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Lilly Family School of Philanthropy

The 2022 Global Philanthropy Environment Index Armenia

Expert: Mariam Galstyan

Institutional Affiliation: American University of Armenia

Edited by the Indiana University Lilly Family School of Philanthropy

QUICK FACTS

Legal forms of philanthropic organizations included in the law: Association, Cooperative, Endowment, Foundation, Non-Governmental Organization (NGO)

Five main social issues addressed by these organizations: Environment, Higher Education, Housing and Economic Development, Human Rights, Youth and Family

Average time established by law to register a philanthropic organization: 0-30 days

Average cost for registering a philanthropic organization: USD 20

Government levels primarily regulating the incorporation of philanthropic organizations: State Government

Philanthropic Environment Scores:

Year	Ease of Operating a PO	Tax Incentives	Cross-Border Philanthropic Flows	Political Environment	Economic Environment	Socio-Cultural Environment	Overall Score
2022 GPEI	3.93	2.75	3.50	3.40	3.50	3.80	3.48
2018 GPEI	3.83	2.75	3.50	3.50	N.A.	3.50	3.42

Source: Indiana University Lilly Family School of Philanthropy, 2022 *Global Philanthropy Environment Index*

Key Findings

I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

The three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.

Question One: To what extent can individuals form and incorporate the organizations defined?

Score: 4.3

The time for the registration of NGOs was shortened from 21 to 10 working days. In cases using registration templates, the NGO can be registered within two working days. Additionally, the minimum wage per month increased from USD 110 to USD 130 in 2020.

For more information, please see the 2018 Armenia Country Report available here: <https://scholarworks.iupui.edu/handle/1805/15985>

Question Two: To what extent are POs free to operate without excessive government interference?

Score: 3.5

There has been no change since 2018. For more information, please see the 2018 Armenia Country Report available here: <https://scholarworks.iupui.edu/handle/1805/15985>

Question Three: To what extent is there government discretion in shutting down POs?

Score: 4.0

There has been no change since 2018. For more information, please see the 2018 Armenia Country Report available here: <https://scholarworks.iupui.edu/handle/1805/15985>

II. Domestic Tax and Fiscal Issues

The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.

Question Four: To what extent is the tax system favorable to making charitable donations?

Score: 1.5

There has been no change since 2018. For more information, please see the 2018 Armenia Country Report available here: <https://scholarworks.iupui.edu/handle/1805/15985>

Question Five: To what extent is the tax system favorable to POs in receiving charitable donations?

Score: 4.0

There has been no change since 2018. For more information, please see the 2018 Armenia Country Report available here: <https://scholarworks.iupui.edu/handle/1805/15985>

III. Cross-Border Philanthropic Flows

The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and recipient entities.

Question Six: To what extent is the legal regulatory environment favorable to sending cross-border donations?

Score: 3.0

There has been no change since 2018. For more information, please see the 2018 Armenia Country Report available here: <https://scholarworks.iupui.edu/handle/1805/15985>

Question Seven: To what extent is the legal regulatory environment favorable to receiving cross-border donations?

Score: 4.0

There has been no change since 2018. For more information, please see the 2018 Armenia Country Report available here: <https://scholarworks.iupui.edu/handle/1805/15985>

IV. Political Environment

The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.

Question Eight: To what extent is the political environment favorable for philanthropy?

Score: 3.8

The political and economic situation in the country became fragile in September 2020 with the start of the Nagorno-Karabakh War, an armed conflict between Azerbaijan and Artsakh. During the last four months of 2020, philanthropic activity drastically increased due to the emerging needs of the society. A significant number of displaced citizens from the Nagorno-Karabakh cities and villages moved to Armenia. As a response to this situation, philanthropic organizations concentrated efforts on supporting the displaced families as well as on the families of the soldiers who were killed or wounded during the war. In fact, the economic and political instability in the country “activated” philanthropy and charity in Armenia.

Question Nine: To what extent are public policies and practices favorable for philanthropy?

Score: 3.0

There has been no change since 2018. For more information, please see the 2018 Armenia Country Report available here: <https://scholarworks.iupui.edu/handle/1805/15985>

V. Economic Environment

Question Ten: To what extent is the economic context favorable for philanthropy?

Score: 3.5

Economic instability and the state of martial law (declared on September 27, 2020, when Azerbaijan unleashed the war against Nagorno-Karabakh) boosted philanthropy in the country. A number of small and medium enterprises (SMEs) started promoting their business by donating all or some part of their income for the needs of the soldiers during the 44-Day War (September–November 2020). Service provision and trade drastically decreased during the war, as the population was overwhelmed with the situation in Nagorno-Karabakh. Armies' and soldiers' needs became the top priority in the country. Organizations, regardless of their activity type, started to organize philanthropic drives for the army (such as collecting food, personal necessities, medical supplies, clothes, and blood donations). On the individual level, groups of people and individuals were collecting money and sending parcels with aid to the border. Ad hoc collection points were organized next to supermarkets and shopping malls for sorting the parcels brought by citizens. In those situations, the majority of citizens paid less attention to their own health and stopped wearing masks on the streets and in public places.

VI. Socio-Cultural Environment

Question Eleven: To what extent are socio-cultural values and practices favorable for philanthropy?

