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Case study

Status of CSO Accountability in Armenia

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Status of CSO Accountability in Armenia

Introduction

Accountability and transparency are values that many civil society organizations (CSOs) promote. CSOs should act according to these values and embed them into their culture so as to effectively push accountability into other sectors of society. Internal accountability within the civil society sector is also vital in gaining public trust and legitimacy. Moreover, accountability mechanisms, such as evaluations and social auditing, may improve the efficiency of CSO operations and strengthen the role of civil society in the setting in which it operates.

The effects of CSO actions spread to multiple stakeholders and therefore accountability should as well. CSOs are "upwardly"[1] accountable to funders and patrons, "downwardly" to communities and clients, and "internally" to their own missions and staff.[2] Yet

1 For the purposes of this study, upward accountability refers to CSO accountability to donors, foundations, government or business organizations that provide CSOs with funding. Downward accountability refers to CSO accountability to its beneficiaries and constituencies.

2 Ebrahim, A. (2004): *Seeking NGO-Donor Partnership for Greater Effectiveness and Accountability.* School of Public and International Affairs Virginia Tech. Retrieved October 10, 2009 from http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=574783

many CSOs are tempted to pay more attention to the stakeholders with strong practical and legal claims (such as donors refusing to re-fund programs due to accountability failures) and pay less attention to value-based claims (usually required by constituencies), even when those values are at the core of CSO missions.[3] The challenge for CSOs lies in responding to all stakeholders in CSO decision-making processes and activities. This task is further complicated considering the imbalance between donors who enforce CSO accountability, and constituencies who have neither the legal standing nor are always tough in holding CSOs accountable.

Problems stemming from such imbalance have been typical to Armenian context since the emergence of the civil society sector back in 1990s. Armenian CSOs, heavily reliant on international donor funding,[4] have been repeatedly reported to be accountable to external stakeholders, but less responsive to their

3 Lee, B. (2007): *Civil Society Legitimacy and Accountability: Issues and Challenges.* Hauser Center for Nonprofit Organizations, Harvard University and Jagadananda, CIVICUS: World Alliance for Citizen Participation and Center for Youth and Social Development (CYSD).

4 For reference see for example, Blue, R., Ghazaryan, Y. (2004): *Armenia NGO sector Assessment: A Comparative Study.* World Learning for International Development/ NGO Strengthening Program, Yerevan. Aslanyan, S., Adibekian, A., Ajabyan, N., Coe, B.A. (2007): *Civil Society in Armenia: From a Theoretical Framework to a Reality.* CIVICUS: World Alliance for Citizen Participation and Center for the Development of Civil Society. Eurasia Partnership (2009): *Evaluation of DOC (Development of Organizational Capacities) and RCCD (Resource Centers for Community Development) programs*, Yerevan.

beneficiaries and constituencies. Therefore, this case study seeks to examine CSO accountability in Armenia in relation to 'patrons' and 'clients.' The study hypothesizes that Armenian CSOs are more accountable to donor organizations than to their own beneficiaries and constituencies. The study also draws on the mechanisms used by donor organizations in Armenia to promote and encourage CSO accountability towards their direct beneficiaries/constituencies as well as to donor organizations themselves.

The five broad (but far from comprehensive) categories of accountability mechanisms used by nonprofit organizations in practice are: 1) reports and disclosure statements, as significant tools of accountability in that they make available (either to the public or to oversight bodies) basic data on CSO operations, 2) performance assessments and evaluations, that can help CSOs become better "doers" by uncovering weaknesses in project planning or by developing more strategic interventions towards the needs of their beneficiaries, 3) participation, as stakeholder involvement to adequately consider community needs, strengths, and conditions prior to the projects' design and throughout their implementation, 4) self-regulation - formal codes

of conduct developed by CSOs as an articulation of appropriate, or accountable, behavior for an entire sector, 5) social audit, a process through which an organization assesses, reports, and improves upon its social performance and ethical behavior, especially through stakeholder dialogue.[5]

The CIVICUS CSI 2009 organizational survey which was implemented in Armenia provided data on one of the accountability mechanisms used by Armenian CSOs – self-regulation. An analysis of this survey found that 43.2% of Armenian CSOs reported to have written policies regarding equal opportunity and/or equal pay for equal work for women; 49.5% of CSOs conduct specific training on labor rights for new staff members; 56.6% have a publicly available policy for labor standards; 54.9% have a publicly available code of conduct for their staff and the financial information of 69.2% of CSOs is publicly available.[6] These standards or codes of behavior, which are examples of more formalized self-regulatory mechanisms, can be used as indicators of accountable behavior of the non-profit sector in Armenia. Further,

5 Ebrahim, A. (2003): *Accountability in Practice: Mechanisms for NGOs.* Virginia Polytechnic Institute and State University: Blacksburg, USA.

