were ready to pay for capacity building services. Those organizations that participated in an organizational capacity evaluation, and/or used opportunities for capacity building, more closely matched the criteria for positive organizational development compared to the CSOs that did not participate in such an evaluation or in any development opportunities.
7. In the area of **information needs**, the CSOs most often noted innovative approaches to fundraising, and the development of skills for working with donors, businesses and social entrepreneurship. Of the expected resources from the CSO portal, the respondents gave primary preference to announcements about grant opportunities.

Brief Results of Qualitative Research

The results of the qualitative research include the conclusions drawn from interviews with 29 experts, representing international organizations, state and local government, businesses and CSO support structures, and 12 focus group discussions with 55 CSOs and their beneficiaries and civil society stakeholders. Issues of CSO sustainability, trust towards the sector, partnership with the state and private sector, and capacity building were discussed in depth. Representatives of international organizations, business, local and central government agencies, CSOs and academia, as well as CSO experts from international and local CSOs were in-depth interviewed for the study. The CSO leaders who participated in the FG discussions were recruited based on the lists of the CSOs in the particular marz and the type of their activities to proportionately engage rural and urban organizations in the discussion. The beneficiaries of the same CSOs were invited to the FG discussions.

1. The experts noted consistency in the organization's mission and values, dedicated work by human resources, continuity in financial flows, diversity in funding sources, institutional development and a suitable political and cultural environment as the **prerequisites of CSO sustainability**. The representatives of state structures were relatively optimistic, saying that many CSOs in Armenia were

sustainable, while the representatives of international organizations—as well as the CSOs themselves—were more worried about CSO sustainability in the current situation.

2. The **lack of trust** towards the sector was noted by several experts as one of the factors that impaired CSO sustainability. The experts stated that a negative stereotype is prevalent in the public about CSOs. Representatives of the business sector voiced suspicion about the reliability of CSOs, saying that many CSOs work purely to make money, instead of making a change in society. At the same time, CSO beneficiaries noted that the CSOs enjoy trust in their communities because the people have direct interaction with these organizations and avail of their services. A lack of transparency and accountability, inefficient communication about CSO operations, the dissemination of negative labels about CSOs, and the focus of CSOs on fundraising were noted among the reasons for the lack of trust.
3. **Partnership between CSOs and the state sector** was considered to be of great importance by the experts. The opinion of international organizations and CSOs about CSO-state partnership was less optimistic than that of the representatives of state structures. In particular, the lack of constructive dialogue—in some cases, the formal pretense of partnership on the part of the state structure—a mutual lack of trust, dependence on individuals for successful partnership, and low CSO communication capacity were noted among the issues. The importance of collaborating with local authorities was emphasized as a means to finding solutions to community issues.
4. The lack of **partnerships between CSOs and business structures** was also considered to be the result of a mutual lack of trust, the absence of corporate social responsibility awareness, gaps in the tax system, as well as the inability of CSOs to propose mutual benefits and their poor communication skills.

Conclusions and Recommendations

By summarizing the findings from the quantitative and qualitative research, let us present a number of conclusions and the most important recommendations for stakeholders that have been determined as a result of this study, as well as proposals regarding the areas and types of capacity building for all interested organizations and in particular for the CSO DePo program staff to consider for their work in CSO capacity building.

Recommendations for Stakeholders

1. **Disseminating information** about CSO activities and impact, as well as providing **accountability and transparency** about the sources and amounts of funding facilitate an increase of trust towards the sector, the development of collaboration with other sectors and, thus, also improve financial sustainability. In particular, CSOs are suggested to focus more attention on the process of **presenting impact** as well as using **different formats for reporting**, such as stories, videos, multimedia, etc., when communicating with different audiences and, besides being accountable to the donors and tax authorities, to present the outcomes of their work to their members and the public.
2. **Identifying and measuring the impact of their activities** and expressing it is a more difficult task compared to traditional program monitoring and evaluation, but it is an extremely important ability for assessing the effectiveness of the work done. By analyzing its work through the viewpoint of a beneficiary's experience, describing a human story of change and speaking at the level of impact, the CSO can present a more convincing case to stakeholders and improve its chances of attracting new funding and other resources. Focusing on results and impact will help CSOs better formulate the objectives of their programs and maintain consistency between the objectives, results and any activities that occur between them. This, in turn, is a prerequisite for CSOs to more easily and smoothly link their operations and their program results to their missions. Such links, on the one hand, strengthen the mission and increase the CSO's sense of ownership or reveal deviations from the mission if any exist, and on the other hand, they help the members of the CSO and its board to be more involved in the CSO's operations.
3. CSOs should **interact more closely with their target community and beneficiaries**, which includes the creation of more opportunities for participation by the latter in the activities and decision making process of the CSO, both by using mechanisms for public reporting and developing the public relations section within the CSO. The beneficiaries trust the CSO because they have understood its objectives and felt its