Score: 3.8

The recent 30 years in Armenia with the earthquake in 1988, the First Nagorno-Karabakh War (1988–1994), and the Second Nagorno-Karabakh War (the 44-Day War, September–November 2020), greatly impacted the attitude of the society. As these events proved, people tend to support each other more actively in times of crisis. For comparison, There is a vivid difference between the first half of 2020 and the last three months of the year. In 2020 (data collection between February 2020 and March 2020) from a sample of 1,491 respondents, 37 percent of the surveyed population responded positively to the question about their formal volunteering activity (Caucasus Research Resource Center, 2020). Of those, 43 percent were female and 57 percent were male respondents. And 40 percent of the same respondents reported donating money to a non-religious charity, including donations via text messages. The numbers almost did not change in comparison to previous years (Caucasus Barometer). With the start of the war on September 27, 2020, when Nagorno-Karabakh was attacked by Azerbaijan, the donations flow and volunteering activities increased enormously (September–November 2020). Per the All Armenian Fund CEO's report, more than USD 170 million was donated to the fund during those 44 days. From this amount, USD 70

million was transferred by locals (individuals and organizations) to the cause titled “We Are Our Borders” for the needs of the soldiers and army.

VII. Future of Philanthropy

These questions are used to provide a general picture of the future of philanthropy in this country, as well as recommendations to improve the philanthropic environment.

Current state of the philanthropic sector

The philanthropic sector in Armenia can be described as self-organized. Charitable donations and volunteerism are activated on institutional and individual levels as a response to social needs, including in the times of earthquake, war, pandemic, and the emergence of vulnerable groups. For example, according to the survey results conducted by the NGO center in 2020, a number of large business organizations considered a separate budget for charitable purposes in view of the new COVID-19 pandemic. Informal philanthropy is widespread among individuals and society as a part of their culture; following tenets of Christianity, including doing good deeds, is a feature of being Armenian. There are no evident private groups acting in the philanthropic sector; instead, they are formed on an ad hoc basis.

Three major recent events affected the philanthropic landscape between January 2018 and December 2020

1. Velvet Revolution in April 2018
2. COVID-19 outbreak and lockdown (March 2020)
3. 44-Day War in September–November 2020 and post-war realities

Future development trends in the philanthropic landscape

The COVID-19 pandemic and 44-Day War in 2020 caused a wave of philanthropic activity that continues up to this writing (February 2021). Philanthropic activities in 2022 will probably continue addressing the aftermath of the war and pandemic. If the economic situation stabilizes, POs may go back to their status quo before 2020 when philanthropic activities were carried out at a less active pace. A better scenario would be if the government includes philanthropy in prioritized fields, adds tax privileges for NGOs, foundations, and for-profit organizations that practice charity, promotes volunteerism, and decreases the commission percent for international transfers.

Three key recommendations to improve the environment for philanthropy

- Incorporation of active volunteerism and philanthropy in the national culture in stable times/outside of crises.
- Implementation of the legal regulation of volunteerism and philanthropy, adoption of philanthropy as a state priority (improvement of the legal frame for philanthropic organizations, such as amending tax exemption procedures and conditions, decreasing the percent or eliminating bank commissions for international transfers and donations for POs).
- Increasing the transparency of the POs.

VIII. Philanthropic Response to COVID-19

These questions are used to provide a general picture of the philanthropic response to the COVID-19 pandemic in this country and recommendations for improving cross-sectoral collaboration.

Areas where the nonprofit sector and philanthropy are playing a role in responding to COVID-19

There is no official data regarding the areas where non-profit and philanthropic organizations had a major role in responding to COVID-19. Nevertheless, according to circulated news on the media, nonprofit organizations reported their support to health organizations and hospitals. COVID-19 response activities included donations and philanthropic support to displaced families, wounded soldiers, and other victims of the war.

Innovation and new trends in the nonprofit sector and philanthropy related to COVID-19 responses

The observed trends were that the amount of donations increased and were directed to support hospitals and healthcare organizations, although there is no official data on this. By doing so, philanthropic organizations extended a helping hand to state organizations. Families with low incomes and vulnerable groups became other prioritized members of society who were supported. Apart from philanthropic organizations, several individuals volunteered to help those in need, such as charging and delivering oxygen tanks to severely infected patients; during the lockdown, young people were buying food and necessities for elderly neighbors; and small groups of people on social media organized to help older people and low-income families with children.

Impact of COVID-19 on the philanthropic environment

Please see the responses in Section VIII, Philanthropic Response to COVID-19, for the questions “In which areas are the nonprofit sector and philanthropy playing a role in responding to COVID-19?” and “What innovations or new trends in the nonprofit sector and philanthropy have you seen in response to COVID-19?”

Anticipated impact of COVID-19 on the philanthropic environment in 2021

Philanthropic organizations focused their attention and finances on supporting the wounded soldiers, displaced families from Nagorno-Karabakh, and families of the prisoners of war. In 2021 most of the philanthropic efforts were directed at post-war rehabilitation (physical and psychological) rather than COVID-19 impacts. According to statistics, Armenia has already seen a drop in the number of infected COVID-19 patients, which draws attention instead toward post-war issues.

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