6 Counterpart International/Armenia National Implementation Team (2010): *The CIVICUS Civil Society Index report for Armenia: Phase 2008-2010.* Data retrieved from the CIVICUS CSI organizational survey.

it should be noted that Armenian nonprofits have developed a unified code of ethics. However, the final code has not yet been adopted and, according to the USAID NGO sustainability index report (2007), the will to implement such a code remains weak. [7]

In order to delve further into the subject matter that the CSI organizational survey touched upon and the above hypothesis that guides this paper, this case study will address the practice of three other mechanisms of accountability – reporting, stakeholder participation and evaluation in Armenia.

Literature review

Concerns about accountability in nongovernmental organizations have increased over the past two decades. [8] Hence, scholars advocate moving beyond a portrayal of NGOs as "magic bullets" and taking accountability much more seriously than has hitherto been the case. Dependence on official aid further complicates the situation. Given the financial and political muscle of official agencies, there is a

7 United States Agency for International Development (2008): *NGO Sustainability Index for Central and Eastern Europe and Eurasia*. Bureau for Europe and Eurasia Office of Democracy, Governance and Social Transition. Retrieved September 10, 2009 from http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2008/armenia.pdf

8 Ebrahim, A. (2003): *Accountability in Practice: Mechanisms for NGOs*. Virginia Polytechnic Institute and State University: Blacksburg, USA. p. 813.

fear that donor funding may reorient accountability upwards, away from beneficiaries.[9]

A previous examination of the accountability practices of Armenian CSOs suggests that downward accountability mechanisms remain comparatively underdeveloped within the country's non-profit sector. A number of previous studies discovered that the donor driven nature of CSOs leads to an upward accountability to these donors and away from the CSO constituencies and direct beneficiaries. For example, Armenian NGO Sector Assessment (2004) proposes that since Armenian NGOs expect greater benefits from the donor community than from public support, they care more about being accountable to donor organizations than to their own beneficiaries and constituencies. They are more concerned about image building in relation to donors rather than the public.[10]

As a result of this focused attention on meeting donor needs, the communities that the CSOs are mandated to help often feel separate from the process, and their true needs are not met. Another study in 2004 again highlights the tendency in the Armenian

9 Edwards, M., Hulme, D. (1995): *Non-governmental organizations – Performance and accountability: Beyond the Magic Bullet.* Earthscan Publications limited p. 12.

10 Blue, R., Ghazaryan, Y. (2004): *Armenia NGO sector Assessment: A Comparative Study.* World Learning for International Development/NGO Strengthening Program, Yerevan.

civil society sector to redirect accountability toward funders and away from constituencies, referring to what William Fisher calls the "uncertain largess of donors." This tendency, according to the study, has exposed Armenian CSOs to criticism over whether they truly represent their constituents.[11] The donor-driven non-profit sector that is less responsive to constituencies, by extension jeopardizes the legitimacy of Armenian civil society organizations.[12]

Not surprisingly, the Armenian public has often been reported to lack knowledge about the non-profit sector and to perceive it negatively. IFES surveys over four years (2001-2004) have shown that most Armenians cannot name an NGO working in Armenia that they know something about. Only about one quarter could name an NGO, and 19% did not know what an NGO was.[13] USAID's Democracy and Governance Indicators Survey also demonstrated that Armenian society lacks good knowledge of the non-profit sector: in 2005 only 7.2% of Armenians knew of NGOs active

11 Ishkhanyan, A. (2004): *Anthropological Perspectives on Civil Society and NGO Development in a Post- socialist Context.* LSE Centre for Civil Society. Paper presented at NGO Study Group Seminar 'Ethnography of NGOs: Understanding Organisational Processes', Oxford, 28th April, 2004.