effectiveness through their own personal experience. A CSO is recommended to **include beneficiaries and their stories when presenting itself**, because the potential donor or the public would have more trust towards the CSO if they hear the story of a specific beneficiary whose life changed thanks to the organization, or if the information about the CSO comes from that beneficiary, sounding more unbiased and neutral. In order to develop relations with state authorities and to present the results of the work done in a more convincing manner, CSOs must be able to involve beneficiaries and **promote CSO's visibility primarily through their beneficiaries**, showing the changes that have occurred in the lives of specific individuals, groups and the community.

4. In order to develop **partnerships with the state as well as with the business sector**, CSOs must increase their knowledge about the types and mechanisms of these partnerships, and improve their communication and negotiation skills, while also increasing awareness among state officials and businessmen about the role of CSOs and possible forms of partnering with them. In order to find partnership opportunities with businesses, it is important to first understand where common interests lie and to find solutions that are mutually beneficial, instead of simply requesting support.
5. In order to facilitate the work of local CSOs and develop partnerships with local authorities, there is a need for more **attention by local self-government bodies towards CSO activities**, increased interest in partnership, and the initiation of joint discussions. At the same time, this partnership must **emerge from public interest rather than from a partisan foundation**, without the expectation of serving any political or personal gain.
6. In facilitating partnerships between sectors, a crucial role is played by shared platforms where new project and partnership opportunities are developed through the discussion of different issues and topics and the exchange of ideas. One recommendation for those developing the CSO sector, as well as CSOs, state bodies, international organizations and businesses interested in partnerships, is to **initiate and implement such platforms for discussion**, events for the exchange of knowledge between the sectors, or to support others' efforts in this area. Donor organizations should include the development of trilateral or quadrilateral platforms as part of their grant program policies. For example, the international organizations, since they have that capacity in Armenia, should more actively support CSOs in organizing their **meetings with state bodies and the business community**, in order to discuss the issues mentioned above and find solutions. Organizations having experience in this area can share their knowledge with others, so that this becomes an established method.
7. There are a number of existing mechanisms and platforms for the CSO sector regarding partnership with state bodies, but a **state policy aiming at strengthening CSOs**, with a comprehensive and unified approach based on equal and agreed communication between CSOs and state bodies, would help develop the sustainability of the sector. Parts of that policy exist and they are being periodically reviewed, but the rapid changes occurring and the current reality of global development require that these updates occur more frequently and a policy acquires a more systematic shape.
8. Because tax privileges would facilitate partnerships between CSOs and the business sector, and business investment in CSO programs, it is recommended for the state to **introduce new tax mechanisms and change existing ones** such that a portion of the taxes paid are directed to financing CSO activities. This can happen either through state funding, or by encouraging philanthropy on the part of individuals and enterprises. CSOs are recommended to form coalitions for this purpose and negotiate with state bodies, while also involving businesses.
9. In order to facilitate partnerships between CSOs and businessmen, it is recommended for the business sector to **develop a "wish list"** addressed to CSOs. This will include the activities which, if undertaken by the CSOs, will be supported by the business sector, including funding. Such a list would help CSOs better understand the existing demand on the business sector side, so that they can develop a matching set of services.
10. When expressing lack of trust in the CSO sector, businessmen thereby represent a common denominator of the public's mindset. The development of a culture of corporate social responsibility would also help the business sector appreciate social programs and partnerships with CSOs on this front. As a stakeholder

in this process, CSOs and international or private donors should **initiate and implement programs and events aimed at encouraging CSR.**