12 Ohanyan, A. (2003): *The Governance Potential of NGOs and Multi-Sectoral Partnerships in Armenian Public Sector: Lessons from Microcredit NGOs of Bosnia and Herzegovina.* Kennedy School of Government, Harvard University and Maxwell School of Citizenship and Public Affairs, Syracuse University. Retreived September 10, 2009 from http://www.aiprg.net/UserFiles/File/wp/jan2003/15.pdf

13 International Foundation for Electoral Systems (2004): *Citizens' Awareness and Participation in Armenia*. National Sociological Survey, Yerevan, Armenia

in their community/region.[14] Organizations are often portrayed in the media as commercial organizations that consume grants without providing any real benefit to the general public. Organizations involved in political or human rights, meanwhile, are often perceived by the public as being supported by foreign funding and serving foreign interests.[15]

Another concern is that the accountability measures demanded by donor organizations and the level of ownership and accountability required from CSOs by their constituencies and environment at large do not always match: non-profit organizations in Armenia operate in an environment in which accountability is not regularly demanded by their members, beneficiaries and the public authorities.[16] To quote a local Armenian official from a 2004 study, the situation has become one in which "all NGOs with grants from donor agencies must provide extensive reporting and accounting of the used funds to the grant-making agency. Yet very few NGOs produce a public annual report showing

14 Development Network Non-Governmental Organization (2005): *USAID/Armenia Democracy and Governance Indicators Survey*, final report.

15 United States Agency for International Development (2007): *NGO Sustainability Index for Central and Eastern Europe and Eurasia*. Bureau for Europe and Eurasia Office of Democracy, Governance and Social Transition. Retrieved September 10, 2009 from http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2007/

16 United States Agency for International Development (2005): *NGO Sustainability Index for Central and Eastern Europe and Eurasia*. Bureau for Europe and Eurasia Office of Democracy, Governance and Social Transition. Retrieved September 10, 2009 from http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2005/

their accomplishments or sources of income." Thus, reporting as an accountability mechanism is more strictly monitored between donors and their CSO clients than between CSOs and their beneficiaries.[17]

The more recent studies, however, show a positive shift in public perception of Armenian CSOs. The 2008 NGO sustainability index suggests that NGOs in Armenia are no longer viewed as "grant-eating" organizations.[18] Moreover, the 2009 CIVICUS CSI population survey shows that 39.9% of the Armenian population has a high level of trust in CSOs.[19] This figure shows a considerable increase in the level of trust that the Armenian population has towards nonprofit organizations. Data from a previous study conducted in 2007[20] showed that only 18 percent of the Armenian population trusted local NGOs.[21]

17 Blue, R., Ghazaryan, Y. (2004): *Armenia NGO sector Assessment: A Comparative Study.* World Learning for International Development/NGO Strengthening Program, Yerevan.

18 United States Agency for International Development (2008): *NGO Sustainability Index for Central and Eastern Europe and Eurasia.* Bureau for Europe and Eurasia Office of Democracy, Governance and Social Transition. Retrieved September 10, 2009 from http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2008/armenia.pdf)

19 The level of the population's trust in CSOs (environmental organizations, women's organizations, charitable or humanitarian organizations, churches, labor unions and political parties) is measured on a 4-point scale, with 1 indicating a great deal of trust and 4 indicating none at all. The mean of the level of trust is computed, with 2 points or less taken as high level of trust.

20 Hans, G. (2008): *Data Initiative - 2007.* Caucasus Research Resource Centers (CRRC), Yerevan.

21 A full study on all types of Armenian civil society organizations has never been conducted. Data received from the 2009 CIVICUS CSI organizational survey may be compared with previous studies that measure the level of the population's trust towards Armenian NGOs only. Thus, part of this 'considerable' increase may also be attributed to differences in the studies' methodologies and samples.

This study attempts to find out the status of accountability in Armenian non-profit sector exercised by Armenian CSOs both upwards and downwards, through the examination of three accountability mechanisms.

Methodology

The case study presents a comparative analysis of accountability mechanisms used by Armenian CSOs towards international donor organizations and CSO constituencies and beneficiaries. The universe of the study is the list of the CIVICUS CSI organizational survey's respondents.[22] Six CSOs were purposefully selected from the list proportionately, according to the percent CSOs were represented in the organizational survey.[23] Accordingly, the findings of the study are derived from semi-structured interviews with two Armenian NGOs, a youth group, a cultural group, a sports association and an educational group.

22 The purpose of the CSI organisational survey is to explore data related to the operations and governance of CSOs among other items. Sample organisations are selected according to regional coverage, diversity and a range of civil society organisation types and characteristics.

23 The respondents of the organizational survey were originally chosen to be representative of Armenian civil society organizations and to keep a fair balance of all types of CSOs identified during the Social Force Analysis, a 'mapping' exercise of CIVICUS CSI to identify and analyse key actors and power relations in society and civil society.

The interviewed CSO representatives for this case study reported that international donor organizations were either the sole or the major source of revenue for their organizations. Accordingly, international donor organizations were chosen as another group of respondents for this study to determine their experience and opinions with CSO accountability in Armenia. Thus, representatives from three major international donor organizations that have provided institutional capacity-building grants and technical assistance to the Armenian civil society sector were also interviewed.

A preset questionnaire was used during the interviews (the questionnaire can be found in Annex 1). However, space was provided for additional questions when topics required further discussion. Responses were recorded during the interview and later transcribed. Transcriptions were then analyzed for perspectives on the three areas – transparency (as measured by CSO reporting practices), participation and evaluation of two groups of stakeholders – international donor organizations and CSO beneficiaries. The data for the case study also provided information on the mechanisms used by donor organizations to promote CSO accountability in Armenia.

Analysis and Findings

This section discusses reporting, stakeholder participation and evaluation as accountability mechanisms practiced by Armenian CSOs. Relevant and timely information about CSO activities is vital to enable constituencies to be aware of and influence the programs that affect their lives as well as to create a means for checks and balances on CSO activities. Such transparency with information, in turn, paves the way for participation, a process through which stakeholders play an active role in decision-making processes and the design of CSO activities. While transparency and participation enable the affected stakeholders to design and lead meaningful programs from the very outset, regular evaluations alert CSOs to shortcomings, fixing problems during the actual delivery and the design of future projects.

CSO Reporting Practices:

Disclosure statements and reports are among the most widely used tools of accountability and are frequently required by laws in many countries, especially to demonstrate that the activities of an organization are primarily for public, rather than

private benefit.[24] Armenian law stipulates that a public organization should "submit for approval to a general meeting of organization the reports on its activities and on utilization of its property, not less than once in two years, guaranteeing the publicity of those reports."[25] Yet, "on the government side, no executive body seems to enforce this provision. Therefore organizations do not feel responsible for public accountability and more transparency before their beneficiaries and state authorities."[26]

Apart from legally obligated reports, this case study found that international donor organizations operating in Armenia require regular reports from the organizations they fund. A representative of a donor organization interviewed for this case study explains, "the promotion of CSO accountability to our organization is mainly done through encouraging proper narrative and financial reporting of their activities."

The nature of the reports varies. Some donor organizations or projects only require brief annual reports. More often however, donors require highly

24 Ebrahim, A. (2003): *Accountability in Practice: Mechanisms for NGOs.* Virginia Polytechnic Institute and State University: Blacksburg, USA.

25 RA law on Public Organizations, article sixteen, clause four. Retrieved November 5, 2009 from http://www.parliament.am/law_docs/241201HO268eng.pdf?lang=eng

26 Blue, R. Ghazaryan, Y. (2004, p. 34): *Armenia NGO sector Assessment: A Comparative Study.* World Learning for International Development/NGO Strengthening Program, Yerevan.

detailed interim and final reports both on expenditures as well as the achievements of the CSO programs funded. "The editing of monthly result-oriented reporting passes through three to four stages. It constitutes fifty percent of one's workload," says a donor organization representative. This can sometimes be a burden for the funded CSO; with some interviewees for the case study complaining about the bureaucratic hurdles that donor reporting imposes. "The protracted document circulation and administrative activity required by donor organizations is mostly time-consuming. Moreover, it distorts the normal flow of CSO operations – rather than addressing the content of the matter, you prioritize the formal part of it," comments a CSO representative. A common CSO recommendation to donor organizations was to put less burdensome reporting requirements into place. Despite the complaints about the rigidity of donor imposed reporting however, all the CSOs also placed a high value on it. "It has a positive impact on the institutional development of our organization," explained a CSO representative. "They build and strengthen the capacity of our personnel for compiling reports and, more importantly, increase our overall responsiveness."