11. There is still a lack of awareness in society about the need for the work done by CSOs and about their values, and particularly regarding the supremacy of public interest in their work values. It is recommended to introduce a **subject on non-profit and non-governmental organizations management** in higher education institutions, which will help professionals to be better trained in this area wherever they work after studies, in the non-profit, state or business sectors, and to raise the public awareness in general about civil society work, its role and significance.
12. The most important gaps among the services provided by CSOs and their capacities that need to be strengthened include monitoring and evaluation, which can be conducted not just towards their own programs, but also to activities by other organizations, their peers, state policies and also the policies of international organizations. Relevant organizations are recommended to encourage such **monitoring and evaluation programs**, while CSOs should consider the need to develop and later implement programs in this area. Institutions that support CSOs, and the CSO DePo program in particular, are recommended to develop training courses on monitoring and evaluation as well as methods for program impact assessment. State structures are recommended to support CSOs in capacity building in this area, for example, by organizing special courses or supporting them in case of state budget monitoring.
13. The lack of CSO resources forces them to economize on administrative expenses and a number of other functions. Besides the financial side, there is also the issue of attracting professionals to the sector. CSOs can take steps, and supporting institutions can work with them, to found a **structure that can undertake certain administration functions for a number of CSOs**, including legal support, public relations work, accounting and so on. The possibility for such structures to provide paid services must be considered. This recommendation can be combined with one on providing or renting a **common working space for CSOs**, particularly in the regions. These spaces should be fully equipped. This would also help CSOs save resources, while also having the option for free use of the space for a certain time period in case of securing limited state support or international funding which do not cover such expenses.
14. International organizations are recommended to consider a **CSO capacity building component in various formats** in their programs, for example, during the call for proposals, by more actively organizing training opportunities, providing a feedback option for project proposals, including detailed discussion of failed proposals, actively arranging trainings in the period between competitive tenders on how to apply for the upcoming call and/or in general, as well as broadly and in a determined way rather than formally informing civil society about the upcoming expected priorities. Other very important actions are facilitating knowledge exchange platforms, providing feedback to CSOs on program results and impact after the funding period ends, as well as encouraging the CSOs that win competitive calls to involve other organizations who also competed but did not win the contract. The donor organizations that have already done something similar can share their experience and arrange discussions with other donors on these topics.
15. The mass media are recommended to pay special attention to presenting the **impact of CSO work** apart from simply promoting them in a non-targeted way or reporting on specific events. In this regard, it is particularly important for CSOs to be able to properly present the impact of their work. CSO supporting organizations must work with the mass media and CSOs on united platforms to achieve this result. It is important to make the transition from complicated sentences rich in abbreviations—often termed “NGO speak”—to specifically worded success stories and results expressed in the language of the beneficiaries and with their interests at heart. In this regard in particular, it is important to involve beneficiaries in reports about CSO programs, because the beneficiaries are often able to easily and creatively express the change that occurred in their lives thanks to the CSO.
16. The continuous capacity building of CSOs will allow many of these recommendations to be implemented. Regular self-evaluation of the existing capacities and the exposure of strengths and weaknesses will help CSOs be more aware and move towards self-improvement taking into consideration, in particular, that capacity building often does not require additional resources and there is

a lot of material available online or through partner organizations. In the next section, we will focus on the needs for capacity building that were revealed by the research.