Nevertheless, the reporting requirements of donor

organizations have not yet strengthened Armenian CSOs' capacity to the point that they prepare reports specifically intended for their beneficiaries. Reporting by Armenian CSOs to beneficiaries does not occur through formal documentation. "Why should we prepare separate reports for our constituencies? The reports prepared for donors are available at our office if anybody is interested," a CSO representative commented. The statement reflects the fact that CSOs do not understand that the reporting priorities and the format specified by donor organizations may be very different from what is required to inform communities, and, thus, is not always meaningful to the public. CSOs do not regularly publish reports for the public at large either, in violation of Armenian law. Beyond obligations, CSOs overlook the chance to enhance their legitimacy, demonstrating through public disclosure that they have nothing to hide.

Reporting as a mechanism of downward accountability, however, is valued by some Armenian CSOs. "It is important that we provide the people affected by our operations with information about us and our work," says a CSO representative. Downward reporting in Armenia mostly manifests itself through information sharing with direct CSO beneficiaries

during face-to-face meetings. Some organizations also display information on notice boards in their offices, with details on project plans. Others share their activities through a network of CSOs and their beneficiaries. In rare instances it is channeled through local media and online. Even if provided, the information is not as substantive and inclusive as it is when reporting to donors. It mostly informs about future activities but rarely about financial accounts and actual performance. "Financial disclosure is not something our beneficiaries bother about…neither do we," admits a CSO representative. It is apparent from the study interviews that Armenian CSOs focus on donor reporting above reporting to their beneficiaries, as a result, downward reporting as opposed to upward reporting is a less developed and practiced form of accountability in Armenia.

Beneficiary participation in CSO activities

The case study also found that beneficiary involvement and participation is an ongoing practice in the activities of Armenian CSOs. Beneficiary participation in the activities of Armenian CSOs takes various forms – from consultation to the actual implementation of CSO operations by their

beneficiaries. All the interviewed CSOs reported that they carry out beneficiary needs assessments before any program is implemented. For instance, the planning and implementation of CSO programs are carried out through systematic consultation and participation on the ground. "People affected by our programs are, after all, the experts on the current situation. We devise our projects through their input to be able to tackle the root causes of problems," explains a CSO representative.

Moreover, many Armenian CSOs recruit beneficiaries for their boards and management staff to get closer to the stakeholder community and ensure accountability to their clientele. "Our vice president is the intended beneficiary of our organization. Some of our other beneficiaries have also been purposely included on our board so we can gain more insight into the problems facing their community, thus increasing the effectiveness of our operations," says the leader of an organization.

As reported by most Armenian CSOs, their beneficiaries are not only informed about but also participate in the actual design of would-be programs and their implementation. The leader of a CSO says, "one of the examples of our beneficiaries' (people with hearing disabilities) input is the creation of a sign

language dictionary. Of course, we couldn't get by without their help in translating some of the idioms. But they also helped us in implementing the whole program including PR and promotion." Another organization convenes a consultative group made up of its active beneficiaries (people with disabilities) on a regular basis. "Recently, for example, we organized an exhibition of creative young disabled people. The consultative group came up with this idea; they found the potential participants for the exhibition and they organized the whole event," the CSO representative says proudly.

CSO beneficiaries are also an organization's best critics. "Only once did we not inform our beneficiaries about a planned project in due course. They almost started a rebellion. We have never again made such a mistake," says a CSO leader. All the CSOs also reported that they always properly review and often act upon the complaints and remarks of their beneficiaries. Often decisions over project design and implementation are made jointly. Moreover, many CSOs emphasized their goal in enhancing the sense of local ownership of their programs, with most of their projects being driven from local needs and demands. "Donor funding does not direct us away from our constituents. On the

contrary, we use it to approach and solve real local problems," says a CSO representative.

Evaluation of CSO activities

International donor organizations employ a number of evaluation mechanisms with the Armenian CSOs they finance. One such organization uses the Program Management Information System (PMIS) and the Grant Management System (GMS) to track and monitor the implementation of its operating programs and grant projects. "All baseline and monitoring data collected for each CSO is entered into these systems and is regularly monitored and updated by the program managers," explains a representative from an interviewed donor organization. All interviewed donor organizations reported carrying out progress monitoring through interim program and financial reports, final reports, internal or external summative evaluations and program audits. Along with the document/report review, they also use site visits, event monitoring and stakeholder surveys to track the progress of each CSO-run project.

However, as the study finds, donor organizations need to provide CSOs with better access to the outcomes of their evaluations to enable CSOs to identify where

they have failed and where they succeeded. Often Armenian CSOs are unclear about the deficiencies of their operation, "Donor organizations we worked with did evaluate our activities," says a CSO representative, "but we did not get the results of those assessments. Only when we got funding from the same donor organization for a second time did we understand that we had done well during the previous project."

Beneficiaries evaluate the performance of CSO operations in a less sophisticated manner than donor organizations do. Beneficiary program assessments usually come in the form of verbal feedback received during discussions and meetings. "Beneficiaries do not conduct regular evaluations as such. Rather we learn about their opinions during face to face meetings," describes a CSO representative. Few organizations conduct sociological surveys at the end of their projects. One CSO uses a complaint box whereby beneficiaries write down their suggestions and feedback. Another CSO uses its own assessment mechanism, "there is a tree in front of our office. At the end of each project our beneficiaries hang their impressions, suggestions and remarks on the tree." Beneficiary assessment of CSO activities then is carried out in an unsystematic, unmethodical manner, mostly depending on the activist

beneficiaries' own initiative, rather than preplanned evaluation criteria specially designed by CSOs.

Whatever form project assessments take, they are conducted in an inconsistent and irregular manner. Moreover, rarely are the CSO activities subject to continual monitoring and evaluation by the beneficiaries. Such assessments are conducted at the end of the program at best, with most CSOs viewing beneficiary evaluation as only a retrospective rather than a more participatory and ongoing process. "At the end of the project cycle we do conduct sociological surveys. We have never had the necessary time and resources to study beneficiary opinions prior to the final stage of project implementation though," reports an NGO representative.

Donor Promotion of CSO Accountability

As already shown by this case study, donor organizations exert a number of accountability demands on CSOs. This is done through encouraging narrative and financial reporting of CSO activities and continuous monitoring and evaluations. A representative from a donor organization adds, "before signing agreements with CSOs, we impose rigorous demands in terms of an organization proving its legal

status, the character of its charter, whether it receives funding from other organizations for the same activity, the results of its previous activities and its financial standing and records."

The promotion of CSO accountability towards beneficiaries is also a goal of donor organizations. "We require the inclusion of participatory approach in project implementation from the project design stage," explains a representative from a donor organization. Yet the encouragement of CSO downward accountability progresses with more flexibility. "There are no specific procedures or policies, however, that would require mandatory accountability to the beneficiaries," continues the interviewee.

As the representatives of donor organizations themselves admit, they do not make enough effort to increase the practice of and develop a culture of CSO downward accountability. "Armenian CSOs swiftly and flexibly respond to our demands. If our calls for downward accountability were stronger, if our demands were mandatory, the nonprofit sector would, most probably, demonstrate a more accountable behavior towards constituents," confesses a donor organization representative.

Discussion and Implications of the Study

Contrary to prior literature and the study's hypothesis, all the interviewed CSO representatives unanimously named their beneficiaries as the stakeholders they are primarily accountable to. However, the CSO actions present a picture which is less certain of this fact. On the one hand, in the case of one of the accountability mechanisms discussed - stakeholder participation - beneficiaries are given considerable leverage in influencing, directing and even controlling the operations and programs of Armenian CSOs. The interviewed CSOs did not vary greatly in the extent to which they ensure beneficiary participation within their own programs. They all report that beneficiary involvement is a recurrent practice throughout all project stages. The study identifies the following practices of beneficiary participation in CSO activities, all of them common to the CSOs under consideration:

- ✓ Information about a planned project is made available to the beneficiaries, followed by meetings, consultation and dialogue on project options with beneficiaries;

- ✓ Beneficiaries are involved in the design and actual implementation of CSO activities;
- ✓ Beneficiaries often come up with their own initiatives and implement them jointly with CSOs;
- ✓ Beneficiaries are often recruited for CSO boards and as staff members to provide better insight on local needs and perspectives;
- ✓ Beneficiaries negotiate over, provide feedback and criticize CSO activities. CSOs often incorporate beneficiary concerns in their current and future projects.