Topics and Formats for Capacity Building

1. The lack of understanding of the concept of membership, as well as the role of **the members' general assembly and board** in CSO management and governance was revealed early, when the quantitative survey results were being summarized. During the quantitative research, the importance of strengthening the membership base of CSOs and recruiting members was mentioned, as well as the need for awareness raising and skill building in this area. Besides this, it is important to clarify the role of members and governing board members in the decision making and fundraising functions, as well as to encourage their participation in these processes.
2. The development of knowledge and skills on **strategic planning** are important for CSO development, because a strategic approach helps the focus of CSO activities and lays the foundation for value-based, sustainable operations. Based on the results of the quantitative survey, the majority of CSOs conducts strategic planning exercises. However, the experts noted that only a minority of CSOs has a written strategic plan. In this area, activities aimed at capacity building should help clarify the perception of strategic planning, and lay a platform for discussions on the necessity of such a plan and its format.
3. From the point of view of human resources management, **attracting quality professionals** and providing for a generational transition are of particular importance and can occur by developing the **leadership skills** of staff and members.
4. Developing skills to attract and manage **volunteers** is of particular importance for CSOs as institutions implementing social activities in conditions of scarcity limiting the number of permanent staff.
5. **Participatory decision making** is an important component of democracy in CSOs and it facilitates the involvement and dedication of members, volunteers and staff, which is invaluable for a CSO's sustainability. The survey respondents expressed different opinions and issues regarding beneficiary involvement, particularly about the awareness of their own issues, and the need to participate in the process of making decisions related to the organization. It is recommended to organize a discussion on this topic to examine the issue of involving beneficiaries in CSOs and to discover the effective means of doing so.
6. Because the **lack of contact with beneficiaries** negatively impacts the trust towards CSOs, the effectiveness of their work and the development of partnerships, capacity building events, courses and discussions must provide sufficient focus on the topics of appreciating the interests of the public and of target communities, as well as maintaining regular contact with them.
7. A lack of **transparency and accountability** has been mentioned as a weakness of CSOs, which is now an easier problem to solve thanks to the availability of electronic resources that are free and can reach a wide audience. In this case, the capacity building events must be focused not so much on the skills needed to work with the corresponding tools, but rather to provide an introduction to the usage culture for these tools and changing approaches. CSOs in the regions need support in building websites and using electronic tools to develop their public relations and accountability.
8. The strengthening of **financial sustainability** has been noted as a priority area by CSOs for capacity building. In particular, a lot of importance was given to the diversification of funding sources and the use of innovative approaches to developing new resources. The provision of financial sustainability through social entrepreneurship can be seen as one option for capacity building.
9. The **financial governance** of CSOs, including a comprehensive system for the planning and analysis of financial activities, is in need of improvement. Events are needed that will help CSOs realize the need for such a system and express an interest in participating in relevant capacity building activities.
10. There is a need to continue addressing the tools, approaches and mechanisms for **partnership with the state and private sectors** during capacity building exercises, with a special focus on CSO communication and negotiation skills, mutual interests, objectives, and ability to transfer motivation. It is

necessary to reinforce the opportunities for joint efforts by CSOs aiming at dialogue-based events and inter-sectoral partnerships.

11. Information about **coalitions and networks** working in various thematic sectors as well as international organizations will help CSOs find more opportunities for networking and partnership. New communication platforms in the sector will help improve CSO partnerships, providing more opportunities for their operational and professional development.
12. The qualitative research has revealed a need for developing the capacity for the **monitoring and evaluation** of program results and impact. The monitoring and evaluation of state policy as well as the implementation of sociological studies were noted as separate topics for capacity building.
13. Monitoring, evaluation and analytical skills are also necessary for the success of rights protection campaigns. In order to raise the effectiveness of CSO activities, it is recommended to develop their skills in the area of **evidence-based rights protection**, from the data collection stage up to analysis and presentation.
14. In order to participate in the development of state policy, knowledge is needed in specific sectoral legislation and in general on the **mechanisms for the adoption of legal documents**, as well as the participation and corresponding role of state institutions.
15. Individual respondents noted human rights, working with media, event management, data management and protection, alternative media, and English as topics for capacity building, and these may be considered as additional areas.
16. CSO development activities can include **various formats for capacity building**. For example, group training and coaching can be combined with online instruction and information delivery, which will help CSOs address their development needs. At the same time, it is necessary to consider the issues of internet connectivity in the regions. Consulting has been noted by CSOs as an effective means of targeted CSO capacity building. The use of mentoring by better developed CSOs for the representatives of other CSOs is another possible collaborative mechanism for capacity building.
17. The CSOs and representatives of other sectors involved in the research considered **platforms for knowledge exchange** very important as an alternative and effective format for capacity building. Knowledge exchange activities can bring together CSOs from different regions working in the same areas, or organizations that work on different topics within the same region. Activities of this kind encourage cooperation and awareness, resource exchange, and also create the possibility for collaborative programs. It is also recommended to invite experienced local and foreign speakers to these events. Besides this, the interaction of registered CSOs with representatives of non-formal groups can be mutually beneficial, since CSOs can present their institutional experience while the non-formal groups can share their skills for mobilizing and motivating people.
18. All the capacity building activities must have at their core the **role of CSOs and the importance of their mission**, and their calling to work for society, because irrespective of knowledge and skills, it is only this awareness that allows CSOs to enjoy the trust and support of the public and to achieve success as they seek to fulfil their missions.

This study is made possible by the generous support of the American People through the United States Agency for International Development (USAID). The contents of this study are the sole responsibility of the authors and do not necessarily reflect the views of USAID or the United States Government.