On the other hand, while almost all CSOs incorporate participatory approaches into their operations, beneficiary participation in CSO evaluation remains inadequate. Beneficiary evaluation of CSO operations is generally spontaneous rather than systematic and regular. The informal assessments that take place are usually due to the personal interests of single beneficiaries. Further, only in rare cases is beneficiary assessment gauged through scientific studies, mainly conducted as end-term evaluations. Yet, the timing of the evaluation is critical: while ex-post evaluations offer only the prospect of lessons for the future, mid-term evaluations give a chance for redress during the implementation of the actual project. Thus, CSOs mostly lack clear insight into the strengths and

weaknesses of the implemented projects as perceived by CSO beneficiaries. This is likely to render the whole participatory process less meaningful and strategic. An evaluation cannot yield the anticipated results unless it is both planned and documented. Passive attempts at internal evaluations or CSO operations which are not fully transparent will not assist CSOs in their attempts at winning credibility. All stakeholders should be aware of the outcomes and impact of CSO activities. Yet, alongside highly sophisticated upward reporting, the Armenian CSOs still lack the necessary skills, resources and sometimes even rationale to provide beneficiaries with exhaustive reporting.

The case study reveals the following problems with Armenian CSO downward reporting:

- ✓ CSOs report downward as they do upward, *but not as regularly and consistently;*
- ✓ CSOs report downward on planned activities, *but not on finances and the quality of their work;*
- ✓ CSOs report mostly through face-to-face meetings, *not through reports specifically intended for beneficiaries;*
- ✓ CSOs report to direct beneficiaries, *but not to broader constituencies through a wide distribution of information.*

Donor organizations operating in Armenia have considerable input in the promotion of CSO accountability through their rigid demands. The establishment of accountability in Armenian CSOs would be better promoted, however, if donor organizations required CSOs to exercise broader downward accountability to beneficiaries and constituencies. Another explanation to a less systemic downward reporting may be the finding of the USAID NGO Sustainability Index (2008) that nonprofits in Armenia "operate in a regulatory vacuum and an environment in which accountability is not regularly demanded by members and beneficiaries.[27] On the other hand, CSOs seem to lack adequate effort to develop a rich constituency base and capitalize on its strong support. A 2006 national voter study in Armenia found that less than one percent of those interviewed associated themselves with a nonprofit organization, either as a member or a supporter.[28]

A limitation of the case study is that it is a descriptive method, not an explanatory one. Hence,

27 United States Agency for International Development (2008): *NGO Sustainability Index for Central and Eastern Europe and Eurasia*. Bureau for Europe and Eurasia Office of Democracy, Governance and Social Transition. Retrieved September 10, 2009 from http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2008/armenia.pdf

28 Counterpart International Armenia (2007): *The Role of NGOs in the Public Policy Process: Conference Proceedings*, Yerevan. Retrieved November 10, 2009 from http://www.counterpart.am/en/?nid=6&id=36

conclusions about cause-and-effect relationships on why downward accountability mechanisms remain less exercised and underdeveloped as compared to upward accountability mechanisms cannot be drawn. This provides avenue for future research. Another limitation of the case study is that it involves only a few respondent organizations and therefore may not be representative of the general population. However, this case study uncovered a depth of information on CSO accountability in Armenia and recommendations based on these findings can be made. They are:

Recommendations

- ✓ CSOs should further capitalize on and expand their current practice of beneficiary involvement in the design and implementation of their operations;
- ✓ CSOs should embrace organizational practices that promote accountability to local constituencies, consistently reporting downward as they do upward;
- ✓ Downward reporting should present an inclusive account on all aspects of CSO activities, including financial disclosure and the quality of their work;
- ✓ Downward reporting should be meaningful and comprehensive for CSO beneficiaries, intended specifically for them. Collaborating with CSO beneficiaries to identify indicators and measures of impact and to assess and interpret results might be

especially useful in fostering joint learning about program outcomes and impacts;

- ✓ CSOs should increase the visibility of their operations; developing a good communications strategy and enhanced networking would help CSOs reach a wider audience;
- ✓ CSOs should systematically and consistently involve their beneficiaries in the evaluation and assessments of their operations, to define constituency expectations and focus organizational efforts where they will have the greatest impact;
- ✓ CSOs should define a process of self-evaluation and assessment to assess their performance with respect to their mission, values and principles. Since it is a resource intensive task, CSOs may proactively seek funds to design their own evaluation strategy, based on constituency feedback;
- ✓ CSO evaluation strategies should concentrate not only on the immediate outputs of their projects, but also on their longer-term impacts;
- ✓ Beneficiary evaluation of CSO operations should be an ongoing practice, started during the very first stage of project implementation and continued till the last;
- ✓ Donor organizations should more actively support CSO accountability to their beneficiaries, both strategically and financially;
- ✓ Donors may provide the resources for CSOs to experiment with different accountability

mechanisms, choose the one that best works for their organization or align them with the CSO's goals, the local context and the needs of the beneficiaries they serve.

Conclusion

The stakes of strengthening civil society legitimacy and accountability are high: having the trust and support of the local constituency are critical in the creation and implementation of shared plans and objectives. Meanwhile, legitimacy and accountability have become one of the central issues for Armenian civil society, which has repeatedly been labeled as a donor driven sector and not that responsive to beneficiaries. This study hypothesized that Armenian CSOs are more accountable upward, to donor organizations, than downward, to their own beneficiaries and constituencies. The study drew on three categories of accountability mechanisms to test the hypothesis – reports, performance assessments and evaluations and stakeholder participation. The hypothesis was rejected for one of the accountability mechanisms discussed - stakeholder participation. The study showed that CSOs

involve their beneficiaries throughout all the project stages and give them notable leverage in directing their operations. Yet alongside highly meticulous upward reporting and donor assessments, CSOs not as consistently report to their beneficiaries and not as systematically involve them in the evaluations of their projects.

This study suggested a framework for understanding the current practices of Armenian civil society in addressing their accountability challenges. It has used this framework to suggest ways of fostering CSO accountability and strengthening their legitimacy. More specifically, it recommended Armenian CSOs to present their beneficiaries with an inclusive account on all aspects of their activities through reports that are intended and structured specifically for that target group. CSOs should also consider the timing of their constituency evaluations, capitalizing on not only ex-post, but also mid-term evaluations to capture the opportunity of redressing possible errors during the implementation of the actual project. Finally, the promotion of accountability in the Armenian context would be well secured, if donor organizations required CSOs to exercise broader downward accountability to their constituencies and public at large.

The growing trust of the Armenian population towards CSOs as well as their successful experience in employing some of the accountability mechanisms offer prospects for enhanced civil society accountability - a new phase for Armenian CSOs as effective and legitimate advocates for the public interest.

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Annex 1

Semi-structured questionnaire for "Status of CSO Accountability" case study:

a) Questions to CSOs

1) What are the sources of your organization's financial resources?

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2) Who are the key stakeholders of your organization?

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3) What accountability mechanisms or tools are practiced by your organization?

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4) How often in a year do you report to your donors?

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5) What format do you use to report to your donors? (Does it address quality of your work and achievements or only accounts of expenditures?)

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6) How often in a year do you report to your beneficiaries/constituencies?

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7) What format do you use to report to your beneficiaries/constituencies? (Does it address quality of your work and achievements or only accounts of expenditures?)

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8) Do your donors evaluate the performance of your organization? What criteria are these evaluations addressing and when/how often are evaluations conducted?

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9) Do the beneficiaries/constituents of your organization evaluate the performance of your organization? What criteria are these evaluations addressing and when/how often are evaluations conducted?

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10) In what ways are your constituents involved in the programs of your organization?

- *Public meetings/surveys/dialogue on project options;*
- *Involvement in actual project-related activities,*
- *Negotiating and bargaining over decisions with CSOs/ holding veto power over decisions*
- *People coming up with own initiatives*?)

11) In what ways are your donors involved in the programs of your organization?

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12) Have there been cases when your donors dictated programmatic areas/values when providing funding? (Please, specify).

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b) Questions to Donor Organizations

1) How do you promote/encourage civil society organizations' (CSO) accountability to your organization?

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2) How important is CSO accountability to their beneficiaries and constituencies for your organization and why?

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3) How do you promote/encourage CSO accountability to their beneficiaries and constituencies?

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4) How do you measure CSO accountability to their beneficiaries and constituencies?

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c) Additional space for follow-up discussion
